



A Few Good Words— Issuing Reports Faster

By Sally F. Cutler

You and your colleagues know that issuing audit reports promptly is essential. But it's taking you weeks—sometimes months—to issue reports once fieldwork is complete. This means that executives aren't getting the real-time information they need. It also means that management either has completed corrective actions before the report is issued or has been able to stall on taking action. Finally, it means that auditors are juggling the tasks for at least three engagements: the report for the completed engagement, the fieldwork for the current engagement, and the planning for the upcoming engagement.

How can you deliver accurate, high-quality reports without dragging out the process?

This column will present proven strategies for speeding the issuance of audit reports. Included will be clear expectations for timeliness, a well-understood and stable report structure, structured preliminary documents, and report-quality checklists. In addition, this column will touch on reviewing and editing practices aimed at speeding report issuance.

Clear Expectations

The most powerful thing you can do to ensure prompt reporting is to set expectations and measure progress toward meeting them. We know that we can better improve performance when we measure an activity. Just having a clear expectation for timeliness can improve reporting time.

And what might we expect that measurement to be? World-class internal audit functions—including some large



and complex ones—routinely meet the goal of issuing final reports 10 to 14 days after the close of fieldwork. Some, in fact, have trimmed the time to 24 to 48 hours.

Your internal audit function will need to consider a number of factors in setting its expectation for timeliness. These factors include the scope and length of the audit engagement, how many levels of internal-audit management need to review the report, and how many levels of audit-customer management are involved in action planning.

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The strategies described in the rest of this column can help you meet your timeliness expectations.

Well-Understood and Stable Report Structure

Structure

The report structure should be clear to all: writers, reviewers, and readers. All should be able to look at any section of the report and know immediately what they can expect to find there.

To achieve this clarity, you should avoid generic report-section headings such as *Introduction*. Rather, headings should be fully descriptive of what the section contains. Even a commonly-used heading such as *Background* can be improved by altering it, for example, to *[Audit Entity's] Role and Key Measurements*.

Also, you should opt for more rather than less navigation in the form of headings and sub-headings. Readers today are accustomed to and prefer divided and labeled information. (The success of books covering subjects for 'dummies' testifies to this preference.) Using sub-headings to aid navigation is particularly helpful within audit observations and other report sections containing complex or detailed information.

Auditors are fortunate that the professional standards we use provide us with ready-made divisions for audit observations, namely, *criteria*, *conditions*,

causes, *effects*, and *recommendations* and/or *action plans*. You may opt to use these as the sub-headings or to change the wording to avoid audit 'jargon.' For example, you might replace *criteria* with *requirements* or replace *conditions* with *facts* or *audit results*.

Understanding

To have an impact on cycle time, writers and reviewers need to understand exactly what information goes into each section.

You can do several things to engender this understanding:

- Provide training on the structure
- Provide guidance documents that explain the structure
- Offer model reports that execute the structure well

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Stability

Once established, the structure should not vary from report to report. Stabilizing the structure in this way benefits writers, reviewers, and audit customers. For writers, a stable structure provides a thought framework, and repeated execution of the structure develops writing speed. For reviewers, a stable structure enables rapid identification of gaps or other deficiencies. And for the readers, a stable structure supports ease of reading. It also allows readers to decide what to read and what to skip—a truth about how readers read that we all should understand.

Structured Preliminary Documents

A preliminary document is a workpaper that auditors use to start writing the audit observation as their understanding of it develops. The best preliminary documents are structured around the components of criteria, conditions, causes, and effects. They may also include testing objectives and methodology. By structuring the preliminary document in this way, the auditor develops the components that will move forward into the report observation.

However, a preliminary document contains more detail than will likely go forward into the report. Thus, you should structure the preliminary document so it includes a summary for each component, segregated from the detailed information. In this way, you can use the summary

in the report and omit the detailed information.

You can further have a positive impact on timeliness by using preliminary documents in the following ways:

- You can share the preliminary document with the audit customer during status meetings to gain concurrence on the accuracy of facts (conditions) and, ideally, on the causes and effects as well.
- You can work out disagreements with the audit customer using the preliminary document to minimize final-report negotiations and changes.
- You can aim to get the wording as close as possible to the anticipated wording of the report observation. This helps to limit wording objections from the audit customer when you provide the report draft.
- You can use the preliminary document to prompt the audit customer's early provision of action plans.

Report-Quality Checklists

Report-quality checklists are guides for writers and reviewers. They set quality expectations by listing the desired characteristics of reports. Such checklists should cover everything from the high-level structural issues to tone to the quality and correctness of the writing.

Here is an example quality checklist:

Overall Organization

1. Does the document follow the same sequence from the scope to the opinion and to the observations and recommendations?

“ Report-quality checklists are guides for writers and reviewers. ”

Opinion

2. Does the opinion present a clear main message, contained in the first sentence? Is the message consistent with the rating?
3. Are root causes and major effects stated? Are these at an executive level? Is it clear which effects are actual and which are potential?

4. From the opinion, can the reader tell the degree to which the process is satisfactory or unsatisfactory?

5. Are the recommendations sufficiently summarized?

Observations and Recommendations

6. Does each observation clearly cite the actionable cause, business effect, and problem?
7. Are topic sentences used to enhance organization and readability?
8. Are observations divided or combined in a logical way?
9. Are sample sizes and numeric references clear and concise?
10. Does each observation have a recommendation that addresses the actionable cause?
11. Do recommendations begin with action verbs?
12. Do the audit customer's action plans address the root causes, identify the responsible parties, and include deadlines?

Distribution List and Performed By

13. Are names presented correctly and in alphabetical order?

Tone and Balance

14. Does the report convey the right tone and balance considering the rating and the severity of the risks?
15. Is unbiased language used throughout?

Paragraphing and Sentences

16. Are paragraphs short enough to invite reading?

17. Are sentences short with clear transitions from idea to idea?

18. Are common words used without resorting to jargon, and is wording clear and precise?

19. Does the punctuation aid the reader's understanding?

Grammar and Spelling

20. Do verbs agree with their subjects?
21. Do pronouns agree with the nouns they replace?
22. Are modifiers and articles used correctly?
23. Are all words correctly spelled?
24. Are all acronyms and abbreviations defined?
25. Are numbers expressed correctly?
26. Is capitalization used correctly?

You should tailor such a checklist to your own organization. The checklist should align with the structure and focus on the characteristics that add quality to the report. It should prompt writers and reviewers to test report structure along with other significant writing issues.

If appropriate for the organizational culture, you may add scoring to the checklist and use it to “grade” some number of reports each quarter. Doing so helps track progress toward consistency, quality, and timeliness.

Reviewing Rather than Editing

If you are responsible for reviewing and editing, a final timeliness recommendation is to focus on reviewing rather than editing. Editing will get the report that is in front of you “out the door” faster. However, over time, you will continue to spend time editing—report after report—unless you are building the writers’ skills. And reviewing—providing direction and comments instead of making changes—builds the auditors’ writing skills. (For a full discussion of reviewing and editing, see Volume 27, Number 1 of *New Perspectives*.)

Still, when the deadline is looming, you may need to edit. If you do, make it a practice to go over your edits with the writer.

Cycle Time You Can be Proud Of

You’ve added clarity to your report structure, and you’ve standardized the structure. Moreover, everyone on staff understands it, and you have good ways to explain it and support it with new hires. Preliminary documents are proving to be key. Furthermore, your audit customers appreciate this enhanced

communication. Although editing comes easy for you, you’re trying to stick to reviewing.

Altogether, you’re hitting your cycle-time expectation of 21 days, and you’re aiming to get that measurement down into world-class time over the next year. **NP**

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