Audit Communication Skills for Success
IIA Joint Meeting
Fort Worth/Dallas Chapters

May 22, 2013
Session Agenda

• Introduction
• Trends in Auditor Competencies
• Key Communication Components
• Communication Strategy
• Just Sayin’...
• Questions
Speaker Profiles

Neha S. Patel, CPA, CISA
Neha is a Senior Manager with more than nine years of experience in public accounting. She has experience in governance, risk, and compliance, including service organization control (SOC) audits and Sarbanes-Oxley (SOX) assessments. Her focus is on IT audit.

Bruce Zaret, CPA
Bruce is a Partner in Weaver’s Advisory Services practice, focusing primarily in the financial services and oil and gas industries. Bruce has experience in financial statement audit, corporate governance, risk management, internal audit and mergers/acquisitions.
About Weaver

- Largest independent accounting firm in the Southwest, with seven offices across all major Texas markets
- Nationally ranked as a top 50 firm – named a “BEST of the BEST” CPA firm by INSIDE Public Accounting (2012)
- Ranked #42 by Accounting Today (2013) and #39 by INSIDE Public Accounting (2012)
- FY 2012 revenues of approximately $75 million
- Founded in 1950 in Fort Worth, Texas
- Approximately 500 employees, including 64 partners
- Member of the Baker Tilly International network of firms

DFW  Houston  Austin  San Antonio  Midland/Odessa
Our Services

• **Advisory:**
  
  Internal Audit • IT Advisory • Forensics • Business Valuation Services • Service Organization Control Audits (SOC 1, 2 and 3)

• **Tax and Strategic Business Services:**
  
  Tax Compliance • State and Local • Property Tax • Sales Tax Refunds • International (transfer pricing)

• **Financial Statement Audit:**
  
  Audits of Financial Statements • Benefit Plans • Reviews • IFRS • Agreed Upon Procedures
Industries Served

• Oil and Gas
• Renewable Energy
• Manufacturing and Distribution
• Financial Services
• Real Estate
• Construction
• Public Sector
• Healthcare
• Professional Services
• Retail
• Technology
IIA Competency Framework

Improvement and Innovation

Internal Audit Delivery

Personal Skills
- Communication
- Persuasion and Collaboration
- Critical Thinking

Technical Expertise
- IPPF
- Governance, Risk and Control
- Business Acumen

Internal Audit Management

Professional Ethics
Importance of Communication Skills

Top 5 Skills Being Recruited

Source: www.iia.org: The Top Internal Audit Skills Being Recruited in 2012
Auditor Competencies

Figure 2-1: General Competencies — Very Important

- Communication skills
- Problem identification and solution skills
- Ability to promote value of internal audit
- Industry, regulatory, and standards changes
- Organizational skills
- Conflict resolution/negotiation skills
- Staff training and development
- Accounting frameworks, tools, techniques
- Change management skills
- IT/ICT frameworks, tools, and techniques
- Cultural fluency and foreign language skills

Source: IIA
Do You Have Skills?

“Soft skills are the new hard skills...”

– Larry Harrington, Chief Audit Executive, Raytheon Company

Source: www.iia.org: 7 Attributes of Highly Effective Internal Auditors
**Written includes**: Reports, emails and text messages.
Effective communication is not only about what you say...

...it’s effective if your message was received as you intended.
Building Trust

• Building trust with all stakeholders:
  – Audit team
    • Includes Support Staff
  – Auditee / Client
  – Management, Audit Committee, Board
Managing Expectations

- Understanding roles and responsibilities
- Starting with the end in mind
- Having a common understanding of success
- Gaining commitment
“Left to Interpretation”

Lessons Learned:

- Confirm the message delivered is the message received (including sense of urgency).
- Roles, including channels of escalation, need to be established early.
Transparency

- Audit risk significantly increases without transparency from all stakeholders
- Intentional or unintentional withholding of key information
- Providing a communication-safe environment
Non-verbal Attributes:

- voice quality
- rate
- tone
- volume
- stress level
- speaking style
Transparency Lesson

• “Calm, cool and collected”
• Lessons Learned:
  – Transparency is key to clear communication.
  – Seek feedback! Feedback continues to help individuals improve their communication strategies.
Listening

• Requires the listener to provide feedback to the speaker of their understanding of the subject – active listening.
• This includes re-stating or paraphrasing what they have heard in their own words.

Every good conversation starts with good listening.
Feedback

- Feedback:
  - Verbal
  - Non-verbal
    - Intended Signals
    - Unintended Signals

- Are you Clueless
  - just ask
Communication Strategy

- Outlining roles and responsibilities
- Clearly defined roles and responsibilities by all players
- Understand expectations of all stakeholders
- Communicate project status and understand roadblocks
Just Sayin’…

- **Build Trust:** leave the drama at the door!
- **Manage Expectations:** create a sense of urgency when needed
- **Transparency:** be transparent and forthright
- **Communication Cues:** pay attention to non-verbal signals in someone’s voice
- **Feedback:** watch body language – ask for feedback if you’re not sure
- **Listen:** listen actively
- **Communication Strategy:** create a communication plan and escalation protocol
Golden Rule: Treat others the way you want to be treated.

Communicate in the manner the message will be best received.
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