Audit Report Writing

Presented by:
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Course Objectives

Identify characteristics of a well-written report

Discuss the necessary elements of a finding

Review writing and editing techniques

Discuss common report-writing challenges and how to overcome them

DIVISION OF INSPECTOR GENERAL
KEN BURKE, CPA
CLERK OF THE CIRCUIT COURT AND COMPTROLLER
PINELLAS COUNTY, FLORIDA

AUDIT O...
FERGUS...

1983 — 201...

GAO
U.S. GOVERNMENT ACCOUNTABILITY OFFICE
441 G St. N.W.
Washington, DC 20548

July 2, 2013

The Honorable Seth D. Harris
Acting Secretary
U.S. Department of Labor

Subject: *Actions Needed to Improve the Transparency and Reliability of Labor's Data on the H-2A Program*

Dear Acting Secretary Harris:

At the request of the Chairman of the Senate Subcommittee on Livestock, Dairy, Poultry, Marketing, and Agriculture Security, we recently issued a report about how the Department of Labor (Labor) processes applications from employers seeking temporary foreign agricultural workers under the H-2A program, which allows U.S. employers anticipating a shortage of

OFFICE OF INSPECTOR GENERAL
FLORIDA DEPARTMENT OF TRANSPORTATION
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(850) 410-5800 • www.dot.state.fl.us/inspectorgeneral

Robert E. Clift
Inspector General

Section 5310 Vehicle Grant Awards between the
District Two Transit Office and
Baker C...
Attestatio...

June 26, 2013

...ECUTIVE SUMMARY

...e Office of Inspector General (OIG...
...nicle grant awards between the Flo...
...strict Two Transit Office (D2 Trans...
...CCOA). The purpose of the award...
...elderly and individuals with disab...
...ermine if BCCOA complied with te...
...d regulations. The examination al...

...ducted adequate oversight...
...d this examination as part o...

...ination concluded BCCOA...
...ms and applicable regulatio...

...on examination of project re...
...ed the project managers did...
...ce with department procedu...
...s every two years.

...mend the D2 Modal Devel...
...ance with Federal Transit A...
...es.

OFFICE OF INSPECTOR GENERAL
PALM BEACH COUNTY
AUDIT REPORT: 2013-A-0006
AUDIT OF THE CITY OF SOUTH BAY
CASH DISBURSEMENTS

Sheryl G. Steckler
Inspector General

"Enhancing Public Trust in Government"

SUMMARY RESULTS AT A GLANCE

On December 13, 2012, three City of South Bay ("City") Commissioners were charged with a "Sunshine Law" violation and the City Manager was charged with grand theft in connection with his allegedly improper vacation leave payout of $25,139. The Governor suspended the three City Commissioners and the City Manager went on paid administrative leave.

Based on these events, on January 8, 2013, the Office of Inspector General (OIG) initiated an audit of the financial operations of the City. During the course of our audit, the City Manager resigned effective February 12, and the City Commission ("Commission")... an interim City M...

completely inconsistent with the exercise of sound fiscal responsibility and the efforts needed to restore the City to a solid and sustainable financial position. A high number of transactions we reviewed did not appear to result in any tangible benefit to the citizens of South Bay.

We have, thus far, questioned $306,377 in expenditures, including $298,209 out of $1,198,303 (25%) of expenditures that we sampled, and $8,168 in fuel charges for a home to work City vehicle that we noted. The table below summarizes the sources of questioned costs:

	alue of ample	Questioned Cost
	69,740	$223,107
	11,828	$68,932
	2,996	$4,581
	$3,739	$1,589
Sample Totals	$1,198,303	$298,209
Fuel – Take Home City Vehicle		$8,168
Total Questioned Cost		$306,377

...he serious
...ave identified to date, we
...e releasing the first of two audit reports
that will be issued on City operations.

The City has been designated by the Office of the Governor to be in a state of financial emergency during the full period in the scope of our audit. The significant expenditures that we questioned are

During the course of this audit, we referred several questionable transactions to the State Attorney's Office. Due to the open criminal investigation, those

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

The Purchase Card Program Lacks Consistent Oversight to Identify and Address Inappropriate Use

MANY FLAVORS OF INSPECTORS GENERAL REPORTS

STANDARDS

The purposes of audit reports (GAS 9.08) are to:

▶ clearly communicate the results of audits to those charged with governance, the appropriate officials of the audited entity, and the appropriate oversight officials; and

▶ facilitate follow-up to determine whether appropriate corrective actions

United States Government Accountability Office
By the Comptroller General of the United States
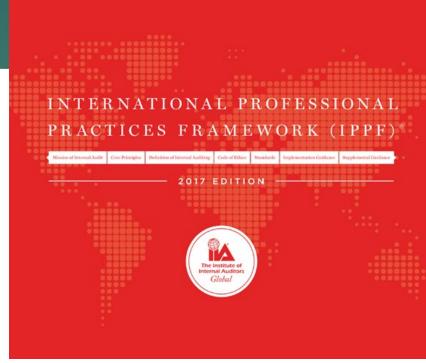
GAO

April 2021

GOVERNMENT AUDITING STANDARDS

2018 Revision
Technical Update April 2021
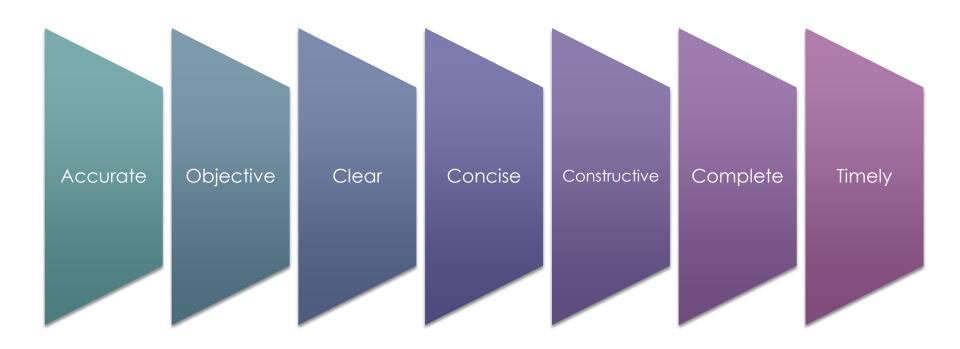
GAO-21-368G

STANDARDS

▶ Internal auditors must communicate the results of engagements.

▶ Communications must include the engagement's objectives, scope, and results.

▶ Final communication of engagement results must include applicable conclusions, as well as applicable recommendations and/or action plans.

INTERNATIONAL PROFESSIONAL PRACTICES FRAMEWORK (IPPF)

Mission of Internal Audit | Core Principles | Definition of Internal Auditing | Code of Ethics | Standards | Implementation Guidance | Supplemental Guidance

2017 EDITION

The Institute of Internal Auditors
Global

▶ Communications must be accurate, objective, clear, concise, constructive, complete and timely.

Characteristics of Well-Written Reports

Accurate   Objective   Clear   Concise   Constructive   Complete   Timely

Characteristics of Well-Written Reports

Accurate
- Error-free
- Non-distorting

Objective
- Fair
- Balanced
- Considers all relevant facts

Clear
- Easily understood
- Logical
- Not jargon

Concise
- To the point
- Avoid wordiness, superfluous detail, unnecessary elaboration, redundancy, etc.
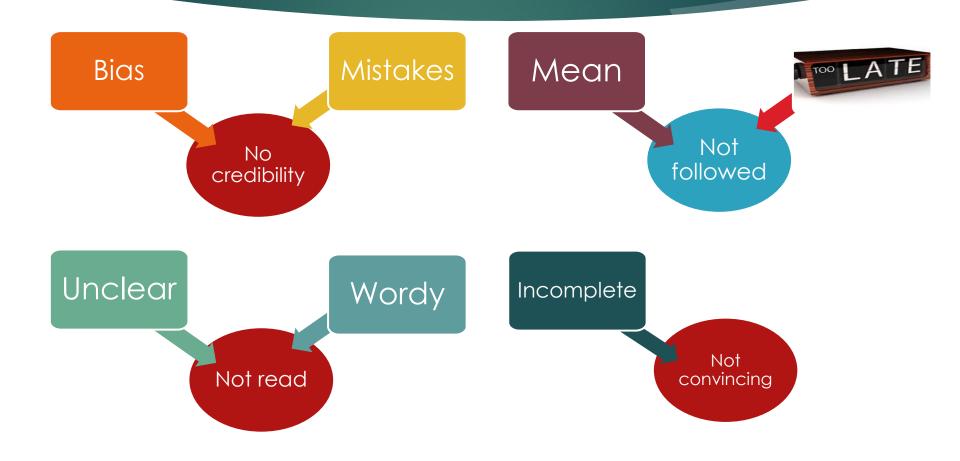
Characteristics of Well-Written Reports

Constructive
- Helpful
- Lead to improvements

Complete
- Include all info needed to support recommendations and conclusions
- Lack nothing essential for your audience

Timely
- Expedient
- Opportune time for corrective action

9

Consider the Consequences

Bias

Mistakes

No credibility

Mean

Not followed

TOO LATE

Unclear

Wordy

Not read

Incomplete

Not convincing

Organizing Information

Writing that is **easy** to read is **hard** to write.
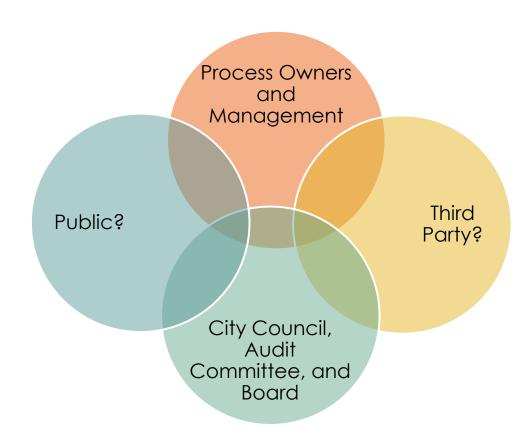
Writing that is **hard** to read is **easy** to write.

Bottom Line

MUST BE PERSUASIVE TO BE EFFECTIVE

The most important part of your report?

Audience

⭐

Process Owners and Management

Third Party?

Public?

City Council, Audit Committee, and Board

Audience

Who are the potential readers?

How much do they know about the audited activity?

How will they use the report?

How will the report affect them?

Audience Needs

Persuasive evidence

Clarity

Brevity

Explanation

Detail

Actionable recommendations

Process Owners and Management

Third Party?

Public?

City Council, Audit Committee, and Board

Map Report Parts to Audience Needs

- Title
- Executive Summary
- Background
- Objectives, Scope, (Methodology?)
- Recognition
- Conclusions and Rating
- Findings or Observations
- Distribution

Process Owners and Management

Third Party?

Public?

City Council, Audit Committee, and Board

CRITERIA

▶ **"What Should Be"** – Standards to measure performance.

▶ Criteria are the laws, standards, rules, or test that the auditor uses to evaluate the reviewed entity. (See 8.18 for types of criteria.)

▶ In the absence of prescribed criteria, auditors must rely on their professional knowledge and experience to select suitable criteria, such as business processes, acceptable accounting or internal control procedures or business practices, or other governmental or business-related practices.

CONDITION

- **"What Is"** – The existing state of affairs as determined and documented during the course of the audit.

- Clearly identify the problem that the audit revealed. Describe what is deficient, defective, or in error, and state whether the problem is isolated or widespread.

CAUSE

▶ **"Why did it happen?"** – OR – **"Why did it not happen?"**– Explanation for the occurrence of the condition.

▶ What organizational level was responsible for it? When, where, and how did it occur?

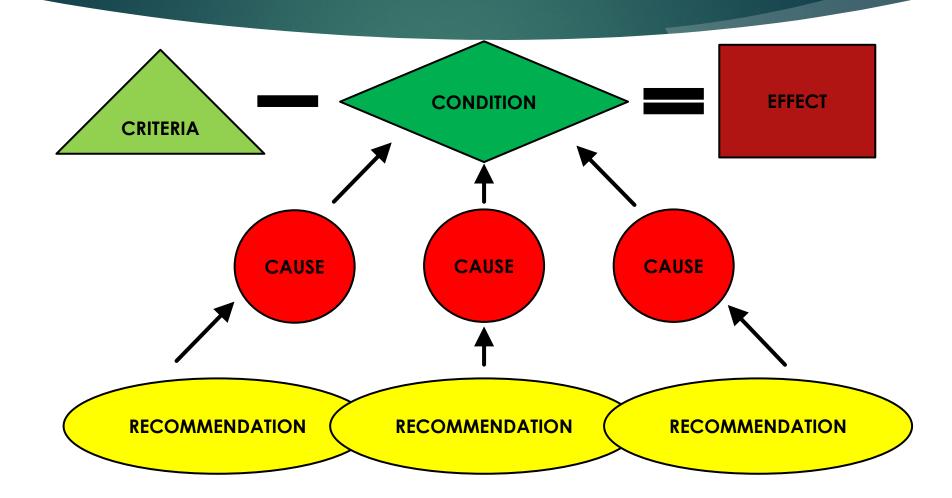▶ Include enough detail to support the recommendation(s) and to assist management in implementing corrective action.

EFFECT

- **"What is the impact?"** – OR – **"So what?"** – Impact or consequences of the condition not meeting the criteria.

- When possible, express the effect in quantitative terms (Dollars, number of personnel, units of production, quantities of material, number of transactions, elapsed time, etc.).

- Comments on potential or intangible effects may be stated, but the effects must clearly be identified as potential or intangible.

RECOMMENDATION

- ▶ Driven from cause and should push the auditee to take specific actions to correct the deficiencies.

- ▶ Can result in monetary and non-monetary benefits. Potential monetary benefits should be reasonably and prudently determined.

- ▶ Avoid recommendations that propose vague actions, e.g. "We recommend CFSA take action to correct the internal control deficiencies." A better recommendation would cite the specific actions to correct specific internal control deficiencies.

- ▶ You can't dictate or make decisions for management, but the more specific cause = the more specific recommendation.

Audit Results - Findings ⭐

CRITERIA — CONDITION = EFFECT

CAUSE   CAUSE   CAUSE

RECOMMENDATION   RECOMMENDATION   RECOMMENDATION

Group Exercise: Fix the Finding

At the entrance conference, Chicago Department of Stuff (CDOS) management stated that they accurately billed all yard-sale applicants. However, CDOS employees later told us they sometimes had to use old forms. OIG was able to review all 10,000 applications and payments because they were available electronically. OIG found that 1,000 applicants, or 10%, were charged a $15 fee instead of the correct $10 fee, because the old application form had a typographical error. Because of this issue, applicants were overcharged $5,000. CDOS should ensure that all forms used are free of typographical errors.

We continued to review applications and payments, comparing what was charged to what should have been charged. We found that 9,000 applicants, or 90%, were charged a $10 per sign fee rather than the $10 per event fee as required by the Municipal Code of Chicago (MCC). The form used by CDOS staff stated that the fee should be charged per each sign, and CDOS staff stated they were unaware that this practice conflicted with the MCC. CDOS should also make sure they only charge a per event fee, because this error doubled the amount charged each applicant and accounted for $90,000 of overpayment.

In conclusion, we found that CDOS overcharged 10,000 yard-sale applicants, resulting in a net overpayment of $95,000 by applicants.

Group Exercise: Fix the Finding

The Chicago Department of Stuff (CDOS) overcharged 10,000 yard-sale applicants, resulting in a net overpayment of $95,000 by business owners. CDOS did not bill applicants the amount prescribed by the Municipal Code. Specifically, CDOS made the following errors:
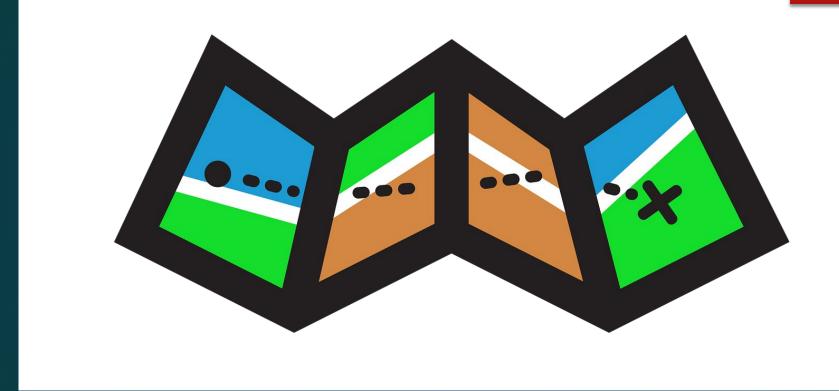
- 9,000 applicants, or 90%, were charged a $10 fee per sign rather than per event. This doubled the amount charged each applicant (because two signs are issued for each event) and accounted for $90,000 of the overpayments.

- 1,000 applicants, or 10%, were charged a $15 fee instead of the $10 fee because the application form used had a typographical error. This accounted for $5,000 of the overpayments.

CDOS Management stated that they were unaware that applicants were charged a per sign fee rather than a per event fee and relied on staff to ensure procedures matched the Municipal Code. They also stated that they were aware of the typographical error on some forms, but only used those forms when they had run out of the correct forms.

CDOS should develop, document, and implement procedures to ensure applicants are charged $10 per event. Furthermore, CDOS should destroy or correct all forms with the inaccurate fee amount.

Writing

TIPS AND TECHNIQUES

Good Reports are Roadmaps

How auditee got into this situation and how to get out

Elements of a finding

A route through the report

White space, headers, graphs, images… organization

Organization Options

Chronological
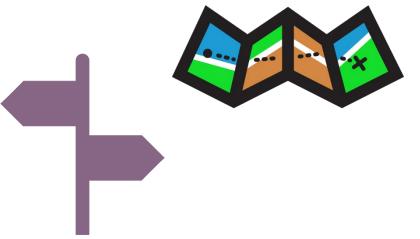Topic
Significance
Cause
Effect/risk

Outline

Outline it first!
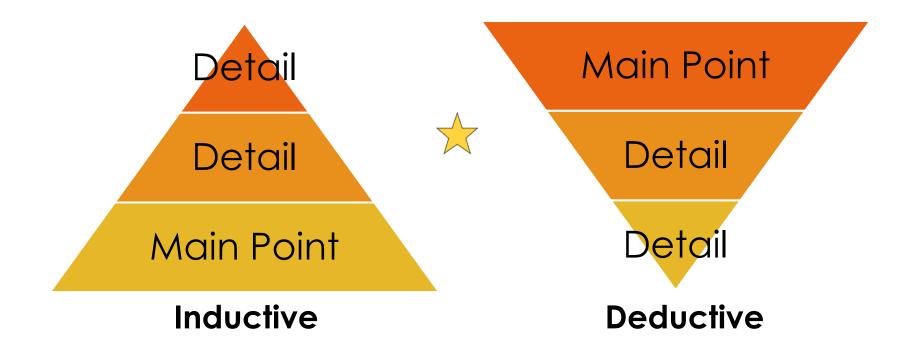
    Use template headers

    Map the findings

    Run it by teammates

    Run it by supervisor

Paragraphs: Inductive, Deductive

Inductive (triangle): Detail / Detail / Main Point

Deductive (inverted triangle): Main Point / Detail / Detail

Deductive or inductive?

Different bureaus set different priorities depending on the volume of inspections they are required to perform, the number of complaints they receive, and available staff. At the direction of management, the majority of bureaus now prioritize inspections related to revenue-generating permits. Therefore, we concluded that complaint-based inspections are not the highest priority inspection type for all bureaus.

Deductive or inductive?

We found that complaint-based inspections are not the highest priority inspection type for all bureaus. Different bureaus set different priorities depending on the volume of inspections they are required to perform, the number of complaints they receive, and available staff. At the direction of management, the majority of bureaus now prioritize inspections related to revenue-generating permits.

Deductive Paragraphs

To be effective, a deductive paragraph needs **unity** and **coherence**.

- **Unity** – every sentence supports or develops the main point established at the beginning of the paragraph.
- **Coherence** – sentences flow smoothly and logically so that the reader clearly sees the relationship between them.

Where will the reader think the paragraph is going?

Positions: Topic, Stress

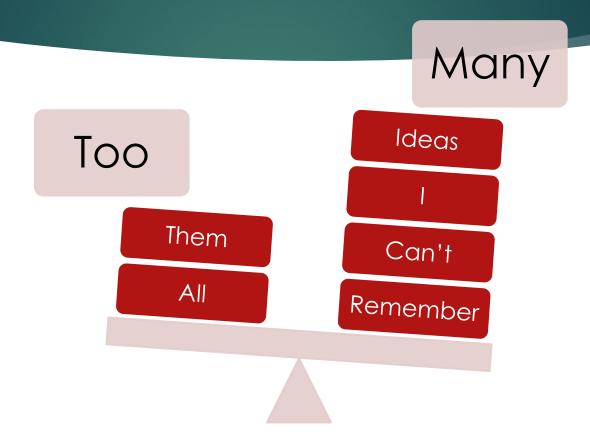The department corrected the error.

Topic

Stress

Positions: Topic, Stress

1. "After multiple reminders, the department corrected the error."
2. "The department corrected the error after multiple reminders."
3. "We found 98 incomplete records in our sample."
4. "Within our sample of records, we found that 98 were incomplete."

Known – New Contract with Reader

Known → **New**   **Known** → **New**

Promise!

Concept Load

36

Many

Too

Ideas

I

Them

Can't

All

Remember

Concept Load

The Sentence Core

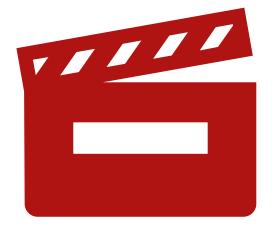| Subject	→	Verb	→	Object
The Department	→	corrected	→	the error.

Voice: Active, Passive

Actor

Action

Object

Voice: Active, Passive

1. "Annual registrations are submitted by January 15."
2. "Lobbyists submit annual registrations by January 15."
3. "Mistakes were made by over 30% of the candidates on their applications."
4. "Over 30% of the candidates made mistakes on their applications."

Editing Techniques

GETS EASIER WITH PRACTICE

Revising Your Own Work

Writer-Focused → Reader-Focused

Ask Yourself

Is everything serving the purpose of the report?

Is the message clear to someone who doesn't know this topic?

Will they have questions that aren't answered?

All sources cited?

Accurate attribution?

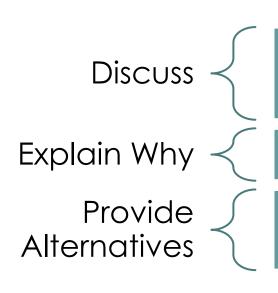   "Department staff have not made a mistake in the past year."

   "Department staff stated that they have not made a mistake in the past year."

Does it look good? Typos, formatting, headers?

Some Self-Editing Techniques

Read Aloud
- Every Word

Sleep on It
- Cold Read

Highlight
- Findings Elements

Spell/Grammar Check
- Don't Trust It
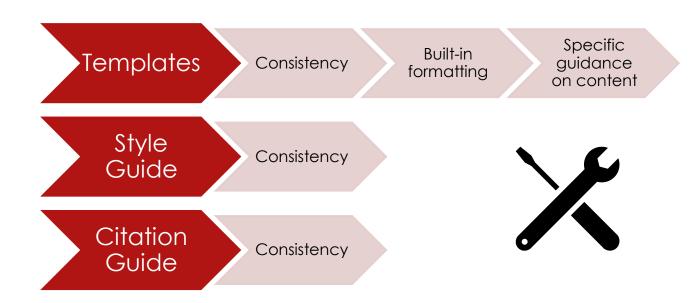
Some Other-Editing Techniques

Discuss	• Before: What am I editing for? • After: Major themes
Explain Why	• Promote learning
Provide Alternatives	• If not a substitute for learning

Use Shop Tools

Templates	Consistency	Built-in formatting	Specific guidance on content

Style Guide	Consistency

Citation Guide	Consistency

[MONTH YEAR]

CITY OF CHICAGO OFFICE OF INSPECTOR GENERAL

DEPARTMENT OF [XX] [TOPIC] [PRODUCT]
DRAFT

IV.   OBJECTIVES, SCOPE, AND METHODOLOGY

A.   OBJECTIVES

The objectives of the audit were to determine if, *[if original objectives were questions, convert to "to determine if" statements for report]*

- [...];
- [...]; and
- [...].

B.   SCOPE

[...]
[include any important exclusions/limitations]

C.   METHODOLOGY

[Read and follow GAS 7.13. Describe the steps you took to gather and analyze evidence. This could include: number of interviews conducted (including of whom, as appropriate), the laws or regulations reviewed, or data analysis conducted.

See APR Manual Statistics Appendix for how to describe sampling in Methodology section.

Examples of how your methodology could be written:

Describe the steps taken to address the objectives. For instance:

To assess whether CPD's response times complied with the national standards outlined in NFPA 1710 [objective 1], we evaluated CFD's analysis of their response times.

Describe how we evaluated CFD's analysis. For instance:

Specifically, we compared CFD turnout and travel times for each "call for service" incident to the national standard...

Information from interviews is generally used to answer all objectives. For instance:

For all objectives, we interviewed senior officials from CFD ...]

Microsoft Word Readability Statistics

Microsoft Word

File → Options → Proofing → Check grammar with spelling → Show readability statistics

Review Tab → Proofing Section → Spelling and Grammar

Readability Statistics

Counts

Words	2,499
Characters	14,950
Paragraphs	148
Sentences	116

Averages

Sentences per Paragraph	2.0
Words per Sentence	18.1
Characters per Word	5.3

Readability

Flesch Reading Ease	34.6
Flesch-Kincaid Grade Level	12.8
Passive Sentences	0.0%

OK

Summary

Audience is most important

Provide a roadmap through finding and report

Keep your writing clear, cohesive, and readable by:

- Using plain language
- Limiting length and concept load
- Writing deductive paragraphs
- Using active voice

Process Owners and Management

Public?

Third Party?

Audit Committee and Board

Editing ~~is a process that~~ removes ~~all those~~ unnecessary words ~~that take up large amounts of space but add nothing of any real significance to the meaning of a message.~~

KEEP IT SIMPLE

"The positive appeal of a visual object depends not so much upon the objective standards against which said object is measured, nor upon the image said object records upon the retina and optic nerve, as it does upon the cerebral interpretation of the image recorded by the organ of vision of that individual who observes said object."

KEEP IT SIMPLE

"Experience has demonstrated that the total aggregate or corporeal substances that may emanate transplendency, do not of necessity represent an embodiment of precious metallic element ochre."
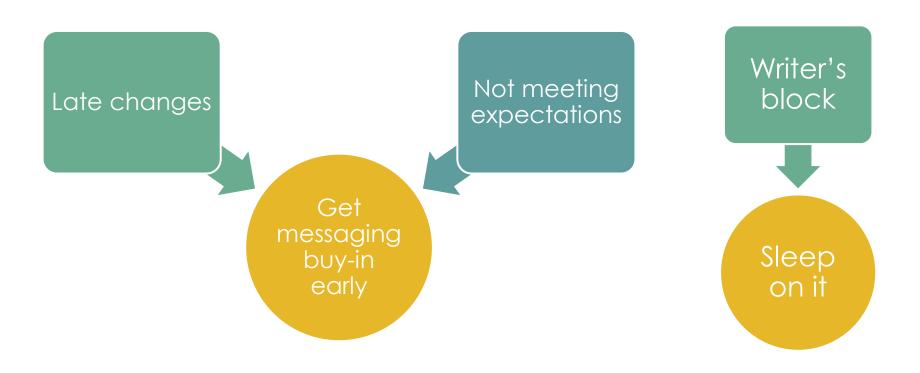
KEEP IT SIMPLE

"A condition characterized by tardiness is more desirable than one that is systematically marked by eternal absenteeism."

Overcoming Common Challenges

Challenges and Approaches

Late changes

Get messaging buy-in early

Not meeting expectations

Writer's block

Sleep on it

Challenges and Approaches

Recommendations

- Specific enough that you can tell if they were followed
- Not so specific that you're doing management's job

Challenges and Approaches

Yours?

Questions and Comments?