

Study Unit Six

Engagement Results and Monitoring: Communication

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This study unit covers **Section D. Engagement Results and Monitoring, subsections 1.-2., 4., and 6.**, from The IIA's Part 3 CIA Exam Syllabus. This section is 45% of Part 3.

The **learning objectives** of Study Unit 6 are

- Recognize attributes of effective engagement results communication
- Demonstrate effective communication of engagement results
- Describe the engagement closing communication and reporting process
- Describe the process for communicating risk acceptance (when management has accepted a level of risk that may be unacceptable to the organization)

Effective communication is crucial to the internal audit function's mission of adding value and improving an organization's operations through assurance and advisory engagements. Communications must be accurate, objective, clear, concise, constructive, complete, and timely. Internal auditors should communicate significant deficiencies and material weaknesses to management and those charged with governance, explaining their potential effects. They also may provide recommendations for improvements, acknowledge satisfactory performance, and suggest corrective actions based on their findings and conclusions. Final engagement communications are delivered to management of the audited activity and to individuals who can ensure that the engagement results receive due consideration and that corrective actions are implemented.

This study unit emphasizes the pivotal role of effective communication in internal auditing, focusing on engagement communications, exit conferences, and the handling of sensitive information. Understanding how these elements enable internal auditors to convey audit findings, conclusions, and recommendations clearly to stakeholders fosters positive relationships and ensures transparency and accountability within the organization. Recognizing and communicating the acceptance of excessive risk is also essential because internal auditors must bring significant issues to the attention of senior management and the board to reinforce strong governance practices. By gaining expertise in these topics, internal auditors can enhance their ability to inform and persuade stakeholders, drive positive organizational improvements, and uphold the integrity and effectiveness of the audit function, ultimately supporting the organization's objectives.

6.1 Effective Communication of Engagement Results



Author's Note

An internal auditor must understand engagement communications because they are the vehicle through which audit findings, conclusions, and recommendations are conveyed to stakeholders. Effective communication enables an internal auditor to inform management and the board accurately, persuade them of the necessity of proposed changes, and ultimately drive positive improvements within the organization. Proficiency of communication skills (both written and oral) ensures that audit reports are clear, concise, constructive, and timely, which enhances the credibility of the internal audit function. It also facilitates building strong relationships with stakeholders by meeting their expectations and addressing their needs appropriately.

Being adept at communicating also helps an internal auditor manage interim reporting, address errors or omissions proactively, and provide valuable feedback, all of which contribute to the organization's governance, risk management, and control processes. In essence, proficiency in engagement communications is crucial for an internal auditor to effectively add value and support the organization's objectives.

Engagement Communications

The purpose of engagement communications is to

- Inform (tell what was found),
- Persuade (convince management of the worth and validity of the audit findings), and
- Get results (move management toward change and improvement).

To reach the auditors' goals of providing useful and timely information and promoting improvements in operations, engagement communications should meet the expectations, perceptions, and needs of operating and senior management.

- Communication with senior management should provide appropriately generalized information regarding matters of significance to the organization as a whole.
- Communication with operating management should emphasize the details of operations.
- Engagement communication should be made even if no issues were noted or all issues have been resolved.

Internal auditors should be skilled in oral and written communications to clearly and effectively convey such matters as engagement objectives, preliminary surveys, evaluations, conclusions, and recommendations.

The chief audit executive (CAE) must communicate effectively with the board, senior management, the internal audit staff, and other stakeholders. In addition, the CAE is responsible for helping the internal audit team communicate effectively.

Characteristics of Effective Communication

For communication to be effective, the message must be received and understood. **Standard 11.2 Effective Communication** states that the message should be accurate, objective, clear, concise, constructive, complete, and timely.



Standard 11.2 Effective Communication

Requirements

The chief audit executive must establish and implement methodologies to promote accurate, objective, clear, concise, constructive, complete, and timely internal audit communications.

The characteristics of quality communications are applicable to all stages of the engagement, including planning and performing, monitoring progress, and communicating results and acceptance of risk.

The characteristics of effective communication are described below.

1. **Accurate** communications use precise wording supported by evidence gathered during the engagement. The communication should be free from errors and distortions and faithful to the underlying facts.
2. **Objective** communications require an unbiased mental attitude and use unbiased language. The communication should be impartial and the result of a fair and balanced assessment of all relevant facts and circumstances.
3. **Clear** communications use language that is easily understood by the intended audience and is consistent with terminology used in the organization and industry. Clear communications avoid unnecessary technical language, and uncommon terms are defined. Clarity is improved by including significant details that support findings, conclusions, and recommendations.
4. **Concise** communications exclude information that is unnecessary, insignificant, or unrelated to the engagement. Messages should be succinct and free from unnecessary detail and redundancies. The use of short and simple sentences and active voice verbs promote concision and understanding.
5. **Constructive** communications reflect the severity of the findings while enabling a collaborative process for determining solutions that facilitate positive change within the organization. To enable improvement where needed and to help the organization accomplish its objectives, internal auditors should express information with a cooperative and helpful tone.
6. **Complete** written communications enable the reader to reach the same conclusion as the internal audit function. The communication should be relevant, reliable, and provide sufficient information and evidence to support the results.
7. **Timely** communications are submitted by the deadlines established during the planning phase. Communication should be appropriately timed, according to the significance of the issue, allowing management to take corrective action. Timeliness may be different for each organization and relates to the nature of the engagement.