

# THE SEVEN DEADLY SINS OF REPORT WRITING



*Membership means* **more.**

## Before We Begin

- Recording of this Event
- Your Event Console
- CPEs
- Q&A Session
- Polling Questions Demonstration



How many people are watching this broadcast at your location?

- A. 1
- B. 2
- C. 3
- D. 4
- E. 5 or more

# THE SEVEN DEADLY SINS OF REPORT WRITING



# What percent of your work involves writing?

- A. 0 – 15%
- B. 15 – 30%
- C. 30 – 45%
- D. above 45%



# The Seven Deadly Sins

1. Not understanding the readers.
2. Not creating easy-to-read sentences.
3. Putting everything in the report.
4. Not trying to identify the main issues as you conduct the audit.
5. Not organizing and presenting information clearly.
6. Dumping data on the reader.
7. Not considering all elements of the finding.



# 1. Not understanding the readers.



Executive

Management





# 1. Not understanding the readers.







# 1. Not understanding the readers.

## Audit Results (Original)

### AREA

### RISK

#### Financial

Recording transactions in the administrative systems	Moderate
Recording transactions in the General Ledger	High
Physical security of financial information	Low

#### Operational

Importing bills from administrative systems	Low
Reviewing, editing and mailing billing statements	High
Applying funds received	Moderate

#### Systems

Physical security	Low
Security access to the CBC system	Moderate
Password security	High



# 1. Not understanding the readers.

## Audit Results (Revision 1)

### AREA

### RISK

#### Financial

Recording transactions in the General Ledger	High
Recording transactions in the administrative systems	Moderate
Physical security of financial information	Low

#### Operational

Reviewing, editing and mailing billing statements	High
Applying funds received	Moderate
Importing bills from administrative systems	Low

#### Systems

Password security	High
Security access to the CBC system	Moderate
Physical security	Low



# 1. Not understanding the readers.

## Audit Results (Revision 2)

### RISK LEVEL

### AREA

#### High

Recording transactions in the General Ledger  
Reviewing, editing and mailing billing statements  
Password security

Financial  
Operational  
Systems

#### Moderate

Recording transactions in the administrative systems  
Applying funds received  
Security access to the CBC system

Financial  
Operational  
Systems

#### Low

Physical security of financial information  
Importing bills from administrative systems  
Physical security

Financial  
Operational  
Systems



# 1. Not understanding the readers.

Audit Results (Original)

## AREA

## RISK

### Financial

Recording transactions in the administrative systems	Moderate
Recording transactions in the General Ledger	High
Physical security of financial information	Low

### Operational

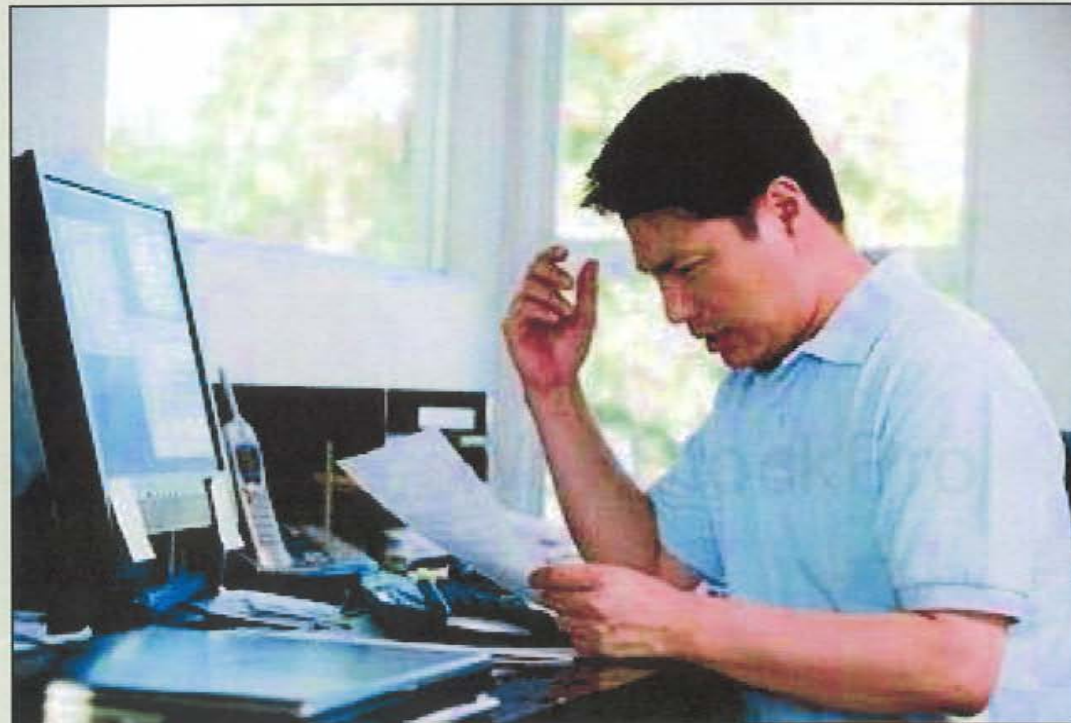
Importing bills from administrative systems	Low
Reviewing, editing and mailing billing statements	High
Applying funds received	Moderate

### Systems

Physical security	Low
Security access to the CBC system	Moderate
Password security	High



## 2. Not creating easy-to-read sentences.





## 2. Not creating easy-to-read sentences.

### Original

In terms of standardization, it was noted that credit management decisions were not always made in alignment with the credit experience for a given vendor.



## 2. Not creating easy-to-read sentences.

### Revision 1

Credit decisions were not always made in alignment with the credit experience for a given vendor.



## 2. Not creating easy-to-read sentences.

### Revision 2

Credit decisions were not <sup>based on</sup> ~~always made in~~  
~~alignment with~~ the credit experience for a given  
vendor.





## 2. Not creating easy-to-read sentences.

### Revision 3

Credit decisions were not based on

the ~~credit experience for a given vendor.~~

*vendor's credit history.*



## 2. Not creating easy-to-read sentences.

### Revision 4

Managers did not always make credit decisions based on the vendor's credit history.



## 2. Not creating easy-to-read sentences.

WHAT

Credit decisions were not always based on the vendor's credit history.

WHO

Managers did not always make credit decisions based on the vendor's credit history.



## 2. Not creating easy-to-read sentences.

### Original

Enhance**ments** have not been developed in the Mortgage Application System to enable the identification**tion** and applica**tion** of excess mortgage payments.



## 2. Not creating easy-to-read sentences.

### Revision 1

The Mortgage Application System has not been enhanced to identify and apply excess mortgage payments.

### Revision 2

The Mortgage Application System does not identify and apply excess mortgage payments.

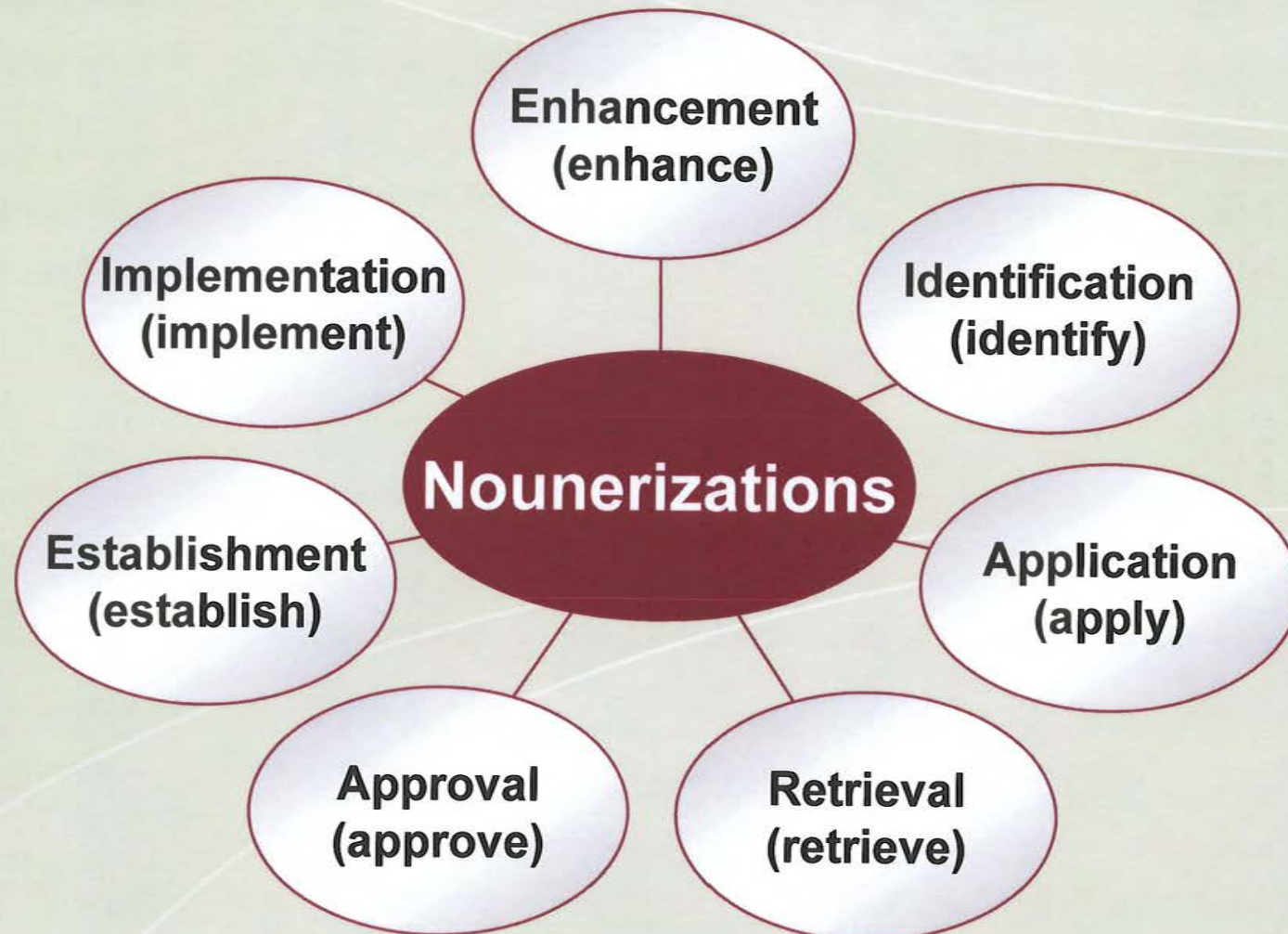


As a general rule, sentences should not exceed:

- A. 10 words
- B. 15 words
- C. 25 words
- D. 40 words



## 2. Not creating easy-to-read sentences.





### 3. Putting everything in the report.







### 3. Putting everything in the report.

#### Example of Focus on Auditor's Activities

We reviewed the Watch List and Special Review List from 9/30/10 to 6/30/11 and selected all loans that were removed from the previous quarter to determine if each loan was properly removed from the classified listing throughout the Banks. We then....



## 3. Putting everything in the report.

### Issue

Actuarial staff for Segment 131 review various exception reports and research whether adjustments need to be made to the reserve amounts. If adjustments are needed, short comments are added to the spreadsheet to explain the reason for the adjustments. Senior actuaries review the work of actuarial staff before adjustments are finalized. Reserve amounts are then certified as being correct for financial reporting purposes.

According to the Actuarial Practice Guidelines for Documentation, significant project theory, models, reports, data, assumptions, and satisfaction of applicable standards and regulations should be peer reviewed. All peer reviews performed should document the project name, the date of review, who the reviewer was, and what was reviewed. If evidence of the peer review does not exist, the peer review may not be deemed by external parties to have been performed.



### 3. Putting everything in the report.

#### Example of Excessive Background Information in the Finding

##### Issue

Actuarial staff for Segment 131 review various exception reports and research whether adjustments need to be made to the reserve amounts. If adjustments are needed, short comments are added to the spreadsheet to explain the reason for the adjustments.



### 3. Putting everything in the report.

#### Example of Excessive Background Information in the Finding

According to the Actuarial Practice Guidelines for Documentation, significant project theory, models, reports, data, assumptions, and satisfaction of applicable standards and regulations should be peer reviewed. All peer reviews performed should document the project name, the date of review, who the reviewer was, and what was reviewed. If evidence of the peer review does not exist, the peer review may not be deemed by external parties to have been performed.



### 3. Putting everything in the report.

#### Rewrite of Issue Section

Issue

Peer review of the final adjustments made to the reserve amounts in segment 131 was not documented. As a result, the company cannot evidence that it has met the peer review standards of the Actuarial Practice Guidelines for Documentation. Without evidence of peer review, external parties may deem that peer reviews were not performed.

*Conclusion*

*Criticism*

*quest*

*risk effect*



## 4. Not trying to identify the main issues as you conduct the audit.



**What are the top three issues you've found?**



## 5. Not organizing and presenting the information clearly.

*Report is about  
the findings*





## 5. Not organizing and presenting the information clearly.

### Original

#### Disallowed charges included:

\$500,000	paid to the parent organization for leadership services that duplicated those provided by the school.
\$60,000	in bonuses paid to the parent organization. Bonuses are not reimbursable.
\$90,000	for school supplies that were not documented.
\$100,000	for school vehicle costs that were not documented.
\$250,000	for school consultants' fees that were not documented.





## 5. Not organizing and presenting the information clearly.

### Revision 1

**Of \$10 million charged for reimbursement, we disallowed \$1 million for the following:**

\$500,000	paid to the parent organization for leadership services that duplicated those provided by the school.
\$250,000	for school consultants' fees that were not documented.
\$100,000	for school vehicle costs that were not documented.
\$90,000	for school supplies that were not documented.
\$60,000	in bonuses paid to the parent organization. Bonuses are not reimbursable.



## 5. Not organizing and presenting the information clearly.

### Revision 2

**Of \$10 million charged for reimbursement, we disallowed \$1 million for the following:**

\$560,000	for duplicate leadership services and bonuses paid to the parent organization.
\$440,000	for various undocumented charges paid to the school.



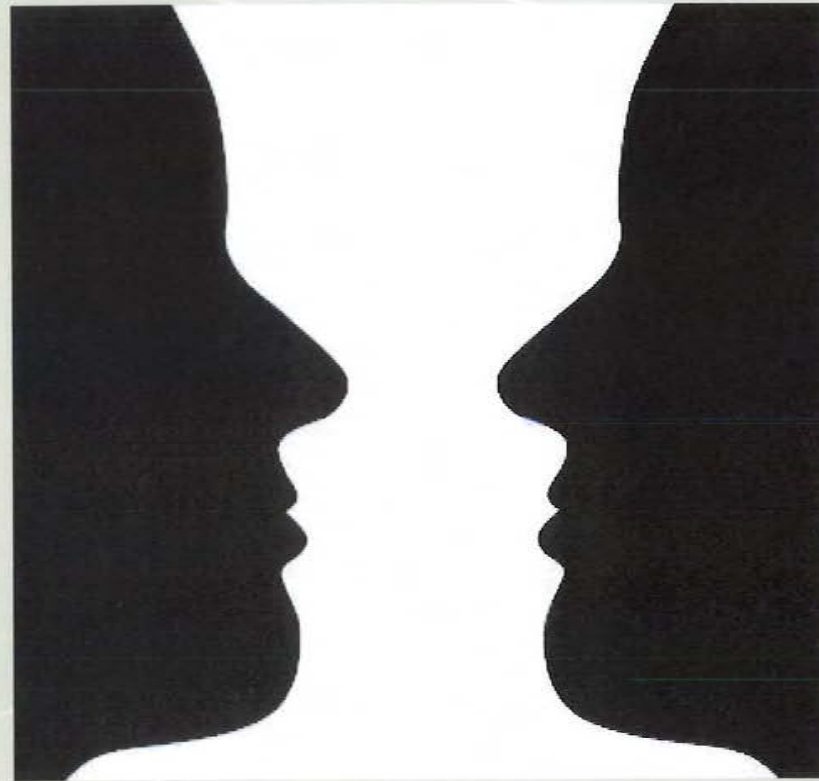
## 6. Dumping data on the reader.



*tell the reader  
what you want them  
to see before  
dumping the info  
on them*



## 6. Dumping data on the reader.



- 2 profiles

50% people see 1 thing  
& 50% people see something else

↑  
Vase



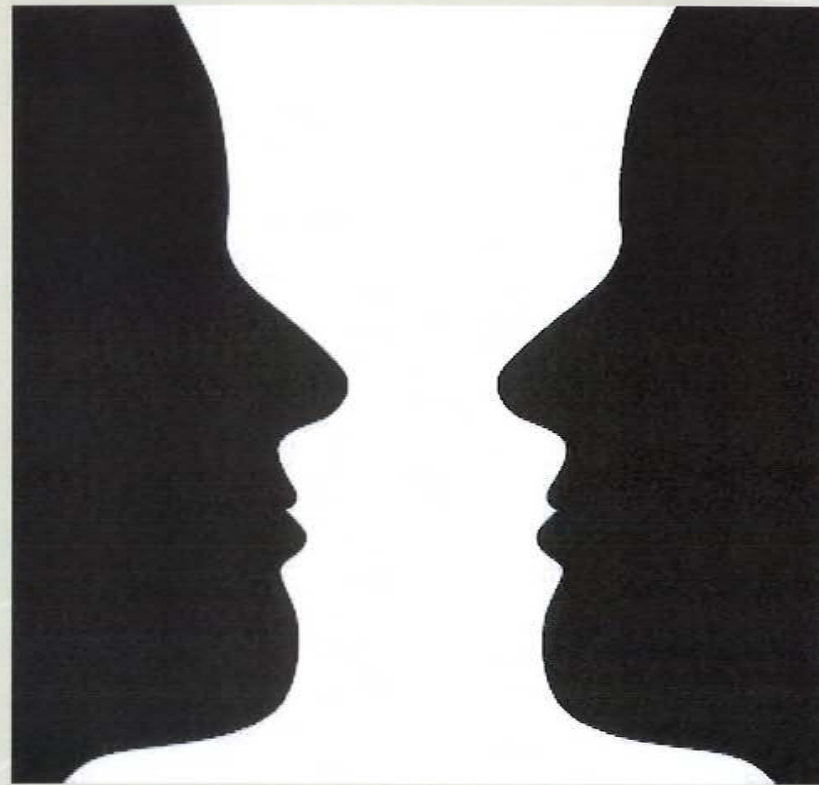
## By including all five elements of the audit finding, the writer:

- A. Brings a problem to management's attention.
- B. Shows the reader the effect of the condition on the business.
- C. Creates a persuasive case for action.
- D. All of the above.



## 6. Dumping data on the reader.

Note the two profiles below:





## 7. Not considering all elements of the finding.

The Element	The Question the Element Answers
Condition – Also called the Weakness, the Issue or the Observation	What's wrong? You may need to add evidence to support your claim.
Criterion	What's the standard?
Effect – Also called the Risk	What is the current or potential impact of the problem?
Cause	Why is this happening?
Recommendation	What must be done to correct the current problem and prevent it from recurring?



## 7. Not considering all elements of the finding.

### The Condition Statement:

- Usually contains the word “not” *specific*
- Is not just facts or background information
- Is specific
- Is not full of self-reference





## 7. Not considering all elements of the finding.

### The Condition Statement - Do's and Don'ts

**Don't** begin with facts that will not concern the reader.

*The ABC room contains the confidential fax machine, which is to be used solely by the CEO and his assistant.*

**Do** begin with an explanation of what is wrong.

*Unauthorized people have access to the confidential fax machine, which is to be used solely by the CEO and his assistant.*



## 7. Not considering all elements of the finding.

### The Condition Statement - Do's and Don'ts

**Don't** begin with a reference to yourself.

*IA noted that the report identifying underperforming advisors did not include all active advisors.*

**Do** begin with an explanation of what is wrong.

*The report identifying underperforming advisors did not include all active advisors.*



## 7. Not considering all elements of the finding.

### The Condition Statement - Do's and Don'ts

**Don't** begin with testing results.

*IA selected a sample of 10 sub-advisors and noted that an on-site visit had not been conducted at 2 out of 10 sites in the past 12-month period.*

**Do** begin with an explanation of what is wrong.

*Not all sub-advisors were visited within the mandated 12-month period. No visits were made in 2 of the 10 sites reviewed.*



## 7. Not considering all elements of the finding.

### The Condition Statement - Do's and Don'ts

**Don't** begin with a general statement.

*The ABC system is not effective.*

**Do** begin with an explanation of what is wrong.

*The ABC system does not identify assets that do not meet the committee's performance standards.*



## Which is the Condition statement?

- A. Sales data is backed up daily by Control Data in New Jersey.
- B. The ABC room contains the confidential fax machine.
- C. Password controls should be strengthened.
- D. A Disaster Recovery Plan has not been developed
- E. The Customer Identification Program is required by federal law.



## 7. Not considering all elements of the finding.

### The Criterion:

- Regulations
- Laws
- Company policy
- Best practices



## 7. Not considering all elements of the finding.

### The Effect/Risk:

As a result, unauthorized personnel would be able to access proprietary information.

**vs.**

As a result, unauthorized personnel would be able to see and change salary and other proprietary information.



## 7. Not considering all elements of the finding.

### The Effect/Risk:

As a result, accounts would not be accurate.

**vs.**

As a result, the account will be overstated by at least \$500,000.



## 7. Not considering all elements of the finding.

The Cause:





## 7. Not considering all elements of the finding.

### The Recommendation:

**S**pecific: State what must be done. Your department may or may not state who must do the action.

**M**easurable: Provide a recommendation that can be audited.

**A**chievable: Be practical for the organization to implement.

**R**eliable: Remedy the issue in the present and in the future.

**T**ime Bound: Have a target date for completion.



## 7. Not considering all elements of the finding.

good  
↓

### Example of a Finding with All the Elements

Conclusion

New account information does not include all the information mandated by federal law. In a random sample of 40 new accounts, 20 were missing at least one piece of required information. As a result, the bank has not complied with federal law and may be unaware of the real identity of its customers.

Criterion

Testing Effect

2nd effect

Platform personnel and others responsible for opening new accounts were not trained on the necessity of collecting all information.

Cause

Recommendation: Train all those who open new accounts on the type of information required for all new accounts and provide management oversight to ensure that all information is entered.

①

②



## 7. Not considering all elements of the finding.

### Original

During our review of expenditures for office equipment and furnishings, we noted that \$134,310 was spent for computers purchased from Dell Computer and that carpet was purchased for \$15,275 (Carpet Discount Center). In addition, \$17,785 was paid to P and S Furniture for office furniture. These purchases were made without obtaining competitive bids. Regulation 407B states that all purchases over \$10,000 can be made only after obtaining competitive bids.



## 7. Not considering all elements of the finding.

### Revised

Office purchases of \$168,370 were made without competitive bids.

Competitive bids for items over \$10,000 are required by

Regulation 407B. The purchases are listed below:

- \$134,310 for computers from Dell Computers
- \$17,785 for office furniture from P and S Furniture
- \$16,275 for carpet from the Carpet Discount Center

Without competitive bids, the agency may be overpaying for supplies and equipment.

*Condition*  
*Criteria / Standard*

*Testing largest to smallest*

*Effect*



## 7. Not considering all elements of the finding.

### Original

During our review of expenditures for office equipment and furnishings, we noted that \$134,310 was spent for computers purchased from Dell Computer and that carpet was purchased for \$15,275 (Carpet Discount Center). In addition, \$17,785 was paid to P and S Furniture for office furniture. These purchases were made without obtaining competitive bids. Regulation 407B states that all purchases over \$10,000 can be made only after obtaining competitive bids.

### Revised

Office purchases of \$168,370 were made without competitive bids. Competitive bids for items over \$10,000 are required by Regulation 407B. The purchases are listed below:

- \$134,310 for computers from Dell Computers
- \$17,785 for office furniture from P and S Furniture
- \$16,275 for carpet from the Carpet Discount Center

Without competitive bids, the agency may be overpaying for supplies and equipment.



## 7. Not considering all elements of the finding.

### Original Recommendation:

*— open to interpretation to general*

Management should address this issue and obtain bids for all purchases over \$10,000.

### Revised Recommendation:

*specific*

Management should obtain three bids for all purchases over \$10,000 to comply with Regulation 407B.

*without cause / recommendation is not as good as should be*



## 7. Not considering all elements of the finding.

### Example of a Finding with All Elements Except Cause

#### Revised

Office purchases of \$168,370 were made without competitive bids. Competitive bids for items over \$10,000 are required by Regulation 407B. The purchases are listed below:

- \$134,310 for computers from Dell Computers
- \$ 17,785 for office furniture from P and S Furniture
- \$ 16,275 for carpet from the Carpet Discount Center

Without competitive bids, the agency may be overpaying for supplies and equipment.

Recommendation:

Management should obtain three bids for all purchases over \$10,000 to comply with Regulation 407B.





# The Seven Deadly Sins

1. Not understanding the readers. *(write short + sweet)*
2. Not creating easy-to-read sentences.
3. Putting everything in the report. *(don't put everything in)*
4. Not trying to identify the main issues as you conduct the audit.
5. Not organizing and presenting information clearly.
6. Dumping data on the reader.
7. Not considering all elements of the finding.



*Thank You*

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