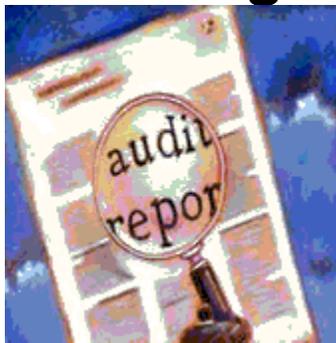


The AuditNet[®] Monograph Series

**The AuditNet Guide to Audit Report
Writing**



by Jim Kaplan CIA CFE

AuditNet[®] 2009

AuditNet® Monograph Series - Guides for Auditors

This monograph series grew out of my desire to establish an online electronic communication network for auditors. Before online services, bulletin boards and the Internet many auditors were operating without the benefits of peer collaboration and information sharing on a major scale. The Internet, founded on the principle of sharing and communication, changed the interaction model between auditors. Auditors can now post messages in online discussion forums, upload and download audit work programs, checklists, surveys, questionnaires and other audit related material in warp speed. Small one-person audit shops can now communicate with others and feel like they are not paddling upstream with one oar when it comes to having access to audit resources. My vision of an online information communication network for auditors became a reality with AuditNet® as the foundation.

The AuditNet® Monograph Series or AMS provides auditors with guidance on different aspects of the audit process and other relevant topics to help them do their jobs. New auditors will seek these guides to learn some basics of auditing while experienced auditors will use them as a review. Each guide focuses on a specific subject.

If you have an idea for additions to the AMS please send a proposal via email to editor@auditnet.org.

Jim Kaplan, AuditNet® Founder and Principal
President and CEO
AuditNet LLC

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1. Introduction

The audit report communicates the results of the audit work. For that reason alone it is perhaps one of the most important parts of the audit process. It is important because it is what the department and senior management sees, and in some cases may be the only product of the auditor's work that management receives. If written and communicated well, it can act as a positive change agent prompting management to take corrective action. The report may be as simple as a one or two page letter, or as detailed as a multi-section paper.

This monograph provides guidance on the audit report and a simple style guide for writing the report. A detailed style guide will follow and be made available to AuditNet subscribers.

2. Purpose/Objectives of Audit Reports

The internal auditor should produce clear, constructive and concise written reports based on sufficient, relevant and reliable evidence, which should:

- state the scope, purpose, extent and conclusions of the internal audit assignment;
- make recommendations which are appropriate and relevant, and which flow from the conclusions; and
- acknowledge the action taken, or proposed, by management

Writing an effective audit report starts with a clear understanding of how the report will be used, viewed, acted upon by department management. Audit reports have three major objectives:

Inform: To make department management aware of a situation by communicating the results of our audit work.

Persuade: To convince department management that our comments are valid and worthwhile.

Results: To convince department managers to take appropriate action.

Internal Audit reports will be prepared and issued in accordance with either Government Auditing Standards or the IIA's International Professional Practices Framework.

There are a number of books on Audit Report Writing and they are listed in Appendix A. Auditors should consider adding one or more of these books to their resource library for the staff to review annually.

3. Benefits of Audit Reports Issued by Others

Many Federal agencies, State and Local government audit offices have copies of their reports available online. Audit reports issued by others provide a number of benefits for the global audit community. These Audit reports:

Provide examples of different report formats

Represent a knowledge base of "hot" or current issues that other organizations are finding and reporting on.

Demonstrate the structure of findings as presented by others

Show examples of criteria used by others

Show recommendations that may work for your organization

Provide meta-information for obtaining and developing audit work programs (establish contact with the agency or department and request a copy of the audit work program used for the audit).

Provide a basis for best practices in audit report writing

4. Professional Standards on Audit Reporting

Professional standards require that communications must include the engagement's objectives and scope as well as applicable conclusions, recommendations, and action plans. Additionally where appropriate they must contain the internal auditors' overall opinion and/or conclusions. Internal auditors are encouraged to acknowledge satisfactory performance in engagement communications. When communicating with external parties the report must include limitations on distribution and use of the results. For detailed professional guidance readers should refer to the [IIA International Professional Practices Framework](#) at or the Government Auditing Standards, July 2007 Revision (GAO-07-731G) at <http://www.gao.gov/govaud/ybk01.htm>. If your organization follows other standards such as the AICPA or ISACA refer to those organizations for reporting guidance.

5. Organizational Standards on Audit Reporting

Internal audit reports provide a formal means of communicating to management the results arising from audits undertaken. Such reports should include audit findings, recommendations and conclusions relating to the adequacy of and compliance with the system of internal control and the efficiency, effectiveness and economy of operations in the area covered by the audit. From the point of view of completeness, management response to the audit findings should preferably also be included in the report. The aim of every internal audit report should be to:

- prompt management action to implement agreed upon recommendations for change leading to improvement in performance and control and
- provide a formal record of points arising from the internal audit assignment and, where appropriate, of agreements reached with management

Following are some general standards of report writing adopted by organizations.

- a. A standardized format for writing audit results should be created.
- b. Findings, recommendations, and opinions will be expressed objectively
- c. Final Audit Reports will be organized so as to clearly and concisely disclose relevant, timely, and important information that can be used to enhance or improve relevant aspects of operations.
- d. Findings, recommendations, and comments will contain all relevant information necessary for the client to fully understand the reported conditions. All Final Audit reports will present factual matters accurately and completely.
- e. The Final Audit Report will identify the most significant conditions requiring management's attention.

6. Procedures for Audit Reporting

The procedure section answers four basic questions about writing an audit report:

How do I write an effective audit report?

What should I include in the audit report?

What format should the audit report follow?

What do I do with my report after I finish writing it?

How do I write an effective audit report?

Planning for the final product—the published report should begin as early as possible. In developing an argument for the proposed findings, the staff considers the purpose of the report, potential readers, and content. Analysts and supervisors discuss the report and its issues at decision points throughout the process.

Not everyone is a naturally skilled report writer. However, there are two things everyone can do to improve their skills and write the best report possible.

- **Guiding Principles:** First, there are certain guiding principles that apply to any written communications that we should follow.
- **Writing Process:** Secondly, there is a defined report writing process that can help.

Guiding Principles

Do determine the reader. When you write the report and every time you review and edit a report, ask yourself who is the primary recipient of the report? Audit reports must meet the varying information needs of users: the clients and their representatives. This has a direct bearing on what the report should include. Include only those findings or topics that your reader is or should be interested. The reader also has a direct bearing on the level of detail that you should include in the report. You should include no more and no less detail than what the reader needs to understand the finding.

Readers may include the following groups:

Board Audit Committee

External users or stakeholders

Executives with a general knowledge of systems and terminology who are mainly interested in results in their areas of accountability

Client's senior staff who must respond to audit recommendations

Staff concerned mostly with findings in their area of expertise. Audit report writers must therefore take into account the needs of these various readers and the information already provided through briefings and operational unit reports.

Do say "something". "Have something to say, and say it as clearly as you can. That is the only secret of style." (Matthew Arnold). In order for our audit reports to accomplish their objectives, to inform and persuade, they must provide a clear and direct conclusion. They must also provide adequate support for those

conclusions and their importance, including constructive and practical recommendations when appropriate.

Do begin immediately. Do not wait until the end of the audit to write the report. The Introduction, Purpose and Scope, and Methodology sections of the audit report should be written during the survey phase. Audit comments and conclusions should be written as they are developed during the survey and fieldwork phases. Auditors should openly discuss audit comments with department management as the audit progresses. Department management should be given a chance to review written comments as they are completed. There should not be any surprises to the department in the final exit conference.

Do provide perspective. The report should present a proper balance between the positive and the negative. Use an appropriate and consistent tone. Accurately portray significance.

Do be Precise. Precision starts with consistent terminology. When reviewing reports, look for inconsistencies such as the following examples of interchangeable terms: personnel administration, human resources management and personnel management; objective, purpose and goal; staffing and resources; personnel disciplines, functions, activities, areas, aspects and practices.

Do use Short Sentences. Long sentences can blur the precision and clarity of text. Some grammarians recommend a limit of 15 to 18 words in business writing. The following example from the second paragraph of a section on Sub-delegation of Staffing Authority demonstrates the clarity of shorter sentences.

- One sentence: "The roles, responsibilities and accountability mechanisms of managers and staffing officers are clearly defined in the departmental training course on sub-delegation which was given to all managers about to receive sub-delegated staffing authority." (33 words)
- Two sentences: "All managers who were to receive sub-delegated authority attended the departmental staffing course. The course defines the roles, responsibilities and accountability of managers and staffing officers." (13 words in each)

Don't use Passive Voice. Passive voice produces dull, tiresome reading. The short example that follows demonstrates the difference between passive and active sentences.

Passive: "Based on the information available, no irregularity of operation was found."

Active: "The audit team found no evidence of irregularity in the available information."

Better Still: "The audit team found no irregularity."

When reviewing reports, look for a subject - verb - object (agent - action - object) sequence. If it is not there, consider a rewrite.

Do limit the use of Intensifiers. Intensifiers are words like: clearly, special, key, well, reasonable, significant and very. Their use should be limited because they frequently lack precision, reflect personal values and fill space for no real purpose. Intensifiers raise questions such as "significant compared to what?" and "clearly according to whose criteria?"

Do use Bullets. Report writers can use bullets as punctuation in front of points to break up dense text, shorten sentences, focus attention, save words and improve logic and flow. The use of bullets is highly recommended when findings are lists of standards, samples, activities, facts and results.

Do Provide Emphasis. For emphasis with paragraphs use the following techniques:

- Contrast - Change the length or structure of the sentence containing the emphatic idea.
- Proportion - Write more about important ideas than about subordinate thoughts.
- Position - Place the most important sentence at the beginning or end of the paragraph.

Do Write Gender Neutral. Follow these guidelines:

- Writing must remain clear and precise; with a little effort and attention. It is possible to create non-sexist documents that are neither too wordy nor too heavy. When referring to men and women, the principles of equality apply.
- Use gender-neutral occupation and position titles: "representative", "police officer" rather than "spokesman", "policewoman". Avoid using the word "man" to refer to people in general ("the man in the street", "man-year") or the masculine form (he, his, him) to represent both women and men.
- Treat persons of both sexes equally, by varying the position of references to males and females, by using equal forms of salutation in correspondence, and by avoiding unnecessary distinctions between sexes.

Don't Use Audit Buzzwords. Avoid using the following ambiguous/overused phrases & replace them with specific examples.

- Generally improved
- Some control deficiencies
- Recommendations for improvement
- The following exceptions
- Significant risk
- Areas requiring attention
- Some weaknesses
- Existing internal controls
- Functioning properly
- Need for some improvement
- Strengthen procedures
- Implementation of the recommendations
- Compromise integrity
- Tighten controls

Writing Process. As stated earlier, not everyone is a naturally skilled report writer. Experience shows that report writing is often the most difficult part of an audit for auditors. In fact for some of us it may be down right painful! There is a series of steps that, if followed, will make the entire process easier if not more effective. We strongly recommend that you follow the process described below:

- **Step 1 - Read.** Before picking up a pencil or pen take time and read the Statement on Internal Auditing Standards "Communicating Results".
- **Step 2 - Just do it!** Getting started can be the hardest step. So initially, don't review or edit and don't worry about style or how it is organized. Just dump your ideas and get your thoughts on paper. Try to just write the way you talk. Consider using a tape recorder and initially verbally record your report and then copy it to paper. Write what you know best first. Remember good writers rewrite many times and it doesn't matter how this first draft (dump) turns out.
- **Step 3 - Organize your report.** Identify your main ideas and conclusions. Identify and choose supporting points. Prepare a rough outline in our basic report format with supporting outline under each section. Arrange comments and points in most effective manner. Identify any missing elements from your findings.

- **Step 4 - Cool off.** Set the first draft aside for a reasonable period of time and work on something else. Try to get your mind off of the audit and take a breather.
- **Step 5 - Review and edit.** Reread, reorganize, and rewrite the report as necessary. You should review the report and make sure that all the critical elements of the report are properly stated. Take this opportunity to ask another staff member who did not work on the audit to read what you have written and suggest any improvements. Cross-index all facts to the working papers, run spell check, and use the available grammar and style tools to check for passive voice and other grammatical issues.
- **Step 6 - Do it again!** Review and rewrite as many times as necessary. Remember good writers write and rewrite! Don't turn it in until you feel it is ready to send out to our customers or until you can't stand it anymore.

What should I include in my report?

Now that you are ready to "Just Do It", you have to figure out exactly what should be included in our audit reports. The contents of reports are addressed in two parts:

Individual Report Sections: What exactly should we include in each of our report sections?

Elements of a Comment: What should we include in each audit comment?

Interim Reporting

Individual Report Sections

All standard full-length reports should include the following sections. Style and format guidance should be established in the Audit Manual and will vary from organization to organization. Following are standard report section and would typically include the information described below.

Introduction. This section provides information about the audit area. It should include any background information needed to understand the audit area and the significance of the audit. The amount of detail necessary will depend on the intended reader.

Purpose and Scope and Methodology. This section provides information about the audit. It should indicate why we did the audit, what was included and not included in the audit, the time period audited, and our audit objectives. It may include audit methodology, if appropriate however, avoid detail

listings/descriptions of audit procedures. Auditors should report the scope of their work on management controls and any significant weaknesses found during the audit.

Statement on Auditing Standards. This section should present in the report that the audit was made in accordance with generally accepted government auditing standards.

Executive Summary. The Executive Summary provides an overview of the audit results. This section should normally present overall conclusions and recommendations as related to the audit objectives identified under the Purpose and Scope section. The executive summary may include:

- A brief description of what was audited, objectives, scope, time periods;
- Capsule statements of significant action plans;
- Overall statement that gives the proper perspective of the concerns and conclusions; and,
- Overall audit report rating.

Audit Results and Recommendations. This section should include detail write-ups of individual audit comments and recommendations. Each individual comment should include all of the information described below under "Elements of A Comment".

Elements of a Comment - The foundation of well-written audit reports are the comments (findings) and recommendations. Effective audit reports provide well written comments that include all of the basic elements including condition, criteria, cause, effect and recommendation.

Opening Statement - The opening statement should be a brief summarized statement of the condition and effect. The goal or standard is usually implied but may on occasion also be stated.

Criteria - Following the opening statement provide an explanation of management goals and the standards, or measures used to evaluate the program, function, or activity. Criteria are what the condition should be. This can be:

- Management goals
- Professional Standards
- Laws, Regulations, or Policies
- Common Sense
- Can be developed with department approval

Condition - The condition is how effectively department management is achieving goals or meeting standards. One of three possibilities:

- goals or standards are fully achieved
- partially achieved
- not achieved

Condition should be clearly stated followed by detail supporting evidence from audit work. This section should expand on the opening statement.

Cause - Begin with a direct statement of reason things have gone well or poorly. Follow this with any necessary substantiating evidence. Possibilities include:

- Inadequate procedures
- Procedures not followed
- Poor supervision
- Unqualified employees

Two key points should be addressed:

- Is management aware?
- Does management agree & intend to action?

Effect - Clearly state the results of the condition in quantifiable terms when possible.

- Increased risk or exposure
- Dollars or cost
- Poor performance
- Failure to achieve program goals

Recommendations - Recommendations are possible or suggested corrective actions to rectify negative conditions. They should be listed under a lead statement such as: (example) "We recommend that the department Director: amend... establish... implement..." Recommendations should be stand-alone statements that can be read out of context and still make sense - particularly to a senior management or managers. Example: "We recommend that the department Director put in place a mechanism for monitoring timeliness of cash collections."

- Be positive
- Be specific

- Identify who should act
- Keep recommendations brief

Interim Reporting

While the internal auditor may clear minor matters which do not indicate a consistent or systematic weakness with members of staff directly involved, matters of consequence should be reported formally in writing to management. The internal auditor should present an interim report, orally or in writing, where it is necessary to alert management to the need to take immediate action to correct a serious weakness in performance or control, or where there are reasonable grounds for suspicion of malpractice. Consideration should also be given to interim reporting where there is a significant change in the scope of the internal audit assignment or where it is desirable to inform management of progress. Interim reporting does not diminish or eliminate the need for final reporting.

What format should my report follow?

All internal audit reports should follow the preferred format by your organization. The audit report will usually include a *Cover Page, Transmittal Memo, Table of Contents, Introduction/Background, Purpose and Scope, Executive Summary, and Comments Section*. A style guide can be a useful tool in drafting a report as it can provide the argument strategies, paragraph development, usage, and grammar followed by your organization. In drafting a report auditors should refer to the style guide. Supervisors can review drafts for conformity with the standards of presentation. The production staff can put the report in a readable and attractive format. The report writing team participants are responsible for complying with the provision that writing should be in plainly worded, non-technical language. A short style guide can be found in Appendix A. A detailed style guide will be available as a separate monograph.

Reports are organized by chapters (each with a title) and by sections and subsections of chapters (each with a heading or subheading). Headings go from the more general to the more specific. In the background chapter, the titles, headings, and narrative are descriptive. In the chapters of performance audits or studies that present findings and recommendations, the titles, headings, and narrative represent judgment as to performance or policy issues. The title of such a chapter should state the overall message the office wants to convey, as opposed to simply "findings and recommendations."

The office may also present an overview of the project, not to exceed one page.

The following is an outline of the order of presentation and report structure. Departure from this format requires prior approval of the Director.

Cover Page

- Should be three or four lines
- Identify as Internal Audit Report on (subject)
- Identify type of audit:
 - Review of Internal controls
 - Compliance Review
 - Operational or Management Audit
 - Financial Audit
 - Special Investigation
 - Other

- Identify department, program or function being reviewed:
 - Continuation of the above line, if necessary
 - Date in lower right corner, which should be last date of fieldwork

Transmittal Memo

- One or two short paragraphs
- Identify the report as a discussion draft, formal draft, or final report
- Report Subject
- What or who initiated audit:
 - Per long range audit plan
 - Per directive of Board or Division Superintendent
 - Requested by department
 - Other
- Current report status:
 - Who has received report
 - Comments received/incorporated
 - Agree/disagree with findings
- Plans for future distribution:
 - Yes - to whom
 - No - unless otherwise directed

Table of Contents

- Identify topics and page numbers
- Report sections
- Major topics, if appropriate
- Exhibits
- Attachments

Introduction

Background information to provide the reader with an understanding of the department and the specific program or function being audited:

- Purpose or mandate
- Goals and objectives
- Authority
- Organization
- Nature and cost
- Other

Purpose and Scope and Methodology

- Information about the audit
- Why audit was done:
 - Per Long Range Audit Plan
 - Directed by School Board
 - Directed by Division Superintendent
 - Requested by the department
 - Required by law
 - Other
- How it was done:
 - Audit objectives
 - Audit methodology
 - Audit scope

Executive Summary

- Narrative summary of the overall comments and recommendations without the detail:
 - Overall conclusion
 - Overall recommendation
 - Relate to Purpose and Scope
- Statement of Audit Opinion will sometimes be substituted for the Executive Summary:
 - For internal control review
 - For a financial audit
- For very long reports with numerous comments and recommendations, an optional schedule may be included with the following columns:
 - Page
 - Audit Results
 - Recommendation
 - Department Comment
 - Reference

Audit Results and Recommendations

- **Comment #1** - An opening statement in bold print and underlined

- Criteria
- Condition
- Effect
- Cause
- Recommendation
- Department comment
- Comment #2 - An opening statement in bold print and underlined
 - Criteria
 - Condition
 - Effect
 - Cause
 - Recommendation
 - Department comment

4. What do I do with my report after I finish writing it?

The review of reports takes place at numerous points. Reviewers may consider the following elements:

- Overall quality of the draft and its consistency with the reporting standards for content and presentation.
- Responsiveness to the assignment objectives.
- Soundness of the evidence supporting the findings and recommendations.
- Logic, reasonableness, and soundness of the argument supporting the findings and recommendations.
- Appropriateness, constructiveness, and specificity of recommendations.

Reporting arrangements, including the format and distribution of internal audit reports, should be agreed with management. The head of internal audit should ensure that reports are sent to managers who have a direct responsibility for the unit or function being audited and who have the authority to take action on the internal audit recommendations. Internal audit reports are confidential documents and their distribution should be restricted to those managers who need to know, to the audit committee where one exists. Some organizations also provide copies of internal audit reports to the external auditor.

The internal auditor should normally meet with management to discuss the audit findings at the completion of field work for each internal audit assignment and the formal written report should be presented to management as soon as possible thereafter.

Before issuing the final report, the internal auditor should normally discuss the contents with the appropriate levels of management, and may submit a draft report to them, for confirmation of factual accuracy.

If the internal auditor and management disagree about the relevance of the factual content of the draft audit report, the internal auditor should consider whether reference should be made to this in the final report.

Example of a Process

The auditor in charge should complete the initial draft of the audit report within two weeks of completion of the fieldwork. This discussion draft must be cross-referenced to the working papers.

Report Approval. All internal audit reports must be reviewed and approved by the Director. This includes discussion drafts.

The Director must sign all final internal audit reports prior to distribution. In all cases (except fraud) a discussion draft will be provided to the department at least one week prior to the exit conference. It should be stamped "draft, for discussion purposes only, subject to revision". Only the department will receive a copy of the discussion draft.

Exit Meeting. The auditor-in charge should contact the client management to arrange a suitable time for the exit meeting. The Audit Supervisor and/or the Director will also attend the exit meeting.

The purpose of an exit meeting with the client is to develop a mutual understanding of the content of the draft report. **The audit client should have already been advised of the major audit findings during the course of the audit** (*Finding Development Sheet*). This meeting should provide an opportunity for the client to clarify specific items and to express views on the significant audit concerns, corrective action, and other information presented in the draft audit report. The results of the meeting must be documented by the auditor-in-charge.

The Audit Supervisor and auditor-in-charge should be prepared to summarize the audit including scope, objectives, procedures, and results. Material modifications to the report may be discussed, but final disposition should be reserved for agreement by the Director of Internal Audit. Wording changes may be appropriate as long as the changes do not alter the opinion or the focus of the audit finding.

After making any revisions to the discussion draft as a result of the exit conference, the final draft report will be issued to the department.

Client Response. The client department must submit a written response to the Director of the Internal Audit Office within 30 days after issuance of the final draft audit report. The written response must include an action plan that commits the department to specific dates for implementing corrective actions and identifies the responsible individual.

Department comments should be paraphrased and incorporated in the body of the final report in a fair and objective manner. The complete comments will be included as an attachment.

Work Paper and Report Drawer. The discussion draft, the formal draft, final report, department's action plan and follow-up status report should be retained in the workpapers and the report drawer.

Numbering the copies and completing the *Report Distribution Sheet* controls distribution of both draft and final reports. The distribution sheet, the original and a file copy of the report should be placed in the report file. *The administrative support staff completes these steps.*

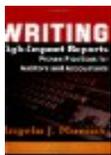
Final Reports. Final Reports should be addressed and distributed to the (insert reporting authority i.e. audit committee, CEO). Further distribution will be in accordance with the (insert reporting authority) specific instructions.

Follow Up. It is management's responsibility to ensure that proper consideration is given to internal audit reports. The internal auditor should ensure that appropriate arrangements are made to determine whether action has been taken on internal audit recommendations or that management has understood and assumed the risk of not taking action. The status of implementation, in respect of matters of consequence, so determined should be reported to the appropriate levels of management to enhance internal audit effectiveness.

APPENDIX A AUDIT REPORT WRITING RESOURCES

1. Writing Smart Recommendations - the U.K. National Audit Office
http://www.concordat.org.uk/_db/_documents/NAO_Smart_Recommendations.pdf

2. Office of the Austin City Auditor Style Manual
<http://www.ci.austin.tx.us/auditor/downloads/3rdedition.pdf>
3. The Higher Education Academy Style guide: writing
http://www.llas.ac.uk/resourcedownloads/2420/gpg_styleguidewriting.doc
4. The Elements of Style by William Strunk, Jr. <http://www.bartleby.com/141/>
5. Report Writing Resources for Auditors -
<http://www.auditnet.org/reporting.htm>
6. Internal Audit Report Writing Guidelines: These guidelines provide suggestions on the internal audit report writing process, including suggestions about format, content, and style. (30 day free trial available).
<http://www.knowledgeleader.com:80/KnowledgeLeader/Content.nsf/Web+Content/ChecklistsGuidesReportWritingGuidelinesforInternalAudit!OpenDocument>
7. Audit Reports Online links are available at
<http://www.auditnet.org/reports.htm>



Writing High-Impact Reports: Proven Practices for Auditors and Accountants
by Angela J. Maniak



Tell It to the CEO: How to Write Compelling Executive Summaries and Briefings
by Angela J. Maniak



To Revise or Not to Revise: The Essential Guide to Reviewing Somebody Else's Writing
by Angela J. Maniak

APPENDIX B DESIGN STYLE AND CONTENT

To help make audit reports attention-getting, readable and credible, the following sections cover: report design, writing style, report content (title page, table of contents, summary, introduction, findings, appendices), wrap-up and bibliography.

Background

In the Introduction, we mentioned the intense competition for reader attention and time. Report writers can control three factors critical to gaining and keeping attention: design, writing style and content.

Design may be the key to attracting readers - particularly the reader who is not motivated. Once attention is captured, writing style and content should be able to maintain this attention.

Effective design increases visual appeal and reading efficiency.

Visual Appeal

An audit report has visual appeal when it looks professional and easy to read. That means the reader should develop positive feelings about the report at first glance.

The talent and effort that have obviously gone into the report's appearance send strong signals to readers. It tells them the subject is important. It also tells them the readership is important enough to warrant a quality product. There is a big difference between a memo and the annual report of the Commission. Audit reports should be closer in appearance to the annual report.

Reading Efficiency

An audit report should not appear long, dull or tedious. The proposed design is interesting, featuring plenty of white space and easy-on-the-eyes lettering. The design encourages the potential audience to read.

Efficient reports use design techniques to make it easy to find a particular piece of information and increase reading speed, comprehension and retention.

Design Techniques

The following techniques have been selected to enhance the visual appeal and reading efficiency of audit reports:

Type size and style are easy to read

Line length is limited to 4.5 inches for eye travel that is not tiring blocks of text are limited to 8 lines or so to prevent skipping and to provide frequent rest points

The amount of white space is not only more comforting to the eyes but also provides the reader with room for notes

The location of page numbers, headings and subheadings helps readers to search for specific information; the standard format quickly becomes familiar and is easy to scan in addition to providing information, the header and footer lines "frame" the text complete topics are placed on one page wherever possible

The text is laser-printed off desktop publishing software capital letters are not used for emphasis or to highlight key words and phrases because they slow up the reader

The text is unjustified with flush left and ragged right margins, to encourage smooth eye flow

There are no broken words at the end of lines

There are no broken sentences at the end of pages

There are no single lines on the top or the bottom of a page.

Format Specifications

Format is the shape, size and arrangement of text on the page. For ease of use, the format described here is available through the Directorate computer system.

This appendix identifies the following elements of format:

Fonts: body: Times Roman 12.5pt (serif); recommendations and compliments: bold; headers and footers: not bold - headers: Helvetica 14pt (sans serif) - footers: Helvetica 9pt (sans serif). "Styles" exist for headers and footers.

Margins: top and bottom margins: 0.5" and 0.4"; left and right margins: 1.25" with the binding set at 0.25". This results in an inside margin of 1.5" and an outside margin of 1.0".

Spacing: single space between lines; 2 space ahead of bullets; double spacing between topics.

Tabs: Tabs are set at: 2.8", 3.0" and 3.2".

Printing: Audit reports can be produced in various formats including hard (paper) or soft (electronic - MS Word or Acrobat PDF).

Summary - Design

This section describes design techniques that will help audit teams produce efficient audit reports. The following two sections deal with writing style and content - the keys to effective reports.

"Have something to say, and say it as clearly as you can. That is the only secret of style." (Matthew Arnold)

"To me, style is the outside of content, and content is the inside of style, like the outside and the inside of the human body: both go together, they can't be separated." (Jean-Luc Godard)

"Too much of a good thing is worse than none at all." (English Proverb)

Writing Style

For audit report purposes, style is defined as the way content is written. Generally, style consists of tone, vocabulary, syntax and grammar.

Good style presupposes a writer who knows the subject well, and also: who the readers will be, what is important to the readers and what the readers need to do after reading the material.

Purpose

This appendix is not intended to train auditors in the basics of style. That can be accomplished through courses and on-the-job coaching. What this appendix can do is provide auditors with a standard for editing their own reports, sort of an audit guide to writing style.

Guidelines

The following guidelines are not presented in order of importance. For those readers interested in pursuing the subject in greater depth, the bibliography lists a number of excellent references.

Terminology

Audit reports must transmit information with precision - precision that starts with consistent terminology. When reviewing reports, look for inconsistencies such as the following examples of interchangeable terms: personnel administration, human resources management and personnel management; objective, purpose and goal; staffing and resourcing; personnel disciplines, functions, activities, areas, aspects and practices.

Inconsistent terminology demonstrates an unprofessional approach in business writing. It may cause readers to interrupt their reading rhythm to interpret the changed term and misunderstand the message.

The results are particularly noticeable in managers with only a general knowledge of personnel functions and terminology.

Sentence Length

Another style element that can blur the precision and clarity of text is long sentences. Some grammarians recommend a limit of 15 to 18 words in business writing. In editing reports, one should look closely at sentences with more than 20 words. There may be room for improvement. The following example from the second paragraph of a section on Sub-delegation of Staffing Authority demonstrates the clarity of shorter sentences.

One sentence: "The roles, responsibilities and accountability mechanisms of managers and staffing officers are clearly defined in the departmental training course on sub-delegation which was given to all managers about to receive sub-delegated staffing authority." (33 words)

Two sentences: "All managers who were to receive sub-delegated authority attended the departmental staffing course. The course defines the roles, responsibilities and accountability of managers and staffing officers." (13 words in each)

Literary writers can use longer sentences without worrying about clarity. But they do not have to write audit reports!

Passive Voice

No shortfall in style produces dull, tiresome reading faster than the passive voice. The short example that follows demonstrates the difference between passive and active sentences.

Passive: "Based on the information available, no irregularity of operation was found."

Active: "The audit team found no evidence of irregularity in the available information."

Better Still: "The audit team found no irregularity."

When reviewing reports, look for a subject - verb - object (agent - action - object) sequence. If it is not there, consider a rewrite.

Intensifiers

Intensifiers are words like: clearly, special, key, well, reasonable, significant and very. Their use should be limited because they frequently lack precision, reflect personal values and fill space for no real purpose.

Intensifiers raise questions such as "significant compared to what?" and "clearly according to whose criteria?"

Bullets

Report writers can use bullets as punctuation in front of points to break up dense text and shorten sentences, focus attention, save words and improve logic and flow.

The use of bullets is highly recommended when findings are lists of standards, samples, activities, facts and results.

Example

Without Bullets: "The Department possesses control mechanisms such as a clearly identified responsibility centre, consultative committees for target groups and an Affirmative Action Steering Committee. These mechanisms which include action plans and reporting systems adequately ensure the effectiveness of employment equity programs."

With bullets: "The Department has mechanisms to ensure effective employment equity programs, including:

- An identified responsibility centre
- Action plans and reporting systems
- Consultative committees for target groups
- An Affirmative Action Steering Committee."

This appendix takes every opportunity to demonstrate the use of bullets. The nature of audit reports makes the technique particularly useful in enhancing clarity and readability.

Writing style has many other elements not included in this guide: tone, word economy, and rhythm are just a few. However, the elements covered here have

one thing in common. They can be evaluated against readily observable criteria. Branch audit reports should be reviewed for the use of consistent terminology, crisp sentences, the active voice, appropriate intensifiers and bullets.

Report Content

Outline

The sections on Design and Writing Style described ways audit reports can gain and hold attention and promote efficient reading.

To a large degree, a report's content is responsible for its effectiveness. In addition to logic, two elements enhance effectiveness, consistent structure and level of detail.

Structure

Audit reports may include the following sections: title page, table of contents, summary (including the recommendations), introduction, findings and appendices.

Cover and Title Page

Audit reports use a standard cover, with a window showing: the title: "Audit of Controls over Purchasing" or "Management Audit of Procurement", the department's name and the report's date of issue (month and year). These items are repeated at the bottom of each page. The title page also indicates the names of the audit team members.

Table of Contents

The table lists the sections and sub-sections with page numbers as follows: summary and recommendations, introduction, findings (by audit field) and appendices (as required).

Summary or Executive Summary

The summary gives a quick overview of the state of the department at the time of the audit in light of the main issues covered by the report. It does not normally exceed three pages, including the recommendations.

Sub-headings should be limited to paragraphs of approximately eight lines.

Recommendations should be listed under a lead statement such as: (example) "We recommend that the Deputy Minister: amend...; establish...; implement..."

Recommendations should be stand-alone statements that can be read out of context and still make sense - particularly to a non-personnel executive or manager. Example: "We recommend that the Deputy Minister" put in place a mechanism for monitoring staffing activities and take appropriate corrective action.

Introduction

Since readers will read the summary, the introduction should not repeat details. It should include the following elements:

Context: This sub-section briefly describes conditions in the audit entity during the period under review; for instance: the entity's role, size and organization especially with regard to human resource management; significant pressures on personnel management during the period under review - events such as the following should be noted: organizational changes - personnel disruptions - changes in roles and programs; results of internal audits or follow-up to our previous audits, if applicable.

Purpose: This sub-section is a short description of what functions and special programs were audited and the clients' authorities.

Scope: The scope lists the period under review, the issues covered in each function and program, the locations visited and the on-site dates.

Methodology: This section briefly describes sampling, data collection techniques and the basis for auditors' opinions. It also identifies any weaknesses in the methodology to allow the client to make informed decisions as a result of the report.

Findings: Findings constitute the main part of an audit report. They result from the examination of each audit issue in the context of established objectives and clients' expectations. The model illustrates how the various elements of findings are to be presented.

Appendices: Appendices can be used when they are essential for understanding the report. They usually include comprehensive statistics, quotes from publications, documents, etc. and references.

MODEL

Level of Detail

The depth of coverage for issues should normally reflect the significance of the findings.

Situations representing a high degree of risk or indicating shortcomings that are serious enough to justify a recommendation should be treated extensively.

Specific initiatives that the auditors wish to mention as examples should be described in detail, while issues where the department meets the expectations and there is nothing specific to mention should be dealt with briefly.

Commentary

Where a recommendation and a compliment are made under the same issue, they should be in separate paragraphs. Otherwise, they may confuse the reader and reduce the impact of one or the other.

Statistics need to be used consistently throughout the report. Sample size and error rate mean more when they are given in context. The size of the population, the number of transactions and the period of time provide that context.

Percentages should not be used when referring to small samples (less than one hundred).

Graphics should be used when they add to the understanding of the text.

Wrap-up and Conclusion

This guide supports the Internal Audit approach to developing consistent audit reports. It includes the following elements:

A definition of report users

Report purposes

A discussion on the readership

A design that attracts readers and increases their reading efficiency

A writing style with: consistent terminology, crisp sentences, the active voice, few intensifiers and a point system using bullets as punctuation

Presenting essential content under standardized headings and sub-headings

The Audit Report Writing Guide deals with the very basic aspects of report writing. It cannot replace the skill, experience and initiative of audit teams. However, it does provide the basis for consistent and professional reports that meet the needs of clients. In addition, an effective audit report will encourage managers to improve the use of human resources in the Public Service.

APPENDIX C- Quotations and Bibliography - A Practical Guide

The purpose of this guide is to provide auditors with some useful information on how to present quotations and bibliographical references in reports.

Quotations

A quotation is a fragment of text, or "a word or a passage reproduced from a book, a statement" (Webster's New World Dictionary), that is included in a new text and identified by quotation marks.

The source of the quotation can be provided briefly, in parentheses, as in the previous paragraph, or more completely, in a footnote.

Reference - Footnote

The five main elements of a footnote are:

Reference Number: an Arabic numeral, placed immediately after the cited text, in superscript

Author's Name: first name and/or initial(s) and surname, followed by a comma

Document Title: written in full, and underlined or in bold

Facts of Publication: publisher, place and year of publication (in parentheses)

Text Location: specific location of the text source: usually the page, paragraph or section number.

Bibliography

A bibliography is a list, usually in alphabetical order, of documents consulted or suggested for consultation, or of sources that have influenced or helped the author. It is usually placed in a separate section at the end of the document.

Basic Elements

A bibliographical reference contains four basic elements:

Author's Name: contrary to the reference footnote, the surname is written first, then the first name or initial; if there is more than one author, the additional names are written in the regular order, as in the second example below

Title: written in full, with no abbreviation; can be put in bold characters

Facts of Publication: publisher, place and year of publication, as in the footnote, but without parentheses

Collation: length of the work, expressed as the number of pages or volumes.

APPENDIX D Elimination of Stereotypes

Guidelines

Guidelines concerning the representative depiction of minority groups and the elimination of sexual stereotyping.

Following are a few basic rules and suggestions.

Basic Rules

Avoid the use of terms that may be considered offensive or discriminatory. These include but are not limited to race, gender, national origin etc.

The guidelines must not be seen as a cumbersome and unnecessary constraint, but as a guide.

Writing must remain clear and precise; with a little effort and attention, it is possible to create non-sexist documents that are neither too wordy nor too heavy.

When referring to men and women, the principles of equality apply.

Use gender-neutral occupation and position titles: "representative", "police officer" rather than "spokesman", "policewoman".

Avoid using the word "man" to refer to people in general ("the man in the street", "man-year") or the masculine form (he, his, him) to represent both women and men.

Treat persons of both sexes equally, by varying the position of references to males and females, by using equal forms of salutation in correspondence, and by avoiding unnecessary distinctions between sexes.

AVOID STEREOTYPING IN LANGUAGE AND TEXT

1. POSITION TITLES AND OCCUPATIONAL TERMS

- a. Refer to the work performed and not to the gender of the worker. Avoid using "man" or "woman" as a suffix or prefix in job titles.

Don't use	Do use
<ul style="list-style-type: none"> • Chairman • cleaning man/lady • draftsman • businessmen • male nurse • salesman / saleslady 	<ul style="list-style-type: none"> • The Chair; Chairperson; presiding officer • house-maid cleaner; house-keeping aid • drafting technician • business people • nurse • sales clerk

- b. The job description should encourage both women and men to enter non-traditional fields. The duties should be carefully described to make clear that they can be performed by men or women, and to avoid misrepresenting the skills required, to the disadvantage of either sex.

Don't use	Do use
<ul style="list-style-type: none"> • required to regularly lift 100 lb. weights 	<ul style="list-style-type: none"> • uses mechanical equipment or makes suitable arrangements for lifting weights up to 100 lbs. (i.e. in situations where this would be feasible)

2. NAMES AND FORMS OF ADDRESS

Identify women by their own names if known, and title where required, rather than through their association with someone else.

Don't use	Do use
<ul style="list-style-type: none"> • Madame Vanier, wife of the former Governor General was guest speaker at the conference 	<ul style="list-style-type: none"> • Madame Vanier, chancellor of the University of Ottawa and co-founder of the Vanier Institute of the Family was guest speaker at the conference

3. PRONOUNS

The English language lacks a pronoun that signifies both "he and she", and customarily the masculine pronoun has been to refer to humanity in general. However, this usage is discouraged, and the following practices should be substituted:

- a. Delete unnecessary use of pronouns by altering the structure:

Don't use	Do use
<ul style="list-style-type: none"> • The dietician She prepares • The Director is responsible for determining He ensures.... 	<ul style="list-style-type: none"> • The dietician prepares ... • The Director is responsible for ensuring ... and determining.....

- b. Use the plural whenever possible:

Don't use	Do use
<ul style="list-style-type: none"> • Each director should prepare his budget... 	<ul style="list-style-type: none"> • Directors should prepare their budgets...

- c. Substitute a neutral word such as "one"; "individual"; "incumbent"

Don't use	Do use

<ul style="list-style-type: none"> • His responsibilities... 	<ul style="list-style-type: none"> • The incumbents responsibilities ...
---	---

d. Use both pronouns: (this should be used sparingly to avoid clumsy prose)

Don't use	Do use
<ul style="list-style-type: none"> • his duties 	<ul style="list-style-type: none"> • his or her duties; his/her

One or several of the above may be appropriate depending on the text. **The important point is to ensure that the text is directed equally to men and women.**

4. ORDER OF WORDS

The male sex should not always be mentioned first.

Not always	Alternative form
<ul style="list-style-type: none"> • men and women • he/she • John Doe and Mary Smith 	<ul style="list-style-type: none"> • women and men • s/he • Mary Smith and John Doe

5. PARALLEL AND EQUAL TREATMENT FOR BOTH SEXES

a. Describe both sexes in the same terms and with the same degree of respect, dignity and seriousness.

Don't use	Do use
<ul style="list-style-type: none"> • The executive director accompanied by his charming secretary... • The men and the girls from office... 	<ul style="list-style-type: none"> • The executive director and her/his secretary... • The men and women from the office...

b. Use a balance of women and men to illustrate the points being made. Men are too often as the "typical" example while women are used only to illustrate traditional or stereotyped female traits and concerns. Women and men should be included in examples and preferably used for illustrations in non-traditional ways.

Don't use	Do use
<ul style="list-style-type: none"> • the man in the street • mother and child • the man with family responsibilities does not greet fluctuations in the consumer price index 	<ul style="list-style-type: none"> • ordinary people • parent and child • People coping with rising costs of food, clothing and lodging do not greet fluctuation in the consumer price index...

c. Avoid generic application of "man" to represent humanity.

Don't use	Do use
<ul style="list-style-type: none"> • mankind; man 	<ul style="list-style-type: none"> • humanity; people; human beings

d. Avoid constructions that place women in a special class or single out women as the exception rather than the rule.

Don't use	Do use
<ul style="list-style-type: none"> • she is a capable driver for a woman • Abby Hoffman achieved a standard of excellence to which few women aspire. 	<ul style="list-style-type: none"> • she is a capable driver • Abby Hoffman achieved a standard of excellence to which few people aspire.

e. Avoid judgmental or belittling expressions for women which are linked to stereotyped sex characteristics. Avoid humor based on gender characteristics; as this is one of the most common ways of reinforcing negative stereotypes.

Don't use	Do use
<ul style="list-style-type: none"> • the weaker sex • the fair sex • lady-like 	<ul style="list-style-type: none"> • women • women • well-mannered

f. Avoid constructions that imply that professionals are men and women are their dependents.

Don't use	Do use
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- Professionals, their wives and children

- Professionals, their spouses and children

AVOID STEREOTYPING IN VISUAL MATERIAL

1. Represent women and men at all professional levels.
2. Ensure that the placement of women and men reinforces their equality: women and men should both be seated or standing; if seated, both should be at desks or at a table.

Advice

Refer to this Appendix and to the Guidelines when you are about to start writing or reviewing a report or other important document.