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# The ABCs of Communicating Results


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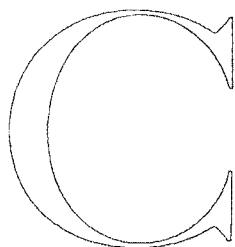
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# The ABCs of Communicating Results

**A carefully planned approach can improve the quality of internal audit communications.**

BY DEBORAH ARCHAMBEAULT  
AND MORGEN ROSE



COMMUNICATING RESULTS IS AN INTEGRAL part of the internal auditor's job, and The IIA's *International Standards for the Professional Practice of Internal Auditing* recognizes its importance by specifying in Standard 2420 that communications should be "accurate, objective, clear, concise, constructive, complete, and timely." In its 2009 survey, *The Biggest Internal Audit Challenges in the Next Five Years*, Protiviti, a global consulting firm, ranked communication with management and the audit committee as one of the biggest challenges facing internal auditing through 2012. Their subsequent 2010 Internal Audit Capabilities and Needs Survey identified presentation skills as the top "need to improve" personal skill of internal audit professionals. Clearly, the ability to communicate effectively continues to be an important issue within the profession.

Any communication can be challenging — even when the news being delivered is positive — but when the news to be delivered is negative (e.g., identifying a control deficiency or alerting management to fraud), the job of delivering it can be even more stressful. In these situations, the internal auditor's ability to communicate takes on increased importance. An organized, thoughtful approach can make that task easier and more constructive. Therefore, internal auditors should revisit some key steps to effective communication.

## **A STRUCTURED APPROACH**

The responsibility for delivering bad news is certainly not unique to internal auditors. Professionals of all disciplines have developed protocols for communicating news perceived to be negative. These protocols generally are built on the keys to effective communication that apply to all types of communication and stress the importance

of having a plan. Where they differ from the general communication guidance with which internal auditors may already be familiar is their emphasis on specific keys that are particularly helpful in face-to-face meetings and situations requiring auditors to deliver negative news.

Internal auditors may find one such protocol, the "ABCDE" mnemonic adapted from an article published in the October 1999 issue of the *Western Journal of Medicine*, helpful when planning a communication strategy: Advance preparation, Build the environment, Communicate well, Deal with reactions, and Encourage. By drawing from this protocol and applying it to the audit setting, internal auditors can make their communications less stressful and ultimately more constructive.

## **ADVANCE PREPARATION**

As is the case with many tasks, advance preparation is an important element of effectively communicating bad news. Internal auditors can avoid wasted time and potentially embarrassing mistakes by having the facts before delivering their findings to others. This includes carefully reviewing findings and confirming their understanding of critical issues in advance.

Although internal auditors often are familiar with their audience as the result of past interactions, it always is helpful to gather background information about the individuals, their level of involvement with — and understanding of — the issue, and their communication styles so auditors can tailor the meeting accordingly. Auditors also may consider visualizing the point of view they expect the audience will have regarding the issue in question, because this will likely guide their reactions and questions. And as always,

practice makes perfect. It is better to work out any bugs alone or with an internal audit colleague than in the midst of a highly charged meeting with management or the audit committee.

### **BUILD THE ENVIRONMENT**

The setting for the meeting also is an important factor, as it should allow internal auditors to maintain control over the meeting's direction. Optimally, the meeting should occur in a place that is private, where the participants are not distracted, and where interruptions are kept to a minimum. These factors may not be as difficult to control in the case of meetings with the audit committee, which generally occur in a private conference room, but internal auditors should consider the practical complications that can arise when meeting with a manager in his or her office. Distractions created by telephones, e-mail, employees, or the possibility of being overheard can limit meeting productivity. With this in mind, internal auditors should try to schedule the meeting at a time and place where the participants can devote their full attention to the issues at hand.

### **COMMUNICATE WELL**

Using direct, clear language to communicate bad news — while still being sensitive to the audience's feelings — is an imperative skill for internal auditors to possess. Although it may be tempting to dance around an issue or use euphemisms to try to soften the blow, that approach can add confusion — and ultimately only delays the inevitable. A straightforward, honest delivery is generally the best policy. However, internal auditors also must keep in mind that some words (e.g., *scam* and *scheme*) are emotionally charged and may elicit negative reactions from the audience. Instead, words such as *system* or *method* may better convey the message without unnecessarily offending anyone. Striking the right balance between directness and sensitivity can be difficult, but it is critical to the successful delivery of bad news. Providing the audience with specific examples from the audit findings also can help clarify the internal auditor's message without the need for personal, subjective, or emotion-laden words.

Research on communication published in the April 2007 issue of *Public Management* shows that a small portion (e.g., less

than 10 percent) of the messages people send are conveyed by their words. The majority of communication comes from body language, facial expressions, eye contact, and tone of voice. Internal auditors need to be aware of these nonverbal cues and keep them in check so they do not undermine delivery of their news.

An important and often overlooked aspect of good communication is ensuring that the message sent equals the message received. It is important, particularly in the case of bad news, for the internal auditor to verify that the audience fully

## **It is imperative that internal auditors have the ability to communicate bad news using direct, clear language.**

understands the message being delivered — both its content and seriousness. Eliciting feedback will give internal auditors an opportunity to confirm what they heard and will enable them to clear up any miscommunication immediately.

### **DEAL WITH REACTIONS**

It is likely that the audience will have questions and want the internal auditor to provide examples or evidence supporting the audit findings. Auditors should be prepared — based on advanced preparation in anticipating questions and gathering supporting documentation — to provide these items during the meeting. Auditors also should expect audience members to offer their own responses or explanations to counter the audit findings. Because emotions may be running high, these responses may take the form of a personal attack on the auditor, but he or she must take care not to react defensively or place blame. Above all, auditors must keep in mind that their role is to communicate information so that appropriate corrective measures can be taken — not to engage in personal attacks or value judgments. These types of situations often can be diffused by sticking to the facts.

### **ENCOURAGE**

Once the news has been delivered, it is time to determine the next steps. As

management or the audit committee struggles to determine the necessary corrective actions, the internal auditor can make what is perhaps his or her biggest contribution to the process — providing encouragement and constructive suggestions.

It is important for management or the audit committee to identify the immediate impact of the bad news. For example, does this finding have immediate regulatory ramifications? Does this finding result in the need for a restatement? The fear of unknown consequences can make bad news seem even worse. By doing some advance research to help answer these types of questions, the internal auditor can make a valuable contribution to the organization by helping contain the extent of the unknown. Once the immediate impact has been assessed, the next logical step will be to develop a long-term plan for fixing or mitigating the problem. Because of the internal auditor's familiarity with the underlying issue, he or she is in an excellent position to provide alternatives or suggestions for improvement. Auditors should be sure to emphasize their willingness to provide additional information or assistance as needed as they arrange the timetable for following up on the audit findings.

### **COMMUNICATING EFFECTIVELY**

A successful internal audit department adds value to its organization. Even when audit findings are deemed negative, they still present a valuable opportunity for the organization to grow and improve. But when the auditor delivers this news, its value can be overshadowed by the negativity of the situation. Using an organized, thoughtful approach like the ABCDE mnemonic can help internal auditors improve the quality of their communication while simultaneously highlighting the value-added aspect of their contribution to the organization.

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