AuditCon

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ACUA

Communication Matters: Leading Difficult Conversations with Stakeholders

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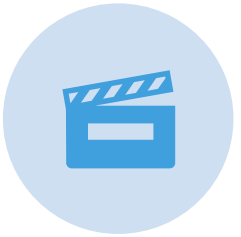
Agenda

UNDERSTANDING THE NEED

KEY FRAMEWORKS FOR DIFFICULT CONVERSATIONS

MAINTAINING PROFESSIONAL STANDARDS

CASE STUDIES



ACTION PLANNING AND Q&A

Understanding the Need: Why Communication Matters

- Clarity Prevents Conflict
- De-Escalation Begins with Empathy
- Buy-in Drives Impact
- Communication Builds Credibility

Key Frameworks for Difficult Conversations

When might you have to have a difficult conversation as an internal auditor?

Key Frameworks for Difficult Conversations

State, Support, Solve

- State: Clearly and succinctly present your main point, problem, or claim.
- Support: Provide context, data, or examples that substantiate your statement. Focus on the evidence that backs up what you stated.
- Solve: Propose actionable solutions or recommendations that address the problem you have stated and supported.

Key Frameworks for Difficult Conversations

The LARA Method

- Listen: Give the other person space to share concerns or frustrations without interruption.
- Affirm: Validate their feelings and contributions.
- Respond: Address the core issue calmly and factually.
- Add information: Contribute relevant data or context to clarify misunderstandings and offer solutions.

Key Frameworks for Difficult Conversations

EAR Statement

- Empathy: Acknowledge the person's emotions or stress
- Attention: Demonstrate you are actively listening
- Respect: Express appreciation for their cooperation or expertise

Key Frameworks for Difficult Conversations

The CARS Method

- Connecting: Build rapport and trust first
- Analyzing: Clarify the issues together, staying objective
- Responding: Use brief, factual responses.
- Setting limits: If hostility continues, state boundaries and next steps

Maintaining Professional Standards

Independence, Objectivity, and Empathy

- The 3 C's
  - **Compliance:** Adherence to Standards
  - **Collaboration:** Engaged, Respectful Dialogue
  - **Credibility:** Trust Built on Integrity

Case Study #1

- You are the Chief Audit Executive at Clearview Community College, a small institution that prides itself on a close-knit community.
- A new engagement involves an in-depth review of the Cashiers Office, which manages tuition billing, collections, and financial aid disbursements. The objective is to assess compliance with internal and external regulations, as well as the effectiveness of controls around student account management.

Key Characters:

- Leslie – Lead Internal Auditor tasked with conducting the engagement.
- Sam – Bursar runs the Cashiers office, under pressure from staff shortages and recent system upgrades.
- Dr. Morgan - VP of Finance and responsible for the Cashiers' office, has some concerns regarding staff morale.

The Dilemma:

Initial Findings: During planning and preliminary testing, Leslie's team discovers potential data-entry inconsistencies and unclear follow-up procedures on overdue student accounts. These lapses could indicate internal control deficiencies.

Tight Timeline: Sam, the Bursar, feels the deeper scope is too time-consuming for an already overworked staff. Sam believes a "lighter touch" audit approach would suffice, especially since the department is short-staffed.

Stakeholder Concern: Dr. Morgan fears that publicly highlighting these findings or recommending complex corrective actions might damage team morale and overshadow the office's many improvements since the system upgrade. Dr. Morgan asks you, as CAE, to "keep the findings constructive."

Questions:

HOW CAN LESLIE VALIDATE SAM'S STAFFING CONCERNS WITHOUT COMPROMISING THOROUGH TESTING OR REMOVING HIGH-RISK AREAS FROM THE AUDIT SCOPE?

IF DR. MORGAN INSISTS ON TONING DOWN NEGATIVE FINDINGS, HOW SHOULD LESLIE AND YOU(AS CAE) RESPOND?

HOW MIGHT LESLIE FRAME THE DISCUSSION SO THAT SAM SEES THE AUDIT AS COLLABORATIVE RATHER THAN PUNITIVE?

WHAT STEPS CAN BE TAKEN IF SAM CAN'T PROVIDE THE REQUESTED DOCUMENTS PROMPTLY?

AT WHAT POINT SHOULD YOU ESCALATE THE ISSUES TO THE BOARD IF DR. MORGAN OR SAM RESISTS FOLLOWING THROUGH ON SIGNIFICANT FINDINGS?

Case Study #2

- You are the Chief Audit Executive at Lakeshore University, a mid-sized public institution undergoing significant capital improvement projects.
- During an operational audit of the Facilities Department, focused initially on work order efficiency and preventative maintenance tracking, your team uncovers potential procurement irregularities: multiple vendor payments just below the competitive bidding threshold and a lack of documented vendor selection criteria. These concerns raise red flags about contract management and compliance with procurement policy.

Key Characters:

- Daniel – Audit Manager who has a good working relationship with facilities staff.
- Chris – Director of Facilities, experienced and cooperative, and has worked with Daniel in the past.
- Karen- VP of Operations, is protective of her team and prefers issues to be addressed through internal process improvement rather than formal findings.

The Dilemma:

- **Emerging Evidence**: During fieldwork, Daniel identifies concerning patterns in procurement data, including repetitive payments under $5,000 to the same vendors with no competitive documentation.
- **Scope Resistance**: Karen argues that another department oversees procurement and insists the team "stick to the original agreement." She implies that expanding the scope may delay Facilities' ability to complete pending project approvals.
- **Reporting Pressure**: You are asked by Karen to "note the issues informally" and conduct a separate review later, after the upcoming bond approvals are finalized.

Questions:

HOW SHOULD DANIEL PRESENT THE CASE FOR ADJUSTING THE SCOPE IN A WAY THAT ACKNOWLEDGES KAREN'S CONCERNS BUT FULFILLS AUDIT RESPONSIBILITIES?

HOW CAN YOU ADDRESS KAREN'S REQUEST TO DELAY REPORTING WITHOUT APPEARING CONFRONTATIONAL OR INSUBORDINATE?

HOW CAN DANIEL MAINTAIN A CONSTRUCTIVE TONE THAT EMPHASIZES COLLABORATION WHILE STANDING FIRM ON AUDIT SCOPE?

Case Study #3

- You are the CAE at Granite State College, a small liberal arts institution that recently launched an internal culture and climate audit following concerns raised in an employee engagement survey.
- The goal of the audit was to assess team dynamics, communication norms, and workplace satisfaction across academic departments using interviews, focus groups, and anonymous surveys. Most departments received positive feedback and minor suggestions for improvement. However, one academic department received notably low ratings, particularly regarding leadership transparency and psychological safety. The department chair reacts emotionally during the results debrief, questioning the audit's legitimacy and expressing concern about personal damage to their reputation.

Key Characters:

- Rachel – Internal Auditor, led the culture audit.
- Dr. Omar – Department Chair, long-standing faculty member who feels the data is biased by a few disgruntled voices.
- Dr. Ellen – Provost, supportive of the culture audit but wants to preserve collegiality and minimize reputational fallout for faculty.

The Dilemma:

- **Emotional Debrief**: During the presentation of the audit report, Dr. Omar becomes visibly upset and says, "This makes me look like a villain. I don't know how I can lead after this."
- **Undermining Feedback**: He questions the survey methodology and insinuates that the audit team didn't fully understand the context of his leadership decisions.
- **Leadership Hesitancy**: Dr. Ellen calls you afterward and suggests the report be reworded to be "less inflammatory" and asks whether the department name can be removed.

Questions:

HOW CAN RACHEL RESPOND IN THE MOMENT TO VALIDATE DR. OMAR'S FEELINGS WITHOUT WALKING BACK THE AUDIT'S CONCLUSIONS?

HOW SHOULD YOU RESPOND TO DR. ELLEN'S REQUEST TO ANONYMIZE OR REFRAME THE REPORT?

WHAT FOLLOW-UP STRATEGIES CAN SUPPORT DR. OMAR IN USING THE AUDIT FEEDBACK CONSTRUCTIVELY?

Action Planning / Q&A
Don’t Just Learn It Live It

Difficult Conversations are unavoidable.

Your role as an auditor is not only to test controls, but to build trust.

Begin with empathy, stay anchored in objectivity, and close with solutions.

Ask yourself: What will I do differently in my next conversation?