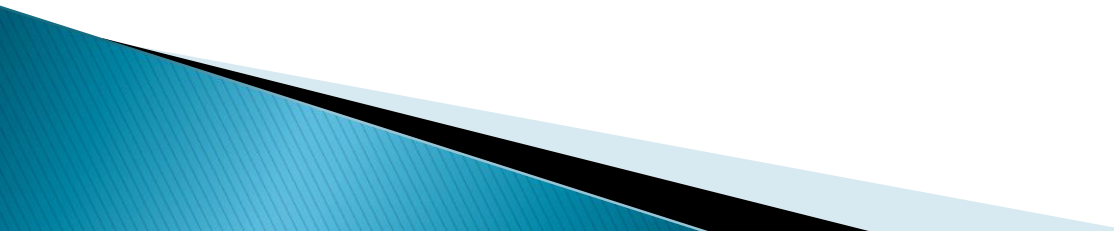


Powerful Audit Reports Make an Impact

Mysti Smith
Director, Internal Audit
NRG Energy, Inc.

Objectives

- ▶ Understand the importance of the report audience
 - ▶ Ensure reports provide valuable information
 - ▶ Discuss visuals in reporting
 - ▶ Identify practical tips to improve reporting skills
- 

Identify the Audience

- ▶ Who will receive this report?
- ▶ What is the level of subject knowledge?
- ▶ What are the differences among audience members?

Audit Committee

Senior Executives

Process Owners

Middle Management



Stakeholders

Focus on the Audience

- ▶ What do they need to know?
- ▶ How will they use this information?
- ▶ Can they easily understand the report based on the information provided?



Address Differences in the Audience

- ▶ Utilize different reporting structures
- ▶ Consider Management Self-Reporting
- ▶ Manage perception of Report Assessments / Ratings



What is the Right Information?

Two Main Questions:

- ▶ What needs to be known?
- ▶ What needs to be done?

These questions require a concise, well-defined message and call to action.

The Devil is in the Details

- ▶ Reporting requires focus on different details, and therefore requires different skills
- ▶ Focus less on what you did and more on what needs to be heard
 - What did you find?
 - What needs to be done?

The details of a matter are its most problematic aspect.



Specific Yet Simple

- ▶ Balance being concise with relevant detail
- ▶ Be careful of flowery language or talking in circles
- ▶ Be careful of chopping away too much – hard to achieve in isolation
- ▶ Avoid vague statements / references or too many clarifiers

Quality vs. Quantity



Observations and Impact

- ▶ What's the problem?
 - Define and refine issues
 - Don't be a "gotcha" auditor
 - Consider if the issue is report level
- ▶ Does the impact align with the issue identified?
 - Evaluate risks / issues based on all controls in place
 - Don't make the potential impact sound worse than it actually is

Maintain Open Lines of Communication

Root Cause



- ▶ Don't look at exceptions in isolation
- ▶ Evaluate the policy, process or control to determine if it still makes sense and is effective
- ▶ Consider why they veered from the standard practice. This could reveal a root cause that is bigger than just this issue.

Dig Deep When Evaluating Issues

Recommendations

- ▶ Does the recommendation make business sense and go beyond an immediate fix?
- ▶ Ensure recommendations are feasible from a process implementation and cost perspective
- ▶ Cost of implementation should not outweigh the risk identified

Work with Management Not Against Them



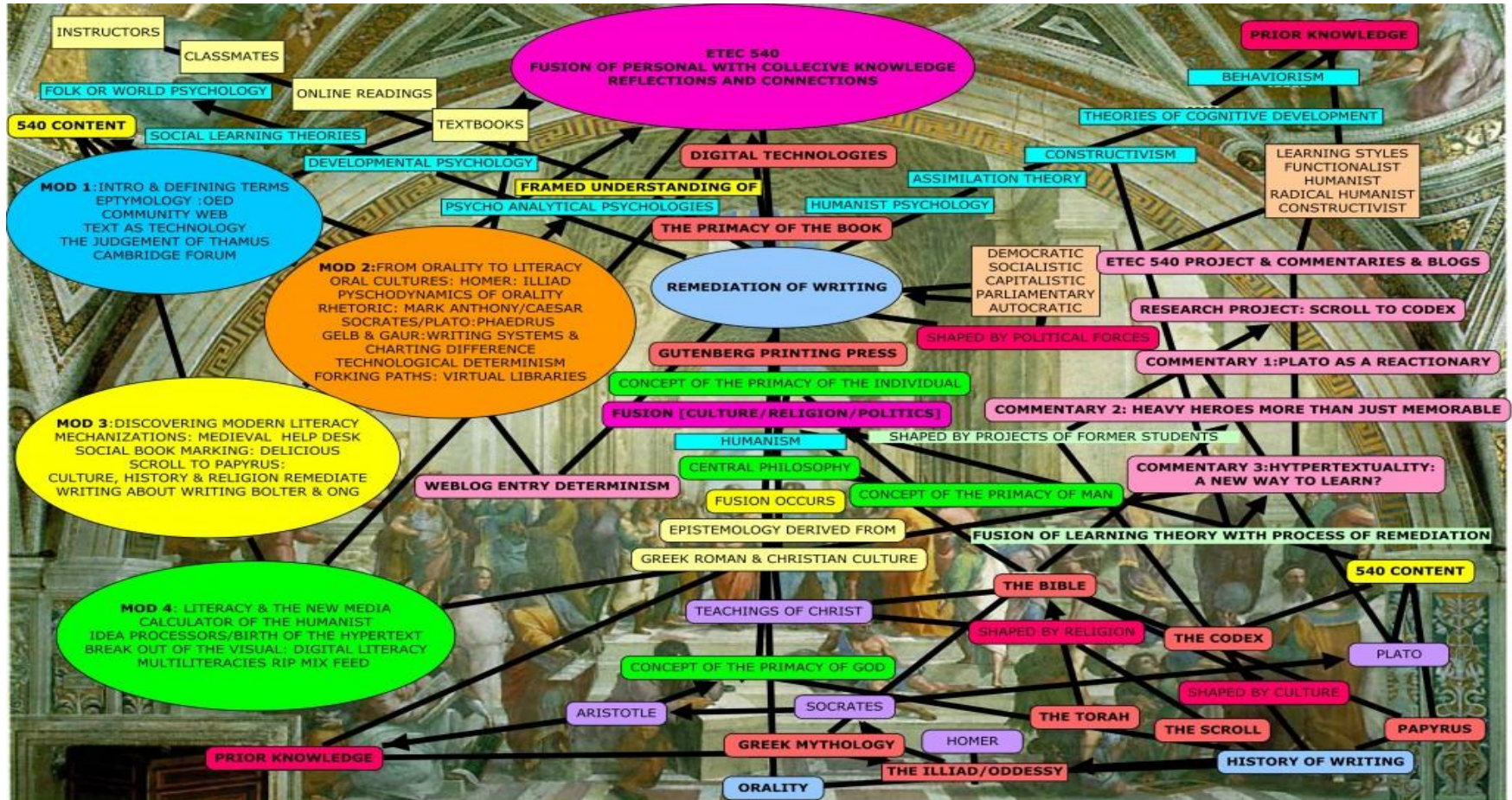
Overall Conclusion

- ▶ Avoid canned language
- ▶ Make your conclusion specific to the audit and findings
- ▶ Say something positive



Finish Strong

What's Wrong?



More than a Pretty Picture

- ▶ Data analytics are imperative to audit work...how do we translate this to reporting?
- ▶ Is the information new, relevant and easily understood?
- ▶ Does including the data serve a purpose?
- ▶ Does the visual support or shed new light on audit findings?
- ▶ Does the visual distract from the message?

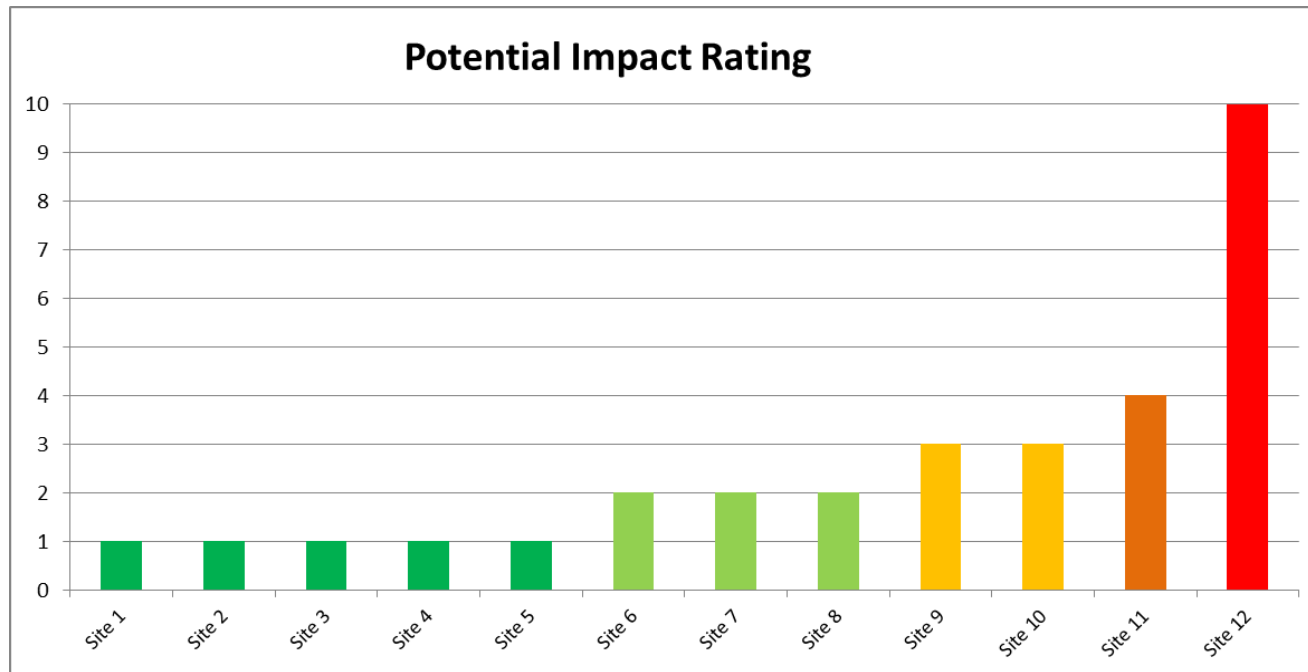
Direct the Reader to What's Important



Example

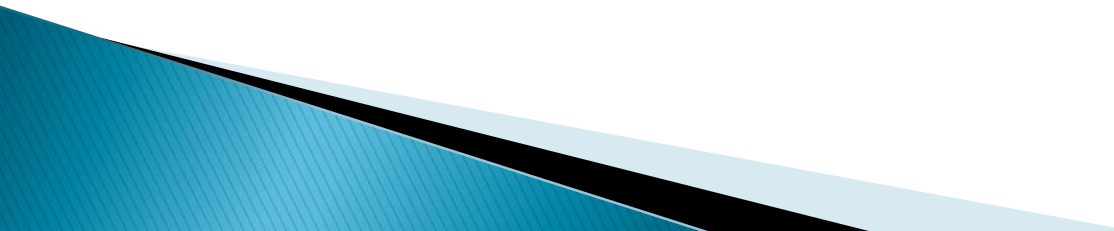
Appendix A – Potential Impact of Dam Failure

This assessment considers potential loss of life, economic losses, environmental damage and impacts to reputation, and is not intended to imply the likelihood of a failure occurring, which in all cases is judged low based on the audit fieldwork performed. A qualitative rating of 1 to 10 is assigned to each dam to represent the combined potential effects of these factors.



Caused Undue Alarm

Use Resources / Tools & Peers

- ▶ Spelling / grammar check
 - ▶ Formatting consistency
 - ▶ Provide explanations for acronyms
 - ▶ Be careful of technical jargon
 - ▶ Review printed version
 - ▶ Take a break...then re-read with fresh eyes
 - ▶ Peer-to-Peer Review
- 

Surviving the Review

- ▶ Almost always a learning opportunity during report review
- ▶ Ask to sit with the reviewer and go through the report to understand the thought process or reason for changes
- ▶ Be open to honest, constructive criticism
- ▶ Try not to make the same mistakes, so you can make new ones to learn from! 😊

Adjust Your Perception



Do's and Don'ts

Do's

- ▶ Be interesting
- ▶ Be creative
- ▶ Think outside the box
- ▶ Focus on continuous improvement

Don'ts

- ▶ Forget your audience
- ▶ Be a “gotcha” auditor
- ▶ Make things sound worse than they are
- ▶ Be vague

Would You Want to Read Your Report?



Last Thoughts

Your report is the end result of all your work....a house if you build homes.

- ▶ What kind of house do you want to build?
- ▶ What should it look like?
- ▶ Can it stand alone?
- ▶ How does it represent you to others?
- ▶ Does it meet the needs of the homeowners?



VS.



Q&A

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