

Effective Accountability and Internal Auditing in Tanzania Public Sectors: Ten soft gears for communicating Audit Results.

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Internal Auditing results to the Audited Client Staff and Management may be good or bad. The results would be good when the processes are found to conform to the established standards of operations and bad where the Auditor uncovers areas of non-conformance to the prescribed standards of operations. Leading Practices and global standards requires the Auditor to communicate Audit results to the process owners of Audited operations (responsible staff and Management) so as to improve Accountability. By design, more attention in communicating the Audit results is given to the negative results which require corrective action. Communication of bad news (negative audit results) has always been a challenge in Public Sectors in Tanzania given the cultural upbringing of working as a family and as one team. In Tanzania Public Sectors, Internal Auditors are considered to be part of the work force of the Institution although they are expected to review and report on operations performed by all other employees.

In an ideal world, Audit client management would accept corrective feedback from Audit process with an open mind. The responsible staff and management would ask a few clarifying questions, promise to work on the issues discussed, and show signs of improvement over time. But things don't always turn out this way in many Public Sector Institutions in Tanzania resulting into none or low implementation rate of Audit recommendations.

In order to increase the pace of implementing recommendations, Internal Auditors in Public Sector may need to improve process and quality of communicating bad news to Audit Client through some soft gears

The First Soft gear: Treat Audit Client staff with respect and dignity. While almost always espoused by Chief Audit executives, is not always practiced by their internal auditors. Sometimes employees of audited departments are attacked through verbal and written reports. Such horrific actions send a clear message that people do not matter. On the other hand, positive interactions can increase workplace morale. A study has found that cooperation and acceptance by staff who felt they were treated with dignity when hearing the news, with sincere explanation and caring conveyed in announcing it, actually worked harder than before they received the news. Moreover, staff works harder when they saw their Auditors treat them and their management with respect and dignity. Respect and dignity not only make moral sense, they make business sense. Auditors do not just communicating audit bad news; but they are communicating it to human beings.

The Second Soft Gear: Always follow up and follow through. After the bad news is delivered and solutions are identified, track any progress made in solving the problems that led to the bad news. Auditors have to keep leadership updated on the situation and the speed of progress. Early and frequent feedback in respect on progress in implementation of recommendation is critical. Recommendations involve cleaning up a mess. After cleaning, it is important for everyone to know and the news is no longer bad; it is good.

The Third Soft Gear: Always remember, Internal Audit have multiple audiences. In communicating audit results, Auditors often overlook that there are usually multiple audiences involved. For example, in miss procurement there are the direct victims of the news, the department involved in payments, and external audiences such as user department, marketing, legal etc. Remember when delivering Audit results (bad news) that the news never reaches just one; it reaches many. Others will be listening and watching, and even more will be interested.

The Fourth Soft Gear: Always bring solutions. When delivering bad news, present solutions or an action plan to solve the problems that led to the bad news. For example, when announcing the loss of revenue due to poor internal control, offer ways of improving controls in a practical perspective. This will keep attention on future improvement and underscore that the situation, however bad, is being addressed in a problem-solving way. Bad news without solutions is truly bad news. The solution should not be prescribed but jointly developed between the Auditor and Audit Client.

The Fifth Soft Gear: Always look for the silver lining. Auditor as internal consultant is expected to find positives associated with the bad news. Though this is often criticized as spin, emphasizing positive and temporary aspects of the news can increase morale and motivation. Focusing on positives will help leadership keep employees productive, upbeat, and future-oriented albeit the shortfall noted by the Auditor. It is important for

Auditors to give employees hope or they may fail to get expected assistance and cooperation. Nevertheless, that hope must be grounded in reality.

The Sixth Soft Gear: Always justify. When delivering bad news, it is critical that Auditors justify, justify, justify. Client staff and management increasingly want, expect, and even demand to know why the bad news is being delivered, whether it be a negative performance review, revenue decrease or expenditure over run. Justification should include specific and concrete reasons for the bad news meaning that criteria and standards overlooked have to be pointed out very clearly.

The Seventh Soft Gear: Always put it in writing. In Public Sector organizations in Tanzania, it has become mandatory to keep detailed records in writing of Audit process be it meetings and negative audit results (bad news). This is particularly true for preliminary planning and survey, entry meeting, execution and exit meeting. Good records should cover evidence of and causes for the problems and implication of the problem.

The Eighth Soft Gear: Never hide the facts. Sometimes Auditors withhold information out of fear, or to save face. While this may be a natural reaction, withholding information can cause a wrong diagnosis of the actual problem or an underestimation of the extent of the cause of the bad news. When the hidden facts become public – and they always do – Auditors will look worse than if all the facts had initially been disclosed.

The Ninth Soft Gear: Never delay. Delivering bad news with due speed, or without unreasonable delay, is critically important. Many Auditors sit on

bad news, hoping that things will improve. Such delays are costly, as conditions can continue to worsen. Bad news delayed is bad news compounded. Moreover, delay in delivery bad news, the image of Internal Audit profession will be badly affected.

The Tenth Soft Gear: Never surprise. Auditing and communicating related bad news should never come as a surprise. Failure to warn senior leadership of Audited department on impending bad news, such as poor record keeping or non-compliance to procurement legislation, is a cardinal sin. So is failure to warn Audited client staff about mistakes in their performance and provide an opportunity for them to make corrections and improve. If employees are surprised by bad news, managers are not fulfilling their responsibilities.

If Internal Auditors in Public Sectors in Tanzania wear these gears, the task of delivering bad news will become easier, though it will never be easy. These gears may be difficult and challenging to live and work by, but they will provide an ideal moral and ethical compass for what leadership should strive to achieve and what appropriate actions it should pursue.