

# Enhancing Soft Skills

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*A two-part discussion: An approach for new audit Seniors + How to communicate difficult audit results*



The Institute of  
**Internal Auditors**



**Cherry Bekaert**

*Your Guide Forward*

# Presenters



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# Learning Objectives

- ▶ Define internal audit stakeholders within an organization, their primary role in the internal audit process, and critical communication criteria for each.
- ▶ Cite soft skills internal audit team members should actively work to master including examples of more and less successful use of these soft skills.
- ▶ Describe common challenges Senior Associates encounter with their soft skills including pragmatic suggestions to improve them.
- ▶ Identify strategies for communicating difficult internal audit results, working with challenging management personalities, and leading practice approaches for audit committee presentations.
- ▶ Describe an effective soft skills training plan for internal audit departments.



# Polling Question #1

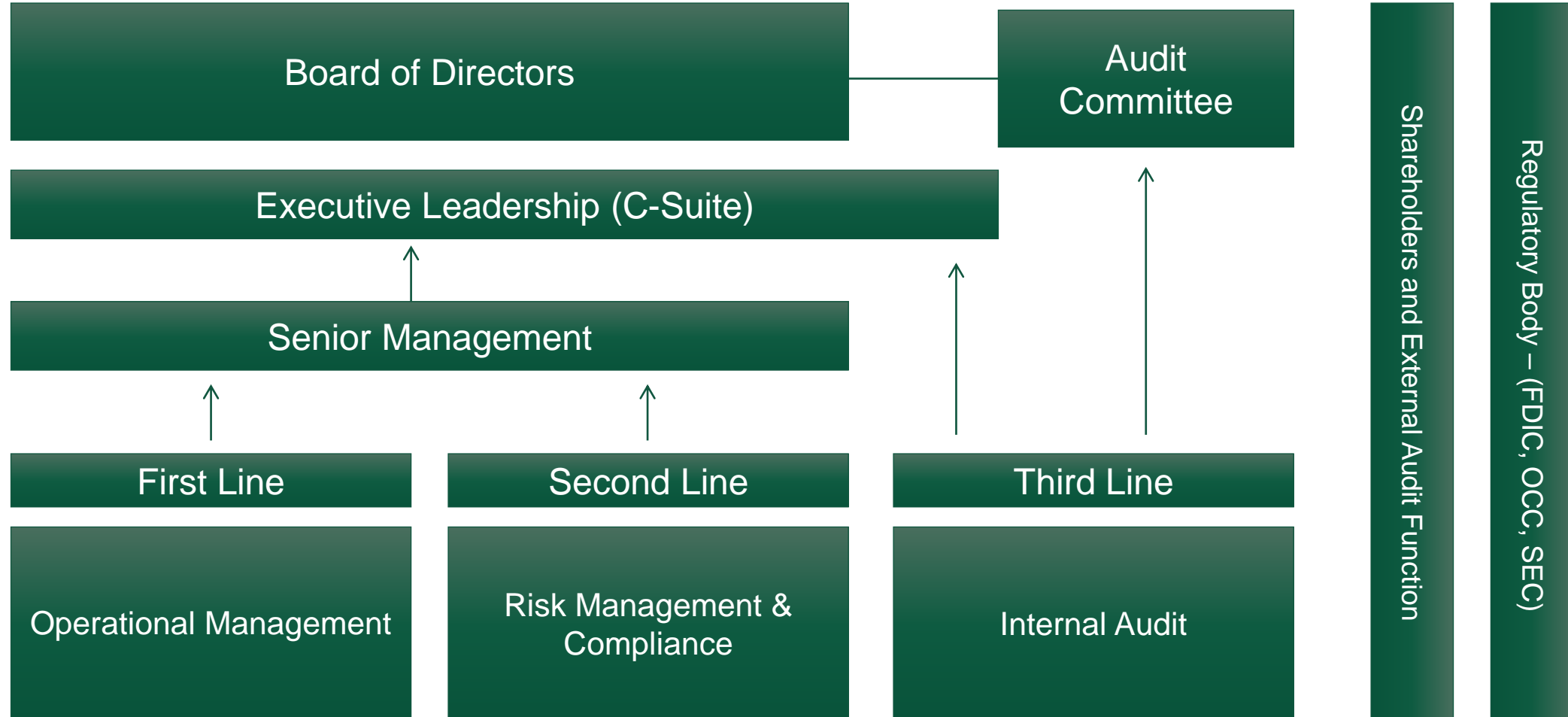
What experience do you have communicating difficult audit findings with management?

- A. None
- B. Some
- C. Significant
- D. It is my entire job

# Internal Audit Overview



# Structure & The Three Lines



Source: Institute of Internal Auditors



# Internal Audit Stakeholders

Key roles and responsibilities for Internal Audit Stakeholders

## KEY ROLES AND RESPONSIBILITIES

PLAN & MANAGE

### Control Performers

Those that perform the controls when needed. This includes reconciliations, access requests, etc.

### Control Reviewers

Those who ensure control descriptions are still accurate, and those tasked with performed management review controls.

### Control Testers

Traditionally internal audit; those who perform the testing of the controls to ensure attributes are met and risks are addressed.

### Process Owners

Those in senior management with responsibility of processes (HR, Revenue) tasked with addressing risks as they arise.

## KEY INDIVIDUALS / GROUPS

EXECUTE

### CEO, CFO & BoD

The leaders of ICFR, responsible for attesting to the effectiveness of internal controls on the financial statements and instituting change via Tone at the Top.

### Internal Audit

Responsible for conducting the audit over ICFR and communicating findings to appropriate management and the audit committee.

### Audit Committee

A sub-committee of the BoD, responsible for overseeing the financial reporting process, internal controls, and the audit activities.



# Polling Question #2

Which is the third line in reporting on internal controls?

- A. Operational Management
- B. Executive Leadership
- C. Risk Management & Compliance
- D. Internal Audit





# **Part One: Enhancing Soft Skills for New Audit Seniors**



# Soft Skills Focus

Which soft skills impact my role and responsibilities within Internal Audit?

*Leadership*

*Teamwork & Collaboration*

*Problem-Solving & Critical  
Thinking*

*Adaptability & Flexibility*

*Time Management*

*Conflict Resolution*



# What Do All These Skills Have In Common?

## COMMUNICATION

Courage is what it takes to stand up and speak; courage is also what it takes to sit down and listen."

- **Winston Churchill**



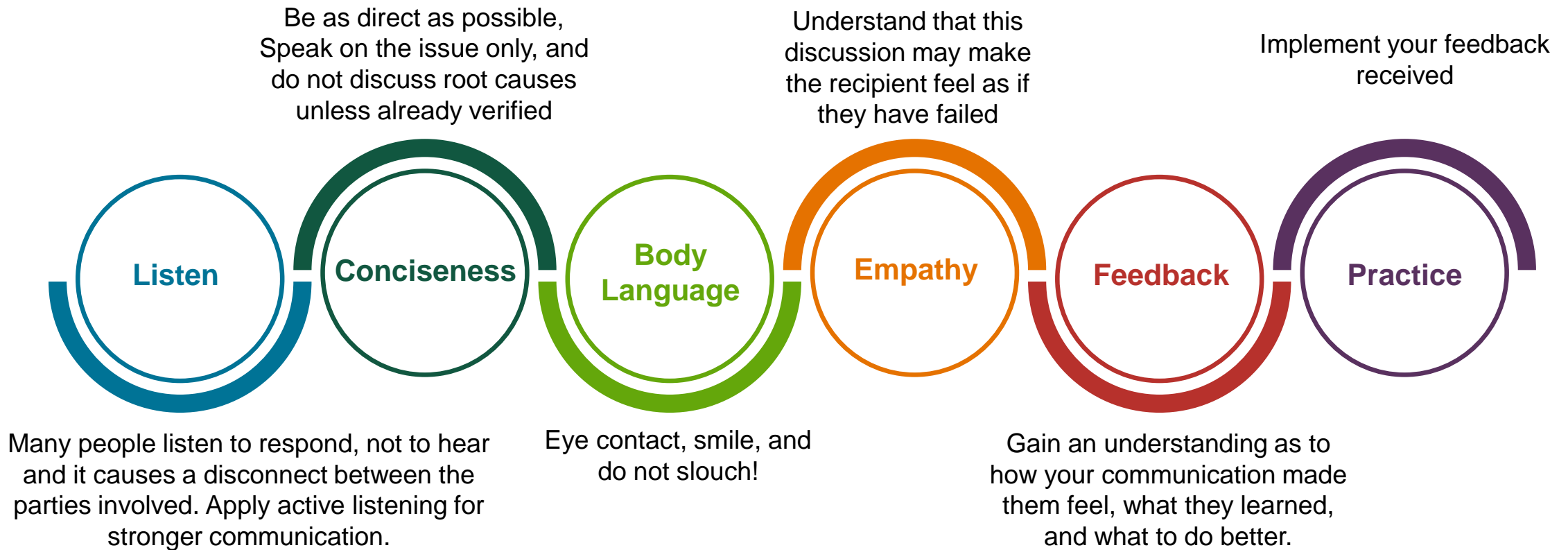


# How Fear Impacts Communication

- ▶ Fear of judgement or negative outcome, lack of familiarity, power dynamics, significance of interaction, false perception of failure or irrational fear of doing a bad job leading to nervousness
- ▶ Shift in generational norms – i.e., gen Z to millennials to baby boomers – norms have changed on forms of communication

# Improvement Tools & Reshaping Focus

Self improvement opportunities to reflect and enhance these skills both independently and on a broader scale. Reshaping the mindset to 'we are all human' instead of a negative connotation.



Applying these tools can improve confidence and lead to strong communication and improve soft skills for developing staff as they grow into larger roles and take on additional responsibilities.



# Positive Outcomes

Practicing communication skills can lead to a wide range of positive outcomes, both personally and professionally. Here are some potential results:

1. **Improved Relationships:** Fosters trust, understanding, and mutual respect.
2. **Increased Confidence:** Your confidence in expressing your thoughts and ideas grows.
3. **Better Team Collaboration:** Fosters a collaborative environment where team members feel heard and valued.
4. **Enhanced Problem-Solving:** Helps in accurately identifying problems and brainstorming solutions.
5. **Greater Career Opportunities:** Strong communication skills are highly valued by employers.
6. **Reduced Misunderstandings:** Reduce the likelihood of misunderstandings and conflicts, leading to smoother interactions.
7. **Stronger Negotiation Skills:** Articulating your needs and understanding others' perspectives lead to mutually beneficial outcomes.
8. **Improved Emotional Intelligence:** Your ability to empathize and connect with others is a key component of emotional intelligence.
9. **Increased Persuasiveness:** Being able to convey your ideas clearly and compellingly makes you more persuasive.
10. **Personal Growth:** Promotes self-awareness and personal development as you learn to express yourself.
11. **Better Conflict Resolution:** Better handling of conflicts, as you can address issues calmly and work towards resolution collaboratively.
12. **Positive Work Environment:** Contributes to a positive and inclusive workplace culture where open dialogue is valued.

By continually practicing and refining your communication skills, you can achieve these results and contribute to more successful and meaningful interactions in all areas of your life.



# Polling Question #3

Which of the following are positive outcomes of effective communication (select all that apply)?

- A. Reduced Misunderstandings
- B. Greater Career Opportunities
- C. Positive Work Environment
- D. Quicker Audits



# **Part Two: Communicating Difficult Audit Results**







# EQ vs IQ and Communication

- ▶ Intelligence Quotient (IQ) focuses on traditional intelligence while Emotional Quotient (EQ) is the ability to navigate emotions. Both play a significant role in effective and strong communication.
- ▶ Although knowledge of a topic (the IQ) is key to delivering audit results, one's ability to present strong EQ skills directly impact the way audit results are received and/or perceived by the stakeholder.
- ▶ There are several ways EQ skills can be applied and used to effectively deliver tough audit findings and using these methods can strengthening key relationships as a result.



# Using Emotional Intelligence to Strengthen Communication

1. **Understanding and Managing Emotions:** EQ involves the ability to recognize, understand, and manage your own emotions, as well as the emotions of others.
2. **Building Rapport and Trust:** People with high EQ are generally better at building rapport and trust with others.
3. **Conflict Resolution:** Effective communication often involves navigating conflicts.
4. **Active Listening:** EQ enhances the ability to listen actively, which is a critical component of effective communication.
5. **Empathy:** Empathy, a key aspect of EQ, allows individuals to connect with others on a deeper level.
6. **Adaptability:** High EQ individuals are often more adaptable in social interactions.
7. **Influence and Persuasion:** Effective communication often involves influencing or persuading others.
8. While IQ is important for cognitive tasks and problem-solving, EQ plays a critical role in the relational and emotional aspects of communication. Both types of intelligence contribute to effective communication, but EQ is particularly valuable in fostering positive interpersonal relationships and understanding.



# Communicating Difficult Results: A Guide

## Using human touch to create a relationship driven and productive conversation



**Trust: Building Solid Relationships.** Often, if the person you are auditing trusts you, they will be more forthright and more open to a collaborative engagement towards the common goal of bettering processes and controls.



**Transparency: Demystify the Audit Process.** Often auditees don't know much about what's behind the "audit curtain." It helps to be clear about what happens inside the audit black box.



**Humility: Recognize and Learn from Others' Expertise.** Approach potential audit findings with a questioning mindset instead of a conclusionary mindset. Asking questions to avail yourself of your auditee's expertise can help you fill in the blanks.



# Communicating Difficult Results (Cont.)



**Listening: Seek to Understand the Business Context.** Even when the issue the auditor found is valid, there may be resistance because it's being taken out of context, drawn broader conclusions, or there's a different data point that isn't being considered.



**Communication: Don't Jump Up the Chain of Command.** An auditor should never communicate audit findings up the chain without first sharing with the auditee. No one wants to hear from their boss that the auditor has shared a conclusion that he or she hasn't had the opportunity to validate.



**Acknowledgment: Give Credit Where Credit Is Due.** Although the auditor has a responsibility to call out all gaps, you should make sure to give credit. It can be as simple as reporting that management identified the gap upfront, or mentioning management's work to address the issue.



# Communicating Difficult Results (Cont.)



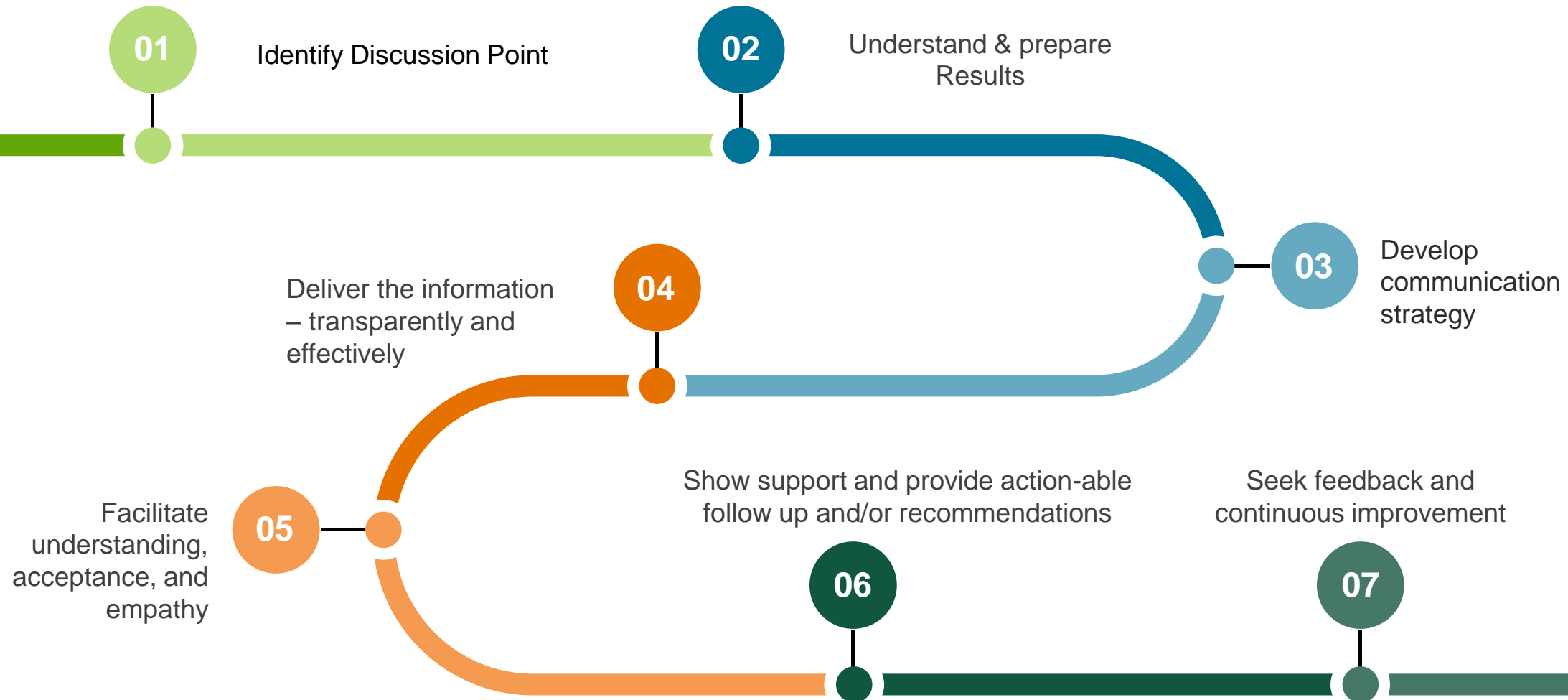
**Flexibility: Be Willing to Reword.** It's important to be willing to consider rewording your audit conclusions to achieve a consensus that the proper business context is coming through. Instead of defending the words on the page, defend the impact of the finding.



**Appreciation: Show Your Thanks.** The people under audit often have full-time operational responsibilities, which means that supporting your audit requires extra time and effort on top of their day-to-day responsibilities. It means a lot to have you acknowledge that extra effort by thanking them for their time and support.

# Roadmap for Delivering Results

Applying our EQ methods to delivering the message





# Polling Question #4

Which is common miscommunication issue between auditors and those being audited (select all that apply)?

- A. Auditors assuming the auditee does not have other responsibilities outside of the audit
- B. Findings being taken out of business context
- C. Utilizing email instead of video conferences
- D. Skipping the “chain of command”



# Questions?



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