



Audits Module

Audits – A False Sense of Security

Sample Only - Not For Training

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Safety Talks

Auditing Module

Audits – A False Sense of Security Support Material

Script

Far too often audits tend to convey good news, especially audits that are designed to give some overall view of the operation, by ranking it on a scale of say, 1-5 or 1-10. Big companies tend to do many things well, so it is not surprising that they will score well on such scales.

But it is what they are not doing well that senior managers need to hear about. Inquiries after major accidents often find that the audits prior to the accident missed obvious problems and lulled senior managers into a false sense of security by conveying a message that all was well, when in fact, not all was well.

Consider the Piper Alpha oil platform off the coast of Scotland that caught fire in 1988, killing 167 people. One of the members on the inquiry panel commented that the prior audits had missed all the obvious things they should have identified. Here is what he said: 'there is always news on safety, some of it will be bad news. Continuous good news, you worry'. I think that's a very profound statement- 'continuous good news you worry'.

Suggested Discussion Questions and Answers

1. What can be done to ensure effective (internal) auditing?
 - Provide sufficient resources to engage professional auditors
 - Scope audit realistically
2. How can auditors deliver bad news?
 - See the article below by Robert Bies (2012), a professor of management at Georgetown University's McDonough School of Business, Washington, United States

The 10 Commandments for Delivering Bad News

- a. **Never surprise.** Bad news should never come as a surprise. Failure to warn senior leadership of impending bad news, such as poor sales or a loss of a major client, is a cardinal sin. So is failure to warn subordinates 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.
- b. **Never delay.** Delivering bad news with due speed, or without unreasonable delay, is critically important. Many people 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.

- c. **Never hide the facts.** Sometimes people 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—it will look worse than if all the facts had initially been disclosed.
- d. **Always put it in writing.** In most organizations, it has become mandatory to keep detailed records of any meetings and warnings associated with bad news. Good records should cover evidence of and causes for the problems.
- e. **Always justify.** When delivering bad news, it is critical that you justify, justify, justify. Bosses and subordinates increasingly want, expect, and even demand to know why the bad news is being delivered, whether it be a negative performance review, a budget cutback, or job layoffs. Justification should include specific and concrete reasons for the bad news.
- f. **Always look for the silver lining.** 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.
- g. **Always bring solutions.** When delivering bad news, present solutions or an action plan to solve the problems that led to the bad news. Bad news without solutions is truly bad news.
- h. **Always remember your multiple audiences.** It often gets overlooked in delivering bad news that there are usually multiple audiences involved. Remember when delivering bad news that the news never reaches just one; it reaches many. Others will be listening and watching, and even more will be interested.
- i. **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. Keep leadership updated on the situation and the speed of progress. Early and frequent feedback on progress is critical. Bad news involves cleaning up a mess. After cleaning, let everyone know. Now the news is no longer bad; it is good.
- j. **Always treat people with respect and dignity.** This commandment, while almost always espoused by executives, is not always practiced by their organizations. Respect and dignity not only make moral

sense, they make business sense. We are not just communicating bad news; we are communicating it to human beings.

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