

How to Make Internal Audit Reporting Impactful

Content & Structure for Value-Adding Reports

PEMPAL IACOP Plenary Meeting
Madrid, 4 March 2026



The Goal: Creating Value

Moving from Compliance to Impact

MoF Focus

Traditional Compliance

"Are rules being followed?"

- ✓ Focus on adherence to regulations
- ✓ Documents deficiencies
- ✓ Retrospective view

Performance Audit

"Are we doing the right things? Are we doing them right?"

- ✓ Focus on improving decision-making
- ✓ Provides insight and foresight
- ✓ Strategic goal: "External Impact"

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"Internal auditing enhances and protects organizational value by providing risk-based and objective assurance, advice, insight and foresight."

GIAS Domain I

The Performance Audit Approach

Asking the Right Questions (The 3Es)



What It Delivers

- New information for decision-makers
- Independent evaluation based on evidence
- Actionable recommendations

Practical Example: HR Audit

Instead of just checking recruitment rules compliance, we examined strategic personnel planning and future skill requirements. Result: Actionable insights on demographic challenges.

Know Your Audience

Who Are We Writing For?



The Austrian MoF Approach: One-Report Strategy

There is only one report per audit. The entire report is designed for decision-makers, never for technical experts.

✓ Primary Target



Ministers & Board

- Strategic overview
- Key risks & opportunities
- Impact on goals

✓ Primary Target



Senior Management

- Detailed findings
- Root causes
- Implementation guidance

Not the Audience



Technical Experts

- Methodological details
- Complex data tables
- Jargon & abbreviations

GIAS Standard 11.2: "Tailor communications to the needs of different recipients."









If the Minister can't understand it, rewrite it.

The Heart of the Report

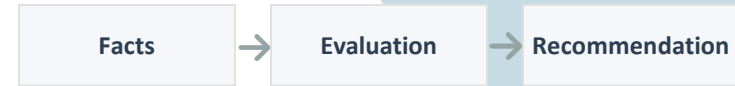
The Management Summary

Basic Principles

-  Independent "story" – self-explanatory
-  Answers central audit questions directly
-  Maximum 1-3 pages
-  No jargon, no abbreviations
-  Reduced, self-explanatory graphics
-  Functions as a "teaser"

GIAS Standard 11.2: Clear, concise, free from unnecessary detail

Structure & Style



Direct Statements

Avoid "the audit showed" – state findings directly.

Practical Example (HR Audit)

"The Office is facing enormous challenges in connection with staff additions due to high staff departures."

Evidence-Based Findings

Facts, Evaluation and Recommendation



1. Facts

"What did we observe?"

Objective, neutral, evidence-based observations without bias.



2. Evaluation

"What does this mean?"

Evaluation against criteria, risk assessment, and significance.



3. Recommendation

"What should be done?"

Practical, future-oriented solutions to address root causes.

Multi-Method Approach

- Combine quantitative & qualitative methods
- Surveys, interviews, data analysis
- Process observation & mapping
- Ensure findings are verifiable (GIAS 14.1)

GIAS Standard 11.2: Objective & Constructive

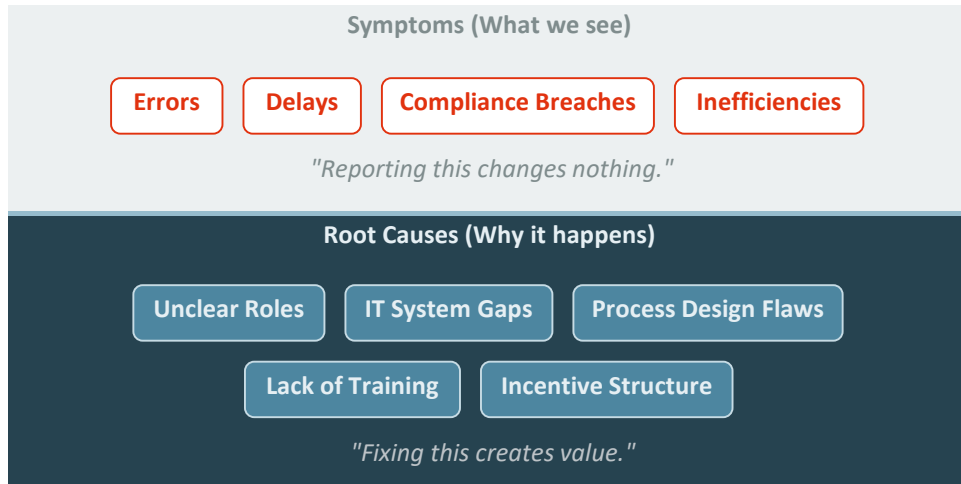
Practical Example: HR Audit

We used an online questionnaire for staff feedback and quantitative analysis of turnover rates ("Every 8th new recruit leaves after 2 years").

Report Structure: Section 4 (Facts) → Section 5 (Evaluation) → Section 6 (Measures).

Digging Deeper: Root Cause Analysis

Fixing the System, Not Just the Symptom



GIAS Standard 14.5: Root Cause Analysis

Why it Matters

Impactful reporting doesn't just list what went wrong. It explains **why** it went wrong so management can prevent it from happening again.

Value of Root Cause Analysis

- ✓ Prevents recurrence of issues
- ✓ Enables sustainable solutions
- ✓ Shifts focus from blame to improvement



The Power of Visualization

Making Complex Issues Accessible and Memorable



Thematic

Structures & Relationships



Temporal

Timelines & Phases



Geographical

Maps & Locations



Data

Charts & Diagrams



Patterns

Heatmaps & Trends

Key Principles

- Visualizations must be self-explanatory
- Use clear labels and legends
- Reduce complexity – focus on the message
- Integrate visualizations into the narrative

Practical Example: HR Report




We moved complex data from text to visuals to increase impact:

- Process visualizations for personnel planning
- Flow diagrams for recruitment procedures
- Timeline visualizations for staff deployment




Focus on What Matters

Relevance Over Completeness

Quality Criteria

-  **Relevance & Materiality**
Focus on high-risk topics and organizational goals
-  **Impact-Orientation**
Link findings to strategic risks
-  **Timeliness**
Ensure reports are current and actionable

What to Avoid

-  **Comprehensive Lists**
Avoid listing every minor finding
-  **Technical Details**
Don't burden decision-makers with methodology
-  **Disconnected Findings**
Issues without clear link to goals

Practical Example: HR Audit Strategy

"Over the next 10 years, the office will lose around two thirds of its current active staff."

We prioritized this strategic risk over minor compliance errors because it directly impacts the organization's ability to fulfill its mission.

GIAS Alignment

- Std 9.4: Risk-based plan
- Std 13.2: Material risks
- Std 14.3: Evaluating significance

From Recommendations to Agreements

The Austrian Approach to Impactful Reporting



Higher Implementation Rate



Management Ownership






Sustainable Impact

GIAS Standard 15.1: Final Communication

Case Study: Real Estate Audit

Comparing Business Case Options

The Finding 90% of suitable roof area for Photovoltaics (PV) is currently unused.

		Agreed Solution			
	Option A Own Investment		Option B Contracting		Option C Hybrid Model
CAPEX	High	CAPEX	Zero	CAPEX	Medium
Risk	High	Risk	Low	Risk	Medium
Mgmt Effort	High	Mgmt Effort	Low	Mgmt Effort	Very High
+ Highest long-term return - Budget constraints		+ Immediate implementation + No budget impact		+ Balanced approach - Complex legal setup	

Why Option B?

Although Option A offered higher theoretical returns, **Option B was chosen** because it solved the problem immediately without requiring budget or internal technical resources (which were the root causes for inaction).

Conclusion: The Report as a Driver for Change

Impactful Reports Transform Audit Findings into Improvement

✔ Key Success Factors

- ✔ **Value Creation Focus:** Performance Audit approach
- ✔ **Audience Orientation:** Tailored for Ministers & Top Mgmt
- ✔ **Clear Structure:** Management Summary is key
- ✔ **Evidence-Based:** Facts separated from Assessment
- ✔ **Visual Communication:** Making complexity accessible
- ✔ **Materiality Focus:** Concentrating on what matters
- ✔ **Constructive Approach:** Future-oriented solutions

The Ultimate Goal


To provide reports that enable better decisions, drive organizational change, and strengthen the ability to serve the public interest.

Make Every Report Count!

"Internal auditing enhances the organization... and ability to serve the public interest." (GIAS Domain I)

THANK YOU FOR YOUR ATTENTION

Markus Erlmoser

 Federal Ministry of Finance | Chief Audit Executive