

# THE CHARACTERISTICS OF A SUCCESSFUL AUDITOR

BY ALAN W. ANDERSON



**H**ave you got what it takes to be a good auditor? The skills that are needed to be a good auditor are much more than learning debits and credits and completing checklists. Economist, E.F. Schumacher is quoted as stating, “You can either read something many times in order to be assured that you got it all, or else you can define your purpose and use techniques which will assure that you have met it and gotten what you need.”

Mr. Schumacher’s statement has auditor significance if you think about it for a minute. Putting an audit spin on the statement would go something like this:

You can either review the checklist many times in order to be assured that you carried out the audit procedure, or else you can define your audit purpose and use your audit skill to assure that you have met the audit requirements and gotten what you need.

Auditing is a complex process which involves many different skills and responsibilities. Also, in the current environment, the auditor continues to face ever-increasing demands because of regulation and client expectations. At one end of the spectrum, the auditor has the pressure to sufficiently document the work performed and on the other end, the auditor faces the pressure to get the work done on time and on budget.

These pressures can cause auditors to fall into the “complete the checklist” trap, giving them the illusion that to get the job done on time and the audit opinion will be correct. However, if the only technique an auditor learns how to do is to complete checklists, s/he fails to become a good auditor. The balance of this article discusses certain critical characteristics of an auditor that are essential to audit success.

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## THE FUNDAMENTALS

Strong technical and ethical characteristics are fundamental to audit success. These are not new to anyone and should be considered a baseline set of characteristics that is expected of all auditors. A good auditor continues to build upon these over the course of a career through what our profession defines as our “commitment to lifelong learning.”

Throughout the auditor’s career, s/he must possess a strong ethical foundation and avoid any temptation to “let it pass” when a deeper review of an issue may reveal error or fraud.

This foundation holds true in the technical area as well. The auditor must maintain appropriate technical skills throughout his or her career. If the auditor is not current with the technical rules, s/he could easily miss something and issue an inappropriate opinion.

Our profession reinforces these two characteristics through required continuing professional education hours with numerous training sessions being available.

As important as technical and ethical characters are, these are only fundamental to success. These characteristics won’t set you apart. Good auditors also possess the following additional characteristics:

- Vision and instinct
- Able to see the big picture
- People skills
- Decision-making ability
- Leadership
- Superior communication skills.

## VISION AND INSTINCT

As an auditor gains experience in working with numerous clients in multiple industries, a good auditor gains the ability to instinctively understand what the client’s business is all about. While carrying out the audit, s/he is able to determine a picture of any issues at the business and to translate them into what they might mean in the future.

There is an anonymous quote that states that “instinct is the nose of the mind.” The good auditor does not settle when a client’s answer or transaction doesn’t seem right. Instinct causes him or her to dig deeper to arrive at a conclusion that fits with the vision of the business. To develop instinct and vision, the auditor must develop an inquiring mind and strive to learn from all experiences encountered in client situations throughout his or her career.

## ABLE TO SEE THE BIG PICTURE

Auditors need to be able to understand the client’s business and industry. This requires the ability to quickly frame a picture of the client’s business, the organization and key attributes within it. A good auditor is able to sort out connections and linkages within the organization to focus the audit approach. The ability to see this big picture is very important to the planning stages of the audit. Putting the audit plan together requires an appreciation and an understanding of the organization and what constitutes a logical approach to the audit.

The audit checklist approach has a tendency to cloud the big picture because of the large number of questions that are asked. Many auditors in their attempt to get all the questions completed typically do not take the time to step back and ask, “What does all this mean.” Good auditors will have a much shorter list of targeted questions that are developed specifically for their client which allows him or her to focus on the big picture.

## PEOPLE SKILLS

The audit profession is not all about ticking and tying; it’s about people. Auditors need to have exceptional people skills. They need to have the ability to deal with all types of clients in all types of client situations. In certain cases, client personnel have a fear of the auditor because they don’t like someone looking over their shoulders. So the auditor must have the ability to put client personnel at ease and be able to empathize from the client perspective. It is also important for the auditor to show respect for the client. After all, it is the client who is paying for the audit.

The most often overlooked people skill is listening. Listening seems like a simple concept, but few do it well. Many auditors listen to hear the answer they want to hear rather than to listen for understanding. Most audit checklists ask closed-ended questions which prevent the client from elaborating on a situation. When the client does expand their answer, the auditor must “hear” the client’s answer completely; missing one small piece of the answer can cause them to miss the message entirely.

Lastly, people skills are also very important within your firm and on your audit team. Auditors need to be team players as the entire team is working toward a common goal.

## DECISION-MAKING ABILITY

Once the audit evidence is accumulated, the auditor needs to determine what is relevant and what is not.

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Making these decisions is, at times, not easy as there is so much information is accumulated and tying it all together can be a challenge.

Decision making can be hard. Most every decision involves some conflict or tradeoff. The challenging part is to select the best decision given the information that you have gathered to assist with the decision. There is a tendency to put off the decision by concluding that you need more information, only to again later conclude that you need even more information. This decision paralysis can cause the audit to drag on and on and can ultimately cause the auditor to feel pushed to the wall as they now must make a decision because the client needs their financial statements immediately. Clients want their auditor to be strong and effective decision makers. Waffling around on a decision causes the client to lose confidence in their auditor.

## **LEADERSHIP**

Great leaders have the desire to help others succeed. Henry Ford said, "Don't find fault, find a remedy." This statement is a classic in the context of leadership; leaders find solutions, they don't place blame. An auditor that is a leader finds solutions to complex problems at the client and has the ability and skill to assist in getting the solutions implemented.

A good auditor must strive to become a successful leader. Leadership characteristics can be taught but leadership must be earned day in and day out. Leadership is seen by the client as the auditor being a teacher and/or a trusted confidant. An audit staff member sees a leader as a mentor and coach.

No single audit or audit firm, for that matter, can rise above the quality of its leadership. A common theme on every well-run audit or well-run audit firm can be directly linked to leadership.

## **SUPERIOR COMMUNICATION SKILLS**

Superior communication skills allow auditors to have connection and rapport with others on the staff, managers, partners, and clients. The technological world in which we live today can negatively impact the audit staff's ability to become an effective communicator, especially when e-mail becomes a substitute for face-to-face communication with audit clients.

A good auditor recognizes the importance of face-to-face communication and strives to make it the primary mode of communication. It is essential that all auditors work to make verbal communication a priority rather than a last resort. In most cases, e-mail should be the last resort

rather than the first resort.

Clients want to talk to the auditor, and the better the auditor is at effective communication, the better the conversation is with the client. Effective communication occurs when the client understands exactly what you are saying. Achieving this is not easy but once achieved, it will set you apart from the rest.

## **CONCLUSION**

The characteristics of a good auditor start with the basics of sound technical ability and solid ethical foundation. A good auditor considers those as baseline and work to grow beyond the "rules and regulations" mindset of our profession. Attaining and maintaining the characteristics mentioned in this article require a personal commitment but are crucial to the auditor's long term success. Have you got what it takes to be a good auditor?

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# ANDERSON'S **AUDIT EXPRESS**

## SELF-STUDY 12

### **“THE CHARACTERISTICS OF A SUCCESSFUL AUDITOR”**

**DESCRIPTION:** What makes a good auditor a good auditor? Have you got what it takes or maybe you don't know what it takes? This session discusses the necessary characteristics of a good auditor and how to get there. The session also discusses ways to acquire and improve upon your audit skills.

**COURSE TYPE:** Self-study

**CPE HOURS:** 2

**DESIGNED FOR:** Audit partners, managers and staff who want to provide high quality client service while streamlining and making their audit process more cost effective.

**OBJECTIVE:** This session will help you and your audit team, design, build, inspect and deliver an efficient audit that has more meaning for your client.

**PREREQUISITES:** Experience as a member of an audit team.

**ADVANCED PREP:** None.