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LESSONS LEARNED FROM THE AUDIT TRAIL *

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Book Title: Lessons Learned from the Audit Trial

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ABSTRACT

Richard Chambers is President of the Institute of Internal Auditors IIA. The book is a reflection of his ‘lessons learned’ from forty years of internal auditing. The book is written more in the style of a manual than as a reminiscence. Chambers lists some 35 Life Lessons, the book’s title, illustrated by the examples in the book. His experience was primarily with the US Army, United States Post Office, Tennessee Valley Authority, and finally with the Internal Audit Division of Price Waterhouse Coopers PwC. The text contains numerous lists of dos and don’ts. In that regard it is surprising the word ‘manual’ does not appear in the book title. The book is aimed at the growing world-wide internal audit profession. Globally the IIA comprises some 180,000 members with 160 chapters totaling over 72,000 in North America.[‡]

Keywords: Internal audit; Risk management; Governance; Assurance; Ethics.

Richard Chambers spent his entire career as an internal auditor, primarily involved in governmental activities. In his own words, “*He has spent nearly forty years in internal auditing, serving as inspector general of the Tennessee Valley Authority, deputy inspector general of the U.S. Postal Service, and director of the U.S. Army Internal Review at the Pentagon. Before joining The IIA, he was national practice leader in Internal Audit Advisory Services at Pricewaterhouse- Coopers (PwC).*”

The idea of Lessons Learned is to let both new and experienced internal auditors benefit from author Chambers’ forty years of experience. The author intends that others should learn from his experience rather than ‘learning it all from scratch by themselves.’ To that end Chambers offers some thirty-five ‘Life Lessons’ illustrated by examples in the text.

* The views or opinions expressed in this manuscript are those of the author(s) and do not necessarily reflect the position, views or opinions of the editor(s), the editorial board or the publisher.

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[‡] Garner, Don E., McKee, David, and McKee, Yosara, Accounting and the Global Economy after Sarbanes-Oxley, Book Preview, Routledge, 2014

<https://books.google.com/books?id=aFvfBQAAQBAJ&pg=PT216&lpg=PT216&dq=growth+in+internal+audit+or+since+sarbanes+oxley&source=bl&ots=Njepa5rsSj&sig=n0lnCF-ij7RD1taLfGlrt3ZUOiE&hl=en&sa=X&ei=rpuhVNnfl4SwwgTs8IGoDg&ved=0CFoQ6AEwCQ#v=onepage&q=growth%20in%20internal%20auditor%20since%20sarbanes%20oxley&f=false>

It would be helpful to have listed these in a table in one place though the text does not do that.

More than the Life Lessons, the book is jam packed with lists-lots of lists. For example, Chapter Three contains:

- Five steps for gathering stakeholder support
- Three levels of stakeholders
- Five signs stakeholder support is waning
- Five strategies to assess stakeholder expectations

This litany of lists is characteristic of the majority of the chapters in the text. From that standpoint, it seems there are two books here. One is a manual of what are undoubtedly helpful lists and reminders in approaching any internal audit. The other, which is not developed, is the actual reflection of the human experience in auditing other humans. Admittedly Chapter 15 carries that title but again delivers in cursory list fashion.

Some of Chambers' observations and conclusions could surely be amplified to put a more 'human' stamp on the experience. For example, on page 29 he makes this observation about working a few years at PwC versus 29 years in government.

"I had the support of great PwC partners such as Jim LaTorre and Dennis Bartolucci, and I learned more in those five years about client service, the corporate sector, business acumen, and sustaining a high performance culture than I had during the first twenty-nine years of my career."

The reader may be hungering for more, but the text fails to deliver. What did he learn in those five years? What does that say about all the typical underwhelming expectations such as 'good enough for government work' that one often hears about the public sector? From that standpoint, there is another book that needs to be written. This edition is a fine manual for both beginning and experience internal auditors. Now there is an opportunity to reflect on just such questions, how is it that one-sixth the time in the private sector delivers more learning that six times that in the public sector?

Another question begs to be answered. In Chapter two Chambers returns to

"Internal Review Division of the U.S. Army Forces Command (FORSCOM)". This was in 1981. A new employee had the Certified Public Accountant designation, Chambers did not. Chambers is amazed that the new hire is chosen for a plum assignment on the basis of the CPA designation. This led to Life Lesson Six which is "Be willing to commit yourself to absolute excellence

Don't settle for simply being good; pursue greatness in everything you do."

Why did he not then pursue a certification as a CPA or a CIA? Certified Internal Auditor? CIA was created in 1973.[§] Indeed the photographs included show Mr. Chambers receiving the CIA designation but not until 1996, a full fifteen years after this incident. Today the author holds all the designations of his organization. It would be interesting to hear his take on why he waited so long to acquire the CIA.

This book is timely. Since passage of the Sarbanes-Oxley act in 2002, membership in the IIA has doubled. The book is well written Chapter Nine on Planning the Audit is a

[§] Website for The Institute of Internal Auditors, Certifications and Qualifications
<https://na.theiia.org/certification/cia-certification/Pages/CIA-Certification.aspx>

succinct summary of necessary pre-audit preparation. Chapter ten titled Avoid Over-Auditing is actually an excellent primer on the essentials of any good audit program.

Aspiring internal auditors, with this manual in hand, might well hope for a second with a more humanistic approach. Examples of issues to be covered might include

- What it was like to visit with Colin Powell or work with those who worked with MacArthur.
- Why did Chambers delay in becoming certified?
- And in particular, why is it that PwC offered such a quick learning curve that was apparently lacking in the Army? Is it the lack of a customer base in the Army who, after all, has other choices than PwC in the private sector?

Finally a second volume might include at least one story on how an internal audit led to actual organization improvement. Mr. Chambers discusses the downsizing of the Army Internal Audit Program and suspicions about auditors at other places he worked. Where is a story about just how much good an internal audit accomplished? Frankly the military is not known for cost conscious spending and the Post Office is hardly a hallmark of efficiency in most minds. After forty years of reports, surely one would stand out for, as he says, its insight and foresight.

Lessons Learned is a fine first step in what is sure to be an emerging field of publications on governance, risk assessment, and internal auditing.