English for Internal Auditors
SUMMARY

Introduction .......................................................................................................................... 5

Unit 1
On the topic of... Multinationals ...................................................................................... 7

Unit 2
Talking – informally and formally .................................................................................... 21

Unit 3
Preparing for an audit ........................................................................................................ 43

Unit 4
Fieldwork ............................................................................................................................. 63

Unit 5
Focus on Language .......................................................................................................... 75

Unit 6
The Audit Report: structure ............................................................................................. 89

Unit 7
Findings of significance in summary form ....................................................................... 105

Unit 8
Findings of significance: Facts and Criteria, Causes and Results .................................... 121

Unit 9
Making recommendations ................................................................................................... 141

Unit 10
Management Response and Negotiations ......................................................................... 153

Answers to Exercises ......................................................................................................... 161
INTRODUCTION

This book has evolved from the English courses held within a Master’s Course in Governance, Sistema di Controllo and Auditing at the Catholic University in Milan, organized in collaboration with ENI. It aims to enable non-native speakers of English to use English successfully in the auditing profession. The 10 units provide vocabulary, reading, writing, speaking exercises and pronunciation and include a considerable amount of authentic texts provided by ENI. This means that the book should prepare would-be auditors for the texts that they will meet once they are within the corporate context.

Auditing is a profession which requires good interpersonal skills, and this is reflected in the type of texts the auditor has to produce. Auditors have to be able to find out information regarding the efficient functioning of procedures and processes, without causing offence or appearing to be inspectors. This sensitivity must be reflected in all the stages of the auditing process, from the preliminary meetings held between the auditors and the department to be audited, in the fieldwork stages when the information is collected through questionnaires and personal interviews, and in the most important document which auditors have to produce: the Audit Report. Audit Reports record all the work performed during the audit, and contain the auditors’ findings and recommendations for the department that has been audited. As the Head of Internal Audit in Saipem, Luigi Siri, said in an interview on the topic: “When writing a report, the most important thing is to adopt an appropriate tone. The addressees of an audit are managers, directors, or executives who have little time, so audit texts have to be clear and concise.” The tone of the report needs to be objective in describing any anomalies that the audit has revealed, and clear in advising on how to rectify the situation. At the same time, the tone needs to be respectful of the addressee.

As Siri pointed out, “the facts must be laid out appropriately. It is important that the company performing the audit does not give the impression of being in any way “superior” to the department being audited. The auditors are both consultants of the company, and evaluators of the adequacy of the control systems, and the observations made by the auditors should appear as advice. This is reflected in the choice of verbs used: we tend to say “we recommend” or “we suggest”. Obviously, if an audit has brought problems of a serious nature to light, then the tone of the report will be more authoritative and authoritarian. This is made clear from the beginning of the report, however. In any case, a report is never conceived of as an attack on a department, but as an objective evaluation which foresees an action plan and a target date by which
the action should be implemented. If the attitude the auditors assume is the right one, then the audited department will accept the advice given in the report, rather than feel under attack.”

With this portrait of the auditing profession in mind, and considering the documents produced by Saipem, the authors have incorporated several sections from authentic audit reports into the book, which focuses throughout on fundamental spoken and written communicative skills for auditors. While these authentic documents constitute one of the strong points of the book, they will also represent a challenge for the student, particularly in terms of the vocabulary used. Indeed, one of the demanding aspects of auditing is the fact that auditors need to be able to go into any department of a company and audit it; at first, the terminology proper to each department and process must seem bewildering to the young auditor. The authentic documents included in this book have not been simplified, and this will undoubtedly cause the student some difficulty. However, with the use of a good business dictionary, students should be able to circumnavigate this problem, and the authors are convinced that the advantage of authenticity far outweighs the effort that the student will need to put into the study of these documents. It must be said students will need to dedicate time to reading these documents. The exercises linked to the documents are, in general, fairly easy, and the main effort required on the part of the student is full comprehension of the texts.

For a non-native speaker of English, to be an effective communicator within this profession is no easy matter, but since English is by now the dominant language in international corporations, good language skills in English are indispensable. It is hoped that this book will contribute to the success of those entering the profession, and will improve the skills of those already involved in it.

The authors would particularly like to thank the following people for their encouragement and support throughout the project: Dott. Luigi Siri, Dott. Claudio Vitacca and Dott. Andrea Balboni from Saipem, Prof. Agostino Fusconi, Prof. Franco Dalla Sega, Dott.ssa Laura Vermiglio and Dott.ssa Chiara Brusatori from the Catholic University in Milan. We also wish to thank all the students enrolled in the ENI-Cattolica Master’s Courses from 2003-2006 in Milan.

Amanda Murphy and Catherine Bell
UNIT 1
ON THE TOPIC OF... MULTINATIONALS

Answering precise questions
Task 1 Answering precise questions

Have a look at the Eni website (www.eni.it), click on English and find out the answers to the following questions. In the space below, take notes from the website and then write a profile of Eni in about 100 words.

- How big is the company in terms of employees?
- Where does it operate?
- What areas does it operate in?
- How and when did it begin as a company?
- When was it privatized and how successful was the operation?
- How involved is Eni in the cultural scene in Italy?

Notes
Size:

Where:

Areas of activities/business areas:

History:

Cultural involvement:

---

1 All the information in this chapter referring to multinationals is freely available on the companies’ websites.
**Focus on Language 1 Comparing and Contrasting**

**Useful phrases**
Look at the following sentences, and note how the comparisons and contrasts are made.

**Comparing:**
BP set up a plant in Russia in 1997. Similarly, the Shell Group established a base there in the same year.
Like British Petroleum, the Shell Group is increasing its activities in solar power generation.
Compared to the Shell Group, Eni outsources fewer of its activities.

Both TotalFinalElf (TFE) and Eni are listed on the New York Stock Exchange. Neither the Shell Group nor Eni produce coal or nuclear power.

Eni is as important as Shell from the point of view of the production of oil and gas.

*NB as is not used to set up a comparison.*
*Eni, as the Shell Group, has a Gas and Power division. Instead of as, use like to make comparisons.*
Eni, like the Shell Group, has a Gas and Power division.

**Contrasting**
Unlike BP, most of Eni’s gas stations are in Europe.
Eni is a smaller company than Shell, and is present in fewer countries around the world.
The Shell Group has a more vertical structure than Eni.

**Linking words showing contrast**
BP was founded as a private company, whereas Eni has always been a public one.
While Eni is listed on the Milan Stock Exchange, TFE is listed on the Paris one.
Exxon Mobil is a major manufacturer and marketer of basic petrochemicals.
Eni, on the other hand, has gradually reduced its production of petrochemicals.

**Superlatives**
Russia is the world’s largest oil and gas producer.
While Eni is the Italian leader of the energy sector, Repsol is the most important company in Spain and Argentina.
Exercise 1
Put these adjectives into their comparative and superlative forms. Add on the appropriate ending to each word (-er or -est)

<table>
<thead>
<tr>
<th>Adjective</th>
<th>Comparative form</th>
<th>Superlative form</th>
</tr>
</thead>
<tbody>
<tr>
<td>Old</td>
<td>old</td>
<td>old</td>
</tr>
<tr>
<td>Short</td>
<td>short</td>
<td>short</td>
</tr>
<tr>
<td>Fair</td>
<td>fair</td>
<td>fair</td>
</tr>
<tr>
<td>Clean</td>
<td>clean</td>
<td>clean</td>
</tr>
<tr>
<td>Fat</td>
<td>fat</td>
<td>fat</td>
</tr>
<tr>
<td>Big</td>
<td>big</td>
<td>big</td>
</tr>
<tr>
<td>happy</td>
<td>happ</td>
<td>happ</td>
</tr>
<tr>
<td>late</td>
<td>late</td>
<td>late</td>
</tr>
<tr>
<td>Fine</td>
<td>fine</td>
<td>fine</td>
</tr>
</tbody>
</table>

Adjectives with irregular comparatives and superlatives

<table>
<thead>
<tr>
<th>Adjective</th>
<th>Comparative form</th>
<th>Superlative form</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bad</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Far</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Old</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Little</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- The following adjectives can take either -er -est or ‘more’ ‘most’.
  common  gentle  cruel  likely  pleasant
  simple  handsome  narrow  polite  stupid

The comparative of adjectives with more than two syllables is formed by using more + base form + than or less + base form + than. Superlatives of the same adjectives are formed by the most + base form + of/in.

E.g. John is more daring than his sister at skiing.
The most daring of all is Joe.

<table>
<thead>
<tr>
<th>Base form of adjective</th>
<th>Comparative form</th>
<th>Superlative form</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intelligent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interesting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beautiful</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- You can use adverbs of degree in front of comparative adjectives.
  a great deal  a lot  rather  far
  much         a bit   a little  slightly
E.g. This car’s a bit more expensive
    Now I feel a great deal more confident
    She’s much more intelligent than her brother

Comparisons of equality
    as + base form of adjective + as
    not so/as + base form of adjective + as

E.g. He’s as strong as his brother, but he’s twice as strong as his sister.
    Liz’s job is not so stressful as John’s.

How do we say “meno + adjective” in English?
It’s much more usual to use “not + adjective + as” rather than less + adjective.

E.g. Your report is not as clear as it should be.
    rather than
    Your report is less clear than it should be.

What is the equivalent of “sempre più + adjective” in Italian?
E.g. È sempre più cara la vita.
In English, you use the comparative adjective and just repeat it:

    richer and richer
    better and better
    fatter and fatter

    more and more complicated
    less and less satisfied

The thicker the glass, the more expensive the window.

The more powerful the job the greater the responsibility.

Comparing and Contrasting Multinationals
Task 2 Taking notes from written text

Look at two other websites of companies that are comparable to Eni (E.g. The Shell Group, BP, Esso). Take notes on the same features that you wrote about in Task 1.
Focus on Language 2
The simple present and the simple past tenses

When you are describing a company, you will probably use the simple present to describe its features, and the simple past tense to talk about its history.

E.g.

Simple present
At present Eni operates in over 70 countries, while Repsol employs only 35,000 people.

Simple past
In 2002, Eni daily production was greater than Repsol production. It amounted to 1,472,000 barrels of oil equivalent (boe), while Repsol production reached just 1,000,000 boe.

Exercise 2
Conjugate the verbs in the following paragraphs, taken from audit reports. The tenses used are present simple or past simple. You may have to use the passive voice.

BACKGROUND Bugsy A/S (provide) diversified Marine Services within and outside Scandinavian Waters, and (offer) a fleet of 30 Tugs and Barges together with equipment. (found) on 21-12-1988 and (be) a private limited company. Its previous name (be) A/S Saarben & Sønn. On 5-12-2000 Poseidon Oslo (merge) with Bugsy and (retain) the trade name of Bugsy A/S.

BACKGROUND MCC Shipping A/S (be) a company with a wide international network of partners and agents performing purchasing, expediting, special transports, warehousing and related services world-wide for the demanding requirements of the Offshore and Marine Industry. The GMC Head Office (locate) in Lowestoft where they (have) a complete service base facility including 210m deep water quay, 4,000m² indoor warehousing and 10,000m² outside storage area. They (have) have branch offices in Lewes and Hastings. MCC Shipping A/S (be) a private, limited company, which (establish) on 6-06-1937 and (be) part of the MCC Group, which is 100% owned by local investors.
Task 3 Writing a paragraph

In no more than 250 words, write a paragraph or two comparing and contrasting a company with Eni.

Small talk
Can you describe your life and your previous studies? Where you work, how you travel, where you studied, what you graduated in, where you live etc.
Focus on Language 3
Talking about yourself

Where, when and what did you study?

a) I + studied + subject + at the University of name of city
E.g. I studied Economics at the Catholic University of Milan

b) I + studied + subject + at name of city University
E.g. I studied Management Engineering at Bari University

If you want to add in the year when you finished your degree, you can say:

c) I graduated in + subject + in + year + at/from the University of name of city
I graduated in + subject at/from name of city University
E.g. I graduated in Business Studies in 2001 from Almaty University

A slightly less formal way of expressing this:
I got my degree in 2002.

You may have more than one degree, in which you case you can say:
I got my first degree/my BA ² from Cambridge University, and then my MA/my Master’s from the University of St. Andrews.

Travelling to work/to university
How do you get to work and how long does it take you?
I commute (travel a certain distance to work on public transport) to work.
I come to work by train
I get the train to university.
It’s a short bus ride to work.
I get the underground/I come by metro.
I walk to work.
I come on my bike/by bike.

It takes (me) about half an hour/a good hour

² BA, when referring to an academic degree stands for Bachelor of Arts, which normally takes 3 years. An MA, a Master of Arts, normally takes one more year. You can also say a Bachelors’ or a Master’s, leaving out “of arts”, particularly for subjects outside the humanities.
Talking about where you live
Where do you live? Who do you live with?
I share a flat/an apartment with two others. 
I’m living in a one-bedroom flat on my own. 
I live with my parents/uncle/aunt/sister/brother. 
I’m living in a University Hall of Residence/in a Residence run by nuns.

Grammar Question
Q. Why use the present simple or the present progressive here?
A. Using the present simple tense when you talk about where you live implies a certain sense of stability. Using the present progressive implies that your attitude to the place is that it is temporary. Temporary may be quite a long time, e.g. you may have come to the city for a year, but you imagine that you will not stay afterwards.

Task 4 Asking and answering questions

In a small group, practice asking and answering questions about your education, accommodation, travel to work or university etc.

Useful questions:
Background
Where were you born?

Education
What school did you...?
What university are you studying at?

Travel experience
What countries have you...?
When...?
What...?

Family
Are you married?
Have you got...?

Sports/hobbies
Do you play...?
What do you do in your spare time?

Work experience
What do you do? What is your job?
How long have you...?
How long did you...?
Hopes/intentions for the future
What do you want to...?
When are you going to...?

Possible answers:
I’m interested in...
I quite like...
I (really) like...
I’m (really) keen on...
I’m fond of...
I’m crazy about...

Focus on Language 4
Describing Organizations

Describing any company is a complicated business, but when it comes to multinationals, listed on the stock exchange, it can be even more confusing.
The website for Eni clearly sets out the model of Corporate Governance adopted by the company.
Have a look at the site.

It can be seen that Eni’s shareholders nominate the Board of Directors, which is made up of the Chairman and the Chief Executive Officer (who has his own staff), seven other Directors, and three different committees: the Internal Control Committee, the Compensation Committee, the International Oil Committee.

Departments that are accountable to the CEO:
Chief financial officer, personnel and organization, strategies and international relations, corporate affairs, legal affairs, administration, procurement, public affairs and communication, chief technology officer, safety and environment.

There are also three general directors of Exploration and Production, Gas and Power, Refining and Marketing.

Management
Eni General Directors
Eni Directors
Executive Directors of Eni’s Major Operating Companies

There are also Statutory auditors, External Auditors and a Representative of the Corte dei Conti (Court of the Accounts).
Pronunciation of Key Terms

There are several reasons why English is a difficult language to pronounce. Firstly, combinations of the same letters can be pronounced in different ways—think of enough, where -gh sounds like f, though, where the -gh is silent; secondly, some letters are silent, like the b in comb (or the -gh in though); thirdly, the stress in a word of many syllables is not always predictable.

Part of making a good impression when you are speaking English is placing the stress on the appropriate syllable, and this is what most of the pronunciation sections will concentrate on.

Task 5 Pronunciation – placing the stress in the right place

Go through the words and phrases in the following table. First, cover up the middle and right hand column. Try and identify the correct stressed syllables in the left hand column, and mark them in some way. Check your version against the middle column, where the stressed syllable is in **bold and underlined**. The third column is empty, and you may use it to revise the words and phrases later. Rewrite them, marking in the stress as you wish, underlining it, or circling it, as you prefer.

<table>
<thead>
<tr>
<th>Correct version</th>
<th>Your version</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholder</td>
<td><strong>shareholder</strong></td>
</tr>
<tr>
<td>Board of Directors</td>
<td>Board of <strong>Directors</strong></td>
</tr>
<tr>
<td>Chairman</td>
<td><strong>Chairman</strong></td>
</tr>
<tr>
<td>Committee</td>
<td><strong>Committee</strong></td>
</tr>
<tr>
<td>the Internal Control Committee</td>
<td><strong>the Internal Control Committee</strong></td>
</tr>
<tr>
<td>the Compensation Committee</td>
<td><strong>the Compensation Committee</strong></td>
</tr>
<tr>
<td>the International Oil Committee</td>
<td><strong>the International Oil Committee</strong></td>
</tr>
<tr>
<td>Chief financial officer</td>
<td><strong>Chief Financial officer</strong></td>
</tr>
<tr>
<td>personnel and organization</td>
<td><strong>personnel</strong> and organization</td>
</tr>
<tr>
<td>Strategies and international relations</td>
<td><strong>Strategies</strong> and <strong>international relations</strong></td>
</tr>
<tr>
<td>Corporate affairs</td>
<td><strong>Corporate affairs</strong></td>
</tr>
<tr>
<td>Legal affairs</td>
<td><strong>Legal affairs</strong></td>
</tr>
<tr>
<td>Administration</td>
<td><strong>Administration</strong></td>
</tr>
<tr>
<td>Procurement</td>
<td><strong>Procurement</strong></td>
</tr>
<tr>
<td>Public affairs and communication</td>
<td><strong>Public affairs</strong> and communication</td>
</tr>
<tr>
<td>Chief technology officer</td>
<td><strong>Chief technology officer</strong></td>
</tr>
<tr>
<td>Safety and environment</td>
<td><strong>Safety and environment</strong></td>
</tr>
<tr>
<td>Exploration and Production</td>
<td><strong>Exploration and Production</strong></td>
</tr>
<tr>
<td>Gas and Power</td>
<td><strong>Gas and Power</strong></td>
</tr>
<tr>
<td>Refining and Marketing</td>
<td><strong>Refining and Marketing</strong></td>
</tr>
<tr>
<td>Management</td>
<td>Management</td>
</tr>
<tr>
<td>---------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>General Directors</td>
<td>General Directors</td>
</tr>
<tr>
<td>Executive Directors</td>
<td>Executive Directors</td>
</tr>
<tr>
<td>Statutory Auditors</td>
<td>Statutory Auditors</td>
</tr>
<tr>
<td>External Auditors</td>
<td>External Auditors</td>
</tr>
<tr>
<td>Representative of the Court of Accounts</td>
<td>Representative of the Court of Accounts</td>
</tr>
</tbody>
</table>

**Fundamental skills for Auditors 1**

**Listening and taking notes**

Auditors need to ask a lot of questions while interviewing members of the department they audit, so it is vital that you are a good listener, and that you take good notes.

The first step is obviously to understand what is said. Are you a good listener?

**Who is a good listener?**
- Someone who looks interested
- Someone who looks encouraging, not intimidating
- Someone who asks questions when they need to
- Someone who remembers, or takes a record of what is said

**How do you become a good listener in English?**
- Be clear about why you are listening – be motivated
- Sit where you can hear the speaker, or ask them to speak up, or turn up the volume
- Recognize patterns in the talk – listen for the speaker’s signposts (first, second, etc.)
- Seek out opportunities to listen to more English, spoken by native and non-native speakers

**Opportunities for listening practice**

Listening for fun: take out videos in English from shops like Blockbusters.
Buy audiobooks and listen to them on public transport.
Read the lyrics on CDs as you listen to songs.
Go to news sites in English and listen to the clips from bulletins.
The BBC offers a number of sites of interest: [http://www.bbc.co.uk/worldservice/learningenglish](http://www.bbc.co.uk/worldservice/learningenglish)/(e.g. look at vocabulary in the news).
For 5 minute news bulletins, regularly updated, try [http://www.bbc.co.uk/radio4/](http://www.bbc.co.uk/radio4/)
Next: note-taking. What makes good notes?

a) Accurate information
   - Who was talking?
   - When were they talking?
   - Why were they talking?
   - Where were they talking?
   - What did they say?

b) Clear presentation
   - Notes need to be useable afterwards

What do good notes look like?

They contain
   - clear details about the date,
   - the speakers,
   - the purpose of the encounter,
   - any other relevant information about the situation

They use
   - abbreviations, phrases, not complete sentences;
   - all the space on the page
   - anything else you can think of?

**Task 6 Taking notes from an interview**
Taking notes from an interview

Get a DVD of any recent film which has audio in English from your local video rental shop.
Go to the Extra Contents where you can find short interviews. Popular films with famous actors and actresses tend to have light-hearted interviews in the “extras” sections.
Listen to an interview once, without subtitles. Then put the subtitles on, and listen again. Lastly, listen and take notes below.

Notes from an interview with ______________________________
Learning tips: New vocabulary

- If you come across a potentially useful new word or phrase, use a dictionary to look it up. Pay particular attention to the example sentences given and any information given about collocations (words that tend to occur with it).

- Dictionaries: there are five particularly good modern English dictionaries for learners: the Cambridge Advanced Learner’s Dictionary, the Oxford Advanced Learner’s Dictionary, the Collins Cobuild English Dictionary for Advanced Learners, the Macmillan English Dictionary Learner or the Longman Dictionary of Contemporary English. All of them now have CD-ROMs, which are very useful for learning pronunciation.

- If a word or phrase seems specialised, obscure or archaic, you should not necessarily try to remember it – you may be able to guess its meaning from the context anyway. You need to choose yourself whether new words and phrases are ‘useful’ or not.

- Highlight useful new words so that they stand out while you are leafing through the book. This will help you to familiarise yourself with the words so that eventually you can incorporate them into your own active vocabulary and use them in your writing and conversation.

- Writing new words in a notebook will help you to memorise new words, particularly their spelling.

- New words can be stored under topic headings: Work, global issues, relationships, Sport, Music, Art, Literature, etc. Or you may prefer to build up a “personal dictionary” where each fresh page lists words beginning with A, B, C etc.

- When adding new words to your notebook, write an example of each word in a sentence, as well as a definition. If it’s a difficult word to pronounce, make a note of its pronunciation too. Leave a line space between each entry in case you want to add more information some other time.

- There is a useful list of words commonly used in business at the following site: http://www.cambridge.org/elt/nibe/vocabulary/intro.htm
UNIT 2
TALKING – INFORMALLY AND FORMALY

Focus on Language: Social situations
Introductions, socialising and leave-taking

Task 1 Introducing other people
In this section you will find phrases and expressions to use in situations where you are introducing people to each other, and when you are leaving. In pairs, practise using them.

Making introductions
Anna, this is Jim.
Bernie, do you know Patrice?
Pat, have you met Maria?

Can I introduce you to Mark Barnard our Finance Director?
NOT
Can I introduce you Mark Barnard?

I’d like you to meet...
Are you Ms Valdez by any chance?
You must be Larry Kaplan.

Answering
Nice to meet you.
It’s a pleasure.
Pleased to meet you too.

Mentioning common interests
I think you both know Maria.
both like skiing.
are both interested in the new project.
been to Brazil.
worked in R&D.

I know you have both

Leaving
Well, I really must be going.
Anyway, I’ll see you soon.
Yes, hope so.
Hope to see you again soon. Yes, that would be nice.
I t was nice meeting you. It was nice to see you, too
I t was good to see you again.

**Task 2 Introducing yourself**

**Match a sentence on the left with a suitable response on the right,**

How do you do? Pleased to meet you.
How are you? Not too bad thanks.
Lovely to see you again. Hi.
How’s business? Just great. No hassles at all.
How was your flight? Nice to see you, too.
Hello. All good, I hope.
Are you Gianni Rossi? How do you do?
Hello. My name’s Jack Briggs. Very well thank you.
Oh, hello. I’ve heard a lot about you. Yes, that’s right.

**Focus on Language 2: Positive and negative adjectives ending in -ed and -ing.**

**Interested versus interesting**

Many adjectives expressing an opinion or a reaction have two forms, ending in -ed and in -ing, as in interested, or interesting.

**Examples:**
*I was surprised* that he turned up late... *but*
*It was surprising* that he turned up late.

**Task 2 Writing about yourself**

Write one sentence for each adjective below, referring to your own lives. You can use the following language patterns, or invent your own:
I am very adj +ed that...
I find it adj +ing that..
It is adj +ing that...

positive adjectives
-  surprised/surprising
-  fascinated/fascinating
-  interested/interesting

negative adjectives
-  bored/boring
-  disappointed/disappointing
-  shocked/shocking

Can you add any more pairs of adjectives like this?

Here are some more pairs:

Amazed/amazing
Fascinating/fascinated
Exciting/excited
Astonishing/astonished
Relaxed/relaxing

Annoyed/annoying
Disgusted/disgusting
Exhausted/exhausting
Embarrassing/embarrassed
Learning tip
You can remember how to use these adjectives by thinking that if you refer to someone’s reaction with the verb be, you often use an adjective ending in -ed: she was very interested in my photos of Thailand. If you refer to something or someone and the effect they produce in you or someone else, you use an adjective ending in -ing, as in She found my photos of Thailand very interesting.

The Language of Auditing 1
Task 3 Reading about the auditing process

Read the following slides from a Saipem Kick Off Presentation in Saudi Arabia. The presentation introduces the whole auditing process and we will refer to it again later.

---

Saudi Arabian Saipem Ltd.
General Control Review

Opening Meeting

Al Khobar, 21st June 2003
## Content

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>The Internal Audit Department</td>
</tr>
<tr>
<td>2.</td>
<td>Our Audit Approach</td>
</tr>
<tr>
<td>3.</td>
<td>Saudi Arabian Saipem Audit</td>
</tr>
<tr>
<td>4.</td>
<td>Comments</td>
</tr>
</tbody>
</table>

## Definition of Internal Auditing

"INTERNAL AUDITING is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes."
Main Goal

To examine and evaluate the adequacy and effectiveness of the organisation's system of internal control whose primary objective is to ensure:

- Reliability and integrity of information
- Compliance with policies, plans, procedures
- Safeguarding of assets
- Economical and efficient use of resources
- Accomplishment of established objectives and goals for operations or programs

Definitions

INTERNAL CONTROL SYSTEM

"A Process affected by an entity's board of Directors, management and other personnel, to provide reasonable assurance regarding the achievement of objectives:
- Effectiveness, efficiency of operations
- Reliability of Financial Reporting
- Compliance with applicable laws and regulations"

(COSO Report)
## Content

1. The Internal Audit Department
2. Our Audit Approach
3. Saudi Arabian Saipem Audit
4. Comments

### Audit Approach

**One of our key roles is:**
- to monitor risks and ensure that the controls in place are adequate to mitigate those risks
- to help our organization meet its objectives.

**How we can help you:**
- We'll make an objective assessment of your operations, and share ideas for best practices.
- We'll provide counsel for improving controls, processes and procedures, performance, and risk management.
Audit Approach

- Interviews with involved personnel
- Observation of information flows and documents
- Analysis of data
- Discussion of findings

Audit Report

- INTRODUCTION
  audit type, audited area and auditors

- SCOPE AND OBJECTIVE
  review object (process, activities), review period, object

- BACKGROUND
  description of the activity and auditee structure and general data

- CONCLUSIONS
  whole evaluation of internal control system and audited activities; principal findings and management considerations

- FINDINGS AND RECOMMENDATIONS
  findings classified by area, auditor's recommendation, corrective actions, due date and audited management opinion

- AUDIT MEMO
Audit Steps

- Collecting, analysing, interpreting and documenting information to support audit results.
- Discussion with operational Managers about audit results in order to share findings and recommendations.

Presentation of scope of work and audit program, with description of the main areas, processes and systems to be audited.
Audit Steps

Presentation of final evaluation about internal control system and definition of corrective actions to remove main audit findings.

Audit Steps
Audit Report

Distribution List:

- To the Chairman and Chief Executive Officer, Managing Director and Chief Operating Officer, General Managers and Senior Managers of the Parent Company;
- To the Chairman and Chief Executive Officer, Managing Director and Chief Operating Officer, General Managers and Senior Managers of the audited Company/branch/operating base;
- Eni's Internal Auditing
- Saipem's Collegio Sindacale
- Saipem's Audit Committee (Summary)
- Eni's Audit Committee (Summary)
- External Auditors

Audit Memo

Detailed document organised by single finding, addressed to the auditee.

- **finding**: brief description
- **fact**: analytical description of the finding
- **criteria**: procedures, guidelines or best practices
- **cause**: finding motivation
- **effect**: the effective or potential risk or exposure for the auditee with the indication of the materiality if possible
- **recommendations and/or suggestions**: indicating how to remove the finding
- **management comments**: actions and date by which finding will be removed, or reasons for lack of consent
Content

1. The Internal Audit Department
2. Audit Approach
3. Saudi Arabian Saipem Audit
4. Comments

Audit Team

• Paolo Gianese (Lead auditor)
• Maria Ortueta (Internal auditor)
Audit Approach

We will follow an audit approach based on the main projects of SAS, that is:

<table>
<thead>
<tr>
<th>Project Management</th>
<th>Organization; Project Planning activities; Engineering activities, thirds parties relationship.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement &amp; Expediting</td>
<td>Bids mgmt; MR, RdA, PO mgmt; receipt of the goods.</td>
</tr>
<tr>
<td>Assets Management</td>
<td>Analysis of efficiency and profitability in use of Company Equipments &amp; Facilities.</td>
</tr>
<tr>
<td>Project Cost Control</td>
<td>Budgets &amp; Forecasts variance Analysis; Costs Identification &amp; allocation; Change Orders Analysis; WBS &amp; CBS.</td>
</tr>
</tbody>
</table>

Scope of Work

Moreover, for the whole company we will analyse the following areas:

<table>
<thead>
<tr>
<th>Assets &amp; Inventory Management</th>
<th>Goods Storage; Goods Withdrawal; Inventory.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resources</td>
<td>Payroll &amp; Employment Policies.</td>
</tr>
<tr>
<td>Revenue Cycle</td>
<td>Accounts Receivable, Cash Receipts</td>
</tr>
<tr>
<td>Expenditure Cycle</td>
<td>Payable &amp; Cash Disbursements</td>
</tr>
<tr>
<td>Financial Reporting</td>
<td>(Accounting policies, Accounting entries, Management Accounts)</td>
</tr>
</tbody>
</table>
Documentation Review

• Saipem Corporate Standards and Guidelines
• Saudi Arabian Saipem Procedures
• Organization chart
• Procurement Files
• Accounting Files
• Contracts/Variation Orders/Reimbursable
• Financial Reports
• Payroll files
• Inventory Files
• Internal Documents
• Other Documents

Tests

• COMPLIANCE TESTS

• SUBSTANTIVE TESTS
## Content

1. The Internal Audit Department  
2. Audit Approach  
3. Saudi Arabian Saipem Audit  
4. Comments

**Thank you**
The Language of Auditing 2: Types of audit. The General Review
Task 4 Noticing and asking questions

Read the following interview with an internal auditor from Saipem, and notice the way the questions are asked.

Interview with Claudio Vitacca – Senior Internal Auditor, Saipem, Milan.

Interviewer: Can you tell me about the various types of audit that you do?
Claudio: Well, we do general reviews of companies, or project audits or fraud audits.
I: Could you perhaps explain one of these? What’s a general review like, for example?
C: OK. In a general review, we are asked to make a general assessment of the internal control system within a company. All the processes are assessed, and objectivity as well as professional care need to be shown by the audit team.
I: I see. And how often do they take place?
C: About every three years or so.
I: Is it a long process?
C: Yes, it takes a long time - about five or six weeks - because we have to go through every department, from accounting to procurement, to human resources and ICT, etc.
I: And you can go anywhere in the world to do that? You get sent to other countries from Saipem in Milan, right?
C: Yes, that’s right. I’ve been to China, Russia, Nigeria, Peru - all over the place. It’s quite difficult because we have to know the standard procedures and then analyse the differences between the corporate standard and the local procedures in Nigeria or Peru or wherever. We have to study quite a lot!
I: What are the stages you go through in a general review, roughly?
C: Well, the first thing we do is a meeting with top management - in Saipem most of the top management around the world is Italian, so that meeting takes place in Italian. But then we have to analyse documents, and interview people, and we generally do that in English, because English is the language we work in. Most of the time we’re not speaking with native speakers of English, in China for example, the people working on the project we were auditing were French, but we spoken English with them. It’s not so difficult, but sometimes the accents are quite hard to understand!
I: And when you analyse the documents, what do you look for?
C: We look for discrepancies between the way things are done, the procedures that are actually followed, and the way they should be done. We then make suggestions about how to realign the actual process with the correct process, and these suggestions are made to the local top management.
I: And does management ever disagree?
C: Well, not usually. We also ask them for a target date – a date by which they will implement the recommendation.

Copy out the questions in the interview here:
a) Can you tell me about...

b) 

c) 

d) 

e) 

f) 

g) 

h) 

Notice that the prevalent tense in the interview is the present, as in the presentation.
We do general reviews of companies...
It takes a long time...
Most of the time we’re not speaking with native speakers of English

Now ask a partner about a hobby or regular activity, using the same types of questions.

Pronunciation Practice

Stress in words with more than one syllable
When making a presentation, placing the stress in the right place helps your audience understand what you are saying.

Task 5 Practising stress in polysyllabic words
Try and mark the stress on all the polysyllabic words in this definition:
INTERNAL AUDITING is an independent, objective, assurance and consulting activity, designed to add value and improve an organization’s operations.
Now practice getting the stress right in the words in the left hand column. They are all taken from the presentation. The correct stress is given in the central column. Check your version against the middle column, where the stressed syllable is in **bold and underlined**. The third column is empty, and you may use it to revise the words and phrases later. Rewrite them, marking in the stress as you wish, underlining it, or circling it, as you prefer.

<table>
<thead>
<tr>
<th>Correct stress</th>
<th>Your version</th>
</tr>
</thead>
<tbody>
<tr>
<td>independent activity</td>
<td>independent activity</td>
</tr>
<tr>
<td>objective assessment</td>
<td>objective assessment</td>
</tr>
<tr>
<td>assurance</td>
<td>assurance</td>
</tr>
<tr>
<td>consulting activity</td>
<td>consulting activity</td>
</tr>
<tr>
<td>providing counsel</td>
<td>providing counsel</td>
</tr>
<tr>
<td>systematic approach</td>
<td>systematic approach</td>
</tr>
<tr>
<td>disciplined approach</td>
<td>disciplined approach</td>
</tr>
<tr>
<td>evaluating</td>
<td>evaluating</td>
</tr>
<tr>
<td>evaluate</td>
<td>evaluate</td>
</tr>
<tr>
<td>effectiveness</td>
<td>effectiveness</td>
</tr>
<tr>
<td>risk management</td>
<td>risk management</td>
</tr>
<tr>
<td>internal control</td>
<td>internal control</td>
</tr>
<tr>
<td>governance</td>
<td>governance</td>
</tr>
<tr>
<td>to ensure reliability</td>
<td>to ensure reliability</td>
</tr>
<tr>
<td>compliance with policies</td>
<td>compliance with policies</td>
</tr>
<tr>
<td>the safeguarding of assets</td>
<td>the safeguarding of assets</td>
</tr>
<tr>
<td>economical and efficient use</td>
<td>economical and efficient use</td>
</tr>
<tr>
<td>processes and procedures</td>
<td>processes and procedures</td>
</tr>
<tr>
<td>improving controls</td>
<td>improving controls</td>
</tr>
<tr>
<td>management opinion</td>
<td>management opinion</td>
</tr>
<tr>
<td>classified by area</td>
<td>classified by area</td>
</tr>
<tr>
<td>corrective actions</td>
<td>corrective actions</td>
</tr>
<tr>
<td>principal findings</td>
<td>principal findings</td>
</tr>
<tr>
<td>review period</td>
<td>review period</td>
</tr>
</tbody>
</table>

**Rhyming words**

Pronunciation in English does have some pattern to it. For example, there are many words with regularly placed stress: words ending in -bility, for example, like reliability, all stress the third-last syllable bil.
Task 6 Pronunciation practice

Practice saying these nouns in isolation:
reliability
ability
accountability
advisability
compatibility
demonstrability
flexibility
unpredictability

Now write the corresponding adjective beside each noun, and mark the stress in both the adjective and the noun.

<table>
<thead>
<tr>
<th>Nouns</th>
<th>Adjectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliability</td>
<td></td>
</tr>
<tr>
<td>ability</td>
<td></td>
</tr>
<tr>
<td>accountability</td>
<td></td>
</tr>
<tr>
<td>advisability</td>
<td></td>
</tr>
<tr>
<td>compatibility</td>
<td></td>
</tr>
<tr>
<td>demonstrability</td>
<td></td>
</tr>
<tr>
<td>flexibility</td>
<td></td>
</tr>
<tr>
<td>unpredictability</td>
<td></td>
</tr>
</tbody>
</table>

Tricky spelling and pronunciation

Often the spelling of a word may confuse you as regards its pronunciation. The key auditing word finding, contains the word find, which might make you think of wind, but in fact find and wind are pronounced differently. Find rhymes with blind and kind; similarly finding rhymes with words like binding and blinding.

It's only a minor finding.
The binding on this book is a bit old.
Why is the video rewinding?
St Paul was struck by a blinding light.

Task 7 Homophones

The problem can be that one word may have exactly the same spelling but two different pronunciations and so two different meanings. These are called homographs. The phonetic pronunciation is written between two diagonal lines /.../
E.g. wind /wind/ = vento
    wind /waind/ = caricare (orologio), rewind = riavvolgere (un nastro)

Where do you live? /liv/
I saw Eminem singing live last week. /laiv/

Exercise
Here is a list of some words which are written the same but have different pronunciations and meanings. Look them up in the dictionary and write some sentences of your own using the words in the correct context.

wound
read
bow
row
lead
UNIT 3
PREPARING FOR AN AUDIT

Focus on Language: Politeness

An audit is a delicate, complex, and often intercultural communicative event. Auditors have to be able to enter departments or offices where they know no-one previously, and successfully work together with the local staff. Given that the language used is often not native to either the auditors or the auditees, careful attention has to be paid to the way in which communication takes place, to ensure maximum cooperation. Thus politeness, the tone one adopts when speaking or writing, for example, is a crucial part of communication. Similarly, in writing, it is important not to be too abrupt, but to make requests or invitations in as pleasant a way as possible.

Modal auxiliaries (such as can or could) are often a way of asking or inviting politely in English.

In the interview in the previous unit, the interviewer used the following formula:

Can you tell me about...

Using can is a fairly neutral way of asking a question. A more direct way of asking questions is to simply use the question form with no modals: Is it a long process? or What are the stages you go through? or What are you looking for?

More polite ways of asking for information include:

using could you please, or I wonder if you could or do you think you could...

E.g. Could you please tell me about...

I wonder if you could tell me about...

Do you think you could tell me about...

or Would you like to tell me about...

Adding in a modal adverb like perhaps is another way of not appearing to be too abrupt.

Could you perhaps tell me about that?

These ways of asking do not give the impression of being too direct.
Task 1 Interviewing someone in a formal way

Imagine that you have to interview someone important socially, like a member of a royal family, or an elderly statesman, or a religious leader. Your interviewee must be someone with whom it is inappropriate for you to be too familiar. Prepare questions in a polite way and act out the interview with a partner.

Focus on Language 2: Writing emails – formality and informality

In writing, as in speech, it is important to be able to vary the tone of your message according to your interlocutor. When writing emails, bear in mind that they tend to be briefer than letters, and often tend towards informality. But there are ways of definitely increasing/decreasing formality. For example, if you use contractions in your language (as in I’ll phone you later), abbreviations, such as I have no more info than that, or forms of the verb where the subject is missing, (look forward to hearing from you, as opposed to I look forward...) the tone you are using is informal. Formality is expressed at all stages of the communication – in the opening greeting, the way you write the body of the message, and in the salutation at the end.

E-mails

E-mails have two distinct styles: a semi-formal business style and a more informal personal style.

Semi-formal

Dear Jane

I really enjoyed meeting you at the conference last week and hope you had a good journey back.

I am planning to be in Paris next month and would like to visit your company and perhaps discuss in greater detail how we could develop our business in the Paris area.
I will be there from 2-5 May.

Let me know if you will be around then and if you have time to see me.
Best wishes
Joseph Capers

Informal

Dear Jane

It was great to see you at the conference last week. Hope you got back safely.

I’m over in Paris next month from 2-5 May and would love to meet up with you again to chat about how we could get some business going in the Paris area.

Let me know how you’re fixed and if you have an hour or so free. Maybe I could take you out for a drink in Pigalle!

Hope to hear from you soon.

Joseph

Greetings

Formal

Dear Mr Boyd

Informal

Dear Charles
Hi Charlie
Hi
(no greeting)

Starting off

I’m writing in reference to … … (F)
I was very pleased to meet you at headquarters last … …
Thank you for your e-mail.
I am pleased to inform you that … …
It was very good to see you again … …
I’m writing about the problem we talked about … …
The reason I’m writing is … … (F)

**Asking for something**

I would be grateful if you could send me some documentation regarding … … (F)
speak to the necessary parties and … …
deal with the matter immediately.
forward the e-mail to the people concerned.

Could you please arrange for payment to be made a.s.a.p.

**Giving information and details**

Please find attached the file regarding … … (F)
I’m attaching the form that needs to be completed … …
I’m sorry to tell you that … …

**Saying what you can and cannot do**

I will be able to arrange a meeting for 20 March.
Unfortunately, I will not be available to see you on … …
I’m afraid something has come up and we’ll have to cancel the … … (I)

**Giving reasons**

This is because of due to owing to as a result of

**Apologizing**

I regret any inconvenience this may cause for you. (F)
We apologize for any inconvenience. (F)
I am terribly sorry for putting you out in this way. (I)
Endings

If you require any further information, please do not hesitate to contact me. (F)
I look forward to hearing from you. (F)
I’m looking forward to seeing you. (I)

Yours sincerely
Best wishes
Best regards
Kind regards
Regards
All the best

More formal
Informal

General tips

E-mails are by nature informal. However, if you are unsure about which style to use it is better to use a more formal style.

Only use abbreviations and acronyms that you know the person you are e-mailing will be familiar with.

Master in Governance Feb 2006
C Bell

Writing Emails

Read the two emails below. Respond with the same level of formality as the original email.
Use appropriate standard phrases for each reply.
Use appropriate opening and closing salutations.

1.
RE: Meeting Thursday

Got your note. Thank a lot. Sorry but I can’t make Thursday - off to Switzerland Wednesday. (Might even get some skiing in - who knows!) What about next Monday? If that’s OK with you I’ll see you at 9 in the office. Email or text me.
See you soon
John
2.

RE: Change of Audit date

Dear Mr Shapiro
I am writing to ask you if it might be possible to change the starting date for the audit. Unfortunately we have had some setbacks in the office and would like to postpone the audit to next month.

If you agree we could arrange to start on 1 April instead of 10 March. I do apologise for any inconvenience this may cause you.

As regards the bookings for your hotel rooms, we can certainly arrange to change the dates. Before doing so, however, I would ask you to confirm that the change is possible for you.

Many thanks for your understanding.

I look forward to hearing from you soon.

Yours

Jacob Windsor

Task 2 Writing emails formally and informally

Write two emails inviting a close friend to a drinks party and a group of colleagues to a meeting. Try and vary the two styles you use at all stages of the email.
Email 1

Email 2

Telephone Language

Answering the phone
Hello, Pietro Giuffrè speaking.
Good morning. Fratelli Manfredi Srl.

Making contact
I’d like to speak to Sofia Mignon.
Could I have the Sales department, please?

Messages
Would you like to leave a message?
Can I leave a message?

Identifying yourself.
This is / My name is Franco De Grandi.

Making excuses
I’m sorry. He’s in a meeting.
I’m afraid she’s not available.
Stating the reason for the call
I’m calling about the invoice you sent.
I’m returning your/his call
The reason I’m calling is.....

Checking
Could you spell that please?
Can I read that back to you?

Asking for information
Could I have your name?
Can I take your number?

Showing understanding
Right
OK. That’s right.

Promising action
I’ll make sure he gets the message.
I’ll tell her when she gets back.

Ending a call
Thanks for your help. Goodbye
Thanks for calling.

Task 3 Making polite arrangements by phone

With a partner acting as your colleague, practice making a phone call to arrange a meeting, and then write an email to the same person confirming what you arranged by phone. Concentrate on using modal auxiliaries to increase the degree of politeness.

Useful expressions for making arrangements (neutral to formal tone):
Would it be convenient for you to meet at headquarters?
Would you like to come to my office?
Could you come to the meeting room on the third floor?
Could we arrange a meeting on Monday at 9.30?
Could we arrange to meet some time next week?
Would Tuesday be convenient?
Would it be better for you the day after tomorrow?
Would it suit you better to meet in town rather than here?

**Useful expressions for the confirmation by email:**
Further to our phone call, I would like to confirm...
Following our phone conversation, I would like to confirm...

Notice the prepositions used when making arrangements about time and place: in town, in this building, in the conference room, on the third floor, on Monday, on the 23rd May, at 9.30, etc.
Focus on Language: 4 Tenses

**A schematic look at the TENSE SYSTEM in ENGLISH**

## PRESENT TENSES

<table>
<thead>
<tr>
<th>TENSE TYPE</th>
<th>EXAMPLE</th>
<th>CATEGORY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present Simple</td>
<td>I take the train to work every day.</td>
<td>HABIT/ROUTINE</td>
</tr>
<tr>
<td>She works as a computer analyst.</td>
<td></td>
<td>STATE</td>
</tr>
<tr>
<td>My plane leaves at 3pm tomorrow.</td>
<td></td>
<td>TIMETABLES</td>
</tr>
<tr>
<td>Present Continuous</td>
<td>He’s having a word with the boss.</td>
<td>ACTION HAPPENING NOW</td>
</tr>
<tr>
<td>We’re working on a really interesting project at the moment.</td>
<td></td>
<td>ACTION HAPPENING IN THIS PERIOD</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(not necessarily at the moment of speaking)</td>
</tr>
</tbody>
</table>
We’re having the audit next week.

PAST TENSES

Simple Past

He told us about it two weeks ago.

Past Continuous

While we were interviewing them, the CEO came into the office.

Production was working flat out, orders were coming in thick and fast and company shares were rising daily.

Present Perfect

Have you ever been to the States?

ARRANGEMENT/PLAN FOR THE FUTURE (see below)

PAST TENSES

Simple Past

He told us about it two weeks ago.

Past Continuous

While we were interviewing them, the CEO came into the office.

Production was working flat out, orders were coming in thick and fast and company shares were rising daily.

Present Perfect

Have you ever been to the States?

ARRANGEMENT/PLAN FOR THE FUTURE (see below)

PAST TENSES

Simple Past

He told us about it two weeks ago.

Past Continuous

While we were interviewing them, the CEO came into the office.

Production was working flat out, orders were coming in thick and fast and company shares were rising daily.

Present Perfect

Have you ever been to the States?

ARRANGEMENT/PLAN FOR THE FUTURE (see below)

PAST TENSES

Simple Past

He told us about it two weeks ago.

Past Continuous

While we were interviewing them, the CEO came into the office.

Production was working flat out, orders were coming in thick and fast and company shares were rising daily.

Present Perfect

Have you ever been to the States?

ARRANGEMENT/PLAN FOR THE FUTURE (see below)

PAST TENSES

Simple Past

He told us about it two weeks ago.

Past Continuous

While we were interviewing them, the CEO came into the office.

Production was working flat out, orders were coming in thick and fast and company shares were rising daily.

Present Perfect

Have you ever been to the States?

ARRANGEMENT/PLAN FOR THE FUTURE (see below)

PAST TENSES

Simple Past

He told us about it two weeks ago.

Past Continuous

While we were interviewing them, the CEO came into the office.

Production was working flat out, orders were coming in thick and fast and company shares were rising daily.

Present Perfect

Have you ever been to the States?

ARRANGEMENT/PLAN FOR THE FUTURE (see below)

PAST TENSES

Simple Past

He told us about it two weeks ago.

Past Continuous

While we were interviewing them, the CEO came into the office.

Production was working flat out, orders were coming in thick and fast and company shares were rising daily.

Present Perfect

Have you ever been to the States?

ARRANGEMENT/PLAN FOR THE FUTURE (see below)

PAST TENSES

Simple Past

He told us about it two weeks ago.

Past Continuous

While we were interviewing them, the CEO came into the office.

Production was working flat out, orders were coming in thick and fast and company shares were rising daily.

Present Perfect

Have you ever been to the States?

ARRANGEMENT/PLAN FOR THE FUTURE (see below)

PAST TENSES

Simple Past

He told us about it two weeks ago.

Past Continuous

While we were interviewing them, the CEO came into the office.

Production was working flat out, orders were coming in thick and fast and company shares were rising daily.

Present Perfect

Have you ever been to the States?

ARRANGEMENT/PLAN FOR THE FUTURE (see below)

PAST TENSES

Simple Past

He told us about it two weeks ago.

Past Continuous

While we were interviewing them, the CEO came into the office.

Production was working flat out, orders were coming in thick and fast and company shares were rising daily.

Present Perfect

Have you ever been to the States?

ARRANGEMENT/PLAN FOR THE FUTURE (see below)

PAST TENSES

Simple Past

He told us about it two weeks ago.

Past Continuous

While we were interviewing them, the CEO came into the office.

Production was working flat out, orders were coming in thick and fast and company shares were rising daily.

Present Perfect

Have you ever been to the States?

ARRANGEMENT/PLAN FOR THE FUTURE (see below)

PAST TENSES

Simple Past

He told us about it two weeks ago.

Past Continuous

While we were interviewing them, the CEO came into the office.

Production was working flat out, orders were coming in thick and fast and company shares were rising daily.

Present Perfect

Have you ever been to the States?

ARRANGEMENT/PLAN FOR THE FUTURE (see below)

PAST TENSES

Simple Past

He told us about it two weeks ago.

Past Continuous

While we were interviewing them, the CEO came into the office.

Production was working flat out, orders were coming in thick and fast and company shares were rising daily.

Present Perfect

Have you ever been to the States?

ARRANGEMENT/PLAN FOR THE FUTURE (see below)

PAST TENSES

Simple Past

He told us about it two weeks ago.

Past Continuous

While we were interviewing them, the CEO came into the office.

Production was working flat out, orders were coming in thick and fast and company shares were rising daily.

Present Perfect

Have you ever been to the States?

ARRANGEMENT/PLAN FOR THE FUTURE (see below)

PAST TENSES

Simple Past

He told us about it two weeks ago.

Past Continuous

While we were interviewing them, the CEO came into the office.

Production was working flat out, orders were coming in thick and fast and company shares were rising daily.

Present Perfect

Have you ever been to the States?
He's lived here since January, for 9 months.

FOR/SINC

January

I've spoken to him several times about it

PAST ACTION – TIME NOT KNOWN

He's finished the report (it's ready now).

RECENT ACTIONS REPERCUSSIONS IN PRESENT

I've been to Rome twice this week.

INCOMPLETE PERIOD

this week
Present Perfect Continuous

REPEATED ACTION to emphasise actions of a continuous nature

They’ve been working on that project for a year now.

Past Perfect

ACTION IN PAST LOOKED AT FROM SIMPLE PAST VIEWPOINT
(Past equivalent of present perfect)

When we met he had already handed in his notice.

Past Perfect Continuous

(Same relationship as Pres.Perf Cont. to Pres Perf Simple)

We met in Hong Kong in 2001. He’d been living there for 10 years.

FUTURE FORMS

Present Simple

TIMETABLES (see above)

My plane leaves at 3pm tomorrow.
<table>
<thead>
<tr>
<th><strong>WILL</strong> + Infinitive</th>
<th><strong>SPONTANEOUS INTENTION</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>(Phone rings) “I’ll get it!”</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>WILL</strong> + Infinitive</th>
<th><strong>PREDICTION</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>It’ll be a good year commercially.</td>
<td></td>
</tr>
</tbody>
</table>

| **WITH CERTAIN VERBS AND ADVERBS** |
| (think / expect / suppose hope / promise / probably maybe) |
| I expect it’ll be a tricky meeting. |

<table>
<thead>
<tr>
<th><strong>Present Continuous</strong></th>
<th><strong>ARRANGEMENT / PLAN IN THE FUTURE (see above)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>We’re having the audit next week.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>GOING TO + Infin</strong></th>
<th><strong>INTENTION</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>It’s a real problem now. I’m going to speak to the Production Manager about it.</td>
<td></td>
</tr>
</tbody>
</table>
(The figures are wrong)
All hell is going to break loose, you can be sure.
(Black clouds in the sky) It’s going to rain.

**Future Continuous**

I’ll be expecting your call.

**Future Perfect**

Don’t worry. We’ll have finished it by the end of the week. (at some time before – not later).

**Future Perfect Cont.**

In September he’ll have been working as Sales Manager for 12 years.

**Prediction Based on Present Evidence**

A continuous action that takes place in the future at a particular time

An action which at a given time in the future will be in the past or have just finished

Same relationship with above as pres. perf. cont has with pres. perf. simple

1993
Sept
Task 4 Exercise on tenses in a specialized text

The following text is a notification of audit, sent to a department before it is audited. If you look at the kick off presentation in the previous unit, you will see that this is the first stage of an audit.

Put the verbs in brackets in the right form and tense. Be careful: many passive forms are required in this text.

From the OFFICE OF INTERNAL AUDIT

AUDIT ENTRANCE MEMORANDUM

This form (SEND) _____________ to the audit client before the audit entrance meeting. It (OUTLINE) _____________ the audit process. Audit clients (REQUIRE) _____________ to review this document, sign it, and return it to the auditor in charge before the beginning of audit fieldwork.

The following information is being provided relative to the upcoming audit of your department. These facts (INTEND) _____________ to provide insight into the audit process and our audit procedures and should facilitate your preparation for the audit.

*Your department (SCHEDULE) _____________ for an audit. We (AUDIT) _____________ the department’s compliance with both internal and external policies and procedures, along with additional concerns expressed by departmental management.

*The Senior Auditor (BE) _____________ your primary contact during the audit, but feel free to call either the Audit Manager or Director with questions or concerns.

*An audit entrance meeting (SCHEDULE) _____________ upon receiving your confirmation of the proposed audit date indicated in the present Notification of Audit. The purpose of this meeting (INTRODUCE) _____________ the audit team, (GAIN) _____________ information from you and your staff regarding the department’s operations and (DISCUSS) _____________ any audit concerns, key issues or areas of emphasis you may identify.

*An audit of the department’s electronic data processing (EDP) equipment and procedures may be performed concurrently with this audit. The necessity of this type of audit (DISCUSS) _____________ at the audit entrance meeting.
*The Senior Auditor will be responsible for (GATHER) ______ background information, (IDENTIFY) _______ items to be tested, (PREPARE) ________ an audit program, (COMPLETE) ________ the fieldwork, and (REVISE) _________ the audit report. The Senior Auditor may be assisted by a staff auditor or student assistant during the planning and fieldwork portions of the audit.

*Any matters requiring attention found during the audit will be discussed with the designated departmental contact person while the auditor (WORK/STILL) _______ within your area. The review of the senior’s work may identify additional issues which require additional discussion with departmental personnel and/or audit testing.

*Preliminary Audit Comments³ will be distributed for informal responses from the appropriate auditee representative. These informal responses are requested to (VERIFY) _____________ that the facts presented in the Preliminary Audit Comments are complete and accurate. We may not have had access to all the pertinent information and this is your opportunity to provide documentation that will clear the issue. We will review the additional documentation and determine if the findings have been cleared.

*Once all the responses to the Preliminary Audit Comments (RECEIVE) _____________, the draft audit report (PREPARE) _____________. The draft audit report (REVIEW) _____________ by the Audit Manager and the Director. Once the report (APPROVE) _____________ internally, we (COMMUNICATE) _____________ you that we need to arrange a closing conference. Once the date (FIX) _____________, a copy of the draft report (SEND) _____________ to the appropriate departmental personnel.

*The purpose of the closing conference is (DISCUSS) _____________ the factual information contained in the background section of the report and any language changes that you feel are necessary to deliver a quality product. It is also an opportunity for you to comment on the feasibility and practicality of the recommendations and suggest improvements. Generally it is not anticipated that disputes in facts should occur during the closing conference as the actual facts were clarified when the initial finding was submitted for your response.

*Changes (REQUEST) ____________ and agreed upon during the closing conference (INCORPORATE) _____________ into the report and a copy (PROVIDE) for your review. We (GIVE) _____________ you two days to
respond to the changes that were made. After the two days, the draft report (SEND) _____________ to the appropriate Vice President for response.

*Once the responses are received, they are incorporated into the report. The report is then issued as final to the following individuals:

The Audit Subcommittee of the Board of Governors
President
Executive Vice President and Chief of Staff
Appropriate Vice President(s)
External Auditors
Departmental Management

Please sign below to indicate that the information above has been reviewed with appropriate auditee personnel before the commencement of the audit.

Auditee Signature_________________ Date ___________________________

1 An audit program is a document in which all planned audit procedures are detailed.
2 Fieldwork is a term used to describe all audit testing (including but not limited to the review of departmental documentation, discussions with auditee personnel, etc.) which is performed while physically located within the auditee’s department.
3 The Preliminary Audit Comment document is used to communicate any audit findings identified during the audit, related ramifications/implications of the findings and our recommendations.

**Fundamental Skills for Auditors: Presentations**

**Notes on presentation skills**

Presenting well is a skill that can be acquired through practice. What you say is of fundamental importance, obviously, but the way you say it, and the way you present yourself can be key factors in your success. Here we concentrate on three small factors:

- **Enthusiasm** – if you’re bored, you can’t expect the audience to be interested. This comes across in how you speak and how you stand – how you present yourself generally. Tics can be distracting, so try not to twist
your hair, scratch, etc. You may not have a lively outgoing personality, but you can still do a good presentation by following a few reliable guidelines.

- **Rapport with audience** - Eye contact. Don’t just look at the boss/most important person in the room. Involve as many people as you can by looking at them. If you look at the floor or the walls or only your overhead transparency, people will soon lose interest.

- **Use sign posts throughout**: sign posts are expressions which tell your audience where you are in your speech, like first of all I’m going to, I’m going to start by, my first point is concerned with/is, next, secondly, Now I’ll turn to, and to conclude, etc. These are important because they draw the audience’s attention to the stages of the talk, to the main points, etc.

**Task 5 A two-minute presentation**

Prepare a two-minute presentation about a person you know very well. Deliver the presentation, keeping in mind the three points above.

**Notes**
**Pronunciation skills**

Mark in the stresses in the words and phrases in the left column. The correct stress is given in the central column. Check your version against the middle column, where the stressed syllable is in **bold and underlined**. The third column is empty, and you may use it to revise the words and phrases later. Rewrite them, marking in the stress as you wish, underlining it, or circling it, as you prefer.

| the upcoming audit of your department | the **up**coming **aud**it of your department |
| the auditor in charge | the **aud**itor in **cha**rge |
| audit entrance memorandum | **aud**it entrance memorandum |
| should facilitate your preparation | should **fac**ilitate your **prepa**ration |
| internal and external policies and procedures | internal and external **pol**icies and procedures |
| the Audit Manager | the **Au**dit **Ma**nager |
| the proposed audit date | the **pro**posed **au**dit date |
| key issues | **key** issues |
| electronic data processing | **elec**tronic **dat**a **pro**cessing |
| equipment and procedures | **equi**pment and procedures |
| necessity | **ne**cessity |
| the designated departmental contact person | the designated **depar**tmental **con**tact **per**son |
| additional discussion | additional **dis**cussion |
| Preliminary Audit Comments | Preliminary **Au**dit **Co**mments |
| complete and accurate | complete and accurate |
| draft audit report | draft **au**dit **re**port |
| the feasibility and practicality | the feasibility and practicality |
| recommendations | **recommen**dations |
| suggest improvements | suggest **improvements** |
| they are incorporated | they are incorporated |
| The Audit Subcommittee of the Board of Governors | The **Au**dit **Sub**committee of the **Boar**d of **Governors** |
| President | President |
| Executive Vice President and Chief of Staff | Executive Vice **Pr**esident and **Ch**ief of Staff |
| Departmental Management | Departmental **Man**agement |
| auditee personnel | auditee personnel |
UNIT 4 FIELDWORK

Focus on Language 1: open questions

If we go back to the questions introduced in unit 3, such as would you like to meet in this building? we can see that the answers to these questions are basically yes or no. Of course they can be elaborated on - Yes, that would be fine, No, I’m afraid I can’t come on Monday etc, but the basic answer remains yes or no.
So a question that uses an auxiliary, such as Have you had enough to eat? or Did you enjoy working in Russia, or Could we move the meeting til 3pm? requires a yes or no answer, and as such it is a closed question. In questions like this, intonation usually rises towards the end of the question.
On the other hand, if we use question words, such as what, where, how etc, we can ask for more specific information.

Wh-questions


Language pattern: Wh-word + auxiliary (do/did/be/was/were/have/had etc) + subject + main verb

Where did you get that hat?
When do you think you’ll finish?
Why are you so tired?
What is the matter?
etc.

In this kind of question the intonation usually falls towards the end of the question:

E.g. Where exactly is the problem then?
Task 1 Writing direct questions

Practice writing direct questions concerning work, using the question words listed above. The first one has been done for you. Notice that here no modal auxiliaries are used at all: the questions are focused on eliciting specific information.

1. When did you start work in this department?
2.
3.
4.
5.
6.
7.
8.
9.
10.

Introductory phrases to make you seen less direct if you wish to decrease the effect of the directness, you can place expressions like
Would you mind if I asked...
or
Would you mind telling me...
or
I wonder if you could tell me...
(Could you possibly explain before the actual question itself. In cases like this, the question part is formulated like a statement. E.g. When did you start work in this department ➔ Would you mind if I asked when you started work in this department? So the word order is Subject + Verb)

Task 2 Writing indirect questions

Practise asking a partner the questions you wrote in Task 1 above. Try and use falling intonation.
Then rewrite the questions below,prefacing each direct question with one of these introductory phrases listed above. When you’ve written them, work with a partner asking the questions in this slightly less direct way.
1. Would you mind if I asked when you started work in this department?

2. 

3. 

4. 

5. 

6. 

7. 

8. 

9. 

10. 

More question language:

**Asking questions politely**

Would it be possible for me to... ...?
I wonder whether you’ve considered... ...?
How would you evaluate... ...?
I was wondering if you... ...?
Would you mind if I asked... ...?

**Asking for further information**

Could you be a little more precise?
Would you care to elaborate on that?
Could you expand on that?
I’m sorry, could you explain that in a little more detail?

**Task: Asking polite questions**

With a partner, choose a rather delicate matter to talk about. For example, imagine that you are the boss and your partner is telling you that s/he wishes to
change jobs within the company, and you’re not very enthusiastic about the idea. Practice asking and answering questions using the above language.

**Specific Language: The auditing process**

If we go back to the Saipem presentation in Unit 2, we can see that the audit process outlined there consists of four basic stages:

- Interviews with involved personnel
- Observation of information flows and documents
- Analysis of data
- Discussion of findings

Clearly, when interviewing the staff involved in the audit, the ability to ask the right questions in the right way is fundamental.

Fieldwork, the gathering of information, comprises both direct contact with the personnel involved in the audit, and the examination of documents. A standard procedure is to use questionnaires. Below you can see an internal control questionnaire that regards the processes in Cash Management and Control. The first two sections, General Guidelines and Cash disbursements, and the last two, Petty Cash and Accounting of treasury transactions contain statements about the relevant processes. The task here is to transform them into questions. Section three, entitled Cash receipts, is already in the form of questions.

**Task 3 Writing the questions in an Internal Control Questionnaire**

Read the whole document and familiarise yourself with the vocabulary of cash control. Then examine how the questions are asked in section three, Cash Receipts. You will notice that most of the information is already in the question, and the questionnaire wants to verify whether correct practice is followed. There are very few wh-questions. Notice also how sometimes one question follows on another in the form of if so or if not. Lastly, re-write the statements in one of the sections in the form of questions. Spaces have been left under each statement for you to write in your question.
CASH MANAGEMENT AND CONTROL FUNCTION

**General Guidelines**

1. The opening and closing of all bank accounts are authorised by the Board of Directors, or by persons designated by the Board.

2. Appropriate individuals are assigned the authority and responsibility for approving disbursement, telegraphic transfers and for signing cheques.

3. Appropriate individuals are assigned the responsibility for handling disbursements in currency.

4. Cheques are pre-numbered with used and unused cheques accounted for; voided cheques are cancelled and retained.

**Cash disbursements**

1. Controls are in place to prevent cash disbursements from being made in wrong currencies (e.g.: separate bank codes for different bank accounts, person approving vouchers checks the currency of the invoices)

2. Payments by cheques are excluded from being the normal practice (as per ENI Guidelines).
   In case of exceptions, they are closely monitored.

3. Accounts staff are aware of the type of payments that need to be reviewed for potential withholding tax issues.
4. Certain payments (e.g.: interests, taxes etc.) are specifically approved by the appropriate department (e.g.: Treasury, Tax etc.).

5. A proper control exists to prevent cash disbursements being paid to the wrong payee or made to tax havens or to addresses other than invoice addresses.

6. Bank signatories ensure that the cash disbursement vouchers are properly documented with the relevant invoices and supporting documentation proving the control carried out by the Accounts Payable function.

7. To avoid cash disbursements being made twice, paid documents are cancelled/stamped “PAID”. Hand drawn cheque details are correctly completed on the vouchers.

8. Check signers ensure that dates on the cheques reflect the actual transaction dates and are prohibited from signing pre-dated or post-dated cheques.

9. Two signatures are required for cheques over a specified amount.

10. Cheques are pre-numbered and the numerical sequence accounted for in the cash disbursement record. Any unused and missing cheques are accounted for.

11. The account coding for cash disbursements, other than those involving trade accounts payable, are reviewed by a second person.
**Petty cash**

1. The imprest petty cash fund is limited to an amount that is reasonable for its intended use.

2. The petty cash fund is reimbursed by cheque through the company’s standard cash disbursement procedures with appropriate scrutiny of petty cash expense documents and vouchers.

3. Disbursements from cash on hand are controlled by an imprest petty cash account.

4. Petty cash vouchers are perforated/stamped to prevent re-use.

**Accounting of treasury transactions**

1. The accounting records provide for prompt and accurate booking into the accounts of all the movements of funds.

2. Interest income on treasury dealing is promptly and accurately computed, recorded and reported (i.e. interest receivable accounts are used to account for interest income not yet credited by the bank or broker).

3. Interest and other charges debited by the bank (or broker):
   - are checked for accuracy and conformity with current banking practices and regulations
   - are promptly and accurately booked (i.e. adequate accruals are set up to account for interest and other charges incurred but not yet debited)

4. All Bank Account statements are reconciled monthly to the related General Ledger account balances. This activity is performed by employees other than those who participate in the receipt or disbursement of cash, signing of cheques, or the recording of receipt and disbursements.
5. The reconciliation statements are promptly and critically reviewed by the Financial and Administration Manager or his/her delegate.

6. Procedures for preparing bank reconciliations include the following:
   • Detailed checking of each item in the bank statement with the cash book record, as regards description as well as amount,
   • Accounting for the sequence of cheques used and verifying the existence on file of cancelled cheques,
   • Ensuring that deposits are promptly credited in the bank statement.

Task 4 Designing your own questionnaire

An example follows of a questionnaire designed by students to enquire about the processes involved in the awarding of scholarships in a University.

<table>
<thead>
<tr>
<th>Prepared by:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date: _____________________</td>
</tr>
<tr>
<td>Reviewed: _________________</td>
</tr>
<tr>
<td>Date: _____________________</td>
</tr>
</tbody>
</table>

**Questionnaire**

1. What is required in order to receive a scholarship in this university?
2. What procedure is followed in awarding a scholarship?
3. What is the foreseen budget for the following year?
4. On average, how many students get scholarships every year?
5. Who provides the funding?
6. On average, how much are the money a student will be awarded?
7. When and how is the money distributed?
8. How are students made aware of the scholarships?
9. Do the scholarships have to be repaid by the students?
Your questionnaire

Choose a department in a public office (e.g. procurement in a public library) and design your own questionnaire to find out about the processes involved. Use wh-questions because you do not yet have any information about the department.
Pronunciation skills: The neutral vowel in English – schwa

So far the pronunciation sections have concentrated on placing the stress correctly. This section points out another connected feature of spoken English: the unstressed syllables. English is a language where the difference between a stressed and an unstressed syllable is more noticeable than in some other languages. The impression that speakers of English “eat their words” is given by this fact: when a syllable is unstressed, it is often pronounced more quickly and the vowel sound changes as to be almost unrecognizable. The most common vowel sound is the one used in the word the (represented phonetically by the symbol @). This vowel has a name – schwa – and it is used in many unstressed syllables and grammatical words (like prepositions, for example). In the phrase cash management and control, for example, the unstressed syllables pronounced with the schwa are -ment in management, and and con- in control. This can be an aspect of spoken English which Italian speakers in particular find difficult, because Italian is a language where, even if there is a clear stress, the vowel sound changes less when it is unstressed. Think of verbs in the third person plural, like parlano, where if you change the stress from the first to the second syllable, the word becomes more difficult to understand, but is still comprehensible.

First mark in the stresses, as in the previous exercises. Then, notice the unstressed syllables and in the third column mark in the unstressed vowels that sound like the.

<table>
<thead>
<tr>
<th>cash management</th>
<th>cash management</th>
</tr>
</thead>
<tbody>
<tr>
<td>account</td>
<td>Account</td>
</tr>
<tr>
<td>bank account</td>
<td>bank account</td>
</tr>
<tr>
<td>persons designated by the Board</td>
<td>persons designated by the Board</td>
</tr>
<tr>
<td>appropriate individuals</td>
<td>appropriate individuals</td>
</tr>
<tr>
<td>authority and responsibility</td>
<td>authority and responsibility</td>
</tr>
<tr>
<td>approving disbursement</td>
<td>approving disbursement</td>
</tr>
<tr>
<td>used and unused cheques</td>
<td>used and unused cheques</td>
</tr>
<tr>
<td>cancelled and retained</td>
<td>cancelled and retained</td>
</tr>
<tr>
<td>wrong currencies</td>
<td>wrong currencies</td>
</tr>
<tr>
<td>the appropriate department</td>
<td>the appropriate department</td>
</tr>
<tr>
<td>the wrong payee</td>
<td>the wrong payee</td>
</tr>
<tr>
<td>invoice addresses</td>
<td>invoice addresses</td>
</tr>
<tr>
<td>Bank signatories</td>
<td>Bank signatories</td>
</tr>
<tr>
<td>cheque details</td>
<td>cheque details</td>
</tr>
</tbody>
</table>
Pre-dated or post-dated cheques | pre-dated or post-dated cheques
---|---
A specified amount | a specified amount
Cashier | cashier
Is the mail distributed | Is the mail distributed
The bank deposit | the bank deposit
Company policy | company policy
Duplicate or triplicate | duplicate or triplicate
Cash registers | cash registers
Prompt and accurate booking | prompt and accurate booking
Interest income on treasury dealing | Interest income on treasury dealing
General Ledger account balances | General Ledger account balances

Pronunciation of words ending in -ed

Spelling in English often offers little help in guessing the correct pronunciation of a word. The ending -ed, for example, can be pronounced in three different ways.

| -ed pronounced as id | voided documented |
| -ed pronounced just as -d | assigned |
| -ed pronounced as -t | checked |

How do you know which pronunciation is needed?
It depends on the ending of the word.

Voided and documented – when -ed is added to a word ending in d or t, it is pronounced id.
E.g.
voided
recorded
awarded
excluded
documented
executed
completed etc.

Assigned – when -ed is added to a word ending in a voiced consonant (like the sound n in assign), or in a vowel (like monitor where the final -r is not pronounced), it is pronounced just like a d, added to the previous word.
E.g.
Approved

Checked - when -ed is added to a word ending in a voiceless consonant like the sound k or p, it is pronounced as a -t.
E.g.
checked
stamped
reimbursed

**Task 5 Identifying the pronunciation of words ending in -ed**

Now go through the questionnaire in this unit and copy out all the words ending in -ed, placing them in the following three columns. Practice saying them.

<table>
<thead>
<tr>
<th>-ed pronounced as -id</th>
<th>-ed pronounced as -d</th>
<th>-ed pronounced as -t</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Focus on Language 1: Conditional clauses and the sequence of tenses

Conditional clauses and the sequence of tenses
There are many possible combinations of tenses when we are dealing with conditions introduced by if.

a) when talking about possible conditions in the future:
If + simple present tense + will + infinitive
If I see you at the pub this evening, I’ll join you for a drink.
This pattern often causes problems if the condition is in the future, because students want to use a future tense in the if-clause, whereas this is not possible. If I will see you, etc.

Another possible combination referring to future conditions is
If + present perfect tense + will + infinitive
If I’ve finished by 8pm, I’ll go and see a film.
This combination emphasises the fact that the condition in the if-clause is an action that is completed before the action in the main clause happens.

It is also possible and frequent to find modals other than will in the main clause:
If you finish your work in time, you can go and watch the match.
If you meet him socially, you might like him more than at meetings.
If the car breaks down, you should call the AA immediately.

The same rule is valid for the following words when used with future meaning WHEN/AFTER/AS SOON AS/UNTIL/UNLESS
E.g. When I see her, I’ll tell her about the meeting
NOT
When I will see her

As soon as I’ve finished, I’ll give you a call, OK?
(the use of the present perfect is the same as the “futuro anteriore” in Italian (avrò finito).

Be careful with “until” and “unless”.
E.g. I won’t do anything until headquarters sends us confirmation (NOT “doesn’t send”)
He’ll forward the documents unless you tell him otherwise.

Exercise 1
Put the verbs in brackets into the correct forms.

1. We had a lot of trouble putting the tent up. If it _____________ so windy, it _____________ quite so difficult. (not be; be)

2. Why do people always wear dark clothes at night? If pedestrians _____________ light coloured clothes drivers _____________ them much more easily. (wear; see)

3. Serve the meal and wash up, please. When you _____________ the washing up you can go home. (do)

4. He’s asleep now but I _____________ him the letter as soon as he _____________ up. (give; wake)

5. Tell him to bring his bicycle inside. If he _____________ it outside someone _____________ it. (leave; steal)

6. If you aren’t going to live in the house why _____________ ? If I _____________ a house I couldn’t use I _____________ it at once. (sell; have; sell)

7. This flat would be all right if the people above us _____________ so noisy. (not be)

8. They _____________ unless you _____________ them. (not come; beg)

b) when talking about conditions that are either unlikely to be fulfilled in the present, or wishes that are unlikely to come true.
If + past simple + would + infinitive.
If I were twenty years younger, I’d go for a scientific career.

c) when referring to conditions in the past that were not fulfilled, and therefore consequences which would have been different.
If + past perfect + would + have + past participle.
If I had known you weren’t coming to the film, I wouldn’t have gone.
If you had told me you were ill, I would have come to see you.
Punctuation note:
Note that when the if-clause comes first in the sentence, it is normally followed by a comma.
E.g. If you had seen him, you would have recognized him.

It is not necessary to put in a comma if the if-clause follows the main clause (as this sentence exemplifies).

Task 1 Using the prompts, write a sentence using an appropriate sequence of tenses.

1. ‘Are you coming to town with me this afternoon?’
   ‘Perhaps. If I/finish/decorating the living room, I/come/with you.’

2. When I got to the pub I found I didn’t have any money. If I/have/some money, I/buy/him a drink.’

3. ‘I always go to Italy for my holidays. If the weather in Britain/be/better, I/take/my holidays/there.’

4. I’m a teacher. If I/be/the Minister for Education, I/spend/more money on Schools.’

5. ‘I’ve lost my address book.’
   ‘If I/find it, I/bring it to you.’

_______________________________________________________________
_______________________________________________________________

_______________________________________________________________
_______________________________________________________________

_______________________________________________________________
_______________________________________________________________

_______________________________________________________________
_______________________________________________________________

_______________________________________________________________
_______________________________________________________________

_______________________________________________________________
_______________________________________________________________

_______________________________________________________________
_______________________________________________________________

_______________________________________________________________
_______________________________________________________________
Specific Language: examples from audit reports

Read the following examples and underline the tenses and modals used.

1. If the element/field does exist, Procurement will ensure that the factory address is recorded, where applicable.

2. If there is a further deterioration in the Company’s credit terms with Vendors because of lack of progress in clearing the back-log, we shall have to reassess the situation.

3. If the completed form shows that the Vendor meets the base line criteria, the Vendor can be added to the ‘Master Vendors’ List’ as a Non-Qualified Vendor.

4. If there are fewer than three quotes, authorisation should be given by the person signing the Purchase Order and the Manager of the requesting unit.

5. If certain facts arise later when documentation is complete, it might be difficult to terminate the contract.

6. If errors are detected, the secretary corrects and initials them.

7. If a commercial original invoice is received and recorded, it will not be offset against the payment entry.

8. If this information is not communicated to all involved in accounting functions, there is a risk of performing double payments.

9. If inspection is necessary, this should be checked by the Clerk.

10. If the Traveller has to change the date on the return ticket, it should be immediately referred to the Company Travel Agent.

Focus on Language 2 Relative Clauses

Relative Clauses – defining (restrictive) and non-defining (non-restrictive) clauses.

Look at the following two sentences.

1) The position of Personnel Manager went to the woman who was in her 40’s.
2) The position of Personnel Manager went to the woman, who was 45 or so.

In the first sentence, we can infer that several women applied for the post and the successful candidate was in her 40’s. The information “who was in her 40’s” tells us which woman got the post – it is a defining clause in that it defines (or explains clearly) who got the job. A defining relative clause cannot be separated from the person or thing it refers to, and therefore has no comma preceding it.

In the second sentence, we can infer that only one woman applied because all the important information is before the comma. After the comma, we learn that she happened to be about 45. The information about her age is not essential to understanding that she got the job – it is therefore contained in a non-defining clause. A non-defining clause contains extra information. In writing it is separated by commas; in speech, if used at all, it is usually indicated by intonation.

E.g. By 4.30, which was closing time, nearly all the paintings had been sold.

Consider the two commas almost like parentheses ( ) – the words between the commas could be taken away and the sentence is still comprehensible.

Sometimes the relative clause comes at the end of the sentence, after one comma.
E.g. Nearly all the painting had been sold by 4.30, which was closing time.

Relative pronouns: who, which, that, whom, whose.

E.g. By 4.30 there was only one painting which/that hadn’t been sold. In this relative clause both which and that are possible. Which, as a relative pronoun, is felt to be more formal, whereas that is almost always used in everyday speech.

‘That’ can only be used in defining/restrictive relative clauses, and these clauses have no comma before the relative pronoun. Therefore, you cannot write
*The man, that wrote the letter of complaint, was my neighbour.

Write instead:
The man that wrote the letter of complaint was my neighbour.
That is not used to introduce a non-defining clause, it cannot follow a preposition and it is often used instead of who in defining clauses in everyday speech.
E.g. Do you know the girl that lives next door?

who and whom: whom is the object form of who and is used in formal speech and always after a preposition.
E.g. He was a person whom everyone regarded as trustworthy. To whom it may concern.

E.g. He was a person everyone regarded as trustworthy. The person (that) I trust most is my friend Joe.

**Look at the following table, which summarises the various relative pronouns available in English**

<table>
<thead>
<tr>
<th>Defining relative clauses</th>
<th>Subject</th>
<th>Object</th>
<th>Possessive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Person</td>
<td>who</td>
<td>Who</td>
<td>whose</td>
</tr>
<tr>
<td>Thing</td>
<td>which</td>
<td>that, which</td>
<td>whose, of which</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-defining relative clauses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Person</td>
</tr>
<tr>
<td>Thing</td>
</tr>
</tbody>
</table>

Table: relative pronouns in English

Examples of defining or restrictive relative clauses:

a) The doctor who/that helped me most was Doctor Clark. (subject)

b) The doctor I found most helpful was Doctor Clark. (object)

c) The treatment that helped me most was acupuncture (subject)

d) The treatment I liked best was acupuncture. (object)

e) He’s the one whose father works for IBM

f) A university whose reputation is international is a good place to study.

Examples of non-defining or non-restrictive relative clauses:
a) Mr Jenkins, who has written several books, spoke at the meeting last night. (subject)

b) Peter Clark, who the Prime Minister sacked from the Cabinet, has become chairman of the Redland Bank. (object)

c) My favourite drink is whisky, which is one of Britain’s most profitable exports. (subject)

d) I gave him a sandwich, which he ate greedily. (object)

e) Compaq computers, whose screens are especially user-friendly, are used by the university.

f) My uncle, whose son works in the BBC, has just won the lottery.

Task 2 Relative clauses

A Which underlined pronoun is suitable in the context?
1. All the doors were open, that/which seemed very odd.

2. This is Sophia, who/whom is taking over my job when I leave.

3. The success of a holiday depends on who/whom you share it with.

4. I’ll stay here til six, by that/which time Jon should have phoned.

B Fill in the blanks with the appropriate relative pronoun. Then decide where the pronoun could be omitted.
1) My view of karate, ________ was formerly rather negative, has been radically changed.

2) The boy ________ I’ve been teaching privately for years has finally finished school.

3) Stray cats and dogs, ________ average life is about 8 years in the city, are a real problem in the area.

4) When I was young, the girl ________ lived next door was the only friend of mine ________ dropped out of school at 14.
5) Make sure the agency you buy your tickets from is an official one.

C Check that you have understood by filling in the blanks here:
Relative pronouns can be omitted in _______ clauses when they refer to the _______ of the clause.

D In the following sentences, omit the pronoun where possible.
1. The book which you bought yesterday is still in the car! Do you want me to bring it in?
2. While returning home we stopped at a restaurant which is famous in the area.
3. They eventually decided to sell their house, which they had bought when they got married.
4. I asked to speak to the salesperson who had served me, since I wanted my money back.
5. Since they needed money, they decided to sell the car that they had inherited.

E Now place appropriate relative pronouns in the gaps in these sentences taken from audit reports.
1. There is a potential loss of an existing Travel Agency, _______ provides cost effective travel and a timely service.
2. This is an area _______ we continue to improve upon.
3. During our review of Bank Reconciliations we found seven Bank Statements with zero balances _______ had not been formally reconciled with the General Ledger balances.
4. Certain Bank Reconciliations in respect of the Canada Branch, _______ have not been received to date, should be forwarded to the Audit Department for review.
5. Three Bank Reconciliations regarding the Canada Branch, _____________ is now closed, were not available and will be sent to the auditors at a later date.

6. Engineering Management should conduct a detailed review of the outstanding ECNs to determine the significance of the drawing changes _____________ need to be made.

7. Those drawings, _____________ require significant changes, should be prioritised in order to be completed according to a realistic time scale.

8. In the event of a fire, the original computerised drawings _____________ are backed up daily would be of limited use.

**Focus on Language 3: Introducing causes**

A s/since + subordinate clause
The subordinators as, since and because often introduce a cause, which is either preceded or followed by an effect. In these cases, there is no restriction on the tenses with which they are used.

a) Since the warehouse is not properly segregated, materials on shelves can be removed without proper authorization.

b) A number of documents were not available for audit to review as they are retained in Canberra, Australia.

c) There is a duplication of work, as the analysis of man-hours is input into two systems each week.

d) This procedure was not 100% effective, as the auditors never received the e-mail message.

e) We noted that a number of documents were not on site since they are retained in Canberra, Australia.

f) It is not possible to ensure that this is the case, as the documentation used for this count is not retained.

g) We fully agree with the recommendation, since we consider the password change as a basic requirement in order to ensure the minimum levels of information security and confidentiality.
Since + time reference and present perfect
Since referring to a point of time in the past may be followed by a date, or by a noun phrase. The tense used with since in this use is normally the present perfect.

Read the following examples taken from audit reports, and notice the time references, the noun groups following since and the tenses of the verbs

a) Since the introduction of SAP in January 2000, the debtor’s report has been produced using this system.

b) The V A K D Authorisation Matrix, together with both the Long and Short Signatures, were issued on 24th June 1999. Since then, changes to Company Authority Matrices have not been issued, due to the imminent change of the Administration and Finance Manager.

c) This procedure has not changed since implementation.

d) Since the start up of the Redland Pipelines Project, the Project Management has achieved the following:

e) This practice of Physical Inventory checks has existed since the start up of the Redland Camp.

Fundamental skills for Auditors: Signalling in presentations

In the first unit, we spoke about the importance of using signals while presenting. Here is a list of signals that you can use.

**Introducing the topic**
Let me start by... ...
I’ll start by... ...
First of all......
Starting with... ...
I’d like to begin by... ...

**Giving an example**
For example... ...
A good example of this is... ...
To illustrate this point... ...

**Reaching the end of a point**
Right, I’ve told you about... ...
We’ve looked at... ...
That’s all I have to say about... ...

**Dealing with questions/ explaining a point to come later**
I’ll deal with this later, if I may but for now... ...
I’ll come back to this question
So much for… … I won’t comment on this now,… … We’ll be examining this question in more detail later on.

Moving on to the next point
Let me turn now to… ... Let’s move on to… ... Turning to… ... I’d like now to… ... Next... ... Let’s look now at... ... 

Summarising/concluding
Let’s recap, shall we? I’d like to sum up now... ... Let me summarise briefly what I’ve said.... ... Let me remind you, finally, of some of the points I’ve made. If I can just sum up the main points... ... 

Developing/analysing a point
Where does that take us? Let’s look at this in more detail. Translated into real terms... ... What does that mean for us?

Sequencing
Firstly .... ... secondly .... ... thirdly .... ... lastly .... ... First of all .... ... then .... ... next .... ... after that .... ... finally .... ... To start with .... ... later .... ... to finish up

Task A six-minute presentation
Practice giving a 6 minute presentation of a topic of your choice. Make sure to include examples of the language provided above.

Pronunciation Practice: asking for clarification or confirmation
Being an internal auditor in a multinational often entails travelling to foreign countries for audits that can last quite a long time. This means dealing with many speakers who use English as a lingua franca. Given the delicacy of the auditor’s task, it’s important to feel comfortable asking people to repeat what they’ve said, or check that you’ve understood.

Ways of asking for clarification or confirmation
When you are interviewing someone, face to face, or, more likely, when you are speaking to them on the phone you sometimes need to check that you’ve
understood what they’ve said correctly. It’s important that you can do this naturally and without embarrassment.

Here are some ways in which you can ask those types of questions.

**Asking others to clarify what they’ve said**
Sorry, I don’t quite understand what you mean by…?
Would you mind explaining what you mean by…?

**Asking others to repeat what they’ve said**
Sorry, could you say that again?
Er, I didn’t quite catch what you said. Could you say it again please?
Could you please tell me again…?

**Checking that you’ve understood**
So, have I got this right?
So, if I’ve understood correctly, what you’re saying is…?

With a partner, ask them some questions about a topic of your choice (their job, their family, their holidays, etc.), and practise using these formulae.

**Intonation – asking for clarification or confirmation**
In this kind of question the intonation usually goes down and then up.

E.g. Could you please tell me again what exactly happened with the shipment to China?

**Word formation exercise**
In this exercise, words deriving from the same root have been divided into nouns referring to things and nouns referring to people, adjectives and verbs. First of all, fill in the gaps with the missing words.
Pronunciation Practice – word stress in word families

Now underline the stressed syllable in each word. Check with the table on the next page.

Notice how there are some recurring patterns in the placing of the stress. For example, the noun referring to the person sometimes has the first syllable stressed, as in analyst or critic, and sometimes on the second as in politician and competitor. But generally speaking, stress has to be learned by heart. You need to learn the sound of the word.

Another tendency regards nouns made of only two syllables. They are often stressed on the first syllable, as in centre, turnover, audit, subject, period, finance.

Of course, there are many exceptions to this rule, and some of them are key words in auditing. For example, in the word report, the stress falls on the
second syllable, both when it is a noun and verb: report. Another one is control, where again the stress is always on the second syllable.

Practise saying all of the word families above, and get used to the rhythm of the words. Remember that you can hear pronunciation online in the Cambridge English Dictionary.
UNIT 6
THE AUDIT REPORT: STRUCTURE

Preliminary note of warning and encouragement: Auditing is a very complex profession, and one of the difficulties initially is the fact that an auditor is faced with many different companies, many different departments in companies, and many different processes, all of which have their own vocabulary and abbreviations. This is undoubtedly one of the difficulties in facing authentic materials, particularly when one is not an auditor. However, the authors are convinced that the best way to understand the language of auditing is to examine authentic documents closely. The vocabulary which is incomprehensible can be looked up in a good business English dictionary, or an online glossary; students would benefit from becoming quickly familiar with reference materials such as those listed at the end of this unit.

A report is normally a long document, and it is extremely detailed. It consists of six main sections.

The sections within an audit report

EXECUTIVE SUMMARY: this is a detailed table of contents, listing what follows in the report (which can be as long as 70 pages) with the page numbers for easy reference. The first

1. INTRODUCTION: this may describe the type of audit, the area or company to be audited and the period of work;

2. OBJECTIVES AND SCOPE: this outlines the object and scope (extent) of the audit, describes the audit approach followed and the review period;

3. BACKGROUND: this describes the activity and structure of the auditee and any other general data;

4. CONCLUSIONS: this gives an overall summary of the findings of the audit; it also acts as a table of contents, including a page number next to each finding which is described in detail later in the report; the conclusions separate out the findings of major and minor significance into two sections, 1 and 2;
FINDINGS AND RECOMMENDATIONS: this constitutes the bulk of the report, and describes in great detail the findings that were listed in the Conclusions section. They are classified by area, and include the auditor’s recommendations and corrective actions, the due date and the audited management opinion. Section 1 deals with the findings of major significance, and Section 2 with findings of minor significance.

In this chapter we will look at how sections 1-4 are written, leaving aside the executive summary and the findings and recommendations for the next chapters. Since the reports are all authentic, all the proper names and dates have been changed.
A. THE INTRODUCTION

Blue Air SPA
GENERAL CONTROL REVIEW
2001 AUDIT

1. INTRODUCTION
In accordance with the 2001 Audit Work Plan, we enclose the subject Audit Report covering audit work performed during the period 30th January and 26th February 2001.

Here we can notice that the introduction consists of only one sentence, and it contains several formulaic expressions:

- in accordance with...
- we enclose...
- covering audit work performed during the period X.

Note that in accordance with is a fixed phrase - it never changes. It can be followed by a noun group with no article (often a proper noun), as in

a) The supporting documentation is not in accordance with Annex A - Appendix of the Joint Venture Agreement.
b) Scrap materials should be disposed of in strict accordance with Company procedure.

or by the, when referring to something specific.

In accordance with the 2001 Audit Work Plan, we enclose the audit report for the ICT department.

Here is another example of an introduction:

1. INTRODUCTION
In accordance with the 2000 Audit Work Plan, we enclose the subject Audit Report covering work performed during the period 29th February to 14th April 2000, utilising ABC UK Ltd’s Financial and Administration Department’s Accounting Records and Management Reports as at 31st December 1999.

And one more:

1. INTRODUCTION
In accordance with the 2000 Audit Work Plan, we enclose the subject Audit Report covering audit work performed during the period from January to beginning March 2000 utilising BBCC SPA accounting records and documents as at 31st December 1999.

In all three reports, we can see that the audit report is a document written by several people, and the auditors involved conceive of themselves as a team working together, expressing themselves only through the plural pronoun we.
B. OBJECTIVES AND SCOPE

The length of the section describing the scope and objective of the report obviously depends on the size of the audit. Here is one fairly long example:

2. OBJECTIVES AND SCOPE

The objectives and the scope of the audit were to evaluate the adequacy and the effectiveness of the Company’s internal accounting controls for the following Business Cycles and ICT:

A) Expenditure - Procurement, Accounts Payable, Cash Disbursements.
B) Expenditure - Payroll and Cash Disbursements.
C) Revenue - Sales, Accounts Receivable, Cash Receipts.
E) Production - Fixed Assets, Depreciation, Projects Costs Control, Work in Progress, Warehouse Inventories, Scrap, Salvage and Surplus Materials, Quality Control.

This entailed:

- Identifying the specific control procedures (both manual and EDP) currently in place
- Determining whether the control procedures as designed provide reasonable assurances that the specified objectives will be achieved
- Considering whether the control procedures are functioning as intended

A Systems Based Audit Approach was applied:

- Detailed Narrative Notes
- Walk-Through Tests
- Compliance Tests (random sampling)
- Evaluation of Systems

The audit scope was limited to a review of the Management Reports, Accounting Records, Warehouse Records and Operating Reports for the period 1st January 2000 to 31st December 2000. Our review also covered a general inspection of the Facilities Yard and appropriate audit tests of Salvage and Potential Scrap in the Facilities Yard. The scope of the ICT Review was limited to the Physical Security of Computer Equipment, Computer Operations and Policy and Procedures.

Since the definition of Internal Auditing from the Institute of Internal Auditors mentions “bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes”, it is understandable that the objectives of the audit normally include key words like “evaluate”, “effectiveness” and “controls”.
Here are some more examples of definitions of objectives:

<table>
<thead>
<tr>
<th>The scope of the audit was the evaluation of the adequacy and accuracy of the existing controls of the company, BBCC Spa, based in Bolzano at CCD Partner’s office facilities and operating with CCD Partner’s procedures.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The objectives and scope of the audit were to review, evaluate and test the following processes and systems:-</td>
</tr>
<tr>
<td>a) Financial Reporting (accounting policies and procedures)</td>
</tr>
<tr>
<td>b) Expenditure – Procurement (Limited activity) &amp; Accounts Payable</td>
</tr>
<tr>
<td>c) Treasury &amp; Cash Disbursement</td>
</tr>
<tr>
<td>d) Customs</td>
</tr>
<tr>
<td>e) Revenue - Sales, Accounts Receivable, Cash receipts</td>
</tr>
<tr>
<td>f) Human Resources Cycle (Personnel, Payroll &amp; Expense Reporting)</td>
</tr>
<tr>
<td>g) ICT</td>
</tr>
</tbody>
</table>

Here is an example of an objective that is more complex, and is divided into two parts, primary and secondary.

The primary audit objective was to ensure that charges made to the Lello Gas Plant Pipelines Project in respect of the Ex-Kingdom installation/construction and commissioning assistance portion were in accordance with the terms and conditions of the Joint Venture Agreement and allied Contract/Subcontracts, and that UK ZZ Ltd’s and our Partner’s, Nigeria BB Ltd, interests have been properly protected in the areas covered. Our secondary audit objective was to ensure that the Joint Venture maintains an effective system of internal control which provides reasonable assurance of the achievement of business objectives, of the reliability of information used for reporting of the safeguarding of resources, and of compliance with laws and regulations.

Note that in both sentences, the pattern followed is: the (primary) objective is/was to ensure that... Notice also the many abstract nouns used, like assurance of, achievement of, reliability of, compliance with.
Focus on Language 1: \textit{scope}

A key word in this section is clearly scope, and we now concentrate on how to use the word correctly.

\textbf{Scope is a word that should not be confused with the Italian noun \textit{scopo}, which is the equivalent of \textit{objective} or \textit{aim}. \textit{Scope has two main meanings:}}

\textbf{a) range of a subject covered by a book, discussion, report etc; this is followed by the preposition of}

Oil painting does not come within the scope of a course of this kind.
The scope of this work is confined to the history of England.

\textbf{b) opportunity \textit{for doing something}}

There is limited scope for further reductions in the workforce.

Notice that the prepositions help to distinguish between the two meanings of the word.

\textbf{a) Scope followed by the preposition of means range.}

I’m afraid that problem is beyond/outside the scope of my lecture.

We would now like to broaden/widen the scope of the enquiry and look at more general matters.

Other verbs you can use with scope:

\begin{itemize}
  \item to extend the scope of something
  One email came from a Mrs James who wrote to suggest \textit{extending the scope of} the adoption scheme.
  \item something can lie within or outside the scope of something:
  University lecturers in the humanities are making increasing use of computers for teaching purposes; but this topic \textit{lies outside the scope of} my lecture.
\end{itemize}

\textbf{b) You can say that something is of limited scope (restricted, broad, wide, overwhelming, or restricted); you can talk about the exact, full or overwhelming scope of something, etc.}

Any academic learning at Creek University must have been \textit{of limited scope}, given the small range of courses on offer.
The challenge of a post-industrial society for persons interested in knowledge about rural society is not the loss of significant work to be done, but the overwhelming scope and complexity of the task before us.

c) Scope followed by the preposition for means there is space or room or an opportunity for something to happen in the future. Note that for, being a preposition, requires either a noun phrase after it, or a verb in the -ing form.

There is also scope for developing the Firth of Forth ports areas as a temporary storehouse for goods on their way to European destinations. (This means that there development of the ports is something possible in the future).

Gordon Richards’s star novice created a tremendous impression when beating Dreamers Delight at Doncaster and possesses scope for considerable improvement. This means that the “star novice” will be able to improve a lot in the future – he has or possesses scope for improvement.

Examples from audit reports:

a) The scope of the audit was limited to conducting audit tests on a sample basis to confirm the follow-up action taken by Management as at 31st October 2000.

b) The objectives and scope of the audit were to review, evaluate and test the following processes and systems:-

c) The initial scope of this internal audit was to review Subby Asia. However, it was identified at the planning stage that this is currently a sleeping company and that all operations are carried out under Subby International Pty Ltd, which became the focus of our review.

Exercise 1.
Fill in the gaps with one of the following expressions commonly found with scope.

was limited to/scope of the/was confined to/did not include/scope for/a limit of the scope of

1. The audit scope _____________ a review of the Accounting Records and Management Reports within the Financial and Administration Department.
2. The _____________ ICT review _____________ a review of application functionality or application security.

3. We set out below the areas where we believe there is _____________ improvements.

4. All accounting records post July 1999 were retained in Birmingham and then in Inverness. While most records pre-July 1999 are held in Canberra, Australia. This inconvenience represented _____________ our review.

5. There is also _____________ streamlining the Requisitioning and Purchase Order processes and thus reducing costs.
The aim of the background section is to give a clear picture of the company or the department being audited. It is therefore very factual, and contains relevant dates about the history of the company, numbers of staff, and nouns indicating the structure of the company, including information about who reports to whom. Notice also how the writers are careful to point out that what they say is true at the time of our audit.

For example:

Company BBCC SpA was established in 1972 as a 100% owned company of Saipem SpA, dedicated to the fabrication of steel structures for the offshore facilities of the Oil and Gas Industry; using its Fabrication Yard purposely set up in Naples.

At the time of our audit, Company XYZ SpA comprised ten departments, of which three reported directly to the President and Managing Director, viz:–

Administration and Finance, Commercial and Projects, Cost Control, and seven via the Plant Manager, who also reported directly to the President and Managing Director, Human Resources, Quality and Safety, Planning and Contracts, Procurement, Operations, and Production.

All departments are located in Naples, with the exception of the Commercial Department which is located in Saipem SpA, Milan.

Also, the Procurement Department in Milan handles all aspects of the procurement of project materials, from receipt of the RDA from Company XYZ SpA through to the delivery of project materials to the Fabrication Yard in Naples.

As of 31st December 2000, total staffing was 179 permanent and 24 temporary.

Important vocabulary for describing a company includes:
was established in...
set up in...
the company comprised X departments, which reported to...
Departments are located in...
As of 31st December...

Here is another example from the Background section of a General Control Review Audit.
Notes: Tessi Inc, located in Missouri since 1996, is a wholly owned subsidiary of Tessi BV. The Company was acquired by the Saipem Group in 1992. It specialises in sub-sea operations of remotely operated vehicles (ROV) and provides related engineering and sub-sea production services, primarily for customers in the energy industry. The Company’s parent Tessi BV, which is a wholly owned subsidiary of Saipem International BV, operates through its subsidiaries in Australia, South East Asia, North America and Europe.

At the time of our audit, Tessi comprised eight departments which reported to the President and Chief Executive Officer, viz:- Finance, Human Resources and ICT, Project Control, Quality Health and Safety, Procurement, Marketing, Commercial and Contracts, Engineering and Technology, and Operations. Total staffing as at 31st December 1999 was 226. Turnover for 1999 totalled US$28,287,788 (includes sales to affiliates of US$8,219,797) compared to 1998 US$32,566,411 (sales to affiliates of US$1,379,138). Income loss before income taxes for 1999 was US$<2,939,341> loss 1998 US$234,888 profit.

Notes: Details of Tessi Departments which were audited pertaining to the Business Cycle Reviews were as follows:-

Procurement Department
The principal role of the Procurement Department is ensuring effective Company procurement activities are in compliance with Tessi and Saipem Group Standards, to manage all logistic activities, including import/export operations, shipping and transportation requirement. Also, co-operating with the Commercial Department during tender preparation and project execution.

The Procurement Department comprises four functions: Purchasing (two Senior Buyers and one Purchasing Assistant), Clerical (two Data Entry Clerks), Shipping and Receiving (one Shipping Clerk and one Traffic Co-ordinator [position open]) and Inventory Management (one Inventory Control Co-ordinator and one Inventory Clerk [position open]). These functions report to the Procurement Manager.

Finance Department
The principal role of the Finance Department is ensuring the recording, analysis and control of all administration activities of the Company, ensuring accurate preparation of the annual and consolidated statutory accounts including the balance sheet, profit and loss statements and cash flow statement. In order to ensure the correct applications of the Tessi and Saipem Group Standards and Guidelines, the Senior VP, Finance and Administration co-ordinates all Tessi Group’s Finance Departments reporting to the Chairman and CEO of the Holding Company Tessi International BV.

The Finance Department comprises two main functions:-
General Accounting (one Accounting Supervisor and four Accounts Payable Clerks, one Senior Accountant, one Senior Accounting Representative and one Treasury Analyst who report to the Accounting Manager) and Consolidation Accounts (one Financial Co-ordinator).

The Accounting Manager, The Financial Co-ordinator and the Secretary report to the Senior Vice President; Finance and Administration.
More useful phrases for describing a company:

Tessi Inc, located in Missouri since 1996, is a wholly owned subsidiary of... It specialises in...

It provides (related engineering and sub-sea production) services

Total staffing as at 31st December 1999 was 226. Turnover for 1999 totalled ...

Income loss before income taxes for 1999 was...

The principal role of the Procurement Department is ensuring effective Company procurement activities are in compliance with Tessi and Saipem Group Standards.

or

The principal role of the Human Resources and ICT Department is to supervise the Human Resources Management

---

**Human Resources and ICT**

The principal role or Human Resources and ICT Department is to supervise in accordance with Tessi and Saipem Group objectives, the Human Resources Management in order to improve the overall effectiveness and competitiveness. HR’s responsibilities for ICT entails maintaining the local network, maintaining the hardware, running the SPS-PC and SIPS applications provided by Saipem, Milan supporting local users, installing and supporting local applications and maintaining local phone systems.

HR is also responsible for the management of the Company Building facilities, logistics and travel. The Human Resources and ICT Department comprises three functions: Payroll and Benefits (one Senior Co-ordinator and a Co-ordinator) Facilities (one Superintendent, one Technician, one Mail Clerk, one Receptionist) Logistics and Travel (one Officer) and one Secretary. The ICT Function consists of one Manager and two temporary employees. Both employees are on a five month ‘Temp to Hire’ contract. In the last years the ICT Function has been downsized from eight to three people.

The Senior Co-ordinator, Facilities Manager and the ICT Manager report to the Vice President; HR and ICT.

---

**Quality, Health + Safety**

The principal role of Quality, Health and Safety Department is ensuring, in accordance with Laws and Rules and following Tessi and Saipem Group Standards and Guidelines, the implementation, updating, review and auditing of the Company’s Quality, Health, Safety, and Environment (HSE) systems. Also, monitoring the effective implementation of appropriate Quality and HSE systems procedures and providing for their updating in accordance with changes in legislation and Tessi and Saipem Group Standards and Guidelines. In addition, assisting Commercial and Engineering and Technology Departments and Project Managers in their dealings with clients for all issues concerned with quality and health and safety at work.

The QA +HSE Department comprises: A Safety Manager, Quality Engineer, Quality Inspector and an Administrative Assistant who report directly to the Vice President; QA +HSE.

---

**Project Control**

The principal role of Project Control Department is providing and effecting planning and cost control support to projects, including project variance analyses and assisting Project Managers to effect timely corrective measures. Also, co-operating with the Commercial Department and granting the necessary support in all commercial negotiations and activities, providing feedback on relevant operational and cost issues for improving the bidding process. In addition, co-operating with Finance, HR and the entire Department and granting the necessary support for the related activities. The Project Control Department comprises one Cost Control Manager.
D. CONCLUSIONS

In this section, the auditors give the summary of their opinion, and the last lines, underlined here, report the company management’s response.

Based on the results of our review, we formed the opinion that, although the Company’s system of internal control was in the main adequate, this was primarily due to the reliance placed on staff with longevity with the Company, who were experienced in their duties, rather than current formal Policies and Procedures being in place.

We set out below the areas where, we believe, there is scope for improvements; in particular; Internal Controls, Policies and Procedures and Management Reporting.

Company XYZ Management advised that they have already implemented many of the Audit Recommendations set out in this Report since the initial Audit Close-Out meeting held in Trento on February 22nd 2001.

The tone of the conclusions section is fairly neutral, and this can be seen by the qualifications made to the opinions, e.g. the Company’s system of internal control was in the main adequate. (i.e. on the whole, mostly) This was primarily due to ... rather than...

Note also the caution with which the opinion is formed, always based on facts:

Based on the results of our review (concrete facts)...
We set out below the areas where, we believe, there is scope for improvements.

Note the use of the verb advise, meaning to make known. This is a formal use, quite different from the everyday use meaning “to give advice”.

Here are some more examples of conclusions from other reports:

Based on the results of our reviews of Tessi Inc, we formed the opinion that there was scope for improvements in internal controls for the areas set out below.
It is appreciated that the Company management agreed with the Audit Team and issued adequate Action Plans on a timely basis for remedial action.

Note here that a formal appreciation of cooperation from the Tessi Management is included here. Notice also that the way in which it is expressed is very impersonal: it is appreciated that...

Overall, the internal control system at the Nigerian Branch of Lello SpA was found to be operating effectively. In our opinion, there are adequate controls in place to enable management to achieve its objectives. However, discrepancies were identified in some instances of the operation of controls. The key issues are detailed below:-

Note the qualification here, even in a positive appreciation of the controls in place. Overall means “generally speaking, on the whole”. This enables the writers to proceed to point out where improvements can be made, and this is introduced by the contrastive adverb however.
Focus on language 2: Homophones

In English there are a lot of words which are pronounced the same way but spelt differently. These are called **homophones**.

E.g.  
- I /ai/  
- red /ei/  
- son /s^n/

**Exercise**

Read the following words and write one or two words which sound the same:

- meat  
- our  
- their  
- deer  
- some  
- wear  
- way  
- sent  
- piece  
- bored  
- isle  
- male  
- weather  
- weak  
- waist

Focus on Language 3: Meetings

Look at the following expressions which can be used at meetings:

**Stating objectives**

The purpose of the meeting this morning is... ...  
Our aim today is... ...  
What we have to decide today is... ...
First of all we must bear in mind... ...
The reason I called you in was to ... ...
Making suggestions, in a fairly informal way
It would be great to ... ...
I think we should definitely... ...
Why don’t we... ...?
How about... ...?
Would it be worth... ...?
Encouraging contributions, informally
Fire away!
Go ahead!

**Asking for further information**
Could you be a little more precise?
Would you care to elaborate on that?
Could you expand on that?
I’m sorry, I don’t quite understand that. Could you explain in a little more detail?

**Agreeing**
Yes, that’s a great idea.
Absolutely!
Formally: I would tend to agree with you on that.

**Disagreeing politely**
Well, you may be right but...
I’m afraid what you’re saying is just not feasible.
I’m sorry but we’ll have to agree to differ.
I take your point Mr... but have you considered...

**Disagreeing more directly**
Frankly,...
To put it bluntly...
No, that won’t work.

**Task 1 Roleplay 1 Changing the date of a meeting**
You are an employee (Jane Millar) in a company and you have arranged to meet a colleague from one of your subsidiaries next Thursday. You telephone
to say that you cannot keep the appointment and give a reason. Try and find an alternative time to meet. This is your diary for next week.

<table>
<thead>
<tr>
<th>Monday</th>
<th>Tuesday</th>
<th>Wednesday</th>
<th>Thursday</th>
<th>Friday</th>
</tr>
</thead>
<tbody>
<tr>
<td>9,00</td>
<td>meeting with</td>
<td></td>
<td>training course</td>
<td></td>
</tr>
<tr>
<td></td>
<td>boss</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

12,00 client coming to office

13,00 visiting plant GB

14,00

15,00

16,00

17,00

18,00

Jack Short (your partner in the roleplay)

You are an employee (Jack Short) in a company and you have arranged to meet a colleague from one of your subsidiaries next week. He/she telephones because he has a problem with the appointment. Try and find a suitable time.

<table>
<thead>
<tr>
<th>Monday</th>
<th>Tuesday</th>
<th>Wednesday</th>
<th>Thursday</th>
<th>Friday</th>
</tr>
</thead>
<tbody>
<tr>
<td>9,00</td>
<td>Fly to Rome</td>
<td>M S. Millar</td>
<td>meeting SAP</td>
<td>course</td>
</tr>
</tbody>
</table>

12,00

13,00 back Rome mother lunch w/

14,00 Budget meeting

15,00

16,00

17,00

18,00

Task 2 Roleplay 2 Disagreeing

The meeting you have organized is for three people, and the aim is to produce ideas of development projects that can be sponsored by your company as a way of paying fewer taxes. In groups of three, elect a meeting manager, and think of realistic projects that could be adopted by the company. Make sure there is some disagreement between you, using the phrases above.
Pronunciation Practice: stress

As in the previous units, mark in the stresses in the words and phrases in the left column. The correct stress is given in the central column. Check your version against the middle column, where the stressed syllable is in **bold and underlined**. The third column is empty, and you may use it to revise the words and phrases later. Rewrite them, marking in the stress as you wish, underlining it, or circling it, as you prefer.

<table>
<thead>
<tr>
<th>evaluation of the adequacy and accuracy</th>
<th>evaluation of the adequacy and accuracy</th>
</tr>
</thead>
<tbody>
<tr>
<td>scope for improvements</td>
<td><strong>scope</strong> for <strong>improvements</strong></td>
</tr>
<tr>
<td>this was primarily due to</td>
<td><strong>this was primarily due to</strong></td>
</tr>
<tr>
<td>the Procurement Department</td>
<td><strong>the Procurement Department</strong></td>
</tr>
<tr>
<td>in compliance with</td>
<td><strong>in compliance with</strong></td>
</tr>
<tr>
<td>Financial Co-ordinator</td>
<td>Financial Co-ordinator</td>
</tr>
<tr>
<td>Turnover for 1999</td>
<td><strong>Turnover for 1999</strong></td>
</tr>
<tr>
<td>nineteen-ninety-nine</td>
<td><strong>nineteen-ninety-nine</strong></td>
</tr>
<tr>
<td>two thousand</td>
<td><strong>two thousand</strong></td>
</tr>
<tr>
<td>two thousand and one</td>
<td><strong>two thousand and one</strong></td>
</tr>
<tr>
<td>two thousand and two</td>
<td><strong>two thousand and two</strong></td>
</tr>
<tr>
<td>two thousand and three</td>
<td><strong>two thousand and three</strong></td>
</tr>
<tr>
<td>two thousand and four</td>
<td><strong>two thousand and four</strong></td>
</tr>
<tr>
<td>two thousand and five</td>
<td><strong>two thousand and five</strong></td>
</tr>
</tbody>
</table>
Focus on Language 1: Exercises on tenses and time

1. In the table below, you can see expressions of time in the left-hand column. Try and match one with each of the sentences in the right-hand column.

<table>
<thead>
<tr>
<th>My boss uses a laptop</th>
<th>when I joined this company</th>
</tr>
</thead>
<tbody>
<tr>
<td>I didn’t have a lot of experience</td>
<td>in a fortnight’s time</td>
</tr>
<tr>
<td></td>
<td>in the 1990s</td>
</tr>
<tr>
<td>I was looking for a different job</td>
<td>the other day</td>
</tr>
<tr>
<td>I have been working on this project</td>
<td>during a meeting</td>
</tr>
<tr>
<td>I worked for my company’s major competitor</td>
<td>recently</td>
</tr>
<tr>
<td>I made a conference call in English</td>
<td>since January</td>
</tr>
<tr>
<td>I’m flying to Munich</td>
<td>hardly ever</td>
</tr>
<tr>
<td>I’ll finish this report</td>
<td>by Tuesday</td>
</tr>
<tr>
<td>I was caught making personal phonecalls</td>
<td>never</td>
</tr>
<tr>
<td></td>
<td>for a year</td>
</tr>
<tr>
<td></td>
<td>this week</td>
</tr>
</tbody>
</table>

2. Make true sentences about yourself using each of the above time clauses.
   a. 
   b. 
   c. 
   d. 
   e. 
   f. 
   g. 
   h. 
   i. 
3 Verb forms: simple versus continuous
Can you explain the differences in meaning between each pair of sentences?

1a) I work for a well-known multinational
1b) I’m working on restructuring the company

2a) What were you doing when the headhunter called?
2b) What did you do when the headhunter called?

3a) When we arrived, they introduced the main conference speakers
3b) When we arrived, they were introducing the main conference speakers
3c) When we arrived, they had introduced the main conference speakers

4a) I’ve worked with several very prestigious clients
4b) I worked with several very prestigious clients

5a) I’ve been replying to customer enquiries all day
5b) I’ve nearly cleared the backlog of enquiries from the Xmas break

4. Correcting mistakes with Verb Tenses
Correct the mistakes in the following sentences. They are in italics. Refer to the Tense scheme in Unit 3 if you have any doubts.

1. I am very sorry to have miss the dinner with our friends last evening. It hasn’t been my fault.
2. I answer any question you want to ask me – just send me an email.
3. Unfortunately I was delayed by a car accident that blocks me for 30 minutes.
4. I was very busy over the last few weeks.
5. The snow last night has prevented me from getting to the airport in time.
6. I want to apologize for not being come to the office yesterday morning.
7. Yesterday all the trains have been cancelled due to bad weather.
8. I’m apologize for not telling you before.
9. I send you the bookkeeping prospectuses that I had prepare by email.
10. I’m sorry but I couldn’t join you at the meeting we have planned for next week.

5. The present perfect
The present perfect is a tense worth spending time understanding, because it is frequently used in English. It must be kept in mind that it is a present tense, therefore it has a link with the present. It is used to talk about something that has happened or being done at an unspecified time in the past (we have
recommended a holiday), and with the prepositions for and since (I’ve lived here for three years), or to talk about personal experience (I have been to America 10 times).

Put the following sentences from audit reports into the present perfect.

1. Cause The cutbacks of staff in HRS and ADFI (have) ______________ a direct impact on the processing time for expense reports.

2. The current authority matrix used in Nairobi is not up date as there (are) ______________ a few staff changes, which (not incorporate – use passive) ______________ in the matrix.

3. We (recommend) ______________ that a formal distribution of ENI Group Code of Practice should be made as soon as possible using a Transmittal Form QSF451 to ensure that employees acknowledge that they (receive) ______________ a copy of the publication.

4. Management Comments The alternative recommendation is accepted. We (design) ______________ a detailed Company personnel payment details form to comply with your audit recommendation under D 1.

5. Periodic assessment should be made of the effect of any major changes in the catalogue of audit activities or related risk factors which (occur) ______________ after the work schedule is prepared.

6. The Company (decide) ______________ that all GBP bank transactions will flow through HSBC.

7. Enquiries into this matter showed that the Company does not have a good payment record with some of the Vendors and Sonsub Inc’s credit terms (amend – use passive) ______________ accordingly.

8. A confirmation that employees (receive) ______________ and read the ENI code of practice was not on file for all seven employees.

9. Effect/Risk As a result, advances of taxes for the employees’ accounts might not be repaid, especially if Employees (transfer) ______________ and subsequently left the Company.

10. Facts Our review of proposed revisions or updates of the Personnel Policy Manual showed that they (be) ______________ at review stage since October 1998.
Specific Language – The audit report summary

In this section, we look at the Findings as they are written in summary form at the beginning of the report. As we saw in Unit 6, a report has a standardized format, starting with the Summary of the sections of the report, which lists the Introduction, Objectives and scope, Background, and Conclusions, which summarises all the findings, dividing them into two lists: one containing findings of major significance and the other, findings of minor significance. The last section, which makes up the bulk of the report, consists of the Findings and Recommendations in detail.

The following text is an authentic summary of a report. Try and understand its structure, first of all.

Then look at the language used, noticing especially the quantity of negatives and passive forms of the verb.

SUMMARY

1. INTRODUCTION Page 6
2. OBJECTIVES AND SCOPE Page 6
3. BACKGROUND Pages 7-8
4. CONCLUSIONS Pages 8-19

Section 1. Audit Findings of Significance

EXPENDITURE CYCLE


A Procurement (Local Purchases only)

A The Master Vendors’ List was last updated on 1st September 1998. Page 20

A The Master Vendors’ List contained out of date information as to whether or not the Vendors'/Subcontractors’ Quality Systems conformed to ISO 9000 series Quality Standards. Pages 21-22

A Information regarding the Financial Viability of Vendors and Subcontractors was extremely limited. Page 23

A No formal Performing Analysis Reports of Vendors and Subcontractors was carried out. Page 24

A There was no Bid Committee established to review local quotations over a set amount. Page 25

A Certain RdAs (richiesta di acquisto) were issued after the Bid Tabulation was produced. Page 26

A Quotes for purchases of Fixed Assets were not always obtained by the Company. Page 27

A The Company continued to use SPS-PC to issue Purchase Orders from 1st September 2000 after SAP R3 was introduced Pages 28-29

A Accounts Payable

A At present SIPS does not produce an aged analysis of the Accounts Payable Ledger Page 30
A  Reconciliations of the Accounts Payable General Ledger Cards and Vendors’ Statements were not prepared on a frequent basis.

B  FINANCIAL REPORTING CYCLE


B  There were no Company Authority Matrices, setting out the authority responsibilities by Departments and Titles to request, review and approve different types or documents, nor was there a Master Schedule of both long and short signatures of designated approvers as necessary.

B  General Accounting.

B  There was an inadequate segregation of duties within Accounts Payable as a Clerk recorded Vendors’ Invoices in SIPS, prepared requests for payment of Vendors’ Invoices and prepared the Bank Reconciliations.

B  Monthly/Annual Journal Vouchers that had a significant impact on the Fiscal Accounts were prepared in pencil and recorded in SIPS without an independent review.

B  The methodology for producing a monthly Cash Forecast was not committed to in writing.

C  PRODUCTION CYCLE


C  Warehouse Inventories.

C  No independent Physical Inventory Check was made of Materials/Consumables in the Warehouses.

C  No review was made at year-end of slow moving Inventories of Consumables/Spares for further action.

C  There was no formal Policy and Procedure for handling Project Materials which belonged to the Clients and were surplus to requirements at the end of projects.

C  Scrap, Salvage and Surplus Materials.

C  There was no procedure for disposal of Scrap, Salvage and Surplus Materials.

C  Although a Purchase Order was not in place for the sale of scrap materials in 2000 the selling data in the Contract with the Scrap Dealer was not complied with and a Revised Purchase Order was not issued.

C  At 31st December 2000 there were 360 tons of Scrap Materials which needed to be disposed of.

Computer Hardware was not identifiable by a unique number for physical inventory purposes.

All Files on Server were only backed up fortnightly and EDP back-up tapes were not stored off-site.

All Accounting Staff had direct update access to both SIPS software and its data.

There was no ICT Steering Committee formed to review all decisions which related to Computer Hardware and Software.

The Company did not have formal comprehensive Policies and Procedures for the ICT Function covering security, maintenance and operations.

Section 2. Audit Findings of Less Significance.


1 Stamped Envelopes containing Quotes from Vendors were, if retained, not stamped with date of receipt. Also, there was no indication of the date Bid Tabulation was prepared.

2 Unsuccessful Bidders were not formally notified.

3 No Statistical Reports of volume of business conducted with Vendors was produced.

4 The Company’s Bid Procedure for subcontracted work was not followed.

5 Purchase Order approval in respect of Clara Est Jacket was exceeded by LIT45,483,900.

Accounts Payable.

6 There were no Input and Output Controls over Vendors’ Invoices recorded.

7 Accounts Payable did not individually signify that PO quantities were checked to the Materials Receiving Report and Vendors’ Invoices. Also, there was no indication how prices and discounts per the Vendors’ Invoices were checked to the POs.

Present split of the workload in Accounts Payable between the Accounting Staff did not provide sufficient segregation of duties.
AA
Cash Disbursements

9 The Petty Cash Float was not maintained on an imprest basis.

Page 56

BB
FINANCIAL REPORTING CYCLE


BB
General Accounting

1 No formal Accounting Procedures were made available to Staff.

Page 57

2 Bank Reconciliations as at 31st December 2000 had no indication as to the staff who prepared and reviewed them.

Page 58

CC
PRODUCTION CYCLE


CC
Warehouse Inventories

1 Perpetual Inventory Checks were not conducted by the Company.

Page 59

2 Results of 2000 Year-End Physical Inventory Checks were not retained for record purposes.

Page 60

3 Instructions for conducting Annual Physical Inventory Checks were not retained for reference purposes.

Page 61

4 Physical Inventory Checks of Warehouse Materials were conducted by reference to the quantities shown in the Warehouse Records.

Page 62

5 The receipt and recording of Cash for sales of Scrap and the issue and recording of the Invoice to the Scrap Dealer were all handled by the same person.

Pages 63-64

6 The estimated tons of Scrap per the contracts with the Dealer, for the months of February and December 2000, far exceeded the actual weight transacted, which was used to determine the price per kilo for the Scrap.

Page 65

CC
Quality Assurance.

7 The current listing of Quality Assurance Management System Procedures were in Italian and the last English translation made was in 1997.

Page 66

CC
Projects Costs Control

8 There was no formal Month-End Closing Programme within the Cost Control Department for producing the Management Accounts.

Page 67

CC
Month-end Journal Vouchers, prepared by the Cost Control Department were not sequentially controlled.

Page 68
The Original Journal Voucher, prepared by the Cost Control Department to record month-end accruals, was also utilised the following month as the entry for the reversal of accruals.

There was no formal Listing in the Cost Control Department of Journal Vouchers to be prepared monthly and annually.

There was no indication on Journal Vouchers produced by the Cost Control Department as to the person who prepared them and reviewed them.

There was no formal Listing in the Cost Control Department of Journal Vouchers to be prepared monthly and annually.

There was no indication on Journal Vouchers produced by the Cost Control Department as to the person who prepared them and reviewed them.

Focus on Language 2: Using negative forms in the report

A Finding is the discovery of something wrong within the system; the language used therefore contains frequent negatives.
Examples of ways to make negatives include:
a) There was/were + no + noun group (singular or plural), as in

There was no Bid Committee established
There were no Company Authority Matrices,
There was no procedure for disposal of Scrap, Salvage and Surplus Materials
There was no indication how prices and discounts per the Vendors’ Invoices were checked
This form - there is/was/are/were + no is used to indicate the fact that something doesn’t exist.

b) Negative forms of verbs: verb + not, as in

At present SIPS does not produce an aged analysis of the Accounts Payable Ledger.
Quotes for purchases of Fixed Assets were not always obtained by the Company
Vendors’ Statements were not prepared on a frequent basis

c) Sentences can start with no + noun group (singular or plural), as in

No formal Performing Analysis Reports of Vendors and Subcontractors was carried out
No independent Physical Inventory Check was made of Materials/Consumables in the Warehouses.
No review was made at year-end of slow moving Inventories of Consumables/Spares for further action

This form is an alternative to negating the verb, but the impression of negativity it gives is stronger because the first element in the sentence is the negative one.

d) Two negatives can be joined by the coordinator nor, but notice how it requires inversion of the subject and verb.

There were no Company Authority Matrices, setting out the authority responsibilities by Departments and Titles to request, review and approve different types or documents, nor was there a Master Schedule of both long and short signatures of designated approvers as necessary.

Nor

If nor occurs with the verb to be, as in there is/was, then only inversion of the verb and subject is necessary. If it occurs with any other verb, it requires the
auxiliary do in the appropriate tense of the sentence, and it is the auxiliary which follows nor. See the following example:

**Exercise.** Practise turning these sentences into negatives. You can either choose to negate the noun group using no, or else negate the verb.

1. Quotes for purchases of Fixed Assets were always obtained by the Company.

2. At present SIPS produces an aged analysis of the Accounts Payable Ledger.

3. Reconciliations of the Accounts Payable General Ledger Cards and Vendors’ Statements were prepared on a frequent basis.

4. **Use nor + inversion:** There was evidence of the other schedules being checked by the Company and there is a system in place to verify these amounts.

5. Formal Accounting Procedures were made available to Staff.

6. Technical or user documentation is available for SPS-PC or SIPS

7. There was a Company Policy setting out rules and regulations regarding access to and the use of electronic e-mail sent to and received by staff.

8. Results of 2000 Year-End Physical Inventory Checks were retained for record purposes.

9. The Company’s Bid Procedure for subcontracted work was followed.

10. The Petty Cash Float was maintained on an imprest basis.
Focus on Language 3: The forms of the passive
The following table summarizes all the forms of the active and passive in all tenses.

<table>
<thead>
<tr>
<th>Actives</th>
<th>Passive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present simple</td>
<td>it takes</td>
</tr>
<tr>
<td></td>
<td>it is taken</td>
</tr>
<tr>
<td>Present continuous</td>
<td>it is taking</td>
</tr>
<tr>
<td></td>
<td>it is being taken</td>
</tr>
<tr>
<td>Simple past</td>
<td>it took</td>
</tr>
<tr>
<td></td>
<td>it was taken</td>
</tr>
<tr>
<td>Past continuous</td>
<td>it was taking</td>
</tr>
<tr>
<td></td>
<td>it was being taken</td>
</tr>
<tr>
<td>Present perfect</td>
<td>it has taken</td>
</tr>
<tr>
<td></td>
<td>it has been taken</td>
</tr>
<tr>
<td>Present perfect</td>
<td>it has been taking</td>
</tr>
<tr>
<td>Continuous</td>
<td></td>
</tr>
<tr>
<td>Past perfect</td>
<td>it had taken</td>
</tr>
<tr>
<td></td>
<td>it had been taken</td>
</tr>
<tr>
<td>Past perfect continuous</td>
<td>it had been taking</td>
</tr>
<tr>
<td>Future</td>
<td>it will take</td>
</tr>
<tr>
<td></td>
<td>it will be taken</td>
</tr>
<tr>
<td>Conditional</td>
<td>it would take</td>
</tr>
<tr>
<td></td>
<td>it would be taken</td>
</tr>
<tr>
<td>Conditional perfect</td>
<td>it would have taken</td>
</tr>
<tr>
<td></td>
<td>it would have been</td>
</tr>
<tr>
<td>Infinitive</td>
<td>to take</td>
</tr>
<tr>
<td></td>
<td>to be taken</td>
</tr>
<tr>
<td>Perfect infinitive</td>
<td>to have taken</td>
</tr>
<tr>
<td></td>
<td>to have been taken</td>
</tr>
<tr>
<td>Present participle</td>
<td>taking</td>
</tr>
<tr>
<td></td>
<td>being taken</td>
</tr>
<tr>
<td>Perfect participle</td>
<td>having taken</td>
</tr>
<tr>
<td></td>
<td>having been taken</td>
</tr>
</tbody>
</table>

Remember:
- we use the passive voice to focus on the person or thing affected by the action
- we use the passive voice when the ‘agent’ of the action is unknown or else s/he is unimportant
- only verbs that have an object (transitive verbs) can have a passive form
- if the person or thing that performs the action is important, use the active voice

Passives in audit reports
Passive forms of verbs are extremely frequent in audit reports. This is a deliberate choice which reflects the attitude of the auditors: the audit points out the defects in processes, i.e. it does not concentrate on the actors of those processes. There is no sense of accusing people of not doing their work properly; the point of the report is to bring to light how processes can be improved. Thus the verbs used are often in the passive and often have no agent.

Here are some examples of passives taken from audit reports.
Task 1 Identifying and using the passive

1) Go through the summary text at the beginning of this unit and underline all the passives you can find.

2) Put the verbs in the following texts from audit reports into a suitable tense and the passive voice. Where a modal auxiliary is needed, it has been provided. Be careful to look at time references in the sentences for clues about the appropriate tenses.

a) The Finance Department does not have copies of contracts with clients and has no means to ensure all invoices (produce)

b) There are no input and output controls to give assurance that all Vendors’ Invoices, which (pass) to Accounts Payable, (process)

c) Since our last audit in April/May 1999 the Companies’ Payrolls (outsource) to Pay 4U Ltd.

d) Criteria A limitation period (should/establish) for engineering equipment waiting to be used which is left in the outside receiving area.

e) We understand from Quality, Health and Safety Department that only a limited number of audits (conduct) to date as per methods one and two above.

f) However, several projects (carry out) in other locations such as Canada, the Adriatic Sea and Libya.

g) Management Comments Although the bank reconciliations (not review) internally they (check) by KPMG during the course of their year-end audit. Refer to our comments under A3 regarding the preparation and review of bank reconciliations.

h) The terms and conditions of the In-Kingdom Joint Venture Agreement (contravene)

i) These are issues which (discuss) with the relevant departments in the past.
Focus on Language 4: Apologizing politely in writing

Writing apologies
It can happen to any of us to miss an appointment. Traffic jams, plane delays, unexpected accidents at home, even just forgetting can cause cancellations of meetings or arrangements. In a business context, like in any other context, it’s important to be able to apologize politely for something that has gone wrong. It maintains good relations and brings a human aspect into work that can sometimes be sidelined.

Writing tips:
it’s better to apologize immediately rather than wait, wondering how to find an excuse for what went wrong;
it’s always a good idea to have an alternative proposal to rectify whatever the situation was e.g. suggest a new date for another meeting, if you missed a meeting;
it’s not necessary to write long apologies – if you keep the letter short, it’s likely be effective;
• it’s not appropriate in a business context to be melodramatic; apologies that are simply worded are probably more effective than exaggerations;
• it’s finally important to be courteous; if you are at fault, there’s no point in offending people further by assuming an officious or brusque tone.

Letters of apology to colleagues:

Sample 1
Dear colleagues,
the purpose of this is to apologize most sincerely for having cancelled yesterday’s meeting at such short notice. I was unavoidably held up at home and couldn’t get into the office in time. I do hope that none of you were inconvenienced seriously by the cancellation.

I’d like to suggest another date for the meeting: would Thursday afternoon at 215 pm be a convenient time? Please reply to me as soon as possible.
Once again, I do apologize for any inconvenience caused.

Sincerely,
Tom

Sample 2
Dear all,

I’m really sorry to have cancelled at the last minute yesterday. I had an unexpected flood at home and simply couldn’t leave the house in time. Could we rearrange for tomorrow morning at 930? Please email me your availability. Sorry once again,

Best,
Tom

In sample 1, the tone is courteous, and fairly neutral. The informality can be seen from the contractions (I’d like, couldn’t), and the salutation sincerely (as opposed to yours sincerely, truly, best, etc.) whereas the sentences containing the actual apology:

the purpose of this is to apologize most sincerely for...
I do hope that none of you were inconvenienced by...
I do apologize for any inconvenience caused.

are formal and sincere, and aim to calm any irritation on the part of the people who were supposed to attend the meeting.

Sample 2 illustrates a more informal tone and style. The opening greeting Dear all is less formal than Dear colleagues, the use of I’m really sorry for as opposed to using the verb apologize is more similar to colloquial speech, and the explanation of why Tom cancelled the meeting indicates a friendly relationship that is more typical of colleagues who are equals at work, rather than in a hierarchical relationship. By contrast, in sample 1, the phrase I was unavoidably held up at home gives no indication of what actually happened, as though it is not necessary to explain. The direct question: could we re-arrange for tomorrow? is similarly more informal than the question in sample 1: would Thursday afternoon be a convenient time? The penultimate line which reiterates the apology is more direct and informal in the second sample – sorry once again – as opposed to the extremely polite version in sample 1 I do
apologize for... Lastly, the salutation best, which is used in Britain as an abbreviation of best wishes, is another indication of informality.

Ways of beginning the apology

- I’m writing to apologize for the fact that I will not be able to attend tomorrow’s meeting.
- The purpose of this email is to apologize for...
- I apologize for not being able to come...
- Least formal: I’m sorry that I can’t come to the meeting tomorrow.

More formal ways of apologizing

- I regret to say that I cannot come to tomorrow’s meeting.
- I regret the fact that I cannot come to...
- I wish to apologize for the fact that...

Although apologize is already a strong word, there are ways of making it stronger:

- I wish to apologize profusely for...
- Please accept my profuse apologies for the fact that...
- I wish to apologize most sincerely for the fact that...
- Please accept my deepest apologies for...

Imagine now that you missed a meeting that you organized because you got stuck in a traffic jam. What would you say?

- I was delayed by the traffic, due to a car accident.
- I was blocked by the traffic for an hour and a half

How can you offer to be available to those who came to the meeting?

- I’ll be glad to answer any questions you may have by email.
- I’ll be happy to/pleased to answer...

Suggesting another meeting, rather tentatively:

- I wonder if I could rearrange another meeting for next Friday?
- Would it be possible for you to come this Thursday instead?

Closing the message

- I look forward to hearing from you
- I look forward to receiving some feedback from you.
- Looking forward to hearing from you
• Yours sincerely (Dear Mr. Brown)
• Yours faithfully (Dear Sir/Madam)
• Yours truly (American)

Less formal
• Best Regards, Best wishes,
• Kind Regards (with kind regards)
• Regards,

Task 2 Correcting mistakes

A How could you improve the following written greetings and salutations?
1) Dears colleagues,
2) Dear All,
3) Yours Sincerely
4) Yours in faith

B Noun groups
Look carefully at the noun groups in these samples of student writing. What is missing in each sentence?

1) I’m sure we can rearrange a dinner next month just after Christmas holiday.
2) As you probably know, I was supposed to finish the report you needed by yesterday; unfortunately, data analysis took longer than I anticipated.
3) Please accept my apologies for not coming to weekly meeting last night.
4) It might be useful if I could see you personally before next meeting.
5) I promise I’ll make up for lost hours as soon as possible.

Task 3 Writing an email of apology

1) Write an email to a friend to apologize for missing a lunch you’d arranged together.
2) Imagine that you have just arrived in a new job. Write an email to your colleagues, apologizing for not turning up at the Christmas dinner, which you had agreed to go to.
UNIT 8
FINDINGS OF SIGNIFICANCE: FACTS AND CRITERIA,
CAUSES AND RESULTS

In this unit, we begin to look at the detailed findings in an audit report. These are listed at the beginning of the document after the Conclusions section.

The structure of each finding follows the same pattern and is divided into the following stages:

- Facts
- Criteria
- Cause
- Effect/Result/Risk
- Recommendations
- Management Comments

With the exception of the Management comments section, all the other sections are written in ordinary prose, not in notes. Each section is characterized by particular linguistic features, which we will look at separately, and then all together.

Addressees
In the document below, notice first of all that it is clearly addressed to certain people by name and by title (e.g. Plant Manager, Procurement Manager). Clarity is always a key issue in these documents, so it is important that the addressees of the document are named.

Underneath the names of the addressees, the report indicates the general process that is being audited (e.g. Expenditure cycle in the following extract) and then the areas which are to be audited from this point of view. In the extract below, three areas or departments are to be audited: Procurement, Accounts Payable and Cash Disbursements. The next line indicates the first department to be audited, procurement, and then describes the first finding briefly and clearly.
The first finding here is described as follows:

<table>
<thead>
<tr>
<th>The Master Vendors’ List was last updated on 1st September 1998.</th>
</tr>
</thead>
</table>

Notice that the sentence is in the passive – the list was updated. As we saw in Unit 7, the passive recurs throughout the report, and is used to convey the fact that the audit seeks to check up on the controls that are or are not in place, rather than on the people who carry them out. This attitude must be kept in mind throughout the writing of the report, because communicating findings is a delicate matter.

Read the following extract, which lists all the information linked to the finding.

<table>
<thead>
<tr>
<th>Section 1. Audit Findings of Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Addressees:</strong></td>
</tr>
<tr>
<td>- Plant Manager – Mr R Bianchi</td>
</tr>
<tr>
<td>- Procurement Manager – Mr F Rossi</td>
</tr>
<tr>
<td><strong>Copy:</strong></td>
</tr>
<tr>
<td>- Director Technical Services – Mr S Nero</td>
</tr>
<tr>
<td>- Group Procurement Manager – Mr F Rosa</td>
</tr>
<tr>
<td><strong>A EXPENDITURE CYCLE – Procurement, Accounts Payable, Cash Disbursements.</strong></td>
</tr>
<tr>
<td><strong>A Procurement (Local Purchases only)</strong></td>
</tr>
<tr>
<td><strong>A1 The Master Vendors’ List was last updated on 1st September 1998.</strong></td>
</tr>
</tbody>
</table>

**Facts**
Our general review of the current Master Vendors’ List showed that it was last updated on 1st September 1998.

**Criteria**
The Master Vendors’ List should be complete and maintained on a current basis.

**Cause**
We understand that this situation was due to other work priorities.

**Effect/Risk**
As a result, Requisitioners and Buyers do not have a complete and up-to-date list to refer to.

**Recommendations**
Procurement Management should ensure that the Master Vendors’ List is complete and current for Requisitioners’ and Buyers’ reference purposes within a reasonable timetable.

**Management Comments**
Management accepts audit recommendation. The Procurement Department in Bergamo will compile the master vendor list as they conduct 80-90% of Procurement for Company XYZ SpA.

**Target date: 31st July 2001**

**Facts**
The first section is entitled Facts. In this section, the writers use the noun form of the verb review, which reifies the action and makes it less personal. I.e. Instead of saying we reviewed the Master Vendors’ list and found that, the auditors have written “our review of the Master Vendor’s list”. The verb
indicating the finding requires no personal subject: our review showed that – thus the finding is communicated as something completely objective:

<table>
<thead>
<tr>
<th>Our general review of the current Master Vendors’ List showed that it was last updated on 1st September 1998.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The analysis of FFPP trade payable ledger at 31.12.1999, which includes about 160 suppliers, identified the absence of periodical balance reconciliation.</td>
</tr>
<tr>
<td>Our review of the Master List showed that the status of whether or not Vendors'/Subcontractors' quality systems conformed to ISO 9000 Quality Standards was out of date.</td>
</tr>
<tr>
<td>Our request for Performance Analysis Reports of Vendors and Subcontractors, for the twelve months ended 31st December 2000, established that this exercise had not been conducted formally by Quality and Safety Department.</td>
</tr>
<tr>
<td>Although collection of Accounts Receivable is monitored by the Finance Department, our review highlighted that there are unpaid amounts by clients.</td>
</tr>
</tbody>
</table>

The following examples of findings demonstrate that the same verb show, or verbs such as identify or establish are frequently used. Rarely, the verb highlight is also used.

Or

In some cases, the report first states an established procedure, and then illustrates that it has not been followed, as in the following case.

**Facts**

Procurement Procedure CQ-INS-APPR 3002-1, Rev 3, dated 15th May 2000, stated under the section ‘Request for Bid’ that normally RdO (invitation to bid) were sent to different Vendors in order to obtain at least three competitive bids for technical evaluation. The only exception was when for a certain purchase or subcontract there was one sole Supplier.

Our review of the following sample of seven Purchase Orders, value LIT156,110,760 related to fixed assets, showed three cases (*) where three quotes were not obtained from different Vendors:

When describing a finding, it is of course possible to use a verb in the active form with a personal subject, such as we identified that. From the audit reports
examined here, however, there is obviously a preference for noun subjects like our review and verbs like showed.

**Facts**

As part of our review of Document Control, we identified that Engineering Drawings and other Documents were not all stored in fireproof cabinets, as only three cabinets available were half fireproof. Another nine file cabinets and four drawing cabinets were not fireproof.

To sum up, the FACTS section is written as one would imagine: it recounts the way the processes work at the time of the audit team’s survey, and it is written in an objective manner. The verbs used to refer to the review or audit are above all show, establish and identify.

**Exercise: Facts**

Fill in the gaps from the following facts sections with appropriate verbs and forms. Choose whether to use an active or passive form of the verbs show, identify.

1. Our review of issues of Materials/Consumables/Equipment to requisitioners for prefabrication _____________ the following exceptions to the procedure:-

2. Our review of the last Joint Venture Cash Forecast Report _____________ that there is no input from the Project Control Manager for compiling this report.

3. Our review of the procedures to determine the previous Technical Performance and financial Status of Subcontractors on the approved Subcontracting Plan _____________ that Subcontractors were accepted based on work performed on previous projects and thus remain on the listing indefinitely.

4. Our review of Stores Records at the Meriland Camp _____________ that they do not maintain records for consumables.

5. A review of this list _____________ that adequate information was provided.

6. Some discrepancies _____________ in some instances of the operation of controls.

7. An instance _____________ where a purchase order was authorised by the General Manager above his delegated limit.
8. Our Review of General Accounting ___________ that no formal procedures exist for the Accounting Department.

The most common subject of the verb showed is without doubt Our review of... but there are several other options, such as or our audit tests of... showed that.

**Exercise: Nominalization**

Listed below are a number of other nominalized verbs used in the audit reports. Write out their equivalent verb forms in the past simple. The first one has been done for you.

a) Our/an (general) analysis of ...

b) Our examination of ...

c) Our inspection of ...

d) Our verification of ...

e) Our observations over a two-hour period

f) Our evaluation of ...

g) Our investigation into ...

a) we analysed

b)

c)

d)

e)

f)

g)

Another common strategy used is to use the adjective further to indicate that more than one test was done, as the following examples illustrate.

Further testing carried out on... showed that
Further analysis of ... showed that
Further investigation showed that
Further inquiries into this matter showed that ...
Further audit tests showed that ...

It must be pointed out that there is no great difference between these nouns: an examination, analysis, verification, observation or investigation indicate more or less the same thing. On the other hand, the noun evaluation indicates that whoever is performing the evaluation or inspection has some kind of authority to give a judgement on the situation.

The noun inspection, which also indicates some kind of authority on the part of the person inspecting, is often qualified by the adjective physical, and it tends to be used with places, offices, facilities, equipment etc. This indicates that inspection in an auditing context is a physical process rather than a cerebral one like analysis. (Clearly, in a medical context, the process is more physical, but in the auditing context, analysis is more cerebral.) This physical nature of the inspection can be seen in the following examples:

Facts Our inspection of the Mechanical Workshop showed that there is no overall plan of the layout of spare parts, batteries, tyres etc for earthmoving equipment.

Facts During our physical inspection of IT equipment and software, we established that there were three official modems and two other modems in the main office for accessing the Internet.

Exercise: Key nouns in the facts section
In the next exercise, place one of the above nouns or adjectives in the gaps in the sentences. There are obviously several possible answers to each sentence, but the exercise serves to show how the nouns are used in context. You will need to spend some time understanding the context of each sentence.

a) Our _____________ the Bank Reconciliations as at 31st March 2000 showed that they were current and accurately prepared.
b) Our _____________ the systems of internal control for the various Treasury Function activities showed that there is an inadequate segregation of responsibilities for the recording and payments of Inter-Companies’ and Foreign Suppliers’ and subsequent Bank Reconciliation processes.
c) Facts Our _____________ the number of days Accounts Payable take to process a sample of 32 Invoices within credit terms, i.e. date received by Company to date paid, showed delays ranging from one to 181 days, an average of 41.3 days.
d) _____________ analysis showed that from our sample of 32 invoices, 11 invoices were identified as delayed due to the invoice being held up in a department other than Accounts payable.
e) Although our _____________ the 43 Bank Reconciliations showed some exceptions, we noted that none of the Bank Reconciliations had been
independently reviewed and approved as at 31st March 2000 by the Accounting Manager.

f) We have recommended that Management should ensure that all sales of Scrap are covered by a formal contract with a Scrap Dealer, duly authorised by the President and Managing Director of Company XYZ SpA. At 31st December 2000 there were 360 tons of Scrap Materials which needed to be disposed of. Our ____________ of the construction facilities of Company XYZ SpA showed that there was approximately 360 tons of scrap materials in the Yard which needed to be disposed of. As a result, valuable storage space is taken up with scrap materials.

Criteria
The second section, Criteria, explains why the fact discovered constitutes a problem that needs solving. The criteria section normally reports the guidelines which the company or department should be following and obviously isn’t: this means that the most frequent modal auxiliary used here is should, which is often followed by the verb BE + an adjective + noun, or by a passive form of the verb. Here are some extracts illustrating this from the reports:

Criteria
The Master Vendors’ List should be complete and maintained on a current basis.
Criteria
All invoices should be paid by the due date and stamped as paid.
Criteria
There should be adequate segregation of duties in the procurement system.
Criteria
A specific and precise location of assets should be recorded on the asset register to allow an accurate identification of assets in the warehouse. For this purpose, shelves in the warehouse need to be assigned numbers.
Criteria
A Disaster Recovery Plan, appropriate for SPCM should be devised, documented and tested, according to general accepted information technology best practices. Disaster recovery should include:

Exercise: Criteria
Using the modal auxiliary should, conjugate the verbs in the active or passive forms as appropriate.

1. Criteria There (be) ____________ adequate information technology for the operation of the branch.

2. Criteria Benchmarks of man hours required to maintain the various equipment units (establish) ____________.
3. Criteria A Company Employee (conduct) _____________ independent tests of a Payroll data base established by a third party to establish the accuracy of the files.

4. Criteria Formal internal procedures (establish) _____________ for all accounting functions within the Finance and Administration Department.

5. Criteria An approved Inspection Plan (establish and approve) _____________ by Management.

**Cause**

The third section, Cause, seeks to explain why the situation underlying the finding as it is. The key words in this section are the demonstrative pronoun this, which refers back to the situation being referred to, the prepositional phrase due to, meaning because of or owing to, and the adverb primarily, meaning mostly. Other possible adverbs qualifying due to are entirely, largely (meaning mostly), and partly.

In the following examples from reports, the Cause section is showed together with the Criteria section, since they are closely linked.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Cause</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major equipment for future use should be suitably protected against the elements.</td>
<td>This situation is primarily due to a reduction in manpower and redefined work priorities.</td>
</tr>
<tr>
<td>Proposed changes in a Service Agency should be based on a cost/benefit decision to justify a new appointment.</td>
<td>Cause This is due to a Management decision to have all MMC Group Companies travel needs handled by one main Travel Agency to optimise the potential for lower travel costs.</td>
</tr>
<tr>
<td>All Work Orders should be duly signed off in accordance with the Logistics Support Procedure and the Authorisation Matrix.</td>
<td>Cause This was entirely due to a breach of Company procedure.</td>
</tr>
<tr>
<td>Materials for salvage should be located in a dedicated area.</td>
<td>Cause This is primarily due to a cutback of Stores’ Staff and thus available resources dedicating their time to other work priorities.</td>
</tr>
</tbody>
</table>

The Cause section sometimes offers a kind of justification of the finding, such as this was (not) company practice, or lack of resources, while in other cases it is stated that no cause has been found, with the phrase no specific cause was identified.
Examples of these cases can be seen in the following extracts:

<table>
<thead>
<tr>
<th>Criteria</th>
<th>A second copy of the back-ups should be made and retained off-site. Cause No specific cause was identified.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criteria</td>
<td>All invoices should have relevant purchased orders attached Cause No specific cause was identified.</td>
</tr>
<tr>
<td>Facts</td>
<td>Emergency fixes to production data are currently made with only informal approval. In the event of software or system failure, emergency changes to production data may have to be made. Cause Lack of resources</td>
</tr>
<tr>
<td>Criteria</td>
<td>General accepted information technology best practices Cause Lack of resources</td>
</tr>
<tr>
<td>Facts</td>
<td>The review of ICT procedures at the Sunningdale Branch highlighted that:</td>
</tr>
<tr>
<td></td>
<td>* An automatic back-up system is in place, which takes place everyday. There are 6 back up tapes, which are rotated each week; * There are no separate backups other then the daily back ups; * Additional back-up tapes are not produced for off-site storage; * Back up tapes are retained in a desk drawer in the server room. This is not fireproof. Cause No specific cause identified.</td>
</tr>
</tbody>
</table>

Exercise: The language used in the Cause section

Fill in the gaps with one of the words or phrases from the following list:

primarily this current largely we believe entirely this due to

a) Criteria Physical inventory checks of the contents of the Company’s safes should be conducted on a periodic basis. Cause _____________ situation is _____________ due to cut backs on staff in ADFI and HRS Departments. Effect/Risk There is a risk of a contractual dispute with a Supplier for copyright infringement if the licensed software is removed and copied.

b) Criteria The system for allocation of Purchase Order costs, spread over Projects should be streamlined and cost effective. Cause This is primarily _____________ the apathy of other departments in developing a system in order to avoid the allocation of costs upon registration of Suppliers’ Invoices.

c) Criteria Work Orders issued against maximum amounts set in the Frame Agreements should be monitored to ensure that an authorised revision is in place before an increase in expenditure is incurred. Cause _____________ was entirely due to Kubby UK Ltd allowing Kubby Luxembourg to issue Work Orders against their Frame Agreement without a contractual provision to do so.
d) Criteria All consumables issued from the Store should be supported by an approved Material Issue Voucher. Cause This is due to ____________ Company practice.

e) Criteria All Vessel substitutions should be formally agreed in advance with the Company. Cause ____________ this situation is due to the Marine Services Company optimising the utilisation of his fleet of Vessels.

f) Criteria All Work Orders should be duly signed off in accordance with the Logistics Support Procedure and the Authorisation Matrix. Cause This was ____________ – due to a breach of Company procedure.

Effects/risks
The point of this section is to foresee the effects or risks of the finding, the background and details of which have been described in the Facts section, and contextualised and explained in the Criteria and Cause sections. The effects/risk section points out where the real or potential dangers lie of leaving the finding as it is. It should convince the readers of the report that the finding has to be rectified.

The following complete finding illustrates all four components of the finding:

**Summary of Finding** Daily Instructions related to Company Marine Operations could be accessed by unauthorised persons via the computer network of Shipping Agent used by the Marine Coordinator.

**Facts** The Marine Coordinator was located in MCC Shipping A/S – Shipping Agency. All communications were made through a desktop computer via the Shipping Agencies’ computer network.

**Criteria** The confidentiality of Company business communications should be protected at all times.

**Cause** This was primarily due to the Marine Coordinator not having a Company computer.

**Effect/Risk** As a result, it was possible for an unauthorised person to access Company files which contained confidential third party information.

Key phrases: As a result and the risk of
In this section, the most common phrases are the adverbial phrase as a result and noun phrase the risk of. There follow a few examples of the language of the Effect/Risk section. You will need to spend some time understanding the vocabulary of each example. (NB the subtitle finding is not included in Audit reports, but has been included here for the sake of clarity).
a) **Facts** At present SIPS does not produce an automatic ageing of Accounts Payable Ledger balances. Our request for an aged analysis of Accounts Payable for audit purposes as at 31st December 2000 showed that this analysis was not done.  
**Criteria** An accurate aged Accounts Payable Ledger balance analysis should be produced on a monthly basis.  
**Cause** This was primarily due to the initial programming design of SIPS (the software used).  
**Effect/Risk** As a result, long overdue balances might not get highlighted for follow-up action.

b) **Finding**: Physical Inventory Checks of Warehouse Materials were conducted by reference to the quantities show in the Warehouse Records.  
**Facts** We discussed with Warehouse Staff their methodology for conducting Physical Inventory Checks of the Warehouse. They advised that the Materials/Consumables Listing was handed to them for verification at year-end. Items on the Listing were checked, to ensure that all were accounted for. Shortages were followed up to establish whereabouts.  
**Criteria** Full or perpetual Physical Inventory Checks of Warehouse should be independent of the Stores’ Records.  
**Cause** This practice of Physical Inventory Checks has existed for some time according to Warehouse Staff.  
**Effect/Risk** As a result, items of the Warehouse, which have been recently ordered might be omitted from the Inventory Listing and thus, low quantities of Materials/Consumables might be reordered.

c) **Facts** Thirteen of the twenty-five invoices seen were not stamped as ‘Paid’, the front sheet of ten of these were however stamped as ‘Paid’. Even though the front sheets were stamped as paid the risk of a duplicate payment being made is not minimised.  
**Criteria** All invoices should be paid on original invoices and stamped as paid.  
**Cause** Photocopied/faxed invoices are paid when original are lost in the post. A ‘Paid’ stamp needs to be obtained.  
**Effect/Risk** The risk of duplicate payments being made is not minimised. Even if a check is carried out on the copy invoice, there is no control over the original invoice being paid after the copy invoice has been paid as SIPS does not reject duplicate payments.

d) **B PURCHASING CYCLE**  
**Finding** Nine out of twenty five instances were identified whereby the purchase order was seen to be produced after the invoice date.
**Facts** A sample of twenty-five orders was selected relating to eleven different suppliers. Eighteen orders were taken from the whole period of 1999 and seven orders were taken from January 2000 - May 2000. Nine cases have been identified where the date shown on the invoice was before the purchase order date.

**Criteria** Ideally, the RdA should be produced and authorised, after which the purchase order should be produced, authorised and then order placed.

**Cause** Some orders are of an urgent nature and cannot wait for the production of the Purchase order.

**Effect/Risk** The risk of the purchase not being appropriately authorised is not minimised. This is also not in accordance with Company procedures.

**Key words: minimization**

The non-minimization of risks is also frequently mentioned as an effect or risk to be avoided, particularly in the following areas:

- purchases not being authorised
- incorrect costs being charged
- losing data
- misappropriation without detection (misappropriation is another word for embezzlement)
- receiving income late
- duplicate payment being made

is not minimized...

The following examples mention some of these risks:

**a) Finding** The petty cash held on site is not restricted in terms of amounts held.

**Facts** A petty cash system is in place for the reimbursement of ad-hoc expenses such as stamps and fuel. The balance as at 14.6.00 was 1.185 € which is a large amount for the purposes of petty cash expenditure.

**Criteria** Petty cash held on site should be restricted.

**Cause** Large ad-hoc payments need to be made from the petty cash such as travel advances and payment to suppliers which do not invoice Sonny A/S.

**Effect/Risk** The risk of misappropriation is not minimised.

**b) Finding** Testing was carried out on a sample of twenty-five invoices and eight were found not to be paid by the due date. Five of these invoices were paid late as they were received late. In three of these cases invoices were received within 24 days before the due date. Although there were no significant delays the risk of incurring interest charges or obtaining a bad credit rating is
not minimised. All invoices (or attached documents) were found not to be stamped as paid.

**Criteria** All invoices should be paid by the due date and stamped as paid.

**Cause** Invoices are received late at times. However, the delay is minimised.

**Effect/Risk** The risk of incurring unnecessary credit charges and obtained a bad credit rating is not minimised. The risk of duplicating payments is not minimised by not stamping invoices as paid.

c) **Finding** Nine of twenty-five invoices were not paid by the due date.

**Facts** We tested a total sample of twenty-five invoices relating to eleven suppliers. The sample was taken from July 1999 to December 1999. Nine of the twenty-five invoices were seen not to be paid by the due date.

**Criteria** All invoices should be paid by the due date.

**Cause** The current approval process delays payments as the current list includes two managers who are not on site.

**Effect/Risk** The risk of incurring unnecessary credit charges and obtaining a bad credit rating is not minimised.

**Key phrases: in the event of + negative occurrences**

In the event of basically means if X happens, but since it leads to a noun phrase it avoids the use of a verb with a subject and is another way of depersonalizing the text.

In normal use, this phrase occurs before disaster events like death, war, attack, accident, or emergency. In an audit report, it occurs in the Effects/risks section before events that are negative in this context.

Without an article, it is used with noun phrases like:

- overdue accounts
- late cancellation of travel plans
- fire
- sickness
- theft
- litigation

E.g.

Effect/Risk As a result, this might create a problem in the event of litigation with a Supplier.

or

In the event of software or system failure, emergency changes to production data may have to be made.
With an article or determiner such as any, it is used with noun phrases like:
- a Burglary at the Payroll Bureau
- a contractual/legal dispute
- a disagreement between the two parties
- a disaster such as flood or fire
- a serious emergency
- an accident in the yard
- items not being fully delivered
- a partial delivery being received
- the absence of staff

**E.g.**

Effect/Risk Without an approved Company Work Order in place, before the Agency Service commences, in the event of any contractual dispute between the respective parties, the Company’s case might be prolonged and unsustainable.

Effect/Risk In the event of a disaster such as flood or fire, it is unclear from the current maintenance contract if this situation would be covered and to what extent.

In the event of an accident in the yard, also via unauthorised entry, the Company might be legally liable for third party injury.

**Focus on Language: Passives**

As mentioned in Unit 7, the passive is frequently used throughout the audit report. Look at these examples from the various sections of the details of findings:

**From the Facts sections:**

a) Facts The Annual Journal Vouchers that had a significant impact on the Fiscal Accounts were prepared in pencil.

b) Facts Generally, claims made for fuel were not based on mileage. Hence any fuel that may have been used for personnel use may have been claimed for. It is understood that this benefit may be within individuals expatriate contracts.

c) Facts Three expense claims have been submitted for meals and fuel as fixed daily amounts on 2.8.99, 20.9.99, and 1.10.99. No procedures or guidelines have been seen to show these amounts to be allowable.
From the Criteria sections:
d) Criteria All Vendors’ Invoices processed for payment should clearly indicate that checks have been made for correctness of quantities delivered and that prices and discounts are as agreed.
e) Criteria Ideally, the “ricevuta di acquisto” should be produced and authorised. After which the purchase order should be produced, authorised and then the order placed.
f) Criteria A second copy of the back-ups should be made and retained off-site.

From the Cause sections:
a) Cause These areas appear to have been omitted when compiling the Procurement Authorisation matrix.
b) Cause This situation is primarily due to the way the SPS-PC system has been implemented in the Company.
c) Cause This exercise should have been conducted prior to being accepted on the Suppliers’ Master Listing.

From the Effects/Risks sections:
d) Effects/Risks Without a formal inventory listing and log book, there is no point of reference as to what back-up tapes and original licensed software were in the main safe, and no audit trail as to what items have been subsequently removed.
e) Effects/Risks Without a senior Engineer’s signature on the red changes made to the Master Copy, there is no proof that the changes have been reviewed and approved.
f) Effects/Risks As a result, items in the Installation Materials Store/Yard which have been recently ordered might be omitted from the Installation Materials Listing and thus low quantities of Installation Materials might be reordered.

Specific language: Dates
Audit reports often include findings concerning the dates of documents. There follows a list of expressions used concerning dates.

| A The problem of kept being up to date |

Verb – to be updated
Our general review of the Master Vendors list showed that the list was last updated on February 25th.
Vb + adjectival phrase - to be out of date
Our review of the Vendors list showed that it was out of date.

Adj + Noun: Out-of-date/up-to-date
The list contained out-of-date information as to whether or not the Vendors Quality systems conformed to ISO 9000 quality standards.

The department does not have an up-to-date list of X.

B The presence or absence of dates

Verb - To be dated
The document was not dated.

Noun: date/dates
There were no dates on the documents.

There was no indication of the date on the document.

Noun: Date of receipt
Stamped Envelopes containing Quotes from Vendors were not stamped with the date of receipt.

Noun: ageing
\[ g \] At present X does not produce an automatic ageing of Accounts Payable Ledger balances.
   (this use of ageing means that deadlines in the future are marked in the Ledger)

Adj: aged
\[ h \] Our request for an aged analysis of Accounts Payable for audit purposes as at 31\textsuperscript{st} December 2000 showed that this analysis was not done.
   (this use of aged means that the analysis marks the dates of deadlines in the past)
C Regularity of occurrence

a) noun phrase: **timeliness of data**

The Finance and Administration Management should the practice of downloading Accounts Payable data from the General Ledger with a view to improving the accuracy and **timeliness** of data on a monthly basis.

b) **on a TIME ADJ basis**

Reconciliations of the Accounts Payable General Ledger Cards and Vendors’ Statements were not prepared on a frequent basis.
A facility for dealing with Customers’ complaints on a timely basis has been lost.
Accounts Payable Ledger Clerks should prepare reconciliations of the Accounts Payable General Ledger Cards and Vendors’ Statements on a more frequent basis.
The Master Vendors’ List should be complete and maintained on a current basis.
Slow-Moving Inventories of Consumables/Spares should be reviewed on an annual basis.
We shall install a safety box in the warehouse for storage of EDP data files on a weekly basis.

D Being on time or late

a) the **due date**: the due date is the date when something should be done. Normally it occurs in the context of payment, as the following examples show.
1) We recommended that all technically approved invoices be paid by the due date.
2) Five of these invoices were paid late as they were received late. In three of these cases invoices were received within 24 days before the due date.
3) The sample of 32 invoices were paid on average 41.3 days after the due date.
4) Progress should be monitored to ensure that sections of the index are completed on the due dates.

Note that the prepositions occurring with due date in the above sentences are: by, on, before and after.
b) **overdue** – an adjective meaning late

Overdue can follow a noun group:

*My library books are a week overdue.*

*The baby is two weeks overdue (= The baby was expected to be born two weeks ago).*

Or it can be the complement of the verb **BE**:

*Changes to the tax system are long overdue.*

*She feels she's overdue for promotion.*

It can also be part of a noun group, preceding the noun:

*as in overdue receivables*

*One person was designated to follow up overdue receivables.*

*or overdue payments*

*Complaints from Vendors about overdue payments are not centralised.*

Examples from the audit reports of the word **overdue**:  

a) **Criteria**  
*An accurate aged Accounts Payable Ledger balance analysis should be produced on a monthly basis.*  
*Cause* This was primarily due to the initial programming design of SIPS (accounting software used).  
*Effect/Risk* As a result, long overdue balances might not get highlighted for follow-up action.

b) **In the event of**  
*overdue accounts receivable, this should be referred to the respective Department Managers to follow up for payment.*

c) **While SIPS was being used, an aged debtor’s report was produced in a database generated by Access. A review of this list showed that adequate information was provided. Although there is no breakdown of the extent to which payment is overdue i.e. 30, 60 and 90 days, the invoice date is recorded. (SIPS is a type of software).*

d) **Facts**  
*A sample of 21 payment batches were selected at random with payment dates between August 1999 and June 2000. The results of our tests are as follows: Twenty-seven of the thirty invoices were paid late. Seventeen of these were more than 40 days overdue.*
Task: Fill in the gaps using an appropriate expression from the above choices

1. Our general review of X showed that the X list was last _____________ on February 25th.

2. The department does not have an _____________ list of Vendors.

3. There was no indication of the _____________ on the document.

4. The document was not _____________.

5. There were no _____________ on the documents.

6. Facts Our review of the Standard Terms and Conditions in the Company Purchase Order showed that it was last reviewed two years ago. Thus, its continued appropriateness and validity might be _____________.

7. Of the total overdue debt of US$ 6,396,036, the amount _____________ by more than 90 days is US$ 1,010,363.

8. Nine out of twenty-five invoices were not paid by the _____________.

9. Our inquiries with Procurement Department concerning Statistical Reports showed that there were no data currently produced of the volume of business transacted with each Vendor on a monthly and _____________ basis.

10. The Asset register maintained for the Store in Singapore is not _____________ frequently.
**Pronunciation Practice**

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Pronunciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>adequate segregation of duties</td>
<td>adequate segregation of duties</td>
</tr>
<tr>
<td>competitive bids</td>
<td>competitive bids</td>
</tr>
<tr>
<td>should be maintained</td>
<td>should be maintained</td>
</tr>
<tr>
<td>on a current basis</td>
<td>on a current basis</td>
</tr>
<tr>
<td>other work priorities</td>
<td>other work priorities</td>
</tr>
<tr>
<td>stamped as paid</td>
<td>stamped as paid</td>
</tr>
<tr>
<td>it was last updated</td>
<td>it was last updated</td>
</tr>
<tr>
<td>within a reasonable timetable</td>
<td>within a reasonable timetable</td>
</tr>
<tr>
<td>our review showed three cases</td>
<td>our review showed three cases</td>
</tr>
<tr>
<td>adequate information</td>
<td>adequate information</td>
</tr>
<tr>
<td>primarily due to a reduction</td>
<td>primarily due to a reduction</td>
</tr>
<tr>
<td>largely due to a cutback</td>
<td>largely due to a cutback</td>
</tr>
<tr>
<td>no specific cause was identified</td>
<td>no specific cause was identified</td>
</tr>
<tr>
<td>misappropriation</td>
<td>misappropriation</td>
</tr>
<tr>
<td>the risk of misappropriation</td>
<td>the risk of misappropriation</td>
</tr>
<tr>
<td>minimized</td>
<td>minimized</td>
</tr>
<tr>
<td>the risk is not minimized</td>
<td>the risk is not minimized</td>
</tr>
</tbody>
</table>

**Revision of -ed endings**

How many syllables can be heard in maintained?
How do you pronounce the -ed in stamped? A s t, d, or id?
And updated?
Identified?
Minimized?
Abbreviations

One of the characteristics of audit reports is the amount of abbreviations that they include as a matter of course. Many abbreviations refer to the company’s being audited, or to well known software systems like SAP or SIPS. Occasionally, although the Eni reports are in English, abbreviations referring to Italian vocabulary are included, such as RdA, which stands for richiesta di acquisto. One recurrent abbreviation is viz, which is used in British English as an abbreviation of the Latin word videlicet. Viz introduces an amplification or an explanation of what precedes it and means namely or in other words.

It can occur in the Facts section:

Facts At present Procurement Department does not have Frame Agreements with Vendors in place where certain types of items, goods or services will be used repetitively throughout the year viz: – A) Sub-sea Connectors B) Hydraulic Fittings C) Oils/Grease/Lubes D) Fasteners (Nuts, Bolts, Washers) E) Safety Boots/Safety Glasses F) Buoyancy and Umbilicals G) Tethers H) Personal Computer Boards

But most of all it occurs in the Recommendations section, before lists of actions needing to be performed:

1) Recommendations
Human Resources, ICT Management and Operations Management should liaise for the purpose of streamlining present system, viz:
* Review alternative payroll software, based on formal feasibility study for possible direct input of pertinent payroll data into the system
* As an interim measure require all Offshore Personnel to prepare their own timesheets and fax or e-mail to the ROV-Co-ordinator for initial review before approval by the Department Manager

2) Recommendations
Procurement Department should arrange for the Master Vendors’ List to be reviewed as soon as possible, viz:-
   a) Circulate current list to Operations; Engineering and Technology; Quality, Health and Safety; and Finance Department for recommendations to delete Vendors from the list whose performance has been unsatisfactory or propose new Vendors by completing of Form C148.5 Supplier Evaluation Request
   b) Obtain approved Vendors’ list which is maintained on electronic format from the Corporate Procurement Department, Bergamo
   c) Compare proposed, revised listing by Sonsub Procurement Department with the Corporate Procurement List and highlight Vendors not included on the Bergamo list
   d) Arrange for Vendors not included in the Corporate Procurement Department data base that have been formally pre-qualified by Quality, Health and Safety Department to be advised to Corporate Procurement Department in Bergamo for inclusion
**Recommendations: the most common patterns**

After the heading recommendations, there are a number of ways in which the report proceeds. They have been listed here:

a) the actions that should be taken are listed, using should. Other features worth noting:
   1) most actions refer to Management
   2) many include the verb ensure
   3) many actions should be implemented as soon as possible
   4) many recommendations include the idea of completeness, and contain the determiner all

**Recommendations**
- Human Resources Management should, as soon as possible, ensure the correction of currently wrong Name or Badge Number of Overseas Employees.
- Spot checks of Employees’ Names and Badges on future Overseas Payrolls should be conducted at the various review stage by reference to a correct listing.

**Recommendations**
- Management should ensure that all Sales of Scrap are covered by a formal contract with a Scrap Dealer, duly authorised by the President and Managing Director of Company XYZ SpA.

**Recommendations**
- *A full physical inventory count of all the contents of the main safe should be conducted as soon as possible,* using the limited physical count by the auditors as the starting point. *All* tapes and licensed software should be properly identified and stored for ease of future physical counts.

**Recommendations**
- A physical inventory check should be made of all Operations’ usable equipment in the Facilities Yard, secured area in Shipping/Receiving and Main Warehouse as soon as practicable.

**Recommendations**
- All users should be provided with a unique password and this password should be periodically changed.

**Recommendations**
- Finance and Administration Management should ensure that the Accounts Payable Ledger Clerks prepare reconciliations of the Accounts Payable General Ledger Cards and Vendors’ Statements on a more frequent basis and 100% at year-end.
b) the auditors state “we recommend that NOUN + passive infinitive (be + past participle)

as in: We recommend that all invoices be paid by the due date.

or “we recommend that NOUN (+ should) + passive infinitive”

as in

Recommendations We recommend that the back-up of the SIPS data should be retained in the existing fireproof safe.

or we recommend that NOUN + base form of verb

Recommendations We recommend that the Company provide formal user and systems documentation to Sonsub.

c) the auditors state “we recommend the following:” and a list of actions are then included, normally with a passive verb and should:

Recommendations We recommend the following: a) In case of increased business operations, a cost benefit analysis should be performed to evaluate the financial viability to purchase a server for Branch data processing. b) Data generated should be backed up on the server on a daily basis.

Recommendations We recommend the following: *All purchase orders should be appropriately completed to include cost details and be appropriately dated. *Quotes be obtained and attached to purchase orders for items purchased over a defined limit. This defined limit should be set*.

Recommendations We recommend the following: *The payroll system should be backed up monthly on diskettes and retained in the existing fireproof safe. *If the Branch activity increases in the future, consideration should be given to obtaining a payroll application to replace the Excel spreadsheet, which does not ensure data integrity

Exercise 1 on the language of recommendations

Fill in the gaps in these recommendations with one of the patterns from the above list.

1. Recommendations: Quality and Safety Management (draw up) _____________ a Procedure covering all aspects of the Company’s
processes for disposal of Scrap, Salvage and Surplus Materials for review and issue as soon as possible.

2. Recommendations Technical Operations Department manager (ensure that) ______________ User access to the data (be) ______________ through the SIPS software.

3. Recommendations We recommend that all relevant financial documents (retain) ______________ on site for the current and the previous financial year.

4. We recommended the following:

   *All daily rates used for payroll (be) ______________ double checked in Milton Keynes for accuracy.

   *The latest appointment letters (be/appropriately/distribute) ______________ to staff for signing and (retain) ______________ in personnel files.

5. Recommendations We recommend that all client invoices (support) ______________ with adequate documentation.

Exercise 2 on the language of recommendations

Using the modal auxiliary should, and the verb ensure (ensure that X + regular conjugation of verb), conjugate the verbs in the following recommendations. Consider carefully whether to use an active or passive form of the verbs, and if an adverb is required, consider where it should be placed with respect to the verb.

1) Recommendations Management (ensure) ______________ that a computer laptop (provide) ______________ to the Marine Coordinator to handle all Company business.

2) Recommendations *Management (ensure) ______________ that all Company Work Orders (issue, formally) ______________ by a Susa Representative on site.

3) Recommendations Management (ensure) ______________ that all items left in storage at the shipping Agent’s facilities (monitor, regularly) ______________ for storage or disposal.
4) Recommendations Management (ensure) _____________ that in the future Shipping Agent and Marine Coordinator (adhere, strictly) _____________ to Susa UK Ltd’s Scrap, Salvage and Surplus Materials Work Instruction No: QS W1-4.61-01.

5) Recommendations Management, in co-ordination with ICT Corporate Management in Bergamo, (ensure) _____________ that an ICT Steering Committee (form) _____________ to review all proposed system implementations or upgrades.

**Auditors showing understanding**

Sometimes the audit team may not agree with certain practices that they come across, but they appreciate that there is some valid reason for them. In the following examples, they express understanding, but nevertheless make a recommendation for change later on in the paragraph. In such a case, they introduce their recommendation, either with an adverb of contrast, such as however, or by an adverb that takes into account what has just been said, such as accordingly.

**a)** Recommendations We understand that in the short term the Accounts Payable Supervisor in SUPA will exceptionally be given access to Agency man hour pay rates and will assume the responsibility for signing off Agency Staff Invoices before they are approved for payment. We fully commend this course of action in the short term as the projected reduction in Agency Staff following the Company Restructuring Programme should result in a manageable volume of Agency Weekly Time Sheets. We would, however, suggest that:

a) any further job responsibilities in the process of being transferred to another Department should be quantified,
b) impact on internal control and potential risk for loss determined, and
c) a discussion held with the future responsible Department Manager to arrange handling in the transition period.

**b)** Recommendations We fully appreciate that the Company are moving to a centralised Treasury Function. Accordingly, we suggest that as an interim measure the Finance and Administration Manager formally delegates to the TS the responsibility for negotiating interest rates for Bank Deposits, obtaining Spot rates for Purchases of Foreign Exchanges (up to three days) and arranging Bank Loans at set, approved limits.

Notice that in example (a) above, the auditors make a point of emphasising that the situation holds both in the short term (this phrase is repeated twice) and that the situation is exceptional, i.e. not the norm. The expression of their opinion is cautious (we would suggest) but it is firm, as the adversative adverb however indicates, and exhaustive: three actions are suggested. In example (b), similarly the situation is accepted as an interim measure (i.e. a temporary one).
In the summary part of the report, the auditors also occasionally express understanding of a certain situation, but also make a suggestion about it. In these cases, the verb pattern to arrange for something to be done often occurs.

**Linking ideas**

| A) Although/even though | these are subordinators leading to a subordinate clause, which is followed by a comma; |
| B) But/yet | these are coordinators leading to a coordinated clause or phrase; |
| C) Nonetheless or nevertheless, however, furthermore or moreover | these are sentence adverbs, followed by a comma and then a complete clause |
| D) Despite, as well as | these are prepositions leading to a noun phrase, not whole clauses. |

Look at the examples in context:

A) Although/even though + clause (of these two, although is much more common in audit reports)
   a) Although it seems that the password changing functionality is not liked in the Company, again this is a basic security device.
b) Although the original contract was appropriately signed, the revised copy had not been signed by Construction, Nuclear and Subsea Engineering Ltd. (CNS)

c) Even though the front sheets were stamped as paid, the risk of a duplicate payment being made is not minimised.

Although can also be used before adjectival phrases:

a) Risk The current approved Master Vendors’ List might include Vendors who, although technically proficient, might not have the financial resources to complete the commitments.

B) Yet performs the same function as but, which is much more common.

a) Four of the thirty claims seen related to entertainment expenses. Two of these claims were not authorised, yet they were processed.

b) A paragraph on confidential agreements is in place on employment contracts but a detailed policy has not been devised yet.

c) Three instances were identified whereby expense forms where not authorised, yet they were processed and paid.

C) However, nonetheless, nevertheless, moreover and furthermore: separated by a comma from the rest of the sentence.

a) However (indicating a contrast, like but) – this is the most frequent adverb used.

Facts During the Physical Inventory check of the Main Store/Yard we noted that there was no overall plan of the physical layout of the various items. However, individual items were identifiable by tags and the shelves in the Store were suitably marked.

b) Nonetheless (meaning despite this fact) or nevertheless,

Effect While it is appreciated that the Manager of Human Resources & Services Department conducts the month-end checks of payroll most diligently, nonetheless, the present system of internal control for the payrolls currently solely handled by SPA lends itself to potential exposure to loss (refer to Audit Finding No C5) and concealment without detection.

c) Furthermore (meaning in addition to this)

Substantive tests of Vendors Statements and Accounts Payable General Ledger Cards as at 30th June 2000 showed that no reconciliations had been made during the year. Furthermore, we established that although this exercise was not completed at the year end, it is carried out on a case by case basis.

d) Moreover (meaning in addition to this).
Risk/effect *Since the warehouse is not properly segregated, materials on shelves can be removed without proper authorization. Moreover, since some material are not properly classified it will not be possible to have an adequate management of inventory items.

D) despite and as well as – these lead to noun phrases.

a) Comment/Response: Sonsub Inc agrees in general with the auditor’s finding. It must be noted that despite repeated requests, Sonsub Inc has received no answers from the other companies.

b) If variances are identified then the procedure is to highlight these differences when sending the invoices for technical approval. However, despite differences, if invoices are technically approved, they are processed for payment.

c) There are currently 38 Quality Assurance (QA) procedures as well as the QA manual.

d) for more effective control, the Finance and Administration Manager should give consideration to: *assigning the Clerk other accounting duties as well as the Bank Reconciliations.

Exercise 3: Linking Ideas
Indicate which word fills the gap correctly.

1. Sanlito and RKB have only been doing business for a couple of months. ___________, Sanlito’s management have already given RKB their full confidence.

   a) Despite                b) Nevertheless

2. _____________ their prices are very competitive, we have decided not to do business with them.

   a) Although                b) Furthermore

3. We reached out to customers with special offers, continuity programmes _____________ appreciation letters, but customer retention did not improve.

   a) despite                b) as well as

4. Negotiating prices and securing orders is very exciting. _____________, ensuring that the customer remains a customer can be a humdrum affair.

   a) However                b) Although
5. He likes keeping himself to himself, ____________ he spends a lot of time entertaining suppliers.

a) As well as  b) Yet

Exercise 4. Fill the gap with one of the words or phrases used to link ideas in the audit reports.

You will need to read the whole extract carefully to understand the type of relationship between the sentences and phrases and choose the correct way of linking them.

1. ____________ the main files are in Sweden, the files kept in Perth should at least contain employment contracts and job descriptions.

2. While the seven Bank Reconciliations for the Australian Branch and the three Bank Reconciliations received to date for the Scottish Branch were properly prepared, the respective Trial Balance Bank Account balances for the Australia and Scottish Branches showed differences on all accounts when compared with the London Trial Balance. ____________, none of the 43 Bank Reconciliations had been reviewed and approved as at 31st March 2000.

3. Effect/Risk Inadequate records for business travel are retained. It is difficult to identify the travel requirements for each project ____________ prices previously charged for travel.

4. A contract between Lello SpA and GasAlive for the Land Rig project has not been signed ____________ the work is completed.

5. A list of projects is in place along with a list of project managers. This can be used to identify which project manager can sign for purchasing in relation to each project. ____________, it is not possible to confirm if the signature is correct without an authorised signatory list.

Problem-solving

One of the normal events in the workplace is the need to face problems and try and solve them together with others. In this section, we present phrase to be used when recognizing the existence of a problem and the ways to ask for and offer help, and respond to such requests.
<table>
<thead>
<tr>
<th><strong>Stating the problem</strong></th>
<th><strong>Possible responses</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>I wonder if you can help me.</td>
<td>Oh dear. What’s the matter?</td>
</tr>
<tr>
<td>I’ve got a bit of a problem...</td>
<td>Oh, that’s strange.</td>
</tr>
<tr>
<td>There seems to be a problem.</td>
<td>It was sent out two weeks ago ...</td>
</tr>
<tr>
<td>We haven’t received...</td>
<td>Oh really?...</td>
</tr>
<tr>
<td>I’m phoning about a mix-up</td>
<td>How can that have happened?</td>
</tr>
<tr>
<td>that there’s been with...</td>
<td>Oh, well we’re nearly ready.</td>
</tr>
<tr>
<td>I’m calling to see what’s happening with...</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Offering to help</strong></th>
<th><strong>Possible responses</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>How can I help you?</td>
<td>Well, the thing is...</td>
</tr>
<tr>
<td>I’ll look into it right away</td>
<td>I’d be most grateful.</td>
</tr>
<tr>
<td>and get back to you on it.</td>
<td>I’d appreciate that.</td>
</tr>
<tr>
<td>I’ll get on to this straight away.</td>
<td>Thanks very much.</td>
</tr>
<tr>
<td>I’ll see what I can do</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Apologising/showing understanding</strong></th>
<th><strong>Possible responses</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>I’m really sorry about that. I do apologise.</td>
<td>That’s all right, as long as it’s rectified as soon as possible.</td>
</tr>
<tr>
<td>You must be very upset about this.</td>
<td>Well, yes actually. It’s caused us a few problems to say the least.</td>
</tr>
<tr>
<td>I understand how you feel</td>
<td>I hope it can be dealt with immediately.</td>
</tr>
<tr>
<td>I know how frustrating this must be.</td>
<td>Well, yes. We can’t get on with the project without these documents.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Making suggestions</strong></th>
<th><strong>Possible responses</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Perhaps we could... ?</td>
<td>That sounds good...</td>
</tr>
<tr>
<td>Would it be possible to... ?</td>
<td>I should think so.</td>
</tr>
<tr>
<td>Have you thought of...</td>
<td>No. that’s a good idea.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Requesting action</strong></th>
<th><strong>Possible responses</strong></th>
</tr>
</thead>
</table>

150
Could you look into the matter? Of course. I’ll get back
Could you deal with this to you on it as soon as I can.
Please can you check with…? Yes. Certainly

Task: problem-solving

Invent a problem in the workplace and in pairs act out a conversation in which one partner explains the problem and asks for help, and the other reacts positively.

Pronunciation Practice

As in the previous units, mark in the stresses in the words and phrases in the left column. The correct stress is given in the central column. Check your version against the middle column, where the stressed syllable is in **bold and underlined**. The third column is empty, and you may use it to revise the words and phrases later. Rewrite them, marking in the stress as you wish, underlining it, or circling it, as you prefer.

<table>
<thead>
<tr>
<th>Human Resources</th>
<th>Human Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICT Management</td>
<td>Eye see tee Management</td>
</tr>
<tr>
<td>Operations Management</td>
<td>Operations Management</td>
</tr>
<tr>
<td>Employees’ Names and Badges</td>
<td>Employees’ Names and Badges</td>
</tr>
<tr>
<td>Management should ensure that</td>
<td>Management should ensure that</td>
</tr>
<tr>
<td>a physical inventory count</td>
<td>a physical inventory count</td>
</tr>
<tr>
<td>All users should be provided with</td>
<td>All users should be provided with</td>
</tr>
<tr>
<td>should be periodically changed</td>
<td>should be periodically changed</td>
</tr>
<tr>
<td>Finance and Administration Management</td>
<td>Finance and Administration Management</td>
</tr>
<tr>
<td>We recommend that</td>
<td>We recommend that</td>
</tr>
<tr>
<td>We recommend the following</td>
<td>We recommend the following</td>
</tr>
<tr>
<td>orders should be appropriately completed</td>
<td>orders should be appropriately completed</td>
</tr>
<tr>
<td>We fully recommend this course of action</td>
<td>We fully recommend this course of action</td>
</tr>
<tr>
<td>We fully appreciate that</td>
<td>We fully appreciate that</td>
</tr>
</tbody>
</table>
UNIT 10
MANAGEMENT RESPONSE AND NEGOTIATIONS

The final section of each finding is the management response to the recommendations made. The most normal response is an acceptance of the recommendation, which may be expressed in more or less enthusiastic terms. There may be a justification of the finding, with the declaration of some attenuating circumstances. In the case of agreement, there is a promise of action, and a target date by which the action will be implemented. Normally the management speaks in the third person, but occasionally there are first person verbs used too. Rarely, the management refutes the finding and plans to take no action.

Summary of possible reactions from management:

a) full acceptance, sometimes with an expression of full agreement, sometimes with a justification of the finding, and always with promise for action, and a target date by which the recommendations will be implemented;
b) qualified acceptance – i.e. management accepts the recommendation in principle, but wishes to disagree about some particular point.
c) refusal of the recommendation, with justification for the process or practice being criticized.

Linguistic features: In this section, there is considerable variation as regards the degree of completeness of sentences. Often the comments take the form of notes. The impression given is that management writes the minimum necessary to convey their comments. The tenses used are generally the present and the future (using will or shall). The adverbial phrase, in future, is often used. It must be noted that management is treated both as a singular and plural noun, and is therefore followed sometimes by a verb in the singular, sometimes in the plural. The adverb accordingly is also worthy of note, since it often provides the link between the management’s agreement with the finding, and their declaration of planned action in accordance with the finding. Another way of expressing this is by using the phrase in line with your recommendation.

Since this part of the report is not actually written by the auditors, the emphasis in this unit is on comprehension, rather than production of this part of the report.

Examples of management comments illustrating the above points follow.
a) Full acceptance from Management of the recommendations

Management Comments We accept the audit recommendation. We shall arrange for the Marine Coordinator to be issued with a Company laptop with instructions to back-up the Company files on a daily basis.

Implementation date is set for 31st March 2001.

Management Comments Management accepts audit recommendation. We shall ensure that the company’s bid procedure regarding subcontract work is strictly adhered to in future. Target date: 31st July 2001.

Management Comments Project Management accept the recommendation. We fully agree that the e-mail communications can be irregular. Accordingly, we will discuss this issue with our partner by 31st July 2000.

Management Comments We accept the audit recommendations. Accordingly, we shall formally notify the Marine Services Company that they require formal approval from the Company before a Vessel substitution takes place.

Management Comments Project Management accept the recommendation. Appropriate security measures over daily back-ups of the various JV Operating Files will be enforced immediately.

Management comments (a) Agreed. It will be applied with immediate effect.

Management Comments Management accepts audit recommendation. In future, all envelopes enclosing quotes from vendors will be date stamped on receipt and retained for reference purposes. We shall also indicate the date the bid summaries are prepared. Target date: 31st July 2001.

Management Comments Management accepts audit recommendation. In future, we shall modify our procedures in line with your recommendations. Target date: 31st December 2001

As is evident from the above examples, the time references may just be a heading, such as target date: 31st July or they may be within the paragraph, as in the implementation date is set for 31st March; we will discuss this by 31st July 2000 and we will ensure in future that, will be enforced immediately...
b) qualified acceptance of the recommendation, followed by however, or nonetheless, or but.

Management Comments
With regard to the first paragraph, an appropriate report will be designed with the help of the planning department. As far as the second paragraph is concerned, the existing access control software is not flexible enough to be modified for payroll input purposes. We will, however, investigate further any possible improvement to the actual set up of the system which might benefit the payroll issue.

Management Comments Project Management accept the recommendation. However, with the reduction in Stores’ Staff due to the near completion of the Project it has been very difficult to have the appropriate segregation of stores’ duties. We will split the current duties of the Store staff, as suggested by the auditors, no later than 30th September 2000.

Management Comments Project Management accept the recommendation in principle. However, we require the flexibility of determining whether or not items which are particularly fragile remain intact in the box, on the understanding that a full inspection of the contents will be conducted at the site.

Management Comments Project Management accept the recommendation in principle but would prefer to use their discretion with regard to Physical Counts of smaller items.

Senior Management accept the recommendation. However, it must be noted that the document described within this report as the ‘Master Vendor List’ is only a Standard Report generated from the SPS PC software programme.

Sonsub Inc Senior Management does agree with the auditor’s recommendations. The reason for Accounts Payable sub-sections was for ease of extrapolation of data, specifically Scottish Regulatory Returns. Nonetheless, we will review the situation and modify the number of Accounts Payable sections where practicable.
c) justification for the finding and refusal of the recommendation

In the last example, the use of does in Management does agree seems to indicate emphasis of the agreement, although this is followed by a justification of the finding.

Management comment:
It was a temporary measure because after August the number of agency staff will be reduced to 05.

Comment/Response: Sonsub Inc does not agree with the auditor’s finding. Sonsub Inc Senior Management does not agree with the auditor’s recommendations. The issue is cost savings vs. upgrade of field systems. Sonsub Inc Senior Management does not believe it’s cost effective or practical. Action to be taken: Sonsub Inc Senior Management will take no action. Target completion date: No Action.

Management Comments Issue: The Auditor states that the old risers and pipes in the Facilities Yard are rusting. Comment/Response: Sonsub Inc does not agree with the auditor’s finding. Sonsub Inc Senior Management does not agree with the auditor’s recommendations. The Monobore rise was prepared for long term storage in accordance with Sonsub procedure following last usage. The surface bloom of rust on the O.D. is not detrimental.

Comment/Response: Sonsub Inc Senior Management does not agree with the auditor’s finding and believes Sonsub’s method of operation is functional and satisfactory. Sonsub Inc Senior Management does not agree with auditor’s recommendations. The examples shown is one with many subcontractors invoices required and ongoing negotiations with client. Action to be taken: Sonsub Inc Senior Management plans to take no action. Target completion date: No Action.
Presentations: Delivery

When you are giving a presentation, your delivery – the clarity with which you pronounce your words and the speed at which you speak is of the greatest importance. A strong foreign accent doesn’t matter, as long as the way you put your message across is clear.

Points to remember:
Make sure you pronounce the **key words** in your presentation correctly. There has been an emphasis on the stress in key words throughout the previous units.

Also, common pronunciation mistakes to avoid:

- beware of silent letters, e.g. any words beginning with ps – psychiatry, psychological etc. all have a silent initial p, or the w in answer, the t in listen, etc.
- be careful of the letters th – try and pronounce them correctly, instead of as a f (e.g. say I think, not I fink. Similarly, make sure you know the difference between:
  
I taught and I thought; through and truth and true

Be careful of
- ed in past tenses
- verbs and nouns where the same form changes in stress according to the verb or noun:
  
E.g. an *export* but to *export*

- common words with stress on the second syllable, such as
  
2nd syllable stress - **ward**, **towards**, event, **Japan**

common words with stress on the first syllable stress - **vehicle**, **category**, **register**

**Common Grammar mistakes to avoid**

Remember, there is no article before dates. Say “in 1999” not “in the 1999”

and no article before percentages. (E.g. 20% (not the 20%) of the population has a second house).
**Slides**

Slides are supposed to help reinforce the message you are giving in some way. In terms of visibility, make sure that the character you use on your slides is big enough for the audience to read.

When preparing, ask yourself, who is the protagonist, me or the slide? In Powerpoint presentations, in particular, overuse of noises can distract the audience’s attention away from you. A slide can be used for effect, but not to give the whole message.

Give the audience time to read and look at a visual, otherwise they won’t listen to you. But don’t write too much and avoid repeating what is already there – explain it, or expand on it.

If using powerpoint, use the top of the slide more than the bottom – other computers may prevent seeing the bottom of the slide if using the videobeam.

N.B. Always do a spell-check on your slides before showing them. Make sure your title and your slides are grammatically correct.

Practice with your visuals. If you use a map, point to what is relevant. Avoid talking with your back to the audience and just reading.

**Pronunciation Practice**

As in the previous units, mark in the stresses in the words and phrases in the left column. The correct stress is given in the central column. Check your version against the middle column, where the stressed syllable is in **bold and underlined**. The third column is empty, and you may use it to revise the words and phrases later. Rewrite them, marking in the stress as you wish, underlining it, or circling it, as you prefer.

<table>
<thead>
<tr>
<th>Management</th>
<th>Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Comments</td>
<td>Management Comments</td>
</tr>
<tr>
<td>audit recommendation</td>
<td>audit recommendation</td>
</tr>
<tr>
<td>Management accept the recommendation</td>
<td>Management accept the recommendation</td>
</tr>
<tr>
<td>in principle</td>
<td>in principle</td>
</tr>
<tr>
<td>an appropriate report will be designed</td>
<td>an appropriate report will be designed</td>
</tr>
<tr>
<td>a temporary measure</td>
<td>a temporary measure</td>
</tr>
</tbody>
</table>

158
Senior Management does not agree
I am sure you will appreciate
how complicated this matter is
That's a difficult question to answer.
it's rather difficult to say at present
I'm not in a position to comment

Focus on Language: Difficult meetings

Sometimes in meetings you need time to think, or you need to understand something better, or indeed you cannot actually answer the question, or need to defend your position.

Here are some useful expressions to be used in those situations.

Playing for time
I am sure you will appreciate how complicated this matter is.
You have raised an important point.
Can I come back to that a little later?
I’m glad you asked that question.
That’s a difficult question to answer.

Questioning what your questioner has said/affirmed
It depends what you mean by ……
I’m afraid I don’t quite follow ……
I don’t think it’s quite as simple as that ……

Being on the defensive
Well, it’s rather difficult to say at present.
I’m afraid I’m not in a position to comment on that.
I think we can leave the problem of …… aside for a moment, the real issue is ……

Focus on Language: Negotiations

Discuss the following questions
• What is a “negotiation”?
• How would you judge the success of a negotiation?
What makes a good negotiator?

Describe your experiences of formal or informal negotiations.

What do you think?

How appropriate is the following advice? On a scale from 1-10 (1 = essential, 10 = unhelpful) decide which for you are most important.

<table>
<thead>
<tr>
<th>How to be a good negotiator</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>try to get on well with your opposite number</td>
<td></td>
</tr>
<tr>
<td>use emphatic language</td>
<td></td>
</tr>
<tr>
<td>show respect for the person you are negotiating with</td>
<td></td>
</tr>
<tr>
<td>make suggestions to resolve disagreement</td>
<td></td>
</tr>
<tr>
<td>have clear objectives</td>
<td></td>
</tr>
<tr>
<td>be determined to win</td>
<td></td>
</tr>
<tr>
<td>say &quot;I don’t understand&quot; if this is the case</td>
<td></td>
</tr>
<tr>
<td>always listen carefully</td>
<td></td>
</tr>
<tr>
<td>compromise</td>
<td></td>
</tr>
<tr>
<td>discuss conflicting ideas</td>
<td></td>
</tr>
</tbody>
</table>
Answers to Exercises

Unit 1

Exercise

Put these adjectives into their comparative and superlative forms. Add on the appropriate ending to each word (-er or -est)

<table>
<thead>
<tr>
<th>Adjective</th>
<th>Comparative form</th>
<th>Superlative form</th>
</tr>
</thead>
<tbody>
<tr>
<td>Old</td>
<td>older</td>
<td>oldest</td>
</tr>
<tr>
<td>Short</td>
<td>shorter</td>
<td>shortest</td>
</tr>
<tr>
<td>Fair</td>
<td>fairer</td>
<td>fairest</td>
</tr>
<tr>
<td>Clean</td>
<td>cleaner</td>
<td>cleanest</td>
</tr>
<tr>
<td>Fat</td>
<td>fatter</td>
<td>fattest</td>
</tr>
<tr>
<td>Big</td>
<td>bigger</td>
<td>biggest</td>
</tr>
<tr>
<td>happy (Careful of the spelling!)</td>
<td>happier</td>
<td>happiest</td>
</tr>
<tr>
<td>Late</td>
<td>later</td>
<td>latest</td>
</tr>
<tr>
<td>Fine</td>
<td>finer</td>
<td>finest</td>
</tr>
</tbody>
</table>

Adjectives with irregular comparatives and superlatives

<table>
<thead>
<tr>
<th>Adjective</th>
<th>Comparative form</th>
<th>Superlative form</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good</td>
<td>better</td>
<td>best</td>
</tr>
<tr>
<td>Bad</td>
<td>worse</td>
<td>worst</td>
</tr>
<tr>
<td>Far</td>
<td>further/farther</td>
<td>furthest/farthest</td>
</tr>
<tr>
<td>Old</td>
<td>older/eldest</td>
<td>oldest/eldest</td>
</tr>
<tr>
<td>Little</td>
<td>smaller</td>
<td>smallest</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Base form of adjective</th>
<th>Comparative form</th>
<th>Superlative form</th>
</tr>
</thead>
<tbody>
<tr>
<td>intelligent</td>
<td>more intelligent</td>
<td>most intelligent</td>
</tr>
<tr>
<td>interesting</td>
<td>more interesting</td>
<td>most interesting</td>
</tr>
<tr>
<td>beautiful</td>
<td>more beautiful</td>
<td>most beautiful</td>
</tr>
</tbody>
</table>

Conjugate the verbs in the following paragraphs, taken from audit reports. The tenses used are present simple or past simple.

BACKGROUND Bugsy A/S provides diversified Marine Services within and outside Scandinavian Waters, and offers a fleet of 30 Tugs and Barges together with equipment.

Bugsy was founded on 21-12-1988 and is a private limited company.

Its previous name was Saarben & Sønn A/S. On 5-12-2000 Poseidon Oslo merged with B ugsy and retained the trade name of B ugsy A/S.
BACKGROUND MCC Shipping A/S is a company with a wide international network of partners and agents performing purchasing, expediting, special transports, warehousing and related services world-wide for the demanding requirements of the Offshore and Marine Industry. The GMC Head Office is located in Lowestoft where they have a complete service base facility including 210m deep water quay, 4,000m² indoor warehousing and 10,000m² outside storage area. They have branch offices in Lewes and Hastings. MCC Shipping A/S is a private, limited company, which was established on 6-06-1937 and is part of the MCC Group, which is 100% owned by local investors.

Unit 2

Try and mark the stress on all the polysyllabic words in this definition: INTERNAL AUDITING is an independent, objective, assurance and consulting activity, designed to add value and improve an organization’s operations.

Introducing yourself

Match a sentence on the left with a suitable response on the right

| How do you do?                               | How do you do? |
| How are you?                                 | Very well thank you. |
| Lovely to see you again.                     | Nice to see you, too. |
| How’s business?                              | Not too bad thanks. |
| How was your flight?                         | Just great. No hassles at all. |
| Hello.                                      | Hi. |
| Are you Gianni Rossi?                        | Yes, that’s right. |
| Hello. My name’s Jack Briggs.                | Pleased to meet you. |
| Oh, hello. I’ve heard a lot about you.       | All good, I hope. |

Now write the corresponding adjective beside each noun, and mark the stress in both the adjective and the noun.

<table>
<thead>
<tr>
<th>Nouns</th>
<th>Adjectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliability</td>
<td>reliable</td>
</tr>
<tr>
<td>ability</td>
<td>able</td>
</tr>
<tr>
<td>accountability</td>
<td>accountable</td>
</tr>
<tr>
<td>advisability</td>
<td>advisable</td>
</tr>
<tr>
<td>compatibility</td>
<td>compatible</td>
</tr>
<tr>
<td>demonstrability</td>
<td>demonstrable</td>
</tr>
<tr>
<td>flexibility</td>
<td>flexible</td>
</tr>
<tr>
<td>unpredictability</td>
<td>unpredictable</td>
</tr>
</tbody>
</table>
Unit 3

The following text is a notification of audit, sent to a department before it is audited. If you look at the kick off presentation in the previous unit, you will see that this is the first stage of an audit. Put the verbs in brackets in the right form and tense. Be careful: many passive forms are required in this text.

From the OFFICE OF INTERNAL AUDIT

AUDIT ENTRANCE MEMORANDUM

This form is sent to the audit client before the audit entrance meeting. It outlines the audit process. Audit clients are required to review this document, sign it, and return it to the auditor in charge before the beginning of audit fieldwork.

The following information is being provided relative to the upcoming audit of your department. These facts are intended to provide insight into the audit process and our audit procedures and should facilitate your preparation for the audit.

*Your department are scheduled for an audit. We will audit the department’s compliance with both internal and external policies and procedures, along with additional concerns expressed by departmental management.

*The Senior Auditor will be your primary contact during the audit, but feel free to call either the Audit Manager or Director with questions or concerns.

*An audit entrance meeting will be scheduled upon receiving your confirmation of the proposed audit date indicated in the present Notification of Audit. The purpose of this meeting is to introduce the audit team, to gain information from you and your staff regarding the department’s operations and discuss any audit concerns, key issues or areas of emphasis you may identify.

*An audit of the department’s electronic data processing (EDP) equipment and procedures may be performed concurrently with this audit. The necessity of this type of audit will be discussed at the audit entrance meeting.

*The Senior Auditor will be responsible for gathering background information, identifying items to be tested, preparing an audit program, completing the fieldwork, and revising the audit report. The Senior Auditor
may be assisted by a staff auditor or student assistant during the planning and fieldwork portions of the audit.

*Any matters requiring attention found during the audit will be discussed with the designated departmental contact person while the auditor is still working within your area. The review of the senior’s work may identify additional issues which require additional discussion with departmental personnel and/or audit testing.

*Preliminary Audit Comments will be distributed for informal responses from the appropriate auditee representative. These informal responses are requested to verify that the facts presented in the Preliminary Audit Comments are complete and accurate. We may not have had access to all the pertinent information and this is your opportunity to provide documentation that will clear the issue. We will review the additional documentation and determine if the findings have been cleared.

*Once all the responses to the Preliminary Audit Comments have been received, the draft audit report will be prepared. The draft audit report will be reviewed by the Audit Manager and the Director. Once the report has been approved internally, we will advise you that we need to arrange a closing conference. Once the date has been fixed, a copy of the draft report will be sent to the appropriate departmental personnel.

*The purpose of the closing conference is to discuss the factual information contained in the background section of the report and any language changes that you feel are necessary to deliver a quality product. It is also an opportunity for you to comment on the feasibility and practicality of the recommendations and suggest improvements. Generally it is not anticipated that disputes in facts should occur during the closing conference as the actual facts were clarified when the initial finding was submitted for your response.

*Changes requested and agreed upon during the closing conference will be incorporated into the report and a copy provided for your review. We will give you two days to respond to the changes that were made. After the two days, the draft report will be sent to the appropriate Vice President for response.
Unit 4

First mark in the stresses, as in the previous exercises. Then, notice the unstressed syllables and in the third column mark in the unstressed vowels that sound like the.

<table>
<thead>
<tr>
<th>cash management</th>
<th>@count</th>
<th>bank @ccount</th>
<th>p@rsons designated by th@ board</th>
<th>@propri@te individuals</th>
<th>authority and r@ sponsibility</th>
<th>@p roving disbursem@nt</th>
<th>used @nd unused cheques</th>
<th>canc@llied and retained</th>
<th>wrong curr@ncies</th>
<th>th@ @propri@te departm@nt</th>
<th>th@ wrong payee</th>
<th>invoice @ddresses</th>
<th>bank sign@t@ries</th>
<th>cheque details</th>
<th>pre-dated or post-dated cheques</th>
<th>@ specified @mount</th>
<th>cashier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is th@ mail distributed</td>
<td>th@ bank deposit</td>
<td>comp@ ny policy</td>
<td>duplic@te or triplic@te cash registers</td>
<td>prompt @nd accur@te booking</td>
<td>Interest income on treas@ry dealing</td>
<td>general ledg@r @ccount bal@nces</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Now go through the questionnaire in this unit and copy out all the words ending in -ed, placing them in the following three columns. Practice saying them.

<table>
<thead>
<tr>
<th>-ed pronounced as -id</th>
<th>-ed pronounced as -d</th>
<th>-ed pronounced as -t</th>
</tr>
</thead>
<tbody>
<tr>
<td>designated</td>
<td>authorised</td>
<td>stamped</td>
</tr>
<tr>
<td>accounted for</td>
<td>assigned</td>
<td>reimbursed</td>
</tr>
<tr>
<td>voided</td>
<td>prenumbered</td>
<td>checked</td>
</tr>
<tr>
<td>excluded</td>
<td>used</td>
<td>booked</td>
</tr>
<tr>
<td>documented</td>
<td>unused</td>
<td></td>
</tr>
<tr>
<td>executed</td>
<td>cancelled</td>
<td></td>
</tr>
<tr>
<td>completed</td>
<td>retained</td>
<td></td>
</tr>
<tr>
<td>dated (pre-dated/post-dated)</td>
<td>monitored</td>
<td></td>
</tr>
<tr>
<td>prohibited</td>
<td>reviewed</td>
<td></td>
</tr>
<tr>
<td>limited</td>
<td>approved</td>
<td></td>
</tr>
</tbody>
</table>
Unit 5

Exercise 1
1. We had a lot of trouble putting the tent up. If it hadn’t been so windy, it wouldn’t have been quite so difficult.
2. Why do people always wear dark clothes at night? If pedestrians wore light coloured clothes drivers would see them much more easily.
3. Serve the meal and wash up, please. When you do the washing up you can go home.
4. He’s asleep now but I’ll give him the letter as soon as he wakes up.
5. Tell him to bring his bicycle inside. If he leaves it outside someone might steal it.
6. If you aren’t going to live in the house why are you selling it? If I had a house I couldn’t use I would sell it at once.
7. This flat would be all right if the people above us weren’t so noisy.
8. They won’t come unless you beg them.

Tasks with relative clauses
A Which underlined pronoun is suitable in the context?
1. All the doors were open, which seemed very odd.
2. This is Sophia, who is taking over my job when I leave.
3. The success of a holiday depends on whom you share it with.
4. I’ll stay here till six, by which time Jon should have phoned.

B Fill in the blanks with the appropriate relative pronoun. Then decide where the pronoun could be omitted.
1) My view of karate, which was formerly rather negative, has been radically changed.
2) The boy that/who I’ve been teaching privately for years has finally finished school. (Could be omitted.)
3) Stray cats and dogs, whose average life is about 8 years in the city, are a real problem in the area.
4) When I was young, the girl **who** lived next door was the only friend of mine **who** dropped out of school at 14.

5) Make sure the agency that you buy your tickets from is an official one. (Could be omitted)

C Check that you have understood by filling in the blanks here:
Relative pronouns can be omitted in **defining/restrictive** clauses when they refer to the **object** of the clause.

D In the following sentences, omit the pronoun where possible.
1. The book you bought yesterday is still in the car! Do you want me to bring it in?
2. While returning home we stopped at a restaurant which is famous in the area.
3. They eventually decided to sell their house, which they had bought when they got married.
4. I asked to speak to the salesperson who had served me, since I wanted my money back.
5. Since they needed money, they decided to sell the car they had inherited.

E Now fill in the following gaps in sentences taken from audit reports.
1. There is a potential loss of an existing Travel Agency, **which** provides cost effective travel and a timely service.
2. This is an area **(which/that)** we continue to improve upon. (Could be omitted)
3. During our review of Bank Reconciliations we found seven Bank Statements with zero balances, **which** had not been formally reconciled with the General Ledger balances.
4. Certain Bank Reconciliations in respect of the Canada Branch, **which** have not been received to date, should be forwarded to the Audit Department for review.
5. Three Bank Reconciliations regarding the Canada Branch, **which** is now closed, were not available and will be sent to the auditors at a later date.
6. Engineering Management should conduct a detailed review of the outstanding ECNs to determine the significance of the drawing changes **that/which** need to be made.
7. Those drawings, **which** require significant changes, should be prioritised in order to be completed according to a realistic time scale.
8. In the event of a fire, the original computerised drawings **that/which** are backed up daily would be of limited use.
Task 3 Word formation exercise

In this exercise, words deriving from the same root have been divided into nouns referring to things and nouns referring to people, adjectives and verbs. First of all, fill in the gaps with the missing words.

<table>
<thead>
<tr>
<th>Noun (thing)</th>
<th>Noun (person)</th>
<th>adjective</th>
<th>Verb</th>
</tr>
</thead>
<tbody>
<tr>
<td>industry</td>
<td>industrialist</td>
<td>industrial</td>
<td>industrialize</td>
</tr>
<tr>
<td>politics</td>
<td>politician</td>
<td>political</td>
<td>politicize</td>
</tr>
<tr>
<td>nationalism</td>
<td>nationalist</td>
<td>nationalistic</td>
<td>nationalize</td>
</tr>
<tr>
<td>criticism</td>
<td>critic</td>
<td>critical</td>
<td>criticize</td>
</tr>
<tr>
<td>invention</td>
<td>inventor</td>
<td>inventive</td>
<td>invent</td>
</tr>
<tr>
<td>report</td>
<td>reporter</td>
<td>reporting</td>
<td>report</td>
</tr>
<tr>
<td>control</td>
<td>controller</td>
<td>controlling</td>
<td>control</td>
</tr>
<tr>
<td>competition</td>
<td>competitor</td>
<td>competitive</td>
<td>compete</td>
</tr>
<tr>
<td>analysis</td>
<td>analyst</td>
<td>analytical</td>
<td>analyse</td>
</tr>
<tr>
<td>management</td>
<td>manager</td>
<td>managerial</td>
<td>manage</td>
</tr>
</tbody>
</table>

Now underline the stressed syllable in each word. Check with the table on the next page.

<table>
<thead>
<tr>
<th>Noun (thing)</th>
<th>Noun (person)</th>
<th>adjective</th>
<th>Verb</th>
</tr>
</thead>
<tbody>
<tr>
<td>industry</td>
<td>industrialist</td>
<td>industrial</td>
<td>industrialize</td>
</tr>
<tr>
<td>politics</td>
<td>politician</td>
<td>political</td>
<td>politicize</td>
</tr>
<tr>
<td>nationalism</td>
<td>nationalist</td>
<td>nationalistic</td>
<td>nationalize</td>
</tr>
<tr>
<td>criticism</td>
<td>critic</td>
<td>critical</td>
<td>criticize</td>
</tr>
<tr>
<td>report</td>
<td>reporter</td>
<td>reporting</td>
<td>report</td>
</tr>
<tr>
<td>control</td>
<td>controller</td>
<td>controlling</td>
<td>control</td>
</tr>
</tbody>
</table>

9. ‘Are you coming to town with me this afternoon?’
   ‘Perhaps. If I finish/have finished decorating the living room, I’ll come with you.
10. When I got to the pub I found I didn’t have any money. If I had had some money, I would have bought him a drink.
11. ‘I always go to Italy for my holidays. If the weather in Britain were better, I would take my holidays there.
12. I’m a teacher. If I were the Minister for Education, I would spend more money on schools.
13. ‘I’ve lost my address book.’ If I find it, I’ll bring it to you.
In the following sentences, omit the pronoun where possible.
1. The book which you bought yesterday is still in the car! Do you want me to bring it in?
2. While returning home we stopped at a restaurant which is famous in the area.
3. They eventually decided to sell their house, which they had bought when they got married.
4. I asked to speak to the salesperson who had served me, since I wanted my money back.
5. Since they needed money, they decided to sell the car that they had inherited.

Unit 7

1. In the table below, you can see expressions of time in the left-hand column. Try and match one with each of the sentences in the right-hand column. Other combinations may also be possible.

<table>
<thead>
<tr>
<th>I didn’t have a lot of experience</th>
<th>when I joined this company</th>
</tr>
</thead>
<tbody>
<tr>
<td>I’m flying to Munich</td>
<td>in a fortnight’s time</td>
</tr>
<tr>
<td>I worked for my company’s major competitor</td>
<td>in the 1990s</td>
</tr>
<tr>
<td>I was looking for a different job</td>
<td></td>
</tr>
<tr>
<td>I made a conference call in English</td>
<td>the other day</td>
</tr>
<tr>
<td>I was caught making personal phonecalls</td>
<td>during a meeting</td>
</tr>
<tr>
<td>I have been working on this project</td>
<td>recently</td>
</tr>
<tr>
<td>I have been working on this project</td>
<td>since January</td>
</tr>
<tr>
<td>My boss uses a laptop</td>
<td>hardly ever</td>
</tr>
<tr>
<td>I’ll finish this report</td>
<td>by Tuesday</td>
</tr>
<tr>
<td>My boss uses a laptop</td>
<td>never</td>
</tr>
<tr>
<td>I have been working on this project</td>
<td>for a year</td>
</tr>
<tr>
<td>I was caught making personal phonecalls</td>
<td>this week</td>
</tr>
</tbody>
</table>

3 Verb forms: simple versus continuous
Can you explain the differences in meaning between each pair of sentences?

1a) I work for a well-known multinational (this is my regular job)
1b) I’m working on restructuring the company (this sounds like a project, which is a temporary thing that I’m working on at the moment)

2a) What were you doing when the headhunter called? (this implies that you were in the middle of doing something when s/he called)
2b) What did you do when the headhunter called? (what action did you take when s/he called - either in the sense of “did you pretend you were
someone else, did you go out of the room” etc., or what did you do as a consequence of the headhunter’s call

3a) When we arrived, they introduced the main conference speakers (the introducing happened after we arrived; it sounds like the people arriving were being waited for)
3b) When we arrived, they were introducing the main conference speakers (the introducing was going on when we arrived)
3c) When we arrived, they had introduced the main conference speakers (the introducing had already happened when we arrived)

4a) I’ve worked with several very prestigious clients (in my life, in this job so far, I have worked with... )
4b) I worked with several very prestigious clients (this implies in a previous job, not now)

5a) I’ve been replying to customer enquiries all day (it’s been continuous all day)
5b) I’ve nearly cleared the backlog of enquiries from the Xmas break (this is a job that I’ve nearly finished)

4. Correcting mistakes with Verb Tenses
Correct the mistakes in the following sentences. They are in italics. Refer to the Tense scheme in Unit 3 if you have any doubts.

1. I am very sorry to have missed the dinner with our friends last evening. It wasn’t my fault.
2. I’ll answer any question you want to ask me – just send me an email.
3. Unfortunately I was delayed by a car accident that blocked me for 30 minutes.
4. I’ve been very busy over the last few weeks.
5. The snow last night prevented me from getting to the airport in time.
6. I want to apologize for not coming to the office yesterday morning.
7. Yesterday all the trains were cancelled due to bad weather.
8. I apologize for not telling you before.
9. I’ll send you the bookkeeping prospectuses that I had prepared by email.
10. I’m sorry but I can’t join you at the meeting we have planned for next week.

5. The present perfect
The present perfect is a tense worth spending time understanding, because it is frequently used in English. It must be kept in mind that it is a present tense,
therefore it has a link with the present. It is used to talk about something that has happened or being done at an unspecified time in the past (we have recommended a holiday), and with the prepositions for and since (I’ve lived here for three years), or to talk about personal experience (I have been to America 10 times).

Put the following sentences from audit reports into the present perfect.

1. Cause The cutbacks of staff in HRS and ADFI have had a direct impact on the processing time for expense reports.
2. The current authority matrix used in Nairobi is not up to date as there have been a few staff changes, which have not been incorporated in the matrix.
3. We have recommended that a formal distribution of ENI Group Code of Practice should be made as soon as possible using a Transmittal Form QSF451 to ensure that employees acknowledge that they have received a copy of the publication.
4. Management Comments The alternative recommendation is accepted. We have designed a detailed Company personnel payment details form to comply with your audit recommendation under D 1.
5. Periodic assessment should be made of the effect of any major changes in the catalogue of audit activities or related risk factors which have occurred after the work schedule is prepared.
6. The Company has decided that all GBP bank transactions will flow through HSBC.
7. Enquiries into this matter showed that the Company does not have a good payment record with some of the Vendors and Sonsub Inc’s credit terms have been amended accordingly.
8. A confirmation that employees have received and read the ENI code of practice was not on file for all seven employees.
9. Effect/Risk As a result, advances of taxes for the employees’ accounts might not be repaid, especially if Employees have transferred and subsequently left the Company.
10. Facts Our review of proposed revisions or updates of the Personnel Policy Manual showed that they have been at review stage since October 1998.

Exercise. Practise turning these sentences into negatives. You can either choose to negate the noun group using no, or else negate the verb.

1. Quotes for purchases of Fixed Assets were not always obtained by the Company.
2. At present SIPS does not produce an aged analysis of the Accounts Payable Ledger.
3. Reconciliations of the Accounts Payable General Ledger Cards and Vendors’ Statements were not prepared on a frequent basis.

4. **Use nor + inversion:** There is no evidence of the other schedules being checked by the Company, nor is there a system in place to verify these amounts.

5. Formal Accounting Procedures were not made available to Staff.

6. Technical or user documentation is not available for SPS-PC or SIPS.

7. There was no Company Policy setting out rules and regulations regarding access to and the use of electronic e-mail sent to and received by staff.

8. No Results of 2000 Year-End Physical Inventory Checks were retained for record purposes.

9. The Company’s Bid Procedure for subcontracted work was not followed.

10. The Petty Cash Float was not maintained on an imprest basis.

**Task 1 Identifying and using the passive**

1) Put the verbs in the following texts from audit reports into a suitable tense and the passive voice. Where a modal auxiliary is needed, it has been provided. Be careful to look at time references in the sentences for clues about the appropriate tenses.

a) The Finance Department does not have copies of contracts with clients and have no means to ensure all invoices have been produced.

b) There are no input and output controls to give assurance that all Vendors’ Invoices, which are passed to Accounts Payable, are processed.

c) Since our last audit in April/May 1999 the Companies’ Payrolls have been outsourced to Pay 4U Ltd.

d) Criteria A limitation period should be established for engineering equipment waiting to be used which is left in the outside receiving area.

e) We understand from Quality, Health and Safety Department that only a limited number of audits have been conducted to date as per methods one and two above.

f) However, several projects have been carried out in other locations such as Canada, the Adriatic Sea and Libya.

g) Management Comments Although the bank reconciliations have not been reviewed internally, they have been checked by KPMG during the course of their year-end audit. Refer to our comments under A3 regarding the preparation and review of bank reconciliations.

h) The terms and conditions of the In-Kingdom Joint Venture Agreement have been contravened.

i) These are issues which have been discussed with the relevant departments in the past.
j) Cause These procedures have been followed by the Treasury Supervisor with the full authority of the Finance and Administration Manager for several years with no adverse results.

Task 2 Correcting mistakes
A How could you improve the following written greetings and salutations?

1) Dear colleagues,
2) Dear all,
3) Yours sincerely
4) Yours faithfully

B Noun groups
Look carefully at the noun groups in these samples of student writing. What is missing in each sentence?

1) I’m sure we can rearrange a dinner next month just after the Christmas holiday(s).
2) As you probably know, I was supposed to finish the report you needed by yesterday; unfortunately, the data analysis took longer than I (had) anticipated.
3) Please accept my apologies for not coming to the weekly meeting last night.
4) It might be useful if I could see you personally before the/our next meeting.
5) I promise I’ll make up for the lost hours as soon as possible.

Unit 8

Exercise: Facts
Fill in the gaps from the following facts sections with appropriate verbs and forms. Choose whether to use an active or passive form of the verbs show, identify.

1. Our review of issues of Materials/Consumables/Equipment to requisitioners for prefabrication identified the following exceptions to the procedure:-
2. Our review of the last Joint Venture Cash Forecast Report showed that there is no input from the Project Control Manager for compiling this report.
3. Our review of the procedures to determine the previous Technical Performance and financial Status of Subcontractors on the approved Subcontracting Plan showed that Subcontractors were accepted based on work performed on previous projects and thus remain on the listing indefinitely.
4. Our review of Stores Records at the Meriland Camp showed that they do not maintain records for consumables.
5. A review of this list showed that adequate information was provided.
6. Some discrepancies were identified in some instances of the operation of controls.
7. An instance was identified where a purchase order was authorised by the General Manager above his delegated limit.
8. Our Review of General Accounting showed that no formal procedures exist for the Accounting Department.

Write out the equivalent verb forms in the past simple of the following nouns. The first one has been done for you.

a) Our/an (general) analysis of ...
   a) we analysed
b) Our examination of ...
   b) we examined
c) Our inspection of ...
   c) we inspected
d) Our verification of ...
   d) we verified
e) Our observations over a two-hour period
   e) we observed
f) Our evaluation of ...
   f) we evaluated
g) Our investigation into ...
   g) we investigated

a) Our review of the Bank Reconciliations as at 31st March 2000 showed that they were current and accurately prepared.
b) Our evaluation of the systems of internal control for the various Treasury Function activities showed that there is an inadequate segregation of responsibilities for the recording and payments of Inter-Companies’ and Foreign Suppliers’ and subsequent Bank Reconciliation processes.

c) Facts Our analysis of the number of days Accounts Payable take to process a sample of 32 Invoices within credit terms, i.e. date received by Company to date paid, showed delays ranging from one to 181 days, an average of 41.3 days. d) Further analysis showed that from our sample of 32 invoices, 11
invoices were identified as delayed due to the invoice being held up in a department other than Accounts payable.

e) Although our examination of the 43 Bank Reconciliations showed some exceptions, we noted that none of the Bank Reconciliations had been independently reviewed and approved as at 31st March 2000 by the Accounting Manager.

f) We have recommended that Management should ensure that all sales of Scrap are covered by a formal contract with a Scrap Dealer, duly authorised by the President and Managing Director of Company XYZ SpA. At 31st December 2000 there were 360 tons or Scrap Materials which needed to be disposed of. Our physical inspection of the construction facilities of Company XYZ SpA showed that there was approximately 360 tons of scrap materials in the Yard which needed to be disposed of. As a result, valuable storage space is taken up with scrap materials.

Exercise: Criteria
Using the modal auxiliary should, conjugate the verbs in the active or passive forms as appropriate.

1. Criteria There should be adequate information technology for the operation of the branch.
2. Criteria Benchmarks of man hours required to maintain the various equipment units should be established.
3. Criteria A Company Employee should conduct independent tests of a Payroll data base established by a third party to establish the accuracy of the files.
4. Criteria Formal internal procedures should be established for all accounting functions within the Finance and Administration Department.
5. Criteria An approved Inspection Plan should be established and approved by Management.

The language used in the Criteria section
Fill in the gaps with one of the words or phrases from the following list:

primarily this current largely we believe entirely this due to

a) Criteria Physical inventory checks of the contents of the Company’s safes should be conducted on a periodic basis. Cause This situation is largely/entirely/primarily due to cut backs on staff in ADFI and HRS Departments. Effect/Risk There is a risk of a contractual dispute with a
Supplier for copyright infringement if the licensed software is removed and copied.

b) Criteria The system for allocation of Purchase Order costs, spread over Projects should be streamlined and cost effective. Cause This is primarily due to the apathy of other departments in developing a system in order to avoid the allocation of costs upon registration of Suppliers’ Invoices.

c) Criteria Work Orders issued against maximum amounts set in the Frame Agreements should be monitored to ensure that an authorised revision is in place before an increase in expenditure is incurred. Cause This situation was entirely due to Kubby UK Ltd allowing Kubby Luxembourg to issue Work Orders against their Frame Agreement without a contractual provision to do so.

d) Criteria All consumables issued from the Store should be supported by an approved Material Issue Voucher. Cause This is due to current Company practice.

e) Criteria All Vessel substitutions should be formally agreed in advance with the Company. Cause We believe this situation is due to the Marine Services Company optimising the utilisation of his fleet of Vessels.

f) Criteria All Work Orders should be duly signed off in accordance with the Logistics Support Procedure and the Authorisation Matrix. Cause This was largely/entirely/primarily due to a breach of Company procedure.

Exercise with expressions of dates
1. Our general review of X showed that the X list was last updated on February 25th.
2. The department does not have an up-to-date list of Vendors.
3. There was no indication of the date on the document.
4. The document was not dated/up-to-date.
5. There were no dates on the documents.
6. Facts Our review of the Standard Terms and Conditions in the Company Purchase Order showed that it was last reviewed two years ago. Thus, its continued appropriateness and validity might be out of date.
7. Of the total overdue debt of US$ 6,396,036, the amount overdue by more than 90 days is US$ 1,010,363.
8. Nine out of twenty-five invoices were not paid by the due date.
9. Our inquiries with Procurement Department concerning Statistical Reports showed that there were no data currently produced of the volume of business transacted with each Vendor on a monthly and annual basis.
10. The Asset register maintained for the Store in Singapore is not updated frequently.
Unit 9

Exercise 1
1. Recommendations: Quality and Safety Management should draw up a Procedure covering all aspects of the Company’s processes for disposal of Scrap, Salvage and Surplus Materials for review and issue as soon as possible.

2. Recommendations Technical Operations Department manager should ensure that User access to the data is through the SIPS software.

3. Recommendations We recommend that all relevant financial documents be retained on site for the current and the previous financial year.

4. We recommended the following:
   * All daily rates used for payroll should be double checked in Milton Keynes for accuracy.
   * The latest appointment letters should be appropriately distributed to staff for signing and retained in personnel files.

5. Recommendations We recommend that all client invoices be supported with adequate documentation.

Exercise 2 on the language of recommendations
Using the modal auxiliary should, and the verb ensure (ensure that X + regular conjugation of verb), conjugate the verbs in the following recommendations. Consider carefully whether to use an active or passive form of the verbs, and if an adverb is required, consider where it should be placed with respect to the verb.

Recommendations Management should ensure that a computer laptop is provided to the Marine Coordinator to handle all Company business.

Recommendations *Management should ensure that all Company Work Orders are formally issued by a Susa Representative on site.

Recommendations Management should ensure that all items left in storage at the shipping Agent’s facilities are regularly monitored for storage or disposal.

Recommendations *Management should ensure that in the future Shipping Agent and Marine Coordinator strictly adhere to Susa UK Ltd’s Scrap, Salvage and Surplus Materials Work Instruction No: QS W1-4.61-01.
Recommendations Management, in co-ordination with ICT Corporate Management in Bergamo, should ensure that an ICT Steering Committee is formed to review all proposed system implementations or upgrades.

Exercise 3: Linking Ideas

Indicate which word fills the gap correctly.

1 Sanlito and RKB have only been doing business for a couple of months. ____________, Sanlito’s management have already given RKB their full confidence.

Nevertheless

2 ___________ their prices are very competitive, we have decided not to do business with them.

a) Although

b) as well as

3 We reached out to customers with special offers, continuity programmes ___________ appreciation letters, but customer retention did not improve.

b) as well as

4 Negotiating prices and securing orders is very exciting. ____________, ensuring that the customer remains a customer can be a humdrum affair.

a) However

5 He likes keeping himself to himself, ___________ he spends a lot of time entertaining suppliers.

b) yet

Exercise 4. Fill the gap with one of the words or phrases used to link ideas in the audit reports.

Although the main files are in Sweden, the files kept in Perth should at least contain employment contracts and job descriptions.

While the seven Bank Reconciliations for the Australian Branch and the three Bank Reconciliations received to date for the Scottish Branch were properly prepared, the respective Trial Balance Bank Account balances for the Australia and Scottish Branches showed differences on all accounts when compared with the London Trial Balance. Furthermore/Moreover, none of the 43 Bank Reconciliations had been reviewed and approved as at 31st March 2000.
Effect/Risk Inadequate records for business travel are retained. It is difficult to identify the travel requirements for each project as well as prices previously charged for travel.

A contract between Lello SpA and GasAlive for the Land Rig project has not been signed even though/although the work is completed.

A list of projects is in place along with a list of project managers. This can be used to identify which project manager can sign for purchasing in relation to each project. However, it is not possible to confirm if the signature is correct without an authorised signatory list.
A. C. Murphy

*English for Internal Auditors*

Pubblicazioni dell’I.S.U. Università Cattolica
ISBN 88-8311-409-4