PROBLEM SOLVING FOR INTERNAL AUDITORS: A STRUCTURED APPROACH

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What are we going to review today?

- Definition of Problem Solving
- Identify Problems
- List Possible Solutions
- Select the Best Solution
- Identify Action Figures
- Implement the Solution
**PROBLEM SOLVING DEFINED**

**Problem** – 1. any question involving doubt, uncertainty, or difficulty  2. a question proposed for solution or discussion.

**Solve** – 1. to find the answer or explanation for; clear up; explain  2. to work out the answer or solution.
PROBLEM SOLVING DEFINED

Problem Solving – to find the solution to any question involving doubt, uncertainty, or difficulty.
I. IDENTIFY THE PROBLEM

a. DETERMINE THE ACTUAL SITUATION
   - Write the problem down in clear concise language.
   - Define the parameters of the problem.
   - Clarify the issues surrounding the problem.
   - Give useful history of the problem.
I. IDENTIFY THE PROBLEM

Use the Five “Whys”

“My car won’t start!”
I. IDENTIFY THE PROBLEM

John Adair’s Nine Dot Puzzle
I. IDENTIFY THE PROBLEM

John Adair’s Nine Dot Puzzle
I. IDENTIFY THE PROBLEM

When defining the problem, DON’T;

1. Presuppose a solution
2. Address symptoms instead of causes
3. Engage in bounded rationality
   a. See what you want to see
   b. See what you are trained to see
   c. Yield to group pressure
I. IDENTIFY THE PROBLEM

b. DETERMINE THE DESIRED RESULT

*Policies*

*Procedures*

*Laws*

"Best Business Practices"
I. IDENTIFY THE PROBLEM

c. ISOLATE THE REASON FOR THE VARIANCE

Auditee Provided

Auditor Observation

Third Party (Sponsor or Donor or Government)
I. IDENTIFY THE PROBLEM

d. WHY IS THIS VARIANCE IMPORTANT?

**Monetary Loss**

**Poor Public Relations**

**Personnel Endangerment**

**Loss or Corruption of Data**
II. LIST POSSIBLE SOLUTIONS

a. Brainstorming – consider every idea

b. Delphi Technique – ask the experts

c. Edison Approach – trial & error

d. Free Association – ideas in response to stimulus
II. LIST POSSIBLE SOLUTIONS

“A Whack on the Side of the Head”
Roger von Oech

1. The “Right” Answer
2. That’s Not Logical
3. Follow the Rules
4. Be Practical
5. Play is Frivolous
6. Don’t Be Foolish
III. SELECT THE OPTIMAL SOLUTION

Two Broad Ways to Select a Solution are: Thinking; Analytical, Reasoning, Precise
III. SELECT THE OPTIMAL SOLUTION

Intuitive; Subjective, Inductive, Nonstructure
Which approach is best; analytical or intuitive? The answer is:
Who are the people in your organization who can make this happen?
V. IMPLEMENT THE SOLUTION

With apologies to Nike.  (Maker of fine footwear.)
SO WHAT? WHY EXAMINE PROBLEM SOLVING IN TERMS OF ASSURANCE AUDITING?

Because; We are from Internal Auditing and we REALLY ARE HERE TO HELP.
“Go boldly in the direction of your dreams. Live the life you’ve imagined.” - Thoreau