
ART OF RELATIONSHIP BUILDING GUIDE



CHARTERED ACCOUNTANTS™
AUSTRALIA + NEW ZEALAND

charteredaccountantsanz.com



Chartered Accountants Australia and New Zealand is a professional body comprised of over 120,000 diverse, talented and financially astute members who utilise their skills every day to make a difference for businesses the world over.

Members are known for their professional integrity, principled judgement, financial discipline and a forward-looking approach to business which contributes to the prosperity of our nations.

We focus on the education and lifelong learning of our members, and engage in advocacy and thought leadership in areas of public interest that impact the economy and domestic and international markets.

We are a member of the International Federation of Accountants, and are connected globally through the 800,000-strong Global Accounting Alliance and Chartered Accountants Worldwide which brings together leading Institutes in Australia, England and Wales, Ireland, New Zealand, Scotland and South Africa to support and promote over 320,000 Chartered Accountants in more than 180 countries.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents 788,000 current and next generation accounting professionals across 181 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications to students and business.

About this publication

This publication is part of a series which has been developed to assist auditors build the on-the-job skills needed to competently and confidently interact with clients, obtain information in an efficient, professional manner, and escalate relevant information within the audit team.

This publication focusses on developing the relationship building skills required to fulfil an auditors professional obligations.

The publication is intended to supplement each firm's own training, rather than as a substitute for it. It should be read, and applied, in conjunction with the relevant auditing, accounting, and professional and ethical standards. It provides non-authoritative guidance.

Disclaimer

This Guide has been prepared for use by members of Chartered Accountants Australia and New Zealand (CA ANZ). It is not intended for use by any person who is not a CA ANZ member and/or does not have appropriate expertise in the Guide's subject matter.

Laws, practices and regulations may have changed since publication of this Guide. Users should make their own inquiries as to the currency of relevant laws, practices and regulations.

No warranty is given as to the correctness of the information contained in this Guide, or of its suitability for use by you. To the fullest extent permitted by law, CA ANZ is not liable for any statement or opinion, or for any error or omission contained in this publication and disclaims all warranties with regard to the information contained in it, including, without limitation, all implied warranties of merchantability and fitness for a particular purpose. CA ANZ is not liable for any direct, indirect, special or consequential losses or damages of any kind, or loss of profit, loss or corruption of data, business interruption or indirect costs, arising out of or in connection with the use of this publication or the information contained in it, whether such loss or damage arises in contract, negligence, tort, under statute, or otherwise.

© 2016 Chartered Accountants Australia and New Zealand ABN 50 084 642 571.

All rights reserved.

INTRODUCTION

OVERVIEW OF THE GUIDE FOR ENGAGEMENT PARTNERS, AUDIT MANAGERS AND SUPERVISORS

This guide has been developed to help you train your audit team to build effective client relationships.

While there is no substitute for on-the-job-training to provide auditors with the skills and knowledge to build client relationships, this guide provides your audit team with practical hints and tips to help them develop strong and professional relationships.

OVERVIEW OF THE GUIDE FOR NEW AUDITORS

The purpose of this guide is to help you develop the skills you need to build strong relationships with your client. It is important to keep in mind that you have an important job to do, a job that requires you to undertake your work in an independent manner, and one that requires an attitude of professional scepticism to be exercised throughout. There is an important balance to be struck between being friendly, approachable and considerate of your client and becoming too familiar and losing the ability to be independent in mind. This guide will help you to strike the right balance in relation to client relationships.

WHAT IS THE ART OF RELATIONSHIP BUILDING?

Building an effective relationship with your client is a key skill that lies at the heart of the audit profession. The ability to build a strong and productive relationship will enable you to complete the audit in an efficient and effective manner and it will also add to the enjoyment of the process – for all concerned.

TIP:

You cannot perform an audit effectively without communicating with your client and listening to what they have to say. Make an effort to get out of the audit room and communicate with your client face-to-face.

Developing an effective relationship with your client can allow you to find out more valuable information from your client. There are a number of steps you can take to develop a productive relationship and set the scene for engaging in two-way discussions with your client. The table below outlines key principles for developing productive client relationships and provides an explanation of each principle.

Principle	Explanation
Get amongst it!	<p>One way to develop a constructive working relationship with your client is to join in with onsite client activities, where appropriate (ie while maintaining your independence). If your client does the daily quiz or gathers together for a morning tea celebration, take the opportunity to join in.</p> <p>Take time out to sit in the tea room and share a conversation with your client.</p> <p>This may feel like it is pushing you beyond your comfort zone. However, it may also broaden your comfort zone, and will likely result in you obtaining more information than you would do otherwise.</p>
Take the time	<p>Invest time in developing a good relationship with your client. Doing so is likely to lead to a more efficient audit process and will help you perform your role more efficiently and effectively, and gain an understanding of your client's business as a whole, rather than just looking at discrete audit areas. This will give you more appreciation of the 'bigger picture' which will enable you to have more informed conversations with your client and provide greater insight.</p>
Seek feedback onsite	<p>Ask your audit supervisor to review your work while you are onsite so that you can ask the client follow up questions and obtain any further information that is required. It is much easier to do this face-to-face than when you have left and the client thinks you have completed all your audit work.</p>
Set the scene	<p>Your clients will be more inclined to open up and tell you more if you set the scene for a casual, informal conversation rather than making them feel like they are being interviewed or interrogated!</p> <p>Make your client feel relaxed – small talk such as 'how's your day going' is useful to break the ice.</p>
Avoid confrontation	<p>Give your client the opportunity to provide evidence to support (or discount) what they are saying, rather than disagreeing with their response. Encourage your client to provide further explanation to assist with your understanding.</p> <p>It is a good idea to avoid blaming or accusing your client as this will create a confrontational and aggressive relationship which is unlikely to be productive.</p>
Speak their language	<p>Ask questions in a language which will resonate with your client. For example, the going concern assumption is quite a specific term that your client may not be aware of. Clients may relate better to 'how's your business going?' or 'what are the risks that would make it difficult to continue to operate successfully?'</p> <p>In many cases, the question embedded in the audit methodology will be too specific and may presume that the client has a good understanding of audit terminology, so you will need to alter the phrasing of these.</p>

The Center for Audit Quality (CAQ) have developed [two video vignettes](#) that provide insights into the types of conversations that occur when auditors are assessing the internal controls used by management. These scenarios focus on the operation and effectiveness of the management review control over goodwill impairment estimates.

The discussions captured in these five-minute videos highlight communications and interviewing techniques, professional scepticism, and how to navigate conversations on difficult and sensitive issues. The videos are available here¹:

- [A Meeting between the Audit Manager and the Company Controller](#)
- [A Meeting between the Audit Manager and the Engagement Partner](#)

TIP:

Remember your clients are people too! While it sounds like common sense, the audit process can sometimes lead auditors to view client personnel as ‘holders of the information required to complete the audit’ and not invest the time to build a professional relationship.

It is important to remember that your clients are, in the majority of cases, people trying to do the best job they can. As such, it is worthwhile taking the time to develop a good working relationship with your client and factoring in the other demands placed on their time (such as month end reporting or other work pressures). Doing so is likely to significantly improve the efficiency and effectiveness of the audit, allowing both parties to benefit from the audit process and pay dividends in terms of client feedback.

¹ <http://www.thecaq.org/video-vignettes-classroom-and-training-resources>