**When the Best Report Goes Wrong**

**The Situation:**

You are the CEO of **OPTIMUM,** an organization with a volunteer board in Anytown, USA. You and your team have worked hard to achieve a reputation over time as the leading organization in the region. **OPTIMUM’S** public statements are noticed by the media and considered by elected officials in their deliberations. All external indicators of the organization's success are positive. Other organizations come to you for advice and want to partner with you on projects. Internal indicators are strong; your staff is a good team that works well together; life is good.

Annually, **OPTIMUM** engages the services of a CPA firm to conduct a financial audit of the previous year's performance. Management knows this is important and requires full cooperation from the entire staff, as needed. The audit firm is in the third year of a five-year contract conducting the audit, and they know **OPTIMUM** well and the audit process. **OPTIMUM** reserves a meeting room for two weeks for the audit team, and the Finance Department is the point of contact to respond to questions promptly.

After the audit is completed at the first Executive Committee meeting, the auditors are present to give their report, which is a repeat of the information they gave two days earlier at the Finance Committee meeting. The auditors provide an unqualified report (the highest level of approval) that no reported irregularities or areas of concern exist in **OPTIMUM'S** financials. They also comment that the management team is "The most professional team we work with each year, and we wish all of our clients worked with us this way." Again, life is good.

The Chairman thanks the auditors and asks the staff to step out of the room, including you, for an "Executive Session" with the auditors. This part of the meeting will allow the auditors and Executive Committee members to talk about sensitive staff issues if needed. The staff leaves the room pleased with the report and comfortable with the discussion expected to take place with them out of the room.

**THE PROBLEM:**

After 20 minutes, the staff is asked to return to the meeting; as you return to your seat, you are curious why they took so long when you are typically out five minutes or less. The Chairman again thanks the auditors and excuses them from the room. Once they exit, the Executive Committee immediately starts a barrage of questions about cyber security, which was not a topic of conversation when you left the room. With each question, staff attempts to respond but is interrupted with another question.

The room is becoming tense. The team is confused and somewhat defensive. One of those asking questions is a retired executive from a national membership organization, and another member is the head of IT for a global company with locations worldwide. They want to know why auditors did not do a cyber audit and why the last one was done two years ago. After several increasing tense minutes, the Chairman decides to move on with the agenda and ends the discussion. The lingering question of cyber security remains unresolved.

QUESTIONS:

1. As CEO, what is your response to the Executive Committee?
2. What is your message to your team?
3. What are your next steps?