Conducting Interviews: An Auditor’s Guide to Getting to the Truth

Donald Berecz, CPA, CFE, CFI (retired FBI)
Eddie Metrejean, PhD, CPA, CFE*
David Thompson, CFI

Introduction

The announcement that an audit team is coming into town can put any organization’s functions and personnel into chaos. Departments may be completely derailed as company functions are forced to accommodate the auditors. If stressed employees are not scrambling to satisfy all of the requests from the audit team, they may actually try to take the day off! Management’s demeanor may…wait, wait, wait—that’s a different topic.

The auditors need answers to audit questions to satisfy the requirements of the audit plan and engagement contract; they will get those answers from various employees. Investigative interviewing can be defined as a focused conversation conducted in a non-accusatorial, rapport-based style with the aims of obtaining relevant and reliable information from a source (Evans, et al., 2010). Auditing standards include interviews as means of gathering information about fraud and fraud risk factors. Both international and U.S. auditing standards state that “Inquiry consists of seeking information of knowledgeable persons, both financial and non-financial, within the entity or outside the entity” (IAASB, 2009; AICPA, 2011). Interviewing is a form of inquiry. Further, Asare, et al., (2015) found in an experiential survey of sixty-five fraud examiners that interviews account for eleven percent of the initial identification of fraud. Clearly, auditors should have interviewing skills in their tool sets.

Occasionally auditors will know of wrongdoing in advance of the audit interview, or they may come to recognize during the interview that the employee is hiding something significant. Employees who are being interviewed will often be nervous and intimidated by an auditor, but some of these nervous employees may have violated only a minor procedure. When conducting an interview, the auditor should observe the employee’s behavior instead of simply having his or her head down taking notes and checking off a list. The auditors should “listen” with their eyes to observe behavior and with their ears to how things are described, or even what is not being said. The auditors should follow-up with more questions as they observe behavior or hear statements on certain topics that need more explaining.

The auditor’s ability to exhibit confidence usually carries over into an employee’s willingness to trust the professionalism and credibility of the auditor. This fact is true when interviewing both the employee who has nothing to hide and the person who is withholding information. Deception by an individual being interviewed can be difficult to identify (Vrij, et al., 2010). However, strategic interviewing techniques with appropriately developed skills may optimize the chances of the auditor getting the hidden truth.

This article is divided into three parts. The first part discusses obtaining information from a truthful employee or an employee who has nothing to hide. The second part discusses interpreting an employee’s behavior as a guide for the interviewer or auditor as to areas that might require further probing or exploration. The third section discusses seeking truthful admissions from identified wrongdoers. Walsh and Bull (2010) found that when an employee/interviewee is invited to give an account of the events in question, the auditor/interviewer demonstrating flexibility is one of the main predictors of quality, i.e., a good interview, in that phase of an interview. The reader should keep in mind that an auditor or interviewer may have to allow for, and potentially adjust the interview approach for, both of the following premises. First, background information obtained in the audit area leading into the interview suggests that the employee might perceive that he or she probably has: 1) no reason for concern, i.e., the interview is simply being conducted for affirmation or clarification of what is already known or to discover new information about the audit area; 2) reason for concern based on unconfirmed “damaging” information about the employee or a particular audit area; 3) reason for concern based on

*The authors are, respectively, Senior Lecturer at Georgia Southern University, Associate Professor at Georgia Southern University, and Director of Investigations, Research, and Innovation at Wicklander-Zulawski & Associates, Inc.
items identified in a formal risk assessment; and/or 4) reason for concern based on strong information of wrongdoing, i.e., fraud.

Second, the auditor or interviewer may have to allow that the person being interviewed: 1) has nothing to hide; 2) is deciding whether or not to discuss immaterial violations of policy by the interviewee himself or herself; 3) is deciding whether or not to share knowledge of violations of policy by other employees; and/or 4) has something material to hide such as a major violation of a policy and/or a fraud.

Interviewing Techniques for Obtaining Information from Truthful Employees

The first objective of an audit interview is to have the employee truthfully disclose and provide reliable information to confirm things that have already been found and to identify and learn about procedural errors not yet discovered. This is often a daunting task if the auditor or the topic of conversation is perceived by the employee as a threat from the very start of the interview. The interview should be conducted as though it is just another conversation between two colleagues. Walsh and Bull (2010) found that communication skills contribute to quality of the interview in the phase in which the interviewee is invited to discuss the events in question. The auditor should be professionally friendly but should not act like the employee’s personal friend. The auditor’s responsibilities, if shared with the employee, should help the employee understand that the auditor is conducting a routine and important job with the intent to support the organization rather than oppose it.

Interviews should be cordial and professional and usually begin with introductions and pleasantries, such as a handshake. A warm and genuine smile with soft eye contact goes a long way toward establishing a connection, or developing rapport, with the employee. Rapport is widely regarded as an essential foundation for most successful law enforcement interrogations (Borum, 2005). This statement would apply to audit interviews as well. It is essential that the employee understands that their role in the interview is as a partner in support of the auditor’s fact gathering. The more the employee feels they will be understood by the auditor, the more likely they will be forthcoming with information or answers. Borum (2005) states that rapport developed between two parties promotes the exchange of information. Early in the interview, the auditor should focus on non-threatening topics included in the auditing review. The employee should not have any reason to deceive or withhold information about these topics, which will provide a baseline of their general knowledge while also allowing them to communicate freely.

Starting with this baseline, non-threatening questions encourage the employee to participate fully and truthfully in the entire process. Borum (2005) states that rapport is also a means to identify the employee’s potential motivations. Forcing the employee early in the interview to consider lying about issues may result in them shutting down and withholding information. With a streak of truthful answers from the start, the employee will generally find it difficult to stop answering truthfully (without the auditor noticing) when the sensitive or problem areas are broached. For example, if an employee can thoroughly describe cash deposit and accounting procedures, they will find it difficult to claim ignorance on other related topics. This difficulty in answering untruthfully will generally allow an interviewer to produce one of two outcomes. Either the employee remains truthful throughout the conversation, which allows for the interviewer to lock them into a story, or the employee lies and contradicts any evidence that the interviewer may have withheld.

Auditors often use checklists or lists of questions to ensure that all points have been covered. To put the employee at ease, the auditor should conduct the interview without that list, or with as little reference to it as possible. With attention and eye contact, the employee will notice the auditor’s interest in the conversation. Being an active listener, not interrupting, and attempting to understand the employee will make the auditor’s interest appear genuine. This is far different from an employee who watches the auditor doing their job, and “catching” the employee with a bad answer. Another suggestion is to have the checklist nearby for reference or to pull it out at the end of the interview to ensure that all points have been covered. This is a natural and professional ending to such a conversation.

Near the end of the interview, the auditor could ask, “What else haven’t we discussed?” This open ended question is a potential gold mine. The answer to this question can be quite surprising. The employee might disclose unexpected further explanations or an expansion in other areas that the employee feels compelled to share with the auditor. The interview ends with a handshake and encouragement for the employee to follow-up with a quick phone call or -email if any additional important information comes to mind.
The purpose of the audit interview is to try to get questions answered truthfully. However, the auditor should understand that not everyone they interview will tell the truth. Therefore, the auditor will also make an assessment of the credibility of the employee’s behavior and information in concert with the interview.

Interpreting Behavior

An auditor obtains information from the employee to accomplish the audit plan in an effort to substantiate an opinion on the organization’s financial statements and internal controls. Also, if fraud is suspected during an audit, the auditor or a different fraud examiner or forensic accountant needs answers as part of the investigation of that fraud. The auditor/interviewer knows to observe behavior and listen to the words of the employee to identify possible inconsistencies with truthfulness. To rely on the information provided, the auditor must also be on guard for obvious clues of deception or the withholding of important information.

Interpretation of behavior can be broken down into three recognized forms of human communication channels: the words spoken (verbal behavior), the physical behavior (nonverbal behavior), and the voice (tonality) (Mahrabian, 1981).

Generally, a person who is the subject of an interview is nervous simply because they are the subject of an interview. Steimer (2002) states that anxiety, or nervousness, is a response to an unknown threat or internal conflict. Thus, the nervousness of the employee may simply be the result of the uncertainty felt when being singled out for the interview. The auditor may see a truthful person’s anxiety lessen throughout the interview as they become confident that they have nothing to be concerned about, i.e., the uncertainty lessens, but a guilty subject’s anxiety may increase as they fear the outcome or confrontation (Zulawski and Wicklander, 2002). However, there is no single behavior or symptom that always indicates truth or guilt (Vrij, et al., 2010). In fact, typically truthful people may even show the following behaviors.

- Nervous or ponderous about whether something has been found that perhaps should have been reported by them earlier;
- Slightly curious and interested in the conversation and even the auditor’s job; or
- Angry or irritated because the auditor is “checking up” on their work, performance, or compliance with employer policies.

Interpretation of behavior should not be utilized strictly as a means to identify truthful subjects from those who are withholding information. The risks of misidentifying behavior and incorrectly labeling answers or behaviors as truthful or untruthful include increased liability, potential false accusations, and ultimately the lack of truthful closure to the event.

Observing behavior is a two-way street. The employee will evaluate the auditor’s attitude and body language, just as the auditor is doing with the employee. The auditor’s demeanor should never suggest an “I’m going to catch you” persona. The auditor’s being identified as a threat or possibly accusing a truthful employee of material wrongdoing can quickly spread throughout the organization and make all auditors’ jobs more difficult. This two-way street results in another caution. The employee’s behavior may be based on a projection of the auditor’s behavior. A common mistake by an interviewer would then be to interpret the employee’s behavior as deceptive when the actual cause of their behavior is a reaction to the interviewer. Conducting an interview with an attitude that is perceived as accusatory, judgmental, or adversarial will typically result in an emotional, confrontational, and hostile conversation.

With these cautions in mind, auditors should consider possible or probable deceptive behaviors. The words possible and probable are used repeatedly as an adjective to the word “deception” by professional interviewers because as stated earlier, there is no single physical behavior that always indicates deception (one famous exception: Pinocchio). The identification and interpretation of deceptive behavior is not an exact science, and spotting deception is not easy. In fact, it is complex work for even the trained interviewer. With practice and experience, spotting deception is a powerful technique for identifying issues that may simply just need follow-up questions for further explanation rather than actually identifying truth or deception.

Humans communicate with their words, but to fully understand communication, we must consider physical behavior and tonality. Research has shown that only a small portion of true communication is through our words (Mehravian, 1981). When someone lies or withholds significant information, the threat of being detected of deception may have consequences
that could push the person into the “fight or flight syndrome.” The person’s brain starts sending signals to the body to be ready to run from or confront the threat. A dishonest person may be able to disguise deception to some degree at any given moment, but that person cannot completely control 100 percent of their nonverbal behavior over the course of time. Increased cognitive load overcomes the mind’s ability to disguise things which may result in behavioral leakage of withheld emotions. These are the interview red flags, or indicators, that an auditor recognizes that suggest something might be wrong or needs follow-up.

As mentioned in the previous section, interviews should start with general questions that are non-threatening so that the employee starts a track of truthful, relaxed, positive answers. The interviewer will be calibrating, or norming, the employee’s truthful behavior to answers given. Routine and simple background or personal questions for which the auditor already knows the answers are good examples of these calibration questions. The auditor expects truthful answers, and the employee gives them. The auditor should take some time and get to “know” what the employee’s truthful behavior feels like. The conversation should logically progress to fact finding questions that are sensitive to the employee or key area identified by the audit risk assessment. The auditor should be alert for behavioral clues and/or changes to certain questions or areas. Asking open ended questions to get the employee providing a narrative are more effective for evaluating behavior than simple yes or no questions.

During the interview, the auditor should not react to possible deception. The auditor’s interest in the “conversation” should continue as though nothing is suspected. If the auditor reveals a suspicion, the employee might shut down and stop answering questions. The auditor should be curious, nonjudgmental, and when necessary, help the employee to “save face” when they admit a mistake. For example, stating “That could happen to anyone” may put the employee more at ease and forthcoming with answers.

During the conversation, the auditor should be on the lookout for the dozens of behavioral changes that could suggest possible deception. There will typically not be just one thing nor just one occurrence of that single behavioral change to give the auditor a clue about deception. The key is to watch the body as a whole, listen to the meaning of the words, and consider whether the change is timely and consistent. Some examples of physical (nonverbal) changes could include the following.

- Posture slumps or tension;
- Arm, hand, finger, leg, or foot movements;
- Unusual head tilts, facial expressions, forced smirks, blushing, or pallor;
- Too little or too much eye contact, changes in eye contact at odd times, or changes in blink rate; or
- Breathing that gets slower or faster.

The auditor should be aware of both physical, tonal, and vocal changes. As the employee gets more nervous, he or she will begin to show signs of the nervousness, and the tone of the employee’s voice can often be a dead giveaway. Examples of voice (tonality) changes could include the following.

- Changes in volume;
- Changes in inflection, i.e., pitch changes that get higher or lower;
- Changes in pacing, i.e., speed of delivery that gets faster or slower;
- Responses that are too quick or too slow or inappropriate pauses; or
- Cumbersome answers or stuttering.

Examples of verbal inconsistencies (words) could include the following.

- Frequently asking to repeat the question;
- Not answering the question;
- Answering a question with a question;
- Qualified answers or unnecessary use of words;
- Formal responses;
- Measured words or leakage;
- Verb changes, unused pronouns, not using contractions; or
- Answers that are too detailed or too vague.
The auditor should remember that no single thing necessarily identifies deception, but a change in behavior that is in response to a trigger by the interviewer should be explored. Further probing of any areas that may have appeared abnormal to the interviewer should allow for more information to be gathered and the truth to be clarified. The interpretation of behavior is not intended to identify a guilty subject, but to guide an interviewer into areas of concern that may require more information or investigation.

**Obtaining the Truth**

Up to this point, the auditor has spent time learning about the organization and getting questions answered to clarify what they believe is the truth. Hopefully, information concerning policy violations and/or wrongdoing has been uncovered. The auditor has also spent time learning about and developing rapport with the employee during interviews and has evaluated the employee’s behavior and looked for visual and nonvisual clues as to the employee’s reasons or motivation for the wrongdoing. Now, there are likely no more information gathering questions that should be asked, or the auditor has decided that it is time to confront the employee. When an auditor changes roles from an interviewer to an interrogator, they must understand an employee’s fears of sharing previously undisclosed information. It is imperative that an interrogator allows the subject to save face and feel comfortable enough to admit their wrongdoings.

Different interrogation approaches exist for the purpose of obtaining truthful statements from wrongdoers who have hidden or lied about the truth to protect themselves or others. Some methods begin with an accusation or a confrontation with the employee about the wrongdoing. However, this direct approach often results in an emotional denial by both a truthful or untruthful subject who is now forced to defend himself or herself. This method relies heavily on emotional pressure and convincing a guilty person to admit to their wrongdoings.

A more appropriate approach might be that of a non-confrontational method that allows the interrogator to discuss a variety of things with the subject prior to making any accusations (Wicklander-Zulawski, 2015). The interrogator will generally discuss aspects of the subject’s job that provide credibility to the investigation. The interrogator may explain exception reporting, video review, handwriting analysis, or other relevant tools that were used to arrive at this point. As the interrogator discusses these points to a guilty employee, the subject will usually begin to become concerned as to what methods were used that identified the wrongdoing. This unknown makes it difficult for an employee to withhold information in fear of contradicting the investigation.

Even when employees feel they have been caught, most will have a fear of confessing to their acts, the results of which may include termination, embarrassment, restitution, or even prosecution. Interrogators should never suggest leniency or make any false promises to a subject, but they should show empathy and understanding.

The interrogator should be ready for the admission of guilt or the denial of wrongdoing at any point in the interrogation. The admission might be an outright statement or a simple nod of the head after an insinuation by the interrogator. The interrogator should acknowledge that admission with a statement such as, “I appreciate you sharing that.” Having genuine empathy and continuing to be non-judgmental will allow an employee to feel respected during a difficult time. The interrogator should support the employee for having the courage and ability to admit that a mistake was made by them, even if they only nodded their head.

The interrogator’s goal is to get the employee’s truthful explanation of what happened and to listen to the employee’s reasons for why it happened. The interrogator wants the employee to officially recognize or admit his or her mistakes. If an interrogator strategized their conversation properly by not revealing key evidence or being overly specific about what is known, the employee may surprise the interrogator and admit additional wrongdoing. Employees may also offer ways to strengthen internal controls and/or point out other unknown organizational flaws.

During the interrogation, and especially when the employee is “coming clean”, the interrogator should make sure to put aside all paperwork and provide genuine eye contact. The start of a truthful confession can stop if the employee recognizes the interrogator’s reactive note taking. The interrogator can go back through the confession a second time and take notes or have the employee write out an explanation. It is best if the interrogator lets the employee get the whole confession out at once. If the employee stops occasionally, prompts with open ended questions that require a further explanation of more details may be in order.

In some cases after the interrogator has made the accusation and cut off any denials, the employee still does not admit the truth. The employee might be shutting down or is considering his or her options and is not ready to confess. Generally
this means there are two areas that an interrogator may need to further explore; either the subject does not feel he or she has been caught, or he or she does not feel comfortable confessing. The interrogator must decide which of those areas to further discuss, and sometimes simple statements of understanding will be enough to overcome a subject’s fears. The following are examples of statements that can be made to get the employee talking again.

- “We know what happened; we just want to understand how this happened to you.”
- “Unfortunate situations happen to good people that put them in positions where they do something they wouldn’t normally do.”

As the interview or interrogation progresses, the interviewer may come to understand that there is a person or thing to blame for what happened to the employee, or at least the employee might believe that. It may not be the exact reason why the wrongdoing occurred. Instead, it may be a rationalization that the employee used to transfer the feeling of guilt. Examples of these rationalizations the interrogator can use to convince the subject to disclose a wrongdoing are as follows.

- “I understand that there is a supervisor who will not listen to complaints about the policy and procedures.” (Blame a supervisor.)
- “It appears that the internal controls were too weak here, and this could have created an opportunity that anyone may have seen.” (Blame the internal controls.)
- “They have passed employees up for raises and promotions that were well deserved, and sometimes people rely on that money.” (Blame management.)

Based on the situation, the interrogator can minimize the wrongdoing by using one of the following statements, again to entice the subject to disclose any wrongdoing.

- “This is a multi-billion dollar firm, the amount of money involved here is insignificant; we just have to address this and put it behind us.” (There is a low dollar amount involved.)
- “Your firm does not view you as anyone but an excellent employee who made an error in judgment.” (The employee is not a criminal.)
- “This was obviously not an attempt to destroy the firm by taking all its assets; the situation just involves some leakage that needs to be repaired.” (This is not a fatal error.)

Auditors can successfully encourage employees to provide truthful information by using a proper strategy and by showing understanding to allow them to admit the truth. Walsh and Bull (2010) found that interviewers who possess insufficient interviewing skills in certain phases of an interview are poorer interviewers overall. Auditors are typically not trained interrogators. If the employee has shut down or if a significant fraud is involved, a professional interviewer with interrogation experience may be needed. These professionals know how to apply different techniques relative to the facts of the case and background of the subject. An actual interview or interrogation is actually the aftermath of an extensive investigation and strategic planning for the “conversation.”

**Conclusion**

An auditor’s job includes taking valuable information, red flags, and key performance indicators and transitioning those signs into a reliable and truthful outcome. This may require conducting proper interviews, interpreting behavior, and seeking truthful admissions from employees when they hide information detrimental to the client. This article only scratches the surface of interviewing and interrogation techniques. With further research, education, training, and experience, any auditor will find these skills to be quite useful in almost any situation in which getting answers from clients or employees is necessary.
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