



SF ISACA FALL CONFERENCE
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HOTEL NIKKO—SAN FRANCISCO

THINK
BIG

Core Competencies – C22
Audit Interviewing Best Practices
Discussion Outline

Audit Interviewing Best Practices

- Introduction

- A key area of skills performed by thousands of auditors throughout the world
- A topic common to many auditors, yet a topic that has received very little attention in professional publications and seminars
- A set of skills that are not particularly difficult, but yet may be fraught with obstacles for the unprepared

Audit Interviewing Best Practices

- Introduction

- To be distinguished from Job Interviewing, where the objective is to find and hire talented employees
- To be distinguished from Fraud Interviewing, where the objective is to find out details of an unscrupulous event that has occurred and/or to determine the guilt or innocence of a suspect.

Discussion Overview

Audit Interviewing Best Practices

- Audit Interview Planning
- Use of Agendas and Request Lists
- Ice Breakers and Building Rapport
- Question Types and Styles, Use of Open-Ended Questions, Use of Probing Questions
- Paraphrasing for Clarification and Confirmation

Discussion Overview

Audit Interviewing Best Practices

- Concluding the Interview and Follow-up
- Process Observations, Tours, Walk-Throughs
- Use of Cameras (Photos and Videos) and Other Recording Devices
 - Benefits of Using Recording Devices
 - Drawbacks of Using Recording Devices
- Documenting the Audit Interview

Audit Interview Planning

- a) Announce the audit; hold an opening meeting, and schedule the audit interview (not necessarily in that order)
- b) Define the objective for the interview, including scope
- c) Review any known information available (policies, procedures, standards, prior audit work, etc.)
- d) Prepare an agenda and/or a list of topic areas/questions

Audit Interview Planning

- e) Research your auditee (Linkedin profile, etc)
- f) Plan to have two (2) auditors attend the interview; one to lead the interview and take notes, and a second person (manager) to observe and take notes
 - i. Two sets of ears hear more than one set of ears
 - ii. Additional notes will be useful when documenting the interview
 - iii. Provides the manager better knowledge and insights when reviewing workpapers

Use of Agendas, Surveys and Request Lists

a) Agendas and Topic Outlines

- i. Helpful to set expectations with auditees

b) Surveys

- i. For information gathering prior to the interview

c) Request Lists

- i. Usually best for specific documentation requests

Ice Breakers and Building Rapport

- a) Smile...a lot
- b) Show enthusiasm and interest
 - i. Always be polite...please, thank you, etc.
- c) Find common ground
 - i. From your preparation/research above
- d) Be clear about your objectives and how the results of the work may affect the auditee
- e) Back up your promises with action

Question Types and Styles, Use of Open-Ended and Probing Questions

- a) Usually, the objective is to get the auditee to share information
 - i. If you're doing all the talking, then they are not sharing information
 - ii. Keep you eye on the time as you interview, and keep in mind who is talking

Question Types and Styles, Use of Open-Ended and Probing Questions

- b) Use questions that invite the auditee to explain things (open-ended)
 - i. “Tell me how that works...”
 - ii. “What is the order of the operation?”
 - iii. “When and how often does the review occur?”
 - iv. “What kind of unusual or exceptional conditions have you noticed in that process?”
 - v. “How do you perform those functions when your staff are sick or on vacation?”

Question Types and Styles, Use of Open-Ended and Probing Questions

- c) Avoid use of yes/no questions
 - i. Keeps you speaking too much
- d) Use probing questions to dig deeper and/or to clarify something
 - i. “Can you explain what you’re looking for when you review the report?”
 - ii. “How do you know when it’s wrong?”
- e) Don’t be shy about repeating your question if you don’t understand

Paraphrasing for Clarification and Confirmation

- a) A useful and common technique to clarify details and descriptions
- b) Simply repeat what you heard, back to the auditee, using your own words
- c) Inquire if you've got it right
- d) Can be combined with a probing question to get further details about an operation

Concluding the Interview and Follow-up

- a) End the interview when you have all the information you're seeking or when time expires
- b) If time expires before you obtain all the information you're seeking, arrange to meet again to finish the interview

Concluding the Interview and Follow-up

- c) Repeat back any action items either you or the auditee have promised to perform subsequent to the interview
 - i. Ensure the action item is clear and measurable
 - ii. Establish a timeframe or deadline for the action item
 - iii. Agree on how the completed item will be communicated/delivered

Concluding the Interview and Follow-up

- d) Summarize again how the information will be used and what the auditee should expect in terms of reporting or subsequent follow-up (next steps)
- e) Be sure to thank the auditee for their time and assistance

Process Observations, Tours, and Walk-Throughs

- a) These are useful alternatives to the pure conversation-based form of interviewing and also provide better audit evidence than simple inquiry
 - i. Observations, Inspections, Re-Performance vs. Inquiry
- b) Complementary to interviewing; observations, tours and walkthroughs can be performed concurrently with interviewing
- c) Observations, tours and walk-throughs should be discussed and planned prior to the interview so the auditee has appropriate expectations

Use of Cameras (Photos and Videos) and Other Recording Devices

Benefits of Using Recording Devices

- a) An excellent option for audit interviews, process observations, tours and walk-throughs, if allowed
- b) Obviously better for capturing information completely and accurately
- c) May be used to capture information to prepare process narratives and flowcharts, or may be used as media files included within audit documentation, final reports and presentations

Use of Cameras (Photos and Videos) and Other Recording Devices

Drawbacks of Using Recording Devices

- a) May be completely disallowed in certain organizations
 - i. High tech companies and other organizations with intellectual property
 - ii. Certain government and military organizations with security concerns
- b) May create unnecessary tension with auditees
 - i. Many people are uncomfortable in front of a camera

Use of Cameras (Photos and Videos) and Other Recording Devices

Drawbacks of Using Recording Devices

- c) May lead to incomplete or inaccurate information gathering
 - i. People may change their answers, or change their behavior, when in front of a camera, to try to look good (or avoid looking bad)
 - ii. Responses may be less forthright, less trusting
- d) Auditors may not hear the “off the record” comments that might otherwise be provided**

Documenting the Audit Interview

Capturing Interview Information

- a) Capturing the information gathered during an interview is critical to the effectiveness and efficiency of the audit project
- b) Use of cameras and recording devices provides the best form of information capture
- c) Note taking, preferably by two auditors, improves the information capture

Documenting the Audit Interview

Preparing Audit Documentation

- a) Formal audit documentation usually takes the form of process narratives, process flow-charts, and example documents gathered during the interview
- b) Timeliness in preparing process narratives and flowcharts is critical while the information is still fresh (in your head); don't wait to write up the interview notes!

Documenting the Audit Interview

Preparing Audit Documentation

- c) Once process narratives, flowcharts or other forms of process documentation are created, ask the auditees to review the documents for completeness and accuracy
 - i. Begin with the lowest-level personnel you worked with; they will usually have the most knowledge about the detailed processes

Documenting the Audit Interview

Preparing Audit Documentation

- ii. Continue to confirm the documentation with supervisors, managers and business process owners so you'll get additional insights and you'll minimize surprises later on during reporting
- iii. Adjust the documentation, based on feedback, until you get agreement from all parties about the completeness and accuracy of the documentation
- iv. The goal is no surprises for all firm and client personnel! Communication is critical to manage expectations!

Conclusion

Go Forth and Interview!

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