

Chapter 4

Investigative Interviews Conducted by Forensic Accounting and Auditing Professionals

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ABSTRACT

Interviews conducted by both forensic accountants and auditors are an important task associated with either role in gathering information that progresses inquiries. Auditors interview clients about the collectability of accounts receivable, or the appropriateness of significant accounting estimates such as goodwill impairment. Forensic accountants interview clients when financial fraud is suspected in cases of asset misappropriation, bribery, larceny, and financial statement fraud. However, training in the task and the literature concerning how the task should be undertaken is disjointed, outdated both by the science and developments in practice undertaken elsewhere. Anecdotally, although new auditors spend nearly twenty five percent of their engagement time performing interviews and partners spend nearly forty percent performing interviews, there is virtually no formal training on how to conduct an interview at the undergraduate and graduate level.

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INTRODUCTION

Interviews conducted by forensic accountants and auditors are an important task associated with either role in gathering information that progresses inquiries. For example, auditors interview clients about the collectability of accounts receivable, or the appropriateness of significant accounting estimates such as goodwill impairment. Internal auditors perform interviews to ensure the system of internal controls are present and functioning and evaluate new and old systems periodically for weaknesses. Internal auditors are frequently called upon to investigate fraud within the organization. Forensic accountants interview clients when financial fraud is suspected in cases of asset misappropriation, bribery, larceny, and financial statement fraud. However, training in the task and the literature concerning how the task should be undertaken is disjointed, outdated both by the science and developments in practice undertaken elsewhere. Anecdotally, although new auditors spend nearly twenty five percent of their engagement time performing interviews and partners spend nearly forty percent performing interviews, there is virtually no formal training on how to conduct an interview at the undergraduate and graduate level (Seipp and Lindberg 2012; Wang et al. 2020). Leinicke et al. (2005) report, “interviewing is both a regular and important task undertaken by auditors at all stages in their careers”.

The AICPA’s *Pre-Certification Core Competency Framework* states that communication and critical thinking skills are an important part of students’ competencies. Interviewing is one important aspect of communication and critical thinking (Wang et al. 2020). Furthermore, although interview training textbooks exist aimed at the budding criminologist, there are no resources aimed at preparing the new forensic accountant or internal or external auditors to conduct a skilled interview. Porter and Crumbley (2012) report, “the forensic accounting profession is not at the leading edge of interview training. The most successful interviewers command these skills because they are beneficiaries of comprehensive training.” Turning our attention to preparing students to perform a high-quality interview (that includes the skills required for all aspects of communication with colleagues and clients) is not only essential to students’ development, but to the profession (Leinecke et al., 2005; Seipp and Lindberg 2012). The accounting curriculum should include such training for the profession. There is a brief discussion of the interview as oral evidence in auditing textbooks. Arens et. al. (2020) define oral evidence as, “the obtaining of ... oral information from the client in response to specific questions during the audit.” A discussion of investigative interviewing techniques would be appropriate during a discussion of *how* to collect oral evidence and how to design appropriate questions. Second, rapport building, an essential component of interviewing, can be introduced in any first session as a way that students can learn more about each other while practicing structured rapport building techniques.

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