



Internal Control Interview Procedure

		Internal Audit
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1.0 Purpose

The purpose of this procedure is to assist the staff of the Internal Audit Division in conducting a professional and concise internal control interview with the audit client.

2.0 Authority

The County Auditor shall be responsible for the implementation and interpretation of this procedure, as well as enforcement of the procedure. The County Auditor shall issue, maintain and update any procedure, control and form needed to ensure compliance with this procedure.

3.0 Introduction

The Internal Audit Division visits each county office for an audit at least once each fiscal year. At the beginning of the audit, after the surprise cash count, an internal control interview is conducted. The purpose of the interview is to gain an understanding of the office's current processes and document any changes in procedures and staff from the prior audit.

4.0 Preparation

Prior to conducting the interview, the auditor shall review the prior year's audit, particularly the "Internal Control" folder in the W-drive, to gain an understanding of the office's policies and procedures, save a copy of the previous audit's internal control questionnaire in the current fiscal year's folder and rename the file with the current fiscal year. This questionnaire shall serve as the basis for the current interview.

The auditor shall update the questionnaire for any information acquired during the cash count. It is recommended to add extra spaces after each question to allow for notes during the interview. Questions shall be presented in a logical flow and not move back and forth among topics.

The auditor shall email or call the client's contact person requesting a date and time to conduct the internal control interview. It is recommended to suggest a date range of when the meeting should occur. The auditor shall notify the client the meeting should last no longer than one hour.

5.0 Conducting the Interview

Always arrive at the office a few minutes prior to the start of the meeting. Upon arrival, the auditor shall introduce themselves to the contact person. Employee badges shall always be worn to be viewed by external departments when conducting audit business outside of the Auditor's Office.

During the interview, the auditor shall progress through the internal control questionnaire presenting the questions in a conversational format rather than a Q&A session. Other questions that may present themselves shall be asked and documented on the internal control questionnaire. Read-only rights to any software the client uses that the Internal Audit Division does not already have access to, shall be requested once it is determined such access is required and access is approved by the Internal Audit (IA) Manager.



If an audit was conducted in the prior year, the auditor shall question and document if any changes have been implemented since the audit. The interview should then focus on the changes made, thus not every question on the questionnaire may need to be asked.

See Appendix 1.0 for interview techniques from *Sawyer's Internal Auditing*.

6.0 Post Interview

Upon returning from the interview, the auditor shall document the auditee's responses and any changes in staff, controls or business processes on the internal control questionnaire. If any questions remain unanswered, the auditor shall follow up with the interviewee for further clarification.



Internal Control Interview Procedure: Appendix

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1.0 Interview Techniques – *Sawyer's Internal Auditing*



Appendix 1.0

Interview Techniques – Sawyer's Internal Auditing

Good interview techniques put people at ease, make them want to offer information and bring a cooperative tone to the audit. The way an auditor asks questions can affect the success or failure of an interview. Successful interviews are based on 6 key steps: preparing, scheduling, opening, conducting, closing and recording.

- **Preparing**
Don't go in cold. Learn as much as possible about the office before the interview. Determine the objective of the interview and prepare questions that are calculated to achieve these objectives.
- **Scheduling**
Courtesy and common sense dictate calling the interviewees to schedule a meeting. Avoid Friday afternoons, day before a holiday, just before lunch or quitting time.
- **Opening**
Tell the interviewee honestly what the purpose of the interview is and how the results will be used. Develop a good rapport at the outset. Let your introduction be friendly and the smile sincere.
- **Conducting**
Learn the person's name and use it often; the sound of a person's name is music to his or her ears. Be cordial and helpful – avoid the appearance of coming across as threatening or condescending. Say something complimentary if at all possible. Show consideration for his or her time and assure them that you will strive to minimize disruptions to routines. Accept opinions respectfully, and acknowledge that you may not always be right.

The channel of communication is not always free and clear. Blockades to communication can halt, distort, or dilute what is being conveyed. Create a supportive atmosphere. Technical jargon can seem like a foreign language to the interviewee. Try to be acute as to "where they are coming from". Present the questions in a form that won't seem patronizing or won't be understood.

When asking a question, don't lead the interviewee. That is, don't give them the answer in the question.

Incorrect method: "You lock the money in the safe overnight, don't you?"

Correct method: "Where do you store the money after hours?"

Better questions start with what, when, where, who, why and how.

Make sure that the list of questions flows logically. Poor organization – skipping back and forth among topics – may make the interview confusing. Make sure you comprehend what the interviewee means. Periodic feedback to the client can help ensure reasonable communication: "Do I understand you to say...?"

Don't get overloaded with information; there is a limit to what the human mind can absorb.



- **Closing**

Don't drag out the interview. End the interview on a positive note. If all of the significant questions have not been asked, there will be other opportunities.

- **Recording**

Fun Fact – researchers tell us that:

- Within 24 hours we forget 50% of what we've heard
- In two weeks, we'll forget another 25%.

As soon as possible after the interview, the auditor should record the results of the interview. Tape recording an interview is useful; however, interviewees tend to be intimidated and it may inhibit their openness and full disclosure.

For a more detailed discussion about internal audit interviews, read pages 189-193 from the book *Sawyer's Internal Auditing* in the Internal Audit Manager's office.