

INTERVIEWING AS A 'FORENSIC-TYPE' PROCEDURE

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Abstract

In 1998, the chairman of the Securities and Exchange Commission (SEC) instructed the Public Oversight Board to appoint a "Panel on Audit Effectiveness" to review and evaluate the effectiveness of financial statement audits of publicly-traded companies. The Panel listed as the first of eight major recommendations that "auditors should perform some 'forensic-type' procedures on every audit to enhance the prospects of detecting material financial statement fraud" (O'Malley, 2000). One powerful forensic-type procedure available to those responsible for detecting fraudulent activity is interviewing. Effective interviewing is a function of both a well-structured interview and a well-prepared interviewer. Successful interviewers typically excel in interpersonal relations and can accurately identify verbal and nonverbal cues of deception. Those who have the skills to effectively conduct interviews will be more successful in uncovering fraud than those who do not. The purpose of this paper is to explain and illustrate--through actual case studies--the basic principles of effective interviewing.