

TEXAS ASSOCIATION
of COUNTY
AUDITORS

62nd ANNUAL FALL
CONFERENCE

*Financial training geared
specifically for County
Auditors and key staff.*

Waco Convention Center
October 16 – 19
2007

Thursday | October 18, 2007
North Brazos Room
10:15 – 12:00

**WHY IS A QUESTION THE
WORST THING TO ASK?**
How to get the most out of your audit interviews.

ERWIN SULAK
Erwin Sulak & Associates

Erwin Sulak, CFE

Erwin Sulak is a Certified Fraud Examiner and management consultant with over 25 years of domestic and international experience. His expertise includes risk assessment, operational audits, internal controls documentation and audit, business due diligence, and fraud investigations

Mr. Sulak lectures on fraud awareness, the role of internal controls in quality management systems, interviewing, and communication analysis. He is the author of *Finding the Truth, Effective Techniques for Interview and Communication*. He is a lecturer at Texas State University's Continuing Education Program as well as at the Texas CPA and other professional associations' programs. He is also the author of, *Making Money at Any Cost, Perspectives on Organizations, People and Fraud Awareness, Asset Protection, Internal Controls, Corporate Governance*.

Why Is A Question The Worst Thing To Ask?

Getting the most out of audit interviews

Erwin Sulak, CFE

Individuals and organizations are always in search of ways to improve their professional skill sets. Interviews are a critical part of audits. Erwin Sulak, CFE, will discuss how questions are often the worst thing to ask in an interview. He will address ways of reducing the contaminant effects of questions while increasing the value of the responses to our interview inquiries. The manner in which we communicate and our ability to analyze not only the communications of others but also our own communications can provide us with a “professional edge.” Once we understand the keys to more effective communication and learn to apply them, we can learn how to “read between the lines” and see and hear “where the truth lies.”

Why Is A Question The Worst Thing To Ask?

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“80% of life is just showing up.”

- A. How many languages would we estimate are spoken by those present today?**
- B. How do we elicit information from others?**
- C. How do we hide information from others?**

1. Keys to Forensic Interviewing:

- Learn a new language, that of the subject. (We all speak our own unique language)**
- Context, patterns, anomalies**
- Recognizing that our verbal and non verbal communications create stimuli, both positive and negative. “We cannot not communicate.”**
- The stimuli we create should be designed to minimize contamination and maximize responses reflective of “brain printing” (Use of information seeking predicates)**
- Analyzing non contaminated responses for indications of**
 - Truthfulness**
 - Deception**
 - Sensitivity**
- A. Learning a new language, making the connection through rapport, “He speaks my language”**
 - Learning by listening. Listening, the most important communication skill of all.**
 - “That was the best conversation I have ever had with anyone.”**
 - Mirroring not mimicking**
 - Verbally**

- **Tone**
- **Words**
- **Dominant sense**
- **How we say it**
- **Non verbally**
 - **Body language**
 - **Elective Traits**
- **Baselining: Context, Patterns, Anomalies or “compared to what?”**

B. Why is a question the worst thing to ask? Or “Why are there so few questions in life?”

- **Form: They ask a question, i.e. signal the interviewer does not know or he would not have asked.**

“What happened?” Begging for a “nothing much”

- **Content: We include what’s important to us in a question (ego-centered)**

“What do you know about the accident?”

“Would you like fish or chicken for supper?”

“Would you like to take a ride in the country?”

- **Timing: Sending signals as to relative importance.**

C. Information Seeking Predicates and why we only say what is important to us. “Brain Printing” and economy of words.

Two most important words: “Tell me.”

(P) “Tell me what happened.”

(R) “I do not remember everything but I will tell you what I remember.” (negation)

(P) "Tell me what happened."

(R) " ___ Went to get gas, ___drove to the office, later on ___ went to eat." "After I was arrested, I was released and they gave me my wallet, my keys and the cash I had and I drove my car to the office and I called my boss." (patterns)

D. Analysis:

How often have we heard statements like:

- "And Later on..."
- "Not personally involved"
- "I am not trying to tell you how to live your life"
- "I am just trying to help."

Grammatical clues (Grammar 101)

Vocabulary

Mom – Mother

Left – Arrived

"Person" issue of gender

Pronouns and introductions (antecedents and commitment)

I

"Love you"

Me

You

He, she or it

We

They

Verbs

Active

Passive

Subjunctive

Articles

**The
A**

**Conjunctions
But**

Syntax

I went to the mall with my wife

My wife and I went to the mall

I went to lunch with a person

This person and I went to lunch

Linguistic Clues

Negation (when volunteered)

“I don’t want to tell you what to do.”

“I’m not saying the person was a thief.”

Rationalizations (explainers)

Because

Missing information

Later on

The next thing I knew

Humor

Sarcasm

Summary:

Tell me, tell me, tell me.

**If we want to change the way we communicate we must change
the way we think.**

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BEGINNING: (This section is used to further relax and baseline the subject)

Name: Please state your full name:

May I have a business card?

Telephone #'s: (or) May I follow up with you if I have further questions? (and, if so) How and when is the best way to contact you?

Questions/predicates:

1. Visual Clues:

“Tell me about your work history (last three jobs.)”

Tell me where you went to school.”

“Tell me where you would like to be in three years.”

3 “Tell me how you ended up with your current work/job.”

4. Tell me what is challenging about your job.

5. “Tell me how you know you’ve done a good job.”

6. Tell me about your work this year compared to last year.”

7. Tell me about your position/responsibilities

8. Tell me about your back-up and provisions for back up

9. Tell me about your processes (what the organization/department does) (Identify the **critical processes** of the organization, e.g. and **Identify** the Process Narrative and section that governs each of the following:
 - a. Contracts
 - b. Contract Review and re-negotiations vs. evergreen
 - c. Vendor set up and
 - d. Approval
 - e. Purchasing
 - f. Payment A/P
 - g. Receiving
 - h. Inventory controls
 - i. Over/under adjustments
 - j. Shipping
 - k. Adjustments
 - i. Quality
 - ii. (net out and separate contracts per same “counterparty” source of product)
 - l.
 - m. Invoicing
 - n. Disbursements
 - i. Check
 1. manual
 2. computer generated
 - ii. Wire
 - o. Check signing authority
 - p. Passwords (banking)
 - q. Signature cards
 - r. Back-up in case of absences, i.e. sick, vacation, emergency
 - s.

10. Tell me about your controls

11. Tell me the process for utilizing Critical Process Checklists or various reports including “canned” reports (summary reports) for balancing and audit trails (adjustments, etc.)

12. Tell me who has manual check signing authority

13. Tell me about how you control pre-signed checks when responsible person not there.
14. Tell me how you make adjustments when you have a difference that is immaterial
15. Tell me how you make adjustments to the deposit slip when you have a difference that is immaterial
16. Tell me about the strengths of your (division)
17. Tell me about areas of concern
18. Tell me about difficult circumstances
19. Tell me about problem areas
20. Tell me about areas of opportunity for problems
21. Tell me about areas that can be strengthened
22. Tell me how you would deal with an allegation of a breach of the company's code of conduct or an ethics violation, i.e. conflicts, theft, fraud, embezzlement, etc?
23. Tell me about all gratuities you have received from vendors
24. Tell me about inappropriate behavior

25. Tell me about violations of company policy

26. Tell me about suspicious activities

27. Tell me about any breaches of ethics

28. Tell me about all outside interests

- a. Yours
- b. others