EFFECTIVE INTERVIEW TECHNIQUES
FOR HIRING INTERNAL AUDITORS

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To recruit the best employees and reduce turnover in internal audit staff, employers need effective interview techniques to identify candidates who possess the skills needed for successful job performance. Traditional interview questions don’t necessarily reveal the most pertinent information about internal audit candidates. Behavior description interviewing (and a related approach called situational interviewing) is a widely used technique for obtaining useful information about candidate behaviors and characteristics relative to specific job skills. The premise of behavior description interviewing is that past actions are the best indicators of future behavior. The interviewer begins by identifying necessary job skills and then develops interview questions to assess the candidate’s ability to handle those job skills.

The questions used in a behavior description interview are based on the identification of critical incidents. A critical incident is an actual past event or behavior that defines successful job performance in the eyes of peers and supervisors. To qualify as a critical incident, the past event or behavior must be something that the peer or supervisor has observed or witnessed. For example, it is not enough to say that a successful employee is one who is hard working and technically competent. Those qualities are common to all successful employees. We need to know the actual behaviors that demonstrate that a person is, for example, “hard working.” Is it because they have been observed putting in a lot of overtime? Is it because they’re able to meet tight deadlines? Does it have to do with providing extra service to clients? These details are important because they help identify the specific skills that are necessary for success in a given job.
This research project applies the process of behavior description interviewing to the recruitment of internal auditors. The report is divided into four sections: 1) identification of necessary job skills, 2) analysis of critical incidents, 3) facilitation of the behavior description interview, and 4) a sample interview guide.

**Identification of Necessary Job Skills**

Several steps are involved in developing interview questions for a behavior description interview. First, job-related behaviors noted in the past must be collected to identify “critical incidents.” In order to develop critical incidents, internal audit professionals were asked to complete surveys asking for observations and experiences in specific areas. The survey questionnaire was developed to gather information about critical incidents relative to desired skills and behaviors for internal auditors. For example, internal audit candidates need strong writing skills since workpapers and reports must be clear and concise. Internal auditors must manage their time effectively and be able to juggle schedules to accommodate client needs. Most importantly, internal auditors need effective interpersonal skills.

Survey respondents were asked to relate experiences in broad categories such as organizational skills, interpersonal skills, technical skills, and the ability of auditors to grow with the job. Within each category, more specific questions were asked. Under organizational skills, for example, questions were developed to analyze the candidate’s skills with regard to workpapers, time management, and detail work. Under interpersonal skills, questions regarding client relations and staff relations were addressed. Under the ability to grow with the job, questions about initiative and the ability to learn from experience were asked. In addition, respondents were allowed to identify any other skills they deemed essential to success on the job.
Critical incidents help employers identify the most important job skills for internal auditors. The critical incidents described by survey respondents in this report were used to develop interview questions for both experienced and inexperienced candidates. Questions for entry-level auditors draw upon past school experiences while questions for experienced auditors draw upon past job performance.

**Analysis of Critical Incidents**

**Workpapers:** For organizational skills, respondents were asked about situations where someone prepared workpapers that were exceptionally clear, well organized, or complete. Respondents agreed that well-organized workpapers were a desired attribute. A staff member must prepare clear workpapers that document the work performed. Furthermore, complete workpapers take less time to review and lessen the number of review notes written.

An internal audit director of a large public university shared an experience with reviewing well-documented workpapers. The strong organizational scheme was evident throughout an auditor’s working papers. Each schedule was clearly identified, cross-referenced, and included excellent grammar. Additionally, each workpaper referenced the particular audit objective that related to the test work.

A senior auditor at a large public university added that the good workpapers were consistent in format. Each working paper indicated summary or conclusion information, supported and referred to the conclusion statements, or indicated if it was for reference purposes only. Furthermore, workpapers were preferred to indicate the disposition of all conclusion comments prepared (i.e., included in the report, discussed within management, passed for further testing, etc).
Because candidates for entry-level internal audit positions may not have previous audit experience, a writing sample may identify skills in this area. A writing sample would identify well-organized, clear, and concise writing skills. An interviewer could assign a candidate to summarize auditees’ responses to auditor questions. Based on the details included in the candidate’s summary, the interviewer could analyze whether the candidate has the skills to distinguish important information.

This type of exercise may also be helpful in interviewing experienced candidates. A senior auditor at a large northeastern university commented that, generally, a person’s ability to assess what they are auditing and determine the important risk-related issues to focus on during the audit was most important. He thought that these skills were often instinctive.

He shared that he had a co-worker who performed an audit of a particular unit, which had millions of dollars flowing through it. During the course of the audit, the auditor spent much time and energy debating the propriety of accountability for a $25 petty cash fund. In addition, where revenues were in excess of $7 million, the auditor spent days looking for a single reconciliation item of $1,250. These actions caused him to feel that this person would never “see the light” and make a good auditor.

An audit partner for a public accounting firm added that good auditors are clearly evident after about two years of experience. Their ability to communicate on relevant issues on a job is a deciding factor. He can tell which auditors with over two years of experience are not going to develop by a detailed discussion of a project lasting two weeks or longer. If their discussion is vague, is based totally on what somebody else said, or is based on the prior year work, then they usually lack the analytical skills needed as an effective auditor.
The executive director of Audit and Consulting Services for a large public university outlined that because they issue a number of reports, effective writing skills are needed to minimize the necessary revisions before a report is issued. In interviewing candidates for a senior auditor position, he required a writing sample. He gave candidates a handout with a scenario with a number of internal control weaknesses. He asked them to write a letter detailing the findings and giving recommendations. He used this test in his analysis of selecting the best candidate.

Sample Interview Questions

- Give candidates a handout with auditees’ lengthy, detailed responses to various auditor questions. Ask candidates to summarize auditee responses in a clear, concise manner.
- Give candidates a handout with a scenario describing a number of internal control weaknesses. Ask them to write a letter detailing the findings and giving recommendations to strengthen internal controls.
- For a candidate with prior experience preparing workpapers, ask him to write review notes for sample workpapers with a number of needed improvements.

Time Management: In answering questions about time management, respondents agreed that sometimes overtime is required to finish a job on time. Auditors must be willing to commit to working late if a deadline dictates additional working time. A former state auditor recalled a situation where a politically sensitive job required a deadline within twenty-four hours. He and another auditor worked until 3 a.m. to wrap up the workpapers for review by their supervisor the following day.
While public accounting is more notorious for long work hours, internal auditors may face the same challenges. An audit partner in a public accounting firm noted that unforeseen delays often change the timing of a project, but they should not always impact the high quality of the work. A lot of times the timing is beyond the auditor’s control. A key to improving the timing is immediate communication with senior management regarding the factors causing the delays. A crucial element in maintaining high quality is focused supervision by a qualified supervisor. The result is always improved if supervision increases rather than decreases in these situations.

Sample Interview Questions

- You are working on a project needed for an audit committee meeting the following day, and a department manager calls about possible fraud in his department. How would you handle the call with the department manager? How would you ensure the project deadline is met for the committee meeting?

- You arrive for work with a full day’s schedule already planned. By 9:00 a.m., you get three additional projects that need to be done right away. How do you cope with this?

- Describe a situation when you were faced with a deadline that you couldn't meet. How did you handle it?

- Describe a situation when you had to learn a large amount of material quickly. How did you do it?

Detail Work: One survey question focused on whether some small item or detail helped identify a major audit or tax issue. Internal audit candidates must have skills in being attentive to
details. As the following examples demonstrate, overlooking a small detail could result in missing the key to a much larger problem.

An associate vice president of Internal Audit and Management Consulting for a large public university shared a key detail that unlocked a larger situation. Internal auditors were conducting a vending machine audit. In performing an analysis of vending commissions, they found commissions to be dropping significantly. In looking for reasons why the commissions were low, auditors reviewed the vendor’s records to ascertain the number of products left at each machine and compared this information to the commission reports. They found a fraud in excess of $8,000 that the route employee had perpetrated. The route employee was arrested; the vending company made restitution to the university and then pursued legal action against the former employee.

A former inspector general at a large university described a different situation. In the survey response, she stated that there were several instances where a small detail uncovered a major issue, and noted that the most memorable ones are those details that led to uncovering fraud. In a routine travel expense audit, she came across a registration fee payment with a check that appeared to be from a checking account from the institution’s student union. She was not aware the university had the account. She copied the voucher information that contained a copy of the check and followed up on it several weeks later. She considered it a “yellow” flag, not a red one, but it led to uncovering a fraud of over $25,000.

The account was an outside checking account that had been forgotten about over the years. A savvy building manager had begun to embezzle state funds by stealing and depositing state reimbursement checks into the account, withdrawing the funds later with account checks
that appeared to be voided in the ledger, and intercepting and destroying the bank statements in the hope that no one would notice.

A senior auditor at a large state university shared an instance where a cashier’s base appeared to be short $40. She verified the records that the base should be short and suspected that the cashier borrowed money from the cashier base. Auditors watched a security tape of the day’s activities and noticed the cashier’s purse on her desk when she was balancing. They speculated that she had taken money the previous day and replaced it that morning. The cashier was approached and told auditors had seen the videotape of the day’s activities. The cashier confessed to taking $200, which was more than the suspected shortage. A small shortage led to the termination of an employee for theft of funds.

The executive director for Audit and Consulting Services of a large state university related an incident where they received correspondence about a child that did not receive a T-shirt from a university band camp. This led to a complaint, an audit, and the conviction of an employee for $60,000. When a parent complained that a child did not receive a T-shirt he paid for as part of a band camp, auditors made inquiries as to why and what the procedures were to receive a T-shirt. Auditors learned that the band director was charging participants for a program that included donated services from vendors. It appeared the band director was taking the revenues as his own.

Auditors later reviewed meal reimbursements from the University band trips. They discovered that the band director wrote down names of students who did not go on the trip in order to receive additional reimbursements. Auditors also learned that revenues from sales of band tapes and CDs were not accounted for properly and suspected he received these earnings as well. The case covering several fraudulent practices was built from a simple parent complaint.
Sample Interview Questions

- Ask candidates to proofread a loan application where mistakes could result in processing delays or rejection of the application
- Ask candidates to proofread a tax return to ensure that it is free from errors that could result in penalties or delayed refunds
- Ask candidates to review a written scenario describing a department’s control environment to see if they point out details of potential weaknesses
- Tell me which college course required the most attention to detail. Please tell me how you dealt with the demands of the class.
- Tell me about a time when you discovered some small item or detail that helped identify a major audit or tax issue

Interpersonal Skills – Client Relations: Respondents were asked to relate situations where someone was particularly successful in cultivating a relationship with a client. A senior auditor at a large public university summarized these circumstances. When an auditor establishes a relationship where a client/auditee calls and asks for advice before they do something that is questionable, then the auditor has established a good working relationship.

An associate vice president of Internal Auditing and Management Consulting for a public university shared an experience where an audit client came to auditors with a concern, which was not audit related. However, auditors took the time to delve into the situation, assisted in determining a solution, and followed up regarding its resolution. This client told many colleagues about their assistance, which boosted their image across campus. Furthermore, the
client is now quick to respond with any request for information or assistance from that office. It was that little “extra effort” with one person that made a major impact on their image.

A former inspector general at a large university added that being able to be a good listener and to maintain objectivity and fairness contributes to clients/auditees feeling comfortable with auditors. This can lead to an openness that is not easily attained in audit relationships. In fact, she still maintains contact with former clients even though they have all changed employers several times. She once had an auditee come by her office and express thanks for having audited his office. The newspapers that morning had a story about another state office having payroll fraud, and because she had just performed a similar audit with no exceptions, the auditee was extremely relieved. Even though auditors write up the things they find wrong, they can do it in a productive way, thereby proving that they are there to help management and employees.

Sample Interview Questions

- You are auditing a department where employees are unhelpful and consistently delay getting needed information to you. What would you do?
- How would you handle an investigation of an accounting employee you trusted and respected for making improper journal entries and falsifying financial statements?
- Tell me about a time when you had to work closely with someone in a position above (or below) you. Who was the person? What did you have to do? What was the outcome?
- Tell me about a time when you had to deal with members of the public. Who was involved? What did they do?
- Tell me about a situation where you detected a client/auditee’s needs and how you worked to meet those needs.
Describe a situation where you noted internal control weaknesses and how you worked to resolve them.

**Interpersonal Skills – Staff Relations:** Teamwork is an integral part of an effective internal audit staff. While some departments may structure their assignments to be solo projects, it is important to establish a good rapport within the office. Respondents were asked to share situations where there were both good and bad examples of staff relations.

An audit partner for a local accounting firm responded that their auditors are structured to work toward interdependence rather than independence; many engagement problems are solved by teamwork. Audit supervisors strive to make this type of work environment an integral part of their culture. In many situations, their quality control procedures require teamwork.

A senior auditor with a large public university described a situation in which teamwork helped solve a difficult problem with a client. One co-worker was not getting along well with a client. Because this co-worker had a reputation for being difficult, he was paired up with another co-worker who was extremely easy going but worked at a slower pace. With their combination, they got the work done, and the clients were usually happy.

A senior auditor with a large public university related a story about training a new auditor with poor interpersonal skills. She attempted to instruct the new auditor in performing basic auditing procedures, but the staff auditor kept interrupting and tried to complete her sentences. A new graduate, the staff auditor had only worked about a month, and she sensed that the staff auditor wanted to show her how smart and resourceful she was. Each time someone attempted to complete a thought, the new staff auditor would interrupt. It was frustrating to give instructions to someone who, seemingly, was not teachable. The staff auditor finally quieted down enough to
hear complete instructions. Nevertheless, the new auditor was asked to leave after the ninety-day performance review as there were complaints from other auditors as well as clients that related to poor interpersonal skills.

Sample Interview Questions

- You receive a promotion. One of the staff is extremely resentful (as he/she was turned down for the promotion) and is being unhelpful and obstructive. How would you handle the situation?
- How would you respond to a peer who is preventing your team from completing its project?
- Assume you are a supervisor, and one of your subordinate employees consistently arrives late to work. What action would you take?
- Tell me about your most recent group or team effort.
- Describe a group work situation where you and a co-worker were having trouble getting along with each other. How did you resolve the conflict?
- Tell me about a situation in which you felt others were wrong and you were right.

Technological Skills: While every employer desires an employee with excellent technical skills, it is important to determine that candidates can apply those technical skills effectively in job situations. Consequently, respondents were asked to identify situations in which someone with excellent technical skills applied them in a practical and helpful way.

An associate vice president of Internal Auditing and Management Consulting for a public university noted that information technology (IT) auditing is probably one of the most challenging aspects internal auditors face today. One employee had a keen interest in IT and took it upon himself to earn a second bachelor’s degree in information technology. This
obviously enhanced his technical skills. Recently, all schools within their system were required to perform a computer security audit. The employee was identified as the state’s expert and conducted training for all the auditors within the state performing the engagement. They held a three-day training session for the auditors as well as permitted this employee to remain a consultant to each school via email and phone calls for the duration of the audits.

An inspector general at a southeastern university recalled an experience where an auditor exhibited strong technical skills. The internal auditor was assisting the external auditors in verifying lengthy schedule of investments. The internal auditor was asked to foot the schedules, which was a very time-consuming process. As an alternative, the supervisor advised that it would be more efficient to verify the spreadsheet formulas built into the schedule to ensure that all items were footed. This proved to be very useful, given that many schedules were involved, and the audits were recurring.

The executive director of Audit and Consulting Services of a large public university had an IT auditor who used his IT skills in other areas in their office. The department annually facilitates a control self-assessment for departments to complete. The IT auditor developed a web-based assessment that eliminated a lot of paperwork and made the whole process more efficient.

**Sample Interview Questions**

- What would you do if you were performing a project where you knew you did not have the technical skills to carry it out?
- How have you applied your technical skills in a practical and helpful way?
- Tell me about the most difficult work/school problem you ever faced. What steps did you take to tackle it? What were the results?
**Initiative:** Internal auditors must be self-motivated. There are often circumstances where there is little or no supervision available, and they need to pursue something on their own. Moreover, each assignment provides an opportunity to learn something new. Sometimes, auditors take advantage of a job assignment to develop new skills or expertise in a new area that is above and beyond the initial assignment.

A senior auditor at a large northeastern university related that his first assignment was a National Collegiate Athletic Association (NCAA) compliance audit. He learned the regulations and the related university processes very well. This led to his participation in their office’s development of a NCAA audit guide, used by Association of College and University Auditors (ACUA), for other members. This expertise also led to opportunities to present the subject material at ACUA conferences. He continues to perform the annual compliance audits, as well as assist other ACUA members in addressing their own athletic compliance issues.

A former public accounting auditor shared that in 1997 OMB Circular A-133 was introduced, and it changed the way single audits were performed. The Circular was effective for audit years ending June 30, 1997, and by August when the firm was responsible for performing those audits, there was no formal guidance available. No professional organization had issued audit guidance, and the only resources available were Internet documents.

At the accounting firm, the audit senior and manager who performed and supervised single audits left that summer, and as a staff auditor, she was left on her own. She undertook the project and taught herself a lot of the guidelines by reading Internet sources and actually calling AICPA committee members who worked on the Circular. Through continued education, she became the single audit expert at the firm. She worked on all the firm’s clients with a single
audit. In the following years, because of her expertise in this area, her colleagues nicknamed her the “single audit queen.”

A former inspector general at a larger university recalled several situations where auditors impressed departments that they were auditing. Internal auditors were encouraged to apply for open positions and then were hired, especially for computer systems openings. The same scenario applies for other university departments. Her university had an assistant controller that developed and sharpened his SCT Banner skills to the point that he left and ended up working with SCT as a consultant.

Sample Interview Questions

- If you had to audit an area in which you had no experience, how would you gain the knowledge to plan and complete the audit?
- Describe an experience when you had to take charge and get a job done or resolve a difficult situation. What did you do? What happened?
- Tell me about a situation in which you were expected to do a certain thing, and on your own, you went beyond the call of duty.

Facilitation of the Behavior Description Interview

The authors do not suggest that questions based on critical incidents completely replace traditional interview questions. It will always be important to make inquiries regarding an applicant’s resume, references, and past job experience. Moreover, interviewers should pay careful attention to the candidate’s appearance, body language, social skills, and ability to communicate effectively during the interview. These characteristics will provide important information for determining how a candidate might fit into an organization. Behavior description interview questions are designed to expand the employer’s assessment of candidates
by examining their ability to handle specific tasks. Such questions often provide information that would otherwise be unavailable in a traditional interview.

The manner in which the questions are presented is critical to the success of the interview. The interviewer must be prepared and patient. Some candidates may be well rehearsed in answering traditional interview questions but have a hard time answering questions or recalling past experiences in response to behavior description questions. Consequently, the interviewer must allow candidates adequate time to answer. The interviewer must be patient in possible periods of silence as candidates ponder their responses. The interviewer may also need to give some personal examples to help jog the candidate’s memory or clarify the purpose of the question.

For behavior description interview questions, the interviewer must encourage the candidate to provide complete information for any incident described. A complete response will include (1) a brief explanation of the circumstances leading up to the incident, (2) how the candidate behaved in the situation, and (3) the outcome or result of that behavior. Furthermore, the interviewer must maintain control of the interview by intervening when a candidate begins to ramble or tries to change the subject.

The candidate will sometimes relate experiences that clearly demonstrate either a very good or very poor fit for the position. In those cases, the interviewer must remain neutral in attitude. When an interviewer expresses positive or negative reactions, through words or facial expressions, the interview is jeopardized as candidates may alter their future responses to please the interviewer.

Interviewers may also need to ask appropriate follow-up questions. When candidates give brief, non-descriptive answers, the interviewer must be careful to obtain pertinent
information to complete the response. Follow-up questions can help a candidate appropriately explain his abilities. Simple follow-up questions include: Can you tell me more about that? How did you involve co-workers or teammates? Give me a specific example of how you did that? What results can you point to? What happened when things did not go as planned?

The following pages provide a sample interview for internal audit candidates. The interview is scripted to include an introduction as well as possible interview questions.
Sample Interview

Thank you for your interest in the internal audit position. (Establish rapport by commenting on pertinent information outlined in the candidate’s resume.)

We will conduct this interview with a different style of questions than you may be accustomed to. In some questions, we will give you hypothetical situations. In other questions, we will ask you about past experiences in a particular area. In your response, please give a brief explanation of the circumstances leading up to the incident, how you behaved in the situation, and the outcome or result of that behavior.

Time Management

Let’s start by talking about time management. We want to know how you handle situations where there is a time crunch.

- Suppose you arrive for work with a full day’s schedule already planned. By 9:00 a.m., you get three additional projects that need to be done right away. How do you cope with this?
- Describe a situation when you had to learn a large amount of material quickly. How did you do it?

Interpersonal Skills – Client Relations

In the position, you will audit different departments in the company. Each time you audit a department, you will encounter new people. These questions relate to how you would handle client/auditee relations.

- Suppose you are auditing a department where employees are unhelpful and consistently delay getting needed information to you. What would you do?
Tell me about a time when you had to work closely with someone in a position above (or below) you. Who was the person? What did you have to do? What was the outcome?

**Interpersonal Skills – Staff Relations**

In our office, it is important to work well with others in the department. Effective teamwork is essential when we all work together to complete a project with a strict deadline.

- Tell me about your most recent group or team effort.
- Assume you are a supervisor and one of your subordinate employees consistently arrives late to work. What action would you take?

**Technical Skills**

We all need technical skills to carry out our job duties. Your college education has provided much of your technical knowledge.

- Tell me about the most difficult work/school problem you ever faced. What steps did you take to tackle it? What were the results?

**Initiative**

We are looking for an internal auditor who is self-motivated. In some projects, there may be little supervision, and we want to determine if that is something you are comfortable with.

- Describe an experience when you had to take charge and get a job done or resolve a difficult situation. What did you do? What happened?
- If you had to audit an area in which you had no experience, how would you gain the knowledge to plan and complete the audit?

**Workpapers/Attention to Detail**

For the remainder of the time, we will ask you to answer an essay question. The essay question describes a department’s control environment. We would like you to write a letter to
the department head wherein you will describe internal control weaknesses as findings along with recommendations to strengthen those controls.

**Summary and Conclusions**

Internal audit professionals need a variety of skills that are not always evident in a standard resume. Effective writing skills are necessary to formulate clear and concise workpapers and reports. Time management skills are needed to plan and complete projects within specified deadlines. And interpersonal skills are essential since internal auditors must be able to relate to employees from a variety of departments as well as members of the internal audit staff.

Traditional interviews often fail to capture the information needed to make good hiring decisions. Behavior description interview questions based on the actual experience of peers and supervisors can help fill the gap by providing data on how potential employees have behaved in the past in regard to specific job-related situations. Since past behavior is a good guide to future performance, behavior description interview techniques can significantly increase the likelihood of selecting the best available candidate for the job.