

Effective Fraud Interviewing

Follow eight time-tested steps

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A serious allegation of fraud has arisen in your organization—now what? If your organization has a fraud policy, you should review the policy's established and defined protocols.

If such protocols do not exist, you need to advise your board and senior executive management that fraud allegations can quickly lead to a crisis. The absence of protocols leaves an organization unprepared and further compounds the challenges of an investigation.

The fraud allegation needs to be transmitted from the individual making the allegation to an appropriate organizational official capable of resolving the issue. Legal counsel should always be in the loop to evaluate the facts and recommend a strategy. For allegations with serious consequences, outside counsel may be called upon to lead the investigation. Attorney-led investigations will provide some protection for the organization through attorney-client privilege.

The next step is to assemble a team to investigate. Internal auditors are great candidates for participating in or leading internal investigations because they possess important analytical skills, and are well-versed in the operation of the business.

The facts that will be obtained through investigation will invariably reside in three separate buckets: documents, data and people. Accordingly, the investigator must seek out those facts through document review, data analysis and interviewing.

Interviewing is the most critical part of an investigation. Other investigative techniques are usually more costly, time-

consuming and less efficient. Sometimes conducting an interview is the only way to get at the pertinent information. If you can talk with witnesses and establish all the elements of the fraud, the investigation can conclude very quickly. Obtaining a confession will greatly reduce the time and expense of your investigation.

The distinction between an interview and an interrogation should be understood. An interview is a non-accusatory conversation with questions designed for a specific purpose. An interrogation is a conversation with a person suspected of wrongdoing, for the purpose of obtaining an admission of guilt. An interrogation is usually controlled by the interrogator through accusatory and leading questions.

Besides attorney-client privilege, another benefit to an attorney-led investigation is that investigators have access to an attorney to address legal issues as they arise. Interviews can present issues regarding rights of employees, decisions to record statements, and the use and disclosure of interview results. Government employees or those subject to collective bargaining agreements may require special legal considerations.

Regardless of who is interviewed, these eight steps will provide a roadmap to guide you through the process.

Step 1 – Preparation

Google is your friend. An amazing amount of information is available on the internet and from fee-for-service providers. The importance of the interview and the interviewee will dictate how much preparation is needed. If the investigation is at a mature stage, a lot about all the witnesses and suspects will be known. A review of the interviewee's personnel file can be helpful.

Interviewing is an art and not a science, and you can always get better.

Before any interview, you should deliberately think about the mindset of the person you are about to interview. What is the interviewee thinking, and more importantly, what is he feeling? Consider what role he played in the matter, and how your investigation could affect him personally. Understanding the mindset of the interviewee helps in selecting the place to conduct the interview, developing rapport, and structuring and sequencing questions.

Step 2 – Introduction

Introduction is a basic step that should smoothly roll into rapport building. Introduce yourself, indicate who you are working for in the matter, and disclose the purpose of the interview. Also, clarify the interviewee's identity, if in doubt, and their exact role or authority in the matter.

Step 3 – Rapport building

Rapport building is one of the more crucial parts of an interview because you can develop common ground with the interviewee. Conducting the interview at the interviewee's office enables you to see things like family pictures, trophies, company awards and other items important to the interviewee. All these objects are fodder for initiating a lighthearted conversation that is aimed at making the interview subject more comfortable.

While rapport building is going on, you can do something even more important—calibrating. Calibrating is the process of establishing a baseline of nonverbal behavior when the interviewee is in a nonthreatening environment. Communication often occurs more through nonverbal expression than the actual words that are spoken. The terms chronemics, proxemics, kinetics, paralinguistics and eye contact are names for familiar concepts. Their names help us identify and interpret their significance.

Chronemic communication is the use of time to convey meaning. Is the interviewee a fast or slow talker? After asking a question, how long does the interviewee take to respond? Is the interviewee reflective, or does she just start rattling off information?

Proxemic communication is the use of interpersonal space to convey meaning. An interviewee can indicate comfort with

the subject matter when leaning slightly forward to make a point. Conversely, leaning backwards likely demonstrates her lack of confidence or comfort with the answer.

Kinetic communication is the use of body movements such as gesturing, "talking with their hands," and foot-tapping. After observing an individual's unique movements, or the lack thereof, you will begin learning how the interviewee communicates, especially when they add meaning through kinetic emphasis.

Paralinguistic communication is the use of the voice to project volume, pitch and quality. The way one projects their voice can result in the intended meaning being significantly different than the literal meaning of the words spoken.

Eye contact can also be very telling. By observing the interviewee's willingness to make eye contact, you can often detect how confident the interviewee is with the answer. Eye contact can help gauge how interested or nervous the interviewee is regarding the conversation in general.

Later in the interview, when asking consequential questions, you may observe whether a change occurs in the interviewee's nonverbal behavior as compared to the calibrated baseline. Changes that occur simultaneously in the form of clusters are especially important.

Internal auditors can be great candidates for participating in or leading internal investigations.

A substantial change from the interviewee's baseline behavior to what is now being observed is usually caused by stress. The interviewer's job is to interpret this stress, including theorizing reasonable causes that could further guide the direction of interview questions. Is this the result of attempted deception or caused by feelings like

