

### 3.5 REVIEWS AND DISTRIBUTION

1. Internal auditors should discuss conclusions and recommendations with appropriate levels of management before issuing final engagement communications (PA 2440-1). This discussion usually occurs during the engagement or at a post-engagement meeting (an **exit interview** or **closing conference**). Reviews of drafts of communications with clients are a courtesy to them and a form of insurance for the engagement.
  - a. Clients may have discussed all such matters during the engagement.
    - 1) However, clients should be given the opportunity to read what will be sent to their superiors, as a matter of courtesy. Moreover, seeing the observations, conclusions, and recommendations in final form may cause clients to view them differently.
  - b. In complex operations, an internal auditor may easily miss a point or report it incorrectly. Reviewing engagement observations, conclusions, and recommendations in draft form with the client may detect inaccuracies before the final communication is issued.
  - c. The internal auditor should carefully consider the following matters before scheduling the review:
    - 1) The person(s) with whom the draft should be reviewed
    - 2) The feasibility of performing some reviews on a group basis rather than separately
    - 3) The timing of the reviews
    - 4) The order of the reviews
    - 5) Whether reviews may be expedited by transmitting the draft in advance of the meeting
    - 6) The need for face-to-face discussions. Transmitting copies of the draft to interested parties and receiving their written comments may be sufficient.
  - d. The internal auditor should be in charge of the post-engagement meeting.
  - e. The internal auditor should be prepared for conflicts and questions.
    - 1) When the internal auditor has previously experienced difficulty with an individual, that individual's superior may be invited to attend.
    - 2) To be able to answer questions promptly, the internal auditor may wish to prepare notes, e.g., marginal references on a draft of the final engagement communication and on pertinent working papers.
    - 3) The internal auditor should be flexible on matters not affecting the substance of the matters communicated.
      - a) However, the internal auditor should never negotiate the opinion.
  - f. When engagement clients disagree with the internal auditors, the disagreement should be explained in the engagement communications.
  - g. When the reviews result in significant changes, the other people with whom the draft was reviewed should have an opportunity to see, or be told of, the revisions.
  - h. The internal auditor should maintain careful records of the post-engagement meeting, of any objections, and of the manner in which conflicts were resolved.
  - i. When copies of the draft are to be sent to appropriate concerned parties for review, the internal auditor should
    - 1) Ask for the timely return of the draft with any comments considered appropriate.
    - 2) Set a specific due date for the return of the draft.
    - 3) Offer to meet with those who wish to discuss the draft further.

- e. Leading questions (questions suggesting the answer) should be avoided.
  - f. Loaded questions (questions with self-incriminating answers) should also be avoided.
  - g. Questions requiring an explanatory response are usually preferable to those of the yes/no variety.
  - h. An interviewer should be suspicious of answers that are too smoothly stated, fit too neatly with the interviewer's own preconceptions, consist of generalizations, or contain unfamiliar technical terminology.
    - 1) Thus, the interviewer must ask for greater specificity or other clarifications.
  - i. Care should be taken to differentiate statements of fact from statements of opinion.
  - j. The interviewer should understand what the interviewee regards as material.
  - k. Debate and disagreement with the interviewee should be avoided.
9. **The interview should be recorded.**
- a. Good note taking during the interview is essential.
    - 1) Notes should be sufficiently readable and thorough to permit a full reconstruction of the information gathered. This write-up step should occur as soon as possible after the interview.
    - 2) The interviewee should be informed about the need for note taking.
    - 3) Notes should be properly dated and labeled, and the names and positions of interviewees should be included.
    - 4) The amount of time spent not looking at the interviewee should be minimized, and questions should not be asked while jotting notes.
  - b. The notes and the memorandum prepared with their help are part of the working papers and therefore the documentation of the engagement used to prepare communications.
    - 1) The memorandum should include significant events during the interview, such as interruptions or emotional outbursts.
    - 2) The internal auditor must be careful to use information in its proper context.
10. **The interview should be evaluated.**
- a. This step is especially important if a follow-up interview is contemplated, but it is useful as a means of internal auditor self-improvement.
  - b. The internal auditor should consider whether objectives were appropriate, whether they were attained, and, if not, why not.
  - c. The internal auditor should also consider whether the planning was efficient, the interviewee was cooperative, and the interviewer made errors.
11. Interviews tend to be of four types:
- a. A **preliminary interview** is to promote the value of internal auditing, to understand the interviewee, to gather general information, and to serve as a basis for planning future interview strategies.
  - b. A **fact-gathering interview** is oriented to the specific details that can be provided by a particular interviewee.
    - 1) Elaboration can be sought in a nondirective manner.
  - c. A **follow-up interview** is intended to answer questions raised during the analysis of the fact-gathering interview and to test the interviewee's acceptance of new ideas generated by the auditor.
  - d. An **exit interview** helps to ensure the accuracy of conclusions, findings, and recommendations in the final engagement communication by discussing it with the interviewee.