



Fraud And The Forensic Accountant

With the recent surge in high-profile white-collar crime, forensic accounting has suddenly found itself thrust into the spotlight. While it certainly doesn't run the risk of becoming "sexy," ala the incredibly popular crime scene forensics dotting prime time television, this specialized area of accounting is receiving newfound attention.

Attorneys are turning more and more to forensic accountants for fraudulent financial records investigation and litigation support. Firms are bringing them in as expert witnesses or consultants to break down complex financial transactions and uncover complicated schemes.

But, what exactly can a forensic accountant provide, and how can you best utilize one?

What Is A Forensic Accountant?

A forensic accountant is an accounting professional with special training and skills who is retained to analyze, interpret, summarize and present complex financial and business- related issues in a manner that is both understandable and properly supported.

A forensic accountant is often involved in:

- Investigating and analyzing financial evidence.
- Developing computerized applications to assist in the analysis and presentation of financial evidence.
- Communicating findings in the form of reports, exhibits and collections of documents.
- Assisting in legal proceedings, including testifying in court as an expert witness and preparing visual aids to support trial evidence.

In order to properly perform these services, a forensic accountant must be familiar not only with accounting principles but also with legal concepts and procedures.

How Can A Forensic Accountant Help?

A forensic accountant can provide a variety of litigation support services, including:

- Helping obtain and review documentation to form an initial assessment of the case and identify areas of loss.
- Assisting with examination for discovery, including formulation of questions to be asked regarding the financial evidence.
- Attending the examination for discovery to review the testimony, assist with understanding the financial issues and formulate additional questions to be asked.
- Reviewing the opposing expert's damages report and evaluating the strengths and weaknesses of the positions taken.
- Coordinating other experts, including private investigators and forensic document examiners.
- Assisting with settlement discussions and negotiations.
- Attending the trial to hear the testimony of the opposing expert and to provide assistance with cross-examination.

Calling In The Cavalry

Simply calling in the cavalry is not enough. You'll need to take some concrete steps to maximize the value of having a forensic accountant on your team.

Retain early. The assistance that a forensic accountant can provide early in the process can be significant in reducing the overall cost and maximizing the benefit. If retained early, a forensic accountant can assist with the examination for discovery; identify additional areas of damages; assist with settlement negotiations and provide a preliminary assessment of the amount of damages.

Provide access. A forensic accountant engaged as an expert witness should be given access to all of the relevant documentation. If restrictions are imposed upon the scope of the investigation, there may be an impact upon the acceptance of the findings.

Establish privilege. The forensic accountant should be retained by counsel so that the privilege which exists between the client and counsel will be extended to the work product of the forensic accountant.

Contact our office today to learn more about cost-effective services in the investigation of fraud and embezzlement related matters.