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Forensic Accounting Investigation

(This is an abridged version of the full report which is available for purchase. The 42 page report may be used throughout your company.)

“Highly-visible financial reporting and accounting scandals have resulted in unprecedented levels of regulatory and public scrutiny for organizations. As a result, a company's ability to expeditiously address allegations and suspicions of financial malfeasance and to guard against susceptibility to fraud - are critical to its strategy and, often, its very survival.”

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Executive summary - Forensic Accounting Investigation (FAI)

(This is an abridged version of the full report which is available for internal use within your company)

“Commercial crime is growing faster and frauds are more complex and involve larger sums than ever before. The white collar crimes of fraud, corruption and money laundering in both the private and public sectors are costing South Africa billions of Rand a year. There is also growing public outrage over corrupt officials and opportunistic fraudsters who appear to be ‘getting away with it’.”

Bowman Gilfillan Attorneys

Instances of corporate fraud & misconduct pose a constant threat to public trust & confidence in the capital markets

Corporate fraud & misconduct: Introduction

- Organizations are increasingly under pressure to:
 - understand the fraud & misconduct risks that may undermine their business objectives
 - determine whether their anti-fraud controls are effective to prevent, detect & respond appropriately to fraud & misconduct
 - achieve the highest levels of business integrity through sound corporate governance, internal control & transparency
- Fraud & misconduct that occur in organizations fall within the category of risk that:
 - undermines public trust
 - may cause financial damage to an organization
 - will damage a company's reputation & integrity
- The board & management of an organization share responsibility & have specific duties for deterring fraud. These include*:
 - ensuring that top management communicate the expectation of accurate & transparent financial reporting
 - responding quickly, fairly & appropriately to breaches &/or violations of policy & procedure
 - maintaining internal & external auditing processes that are independent of the influence of management
 - ensuring a proper flow of critical information to the board & external parties
 - establishing an adequate system of internal accounting control
 - investigating & resolving problems when they arise

Forensic accounting is a specialty field integrating accounting, auditing & investigative skills . . .

Forensic accounting: What is it?

- “Forensic accounting is any accounting work done in anticipation of litigation. The term could relate to fraud, but not necessarily. It can cover bankruptcy, valuation, expert witnessing and many other areas.”*
- Forensic accountants investigate disputes involving actual or alleged financial crime or irregularity where such disputes could potentially lead to:
 - litigation
 - expert determination
 - civil, criminal or disciplinary proceedings
- Forensic Accounting Investigators assist in the investigation of business & financial issues, particularly where organizations encounter, amongst other:
 - fraud
 - economic crime
 - allegations of financial irregularity
- Organizations will often utilize forensic accountants, also known as ‘Forensic Accounting Investigators’ or ‘Certified Fraud Examiners’ (CFE) to assist them with their fraud prevention, detection & remediation program

* Ref: Joseph T. Wells (Chairman & Founder of Association of Certified Fraud Examiners in Austin, Texas)

. . . a successful forensic investigation is dependent upon the knowledge, skills & abilities of the professionals performing the work

What do Forensic Accounting Investigators do?

- Forensic Accounting Investigators assist organizations to:
 1. reduce the opportunity for fraud by creating an anti-fraud environment & proactively addressing the risks
 2. detect actual fraud
 3. respond to alleged or actual fraud
- Forensic Accounting Investigators:
 - analyze documents, reconstruct accounts & records & interview relevant parties in order to uncover information that may determine the facts necessary to reach resolution
 - assist organizations to ascertain whether an alleged fraud or related misconduct is an isolated incident or pervasive throughout the organization
 - devise & assist in implementing strategies that will minimize future incidents

Forensic investigators should ideally have a combination of accounting, auditing, communication & investigative skills

Forensic Accounting Investigator: Skills

- Forensic investigators require basic knowledge, experience, skills or capacity in the fields of:
 - accounting
 - auditing
 - transaction processing cycles & control environment
 - business law concepts
 - general business communication skills & business ethics
 - computer skills
 - investigating
 - law of evidence & investigative legal procedures
 - litigation skills
 - report writing
- In addition to the above knowledge & skills, professional forensic accountants should possess specialist knowledge, skills & abilities in the following areas:
 - criminology, i.e. the study of crime, focusing on white collar criminals
 - the legal & regulatory environment
 - fraud & forensic accounting, including:
 - ❖ asset misappropriation, corruption, false representations & other fraud
 - ❖ financial statement fraud
 - ❖ fraud & forensic accounting in a digital environment
 - ❖ forensic & litigation advisory services

How to order this report

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