



values

Values is an informational newsletter for attorneys who assist clients in answering valuation questions and claims adjusters who work to pay the proper amount of a claim.

When the economy is struggling, there are more cases of fraud within businesses. A good forensic accountant can help identify cases of fraud.

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Five People You Should Look For in Your Forensic Accountant

by Robert Holtzbauer, CPA, Partner

Forensic accounting is part art, part science – and very different than many types of careers. It takes a special combination of talents, skills and experience that can often be difficult to find in one package.

So, how do you identify some of those talents, skills and experience to determine if you're working with the right forensic accounting partner? By identifying some of the best examples of each and looking for a bit of those people in the forensic accountant you are planning to work with. (Note: While my Kevin Costner looks have served me well over the years, I determined it wasn't one of the top 5 things that make a good forensic accountant).

Judge Wapner (Legal Savvy)

Grumpy Judge on the famous court tv show, People's Court, Judge Wapner spent many a day watching over court proceedings. I'm not saying that a forensic accountant needs to be any kind of legal expert. That's for the attorneys. However, they should have extensive experience in a courtroom setting – as well as knowledge of legal terms and procedures.

From a legal standpoint, a forensic accountant should be expected to provide suggestions for questioning of opposing experts in depositions based on their own experience and knowledge of the case. They should also be familiar with legal interpretations of terms. A witness without this kind of experience can often state things in depositions or courtrooms that may have a different legal interpretation than what they intended. Trying to unravel that during legal proceedings can become a distraction.

Michael Jordan (Unflappable Confidence)

When it was crunch-time, Michael Jordan always wanted the basketball in his hands. He had a level of confidence that was unflappable throughout his entire career. A good forensic accountant should have that same level of confidence in their own skills.

Consider this ... forensic accountants are brought in to sort out, analyze and make conclusions on everything from cases of fraud to calculations of business income loss to determining the value of inventory – sometimes without any records. We are then often put in front of a judge, a jury and an opposing counsel to explain our findings. We are often asked to question employees suspected of fraudulent activities. These are tough situations. Understandably, people can sometimes get defensive or worse. Without a level-headed sense of confidence, a forensic accountant can shy away from asking the tough questions that sometimes need to be asked.

Being a witness in a courtroom can be intimidating. Your forensic accountant needs to be able to communicate clearly and confidently to jurors and the judge.

Forensic accounting is all about details and investigating deeper. A good forensic accountant is naturally a curious person who also has just enough skepticism in them to make them not settle for the first answer without checking more details.

Warren Buffett (Business Savvy)

Warren Buffett has made a fairly successful living understanding business. That's also the job of a forensic accountant. Of course, your forensic accountant should know how to analyze the typical financial reports generated by businesses. However, a good forensic accountant should be able to understand where those reports are generated from, who generates them and what, if any, motivation the people involved in that process have.

In cases of fraud, for example, a key employee is likely to cover up their fraudulent activity. Maybe they change financial documents. Maybe they destroy information needed to recreate accurate documents. Maybe they've made arrangements with vendors to overbill their employer and kick-back part of it to the employee. A forensic accountant needs to know where and how this can happen and what to look for to identify these issues.

John Stossel (Investigation)

John Stossel has made a name for himself on ABC over the years by investigating stories below the surface. A good forensic accountant also needs to be a good detective as well.

An example: A few years ago, we were working on a disability insurance claim from a guy who was injured. There were a number of things that didn't seem to add up in this case – making us suspicious of the motives and credibility of the case. We spent just a little bit of time watching the insured's business activity – but it was enough time to determine the disabilities he was claiming were not legitimate.

Good forensic accountants have just enough skepticism to make us investigate things deep enough to ensure we're getting the right story.

Alice from Brady Bunch (Organized)

Remember Alice? The beehive haired live-in caretaker of the six Brady kids and their parents. You never saw Mike or Carol Brady doing anything productive in that house. It was all Alice organizing a household of 6 kids. Like Alice, a good forensic accountant has to be extremely organized.

Organizational skills not only help us work more efficiently, but also help us keep costs low. We often work with huge databases, extensive, detailed records and information from a variety of sources like personal interviews. Being able to find, analyze and cross-check all of this information in one claim is critical – and if you're not extremely organized in your approach to each case, you can end up doing the same work multiple times, causing delays and unnecessary expense.

Finding a good forensic accountant isn't as easy as finding a CPA. There is a combination of skills, talents and experiences required that can be difficult to find in one package. Before selecting one to help you, ask a lot of questions and make sure they have all the skills and experiences you need. And if you think you need to go that extra step and find someone with rugged good looks to match these skills, well, you know who to call.

Can We Help You?

Dale Cremers, Bob Holtzbauer and Roger Nearmyer have experience to help you address questions about forensic accounting. Please call for more information at 515-274-4804 or e-mail us at info@chncpa.com.

