

accounting continues to enjoy a rapidly increasing popularity in the world of business and finance.

Forensic accountants perform two main types of services: **investigation** and **litigation support**. Investigation involves the examination of potential and actual evidence that could suggest the existence of fraudulent activities. In litigation support, forensic accountants provide assistance primarily related to the calculation or estimation of economic damages and related issues. Forensic accountants also present evidence and act as expert witnesses in court where they provide valuable points that are useful in deciding over fraud and related cases.

WHY WOULD A COMPANY MAKE USE OF A FORENSIC ACCOUNTANT?

Any organisation can benefit from forensic accounting, from a thriving corporate to a small to-medium sized enterprise. Attorneys use forensic accountants to assist in translating complex financial issues into a more understandable manner, which are frequently the key factor in the ultimate outcome of the lawsuit.

Generally, there are two main reasons that would call for the services of Forensic Accountants:

- ◆ A company acknowledges that they have problems with fraud and/or misconduct; or
- ◆ They do not know and are at risk of an ambush; hence, a company could decide to develop and implement fraud prevention plans.

The timing when the forensic accountant is hired can play a vital role in the outcome of a case. Hiring a forensic accountant as early as possible allows the forensic accountant to assist the attorney or corporation in a variety of ways, including making a preliminary determination as to the merits of the dispute.

A forensic accounting engagement and investigation is typically substantially longer than any other investigation and each assignment is different. There are many different components within each case where the attorney or corporation can benefit from the services of a forensic accountant. These components can be divided into four general phases:

- ◆ **Foundational:** Provide assistance in the case development and discovery stages, and assist in defining the financial framework of the case. Assess the quality of the documents to determine what might be relevant.
- ◆ **Interpersonal:** Conduct interviews to aid in the planning and execution of case data collection, and perform background research on the people and entities relevant to the matter.
- ◆ **Data collection and analysis:** Accumulate the data by investigating the financial documents received and apply forensic tools such as data mining, trending and ratio analysis to either support or refute the allegations. If requested, assist in any hearings and settlement negotiations.
- ◆ **Expert report and trial:** Aggregate all of the forensic accountant's conclusions during the assignment, followed by the submission of an expert report, and possibly testify at deposition or trial. If requested by the attorney, the forensic accountant can critique the opposing expert's report.

HOW DO COMPANIES BENEFIT FROM RETAINING FORENSIC ACCOUNTANTS?

Companies benefit from the use of a forensic accountant because of their special training and experience in rooting out possible criminal activities. The aim of a forensic accountant is to quantify the amount of damage or loss suffered in a legal dispute. They can also assist in solving disputes before they reach the courtroom. If the dispute does reach the courtroom the forensic accountant can provide expert testimony on a company's behalf. Simply put, forensic accountants save companies time, money and effort.

Forensic accounting is becoming a cornerstone in safeguarding corporate assets and business interests in an ever changing environment. The forensic accountant has expertise in designing and implementing effective internal controls to prevent fraud and financial misconduct.