

Forensic Accounting

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Forensic Accounting

- ✓ What is Forensic Accounting ?
- ✓ Forensic Accounting vs Traditional Accounting and Auditing
- ✓ What does a Forensic Accountant do ?
- ✓ Types of assignments
- ✓ Who retains a Forensic Accountant ?

Forensic Accounting, the term

- ✓ “The integration of accounting, auditing and investigative skills yields a specialty known as Forensic Accounting” (Alan Zysman).
- ✓ Forensic Accounting is the application of accounting principles, theories and discipline to fact or hypotheses at issues in a legal dispute and encompasses every branch of accounting knowledge (AICPA).
- ✓ “Belonging to, used in or suitable to courts of judicature or to public discussion and debate” (Webster’s Dictionary).

Forensic Accounting, the scope

- ✓ “Forensic Accounting provides an accounting analysis that is suitable to the court which will form the basis for discussion, debate and ultimately dispute resolution” (Alan Zysman).

Forensic Accounting vs Traditional Accounting and Auditing

- ✓ Forensic Accounting vs Traditional Accounting:
 - ❖ Does not produce financial or other type of managerial information
 - ❖ Consists a basis of discussion suitable to courts or public discussion or debate
 - ❖ Does not support decision making for management purposes, always strictly related to actual or suspected fraud

Forensic Accounting vs Traditional Accounting and Auditing

- ✓ Forensic Accounting vs Traditional Auditing:
 - ❖ It is not an assurance engagement
 - ❖ The scope is not an error identification or prevention
 - ❖ Provides conclusions on a subject matter, which is always related to fraud
 - ❖ The use of materiality may not be appropriate

Forensic Accounting vs Traditional Accounting and Auditing

- ✓ Forensic Accounting vs Traditional Auditing:
 - ❖ The quality of documentation could tend to be conclusive rather than persuasive (e.g. interviews are very close to testimonies)
 - ❖ Evidence gathering procedures and audit tests
 - ❖ The application of sampling may be inappropriate

Forensic Accounting vs Traditional Accounting and Auditing

- ✓ Forensic Accounting vs Traditional Auditing:
 - ❖ The type of the report is not standardized and always tailored to subject matter and the type of fraud
 - ❖ Forensic Accountants do not apply professional standards on auditing

What is Forensic Accounting

- ✓ Other alternative designations:
 - ❖ Forensic Accountancy or
 - ❖ Investigative Accounting
 - ❖ Fraud Auditing
 - ❖ Fraud Investigation
 - ❖ Litigation Support

- ✓ Forensic Accountancy: The specialty practice area of accountancy that describes engagements that result from actual or anticipated disputes or litigation.

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What is Forensic Accounting

✓ In Greek:

- ❖ Δικανική Λογιστική ή
- ❖ Εγκληματολογική Λογιστική

What is Forensic Accounting

- ✓ Forensic Accounting encompasses both:
 - ❖ Litigation Support
 - ❖ Investigative Accounting

(Alan Zysman)

What is Forensic Accounting

- ✓ Litigation Support:
 - ❖ Provides assistance of an accounting nature in a matter involving existing or pending litigation.
 - ❖ It deals primarily with issues related to the quantification of economic damages.

A typical litigation support assignment would be calculating the economic loss resulting from breach a contract (Alan Zysman).

What is Forensic Accounting

- ✓ Investigative Accounting:
 - ❖ Is often associated with investigations of criminal matters.

A typical investigative accounting would be an investigation of employee theft (Alan Zysman).

What does a Forensic Accountant do

- ✓ A Forensic Accountant is often retained to analyze, interpret, summarize and present complex financial and business related issues in a manner which is both understandable and properly supported (Alan Zysman).

Types of assignments

- ✓ Criminal Investigations
- ✓ Economic damages calculations
- ✓ Shareholder's and Partnership Disputes
- ✓ Post acquisition disputes
- ✓ Business / Employee Fraud Investigations
- ✓ Bankruptcy, insolvency and reorganization
- ✓ Business Valuation
- ✓ Computer forensics

Who retains a Forensic Accountant

- ✓ Lawyers
- ✓ Police Forces
- ✓ Insurance Companies
- ✓ Government Regulatory Bodies and Agencies
- ✓ Banks
- ✓ Courts
- ✓ Business Community

Thank you for your attention

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