

McMAHON WORTH Forensic Accountants

Forensic accounting investigations – Some lessons to be learnt

- maintain excellent financial controls and accountability – critical in today's environment where structures are flatter (with less levels of review) and data is generated by computer (often accepted without question)
- when attempting to verify data (financial or otherwise) always assess the reliability of the substantiation provided (is it from an objective source?)
- reconsider preliminary conclusions with cross checks, benchmarks and reasonableness tests – does it make sense overall?
- When analysing financial data use appropriate industry benchmarks. Numbers can lie and convey an incorrect message or misleading trend.
- Review plans, performance and business structures (including segregation of duties) regularly.
- Check references for new recruits / business associates carefully. McMahon Worth Forensic Accountants investigated one fraud resulting in significant loss to the employer, where the employment history given by the perpetrator was a complete fabrication. When his past employment history was investigated, he had done exactly the same thing to his previous three employers! No employment references had been checked.
- maintain objectivity and be wary of pre conceptions and unsubstantiated opinions

- when reviewing complex calculations focus on assumptions (especially the less obvious implicit ones) and methodology
- Don't take things at face value and maintain a healthy skepticism
- When data does not 'gel' there are usually reasons why
- The business world is littered with failures because timely expert advice was not obtained – don't be one of the statistics !
- Knowing what to ask for and who to ask can be key to the success of an investigation. Consider financial discovery and third party requests with care.
- Get on top of the relevant documents early!
- Modern computer software and analytics is the investigator's friend!
- Be careful not to contaminate potential 'evidence' – keep copies and backups.

**If McMahon Worth Forensic Accountants can be of any assistance
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