



ISCA Breakfast Talk

12 July 2017, Wednesday

7:15 am to 8:45 am

Global Mindset, Asian Insights

www.isca.org.sg



ISCA Breakfast Talk

An Introduction to Forensic Accounting

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The Role of a Forensic Accountant

What is Forensic Accounting?

“*Forensic accounting* is the use of professional accounting skills in matters involving potential or actual civil or criminal litigation..”

Source: Association of Certified Fraud Examiners

FORENSIC

(adjective fo-ren-sic \fə-'ren(t)-sik, -'ren-zik\)

- 1: Belonging to, used in, or suitable to courts of judicature or to public discussion and debate.
- 2: Relating to or dealing with the application of scientific knowledge to legal problems

Source: Merriam-Webster dictionary

Forensic Accounting

- Who is a forensic accountant
- Types of engagements
- Emerging trends & challenges
- Fraud investigation
- Litigation support
- Digital forensics

Forensic Accounting

- Forensic accountants typically
 - Are from a professional accounting background
 - Have appreciation & understanding of the practicalities/intricacies involved in litigation;
 - Possess a combination of audit, accounting, taxation, information technology and consulting skills.
- Separate discipline from statutory auditors, tax accountants and liquidators

Forensic Accounting

Types of Engagements

- Fraud investigation
- Quantification of economic loss / damage
- Valuation in litigious settings
- Agreed-upon procedures
- Matrimonial disputes

Forensic Accounting

Involvement at various stages

- Issue definition
- Internal / external investigation
- Document management
- Cost study, damage & claim preparation
- Negotiation – pre-arbitration / trial
- Arbitration / hearing / trial (Expert Witness)

Forensic Accounting

Key Attributes for Success

- Credentials
- Independent / free from bias
- Industry knowledge / economic awareness
- Dedicated support
- Being meticulous
- Familiarity with legal procedures / processes
- Communication skills
- Timing



Emerging Trends & Challenges

Emerging Trends & Challenges

Growing demand for forensic accountants

- Tough economic conditions
- Financial crisis
- Enhanced regulatory requirements
- Emphasis on corporate governance and corporate accountability
- High profile fraud / corruption scandals
- Court proceedings, mediations, arbitrations

Emerging Trends & Challenges

Key Trends for Forensic Accountants

- Fast-changing and globally integrated businesses
 - Cross-border operations
 - International laws & regulations
- Big Data
 - Pervasive use of technology
 - Explosion of data / information
 - Data mining / analytics
- Proactive approach to fraud prevention and detection

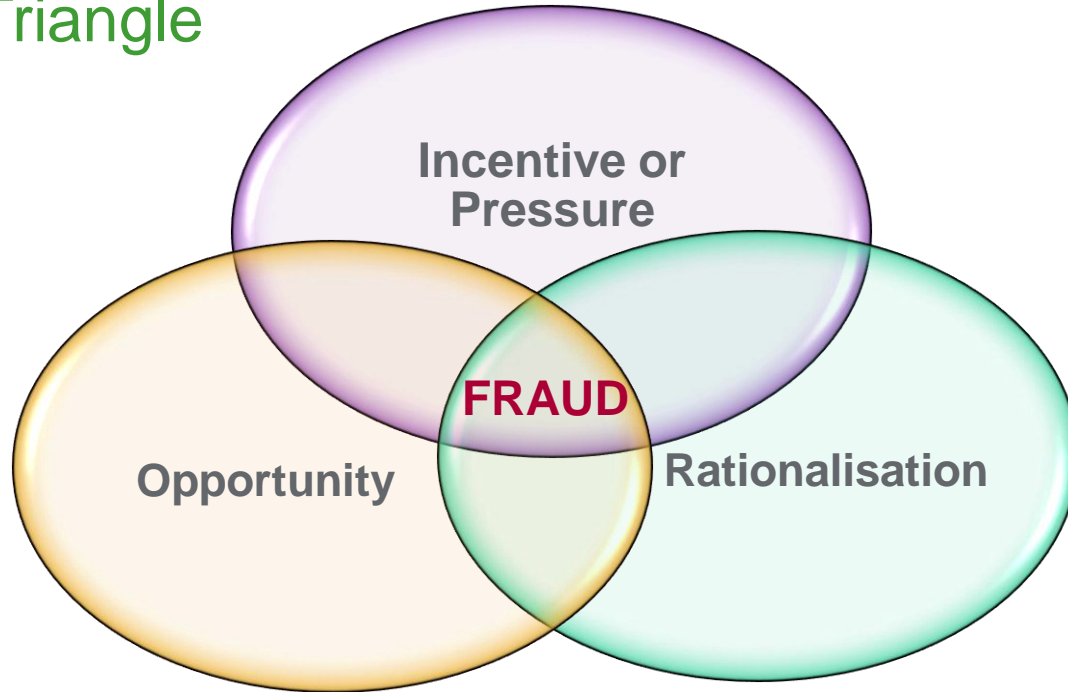


Fraud Investigations



Fraud Investigations

The Fraud Triangle



Fraud Investigations

Fraud Schemes [Direct Benefit]

- Misappropriation of assets
- Money laundering
- Insurance fraud
- Corruption / kick-backs
- Loan fraud

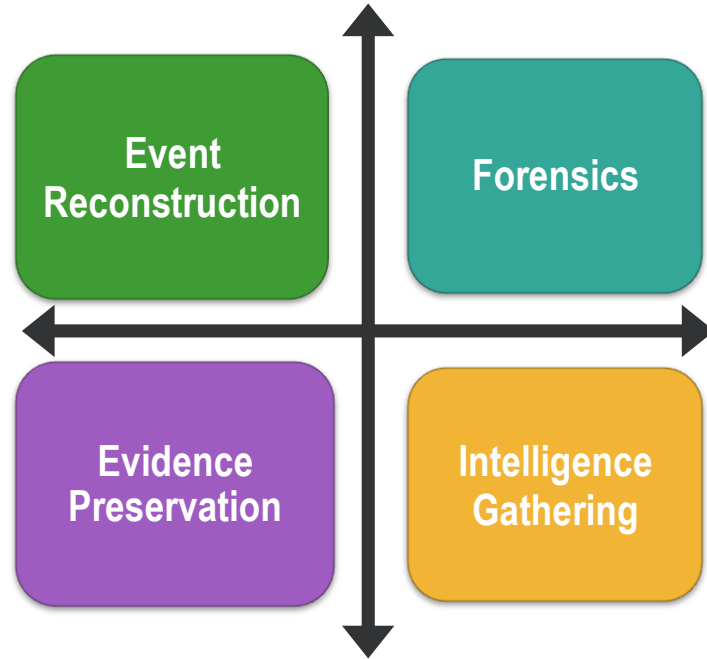
Fraud Investigations

Fraud Schemes [Indirect Benefit]

- Fictitious revenue
- Concealed liabilities / losses
- Uncompleted sales
- Concealed liabilities/losses
- Incorrect stocks valuation
- Asset overstatement

Fraud Investigations

Four Dimensions of Fraud Investigations



Fraud Investigations

Other Issues to Consider

- Overall objective
- Criminal /civil proceedings / settle out of Court
- Whistleblower protection policy
- Business continuity
- Employee morale & media leakage
- Backlash from the accused



Litigation Support

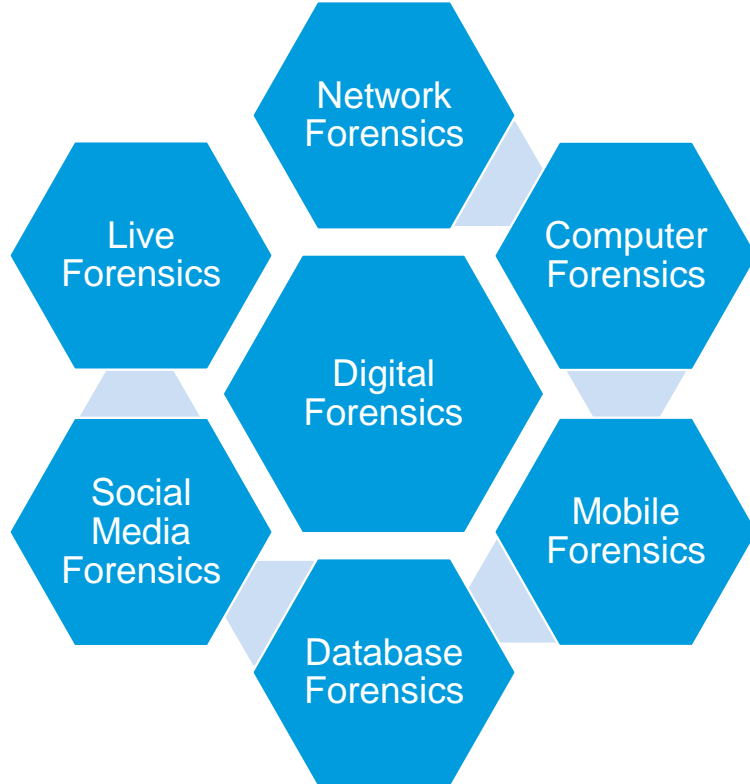
Litigation Support

- Cost study, damage & claim preparation
- Negotiation – pre-arbitration / trial
- Arbitration / hearing / trial (Expert Witness)
- Duty to Court



Digital Forensics

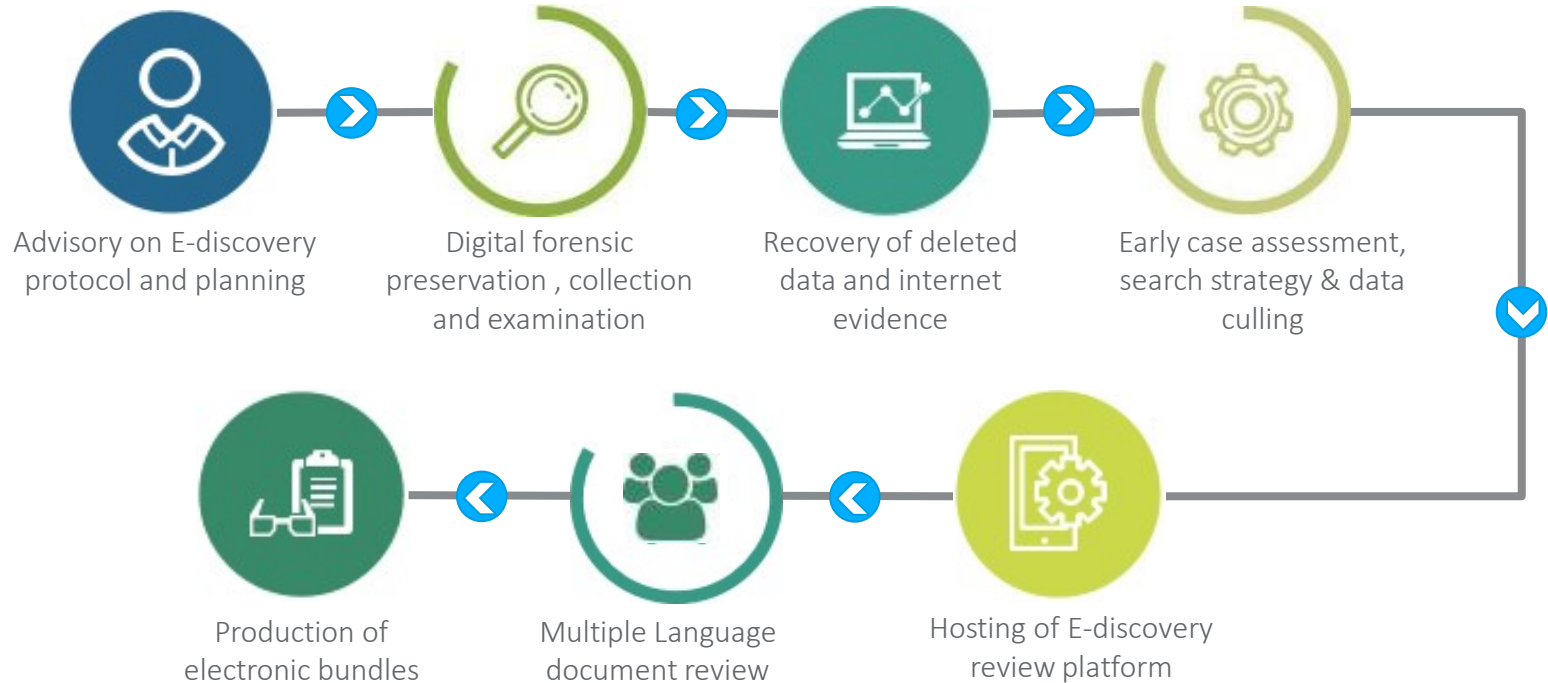
Digital Forensic Investigation Services – Types of Forensics



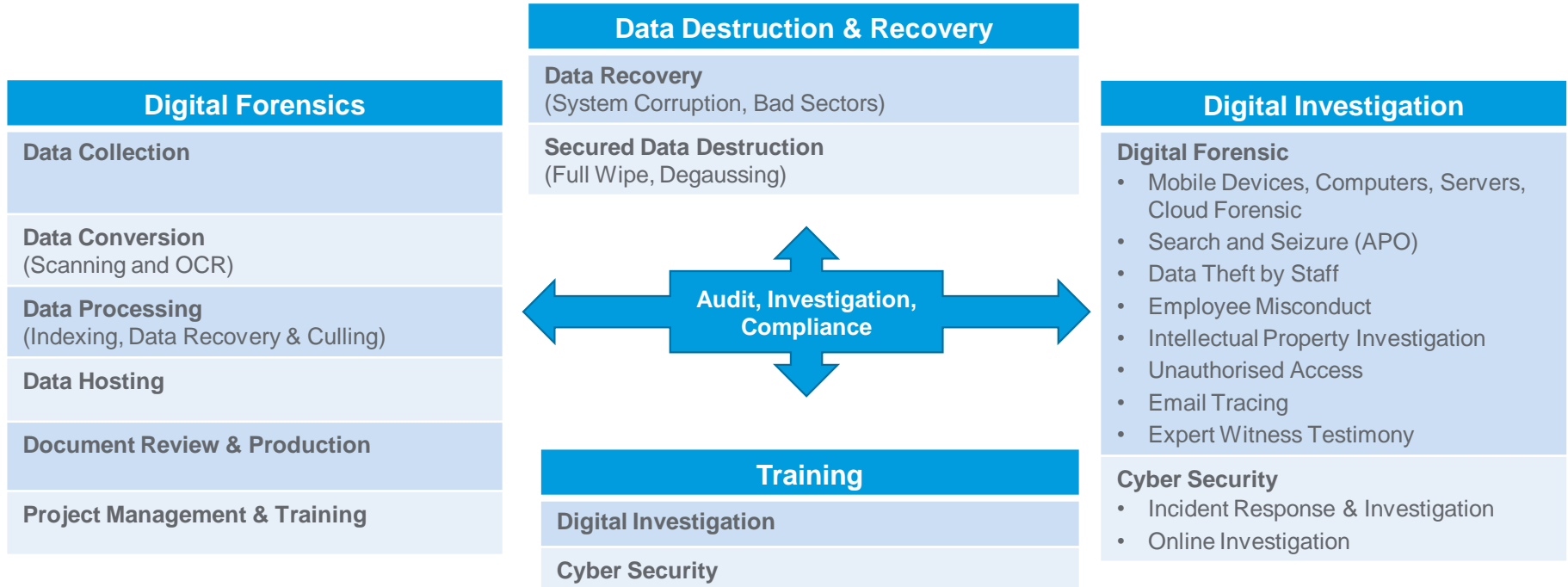
- The prevalent use of technology means that in any compliance audit or fraud investigation, you are almost certain to encounter digital data that needs to be handled correctly in order to be tendered in court as evidence.
- The right expertise, skills and experience are critical to conducting large data seizure, processing and analysis.
- A secure environment is needed to collect evidence that is admissible to Court under the Evidence Act.

E-Discovery Services

One-Stop E-Discovery Support Services for Litigation, Compliance, and Investigations



Digital Investigation Capabilities



For enquiries, please contact:

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QUESTIONS AND ANSWERS?



THANK YOU

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