

FORENSIC INVESTIGATIVE ACCOUNTANT MINDSET

The Purpose

To identify offensive and defensive issues within the financial world, to seek out and gather relevant information from documents and persons and to report to Counsel in an independent and objective context all the good and bad findings.

To know how to 'rinse out' all the relevant information in the other side's financial world

The Needs

To have knowledge of fraud in its many varieties and understanding of legal process

As an accountant to establish credentials and creditability as in investigator particularly during live investigations

To understand that the standard of proof is governed by the Court of law

To maintain independence and objectivity and to give benefit of doubt

To be curious and intuitive and maintain a healthy skepticism of persons and documents

To be aware of the enemy in the form of bias and prejudice

To understand how to work in foreign cultures, if applicable

To appreciate you are recreating history from puzzle pieces of information

To have a free floating mind in order to identify all possible interpretations of events

To have an understanding of the interview process, to know how to identify chemistry in a group setting, those in control and potential rollovers in live investigations

To assess priorities from the available findings, one cannot investigate everything but rather one must pick the best opportunities for potential evidence/recovery

To focus on the timing of events and the inferences one can draw, especially in circumstantial matters

To establish a pattern of conduct and then assess if not in the normal course of business and/or personal behavior in order to establish the hidden business reality

To understand that the passing of time can be a good investigative technique

To identify potential defenses and to gather relevant information to defend

To give a low priority to issue of materiality and be cautious with any sampling approach

The Summary

“Often, the fraud auditor does not know what he is looking for or even why, other than something looks suspicious or out of place. So to be overly organized when doing fraud audit work may be a handicap. You need a lot of freedom and space to let your imagination run wild. You need to poke holes into everything including your own pet theories and biases.

Do not accept anything anyone says as gospel truth. Do not assume that any document is what it purports to be. When conflicts between statements of witnesses occur, do not take sides or prejudge their veracity. Keep an open mind. The proof of fraud is rarely when and what you thought when you first began the audit. Preconceptions are dangerous. They invariably lead you down the wrong path”.¹

¹ G. Jack Bologna, Robert J. Lindquist, *Fraud Auditing and Forensic Accounting: New Tools and Techniques* (New York: John Wiley & Sons, Inc., 1995), 41