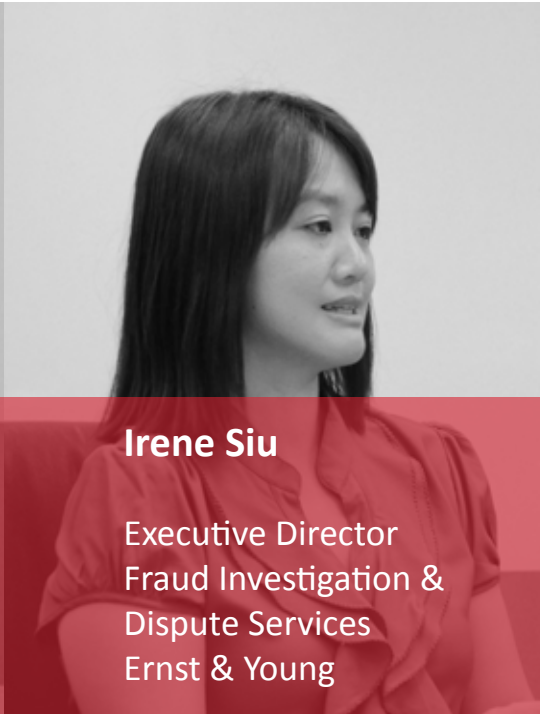




Jessica Li

Forensic Services
PricewaterhouseCoopers



Irene Siu

Executive Director
Fraud Investigation &
Dispute Services
Ernst & Young



Sean Lam

Director
Forensic Accounting and
Advisory Services
FTI Consulting

HKICPA - ForensIG

Forensic Accounting Demystified

Forensic (adj) /fə'ren.zɪk/

“related to scientific methods of solving crimes, involving examining the objects or substances that are involved in the crime”

Accounting (n) /ə'kaʊn.tɪŋ/

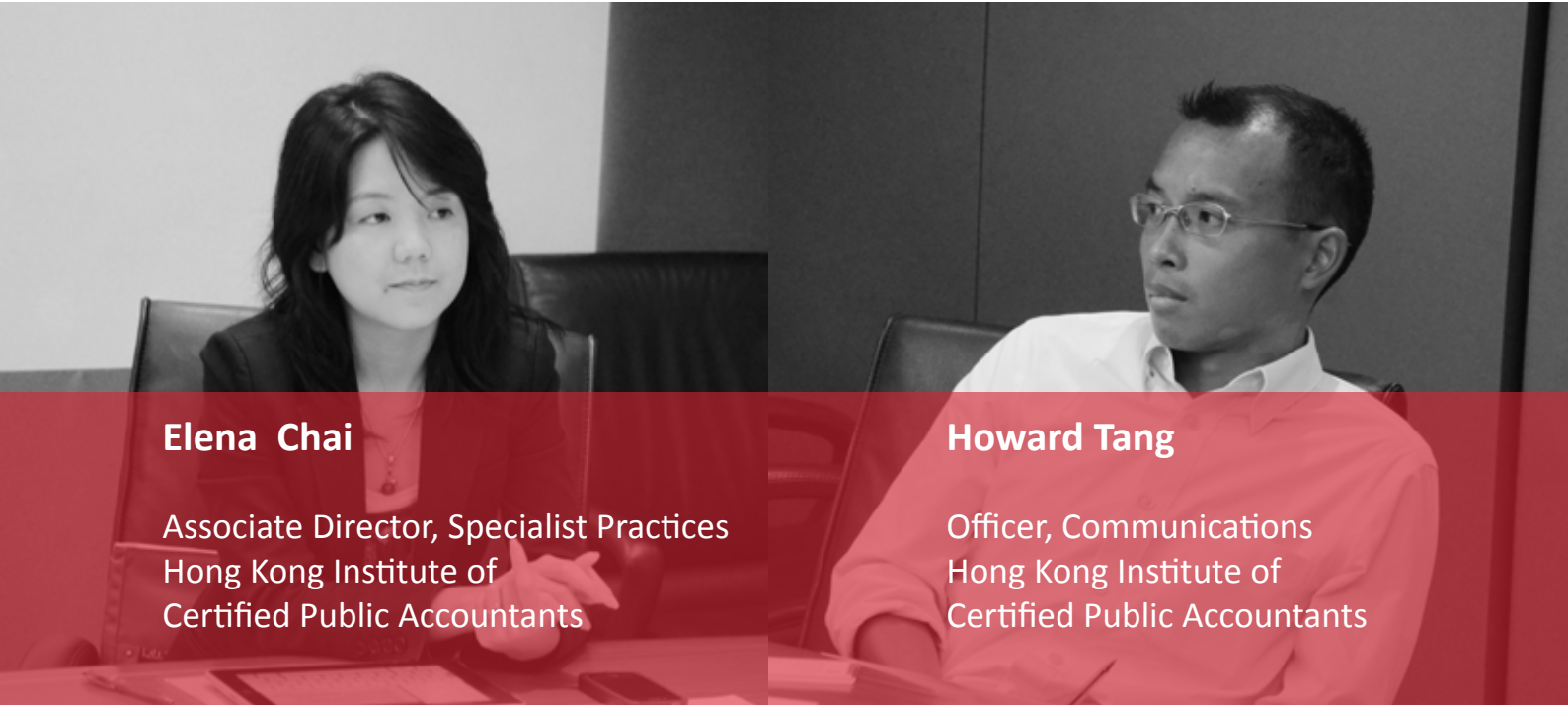
“the skill or activity of keeping records of the money a person or organization earns and spends”

Cambridge Dictionaries

Speaking of forensic, one would immediately think of specialists in white robes examining bits and pieces of evidence collected in a crime scene, trying their best to find important information from the dead; as for accounting, an image instantly brought to mind would be businessmen juggling with the numbers on a spreadsheet, calculating the profits and losses of a company.

Have you imagined putting “forensic” and “accounting” together? While you may wonder the relevance between the two, Forensic Accounting does exist in the field! As elite university students at HKU, while the danger of saturation in the industry is being more significant as mentioned by critics, we should observe the matter from another unique perspective and take a step forward to grasp the niche opportunities.

Recently in September 2013, BEA was honoured to invite a panel of forensic accountants from ForensIG of the Forensic Forum, the Hong Kong Institute of Certified Public Accountant (HKICPA) to share with us the current situation of the industry and their experience as forensic accountants.



Elena Chai

Associate Director, Specialist Practices
Hong Kong Institute of
Certified Public Accountants

Howard Tang

Officer, Communications
Hong Kong Institute of
Certified Public Accountants

What are the jobs of a forensic accountant?

J: Forensic accountants carry out investigation on matters arising from financial forensic engagements that result in disputes from areas like economic damages and security fraud. They provide litigation support to their clients.

A daily life example would be inspecting a business fraud due to forgery by the staff or management level of the company. The forensic accountant's role would be to conduct data analysis and interviews with suspected staff members during site visits. When computer systems are involved, expertise in information systems would be consulted in reviewing the useful and relevant data.

Are relevant on-the-job accounting experiences and a legal background necessary in becoming a forensic accountant?

I: It is not necessary for one to be experienced in the field before taking up the role as a forensic accountant. Fresh graduates are always welcome as the industry needs fresh blood to sustain. They would be given less complicated tasks at first and allowed more time to learn and adapt to the working environment and standards required.

J: At the same time, forensic accountants are not required to hold a bachelor degree in law-related areas. However, acquiring a basic level of legal knowledge would be helpful in accomplishing their daily tasks.

Examples of related legal areas are Contract Law, Criminal Proceedings and Evidence Law.

How can we differentiate between Auditing and Forensic Accounting?

I: Auditors and forensic accountants do have a common job in detecting faults in the transactions and financial statements. Auditors are responsible to form true and fair information, while forensic accountants focus on understanding the "what", "who", "where" and "how" of the incident. They would consider all circumstances related to the fault rather than just the numbers, and investigate on the stories behind the information for potential litigation. The scope of research of the two roles is different.

J: Furthermore, clients who approach forensic accountants usually have the need for professional advice in dealing with potential litigation in the future. At this stage, forensic accountants would provide intellectual support in both legal and accounting aspects. However, they would not be able to represent the client in court unless they have the required legal qualification.

How would external parties cooperate with forensic accountants?

J: We mainly share relevant documents with other parties to obtain more comprehensive information for each investigation if necessary. Every cooperation and investigation call for frequent communication. The parties we usually work side by side include Hong

Kong Police Force (HKPF), Commercial Crime Bureau (CCB), Securities and Futures Commission of Hong Kong (SFC) and Hong Kong Independent Commission Against Corruption (Hong Kong) (ICAC).

Are there always satisfying answers to cases handled through Forensic Accounting?

I: It is always the public's expectation of finding the truth towards each fraud in Forensic Accounting. One of the most important skills a forensic accountant must have is the technique in managing the expectations of our clients. It is our own responsibility to report to our clients our progress and difficulties.

What do you foresee about the future of Forensic Accounting in the coming 5 - 10 years?

J: Hong Kong is fraught with regulations. Conforming to local rules is somewhat important in the operation of multi-national companies here. As China is also stepping up as one of the largest economies in the world, there is a significant increase in the number of Chinese enterprises investing in Hong Kong, which therefore creates a demand for forensic accountants to ensure firms comply with laws in Hong Kong. It is our role to give advice on listing, operations and answer all related enquires.

S: While the field is maturing, specialisation under the umbrella of Forensic Accounting would become distinguishable, where some accountants would focus on investigations while others on advisory services.

I: Given the elevated importance of Forensic Accounting service, HKICPA has started up this forensic interest group "ForensIG". As our long-term goal, I hope the work nature of the Group would develop from reactive to preventive, where support and advice would not be only given after the incident arises. More emphasis should be put on the proactive engagements that are effective in preventing the frauds.

Why did you choose Forensic Accounting as your career?

J: I graduated in 2007 and back then I was interested in working in one of the Big4s (the 4 major accounting firms). In Forensic Accounting, business and law are heavily involved in the daily work and I find it very engaging. Besides, people specialising in this field are more people-based and interactive; I feel comfortable working with them.

One of the interesting cases I have encountered was an investigation in a remote area in China to vouch for the existence of suspicious factories. The journey to the place was tough and challenging. Eventually, the factories without licenses were found to be operating illegally. Although it was physically challenging, the visit was value adding and rewarding which gave me high job satisfaction.

What makes you persist in working as a forensic accountant?

J: I have been working as a forensic accountant since graduation. The process of applying my expertise in work is challenging yet gives me job satisfaction as I feel that my clients value my opinions. Interaction with people every day makes me learn.

I: Every case in Forensic Accounting is like an incomplete puzzle. My role is to find the missing pieces with the clues behind all the numbers given. By completing every puzzle, the job satisfaction is the fuel that drives me further.

At present, what are the steps students should take if they are interested in entering the field?

I: Students should apply for related programmes to explore more about Forensic Accounting. Some overseas universities have already implemented Forensic Accounting courses in their undergraduate courses.

J: In terms of knowledge, youngsters should be well

equipped of the basic legal knowledge, such as the Hong Kong Basic Law and common ordinances, as a relevant legal background eases a forensic accountant's job. On the contrary, soft skills like negotiation techniques could be trained on-the-job. At this stage I suggest students put more effort in knowledge-based preparation first.

Would non-local students be in a more advantageous position in becoming a forensic accountant when compared?

S: Instead, local students might stand in a more advantageous position if they are to work as a forensic accountant in Hong Kong due to the following reasons:

1. Hong Kong students are proficient in both Putonghua and English, thus can reach a wider scope of customers internationally.
2. Local students are more familiar with the current issues of Hong Kong when compared to the Mainland and foreign staff.
3. In particular, Hong Kong students being an Asian would mean more effective communication with leaders from growing economies in Asia due to better understanding of each other's cultures.

In general, what is your advice to students in paving their career?

J: Always be curious about social issues around you.

I: Be persistent, open-minded and passionate. In particular, integrity is the basic quality an accountant possess and should always be upheld in all situations. In addition, HKICPA organises seminars for students, so please do not hesitate to join and network with experienced staff!

S: Always be open-minded as the business working environment is extremely dynamic!

Last but not least, we would like to extend our deepest gratitude to HKICPA and the panel for accepting our invitation for the interview.

I: Irene Siu, Executive Director, Fraud Investigation and Dispute Services, Ernst & Young

J: Jessica Li, Forensic Services, PricewaterhouseCoopers

S: Sean Lam, Director, Forensic Accounting and Advisory Services, FTI Consulting

Representatives from HKICPA:

Ms. Elena Chai, Associate Director, Specialist Practices

Mr. Howard Tang, Officer, Communications



BEA Executive Committee members and representatives from ForensIG at HKICPA office.