

practice profile

Forensics uncovered

RGL Forensics has the tools to thoroughly identify fraudsters

BY TAMIKA CODY



RGL Forensics' Randall Wilson (left) and Matt Morris

RGL Forensics has investigative accounting down to a science. Many of the firm's accountants started working together at a previous firm more than 35 years ago. In the late 1990s, they split off to create RGL Forensics, promoting their services as forensic accountants and consultants.

"In the late 1980s, the word 'forensics' started to come into vogue in relationship to accounting. The clients were more understanding of what forensic accounting meant and they were looking for that particular type of firm," said Steve Rosenthal, a founding partner of RGL Forensics. "We saw it as a competitive advantage to name ourselves forensic accountants. What we do is still investigative accounting; it is just that the forensic terminology is more well-known today."

The firm balanced out its forensics team with additional financial advisors like partner Matt Morris, who is not a CPA but a corporate finance professional and former M&A advisor. He uses his M&A due diligence skills to help the firm's forensic team understand how

companies account for certain transactions.

"Forensics is a mindset and it can characterize different types of services. It's really about the investigation. It's about finding out the truth and homing in on what's real and what's not real," said Morris. "I think this is where the profession is going. It's not just about forensic accounting — it's about having a multidisciplinary approach in view and skillset, which can be brought in to any situation that may need untangling."

Morris isn't the only non-CPA in the predominantly accounting-oriented firm. It has a number of finance professionals, statisticians and economists who help to build out its toolkit and help provide answers to the many different types of questions they get from their clients.

FORENSIC CLIENTS

On any given day, RGL Forensics provides specialized services to clients in the insurance, legal and public sectors. But it is their general corporate clients that keep the firm

busy. Anytime one of its corporate clients senses that there may be duplicitous financial reporting or misappropriation of funds, the firm looks into the matter to figure out the type of fraud that is taking place. RGL Forensics also helps to pinpoint who tried to swindle the corporation, and, if they are able, they attempt to recoup losses.

RGL Forensics also helps clients who are based overseas. The firm started out with a London office nearly 35 years ago. Over the years, it added offices in Tokyo, Australia and Singapore, and more recently it branched out into Chile. They handle insurance, litigation support, fraud examination, fraud investigation and valuation work just like they do for their U.S. clients. "We see that there's commonality in the services in the investigations that we do, no matter where it is. The investigation of misappropriation, for example, is very similar in the European arena as it is here domestically, because fraud is fraud," explained partner Randall Wilson.

FORENSIC TRAINING

Fraud takes on many different forms. "What we normally see are embezzlement cases, which come in a number of different formats, and financial statement fraud," said Wilson. "There is a distinct differential between those two because one is owners and officers and the other is employees. Somebody who is committing financial statement fraud has to be able to circumvent the controls at a very high level. That particular type of engagement is much more involved."

In order to keep abreast of what they need to look for in fraud cases, RGL Forensics makes it a point to get training and continuing education through the Association of Certified Fraud Examiners. "The organization does a good job of keeping us up to date with current trends that they are seeing," said Wilson.

FORENSIC TRENDS

While public accounting firms currently can't offer both public audits and certain consulting services, Wilson believes things will soon change and that more work will be

AT A GLANCE

Firm:

RGL Forensics

Headquarters:

Denver

CEO:

Angie MacPhee

No. of staff/partners:

190 employees / 23 partners

Year founded:

1997

Services:

Forensic accounting;
business valuation;
fraud investigations;
litigation support;
transaction advisory

outsourced to firms that specialize in forensics.

“Even though there is Sarbanes-Oxley, and the requirement for auditors to contemplate the potentiality of fraud, they don’t go through the level of scrutiny of a forensic audit,” said Wilson. “There was a suggestion that I read recently, ‘Perhaps we should let the investors decide the frequency of a forensic audit.’ In that instance, it could help investors to understand the difference between a forensic audit and an opinion audit of the financial statements to give them some ability to make that decision.”

Whistleblowers are another topic that is becoming a bigger issue. Informants have more protection since the Dodd-Frank Act went into law in the summer of 2010, which allows corporations to create their own whistleblower programs within their companies. “We always advocate for that because it’s an excellent way to identify the potentiality for fraud in an entity,” said Wilson.

From statistical information based upon industry surveys, RGL Forensics knows that anonymous tips from suppliers, vendors, employees and owners are the No. 1 way that fraud is discovered. “We see that as an evolving trend, and companies are seeing more and more value in it,” Wilson said.

PROS & CONS

“A huge pro in the forensic accounting environment is the diversity of projects,” said Morris. “You get to see a lot of different situations and industries.”

On the other hand, Wilson said that the forensic accounting world can be fiercely competitive and pricey. “It’s an expensive investment in talent, ongoing personnel training and development on an ongoing basis.” To keep up with the competition, he suggests staying up to speed with technology: “You have to be aware of the connection to big data and the connection to the electronic world that we live in. The audit world has been transformed by electronic data and electronic software, and the same thing is happening in the forensic world.”

“One of the downsides from a business perspective, unlike traditional accounting practices that are

going to be based on audit or tax, is that we lack the recurring engagements of putting together quarterly or annual financial reviews, audits or preparing tax returns,”

said Morris.

Although the lack of repeat clients may be a downside, Morris said that the key to keep new clients knocking on the firm’s door

is to do an exceptional job the first time around. “It really helps to get referrals from other colleagues and professionals in our industry,” he explained. “There’s really no secret

to that. It’s about being visible in the marketplace and about doing good work for clients. We rely on business karma for everything to work itself out at the end of the day.” AT



BIGGER DISCOUNTS | MORE FEATURES | LONGER WEBINARS

CHECKPOINT LEARNING PREMIER PLUS CPE PACKAGE

Our **Premier Plus CPE Package** provides more learning options and better value than any CPE subscription product in the profession! Subscribers can access more than **480 online and downloadable self-study courses** from MicroMash, PASS Online and PPC, and utilize our online CPE tracking and compliance monitoring. Premier Plus also includes unlimited access to more than **500 scheduled webinars** including weekly **full-day webinars**; 40 annual hours of discounts on Gear Up and AuditWatch self-sponsored seminars and conferences; and use of the **Checkpoint Learning Competency Model**...all for a total annual price of just \$399* per user.

CL.THOMSONREUTERS.COM

1-800-231-1860 or contact your account manager

Unlimited online courses and webinars (including full-day), 40 hours of event discounts, Competency Model, CPE tracking.

Fireworks optional.



CHECKPOINT LEARNING

CAAT014 © 2014 Thomson Reuters. Checkpoint Learning, MicroMash, PASS Online, Gear Up, PPC and AuditWatch are registered trademarks of Thomson Reuters/Tax & Accounting. All rights reserved.



THOMSON REUTERS™