

Expert accountants' reports - 25 issues

The Civil Justice Council's "Guidance for the instruction of experts in civil claims" issued in August 2014 and the Civil Procedure Rules set out basic requirements for expert reports in civil cases. This article covers some of these requirements, many of which will also be relevant to criminal cases, with a focus on questions which could be raised by those who review expert accountants' reports.

1. Does the expert's CV indicate that he or she has the qualifications and experience to comment authoritatively on the points at issue?
2. Does the report refer expressly to the expert's instructions?
3. Is the report marked "Draft" or "Not for disclosure" (indicating lack of attention to detail by the expert or that the report has been disclosed inadvertently)?
4. Does the report state the assumptions on which the expert's computations are based and are those assumptions broadly reasonable?
5. Are the assumptions consistent with each other?
6. Does the report express views on matters outside the expert's competence such as property values?
7. Is the factual information set out in the report accurate and adequate?
8. Does the report rely on final rather than draft financial statements?
9. Does the report rely on approved rather than unsigned financial statements?
10. Does the report take account of developments since the most recent year-end by making use of information contained in subsequent management accounts?
11. Does the report state whether HM Revenue & Customs accepted the financial statements without amendment?
12. Has the expert examined relevant audit or accounting working papers to establish how contentious accounting issues were dealt with?
13. Does the report deal with facts or issues which do not "fit" the arguments being advanced and which may therefore undermine the expert's opinion?
14. Is the report impartial, both in terms of the arguments advanced and the way in which it is drafted?

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15. Does the report take into account all the points raised in any reports of an accountancy expert engaged on behalf of the “other side”?
 16. Are the expert’s arguments supported by adequate corroborative evidence or does the report rely on limited data or hearsay evidence?
 17. Are there presentational errors such as page or paragraph numbering which indicate a lack of attention to detail?
 18. Are there any factual or arithmetical errors such as columns of figures not adding up or the use of tax allowances and thresholds for the wrong year?
 19. Are the report’s conclusions clear and presented in a separate section?
 20. Do the conclusions of the report appear broadly reasonable?
 21. Does the report show how the expert arrived at the conclusions reached in the report, both in terms of the expert’s arguments and the stages in the calculations?
 22. Are the expert’s calculations as set out in the report’s conclusions consistent with the other documentation prepared for Court purposes such as the Particulars of Claim or the Schedule or Counter-Schedule of Damages?
 23. Is there an Expert’s Declaration including a Statement of Truth and has it been signed and dated?
 24. Has the expert provided copies of the principal documents relied upon in preparing the report?
 25. Is the information set out in the Appendices consistent with that in the body of the report?

The questions above focus on some of the most common weaknesses in expert accountants’ reports. They do not, however, cover all potential deficiencies and it is often worthwhile for legal advisers to ask a forensic accountant to review a report prepared on behalf of the “other side”.

To obtain further details of our activities or to benefit from the firm’s experience and expertise, please contact George Sim or Rakesh Kapila.

Please note that this newsletter has been written for the general interest of readers and is intended for guidance only. It is therefore essential to take specific professional advice before taking any action.

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