

FORENSIC accounting update

March 2016


Obtaining value for money - hot tips

It is important that input from experts is cost-effective and timely given that their costs can be a significant element in complex litigation.

Forensic accountants who approach their work in a professional manner aim to provide an efficient service. However, accountancy evidence can be complicated and/or voluminous so that analysing it is time-consuming and expensive. This newsletter examines key aspects which lawyers instructing forensic accountants should take into account in achieving “value for money”.

Since cases have different attributes, not all the aspects listed below in instructing forensic accountants will be relevant on every matter. However, it is likely that instructing solicitors who take account of a number of the suggestions will ensure that a cost-effective service is provided to their clients.

1. It is important for instructing solicitors to involve accountancy experts at an early stage so that they can identify the key financial issues and the extent to which they can assist.
2. In many civil cases, it may be more cost-effective to ask expert accountants to prepare an assessment of the financial evidence on an advisory basis rather than a report for disclosure.
3. It is constructive to consider the use of accountancy experts in a wider variety of ways than is possible in formal litigation, e.g. mediation.
4. It is useful to obtain expert accountants’ views on the key financial documents which are likely to be important to reduce the time spent on obtaining these and on the review and analysis of such evidence by focusing the experts’ attention on the most relevant issues.
5. Since the use of expert accountants appointed on behalf of each party can increase costs through a consideration of the same information leading to very different conclusions, the use of Single Joint Experts may help to manage the cost of litigation.
6. On a practical note, it may be possible to seek preliminary views without obligation from



forensic accountants following an overview of key documents.

7. If possible, it may be time efficient and cost-effective to ask expert accountants to undertake a preliminary review of documents at the solicitors' offices and to discuss key issues at a subsequent meeting rather than formalising these in subsequent correspondence.
8. Instructions should be issued to forensic accountants after obtaining their feedback on aspects on which they are best able to assist instead of instructing them without consultation.
9. Instructing parties should ensure that forensic accountants are asked to provide expert input instead of being used solely for "number crunching".
10. Cost estimates from expert accountants should be considered at the outset in conjunction with their views on quantum to ensure that costs are being incurred on a proportionate basis.
11. It is vital to agree the time frame relating to the disclosure of reports to be prepared by experts so that delays do not result from having to seek postponements from the Court.
12. It is important to have early access to reliable and updated financial information, e.g. signed financial statements, latest management accounts and external accountants' working papers.
13. It may be useful to seek Counsel's Advice at an early stage if there are legal issues affecting the "validity" of financial aspects of a claim being considered by a forensic accountant.
14. The involvement of expert accountants during negotiation meetings may be useful because key financial issues can be addressed contemporaneously rather than being considered subsequently in a less time efficient way.

Accountancy experts and their instructing lawyers need to work together both in the early stages of cases and throughout their involvement to ensure that there is a "value for money" strategy in relation to quantum, the scope of the work and the material to be reviewed.

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

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.



SIM KAPILA

Chartered Accountants

20 Bedford Square London WC1B 3HH Telephone 020 7636 7699 Facsimile 020 7636 7717 E-mail mail@simkapila.co.uk