

Look to more than just the books in your investigations, auditors advised

November 30, 2009 -- The growing internationalisation of the business communities in Barbados and other Caribbean islands is making it a challenge for accounting professionals to “know” their clientele as they keep an eye out for fraudulent activity.

On the flip side, the small size of the Caribbean jurisdictions means shorter steps between the accounting professional and the banker, police, or other entities in authority that can follow up on reported suspicions. Plus, unlike Toronto or other large jurisdictions, accountants in Barbados tend to know and trust each other, are not as competitive and cooperate to make things move along more quickly.

This assessment of the climate for accounting professionals in Barbados and the wider Caribbean came from Robert Forsyth, a Canadian chartered accountant who has been in public practice for 30 years and whose previous experience includes working for financial services companies in St Kitts and Nevis and Antigua.

Forsyth, whose area of expertise is forensic accounting, was in Barbados recently to conduct a continuing professional development seminar on “Forecasting Revenues and Expenditures” co-hosted by the Institute of Chartered Accountants of Barbados (ICAB) and the Certified General Accounts of Barbados at the Hilton Barbados, Needhams Point, St Michael.

The one-day seminar was designed to assist accounting professionals, tax specialists, financial analysts and legal experts in assembling, assessing and using better estimates of revenues and expenditure. Forsyth particularly guided participants on how to determine if the expenses presented in the financial statements were calculated accurately or if the figures were being used to hide fraudulent activity.

Forsyth said the best background checks are through knowing someone who knows the history of the client, but with an increasing number of managers or owners from overseas, there are less people who know them in this market, therefore it is up to the accounting professional, legal or tax expert to use two or more different estimating tools and approaches in order to get the most accurate estimates.

He told participants that they needed to go past analysing the figures recorded in the books and to be prepared to get rates from utility companies, investigate service provider fees, interview clients and employees at all levels within the company in order to determine if an accurate picture of the client’s revenues and expenditure are being presented.