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Voices

Forensics and the 'real-life side' of accounting

By [Nicole McNeil Donecker](#) February 08, 2023, 1:42 p.m. EST 6 Min Read

Certain aspects of "traditional" public accounting can often seem abstract and disconnected from actual people. When you perform a review, compilation or audit for a client company, the resulting real-life impact on an individual is not always evident. The audit could affect the dividend that a shareholder on the other side of the country or the world might receive, but there is usually no face to put with the person impacted by your work.

The same could be said about tax preparation. Tax returns for companies are prepared annually and are a routine part of the job in "traditional" public accounting.

I do not practice traditional accounting. I specialize in forensic accounting. Some of my colleagues and I often refer to what we do as "real-life accounting." There is a genuine impact on people, their families, and communities based on our work. Here are a few of my experiences which illustrate this point.

The embezzler

I first realized the impact of my work early in my career. I was reviewing the credit card statements of an individual accused of and later prosecuted for a \$5 million theft from his employer. I noticed where his wife was shopping. I shopped at the same stores, in the same town. His wife could have been the woman in line in front of me with her children. At that moment I knew that my job was going to affect that woman and those children and that their lives would be changed forever.

The receivership

A colleague was appointed as the receiver of a trust company. Initially, we didn't really know what we were getting ourselves into. As time went on, we began to understand the types of "investments" being held in some client accounts and how the trust company was actually run. My job was not easy for many days, as I unraveled the trust company.

I had a hard conversation with an account holder, a conversation that is still with me today. First, a little background: She had purchased "notes" as an investment from an individual who could not be located and only contacted the trust company and receivership every couple of years without leaving any contact information. I looked at the history of her accounts. The accounts were funded with her teachers' pension; this "investment" was her life savings. On the day of the conversation, I told the client that the receivership did not know how to contact the person who sold her the "notes" and did not know if and when the funds due on the "notes" would be returned to her account. Translation: It was my job to tell this woman she may have lost her life savings. I understood the impact of my words. I was able to keep my composure while her tone dramatically shifted.

Keeping my composure on these calls was a skill I learned over the span of the receivership, but it was never easy. Doing my job was especially rough that one particular day.

Remanded at sentencing

On occasion, a criminal defendant is remanded (i.e., taken into custody) at the sentencing hearing, instead of being afforded the opportunity to report to prison in the near future. Sometimes this person is your client if you are engaged by defense counsel, and other times this is the person you are investigating. Likewise, sometimes the decision by the judge to remand the individual is a surprise to those in the courtroom, while at other times it is expected.

We were engaged to assist in preparing certain financial disclosures on behalf of a criminal defendant for sentencing. In addition to the disclosures, we reported to counsel findings of our client's activities, which led to the conviction, and prepared testimony for the sentencing hearing.

The sentencing hearing was postponed multiple times over the course of a year. On the day the sentencing hearing finally occurred (and lasted all day), we prepared a detailed and organized disclosure and prepared testimony to assist in reducing our client's

sentence. I attended the hearing as part of the team, and our client's spouse sat next to me for a portion of it.

After both sides presented, the judge was ready to sentence our client. At that time my colleague noticed additional U.S. marshals had entered the courtroom. The judge entered a sentence of 96 months in a federal prison to begin immediately. There was no going home for our client to get their affairs in order. It should be noted that our client was a first-time, white-collar offender, and the sentence was higher than what was anticipated from the federal sentencing guidelines.

Everyone was asked to leave the courtroom immediately, except for family and counsel. Once in the hall of the courthouse, we heard a scream from the courtroom. I also knew that the spouse had to return home to their daughters and tell them their parent was not coming home for eight years. At that moment, a good job was just not good enough.

Sound of handcuffs

I saw a second defendant be remanded at a sentencing hearing. We were engaged by the defendant's employer, a government entity, because of an alleged theft by the defendant. We also assisted law enforcement with the investigation and preparation of the criminal complaint. Our investigation determined that the defendant had stolen over \$3 million in taxpayer funds from the government entity.

The impact of this theft was far-reaching. The defendant's coworkers, the elected officials, the taxpayers, as well as family and friends, were all affected. The office staff of the government entity were terminated. The defendant's friends and family reaped the benefits of the theft, including inappropriately obtaining health insurance for the defendant's significant other. Fingers were pointed at elected officials when news of the theft broke. After the arrest and initial not-guilty plea, a standing-room-only town hall was held to answer the taxpayers' questions.

Defense counsel and the district attorney's office negotiated a change of plea, sentencing and restitution agreement. Over 16 months following the arrest, the change of plea and sentencing hearing was held.

I sat in the courtroom as an observer at the hearing. The defendant came with a restitution check and dressed ready to start their sentence. As the hearing progressed, the sheriffs repositioned themselves and moved closer to the defendant. The judge agreed to the negotiated sentence of three to 10 years imprisonment and five years of probation. The defendant placed their hands behind their back.

The click of the handcuffs was loud and seemed to echo in the courtroom. The defendant was led away into the bowels of the courthouse. Their life changed forever. I felt empathy for the defendant even though my work had led to that moment and that moment did not feel good. I did my job well, and while that is usually something to commend, the real-life impact my work had on the defendant and people close to them was sobering.

This is real life

This is the real-life side of accounting. There are faces and names that belong to people who experience the impact of my doing my job. They have lives, families and communities who are affected by my doing my job.

The impact is not always negative. There are times when we are able to help resolve whatever issue our client has, and they are grateful. But it is the negative parts, the sad parts, the heartbreaking parts, that stay with you. This is the side that is not often visible to others in a traditional accounting practice, but those of us in forensic accounting see it time and time again.

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