

Accountants malpractice



HKA professionals have a wealth of unrivaled knowledge and experience in defending accountants' malpractice claims for a variety of clients. Over the past four decades, our experts have assisted many of the largest U.S. accounting firms in defending some of their most significant audit-related cases. We have also assisted in cases pertaining to consulting services, including systems implementations, provided by accounting and professional services firms. Our work has included supporting law firms in defending legal malpractice claims and providing consulting and expert witness services for liability, causation, and damages matters.

Our team members have served as audit partners at international accounting firms, as SEC second partner reviewers, and as members of departments responsible for report pre-issuance quality control and mandatory peer review functions within their accounting firms. HKA brings decades of experience in the field to assist accounting firms, their counsel, and insurers in resolving allegations of audit malpractice and tax issues. We are adept at investigating complex accounting matters to determine whether accounting (GAAP and IFRS) and auditing (GAAS and PCAOB) standards were properly applied and appropriate disclosures made. We have resolved allegations brought by shareholders; bondholders; the SEC, DOJ, PCAOB, and other regulators; the IRS; and trustees. HKA experts have also testified in jury and bench trials, arbitrations, and administrative hearings.

Liability

As former auditors, HKA specialists have broad knowledge of auditing standards of care and professional responsibilities. We are well-versed in reviewing audit work papers and quality and risk management practices and personnel policies of

accounting firms and their corporate clients. Our auditing and forensic accounting investigation skills enable us to assess relevant GAAP, disclosure, and internal control issues, as well as potential intentional misstatements by management. HKA also brings our investigative skills to bear on indicia of fraud, transaction analysis, flow of funds, data analytics, business operations, financing transactions, and other specific factual allegations. These services can be performed as part of a pre-litigation/early case assessment to help counsel and clients evaluate "litigate vs. settlement" decisions.

Causation

HKA's causation experience includes analysis of entity financial conditions, economic conditions, markets, competition, industry trends, business operations, management decisions and actions, and damages causation. Our work commonly involves studying the timing and causes of a company's change in financial condition and consulting and testifying on the cause of company failures and allegations of deepening insolvency.

Damages

HKA's damages experience includes consulting and testifying on claims for increased costs, lost profits, diminution in company and asset value, royalties, disgorgement, deepening insolvency, and other forms of damages. We are also well-versed at assessing proper economic damages theories and calculation methodologies, the appropriateness of the claimed damages in relation to the facts of the case, the length of the damages period, the damages quantification, and the link between the liability issues and the claimed damages.

Our team has addressed:

- Revenue recognition under ASC 605 and 606
- Asset valuation, including accounts receivable and inventory
- Acquisition accounting
- Goodwill and other long-lived asset impairment
- Improper capitalization of expenses
- Judgments and estimates
- Reliance on the work of specialists
- Contingencies
- Going-concern determinations
- Disclosures
- Internal controls over financial reporting and disclosure controls and procedures
- Non-GAAP financial metrics
- Risk factors and audit responses
- Auditors' responsibility to detect fraud

Industry experience:

- Agriculture
- Consumer products
- Energy
- Financial services
- Healthcare
- Manufacturing
- Media and entertainment
- Mining
- Real estate
- Technology
- Travel and hospitality

Credentials of our expert team members:

- Certified Public Accountants (CPAs)
- Certified Fraud Examiners (CFEs)
- Certified in Financial Forensics (CFF)
- Chartered Financial Analysts (CFAs)
- Certified Anti-Money Laundering Specialists (CAMSs)
- Certified Internal Controls Auditors (CICAs)
- Licensed Private Investigators
- Former IRS and FBI Special Agents
- Accredited Senior Appraisers (ASAs) in Business Valuation
- Accredited in Business Valuation (ABV)
- Certified Valuation Analysts (CVAs)
- Certified Insolvency and Reorganization Advisors (CIRAs)

About HKA

HKA is a leading global consultancy specializing in risk mitigation, dispute resolution, expert witness, and litigation consulting services. We use our multidisciplinary expertise to provide a comprehensive array of services:

- Forensic Accounting and Commercial Damages services across all industries – forensic accounting, financial analysis, business valuation, data analytics, economic damages measurement, investigations, GAAP and IFRS accounting issues analysis, and expert testimony
- Expert, Claims, and Advisory services for the capital projects and infrastructure sector
- Consulting services to support companies working on U.S. government contracts

We employ more than 1,000 consultants, experts, and advisors over 45 offices across 17 countries.