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ADVISORY

Sense & Accountability

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Accountants are often the first to poke fun at their own profession, citing the long hours often spent researching tax code or determining proper depreciation treatments. The client interaction side is often much like any other business, but still, the spreadsheet jokes can be enough to put an actuary to sleep. Accounting *can* be exciting, though (even to outsiders), especially when you add a little sleuth work, crime solving and court time into the mix on occasion. Think of it as a CPA version of CSI (Crime Scene Investigation).

Nancy Koonce does just that. The Idaho CPA is a principal in the Twin Falls, Idaho, firm of Ataraxis Accounting & Advisory Services, Inc. (www.idahocpa.com), and also holds CVA and CFE credentials, for valuation and fraud examination specialties. And while she very much enjoys providing general accounting and tax services to her business clients, these two specialties are what make her job the most challenging.

“Fraud investigation is like a puzzle, and going into a client’s office to find where the problem may be is very much a mystery,” Nancy said. All too often, it’s a mystery that can severely hurt a company.

While the Enrons and WorldComs steal the spotlight as examples of corporate stock fraud, most business fraud involves theft or misappropriated funds and property, according to Nancy. “Small businesses are especially susceptible to theft, embezzlement and other financial crimes. Nearly 30 percent of the small businesses that close do so because of employee theft,” she said, citing U.S. Chamber of Commerce statistics. “It’s my job to help a business or organization find out what happened to their property or money and to help set up safeguards to prevent similar occurrences in the future. Of course, we also need to know who acted inappropriately, and we want to try to get the money or property back, but that often just isn’t possible.”

While her accounting B.S. and MBA from McNeese State University are essential, Nancy says that the key to discovering the problem is often found not from dissecting the financial records, but through questioning of the client’s staff. “As fraud examiners, we don’t have the powers of law enforcement, but we do have specialized training in conducting interviews and gathering information, and as a CPA I also have the know-how it takes to discover questionable bookkeeping practices.”

First action, of course, is to ghost copy all computers involved to prevent losing evidence if data is changed or erased. But when the interviews start, you never know what you might find out. At one client’s business, for instance, she discovered that three people were individually stealing money from the company. “The clues get us started in the right direction; then it’s time to gather the evidence.”

She works solely for the client, but evidence chain rules and other legal concerns must be addressed in the event of court involvement. “If the client wants to pursue legal action, I will support them as a witness in court, but businesses often decline to request law enforcement involvement or to file a civil suit.”

Entities with more regulatory administration, however, are often required to conduct formal inquiries and present evidence, so she is no stranger to the courtroom. Business valuations are also often required in bankruptcy cases and other court dockets, as are court-ordered fraud investigations. And even in more traditional estate planning and taxation roles she has found herself as a witness for her clients in civil and probate actions, most notably in one of the largest estate cases of the past decade.

As a principal partner in her previous accounting firm, she did the accounting work for J. Howard Marshall, II, the multimillionaire Texas oil tycoon who, at the age of 89, married Anna Nicole Smith. During the estate battle that ensued following his

death and in several court cases since, Nancy has provided witness testimony for the J. Howard Marshall Living Trust and for the Estate of J. Howard Marshall, II. “I met with Mr. Marshall both before and after they married, and I have testified that Mr. Marshall was explicit in his not wanting to amend or otherwise change his estate plan to include Ms. Smith.”

In the most recent court action involving the case prior to the death of Anna Nicole Smith, the U.S. Supreme Court overturned a prior California circuit court’s ruling, thereby allowing Anna Nicole, or her estate, to continue to pursue her claims for a greater share of J. Howard Marshall’s estate. “Nothing is simple when there is that much money involved,” said Nancy.

So how does Twin Falls fit in? Idaho was always home. Nancy was originally from Twin Falls, but had moved to Louisiana after marrying when she was 17. During the next 29 years, she would get a divorce, raise two daughters and a son, go back to college and get her degrees, work for a variety of financial institutions and law firms, and work her way up to principal partner in an accounting firm. After her last child entered college (to become an actuary), it was time for her to move back to Twin Falls to join her current practice. And after two years with Ataraxis, she bought a principal stake in the corporation when a senior partner retired.

Nancy visited Louisiana on a long-planned vacation that just happened to take place a week after Hurricane Rita, the second 2005 hurricane to strike the Gulf Coast. While there, she helped friends and her former in-laws with cleanup and FEMA paperwork. “It was incredible to see this place where I’d lived for nearly 30 years and to not recognize where you were because of the damage to landmarks you took for granted.”

Having worked for legal practices while attending college made her very familiar with the courts, and, as an assistant to the CEO of a failed savings and loan, she had some insight into forensic accounting. These experiences, along with her accounting and business education, made fraud examination a natural addition to her professional credentials. She is currently president of the Boise Chapter of the Association of Certified Fraud Examiners, and also gives presentations to area civic clubs and the local Chamber of Commerce on fraud prevention.

Nancy is highly aware of the important role that technology has played, both in her traditional practice engagements and in her specialties. “Computerized versions of all tax and accounting programs have made a huge impact, but especially the

Internet when it comes to research. I can't imagine having to go to the courthouse or library to look up documents and records.”

Nancy and the other principal partners have continued their investment in technology, and Ataraxis is currently in the process of converting files to a digital management system. Additionally, each of the firm's 14 staff utilize dual-screen monitors at their workstations. The practice earned a score of 270 on the Productivity Survey, placing it well above their regional peers and above the national average. The Productivity Survey is a free tool that helps public accounting firms assess their use of technology and workflow processes, and provides actionable recommendations for improvement. The free online survey is located at www.CPATechAdvisor.com/Productivity.

Nancy is also active in her community, serving as treasurer of her church and on the boards of the Southern Idaho Learning Center, the Twin Falls Rotary Club, Jazz in the Canyon and the Air Magic Valley air show. She also served as president of an air show in Louisiana for 10 years. Having recently bought a new house, she plans on spending much of her free time (after tax season) in the yard and gardening. She also will soon be jumping out of a perfectly good airplane for the first time.

See... accountants *can* be exciting.

Firm Snapshot

Firm Name: Ataraxis Accounting & Advisory Services, Inc.

Location: Twin Falls, Idaho

Productivity Score: 270

Advisory • Technology • Article

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