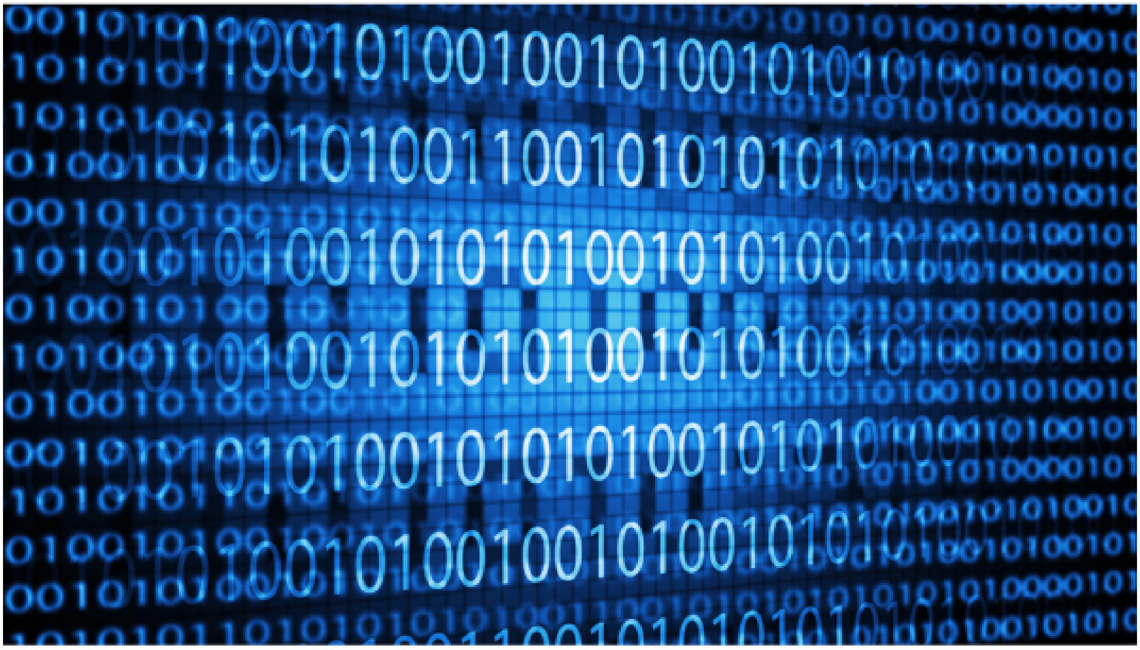

No matter what role you play in the accounting industry, you probably have thought to yourself more than once, what am I missing? Is it a transaction for the month, a reconciling item, a payable? Or is it something bigger that has slipped past—like a key performance indicator? Or something worse, like fraud?

Since the start of our profession, we have struggled with these nagging fears. What might we be missing? Often, we lack the time and resources to dig deeper to investigate the dark corners or look twice into those gray areas. For some of us, we face these fears front and center when a client gets rocked by allegations or findings of financial fraud.

Look at the recent documentary, "McMillions," an HBO series about the McDonald's Monopoly game scam that occurred between 1989 and 2001, perpetrated by ex-cop

Jerry Jacobson and several accomplices. It highlights a fraud that went on for years—

veer a little to the left and out of the fog to embrace it. We need to take a modern view of accounting and harness the power of big data. Then, we can instantly analyze what is sitting right there in front of us. We can find a path through the numbers to alleviate our nagging worries by diving deeper into the financial and non-financial numbers and expand our focus past the income statement and balance sheet into what lies deeper.

While accounting is built around assets equal liabilities plus stockholder's equity, this financial data is just one part of what resides inside all modern accounting software. The financial data, sales figures, expenses, and more are what we have always embraced. Instead of analyzing revenue on a monthly basis, what if we go deeper and begin to analyze revenue at the daily or hourly increment? We begin to draw even deeper analysis into what has happened in the past and then project what will happen in the future. But we no longer need to stop at just the financial data.

Moments past that data where we have always spent our time, just a little deeper beneath the surface lies an abundance of non-financial data. These would be things like hours worked, billable hours, conversion rates on new business, numbers of transactions per customer, on-time rate for shipments, customer satisfaction, and more. A typical modern accounting system has hundreds of non-financial KPIs. They are logged as part of every transactions, normally as a second or third data point, meaning we don't often think about them when we enter them.

Once we become aware of how much data is at our fingertips, we can begin to use that data to readily confirm or deny some of those lingering worries that keep us up at night.

Diving In

Don't let the mass amounts of data overwhelm you. Start by defining what it is you

worried about fraud, think about what financial and non-financial data will show signs of opportunities for the fraud to occur—the lead indicators. Combined with what data would lead indicators show signs that fraud already may have occurred, the lag indicators?

Once you know what you want to analyze and what drives it, begin to review the data and see what lies beneath the surface. You may be amazed how quickly trends pop up in front of you. If you were concerned with misleading data from certain individual on the sales team, perhaps you can quickly see when specific data changed that weekend, showing sales activity met or exceeded expectations or historic trends.

Or perhaps you notice an increase in write-offs 30 days after the sales team's weekend shift. Does it indicate that someone is creating fake sales, then refunding them 30 days later after getting paid their commissions?

The Trusted Advisor

No matter the problem or trend, the data is there— right in front of you to analyze and review. Don't lie awake each night wondering what is going on inside your company or at your client's. Harness the power of big data and look for yourself. Become that proactive, most trusted advisor you were born to be. Solve the problem that is sitting right in front of you using the data right in front of you.

Accounting • Firm Management