LEADERSHIP PROFILE
Guy Norman

ALWAYS ON THE CASE
Guy Norman, Value Creation and Crisis Management Partner at Deloitte China, has pieced together a multitude of financial puzzles and led numerous major investigation. He talks to Nicky Burridge about the changing ways of exposing fraud in the business world, and the changing role of specialists, like himself.

Photography by Calvin Sit
n 2008, Siemens was fined a record US$800 million after pleading guilty to violations of the United States’ Foreign Corrupt Practices Act. The German conglomerate was accused of spending US$1.4 billion bribing foreign government officials in 10 countries to obtain business, creating elaborate payment systems and falsifying its corporate records to cover them up.

Guy Norman, Value Creation and Crisis Management Partner at Deloitte China Financial Advisory, works on cases such as this in China and Asia-Pacific. “Some of the Asian-based investigations for multinationals are among the most complex and challenging that professionals will become involved in. While I live and am based in Hong Kong, many of them required me, personally, to be in China for several months, and on some complex investigation we have had up to 100 people working on them at any one time. Business practices in Far East Asia often have their own styles—things can be very opaque and there are often lots of grey areas,” he says.

Norman, a Hong Kong Institute of CPAs member, has been working in forensic accounting for nearly three decades, investigating everything from corporate fraud to tracing the assets of the late Chinese tycoon Nina Wang, after developing a niche specializing in private and family issues. “I really enjoy the role because in forensics every situation is different; every set of circumstances and facts is unique and often there are a lot of colourful individuals involved! It is the natural sense of the mind to be able to follow something through and get to the truth,” he says.

Forensic accountants investigate suspected fraud in businesses, although Norman says there is now a growing trend for them to also carry out due diligence work when companies are making an acquisition. He explains that in a typical small-to-medium-sized investigation, forensic accountants might be brought in to look at a particular situation, such as a specific department or area of a business, or to investigate allegations made through whistleblowing, or where something that had been flagged up during an internal audit. “In simple terms, we do a deep dive, beyond what an auditor or a reporting accountant in an initial public offering might do, as the style of enquiry will be much more focused. We might specifically look at each of the individuals who may be involved or close to the business in their own right. We would do business intelligence or background searches on them and their family members to see whether there are any links or assets in their name or indications that they might be living beyond their normal means.

“In an evolving online world filled with technology, it has been mainstream in forensics for the last 15 to 20 years to pick up, copy and inspect people’s personal computers as part of an investigation. We go to the business’ server and the accounting systems and look into transactions on a very granular basis. Forensics is really digging in and looking at things from numerous possible angles,” he says.

The highest value fraud cases tend to involve financial statement fraud, Norman adds. “This is where companies might have gone public and it has been realized subsequently that there have been lots of circular flows of funds, such as sham companies buying and selling on the edge of their known group structure with counterparties, such as customers and suppliers, that are actually related or under their control. “There have been a lot of cases like this in Hong Kong and China with the growth of the capital markets and investment flows into Asia. In such cases, it would be trying to understand the whole business picture in a more meaningful and skeptical way.”

But he concedes that obtaining a complete picture is not always possible, and one of the frustrations of the job is not always being able to fully finish or completely understand a case. “The forensic accountant would love to review all the facts, interview people, look at the books and records, maybe do some background investigations into people or assets, build a picture, and ideally complete the puzzle and be confident you have got it right,” he says. “Unfortunately, many of the broader situations which involve investigations are not that simple, and you may never get to the full answer. You might stop with a personal gut feeling of being 40 or 50 percent of the way through, or you may never get to the end because a company that is under a legal proceeding or regulatory action may settle and when the deal is done, the client just wants and needs to close the matter and move on.”

As a Partner, Norman, who helps manage a core forensic accounting team of more than 100 people in China and Hong Kong, is not always involved in the day-to-day ground work of investigations as he used to be. “A partner’s job also includes a lot of focus on building and developing the business, and people management and development. Experienced partners take responsibility for managing and helping to bring up other partners in the business, as well as all the people underneath them. Unfortunately, we’re not getting our hands as dirty as we were when we were young forensic accountants or managers,” he says.

Instead he finds himself more focused on bringing in business, looking after client relationships and helping managing business growth and performance. “In Asia and particularly China, a lot of people are seeking 15 percent to 20 percent uptick in business annually and trying to achieve that is challenging.”

An evolving specialism
One of the biggest changes to the forensic accounting industry that Norman has seen is the need for “Today different industries have very complex make ups and need specialized industry terms, and forensic accountants really need a very good industry understanding in their own right.”
Guy Norman is Convenor of the Institute’s Forensics Interest Group Management Committee, which shapes the agenda for the 600 members of the Forensics Interest Group.
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accountants to develop specialized industry knowledge. “Ten to 15 years ago, you could feel confident, that you could deal with most reactive situations, whether it was a global bank or a healthcare company or an energy one,” he explains. “But today, different industries have very complex make ups and need specialized industry terms, and forensic accountants really need a very good industry understanding in their own right.” As a result, he says most of the professional services firms as well as law firms are now operating on an industry basis to ensure they have the right expertise they need.

Another big change the sector has witnessed is the focus on anti-money laundering and countering terrorist financing in the wake of the 11 September attacks in 2001, which has increased demand from financial services firms. “The need for forensic services for the financial services industry group has grown massively for most forensic accounting firms. It may only have been a handful of people five to 10 years ago, but it probably constitutes 30 percent-plus of the business that we do now.” He adds that in the past three years there have been a growing number of cyberattacks, and forensic accountants are now having to respond to that area too, while the impact of virtual currencies is also on their radar.

Unsurprisingly, another major change Norman has witnessed is the growing use of technology in forensic accounting, with forensic practices now typically having an “e-discovery” business. “We would previously employ large teams of people to go into the Companies Registry to check on shareholders and directors of companies, and who owned certain properties. Now we have a process that is robotically driven to do that.”

Artificial intelligence is also beginning to be used in forensic accounting, although Norman says it is still early days, and the core service that technology provides is computer forensics, under which large sets of data taken from computer systems or individual laptops are analysed electronically. “Analytics increasingly plays a big part, harnessing huge amounts of data, particularly transactional data, and looking for anomalies.”

He estimates that technology currently accounts for 20 to 30 percent of each investigation, although there have been some occasions where e-discovery and related searches have amounted to 50 percent. Even so, he does not expect forensic accounting to ever become fully automated. “Technology is certainly taking over a lot of the basic work and having a huge impact on the forensic world, but are robots replacing human beings? No, not yet, thankfully!”

Getting into forensics

Norman is Convenor of the Institute’s Forensics Interest Group Management Committee, which shapes the agenda for the 600 members of the Forensics Interest Group. “We try to drive an agenda of providing decent training and broader awareness around forensics because it is still quite a niche, bespoke area,” he says. “We aim to put on between nine and 12 hours of continuing professional development (CPD) or events each year. Outside of the core

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CPD, we organize cocktails and debates just to drive a bit of community and get people to know each other.”

While most of the group’s members are Institute members working in forensic accounting, it also has other accountants and non-accountants, such as lawyers and people working in the private business sector. “The events are very well-attended and at least half the people there might not be forensic accountants. They might be accountants in practices or CFOs or internal auditors,” says Norman. “They like the sound of the forensic world, it has that CSI bit to it [referencing the television programme CSI: Crime Scene Investigation], and everyone wants to understand what is really going on under the table. It is interesting and a good way to learn and get in your CPD hours at the same time.”

As well as hosting regular events, the Forensics Interest Group Management Committee is also looking to create a formal qualification programme for forensic accountants. “We are looking to see if we can create some form of accreditation qualification, which other specialist areas, like the insolvency profession has done. We want people to be qualified to ensure the standards are high and the work is done well.”

Norman’s advice for people who would like to go into forensic accounting is to gain a good understanding of technology. “Some of the best people we have in our teams have the ability to understand technology and its applications while also being trained accountants,” he says.

Beyond that, he suggests people need to be detail-orientated because of the deep-dive nature of the work, and able to work well with other people, including those in other disciplines, such as those in technology and the legal profession. “They also need to be quite open minded because every engagement will be different. They definitely need to be logical in their approach. They also need to be flexible, as they will have to travel at very short notice and react quickly to deal with problems.” He adds that forensic accountants also need to be able to handle pressure, as they are often going into difficult, tense situations.

An organized professional
Norman is originally from Guernsey in the Channel Islands. He left school at 16 and worked as an accounting trainee for a local firm. He left the island when he was 19 to travel around Southeast Asia.

In 1990, after spending a year working in Australia, he came to Hong Kong and joined the city’s largest local accounting firm Kwan Wong Tan & Fong, which at the time was part of the BDO network. “I worked in a very small department called specialist services which at the time was basically anything that was non-audit. There were five or six of us and we did a mixture of insolvency, bankruptcies, shutting businesses down, and overlapping with that was litigation support, where lawyers would deal with the law for court proceedings in Hong Kong and accountants would deal with the numbers and the business issues,” he remembers.

When Kwan Wong Tan & Fong merged with Deloitte in 1997, he moved into Deloitte’s insolvency division in 2006, and later went on to join joins, which was a relatively new area for Deloitte. “I have always been in the broader ‘crisis’ world since I arrived in Hong Kong in 1990. I wanted to branch out from the restructuring insolvency side of things and get more into forensics in those days,” he says.

He thinks his first job set him up well for working in forensic accounting. “At 16, I initially trained on doing incomplete records and accounts for very small businesses like sole proprietors. I would have to put things together. I might have a box of receipts, a box of bank statements and a box of cheque stubs that people hadn’t filled in. I had to piece everything together.”

He points out that he has always enjoyed problem solving and organizing. “Even in my personal life, I like to organize social groups, and people to go out eating and drinking, or hiking holidays. I am a bit of a natural born organizer and that methodical way of approaching things is also important in forensic accounting.”

Following his training in Guernsey, Norman became a member of the United Kingdom branch of the Association of Accounting Technicians, and attained CPA status later in his career. “I did a master of business administration in Hong Kong by distance learning, but I did not have a classic accounting degree. In my 30s, I was allowed to do the Institute’s Qualification Programme as a bit of an exception as a mature,” he says. “I was already a director and one level below partner, and the firm wanted me to be fully qualified before I became a partner.”

He admits he found going back to night school surprisingly difficult. “I thought I would know most of it, but I had to go back to the core concepts of financial management, auditing and tax – areas that I did not deal with in any great detail because they were other people’s domains. I got through it in the end and was very pleased to become an Institute member.”

When he is not working, Norman is a keen sportsman. “I spend a lot of time doing some form of sport. I try to do an hour of exercise each day. In the early years in Hong Kong, I did a lot of hiking and running. I did the MacLehose [Trail Challenge] once and the Hong Kong Green Power 50-km cross country race seven years in a row. “With age, I have lost a bit of that fitness but I still get out and run around the Peak or Bowen Road two or three times a week with friends, and I play squash and captain a squash team for the Hong Kong Football Club. I also like to play golf.”

Norman also enjoys travelling with his wife and two sons aged 13 and 14. “I need to get out of Hong Kong regularly. I have been here for 29 years, and it can be a pressure cooker. I like places where I can be more active. This year we went to Portugal. We like Australia and look forward to going back to New Zealand,” he says.

When he is not being active, he enjoys good food and wine. “I am pretty social. I am out and about around town quite a bit, and at events. I fully enjoy that part of Hong Kong.”