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Steve Dunivent  
Interim Finance Director  
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Per your request, I am providing you some information in response to questions regarding the concept of a forensic audit. You have not requested or engaged our firm to perform such an engagement and the information we have provided in this communication should not be considered advice or determination of whether you should or should not engage such services. You have requested responses to the following questions:

**What is the definition of a forensic audit?** A forensic audit definition could vary although it almost always involves an investigation and collection of information of fraud that will be used for legal action on the fraud, embezzlement, etc. It usually is requested after a fraud has been identified or suspected and the forensic audit is helping to gather information on the extent and evidence of fraud. Timely action when fraud is identified or suspected is especially critical.

**What is the estimated cost or range of potential cost of a forensic audit?** The estimated cost would greatly vary based on the situation. A forensic audit cost is typically billed at an hourly rate and therefore the overall cost would increase based on the level and extent of work performed. It is reasonable to estimate that the costs to begin the process may range from \$15,000 to \$25,000. The total price would be difficult to quantify without a thorough understanding of all relevant information and a preliminary assessment performed. A more accurate estimate of the range of costs could be provided upon a preliminary assessment.

**What is the procedure on how a forensic audit is done/the steps required?** The procedure again would vary greatly based on the situation but may involve inquiry and questioning, removal/copy and examination of computer, systems, records and all related files. The audit would most likely use data extraction/analysis techniques and analyze information from multiple sources. It is important that the individual and firm performing such an engagement has experience with forensic accounting and investigation and may have a Certified Fraud Examiner designation. More information on fraud examination and how to locate an examiner may be found at: <http://www.acfe.com/investigation-and-examination.aspx#resources>.

I hope this information adequately addresses your questions, although if you should need additional information, feel free to contact me at (714) 672-0022. Thank you.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'B Gruber', is written over a light blue horizontal line.

Bryan Gruber, Partner  
Lance, Soll & Lunghard, LLP