

David F. Hess, CPA

Managing Director

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David Hess is a Managing Director and Co-Founder of Chess Consulting LLC. He has more than 25 years of experience providing professional services in the field of government contract accounting, auditing, and consulting services. David has experience serving companies that range in size from Fortune 100 to middle market across multiple industries, including aerospace and defense, shipbuilding, professional services, information technology, construction and engineering, biotech, and energy. He specializes in advising commercial companies that sell to the U.S. Government on how to manage and respond to the unique accounting, regulatory compliance, and operational risks associated with the government contracting environment. His practice entails advising companies on a wide range of matters, including complex accounting and financial reporting, corporate governance, internal controls, business risk assessment and mitigation, and regulatory compliance as well as assisting legal counsel in the conduct of special investigations, purchase price disputes, and other litigation support assignments.

Prior to forming Chess Consulting, David was a managing director with two international consulting firms. He also spent over 15 years with Arthur Andersen, where he was an audit and business advisory partner in the firm's government contracts consulting practice from 1999 through 2002.

Professional Experience

Special Investigations:

- **Forensic Accounting and Corporate Investigations.** David works with companies and their legal counsel on special investigations involving accounting and financial reporting irregularities, misappropriation of assets, circumvention of internal controls, and other whistleblower allegations. His work has involved forensic analysis of accounting books and records, evaluations of financial reporting and related securities disclosure matters, identification and quantification of misappropriated assets, assessment of internal control and compliance programs, and reporting of findings and recommendations to legal counsel, senior management, boards of directors, the Securities and Exchange Commission (SEC), and other regulators.
- **Foreign Corrupt Practices Act (FCPA).** David works closely with companies and their outside legal counsel on multi-national FCPA investigations that have included matters within Africa, Asia, Europe, and the Middle East. He has led teams to provide forensic accounting expertise and analysis of books and records on both internal investigations and on behalf of public company audit committees that were undergoing parallel investigations by the DOJ and SEC. He has also assisted clients with the development, assessment, and monitoring of FCPA compliance programs.

Complex Accounting and Business Advisory:

- **Financial Accounting and Restatements.** David advises senior management and audit committees on financial accounting and SEC reporting matters. He provides consultation on the interpretation and implementation of new accounting standards including but not limited to revenue recognition, purchase accounting, and lease accounting. He has also led engagements involving the restatement of financial statements and has assisted senior management and audit committees in evaluating the impact of accounting and financial reporting errors and related matters.

- **Financial Due Diligence.** David has significant experience working with financial and strategic buyers on merger and acquisition financial due diligence reviews and preparation of quality of earnings reports (QOE). His experience includes advising management with respect to the unique business, accounting, financial reporting, and regulatory risks associated with a proposed transaction. He has also worked closely with management on post-acquisition related issues including business systems integration.
- **Purchase Price Disputes.** David's experience encompasses the analysis of accounting issues related to post-acquisition purchase price disputes. He has provided expert testimony, prepared expert reports, and assisted legal counsel in preparing for negotiations and arbitration related to such disputes.
- **Accounting and Audit Support.** David has advised companies and led financial teams during periods of significant change including, restructurings, initial public offerings (IPOs), mergers and acquisitions, and other complex transactions. He works closely with clients and their outside auditors to assess, support, and conclude on complex accounting, financial reporting, and disclosure matters.

Governance, Risk Management, and Compliance:

- **Corporate Governance and Compliance Reviews.** David advises senior management on corporate governance matters including management control structures and control activities designed to ensure strategies, directives, and regulatory requirements are properly operationalized within the organization and carried out systematically and effectively. He also assists companies with the development, review, and assessment of corporate ethics and compliance programs.
- **Business Risk Management and Internal Audit.** David assists companies in establishing and improving their overall business risk management processes to ensure key risks are identified, analyzed, and properly responded to. His work has included the performance of enterprise-wide business risk assessments and the development of risk-based internal audit plans. He has led multiple internal audit projects on a wide range of business and compliance risk areas and reported audit findings and recommendations to senior management and audit committees.
- **Internal Controls.** David works with clients in connection with assessing the design and adequacy of internal controls across critical business functions. He has led multiple projects related to the review and assessment of public company business processes including accounting and financial reporting, project cost accounting, contract administration, purchasing, labor charging, material management and accounting, government property, estimating, and earned value management systems. He has also worked closely with management to build sustainable assessment programs to support their Sarbanes-Oxley, Sections 302 and 404 conclusions and to ensure that a government contractor's critical business systems are adequately designed and operating effectively.

Education and Certifications

- Towson University, B.S., Accounting
- Certified Public Accountant (CPA) – licensed in Virginia
- Certified in Financial Forensics (CFF)
- Chartered Global Management Accountant (CGMA)

Professional Affiliations

- American Institute of Certified Public Accountants (AICPA)
- Virginia Society of Certified Public Accountants (VSCPA)
- American Bar Association (ABA), Section of Public Contract Law, Associate Member
- Association of Certified Fraud Examiners (ACFE)

Publications

- Co-author of "The New Revenue Recognition Standard: A First Look at Industry Impact – Aerospace and Defense," Bloomberg BNA, *Accounting Policy & Practice Special Report*, July 2014.
- Regularly assisted the Government Contractors Guide Special Committee of the AICPA in connection with its annual update of the Audit and Accounting Guide, *Audits of Federal Government Contractors* from 2005 to 2008.
- Co-author and publisher of "Financial Due Diligence for Contractors," *Contract Management*, May 2003.