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Introductory Guide to Forensic Accounting: A Synthesis of Scholarly Research and One Student's Experience

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Introductory Guide to Forensic Accounting: A Synthesis of Scholarly Research and One Student's Experience

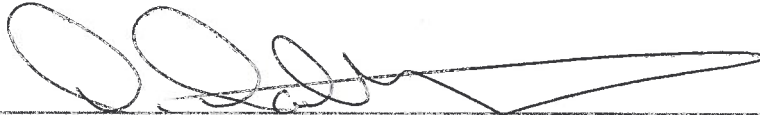
By

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Submitted in Partial Fulfillment
of the Requirements for
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About this thesis:

Introductory Guide to Forensic Accounting, found in Appendix A, was created to provide a concise blueprint for building a career in forensic accounting. It provides a lot of useful information for those seeking to gain a better understanding of the profession or learn how they can join it. The idea for this guide came as a result of my own journey to becoming a forensic accountant. I was initially introduced to the forensic accounting profession during a brief conversation with a forensic accountant working for the FBI while I was in high school. Following that conversation, I sought to find out more about forensic accounting. I had difficulties finding people to talk with about forensic accounting, and, when I did, it seemed there was always a new aspect of the profession introduced. After a few years of searching for information, it was evident that this profession is very complex and multifaceted. I wanted to create a place where others seeking information on forensic accounting can get the information they are seeking without having to visit an abundance of sources.

Introductory Guide to Forensic Accounting: A Synthesis of Scholarly Research and One Student's Experience

Introduction

Introductory Guide to Forensic Accounting is a result of combining my experience with scholarly research results. Prior to creating this guide, I met with many professionals (forensic accountants working in many different areas, educators, attorneys, etc.) that spoke with me about forensic accounting, and I completed a short forensic accounting internship with a large, regional public accounting firm. With each meeting, I was planning my path to becoming a forensic accountant. With the internship, I sought to discover how to become a good forensic accountant. I also met with other students interested in becoming forensic accountants and discussed how their experience in creating a path has been. I found that we often had similar experiences. With each conversation and experience, my questions became more and more complex. My questions went from 'What is forensic accounting?' to 'What kinds of long term goals do I need to work towards so that I can be a successful forensic accountant?'. This became the determining factor of how I approached the creation of the guide.

Method

I used the evolution of my questions as the base for the structure of this guide. The guide follows the progression of my questions, or informational needs, allowing those wishing to understand the process of becoming a forensic accountant to walk through the guide as if it is a journey. This also allows the reader to gain knowledge at a time that is logical to its application. The order also caters to readers that are simply interested in what forensic accounting is and basic knowledge of the profession by placing the information most relevant to them at the beginning. The major sections of the guide are (listed in order):

- Introduction
- Definitions
- Who Employs Forensic Accountants?
- Subjects A Forensic Accountant Should Know and Master
- Relevant Skills and Characteristics
- Education
- Certifications

In the Summer of 2017, I interned with a large, regional accounting firm. For the last three months of my internship, I worked with the business valuations and litigation/forensic accounting group. During my time with that group, I worked mostly on divorce and partnership separation cases. I worked with a manager to value estates, separate

assets, and much more. I also got to speak with people in the group working on insurance, fraud, and business valuation engagements.

While my conversations with people working in the forensic accounting field and my internship yielded a lot of information, I felt that the information I gained was too narrow of a representation of the expansive forensic accounting field and chose to use information gained from researching via other sources (ex: scholarly articles, studies, etc.) to supplement the information provided in the guide. This allowed the gathered information to be from a larger sample of people related to the forensic accounting field and provided information that had stronger support for its pertinence.

Discussion

Introduction

The 'Introduction' section serves as an explanation for the guide. It covers the contents of the guide, an overview of where the information came from, who it is for, how it can be used to get the optimal benefit from it, and prepares the reader to take in the information in a particular way. I felt this was important, because the guide may appear to be a list of information resulting from research. If a reader does not understand the design and structure of the guide, they may not receive the added benefit that the structure and organization of the information gives. Furthermore, this section allows the reader to understand the source of the information and understand that the information is supported by scholarly research and studies of the industry.

Definitions

In order to create a guide on any topic, the subject and its basic concepts that will be built off of need to be defined. This section is very important to the guide, because forensic accounting is defined differently in almost every source that can be found. Many definitions are similar but have subtle differences. To decide how I would define 'forensic accounting', I broke the term into its two parts, 'forensic' and 'accounting', because these terms both have generally agreed upon and accepted definitions. They are defined by Merriam-Webster dictionary in the following manner:

Forensic: "belonging to, used in, or suitable to courts of judicature or to public discussion and debate" (Merriam-Webster, "Accounting", 2018).

Accounting: "the system of recording and summarizing business and financial transactions and analyzing, verifying, and reporting the results; also : the principles and procedures of this system" (Merriam-Webster, "Accounting", 2018).

Since words often take on a subtle change when they are combined and applied to a particular situation, I looked for scholarly definitions from those in the field that would capture the industry specific meaning shifts without straying far from the definitions of its individual parts. I also searched for broader definitions so that it would cater to readers who wish to know the full extent of the profession. There are many definitions that focus

on a part of the profession. I ultimately decided on two definitions: one for curious minds looking for a basic understanding and one for readers looking to dive deeper into the subject. The more complex definition was selected from a paper that has been downloaded over 400 times and was published in the *Journal of Theoretical Accounting Research*. It reads:

“Forensic accounting is a multidisciplinary field that encompasses both a profession and an industry, where civil or criminal economic and financial claims, whether business or personal, are contested within established political structures, recognized and accepted social parameters, and well-defined legal jurisdictions, and informed by the theories, methods, and procedures from the fields of law, auditing, finance, economics, psychology, sociology, and criminology” (Huber & DiGabriele, 2014).

The more concise definition reads:

“Forensic accounting is the specialty practice area of accounting that describes engagements that result from actual or anticipated disputes or litigation” (“What is a Forensic Accountant?”).

I also included in this section a short graphic explaining some of the differences between auditors and forensic accountants since they are frequently confused.

Who Employs Forensic Accountants?

This section was very broad so I broke it into smaller, subsections that were commonly mentioned throughout the forensic accounting literature: Government Agencies and Departments, Accounting Firms, Law Firms, and Others. The purpose of this section was to highlight not only the places forensic accountants work but what their work may look like within the context of these different organization types. Within each subsection, I sought to identify the most common employers, or job types if there were a large number of players within the subsection, to include. Then, I identified and included a sample job description from a relevant and representative employer in that section. For example, *Corporate Counsel* magazine conducted a survey, '2017 Best of Corporate Counsel', that identified Grant Thornton LLP, a large accounting firm, as the best forensic accounting provider ("Grant Thornton Named Best Forensic Accounting Firm", 2017). Given Grant Thornton's recognition, I chose the samples of job descriptions for the accounting firm section from Grant Thornton's forensics page. I, also, took care to include samples that demonstrated the diversity of opportunities in forensic accounting by including samples of job descriptions that included different examples from the other one's in this section.

Subjects a Forensic Accountant Should Know and Master & Relevant Skills and Characteristics

Although forensic accountants work in a variety of jobs and often specialize, there are certain subjects that build the foundation of the profession. A case study done by James A. DiGabriele, a well-published scholar and forensic accountant, used data collected from practitioners, academic institutions, and scholars to identify the foundational subjects a forensic accountant needs to have a good understanding of. The case study identified the following (DiGabriele. 2009):

- The Legal System: Criminal and Civil Law
- Courtroom Procedures and Expectations
- Business
- Financial Statements
- Psychology
- Ethics

Given the variety of sources the information was collected from, the author's reputation in academia, and its agreement with my experiences, I felt this information was fairly representative and supported well enough to be in the guide. This case study also produced a list of skills and characteristics that were relevant and useful for a forensic accountant to have (DiGabriele. 2009). Many sources list skills and characteristics that are good for a forensic accountant to have; however, I decided to go with those found in this case study because they were supported by data and reasoning.

I augmented this section with information found in an AICPA white paper that studied attorneys, CPAs, and academics' views on these areas (Davis, Farrell, & Ogilby, 2010). This particular study broke down the responses of the different participant groups and showed how different groups placed emphasis in different subjects and skills (Davis, Farrell, & Ogilby, 2010). I found this information to be very important, because the guide is to help a reader enter the field. Every forensic accountant will be need to adapt their work to a specific type of employer or person, depending on the engagement, and should know what skills would be most relevant for each different situations. Given that the study was limited in its scope, only separating participants into three groups that did not necessarily represent many of the groups that are associated with forensic accounting, I did not think this study yielded results that should be applied to the profession as a whole. For this reason, I included some of the key findings as a tip to the readers instead of letting it be the basis for this section of the guide.

Education

This section addresses how to gain and fine tune the skills and knowledge identified in the previous sections. The pathway to becoming a forensic accountant will include obtaining a formal education so I started this section with ways these skills can be developed while in school. I listed courses that are commonly found as a part of

higher education institutions' curriculum and address the skills and topics that are relevant for forensic accountants. I also included a short narrative on where the courses fit into the skills and subjects for many of the courses. For these, I drew from my experience as a student and how they helped me in my internship.

I included in this section any tips that I found while looking at scholarly articles. For example, one study revealed that students who took a forensic accounting course had increased levels of skepticism and risk assessment abilities. This study also presented evidence that the effects are lasting to some extent (Carpenter, Durtschi, & Gaynor, 2011). This is important because these are skills that were identified earlier in the guide as important.

I included a short narrative on ways these skills and subjects can be addressed outside of the classroom, because professionals need to hone their skills as well. A quick search revealed there are many opportunities provided by employers and professional accounting organizations. Instead of attempting to list the many results I found, I chose to make the reader aware that opportunities exist with many organizations so that they can check with organizations they may already be a part of. I did, however, include a brief excerpt that identified two professional accounting organizations that have high membership and offer many resources for forensic accountants, the American Institute of Certified Public Accountants (AICPA) and the Association of Certified Fraud Examiners (ACFE). This is discussed later as a part of Certifications.

Majors are also a very important aspect to consider for education. In my experience, forensic accountants come from a variety of backgrounds. Depending on

the area of forensic accounting, different majors can become relevant. However, at its root, the profession uses accounting skills to produce the desired information. For this reason, Accounting should be the most considered major. Another major that could be a good fit is Finance. Finance and accounting majors have some overlap when it comes to learning about financial statements and transactions. Finance can also be very helpful for forensic accountants hoping to go into the valuations specialty. There are many other majors that could be the base for a forensic accountant (ex: Criminal Justice); however, anyone choosing those routes should be sure to take accounting course in addition. I chose not to include this section, because this is not an area I felt I had enough information to support an entire section. I did not find a study addressing majors in depth and my personal experience did not involve major selection because I had already decided, This could certainly be an area for improvement of the guide in the future.

Certifications

This section highlights a few of the certifications that forensic accountants often seek. Certifications are very common in the field of forensic accounting. Since forensic accountants produce work that is up to the standard of - and often presented in - a court of law, they must demonstrate their eligibility as an expert in the field so that the court can feel as if the information provided is accurate. Otherwise, the information may fail to accomplish its goal of supporting the case at hand. The certifications I chose to put in the guide were selected for a variety of reasons. First, I identified certification granting

organizations relevant to the forensic accounting profession with large membership bases. I did this because having a sizeable membership base increases the chances of the organization's reputation being known and recognized by the court or jury. The two organizations that came up were the American institute of Certified Public Accountants (AICPA) and the Association of Certified Fraud Examiners (ACFE). The AICPA boasts over 400,000 members ("AICPA Membership", 2018), and the ACFE boasts over 84,000 members (ACFE, "Who We Are", 2018). Then, I looked for the relevant credentials offered by the two organizations and selected a variety of credentials that were mentioned in literature and conversations with practitioners and represented how the certifications can apply to specific areas of forensic accounting. For each certification shown in this section, a sample of the requirements to obtain it was included.

Conclusion

While this guide is a great starting place, it is limited in scope and has potential to be developed further. This guide was limited to one student's experience and the work that already exists. Every person's experiences are different and a formal study that provided insight from more people could have resulted in a different, more efficient approach to this guide. Furthermore, creating studies that were specific to the pursuit of the information that was to be put in this guide may have created information that is more fitting. In the future, this guide can benefit not only from doing studies that are specifically designed for it but from catering it to a particular audience. In its current state, it appeals to a broad audience, and that severely limits the amount of detail that

can be given. This guide could potentially be altered to become more relevant to subsets of the population like: users of forensic accounting information, university of South Carolina students pursuing forensic accounting, and professionals in other fields looking to switch into forensic accounting. The available and relevant resources will change with its audience.

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APPENDIX A

Introductory Guide to Forensic Accounting

Introduction

This guide was created as a source of information for those curious about forensic accounting and for those that are trying to enter the field. It was created by a student and geared toward students, but there is something for all curious minds to learn within it. It is organized as if you are walking through a journey – with the information being presented in the order that it would need to be gained if you were a freshmen in college walking through the steps of becoming a forensic accountant.

The information presented was gathered through my four years of experience as a student seeking to enter this field and scholarly research. You will find references and links to many of my information sources throughout the guide. If a particular area is of interest to you or is does not answer all of your questions, check out its source. This short guide did not have room for all of the good stuff.

On certain pages, you may find “expert tips”. These are insights that I felt were particularly relevant from studies and scholarly research. Be sure to read them, because they are what the experts in the field have actually said.

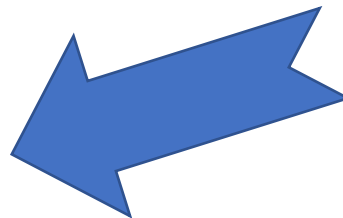
It is important to note that a forensic accounting job may be labeled in many ways. This is likely a result of forensic accountants' tendency to specialize. Furthermore, there are many jobs that involve forensic accounting work but may have other elements as well. Be sure to read job descriptions or listings carefully to be sure you don't miss an opportunity and get the job you would like!

Definitions

The Long Version:

“**Forensic accounting** is a multidisciplinary field that encompasses both a profession and an industry, where civil or criminal economic and financial claims, whether business or personal, are contested within established political structures, recognized and accepted social parameters, and well-defined legal jurisdictions, and informed by the theories, methods, and procedures from the fields of law, auditing, finance, economics, psychology, sociology, and criminology” (Huber & DiGabriele, 2014).

This definition is great for those that are interested in gaining a more in depth understanding of how expansive and complex the forensic accounting field is.....



But, this definition will suffice for those that are simply curious. This is also a great definition to use for when someone asks you what forensic accounting is in a quick conversation

The Short Version:

“**Forensic accounting** is the specialty practice area of accounting that describes engagements that result from actual or anticipated disputes or litigation” (“What is a Forensic Accountant?”).

Definitions

Auditing vs Forensic Accounting

Auditors

Provide assurance that financial statements are accurately stated by GAAP standards.

Generally must adhere to GAAP which uses materiality, the concept of setting a level below which an amount may be considered irrelevant to the purpose of the audit (as mentioned above).

Forensic Accountants

Look for issues or particular information within the financial statements and documents as opposed to seeking to prove their accuracy.

Are not governed by GAAP or a particular set of guidelines and, therefore, do not have to adhere to materiality. They are free to investigate all numbers and amounts thoroughly.

Are working to the standard of being suitable for court or legal proceedings.

(Bradford, 2017)

Who Employs Forensic Accountants?

Forensic accountants are employed by many organizations and individuals. They are generally hired as full-time employees or on a contractual basis. These are some of the most common employers of forensic accountants and how working for them may be.

Companies

Police Departments

Government Agencies &
Departments

Couples Seeking A Divorce

Accounting Firms
Consulting Firms

Private Investigators

Universities and Educational Institutes

Law Firms

Insurance Companies

WHO EMPLOYS FORENSIC ACCOUNTANTS?

Government Agencies and Departments

The U.S. Government utilizes forensic accountants in many departments and roles. The FBI, CIA, IRS, DEA, and Department of the Treasury are some of the government departments and agencies that employ forensic accountants. Below is a sample of statements from the FBI website about what working for the FBI as a forensic accountant entails.

“...tracing and linking funding sources to criminal activity and national security matters.”

“...owns the financial aspects of the investigation including, acquiring, organizing, analyzing, and reporting financial data.”

“...dig through faulty foundations to determine who, what, when, where, why, how and how much of the financial aspects of the case.”

“...package the financial facts for our law enforcement and judicial counterparts and, if necessary, provide testimony concerning cases.”

("FORENSIC ACCOUNTING")

WHO EMPLOYS FORENSIC ACCOUNTANTS?

Accounting Firms

Many accounting firms employ forensic accountants, often as a part of their advisory practice. However, it should be noted that there are forensic accounting firms where forensic accounting is their primary focus. The engagements accountants at an accounting firm are put on often involve fraud, divorce, and quantifying financial losses. Below are some samples of what Grant Thornton lists as services forensic accountants fulfill in their forensic advisory practice.

“...assist clients and their legal counsel in investigating allegations of fraud, waste or abuse and whistleblower claims, as well as responding to shareholder or regulatory inquiries.”

“...help uncover corporate crimes such as embezzlement, money laundering, financial statement fraud, kickback schemes and tax scams, among others.”

“...support experienced litigators with meaningful financial and economic analysis, dispute resolution and professional services that can help unravel complex business disputes.”

“...utilize state-of-the-art hardware and software — along with advanced discovery processes, methodologies and proprietary analytical routines — to identify, collect, recover, reconstruct and preserve electronic evidence.”

As can be seen from the above samples, an accounting firm hires many different types of forensic accountants and can be a great way to be exposed to many different areas of forensic accounting. If you are having a hard time deciding which area to go into, an accounting firm is a great place to gain exposure to the many types of forensic accounting and a great place to work for people who enjoy having a lot of variety in their work.

(Grant Thornton, 2018)

WHO EMPLOYS FORENSIC ACCOUNTANTS?

Law Firms

Law firms often contract out their forensic accounting work; however, some law firms hire in-house forensic accountants to become a part of their team and aid in the financial and accounting elements of their cases. Most cases involve some form of financial portion whether it be determining damages, finding evidence, or putting a value to any number of disputed items. Having a forensic accountant available for all of those needs as well as being an expert witness can be very helpful. Below are samples of in-house forensic accounting job requirements listed on the Pinsent Mason, an international law firm, website.

“Preparing business valuations in relation to breach of warranty claims.”

“Working with our lawyers in respect of Bribery Act compliance.”

“Working alongside our clients’ finance teams to prepare lost profits and wasted costs claims.”

(Pinsent Masons)

SUBJECTS A FORENSIC ACCOUNTANT SHOULD KNOW AND MASTER

Forensic accountants should have a good understanding of the following subjects. These subjects serve as the foundation of the work forensic accountants do.

The Legal System: Criminal and Civil Law

Courtroom Procedures and Expectations

Business

Financial Statements

Psychology

Ethics

(DiGabriele, 2009)

Expert Tip: Attorneys identified analysis and interpretation of financial statements, testifying, and relevant professional standards as important know-hows and things to understand (Davis, Farrell, & Ogilby, 2010).

RELEVANT SKILLS AND CHARACTERISTICS

There are many skills and characteristics a forensic accountant can possess that will help them to be successful in their field. Below are some that have been identified as most relevant. It is important to note that the skills that will be most relevant will change depending on a forensic accountant's employer, clients, and engagement requirements (DiGabriele. 2009).

Investigative Skills

Critical Thinking

Communication Skills: Clarity & Concision,

Verbal & Written

Analytical Skills

Skepticism

Interviewing Skills

Fraud Recognition

Interpersonal Skills

Investigative Flexibility *

Composure

*defined as "the ability to move away from standardized audit procedures and thoroughly examine situations for atypical warning signs" (DiGabriele. 2009)

Expert Tip: CPAs can be employers and coworkers of forensic accountants as well as forensic accountants themselves. Identified critical thinking, written communication, and oral communication as skills they found most relevant for forensic accountants. Interviewing and Fraud detection skills were also highlighted as skills CPAs saw as particularly important. Failure to identify key problems and a deficiency of investigative intuitiveness were two issues that are common with ineffective forensic accountants. Keep this in mind if planning to work for or with CPAs. (Davis, Farrell, & Ogilby, 2010)

Expert Tip: Attorneys identified oral communication, simplification of information, and critical thinking as some of the most important skills for forensic accountants. Furthermore, attorneys identified failure to understand the case's goal as an issue they find is frequent with ineffective forensic accountants. Take this into account if planning to work with attorneys. (Davis, Farrell, & Ogilby, 2010)

EDUCATION

The education needs of forensic accountants varies depending on the area of forensic accounting they work in. Education can come from many different sources. Forensic accounting engagements are so varied in nature that there will always be a great deal of on the job training, and the learning process will continue throughout a forensic accountant's career as new cases pop up every day. However, honing some skills before arriving at the job or finding a way to develop skills that the job is not well equipped to teach can give a forensic accountant an advantage. The ultimate goal is to gain the knowledge and skills, many of which were listed in earlier sections, that will help achieve success. A good place to start is by majoring in accounting; however, there are classes that are outside of the major that can be very useful as well. This section will outline classes that would be good to add to your accounting major. If you opt to major in another area, be sure to take the accounting courses that I included in this section at the very least. Some professional certifications for accountants require a minimum number of accounting hours.

Take A Forensic Accounting Course

- Forensic Accounting Courses are great for increasing skepticism and honing risk assessment skills (Carpenter, Durtschi, & Gaynor, 2011)
- These courses are also a great way to gain an understanding of fraud and internal controls

Note: While these courses are great, every student should be careful to look at the structure and content of the course. Many forensic accounting courses will focus heavily on fraud. While fraud is a large part of forensic accounting, there are other topics that can be relevant if the student wishes to pursue another area of forensic accounting. Other classes may be needed to gain the skillset most relevant to the career you want (Daniels & Gupta, 2013).

EDUCATION CONTINUED

Take Some Basic Accounting and Finance Courses

Even if Law, Criminal Justice, or another degree is the chosen path, these courses can be very useful!

- **Tax Courses:** Many forensic accounting engagements will involve analyzing tax information (Ex: tax implications of a business dispute settlement, tax fraud, tracing money) (Heitger & Heitger, 2008). These courses can provide a basic understanding of the tax information you may have to explore and investigate as a forensic accountant.
- **Auditing Courses:** Auditing can be a good basis for many forensic accountants
- **Financial Statement Analysis Courses:** This can help you gain an in depth understanding of the statements that will be the foundation of many engagements
- **Valuations Courses:** These courses can be especially valuable to students looking to work with business litigations and disputes
- **Managerial/Cost Accounting Courses:** These courses can be particularly helpful to those looking to work directly with companies dealing with fraud and embezzlement.
- **Accounting Information Systems:** Many forensic accountants will have to work with systems at some point in their career. Having a prior knowledge of how these systems work on a basic level can make the process of figuring out the one being analyzed for an engagement much smoother.

EDUCATION CONTINUED

Criminal Justice & Law Courses

- **Business Law Courses:** These courses could be very useful to a student seeking to be a forensic accountant working with business litigation and disputes.
- **Criminal Justice Courses:** These courses can be very helpful in gaining knowledge of the rhetoric and workings of the criminal justice system that a forensic accountant often interacts with. The Criminal Justice System has special rules and structures that must be understood to be successful as a professional interacting with it. This is also an area very important for those wishing to work in government jobs.
- **Law Courses:** There are many types of law courses that can be beneficial. Depending on what area of forensic accounting you wish to go into, there are likely specific law courses that can be helpful. Family law and Insurance Law are examples of courses that may be offered and provide relevant information to some forensic accounting students.

EDUCATION CONTINUED

Less Thought-of Courses

- **Speech Courses:** Part of forensic accounting is delivering the findings to others, whether they are a courtroom or others that will use the information. A Speech course can help develop the skills of communication needed to effectively deliver complex information that the receiver may not have much knowledge on in an effective and concise way.
- **Business Communications Courses:** Business people have unique standards and expected methods of communication. These courses can be very useful in mastering that style of communication. These courses can be especially useful in developing visual aids that are effective in both the business setting and the courtroom.
- **Computer Courses:** Computer knowledge is necessary in almost all areas of accounting these days. If you lack computer skills, these classes can really help! Classes that help understand Excel can be especially useful, because, it is used heavily in the accounting industry.
- **Psychology Courses:** Forensic accountants need to be able to understand criminal behavior and its drivers. Psychology classes are a great way to understand this.

EDUCATION CONTINUED

Education options are endless. Everyone has different strengths and weaknesses. The classes chosen should be ones that improve the areas you need to work on the most. Furthermore, there are many courses that did not make this list but could help you gain valuable skills. Read descriptions of courses, and look for what skills they are targeting. This can present many new educational opportunities, especially in the case that your institution does not offer the go-to courses for the skill you are looking to develop.

It is important to note that some universities and higher education institutes offer forensic accounting tracks, undergraduate degrees, graduate degrees, and other opportunities to get an education geared towards gaining forensic accounting knowledge. Some institutes even offer courses and programs online to meet the needs of nontraditional students. If possible, take advantage of this, but don't stress if you can't.

For those that may not be able to go through a school, there are other options. Many organizations and employers offer access to trainings via internal platforms. There are also training programs and educational opportunities offered by many professional accounting organizations. Most professional organizations will offer training or learning opportunities for a wide range of accounting topics. This is great way to take advantage of the benefits that are offered by being a member of these professional organizations. Some of the most popular professional organizations for forensic accountants will be discussed in the next section.

Professional Accounting Organizations You May Wish To Check Out

- Association of Certified
Fraud Examiners
- American Institute of
Certified Public

CERTIFICATIONS

Certifications are a very important part of the forensic accounting profession. As was mentioned earlier in the guide, forensic accountants often provide information that is presented in a courtroom. In order to do its job of supporting the case being presented, the information must be trusted to be accurate. Courts often rely on a professional's credentials to determine their competency. For this reason, certifications are very important for a forensic accountant to possess. The following are some of the certifications, and their requirements, that are widely recognized in the forensic accounting field.

CERTIFICATIONS CONTINUED

Certified Public Accountant (CPA)

The Awarding Organization: American Institute of Certified Public Accountants

Note: Exact Requirements vary from state to state, and the following requirements are for U.S. Citizens. Non-U.S. Citizens have additional requirements***

Education Requirements

- 120 - 150 semester hours of education for licensure (14 hours of this must generally be accounting hours)
- Most states require a bachelor's degree

Experience Requirements

- All states require at least 1 year of public accounting experience (many accept non-public accounting experience of greater length as a replacement), but many require 2 or more

Exams

- Four Exams: Financial and Reporting (REG), Auditing and Attestation (AUD), Regulation (REG), Business Environment and Concepts (BEC)
- Each Exam is 4 hours long
- In order to pass, you must score at least a 75 (not a percentage). For more information on how this score is determined, go to aicpa.org/examscore .
- The exam is computer based and consists of multiple choice questions and task-based simulations (BEC will have communication tasks in addition).
- A test taker has 18 months from the time they pass their first exam to pass all the remaining sections in order to retain credit of the passed ones. Once a score is over 18 months old, it is no longer valid for licensure purposes. All four exams must have valid, passing scores for licensure. There is no required order to take the exams in.

("THE UNIFORM CPA EXAMINATION: 2017 EDITION")

***See <https://www.thiswaytocpa.com/exam-licensure/state-requirements/> for state specific information

CERTIFICATIONS CONTINUED

CPA Certified in Financial Forensics (CFF)

The Awarding Organization: American Institute of Certified Public Accountants

Note: Must be an AICPA Member

Education Requirements

- Must have completed at least 75 hours worth of continuing education on forensic accounting related topics within the 5 year period preceding the submittal of the CFF application

Experience Requirements

- Must have at least 1,000 hours of forensic accounting business experience within the 5 year period preceding the submittal of the CFF application

Exams

- The exam can be taken in person or online in a remote-proctored environment
- Computer based
- 4 hours
- Made up of multiple choice and case-study questions

Cite (AICPA, "Credentials") Cite (AICPA, "CFF Exam")

**For further information, see

<https://www.aicpa.org/membership/join/credentials.html?tab-1=2#tab-2>

CERTIFICATIONS CONTINUED

CPA Accredited in Business Valuation (ABV)

Awarding Organization: American Institute of Certified Public Accountants

*Must be a CPA

Experience

- Must have completed at least 150 hours of work in business valuations within the 5 year prior to the application date for this credential. Up to 15 of these hours can be from participating in the hands on business valuation case study at track at the AICPA Forensic and Valuation Services Conference.

Education

- Must have completed at least 75 continuing professional development on valuation-related topics within the 5 years prior to the application date for this credential.

Exam

- 2 computer based exams
- Take in person or online in a remote proctored environment
- Must pass both within a 12-month period (period starts at end of testing window in which you passed the first exam)
- Each exam lasts 3 hours and 15 minutes
- 90 multiple choice questions per module (12 of these will be related to case studies)
- During the exam you will have access to the International Glossary of Business Valuation Terms as well as Formulas and Variable Definitions via computer

** Visit <https://www.aicpa.org/membership/join/credentials.html?tab-1=1#tab-2> for more information regarding this credential. CITE ("Credentials: ABV Overview", 2018)

CERTIFICATIONS CONTINUED

Certified Fraud Examiner (CFE)

Awarding Organization: Association of Certified Fraud Examiners

*Must be a member of ACFE

Experience

- Must have at least 2 years of professional experience and have earned 50 points. Points are awarded by the ACFE for education, professional experience, and professional affiliations**

Education

- Must hold a bachelor's degree or equivalent from an institution of higher learning. No field of study requirements. Additional fraud related professional experience can supplement any lacking educational requirements.

Exam

- There are four parts (financial transactions & fraud schemes, law, investigation, and fraud prevention & deterrence) that must be taken in a 30-day period. Once a part is started you must finish it but not all parts must be taken in one sitting.
- Must be passed within 3 consecutive attempts
- Taken online or available for download

**Visit <http://www.acfe.com/cfe-qualifications.aspx> for more information

Cite [(ACFE, "CFE Qualifications", 2018) Cite (ACFE, "Step 4 - Pass the CFE Exam", 2018)

Conclusion

As you can tell, forensic accounting is a very diverse field. While this guide aims to give you some of the basic information about it, everyone's experience will be different. This guide seeks to help you build a good base to start with. It is important to note that there are many ways to prepare for a career in forensic accounting, but experience is the only way you can really grow within the field and become a forensic accountant. The majority of skill building will occur on the job or in internships. For this reason, it is important to work towards obtaining a job or internship in the area you are interested in.