

Forensic Accounting Designations by the Letters

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Given the increasing need for litigation support, forensic accounting has become a popular niche for bright, personable and technically competent CPAs – many of whom wisely pursue advanced designations.

An advanced designation enables a CPA to expertly serve his or her clients with a superior skill set and understanding of specific areas of forensic accounting. Among the most significant designations are the Certified Forensic Examiner (CFE), Certified Insolvency and Restructuring Analyst (CIRA), Accredited in Business Valuation (ABV), Certified in Financial Forensics (CFF) and Certified Valuation Analyst (CVA).

To qualify for any of these designations, strict professional codes of conduct are mandatory for each credential seeker. Ongoing education and a certain number of engagements in the specific discipline are critical to the candidate's proof of experience and competence. Lastly, all are required to pass examinations given by the sponsoring member organizations: Association of Certified Fraud Examiners (ACFE), National Association of Certified Valuation Analysts (NACVA), Association of Insolvency and Restructuring Advisors (AIRA) and the American Institute of CPAs (AICPA).

CFE

CFEs are considered part of the larger, global anti-fraud community. Of the four designations indicated, the CFE may prove to be of the greatest value to the philanthropic community due to the frequent occurrence of fraud. Should fraud be suspected by a nonprofit, a CFE is typically contracted to help implement controls that detect, deter and prevent fraud and financial abuse.

Adept fraud investigators, CFEs are equally skilled in working with distressed and insolvent businesses, including those

in bankruptcy and insolvency. The Federal Bureau of Investigation and the U.S. Department of Defense actually recognize the CFE designation as a critical skill in their hiring criteria. To obtain a CFE designation, a candidate must have at least a bachelor's degree and two years of professional experience directly or indirectly related to fraud detection and deterrence. The candidate must also demonstrate significant experience in accounting and auditing and pass a rigorous exam administered by the ACFE.

CIRA

CIRAs are invaluable in preventing troubled companies from entering bankruptcy and litigation. Once a company fears it may be teetering on a financial precipice, engaging a CIRA can often turn an ominous financial situation around. A CIRA must be a member of the AIRA, have a bachelor's degree from an accredited college or university and have five years of accounting or financial experience. The candidate must complete 4,000 hours in an eight-year period or average 500 hours annually working with distressed and insolvent businesses, as well as pass the CIRA exam.

ABV

ABVs and CVAs both deal with business valuations, but they have different training and have earned their credentials through different governing organizations. To earn the AICPA's highly respected ABV designation, one must be a CPA, have experience in at least 10 business valuation engagements and demonstrate substantial experience and competence in the field. Once awarded the designation, each credential holder must submit documentation demonstrating involvement in at least five engagements, remain active in the business practice and complete 60 hours of related CPE work during each three-year period.

CFF

The CFF credential was recently created by the AICPA for those accountants who practice in bankruptcy and insolvency, computer forensics, economic damages, family law, fraud investigations, litigation support, stakeholder disputes and valuations. A CFF must be a member of the AICPA, have at least five years of experience, complete a CFF application and meet the 100-point requirement, and sign a Declaration of Intent to comply with the CFF recertification requirements.

CVA

A CVA is a CPA who has completed rigorous training in gathering and analyzing information relevant to the valuation of a closely held business. CVAs are trained to apply standards of valuation that are reliably consistent from CVA to CVA. They are the pivotal rainmakers in marital dissolution cases where the value of a family business is being determined. Earning the CVA designation includes being a practitioner in good standing with the NACVA and passing a comprehensive two-part test involving a proctored exam and a 40- to 50-hour take-home standardized case-study exam.

Each of the aforementioned designations represents an exceptional commitment to the nexus between auditor and investigator in the practice of forensic accounting. Due to the staggering dollar amounts lost to fraud, \$994 billion in 2008 according to the ACFE, the economic downturn and the litigious nature of today's society, credentialed forensic accountants are in demand and playing key roles in many high-profile court cases and turnarounds. ■

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