

Arm yourself in the fight against fraud

By Haven S. Pope, CPA, CFE

In its *2004 Report to the Nation on Occupational Fraud and Abuse*, the Association of Certified Fraud Examiners (ACFE) defines occupational fraud as “the use of one’s occupation for personal enrichment through the deliberate misuse or application of the employing organization’s resources.” The ACFE estimates that the typical organization loses six percent of its annual revenues to occupational fraud. No organization is completely safe from fraud, regardless of size, location or industry, and the effects reach much further than the organizations that experience it directly.

With fraud becoming prevalent in many organizations across the country, you need the best weapons possible. One choice is to become a certified fraud examiner (CFE) to confront fraud head on.

The CFE designation

The ACFE currently comprises more than 30,000 members worldwide and is considered the world’s premier provider of anti-fraud training and education. Founded by Joseph T. Wells, CPA, CFE, the ACFE continues to be the foremost leader in the global anti-fraud community. Its mission is “to reduce the incidence of fraud and white-collar crime and to assist the membership in its detection and deterrence.”

The CFE designation is globally respected by many business professionals and indicates excellence to many government and non-government entities. With new accounting and auditing standards in place, such as the Sarbanes-Oxley Act and Statement on Auditing Standards No. 99 (SAS 99), the CFE designation adds value to various professions. Some of the more popular professions that employ CFEs include auditors, fraud investigators and loss prevention specialists. However, accountants, attorneys and criminologists have also found this designation to be beneficial.

Becoming a CFE

To achieve the CFE designation, candidates must first become an associate member of the Association of Certified Fraud Examiners. They must also meet minimum academic and professional requirements, which include a bachelor’s degree (or equivalent) and two years of experience in a field related to the detection and deterrence of fraud. However, to show respect for those who may have many years of professional experience without having earned a four-year degree, the ACFE allows candidates to substitute two years of professional experience for one year of education in order to achieve the requirement of four years.

Next, candidates must fill out and submit the certification application, along with the required supporting documents, which include three letters of recommendation and proof of education. Finally, CFEs represent some of the most respected members of the business community. Therefore, candidates must be of high moral character and must agree to abide by the bylaws and Code of Professional Ethics of the ACFE prior to their acceptance. Once candidates have fulfilled all of the application requirements, they will then prepare for and pass the four-part CFE examination.

To help candidates prepare for the exam, the ACFE provides a tremendous wealth of resources to ease the task. Candidates can study on their own using the list of study resources provided by the ACFE or they can purchase the CFE Exam Prep Course. However, fewer than 20 percent of candidates pass the exam in their first attempt when they do not study using the prep course. The entire course contains 2,000 questions that simulate the format of the actual exam and are broken down into the same four categories: Legal Elements of Fraud, Criminology and Ethics, Financial Transactions and Fraud Investigation. The course also provides the answers and explanations for each question, and it references the literature used to develop them.

Once the candidate has answered all questions correctly and spent the required 50 hours studying, he or she will be prepared to take the CFE exam. The prep course also qualifies for 50 hours of continuing professional education (CPE) for CPAs in many states, including Virginia.

Similar to the CPA designation, the ACFE requires that all CFEs obtain a minimum number of CPE credits through self-study and/or seminars in order to maintain their skills and keep up-to-date on current developments in the profession. CFEs are required to earn at least 20 hours of CPE each calendar year, including 10 hours that relate directly to the detection and deterrence of fraud. CPE must be in the areas of fraud examination, accounting and auditing or specialized knowledge and applications.

What can you expect?

Most commonly, certified fraud examiners are responsible for investigating a wide variety of fraud allegations within their own organizations. They primarily focus on an institution's vulnerability to fraud, identify fraud, help develop and implement preventative measures and conduct investigations if fraud is discovered. In addition, CFEs provide investigative and consulting services to law firms, business enterprises and others in the area of litigation support, fraud investigation and fraud prevention. CFEs are responsible for resolving allegations of fraud, obtaining evidence, taking statements, writing reports and testifying to their findings as they play a major role preventing and detecting fraud and white-collar crime.

For additional information about the Association of Certified Fraud Examiners, the CFE designation and the application process, or to access valuable fraud-related resources, visit the ACFE Web site at <http://www.cfenet.com>.

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