

Forensic Accountant: Skills and Personality Traits



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Abstract

Forensic accounting is the consolidation or miner of accounting, auditing and investigative skills which concede the specialty known as forensic accounting. Forensic accounting is very helpful in court as it provides analysis of accounting which can be used in court as a base in discussions, debate or any kind of resolution of disputes if any required. Basically the work of a forensic accountant is to scrutinize the legal documents, financial statements in order to detect any kind of criminal or illicit activities occurred.

As Forensic Accountant, one has to utilize accounting, auditing and investigation skills when conducting an investigation. Equally critical is his ability to respond immediately and to communicate financial information clearly and concisely in a courtroom setting. Since forensic accountants' jobs are wholly based on finding small details that might lead to the discovery of illegal activity, this is one of the most vital skills they must possess. It can be easy to gloss over important information that might lead to a conviction or other legal action. Having a solid ethical anchor and a personal desire to do what is right is necessary to bring persuasive white-collar criminals to justice. The present article tries to contribute to the forensic accounting skills literature in different ways.

Keywords: Investigation, Dispute Resolution, Financial Information, Criminal or Illicit Activity.

Introduction

As a result of recent highly publicized financial dirt which reported the increase in occupational proud and intensified concerns our money laundering which is used in racketeering and lends support to terrorism the legislative mandates and expectations of public have intensified the necessity which defines the responsibility of the auditor and accountant to detect the frauds within organizations. A quick recap for the meaning of fraud in the dictionary which explains that fraud is "deception, imposture with the intent to deceive, criminal deception done with the intention of gaining and advantage." Another explanation defines that "it is to feed oneself by intentionally trimming down the worth of an asset in secret." Financial fraud is something which is unavoidable and it is a global problem. Some recent surveys conducted by KPMG and PWC shows an increment in both the figures and magnitude of fraud in many countries. Quest of business efficiency, technology and globalization have made it easier for the fraudster to commit a fraud making it more difficult to detect, which have busted more challenging areas in a forensic accountant's job.

The detection of fraud in finance is the ability to detect, honed by years of experience, is an art. It is the art of enforcing a skillful message with an opinion based on in complete evidences. A forensic accountant investigates legal document of financial statements in order to find criminal or other illegal activity. While other forensic experts recreate crime scenes by analyzing blood of collets. The integration of accounting, auditing and investigation skills fields the specialty known as forensic accounting. Forensic accountants combine their knowledge of accounting and finance with law and investigative techniques in order to determine if any illegal activity is going on. Some public accountants who got specialized in forensic accounting have investigate and interpreted white collar crime such as securities fraud and embezzlement, bankruptcy and contract disputes, and other complex and possibly criminal financial transaction, such as money laundering by organized criminals. Many forensic accountants work closely with law enforcement personnel and lawyers during investigations and often appear as expert witnesses during trials. Forensic accounting is mistakenly assumed to be exclusively associated with "negative" applications many a times such as bankruptcy, fraud,

business disputes or matrimonial divorce. Forensic accounting is also applied in “positive” assurance engagements such as due to diligence reviews, business valuations, audit committee advisory services and enterprise risk management. Forensic accounting is always applied to the evidence of first order activities and not with secondary system of controls.

If someone wants to learn how to become a forensic accountant, he should know that it is different than gaining a traditional Certified Public Accountant (CPA), Certified Financial Manager (CFM) or Certified Internal Auditor (CIA) designation. While these careers focus on preparing the financial statements and tax law compliance before public or federal review, forensic accountants must look through those same statements to find anomalies that might reveal illicit accounting or auditing practices. In addition, a forensic accountant is more involved in the legal aspect of accounting than most other CPAs, CFMs or CIAs. A key element of the forensic accounting career is participation in legal hearings and court depositions as an expert witness on financial fraud cases. Usually, a company hires a forensic accountant when fraud is already suspected of occurring, not beforehand.

In most cases, success is directly and primarily dependent upon the knowledge, skills, and abilities of the professionals performing the work. Consequently, the demand for entry-level professionals with formal education in fraud and forensic accounting has grown. Academic institutions and stakeholder organizations that provide education in these fields are faced with a number of questions regarding the nature, extent, and format of a worthwhile curriculum. Allegations of fraud are often resolved through court action that may include calculated estimates of losses (damages), suggesting that fraud investigation and forensic accounting often overlap.

Forensic accounting is an expanding practice for the public accounting firms. This growth is attributable to the increased cost of fraud, the rise of Internet technologies that facilitate fraud, and recent legislation in some jurisdictions.

Aim of The Study

Forensic accounting is the study of financial frauds and misconduct. Forensic accounting is an integration of auditing, accounting and investigative ability, and it present an accounting evaluation that is appropriate and acceptable to the court. The main purpose of this ability is detection of different type of institutional fraud. Forensic accounting represents the application of accounting skills in judicial and fraudulent proceedings. Because of their expert knowledge he is effectively used in fraud detection. The need of forensic accountants arises in educating, preventing, detecting the fraudsters. The role of forensic accountants is of utmost important to scrap financial frauds and scams. Forensic accountants thus take more proactive and disbelieving approach.

Skills and Personality Traits Of The Successful Forensic Accountant

If someone is interested to become a forensic accountant, there are a few key traits that will make you successful in this field.

Analytical

Forensic accountants must be able to identify anomalies in financial records and use complex evaluation skills in order to understand how those anomalies might lead to fraudulent behavior.

Detail-Oriented

Since forensic accountants' jobs are wholly based on finding small details that might lead to the discovery of illegal activity, this is one of the most vital skills they possess.

Ethical

Strong ethical center is vital for this profession. It can be easy to gloss over important information that might lead to a conviction or other legal action. Having a solid ethical anchor and a personal desire to do what is right is necessary to bring persuasive white-collar criminals to justice.

Communicative

One of the key forensic accountant requirements is to share findings in the court and in the professional reports. Fraud investigators and forensic auditors must master the skills of oral and written communication as to clearly express the nature of the possible crime with supervisors, judges and juries.

Inquisitive

Ability to ask the right questions is very important. Those who use critical thinking skills to probe small aberrations in financial documents for more information will be able to be the most effective.

Education and Training To Become A Forensic Accountant

Learning how to become a forensic accountant is no easy feat, and it requires discipline and a strong background in finance and math.

The first step is obtaining a four-year degree. Students will be best served by pursuing a degree in business administration, accounting or finance; although a math degree may be acceptable in some schools. After a four-year degree, some programs require students to have a CPA or Chartered Accountant (CA) license. Licensure is offered through the AICPA, and consists of rigorous academic components and a comprehensive exam. The AICPA requires 150 credit hours of business, finance and general education courses, which is usually completed by enrolling in a master's degree program in addition to the four-year bachelor's degree.

A number of certificate programs in forensic accounting are offered to students enrolled in a master's program or as a step after completing a four-year degree. These are much less rigorous courses, often only 10 to 30 credit hours that can be completed in less than a year.

Whether someone choose to get a master's degree or a certificate, entrance into most forensic accounting programs will require the completion of a GMAT, GRE or TOEFL exam. In addition, many

forensic accounting programs will require work experience in finance and auditing.

Different Paths/Steps to Becoming A Forensic Accountant

At the culmination of your certification program, one have the opportunity to become a Master Analyst in Financial Forensics (MAFF) through the National Association of Certified Valuators and Analysts (NACVA).

Those who have completed the CPA degree and studies in forensic accounting may be eligible to become a Certified Forensic Accountant (Cr.FA) through the American College of Forensic Examiners Institute or Certified in Financial Forensics (CFF) through the AICPA.

After one have finished becoming a forensic accountant, there are a number of pathways that will allow him to specialize in the field. Forensic accountants can specialize in a number of areas. These specializations can lead to careers such as forensic writers, forensic investigators and auditing managers.

These specialties include:

1. Business Appraisal Reporting
2. Legal Consulting, Expert Witnessing
3. Insurance Claims Investigation
4. Construction Litigation
5. Computer Forensics
6. Securities Fraud
7. Bankruptcy, Insolvency and Reorganization Law

Each of these specializations usually requires additional credit hours and examination through an accreditation body (such as the ACFEI) as well as training hours or work experience in that specialty area. Usually, additional certifications lead to pay increases and provide more opportunities within the field of forensic accounting.

As in most other business-related organizations, gaining additional certification in management and specialty areas can also lead to leadership positions. Students who pursue a master's degree may find better access to management jobs than those with a certificate. Those who hold multiple high-level certifications will be more likely to advance than those who only hold a CFF or MAFF degree.

With the enhanced understanding of the ideal DNA for an effective forensic accountant, academic institutions, professional societies and associations can spread out their training programs or institutional classes for forensic accounting to cover all the aspect of forensic accounting to help to provide a supporting hand to the forensic accountant, so that it can meet the market expectations.

In addition these results can guide choices of instructional tools and models of activities for the development of a successful forensic accounting team member.

Conclusion

The increased demand for forensic accountants and consequently the increasing number of CPAs and other professionals who hold themselves out as forensic accountants, suggest that more effort should be directed toward providing insight and training on the requisite characteristics, core and

enhanced skills needed to qualify an individual as a forensic accountant.

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