

## The Relevant Skills for Forensic Accountants – Can the Romanian Accounting Education Programs offer them?

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### Abstract

*In Romania for becoming a forensic accountant it is necessary, as preliminary conditions, first, to have a bachelor`s degree in accounting or finance, and second, to attain a certification, as chartered accountant, given by the professional body, CECCAR, and after that, as forensic accountant. The purpose of this study is to investigate whether the Romanian academic education and the professional education can assure all the relevant skills for a forensic accountant. In order to achieve the objective, first, the authors investigated the most important studies which have the purpose to identify the relevant skills for a forensic accountant. Second, the authors reviewed the curriculum of the most important faculties with the aim to find and connect different courses with different skills. The purpose was to determine how the forensic accounting education, offered to the professional accountants, assures them, all the relevant skills that are necessary in the profession.*

**Key words:** forensic accountant, skills, accounting education curriculum

**J.E.L. Classification:** M41

### 1. Introduction

In the last century, the forensic accounting, a field of accountancy, and a profession for accountants, has taken a great growth and has evolved a lot.

Because the forensic accounting it is a new, wide profession, its techniques are in a perfect connection with the progress of the entire world, with the evolution of the economy and of the people.

The most important activities for a forensic accountant are: to offer assistance in the engagements regarding the Investigative Accounting cases and to give different expert`s evidences in the Litigation Support activities. As result, the forensic accounting requires to the forensic accountants the best knowledge of all accounting legal provisions, principles and procedures, and skills, which are many of them common with the auditing, regarding the investigative process.

ICAEW careers website explain how `forensic accountants use their training to look beyond the numbers and deal with the business realities of situations. Analysis, interpretation, summarisation and the presentation of complex financial and business related issues are prominent features of the profession. Equally important is the ability to communicate financial information clearly and concisely. A forensic accountant will be familiar with legal concept and procedures.`

Around the world, there are different certification for the professional accountants who are involved in the forensic accounting practices, that are offered by the professional bodies for accountants. For example, in the UK, ICAEW (The Institute of Chartered Accountant in England and Wales) offers forensic accountant accreditation. In the USA, the same certification is offered by AICPA (The American Institute of Certified Public Accountants - CPAs). Or, in Romania, CECCAR (The Body of Expert and Licensed Accountants of Romania) is the professional body which intermediates the qualification as forensic accountant.

Because a forensic accountant, as specialized profession, it is an advanced level of qualification, there is an entry requirement regarding to be a qualified member of a professional body, which represent a confirmation that the person has a good standing and compliance with all professional and ethical rules involved. This prerequisite education need to be completed by acquiring a practical experience throughout a professional education program and obtaining, after a final examination, the certification as chartered professional accountant. After that, for all who became certified forensic accountant and want to be forensic accountant, it is necessary another exam, as final step, or not (in Romania), of a forensic accounting program. Any forensic accountant need to complete a number of continuing professional courses, time to time, as a rule set by the professional body.

In spite of many studies, it remains unclear yet, whether all these stages of the education in forensic accounting could assure all the relevant skills for a forensic accountant.

The purpose of the study was to identify the relevant skills for professional forensic accountants and to evaluate how the different stages of the accounting education, which are necessary to be passed, could assure these skills. In order to attain these objectives, the paper reviewed all the most important studies that cover the subject of the identification for the relevant skills of the forensic accountants, next the curricula for Romanian accounting faculties and for the professional body, CECCAR, were investigated, and as last important step of the study, the authors, also, based by some interviews with professionals forensic accountants, formulated the conclusions, with the aim to determine whether the forensic accounting education can offer the relevant skills that are necessary.

## **2. Knowledge, skills and abilities necessary for forensic accountants**

A review of the relevant literature is used as explanation of the paper's purpose, the research methodology and the contribution.

### **2.1. Forensic Accounting definition**

Because the forensic accounting is a new area of accountancy not exist a single one definition. It is easy to see that most of the definitions contain some important aspects underlined, mostly regarding what a forensic accountant need to knows, as a specialised area of practice, and that is about to put together different knowledge regarding accounting, auditing, finance, legal and, most important, `the role of being a forensic accountant requires an investigative mindset.` (DiGabrielle, 2009)

Forensic accounting represent "the application of special skills in accounting, auditing, finance, quantitative methods, certain areas of the law and research, and investigative skills to collect, analyze, and evaluate evidential matter and to interpret and communicate findings in a consulting or expert witness capacity." (Heitger, Smith and Crumbley, 2007)

Also, some definitions explain how the forensic accountants are doing their works in the process of `the application of specialized knowledge and investigative skills possessed by CPAs to collect, analyze, and evaluate evidential matter and to interpret and communicate findings in the courtroom, boardroom, or other legal or administrative venue.` (AICPA)

Other definitions explain what forensic accounting is, for example `the application of financial skills and an investigative mentality to unresolved issues, conducted within the context of the rules of evidence`, and what the forensic accountants need to know, respectively, `financial expertise, fraud knowledge, and a sound knowledge and understanding of business reality and the working of the legal system.` (Bolgna and Lindquist, 1995)

### **2.2. Relevant skills for forensic accountants**

There are many studies that have the purpose to investigate what relevant skills a forensic accountant need to posses and, also, to identify whether these skills are different from different point of view, as practitioners, academics or users of the forensic accounting services.

For all the institutions involved in providing education for forensic accountants, also universities or professional bodies, it is very useful to know which are the relevant skills because, as result, they could improve the curricula.

Forensic accounting is a growing area of practice in which the knowledge, skills and abilities of advanced accounting are combined with investigative expertise and applied to legal problems. Forensic accountants are often asked to provide litigation support where they are called on to give expert testimony about financial data and accounting activities. In other more proactive engagements, they probe situations using special investigative accounting skills and techniques. (Heitger, Smith and Crumbley, 2013)

As AICPA (The American Institute of Certified Public Accountants) has identified that the fundamental forensic knowledge includes:

- Professional responsibilities and practice management
- Laws, courts and dispute resolution
- Planning and preparation
- Information gathering and preservation (documents, interviews/interrogations, electronic data)
- Discovery
- Reporting, experts and testimony. (Durkin and Ueltzen, 2009)

Very useful information contains the research conduct by DiGabrielle (2008) which examines the relevant skills for the forensic accountants. The study asks for opinions of practitioners, academics and users of the forensic accounting services through a national survey applied on 500 persons of each of these groups. The survey instrument used was a nine Likert scaled, which represent ninth different skills. The results found as important, for academics and practitioners, skills like: critical thinking, unstructured problem solving, investigative flexibility, analytical proficiency, and legal knowledge. Also, this study has identified that effective oral and written communication are important skills for forensic accountants.

The American Institute of Certified Public Accountants - AICPA has prepared a white paper based on a survey that was applied to attorneys, CPAs and academics, with the purpose to identify the relevant skills for forensic accountants. The study makes a distinction between the essential traits and characteristics and the core skills that are necessary for a forensic accountant. As results, all three respondent groups agreed that being analytical was the most essential characteristic, attorneys ranked first position as effective oral communication, and second was the forensic accountant's ability to simplify the information, next position were occupied by critical/strategic thinking, capacity to identify key issues. Auditing skills were ranked fifth by the attorneys, and ranked second by the academics, but were not ranked in the Top 5 by the CPAs. Academics ranked the fifth position as critical/strategic thinking, auditing skills, investigative ability, and capacity to synthesize results of discovery and analysis, and thinking like the wrongdoer. The CPAs considered in Top 5: critical/strategic thinking, effective written communication, effective oral communication, investigative ability and investigative intuitiveness.

### **2.3. The education of the forensic accountants**

In the education of the forensic accountants it is necessary to include different disciplines because an effective forensic accountant needs a solid understanding of accounting, investigative auditing techniques, criminology, and courtroom procedures, as well as excellent communications skills, both written and oral. (Heitger, Smith and Crumbley, 2011). As result, it is very important to have the best knowledge in accounting, but also to know auditing and corporate finance, law, criminology, computer forensics, and ethics. It should also include practitioners and researchers in the field. (Kranacher, Morris, Pearson, & Riley Jr., 2008)

As different studies show some universities integrated fraud or forensic accounting throughout the accounting curriculum while others offered individual fraud or forensic accounting courses and/or entire fraud accounting programs (AICPA, 2009)

For becoming a good forensic accountant, the theoretical background, it is important to be completed, by the practical experience, and in the undergraduate part of education, this is possible only through `case instruction, role playing experience, guest speakers, student and academic internships in industry, communication skills involving student interaction and student presentation of evidence, all aimed at providing students with as many experiences in the field as possible.` The basic information regarding accounting, auditing, statistics, taxation system, ethics provided by undergraduates programs are completed by Master programs with specialization in forensic accounting and `a minimum of four essential units required in a Masters level specialization in forensic accounting. A unit in Forensic Accounting, a unit in the study of Fraud and Criminology, a unit in Forensic Information Technology, and a unit in Litigation Support.` (Italia, 2012)

### 3. The forensic accounting programs

There are different master programs that offer specialized courses in forensic accounting. Of course, only offering a course it is not enough for future professionals' forensic accountants, in order to achieve all the relevant skills which are necessary for the profession. The demand for forensic accountants has grown, and as result, the faculties need to respond, and to prepare better the future forensic accountants.

An investigation of the curriculum for the most important universities across the country, conduct at the identification of the next universities/programs/courses:

UNIVERSITY	MASTER`S PROGRAM	COURSES
ASE București	Contabilitatea și fiscalitatea entităților economice	Expertiza contabilă. Teorie și practici specifice
	Contabilitate, Control și Expertiză	Control financiar, expertiză contabilă și consultanță
	Concepte și practici de audit la nivel național și internațional	Expertiza contabilă
	Contabilitate internațională	Expertiza contabilă
Universitatea Alexandru Ioan Cuza Iași	Contabilitate, expertiză și audit	Bazele auditului financiar și expertiza contabilă
	Contabilitate, Diagnostic, Evaluare	Expertize contabile și servicii de asigurare
Universitatea de Vest din Timișoara	Expertiză contabilă și evaluarea afacerilor	Consultanță în contabilitate și expertiză contabilă judiciară
Universitatea Babeș – Bolyai din Cluj- Napoca	Management contabil, audit și control	Doctrina și expertiză contabilă
	Expertiză contabilă și audit	Doctrina și expertiză contabilă
Universitatea "Lucian – Blaga" din Sibiu	Expertiză contabilă și audit	Expertiză și diagnostic financiar – contabil
Universitatea din Oradea	Contabilitatea, auditul și gestiunea afacerilor	Expertiză contabilă și consultanță
Universitatea Ștefan cel Mare Suceava	Contabilitate, audit financiar și expertiză contabilă – CAFEC	Control financiar și expertize contabile judiciare
Universitatea din Craiova	Contabilitate și Raportări Financiare Conforme cu Standardele Internaționale	Expertiză și consiliere financiar – contabilă

\* The authors prefer to maintain the original Romanian names for programs and courses

#### 4. Conclusions

Because the demand for professional services in forensic accounting practice is increased, the universities must be preoccupied to provide courses for forensic accountants, and best is to the Masters level, when students may have also work experience. There are, also, different courses that are need to be provided by professionals' bodies, as continuing education, for example related to law, communication, fiscal policy, information technology, forensic science, and advanced accounting, in order to permanently improve the knowledge and the skills for forensic accountants.

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