

Forensic Accounting Practices, Education, and Certifications

Zabihollah Rezaee

The University of Memphis, Memphis, TN USA

This article examines the relevance and importance of forensic accounting and fraud examination practices, education, and certifications. A review of current literature and organizational activities is combined with a survey of 60 senior and graduate level accounting students for this purpose.

INTRODUCTION

As society becomes more complex, globalized, and dependent on advanced technology, our systems are more vulnerable to abuse. Recent high profile alleged financial statement fraud cases (e.g., Enron, Global Crossing, WorldCom, Adelphia, Cendant, Sunbeam, Lucent, Waste Management, Rite Aid, MicroStrategy) have raised serious concerns about the integrity and reliability of the financial reporting process as well as the objectivity and effectiveness of related audit functions. Ever-increasing financial statement fraud allegations and earnings restatements widely noted in the popular press, congressional hearings, scholarly articles, books, and authoritative documents have made forensic accounting and fraud examination an appealing specialization for accountants and law enforcement professionals. Forensic accounting applies economics, business, accounting, auditing, investigative and legal concepts and procedures to issues under consideration. The *Wall Street Journal* reports that cooking books is a hot topic on campuses and many universities are planning to offer forensic accounting related courses (Gullapalli, 2002).

Alleged financial statement fraud has cost investors more than \$100 billion during the past several years and has eroded public confidence in the financial reporting process. Occupational fraud and abuse are estimated to be in excess of \$600 billion annually (AFCE, 2002a). The increased frequency and magnitude of fraudulent financial activities have placed greater demands on the accounting profession to prevent and detect occurrences of fraud, and on accounting education to provide the knowledge and promotion of forensic accounting and fraud examination as a career. The primary purpose of this article is to