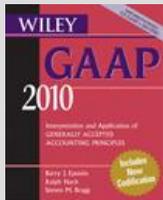




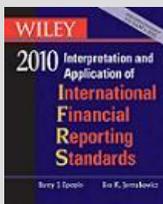
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## Selecting the Right Independent Accounting Expert: How an Attorney can Decipher Accountant Credentials

By

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An accountant can add dimension and provide unique solutions to attorneys engaging in litigation or performing transactional work. Deciphering the credentials and understanding the type of accountant that would serve the needs of a specific project can be challenging. The backgrounds and capabilities of some of those who might assist attorneys are addressed in the following paragraphs.

Accountants begin with a broad based education and then can specialize in a particular field of practice. Such an academic background and course of specialization is similar to the law profession in that respect. Additionally, accountants can become licensed or attain certification at the state, national, or international level. A certification or license distinguishes an accountant and provides assurance that the individual has a defined set of skills, education, and experience within a particular field of accounting. An understanding about the following three designations will assist in determining the type of accountant to be retained to assist in varied capacities.

### Certified Public Accountants (CPA)

A CPA is an accountant who has satisfied the requisite educational, examination, and experience requirements to become licensed in a particular state/jurisdiction. Every state/jurisdiction statutorily establishes its own set of educational and experience requirements. There are 55 U.S jurisdictions, which include the 50 states, the District of Columbia, Puerto Rico, U.S. Virgin Islands, Guam, and the Commonwealth of Northern Mariana Islands. Currently, over 40 states/jurisdictions have adopted a requirement that applicants obtain 150 credit hours of undergraduate and/or graduate study. Coursework must include specific accounting, auditing, business law, finance, and tax subjects.

The Uniform CPA Examination is a rigorous series of tests that individuals must pass to qualify for licensure. The American Institute of Certified Public Accountants

(AICPA) administers the Uniform CPA Examination for the various states/jurisdictions. As currently structured, the four part test covers Auditing and Attestation, Business Environment and Concepts, Financial Accounting and Reporting, and Regulation.

While it is not necessary to become a CPA to be an accountant, it is necessary to be a CPA to perform certain tasks. Most significantly, only an independent CPA can opine that an entity's financial statements have been prepared in conformity with generally accepted accounting principles. CPAs are bound by a code of ethics and must give clients good, sound ethical advice. In order to maintain a license, CPAs must demonstrate ongoing proficiency by completing 120 hours of qualifying continuing professional education credit hours every three years.

### Certified Internal Auditors (CIA)

A CIA is an internal auditor who has satisfied the requisite educational, character, examination, and experience requirements established by the Institute of Internal Auditors (IIA) to achieve this professional designation. The IIA was established in 1941, and today has more than 170,000 members around the world. Its stated mission is "to provide dynamic leadership for the global profession of internal auditing." In addition to the CIA, which is a globally accepted designation for internal auditors, the IIA offers specialized certification in the areas of Control Self Assessment, Financial Services, and Government Auditing.

In order to sit for the CIA exam, applicants must hold a Bachelor's or higher degree. Applicants are also required to agree to abide by the Code of Professional Conduct created by the IIA and submit a Character Reference Form. The IIA itself administers the four part exam, which covers the Internal Audit Activity's Role in Governance, Risk and Control, Conducting the Internal Audit Engagement, Business Analysis and Information Technology, and Business Management Skills. These specific topics are tested because internal auditors' responsibilities typically include verifying the accuracy of a company's recording keeping and accounts as well as performing operational audits.

Applicants may sit for the CIA exam before obtaining a minimum of 2 years of internal auditing experience or its equivalent; certification, however, will not be granted until the experience requirement is satisfied. In order to maintain certification, practicing internal auditors are required to complete 80 hours of qualifying continuing professional education credit hours every two years.

### Certified Fraud Examiners (CFE)

A CFE is an individual, who has satisfied the requisite educational, experience, and examination requirements established by the Association of Certified Fraud Examiners (ACFE), an organization established in 1988, and today having more than

50,000 members worldwide. The ACFE's mission is "to reduce the incidence of fraud and white-collar crime and to assist the Membership in fraud detection and deterrence."

Before applying to sit for the CFE exam, which is administered by ACFE, applicants are required to become a member of the ACFE and agree to abide by the Code of Professional Ethics established by it. While no specific areas of study are required, applicants do need to at minimum hold a Bachelor's degree or its equivalent. The four part test covers Fraud Prevention and Deterrence, Financial Transactions, Fraud Investigation, and Legal Elements of Fraud.

Applicants may sit for the CFE exam prior to obtaining two years of experience in a field directly or indirectly related to the detection or deterrence of fraud. Certification, however, will not be granted until an applicant gains professional experience working in an accounting and auditing, criminology and sociology, fraud investigation, loss prevention, or law position. In order to maintain certification, a CFE must complete 20 hours of qualifying continuing professional education credit hours every twelve month period.

While each of these professional designations denotes a distinct skill and experience set – and, of course, many professionals do possess more than one of these qualifications – selection of the best qualified individuals to assist on any given transactional or litigation matter may be facilitated by careful attention to that person's (or firm's) primary credentials and expertise. As with many such situations, picking the right tool for the job can be critical to your successful completion of the task at hand.

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