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Accounting detectives in demand

Hiring of corporate crime cops could rise 50%

By Edward Iwata
USA TODAY

SAN FRANCISCO — Bucking a weak economy, demand is growing for the detective skills of forensic accountants and other investigators of corporate crime.

“Companies know that fraud is epidemic,” says Tom Golden, a partner at PricewaterhouseCoopers’ investigations and forensics practice. “The phone is ringing off the hook.”

Signs of the soaring demand:

► **Growth.** Top firms predict revenue growth this year in forensic-accounting services of 20% to 50%, executives say. Hiring of investigators could rise 50%, executives say.

► **Prized hires.** Bidding wars have broken out recently for the hottest forensic accountants and executives, who command yearly salaries of \$80,000 to \$200,000.

► **Increased training.** More auditors are getting schooled in forensic accounting, to give corporate audits tougher scrutiny. PricewaterhouseCoopers hopes to start fraud training next year for all 14,000 of its U.S.-based auditors.

“Boards of directors are demanding that forensic accounting be part of their companies’ corporate governance and financial reporting,” says Roger Carlile, the partner in charge of KPMG’s forensics business.

The recent wave of corporate scandals has shattered long-held corporate myths, says Golden of PricewaterhouseCoopers. Myth No. 1: Fraud hits the guy down the street, not my company. Myth No. 2: All of our hires are honest.

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While other finance-related businesses are hurting, “Forensic accounting is recession-proof” because fraud doesn’t follow economic cycles, adds Howard Silverstone, a principal at Kroll. If anything, cash-tight companies more closely eye every potential deal and partner during economic downturns because every dollar counts.

What’s more, today’s white-collar crooks use sophisticated technology and accounting tricks to commit complex frauds.

That means elite investigators with state-of-the-art facilities are needed to fight the scam artists, says Deloitte & Touche managing partner Frank Piantidosi. His firm has set up a worldwide network of computer-forensic labs for technicians and financial sleuths.

Unfortunately, there’s a labor shortage of number-crunchers, in general. Available jobs for accountants will grow 20% to 1.3 million by 2008, reports the U.S. Bureau of Labor Statistics, with many jobs going unfilled.

Another hurdle: Most auditors aren’t trained in investigative skills, and few business and accounting schools offer courses in fraud detection.

“Many business people fail to take appropriate action, and that’s when fraud snowballs into massive fraud,” warns President Toby Bishop of the Association of Certified Fraud Examiners. One of the group’s 30,000 members is WorldCom executive Cynthia Cooper, who disclosed many of WorldCom’s problems.

So far, 80 U.S. business schools offer courses leading to a Certified Fraud Examiner (CFE) credential.

The demand for financial gumshoes is unlikely to shrink. Last year, U.S. companies suffered \$600 billion in losses from white-collar fraud, reports the Association of Certified Fraud Examiners. And as the global economy and stock markets expand, financial crimes will worsen worldwide.

“We’re never going to totally get rid of fraud, but we can make inroads in combating it,” says George Farragher, a principal with Ernst & Young in Cleveland. “Corruption is corruption, whether you’re speaking English, Chinese, French or German.”

Leading corporate-security firm Kroll and the Big Four accounting firms — Deloitte & Touche, Ernst & Young, KPMG and PricewaterhouseCoopers — have been beefing up their staffs since the height of the economic boom in the late 1990s.

They’ve hired hundreds of forensic accountants, who are CPAs and corporate auditors trained to spot crimes such as securities fraud, tax scams, embezzlement and money laundering.

They’ve also signed on scores of investigators and attorneys from law enforcement and government agencies, including the FBI, the Securities and Exchange Commission and the IRS.

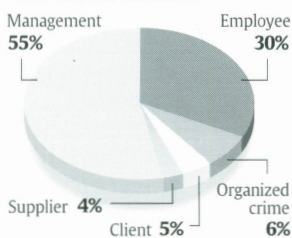
Forensic accounting has been around for decades. Why is it taking off now?

In the post-Enron era, nervous executives are policing their finances like never before. New accounting rules and the Sarbanes-Oxley corporate-reform law also are forcing companies to hunt more aggressively for fraud.

The practice and cost of fraud

In the post-Enron era, forensic accountants suddenly are very hot. Forensic accountants are CPAs trained to hunt for financial fraud in corporate books, and their detective skills are in greater demand than ever before. Fraud in the workplace:

Who was the offender?



Where dollars were lost



Source: Ernst & Young survey
By Frank Pompa, USA TODAY