Is Forensic Accounting in the United States Becoming a Profession?

Wm. Dennis Huber*

ABSTRACT

Public accounting in the United States is a profession not only because it is defined as a profession by statute, but because it also fulfills a significant number of sociological criteria to be accepted as a profession. The recent increase in the demand for forensic accountants has resulted in a significant growth in the number of certifications in forensic accounting and also the number of corporations issuing certifications in forensic accounting. Forensic accounting is often referred to as a niche within the public accounting profession. But forensic accounting exhibits many of the same characteristics of a profession as public accounting. This article explores the possibility of forensic accounting as a profession in its own right.

Keywords:  Forensic accounting, niche, profession, sociology of professions.

This paper was presented at the Second Annual Research Conference of the American Accounting Association – Forensic and Investigative Accounting Section, New Orleans, LA, March 25-26, 2011.

The author would like to acknowledge the helpful comments of William Raynor, III, SUNY at Delhi; James DiGabriele, Montclair State University; suggestions from those who attended the Forensic and Investigative Accounting Section Research Conference; D. Larry Crumbley, Louisiana State University; and two anonymous reviewers.

* The author is core faculty at Capella University.
I. Introduction

The purpose of this article is to try to answer the question, is forensic accounting in the United States becoming a profession? The number of times forensic accounting has been referred to as a *niche* is too numerous to list here, including The American Institute of Certified Public Accountants (AICPA n.d.) and the National Association of Certified Valuation Analysts (NACVA n.d.). Even colleges and universities which offer degrees in forensic accounting refer to their programs as a *niche* (e.g., Webster University n.d.).

The meaning of *niche* in this context simply means “a specialized market” (Merriam-Webster). But specialized in relation to what? To the AICPA there may be reasons to refer to forensic accounting as a *niche*. The Top 100 CPA firms reported less than 44% revenue, and the Top Six CPA firms reported less than 44% revenue, from Auditing and Attestation services—which is the only reason CPAs are licensed by the state. Tax and MAS together account for another 50%, which leaves “other” (including forensic accounting) as slightly under 5.5% (Accounting Today 2010). So the numbers appear to support describing forensic accounting as a *niche* market by the AICPA. But labeling forensic accounting as a *niche* is ignoring two facts. One, auditing and attestation services can itself be considered a specialized market, and thus a *niche*, when compared to all other services provide by CPAs – 44% compared to 56% for all other services combined. Xu and Wang (2008) also discuss the relative decline in the demand for audit and assurance services as a percentage of accounting firm revenue.

The second fact ignored by referring to forensic accounting as a *niche* market is that while some forensic accounting certifications require a CPA as a pre-requisite, having a CPA is only a requirement of the corporation issuing the certification. A CPA is not a pre-requisite to be
a forensic accountant. There is a significant market for suppliers of forensic accounting services that are not related to GAAP and thus do not require a CPA.

Public accounting has its own place in the curriculum of colleges and universities at both the undergraduate and graduate level. The accounting curriculum was developed over decades and periodically revised to incorporate new theories, laws, and technologies. The number of credit hours required for each course, and in total, is dictated by state laws and regulations as part of the requirements for eligibility to sit for the CPA exam. (See Previts and Merino (1998) for a comprehensive review of the historical development of the current accounting curriculum.)

The traditional accounting curriculum is presently being revised in many colleges and universities to incorporate forensic accounting courses as electives within the traditional accounting curriculum. Furthermore, the number of colleges and universities offering majors, and bachelors and masters degrees in forensic accounting also has seen a dramatic increase (Allegretti and Slepian 2010).

CPAs are not traditionally trained in forensic accounting and do not traditionally have forensic accounting experience (Seda and Peterson-Kramer 2008). This factor implies forensic accountants gain experience through on-the-job training. Since experience in forensic accounting is required in order to obtain at least some forensic accounting certifications, the inescapable conclusion is that forensic accountants must serve the equivalent of an apprenticeship.

The consensus is that the growth in demand for forensic accountants is expected to continue (Crumbley 2009; DiGabriele 2009; Davis, Farrell, and Ogilby 2010; McMullen and Sanchez 2010). As discussed below, in the past two decades new forensic accounting certifications have recently appeared as well as new corporations issuing forensic accounting certifications. The appearance of these new corporations and certifications, coupled with the
expansion of the number of forensic accountants, and the increase in forensic accounting college and university degrees together raise the question that is the subject of this paper—is forensic accounting in the United States becoming a profession?

To answer that question the remainder of this paper is divided into the following sections. First, the importance of forensic accounting in society is discussed. Second, the concept of a profession according to the attribute model from the sociology of professions literature is considered. Third, the development of the public accounting profession in the United States is reviewed for the historical background, followed by an examination of forensic accounting. Finally, concluding remarks are made concerning forensic accounting as a profession.

II. The Importance of Forensic Accounting in Society

Whether forensic accounting is a niche or a profession is integrally related to status. Williams (2002) states that forensic accounting is recognized as having a particular form of professional expertise and endowed with identifiable attributes among which are rationality, neutrality, and independence. Forensic accountants possess a particular social recognition, observes Williams, that is critical to the translation of economic issues into symbolic displays of trust. The critical social value that forensic accountants possess is the symbolic capacity by which the translation is realized.

Among the things that professions do, states Abbott (1988), is to measure our profits. It is often argued that the development of capitalism is rooted, among other things, in accounting\(^1\) (Sombart 1919; Weber 1978; Yamey 1949). The purpose of this paper is not to enter into that debate, but to recognize the importance of the debate within the context of answering the question, “is forensic accounting in the U.S. a profession?” However, what is relevant is that any

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\(^1\) To be precise, it is capitalism and double-entry bookkeeping, which is only a part of what we know of today as accounting.
profession bearing such an important description must be perceived by society to be an essential part of society. At the very least, accounting has significant economic consequences for industry, commerce, and governments both national and international (Hopwood, 1992).

As Chiapello (2007) observes, capitalism is inseparable from a representation of economic life from an accounting perspective, and thus accounting lies at the heart of our economic system which consists of entities and the commercial relationships between them. Accounting, states Chiapello (2009), is “the guardian of the firm’s boundaries” and determines the social construction of the organization.

Public accountants monitor expenditures of capital and are the “gatekeepers of capitalist ideology.” The ideology of public accounting consists of a symbolic framework for decisions concerning capital investment and borrowing. The body of knowledge that public accountants control concerns political, economic, and social interests (Montagna 1986).

Equally important to the economic system, however, is forensic accounting. As suggested by Williams (2002), forensic accounting provides cultural mediation for economic and political logics. Forensic accounting is the venue within which the cultural mediation of legal and economic claims is accomplished.

The first decade of the twenty-first century experienced a “tsunami” or “blizzard” in the number of corporate scandals, frauds, and failures (Ball 2009). These events precipitated and contributed to the Great Recession and significantly impacted the efficient functioning of free-market capitalism. The cultural mediation of competing legal and economic claims reaches into the hundreds of billions of dollars. Legal proceedings related to the scandals, frauds, and failures have skyrocketed in both the number of cases and their complexity, and public accountants are not trained to deal with those types of issues (Seda and Peterson Kramer 2008; Durkin and
Ueltzen 2009) some of which were actually facilitated by public accountants (cf. Enron and Arthur Andersen). The scandals, frauds, and failures have contributed to the loss of confidence by the public in the ability of public accounting to contribute viable solutions to the financial problems, and have fueled the growth in demand for forensic accountants.

   Fraud affects the efficient allocation of real and financial resources and the efficiency of the market to process information timely and accurately. The entire free, private, and competitive economic system is harmed. Competition is reduced and confidence in the total economic system is lost (Nightingale 1996, cited in Williams 2002). Public accounting is implicated, therefore, whether by intent or by negligence.

   However, if, as Montagna (1986) asserts, as a consequence of the enactment of the Securities Laws public accounting was given the responsibility of protecting the public from financial misrepresentations in corporate reporting, what happens when public accounting fails to fulfill its responsibility, as happened in the “decade of fraud and failures?” That is when the services of forensic accountants are required.

   Thus, the role of forensic accountants today is no less daunting than that of public accountants. While public accountants are licensed by the state, and forensic accountants are not licensed by the state (at least not yet), forensic accountants have basically become the successors in interest to public accountants when public accountants neglect to fulfill their responsibilities to protect the public, when they do not act as the gatekeepers of capitalist ideology, and when they fail to be guardians of firm boundaries. Forensic accountants have played an increasingly important role in the litigation and other legal disputes fomented by these recent frauds and failures.
The importance of forensic accounting in a free-market society has been established and serves as the background for answering the question, “is forensic accounting a profession?” Theories of what constitutes a profession are discussed in the next section.

III. The Sociology of Professions

The Attribute Model

Not only are the criteria of what constitutes a profession debated by sociologists who research professions, but which “professions” actually meet the criteria of profession is far from universally accepted. The debate has been raging for decades filling dozens of journal articles and books. Obviously an exhaustive review is not possible. Nor is it particularly useful in order to answer the question, is forensic accounting in the United States becoming a profession? What is discussed here is not whether forensic accounting meets all the criteria of a profession (few, if any meet, all the criteria), but whether forensic accounting meets a sufficient number of the criteria to be considered a profession, or at least a profession in the making.

The attribute model, also known as the taxonomy model, attempts to identify attributes, traits, categories, characteristics, or dimensions of professions (Pavalko 1988). According to Pavalko, more than twelve attributes have been suggested by which to judge whether a profession is actually a profession. Some have been abandoned or have been demonstrated to be inconsequential, but there are certain “core” characteristics that seem to emerge, forming a recurring theme (although with variations) across most literature applying the attribute model.

Pavalko identifies eight major categories of the attribute model. *Theory and intellectual technique* sees a profession as one that has developed a special expertise. *Relevance* to social values involves the application of that knowledge to social problems. The *training* dimension includes both the amount and the content of the training relevant to the profession. *Motivation*
considers the desire to serve society as a mark of a profession. Autonomy refers to the ability of the members of a profession to regulate their own behavior, which is crucial to a profession, although this does not preclude any form of regulation. The commitment attribute is the degree to which members of a profession are committed to their work, which for a profession must be very strong. A sense of community considers whether members have a common identity and how closely they interact with each other. Finally, a code of ethics, which may be written or unwritten, is an essential attribute of a profession.

In discussing whether social work was becoming a profession in 1915, Flexner (1915) suggested there are six criteria that make a profession: (1) professions involve essentially intellectual operations with large individual responsibility; (2) they derive their raw material from science and learning; (3) this material they work up to a practical and definite end; (4) they possess an educationally communicable technique; (5) they tend to self-organization; and (6) they are becoming increasingly altruistic in motivation. (In 1915 social work was not a profession. Today, it is widely considered a profession and defined as such by state statutes.)

Horn’s (1978) model contains seven characteristics of a profession: a commitment to high ethical standards, a prevailing attitude of altruism, mandatory educational preparation and training, mandatory continuing education, a formal association or society, independence, and public recognition as a profession. Carey (1969) lists seven characteristics of a profession: “(1) a specialized body of knowledge; (2) formal education process; (3) standards governing admission; (4) a code of ethics; (5) a recognized status indicated by a license or special designation; (6) a public interest in the work that the practitioner performs; and (7) recognition by them of a social obligation” (p. 3)

Brante (1988) notes that traditional studies of the professions ordinarily deal with the
categorization, description, and analysis of professional groups. He acknowledges that which particular attributes should be used for determining what is a profession is widely debated. He cites the eight most frequently occurring characterizations in the literature as: the use of skills based on theoretical knowledge; education and training in these skills; the competence of professionals is ensured by examinations; a code of conduct to ensure professional integrity; performance of a service that is for the common good; a professional activity which organizes its members; members have a feeling of identity and sharing common values; within the profession a common language is used which can be only partially understood by outsiders.

Some see professions as exhibiting a constellation of attributes or characteristics, and a profession will possess some, but not necessarily all, of the characteristics either in whole or in part (Carr-Saunders and Wilson 1933 cited in Habenstein 1963). Altruism, licensure, and formal association also are among the attributes encompassed by the constellation. Licensure and association is discussed here, while altruism is discussed below.

Licensure is by definition a function of the government, usually the state. However, certification can serve the same purpose functionally. In the case of a CPA, for example, it is a license granted by the state, but nonetheless is it is also a certification by the state. A certification issued by an organization is not a license, but is the functional equivalent of a license within the context of defining a profession.2

The right of a corporation to issue a certification is an exclusive and legally enforceable right that is protected by state law (assuming it does not violate other laws or regulations). Thus, the corporation has the ability to exclude those whom it deems to be not eligible to meet its

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2 “Licensure is the process by which individuals are granted permission to perform a defined set of functions…certification focuses not on the function performed but on a particular professional title…and limits the use to individuals who have met specified standards for education, experience and examination performance” (Stromberg, et al. 1988). See also, e.g., the New York State Department of Labor definition of license vs. certification (NYS Department of Labor, n.d.).
admission requirements. The formal association requirement is present in forensic accounting since membership in the corporation issuing the certification is a requirement for receiving the certification.

The core components (attributes, dimensions, characteristics) revolve around, in various forms and incarnations, the following: specialized knowledge (technical training and theoretical knowledge); education and examination; association or organization (including common values and language, and shared identity); a code of conduct (code of ethics); licensure (including certification); autonomy or self-government; and recognition and acceptance by the public which confer a social status on the profession.

Williams (2002) asserts that certification provides both symbolic value and social capital. Habenstein (1963) agrees stating, “a more important consideration [of certifications] is the symbolic nature of profession—a status in a system of statuses” (i.e., that which the public confers on a profession).

Specialized knowledge perhaps plays a greater role in identifying a profession in the 21st century than it did previously. Cogan (1953) notes that a reason for groups aspiring to become professions may be the logical conclusion of a society that is dependent on specialists. Aspiring to become a profession is not necessary, however, because a group may be compelled into becoming a profession by social, economic, political, or legal forces acting on it. Huntington takes this thought further, stating that a profession has a strategic position in an industrial society as the occupation whose responsibility is to “develop and apply abstract and technical knowledge to important problems of everyday life…which is essential to the smooth running of the industrialize business” (Huntington 1956 quoted in Habenstein, 1963). Professions are the way of institutionalizing expertise in an industrial society (Abbott 1988). But the strategic position of
a profession is amplified in the electronic and information age. New groups, such as computer experts and economists, now fill key positions in regards to social power and control (Brante 1988). Forensic accounting is well on its way to occupying a strategic position in society, and forensic accountants now fill key positions in regards to social power and control, as seen by the growth in demand for forensic accounting services.

Problems with the Attribute Model

Applying the attribute model to professions is not without problems. Definitions may not provide a complete understanding of the concept of profession. As noted by Habenstein (1963), it may be as difficult to define profession as it is to define family. Brante (1988) confirms this sentiment by postulating that “there are almost as many theories of the professions as there are scholars of the professions.” Nevertheless, just as understanding “family” from a definitional perspective can yield a useful understanding of at least some aspects of “family,” so too approaching “profession” from a definitional perspective yields some understanding of “profession” even if that understanding is imperfect and incomplete.

While altruism has often been cited as an attribute of a profession, altruism seems to be waning as one of the criteria of a profession in the twenty-first century. Yes, accountants donated their services to victims of Katrina, and yes, lawyers are urged (and in some states required) to perform pro bono work. But the waning, and perhaps the total extinction, of altruism as a mark of a profession may be due to the impracticality, if not impossibility, of implementing an altruistic worldview in a post-industrial society. Or, it may be due to the professions themselves rejecting it outright as the AICPA boldly does, contrary to its own Code of Conduct, in stating that it only will consider specialty certifications such as the Certified in Financial Forensics (CFF) only where the potential market is large enough to create an economic benefit to CPAs
(AICPA 2006). The AICPA’s acknowledgement that although it might determine a need exists, the AICPA will not fulfill the need if it does not think it will be profitable to CPAs, which is a notion quite contrary to the concept of altruism. Brante (1988) even goes so far as to call altruism a myth.

A comparison of the attributes of a profession, and how forensic accounting fulfills those attributes, is given in Appendix 1. As demonstrated by the Appendix, forensic accounting fulfills many of the attributes.

**IV. History of Public Accounting in the United States**

The next stage of the analysis is to review the historical, economic, social, and political factors that contributed to public accounting becoming a profession as it exists today in the United States to see whether and to what degree similar conditions exist today that can serve as an impetus to forensic accounting being transformed into a profession.

The relevant period to begin the review is with what Previts and Merino (1998) describe as the Gilded Age—1866–1896—which saw the formation of national capital markets and during which there was “an unprecedented wave of corporate mergers that peaked in the 1890s.” The wave of mergers in the Gilded Age resulted in greater demand for public accounting services (Abbott 1988). It was at this time also that the State of New York enacted in 1896 the first legislation establishing the title of Certified Public Accountant the result of which is attributed largely to the efforts of the Institute of Accountants of New York. The situation is not dissimilar to the modern situation of mergers and acquisitions (e.g., 1998-2003, and 2004-2008). (See Gaughan (2011) for an in-depth analysis of recent trends in mergers and acquisitions, and the presence of fraud in mergers and acquisitions.)
The Institute of Accountants of New York was formed in 1882. The Institute is the earliest recognized professional accounting organization that had a restricted membership based on passing examinations. The American Association of Public Accountants, the precursor of the AICPA, was incorporated in 1887. Somewhat later another organization, the Federation of Societies of Public Accountants in the United States was formed in 1902. The Federation merged with the AAPA in 1905 (Previts and Merino 1998). Thus, as can be seen, several accounting organizations existed which exhibited competitive tendencies not unlike the situation today in forensic accounting as discussed below.

As Previts and Merino (1998) stress, the crash of 1929 significantly impacted the accounting profession. The public became disillusioned and distrustful of corporations and their violation of the public trust. Regulators demanded rules to restrict the competition among public accountants that was seen as contributing to the ineffectiveness of the public accounting profession in avoiding the crash. This resulted in the passage of the securities laws of 1933 and 1934. Again the similarity between the 1930s and the first decade of the 21st century is unmistakable. It seems to be a case of “déjà vu all over again.”

The passage of the Securities laws created a greater demand for public accountants. More importantly, the laws also imposed on public accountants the social obligation of helping to create and maintain investor confidence in capital markets. With this, declare Previts and Merino, public accounting now had the acknowledged social obligation which conferred upon it the status of profession. This effectively completed the transformation of public accounting into a profession.

Just as the change in corporate law introduced by the first Securities laws in the 1930s contributed to the growth in the demand for public accounting services, and was an impetus in
the establishment of public accounting as a profession as it exists today (Previts and Merino 1998), so too the recent changes in corporate and securities laws and regulations (e.g., Sarbanes-Oxley and the Public Company Accounting Oversight Board) as a result of Enron and the other frauds and scandals have contributed to the demand for forensic accounting services.

There is, of course, much more to the development of the public accounting profession in the United States. However, this abbreviated description serves to inform the analysis of forensic accounting with sufficient detail to answer the question, is forensic accounting a profession? Similar social, legal and economic factors that led to the creation of public accounting seem to be present today in forming forensic accounting in establishing the attributes that can contribute to forensic accounting being considered as a profession.

V. Forensic Accounting in the United States

Definitions of Forensic Accounting

This section considers definitions of forensic accounting, which should not be confused with definitions of a profession. While a definition of public accounting is not included because of its long history and overall recognition by society, as well as it being designated a profession by state law, definitions of forensic accounting must be considered to determine how it may affect forensic accounting as a profession.

One of the first and most important factors to consider before examining the definitions of forensic accounting more closely is that forensic accounting is seen as requiring the application of specialized knowledge. The application of specialized knowledge is, as discussed above, one attribute of a profession, but of course not the only attribute. Furthermore, definitions of forensic accounting are at this time not only varied, but are also inconsistent and even contradictory. Having varied and inconsistent definitions of forensic accounting on one hand
argues strongly in favor of forensic accounting being a profession since the definitions of forensic accounting may be confusing to the public which in turn requires a forensic accountant to explain to the public what forensic accounting is. On the other hand, having varied and inconsistent definitions also argues in favor of forensic accounting becoming a profession as definitions converge to become a common body of knowledge.

According to Williams (2002), forensic accounting is recognized as a particular form of professional expertise and endowed with specific attributes. The recognition, he states, comes from possessing a formal certification in forensic accounting which provides symbolic value.

The AICPA defines forensic accounting as services that involve “the application of specialized knowledge and investigative skills possessed by CPAs…Forensic accounting services utilize the practitioner’s specialized accounting, auditing, economic, tax, and other skills” (AICPA 2010). Another view, held by Singleton and Singleton (2010), is that forensic accounting is, “the comprehensive view of fraud investigation. It includes preventing frauds and analyzing antifraud controls….It also includes the gathering of nonfinancial information…” (p. 12). Crumbley, Heitger and Smith (2009) distinguish forensic accounting from fraud auditing. “A fraud auditor is an accountant specially skilled in auditing…A forensic accountant may take on fraud auditing engagements and may in fact be a fraud auditor, but he or she will also use other accounting, consulting, and legal skills in broader engagements…” (p. 1001). Stanbury and Paley-Menzies (2010) state that forensic accounting is, “the science of gathering and presenting information in a form that will be accepted by a court of jurisprudence against perpetrators of economic crime” (p. v). Hopwood, Leiner, and Young (2008) define forensic accounting as “the application of investigative and analytical skills for the purpose of resolving financial issues in a manner that meets standards required by courts of law.” However, they explicitly state that
“forensic accounting includes no explicit reference to fraud, although fraud investigations are a part of forensic accounting” (p. 3).

As can be seen from this sample of definitions, not only do they vary, but in cases are contradictory, especially as it pertains to the inclusion of fraud. But a more significant statement is made by Crumbley (2009), who asserts that the term forensic accounting applies to evaluating accounting information without the constraints of GAAP. Herein lies possibly the most important factor to consider in answering the question, “is forensic accounting in the United States becoming a profession?” Only CPAs are allowed to express an opinion regarding whether financial statements are presented fairly according to GAAP. However, to the extent that forensic accounting is not constrained by GAAP requirements, then the necessity of having a CPA license in the performance of forensic accounting is rendered superfluous. As noted by Fogarty and Parker (2010), public accounting has a statutory monopoly only over auditing. Public accounting has no monopoly power over non-auditing functions or services. The absence of monopoly power over non-auditing services opens the door for an entirely new profession to emerge separate and distinct from public accounting—forensic accounting. It thus remains only to determine whether forensic accounting fulfills a significant number of the criteria of a profession.

**Forensic Accounting Certifications**

Certification by itself is not the mark of a profession, but is one of several factors associated with a profession. Likewise the existence of an organization consisting of the members of a profession by itself is not a mark of a profession but is another of several factors associated with a profession.
Prior to further analysis, however, it should be noted that there is not one corporation or one certification, but several corporations and several certifications, and all of them collectively may form the foundation of forensic accounting as a profession even if one by itself does not. Again, the existence of several corporations is not unlike the existence of several public accounting organizations during the first few decades of the twentieth century that eventually developed into the public accounting profession.

Acknowledging then that certifications and organizations either alone or together do not a profession make, nevertheless, they are an important part of a profession and therefore a review of both the corporations and certifications is necessary in order to conduct a proper analysis. The organizations and their certifications form an integral part of this study as they provide a rudimentary structure on which to build the analysis. They are a convenient place to begin, but not to end. A brief inclusion of the qualifications is also in order because the qualifications for the certifications are reflective of the attributes of a profession. A more comprehensive review of the corporations can be found in Huber (2011).

- **American College of Forensic Examiners International, Inc.,** was incorporated in Missouri in 1992 as a not-for-profit corporation. A second corporation, **American College of Forensic Examiners Institute of Forensic Science, Inc.,** was incorporated in Missouri in 1992 by the same person. (The name stated on its website, American College of Forensic Examiners International (ACFEI)\(_{\text{sm}}\), does not actually exist as a corporation. It is a trademark owned by “The Trustee of the Robert L. O'Block Revocable Trust Robert L. O'Block, a U.S. citizen.”) The ACFEI issues the Certified Forensic Accountant (Cr.FA). The Cr.FA requires a CPA. A bachelors degree is required. There is an examination. Experience is
required. There is a Creed which can be equated to a code of ethics. CPE is required. Membership is required.

- **Association of Certified Fraud Examiners (ACFE):** Issues the Certified Fraud Examiner (CFE). The ACFE was incorporated in Texas in 1989 as a for-profit corporation. The CFE requires a bachelor’s degree and special experience. Experience may substitute for a degree. Examinations are required. There is a code of ethics and CPE is required. Membership is required. (A second corporation with an identical name, Association of Certified Fraud Examiners, was incorporated in Texas in 1996 as a not-for-profit by some of the same incorporators.)

- **Association of Certified Fraud Specialists (ACFS):** Issues the Certified Fraud Specialist (CFS). The ACFS was incorporated in California in 1993 as a not-for-profit corporation. Educational requirement is in development. Experience requirement is in development. Exams are in development. A Code of Ethics is in development. CPE requirement is in development. Membership is required.

- **Forensic CPA Society (FCPAS):** Issues the Forensic Certified Public Accounting (FCPA). The FCPAS was incorporated in the State of Washington in 2005 as a for-profit corporation. The FCPA has no education requirement. A valid CPA or CA license is required. There is an examination but the examination may be waived if both a CPA, and a CFE or CFF are held. No experience is required. There is no code of ethics stated. CPE is required. Membership is required.

- **National Association of Certified Valuation Analysts (NAVCA):** Issues the Certified Forensic Financial Analyst (CFFA). The NACVA was incorporated in
Utah in 1993 as a for-profit corporation. The CFFA requires a CPA or other certification. A college degree in business is required. The CFFA also requires either passing an examination or completing special training, and special experience. CPE is required. There is a code of ethics. Membership is required.

Conspicuously absent from this list is the CFF (Certified in Financial Forensics) which the AICPA began issuing in 2008. Membership in the AICPA is a requirement for obtaining the CFF, and only licensed CPAs may be members of the AICPA. As discussed above, however, while some forensic accounting certifications require a CPA license, others do not. Those that require a CPA license have little remaining justification for the requirement. Unlike the AICPA, those that require a CPA license for the certification do not restrict membership in the forensic accounting corporation to CPAs. Anyone can be a member. Furthermore, other forensic accounting certifications are either currently independent from a CPA license, or are able to exist independent of a CPA license by a change in the requirements. The question that is posed in this paper is whether forensic accounting in the United States is becoming a profession separate and apart from public accounting. The question thus precludes the CFF from consideration as part of a forensic accounting profession that is separate from public accounting because the CFF certification cannot be separated from public accounting.

The review of the certifications and their requirements is obviously extremely limited. There are more requirements than those listed here. But this limited review fulfills multiple purposes. First, it shows the multiple organizations and certifications that currently occupy the field of forensic accounting. The existence of multiple organizations and certifications mirrors the state of affairs prior to public accounting become a profession and supports the proposition that forensic accounting is at least in the process of becoming a profession.
Second, the review demonstrates the evolution of new organizations and certifications in forensic accounting, which also argues in favor of forensic accounting becoming a profession. It shows that forensic accounting is growing rather than shrinking and therefore fulfills a growing social and economic function.

Third, the review shows that the market is reacting to the growing need for forensic accountants by a growing public recognition of their status via the certifications issued. That is, there is already a modicum of recognition of forensic accounting as a profession, even if it is not completely understood by the public as separate from public accounting. Lawyers for example, who are the largest group of users of forensic accountants often look first to forensic accounting certifications as one factor in deciding whether to use a forensic accountant (Davis, Farrell, and Ogilby 2010).

**Obstacles to Forensic Accounting becoming a Profession**

There are obstacles to be sure in ascertaining whether forensic accounting is a profession. The main obstacle concerns the question of the independence of forensic accounting from public accounting. The FCPA requires a CPA license or CA license. The Cr.FA requires a CPA license. The CFFA requires either a CPA license, a CA license, or another certification.

This obstacle is not insurmountable, however. First, with the introduction of the CFF, the organizations that require a CPA may want to reassess their strategies by eliminating the CPA as a prerequisite. Whatever purpose the requirement may have served in the past has little validity in today’s market. The CFE, for example, does not require a CPA. The others are also quite capable of standing on their own without the need to possess a CPA or other license or certification. Requiring a CPA may actually result in the CPA providing more legitimacy,
credibility, and recognition to the corporation and the certification, than the corporation and certification provide to the CPA.

Second, there is no reason for there to be only one organization for a profession to exist. While public accounting has the AICPA, the AICPA is not necessary for the profession of public accounting to exist as a profession. Each state has different, although similar, laws pertaining to the CPA license and the statutes governing the admission to practice public accounting declare that public accounting is a profession. Furthermore, there are 50 state societies of CPAs. While the AICPA has great influence and a large membership, the existence of 50 different requirements and 50 state societies render the AICPA unnecessary in considering public accounting as a profession. All societies together effectively fulfill the criterion of an organization as an attribute for a profession.

Another potential obstacle may be identifying, at least within certain parameters, when and how forensic accounting reached, or will reach, the critical point of recognition as a profession; i.e., when it can be said that it is separate from public accounting. For example, in the evolution of public accounting, public accounting reached a critical point of recognition as a profession while cost accounting did not.

Both Previts and Merino (1998) and Abbott (1988) trace the evolution of accounting along two branches, public accounting, already discussed, and cost or management accounting (today embodied in the Institute of Management Accountants). They both saw cost accounting and public accounting as competing with each other within the accounting profession through the end of WWI when public accounting lost interest in cost accounting due to the Tax Laws of 1909, 1913 and 1917. Public accounting thus took a course which ended when the Securities Laws of 1933 and 1934 established the obligations of public accountants and firmly sealed
public accounting as a profession, while cost accounting became absorbed in corporations. Thus, whether cost accounting is a profession today is doubtful according to the attribute theory because it lacks too many essential attributes, not the least of which is lack of independence. Forensic accounting, however, possess many of the essential attributes. The point here is that in the early part of the 20th Century there were at least two branches of accounting which is similar in many respects to public accounting and forensic accounting today. Public accounting and forensic accounting are in close competition with each other as were public accountants and cost accountants. The only advantage held by public accounting is the statutory monopoly on attestation. But, whereas cost accountants are not independent, forensic accountants are independent and independence is an aspect of a profession.

VI. Conclusions and Recommendations

This paper asked the question, is forensic accounting in the United States becoming a profession? The attribute model revealed that forensic accounting fulfilled most of the attributes of a profession—education, training and CPE; the existence of an organization; certification as symbol; specialized knowledge; examinations; and a code of ethics. Independence is also present. Granted that the certifications, examinations, code of ethics, and others are fragmented and dispersed among several organizations, nevertheless, at least the seeds are planted even if the tree has not yet sprouted.

Forensic accounting also fulfills other attributes, at least partially, such as an apprenticeship, although it is not called apprenticeship but experience, since experience is necessary to receive a certification. There is also relevance to social values as well as social obligation and a public interest since forensic accounting is invaluable in the resolution of the
legal disputes produced by fraud. Like public accounting, forensic accounting lacks altruism, but in the twenty-first century that is not an obstacle to a profession.

Public recognition of forensic accounting as a profession may not yet be complete, but it can be concluded with relative, if not absolute, confidence that forensic accounting is not a niche but a profession; young and immature perhaps, but a profession nevertheless. It needs time to evolve and mature.

As a fledgling profession, a natural progression can be expected. Although Fogarty and Parker (2010) allude to a consolidation, the type of consolidation that was experienced in the first half of the 20th century in public accounting is highly unlikely. It is quite certain that the AICPA will not join in any type of consolidation due to its inseparable relationship with CPAs—a licensed profession—if not to its size and power. Whether the NACVA, ACFE, ACFEI or FCPAS would be willing to be a part of a consolidation, since they are for-profit corporations, is also questionable. However, what is possible, and desirable, is for the non-AICPA corporations to adopt a common or uniform Code of Ethics and Standards of Practice. A common Code of Ethics and Standards of Practice would be a powerful statement to the public that would create a consciousness in the public’s view that forensic accounting is separate from public accounting. Public recognition of forensic accounting as a profession separate and distinct from public accounting would be beneficial to society by establishing parameters within which forensic accountants can be held accountable to society, and by solidifying the expectations of how forensic accounting contributes to economic and social well-being.

There are other alternative possibilities to consider in the maturation process of forensic accounting as a profession. Given the proliferation of corporations and certifications, and the confusing state of the market in terms of differences in definitions and standards, the intervention
by state, or even Federal government, is not an impossibility. The state may yet have the final
say as it did in the creation of the public accounting profession. The adoption of state laws
requiring minimum standards for corporations that issue forensic accounting certifications to
adhere to would allow users to better compare the differences among the certifications. The
adoption of state regulations would carry great weight in further establishing forensic accounting
as a profession as it did in establishing public accounting as a profession. The ultimate extension
of this possibility would be for the states to create licensing requirements for forensic
accountants.

Another possibility would be the formation of an independent private agency to adopt
minimum standards of practice and ethics by which all corporations that issue forensic
accounting certifications would be measured by. An independent private agency would also
carry great weight in contributing in the establishment of forensic accounting as a profession.
Such an agency would be similar in function to The Institute for Credentialing Excellence (ICE)
and the National Commission for Certifying Agencies (NCCA), but dedicated only to forensic
accounting. The ICE is an organization whose members are organizations that issue certifications
in many different fields in order to enhance professional excellence and ensure the competency
of certification (Institute for Credentialing Excellence 2010). The ICE created an accrediting
body, the NCCA, to conduct peer-reviews of its members who issue certificates to help ensure
the welfare and public safety through its accreditation of certification programs. Certification
programs that are accredited by the NCCA are in compliance with the NCCA’s Standards. The
NCCA peer-review process established accreditation standards and reviews compliance with the
standards (National Commission for Certifying Agencies 2010). Members include both for-profit
and not-for-profit organizations.
The “bottom line” is that to refer to forensic accounting as a *niche* is misleading and degrades the social status of forensic accounting and forensic accountants.
### Appendix 1. The Attributes of Forensic Accounting that Fulfill the Attributes of a Profession

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Horn</th>
<th>Pavalko</th>
<th>Flexner</th>
<th>Carey</th>
<th>Brante</th>
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<tbody>
<tr>
<td>Theory and intellectual technique</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<td>Relevance to social values</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<td>Training</td>
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<td>Yes</td>
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<td>Motivation</td>
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<td>Autonomy</td>
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<td>Yes</td>
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<td>Commitment</td>
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<td>Yes</td>
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<td>Sense of community</td>
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<td>Yes</td>
<td>Yes</td>
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<td>Code of Ethics</td>
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<td>Yes</td>
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<td>Intellectual operations with large individual responsibility</td>
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<td>Science and learning</td>
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<td>Yes</td>
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<td>Practical and definite</td>
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<td>Educationally communicable technique</td>
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<td>Self-organization</td>
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<td>Altruistic</td>
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<td>Ethical standards</td>
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<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Altruism</td>
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<td>No</td>
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<td>Mandatory educational preparation and training</td>
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<td>Mandatory continuing education</td>
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<td>Yes</td>
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<td>Formal association or society</td>
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<td>Yes</td>
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<td>Independence</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<td>Public recognition</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<td>Specialized body of knowledge</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<td>Formal education process</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<td>Standards governing admission</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Code of ethics</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Recognized status indicated by a license or special designation</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Public interest in the work that the practitioner performs</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Recognition by them of a social obligation</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<td>Skills based on theoretical knowledge</td>
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<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Education and training in these skills</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Competence of professionals is ensured by examinations</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Code of conduct to ensure professional integrity</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Performance of a service that is for the common good</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Professional activity which organizes its members</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Feeling of identity, sharing common values</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<td>Common language used only partially understood by outsiders</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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</tbody>
</table>
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