

CERTIFIED FRAUD EXAMINERS WHAT IS A “CFE PROFESSIONAL” AND HOW DOES LAW FIT INTO THE “ROLE” OF A CFE?

BY CHRISTINE MEADOR, CFE

Let me ask you a question. If you had health issues relating to your heart, would you go to a reputable cardiologist or would you manage your health “on your own?” What if you needed to have an electrical box put in your home? Do you feel the average individual would tackle that task? Whether you are faced with a life-threatening or a complex situation, the logical individual would most likely seek professional guidance. The reason is, although there are many things, we may feel we can accomplish on our own; the fact is, it is not always safe to operate in that fashion. As for myself, I can assure you, I would go to the cardiologist, call an electrician, or seek a professional versed in the area of need.

For the same reason, when operating in the unique areas of fraud prevention, litigation support, or forensic accounting, my first recommendation would be to proceed with caution and definitely, seek guidance from experts in the field. Who would that be? One group of certified professionals versed in this profession are the Certified Fraud Examiners, also known as CFEs.

What is a CFE, what do they do and how does “law” fit into the role of a CFE? Take a journey with me as I discuss this unique profession and the world of anti-fraud professionals working on the “front lines of defense.”

The ACFE ~ Association of Certified Fraud Examiners

The ACFE ~ Association of Certified Fraud Examiners, was founded in 1988 by Dr. Joseph T. Wells, CFE, CPA, and is considered the world’s largest anti-fraud organization. The ACFE provides anti-fraud professionals with trainings and education to prevent and fight fraud. With more than 90,000 members and nearly 200 chapters across the globe, the ACFE provides professionals with the tools necessary to prevent, detect, and investigate fraud.

In addition to trainings and education, the ACFE offers members the opportunity to become a Certified Fraud Examiner (CFE). The CFE certification is open to a wide range of professions

and professionals. The certification, trainings, and education all support the ACFE mission, which is to train individuals in the area of fraud prevention and to assist in reducing fraud worldwide.

The ACFE members are a force of fraud prevention professionals integrated into every profession. In fact, the broad nature of our membership and the reach of our professionals is one of our most fascinating strengths. In addition, it is the diverse nature of the group that is in fact our greatest asset, as our members span across the globe and can reach into any profession. I see that as an enormous resource.

Think of that! In a moment’s notice, if you had an issue relating to fraud, there is not a doubt in my mind, there is a CFE in the networking arena who could address the fraud scenario. This “task force” of united “fraud fighters” is essentially our anti-fraud professionals on the “front lines of defense.”

About The CFE Certification

To begin, there are several types of fraud prevention certifications which relate to the “anti-fraud profession,” such as CFE - Certified Fraud Examiner, CFF – Certified in Financial Forensics, and CAMS – Certified Anti-Money Laundering Specialist. This range in certifications allows professionals in the field to utilize the credential that best encompasses one’s line of work. As for myself, and the purposes of covering a broader scope in the field of fraud prevention, I chose the CFE credential. The CFE certification indicates expertise as a fraud prevention professional and is highly recognized worldwide.

Role of a CFE

A Certified Fraud Examiner or CFE, as defined by the ACFE, “is an anti-fraud expert who has knowledge in four critical areas.” The four critical areas are “Financial Transactions and Fraud Schemes, Investigations, Law, and Fraud Prevention and Deterrence.” In order to qualify to apply to become a CFE, a member must first meet the professional and academic requirements, as well as be an individual of “high moral character who follows the bylaws and agrees to follow the ACFE Code of Ethics.”

A CFE candidate will be the professional who has completed the application process, including the professional recommendations. The anti-fraud professional must then take the CFE exam covering the four critical areas. In addition, a CFE must meet the annual requirements of 20 CPEs, to maintain the certification.

What Does a CFE Do?

At a first glance, you may think a CFE is an accountant or someone in the field of accounting. It is true, you will often see the CFE designation tied to accounting roles; however, the interesting thing with the CFE certification is, it is not specific to the accounting field. As stated, we have a variety of CFEs in many different fields such as accountants, investigators, law enforcement, attorneys, government professionals, private sector professionals, and more.

A fraud examiner wears a variety of hats, such as detective in regard to investigations, as an accountant or an auditor when dealing with forensic and financial transactions, and litigation support in the area of law when dealing with criminal and civil matters.

How Does Law Fit into the Role of a CFE?

Law is one of the four critical areas of knowledge required in the certification process.

As stated on the ACFE website, the “CFE is an anti-fraud expert who has demonstrated knowledge in these four critical areas.

- Financial Transactions and Fraud Schemes – tests comprehension of the types of fraudulent financial transactions incurred in accounting records. To pass Financial Transactions & Fraud Schemes, you will be required to demonstrate knowledge of the following concepts: basic accounting and auditing theory, fraud schemes, internal controls to deter fraud and other auditing and accounting matters.
- Law – ensures familiarity with the many legal ramifications of conducting fraud examinations, including criminal and civil law, rules of evidence, rights of the accused and accuser, and expert witness matters.
- Investigation – includes questions about

interviewing, taking statements, obtaining information from public records, tracing illicit transactions, evaluating deception and report writing.

- Fraud Prevention and Deterrence – tests understanding of why people commit fraud and ways to prevent it. Topics covered in this section include crime causation, white-collar crime, occupational fraud, fraud prevention, fraud risk assessment, and the ACFE Code of Professional Ethics.”

In relation to litigation support and investigations, the role of a fraud examiner includes a variety of areas relating to law, such as reviewing evidence, fraud investigations, and working with cases. In the end, the work often relates to a project or a litigation matter. In fact, many times, you may have a project that starts “outside of litigation,” and as things progress, the matter suddenly moves into the area of litigation. Therefore, the CFE is familiar to proceed with the expectation that material may very well end up in a professional or legal expert report.

CFES in the Field and on Your Team

A few years back, I published the article, “Building Your ‘A-Team,’” which discussed litigation support professionals. Today’s article is more of a “deep dive” into the CFE’s role and certification; however, as stated in that article, building your team of professionals for any organization is key. “Whether it is a business team, a sports team or a litigation team, choosing your ‘team members’ is critical to the success of your project or goal.” <https://www.cmmconsultingservices.com/publications-news>

Why would it be beneficial to include an anti-fraud professional as a member of your team?

There are many reasons why a CFE or fraud examiner would be an important member to add to your team. For starters, almost every case has some element of financial analysis to it. Therefore, having someone with that knowledge, focused in the four critical areas, opens the door to professional guidance you would not have at your fingertips otherwise.

The educational aspect is another asset. As mentioned, the ACFE and chapters provide anti-fraud trainings to members and colleagues. These trainings support CPE requirements and on occasion are CLE applicable. As an example, the Northeast Ohio Chapter of the ACFE (NEOACFE), offered a 3-part program last season titled, “BCI Crisis Management Fraud and Law Day Series.” That program offered 5 CLE hours and we are currently scheduled to offer the “BCI



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Fraud and Law Day” program once again in 2022 for legal members and interested non-members.

How the CFE certification relates to my own professional experience?

Finally, it is important to highlight the CFE certification as it relates to my work in the field. The certification and training, for my professional purposes, has been critical to my work in forensics, dispute analysis, and litigation support. It is safe to say that as a CFE, I utilize my training on a daily basis. As a professional, my work follows a completely different path than it did prior to my certification.

As the President of the NEOACFE, I can tell you, our board is an example of a team of one of the most exemplary groups of professionals I have had the pleasure of working with. Our board works together to deliver interesting and up-to-date trainings to our local members and colleagues. As a direct reflection on a supreme “A-Team,” in my opinion, the NEOACFE Board of Directors is a terrific example. Our board consists of forensic accountants, a BCI agent, a DOJ forensic accountant, law enforcement, city and government employees, CPAs, an accounting university chair and more. The wealth of knowledge just between these amazing group of professionals is priceless. I am honored to be working with this team!

Additionally, in relation to our chapter, I have had the opportunity to work directly with the national ACFE. The ACFE works with local chapters offering: “chapter resources,” reports, events, and trainings. The NEOACFE also collaborates with local organizations and ACFE Chapters as well. The value of having resources, a diverse group of professionals, and partnerships that extend nationally and internationally, is again priceless.

Conclusion

As we have discussed, the CFEs are the fraud prevention experts working on the front lines of defense, and the best part of that is, CFEs can be found in any profession. Why is this type of training important and how can a CFE be beneficial to your team? Whether a CFE is involved in a project, in an investigation, or a litigation matter, this type of professional is equipped to navigate in matters relating to fraud, analysis, investigations, and more.

We need to keep in mind that “fraud” will always exist. In fact, fraud is evolving right along with technology and that makes this a critical threat to everyone, personally and professionally. The best way to approach this, is to manage the threat. As shown, anti-fraud professionals are a strong asset in the field, ready to fight fraud, whether it is educating people on prevention or engaging in a project. The CFE can be a key player in the “line of defense,” and it is my strong belief that as we move into the future “the world” will benefit from these anti-fraud professionals.



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