



Search Results for Google

September 09, 2004 02:53 PM US Eastern Timezone

Accountants Face New Concerns Says Fraud Expert Cendrowski Corporate Advisors

BLOOMFIELD HILLS, Mich.--(BUSINESS WIRE)--Sept. 9, 2004--A recent revision of standards for accounting review services could put many practitioners at risk, according to experts on business fraud at Cendrowski Corporate Advisors (CCA).

Although the revised standard is designed to help accountants improve their professional review, it can pose certain pitfalls for accountants, says CCA founder Harry Cendrowski.

The revision, called SSARS 10 (Statements on Standards for Accounting and Review Services), affects reviews of financial statements ending on or after December 15, 2004. It was recently issued by the American Institute of Certified Public Accountants (AICPA) and is an expansion of previous guidelines on analytical procedures and other review procedures.

Most notably, the new standard requires accountants to make inquiries regarding fraud in a review process and to obtain added input from a client's management regarding fraud, Cendrowski notes. It also includes an implied responsibility for understanding the internal controls for fraud deterrence within the organization.

Cendrowski warns that accountants who are not prepared to properly judge responses to these inquiries in order recognize the warning signs of fraud, and communicate them to a client company's owners, could be exposed to professional liability, whether the company is public or privately held.

"Fraud studies consistently show that strong internal controls are the most important defense against fraud," Cendrowski notes. "Accountants will need to develop a mindset for fraud awareness and deterrence in order to manage the risk associated with the performance of a review."

"Fraud continues to be recognized as a major problem for business, and the accounting profession will continue to modify professional standards to consider the impacts of fraud," he says. "The new standards dictated by the Sarbanes-Oxley Act raised the bar for governance and financial reporting. These practices are now becoming a benchmark for private companies and nonprofits as well."

The risk to accountants is that they may not uncover a fraudulent situation, given the often-subversive means used to conceal fraud. Under the new standard, the accountant could be held responsible for not discovering it.

For this reason, accountants will need to fully understand the many elements of fraud when providing review services under the new standard.

In 2003, Cendrowski and senior manager Jim Martin developed and licensed the training program for the Certified Fraud Deterrence (CFD) professional designation offered by the National Association of Certified Valuation Analysts (NACVA). The CFD program is the first new fraud designation by any national professional organization in the past 20 years.

The objectives of the training program mirror those of the Sarbanes-Oxley Act as well as recent statements by Securities and Exchange Commission leaders about proactive deterrence of fraud for both private and public companies. The CFD program includes 40 hours of classroom instruction, an eight-hour exam and a comprehensive written case analysis incorporating CCA's unique proactive measures to deter fraud in an organization. The fraud-deterrence training program is now held across the country and attended by professionals from corporate, private, government and non-profit organizations.

Cendrowski Corporate Advisors provides consulting services to private, public and non-profit organizations, including forensic accounting; internal control assessment and fraud deterrence; fraud investigation and remediation; expert witness; fraud deterrence training & education; business valuation; risk assessment; operational review; litigation support; internal audit; business continuity planning, and bankruptcy and fiduciary.

Contacts

Company Contact -
Cendrowski Corporate Advisors
Harry Cendrowski, 248-540-5760
E-mail: cca@cendsel.com
or
Media Contact -
AutoCom Associates
Laura Oliveto, 248-647-8621
E-mail: loliveto@usautocom.com



[Print this Release](#)

[Terms of Use](#) | © Business Wire 2004
