

2004 Compensation guide

for anti-fraud professionals



a comprehensive report presented by the Association of Certified Fraud Examiners

Heightened fraud awareness combined

with new laws and regulations has increased the already growing demand in the workforce for professionals who are highly skilled at deterring, detecting and investigating fraud.

In response to requests from members and employers for compensation guidance for this rapidly growing area, the ACFE conducted its first-ever compensation survey. We identified and researched the compensation levels of 3,750 US-based anti-fraud professionals who work in a variety of fraud-related disciplines.

The results indicate professionals with the CFE designation earn an average of 28% more than professionals in comparable positions who do not hold the designation. This matches our experience in advising executive recruiters as well as our members and entities seeking to hire them.

Companies and government entities around the world give preference to professionals with the CFE designation as it is an indicator of knowledge and integrity. Our members have earned this recognition by adding significant value for their employers and clients in tackling the massive cost of fraud.

We feel this guide provides valuable insight and encourage you to use it as a tool for success.

About the ACFE

The Association of Certified Fraud Examiners is the premier provider of anti-fraud training and education worldwide. With over 31,000 members in 110 countries, the ACFE promotes awareness and helps businesses and government entities better protect themselves from fraud.



Methodology

The compensation data included in this guide is based on confidential surveys of anti-fraud professionals in multiple industries, functional areas and levels of seniority. A randomly selected group of ACFE members and non-members were surveyed by an independent research firm. A response rate of 17% was achieved.

The data has been organized into two primary reference charts. The first is a cross-section by job function and level of seniority and the second is a cross-section by industry and level of seniority. Additionally, a national average of CFE and non-CFE compensation is listed with variances for region, company size and level of government.

The data shows the median cash compensation for CFEs and non-CFEs (unless otherwise noted). Differences between CFE and non-CFE compensation are not necessarily solely due to CFE status. Key drivers of compensation are outlined below.

Key Drivers of Compensation

In the anti-fraud profession, primary factors driving compensation include:

- ❖ The CFE credential
- ❖ Years of fraud-related experience
- ❖ Size of company
- ❖ Level of education
- ❖ Private vs. public sector



Findings

By job function and level of seniority	Independent Auditor		Internal Auditor		Consultant / Independent Fraud Investigator	
	CFE	Non-CFE	CFE	Non-CFE	CFE	Non-CFE
Executive	\$160,700*	\$124,100*	\$141,700	\$113,800	\$175,300	\$98,500*
Partner, Principal, Director	139,100	121,900*	104,800	108,800	181,600	151,100*
Manager	79,400	69,700	93,500	78,800	100,708	100,700*
Supervisor/Senior Consultant	63,900	55,600	73,100	68,100	77,900	65,400
Staff/Consultant/Analyst	50,100	50,400	61,700	51,100	60,500	59,400*
Average Salary Nationwide (all levels)	87,200	72,500	88,900	72,467	132,600	93,600

Note: Median compensation in US dollars shown.

*Small sample size (n < 30)

– Insufficient sample size (n < 10)

By industry and level of seniority	Accounting / Consulting		Communications / Telecom		Financial		Government	
	CFE	Non-CFE	CFE	Non-CFE	CFE	Non-CFE	CFE	Non-CFE
Executive	\$138,400	\$115,300	–	–	\$106,600	\$83,600	\$104,500*	\$76,900*
Partner, Principal, Director	184,300	151,400	–	–	–	–	92,000	81,700*
Manager	89,600	81,500	104,000	65,300*	72,900*	67,000	80,400	67,400
Supervisor/Senior Consultant	69,700	57,200	77,400*	–	68,400*	62,000*	77,400	70,300
Staff/Consultant/Analyst	53,200	48,700	–	63,100*	52,800*	51,500	64,700	55,400
Average Salary Nationwide (all levels)	118,300	82,800	128,500	79,000	84,500	63,500	77,000	64,700

Note: Median compensation in US dollars shown.

*Small sample size (n < 30)

– Insufficient sample size (n < 10)

How Does My Compensation Compare?

This data allows anti-fraud professionals and hiring personnel to identify average total cash compensation for the 2003 tax year in the following ways:

- ❖ By functional area and by level of seniority
- ❖ By industry and by level of seniority

Further comparative calculations indicate variances against national averages. When viewing the charts outlined in this guide, please note they are not additive or cumulative. All data is shown by level of seniority, however, each chart must be viewed independent of the others. Multiple categories are shown in order to provide the most comprehensive view of factors that might influence compensation. It is suggested that the user find the applicable compensation in each chart to view a range of compensation for their role, location and company type based on each of the individual factors.

Internal Fraud Investigator / SIU		Finance / Accounting		Security / Loss Prevention	
CFE	Non-CFE	CFE	Non-CFE	CFE	Non-CFE
\$136,500 *	–	\$91,800	\$81,600	\$121,500*	\$110,200*
82,300	–	115,400	102,300*	147,000*	152,300*
133,200	75,000	89,300	67,600	86,600*	64,100
72,900	62,900	70,400	56,700*	–	49,200*
57,500	54,700	64,200	44,000	61,000*	60,500*
79,200	66,200	87,900	63,300	102,600	77,200

Healthcare		Insurance		Law Enforcement		Manufacturing		Private Investigation	
CFE	Non-CFE	CFE	Non-CFE	CFE	Non-CFE	CFE	Non-CFE	CFE	Non-CFE
–	–	\$162,000*	–	–	–	–	–	\$105,800*	\$83,100*
–	–	99,000*	–	–	–	162,400*	–	117,800*	70,800*
95,700*	78,600 *	86,900*	77,700*	85,400*	–	92,800*	88,400*	–	–
58,900*	66,400 *	70,500*	66,900*	72,500*	77,500*	69,100*	75,600	–	–
62,100*	48,400 *	59,800*	52,000	70,000*	57,500*	–	49,500*	–	–
90,500	72,800	82,700	67,700	76,300	69,300	102,300	93,200	98,600	71,900

Comparison with the National Average

A number of variables can affect compensation. Two of the most significant are the region of the US where someone lives and the size of the company. The following charts allow the reader to apply percentage variances against the national average for region, size of company and level of government. These variances are not additive, but instead show each individual variable against the national average.

National Average Gross Compensation for 2003	National Average	
	CFE	Non-CFE
Executive	\$138,800	\$101,800
Partner, Principal, Director	\$146,200	\$120,600
Manager	\$87,700	\$74,600
Supervisor/Senior Consultant	\$73,100	\$64,000
Staff/Consultant/Analyst	\$61,700	\$52,500

Note: Median compensation in US dollars shown.

To apply variances, find the appropriate national average salary. If the variance used is a positive percentage, add it to the national average. If it is a negative percentage, subtract from the national average. Do this for each of the charts to view a range of compensation based on location, size of company or level of government.

Variances by region	Northeast		Southeast		Midwest		West	
	CFE	Non-CFE	CFE	Non-CFE	CFE	Non-CFE	CFE	Non-CFE
Executive	9%	5%	-14%	-14%	-5%	6%	3%	1%
Partner, Principal, Director	26%	2%	-29%	-17%	2%	-4%	-10%	9%
Manager	5%	9%	-2%	-8%	-4%	-10%	-1%	3%
Supervisor/Senior Consultant	8%	7%	-10%	-5%	-5%	-7%	0%	5%
Staff/Consultant/Analyst	4%	5%	-7%	-6%	-4%	-3%	-4%	1%

Large companies have annual revenues of \$500 million or more, Medium companies \$10-\$499 million and Small companies under \$10 million.

Variances by size of company	Large*		Medium*		Small*	
	CFE	Non-CFE	CFE	Non-CFE	CFE	Non-CFE
Executive	17%	21%	0%	2%	-7%	-7%
Partner, Principal, Director	8%	27%	10%	-6%	-12%	-11%
Manager	6%	12%	-8%	-4%	2%	-12%
Supervisor/Senior Consultant	6%	6%	0%	3%	-14%	-11%
Staff/Consultant/Analyst	4%	9%	4%	-2%	-10%	-12%

Note: – Insufficient sample size (n < 10).

Variances by type of government	Federal		State		Local	
	CFE	Non-CFE	CFE	Non-CFE	CFE	Non-CFE
Executive	–	–	–	–	–	–
Partner, Principal, Director	–	–	-43%*	–	–	–
Manager	17%	27%	-18%	-22%	-5%*	-9%*
Supervisor/Senior Consultant	28%	30%*	-21%*	-6%*	-11%*	-9%*
Staff/Consultant/Analyst	26%	30%	-12%	-13%	0%*	-3%*

Note: – Insufficient sample size (n < 10) *Small sample size (n < 30)

US Regions

The list below outlines which states are considered in each region

NORTHEAST

Connecticut
DC
Delaware
Maine
Maryland
Massachusetts
New Hampshire
New Jersey
New York
Pennsylvania
Rhode Island
Vermont
Virginia
West Virginia

SOUTHEAST

Alabama
Florida
Georgia
Louisiana
Mississippi
North Carolina
South Carolina
Tennessee

MIDWEST

Arkansas
Illinois
Indiana
Iowa
Kansas
Kentucky
Michigan
Minnesota
Missouri
Nebraska
North Dakota
Ohio
Oklahoma
South Dakota
Wisconsin

WEST

Alaska
Arizona
California
Colorado
Hawaii
Idaho
Montana
New Mexico
Nevada
Oregon
Utah
Texas
Washington
Wyoming

Anticipated Compensation Growth

Both CFEs and non-CFEs are expecting approximately 5% growth in total cash compensation for 2004. Interestingly, non-CFEs are anticipating an unusually large percentage increase in bonus, but the amount is still far less than the bonus earned by CFEs.

Compensation Growth	Base	Bonus	Total
2003 Reported Compensation			
CFE	\$83,307	\$17,879	\$101,186
Non-CFE	\$66,643	\$10,075	\$76,718
2004 Estimated Compensation			
CFE	\$87,723	\$18,700	\$106,423
Non-CFE	\$69,017	\$11,738	\$80,755
Estimated % Growth			
CFE	5%	5%	5%
Non-CFE	4%	17%	5%

Note: Median compensation shown in US dollars.

Fraud Statistics

According to the 2004 *Report to the Nation* published by the ACFE:

- ❖ An estimated **6%** of annual revenues are lost due to fraud. Applied to the US Gross Domestic Product, this equates to **\$660 billion** in total losses.
- ❖ Organizations without confidential reporting mechanisms experienced losses that were **2x** as high as those with established, anonymous reporting.
- ❖ **40%** of all tips came from sources other than employees. Sarbanes-Oxley only requires publicly traded companies to establish confidential reporting mechanisms for employees, however, the data suggests companies should make hotlines available to third parties as well.

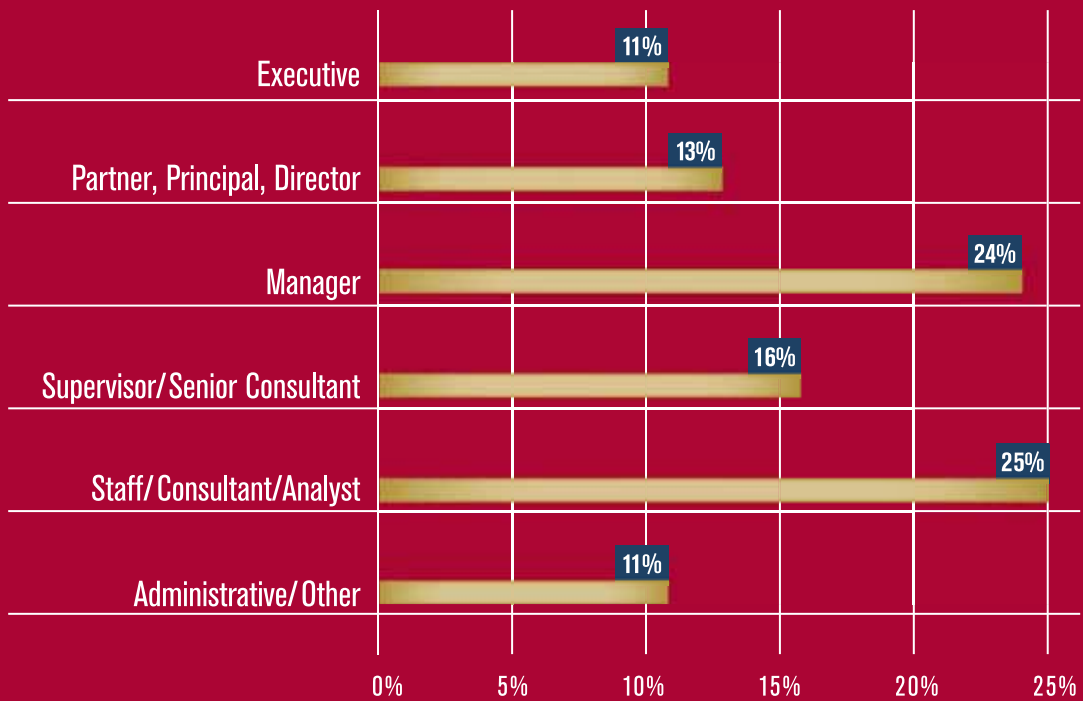


Respondents

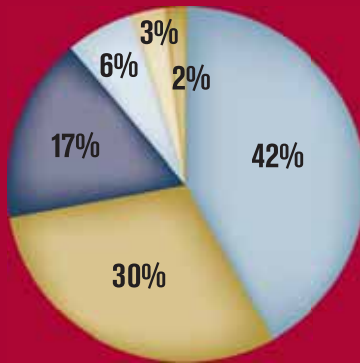
Who answered this survey?

The multi-disciplinary aspect of fraud examination is central to its success. As represented by the respondent base for this survey, anti-fraud professionals are needed at all levels, in many functions and in a variety of industries. The charts below highlight who provided information for this survey.

Level of Seniority

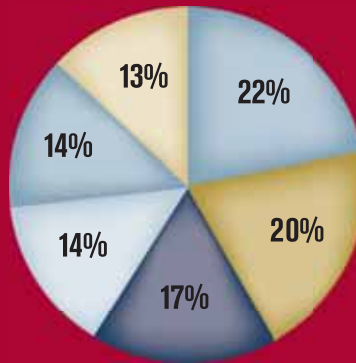


Professional experience



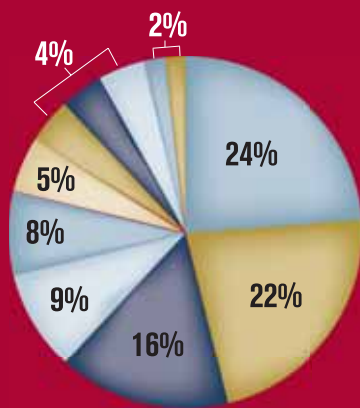
- 42% 20 or more years
- 30% 10 to 19 years
- 17% 5 to 9 years
- 6% 3 to 4 years
- 3% 1 to 2 years
- 2% Less than one year

Fraud-related experience



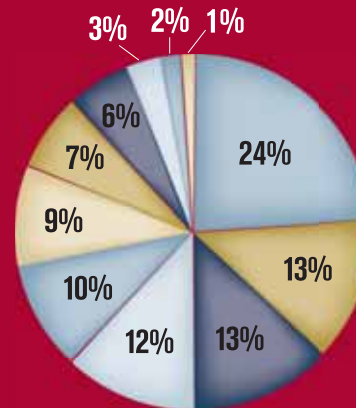
- 22% 20 or more years
- 20% 10 to 19 years
- 17% 5 to 9 years
- 14% 3 to 4 years
- 14% 1 to 2 years
- 13% Less than one year

Industry



- 24% Government (local, state and federal)
- 22% Accounting/Consulting
- 16% Other
- 9% Financial
- 8% Insurance
- 5% Education
- 4% Healthcare
- 4% Law Enforcement
- 4% Manufacturing
- 2% Comm/Telecom
- 2% Private Investigation

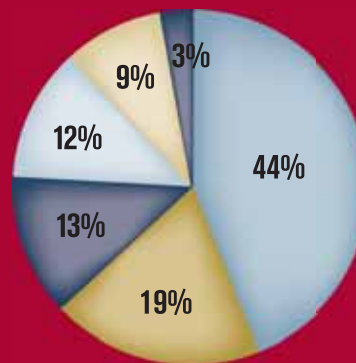
Fraud profession



- 24% Auditor - Internal
- 13% Auditor - Independent
- 13% Other
- 12% Finance/Accounting
- 10% Consultant/Independent Fraud Investigator
- 9% Internal Fraud Invest/SIU
- 7% Fraud Examiner
- 6% Security/Loss Prevention
- 3% Educator/Trainer
- 2% Legal
- 1% IT

How job was obtained

Respondents were asked how they found their most recent job. Finding a job through someone they know or through networking was by far the most popular method.



- 44% Networking/Friend/Associate
- 19% Other
- 13% Newspaper
- 12% Recruiter
- 9% Web
- 3% Industry Publication



The Certified Fraud Examiner

Certified Fraud Examiners are specialists in the detection, deterrence and investigation of fraud. The CFE credential is the preferred certification for anti-fraud professionals in the world. Currently, there are over 15,000 CFEs actively fighting fraud worldwide, at all levels of business and government.

Fraud examiners have a unique set of skills that are not found in any other discipline; they combine knowledge of complex financial transactions with an understanding of investigation, law, and how to resolve allegations of fraud. Fraud examiners are also trained to understand not only how fraud occurs, but why.

CFEs are knowledgeable in four areas critical to the fight against fraud: Financial Transactions, Investigation, Law and Criminology. CFEs have the ability to:

- Examine data and records to detect and trace fraudulent transactions
- Interview suspects to obtain information and confessions
- Write investigation reports, advise clients as to their findings and testify at trial
- Be well-versed in the law as it relates to fraud and fraud investigations
- Understand the underlying factors that motivate individuals to commit fraud

To learn more about attaining the CFE or to post or find positions in the field, please visit www.CFEnet.com.



About us

About the ACFE

The Association of Certified Fraud Examiners (ACFE) is the premier provider of anti-fraud education and resources worldwide. Together with its 31,000 members, the ACFE is fighting fraud worldwide and inspiring public confidence in the integrity and objectivity of our profession.

The ACFE educates, unites and supports the global anti-fraud community with the tools to fight fraud more effectively. From conferences and seminars held in cities around the world, to innovative books and self-study courses written by leading practitioners, the ACFE provides practical solutions that can be applied immediately.

A unique aspect of the ACFE is the certification process available to its members. The Certified Fraud Examiner (CFE) credential is globally preferred by businesses and government entities and indicates expertise in fraud detection and deterrence. CFEs on six continents have investigated more than 1 million suspected cases of civil and criminal fraud. In 2004, three CFEs made *Accounting Today's* "Top 100 Most Influential People" list.

The ACFE has experienced 25% growth, from 24,772 members in 2001 to more than 31,000 today, since the fall of Enron.



To learn more about the impact of fraud and
the anti-fraud profession, visit **www.CFEnet.com**.



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