

Due Diligence Credentials

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Following from the success of his new column on Due Diligence on ifcreview.com, Burke Files details the professional qualifications now available for those involved in the due diligence process.

HAVE WORKED IN THE OFFSHORE FINANCIAL COMMUNITY SINCE 1986

and I truly enjoy the immense creativity and talent one finds within the community. We focus on making a difference for our clients and making sure we do our due diligence on laws, compliance, and third parties. But what is enough due diligence and what is right amount of effort are qualitative and quantitative questions lacking a broadly accepted answer that has frustrated me since well before 1986. As professionals we are required by ethics and law to 'do our due diligence' with never a standard or benchmark established or when presented - accepted by all parties. What is a recognised and accepted practice, for due diligence where these is so much noise and very little information?

In the search for answers for myself I penned two books on due diligence one in 1986 and one in 2010 and it was not until the second book, *Due Diligence for the Financial Professional*, 2nd Edition, did I learn of one Charles Bacon who has the most wonderful title 'Keeper of the Vision' of the Association of Due Diligence Professionals (ADDP). We had, and continue to have, long and varied discussions on due diligence and what makes for authentic efforts. Charles was quick to see patterns in need and process emerge, which led to his creation of the CDDP credentials in 2010. As a result of his efforts, diligence is now a credentialed profession.

ADDP is the first professional association to recognise due diligence as a unique and separate field, discipline, and industry. ADDP provides an opportunity to earn the equivalent of your PhD in DD so one can avoid all of those with a 'MS' in 'BS'! ADDP is filling the same role for due diligence professionals that the Association of Certified Anti Money Launderers (ACAMS) has done for money laundering, the Association of Certified Fraud Examiners (ACFE) has done for fraud investigations and the International

Association for Asset Recovery (IAAR) has done for asset recovery.

ADDP is driven by a recognition of the need for an independent organisation to proactively educate and assist with the understanding of due diligence to aid management make informed choices and lower risk by using an earlier version of the discipline, originally termed 'management due diligence'. ADDP was formally launched in 2009 and is the culmination of 27 years of pioneering efforts to establish the formal discipline of due diligence adapted to an increasingly complex world. Based on formal methodology perfected from extensive research, and tested in the real world, the guiding principles of the ADDP are pragmatic, practical, and predictable.

With a history dating back to 1984, ADDP brings the qualities of traditional due diligence together with a vibrant and contemporary understanding of the issues decision makers face.

Due diligence is simply the process of pairing representations with facts, and separating truth from fiction – one would think. Yet look at all of the due diligence failures around us. Billions vanished, Madoff in prison and now banks, accounting firms, and regulators are being sued to make the investors whole. Where were these 'professionals' when it mattered – really, where? All claimed to have done 'due diligence' yet look at the gaping, jaw dropping, failures in their methods. The point I am trying to make here is – they may have been good accountants, bankers and regulators – but they lacked the training in due diligence to actually know the questions that had to be asked... These professionals got good answers to the questions they asked by these skilled accountants, bankers, and regulators, these professionals just did not know the correct questions to ask.

Modern due diligence is a structured, systematic, consistent, and efficient methodology of gathering information

to assist in risk assessment and decision management. In assessing the methodologies employed, the due diligence standards from ADDP are used to assign precise, optimum, and practical procedural ratings to the overall process. It really is a science – so as to insure the right questions are asked.

ADDP has certification programs bringing the due diligence discipline into the 21st century, to elevate the professionals ability to deliver choice support that is much stronger, dependable, defensible, and with the Due Diligence Index it is possible to rate (score) every part, every function of every organization and thus quantifiable. The Everyday Due Diligence Tools (EDDTs) bring the level of the full modern due diligence science that may be too much for a given project, the ability, with the EDDTs to apply the science to more of everyday choices.

ADDP has the infrastructure to support and continuously improve the discipline and ADDP's Science of Due Diligence™. Local or global, the ADDP is providing education, setting standards, certifying professionals, being an advocate, developing tools and research for the profession of due diligence. You will enjoy the training as much as you will the writings and newsletter from the ADDP.

ADDP training and the CDDP (Certified Due Diligence Professional) credentials help the consumer of the services to know where to find the people in the world of finance who can ask and seek answers to the questions that matter. The CDDP professionals are an asset to an organization helping to improve the bottom line by avoiding missteps as well as developing a strategically defensive position to deal with regulators and litigants by establishing a standard not a fuzzy ill defined guideline. It is time. ■

Membership Information
www.duediligenceassociation.org/