

CFF Content Specification Outline



The Pathway to the CFF Credential

The American Institute of CPAs launched the Certified in Financial Forensic Credential in June of 2008. The AICPA's CFF Credential combines specialized forensic accounting knowledge and skills with a CPA's experience, expertise and objectivity.

The CFF Credential holder applies this combined expertise to a variety of service areas, including: bankruptcy and insolvency; computer forensics; economic damages; family law; fraud prevention, detection and response; litigation support; stakeholder disputes and valuations.

The key differentiation of forensic accounting services is the potential for the work product to end up in some type of legal or administrative venue, a court of law for example. As a result, the CFF Credential holder must conduct his or her work in a manner that will withstand the type of scrutiny encountered in a courtroom, boardroom or other legal or administrative venue.

CFF Education

AICPA in partnership with Golden Gate University has developed a series of 15 courses titled [Financial Forensic Accounting Education Series](#) to educate CPAs about financial forensics. They are designed to present the CFF Body of Knowledge and are intended for accountants interested in the forensic accounting niche as well as those looking to advance their skills.

The CFF credentialing program is built around the following content areas that encompass professional responsibilities and practice management; fundamental forensic knowledge; and specialized forensic knowledge. The percentages below indicate the weighting of each of each topic on the CFF examination.

- **Professional Responsibilities and Practice Management**
 - AICPA 5%
 - CPA Professional Responsibilities in Civil and Criminal Matters 5%
- **Fundamental Forensic Knowledge**
 - Laws, Courts and Dispute Resolution 5%
 - Planning and Preparation 5%-10%
 - Information Gathering and Preserving 10%
 - Discovery 5%-10%
 - Reporting, Experts and Testimony 5%-10%
- **Specialized Forensic Knowledge**
 - Bankruptcy, Insolvency and Reorganization 5%-10%
 - Computer Forensic Analysis 5%-10%
 - Economic Damages Calculations 5%-10%
 - Family Law 5%-10%
 - Financial Statement Misrepresentations 5%-10%
 - Fraud Prevention, Detection and Response 5%-10%
 - Valuation 5%-10%

CFF Exam Content Specification Outline

High Level Outline

- I. Professional Responsibilities and Practice Management (10%)**
 - A. AICPA
 - B. CPA Professional Responsibilities in Civil and Criminal Matters
- II. Fundamental Forensic Knowledge (40%)**
 - A. Laws, Courts and Dispute Resolution
 - B. Planning and Preparation
 - C. Information Gathering and Preserving
 - D. Discovery
 - E. Reporting, Experts and Testimony
- III. Specialized Forensic Knowledge (50%)**
 - A. Bankruptcy, Insolvency and Reorganization
 - B. Computer Forensic Analysis
 - C. Economic Damages Calculations
 - D. Family Law
 - E. Financial Statement Misrepresentations
 - F. Fraud Prevention, Detection and Response
 - G. Valuation

Detailed Content Specification Outline

Professional Responsibilities and Practice Management (10%)

As in all engagements, the CPA needs to be cognizant of the professional standards applicable to forensic matters. Non-Authoritative guidance is also available to assist the forensic accountant in various aspects of forensic accounting.

A. AICPA

1. Authoritative Professional Standards – AICPA

- a. Code of Professional Conduct
- b. Statement on Standards for Consulting Services No. 1
- c. Statement on Standards for Valuation Services No. 1

2. Non-Authoritative Guidance – AICPA

- a. Consulting Services Special Report 03-1: Litigation Services and Applicable Professional Standards
- b. BVFLS Practice Aid 07-1: Forensic Accounting – Fraud Investigations
- c. BVFLS Practice Aid 06-4: Calculating Lost Profits
- d. BVFLS Practice Aid 06-3: Analyzing Financial Ratios
- e. BVFLS Practice Aid 06-2: Preparing Financial Models
- f. BVFLS Practice Aid 06-1: Calculating Intellectual Property Infringement Damages
- g. BVFLS Practice Aid 05-1: A CPA’s Guide to Family Law Services
- h. BVFLS Practice Aid 04-1: Engagement Letters for Litigation Services
- i. BVFLS Special Report: Forensic Procedures and Specialists: Useful Tools and Techniques
- j. Special Report 08-1: Independence, Integrity and Objectivity
- k. FVS Practice Aid 09-1: Introduction to Civil Litigation
- l. Consulting Services Practice Aid 96-3: Communicating in Litigation Services: Reports

m. Consulting Services Practice Aid 98-2: Calculations of Damages from Personal Injury, Wrongful Death and Employment Discrimination

B. CPA Professional Responsibilities in Civil and Criminal Matters

1. Ethical issues
2. Liability issues
3. Roles
 - a. Expert witness
 - b. Consultant
 - c. Other
 - i. Referee/Mediator
 - ii. Arbitrator
 - iii. Special Master

Fundamental Forensic Knowledge (40%)

The accountant's understanding of the applicable civil or criminal justice system (or alternative dispute resolution process) is essential to the planning, performance and reporting of a forensic engagement. While not every forensic engagement will result in litigation, consideration must be given to the possibility that each forensic engagement has to be approached from the very beginning as if it will be presented in court. The fundamental forensic knowledge to accomplish this includes a basic understanding of the following areas:

A. Laws, Courts and Dispute Resolution

1. Basic Civil and Criminal Laws and Dispute Resolution
 - a. U.S. Code
 - i. Locate statutes (laws)
 - ii. Identify elements of statutes
 - b. Legal state statutes
 - i. Locate statutes (laws)
 - ii. Identify elements of statutes
 - c. Dispute Resolution

- i. Negotiation
- ii. Arbitration
- iii. Mediation
- iv. Other

2. Basic Federal and State Rules of Evidence

a. Federal Rules of Evidence

- i. General Provisions
- ii. Presumptions in Civil Actions
- iii. Relevancy
- iv. Privileges
- v. Witnesses
- vi. Opinions and Expert Testimony
- vii. Hearsay
- viii. Authenticity and Identification
- ix. Contents of Writings, Recordings, Photographs
- x. Miscellaneous Rules

b. State and local rules of evidence

3. Basic Federal and State Rules of Procedure

a. Federal Rules of Civil Procedure

- i. Commencing an Action
- ii. Service of Process, Pleadings, Motions and Orders
- iii. Pleadings and Motions
- iv. Parties
- v. Disclosures and Discovery
- vi. Trials

- vii. Judgment
 - viii. Provisional and Final Remedies
 - ix. Special Proceedings
 - x. District Courts and Clerks
 - xi. General Provisions
 - xii. Forms
 - xiii. Asset Forfeiture Actions
- b. Federal Rules of Criminal Procedure
- i. Preliminary Proceedings
 - ii. Grand Jury Proceedings
 - iii. Arraignment
 - iv. Preparation for Trial
 - v. Venue
 - vi. Trial
 - vii. Post-Conviction Procedures
 - viii. Supplementary and Special Proceedings
- c. Federal Rules of Bankruptcy Procedure
- i. Commencement of Case
 - ii. Officers and Administration
 - iii. Claims and Distribution
 - iv. Bankruptcy Courts and Clerks
 - v. Collection and Liquidation
 - vi. Adversary Proceedings
 - vii. Appeals
 - viii. General Provisions

- d. State and local rules of procedure
- 4. Federal Courts
 - a. U.S. Supreme Court
 - b. Courts of Appeal
 - c. District Courts
 - i. Bankruptcy Court
 - ii. Magistrate Court
 - d. Tax Court
 - e. Court of Federal Claims
- 5. State Courts
- 6. Other laws, regulations and guidance
 - a. Federal Sentencing Guidelines
 - b. Foreign Corrupt Practices Act
 - c. Sarbanes-Oxley Act
 - d. Anti-Money Laundering
 - e. Treadway Commission - COSO Report
 - f. US Patriot Act
 - g. Bank Secrecy Act
- 7. Other agencies
 - a. Department of Justice
 - i. Federal Bureau of Investigation
 - ii. Bureau of Alcohol, Tobacco, Firearms and Explosives
 - b. Department of Treasury
 - i. Internal Revenue Service
 - ii. Internal Revenue Service – Criminal Investigation Division

- iii. Financial Crime Enforcement Network

- c. Postal Inspection Service

- d. Department of State

B. Planning and Preparation

Each forensic engagement is unique. Engagement purposes vary from valuations for tax or marital dissolution to felony criminal allegations but all have common planning and preparation requirements which may include all or most of the following:

1. Accepting the Engagement

- a. Determine who the client is

- b. Meet with client to determine

- i. Purpose of Engagement

- Identify issues

- Identity of parties

- ii. Priority / Urgency

- iii. Define Scope

- iv. Available Information

- Types

- Location

- Control / Vulnerability

- v. Initial Evaluation of Case/ Planning

- vi. Budget

2. Understanding with Client

- a. Written (Engagement Letter) or Oral Agreement

- b. Rights and duties of engagement parties

- c. Nature of services to be provided

- d. Absence of conflict of interest

- e. Restrictions on use of confidential materials
 - f. Administrative and fee matters
3. Initial meeting with Client's Attorney
- a. Determine whether client should be attorney
 - b. Discuss approach and applicable laws or regulations
 - c. Determine whether attorney work-product privilege applies
 - d. Determine whether forensic accountant is intended to be consulting expert or testifying expert.
 - e. Determine necessary degree of on-going coordination with attorney
 - f. Determine whether written report is to be prepared and type of report
4. Determine required personnel and resources
- a. Ascertain if specialized assistance needed
 - b. Identify custodian of documents and/or evidence
 - i. Location
 - ii. Access Control

C. Information Gathering and Preserving

In performing a forensic engagement, relevant information obtained needs to be documented and preserved in accordance with the applicable rules of evidence in order to ensure its later admissibility in court or other venue.

1. Document and Evidence Gathering
- a. Client Records
 - i. Determine where information located
 - ii. Take steps to preserve information
 - Instruct that no information be destroyed or deleted
 - b. Other Party Records
 - i. Voluntary
 - ii. Discovery

- iii. Subpoena
 - iv. Court Order
 - c. Research
 - i. Public Information
 - Internet
 - Publications
 - Court Records
 - ii. Private Information
 - i. Private Databases
- 2. Document and Evidence Preservation and Retention
 - a. Paper
 - i. Ensure no destruction or spoliation of evidence.
 - ii. Secure original (or best available copy)
 - iii. Consider numbering documents (“Bates”)
 - iv. Work with copies or images
 - b. Electronic
 - i. Ensure no destruction or spoliation of evidence.
 - ii. Secure original (or best available copy)
 - iii. Make identical bit-by-bit image
 - iv. Work with image
- 3. Interviewing
 - a. Purpose and preparation
 - i. Understanding elements of conversation
 - ii. Inhibitors of communication
 - iii. Facilitating communication

b. Types of questions

i. Introductory

- Provide introduction
- Establish the theme
- Methodology

ii. Informational

- Types of questions
 - Open
 - Closed
 - Leading
- Techniques

iii. Assessment

- Methodology
 - Verbal and nonverbal responses
 - Sensitive questions
 - Leading
- Closing questions

iv. Admission-Seeking

- Purpose
- Scope
- Pitfalls
- Legal Elements
 - Legal authority
 - Deception

D. Discovery

All the parties to litigation have a right to obtain all relevant information in the possession of the other parties that is not covered by a recognized privilege. This includes the documentation gathered by the forensic accountant whether or not used or relied upon by the forensic accountant.

1. Requesting and examining other parties' information
 - a. Assist in drafting Interrogatories
 - b. Assist in drafting Requests for Admissions
 - c. Assist in drafting Requests for Production of documents and records
 - d. Advise attorney during depositions
2. Assist in making client's information available
 - a. Document Management
 - i. Identify and segregate any privileged documents
 - b. Electronic Discovery
 - i. Identify and segregate any privileged documents
3. Make forensic accountant's own information available
 - a. Documents Obtained During Engagement
 - i. Identify and segregate any privileged documents
 - b. Work papers
 - i. Identify and segregate any privileged documents
 - c. Submit to deposition
 - d. Subpoena duces tecum
 - e. Other types of subpoenas
 - f. Quashing a subpoena
 - g. Motion in limine

E. Reporting, Experts and Testimony

The engagement should be supervised and controlled by the testifying forensic accountant. A decision as to whether or not a written report is to be prepared in a forensic engagement should be made between the accountant and the client's attorney. The forensic accounting expert's role as a testifying witness (or not) also needs to be agreed upon with the client's attorney. Rules may vary depending on the forum and venue. The forensic accountant should determine the rules applicable to the particular case.

1. Testifying forensic accountant needs to supervise and control

- a. Staff
- b. Gathering of information
- c. Organization of information
- d. Analysis of information
 - i. Eliminate obvious non-responsive information
 - ii. Prioritize responsive information

2. Preparation of report and exhibits

- a. Analysis
 - i. Financial
 - ii. Net worth
 - iii. Funds tracing
 - iv. Reconstruction
 - v. Cash flow
- b. Transaction processing
- c. Qualitative and quantitative
- d. Computer modeling
- e. Statistical
- f. Actuarial
- g. Internet research
- h. Investigative accounting

3. Fact finding

- a. Asset searches
- b. Due diligence
- c. Market studies
- d. System reviews
- e. Interviewing of witnesses
- f. Research
- g. Discussion with client

4. Reports

- a. Written
 - i. Written report usually required prior to expert opinion testimony in Federal Court
- b. Oral

5. Experts

- a. Consulting Expert
 - i. Non-testifying
 - ii. Work is usually not discoverable
 - iii. Assistance at depositions
 - iv. Assistance at trial
- b. Testifying Expert
 - i. Work is discoverable
 - ii. Demeanor on witness stand
 - iii. Direct testimony
 - iv. Cross-examination
 - v. Exhibits \ visual aids
- c. Applicable case law related to challenging the witness may include
 - i. Daubert

- ii. Kumho Tire
 - iii. Kelly-Frye test
6. Non-expert testimony
- a. Summary witness
 - b. Fact/Percipient witness

Specialized Forensic Knowledge(50%)

Since each forensic accounting engagement is unique with its own facts and objectives, the forensic accountant needs to use appropriate specialized forensic knowledge, tools and procedures during the engagement. A basic knowledge of each of the following areas is helpful and no one practitioner would be expected to know them all but rather would seek expert assistance where necessary.

A. Bankruptcy, insolvency and reorganization

- 1. Roles and responsibilities
 - a. Consultants
 - b. Trustees
 - c. Examiner
 - d. Fraud investigators
- 2. Reporting Requirements
 - a. Forms
 - b. Deadlines
- 3. Bankruptcy valuation issues
- 4. Understanding of insolvency
- 5. Basic reorganization concepts

B. Computer forensic analysis

- 1. Data integrity
 - a. Data imaging
 - b. Data recovery
- 2. Cyber crime

- a. Theft
- b. Tampering

C. Economic damage calculations

1. Economic damages - businesses

- a. Lost profits
- b. Lost value
- c. Extra costs
- d. Lost cash flow
- e. Mitigation
- f. Restitution
- g. Interest/time value of money
- h. Out of pocket
- i. Rescission
- j. Unjust enrichment
- k. Determination of Present Value date of damages
- l. Methods of determining

2. Economic damages - individuals

- a. Lost earnings
- b. Medical expenses
- c. Burial costs
- d. Lost household services
- e. Cost of repairing or replacing property
- f. Cost of loss of use of property
- g. Interest/time value of money

3. Punitive damages

4. Intellectual property

a. Patents

- i. Lost Profits
- ii. Price Erosion
- iii. Reasonable Royalties
- iv. Georgia Gulf Analysis
- v. Prejudgment interest

b. Copyrights

- i. Statutory Damages
- ii. Actual Damages
- iii. Unjust Enrichment

c. Trademarks/Trade names

- i. Burden of Proof
- ii. Corrective Advertising
- iii. Apportionment issues

d. Trade Secrets

- i. Uniform Trade Secret Act v. State Law
- ii. Apportionment between alleged trade secrets
- iii. Covenants

D. Family Law

1. Asset valuation
2. Asset tracing
3. Income determination
4. Collaborative law
5. Child Support

6. Alimony

7. Tax planning re distribution of assets

E. Financial Statement Misrepresentations

1. Fraud

- a. Defined
- b. Overview
- c. Basis for Concern
- d. Fraudster Profile

2. Financial Statement Misstatements

- a. Common Accounting Issues
 - i. Frequent types of financial statement fraud
 - ii. Types of SEC and other investigations
 - iii. SEC and other enforcement processes
 - iv. SEC and other Investigation processes
- b. Financial Statement Misstatements
 - i. Types of cases
 - ii. Role of the expert
 - iii. Case evaluation
 - iv. Documents considered
 - v. Types of issues
- c. Internal Investigations
 - i. How triggered
 - ii. Steps in a financial statement investigation
 - iii. Interview considerations
 - iv. Evidence collection and evaluation

v. Reporting results

3. Asset Misappropriation

a. Fraud Schemes

i. Internal vs. External

ii. On-book vs. Off book

iii. Ponzi

iv. Embezzlement

b. Risk Factors

i. Fraud Triangle

c. Internal Investigations

i. Role of the expert

ii. Seven Investigation Techniques

iii. Evidence collection and evaluation

iv. Reporting results

4. Foreign Corrupt Practices Act Investigations

a. Elements of FCPA violations

b. Examples of issues and violations

F. Fraud prevention, detection and response

1. Fraud Risk Governance

2. Fraud Risk Assessment

3. Fraud Prevention

a. Testing of and reliance on internal controls

4. Fraud Detection

a. Proactive auditing procedures

5. Fraud Investigation

- a. Data gathering
- b. Evidence preservation
- c. Evidence organization
- d. Evidence evaluation

6. Reporting

7. Remediation

G. Valuation

1. Interests in:

- a. Business Entities
- b. Pensions
- c. Intangible property
- d. Intellectual property
- e. Estates and trusts
- f. Other

2. Purpose

3. Engagement Considerations

- a. Standards of Value
- b. Premises of Value
- c. Approaches
- d. Methods

Referenced Readings by Section		
Section	Topic/Content	Reference Readings
I. Professional Responsibilities and Practice Management	A. AICPA	AICPA Code of Professional Conduct AICPA SSCS1 AICPA SSVS1 FVS Practice Aid 98-2 FVS Practice Aid 06-4 FVS Special Report 03-1 FVS Special Report 09-1 PPC 201
	B. CPA Professional Responsibilities in Civil and Criminal Matters	FVS Special Report 03-1 FVS Special Report 08-1 <i>Litigation Services Handbook</i> , Ch. 1 PPC 100-101, 400, 505, 611, 1100, 1200 <i>The Guide to Investigating Business Frauds</i> , Ch.6
II. Fundamental Forensic Knowledge	A. Laws, Courts and Dispute Resolution	Federal Rules of Evidence 701-705 <i>Litigation Services Handbook</i> , Ch. 1, 2, 21, and 24 PPC 610, 1100, 1102 http://www.uscourts.gov/rules/CV2008.pdf http://www.law.cornell.edu/rules/frcp/ http://www.law.cornell.edu/rules/fre/
	B. Planning and Preparation	FVS Practice Aid 04-1 FVS Practice Aid 07-1 FVS Practice Aid 09-1 FVS Special Report 03-1 FVS Special Report 08-1 <i>FVS Special Report-Forensic Procedures and Specialists: Useful Tools and Techniques</i> <i>Litigation Services Handbook</i> , Ch. 1 and 28 PPC 201, 204
	C. Information Gathering and Preserving	<i>Fraud Examiners Manual</i> <i>FVS Special Report-Forensic Procedures and Specialists: Useful Tools and Techniques</i> <i>Litigation Services Handbook</i> , Ch. 1 and 17 PPC 101, 205, 805, 1111
	D. Discovery	<i>Litigation Services Handbook</i> , Ch. 1 PPC 101, 205, 1101, 1104, 1112 http://www.law.cornell.edu/rules/frcp/
	E. Reporting, Experts and Testimony	<i>Fraud Examiners Manual</i> FVS Special Report 03-1 <i>Litigation Services Handbook</i> , Ch. 1, 4, 7, 15, 45 PPC 201, 205, 206, 511, 805, 1003, 1103, 1107 http://www.law.cornell.edu/rules/frcp/ http://www.law.cornell.edu/rules/fre/

III. Specialized Forensic Knowledge	A. Bankruptcy, insolvency and reorganization	Bankruptcy Code <i>Litigation Services Handbook</i> , Ch. 28 PPC Section 600
	B. Computer forensic analysis	<i>Fraud Examiners Manual</i> <i>Litigation Services Handbook</i> , Ch. 17 <i>The Guide to Investigating Business Frauds</i> , Ch. 8
	C. Economic damage calculations	
	1. Economic damages – businesses	FVS Practice Aid 06-4 <i>Litigation Services Handbook</i> , Ch. 11 & 12 PPC 101, 300, 301, 303
	2. Economic damages – individuals	FVS Practice Aid 98-2 <i>Litigation Services Handbook</i> , Ch. 14 PPC 400, 402
	3. Intellectual Property Damages	FVS Practice Aid 06-1 <i>Litigation Services Handbook</i> , Ch. 21-23
	D. Family Law	FVS Practice Aid 05-1 <i>Litigation Services Handbook</i> , Ch. 32-36 PPC Section 500
	E. Financial Statement Misrepresentations	<i>Fraud Examiners Manual</i> FVS Practice Aid 07-1 <i>Litigation Services Handbook</i> , Ch. 19 & 38 PPC Sections 700 & 800 <i>The Guide to Investigating Business Frauds</i> , Ch. 1-4 and 14
	F. Fraud prevention, detection and response	<i>Fraud Examiners Manual</i> FVS Special Report- <i>Forensic Procedures and Specialists: Useful Tools and Techniques</i> <i>Managing the Business Risk of Fraud</i> <i>The Guide to Investigating Business Frauds</i> , Ch. 14
	G. Valuation	AICPA SSVS1 <i>Litigation Services Handbook</i> , Ch. 10 and 13 PPC Section 1000



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