CPA CFF℠
Certified in Financial Forensics

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.

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

I. 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 Special Report 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
      n. FVS Practice Aid 10-1: Serving as an Expert Witness or Consultant

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

II. 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
            - 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

III. 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. IT Security and IT Controls

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. Intellectual property
    a. Patents
        i. Lost Profits
        ii. Price Erosion
        iii. Reasonable Royalties
        iv. Georgia Pacific 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

4. Punitive Damages

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 Statements on Standards for Consulting Services (SSCS) No. 1 AICPA Statements on Standards for Valuation Services (SSVS) No. 1 AICPA FVS Practice Aid 98-2: *Calculation of Damages from Personal Injury, Wrongful Death, and Employment Discrimination* AICPA Consulting Services Special Report 03-1: *Litigation Services and Applicable Professional Standards* AICPA FVS Practice Aid 06-4: *Calculating Lost Profits* AICPA FVS Special Report 09-1: *Introduction to Civil Litigation Services* Thomson Reuters Checkpoint PPC Research Guide: Litigation and Support Services Section 201
	B. CPA Professional Responsibilities in Civil and Criminal Matters	AICPA Consulting Services Special Report 03-1: *Litigation Services and Applicable Professional Standards* AICPA FVS Special Report 08-1: *Independence, Integrity and Objectivity* Litigation Services Handbook 4th Edition, Ch. 1 Thomson Reuters Checkpoint PPC Research Guide: Litigation and Support Services Sections 100-101, 400, 505, 611, 1100, 1200 The Guide to Investigating Business Frauds, Ch.6
II. Fundamental Forensic Knowledge	A. Laws, Courts and Dispute Resolution	AICPA FVS Practice Aid 10-1: *Serving as Expert Witness or Consultant* Federal Rules of Evidence 701-705 Litigation Services Handbook 4th *Edition*, Ch. 1 and 2 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	AICPA Consulting Services Special Report 03-1: *Litigation Services and Applicable Professional Standards* AICPA FVS Practice Aid 04-1: *Engagement Letters for Litigation Services*

		AICPA FVS Practice Aid 07-1: *Forensic Accounting – Fraud Investigations* AICPA FVS Special Report 08-1: *Independence, Integrity and Objectivity* AICPA FVS Special Report 09-1: *Introduction to Civil Litigation Services* AICPA FVS Special Report-*Forensic Procedures and Specialists: Useful Tools and Techniques* Litigation Services Handbook 4th Edition, Ch. 1 Thomson Reuters Checkpoint PPC Research Guide: Litigation and Support Services Sections 201, 204
	C. Information Gathering and Preserving	AICPA FVS Special Report-*Forensic Procedures and Specialists: Useful Tools and Techniques* *Litigation Services Handbook 4th Edition*, Ch. 1 and 17 ACFE Fraud Examiners Manual Thomson Reuters Checkpoint PPC Research Guide: Litigation and Support Services Sections 101, 205, 805, 1111
	D. Discovery	Litigation Services Handbook 4th Edition, Ch. 1 and 17 Thomson Reuters Checkpoint PPC Research Guide: Litigation and Support Services Sections 101, 205, 1101, 1104, 1112 http://www.law.cornell.edu/rules/frcp/
	E. Reporting, Experts and Testimony	AICPA Consulting Services Special Report 03-1: *Litigation Services and Applicable Professional Standards* Litigation Services Handbook 4th Edition, Ch. 1-4 ACFE Fraud Examiners Manual Thomson Reuters Checkpoint PPC Research Guide: Litigation and Support Services Sections 201, 205, 206, 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 Litigation Services Handbook 4th Edition, Ch. 28 Thomson Reuters Checkpoint PPC Research Guide: Litigation and Support Services Section 600
	B. Computer forensic analysis	Litigation Services Handbook 4th Edition, Ch. 17 ACFE Fraud Examiners Manual The Guide to Investigating Business Frauds, Ch. 8

	C. Economic damage calculations	AICPA Practice Aid 06-4: *Calculating Lost Profits*
	1. Economic damages – businesses	Litigation Services Handbook 4th Edition, Ch. 8, 9, 11 and 12 Thomson Reuters Checkpoint PPC Research Guide: Litigation and Support Services Sections 101, 300, 301, 303
	2. Economic damages – individuals	AICPA FVS Practice Aid 98-2: *Calculation of Damages from Personal Injury, Wrongful Death, and Employment Discrimination* Litigation Services Handbook 4th Edition, Ch. 14 Thomson Reuters Checkpoint PPC Research Guide: Litigation and Support Services Sections 400, 402
	3. Intellectual Property Damages	AICPA FVS Practice Aid 06-1: *Calculating Intellectual Property Infringement Damages* Litigation Services Handbook 4th Edition, Ch. 20-23
	4. Punitive Damages	Litigation Services Handbook 4th Edition, Ch. 15
	D. Family Law	AICPA FVS Practice Aid 05-1: *A CPA's Guide to Family Law Services* Litigation Services Handbook 4th Edition, Ch. 32-36 Thomson Reuters Checkpoint PPC Research Guide: Litigation and Support Services Section 500
	E. Financial Statement Misrepresentations	AICPA FVS Practice Aid 07-1: *Forensic Accounting – Fraud Investigations* ACFE Fraud Examiners Manual Litigation Services Handbook 4th Edition, Ch. 38 The Guide to Investigating Business Frauds, Ch. 1-4 and 14 Thomson Reuters Checkpoint PPC Research Guide: Litigation and Support Services Sections 700 & 800
	F. Fraud prevention, detection and response	FVS Special Report-*Forensic Procedures and Specialists: Useful Tools and Techniques* Managing the Business Risk of Fraud The Guide to Investigating Business Frauds, Ch. 14 ACFE Fraud Examiners Manual
	G. Valuation	AICPA Statement on Standards for Valuation Services (SSVS) No. 1 Litigation Services Handbook 4th Edition, Ch. 13 Thomson Reuters Checkpoint PPC Research Guide: Litigation and Support Services Section 1000

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