Model curriculum
Forensic accounting
Acknowledgments

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About Us

The Forensic and Valuation Services (FVS) Section provides CPAs with resources, tools and information about forensic accounting and business valuation services. The FVS Section also provides special benefits to members and CFF and ABV credential holders. (Learn more at aicpa.org/FVS.)

The Certified in Financial Forensics (CFF) Program allows CPAs to gain and demonstrate competence and confidence in providing forensic accounting services to individuals and businesses in the areas of bankruptcy, electronic data analysis, family law, valuation, fraud, financial statement misrepresentation and economic damages through experience, education, examination and a resulting credential. (Learn more at aicpa.org/CFF.)
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Preface

The AICPA developed the Model Forensic Accounting Curriculum (MFAC) as a resource for accounting educators seeking to develop or enhance their course offerings. The MFAC has been designed to help students gain a foundational knowledge of forensic accounting and to increase students’ chances for success, regardless of their chosen career path.

The MFAC’s primary objective is to provide students with an understanding of the role forensic accounting plays in the real world. To achieve this objective, the MFAC recommends that faculty use a framework that helps students organize their knowledge. The framework should consist of a series of forensic accounting topics, whether in a single course or multiple courses, which progress in an integrated and logical manner. The MFAC provides accounting educators with a sample framework which can be tailored to specific needs or adopted in its entirety. The MFAC can also be used to integrate forensic accounting theory into an established accounting curriculum.

Model Forensic Accounting Curriculum

The MFAC provides recommendations for designing the forensic accounting component of an academic accounting curriculum in line with the CFF Exam Content Specification Outline (forensic accounting body of knowledge), the AICPA’s Vision and the AICPA FVS Section’s mission. It provides a pathway to becoming a forensic accountant and/or Certified in Financial Forensics (CFF). Independent of a student’s interest in becoming a forensic accountant or CPA/CFF, the MFAC will provide a sound foundation for future learning and prepare students to best serve their future employers and clients.

The MFAC’s recommendations should be implemented after significant thought and discussion around adaptation based on the specific needs and governing mission of the accounting program. Due to the wide variety of accounting programs, no one approach can be adopted without customization efforts. For example, many programs only have one elective course in forensic accounting at the undergraduate level. Other programs may require multiple graduate courses in forensic accounting and related topics.

The Task Force believes that a multi-course forensic accounting sequence is the most effective method to achieve the Overall Learning Outcomes but recognizes that this ideal is not practical in all accounting programs. The Overall Learning Outcomes can, however, be used to guide discussions for any accounting program. The Task Force recognizes the difficulty of satisfactorily meeting all three Overall Learning Outcomes in a single course. If only one forensic accounting course can be offered in the curriculum, programs should make every effort to address the Overall Learning Outcomes in other courses, where appropriate.

Importance of Forensic Accounting in the Accounting Curriculum

Forensic accounting issues can have significant implications for both corporations and individuals. Many disputes and investigations involve forensic accounting considerations. The study of forensic accounting is important for any business major, but it has added importance for students interested in accounting careers. Forensic accounting considerations are frequently intertwined with other fundamental areas of accounting including taxation, financial reporting, transaction advisory, internal audit and information systems. Accountants can bolster their client service capabilities with a fundamental understanding of forensic accounting.

The Task Force has observed significant gaps in fundamental principles and skills in the forensic accounting component of accounting curricula at a large percentage of universities. In some instances, coverage of fraud or financial statement misrepresentation may be sufficient, but coverage gaps often include, but are not limited to, litigation consulting, bankruptcy, digital forensics, matrimonial disputes, economic damages, valuation and serving as an expert witness. Because students may obtain their forensic accounting knowledge through a variety of paths, including both undergraduate and graduate...
courses, it is possible for gaps to exist in a student's forensic accounting knowledge when important concepts are taught in disparate elective courses, or not at all.

Forensic accounting is pervasive, complex and critical to decision-making. Accounting faculty should carefully examine the forensic accounting component of their curricula to ensure all accounting students obtain fundamental forensic accounting knowledge.

Objectives of the Forensic Accounting Component of the Accounting Curriculum

The primary objective of the forensic accounting component of the accounting curriculum is for students to understand the role of forensic accounting in economic decision-making, financial reporting, disputes and investigations. A student should understand fundamental forensic accounting analysis and methods and be able to apply essential forensic accounting concepts in practice. The curriculum should introduce a broad range of forensic accounting issues and their impact on a variety of stakeholders. The knowledge and skills provided in the forensic accounting component of the accounting curriculum should facilitate future learning in forensic accounting even if the student does not expect to become a forensic accountant. The forensic accounting component of the curriculum is also critical in that it makes students aware of the existence of careers in forensic accounting and shapes the perceptions of those students who may wish to become forensic accountants. As such, it plays a key role in attracting students toward careers in forensic accounting.

Overall Learning Outcomes

The Overall Learning Outcomes are listed here, followed by an expanded discussion of the components of the outcomes and some suggested secondary objectives for each. The outcomes are both numbered and tied to the CFF Exam Content Specification Outline and the order is intended to be hierarchical.

1. Understand the ethical and legal environment and responsibilities of a forensic accountant.
2. Demonstrate core forensic knowledge.

Overall Learning Outcome No. 1: Understand the ethical and legal environment and the responsibilities of a forensic accountant.

Forensic accounting work product may be used in a court of law or another public forum. Students should be aware and knowledgeable of the AICPA Code of Professional Conduct, Statements on Standards for Consulting Services (CS Section 100) and Statements on Standards for Valuation Services (VS Section 100). They should also understand that non-authoritative guidance is available to assist the forensic accountant in various aspects of forensic accounting.

Overall Learning Outcome No. 2: Demonstrate core forensic knowledge.

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 of litigation. Each forensic engagement should be approached from the beginning as if it will be presented in court. Students should demonstrate fundamental knowledge required to accomplish this including a basic understanding of the following areas: laws, courts and dispute resolution; engagement planning and preparation; information gathering, preservation and analysis; and expert reports and testimony.
Overall Learning Outcome No. 3: Demonstrate an understanding of forensic accounting in specific engagement settings including fraud, bankruptcy, digital forensics, matrimonial disputes, financial statement misrepresentation, damages and valuation.

Because each forensic accounting engagement is unique with its facts and objectives, the forensic accountant needs to use appropriate specialized forensic knowledge, tools and procedures during the engagement. Students should demonstrate a basic understanding of each of the following areas and seek expert assistance where necessary: fraud, bankruptcy, digital forensics, matrimonial disputes, financial statement misrepresentation, damages and valuation.

Teaching Methods

Faculty should use a variety of active teaching methods to achieve the learning outcomes of the MFAC, with consideration to their institution’s and program’s mission and accounting curricula. When introducing technical topics, faculty is encouraged to use an approach that integrates planning, research and financial accounting concepts from a decision-making perspective.

The intent of the MFAC is to recommend the learning outcomes a student should attain before beginning a professional career. As such, these outcomes may be achieved through a variety of channels, including undergraduate or graduate courses, in-class or out-of-class experiences, and components within traditional accounting courses. It is important to recognize that achieving the learning outcomes cannot be accomplished in one forensic accounting course that is primarily lecture-based, containing minimal amounts of problem-solving activities.

Pedagogy may incorporate active learning approaches such as:

- in-class discussions
- student presentations
- practitioner presentations
- case studies and simulations
- collaborative learning activities
- role-plays and service learning activities

Assignments should enable students to gain knowledge in the core areas of forensic accounting while further developing their communication, critical-thinking and interpersonal skills. While traditional problem solving can reinforce lecture and independent reading assignments, there are several opportunities to help students achieve the learning objectives unique to the forensic accounting component of the accounting curriculum. For example, case studies, presentations by student teams, and cooperation with state and local accounting societies all may be considered means of helping students develop their personal competencies, while enhancing their forensic accounting knowledge. Faculty may also consider incorporating practicing CPA/CFFs and subject matter experts into their programs.

A sample syllabus, designed for a 3-credit hour course has been included as part of the MFAC. Suggested projects to facilitate active learning for the various learning objectives have also been developed. Both can be found in the Appendices and Examples section below. To reiterate the point made earlier, the Task Force recognizes the difficulty in satisfying all three Overall Learning Outcomes in a single course. The sample syllabus is intended to provide a discussion vehicle for including all three Overall Learning Outcomes in a single course. In addition, the AICPA has developed a university program in forensic accounting geared specifically for accounting students, including a textbook and instructor support materials that are in concert with the MFAC and CFF Exam Content Specification Outline.
Summary

The MFAC can be a useful tool for accounting programs and faculty as they assist students in developing foundational knowledge and skills in forensic accounting. There are multiple opportunities for customization with MFAC. To meet the changing needs of the accounting profession, accounting faculty should periodically revisit their forensic accounting curriculum and its role in accounting programs to ensure students are prepared to enter the business world as knowledgeable professionals and valued business advisors.
Appendices and Examples

Sample Syllabus

Recommended Text
Crain, Hopwood, Pacini and Young. Essentials of Forensic Accounting. AICPA 2015.

Learning Outcomes

1. Understand the ethical and legal environment and the responsibilities of a forensic accountant.
2. Demonstrate core forensic knowledge.

Description

The sample syllabus introduces basic principles in forensic accounting and professional ethics and responsibilities. It then covers civil and criminal procedures including evidence and discovery. The sample syllabus introduces litigation services for forensic accountants and engagement and practice management. It concludes with a survey of specific forensic accounting topics including fraud, bankruptcy, digital forensics, matrimonial disputes, financial statement misrepresentation, damages and valuation.

I. INTRODUCTION (75 minutes; Crain et al. Chapter 1)

• Opportunities in forensic accounting
• Supplemental reading: AICPA FVS Practice Aid Introduction to Civil Litigation

II. PROFESSIONAL ETHICS & RESPONSIBILITIES (150 minutes; Crain et al. Chapter 2)

• Authoritative guidance
• AICPA Statement on Standards for Consulting Services (CS Section 100)
• AICPA Statement on Standards for Valuation Services (VS Section 100)
• Non-authoritative guidance

III. CIVIL & CRIMINAL PROCEDURE (225 minutes; Crain et al. Chapter 3)

• Civil litigation
• Criminal proceedings

IV. EVIDENCE (225 minutes; Crain et al. Chapter 4)

• Federal rules of evidence
• Privilege

V. FIRST MIDTERM EXAM (75 minutes)
VI. DISCOVERY (150 minutes; Crain et al. Chapter 5)

- Discovery process
- Discovery devices
- Electronically stored information

VII. LITIGATION SERVICES (150 minutes; Crain et al. Chapter 6)

- Federal rules governing expert testimony
- Disclosure of expert testimony
- Alternative dispute resolution
- Supplemental reading: AICPA FVS Practice Aid *Serving as an Expert Witness or Consultant*

VIII. ENGAGEMENT & PRACTICE MANAGEMENT (150 minutes; Crain et al. Chapter 7)

- Forensic accounting services
- Engagement management
- Practice development

IX. FRAUD PREVENTION, DETECTION, AND RESPONSE (150 minutes; Crain et al. Chapters 8 & 9)

- Risk
- Detection
- Investigation
- Evidence gathering
- Schemes
- Supplemental reading: AICPA FVS Practice Aid *Forensic Accounting - Fraud Investigations*

X. SECOND MIDTERM EXAM (75 minutes)

XI. BANKRUPTCY (75 minutes; Crain et al. Chapter 10)

- Federal rules
- Investigations
- Supplemental reading: AICPA FVS Practice Aid *Providing Bankruptcy and Reorganization Services, Volume 1 – Litigation and Dispute Resolution in Bankruptcy*

XII. DIGITAL FORENSICS (75 minutes; Crain et al. Chapter 11)

- General knowledge
- Investigations
- Technology

XIII. MATRIMONIAL FORENSICS (150 minutes; Crain et al. Chapter 12)

- Divorce process
- Valuation
- Alimony and support
- Supplemental reading: AICPA FVS Practice Aid *A CPA’s Guide to Family Law Services*
XIV. FINANCIAL STATEMENT MISREPRESENTATION (150 minutes; Crain et al. Chapter 13)
- Common methods
- Who commits fraud?
- Investigations

XV. ECONOMIC DAMAGES (150 minutes; Crain et al. Chapter 14)
- General knowledge
- Commercial litigation
- Individual litigation
- Supplemental reading: AICPA FVS Practice Aid *Measuring Damages Involving Individuals*
- Supplemental reading: AICPA FVS Practice Aid *Discount Rates, Risk and Uncertainty in Economic Damages*

XVI. VALUATION (75 minutes; Crain et al. Chapters 15 & 16)
- Fundamentals
- Approaches
- Adjustments
- Applications
- Other topics

XVII. FINAL EXAM
Total 2,100 contact minutes = 42 contact hours (50 minutes per contact hour)
Example Projects

The Task Force strongly believes that hands-on case studies are the best way for university students to learn and apply the concepts of forensic accounting. Each chapter of the textbook includes case studies, research assignments, and other projects for students. Professors are encouraged to use these projects during the semester, or to develop additional projects of their own. Examples include:

- Fraud risk assessments
- Mock forensic investigations
- Mock litigation proceedings (consider trials or depositions and partnering with law schools)
- Enforcement trends research projects (e.g., SEC, PCAOB, DOJ)
- Center for Audit Quality Case Studies

AICPA Forensic Accounting Program Designed for Accounting Students

The AICPA forensic accounting program for accounting students is designed to be a 3-credit hour course that systematically introduces the essentials of all the major topics of forensic accounting, detailing the engagement processes and professional opportunities. It covers the forensic accounting body of knowledge that aligns with the CFF Exam and builds off the CPA body of knowledge.¹

What it Includes

- AICPA course textbook, *Essentials of Forensic Accounting*, written by Michael Crain et al. which contains:
  - Learning objectives
  - Foundational knowledge of each topic
  - Practical application: examples, case studies and research assignments
- Instructor support materials including:
  - Instructor resource manual with teaching outline, course notes and PowerPoint slides
  - Support for practical application in the textbook
- Availability
  - 2nd Edition available Spring 2018

Forensic Accounting Body of Knowledge

The [CFF Exam Content Specification Outline](#) lists the core areas of forensic accounting and the foundational knowledge needed for a forensic accountant or CPA/CFF to objectively and ethically deliver these services in a competent and confident manner.

Other Resources

The AICPA FVS Section provides resources for members, faculty and students. The following information can be used to enhance the classroom experience. Faculty and students may contact [CFF@aicpa.org](mailto:CFF@aicpa.org) for access to locked resources or more information on offering the CFF Exam to students.

1. Business Valuation and Forensic Accounting Resources
2. Practice Aides/Online Professional Library
3. Daubert Tracker
4. FVS News and Consulting Digest
5. Library of Recorded Events and Micro Videos
6. Statements on Standards for Consulting Services
7. CPA/CFF Program

¹ Under the UAA Rules (5-2), this course may count towards the accounting hours to meet the CPA requirement