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
  - CPA Professional Responsibilities in Civil and Criminal Matters
- **Fundamental Forensic Knowledge**
  - Laws, Courts and Dispute Resolution
  - 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 redistribution 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
      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
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<th>Section</th>
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<th>Reference Readings</th>
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</table>
| 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*  
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| B. CPA Professional Responsibilities in Civil and Criminal Matters |                                                    | AICPA Consulting Services Special Report 03-1: *Litigation Services and Applicable Professional Standards*  
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Litigation Services Handbook 4th Edition, Ch. 1  
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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.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*  
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<tr>
<td>A. Bankruptcy, insolvency and reorganization</td>
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<td>Bankruptcy Code</td>
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<td>Litigation Services Handbook 4th Edition, Ch. 28</td>
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