

CFF Exam Content Specification Outline



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THE PATHWAY TO THE CFF® CREDENTIAL

The American Institute of CPAs launched the Certified in Financial Forensics credential in June 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 the combined expertise to a variety of service areas, including bankruptcy, insolvency and reorganization; digital forensics; damages calculations; family law; fraud prevention, detection and response; financial statement misrepresentations; and valuation in litigation.

Forensic accounting involves the application of specialized knowledge and investigative skills CPAs possess to collect, analyze and evaluate evidential matter and to interpret and communicate findings in the courtroom, boardroom or other legal or administrative venue. Unlike other traditional accounting services, a forensic accountant's work product has the potential to end in some legal or administrative venue. As a result, the CFF credential holder must conduct his or her work in a manner that will withstand an enhanced level of scrutiny.

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

The examination consists of: (1) multiple-choice questions intended to test core forensic knowledge; and (2) multiple-choice questions focusing on specialized forensic knowledge that is pertinent for forensic practitioners. The exam is fully computerized and split into two test modules. Module 1, "Core Forensic Knowledge", covers Section I and II and module 2, "Specialized Forensic Knowledge," covers Sections III. Exam modules may be taken in any order.

CFF Exam Content Specification Outline High Level — Outline

- I. Professional Responsibilities and Practice Management (5%–10%) — Exam Module 1: Core Forensic Knowledge
 - A. AICPA
 - B. CPA Professional Roles and Responsibilities in Civil and Criminal Matters
- II. Core Forensic Knowledge (30%–50%) — Exam Module 1: Core Forensic Knowledge
 - A. Laws, Courts and Dispute Resolution
 - B. Engagement Planning and Preparation
 - C. Information Gathering, Preservation and Analysis
 - D. Expert Reports & Testimony
- III. Specialized Forensic Knowledge (40%–50%) — Exam Module 2: Specialized Forensic Knowledge
 - A. Bankruptcy, Insolvency and Reorganization
 - B. Digital Forensics
 - C. Damages Calculations
 - D. Family Law
 - E. Fraud Prevention, Detection and Response
 - F. Financial Statement Misrepresentations
 - G. Valuations in Litigation

DETAILED CONTENT SPECIFICATION OUTLINE

Section I. Professional Responsibilities and Practice Management (5%–10%) — Exam Module 1: Core Forensic Knowledge

As in all engagements, the CPA needs to be cognizant of the professional standards applicable to forensic matters.

Non-authoritative guidance also is available to assist the forensic accountant in various aspects of forensic accounting.

Topic/Content	Referenced Readings
A. AICPA	
1. Authoritative Professional Standards — AICPA	<i>Essentials of Forensic Accounting, Ch.2</i>
a. Code of Professional Conduct	<i>AICPA Code of Professional Conduct</i>
b. Statement on Standards for Consulting Services No. 1	<i>AICPA Statements on Standards for Consulting Services (SSCS) No. 1</i>
c. Statement on Standards for Valuation Services No. 1	<i>AICPA Statements on Standards for Valuation Services (SSVS) No. 1</i>
2. Non-authoritative Guidance — AICPA	
a. See reference list	
B. CPA Professional Responsibilities in Civil and Criminal Matters	<i>Essentials of Forensic Accounting, Ch. 2</i>
1. Ethical issues	
2. Liability issues	
3. Roles of CPA	
a. Expert witness	
b. Consultant	
c. Other	
• Referee/mediator	
• Arbitrator	
• Special master	
• Fact witness	

Section II. Core Forensic Knowledge (30%–50%) — Exam Module 1: 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. The fundamental forensic knowledge required to accomplish this includes a basic understanding of the following areas:

Topic/Content	Referenced Readings
A. Laws, Courts and Dispute Resolution	
1. Basic civil and criminal laws and dispute resolution	
b. Federal statutes	
c. Legal state statutes	
d. Dispute resolution	
• Arbitration	
• Mediation	
• Negotiation	
2. Basic federal and state ¹ rules of evidence	<i>Essential of Forensic Accounting, Ch. 3</i>
3. Basic federal and state ² rules of procedure	<i>Serving as Expert Witness or Consultant</i>
a. Federal rules of civil procedure	<i>Federal Rules of Evidence 701–705</i>
b. Federal rules of criminal procedure	
c. Federal rules of bankruptcy procedure	<i>Federal Rules of Civil Procedures</i>
4. Federal courts	
a. U.S. Supreme Court	
b. Courts of Appeal	
c. District Courts	
• Bankruptcy Court	
• Magistrate Court	
d. Tax Court	
e. Court of Federal Claims	
5. State Courts ³	
6. Other laws, regulation, 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. U.S. Patriot Act	
g. Bank Secrecy Act	
h. Fry, Daubert, Kumho and Dodd-Frank	

¹ These items are not tested on the exam, but a practitioner should be aware of the local laws and procedures directly affecting their practice.

² Ibid

³ Ibid

Topic/Content	Referenced Readings
<p>7. Other agencies</p> <ul style="list-style-type: none"> a. Department of Justice <ul style="list-style-type: none"> • Federal Bureau of Investigation • Bureau of Alcohol, Tobacco, Firearm and Explosives b. Department of Treasury <ul style="list-style-type: none"> • Internal Revenue Service • Internal Revenue Service — Criminal Investigation Division • Financial Crime Enforcement Network c. Securities and Exchange Commission d. Department of Labor e. State Agencies⁴ 	<p><i>Essential of Forensic Accounting, Ch. 3</i></p> <p><i>Serving as Expert Witness or Consultant</i></p> <p><i>Federal Rules of Evidence 701–705</i></p> <p><i>Federal Rules of Civil Procedures</i></p>
<p>B. Engagement Planning and Preparation — Each forensic engagement is unique. All have common planning and preparation requirements that may include all or most of the following:</p> <ul style="list-style-type: none"> 1. Accepting the engagement <ul style="list-style-type: none"> a. Consider who the client is (organization, individual and their attorney) <ul style="list-style-type: none"> • Identify parties related to the engagement • Perform a conflict check b. Meet with the client to understand: <ul style="list-style-type: none"> • Purpose and goals of the engagement • Key issues • Areas of necessary technical expertise and experience • Define scope of procedures <ul style="list-style-type: none"> i. Applicable rules and standards ii. Approach the applicable laws and regulations iii. Applicability of attorney work-product privilege iv. Consulting expert or testifying expert v. Nature of ongoing coordination with attorney vi. Type of report, if any • Available information <ul style="list-style-type: none"> i. Types ii. Location iii. Access, control and vulnerability • Priority/urgency, timeline c. Initial evaluation of case/planning <ul style="list-style-type: none"> • Staffing • Budgeting • Gathering of information • Organization of information • Analysis of information • Consideration of engagement acceptance 	<p><i>Essential of Forensic Accounting, Ch. 7</i></p> <p><i>Introduction to Civil Litigation</i></p> <p><i>FVS Practice Management Toolkit</i></p>

⁴ Ibid

Topic/Content	Referenced Readings
<ol style="list-style-type: none"> 2. Understanding with client <ol style="list-style-type: none"> a. Written (engagement letter) or oral agreement b. Rights and duties of engagement parties c. Nature of services to be provided and consideration of the stakeholder(s) (board of directors, client, regulators, auditors and others) d. Assess potential conflicts of interest e. Restrictions on use of confidential materials f. Administrative and fee matters 	<p><i>Essential of Forensic Accounting, Ch. 7</i></p> <p><i>Introduction to Civil Litigation</i></p> <p><i>FVS Practice Management Toolkit</i></p>
<p>C. Information Gathering, Preservation and Analysis — In performing a forensic engagement, the practitioner should identify and consider relevant documents and information. Information sources may be derived from the client, their counsel, a third party, publicly available information or it may need to be derived by the practitioner through analysis. In any case, relevant information obtained needs to be documented and preserved in accordance with the applicable rules of evidence to ensure its later admissibility in court or other legal venues.</p> <ol style="list-style-type: none"> 1. Information gathering <ol style="list-style-type: none"> a. Client sources of information <ul style="list-style-type: none"> • Discussion with the client • Physical documents • System review • Electronic information <ol style="list-style-type: none"> i. Structured data — information stored in tables <ol style="list-style-type: none"> 1. Transactional data 2. Log data 3. Other relational databases and tables ii. Unstructured data — information not stored in tables <ol style="list-style-type: none"> 1. Email 2. Electronic documents 3. Web information 4. Social media 5. Geographic b. Common non-client sources of information <ul style="list-style-type: none"> • Asset searches • Due diligence • Market studies • Research <ol style="list-style-type: none"> i. Public information ii. Private information 	<p><i>Essentials of Forensic Accounting, Ch. 4</i></p>

Topic/Content	Referenced Readings
<ul style="list-style-type: none"> c. Discovery <ul style="list-style-type: none"> • Requesting and examining other parties' information <ul style="list-style-type: none"> i. Assist in drafting interrogatories ii. Support in drafting requests for admissions iii. Help in drafting request for production of documents and records iv. Advise attorney during depositions • Assist in making client's information available <ul style="list-style-type: none"> i. Document management ii. Understand how to identify and segregate privileged documents iii. Electronic discovery • Make forensic accountant's information available <ul style="list-style-type: none"> i. Documents obtained during engagement ii. Working papers iii. Submit to deposition iv. <i>Subpoena duces tecum</i> v. Other types of subpoenas vi. Quashing a subpoena vii. Motion in Limine • Court order <ul style="list-style-type: none"> i. Special master ii. Receiver • Interviewing <ul style="list-style-type: none"> i. Purpose, preparation and persons to be interviewed <ol style="list-style-type: none"> 1. Understanding elements of conversation 2. Inhibitors of communication 3. Facilitating communication 4. Recording considerations ii. Type of questions <ol style="list-style-type: none"> 1. Introductory <ol style="list-style-type: none"> a. Issuing a caution (confidentiality/privilege/Upjohn warnings) b. Provide introduction c. Establish the theme d. Methodology 	<p><i>Essentials of Forensic Accounting, Ch. 5</i></p> <p><i>Federal Rules of Civil Procedure</i></p>

Topic/Content**Referenced Readings**

2. Informational
 - a. Type of questions
 - i. Open ended
 - ii. Seek clarification for uncertain and unknown facts
 - iii. Seek to corroborate or refute evidence obtained
 - iii. Assessment
 4. Methodology
 5. Documentation
 6. Reporting, if any
- Observation
2. Documentation and evidence preservation, custody and retention
 - a. Avoid destruction or spoliation of evidence
 - b. Maintain chain of custody
 - c. Secure original (or best available copy)
 - d. Consider indexing or otherwise uniquely identifying documents
 - e. Work with copies or images
 - f. Make identical bit-by-bit image of electronic data
3. Analysis (qualitative or quantitative)
 - a. Investigative accounting
 - b. Data analytics
 - c. Computer modeling
 - Financial
 - Transactional
 - Statistical
 - Actuarial

[*Essentials of Forensic Accounting, Ch. 5*](#)

[*Federal Rules of Civil Procedure*](#)

D. Expert Reports and Testimony — The engagement should be supervised and controlled by the testifying forensic accountant. A decision as to whether a written report is to be prepared in a forensic engagement should be made between the accountant, the client and the client's attorney. The forensic accounting expert's role as a testifying witness is to assist the court or trier of fact. Rules may vary depending on the forum and venue. The forensic accountant should, in consideration with counsel, apply the rules applicable to the particular case.

1. Types of expert roles

a. Testifying expert

- Deposition participation
- Qualification
- Direct testimony
- Cross-examination
- Exhibits and visual aids
- Familiarity with applicable case law related to challenging the admissibility of an expert

b. Consulting expert

- Non-testifying
- Work is usually not discoverable
- Assistance at depositions
- Assistance at trial

c. Non-expert testimony

- Summary witness
- Fact or lay witness

2. Report components and approaches

a. Written

b. Oral

c. Other reporting

- Visual
- Rebuttal
- Supplemental
- Draft

3. Compliance issues

a. Transition of level of services issues

b. State and local jurisdictional requirements⁵

c. FRCP Rule 26

[*Essentials of Forensic Accounting, Ch. 6*](#)

[*Serving as Expert Witness or Consultant*](#)

[*Federal Rules of Evidence 701–705*](#)

[*Federal Rules of Civil Procedure*](#)

⁵ *Ibid*

Section III. Specialized Forensic Knowledge (40%–50%) — Exam Module 2: Specialized Forensic Knowledge

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. A basic knowledge of each of the following areas is helpful. However, no one practitioner would be expected to know them all, but rather would seek expert assistance where necessary.

Topic/Content	Referenced Readings
<p>A. Bankruptcy, Insolvency and Reorganization — A federal court procedure and concepts for assisting consumers and businesses with the reorganization restructure and possible elimination of debt and repayment of creditors.</p> <ol style="list-style-type: none">1. General bankruptcy concepts<ol style="list-style-type: none">a. Type of bankruptcies<ul style="list-style-type: none">• Chapter 7• Chapter 11• Chapter 13• Other forms of bankruptcyb. Keys constituents in the bankruptcy process<ul style="list-style-type: none">• United States of Bankruptcy Court• Office of the United States Trustee• Debtor• Creditor• Trustees• Examiner• Committees• Bankruptcy professionals<ol style="list-style-type: none">i. Counselii. Patient care, ombudsmaniii. Key financial advisors<ol style="list-style-type: none">1. Financial adviser for the debtor2. Financial adviser for the Committee3. Accountant for the trustee4. Accountant for the debtorc. Forms<ul style="list-style-type: none">• Bankruptcy petition and schedule and statement of financial affairs• First-day motions• Applications for employment• Seven-day package• Monthly operating reports• Plan and disclosure statements• Proof of claim	<p><i>Essentials of Forensic Accounting, Ch. 10</i></p> <p><i>Providing Bankruptcy and Reorganization Services Volume 1 – Litigation and Dispute Resolution in Bankruptcy</i></p> <p><i>Providing Bankruptcy and Reorganization Services Volume 2 – Valuation in Bankruptcy</i></p>

Topic/Content	Referenced Readings
<ul style="list-style-type: none"> 2. Concepts related to plans of reorganization in bankruptcy <ul style="list-style-type: none"> a. Financial projection <ul style="list-style-type: none"> • Cash-flow projections • Liquidation analyses • Treatment of creditors • Feasibility • Conflicts of interest <ul style="list-style-type: none"> i. Pre-petition auditor/accountant of debtor issues ii. Waiver of claims b. Types of plans of reorganizations <ul style="list-style-type: none"> • Exclusivity period • Actual reorganization • Methodical wind-down/liquidating plan • Bifurcation • Liquidating Trust c. Understanding of key insolvency concepts <ul style="list-style-type: none"> • Cash collateral and adequate protections • Cram down • Claims determination • Automatic stay • Absolute priority rule • Debtor in possession • KERP • Avoidance or recovery <ul style="list-style-type: none"> i. Preference payments ii. Insider payments iii. Fraudulent transfers iv. Reclamation actions 3. Taxation Issues <ul style="list-style-type: none"> a. Taxation of individuals b. Short period election c. Taxation of pass-through entities d. Taxation of reorganization costs e. Net operating losses and tax attributes f. Cancellation of debt g. Tax claims 4. Out-of-court restructuring <ul style="list-style-type: none"> a. Assignment for the benefit of creditors 5. Fresh start accounting <ul style="list-style-type: none"> a. Reorganization value b. ASC 852 6. Sales of business in bankruptcy <ul style="list-style-type: none"> a. 363 sales b. Stalking horse 	<p data-bbox="1031 310 1398 369"><i>Essentials of Forensic Accounting, Ch. 10</i></p> <p data-bbox="1031 394 1419 516"><i>Providing Bankruptcy and Reorganization Services Volume 1 – Litigation and Dispute Resolution in Bankruptcy</i></p> <p data-bbox="1031 541 1419 634"><i>Providing Bankruptcy and Reorganization Services Volume 2 – Valuation in Bankruptcy</i></p>

B. Digital Forensics

Essentials of Forensic Accounting, Ch. 11

1. Computer forensics — Computer forensics describes the discipline of gathering and analyzing electronically stored information in a manner that is forensically sound.
 - a. Data integrity
 - Data imaging
 - Data recovery
 - b. Data authenticity
 - Prevention of contamination of data
 - Minimal handling of the original
 - Chain of custody
 - c. Investigation
 - Systematic examination of research and analysis in order to discover facts
2. Electronic data analysis — The process of obtaining and analyzing quantitative and qualitative information for gaining insight, understanding facts, obtaining evidence or identifying risk.
 - a. Planning
 - Identify objectives
 - Understand systems, sources, locations, access and format of electronic data
 - Benefits and limitations of various data formats and analysis tools
 - Perform risk assessment
 - b. Design procedures
 - Types of procedures
 - Request and obtain data; consider who is obtaining the data
 - c. Performing data analytic procedures
 - Working with complete data
 - Identifying key results, red flags and items for follow up
 - d. Evaluate results
3. Cyber-crime — An illegal act committed via the internet or otherwise aided by various forms of computer technology
 - a. Theft
 - b. Tampering
 - c. Fraud
 - d. Hacking
 - e. Copyright infringement
 - f. IT security and IT controls

Topic/Content**Referenced Readings**

C. Damages Calculations — The quantification of the impact of a loss to a business or individual caused by the actions of the opposing party and the necessary remediation to restore the victim to whole.

1. Economic damages — businesses
 - a. Causes of business damages
 - Contract disputes
 - Intellectual property disputes
 - M&A disputes
 - Construction claims
 - Shareholder disputes
 - Insurance claims
 - Professional negligence
 - b. Actual or compensatory vs. punitive damages
 - c. Types of business damages
 - Lost profits or “but for.”
 - i. Before and after method
 - ii. The yardstick method
 - iii. Calculation based on terms of the contract
 - iv. Disgorgement
 - v. Reasonable royalty
 - Lost business value
 - Expenses incurred
 - d. Key components of the calculation of damages
 - Evaluation of the damages period duration
 - Past and future lost revenues
 - Growth rates
 - Avoided costs
 - i. Fixed vs. variable costs
 - Discounting future damages
 - i. Time value of money
 - ii. Risk
 - Pre-judgement and post-judgement interest
 - e. Potential Considerations — causation

[*Essentials of Forensic Accounting, Ch. 14*](#)

[*Attaining Reasonable Certainty in Economic Damages Calculations*](#)

[*Discount Rates, Risk, and Uncertainty in Economic Damages*](#)

[*Measuring Damages Involving Individuals*](#)

[*Calculating Intellectual Property Infringement Damages*](#)

[*Merger and Acquisition Disputes*](#)

Topic/Content	Referenced Readings
<ul style="list-style-type: none"> 2. Economic damages — individual <ul style="list-style-type: none"> a. Cause of damages for individuals <ul style="list-style-type: none"> • Personal injury • Wrongful death • Wrongful termination b. Jurisdictional standards and guiding principles c. Types of economic damages for individuals and considerations related thereto d. Factors in determining (calculation) types of damages for individuals 3. Intellectual property <ul style="list-style-type: none"> a. Patents <ul style="list-style-type: none"> • Examples • Laws governing • Infringement — types of damages <ul style="list-style-type: none"> i. Lost profits ii. Reasonable royalties iii. Entire market value and apportionment iv. Price erosion v. Calculations for common damages related to this type of IP b. Copyrights <ul style="list-style-type: none"> • Examples • Law governing • Infringement — types of damages <ul style="list-style-type: none"> i. Statutory damages ii. Actual damages iii. Unjust enrichment iv. Calculations for common damages related to this type of IP c. Trademarks and trade names <ul style="list-style-type: none"> • Examples • Laws governing • Infringement — types of damages • Actual damages <ul style="list-style-type: none"> i. Actual damages ii. Unjust enrichment <ul style="list-style-type: none"> 1. Apportionment issues ii. Corrective advertising iii. Calculations for common damages related to this type of IP 	<p><i>Essentials of Forensic Accounting, Ch. 14</i></p> <p><i>Attaining Reasonable Certainty in Economic Damages Calculations</i></p> <p><i>Discount Rates, Risk, and Uncertainty in Economic Damages</i></p> <p><i>Measuring Damages Involving Individuals</i></p> <p><i>Calculating Intellectual Property Infringement Damages</i></p> <p><i>Merger and Acquisition Disputes</i></p>

Topic/Content	Referenced Readings
<ul style="list-style-type: none"> d. Trade secrets <ul style="list-style-type: none"> • Examples • Law governing <ul style="list-style-type: none"> i. Uniform trade secret act vs. state law ii. Defend trade secrets act • Infringement — types of damages <ul style="list-style-type: none"> i. Actual damages ii. Unjust enrichment • Apportionment issues <ul style="list-style-type: none"> i. Calculations from common damages related to this type of IP <p>4. Mergers and acquisitions — Refers to transactions by which companies are combined through the purchase, sale and combining of separate companies or assets thereof.</p> <ul style="list-style-type: none"> a. Acquisition types <ul style="list-style-type: none"> • Asset purchase • Stock purchase b. Merger types <ul style="list-style-type: none"> • Forward • Reverse • Subsidiary • Reverse subsidiary c. Due diligence d. Disputed issues <ul style="list-style-type: none"> • Purchase price adjustment and potential impact of value • Earnout provisions • Material adverse change • Representation and warranty • Impact of misrepresentations 	<p><i>Essentials of Forensic Accounting, Ch. 14</i></p> <p><i>Attaining Reasonable Certainty in Economic Damages Calculations</i></p> <p><i>Discount Rates, Risk, and Uncertainty in Economic Damages</i></p> <p><i>Measuring Damages Involving Individuals</i></p> <p><i>Calculating Intellectual Property Infringement Damages</i></p> <p><i>Merger and Acquisition Disputes</i></p>
<p>D. Family Law — The collection of laws and concepts related to the impact of financial matters on family relationships</p> <ul style="list-style-type: none"> 1. Property distribution <ul style="list-style-type: none"> a. Equitable distributions vs. community property law b. Marital property vs. separate property c. Transmutation of property d. Active vs. passive appreciation 2. Asset tracing 3. Asset valuation 	<p><i>Essentials of Forensic Accounting, Ch. 12</i></p> <p><i>A CPA's Guide to Family Law Service</i></p>

Topic/Content	Referenced Readings
<ul style="list-style-type: none"> 4. Closely held business <ul style="list-style-type: none"> a. Premise of value b. Standard of value c. Methods of valuation d. Acceptance of methods in jurisdiction e. Owners' agreement or buy-sell agreements f. Applicability of premiums and discounts 5. Goodwill <ul style="list-style-type: none"> a. Personal vs. enterprise b. Inclusion in marital estate 6. Retirement plans <ul style="list-style-type: none"> a. Method of valuation b. Distribution c. Marital vs. non-marital d. Vested vs. non-vested 7. Stock options <ul style="list-style-type: none"> a. Methods of valuation b. Marital vs. non-marital c. Vested vs. non-vested 8. Child support <ul style="list-style-type: none"> a. Factors b. Applicability of state guidelines 9. Spousal support (alimony) <ul style="list-style-type: none"> a. Factors b. Change in circumstances c. Types 10. Other support issues <ul style="list-style-type: none"> a. Unallocated support b. Payments to others c. Temporary support 11. Income determination <ul style="list-style-type: none"> a. Tax returns b. Items excluded c. Imputing income d. Earnings from investments and assets 12. Income tax considerations <ul style="list-style-type: none"> a. Filing status b. Dependency exemptions c. Property distribution <ul style="list-style-type: none"> • Marital residence • Stock options • Retirement plans • Other assets d. Child support vs. spousal support <ul style="list-style-type: none"> • Requirements for deductibility of spousal support 	<p data-bbox="1031 304 1477 336"><i>Essentials of Forensic Accounting, Ch. 12</i></p> <p data-bbox="1031 357 1477 388"><i>A CPA's Guide to Family Law Service</i></p>

Topic/Content	Referenced Readings
<p>E. Fraud Prevention, Detection and Response — Use knowledge of fraud and experience with forensic techniques to assist clients to mitigate risk, respond to suspected fraud instances, or both.</p> <ol style="list-style-type: none"> 1. Fraud <ol style="list-style-type: none"> a. Overview b. Basis for concern c. Fraudster profile 2. Risk factors <ol style="list-style-type: none"> a. Fraud Triangle b. Industry factors <ul style="list-style-type: none"> • Economic • Competition • Management • Regulatory c. Consideration of fraud at the entity level <ul style="list-style-type: none"> • Fraud risk governance <ol style="list-style-type: none"> i. Tone at top • Fraud risks assessment <ol style="list-style-type: none"> i. Common fraud scenarios ii. Likelihood and impact assessment iii. Heat maps to see where to invest resources to address high risk, high impact areas • Fraud prevention and deterrence controls <ol style="list-style-type: none"> i. Values system ii. Hotlines iii. Training and awareness iv. Discipline, prosecution and recovery guidelines v. Internal audit function vi. Segregation of duties vii. Management involvement and commitment to the financial reporting process and preventing overrides of control • Fraud detection procedures <ol style="list-style-type: none"> i. Fraud risk assessment ii. Effective internal controls at the entity and process levels iii. Monitoring activities iv. Robust investigation 	<p><i>Essentials of Forensic Accounting, Ch. 8 & Ch. 9</i></p> <p><i>Forensic Accounting – Fraud Investigations</i></p>

Topic/Content	Referenced Readings
<ul style="list-style-type: none"> • Fraud investigation and response <ol style="list-style-type: none"> i. Case management system to receive and effectively investigate complaints and allegations ii. Evidence and information gathering iii. Analysis of evidence iv. Reporting • Response, remediation and corrective action <ol style="list-style-type: none"> i. Reporting and escalation of allegations ii. Steering committee to manage and review the status of ongoing investigations iii. Dedicated group of professionals with the requisite hard and soft skills to conduct investigations iv. Coordination with legal counsel to accumulate evidence and analyses to support disciplinary or punitive actions <ol style="list-style-type: none"> 1. Restitution 2. Termination 3. Referral to law enforcement v. Crisis management 	<p><i>Essentials of Forensic Accounting, Ch. 8 & Ch. 9</i></p> <p><i>Forensic Accounting – Fraud Investigations</i></p>
<p>F. Financial Statement Misrepresentations — The deliberate representations, misstatement or omission of financial information resulting in the misleading of users of the financial statements.</p> <ol style="list-style-type: none"> 1. Common accounting issues <ol style="list-style-type: none"> a. Balance sheet <ul style="list-style-type: none"> • Asset misappropriation • Overstating asset value • Understating liabilities b. Income Statement <ul style="list-style-type: none"> • Revenue recognition • Expense misstatement (over or understating) c. Tax fraud d. SEC 10(b)5 investigations 2. Financial statement fraud engagements <ol style="list-style-type: none"> a. Types of cases <ul style="list-style-type: none"> • Damages • Securities fraud • Insurance claims b. Internal investigations <ul style="list-style-type: none"> • How triggered • Fact finding • In anticipation of regulatory investigations 	<p><i>Essentials of Forensic Accounting, Ch. 13</i></p>

Topic/Content	Referenced Readings
<ul style="list-style-type: none"> 3. Asset misappropriation <ul style="list-style-type: none"> a. Fraud schemes <ul style="list-style-type: none"> • Internal vs. external <ul style="list-style-type: none"> i. Employees ii. Customers iii. Vendors iv. Unrelated third parties • On-book vs. off-book • Ponzi • Embezzlement b. Espionage <ul style="list-style-type: none"> • Theft of intellectual property • Executive impersonation fraud c. The role of internal controls in preventing and deterring fraud 	<p><i>Essentials of Forensic Accounting, Ch. 13</i></p>
<p>G. Valuation in Litigation — The concepts and processes related to evaluating and opining on something in dispute.⁶</p> <ul style="list-style-type: none"> 1. Process 2. Purpose of the valuation 3. Valuing interests in 4. Valuation engagement considerations <ul style="list-style-type: none"> a. Standards of value b. Premises of value c. Approaches and methods <ul style="list-style-type: none"> • Income approach • Market approach <ul style="list-style-type: none"> i. When it is appropriate ii. Size adjustments • Asset approach <ul style="list-style-type: none"> i. When it is appropriate 5. Key considerations in accepting a conclusion of value for reporting <ul style="list-style-type: none"> a. Reporting requirements <ul style="list-style-type: none"> • Types of reports • Standards 	<p><i>Essentials of Forensic Accounting, Ch. 15 and Ch. 16</i></p>

⁶ There are no calculations on the exam. A candidate just needs to have an understanding of the core concepts and the impact they have on a litigation engagement.

