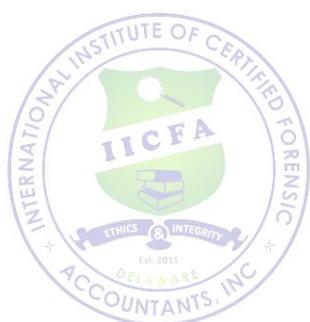


INTERNATIONAL INSTITUTE OF CERTIFIED FORENSIC ACCOUNTANTS, INC-USA



CHARTERED CERTIFIED
FORENSIC ACCOUNTANT



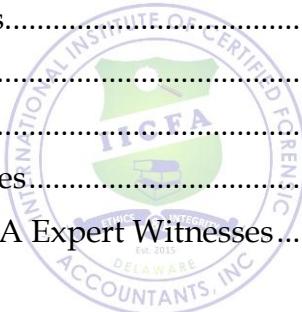
A Publication of the IICFA
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IICFA CODE OF STANDARD PRACTICE FOR CCFAs



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IICFA CODE OF STANDARD PRACTICE

Introduction

Some relevant sections of the IICFA Standard Practices to consider when undertaking a forensic accounting engagement include:

1. IICFA practitioners should perform all Forensic Accounting engagements in accordance with the standards of the Chartered Certified Forensic Accounting profession, including these standard practices and the CCFA's Rules of Professional Conduct and any other regulatory and legal requirements that may be applicable.
2. IICFA standard practices are needed to protect the public interest by ensuring consistency to a minimum standard of practice.
3. IICFA standard practices are different from IICFA engagement procedures. Standard practices relate to the IICFA practitioner's professional skills, the performance of his or her engagement, and the preparation of his or her report. IICFA procedures are the specific acts or steps performed by the practitioner to attain his or her objectives in the particular engagement.
4. These IICFA standard practices are not intended to codify detailed practical rules that will address all matters that may be associated with an IICFA engagement. Rather, they are intended to provide conceptual guidance to assist in the application of professional judgment. Wherever possible, they are intended to be principle-based, rather than rule based, leaving more room for professional judgment when applying such guiding principles to specific circumstances.
5. No standard of general application can be phrased to suit all circumstances or combinations of circumstances that may arise. Due to the unique nature of many IICFA engagements, the application of professional accounting skills, investigative skills, and an investigative mindset must be customized to the specific circumstances of each engagement. This tailoring requires the repeated application of professional judgment in the determination of what constitutes good practice in a particular case.



Definition of CCFA Engagement

A Chartered Certified Forensic Accountant, CCFA Engagement are those that:

- (a) require the application of professional accounting skills, investigative skills, and an investigative mindset; and
- (b) involve disputes or anticipated disputes, or where there are risks, concerns or allegations of fraud or other illegal or unethical conduct.

"Professional accounting skills" require the following sub-components:

- (a) an understanding of how business activity is documented, recorded, reported, managed and controlled;
- (b) the ability to identify, obtain, examine and evaluate relevant information;
- (c) the ability to quantify the financial impact of actual or expected transactions or events;
- (d) the ability to perform and interpret relevant analyses of information;
- (e) the ability to document and explain business information and the results of the financial analyses for decision-making purposes; and
- (f) the ability to render relevant and appropriate opinions and conclusions based on the findings and results of the work performed.

"Investigative skills" require the following sub-components:

- (a) an understanding of the context within which the engagement is to be conducted (for example, the Tribunal process, laws, regulations, contracts or policies relevant to the engagement);
- (b) the ability to identify, obtain, examine and assess information relevant to the engagement;
- (c) the ability to analyze and compare various types and sources of information;
- (d) an understanding of the types of information that would assist in establishing motivation, intent and bias;
- (e) an understanding of the ways in which information could be fabricated or concealed;
- (f) an understanding that information collected and the work performed, including the work and information of others, may become subject to disclosure and be tendered as evidence; and
- (g) the ability to document and present investigative findings and conclusions for decision making purposes



Application of the Definition

- An “investigative mindset” requires a skeptical attitude in the identification, pursuit, analysis and evaluation of information relevant to each engagement, contemplating that it may be biased, false and/or incomplete. This is applicable in identifying and assessing relevant issues, assessing the plausibility of the underlying assumptions, assessing substance over form, and developing hypotheses for the purpose of addressing the issues under investigation.
- Professional accounting skills, investigative skills, and an investigative mindset should each be applied to every CCFA engagement; however, not all of their sub-components will be applied in every CCFA engagement.
- The investigative skills are not restricted to investigative engagements, but are also applied in loss quantification and other CCFA engagements, although the extent to which investigative skills are applied varies according to the nature of the engagements.
- An investigative mindset is also necessary for all IICFA engagements. In dealing with dispute-related engagements, the investigative mindset is employed to assist in determining and evaluating procedures, findings and conclusions. In consulting engagements, the investigative mindset is applied to determine and evaluate the procedures that need to be performed. For example, in an engagement to develop fraud prevention policies, an investigative mindset is applied to establish the process for determining ways in which policies could be violated.
- At its boundaries, a skills-based definition for IICFA engagements will likely overlap with definitions for other disciplines, such as assurance, information technology, business valuation, corporate finance, tax, private investigation, and insolvency and restructuring. To the extent that such engagements include components that meet the definition of the CCFA engagements, such components would become CCFA engagements and the individuals performing such components must follow these CCFA standard practices as well as any professional standards that may apply.
- These IICFA standard practices should be applied to all IICFA engagements, and to work performed by all individuals on such engagements.



- In the context of this document, “work” means the work of IICFA practitioners, including that performed by other individuals, within the domain of the IICFA engagement.
- Some professional engagements will include one or more parts that meet the definition of an IICFA engagement. In these circumstances, these IICFA standard practices should be applied to those parts of the professional engagement that meet the definition.
- These IICFA standard practices are not intended to supersede any standards, rules or legislation relevant to the field of expertise pertaining to a specific IICFA engagement, and IICFA practitioners should refer to these standards, rules or legislation to support their work.
- IICFA practitioners accepting IICFA engagements in a jurisdiction other than Canada should have adequate knowledge of, and meet the relevant standards and regulatory and legal requirements applicable to, that jurisdiction.

Engagement Acceptance

- IICFA practitioners should establish the parameters of the engagement with their client and document these parameters, including their role, the purpose(s) and general scope of the work to be performed, the nature of any report and, where applicable, the terms and conditions for the IICFA engagement. These parameters should be established as part of the initial engagement acceptance.
- Where possible, IICFA practitioners should prepare or obtain an engagement letter for each engagement.
- IICFA practitioners should discuss material changes to the parameters of the engagement with the client and document the changes accordingly in a supplementary engagement letter
- IICFA practitioners should have reasonable assurance that the IICFA engagement team collectively has the necessary expertise, competencies, resources and time to perform the engagement.



- Where IICFA practitioners are aware of circumstances where their independence may reasonably be questioned, they should disclose these circumstances to their client.
- IICFA practitioners should not accept an IICFA engagement if they expect to be unable to complete the engagement for any reason or if there are any known constraints that would prevent the completion of the engagement in accordance with professional standards and regulatory and legal requirements.

Discontinuation of Engagement

If IICFA practitioners encounter exceptional circumstances that bring into question their ability to continue performing an IICFA engagement, they should:

- (a) consider their professional responsibilities;
- (b) consider obtaining legal advice;
- (c) consider the possibility of withdrawing from the IICFA engagement; and
- (d) if they withdraw, deliver to the client all information including all papers and property originally provided by the client and any other information reasonably required by the client in respect of the subject matter of the engagement, promptly render an account for outstanding fees and disbursements, and reasonably co-operate with any successor IICFA practitioner(s).

Planning and Scope of Work

- The IICFA engagement work should be adequately planned.
- Each IICFA engagement is unique; accordingly, the planning for each engagement should be customized and evolve as the engagement progresses, requiring the repeated application of professional judgment:
 - (a) identifying the objectives of the engagement;
 - (b) obtaining sufficient understanding of the circumstances of the engagement and the events giving rise to the engagement;
 - (c) obtaining sufficient understanding of the context within which the engagement is to be conducted (for example, any Tribunal process, laws, regulations, contracts or policies relevant to the engagement);



- (d) identifying any limitation of scope where access has been denied or information cannot be obtained or provided; and
 - (e) evaluating the resources necessary to complete the work, and identifying a suitable engagement team.
- When planning the extent of the scope of work for a particular IICFA engagement, IICFA practitioners should consider:
- (a) developing hypotheses, as applicable, for the purpose of addressing the circumstances and context of the engagement;
 - (b) identifying the approach(es), procedures and techniques that will allow the practitioners to meet the engagement objectives within the constraints of time, cost and availability of information;
 - (c) identifying financial and other information relevant to the engagement, and developing a strategy to acquire such information; and
 - (d) determining the impact of the nature and timing of any reporting requirements.
- IICFA practitioners performing IICFA engagements that require expertise beyond their own should inform the client's counsel and/or the client at the earliest opportunity of the need to retain such expertise.
- IICFA practitioners should assess the need to obtain independent legal advice on specific matters pertaining to an IICFA engagement, including the current state of the law and any relevant contractual or legal requirements/precedents specific to the jurisdictions in which they are working

Engagement Supervision

- IICFA practitioners may delegate portions of IICFA engagements to appropriately qualified assistants, agents or subcontractors.
- IICFA practitioners should properly supervise and be responsible for the work of their assistants, agents or subcontractors. The nature, timing and extent of such supervision will vary with the complexity of the engagement and the experience of the persons assigned.



Information Collection and Analysis

- IICFA practitioners should use an investigative mindset in the identification, pursuit, analysis and evaluation of information relevant to each IICFA engagement, contemplating that it may be biased, false, unreliable and/or incomplete.
- Throughout an IICFA engagement, IICFA practitioners should use an investigative mindset to assess the timing, nature and extent of the approach (es), procedures and techniques to be used.
- The type of information obtained may relate to the facts pertaining to the underlying issues of the IICFA engagement as well as factors relating to motivation, intent and bias.
- IICFA practitioners should consider the relevance of all information that arises during the course of an IICFA engagement.
- IICFA practitioners should identify, analyze, assess and compare all relevant information, assess substance over form, and develop and test, as needed, hypotheses for the purpose of evaluating the issues in the IICFA engagement.

Reasonable Assumption

- IICFA practitioners should evaluate the reasonableness and consistency of all estimates and assumptions having regard to the IICFA practitioners' competence, expertise and other available relevant information.
- Where IICFA practitioners receive estimates and assumptions that are outside of their competence and expertise, and IICFA practitioners intend to rely on such estimates and assumptions, they should consider the reasonableness of those estimates and assumptions.



Conflicting Information and Alternative Theories

- IICFA practitioners should review all information received during an IICFA engagement, and consider its relevance, reliability, reasonableness, completeness and consistency with other known engagement information.
- IICFA practitioners should consider and address reasonable alternative theories, approaches and methodologies that may be relevant to their work.

Reliance on the Work of Others

- During an IICFA engagement, IICFA practitioners may rely on persons or firms possessing expertise relevant to the IICFA engagement (collectively referred to in these IICFA standard practices as "others").
- IICFA practitioners should evaluate the nature and level of intended reliance on the work and/or information of others. The results of this evaluation will impact the extent to which the following factors need to be assessed:
 - (a) their knowledge, expertise and competence relevant to the IICFA engagement;
 - (b) their business and professional reputation;
 - (c) their objectivity and independence in relation to the IICFA practitioners' requirements;
 - (d) the source of their information;
 - (e) the overall reasonableness of their assumptions, methodologies, findings and conclusions; and
 - (f) the relevance of their work and information to the engagement objectives.If this evaluation identifies inadequacies or a high level of risk, IICFA practitioners should perform additional procedures to address or resolve such factors. If IICFA practitioners are not satisfied with regard to these factors, they should either not rely on the work of the individual(s) concerned or disclose their concerns.
- There should be an appropriate understanding between IICFA practitioners and others on whom they are relying concerning their respective roles and responsibilities relating to the IICFA engagement. IICFA practitioners and these others should communicate sufficiently to minimize misunderstandings that could cause practitioners to misinterpret the work and/or information of others.



File Documentation

- IICFA practitioners' working papers should contain or have a reference to all information used and relied upon in carrying out an IICFA engagement, including the following documents or summaries thereof which would usually be retained on file:
 - (a) research;
 - (b) accounting, banking and other business records, and agreements;
 - (c) pleadings, criminal or regulatory charges, and other legal claims;
 - (d) affidavits and discovery transcripts;
 - (e) engagement letters and other correspondence;
 - (f) reports issued;
 - (g) schedules and calculations, including all necessary explanations;
 - (h) notes and other recordings of interviews, meetings and discussions;
 - (i) documentation of key issues considered and key assumptions made;
 - (j) the approach(es) taken and specific techniques used;
 - (k) a record of the nature, extent and timing of procedures performed and the results of such procedures;
 - (l) a record of the identities of the individual(s) performing the IICFA engagement and a record that the work performed by assistants was supervised and reviewed; and
 - (m) where the work of others is relied upon, their findings and conclusions.
- The form and content of individual working papers are affected by matters such as the terms of the IICFA engagement, including the nature of the report required, the nature and complexity of the subject business, and the needs in the particular circumstances for supervision and review of the work performed by any assistants.
- While it is neither necessary nor practical for IICFA practitioners to document in their working papers every observation, consideration or conclusion, practitioners need to document matters that, in their professional opinion, are important to support their work and/or were relevant in reaching their findings, opinions and/or conclusions.
- Working papers should be maintained in an organized manner.



- IICFA practitioners should adopt reasonable procedures for safe custody of working papers and retain them for a period of time sufficient to meet the requirements of the IICFA engagement and to satisfy any pertinent legal requirements of records retention.

Reporting

- IICFA practitioners may communicate their findings and conclusions in a number of different forms:
 - (a) written, oral or visual;
 - (b) draft, interim or final;
 - (c) point-form or narrative; and
 - (d) formal, affidavit or letter form.

To the extent that such communication may be construed by the recipient to be a report based on the terms of the engagement, these are collectively referred to in these IICFA standard practices as "reports". All such reports should be governed by the IICFA standard practices set out below.

- When assessing the nature of the report to be provided, IICFA practitioners should consider the:
 - (a) purpose and use contemplated for the report;
 - (b) standard practices applicable for the IICFA engagement including, where appropriate, Tribunal proceedings; and
 - (c) quality, quantity and reliability of available information.
- Prior to the issuance of the report, IICFA practitioners should be satisfied that there is sufficient support for the content of the report, including any findings and conclusions reached.
- IICFA practitioners should present their findings and conclusions in an objective and unbiased manner.
- IICFA practitioners should confine their findings and conclusions to subject matter, principles and methodologies within their competence, including their knowledge, skill, experience, training and education.



- IICFA practitioners should consider all relevant information that could impact their findings and conclusions.
- If IICFA practitioners become aware of their names being associated with false or misleading information:
 - (a) before the distribution of the information, they should request that such information be corrected; and
 - (b) after the distribution of the information, they should request that appropriate action be taken to correct the misinformation.If appropriate action is not taken, practitioners should consider taking alternative action, including obtaining legal advice.
- All reports should include the following information:
 - (a) the name(s) and professional designation(s) of the IICFA practitioners and/or the firm responsible for the report;
 - (b) who retained the IICFA practitioner(s) and to whom the report is directed;
 - (c) the date of the report;
 - (d) the effective date for the findings and conclusions, if different from the date of the report;
 - (e) the objectives and circumstances of the IICFA engagement and the purpose for which the report is being prepared;
 - (f) identification of the documents and sources of information relied upon to prepare the report;
 - (g) the extent of reliance on the work of others;
 - (h) the techniques and procedures performed when preparing the report, including a description of the approach(es) and rationale for selecting such approach(es);
 - (i) any underlying assumptions and the reasons for relying on such assumptions;
 - (j) the definition(s) of any technical terms and interpretations used in the report;
 - (k) the findings and conclusions reached and any supporting analyses and charts;
 - (l) sufficient information to enable the user to relate the findings and conclusions to the supporting analyses, information and documents;
 - (m)any restrictions on the use of the report; and
 - (n) any scope or other limitations affecting the findings and conclusions.



Special Reporting Circumstances

- Where the independence of the IICFA practitioner may reasonably be questioned, the following should be disclosed:
 - (a) the role of the practitioner;
 - (b) the relationship of the practitioner to any of the involved parties; and
 - (c) the IICFA practitioners' conclusion regarding whether they are independent.
- Where different approaches adopted yield different results, the report should include the range of such results and, where possible, provide information to facilitate a conclusion.
- When relevant information is unavailable or relevant analyses are unable to be performed, the limitation(s) on the scope of the work, the reasons for the limitation(s), and the potential impact on the findings and conclusions, and any other qualifications, should be disclosed in the report.

Expert Testimony; Role of IICFA Expert Witnesses

- "IICFA expert witnesses" are IICFA practitioners who provide expert testimony to a Tribunal. Tribunals generally allow expert testimony to provide impartial and objective assistance in understanding matters beyond the expertise of the Trier of fact. Given the significance of such reliance, Tribunals have consistently required of expert witnesses a level of transparency in their decision-making and impartiality in their testimony that satisfies the requirement that they not be seen as advocating for one side, i.e., that their primary duty is to the Tribunal.
- IICFA practitioners should comply with the following IICFA standard practices when intending to serve as IICFA expert witnesses:
 - (a) Expert witnesses have a duty to provide independent assistance to the Tribunal by way of objective unbiased testimony in relation to matters within their expertise.
 - (b) Expert witnesses should make it clear when a particular question or issue falls outside their expertise.
 - (c) Expert witnesses should never assume the role of an advocate.



IICFA

16192 Costal Highway
Lewes, Delaware
19958 County of Sussex
USA
www.iicfaglobal.com

- (d) Expert witnesses should take reasonable steps to provide the Tribunal with the information, assumptions on which their testimony is based, and any limitations that impact their testimony.
- IICFA practitioners should follow all IICFA standard practices when giving their oral testimony or provide suitable caveats regarding any limitations in their ability to do so.

