

MGMT 642
Fraud Examination
CRN 33864
University of New Mexico
Fall 2016

INSTRUCTOR:	Dr. Richard G. Brody, CPA, CFE, CFF, CGMA, FCPA
OFFICE:	ASM 2008
OFFICE PHONE:	505-277-7258
OFFICE HOURS:	Monday and Wednesday 10:30 – 11:00 and 12:15 – 12:45 and by appointment
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CLASSROOM:	GSM 302
TIME:	Monday 3:00 – 5:30 p.m.

Course Description:

Fraud Examination, sometimes referred to as forensic accounting, is a rapidly growing area of accounting concerned with the detection and prevention of fraud and white-collar crime. Robert G. Roche, a retired chief of the IRS Criminal Investigative Division, provides this description of a forensic accountant:

Someone who can look behind the facade--not accept the records at their value--someone who has a suspicious mind that the documents he or she is looking at may not be what they purport to be and someone who has the expertise to go out and conduct very detailed interviews of individuals to develop the truth, especially if some are presumed to be lying.

Recently, U.S. News & World Report listed forensic accounting as one of the “20 hot job tracks” for the future. Robert Half International, a placement firm for financial professionals, has estimated that the demand for forensic accountants increases by 100% per year.

Course Objectives:

The objectives of this course are to: (1) educate you about both the pervasiveness of and the causes of fraud and white-collar crime in our society, (2) explore, in detail, methods of fraud detection, investigation and prevention, and (3) increase your ability to detect material financial statement fraud. The emphasis will be on real world cases/applications, as well as current applicable newspaper/journal articles. One additional objective is to provide you with an opportunity to improve the skills necessary to succeed in today’s business environment. These include both written and verbal communication skills, as well as critical thinking, ethical reasoning and problem solving skills. You will be expected to participate in the in-class discussions on assigned topics.

Fraud topics taught will help you become better professionals in whatever career you choose. The course will emphasize the importance of corporate social responsibility in an organization as well as the need for reporting systems that focus on integrity and accountability. The technology, interviewing, document examination, public records, and other tools you will study will make you better auditors, tax professionals, consultants and managers/executives.

Required Text:

Albrecht, Albrecht, Albrecht & Zimbelman. Fraud Examination, 5th ed., South-Western, 2016.

Also required: you must become a member of the ACFE Student Chapter (see Course Policies).

Determination of Final Grade:

Midterm exam	120
Final exam	120
Research paper	120
Research paper presentation	40
Current events summaries	70
Contribution to ACFE chapter/class participation	<u>30</u>
Total points available	<u>500</u>

Final Grade (based on total points)

485-500	A+	435-449	B+	350-399	C
465-484	A	416-434	B	300-349	D
450-464	A-	400-415	B-	< 300	F

- *Midterm Examination*

The midterm will be a take-home exam. It will involve the analysis of an ethics case – your ethical reasoning ability will be evaluated via a rubric that will be distributed with the exam itself.

- *Final Examination*

Inside class material will reflect textbook reading, videos, guest speakers, team project presentations and class discussion.

- *Research Paper/Presentation*

This assignment has both written and oral components. A list of suggested topics will be provided and while you may also select your own topic, it must be approved by the instructor. This assignment will be completed with 2 partners. You may self-select your partners. Topics will be assigned on a first-come, first-served basis. Partners will formally evaluate each other and these peer evaluations will factor into each individual's final grade. Thus, it is possible that all team members will not receive the same grade.

A one-page progress report is due on September 12th. This progress report will be graded (factored into your final grade for the paper) and it is to demonstrate what you have done up to this point and detail your plan for the completion of the project. You should have made significant progress on your project prior to the submission of your report. Your final project is due on October 31st and you will make a presentation to the class on one of the following days: November 7th, 14th, 21st or 28th.

You will be graded separately on the oral (on an individual basis using an oral communication rubric) and written components of your research paper. Papers are to be a maximum of 10 double-spaced pages and you must have at least ten outside references cited in the paper (exhibits and appendices may be used and such items will not be counted as part of the 10 pages). More details will be provided in class.

The presentation time is to be 10 - 12 minutes per person and each person is to present his/her material in one time block (that is, there is no back and forth). You will also submit (individually), through Learn, three multiple choice questions (per person) with an answer key based on your presentation for possible inclusion on the final examination. These questions may not be shared with others.

- *Current Events*

Fraud is reported (Internet, newspapers) on a regular basis. It is important that you are aware of the frequency and nature of such frauds. Throughout the semester, you are to focus your attention on the companies, individuals, and/or firms involved.

This assignment requires you to provide a written summary (one-page maximum with a separate title page and a separate “reference” page) of two frauds that occur and are reported on during the time that our course meets. Brief updates to previously reported frauds are not acceptable for your summaries. You are to submit one summary per month for two months selected from the following four months: August, September, October and November. At least one of your two summaries must be submitted in either August or September. The article must relate to a fraud **reported** during the month for which you are submitting.

There should be enough detail for you to provide a synopsis of the article (so if the article is only two paragraphs, it is not long enough). You will also provide your personal comments about the article (2/3 summary; 1/3 personal comments). **Direct quotes are not to be used as part of your summary.** Each summary is due no later than the last day of the month for which it is written (regardless of what day of the week that day falls) and I **strongly** suggest that you do not wait until the very end of the month to select your article and complete your summary. Your article will be the only reference for your summary (that is, no additional sources are to be used).

Each fraud may only be covered once. In order to prevent duplication, you must post your fraud choice (clear indication of the subject) to the appropriate area in Learn (there will be one discussion area for each month). It is your responsibility to make sure that your fraud has not already been selected by someone else and you will be penalized if you post a fraud already selected by a classmate. Points will be deducted if you fail to follow any of these instructions (10% per violation) and there will be severe penalties for any spelling, grammar, typographical or other errors in your written summary (10% per error). **All required materials (3 pages) are to be submitted in one Word file to your assignment folder in Learn.**

- *Class Participation*

The key advantage of class participation is that it forces each student to be well-prepared and thus become an active, rather than passive, learner. Participation also provides you with the opportunity to gain from the experiences and talents of everyone in the class, including our guest speakers. You should feel free to ask questions, provide supportive comments, or challenge **constructively** what has been said. It is important to note that it is not the person who speaks most often who deserves the higher score.

On a weekly basis, you are to keep a log of your participation awarding yourself either a zero, ½ of a point or 1 point for that week. At the end of the semester, you will submit your log (as a Word document) along with a self-evaluation of your class participation. Points may also be accumulated by contributing to the development of the ACFE Student Chapter (**details to be discussed in class**) and while you may also participate in online discussions, such participation is not equivalent to participating in class (50% of the credit given) and it must be substantive in nature.

Please note that attending class, doing the required reading and being engaged in class are all requirements and should not be considered part of the participation score. Participation = ACTIVE participation.

Course, Anderson School of Management and UNM Policies

ACFE Student Chapter Membership

As part of this class, you must become a member of the ACFE Student Chapter. This will give you access to the ACFE website and to *Fraud Magazine*. If you fail to submit the necessary application materials by August 26th (the first Friday of the semester), you will be administratively dropped from this course. You will receive detailed instructions via email on how to complete this process.

Homework

Assignments are to be completed prior to coming to class and while it is not expected that you will achieve perfection on all assignments, it is expected that you will complete them **in writing**. The instructor may randomly select students each class period to individually present the assignments.

Attendance/Promptness

It is expected that you will attend every class and that you will arrive on time. Recurring lateness or repeated absences will be considered grounds for removal from the course. If a guest speaker is scheduled for class, it is imperative that you arrive promptly.

Missed Class Policy:

Given that this is a graduate level course, in the event that you are unable to attend class, **you will be given an additional out-of-class assignment**. Failure to complete the requirements prior to the next class meeting will result in a 15-point penalty (per occurrence). You should make every effort to notify me in advance (a course message through Learn) if you plan to be absent.

Missed Exams

If you miss an exam without the permission of the instructor a score of zero will be assigned. Make-up exams are granted at the discretion of the instructor, only with prior arrangement (unless circumstances involved make this clearly impractical). Make-up exams must be completed prior to the next class meeting.

Written Assignments

APA guidelines are to be followed on all assignments (guidelines are provided in Learn and additional personalized assistance is available in Parish Library). It is expected that **all** written assignments will be free of errors (this includes typos and spelling or grammatical errors). Handwritten corrections are not acceptable. No late assignments will be accepted. It is recommended that you have someone else review your work prior to turning it in as it is often difficult to find mistakes in your own work. Support is available from a writing expert who will be holding office hours in ASM (details TBD).

Exam and Assignment Retention

Materials will be retained for two weeks after the final exam and will then be destroyed.

UNM Learn

This class will make extensive use of Learn. You should check the web site **frequently** as you will find class announcements, assignments, private e-mails and other information. If you are having problems with Learn, you can contact free technical support via telephone (505-277-0857) or email (learn@unm.edu). It is your responsibility to learn and effectively use Learn and questions are not to be directed to your instructor as other resources are available to assist you.

Incompletes

An “I” may be awarded only when a small portion of a student’s work is incomplete due to circumstances beyond his or her control and s/he is otherwise earning a passing grade. “I” grades are to be used in emergency situations only and never as a means to avoid a poor grade.

Academic Integrity

Anderson faculty, staff and students commit to values of trust, honesty, integrity, and accountability. We will not tolerate academic dishonesty. By enrolling in any course at Anderson, the student accepts the Anderson Academic Honesty Code and affirms the following pledge:

I will not lie, cheat, fabricate, plagiarize or use any other dishonest means to gain unfair academic advantage.

Any violation of the code of conduct will be taken very seriously and appropriate sanctions will be applied. FOR FULL TEXT OF ANDERSON’S ACADEMIC HONESTY CODE, please visit <http://www.mgt.unm.edu/honesty>.

Students with Disabilities

Qualified students with disabilities should contact the Accessibility Resource Center. Reasonable accommodations will be given to any individual with a legitimate disability. If you are a qualified person with disabilities who might need appropriate academic adjustments, please communicate with me privately as soon as possible so that we may make appropriate arrangements to meet your needs in a timely manner. Frequently, we will need to coordinate accommodating activities with other offices on campus.

Campus Policy Regarding Sexual Misconduct

In an effort to meet obligations under Title IX, UNM faculty, Teaching Assistants, and Graduate Assistants are considered “responsible employees” by the Department of Education (see p. 15 - <http://www2.ed.gov/about/offices/list/ocr/docs/qa-201404-title-ix.pdf>). This designation requires that any report of gender discrimination which includes sexual harassment, sexual misconduct and sexual violence made to a faculty member, TA, or GA must be reported to the Title IX Coordinator at the Office of Equal Opportunity (oeo.unm.edu). For more information on the campus policy regarding sexual misconduct, see: <https://policy.unm.edu/university-policies/2000/2740.html>

Religious Holidays

Students must submit written requests for accommodation to their course instructor. The student should submit the request by the end of the second week of the semester. The request should include the date, times, and specific event for which accommodation is being requested.

Copyrights

Students must obtain my permission to tape lectures. Under no circumstances may these materials be sold to others.

Cell Phones/Use of Computers

All audible signals of communication devices should be turned off or disabled during classes (that is, you are prohibited from using a cell phone or smartphone during class). Individual discretion should be used in determining when exceptions should be made relative to emergency personnel or situations. Students are permitted to use computers during class for note-taking and other class-related work only. Those using computers during class for work not related to that class will be asked to leave the classroom for the remainder of the class period.

Accounting Department Twitter Account

In today's fast-paced, competitive environment, understanding the accounting industry and staying current on best-practices is necessary for success. You are urged to find a variety of ways to stay up-to-date, including following the ASM Accounting Department's Twitter account at @unm_asm_acctg. The Twitter account will provide you with current research, events, and job information in the accounting industry. You will also have the opportunity to ask questions regarding the accounting industry and employer expectations, share your expertise, and celebrate achievements in the field. Creating a Twitter account and following the Accounting Department on Twitter is not mandatory and students who choose to interact via this forum should be mindful of their social media interactions.

Course Outline (Topical coverage subject to change) *

<u>Date</u>	<u>Topic</u>
August	22 Course overview – attendance is MANDATORY – if you are absent, you will be dropped from the class
	29 Chapter 1 – The Nature of Fraud Chapter 2 – Why People Commit Fraud
September	5 <i>Labor Day Holiday</i>
	12 Chapter 3 – Fighting Fraud: An Overview
	19 Chapter 4 – Preventing Fraud Chapter 5 – Recognizing the Symptoms of Fraud
	26 Chapter 6 – Data-driven Fraud Detection Chapter 7 – Investigating Theft Acts
October	3 Chapter 8 – Investigating Concealment Chapter 9 – Conversion Investigation Methods Take-home midterm distributed
	10 <i>No class</i>
	14 KEYNOTE PRESENTATION (Friday)
	17 Midterm exam due Chapter 10 – Inquiry Methods and Fraud Report
	24 Chapter 11 – Financial Statement Fraud
	31 Research project due Chapter 18 – Legal Follow-Up
November	7 Project Presentations – Group 1
	14 Project Presentations – Group 2
	21 Project Presentations – Group 3
	28 Project Presentations – Group 4
December	5 Final Exam (in class)

* We will be having guest speakers, but due to their busy schedules/changing availability, the names and dates have not been included on this class schedule.

Key Leadership Skill(s) and Perspectives addressed in this course:

Interpersonal and Communication Skills	Analytical and Critical Thinking Skills	Information Technology Skills	Reflective Thinking and Experiential Learning	Ethical and Social Consciousness	Multicultural Competence
X	X	X	X	X	X

INTERPERSONAL AND COMMUNICATION SKILLS: An integral part of being a fraud examiner is being able to understand and communicate with various parties, including attorneys, juries and financial professionals. Written and verbal communication skills will be addressed via weekly assignments, class presentations, cases, and the term project.

ANALYTICAL AND CRITICAL THINKING SKILLS: One of the key attributes of a fraud examiner is having strong problem solving skills. The ability to evaluate problems, analyze data, propose alternative courses of action and make a final decision will be addressed via weekly assignments, cases, and the term project.

INFORMATION TECHNOLOGY SKILLS: As part of any investigation, a fraud examiner must have basic computer proficiency, including the ability to use word processing, presentation and spreadsheet software. In addition, it is important to have the skills needed to conduct basic research via the internet. These areas will be addressed via weekly assignments, monthly current event assignments, class presentations and the term project.

REFLECTIVE THINKING AND EXPERIENTIAL LEARNING: The process of fraud examination involves more than just accounting knowledge. We will focus on a multidisciplinary approach to solving problems and, via our weekly assignments, cases and class discussion, will see the importance of other disciplines such as management, finance, psychology and organizational behavior. We will also discuss, on a regular basis, the importance of personal professional development for a fraud examiner.

ETHICAL AND SOCIAL CONSCIOUSNESS: Ethical dilemmas often lead to fraudulent behavior and we will, via weekly assignments, cases and class discussion, focus on the importance/significance of corporate social responsibility and related ethical and legal responsibilities of both companies and individuals.

MULTICULTURAL COMPETENCE: Fraud and fraud awareness are not limited to the United States and we will, via class discussion, cases and journal articles, address global issues, including the impact of culture on decision making.