

MGMT 641 – 001
Forensic Accounting
CRN: 42719
University of New Mexico
Spring 2017

INSTRUCTOR:	Dr. Richard G. Brody, CPA, CFE, CFF, CGMA, FCPA
OFFICE:	ASM 2126
OFFICE PHONE:	505-277-7258
OFFICE HOURS:	Monday and Wednesday 10:30 a.m. – 11:00 a.m. and 12:15 p.m. – 12:45 p.m. and by appointment
FAX:	505-277-7108
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CLASSROOM:	GSM 302
TIME:	Tuesday 3:01 – 5:31 p.m.

Course Description:

Techniques and perspectives in the field of financial investigation: concepts of law; process of evidence, sources of information and differences between criminal and civil fraud investigations focus on accounting, banking and financial recordkeeping.

Course Objectives:

Forensic accounting is a rapidly developing area of accounting. A forensic accountant may take on fraud auditing engagements and may be a fraud auditor, but he or she will also use other accounting, consulting, and legal skills in broader engagements. In addition to accounting skills, he or she will need a working knowledge of the legal system and excellent communication skills to carry out expert testimony in the courtroom and to aid in other litigation support engagements.

Justin Pope, a writer for the Associated Press, provides this description for a forensic accountant:

They don't wear cowboy hats or boots, but they certainly have a little more swagger than your typical bean counters. Forensic accountants inhabit a cloak-and-dagger corner of the accounting world. Their job: respond at a moment's notice when a client spots trouble-- anything from procurement fraud to a top executive cooking the books to industrial espionage.

This course is designed to achieve several objectives: (1) Give you an appreciation of the scope, extent and importance of forensic accounting techniques, the appropriate mindset necessary to be a forensic accountant and an overall view of a forensic investigation; (2) Help you gain an understanding of the significance of appropriate procedures and protocol in making decisions and solving forensic accounting problems; (3) Increase your appreciation of the Internet and other databases for getting relevant and important information; (4) Assist in developing your ability to recognize the potential problems which may arise in a complicated situation and highlight the necessity of working with other experts; (5) Further develop your research abilities and your analytical reasoning skills; (6) Increase your appreciation for the increasing global significance of the work performed by a forensic accountant.

One additional objective is to provide you with the 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 and problem solving skills. You will be expected to participate in the in-class discussions on assigned topics.

The forensic topics taught will help you become better professionals in whatever career you choose. 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 Texts:

1. *Essentials of Forensic Accounting* (2016) by Michael A. Crain, William S. Hopwood, Carl Pacini, George R. Young. Published by the AICPA.
2. Per the “research report/presentation” assignment detailed below, you will need to acquire an additional book for this class. Each person will be assigned a different and this is a requirement of the class so it is included here.

Determination of Final Grade:

Midterm exam	125
Final Exam	125
Research report/presentation	125
Current events summaries	100
Class participation/contribution to ACFE chapter	<u>25</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.

- *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: January, February, March and April. At least one of your two summaries must be submitted in either January or February. 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) but you must post your article selection by the 25th day of the month. 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.**

- *RESEARCH REPORT/PRESENTATION*

You will be required to read a non-fiction book that details a fraud, a fraudster, a whistleblower or some other related topic (details to be provided in class). A list of acceptable books will be provided to you and assigned on a first come first served basis. The deliverable for this assignment is a 10- to 12-minute PowerPoint presentation to the class demonstrating your knowledge of the book. Presentations will be made during the last four class periods. You will work alone on this assignment. Your classmates and I will assign you a score for your presentation (based on a rubric that will be distributed to you). Both your oral presentation and your written materials will be evaluated. In addition to submitting your PowerPoint presentation to me, you will also be required to submit three multiple choice questions (with an answer key) in Word format via email. These questions may not be shared with anyone in the class and doing so be considered a violation of the Anderson Academic Honesty Code. More specific guidelines, including the date of your presentation and the grading criteria, will be provided after the semester begins.

- *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 homework, and being *engaged* in class are all requirements and are not to be considered part of the participation score. Participation = ACTIVE participation.

Course, Anderson School of Management and UNM Policies:

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 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>.

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.

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

Title IX: The Equal Opportunity in Education Act of 2002 (known as Title IX) states that “No person in the United States shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any educational program or activity receiving federal financial assistance.” As a member of the UNM faculty I take this responsibility seriously.

It is important for all faculty, teaching assistants, graduate assistants, staff and students to understand the following. 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 (<http://www2.ed.gov/about/offices/list/ocr/docs/qa-201404-title-ix.pdf>, p. 15). 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>. There are organizations on campus that can maintain anonymity and are not required to report possible Title IX violations. These include Student Health and Counseling, CARS, and UNM Advocacy centers including the LoboRESPECT Advocacy Center, the Women’s Resource and the LGBTQ Resource center.

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.

Course Outline
(Topical coverage subject to change)

<u>Date</u>	<u>Topic</u>
January	16 Martin Luther King Jr. Day Holiday
	23 Course overview – attendance is MANDATORY – if you are absent, you will be dropped from the class
	Chapter 1 – The Forensic Accounting Profession
	30 Chapter 2 – Professional Ethics and Responsibilities
February	6 Chapter 3 – Civil and Criminal Procedure
	13 Chapter 4 - Evidence
	20 Chapter 5 - Discovery
	27 Chapter 6 - Litigation Services Chapter 7 – Engagement and Practice Management Take-home midterm distributed
March	6 Chapter 8 – Fraud Prevention, Detection, and Response Chapter 9 – Fraud Schemes and Applications
	10 KEYNOTE PRESENTATION (Friday)
	13 Midterm exam due <i>Spring break</i>
	20 Chapter 13 – Financial Statement Misrepresentations
	27 Chapter 14 – Economic Damages Chapter 15 – Valuation Fundamentals
April	3 <i>Fraud Specialty Presentations</i>
	10 <i>Fraud Specialty Presentations</i>
	17 <i>Fraud Specialty Presentations</i>
	24 <i>Fraud Specialty Presentations</i>
May	1 Final Exam (in class)

Note: We will be having guest speakers, but due to their busy schedules/changing availability, the names and dates are not listed on the course outline.

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 forensic accountant is being able to understand and communicate with various parties, including line employees, all levels of management and audit committees. 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 forensic accountant 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 forensic accountant 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 forensic accounting 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 an internal auditor.

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: Forensic accounting issues are not limited to the United States, and in fact, are often global in nature. We will, via class discussion, cases and journal articles, address global issues, including the impact of culture on decision making and the roles and responsibilities of a forensic accountant within a global environment.