Forensic Accounting

Course Description:
The course will cover the concepts and skills of forensic accounting investigations. Course focuses on the methods and technological tools used to detect occupational fraud including the steps in conducting an investigation, use of technological tools, witness and suspect interviewing techniques, investigation report writing, and expert testimony.

Learning Objectives:
By the end of this course, the students will be able to:
- Describe the three elements of the fraud triangle and apply it to case scenarios,
- Describe the traits of the most common occupational fraud schemes,
- Identify the steps necessary to conduct a forensic accounting investigation,
- Analyze evidence using technological tools commonly used in forensic accounting,
- Describe the types of questions for suspects and nonsuspects in an interview, and
- Analyze verbal responses and nonverbal behavior in an interview or presentation

Major Course Requirements:
Student performance evaluation may be based on Bb participation, quizzes, data analysis assignments, and other assignments. The relative weight of each of these components is as follows:

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Module quizzes (8, drop lowest)</td>
<td>30%</td>
</tr>
<tr>
<td>Video assignments/Bb quizzes (5)</td>
<td>20%</td>
</tr>
<tr>
<td>Data analysis exercises (4)</td>
<td>20%</td>
</tr>
<tr>
<td>Financial statement fraud spreadsheet assignment</td>
<td>20%</td>
</tr>
<tr>
<td>Final exam: analysis of videos with fraudsters</td>
<td>10%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
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</table>

A letter grade will be determined based on the percentage earned as follows: A: 90-100%; B: 80-89%; C: 70-79%; D: 60-69%; F: 0-59%.

Required Materials:

Electronic applications: Microsoft Excel and Access. It is available on all the stations in OCNR computer lab. Microsoft Excel of similar spreadsheet program is needed for the financial statement fraud detection models. The data analysis exercises can be performed using Microsoft Excel and Access and it is possible to work these assignments using Picalo (free download at [www.picalo.org](http://www.picalo.org)), IDEA, Excel, or ACL (IDEA and ACL are also installed in many of the stations in the OCNR computer labs).

Readings and other materials on Island Online Blackboard 9.1 (Bb9.1) [https://bb9.tamucc.edu/webapps/login/](https://bb9.tamucc.edu/webapps/login/).
Helpful Supplemental Materials
Association of Certified Fraud Examiners website: http://www.acfe.com

Prerequisites:
Graduate standing and ACCT 3340, Fraud Examination or ACCT 4311, Auditing Principles or equivalent.

Relationship to Other Coursework:
This course builds on prior coursework in the fraud examination and auditing areas. It builds on ACCT 3340, Fraud Examination, which covers the psychology of occupational fraud and the analysis of the most common occupational fraud schemes. It builds on ACCT 4311, Auditing, which covers the concepts of audit examinations conducted in the typical case where fraud is not suspected. This course complements ACCT 3340 and 4311 by covering the techniques necessary to conduct investigations when fraud is suspected. Consequently, it represents a highly specialized form of auditing that uses unique audit approaches, technological tools, and other investigation techniques commonly referred to as “forensic accounting.” All major accounting firms now have forensic accounting groups that are called in upon the discovery of suspected fraud. Moreover, the Public Company Accounting Oversight Board (PCAOB), charged by Congress with the oversight of all registered public accounting firms, is proposing that every audit team on a publicly traded client have a forensic accountant as one its members.

Instructional Methodology:
This class is online. It consists of review of materials online, short online quizzes to reinforce the material, video assignments, case studies, and online discussion.

Students will conduct a set of financial statement data analysis projects using technological tools commonly used in practice. Students will conduct a data analysis project in the area of accounts receivable, accounts payable, inventory, or financial statement fraud using technological tools commonly used in practice (e.g, IDEA, ACL, Excel, and Access). Students apply skills in conducting interviews by watching a series of videos with convicted fraudsters.

Bb9.1 Submission of assignments: Use Bb9.1 to submit all student assignments to the instructor. All work is submitted by attaching the work product to a Bb assignment and then submitting it. Assignments should not be emailed to the instructor.

Filename convention for all assignments. Course#_assignment#_yourlastname naming convention for submission of all assignments. Example, data analysis exercise # 1 (EXER1) submitted by Ronnie Arrow should be named “ACCT5340_EXER1_Arrow.”

Due dates & grading of assignments. Because this course is at an accelerated pace over 7 weeks it is necessary to have firm due dates in order to finish the material. Therefore, except for the final exam, all module assignments are due 11:59 PM on the Sunday of the week in which the module is assigned. The final exam is due 11:59 PM May 9th. Late work will not be accepted. See course schedule for a list of assignments and their due dates. Submitted module assignments will be graded by 11:59 PM the Tuesday following the due date. The final exam will be graded by 11:59 PM May 9th.

Quizzes. Two attempts are allowed for each quiz. Each attempt has a 50 minute time limit. If the quiz includes essay question the quiz score result will not occur automatically because these questions are manually graded. After the quiz is graded, the score will be indicated in “My Grades.” The lowest quiz grade will be dropped.
**Assignment Feedback.** Feedback on assignments are provided in the comment area of the grade matrix used for each assignment. You can view this information within “My Grades.”

**Oral and Written Communication Content:** This is an online course using Bb9.1.

**Proctoring fees for online exams.**
Courses may require the use of exam-proctoring involving third party charges. Exam-proctoring charges may range from $1 - $50.00 per exam. Students may be required to schedule exams at least 24 hours in advance or incur late scheduling charges. All costs for exams are the responsibility of the student. Students may also be responsible for providing webcams to be used in test proctoring. **Online proctoring is not required in this course.**

**Technology Application:**
Students are expected to be able to use the library’s electronic search applications (e.g., ABI/Inform and Business Source Complete), Microsoft Office applications, and Bb. Presentation technology (e.g., PowerPoint) will be required of all students. Students may conduct a project using data mining software (e.g., Microsoft Access & Excel, ACL, Picalo, IDEA, Tableau).

**Global Perspectives:**
The globalization of many companies raises the issue of an accountant's ability to deal with different cultures, languages, management systems, etc. Discussions of international business and accounting will take place at various times during the course.

**Demographic Diversity Perspectives:**
This course will not specifically address the issue of demographic diversity. Although it is an important aspect of being a manager, it is not as directly related to the accounting function.

**Political, Social, Legal, Regulatory and Environmental Perspectives:**
This course will not deal with political and social concerns specifically but will on occasion discuss legal, regulatory and environmental issues of concern to accountants. Ethical considerations are discussed throughout the course with respect to accounting procedures and fraud examinations.

**Attendance Policy:**
This is an online class. There is no required in-person class attendance. However, you must have an online presence every week.

**Academic Integrity/Plagiarism.**
University students are expected to conduct themselves in accordance with the highest standards of academic honesty. Academic misconduct for which a student is subject to penalty includes all forms of cheating, such as illicit possession of examinations or examination materials, falsification, forgery, complicity or plagiarism. (Plagiarism is the presentation of the work of another as one’s own work.) In this class, academic misconduct or complicity in an act of academic misconduct on an assignment or test will result in a grade of “0” for the first instance and an “F” in the course on the second instance.

**Dropping a Class**
I hope that you never find it necessary to drop this or any other class. However, events can sometimes occur that make dropping a course necessary or wise. Please consult with me before you decide to drop to be sure it is the best thing to do. Should dropping the course be the best course of action, you must initiate the process to drop the course by going to the Student Services Center and filling out a course drop form. Just stopping attendance and participation WILL NOT automatically result in your being dropped from the class. **March __** is the last day to drop a class with an automatic grade of “W” this term. **May 1** is the last day to withdraw from the University.
Classroom/professional behavior
Texas A&M University-Corpus Christi, as an academic community, requires that each individual respect the needs of others to study and learn in a peaceful atmosphere. Under Article III of the Student Code of Conduct, classroom behavior that interferes with either (a) the instructor’s ability to conduct the class or (b) the ability of other students to profit from the instructional program may be considered a breach of the peace and is subject to disciplinary sanction outlined in article VII of the Student Code of Conduct. Students engaging in unacceptable behavior may be instructed to leave the classroom. This prohibition applies to all instructional forums, including classrooms, electronic classrooms, labs, discussion groups, field trips, etc.

Statement of Civility (can be in place of classroom/professional behavior)
Texas A&M University-Corpus Christi has a diverse student population that represents the population of the state. Our goal is to provide you with a high quality educational experience that is free from repression. You are responsible for following the rules of the University, city, state and federal government. We expect that you will behave in a manner that is dignified, respectful and courteous to all people, regardless of sex, ethnic/racial origin, religious background, sexual orientation or disability. Behaviors that infringe on the rights of another individual will not be tolerated.

Grade Appeals
As stated in University Procedure 13.02.99.C2.01, Student Grade Appeal Procedures, a student who believes that he or she has not been held to appropriate academic standards as outlined in the class syllabus, equitable evaluation procedures, or appropriate grading, may appeal the final grade given in the course. The burden of proof is upon the student to demonstrate the appropriateness of the appeal. A student with a complaint about a grade is encouraged to first discuss the matter with the instructor. For complete details, including the responsibilities of the parties involved in the process and the number of days allowed for completing the steps in the process, see University Procedure 13.02.99.C2.01, Student Grade Appeal Procedures. These documents are accessible through the University Rules Web site at http://www.tamucc.edu/provost/university_rules/index.html. For assistance and/or guidance in the grade appeal process, students may contact the Dean’s office in the college in which the course is taught or the Office of the Provost.

Disabilities Accommodations
The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability requiring an accommodation, please call or visit Disability Services at (361) 825-5816 in Corpus Christi Hall 116.

If you are a returning veteran and are experiencing cognitive and/or physical access issues in the classroom or on campus, please contact the Disability Services office for assistance at (361) 825-5816.

Statement of Academic Continuity
In the event of an unforeseen adverse event, such as a major hurricane and classes could not be held on the campus of Texas A&M University–Corpus Christi; this course would continue through the use of Blackboard and/or email. In addition, the syllabus and class activities may be modified to allow continuation of the course. Ideally, University facilities (i.e., emails, web sites, and Blackboard) will be operational within two days of the closing of the physical campus. However, students need to make certain that the course instructor has a primary and a secondary means of contacting each student.
**Code of Ethics**
This course, and all other courses offered by the College of Business (COB), requires all of its students to abide by the COB Student Code of Ethics (available online at [www.cob.tamucc.edu](http://www.cob.tamucc.edu)). Provisions and stipulations in the code are applicable to all students taking College of Business courses regardless of whether or not they are pursuing a degree awarded by the COB.

**Islander Email Accounts**
GO to [http://newuser.tamucc.edu](http://newuser.tamucc.edu) you will be asked for you student ID number (not your SSN). If you do not know your student ID, go to S.A.I.L. on TAMUCC homepage and follow instructions. For more info call 825-5618.

**Other Helpful University Services**
University Counseling Center, 825-2703, Driftwood 107
University Health Center, 825-2601, Sandpiper Building
<table>
<thead>
<tr>
<th>Due Date</th>
<th>Chapter &amp; Other readings</th>
<th>Assignments</th>
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<tbody>
<tr>
<td><strong>Module 1: Introduction to Forensic Accounting</strong></td>
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| Sunday, 1/21 | • Video: Fraud Triangle  
• Ch. 1: Introduction to forensic accounting and fraud examination  
• Article: “Survival of the Analytically Fit: The DNA of an Effective Forensic Accountant”  
• Article: “Snapshot of Workplace Fraud”  
• Ch. 2: The forensic accounting legal environment  
• Article: “Basic Legal Concepts” | 1. ACFE Video Assignment #1 and Bb quiz: “Inside the Fraudster’s Mind”  
2. Module Quiz 1 (covering chapters 1 & 2, extra videos and articles) |
| **Module 2: Fraud Examination Theory, Practice and Methods & Fraud Investigation** | | |
| Sunday, 1/28 | • Ch. 5: Fraud prevention and management  
• Video: “How to Guard Against Fraud”  
• Ch. 6: Fraud detection  
• Ch. 7: The fraud investigation and engagement process  
• Video: A day in jail  
• Video: CON white collar criminal explains prison life  
• Article: “When You Suspect Fraud”  
• Ch. 8: The evidence collection process  
• Article: “Recovery of Embezzled Assets Half a World Away” | 1. Module 2a Quiz (covering chapters 5 & 6, extra videos and articles)  
2. ACFE Video Assignment #2 & Bb quiz: “Other People’s Money: The Basics of Asset Misappropriation”  
3. Module 2b Quiz (covering chapters 7 & 8, extra videos and articles) |
| **Module 3: Fraud Examination Evidence** | | |
| Sunday, 2/5 | • Video: Anatomy of a Fraud Investigation  
• Video: How to conduct an interview  
• Ch. 9: Fraud examination evidence I: physical, documentary, and observational evidence  
• Ch. 10: Fraud examination evidence II: Interview and interrogation methods  
• Articles: “Common Question-Evasion Tactics” “Rules for the Written Record”  
• Ch. 11: Fraud examination evidence III: Forensic science and computer forensics | 1. Module 3 Quiz (covering chapters 9-11, extra videos and articles)  
2. ACFE Video Assignment #3 and Bb quiz: “Effective Techniques for Interview & Communication”  
3. Data Analysis Exercise 1: Benford’s Law |
| **Module 4: Fraud Report** | | |
| Sunday, 2/12 | CH. 12: The fraud report, litigation, and the recovery process. Article: “Rules for the written record” Article: “So You Want to Be an Expert Witness” | 1. ACFE Video Assignment #4 and Bb quiz: “The Fraud Trial”  
2. Module 4 Quiz (covering chapter 12)  
3. Data Analysis Exercise 2: Janitorial Purchases  
4. Data Analysis Exercise 3: Vendors 5 |
<table>
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<tr>
<th>Due Date</th>
<th>Chapter &amp; Other readings</th>
<th>Assignments</th>
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| 11:59 PM | **Module 5: Occupational and Organizational Fraud**  
- Video: Expense Fraud  
- Video: Workplace Fraud  
- Ch. 13: Employee, vendor, and other frauds against the organization  
- Article: “Selecting the Right Investigative Resource”                                                                                                                                 | 1. Module Quiz 5 (covering chapter 13)  
2. Data Analysis Exercise 4: Dental Work                                                                                                                                 |
| Sunday, 2/19 |  
- Ch. 14: Financial statement fraud  
- Article: “Detecting Circular Cash Flow”  
- Article: “Applying Forensic Skepticism to Lost Profits Valuations”                                                                                                                                 | 1. Module 6 Quiz (covering chapter 14)  
2. ACFE Video Assignment #5 & Bb quiz: “How to Detect & Prevent Financial Statement Fraud”  
3. Financial statement fraud spreadsheet assignment                                                                                                                                 |
| Sunday, 2/26 |  
- Ch. 16: Tax fraud  
- Article: “IRS Issues 2010 List of ‘Dirty Dozen’ Tax Scams”  
- Video: IRS Tax Refund Fraud  
- Final Exam                                                                                                                                 | 1. Module 7 Quiz  
2. Final Exam: Interview/presentation videos                                                                                                                                 |
| Sunday, 3/5 | **Module 7: Tax Fraud & Interview/Presentation Observations**  
- Ch. 16: Tax fraud  
- Article: “IRS Issues 2010 List of ‘Dirty Dozen’ Tax Scams”  
- Video: IRS Tax Refund Fraud  
- Final Exam                                                                                                                                 |                                                                                                                                               |

**Other Dates of Interest**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Details</th>
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<tbody>
<tr>
<td>3/??</td>
<td>Last day to drop Spring 2018 1st 7 weeks course</td>
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<tr>
<td>3/21</td>
<td>Grades due to Registrar</td>
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<tr>
<td>5/12</td>
<td>Spring Commencement</td>
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*Subject to change at discretion of the instructor.*
Recap: due dates for assignments, 11:59 PM on the date indicated. Late assignments will not be accepted.

<table>
<thead>
<tr>
<th>Module Quizzes*</th>
<th>Video Quizzes</th>
<th>Data Analytic Exercises</th>
</tr>
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<tbody>
<tr>
<td>Quiz 1</td>
<td>1/21</td>
<td>Exercise 1</td>
</tr>
<tr>
<td>Quiz 2a</td>
<td>1/28</td>
<td>Exercise 2</td>
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<tr>
<td>Quiz 2b</td>
<td>1/28</td>
<td>Exercise 3</td>
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<tr>
<td>Quiz 3</td>
<td>2/05</td>
<td>Exercise 4</td>
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<td>Quiz 4</td>
<td>2/12</td>
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<tr>
<td>Quiz 5</td>
<td>2/19</td>
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<tr>
<td>Quiz 6</td>
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<tr>
<td>Quiz 7</td>
<td>3/05</td>
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<tr>
<td>Financial Statement Models</td>
<td>2/26</td>
<td></td>
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<tr>
<td>Final Exam</td>
<td>3/05</td>
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* Lowest chapter quiz grade will be dropped

Grading: all quizzes and exercises will be graded by 11:59 PM the Tuesday after the items are due. The final exam will be graded by 11:59 PM March 9th.