

ACCT 460
Fraud Examination and Prevention
Fall 2008

Instructor	Bob Schoener	Office	GU414
Office Hours	M\W 9 am -11am and T\Th 8am-9am	Office Phone	646-1520
Class Room	BC 111	Email	Use WebCT
		Class Hour	2:30-3:45 PM M/W.

Introduction and Objectives: ACCT 460 covers the issue of fraud as it is occurring in American business and, to a limited extent, in society. The class will be conducted as a seminar. The objectives and goals of the course are as follows:

- To differentiate among the various forms of fraud and embezzlement
- To understand the fraud triangle and apply it in various contexts
- To increase your understanding of fraud prevention and the role of internal controls
- To identify specific internal controls related to the various forms of fraud
- To develop a specific plan for a fraud investigation
- To understand the nature of and a framework for detecting financial statement fraud
- To develop a basic understanding of the legal issues and rules of evidence related to a fraud investigation
- To understand the writing and content of a report documenting a fraud investigation

Required Course Materials:

- *Texts:* Joseph T. Wells, Principles of Fraud Examination, 2nd Edition, 2008
Albrecht & Albrecht, Fraud Examination & Prevention, 2004

Fraud Related Articles: From time to time I will be posting fraud related articles to the course WebCT site. We will discuss them in class. It is your responsibility to read and analyze the articles before the next class after they are posted. The articles discussed will be covered in the Exams.

Case Studies: Throughout the course we will be working with case studies related to the assigned subject matter. Some of these case studies will be assigned before class and some will be presented in class. We will use a combination of individual analysis and small group analysis to discuss them. Two case study analyses will be collected and graded.

Class Approach: The class size has been limited to allow the course to be conducted in a discussion/small group exercise format. I intend to keep lectures to a minimum. The material is not so exotic or complex that it requires a detailed explanation to insure your understanding. The content builds on the accounting knowledge you have gained from your course work to date. The intent is to begin building your analytical and critical thinking skills in the subject area. You **must** be prepared to discuss all assigned text, article readings and assigned case studies before class starts. You will be expected to contribute to discussions and to respond to questions I might pose on the material during class.

Small Group Work: Frequently during the course you will be assigned to work with two or three others in the class to analyze a case study or an assigned article. To excel in this course you must make a contribution to this team analysis. As you are involved in these tasks, I will be observing the work of your groups and assessing your individual contributions over the semester.

Grading: ACCT 460 is graded on a weighted total-points basis, with points coming from these sources:

- *Exams:* There will be three (3) exams during the semester – There will not be a comprehensive final exam. **All exams will be Take Home exams.**
- *Quizzes* – There will be a 5 question quiz on the assigned reading at the beginning of each class where a reading assignment has been made. I expect there will be 15-20 quizzes-I will count the highest 15 for 75 possible points. I will discard your lowest 5 quizzes.
- *Projects.* There will be two (2) significant research papers and/or case study analyses assigned during the semester. Detailed assignments will be made for each project later in the semester. These projects are individual efforts—no group work is allowed. *Effective writing is an essential skill for success in any accounting career. Therefore, up to 20% of your grade for each of these projects will be based on your ability to effectively communicate your content. Such things as poor grammar, misspelling, incorrect punctuation and the like will adversely affect your grade for the project.*
- *Case studies:* During the semester, two case studies will be assigned as homework and will be collected and graded..
- *Weighting:* Final points will be calculated according to these weights:

Source	Points
Exams (3)	300
Quizzes	75
Projects (2)	200
Case studies	50
Total Available Points	625

- *Final Grades:* Your final grade will be determined by the standard 89.5% or better = A, 80% - 89.5% = B, 70% - 79.5% = C, 60% - 69.5% = D and below 60% = F.

Attendance Policy: Attendance is your responsibility. Attendance will not be taken but you are responsible for all materials and discussions presented during class. Absences during graded in-class activities result in a zero for that activity unless the absence is excused under University Student Handbook guidelines or prior arrangements are made.

Academic Misconduct: Cheating (i.e. fraud on your fellow students) is not tolerated in this course or in the College of Business. All work (tests, assigned case studies and projects) is to reflect your individual effort unless otherwise stated. If you are found to have cheated in any work, you will be subject to the maximum punishment allowed by the University.

Late Assignments Policy: The two projects are due in class on the due date. Unless mitigated by an excused absence, late assignments will receive a 10% penalty for each weekday it is late (a weekend counts as one weekday.) An assignment will not be accepted if it is more than four weekdays late.

Make-up Policy: Make-ups for assignments, quizzes and tests are given only for University sanctioned excuses (see NMSU Student Handbook.) Schedule conflicts are handled on a case-by-case basis. If you know in advance of a test you will miss due to a University activity or other sanctioned excuse, please see me prior to the test date.

Grading Errors and Appeals: If you think there was an error in grading or that the grade you received on a test question or project did not reflect your work, please give me a written memo *within 7 days of your receipt of the grade in question* outlining the error and attach it to the original test/project and give them both to me. Simple errors such as a mistake in adding points can be handled in office hours without a memo.

Late Add/Registration: Anyone who misses the first few classes due to late registration is considered absent and not eligible for make-ups except as we may agree. Late-adds are responsible for all in-class materials and lectures.

Incomplete (“I”) Grades: Incompletes are given only if you are passing the course (i.e., have at least 60% of the possible points) up to the time something happens to prevent further attendance/participation. Appropriate circumstances include documented illness or documented death or crisis in your immediate family. The NMSU Course Catalog states that job-related circumstances are not grounds for assigning an “I” grade. Removal of the “I” grade will require that you re-register for the class and successfully complete the ENTIRE class in a subsequent semester.

ADA Statement: If you have or think you may have a disability that interferes with your academic progress, you may wish to self-identify by contacting the Services for Students with Disabilities (SSD) Office located in Garcia Annex (phone: 646-6840 or TTY: 646-1918) to register. If you have already registered, please make sure I receive a copy of the accommodation memorandum from SSD within the first two weeks of classes. It will be your responsibility to inform either me or an SSD representative (in a timely manner) if the services/accommodations provided are not meeting your needs.

If you have a condition that may affect your ability to exit safely from the premises in an emergency or that may cause an emergency during class, you are encouraged to discuss any concerns with me or with the SSD Coordinator. Feel free to call EEO/ADA & Employee Relations office, at 646-3333 with any questions about the Americans with Disabilities Act (ADA) and/or Section 504 of the Rehabilitation Act of 1973. All personal and medical information is treated in the strictest confidence.

ACCT 460 – Schedule – Fall 2008

Class Date	Topic	Reading	DUE
8/25	Nature and Types of Fraud	Albrecht, Ch 1, '08 CFE Report	
8/27	Methodology & Research	Wells, Ch 1, pp 3-29	
9/3	Symptoms of Fraud	Albrecht, Ch 5	
9/8	Proactive Approaches to Detecting	Albrecht, Ch 6	
9/10	Proactive Approaches to Detecting	Albrecht, Ch 6	Case 1
9/15	Investigating Theft and Concealment	Albrecht, Ch 7	
9/17	Investigating Theft and Concealment	Albrecht, Ch 7	Project 1
9/22	Conversion Investigation Methods	Albrecht, Ch 8, IRS Handout	
9/24	Ponzi Schemes – Identity Theft	Review of Projects	
9/29	Skimming/Larceny	Wells, Ch 2 and 3	Exam 1
10/1	Billing Schemes	Wells, Ch 4	
10/6	Billing Schemes	Wells, Ch 4	Case 2
10/8	Corruption Schemes	Wells, Ch 10	
10/13	Check Tampering Schemes	Wells, Ch 5	
10/15	Check Tampering Schemes	Wells, Ch 5	
10/20	Expense Reimbursement Schemes	Wells, Ch 7	
10/22	Non-cash Assets	Wells, Ch 9	
10/27	SAS 99	SAS 99 Material WebCT	Exam 2
10/29	Financial Statement Fraud- Overview	Albrecht Ch 10	
11/3	Revenue and Inventory Fraud	Albrecht, Ch 11 Wells, Ch 12 pp 301-310	
11/5	Revenue and Inventory Fraud	Albrecht, Ch 11 Wells, Ch 12 pp 301-310	
11/10	Liability and Expense Fraud	Albrecht, Ch 12, pp 282-295 Wells, Ch 12, pp 310-314	
11/12	Fraud Report	ACFE Reading Assignment	
11/17	The Legal System, Rules of Evidence	ACFE Reading Assignment	
11/19	The Legal System, Rules of Evidence	ACFE Reading Assignment	Project 2
11/24-28	THANKSGIVING BREAK		
12/1	Interviewing Witnesses	Albrecht Ch 9	
12/3	Interviewing Witnesses	Albrecht Ch 9	Exam 3

Take Home Exams: All three exams are take-home exams. They are due at the beginning of the class on the date noted on the class schedule. **No late exams will be accepted.** They are to be physically handed in during class. No email versions will be accepted.

Although we will do much class work in small groups, the take-home exams are to reflect your individual effort. To present a take-home exam paper as your work when, in fact, it represents a collaborative effort, is an attempt to commit a fraud on the instructor and your classmates. All participants in collaborative efforts will receive a zero for the exam.

To the extent that exams require written answers, your answers will be graded on both content and presentation. Points will be deducted for errors in spelling, grammar and syntax.

CPA EXAM Requirements

CPA Exam and 150-hour requirement – New Mexico law requires applicants for the CPA Examination to have at least 150 semester hours of education. Texas and most other states also have the 150-hour rule, but the nature of these 150 hours can vary significantly from state to state. For example, in New Mexico, only 30 total hours of accounting are required to sit for the CPA exam, and 3 of these hours can be in business law. In Texas, 30 UPPER DIVISION accounting hours, plus an approved accounting ethics class, are required to sit for the exam. Including sophomore-level accounting courses, this totals 39 hours of Accounting. (NMSU will provide a Texas-approved accounting ethics class beginning in Fall 2005.)

To find the requirements for a particular state, see the following AICPA website, which links to the various state boards of accountancy:

<http://www.aicpa.org/yellow/ypsboa.htm>

Many who plan to sit for the CPA Exam choose to remain in school for a Master of Accountancy degree. If you are thinking about a career in public accounting, you may wish to consider this program as the most beneficial way to enhance your background and credentials before accepting a career position. In addition, the MAcc degree should allow you to meet the CPA certification requirements in most, if not all, states. If you are interested in entering the MAcc program at NMSU, please contact the director, Dr. Cindy Seipel (cseipel@nmsu.edu , Room BC 333, 646-5206) for more information. You should keep in mind, however, that professional certifications other than the CPA are available and may be more appropriate for your career objectives.