THE UNIVERSITY OF TEXAS AT AUSTIN

ACC 383K.4, Fraud Examination (unique no. 71250)

Course Syllabus
Summer 2012 (First Session)

Time and Location:
Monday, Wednesday and Friday from 9:00 – 11:30 in GSB 2.120

Instructor
Mark Bradshaw, M.P.A., M.B.A., J.D.
Consultant in Forensics, PwC; KPMG Professor in Residence (2007)
Office: GSB.5.124E; Ph.: 475-8852; E-mail: mark.bradshaw@mccombs.utexas.edu
Office hours: Mondays from 11:30 – 12:30 and by appointment

I generally prefer e-mail as a means of contact outside of class and office hours.

Teaching Assistant
Zhide Hu
E-mail: huzhide@gmail.com

Zhide will assist with the grading of cases and exams. After graded cases are returned, he will schedule office hours to discuss such assignments. If you have grading questions concerning a case, please make every effort to attend Zhide's scheduled office hours. Please bring all other questions (including questions concerning case preparation and exam-related matters) to my attention.

Internet Discussion Board and "Blackboard"

We will use the web-based University of Texas at Austin "Blackboard" software extensively, including the course Discussion Board. To access Blackboard, go to http://courses.utexas.edu or follow the links from University websites.

The Discussion Board benefits all of us. You can use it to post comments, articles of interest, questions and responses to others' posts. If you have a question, comment or article of general interest (i.e., it is not a personal matter), please use the Discussion Board, not e-mail!

I will also use Blackboard to post announcements and files for downloading. Please check Blackboard frequently and before every class.

Enhancing the Enjoyment of this Course

I prefer an informal classroom, as I have found such an environment to be more enjoyable and conducive to student participation. I hope you will let me know during class if you have a question, comment or response. In this class, silence is not golden!
Please assist me in maintaining a positive, productive learning environment by showing courtesy and respect for your fellow students (and me). To that end, please make all reasonable efforts to be on time to class. Entering the classroom after class begins is disruptive to me and those around you. Please also respond to your fellow students’ remarks in a courteous and respectful manner, as you would in a professional setting.

The use of electronic devices in class is not permitted, unless otherwise indicated. Accordingly, please turn your laptop, Blackberry, iPhone, cell phone and other devices off before class begins. PowerPoint slides for lectures will be available under Course Documents on Bb before class. I recommend that you print out the slides (4 or 6 to a page) before each class and write your notes in the margins or space provided as we cover selected material.

I hope you will give me feedback during the course. You will have a formal opportunity to do this via the Course Instructor Survey, but I hope you will stop by and see me during the term if there are things you especially like or do not like about the course.

**Required Course Materials:**

*Course files.* As noted above, I will provide PowerPoint and other files (including supplemental non-textbook readings and cases) that we will use in class discussion. These files will be available on Bb. These materials do not substitute for class itself, so it is important to attend each class session.


**Course Objectives**

At the end of the course, you will have a better understanding of the following:

1. The forensic accounting field and fraud examination’s place therein;
2. Fraud psychology and profiles;
3. Financial reporting fraud, asset misappropriation, Ponzi schemes and other fraudulent schemes;
4. Legal matters relevant to the auditor and forensic accountant;
5. Differences between audits and fraud investigations;
6. Fraud detection and investigation techniques;
7. The role of internal audit and others in fraud detection and investigation;
8. Working with fraud investigators, attorneys and others on the investigative team;
9. Handling anonymous communications;
10. Privacy issues;
11. Fraud interviewing skills;
12. Analytic procedures;
13. Bribery and corruption cases;
14. Building a legal case; and
15. Investigation reports.

**Grading**

Course grades will be based on a 350-point scale, as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Points Possible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Midterm examination</td>
<td>100 (28.6%)</td>
</tr>
<tr>
<td>Final examination</td>
<td>100 (28.6%)</td>
</tr>
<tr>
<td>Cases (3)</td>
<td>100 (28.6%)</td>
</tr>
<tr>
<td>Class participation and contribution</td>
<td>50 (14.2%)</td>
</tr>
<tr>
<td><strong>Total possible points</strong></td>
<td><strong>350</strong></td>
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</tbody>
</table>

* I do not have any fixed point or percentage cut-offs in mind regarding letter grades. I will make these determinations at the end of the course based on both relative and absolute performance considerations. Historically, my grade distributions in graduate-level classes have been approximately 40-45% A/A-, 50-55% B+/B, with the remainder B- or below. However, each class is different and this session’s distribution may vary from the foregoing.

Each graded component is described below:

**Examinations (midterm and final each worth 100 points)**

Examinations will emphasize concepts and issues discussed or referenced in PowerPoint slides, supplemental readings, and other class materials, although any material from assigned readings is "fair game" for testing. Exams may contain objective (multiple choice and true-false) questions, short-answer and/or essay questions. I will provide additional exam-related information prior to each exam.

The midterm examination will test material covered to that point in the course. The final examination will cover the remainder of the material in the course (i.e., it will not be “cumulative,” as such term is normally used). Of course, as some material in this course builds on previous concepts, the final examination will be “cumulative” in the broad sense of that term.
Cases (100 points)

To refine your writing skills and your ability to deal with more realistic and less structured problems in fraud examination, there will be three case exercises based on real-world examples that have been adapted for teaching purposes.

Cases will be graded for breadth and depth of analysis, quality of writing and professional impression. Case questions may involve subjective issues for which there will be no single “right answer” and multiple views can be defended. *It is important to be both complete and concise in your case analyses.* Do not repeat or summarize the case facts, except where needed to support a position. *Your case analyses will be limited to four pages each and must be double-spaced, use a font no smaller than 10 and have left and right margins of at least 1”.*

In the formative stage of a case assignment, you are welcome to discuss the case with other students *in this class,* including on the Discussion Board. *However, copying from another student’s prepared solution is scholastic dishonesty, and will be penalized severely.* See "Policy on Scholastic Dishonesty" later in this syllabus for clarification.

The assigned cases will be posted on our Bb site under Assignments. Due dates will be as set forth in the “Anticipated Course Schedule” at the conclusion of this syllabus, unless changed per class announcement. Each case will be worth 30-40 points, as indicated when case materials are provided.

All cases will be due in class on the day indicated. Time permitting, we will discuss cases in class, on or after the due date. Discussion of cases is an important part of the course, *so please be prepared to discuss and defend your positions in class* (see “Class Participation and Contribution,” below). You are also welcome to discuss and clarify case issues by posting to the Discussion Board.

Class Participation and Contribution (50 points)

Your active participation will make this course substantially more enjoyable (for you and me) and significantly enhance the clarity of points discussed in class. To give you an added incentive to attend and participate, 50 points will be based on my largely subjective (but genuine) assessment of your cumulative participation and contribution in this class.

To earn points for participation and contribution:

* • Ask and answer questions and offer insights in class discussions and exercises!*
• Post questions and insights to the Discussion Board.
• Answer others’ posts on the Discussion Board.
• *Actively participate in any discussions led by guest speakers.*

Some of you will participate more effectively in class, and others will participate more effectively on the Discussion Board. Both kinds of participation are helpful, although to earn all of the participation points available, *significant* classroom participation is necessary.

I do not "micromanage" participation or expect that you will contribute in every class. Your interest and comfort level will likely dictate your participation in a given class or on a given subject. Assessing participation at the conclusion of the course requires my subjective judgment, but you can trust me to do my best to form a fair assessment of your participation and contribution.
Attendance will customarily be taken on days when we (i) do in-class exercises (which are conducted in several classes throughout the course), (ii) have guest speakers and (iii) watch video presentations, and may be taken on other days in my discretion. Thus, attendance will be taken several times, and other than guest speaker days (and for some videos), such days will not be announced in advance. Attendance on such days will be considered in determining your participation score.

Please do not underestimate the importance of class participation (including attendance) to your course grade. If at any time you would like a general sense of how well you are participating or suggestions on how to improve, I would be happy to discuss this with you.

Don’t be Shy!

As in any course, it is common for some students’ early performance in the course to fall short of their goals or expectations. Unfortunately, it is also common for many such students to not seek input or assistance in a timely manner, leading to anxiety and diminished hopes for a particular grade.

If at any point you have a concern about your performance in the course, please come by during office hours or make other arrangements to see me. I will be happy to provide suggestions on how you might improve your performance.

Discussion Board

Along with other features of Bb, I strongly encourage you to take advantage of the Discussion Board for this course. Postings can relate to class discussions, case issues, exam-related questions, or any other topics/issues that are relevant to this course (including career-related matters). I monitor the Discussion Board on a regular basis, and will reward participation as noted above.

Ground rules for Discussion Board:

1. For questions or comments of general interest to the class (i.e., non-personal matters), please use the Discussion Board, not e-mail! I do not consider personal e-mails in assigning participation scores.

2. Be professional and courteous. Discussion boards of this type are used throughout the business world. You do not need to be overly formal, but forums such as this offer a good opportunity to practice professional business communication. Please keep in mind that I will read your posts.

3. Any topics of interest to students taking this course are welcome.

4. Do not be a free rider. If you benefit from reading others’ postings, consider adding your own insights. Also, reply to inquiries from your fellow students.

5. Even if you have nothing to post, please get in the habit of accessing the Discussion Board frequently, and before each case due date and exam. I will often use Bb to communicate important announcements and clarifications.

6. I will establish special forums for each exam and case. To maximize the usefulness of your posting, please use such forums for case- and exam-related questions.
Blackboard downtimes and cases:

As with all computer systems, there are occasional scheduled downtimes as well as unanticipated interruptions of the Bb system. Notification of these disruptions will be posted on the Bb login page. Scheduled downtimes are not an excuse for turning in a case late or failing to complete other course requirements. However, if there is an unscheduled downtime for a significant period of time, I will make an adjustment if it occurs close to the due date. **As downtimes are often unpredictable, I advise you to print out case materials as soon as they are available.**

**Policy on Missed Examinations and Assignments**

In general, medical emergencies, family emergencies and university-sponsored conflicts are the only valid reasons for missing an examination or the due date of a case. In all such instances, I require some form of supporting documentation, such as a signed note from a physician. At that point I will decide the best make-up alternative on a case-by-case basis, which could mean a make-up exam or recalculating the course grade to omit the missed component, depending on the circumstances. Examinations or assignments that are missed for reasons other than emergencies or university-sponsored conflicts will generally receive no credit. In the case of a conflict due to a university-sponsored event, you must notify me as soon as you are aware of the conflict and before the examination date or assignment due date. **Please note that interviews and office visits are not valid reasons for missing an examination or turning in a case late.**

**Religious Holidays**

Religious holy days sometime conflict with examination and assignment schedules. If you miss an examination or case due to the observance of a religious holy day, you will be given an opportunity to complete the work missed within a reasonable time after the absence. It is the policy of the University that you must notify me at least fourteen (14) days prior to the exam or case scheduled on the date you will be absent to observe a religious holiday.

**Policy on Students with Disabilities**

The University strives to accommodate qualified students with disabilities. For more information, contact the Office of the Dean of Students at 471-6259, 471-4641 TTY. If you are a qualified student with a disability, please provide the letter issued by the University’s Office of Student Disabilities and see me so that we can discuss appropriate accommodations for this course.
**University Electronic Mail Notification Policy**

All students should become familiar with the University’s official e-mail student notification policy. It is the student’s responsibility to keep the University informed as to changes in his or her e-mail address. Students are expected to check e-mail on a frequent and regular basis in order to stay current with University-related communications, recognizing that certain communications may be time-critical. It is recommended that e-mail be checked daily, but at a minimum, twice per week. The complete text of this policy and instructions for updating your email address are available at: [http://www.utexas.edu/its/policies/emailnotify.html](http://www.utexas.edu/its/policies/emailnotify.html).

**Electronic Class Roster and Student Privacy**

The University has requested that students be notified of their privacy rights in regard to electronic class rosters:

Password-protected class sites will be available for all accredited courses taught at the University. Syllabi, handouts, assignments and other resources are types of information that may be available within these sites. Site activities could include exchanging e-mail, engaging in class discussions and chats, and exchanging files. In addition, class e-mail rosters will be a component of the sites. Students who do not want their names included in these electronic class rosters must restrict their directory information in the Office of the Registrar, Main Building, Room 1. For information on restricting directory information see: [http://www.utexas.edu/student/registrar/catalogs/gi06-07/app/appc09.html](http://www.utexas.edu/student/registrar/catalogs/gi06-07/app/appc09.html).

**Assistance with Case Writing**

If you are an undergraduate student, I encourage you to use the Undergraduate Writing Center (UWC), FAC 211, 471-6222 ([http://uwc.fac.utexas.edu](http://uwc.fac.utexas.edu)) to assist you with writing your case analyses. Graduate students may use the Graduate Student Writing Center (GSCW), JES A332A, 471-3614 ([http://www.utexas.edu/student/utlc/tutoring/grad_writing_services.php](http://www.utexas.edu/student/utlc/tutoring/grad_writing_services.php)). Each center offers free, individualized, expert help with writing, by appointment or on a drop-in basis (although I suggest you make an appointment and not wait until the “last minute”). Both centers work with students on both academic and non-academic writing and their services are not just for writing with “problems.” Getting feedback from an informed audience is a normal part of a successful writing project. Consultants help students develop strategies to improve their writing. Further, the assistance they provide is intended to foster independence - each student determines how to use the consultant’s advice and the consultants are trained to help you in ways that preserve the integrity of your work.
Policy on Scholastic Dishonesty and Working Together on Course Assignments

Policy of the Department of Accounting

The Department of Accounting has a Policy Statement on Scholastic Dishonesty in the MPA Program, which is similar in content and objective to the UT MBA Honor Code. It is available on the Department’s website.

The accounting faculty has agreed to include the following statement in each course syllabus:

The Department of Accounting has no tolerance for acts of scholastic dishonesty. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the department’s Policy Statement on Scholastic Dishonesty in the MPA Program. By teaching this course, I have agreed to observe all of the faculty responsibilities described in that document. If the application of that Policy Statement to this class and its assignments is unclear in any way, it is your responsibility to ask me for clarification.

Integrity is a public good from which we all benefit and a trait of successful businessmen and women. I intend to conduct this course in an environment of trust and cooperation. I can only achieve this, however, if you maintain absolute ethical integrity in this course. If in doubt, ask me!

Personal Policy on Working Together (applies only to this course)

For this class, you may discuss issues related to assigned cases with other students in this course. You may work in the formative stages of an assignment in pairs or small groups if you wish. However, I expect the final product of each case to reflect individual composition. You may not copy or paraphrase from others’ solutions or outlines. Examples intended to clarify this policy follow.

Examples of acceptable collaborative efforts (applies only to this course):

• A student is confused about an ambiguous aspect of a case, and asks another student in the class what s/he thinks.
• Students ask questions and share helpful insights in class or on the Discussion Board.

Examples of collaborative efforts that are unacceptable:

• Student A completes a case before student B. B asks A for or obtains A’s solution or outline. B bases his/her solution on A’s solution or outline. Both A and B are guilty of scholastic dishonesty.
• A student finds a source relevant to a case and copies extensively from it, without using quotation marks, indentation or other references to acknowledge the source. This example constitutes plagiarism, which is a clear case of scholastic dishonesty.
• Any collaboration, breach of security or other cheating on a course examination.
**Anticipated Course Schedule**

Assigned chapters from the text are noted below. Various other readings and course files will supplement the text readings and be added from time to time.

**IMPORTANT:** Please complete each day's assigned reading before class. The readings provide background that is necessary for understanding classroom discussion.

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Reading Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 1</td>
<td>Course overview and introduction to fraud; differing roles of the auditor and fraud investigator; comparing audits and fraud investigations</td>
<td>Chs. 1, 3</td>
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<tr>
<td>4</td>
<td>Auditors’ legal responsibilities regarding fraud; independence and skepticism</td>
<td>Chs. 4, 11</td>
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<tr>
<td>6</td>
<td>Psychology and profiles of fraudsters; video presentation</td>
<td>Ch. 2</td>
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<tr>
<td>8</td>
<td>Red flags; fraud detection techniques</td>
<td>Ch. 13</td>
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<tr>
<td>11</td>
<td>Financial reporting fraud: revenue cycle and other schemes and misappropriations; <strong>Case 1 due</strong></td>
<td>Chs. 21-23</td>
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<tr>
<td>13</td>
<td>Guest speaker on bribery and corruption</td>
<td>Ch. 26</td>
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<td>15</td>
<td>Midterm exam (in class)</td>
<td></td>
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<tr>
<td>18</td>
<td>Role of internal audit; audio presentation</td>
<td>Ch. 6</td>
</tr>
<tr>
<td>20</td>
<td>When to call in fraud investigators; working with investigators; potential missteps</td>
<td>Chs. 5, 7 and 12</td>
</tr>
<tr>
<td>22</td>
<td>Guest speaker on interviewing skills</td>
<td>Ch. 16</td>
</tr>
<tr>
<td>25</td>
<td>Anonymous communications; early administrative matters; background investigations and privacy issues; <strong>Case 2 due</strong></td>
<td>Chs. 8, 9 and 14</td>
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<tr>
<td>27</td>
<td>Building a case and supporting a prosecution; working with attorneys</td>
<td>Chs. 10, 19 and 20</td>
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<td>June 29</td>
<td>Report of investigation; corporate intelligence; <strong>Case 3 due</strong></td>
<td>Chs. 15, 18</td>
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<tr>
<td>2</td>
<td>Ponzi schemes; video presentation</td>
<td>Ch. 24</td>
</tr>
<tr>
<td>4</td>
<td><strong>No class</strong> – <em>have a happy 4th of July!</em></td>
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<tr>
<td>7</td>
<td><strong>FINAL EXAM, 7:00-9:30 p.m.</strong></td>
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