THE UNIVERSITY OF TEXAS AT AUSTIN

ACC 383K.4, Fraud Examination (unique no. 03060)

Course Syllabus
Fall 2014

Time and Location:
Mondays and Wednesdays from 2:00 – 3:30 in UTC 3.104.

Instructor
Mark Bradshaw, J.D., M.P.A., M.B.A.
KPMG Professor in Residence (2007)
Office: GSB.5.124E; Ph.: 512-475-8852; E-mail: mark.bradshaw@mccombs.utexas.edu
Office hours: Mondays from 3:30 – 4:30 and by appointment.

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

Teaching Assistant
Joselyn Gonzalez
E-mail: joselyn_gonzalez1@utexas.edu
Office hours: As announced, following the return of graded cases.

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

Canvas

We will use the web-based University of Texas at Austin Canvas software extensively. To access, follow the links from University websites.

I will use Canvas to post announcements, files for downloading, and scores. Please check it 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 attendance and 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 and exams. Entering the classroom after class or an exam 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 announced. Accordingly, please turn off and put away your laptop, tablet, iPhone/Android/cell phone and other devices before class begins. PowerPoint slides for lectures will be available on Canvas before class. Although only a small portion of the PowerPoints will be covered in class – they are primarily to assist you with exam preparation - 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 semester. You will have a formal opportunity to do this via the end-of-semester Course Instructor Survey, but I hope you will stop by and see me during the semester 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) that we will use in class discussion. These files will be available on Canvas. These materials do not substitute for class itself; so it is important to attend each class session.


Course Objectives

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

1. The forensic accounting field and fraud examination’s place therein;
2. Differences between audits and fraud investigations;
3. Legal and other obligations of the auditor and fraud examiner;
4. Financial reporting fraud, asset misappropriation and other fraud schemes;
5. Fraud psychology;
6. Fraud detection and investigation techniques;
7. The role of internal audit in fraud detection;
8. Working with fraud investigators and counsel;
9. Handling anonymous communications;
10. Interviewing skills;
11. Building a legal case and working with counsel;
12. Investigation reports;
13. Bribery and corruption and related domestic and international laws; and

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 (28.5%)</td>
</tr>
<tr>
<td>Final examination</td>
<td>100 (28.5%)</td>
</tr>
<tr>
<td>Cases (3)</td>
<td>100 (28.5%)</td>
</tr>
<tr>
<td>Class attendance and participation</td>
<td>50 (14.5%)</td>
</tr>
<tr>
<td><strong>Total possible points</strong></td>
<td><strong>350</strong></td>
</tr>
</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 semester based on both relative and absolute performance considerations. Historically, my grade distribution in this class has been approximately 35-40% A, 15-20% A-/B+, 35-45% B, with the remainder B- or below. However, each class is different and this semester’s distribution may vary from the foregoing.

As students are naturally curious about where they stand during the semester, I will endeavor to give the class an interim assessment of performance following the midterm exam. However, any mid-semester indications of course performance are merely to assist you in evaluating your performance to date and achieving your goals in this course. They are not guarantees or suggestions that you will receive any particular final grade in this course or that receiving certain percentages of points available will yield particular grades.

Each graded component is described below:

Examinations (midterm and final each worth 100 points)

Examinations will emphasize concepts and issues discussed in class and/or the PowerPoints, 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 and preparation guidance prior to each exam.

The midterm examination will test material covered to that point in the course, as announced. 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 and scenarios 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 “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 (but not others outside of this class)**, including on Canvas. **However, copying from another student’s draft or final 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 Canvas site. 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 announced when each case is assigned.

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 Attendance and Participation,” below).

**Class Attendance and Participation (50 points)**

Your attendance and 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 your attendance and my largely subjective (but genuine) assessment of your cumulative participation and contribution in this class.

To earn points for participation and attendance:

- **Ask and answer questions and offer insights in class discussions.**
- **Actively participate in any discussions led by guest speakers.**
- **Attend class.**

**To earn all of the participation points available, substantial classroom participation and consistent attendance is necessary.** 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 usually be taken on days when we have guest speakers, video presentations or do in-class group exercises (which exercises are often not announced in advance), but may be taken any day in my discretion. **Attendance is a material factor in determining your overall participation score. Any student who is absent 50% or more of the days on which attendance is taken (as indicated by sign-in sheets I will circulate) will receive an attendance and participation score of zero in the course.**
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 see me. I will be happy to provide suggestions on how you might improve your performance.

Discussion Forums

Along with other features of Canvas, I strongly encourage you to take advantage of the discussion forum for this course. Postings can relate to class discussions, case issues, exam-related questions, current events, or any other topics/issues that are relevant to this course (including career-related matters). I monitor the discussion board periodically, and more frequently approaching case due dates and exams.

Ground rules for Discussion Forum:

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

2. Be professional and courteous. Discussion forums 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 forum frequently, and before each case due date and exam. I will often use it to communicate important announcements and clarifications.

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

As with all computer systems, there are occasional scheduled downtimes as well as unanticipated interruptions of the Canvas system. Notification of these disruptions will be posted on the Canvas 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, and may ask that you register your situation with the Office of Student Emergency Services. 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 semester 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. If you anticipate a conflict with an exam or case due date (see “Anticipated Course Schedule” below), I urge you to make alternate arrangements for that activity or event (or plan to turn in your case early), and to maintain availability throughout the finals period until confirmation of the day and time of the final exam.

Religious Holidays

Religious holy days sometime conflict with class and examination schedules. By University policy, you must notify me of your pending absence at least fourteen days prior to the date of observance of a religious holy day. If you must miss a class, an examination, or an assignment in order to observe a religious holy day, you will be given an opportunity to complete the missed work within a reasonable time after the absence.

Policy on Students with Disabilities

The University strives to accommodate qualified students with disabilities. Students with disabilities may request appropriate academic accommodations from the Division of Diversity and Community Engagement, Services for Students with Disabilities, 512-471-6259, http://www.utexas.edu/diversity/ddce/ssd/. If you are a qualified student with a disability, please see me to discuss any appropriate accommodations that have been recommended 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.

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.

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) to assist you with writing your case analyses. Graduate students may use the Graduate Student Writing Center (GSWC), JES A332A, 471-3614 (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 Cases

Policy of the Department of Accounting

The Department of Accounting has a Policy Statement on Scholastic Dishonesty in the MPA Program. It is available via the Department website at http://www.mccombs.utexas.edu/MPA/Student-Code-of-Ethics.aspx.

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 faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe all student responsibilities described in that document. If the application of the Statement on Scholastic Dishonesty to this class or its assignments is unclear in any way, it is your responsibility to ask me for clarification. Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since dishonesty harms the individual, all students, the integrity of the University, and the value of our academic brand, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at http://deanofstudents.utexas.edu/sjs/ to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.

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 on Cases (applies only to this course)

For this course, you may discuss issues related to assigned cases with other students in this class (but not other persons). You may work in the formative stages of an assignment with others to clarify issues or exchange ideas. However, the joint or collaborative preparation of case solutions is not appropriate and I expect the final product of each collected assignment to reflect individual thought and composition. You may not copy or paraphrase from others’ draft or final solutions. 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 A’s solution. B bases his/her solution on A’s solution. 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.

**Campus Safety**

Please note the following recommendations regarding emergency evacuation from the Office of Campus Safety and Security, 512-471-5767, http://www.utexas.edu/safety/:

-- Occupants of buildings on the University campus are required to evacuate buildings when a fire alarm is activated. Alarm activation or announcement requires exiting and assembling outside.

-- Familiarize yourself with all exit doors of each classroom and building you may occupy. Remember that the nearest exit door may not be the one you used when entering the building.

-- Students requiring assistance in evacuation should inform their instructor in writing during the first week of class.

-- In the event of an evacuation, follow the instruction of faculty or class instructors.

-- Do not re-enter a building unless given instructions by the following: Austin Fire Department, The University of Texas at Austin Police Department, or Fire Prevention Services office.

-- Behavior Concerns Advice Line (BCAL): 512-232-5050

-- Further information regarding emergency evacuation routes and emergency procedures can be found at: www.utexas.edu/emergency.
**Anticipated Course Schedule**

Assigned chapters are from the text noted above. *Various other readings and course files will supplement the text 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>
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<tbody>
<tr>
<td>Aug. 27</td>
<td>Course overview and introduction to fraud examination</td>
<td>Syllabus; Chs. 1, 29</td>
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<tr>
<td>Sept. 3</td>
<td>Differing roles of the auditor and fraud investigator; comparing audits and fraud investigations</td>
<td>Ch. 3</td>
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<td>8/10</td>
<td>Auditors’ legal responsibilities regarding fraud; independence considerations <em>(taped lecture may be provided in lieu of class on Wed., Sept. 10)</em></td>
<td>Chs. 4, 11</td>
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<tr>
<td>15</td>
<td>Guest speaker*</td>
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<tr>
<td>17</td>
<td>Video on fraudsters and fraud psychology</td>
<td>Ch. 2</td>
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<tr>
<td>22</td>
<td>Fraud psychology and characteristics, continued</td>
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<tr>
<td>24/29</td>
<td>Fraud red flags and detection techniques; Case 1 due Wed., Sept. 24</td>
<td>Ch. 13</td>
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<tr>
<td>Oct. 1/6</td>
<td>Financial reporting fraud: revenue cycle and other schemes and misappropriations</td>
<td>Chs. 21, 22, 23</td>
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<tr>
<td>8/13</td>
<td>Bribery and corruption; guest speaker*</td>
<td>Ch. 26</td>
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<tr>
<td>15</td>
<td>Role of internal audit in fraud detection, deterrence and investigation</td>
<td>Ch. 6</td>
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<tr>
<td>20</td>
<td>Midterm Exam <em>(in class)</em></td>
<td></td>
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<tr>
<td>22/27</td>
<td>When to call in fraud investigators; working with investigators; early investigative matters</td>
<td>Chs. 5, 7, 14</td>
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<td>29</td>
<td>Anonymous communications; privacy and disclosure; potential missteps</td>
<td>Chs. 8, 9, 12</td>
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<td>Nov. 3</td>
<td>Guest speaker (interviewing skills)*</td>
<td>Ch. 16</td>
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<tr>
<td>5</td>
<td>Interviewing skills, continued; Case 2 due</td>
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<tr>
<td>Date</td>
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<td>Topic</td>
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<tr>
<td>Nov. 10/12</td>
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<td>Building a case and supporting a prosecution</td>
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<td>Nov. 17/19</td>
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<td>Report of investigation; <strong>Case 3 due Wed., Nov. 19</strong></td>
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<td>24</td>
<td>Video presentation on fraud trials</td>
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<td></td>
<td>26</td>
<td><strong>No class – day before Thanksgiving holiday</strong></td>
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<td>Dec. 1</td>
<td>1</td>
<td>Working with attorneys</td>
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<tr>
<td></td>
<td>3</td>
<td>Video presentation on Ponzi schemes</td>
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<tr>
<td></td>
<td>TBA</td>
<td>Final Exam</td>
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</tbody>
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*Guest speakers occasionally have to reschedule; if so, topics and assigned readings will shift earlier or later as appropriate.*