THE UNIVERSITY OF TEXAS AT AUSTIN

ACC S383K.4, Fraud Examination (unique no. 71110)

Course Syllabus
Summer 2017 (Second Session)

Time and Location:
Mondays, Tuesdays and Wednesdays from 8:00 – 10:00 in GSB 2.122.

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 10:00 – 11:00 and by appointment.

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

Teaching Assistant
Thomas Furra
E-mail: thomas.furra@utexas.edu
Office hours: As announced, following the return of graded cases.

Thomas will assist with the grading of cases and exams. After graded cases are returned, Thomas will schedule office hours to discuss such assignments. If you have grading questions concerning a case, please make every effort to attend the scheduled office hours for the case (or, prior to such time, make other arrangements if you have an unavoidable conflict). 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" system extensively. To access Canvas, go to http://courses.utexas.edu or follow the links from other University websites.

I will use Canvas to post announcements, class materials (other than text readings) and scores. Please check Canvas frequently and before every class. You can also use the Canvas discussion feature to post comments, links to articles of interest, questions and responses to others' posts. If you have a course question that is not a personal matter, please use Canvas, not e-mail, so that all students can benefit from the question and response(s).

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, participation and learning. 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 begins is disruptive to me and those around you. **Frequent tardiness will be a factor in determining your participation grade.** 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, cell phone and other devices before class begins*. **Use of such devices in violation of course policy will also be a factor in determining your participation grade.** PowerPoint slides for lectures will be available on Canvas before class. Although only a small portion of such slides will be covered in class – they are provided 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.

You will have a formal opportunity to provide feedback on the course 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 slides, cases and other course materials (including supplemental non-textbook readings) that we will use in the class. 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 as a profession;

2. Differences between audits and fraud investigations;

3. Financial reporting fraud, asset misappropriation, Ponzi and other fraud schemes, their indicators, and their means of detection;

4. Legal and other fraud-related obligations of the auditor and fraud examiner;

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. Investigation reports;
12. Legal proceedings involving fraud claims; and
13. Bribery and corruption and related domestic and international laws.

**Grading**

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

<table>
<thead>
<tr>
<th>Component</th>
<th>Points Possible</th>
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</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 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 30-40% A, 15-20% A-/B+, 40-50% B, with the remainder B- or below. However, each class is different and this semester’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 in class and in the PowerPoint slides, 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.
Any failure to be seated at the beginning of an exam (i.e., being late for an exam) will result in a reduction of your exam score, based on the circumstances.

**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, in certain instances, be 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 (but not others outside of this class), including on Canvas. **However, copying or paraphrasing from another student's draft or final solution, in whole or in part, 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 Canvas. 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, unless otherwise announced. Time permitting, we will discuss the first two 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 consistent 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. Assessing participation at the conclusion of the course requires my judgment, but you can trust me to do my best to form a fair assessment of your participation and contribution.

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 a high participation score, **substantial classroom participation and consistent attendance is necessary.**
Attendance will usually be taken on days when we have guest speakers and video presentations and do in-class group exercises (which video presentations and 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. In addition, 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 (out of 50) in the course.

In evaluating course performance, I also reserve the right to take into account any violations of course policies, such as consistent tardiness or arriving late for an exam, the use of electronic devices in class, or any other activities that are disruptive to the class.

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 opportunities for a particular grade.

If at any point you have a concern about your performance in the course, please see me—do not wait until it becomes too late. I will be happy to provide suggestions on how you might improve your performance.

Discussion Board

Along with other features of Canvas, I strongly encourage you to take advantage of the discussion boards 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 Board:

1. For questions or comments of general interest to the class (i.e., non-personal matters), please use a discussion board, not e-mail!

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. 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.

4. 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 Canvas to communicate important announcements and clarifications.

5. 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 or a University official, and ask that you register your situation with the Office of Student Emergency Services, if possible. 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 or late for reasons other than such 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 prior to the date of observance of a religious holy day. If you must miss an examination or class in order to observe a religious holy day, appropriate relief will be provided.

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 (SSD), 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 by the SSD office 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

I encourage you to use the University Writing Center (UWC), located in the Learning Commons of the Perry Castaneda Library (PCL), to assist you in writing your case analyses. The UWC offers constructive, 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”). The UWC works 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 permitted 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 (apply 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 Canvas.

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.

- A student finds or is given a solution to a case, found online or provided by another source (e.g., a former student in the course), and bases his/her solution, in whole or in part, thereon.
- 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 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>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>Course overview; introduction to fraud examination; differing roles of the auditor and fraud examiner - comparing audits and fraud investigations</td>
<td>Syllabus; Chs. 1, 3, 29</td>
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<tr>
<td>11</td>
<td>Comparison of practices, continued; auditor responsibilities regarding fraud; independence considerations for the auditor and fraud examiner</td>
<td>Chs. 4, 11</td>
</tr>
<tr>
<td>12</td>
<td>Independence, continued; video presentation on fraud psychology</td>
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<tr>
<td>17</td>
<td>Guest speaker*</td>
<td></td>
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<tr>
<td>18</td>
<td>Fraud psychology and characteristics, continued; fraud red flags and detection techniques</td>
<td>Chs. 2, 13</td>
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<tr>
<td>19</td>
<td>Red flags and detection techniques, continued; <strong>Case 1 due</strong></td>
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<tr>
<td>24</td>
<td>Financial reporting fraud and asset misappropriation: revenue cycle and other schemes</td>
<td>Chs. 21, 22, 23</td>
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<tr>
<td>25</td>
<td>Bribery and corruption</td>
<td>Ch. 26</td>
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<tr>
<td>26</td>
<td>Guest speaker - role of internal audit in fraud detection, deterrence and investigation; <strong>Case 2 due</strong></td>
<td>Ch. 6</td>
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<tr>
<td>31</td>
<td><strong>Midterm Exam (in class)</strong></td>
<td></td>
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<tr>
<td>Aug.</td>
<td>Guest speaker* - interviewing skills</td>
<td>Ch. 16</td>
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<tr>
<td>2</td>
<td>Anonymous communications; when to call in fraud investigators; working with investigators; early investigative matters</td>
<td>Chs. 5, 7, 8, 14</td>
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<tr>
<td></td>
<td>Privacy and disclosure; potential missteps in investigations; fraud trial video; <strong>Case 3 due</strong></td>
<td>Chs. 9, 12</td>
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<tr>
<td>8</td>
<td>Report of investigation; building a case and working with counsel</td>
<td>Chs. 10, 18, 19, 20</td>
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<tr>
<td>9</td>
<td>Ponzi schemes; video</td>
<td>Ch. 26</td>
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<tr>
<td>12</td>
<td><strong>Final Exam – tentative</strong></td>
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*Tentative, based on availability. Topics and assigned readings will shift earlier or later as appropriate to accommodate guest speakers.*