

THE UNIVERSITY OF TEXAS AT AUSTIN
ACC 383K.4, Fraud Examination (unique no. 02665)
Course Syllabus
Spring 2019

Time and Location:

Tuesdays and Thursdays from 11:00 a.m. – 12:30 p.m. in UTC 1.104

Instructor

Mark Bradshaw, Lecturer, J.D., M.P.A., M.B.A.

KPMG Professor in Residence (2007)

Of Counsel, Matheson, Keys & Kordzik PLLC (2008-Present)

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Office hours: Tuesdays from 1:00 – 2:30 (and by appointment)

Note: *Please e-mail to make an appointment.*

Teaching Assistant

Name: Chae Lee

E-mail: chaeyl200@utexas.edu

Office hours: As announced, following the return of graded cases.

Chae will assist with the grading of cases and exams. After graded cases are returned, office hours will be scheduled. *If you have grading or other questions concerning a returned case, please make every effort to attend her scheduled office hours. Please bring all other questions (concerning course material, case preparation and exam-related matters) to my attention.*

Canvas

We will use the web-based Canvas course site extensively. To access, follow the links from your MyUT Student Portal or the University website.

I will use Canvas to post announcements, course materials 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. ***In my class, silence is not golden – please join the discussion if you have a question, comment or response!***

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 distracting and disruptive to me and those around you.

In my experience as a professor and a student, the use of electronic devices in class is also distracting and disruptive. ***The use of electronic devices in class is not permitted, unless otherwise announced. Please turn off and put away your cell phone, tablet, laptop and other devices before class begins.***

PowerPoint slides for most text chapters will be available on Canvas before class. Although only a small portion of the slides 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.

Required Course Materials:

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

A Guide to Forensic Accounting Investigation, 2nd edition, by Skalak, Golden, Clayton & Pill (Wiley, 2011) or 1st edition, by Golden, Skalak & Clayton (Wiley, 2006). I have free copies of the 1st edition for those who would like one (they will be available in the Accounting Office, 4M.202, for several days at the beginning of the semester).

Course Objectives

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

1. The nature of fraud, its prevalence and the fraud examination profession;
2. Differences between audits and fraud investigations;
3. Legal and other obligations of the auditor and fraud examiner;
4. Fraud psychology;
5. Financial reporting fraud, asset misappropriation and other fraud schemes;
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. Challenges faced in fraud investigations;
13. Investigation reports;

14. Bribery and corruption and related domestic and international laws;
15. Ponzi schemes; and
16. Corporate intelligence (time permitting).

Grading

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

	Points Possible
Midterm examination	100 (28.5%)
Final examination	100 (28.5%)
Cases (3)	100 (28.5%)
Class attendance and participation	50 (14.5%)
Total possible points	350

I do not, prior to the semester, establish fixed point or percentage cut-offs 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+, 35-50% B, with the remainder B- or below. *However, each class is different and this semester's distribution may vary from the foregoing.*

Due to the importance of overall attendance and class participation to the course grade (which I do not formally evaluate until semester's end), I do not post interim guidance regarding class performance as I do in my other classes. However, I am available to discuss interim course performance on an individual basis and to provide feedback on participation.

Each graded component is described below:

Examinations (midterm and final each with 100 points available)

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 will contain objective (multiple choice and true-false) questions, and 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 (three with 100 total points available)

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, depth and quality 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 and to carefully follow case announcements and instructions.*** 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 in memorandum format (addressed to me), 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 cases with other students ***in this class (but not with others)***, 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.) ***Students should not use this policy to jointly prepare cases or to collaborate on solutions, but rather to clarify case issues before preparing solutions independently.***

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 (hard copy) on the day indicated, unless otherwise announced. We will discuss the first two cases in class. Discussion of cases is an important part of the course, ***so please be prepared to discuss and defend your positions in class.***

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. Moreover, the ability to provide meaningful input in a professional setting is a critical element of career success. 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 consistently.**

To earn significant participation points, consistent, constructive classroom participation 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 videos and exercises could occur in any class and not be previously announced), but may be taken any day in my discretion. ***Attendance is a material factor in determining your overall***

attendance and participation score. Any student who is absent or materially late to class on 50% or more of the days on which attendance is taken (as indicated by sign-in sheets I will circulate, and that are your responsibility to complete if present) will receive an attendance and participation score of zero (out of 50) in the course.

In evaluating course performance, I 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 distracting or 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 hopes for a particular grade.

As noted above, 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 over the remainder of the course.

Discussion Forums

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

Ground rules for Discussion Forums:

1. *For questions or comments of general interest to the class (i.e., non-personal matters), please use a discussion forum, not e-mail!*
2. Be professional and courteous. 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. 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.* For example, questions about course material in the days leading up to the midterm exam should be posted in the "Midterm Exam Forum."

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. *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 for the late submission of a case. In such instances, I may require some form of supporting documentation, such as a signed note from a physician or other verification of the emergent situation or conflict. ***If appropriate, I ask that you register your situation with the Office of Student Emergency Services.*** 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.

At that point I will decide the best make-up alternative on a case-by-case basis, which could mean a make-up exam, an extension, 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.***

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 (see “Anticipated Course Schedule” below), I urge you to make alternate arrangements for that activity or event. If you are unable to attend a class at which a case is due, please turn in your case to me via email (with a copy to our TA) prior to such class.

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 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

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://diversity.utexas.edu/disability/>. If you are a qualified student with a disability, please provide your accommodations letter to me as soon as practicable and 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.

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.

Diversity and Inclusion

It is my intent that students from all diverse backgrounds and perspectives be well served by this course, that students’ learning needs be addressed and that the diversity that students bring to this class can be comfortably expressed and be viewed as a resource, strength and benefit to all students. Please come to me at any time with any concerns.

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.mcombs.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 (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 Canvas.

Examples of collaborative efforts that are unacceptable:

- Student A completes a draft or final case analysis before student B. B asks A for (or A otherwise provides to B) A's solution. B bases his/her solution on A's solution, in whole or in part. 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 reviews a case solution (graded or ungraded) completed by another person in a prior semester.
- Any collaboration, breach of security or other cheating on a course examination.

Campus Safety

Please note the following key recommendations regarding emergency evacuation, provided by the Office of Campus Safety and Security. More info at: <https://preparedness.utexas.edu/>:

- 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. Emergency evacuation routes and emergency procedures can be found at: www.utexas.edu/emergency.
- 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 course text. **Chapters initially listed below are from the 2nd edition, while chapters noted parenthetically are from the 1st edition. Various other readings will supplement the text and be added from time to time.**

****An evening session with PwC will be scheduled based on PwC availability, in which PwC will facilitate a forensic training simulation for students. Date, time and location TBA. As with guest speakers, attendance is mandatory. The course schedule contemplates relief from certain daytime class sessions to compensate for this evening session, which is anticipated to last three hours.****

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

Date	Topic	Reading Assignment
Jan. 22	Course overview and introduction to fraud examination	Syllabus; Chs. 1, 29 (1, 27)
24	Comparing audits and fraud investigations	Chs. 3, 5 (2,12)
29	Auditor responsibilities regarding fraud	Ch. 4 (5)
31	Independence considerations for auditors and fraud examiners in investigations	Ch. 11 (6)
Feb. 5	Guest speaker*	
7	Fraud psychology: characteristics of frauds and fraudsters	Ch. 2 (3)
12	Fraud red flags and detection techniques; Case 1 due	Ch. 13 (8)
14	Financial reporting fraud and asset misappropriation schemes	Chs. 21, 22, 23 (4, 10, 11)
19	Bribery and corruption; U.S. and U.K. laws	Ch. 26 (no 1 st ed. counterpart, but supplemental readings to be used)
21	Public corruption -- guest speaker	
26	Midterm Exam (in class)	
28	Guest speaker*	
Mar. 5	Role of internal audit in fraud detection, deterrence and investigation – guest speaker	Ch. 6 (9)

Mar.	7	<i>Commencement of an investigation:</i> anonymous communications; working with investigators; early investigative matters	Chs. 8, 7, 14 (13, 9, 8)
	12	Privacy issues and early challenges in investigations	Chs. 9, 12 (17, 14)
	14	<i>No class</i>	
	19/21	<i>Spring Break!</i>	
	26	<i>Conducting the investigation:</i> Building a case with evidence; supporting a criminal prosecution; working with legal counsel	Chs. 10, 19, 20 (17, 22, 24)
	28	Case 2 due	
Apr.	2	Interviewing skills -- guest speaker	Ch. 16 (18)
	4	Deception – guest speaker	AICPA White Paper
	9	<i>Reporting on an investigation; Case 3 due</i>	Ch. 18 (23)
	11	Fraud trial video	
	16	Corporate intelligence	Ch. 15 (no 1 st ed. counterpart)
	18	Guest speaker*	
	23	Money laundering or in-class exercise	TBA
	25	Guest speaker	
	30	Ponzi schemes, including video presentation	Ch. 24 (no 1 st ed. counterpart)
May	2	<i>No class (reading day for exam)</i>	
	7	Final Exam (in class) and conclusion of course	

*Guest speaker tentative as to availability on this date; if unable to attend or reschedules, topics and assigned readings will shift earlier or later, as appropriate.