



## ***Fraud Examination***

ACCT 3380

Spring 2020

### Instructor Information

Instructor: Dr. David Kerr

E-mail: [dkerr@uncc.edu](mailto:dkerr@uncc.edu)

Class Hours: ACCT 3380: Monday and Wednesday, 2:30 – 3:45, Friday bldg., room 385.

Office Hours: Feel free to stop by anytime.  
You can also contact me 24/7 via e-mail.

Regular office hours in the **Friday Building 253-E:**  
Monday and Wednesday before class (1:30 – 2:25) and after class as needed.

Regular office hours in the **Center City Building room 713:**  
Thursday 1:15 – 1:50 and 4:50 – 5:20.

### Required Textbook

***Forensic Accounting and Fraud Examination***, 2<sup>nd</sup> Edition, Mary-Jo Kranacher and Richard Riley; Published by Wiley, ISBN-13: 978-1-119-49432-4.

### Course Description

This course will cover the major methods management and employees use to commit occupational fraud. You will learn how and why occupational fraud is committed, how fraudulent conduct can be deterred and detected, and how allegations of fraud should be investigated and resolved.

**Format:** This course will consist primarily of a combination of lecture/discussion and videos. You will watch the videos outside of class. The videos deal with a wide range of subjects related to fraud investigation, and they have been provided to us by the *Association of Certified Fraud Examiners* specifically for our use in this course.

### Prerequisites

ACCT 3311 (with a grade of C or above) or with special permission.

### Accessibility for Students with Disabilities

UNC Charlotte is committed to access to education. If you have a disability and need academic accommodations, please provide me with a letter of accommodation from Disability Services early in the semester. For more information on accommodations, contact the Office of Disability Services at 704-687-0040 or visit their office at Fretwell 230 on main campus.

## General Comments

**Welcome to *Fraud Examination!*** I believe you will find this course to be one of the most interesting and enjoyable classes you have taken, as well as one of your best learning experiences. I am looking forward to getting to know each of you this semester and helping you succeed in this course, in the University, and in your career.

Keep in mind that your primary goal in this course is to enhance your professional career. Do not approach the course as if your only goal is to perform well on exams. You should make every effort to attend class. If you occasionally skip class, you will find yourself continually struggling to catch up. The best thing to do is plan ahead and budget your time appropriately so you can keep up in every class.

**Please feel free to meet with me if you ever need help with this course.** In addition, I welcome your suggestions about how the course could be improved.

## Grades

Your grade in the course will be based on a project using IDEA software and four exams. Your best three exam scores will be doubled as follows:

	<b><i>Points Available</i></b>
IDEA project .....	100
Lowest exam score 100 .....	100
Other exam score 100 x 2 .....	200
Other exam score 100 x 2 .....	200
Other exam score 100 x 2 .....	<u>200</u>
Total possible points .....	<u>800</u>

## Preliminary Grading Scale

<u>Total Points Earned</u>	<u>Course Grade</u>
720.0 – 800.0	A
640.0 – 719.9	B
560.0 – 639.9	C
480.0 – 559.9	D
Less than 480	F

## CaseWare IDEA Project

IDEA is a powerful, yet easy-to-use, data analysis tool used by many CPA firms, forensic accountants, fraud examiners, and finance professionals. A fully functional educational version of IDEA is available free for students. You will be introduced to IDEA through a hand-on tutorial, after which you will complete several assignments using IDEA software. To download and install IDEA on your computer, go to *Canvas* and follow the instructions on the 1<sup>st</sup> page of the file “***IDEA Assignments – Spring2020.docx***”. This file also includes the assignments you will complete using *IDEA*.

You **must** work on the IDEA assignments on your own. However, if you get stuck on an assignment and cannot resolve it on your own, you may consult briefly with a classmate.

**Remember, your solutions must be the result of your own efforts. Copying answers or screen shots from another student and turning them in as your own, or the use of solutions found on the Internet, solutions from prior semesters, or any other such “aid” which interferes with your ability to understand and learn the assignment’s concepts, would be an act of academic dishonesty.**

IDEA assignments must be completed and uploaded to *Canvas* on or before the due dates indicated below and on your *Course Schedule*. Be sure to upload each assignment before midnight on the date due. Assignments uploaded after their due date will be marked “late” and will be subject to a **late penalty** of 50% of the points earned on that assignment. No late assignments will be accepted after the last day of class.

The due dates for the IDEA assignments are as follows:

<u>Assignment</u>	<u>Points Possible</u>	<u>Due Date</u>	<u>Estimated Time to Complete</u>
<b>1</b>	2	Jan 15	10 to 15 minutes
<b>2</b>	8	Jan 22	60 to 75 minutes
<b>3</b>	24	Feb 10	2 to 3 hours
<b>4</b>	4	Feb 17	30 to 45 minutes
<b>5</b>	7	Feb 24	30 to 45 minutes
<b>6</b>	7	March 9	30 to 45 minutes
<b>7</b>	11	March 16	30 to 45 minutes
<b>8</b>	11	March 30	45 to 60 minutes
<b>9</b>	14	April 6	60 to 75 minutes
<b>10</b>	5	April 20	15 to 30 minutes
<b>11</b>	7	April 22	30 to 45 minutes
	<u>100</u>		

## Examinations

You will be given four exams during the semester, including the final exam. Exam scores are not “curved.” You may use **one 4"x6" note card** with notes on the front and the back when taking each exam. **Your note card must be hand-written** (not typed or photocopied).

**On exam days**, bring one or more #2 pencils with you to class.

**Conduct during exams:** Keep your eyes on your own exam and opscan. All cellphones and wearable technology (e.g., smart watches, headphones) must be turned off and placed in your backpacks – NOT on your person and NOT in your pockets – during exams. If you choose to wear a hat with a brim during an exam, the brim must be facing backwards.

**Policies on reviewing and retaining exams:** We will review each midterm exam during class the week following the exam. When reviewing exams, you may not copy any of the questions. This includes, but is not limited to, writing down, taking pictures of, or verbal dictation of the questions. Accordingly, no cell phones, smart watches, computers, etc. should be visible during the review of the exams. You may also review your exam in my office during office hours. ACCT 3380 exams are not retained by students.

You should make every effort to take each exam on the scheduled date. Make-up exams will be given only in situations involving an excused absence with appropriate documentation. Make-up exams are typically a combination of multiple-choice, true/false, short answer (fill-in-the-blank), and/or problems. If you miss the final exam due to an excused absence with appropriate documentation, you will be given a make-up final exam during the second week of the following semester.

There will be no “do-over” exams. In other words, if you perform poorly on an exam, you will not have an opportunity to replace your score on the original exam with a makeup exam.

### Canvas (UNC Charlotte Learning Management System)

Online Videos: You will need a computer and reliable Internet access to view course videos outside of class throughout the semester. These videos are available online. Links to the videos, and the dates on which you should view each video, are provided in the *Course Schedule* near the end of this syllabus. Notes for most (but not all) of the videos are available on *Canvas*. I recommend you skim through the notes before watching each video, and complete the notes while watching the video.

Class Notes: Class notes for each topic we will discuss in class are available on *Canvas*. The notes are in PDF format; I recommend you print the notes prior to class and bring them with you.

In addition, solutions to homework problems are available on *Canvas*.

Exam Scores: You can use *Canvas* to check your exam scores. Click the GRADES button in the Navigation area on the left side of your screen.

To access *Canvas*, open your browser and go to **canvas.uncc.edu**.

### Cell Phones and Computers

You are permitted to use **computers or tablets** during class for note-taking and other class-related work. The use of computers or tablets during class for activities not related to the class is distracting to other students (and to you) and is not allowed. The use of **cell phones** during class is disruptive and is therefore prohibited during class. Please **turn your cell phone off** before entering the classroom.

### Attendance and Participation

**Class attendance is important** to your success in this course. You will be responsible for all material covered in class, as well as in the videos and in the homework assignments and readings. Please arrange your schedule to be at class on time each day we meet and to stay until the end of class. You will be responsible for all material covered in class as well as in the homework assignments and readings. If you are unable to attend a class, please let me know in advance if possible. Multiple unexcused absences from class will result in a downward adjustment of your course grade.

**Promptness is important** and is an expected quality of successful individuals in the accounting profession. Students arriving late to class tend to disrupt other students, so please be prompt.

Unless it's an emergency, **please do not leave class before it's over**. Leaving class early is distracting and discourteous to other students and to me. If you know you're going to have to leave early, please let me know before class starts.

### Religious Accommodations

UNC Charlotte provides reasonable accommodations, including a minimum of two excused absences each academic year, for religious observances required by a student's religious practice or belief. Such reasonable accommodations must be requested in accordance with University procedures, and include the opportunity for the student to make up any tests or other work missed due to an excused absence for a religious observance. Students wishing to request a religious accommodation may refer to the information found at <http://legal.uncc.edu/policies/ps-134.html>. It is the obligation of students to provide faculty with reasonable

notice of the dates of religious observances on which they will be absent by submitting a Request for Religious Accommodation Form to their instructor prior to the census date for enrollment for a given semester (typically the 10th day of enrollment).

## Policies Regarding Grading

Portions of the following paragraph are from the University's *Policies and Procedures for Appeals of Final Course Grades*; for more information, see <http://legal.uncc.edu/policies/GradeAppeal.html>):

Determination of final course grades and policies and procedures regarding grades is the responsibility of faculty, not students. Thus, the grading policies, procedures, and scales in your courses at UNC Charlotte are not open to debate, negotiation, or appeal. It is **inappropriate** for a student to contact a faculty member at the end of the semester in an attempt to influence the faculty member's determination of final course grades. This includes, but is not limited to, asking the faculty member to raise the student's grade for any reason. However, if you believe your final course grade assigned by the instructor was the result of a clear and **material mistake** in calculating or recording grades, you should contact the instructor, who will explain how the grade was determined. Your inquiry to the instructor should occur as soon as possible after the formal grade report is received. If you are unable to resolve the grievance through consultation with the instructor, a written request for review of the course grade may be submitted to the Chair of the Department in which the course was taught. Requests for review must be submitted within the **first four weeks** of the next regular academic semester.

For this course, your semester grade will be determined by the total number of points you earn on exams and IDEA assignments (with a downward adjustment for multiple unexcused absences, if applicable) — **period**. Factors and circumstances other than your total points will not be considered. This includes, but is not limited to, factors such as **need** (e.g., if you need a "B" or better to keep a scholarship or to graduate, then you must earn at least enough points to receive a B; plan accordingly), **effort** (while effort and exam scores tend to be highly correlated, your grade in this course will be based on your exam and assignment scores, not on the number of hours you spend studying), the number of **hours per week you work**, **number of courses** you're taking this semester, **prior coursework** or **work experience** related to accounting, etc. (i.e., all students will be graded similarly, regardless of current employment status, course load, and prior accounting-related employment or coursework). In addition, students with **disabilities** will be graded in the same manner as all other students; however, students with disabilities may request reasonable accommodation of their disabilities as discussed on page 1 of this syllabus. Finally, please note that there will be **no additional "extra credit" work** available, and midterm exams are not curved. **I will not grade you differently than other students or raise your end-of-semester grade – please don't ask.**

## Policies Regarding Academic Honesty

A high level of ethical conduct is a critically important attribute of members of the accounting profession. The importance of ethical conduct extends into the academic arena where the profession's future leaders are being prepared. Thus, **accounting students are expected to conduct themselves in a manner that is above reproach** in their academic work.

Academic misconduct includes cheating, fabrication, falsification, multiple submissions, plagiarism, and complicity. Each of these types of misconduct is discussed in the **Code of Student Academic Integrity** on the UNC Charlotte website at [www.legal.uncc.edu/policies/ps-105.html](http://www.legal.uncc.edu/policies/ps-105.html), along with related penalties and procedures. You are expected to be familiar with, and to follow, this Code.

In addition, the following specific requirements are expected in this class:

- (1) Strict individual performance on exams, i.e., not copying from or looking at another student's exam or opscan;
- (2) Not allowing another student to copy from or look at your exam or opscan;
- (3) Not passing or receiving information about an exam to other students;
- (4) Not consulting notes or books during exams unless specifically permitted to do so;
- (5) The questions used on exams are copyrighted. Therefore, you are not permitted to write down or take pictures of any of the questions. This applies not only during exams but also when reviewing exams.

Plagiarism consists of passing off as one's own the ideas, words, writings, etc., which belong to another. In accordance with this definition, you are committing plagiarism if you copy the work of another person and turn it in as your own, even if you have that person's permission.

Cheating on exams is wrong and will not be tolerated. If I determine or suspect you have cheated on an exam, I will follow University procedures for handling cases of academic misconduct (see [www.legal.uncc.edu/policies/ps-105.html](http://www.legal.uncc.edu/policies/ps-105.html)).

If any of these requirements are unclear to you, please consult with me before you complete any exams or assignments in this course. I expect every student in my classes to share responsibility for preventing dishonesty of any kind. Academic integrity is considered a prerequisite for admission into the accounting profession.

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Note: I reserve the right to modify the course schedule, deadlines, reading and homework assignments, classroom procedures, and course policies if circumstances warrant.

If I am late in arriving to class, please wait 10 minutes after the scheduled start of class before leaving.

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*The Belk College of Business strives to create an inclusive academic climate in which the dignity of all individuals is respected and maintained. Therefore, we celebrate diversity that includes, but is not limited to ability/disability, age, culture, ethnicity, gender, language, race, religion, sexual orientation, and socio-economic status.*

## Course Schedule

(Dates are subject to change, depending on guest speakers' schedules)

Date	Format	Topic
[1] Wednesday Jan 8	<b>Classroom</b>	<p><b>Note:</b> Download class notes from <i>Canvas</i>. We will discuss and fill in the notes in class, so bring them with you.</p> <p>Introduction to the Course</p> <p>CHAPTER 1: CORE FOUNDATION RELATED TO FORENSIC ACCOUNTING AND FRAUD EXAMINATION</p> <p>CHAPTER 2: WHO COMMITS FRAUD AND WHY: THE PROFILE AND PSYCHOLOGY OF THE FRAUDSTER</p> <p><u>After class:</u>                      Read textbook – CHAPTER 1 (including the Appendix).</p>
[2] Monday Jan 13	<b>Classroom</b>	<p><b>Turn in your score sheets for all 11 IDEA assignments at the beginning of class today</b> (download them from Canvas, print them, and sign your name on each one).</p> <p>Finish CHAPTERS 1 and 2</p> <p>CONDUCTING INVESTIGATIONS</p> <p><u>After class:</u>                      Read textbook – CHAPTER 2 (only pages 48 to 64).</p>
[3] Wednesday Jan 15	Online	<p><b>IDEA assignment 1 is due by 11:59pm today.</b></p> <p><b>Video 1:</b> <i>Inside the Fraudster's Mind</i> (54 min)</p> <p>While watching the video, follow along in the <i>Notes for Video 1 – Inside the Fraudster's Mind.pdf</i>. Pause the video as needed to read the corresponding sections in the <i>Notes</i>.</p>
Monday Jan 20		No class – Martin Luther King Day.
[4] Wednesday Jan 22	Online	<p><b>IDEA assignment 2 is due by 11:59pm today.</b></p> <p><b>Video 2:</b> <i>Beyond the Numbers: Professional Interview Techniques</i> (48 min)</p> <p>Before you watch Video 2, read the 1st two paragraphs of the <i>Notes for Video 2 - Beyond the Numbers.pdf</i>. After watching the video, read the rest of the <i>Notes for Video 2 - Beyond the Numbers.pdf</i>.</p>
[5] Monday Jan 27	<b>Classroom</b>	<p>CHAPTER 10: EFFECTIVE INTERVIEWING AND INTERROGATION</p> <p><u>After class:</u>                      Read textbook – CHAPTER 10.</p>

<p>[6] Wednesday Jan 29</p>	<p>Online</p>	<p><b>Video 3:</b> Admission-seeking Interviews (42 min)  While watching the video, follow along in the <i>Notes for Video 3 – Admission-seeking Interviews.pdf</i>. Pause the video as needed to read the corresponding sections in the <i>Notes</i>.</p> <p><b>Video 4:</b> Evaluating Deception (42 min)  While you watch Video 3, complete the <i>Notes for Video 4 - Evaluating Deception.pdf</i></p>
<p>[7] Monday Feb 3</p>	<p><b>Classroom</b></p>	<p><b>Exam 1</b> (Chapters 1, 2, and 10, Conducting Investigations, Videos 1, 2, 3, and 4).</p>
<p>[8] Wednesday Feb 5</p>		<p>Work on IDEA Assignment 3 (no class today)</p>
<p>[9] Monday Feb 10</p>	<p><b>Classroom</b></p>	<p><b>IDEA assignment 3 is due by 11:59pm today.</b>  CHAPTER 3: LEGAL, REGULATORY, AND PROFESSIONAL ENVIRONMENT  Review Exam 1  <u>After class:</u> Read textbook – CHAPTER 3 (only pages 74 to 86).</p>
<p>[10] Wednesday Feb 12</p>	<p><b>Classroom</b></p>	<p>(continued) CHAPTER 3: LEGAL, REGULATORY, AND PROFESSIONAL ENVIRONMENT</p>
<p>[11] Monday Feb 17</p>	<p>Online</p>	<p><b>IDEA assignment 4 is due by 11:59pm today.</b>  <b>Video 5:</b> Legal Issues (28 min)  <b>Video 6:</b> Rules of Evidence (24 min)  While you watch the videos, complete the <i>Notes for Video 5 – Legal Issues.pdf</i> and the <i>Notes for Video 6 – Rules of Evidence.pdf</i>.</p>
<p>[12] Wednesday Feb 19</p>	<p><b>Classroom</b></p>	<p>CHAPTER 4: CASH RECEIPT SCHEMES AND OTHER ASSET MISAPPROPRIATIONS  <u>After class:</u> Read textbook – CHAPTER 4 (only pages 111 to middle of page 129).</p>
<p>[13] Monday Feb 24</p>	<p><b>Classroom</b></p>	<p><b>IDEA assignment 5 is due by 11:59pm today.</b>  (continued) CHAPTER 4: CASH RECEIPTS SCHEMES AND OTHER ASSET MISAPPROPRIATIONS  <b>Video 7:</b> Other People’s Money: The Basics of Asset Misappropriation – Part 1 (10 min) <b>Bring your notes for Video 7 to class.</b></p>
<p>[14] Wednesday Feb 26</p>	<p><b>Classroom</b></p>	<p><b>Exam 2</b> (Chapters 3 and 4; Videos 5, 6, and 7).</p>



Monday March 2		Spring Recess – no classes this week
Wednesday March 4		Spring Recess – no classes this week
[15] Monday March 9	<b>Classroom</b>	<b>IDEA assignment 6 is due by 11:59pm today.</b> CHAPTER 5: CASH DISBURSEMENT SCHEMES Review Exam 2 <u>After class:</u> Read textbook – CHAPTER 5 (skip pages 186 to 189).
[16] Wednesday March 11	<b>Classroom</b>	(continued) CHAPTER 5: CASH DISBURSEMENT SCHEMES
[17] Monday March 16	<b>Classroom</b>	<b>IDEA assignment 7 is due by 11:59pm today.</b> #1: Guest speakers:
[18] Wednesday March 18	Online	<b>Video 8:</b> Other People’s Money: The Basics of Asset Misappropriation – Part 2 (21 min) While you watch the videos, complete the <i>Notes for Video 7 - Other People’s Money-Part 1.pdf</i> and <i>Notes for Video 8 - Other People’s Money-Part 2.pdf</i> .
[19] Monday March 23	<b>Classroom</b>	CHAPTER 6: CORRUPTION AND THE HUMAN FACTOR <u>After class:</u> Read textbook – CHAPTER 6.
[20] Wednesday March 25	<b>Classroom</b>	<b>Exam 3</b> (Chapters 5 and 6; Video 8; Guest speakers’ presentations)
[21] Monday March 30	<b>Classroom</b>	<b>IDEA assignment 8 is due by 11:59pm today.</b> <b>Note:</b> Before class, download the <i>Fraud Investigation Project</i> (33 pages) from <i>Canvas</i> . We will work on the project in class, so bring it with you. <b>Fraud Investigation Project</b> Review Exam 3
[22] Wednesday April 1	<b>Classroom</b>	#2: Guest speakers:
[23] Monday April 6	<b>Classroom</b>	<b>IDEA assignment 9 is due by 11:59pm today.</b> (continued) <b>Fraud Investigation Project</b>

<p>[24] Wednesday April 8</p>	<p><b>Classroom</b></p>	<p>Finish <b><i>Fraud Investigation Project</i></b></p>
<p>[25] Monday April 13</p>	<p><b>Classroom</b></p>	<p><b>#3:</b> Guest speakers:</p>
<p>[26] Wednesday April 15</p>	<p>Online</p>	<p>(1) Begin by reading two <b>articles</b> about Benford’s law:  <i>Benford’s Law 1 – Intro to Benford’s Law.pdf</i>  <i>Benford’s Law 2 – Applying Benford’s Law in Audits.pdf</i></p> <p>(2) Next, watch the following <b>videos</b> about Benford’s Law:  <i>Benford 1 – Exploring Benford’s Law</i> (5 min)  <i>Benford 2 – Calculating Benford’s Law</i> (9 min)  <i>Benford 3 – Fraud Investigation – Benford’s Law Number Distribution</i> (3 min)  <i>Benford 4 – Fraud Analysis and Benford’s Law</i> (30 min)</p> <p>There are no notes for the 1<sup>st</sup> three videos.</p> <p>As you watch the 4<sup>th</sup> video, follow along in the <i>Notes for Video Benford 4 - Fraud Analysis and Benford’s Law.pdf</i>.</p>
<p>[27] Monday April 20</p>	<p><b>Classroom</b></p>	<p><b>IDEA assignment 10 is due by 11:59pm today.</b>                  CHAPTER 7: FINANCIAL STATEMENT FRAUD</p>
<p>[28] Wednesday April 22</p>	<p><b>Classroom</b></p>	<p><b>IDEA assignment 11 is due by 11:59pm today.</b>                  Finish CHAPTER 7: FINANCIAL STATEMENT FRAUD                  After class:                  Read textbook – CHAPTER 7.</p>
<p>[29] Monday April 27  LAST DAY OF CLASS</p>	<p>Online</p>	<p>Watch <b>Video 9:</b> Masterminds: Crazy Eddie (21 min)                  After you watch Video 9, read the <i>Notes for Video 9 – Masterminds_Crazy Eddie.pdf</i>. The notes provide additional information about the Crazy Eddie fraud.</p> <p>Watch <b>Video 10:</b> Financial Statement Fraud (39 min)                  While you watch Video 10, complete the <i>Notes for Video 10 – Financial Statement Fraud.pdf</i></p>

**Final Exam: Monday, May 4, 2:00 – 4:30**

The final exam will consist of questions about chapter 7, videos 9 and 10, Benford’s law, the fraud investigation project, and any guest speakers’ presentations made after exam 3.

Please print, fill out, and bring with you to class on Wednesday, January 8, 2020

### Student Information Form

ACCT 3380, Spring 2020

1. Name \_\_\_\_\_

Name by which you would like to be called in class (if different from above) \_\_\_\_\_

(Circle one) Male Female

Hometown (where did you grow up?) \_\_\_\_\_

2. If you currently have a job, where do you work? \_\_\_\_\_

If you have a job, how many hours per week do you work? \_\_\_\_\_

3. Career Interests:

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4. Comments and/or other information (use back if you need more space):

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