

Chaminade University of Honolulu
Fraud and Forensic Accounting
Class Description

Nearly every week the newspapers and other media report the frauds occurring locally and on the national scene. Fraud and white collar crime are pervasive in our society. Many people think that Certified Public Accountants performing annual audits of companies discover most frauds. However, this is not the case. Most frauds are discovered by alert employees who recognize that a situation does not seem right and bring it to someone's attention. Once a potential fraud is discovered, it often becomes the job of a forensic accountant, trained in the field of fraud, to investigate if an actual fraud has occurred. The class explains methods of fraud investigation and detection used by forensic accountants and also how frauds can be prevented. The goal of the class is make the student aware of fraud and to increase the student's ability to detect many types of frauds.

The class sessions will consist of lectures, class discussions, analysis of actual case studies and presentations by outside speakers. The class lectures are intended to supplement the information in the textbook and to discuss real life experiences of the teacher. The class discussions are to provide input from the students and to discuss current events in the news media dealing with fraud. Each student performs an analysis of an actual fraud case and makes a presentation to the class. The teacher arranges for several outside speakers who are either professional fraud fighters or victims of fraud who can relate how the fraud occurred and what they learned through their experience.

At the conclusion of the class, the students should have the following understanding:

- The nature of the fraud
- Who commits fraud and why
- How prevalent fraud is in our society
- What the Sarbanes Oxley legislation means to our society
- The many types of fraud that exist in our society
- How to recognize the symptoms of fraud
- The proactive approaches to detecting fraud
- How to prevent and fight fraud
- How to investigate fraud
- How to recognize financial statement fraud
- How to recognize the various other types of fraud and fraud schemes

The instructor is William Kauppila, MBA, CPA, CFE

William Kauppila has spent forty years in public accounting, specializing in providing tax, accounting and consulting services to individuals and closely held businesses. In addition, he is a forensic accountant who has performed many investigations of losses due to normal occurrences and fraud. Mr. Kauppila is professor on the faculty at Seattle Pacific University in Seattle, Washington and has been a visiting professor at Chaminade University in Honolulu, Hawaii. He initiated the first fraud class offered by both universities.

Chaminade University
Master of Business Administration Program
MBA 780 - Fraud and Forensic Accounting
Winter Quarter
January through March 2010

Fraud and Forensic Accounting
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COURSE PURPOSE

1. Introduce students to the topic of fraud and forensic accounting
2. Educate students about both the pervasiveness of and causes of fraud and white collar crime in our society
3. Discuss the impact of the Sarbanes Oxley legislation to our society
4. Study the common types of fraud experienced in society
5. Study actual frauds and how they occurred
6. Explore methods of fraud detection, investigation and prevention
7. Increase student's ability to detect material financial statement fraud
8. Teach students to be aware of frauds reported in the newspapers and other media
9. Discuss ethical considerations in the business world

SPECIFIC COURSE OBJECTIVES

At the completion of the class, the student should have the following understanding:

1. The nature of fraud
2. Who commits fraud and why
3. How prevalent fraud is in our society
4. What the Sarbanes Oxley legislation means to our society
5. The many types of fraud that exist in our society
6. How to recognize the symptoms of fraud
7. The proactive approaches to detecting fraud
8. How to prevent and fight fraud
9. How to investigate fraud
10. How to recognize financial statement fraud
11. How to recognize various other types of fraud and fraud schemes
12. How computers are used to commit fraud

TEXT

Fraud Examination, 3rd edition, by W. Steve Albrecht, CFE, South-Western Cengage Learning, copyright 2009, ISBN: 0-324-56084-2

TEACHING FORMAT/GUEST SPEAKERS

Class sessions will consist of lectures, class discussion, individual and group discussion and analysis of actual fraud case studies. The teacher will attempt to obtain several guest speakers to come to the class and share their expertise in the field of fraud.

CLASS SUPPLEMENTS

The class discussions will be supplemented by various case studies and articles on fraud and by videos on fraud prepared by the Association of Certified Fraud Examiners (ACFE). The following are some of the videos that are available:

The Corporate Con: Internal Fraud and the Auditor

Making Crime Pay: How to Locate Hidden Assets

Introduction to Fraud Examination

Cooking the Books: What Every Accountant Should Know About Fraud

How to Detect & Prevent Financial Statement Fraud

Other People's Money: The Basics of Asset Misappropriations

Fundamentals of Computer Fraud

Making Crime Pay: How to Locate Hidden Assets

Investigating Swindles and Con Schemes

ATTENDANCE

Class attendance is required and encouraged; students who have to miss class should contact the teacher prior to the class by phone or email

PARTICIPATION AND HOMEWORK

Class participation will be an important part of the class and will be a significant part of the grade. Students are expected to read the assigned chapters and complete assignments before the class period covering the material.

TENTATIVE GRADING CRITERIA

Final exam	200
Fraud case study	100
Participation	100
Total	400

COURSE GRADE

A	>93%
A-	>90%
B+	>88%
B	>83%
B-	>80%
C+	>78%
C	>73%
C-	>70%
D+	>68%
D	>60%
E	<60%

Specific letter grades will be assigned on the basis of the above grading scale. The instructor has the right to adjust the grading scale depending on circumstances that arise. In no event will the student receive a grade lower than that corresponding to their straight percentage.

GRADING PROCESS

Grades will be assigned bases on the following criteria:

1. Final examination – This will be based on text material covered for the entire quarter, case studies and classroom discussion.
2. Fraud case study – Each student will select an actual fraud case that has been reported in the newspapers and do an in-depth analysis of the case. Each case selected will be done with the approval of the teacher. For the fraud case selected, the student will prepare a 20-30 minute verbal presentation to the class. The use of power point slides or overhead slides is encouraged. The presentation should include, but not be limited to the following:
 1. Background of the company
 2. Background of the major perpetrators of the fraud
 3. What the perpetrators did to commit the fraud
 4. Over what period did the fraud occur?
 5. How the fraud was discovered?
 6. What losses were involved in the fraud?
 7. How were the assets taken?
 8. How was the fraud concealed?
 9. If cash was not taken, how were the assets converted to cash?
 10. Were there red flags before the fraud was discovered?
 11. What were the motives behind the fraud?
 12. Who were the victims of the fraud?
 13. What penalties did the perpetrators of the fraud face for committing the fraud?
 14. How could the fraud have been prevented?
 15. What lessons we can learn from a study of this fraud?
3. Participation – Included in this category is attendance, promptness, contribution to class discussion, being prepared for class by reading the textbook and assigned material, and willingly participate in individual and group problem solving activities.

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CLASS SCHEDULE

Class 1 - Introduction

Honesty Questionnaire
Introduction to Course – syllabus
Define Forensic Accounting and Fraud
Assign cases to students
Video – Introduction to Fraud Examination

Class 2 - Effect of Fraud on the US Economy and Society

Sarbanes Oxley
SAS 99 – Consideration of Fraud in Financial Statement Audits
PCAOB
Laws and Corporate Governance Changes Following the Sarbanes Oxley Act –
Albrecht – Appendix, pages 389-399

Class 3 - Defining Fraud

The Nature of Fraud – Albrecht – Chapter 1
Why People Commit Fraud – Albrecht – Chapter 2
Video – Cooking the Books: What Every Accountant Should Know About Fraud
Video – Other Peoples Money: The Basics of Asset Misappropriation

Class 4 - Fighting and Preventing Fraud

Fighting Fraud: An Overview – Albrecht – Chapter 3
Preventing Fraud – Albrecht – Chapter 4
Video – How to Detect & Prevent Financial Statement Fraud

Class 5 - Detecting Fraud

Recognizing the Symptoms of Fraud – Albrecht – Chapter 5
Data-Driven Fraud Detection – Albrecht – Chapter 6
Video – Fundamentals of Computer Fraud

Class 6 and 7 - Financial Statement Fraud

Financial Statement Fraud – Albrecht – Chapter 11
Revenue and Inventory Related Financial Statement Frauds – Albrecht – Chapter 12
Liability, Asset and Inadequate Disclosure Frauds – Albrecht – Chapter 13
Schilit's Seven Shenanigans
Video – The Corporate Con: Internal Fraud and the Auditor

Class 8 - Other Types of Fraud

Consumer Fraud – Albrecht – Chapter 15

Conversion Investigation Methods – Albrecht – Chapter 9

Video – Making Crime Pay: How to Locate Hidden Assets

Video – Investment Swindles and Con Schemes

Class 9 - Fraud Against Organization

Fraud Against Organizations – Albrecht – Chapter 14

Bankruptcy, Divorce and Tax Fraud – Albrecht – Chapter 16

Class 10 - Review and Final Exam