



**ACCT 7385
Fraud Examination
Fall 2013**

Instructor: Robert H. Barr, Jr., CPA, CFE, CFF

Harper & Pearson Company, P.C.
One Riverway, Suite 1000
Houston, Texas 77056

Office Phone: 713-579-2324

Cell Phone: 832-654-5890

E-mail: rbarr@uh.edu or rbarr@harperpearson.com

Internet: www.bobbarr.biz

Office Hours: As with most adjunct faculty, I am not on campus on a regular basis, and will not generally be available on campus other than on class nights. I will generally be available to students at least an hour before class on class nights and a half-hour after class on class nights. Before class you can find me in the office of Dr. Art Francia in room 370E. If you would like to meet at another time, please feel free to call me at my offices and I will attempt to help you by phone, or will schedule a time to meet with you. Or you can e-mail me with questions and we will try to get back to you as soon as possible.

Course Materials:

Principles of Fraud Examination, Third Edition, Joseph T. Wells, CFE, CPA;
John Wiley & Sons, Inc.; 2011. ISBN 978-0-470-64629-8

Course Prerequisites: Intermediate Accounting

Course Objectives:

The students can learn how and why occupational fraud is committed, how fraudulent conduct can be deterred, and how allegations of fraud should be investigated and resolved and why it is important to understand the "red flags" of fraud.

In addition to covering the material in the textbook, we will present several actual fraud cases to the class. The sessions will be interactive, with students working through the cases, developing investigative strategies, and seeking to prove how the fraud was committed.

This course has specific objectives related to the topics covered as well as objectives related to the development of skills and attitudes:

Learning Objectives:

1. Understand the role of accountants and financial consultants in the fraud examination process.

Skills and Attitudes:

2. Develop analytical skills.
3. Develop written and verbal communication skills.
4. Develop an understanding of the necessity for life-long learning.
5. Develop critical thinking skills.
6. Develop problem-solving skills.
7. Develop a strong work ethic.

Strategies to Achieve the Above Objectives:

Course Activity	Objectives	Assessment
Class Examinations	1, 2, 3, 5, 6, 7	Instructor Graded
Case Studies	1, 2, 3, 4, 5, 6	Evaluated by Instructor
Case Study Paper	1, 2, 3, 4, 5, 6, 7	Instructor Graded
Final Examination	1, 2, 3, 5, 6, 7	Instructor Graded

Course Format: This course will be taught using a combination of lectures, group discussions, case studies and case assignments.

Course Evaluation: There will be two exams during the semester and a cumulative final exam that will be particularly focused on the material that was covered since the second exam. There will also be one major case study assignment during the semester and a number of short case studies. The overall scoring and grade determination will be as follows:

Highest score of Exam 1 & Exam 2	25%
Lowest score of Exam 1 & Exam 2	20%
Case Studies – Class Participation	10%
Semester Project	15%
Final Exam	<u>30%</u>
Total	<u>100%</u>

Semester Grades will be assigned as follows:

90 – 100.0%	A
87.0 – 89.9%	B+
80.0 – 86.9%	B
77.0 – 79.9%	C+
70.0 – 76.9%	C
60.0 – 69.9%	D
Below 60%	F

Examinations: All examinations **must** be taken. Make-up examinations will be administered at a time and place that is mutually agreed upon by the instructor and the student.

Make-up exams are administered to students missing regular exams due to unforeseen circumstances, **provided the student contacts the instructor prior to the time the regularly scheduled exam is administered**. Make-up exams will not necessarily be of the same type or format as the regular exams.

Regularly scheduled exams will be a combination of problems, multiple choice, true-false and short answer essay questions. The final exam will be comprehensive, but will be particularly focused on the material covered after the second class exam.

Class participation is a **required** part of this course. Attendance will not be taken; however, lack of attendance will be noted in the class participation. Be ready to answer a question if you are called upon and I may well call on persons that are on the class roll.

Other Information:

- a. **Preparation for class** - In order to get the most out of the presentations and discussions, it is important to have read the text material prior to coming to class. Also be prepared to ask questions during class. As public accounting practitioners, we are accustomed to training personnel and questions are welcomed.
- b. **Academic Honesty** – Because honesty and integrity are such important factors in the accounting and financial community, you should be aware that failure to perform within the bounds of these ethical standards is sufficient grounds to receive a grade of “F” in this course and be recommended for suspension from UH.
- c. **Incompletes:** A grade of “I” (Incomplete) will be administered only under extreme, verifiable “emergency” situations where the student is unable to complete some minor portion of the course work due to circumstances beyond his/her control, PROVIDED THE STUDENT IS PASSING THE COURSE. MISSING THE FINAL EXAM WILL NOT RESULT IN A GRADE OF “I”.
- d. **Special Academic Accommodations:** If you require special academic accommodations under the Americans with Disabilities Act, Section 504, or other state or federal law, please contact the instructor and the Disability Services Office.

**Fraud Examination
ACCT 7385 Course Outline
Fall 2013**

<u>Date</u>	<u>Topic</u>	<u>Text Chapters</u>
August 27 August 29	Lecture 1 – Course Introduction and Introduction to Fraud Examination <i>Video – “Inside the Fraudster’s Mind”</i>	Chapter 1
September 3 September 5	Lecture 2 – Introduction to Asset Misappropriation, Skimming and Cash Larceny <i>Video – “The Corporate Con”</i>	Chapter 2 Chapter 3
September 10 September 12	Lecture 3 – Billing Schemes <i>Video – “Other People’s Money”</i>	Chapter 4
September 17 September 19	Case Study – Billing Schemes Lecture 4 – Check Tampering and Payroll Schemes	Chapter 5 Chapter 6
September 24 September 26	Exam 1 – Chapters 1 - 6	
October 1 October 3	Case Studies – Check Tampering & Ghost Employees Lecture 5 – Using Benford’s Law to Detect Fraud, Expense Reimbursement Schemes and Register Disbursement Schemes	Chapter 7 Chapter 8
October 8 October 10	Case Study – Expense Reimbursements Lecture 6 – Non-Cash Asset Schemes and Interviewing Witnesses <i>Video – “Beyond the Numbers”</i>	Chapter 9 Chapter 15
October 15 October 17	Lecture 7 – Corruption, Bribery. Conflicts on Interest and Fraud Risk Assessment <i>Video – “Finding the Truth”</i>	Chapter 10 Chapter 13
October 22 October 24	Exam 2 – Chapters 7 – 10, 13, 15	
October 29 October 31	Lectures 8 – Conducting Investigations and Writing Reports & Accounting Principles and Fraud <i>Video – “Cooking the Books”</i>	Chapter 11 Chapter 14
November 5 November 7	Lecture 9 – Fraudulent Financial Statement Schemes <i>Video – “How to Detect and Prevent Financial Statement Fraud”</i> Case Study Discussion – The Antar Complex	Chapter 12
November 12 November 14	Lecture 10 – Occupational Fraud and Abuse – The Big Picture <i>Video – “Fraud and the Tone at the Top”</i>	Chapter 16
November 19 November 22	More on Financial Statement Fraud – From Sam Antar Case Study Discussion – The Antar Complex Begin Presentation of Group Projects	
November 26 November 28	Presentation of Group Projects	
December 3 December 5	Presentation of Group Projects Final Exam Review	
December 17 December 19	Final Exam – Tuesday Section – 5-8 PM Final Exam – Thursday Section – 5-8 PM	

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Semester Project

For the Fall 2013 semester, you will work on a case study in groups of four to five students. There are three written cases on financial statement fraud included on my web site on the Semester Project link. Each group will pick one of the three case studies to use as a basis for their project.

Project Requirements:

1. Perform horizontal and vertical analyses of the financial statements. Indicate anomalies found and what they might mean.
2. Describe other financial statement analyses that could have been performed and how they could have been used.
3. Analyze this case using the Fraud Triangle, identifying the motive/pressure, opportunity and rationalization for the fraud.
4. Prepare a final fraud examination report that will be provided to management. Be sure to include your recommendations for any changes in internal controls to help keep this type of fraud from occurring again in the future.

What You Will Turn In:

1. Your financial analyses and statement of other financial analyses that could have been performed.
2. Analysis of the case using the Fraud Triangle and identification of the fraud hypothesis in the case.
3. Your final fraud examination report.
4. You will make a group presentation to the class on your project report.