Eastern Illinois University
ACC 5000: FRAUD EXAMINATION
COURSE PROPOSAL FORMAT

Please check one: ☒ New course ❏ Revised course

PART I: CATALOG DESCRIPTION

1. Course prefix and number, such as ART 1000: ACC 5000
2. Title (may not exceed 30 characters, including spaces): FRAUD
3. Long title, if any (may not exceed 100 characters, including spaces): Fraud Examination
4. Class hours per week, lab hours per week, and credit [e.g., (3-0-3)]: 3-0-3
5. Term(s) to be offered: ☐ Fall ☐ Spring ☐ Summer ☒ On demand
6. Initial term of offering: ☐ Fall ☐ Spring ☒ Summer ☒ Year 2007
7. Course description (not to exceed four lines): Fraud examination is a methodology for resolving allegations of fraud from inception to disposition. The process involves gathering evidence, taking statements, writing reports, and assisting in the detection and deterrence of fraud.
8. Registration restrictions:
   a. Identify any equivalent courses (e.g., cross-listed course, non-honors version of an honors course).
   b. Prerequisite(s), including required test scores, courses, grades in courses, and technical skills.
      Indicate whether any prerequisite course(s) MAY be taken concurrently with the proposed/revised course.
      Admission to the MBA program or permission of Coordinator, Graduate Business Studies
   c. Who can waive the prerequisite(s)?
      ☐ No one ☐ Chair ☐ Instructor ☐ Advisor ☒ Other (Please specify) Coordinator, Graduate Business Studies
   d. Co-requisites (course(s) which MUST be taken concurrently with this one):
   e. Repeat status: ☒ Course may not be repeated.
      ☐ Course may be repeated to a maximum of___ hours or___ times.
   f. Degree, college, major(s), level, or class to which registration in the course is restricted, if any: MBA
   g. Degree, college, major(s), level, or class to be excluded from the course, if any:
9. Special course attributes [cultural diversity, general education (indicate component), honors, remedial, writing centered or writing intensive]
10. **Grading methods** (check all that apply): ☒ Standard letter ☐ C/NC ☐ Audit ☐ ABC/NC

(“Standard letter”—i.e., ABCDF--is assumed to be the default grading method unless the course description indicates otherwise.)

11. **Instructional delivery method**: lecture (This is a drop-down menu.)
New Course Proposal:  ACC 5000 Fraud Examination

1. Catalog Description

A. Course Number: ACC 5000
B. Title: Fraud Examination
C. Terms to be offered: On demand
D. Meeting times and credit (3-0-3)
E. Short Title: Fraud
F. Course Description: Fraud examination is a methodology for resolving allegations of fraud from inception to disposition. The process involves gathering evidence, taking statements, writing reports, and assisting in the detection and deterrence of fraud.
G. Prerequisites: Admission to the MBA Program or permission of Associate Chair, School of Business
H. Initial term of course offering: Summer 2007

2. Student Learning Objectives and Evaluation

A. Upon successful completion of this course, students will:
   • comprehend the principles of criminology, sociology, and behavioral sciences as they relate to fraud offenders
   • apply investigative, interview, and interrogation techniques appropriate to fraud deterrence and detection
   • analyze, critique, synthesize and discuss the principles of fraud auditing and forensic accounting
   • apply ethical principles and reasoning to the conduct of fraud examinations
   • understand organizational responsibilities related to loss prevention, law enforcement, and other security-related subjects
   • to examine legal concepts and training that relate to fraud investigations

B. The student’s achievement of the learning objectives will be assessed and grades will assigned on the basis of points earned reasonably evenly across activities including examinations, quizzes, homework assignments, group projects, written reports, case analysis, and oral presentations that are tied to the learning objectives describe in (A).

C. This is a technology aware course and the instructor may present certain course related materials and use online web sites.

3. Outline of the Course

I. Introduction to Fraud

   1. The Nature of Fraud
      1. What is Fraud?
      2. Types of Fraud
      3. Criminal and Civil Prosecution of Fraud
      4. How to Prepare to Be a Fraud-Fighting Professional
      5. Fraud-Fighting Careers

   B. Who Commits Fraud and Why
      1. Who Commits Fraud
      2. Why People Commit Fraud
      3. The First Element of the Fraud Triangle: Pressure
      4. The Second Element of the Fraud Triangle: Opportunity
      5. The Third Element of the Fraud Triangle: Rationalization

   C. Fighting Fraud: An Overview
      1. Fraud Prevention
      2. Fraud Detection
      3. Fraud Investigation
4. Legal Action

II. Fraud Prevention
   A. Preventing Fraud
      1. Just About Everyone Can Be Dishonest
      2. Creating a Culture of Honesty, Openness, and Assistance
      3. Eliminating Opportunities for Fraud

III. Fraud Detection
   A. Recognizing the Symptoms of Fraud
      1. Symptoms of Fraud
      2. Accounting Anomalies
      3. Internal Control Weakness
      4. Analytical Fraud Symptoms
      5. Extravagant Lifestyles
      6. Unusual Behaviors
      7. Tips and Complaints
   B. Proactive Approaches to Detecting Fraud
      1. Proactive Fraud Detection
      2. Inductive Method #1: Commercial Data-Mining Software
      3. Inductive Method #2: Digital Analysis of Company Databases
      4. Deductive Fraud Detection
      5. Which Transaction-Based Approach is Best?
      6. Analyzing Financial Statements Reports
      7. Detecting or Identifying Fraud Perpetrators

IV. Fraud Investigation
   A. Investigating Theft Acts
   B. Investigating Concealment
   C. Conversion Investigation Methods
      1. Conversion Searches
      2. Government Sources of Information
      3. Private Sources of Information
      4. Online Databases
      5. Internet Search
      6. The Net Worth Method
   D. Inquiry Methods and Fraud Reports
      1. Honesty Testing
      2. Interviewing – An Overview
      3. Understanding Reaction to Crisis
      4. Planning an Interview
      5. Mechanics of the Interview
      6. The Fraud Report

V. Management Fraud
   A. Financial Statement Fraud
      1. The Problem of Financial Statement Fraud
      2. A Framework for Detecting Financial Statement Fraud
   B. Revenue and Inventory Related Financial Statement Frauds
      1. Revenue Related fraud
      2. Inventory and Cost of Goods Sold frauds
   C. Liability, Asset, and Inadequate Disclosure Frauds
      1. Understatement of Liabilities Fraud
      2. Overstatement of Asset Fraud
      3. Inadequate Disclosure Fraud
      4. Other Types of Financial Statement Fraud
VI. Other Types of Fraud
   A. Consumer Fraud
      1. Frauds Against Individuals
      2. Identity Theft
      3. Other Forms of Consumer Fraud
   B. Fraud Against Organizations
      1. Fraud Statistics
      2. Asset Misappropriations
      3. Corruption
   C. Bankruptcy, Divorce, and Tax Fraud
      1. Tax Fraud
      2. Divorce Fraud
      3. Bankruptcy Fraud
      4. Bankruptcy and Divorce Fraud Schemes-The Planned Bankruptcy
      5. Fraudulent Concealment of Assets or Income in Bankruptcies or Divorces
      6. Fraudulent Transfers
      7. Civil Liability for False Accusations
   D. Fraud in E-Commerce
      1. Fraud Risks in E-Commerce
      2. Preventing Fraud in E-Commerce
      3. Detecting E-Business Fraud

VII. Resolution of Fraud
   A. Legal Follow-Up
      1. The Court System
      2. Overview of the Civil Litigation Process
      3. Overview of the Criminal Litigation Process
      4. Being an Expert Witness

VIII. Examinations, Reports and Case Analysis

4. Rationale
   A. Purpose and Need: Corporate fraud affects the largest corporations or the smallest family owned business, resulting in the collapse of either. The Association of Certified Fraud Examiners in their 2004 Report to the Nation on Occupational Fraud and Abuse, estimated that 6% of all annual revenues are lost due to fraud. Applying that loss to the United States gross domestic product equals to $660 billion in total losses. The AICPA has responded to this growing problem with their Statement on Auditing Standards No. 99 – Consideration of Fraud in a Financial Statement Audit. The Federal Government has responded with the Sarbanes-Oxley Act. The Public Company Accounting Oversight Board’s Standing Advisory Group has made fraud one of their highest priorities. This has put pressure on management, audit committees, chief executives, CFO’s, external accountants, and internal auditors to incorporate fraud techniques into their jobs.
   B. Justification for the Level of the Course and Prerequisites: There are many career opportunities for accounting and business students who become knowledgeable in fraud prevention, detection, and investigation. Our MBA graduates need the protection of fraud examination education to do their jobs well in today’s world. After completing this course, they should be much more careful investors and business decision makers. They should never view business transactions or reports the same way and will be more careful and skeptical observers and participants in future endeavors.
   C. Similarity to Other Courses: This course has been offered for the past three years as a special topics course, ACC 5100. It has been well received by our MBA students and EIU’s rules require that it have its own course description after three years.
   D. Impact on Program: This is an elective course in the MBA program.
5. Implementation
   A. Faculty Members to Whom the Course May be Assigned: S Laribee and T Mills
   B. Additional Cost to Students: None
   C. Textbooks and Supplementary Materials: Fraud Examination, 2nd edition, Albrecht, Albrecht, and Albrecht, Thomson South-Western, 2006

6. Community College Transfer: No credit granted for community college transfer of this course.

7. Date Approved by the Department or School: April 3, 2006

8. Date Approved by the College Curriculum Committee: October 6, 2006

9. Date Approved by CAA: Not Applicable

10. Date Approved by CGS: 11/7/06