

**CIMBA ITALY PROGRAMS  
AND THE UNIVERSITY OF IOWA  
BUSINESS FRAUD – RISKS AND RESPONSES  
SYLLABUS AND CLASS OUTLINE  
SUMMER 2015**



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**Classroom:** Pio Building TBA  
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**Hours:** Before and after class by arrangement

**OVERVIEW OF THE COURSE**

This is a course that is broad in nature in terms of topic coverage and is designed to survey many of the components in the world of fraud in the 21<sup>st</sup> Century. Our primary concern is to develop an understanding of the principles involved in the detection and prevention of fraud as it pertains to financial matters; commonly referred to white-collar crime. We will explore various academic approaches to fraud to include factors learned from other disciplines such as sociology and psychology and organizational behavior. We will also review the vast body of knowledge gained by practitioners throughout the world and will attempt to apply these factors to the prevention of financial statement and employee fraud. In addition, we will critically evaluate current audit standards and procedures and examine alternatives from the perspective of the user of financial statements as well as management in its pursuit of reducing employee fraud.

**TEXTBOOKS**

Required: ***Course Workbook:*** *A course workbook will be provided to you for use throughout the course to assist in learning the material and to reduce taking notes during the highly intense sessions.*

***Principles of Fraud Examination, 3<sup>d</sup>/4th edition,*** Joseph T. Wells, John Wiley & Sons, 2011/15.

**NATURE OF THE CLASS MEETINGS**

This class will be a combination of lecture and discussion with significant emphasis on the theory (when it exists) and practice of fraud detection and prevention. There will also be a number of videos with in-class analysis of the events and concepts covered. Class discussion coupled with the review of case materials is an integral part of the course. The course will also focus on developing tools for life-long learning and to that end we will expect all class members to take an active role in class. This is **not** simply a "lecture" course.

## LEARNING OBJECTIVES

- Understand the various factors that motivate fraud and the preventive measures necessary to address fraud risks – what we will refer to as the fraud environment.
- Differentiate between “on the books” and “off-books” frauds and describe the various schemes associated with these activities.
- Identify and apply several of the basic forensic accounting techniques.
- Understand the rules of evidence and the proper procedures necessary to establish the “chain of custody” in investigating fraud schemes.
- Identify and describe the basic elements of cash larceny and embezzlement and be able to suggest the associated preventive measures given a fact situation.
- Use various sampling techniques in fraud investigation.
- Know the various purchase and billing schemes and the associated receivables fraud and be able to demonstrate an understanding of the various preventive measures.
- Understand the various check tampering schemes.
- Know and identify the various payroll schemes and the related counter-measures.
- Know and identify the various register schemes and the related preventive measures.
- Investigate the many inventory schemes and the taxonomy associated with specific industries. Be able to list counter-measures for specific fact situations.
- Explore the various techniques for effective interviewing.
- Gain in-dept knowledge of money laundering and how this activity affects other financial crimes.
- Identify the various schemes involved in financial statement fraud and the implications of SOX from a deterrence viewpoint.

## COMPUTATION OF YOUR GRADE

Your grade will be computed based on the following:

Mid-term Examination (Take-Home)	100
Final Examination (In-Class)	100
Daily exercises and quizzes	50
Participation and attendance	100
Presentation (group)	<u>50</u>
	400

## PRESENTATIONS

Students will work in groups of five or six (depending on the size of the class) to research a topic of their choice in the fraud area and then give a 10 minute presentation to the class. The topic may be the same as one we study in class, but the material must be “deeper” in subject matter. Attendance for these presentations is mandatory and those who miss any of the days of presentations will lose the points for their presentation as well (i.e., 100 max point penalty.)

## **ASSIGNMENTS**

The purpose of the assignments is to keep you current with the material. The grading will be based on completeness and quality of thought. Late assignments will not be accepted and all assignments must be submitted at the beginning of the class.

## **TEXTING and CELL PHONES**

Attendance in class means that you are expected to be in class both physically and mentally. As a class, we expect all members to provide the full measure of attention to class. The use of laptops or cell phones to communicate (texting) to those outside of class, while class is in session, is considered inappropriate behavior.

## **CLASS VIDEOS**

If you miss a video presentation, you do so at your peril. These videos are made available through the generous support of the Association of Certified Fraud Examiners (ACFE) and I thank them for their support. Other videos are shown with permission from the provider and cannot be loaned or otherwise used outside of class.

## **CLASS HANDOUTS**

I will use PowerPoint slides and handouts for most of the lectures and discussions. In the unlikely event you need to miss class, I ask that you find a classmate to work with in the event you do not get the materials for the class for which you were absent.

## **PARTICIPATION**

Given that you will have read the material for the session indicated on the class outline, you should be prepared to participate in discussions, ask very insightful questions and make thoughtful comments in class. **You cannot earn the grade of "A" in this class without consistent, quality class contributions.**

## **ACADEMIC ACCOMODATIONS**

A student seeking academic accommodations such as a modification of seating, testing, timing, etc. should first register with Student Disability Services, then contact Shannon Lizakowski (shannon-lizakowski@uiowa.edu) in the CIMBA Office to make further arrangements. See <http://sds.studentlife.uiowa.edu> for more information.

## **SCHOOL OF BUSINESS HONOR SYSTEM**

If I determine that any assignment was not written solely by the student whose name is on the project, the student will receive a zero (0) for the assignment and may receive an "F" for the class. All incidents of cheating will be reported to the Senior Associate Dean and the student may be placed on disciplinary probation for the remainder of his or her enrollment at the University of Iowa. Honor Code for the Tippie College of Business will determine the appropriate appeal process

## **GRIEVANCE POLICY**

Student concerns regarding this course should first be discussed with me, the faculty member teaching this course. If we can't resolve the complaint, you may contact the CIMBA Director, Brandelle Unkrich (319-335-1041, brandelle-unkrich@uiowa.edu). The

Director will review the details of the complaint and involve the Associate Dean of the Undergraduate Programs, as needed.

### **SEXUAL HARASSMENT**

Sexual harassment subverts the mission of the University and threatens the well-being of students, faculty, and staff. All members of the UI community have a responsibility to uphold this mission and to contribute to a safe environment that enhances learning. Incidents of sexual harassment should be reported immediately. If you feel that you are being or have been harassed or you are not sure what constitutes sexual harassment, we encourage you to visit the University website, [www.sexualharassment.uiowa.edu/index.php](http://www.sexualharassment.uiowa.edu/index.php), and to seek assistance from the CIMBA Director, Brandelle Unkrich, at 319-335-1041 or brandelle-unkrich@uiowa.edu.

**BUSINESS FRAUD – RISKS AND RESPONSES  
CLASS OUTLINE – CIMBA 2015**

	<u><b>Chapter and Topic</b></u>	<u><b>Assignment</b></u>
<u>Week 1</u>		
Tuesday	<p>Ch 1 <u>Morning session</u> Welcome and Course Overview Study of Fraud Examination <i>Video – Crossing the Line</i></p>	Review of course <b>D1-1 (in class)</b> R2-3, 7 &10
	<p>Ch 2 <u>Afternoon session</u> Skimming Transactions Asset Misappropriation <i>Video – Nowhere to Run (USPS)</i> Corporate Espionage</p>	<b>D2-4 and D2-6</b>
Wednesday	<p>Ch 3 <u>Morning session</u> Cash Larceny and Cash Schemes <i>Video – Credit Card Theft (USPS)</i> Identity Theft <i>Video – Attack on Personal Information</i> <i>Video – Big Brother-Big Business</i></p>	R3-5 and R3-6 <b>D3-2</b>
	<p>Ch 5 <u>Afternoon session</u> Check Tampering <i>Video – Corporate Con/Internal Fraud</i> <i>Video – Work at Home Fraud (USPS)</i></p>	R5-1, 5 &10 <b>Finalize Groups</b> <b>D5-3</b>
Thursday	<p>Ch 8 <u>Morning session</u> Register Disbursement Schemes <i>Video – OPM/Asset Misappropriation</i></p>	R8-5, 7 and 8 <b>D8-5</b>
	<p>Ch 4 Billing Schemes <i>Video – Cooking the Books</i> Investment Schemes</p>	R4-3, 4 and 6 <b>D4-3</b>
	<p><u>Afternoon session</u> <i>Video – Investment Swindles</i> Corporate Espionage Credential Fraud</p>	<b>Group Topics Due</b>
Friday	<p><u>Morning session</u> Mid-Term Examination <i>Video – How to Locate Hidden Assets</i> Issues in Whistle Blowing Profiles in Deception</p>	Chapters 1-5 & 8
<u>Week 2</u>		
Monday	<u>Morning session</u>	

	Ch 7	Expense Reimbursement Schemes <i>Video – Foreign Lotteries (USPS)</i>	R7-2, R7-3, R7-7 <b>D7-2</b>
	Ch 9	Inventory and Other Assets <i>Video – How to Locate Hidden Assets</i>	R9-5, R9-7 <b>D9-3</b>
		<u>Afternoon session</u> Prepare for presentations (group work)	On-campus
Tuesday		<u>Morning session</u>	
	Ch 10	Corruption/Bribery/Extortion Money Laundering <i>Long Shot – Foreign Lotteries (USPS)</i>	R10-5, 6, and 9 <b>D10-4</b>
	Ch 6	Payroll Schemes <i>Video – Dialing for Dollars (USPS)</i>	R6-4, R6-8, R6-9 <b>D6-2</b>
		<u>Afternoon session</u>	
	Ch 12	Financial Statement Fraud <i>Video – Financial Statement Fraud</i>	<b>D12-7</b>
Wednesday		<u>Morning session</u>	
	Ch 11	Accounting principles and Fraud	R11-2 & 4, <b>D11-5</b>
	Ch 13	Risk Assessment (Skim Appendix C) Expert Witness – Going to Court <i>Video – The Fraud Trial</i>	<b>D13-6</b>
		<u>Afternoon session</u> Presentations	In-class
Thursday		<u>Morning session</u>	
	Ch 15	Art of Deception <i>Video – Finding the Truth</i> <i>Video – Beyond the Numbers</i>	R15-9, R15-10 <b>D15-7</b> R14-5, R14-6
	Ch 14	Interview Techniques	<b>D14-3</b>
		<u>Afternoon session</u>	
	Ch 16	The Big Picture & Benford’s Law Alternative Approach to Audit Model <i>Video – Computer Fraud</i>	<b>D16-2</b>
Friday		Final Exam	Comprehensive

This outline is subject to change (with notice in class) so please check with a classmate if you are absent from class. It is your responsibility to monitor the class progress.