



Forensic Accounting and Financial Statement Fraud

ACCT-GB.3310.S.30
Spring Semester, 2012

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Office hours: Please email me to schedule an in-person or Skype conference

COURSE DESCRIPTION

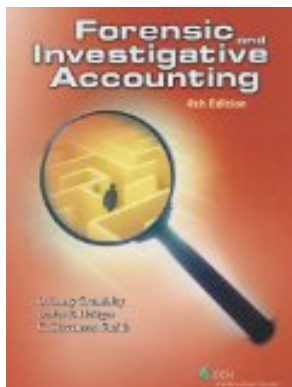
The objective of the course is to impart a detailed understanding of forensic accounting with particular emphasis on the methodologies of financial statement fraud. The course is designed to demonstrate the various aspects of fraud, i.e., fraudulent financial reporting, identifying fraud schemes, including computer fraud and methods of concealment, as well as the analytical techniques in uncovering fraud and its prevention through effective internal control systems. The course also includes an analysis of the general techniques used in working in litigation support services. The course is of particular interest to the accounting profession, the world of finance and to business in general. The course content has also become of critical interest to regulators and lawmakers because of the notoriety of a series of financial scandals which have affected the entire business community.

The course will also review the institutional structures that have been put in place by lawmakers and the accounting profession to deal with fraud and its prevention, i.e., the Sarbanes-Oxley Act and self-regulating measures adopted by the accounting profession.

METHOD OF INSTRUCTION

This course will use a variety of teaching methods including lectures, readings, powerpoint presentations, case studies, statement analysis and group projects.

REQUIRED MATERIALS



Textbook: Forensic and Investigative Accounting by Crumbley Heitger and Smith, 5th Edition, published by CCH.
ISBN 978-0-8080-2687-7

Course Pack: There is one course pack that will be used for this course. It will be available online through the NYU bookstore.

Readings: In addition to the textbook and course pack, a number of readings will be posted to Blackboard. Because much of the material relates to current events, a Blackboard announcement may be posted for any required additional reading prior to class.

COURSE COMMUNICATION

A Blackboard website has been created for this course. You should check Blackboard on a regular basis. The course syllabus, group membership information, additional readings, class discussion questions, assignment information, and general course announcements will all be posted on the site.

In order to help you organize, I have attached a one page course schedule at the end of this syllabus. This will inform you of the required reading for each class, which case we are covering and what assignments are due. Please read the course schedule carefully. The sequence in which we will discuss cases in class can be slightly different from the sequence in which the cases are listed in the course packet. Make sure you prepare the right readings for every class. As always, I reserve the right to change, switch, or otherwise supplant any reading, case, or written assignment.

COURSE EVALUATION

Course grades will be determined by students' relative performance on the following course components:

Class assignments and participation	20%
In-class mid-term exam	30%
Group case assignment	20%
In-class final exam	30%

PARTICIPATION

As this is a case-based class, attendance and participation are essential. While I understand that you have to balance classes with other competing interests, I do expect you to show up for class. I will keep attendance. There are no excused absences from this class, though consideration will be given to religious holidays, official university engagements,

documented illnesses, and emergency situations. Because you must be present in order to participate, I will incorporate attendance into your participation grade. In grading class participation, I will look not just at the quantity, but also the quality of your class contributions.

GROUP CASE ASSIGNMENT

You are required to complete one group case assignment. This assignment will consist of an in depth strategic analysis of a case. You will be required to perform technical analyses and demonstrate your understanding of course material for this assignment. Details about the specific assignment will be discussed in class and posted to a course folder on Blackboard.

EXAM POLICIES

This course will have a midterm exam and a final exam. Both will be in-class exams, closed book, closed notes. While I am not a big fan of memorization, forensic accounting is a discipline that often requires face-to-face presentations with varied audiences, from clients to juries. In these cases, you cannot delay an answer until you google the subject or check your notes.

ACADEMIC INTEGRITY

The Code of Conduct for the NYU Stern Community, and all documents referenced in it, will be in effect throughout the course. Please make sure you are familiar with this material. Plagiarism, cheating or any other behavior contrary to the code will not be tolerated.

LEARNING DIFFICULTIES

If you are having trouble in class (e.g. with participation or a particular assignment), I want to know about it as soon as possible. I will do my best to help students who, despite a sincere and solid effort, are experiencing difficulty. It is in your best interest to inform me well before an assignment or exam time, and certainly well before the end of the semester, if you are having problems in class.

Last but not least, I truly hope that you will find this course educational, interesting and ... fun! Learning can and should be fun, so let's work, laugh, and learn together.

COURSE SCHEDULE – SPRING 2012

WEEK	DATE	TOPIC / READING / ACTIVITIES
1	2/8/12	Intro Read Textbook Chapter 1 Skim Textbook Chapter 2
2	2/15/12	Employee Fraud Read Textbook Chapter 5 Case: Sunshine Fashion: Fraud, Theft and Misbehavior among Employees
3	2/22/12	Fraudulent Financial Reporting Read Textbook Chapter 3 Case: Assessing Earnings Quality: Nuware, Inc.
4	2/29/12	Detecting Fraud Read Textbook Chapter 4 through section 4071(p. 4-26) Case: Management Earnings Disclosure and Pro Forma Reporting
5	3/7/12	Detecting Fraud Read Textbook Chapter 4 from section 4081(p. 4-26) to end of chapter Case: Enron's Demise--Were There Warning Signs? Finalize and submit list of group members
	3/14/12	SPRING BREAK!
6	3/21/12	In-class midterm exam Study all material covered in weeks 1 through 5
7	3/28/12	Internal Control Read class material posted on Blackboard Case: Accounting Fraud at WorldCom
8	4/4/12	Money Laundering Read Textbook Chapter 7 Case: KPMG Forensic: Money Laundering at Agnes Insurance
9	4/11/12	Computer Fraud Read Textbook Chapters 13 and 14 Read discussion article posted on Blackboard
10	4/18/12	Litigation Support Read Textbook Chapters 8 and 9 Read discussion article posted on Blackboard GROUP CASE DUE
11	4/25/12	Due Diligence and Valuation Read Textbook Chapter 17 Case: Olympic financial ltd
12	5/2/12	In-class final exam Study all material covered in weeks 7 through 11

NOTE: This syllabus is tentative and very likely to change during the semester. Any changes will be communicated through a Blackboard announcement. Students are expected to check BB, especially the Announcements section, frequently.