

State University of New York at Buffalo
School of Management

**MGA 615: Fraud Examination
Spring 2007**

Prof. Ronald J. Huefner
370 Jacobs Center
Phone: 645-3276
Fax: 645-3823
E-mail: rhuefner@buffalo.edu

Office Hours:
Tuesday 10:00 – 11:00
Wednesday 9:30 – 11:30
Thursday 10:00 – 11:00
and by appointment

Fraud is an ever-present and growing concern for managers, auditors, and investors, who need to be aware of various types of fraudulent schemes, the techniques for preventing fraud from occurring, and the approaches to detecting fraud when it has occurred. Thus this course in Fraud Examination is designed to serve any interested student in the MBA, MS in Accounting, and MS in Management Information Systems programs.

Course Objectives:

The course is designed to provide managers, as well as prospective accountants and auditors, with an awareness of the extent and significance of fraudulent activity, and an understanding of the methods and techniques of prevention and detection. Consideration is given to (1) asset misappropriations and other fraud against the company, committed by employees, suppliers, and others, (2) consumer fraud, and (3) fraudulent financial reporting, along with the role of ethics and corporate governance in minimizing fraud.

Prerequisite:

MGA 604 and MGQ 606, or equivalents

Texts:

W. Steve Albrecht, Conan C. Albrecht, and Chad Albrecht, *Fraud Examination*, 2nd edition (Thomson/South-Western Publishing, 2006)

Guy P. Lander, *What is Sarbanes-Oxley* (McGraw-Hill, 2004)

Other Course Materials:

In addition to the text, other **readings** (usually from on-line sources) will be provided through the course web site. We will make use of **cases** for discussion and for assignment, (typically provided via the web site). **Videos** on various fraud topics are provided by the Association of Certified Fraud Examiners; several of these will be used as a basis for class discussion. **Guest speakers** will be also be employed.

Grading:

Gradable work by students is expected to consist of the following:

- Midterm and final exams
- One-page hand-ins on selected class topics
- Written case assignments
- Group project/case on fraud examination
- Student research project (group) and class presentation on a fraudulent financial reporting case

Tentative grade composition (based on 1,000 total points):

Mid-term exam	150
Hand-ins	100
Individual case assignments	200
Group project/case on fraud examination	150
Group project on fraudulent financial statements	150
Class participation	50
Final exam	<u>200</u>
	1000

Letter grades are expected to be assigned as follows:

Total score of 850-1,000.....	A-, A
Total score of 700-849	B-, B, B+
Total score of 600-700	C, C+
Total score of 550-600	D
Total score below 550	F

Grades of Incomplete (I) will be limited to the circumstances for which the incomplete is intended; namely, satisfactory work to date **and** a legitimate inability to complete the work within the semester. Note that the Incomplete grade is not a

way to avoid a poor grade. Your work to date must be passing (i.e., D or better) in order to be eligible for an Incomplete.

Registration and Resignations

You must be registered for the course by Friday, January 26, 2007. This is also the last day to drop without an R grade

Withdrawals from the course without academic penalty are permitted up to about mid-semester. The last day to withdraw and receive a grade of R is Friday, March 30, 2007. Students ***informally withdrawing*** (i.e., disappearing) from the course after March 30 will receive an F.

Course Procedure

The course is built around learning by reading and lecture, case discussion, and research projects. Beyond the text, additional reading material will be provided via the web site. Copies of lecture slides will also be made available via the web site. For each topic, reading materials, slides, or both will be provided. Cases are an important part of the course, as they allow us to learn from experience, which is the best form of learning.

The schedule which follows (which will be updated as we go along) shows two types of assignments. Some cases will be assigned for class discussion. Read and think about these in advance of class, and be ready to discuss them. They are **not** handed in.

Other cases are designated for hand-in. These require a written submission, due at the beginning of class. In addition, there are two longer-term, lengthier projects, one individual, one group. Details for each assignment will be provided separately.

The schedule is not complete as to cases and assignments; check the web site periodically for updates.

Resources Available on the Web Site

The UBLearn system provides a low-cost way of making information and materials available on a timely basis. The web site can be accessed from any UB computer lab, or from off-campus by dial-in procedures.

Examinations:

There will be one interim exam and a final exam. The final will be fairly comprehensive, though some topics will be dropped. It will be given according to the University's final exam schedule. More specific guidance on the content of the final exam will be given later in the semester.

Academic Integrity:

Students are expected to adhere to the standards of academic integrity in the performance of their coursework. The following statement is taken from the MBA Handbook.

Statement on Academic Integrity

It is the conviction and a guiding principle of the School of Management that education is concerned with the development of personal character as well as the acquisition of knowledge and skills. It is further the belief of the School that each individual bears the primary responsibility for his or her own ethical behavior.

Because of these beliefs, it is the intent of the School to encourage and to do all that is possible to support a high standard of ethical behavior. It is incumbent upon all faculty, students, and staff of the School of Management to maintain the fullest commitment to academic integrity.

See the MBA Handbook for further information on standards of academic integrity.

MGA 615 Daily Schedule, last updated March 21, 2007

CLASS	DATE	DAY	TOPIC	READ	ASSIGNMENTS
1	16-Jan	Tues	Introduction to Course	AAA Ch. 1	
2	18-Jan	Thur	Who Commits Fraud and Why	AAA Ch. 2	Student Health Services (class)
3	23-Jan	Tues	Overview of Fraud Prevention & Detection	AAA Ch. 3	Ch 2, EC1; Ch 3 EC2, 3 (class)
4	25-Jan	Thur	Video: Other People's Money: Asset Misappropriation		Video hand-in due 1-30
5	30-Jan	Tues	Asset Misappropriation	AAA Ch. 15	Excursion Airlines
6	1-Feb	Thur	Corruption	AAA Ch. 15	Excursion Airlines; Ch 15, C4, 11, 12
7	6-Feb	Tues	Fraud Detection: Symptoms	AAA Ch. 5	Begin IBC case; Ch 5, C1, 2, EC 2
8	8-Feb	Thur	Fraud Detection: Proactive and Analytical Approaches	AAA Ch. 6	
9	13-Feb	Tues	Video: Investment Scams		Video hand-in due 2-15
10	15-Feb	Thur	Fraud Investigation	AAA Ch. 7-9	
11	20-Feb	Tues	Consumer Fraud	AAA Ch. 14	Roslyn School District assignment (class)
12	22-Feb	Thur	Speaker, FASB member, HELD IN 106 JACOBS		Speaker hand-in due 2-27
13	27-Feb	Tues	Consumer Fraud		IBC case due
14	1-Mar	Thur	MIDTERM EXAM		Coverage through class of February 20
15	6-Mar	Tues	Money Laundering		
16	8-Mar	Thur	Accountants' Risk in Fraud Cases; video		Video hand-in due 3-20
	13-Mar	Tues	SPRING BREAK -- No Classes		
	15-Mar	Thur	SPRING BREAK -- No Classes		
17	20-Mar	Tues	Video, The Fraud Trial		Video hand-in due 3-22
18	22-Mar	Thur	Financial Statement Fraud: Introduction	AAA Ch. 11	
19	27-Mar	Tues	Video: Cooking the Books		Video hand-in due 3-29
20	29-Mar	Thur	Games Companies Play		
21	3-Apr	Tues	Financial Statement Fraud: Cases		
22	5-Apr	Thur	Speaker: Michael Szutala, Deputy Comptroller, Erie County		
23	10-Apr	Tues	Prevention: Governance and Sarbanes-Oxley	Lander 1-7	
24	12-Apr	Thur	Prevention: Governance and Sarbanes-Oxley	Lander 8-14	
25	17-Apr	Tues	Financial Statement Fraud: Cases and Presentations		
26	19-Apr	Thur	Financial Statement Fraud: Cases and Presentations		
27	24-Apr	Tues	Financial Statement Fraud: Cases and Presentations		
28	26-Apr	Thur	<i>No Class</i>		
			FINAL EXAM: Wednesday May 9, 8:00-11:00, O'Brian 213		