Year and Semester: Semester 2, 2010

Unit convenor: Renee Radich

[Prerequisites / Corequisites:] There are no formal prerequisites or co-
requisites for this unit however students are assumed to have a thorough
knowledge of accounting procedures and systems and of corporate
structures; It will be beneficial if you also have some understanding of
Auditing.

Credit points: 4 Credit points

Students in this unit should read this unit outline carefully at the start of semester. It
contains important information about the unit. If anything in it is unclear, please
consult one of the teaching staff in the unit.

ABOUT THIS UNIT

This unit examines various techniques of financial fraud prevention, investigation and
detection. Topics will include: motivations for financial fraud, symptoms of financial
fraud, financial statement fraud, evidence collection and evaluation, legal report
writing, interviewing witnesses and perpetrators, fraud prevention. Case studies will
be used

Forensic accounting differs from financial accounting, management accounting and
auditing in terms of its purpose and context. Financial accounting involves data
collection, recording and classification and summarising economic events in a logical
manner in order to report those matters in financial language to decision makers,
many of whom are external to the firm. Financial accounting is constrained as to
reporting formats used by the need to conform with GAAP. Management accounting
provides relevant information to insiders in the company so that activities of
divisions within a company and profitability of operations can be monitored and enhanced.
There are no standard formats for such management reports and they may contain
considerable amounts of data not addressed in financial reports.

The purpose of Auditing is to provide assurance as to the reliability or otherwise of
reports generated by the systems at a macro level. The reason is simple: if decisions
are based on sound information the chance of wrong decisions being made is
reduced. Hence, the underlying objective of financial statement audit is to assist
decision makers by providing a degree of quality control over the information through
ensuring that the financial statements issued are free from material error. It confirms
final positions shown but may not reveal the side tracks leading to those results.

Forensic Accounting is concerned with specific problems, frequently dispute
resolution and entails detailed investigation of evidence rather than with compiling
reports from the basic. Data it is interpretive and thus has more in common with auditing than with other branches of accounting.

The word *forensic* is an adjective meaning pertaining to or used in public fora ie courts of law. Thus forensic accounting is concerned with investigation and consulting services. Investigative accounting involves detailed examination of evidence to determine whether significant error or wrongful (illegal?) actions may have occurred. Forensic accounting builds on this by concentrating on exceptional or unusual events and consequently uncovers almost as many fraudulent events as are disclosed by whistle blowers.

Forensic accounting services are a growing and integral part of the accounting profession. The unit is designed to equip students to appreciate the issues involved from both local and international perspectives the unit and considers the following topics:

- The social and legal context
- The foundations of Australian legal structures
- Fraud perpetrators and their motivation(s)
- Conceptual backdrop and white collar crime
- Fraud symptoms
- Evidence collection and evaluation
- Legal elements of fraud
- Financial statement fraud
- Money laundering
- Fraud prevention and fraud policies

**TEACHING STAFF**

**Convenor: Renee Radich**  
Room: E4A 330  
Phone: 9850 8534  
Email: rradich@efs.mq.edu.au

**CONSULTATION TIMES**

Consultation hours will be Monday 2-4pm. Please note that staff will only respond to emails that are sent by students from their Macquarie University email address.

You are encouraged to seek help at a time that is convenient to you from a staff member teaching on this unit during their regular consultation hours. In special circumstances, an appointment may be made outside regular consultation hours. Staff will not conduct any consultations by email. You may, however, phone staff during their consultation hours.

In order to gain access to staff located at levels 1, 2 and 3 of building E4A during their consultation hours please ring the staff member from the phones available in the lobby (phone numbers of relevant staff members will be provided on Blackboard and are available next to the phones).
Students experiencing significant difficulties with any topic in the unit must seek assistance immediately.

**CLASSES**

Students are required to attend one 3 hours face-to-face seminar per week. This will be held in E5A 118 on Tuesdays between 9am and 12midday.

The timetable for classes can be found on the University web site at:
http://www.timetables.mq.edu.au/

**PRIZES**

- Prizes for this unit (if applicable).
  http://www.businessandeconomics.mq.edu.au/postgraduate

**REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS**

The following text is available from the Co-op Bookshop:


This text will be supplemented with readings available on the unit web site.

Students will also be expected to read the relevant Auditing Standards, available online at http://www.auasb.gov.au/ or published as the *Auditing Handbook 2010*, being Volume 2 of the Accounting and Auditing Handbook 2010 by both Wiley and Pearson/Prentice Hall.

The following Journals and texts are useful as additional references:

Recommended journals:

- *Journal of Forensic Accounting*
- *Auditing, Fraud and Risk (JFA)*
- *Computer Fraud and Security*
- *Forensic Science*
- *Forensic Science International*
- *Environmental Forensics*

Recommended Texts:


ACCG847 Semester 2 2010 3
C59DB7A1770C1D0A5) ~commonwealth-fraud+control+guidelines.pdf file name -
commonwealth-fraud control guidelines.pdf

Dellaportas, S., Gibson, K., Alagiah, R., Hutchinson, M., Leung, P. & Van Homrigh,
D., 2005, Ethics, governance and accountability: a professional perspective, John
Wiley & Sons, Milton, Queensland. ISBN: 0 470 80499 8

Freckelton, I. & Selby, H., 2009, Expert evidence: law, practice, procedure and


Hayes, R. & Eburn, M., 2009, Criminal Law and Procedure in New South

Hoffman, R., Finney, W., Cox, P. & Cooper, K., 2007, The accountant as an expert
witness: a basic guide to forensic accounting, CCH Australia, Sydney, New South
Wales. ISBN: 978-1-921223-71-6

Hill/Irwin, Boston. ISBN: 9780073526850

Jubb, C., Topple, S., Schelluch, P., Rittenburg L., & Schwieger B., 2008 “Assurance
13: 9780170129961

Kochan, N., 2006, The washing machine-Money,Crime & Terror in the Offshore

Overington, C., 2007, Kickback: Inside the Australian Wheat Board Scandal,


Silverstone, H. & Davia, H.R., 2005, Fraud 101: techniques and strategies for
72112-3

Singleton, T., Singleton, A., Bologna, G. & Lindquist, R., 2006, Fraud auditing and
78591-0

Wells, J.T., (ed), 2007, Fraud casebook: lessons from the bad side of business, John


**TECHNOLOGY USED AND REQUIRED**

Students are expected to have:
- Proficiency in Word, Excel and PowerPoint
- Knowledge of Blackboard – for downloading lecture materials, etc
- Knowledge of the library research databases – for accessing additional research material.

**UNIT WEB PAGE**

Course material is available on the learning management system (Blackboard). The web page for this unit can be found at: [http://online.mq.edu.au](http://online.mq.edu.au)

**LEARNING OUTCOMES**

The learning outcomes of this unit are:

1. Respond to issues associated with an allegation of fraud
2. Identify risk and management weakness from a fraud perspective
3. Appreciate the social/legal context of fraud
4. Conduct preliminary examination of documents, assemble evidence and write reports
5. Understand and use sources of information
6. Develop and implement an organisational policy to minimise fraud

**GRADUATE CAPABILITIES (THIS AND THE PREVIOUS SECTION MAY BE REPLACED BY A COMBINED SECTION AS SHOW BELOW)**

In addition to the discipline-based learning objectives, all academic programs at Macquarie seek to develop the capabilities the University’s graduates will need to develop to address the challenges, and to be effective, engaged participants in their world.

This unit contributes to this by developing the following graduate capabilities:

1. Discipline Specific Knowledge and Skills as indicated above in the section of learning outcomes;
2. Critical, Analytical and Integrative Thinking: for example, the ability to analyse and implement an fraud prevention and detection mechanisms;
3. Problem Solving and Research Capability: for example, the group assignment will require students to learn how to solve specific problems with respect to a forensic accounting scenario and requires research skills;
4 Creative and Innovative: for example, in order to make a clear and interesting presentation of the seminar questions, creative and innovative thinking will be required;
5 Effective Communication: is crucial for both written and oral assessment tasks;
6 Engaged and Ethical Local and Global citizens: the unit is based on fraud prevention and detection and intrinsically linked to ethical issues;
7 Capable of Professional and Personal Judgement and Initiative: this skill will be developed through seminar discussions and group assignment and assessed in the exams.

TEACHING AND LEARNING STRATEGY

The normal format for each 3 hour seminar class will be as follows:
a) allocated group presentation (in certain weeks) (20 minutes)
b) brief lecture / interactive discussion (75 minutes)
c) review of pre-assigned practice questions (60 minutes)

(a) Allocated Group presentation – as detailed below, teams will present their conclusion to a case study on certain weeks (as per the timetable in the unit outline)

(b) Brief lecture / interactive discussion – each week, the lecturer will lead discussion covering the key points of the relevant material. The format and approach for this session will vary but may include a question and answer session where students will be asked to participate. This will require students to have pre-read the material.

(c) Preparation and review of practice questions – in some weeks, students will be expected to complete, and contribute to discussion concerning, various practice questions. These practice questions will be distributed in the first seminar. The amount of time spent on these questions and the seminar in which they are completed will be at the discretion of the lecturer and will depend upon the time available. Accordingly, students should bring a copy of these questions to every seminar.

A week-by-week list of the topics to be covered is at the end of the unit outline.

RESEARCH AND PRACTICE (DELETE THOSE NOT APPLICABLE)

This unit uses research from external sources (references) and gives you practice in applying research findings in your assignments
## Relationship Between Assessment and Learning Outcomes

<table>
<thead>
<tr>
<th>Assessment Task 1</th>
<th>Assessment Task 2</th>
<th>Assessment Task 3</th>
<th>Assessment Task 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Title/Name</strong></td>
<td>In-class Presentation</td>
<td>In-Class Examinations</td>
<td>Final Examination</td>
</tr>
<tr>
<td><strong>Description</strong></td>
<td>Individuals will be allocated a case</td>
<td>One diagnostic test 5% in week 4 and</td>
<td>Case study for a group of 4/5</td>
</tr>
<tr>
<td></td>
<td>study to review. Each person will give</td>
<td>mid semester test 20% in week 8</td>
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<td>a short presentation (maximum of 10</td>
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<td>minutes)</td>
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<tr>
<td><strong>Due date</strong></td>
<td>see schedule</td>
<td>see schedule</td>
<td>The University Examination period in</td>
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<td>Second Half Year 2010 is from 17</td>
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<td>November to 3 December 2010</td>
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<td><strong>% Weighting</strong></td>
<td>10%</td>
<td>25%</td>
<td>20%</td>
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<td>45%</td>
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<tr>
<td><strong>Grading method</strong></td>
<td>You will be marked on the quality of</td>
<td>Suggested solutions provided will</td>
<td>A marking guide provided will</td>
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<td></td>
<td>your presentation and communication</td>
<td>represent marking standards</td>
<td>represent marking standards</td>
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<td>skills in line with the guidelines in</td>
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<td>this course outline. A suggested</td>
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<td>Marking guide will be provided to</td>
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<td></td>
<td>approach on how to complete this task</td>
<td></td>
<td>qualified examiners as standard</td>
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<td></td>
<td>will be covered during class in week</td>
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<td>marking criteria</td>
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<td>2.</td>
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<tr>
<td><strong>Submission method</strong></td>
<td>presented during seminar</td>
<td>written quiz papers submitted during</td>
<td>written hard copy submitted during the</td>
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<td></td>
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<td>the designated seminars</td>
<td>exam time</td>
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<tr>
<td>Feedback (type, method, date)</td>
<td>Assessment Task 1</td>
<td>Assessment Task 2</td>
<td>Assessment Task 3</td>
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<tr>
<td>Feedback will be given the week following the presentation</td>
<td>Suggested solutions would be discussed following the examinations</td>
<td>Feedback will be provided on the return of group assignments</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Estimated student workload (hours)</td>
<td>2.0hr/week</td>
<td>1.5hrs/week</td>
<td>1.5hrs/week</td>
</tr>
<tr>
<td>Learning outcomes assessed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Respond to an allegation of fraud</td>
<td>x</td>
<td>x</td>
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<tr>
<td>2. Identify risk and management weakness</td>
<td>x</td>
<td>x</td>
<td>x</td>
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<tr>
<td>3. Appreciate the social/legal context of fraud</td>
<td>x</td>
<td>x</td>
<td>x</td>
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<tr>
<td>4. Conduct preliminary examination of documents, assemble evidence and write reports</td>
<td>x</td>
<td>x</td>
<td>x</td>
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<tr>
<td>5. Understand and use sources of information</td>
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<td>x</td>
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<tr>
<td>6. Develop and implement policy to minimise fraud.</td>
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<tr>
<td>Graduate capabilities assessed</td>
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<tr>
<td>1 Discipline Specific Knowledge and Skills</td>
<td>x</td>
<td>x</td>
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<tr>
<td>2 Critical, Analytical and Integrative Thinking</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>3 Problem Solving and Research Capability</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>4 Creative and Innovative</td>
<td>x</td>
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<tr>
<td>5 Effective Communication</td>
<td>x</td>
<td>x</td>
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<tr>
<td>6 Engaged and Ethical Local and Global citizens</td>
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<td>x</td>
<td>x</td>
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<tr>
<td>7 Capable of Professional and Personal Judgement and Initiative</td>
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<td>x</td>
<td>x</td>
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</tbody>
</table>
To obtain a pass in the course, it is necessary to:

(a) Attempt ALL assessment components; and  
(b) Attend 11 out of 13 seminars; and  
(c) Obtain a pass in the final examination; and  
(d) Obtain an overall passing grade for the course.

DIAGNOSTIC TEST:

A diagnostic examination will be held in class in week 4, Tuesday 24 August at 9am. The exam will be twenty minutes in duration and will cover materials drawn from weeks 1-3.

MID-SEMESTER TEST:

The mid semester examination will be held in class in week 8, Tuesday 5 October at 9am. The exam will be eighty minutes (one hour and twenty minutes) in duration and will cover materials drawn from weeks 1-7.

ASSIGNMENT:

An assignment is to be completed individually and is due in class on Tuesday 26 October. This is to be a concise word processed document and English expression is very important in this task. Details will be distributed in week 4. The written component will be graded out of 15. Late assignments will incur a 10% penalty per day. **Note that non-submission of the assignment will result in an automatic fail grade for the unit.**

In addition, your team will present your major findings during the seminar in that week. This presentation is expected to be no longer than 10 minutes per group and will be graded out of 5.

In order to grade the assignment, an Individual Contribution sheet must be filled out by each student and submitted at the same time as the assignment. The individual sheets can remain confidential and do not have to be shown to the other students in your team.

A copy of the individual contribution sheet is included in this outline. As can be seen, you should note down the percentage contribution of each member of the group (including yourself) to the finally completed assignment. For example, if you believe all 4 students in your group contributed equally to the assignment, you should allocate 25% next to each of the 4 students. The sheet of every member of the group will be used in determining the grade for the assignment.
FINAL EXAMINATION:
A final examination is included as an assessment task for this unit to provide assurance that:

i) the product belongs to the student and
ii) the student has attained the knowledge and skills tested in the exam.

A 2 hour final examination for this unit will be held during the University Examination period.

The University Examination period in Second Half Year 2010 is from 17 November to 3 December 2010. You are expected to present yourself for examination at the time and place designated in the University Examination Timetable. The timetable will be available in Draft form approximately eight weeks before the commencement of the examinations and in Final form approximately four weeks before the commencement of the examinations.

http://www.timetables.mq.edu.au/exam

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances you may wish to consider applying for Special Consideration. The University’s policy on special consideration process is available at http://www.mq.edu.au/policy/docs/special_consideration/policy.html

If a Supplementary Examination is granted as a result of the Special Consideration process the examination will be scheduled after the conclusion of the official examination period. (Individual Faculties may wish to signal when the Faculties’ Supplementary Exams are normally scheduled.)

The Macquarie university examination policy details the principles and conduct of examinations at the University. The policy is available at: http://www.mq.edu.au/policy/docs/examination/policy.htm

ACADEMIC HONESTY
The nature of scholarly endeavour, dependent as it is on the work of others, binds all members of the University community to abide by the principles of academic honesty. Its fundamental principle is that all staff and students act with integrity in the creation, development, application and use of ideas and information. This means that:

- all academic work claimed as original is the work of the author making the claim
- all academic collaborations are acknowledged
- academic work is not falsified in any way
- when the ideas of others are used, these ideas are acknowledged appropriately.
Further information on the academic honesty can be found in the Macquarie University Academic Honesty Policy at http://www.mq.edu.au/policy/docs/academic_honesty/policy.html

GRADES

Please refer to relevant Bachelor Degree rule in the Handbook of Postgraduate Studies.

All final grades in the Department of Accounting and Finance are determined by a grading committee and are not the sole responsibility of the Unit Coordinator.

Macquarie University’s Academic Senate has a set of guidelines on the distribution of grades across the range from fail to high distinction. Your final result will include one of these grades plus a standardised numerical grade (SNG).

The SNG is not a summation of the individual assessment components.

GRADING APPEALS AND FINAL EXAMINATION SCRIPT VIEWING

If, at the conclusion of the unit, you have performed below expectations, and are considering lodging an appeal of grade and/or viewing your final exam script please refer to the following website which provides information about these processes and the cut off dates in the first instance. Please read the instructions provided concerning what constitutes a valid grounds for appeal before appealing your grade.

http://www.businessandeconomics.mq.edu.au/for/new_and_current_students/postgraduate_students

SPECIAL CONSIDERATION

The University is committed to equity and fairness in all aspects of its learning and teaching. In stating this commitment, the University recognises that there may be circumstances where a student is prevented by unavoidable disruption from performing in accordance with their ability. A special consideration policy exists to support students who experience serious and unavoidable disruption such that they do not reach their usual demonstrated performance level. The policy is available at: http://www.mq.edu.au/policy/docs/special_consideration/procedure.html

STUDENT SUPPORT SERVICES

Macquarie University provides a range of Academic Student Support Services. Details of these services can be accessed at http://www.student.mq.edu.au.

IT CONDITIONS OF USE

Access to all student computing facilities within the Faculty of Business and Economics is restricted to authorised coursework for approved units. Student ID cards must be displayed in the locations provided at all times.
Students are expected to act responsibly when utilising University IT facilities. The following regulations apply to the use of computing facilities and online services:

- Accessing inappropriate web sites or downloading inappropriate material is not permitted. Material that is not related to coursework for approved unit is deemed inappropriate.
- Downloading copyright material without permission from the copyright owner is illegal, and strictly prohibited. Students detected undertaking such activities will face disciplinary action, which may result in criminal proceedings.

Non-compliance with these conditions may result in disciplinary action without further notice.

Students must use their Macquarie University email addresses to communicate with staff as it is University policy that the University issued email account is used for official University communication.
# DETAILED COURSE OUTLINE:

<table>
<thead>
<tr>
<th>Week</th>
<th>Tuesday</th>
<th>Topic</th>
<th>Textbook Chapter(s)</th>
</tr>
</thead>
</table>
| 1    | 3/08/09          | Course overview  
An introduction to Forensic Accounting  
The roles of Forensic Accountants  
The social and legal context. White collar and corporate crime  
An overview of fraud: what it is and who gets involved  
The Fraud Triangle | 1&2 |
| 2    | 10/08/09         | Fraud reduction principles                                           | 3&4                 |
| 3    | 17/08/09         | Fraud detection & concealment                                        | 5&6                 |
| 4    | 24/08/09         | Fraud investigation  
Theft and concealment (Diagnostic test) | 7&8                 |
| 5    | 31/08/09         | Financial statement fraud – An overview                              | 11                  |
| 6    | 7/09/09          | Financial statement fraud – revenue & inventory related              | 12                  |
| 7    | 14/09/09         | Financial statement fraud – liability & asset related                |                     |
|      | 21/09/09 and 28/09/09 | Mid semester break                                                 |                     |
| 8    | 5/10/09          | Mid Semester Exam - (Closed book)                                   | 13                  |
| 9    | 12/10/09         | Fraud against organisations                                         | 14                  |
| 10   | 19/10/09         | Consumer Fraud/ Taxation Fraud                                       | 15&16               |
| 11   | 26/10/09         | Group Presentations                                                 |                     |
| 12   | 2/11/09          | Money laundering  
Fraud in e-Commerce                                              | 17                  |
| 13   | 9/11/09          | Interview skills and the Forensic Accountant as an expert witness   | 10&18               |
### ORAL PRESENTATION MARKING GUIDE

<table>
<thead>
<tr>
<th>Team Names</th>
</tr>
</thead>
</table>

#### STRUCTURE

- **Introduction**
- **Message**
- **Handover to others**

#### CONTENT

- **Appropriate for topic**
- **Information for class**

#### STYLE

- **Use of visuals**
- **Loud & clear**
- **Hand/body movement**

#### AUDIENCE

- **Eye contact**
- **Engaging**

#### LOGIC/TIME

- **Good flow**
- **Within 4/5 minutes**
ACCG904

GROUP ASSIGNMENT INDIVIDUAL CONTRIBUTION SHEET

<table>
<thead>
<tr>
<th>Student ID</th>
<th>Student Name</th>
<th>Percentage Contribution of group member to the overall assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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<td>4</td>
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<tr>
<td>5</td>
<td></td>
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<tr>
<td>Total</td>
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<td>100%</td>
</tr>
</tbody>
</table>

SIGNED

DATE

Student ID