

Credit Hours: 3

Contact Hours: This is a 3-credit course, offered in accelerated format. This means that 16 weeks of material is covered in 8 weeks. The exact number of hours per week that you can expect to spend on each course will vary based upon the weekly coursework, as well as your study style and preferences. You should plan to spend 14-20 hours per week in each course reading material, interacting on the discussion boards, writing papers, completing projects, and doing research.

Faculty Information: Faculty contact information and office hours can be found on the faculty profile page.

COURSE DESCRIPTION AND OUTCOMES

Course Description:

This course introduces the fundamentals of forensic accounting and business valuation in the world of artificial intelligence. Students will develop an understanding of fraud examination, fraud investigation, litigation support services, and business valuation approaches and methods. Students will examine the role of artificial intelligence in fraud detection, business valuation, and learn how to apply techniques used to collect and analyze data and communicate findings through business valuation reporting.

Course Overview:

In this course students engage in a discussion on current issues related to forensic accounting and business valuation and the artificial intelligence that can aid both. The Portfolio Project is a 10-page paper that provides further understanding of one chosen course topic by using it in either a fraud investigation or business valuation scenario.

In the forensic accounting section, students will explore possible career opportunities within the field, learn how forensic accountants are used in litigation services, and model techniques used to detect fraud. The students will read several cases related to fraudulent schemes and understand the forensic accountant's role in providing evidence in support of fraud investigation and detection.

In the business valuation section, students will use several business valuation methods to evaluate businesses in special situations and communicate findings to stakeholders. Students will have the opportunity to use artificial intelligence such as data mining to support their evidence gathering and/or calculations.

Course Learning Outcomes:

1. Explain forensic accounting, fraud examination, and the fraud investigation process.
2. Describe the types of evidence and the steps used in the data evidence collection processes for forensic analysis and valuation.
3. Explore the role of artificial intelligence in enabling fraud detection and business valuation.
4. Model techniques used to collect and analyze data.

5. Examine the role of the forensic accountant as litigation support in expert testimony.
6. Analyze the role of business valuation in mergers and acquisitions, business successions, and sales.
7. Evaluate business valuation approaches and methodology in communicating findings to stakeholders.

PARTICIPATION & ATTENDANCE

Prompt and consistent attendance in your online courses is essential for your success at CSU-Global Campus. Failure to verify your attendance within the first 7 days of this course may result in your withdrawal. If for some reason you would like to drop a course, please contact your advisor.

Online classes have deadlines, assignments, and participation requirements just like on-campus classes. Budget your time carefully and keep an open line of communication with your instructor. If you are having technical problems, problems with your assignments, or other problems that are impeding your progress, let your instructor know as soon as possible.

COURSE MATERIALS

Required:

Crumbley, D., (2017). Forensic and Investigative Accounting (8th Edition) eBook. Riverwoods: CCH. ISBN: 9780808046462

Suggested:

None

NOTE: All non-textbook required readings and materials necessary to complete assignments, discussions, and/or supplemental or required exercises are provided within the course itself. Please read through each course module carefully.

COURSE SCHEDULE

Due Dates

The Academic Week at CSU-Global begins on Monday and ends the following Sunday.

- **Discussion Boards:** The original post must be completed by Thursday at 11:59 p.m. MT and peer responses posted by Sunday at 11:59 p.m. MT. Late posts may not be awarded points.
- **Opening Exercises:** Take the Opening Exercise before reading each week's content to see which areas you will need to focus on. You may take these exercises as many times as you need. The Opening Exercises will not affect your final grade.
- **Mastery Exercises:** Students may access and retake Mastery Exercises through the last day of class until they achieve the scores they desire.
- **Critical Thinking:** Assignments are due Sunday at 11:59 p.m. MT.

- **Live Classroom:** Although participation is not required, Live Classroom sessions are held during Week 3 and Weeks 6. There are two total sessions.

WEEKLY READING AND ASSIGNMENT DETAILS

Module 1

Required

- Chapter 1 *Introduction to Forensic and Investigative Accounting*
- Chapter 2 *Forensic Accounting Education, Institutions, and Specialties*
- Heitger, L & Greer, L. (2018). [Forensic accountants to the rescue](#). *Strategic Finance*, 99(9) 48-53.
- Rufus, R. (2018). [The 3 W's of Engaging a Forensic accountant: Why, when, and who](#). *American Journal of Family Law*. 32(3). 108-114.
- Smith G. (2015). [The Past, Present, and Future of Forensic Accounting](#). *The CPA Journal*. 85(3). 16-21.

Recommended

- Misuraca, Y. (2018). [My Journey as a Forensic Accountant](#). *The CPA Journal*. 88(5). 17-18.

Opening Exercise (0 points)

Discussion (25 points)

Critical Thinking (60 points)

Choose one of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission. When you are ready to submit, click the Module 1 Critical Thinking header on the Assignments page to upload the document.

Assignment Option #1:

Listen to the Podcast:

[Be Fearless: The Career Path of a Fraud Examiner](#)

The textbook states that qualifications to become a forensic accountant work together like a three-layered wedding cake. Reflect on how the podcast and this week's required readings relate to each layer in the form of earned educational degrees, experience and credentials, auditing and risk assessment focuses, and the basic understanding of legal environments.

Your well-written paper must be 3-4 pages, in addition to title and reference pages. The paper should be formatted according to the (link CSU-Global Guide to Writing and APA requirements). Cite at least two-peer-reviewed sources, in addition to the required reading for the module.

Assignment Option #2:

Listen to the Podcast Life in Accounting - The Where Accountants Go Podcast Episode 101 Forensic Accounting Expert - Steve Dawson

<https://itunes.apple.com/us/podcast/life-in-accounting-the-where-accountants-go-podcast/id1163362567?mt=2>

The speaker mentions that the main changes in the forensic accounting field over the past 30 years are a change in the type of perpetrator, need versus greed as a main motivator, and a change in the investigative tools used.

1. What financial needs might be different today, compared to thirty years ago, for someone who has committed financial fraud? Reference a case where the motivation was ultimately traced back to the perpetrator's perceived need.
2. How might a change in investigative tools used to detect fraud contribute to the development of the forensics accounting field?
3. What new career opportunities within the forensic accounting field might have developed in response to the stated changes?

Your well-written paper must be 3-4 pages, in addition to title and reference pages. The paper should be formatted according to the (link CSU-Global Guide to Writing and APA requirements). Cite at least two-peer-reviewed sources, in addition to the required reading for the module.

Mastery Exercise (10 points)

Portfolio Milestone (0 points)

Begin looking over the options for your Final Portfolio Project and review the Portfolio Project descriptions, which can be assessed from the Week 8 Assignments page. The final project will be due at the end of Week 8.

The portfolio project contains two separate cases. Use this week to choose one case to focus your project on. If you have any questions concerning the Portfolio Project, please ask your instructor for clarification.

Module 2

Required

- Chapter 3 *Fraudulent Financial Reporting*
- Chapter 4 *Detecting Fraud in Financial Reporting*
- Bragg, S., CPA. (n.d.). *Forensic Accounting Investigations, and Logistics Metrics* [Audio blog post]. Retrieved from <https://www.accountingtools.com/podcasts?rq=ABP #37 Part 1>
- Ovaska-Few, S. (2017). [How Artificial Intelligence is Changing Accounting](#). *Journal of Accountancy*. Retrieved from <https://www.journalofaccountancy.com/newsletters/2017/oct/artificial-intelligence-changing-accounting.html>
- Steffen, B. (2017). [The investigation of financial statements for fraud](#). *American Bankruptcy Institute Journal*, 36(12), 32-33, 80-81.

Recommended

- Weisenthal, J. & Alloway, T. (2018). [A Forensic Accounting Expert Explains How Companies Trick Investors](#). *Odd Lots Podcast*. Retrieved from <https://player.fm/series/series-1504378/a-forensic-accounting-expert-explains-how-companies-trick-investors>

Opening Exercise (0 points)

Discussion (25 points)

Critical Thinking (60 points)

Choose one of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission. When you are ready to submit, click the Module 2 Critical Thinking header on the Assignments page to upload the document.

Assignment Option #1:

Lee, C. & Nuxoll, C (2018). A Forensic Accounting Case - A Data Analytic Mindset. *Journal of Forensic and Investigative Accounting* 10(3).

Crisp-Drinks is a California corporation headquartered in San Diego, California, United States. Crisp-Drinks' common stock is registered with the Securities and Exchange Commission. Crisp-Drinks is engaged in the marketing, manufacturing, and distributing Crisp-Drinks beverages nationally. Historically, Crisp-Drinks has had three drinks representing the largest source of operating revenue. These are: YumCoffee, AlcalWater, and FuzJuice. Crisp-Drinks has consistently met or exceeded earnings expectations while achieving annual earnings per share growth rate of more than twice the average growth rate of the S&P 500. Crisp-Drinks' superior earnings performance has resulted in its common stock trading at a price to earnings multiple twice that of the S&P 500's.

In recent years, Crisp-Drinks has begun experiencing increased competition and a more difficult economic environment. Nevertheless, Crisp-Drinks continuously has issued press releases that its expected earnings per share will continue to grow between ten percent and twelve percent annually.

For the purpose of generating additional revenues to meet both annual business plan and earnings targets, close to the fiscal year-end, Crisp-Drinks asked its bottlers to make additional purchases of YumCoffee and FuzJuice. Even though the bottlers knew that these additional purchases exceeded the forecasted demands for these drinks, the bottlers continued to purchase these drinks to preserve their relationship with Crisp-Drinks. This practice authorized and implemented by the company's management, effectively allowed Crisp-Drinks to meet Wall Street's expectations. Furthermore, to entice bottlers to purchase more of the high margin drinks, Crisp-Drinks extended more favorable credit terms than usual, typically increasing payment terms from just ten days to thirty days. Additionally, the bottlers were not allowed rights to return any drink. CrispDrinks did not necessarily collect all receivables due from its bottlers nor did it record appropriate allowances for doubtful accounts, especially given these generous credit terms.

The effect of selling to the bottlers without right of returns moved revenues from future periods to the current period. As a result, Crisp-Drinks has had a sales deficit at the beginning of each fiscal year simply because bottlers had more than they can sell already, so their inventory of unsold drinks was carried forward. To further maintain and achieve earnings targets, and to maintain an illusion of strong demand on these drinks, especially in years of increased competition, Crisp-Drinks overstated its inventories of YumCoffee and FuzJuice.

Over time, employees communicated that maintaining sales was not sustainable and sales had to decrease or cease entirely. As a result, Crisp-Drinks entered into round-trip transactions with Drinks America Corp. (DAC). DAC is wholly-owned by VP of operations of Crisp-Drinks. These transactions were approved by the CEO of Crisp-Drinks and its VP of operations (i.e., the VP of operations was entering into these transactions as the owner and CEO of DAC). Over a period of a few years, DAC appeared to become the largest direct customer of Crisp-Drinks. The transactions between the company and DAC entailed the following: Crisp-Drinks promised to ship YumCoffee, AlcalWater, and FuzJuice to DAC at a future date. DAC agreed to transfer cash to Crisp-Drinks for the future purchases. Crisp-Drinks then recorded the cash as loan payable for sales to take place in future periods. Subsequently, Crisp-Drinks issued credit memos for sales returns that were recorded as purchases of inventory of raw material such as sugar, coloring agents, and flavors from DAC. As of the last few fiscal year-ends, no drink was actually shipped out to DAC.

To reduce its manufacturing costs, and due to potential increased government regulations that encourage and subsidize clean energy manufacturing practices, the company considered upgrading its manufacturing equipment. Crisp-Drinks entered into an agreement with a solar-power energy-efficient equipment

manufacturer. Under the two-year agreement, the company would use the manufacturing equipment in its facilities for an annual fee. Crisp-Drinks reported this equipment on its balance sheet and described clearly the use of the equipment in its footnotes to property, plant, and equipment.

Moreover, to improve its cash flows from investing activities, Crisp-Drinks entered into a memorandum of understanding (MOU) to trade real estate with an Irish company. The Irish company would acquire and trade the real estate properties for sale in Europe for the benefit of Crisp-Drinks. Under the MOU, Crisp-Drinks did not acquire the real estate. In its most recent year financial statements, Crisp-Drinks listed investment in real estate in Europe.

Examining the company's financial statements, Crisp-Drinks did not disclose any information from which investors could determine the impact of the agreements with bottlers on current earnings, or the likely impact on future earnings. Additionally, Crisp-Drinks' notes to the financial statements were vague at best or silent at worst about the transactions between the company and DAC and the Irish company.

Case Requirements

1. Explain management and the auditor's responsibilities regarding the financial statements and internal controls over financial reporting.
2. What is the purpose of management or financial statement assertions?
3. You are a forensic accountant assisting auditors to identify inappropriate schemes that took place at Crisp-Drinks. Please identify the scheme and the financial statement assertions that were violated as a result.
4. Using your audit and forensic accounting knowledge and for each scheme (or assertion that was violated), identify one or two audit procedure(s) that would have effectively uncovered the scheme or caught the resulting misstatement.

Your well-written paper must be 3-4 pages, in addition to title and reference pages. The paper should be formatted according to the ([link CSU-Global Guide to Writing and APA requirements](#)). Cite at least two-peer-reviewed sources, in addition to the required reading for the module.

Assignment Option #2:

Read the interview with Sanjay Kumar, CEO of Computer Associates on page 4-63 of your textbook.

1. Research and briefly summarize the real life case this interview references.
2. Elaborate on the method Kumar used to manipulate Computer Associate's financial statements and why it was a problem.
3. Pretend you were an accountant on the revenue side of Computer Associates' accounting department before the scandal surfaced. As an employee working close to the source of the crime, you have mixed feelings about the accounting transactions you have been asked to participate in. Create an internal memo to your direct supervisor that outlines your concerns versus the company's pressure to produce promising quarterly reports.

Your well-written paper must be 3-4 pages, in addition to title and reference pages. The 3-4 pages should also include one page as the internal memo. The paper should be formatted according to the ([link CSU-Global Guide to Writing and APA requirements](#)). Cite at least two-peer-reviewed sources, in addition to the required reading for the module

Mastery Exercise (10 points)

Portfolio Milestone (0 points)

Begin looking over the practice set for your Final Portfolio Project and review the Portfolio Project descriptions, which can be assessed from the Week 8 Assignments page. The final project will be due at the end of Week 8.

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Module 3

Required

- Chapter 5 *Employee Fraud: The Misappropriation of Assets*
- Chapter 6 *Indirect Methods of Reconstructing Income*
- Chapter 7 *Money Laundering and Transnational Financial Flows*
- Abel, A. S., C.P.A./C.F.F., & MacKay, Ian A, C.P.A., C.G.M.A. (2016). Money laundering: Combating a global threat. *Journal of Accountancy*, 222(3), 44-49. Retrieved from <https://csuglobal.idm.oclc.org/login?url=https://search-proquest-com.csuglobal.idm.oclc.org/docview/1815963410?accountid=38569>
- Couch, Tiffany, C.P.A./C.F.F., C.F.E. (2018). Detecting and preventing expense reimbursement fraud. *CPA Practice Advisor*, 28(6), 28. Retrieved from <https://csuglobal.idm.oclc.org/login?url=https://search-proquest-com.csuglobal.idm.oclc.org/docview/2080867945?accountid=38569>
- Mazadu, A. S., & Shehu, U. H. (2017). [Forensic accounting: A moderator to fraud risk factors in the Nigerian deposit money banks](#). *International Journal of Business and Cyber Security*, 1(2). Retrieved from <http://www.eajournals.org/wp-content/uploads/Forensic-Auditing-and-Financial-Fraud-in-Nigerian-Deposit-Money-Banks-DMBS.pdf>

Recommended

- Lehmann, C. (2017). [A Teaching Case Using the Elements of Foreign Corrupt Practices Act \(FCPA\)](#). *Journal of Forensic & Investigative Accounting*. 9(3). 903-918 Retrieved from <https://s3.amazonaws.com/web.nacva.com/JFIA/Issues/JFIA-2017-No3-9.pdf>
- Ravenda, D., Valencia-Silva, M., Argiles-Bosch, J., & García-Blandón, J. (2018). *Money laundering through the strategic management of accounting transactions*. Retrieved from <https://www.sciencedirect-com.csuglobal.idm.oclc.org/science/article/pii/S1045235418302612#!>
- Robinson, J. (2016). [The Panama Papers: Is Tax Avoidance Just a Distraction?](#) (Podcast) Retrieved from <https://www.acfe.com/pcast.aspx?id=4294993722>

Opening Exercise (0 points)

Discussion (25 points)

Live Classroom (0 points)

Critical Thinking (60 points)

It is the usual accountant's story...a friend of yours (John Doe) has purchased a small business and knows that you are proficient at analyzing financial information. He has asked you to help him with his financial analysis. He informs you of the following background information.

After 20 years of service at his prior job, John was burned out and considering a change. While Christmas shopping, he was talking with a retail owner at a local mall and was informed that most retail stores mark up their prices 200%. John decided to quit his job and purchase and operate a retail toys and hobby shop. So, after finding the right opportunity, in January of year 1, he purchased a small store and inventory of toys / games for

\$300,000. He financed the purchase through the local bank, which loaned him 80% of the money at 7% for 10 years and required John to personally finance the other 20%. Since he is the owner of a small business, he has been operating it as a sole proprietor and not issued any stock. He is not paid a salary, but draws money out as needed. He has a full-time bookkeeper who handles all his books and accounting functions. There are two full-time sales clerks that work in the store and stock inventory in storage or on the shelves as it is delivered. All three of these employees have worked for him since he opened his business. John started each of them out at about \$25,000 per year and has given each of them raises every year (approximately 3% per year). Additionally, if the company has a good year (net income), he rewards the employees by paying each of them a bonus of 3% of the net income amount. The bonuses are paid in the following year (February).

For years 1 and 2, he had some external accountants prepare a compilation report. For years 3, 4, and 5, he had a different set of external accountants prepare the compilation reports. The compilation reports state that the books are kept on an accrual basis of accounting according to GAAP and that Property & Equipment is capitalized at cost and depreciated using the straight-line method over the useful life of the property (Equipment 3 years, Furniture 5 years and Building 15 years).

Required:

- In Excel, use the information provided from the accountants (page 6-34) to create a vertical, horizontal, and ratio analysis.
- Summarize what each analysis reveals.
- Use the analysis to form a recommendation on which financial accounts John should reevaluate.

Your well-written paper must be 3-4 pages, in addition to title and reference pages. Include your Excel sheet(s) as an appendix to your paper. The paper should be formatted according to the (link CSU-Global Guide to Writing and APA requirements). Cite at least two-peer-reviewed sources, in addition to the required reading for the module.

Refer to the Lynda.com Excel tutorials in the Course Resources Module for additional guidance on the use of Excel.

Reference: Crumbley, D., (2017). *Forensic and Investigative Accounting*. Adapted from Problem 62 Page 6-33 Tom is a senior-level project manager at a small construction management company. The company is comprised of less than 20 individuals and has brought in revenue of over \$5 million each year for the past five years. Due to the close working relationships of all coworkers, many of the day-to-day responsibilities are shared and there seems to be a lack of segregation of duties. This is especially true on the upper-management level. Tom is currently the acting CFO and works with the accountants in the preparation of financial statements.

Two other senior-level coworkers have noticed a change in Tom's lifestyle and have become concerned regarding the source of his finances. He shows up to work in expensive vehicles, brags about his lavish weekend trips, and his choice in work attire has certainly upgraded over the past year. His coworkers are concerned because net profit is down and the firm keeps committing to large supply contracts with the same vendor. When confronted in a meeting, Tom is argumentative and dismissive, which are characteristics not seen from the Tom his coworkers have grown to respect.

The firm hires you to conduct an investigation into this. Below is a general outline of Tom's spending for the year.

- In Excel, use the data below to create a Form 4822 similar to the one in Figure 6.2 of your textbook to determine Tom's living expenses.
- Analyze the data and form an opinion on Tom's spending.

- Is there enough evidence to determine that a fraud may be taking place?
- What areas within the company can you look at to determine whether fraud has occurred?

Total Yearly Gross Income: \$130,000.00

Groceries and outside meals: \$18,000

Clothing: \$15,000

Laundry & dry cleaning: \$500

Education: \$750 (student loans)

Recreation, entertainment, vacations: \$25,000

Subscriptions: \$750

Gifts and allowances: \$6,000

Life and accident insurance: \$1,800

Federal taxes: \$30,000

Rent or mortgage: \$3,500/month

Utilities: \$3,750

Domestic help: \$0

Home insurance: \$1,500

Repairs and improvements: \$5,000

Child care: \$0

Gasoline, oil, grease, wash: \$1,500

Tires, batteries, repairs, tags: \$2,000

Insurance: \$3,000

Auto payments (including interest): \$0

Lease of auto: \$18,000

Other personal assets: \$10,000

All medical expenses paid by employer's generous health plan.

Your well-written paper must be 3-4 pages, in addition to title and reference pages. The 3-4 pages should also include one page as the Form 4822. The paper should be formatted according to the (link CSU-Global Guide to Writing and APA requirements). Cite at least two-peer-reviewed sources, in addition to the required reading for the module.

Refer to the Lynda.com Excel tutorials in the Course Resources Module for additional guidance on the use of Excel.

Mastery Exercise (10 points)

Portfolio Milestone (0 points)

Begin looking over the practice set for your Final Portfolio Project and review the Portfolio Project descriptions, which can be assessed from the Week 8 Assignments page. The final project will be due at the end of Week 8. If you have any questions concerning the Portfolio Project, please ask your instructor for clarification.

Module 4

Required

- Chapter 8 *Litigation Services Provided by Accountants*

- Chapter 9 *Proper Evidence Management*
- Forensically Speaking: When to Hire a Financial Expert. (2018). <https://player.fm/series/forensically-speaking> Podcast. Retrieved from <https://player.fm/series/forensically-speaking>
- Hopwood, W., Pacini, C., Young, G. (2014) [Fighting Discovery Abuse in Litigation](#) Journal of Forensic & Investigative Accounting. 6(2) 52-80 Retrieved from https://s3.amazonaws.com/web.nacva.com/JFIA/Issues/JFIA-2014-2_2.pdf
- McClain, G. & Seifert, D. (2018). [The Impact of Moral Identity and Societal Culture on Whistle-Blowing: A Comparison Between the United States and France](#). Journal of Forensic & Investigative Accounting 10 (3). Retrieved from <http://s3.amazonaws.com/web.nacva.com/JFIA/Issues/JFIA-2018-No3-4.pdf>

Recommended

- Clements, L. & Shawver, T. (2017). [Will Professional Accountants Whistleblow on Organizational Fraud?](#) Journal of Forensic & Investigative Accounting. 9(3). 1006-1024 Retrieved from <https://s3.amazonaws.com/web.nacva.com/JFIA/Issues/JFIA-2017-No3-8.pdf>
- Ferraro, S. L. (2018). Effective use of the forensic CPA. *Massachusetts Lawyers Weekly*, Retrieved from <https://csuglobal.idm.oclc.org/login?url=https://search-proquest-com.csuglobal.idm.oclc.org/docview/2063562093?accountid=38569>

Opening Exercise (0 points)

Discussion (25 points)

Critical Thinking (60 points)

Listen to: [The Stories Numbers Tell: How One Woman Stole \\$53 Million Over 20 Years](#) and,

Watch Tedx talk about Whistleblowers:

https://www.ted.com/talks/kelly_richmond_pope_how_whistle_blowers_shape_history

1. Outline the regulations that are in place to protect whistleblowers.
2. In your opinion, have these regulations done enough to provide benefits to whistleblowers that can outweigh possible consequences?
3. You are a forensic accountant asked to be brought onto a court case to testify as an expert witness on behalf of a corporation and against its whistleblower. Consider the ethical challenges you may face.

Your well-written paper must be 3-4 pages, in addition to title and reference pages. The paper should be formatted according to the (link CSU-Global Guide to Writing and APA requirements). Cite at least two-peer-reviewed sources, in addition to the required reading for the module.

Lindsay Smith is a doctor who has owned her own practice for ten years. The practice is successful and sees several new clients each month. With the practice's anticipated growth, Lindsay hired an in-house bookkeeper in year two. The bookkeeper has been responsible for the daily, monthly, and annual accounting transactions. The subsequent financial statements are then sent to a local accounting firm for annual tax preparation.

Lindsay believed she could charge all expenses to one credit card and they would be categorized into the correct expense accounts. She failed to communicate with her bookkeeper that a large number of personal expenses, including her car payment, personal grocery trips, meals, and family vacations were included on the credit card. Her bookkeeper, under the assumption all credit card charges were related to business activities, coded the credit card payments as general business expense. Additionally, the tax preparer relied on the financial statement information without paying closer attention to the general ledger. Consequently, the practice's prior year tax returns reflect an incorrect picture of the practice's financial position.

The issue has surfaced with the possibility of a new doctor joining the practice as a partner. While preparing a compilation of financial statements for the potential partner's review, the accounting firm inquired into the nature of the general business expense account. Lindsay must provide accurate financial statements to the potential new partner as part of the partnership agreement.

1. Identify each of the balance sheet and profit & loss statement accounts that could be affected by this oversight.
2. What effect does this oversight have on net income and why is it significant?
3. Distinguish fraudulent activity from mistakes or incompetence. At what point has this, or would this, scenario become fraud?
4. How can each person in this scenario react so that this does not happen again?
5. What is the best course of action to take in order to present a clear financial picture to the new partner?

Your well-written paper must be 3-4 pages, in addition to title and reference pages. The paper should be formatted according to the (link CSU-Global Guide to Writing and APA requirements). Cite at least two-peer-reviewed sources, in addition to the required reading for the module.

Mastery Exercise (10 points)

Portfolio Milestone (50 points)

This week is the halfway point for this course. Submit a one page summary paper to your instructor outlining the following:

1. Which portfolio assignment option you have chosen, and
2. How the referenced case relates to the course thus far

This final project will be due at the end of Module 8. If you have any questions concerning the Portfolio Project, please ask your instructor for clarification.

Module 5

Required

- Chapter 13 Investigation of Electronic Data: A Brief Introduction
- Chapter 14 Digital Forensics Analysis
- Chapter 15 Cybercrime Management: Legal Issues
- Arboleda, F., Guzman-Luna, J., & Torres, I. (2018). Fraud detection-oriented operators in a data warehouse based on forensic accounting techniques. *Computer Fraud & Security*. 2018(10). 13-19.
- Capers, Z. (2016) The Internet of Things: When Convenience Overrides Security Podcast
- Kitts, B., Zhang, J., Wu, G., Brandi, W., Beasley, J., Morrill, K., Etedgui, J., Siddhartha, S., Yuan, H., Gao, F., Azo, P., & Mahato, R. (2014). Click fraud detection: adversarial pattern recognition over 5 years at Microsoft.
- Seow, P., Pan, G., & Suwardy, T. (2016). Data Mining Journal Entries for Fraud Detection: A Replication of Debreceny and Gray's (2010) Techniques. *Journal of Forensic & Investigative Accounting*. 8(3). 501-514
- Stanciu, V. & Tinca, A. (2017). Exploring cybercrime: realities and challenges. *Accounting and Management Information Systems*. 16(4). 610-632

Recommended

- Lynda.com Digital Forensics video
<https://www.lynda.com/Linux-tutorials/Digital-forensics/667380/726732-4.html>
- U.S. Securities and Exchange Commission. (2018). Report of investigation pursuant to Section 21(a) of the Securities Exchange Act of 1934 regarding certain cyber-related frauds perpetrated against public companies and related internal accounting controls requirements.

Opening Exercise (0 points)

Discussion (25 points)

Critical Thinking (60 points)

Choose one of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission.

Option #1: FBI and Financial Fraud

Go to the FBI website (Links to an external site.)Links to an external site. and use the search box in the top right corner to conduct a search on financial fraud. The FBI site provides numerous descriptions of financial fraud cases that they have prosecuted. Choose a case and select one of the convicted defendants named in the case. Use the profiling methods described in the chapter to perform a due diligence search and collect all the internet information that you can about this individual. The information that you collect can include news reports, addresses either physical or virtual, education background, etc. Document where you found the information by including the name of the website and its URL.

You will prepare a well-written 3-4 page report, along with title and reference pages. The body of the paper will consist of a summary of the chosen case, the profiling methods used to research the specific individual, and evidence documentation. The paper should be formatted according to the CSU-Global Guide to Writing and APA Requirements (Links to an external site.)Links to an external site.. Cite at least two-peer-reviewed sources, in addition to the required reading for the module.

Reference: Crumbley, D., (2017). Forensic and Investigative Accounting. Adapted from Problem 24 Page 14-41

Option #2: Case: Deloitte Consumer Review

Download and review:

Deloitte Consumer Review: Consumer Data Under Attack: The Growing Threat of Cyber Crime Online
Summarize the information found in Figure 5.

How can organizations help to prevent these types of negative consumer experiences?

How can the decoding of IP addresses or tracing of emails help consumers in some of the identified security issues?

You will prepare a well-written 3-4 page report, along with title and reference pages. The paper should be formatted according to the CSU-Global Guide to Writing and APA Requirements. Cite at least two-peer-reviewed sources, in addition to the required reading for the module.

Mastery Exercise (10 points)

Portfolio Reminder

Continue researching and composing for submission of the Portfolio Project. This final project will be due at the end of Module 8. If you have any questions concerning the Portfolio Project, please ask your instructor for clarification.

Module 6

Required

- Chapter 16 *Cybercrime Loss Valuations*
- Chapter 17 *Business Valuations*
- Fleming, B. (2016). [Goodwill: From the industrial age to the age of intangibles, Valuation strategies](#). *Valuation Strategies*. 20(1). 40-47
- Mendlowitz, E., & Kess, S. (2017). [Helping Business Owners Understand Valuation Approaches](#). *The CPA Journal*. 87(11). p. 64
- Rechtman, V. (2018). [Important Clarifications on Valuation Standards](#). *The CPA Journal*. 88(2). p. 22

Recommended

- Lynda.com [Cybersecurity for Small and Medium Businesses](#)
- U.S. Securities and Exchange Commission. (2018). [SEC investigative report: public companies should consider cyber threats when implementing internal accounting controls](#)

Opening Exercise (0 points)

Discussion (25 points)

Live Classroom (0 points)

Critical Thinking (70 points)

Choose one of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission.

Option #1: Case: Mayfield Real Estate Development Valuation

Mayfield Real Estate Development is a company that owns and operates a number of real estate ventures. The company also engages in real estate acquisitions and sales of properties, some of which are properties the company no longer wishes to operate. Similar real estate firms earn a 15-percent rate of return. Mayfield reported the following earnings over the last five years:

Year	Operating Income	Gain(Loss) on Sale of Assets	Net Income
1	\$1,000,000	\$700,000	\$1,700,000
2	\$1,500,000	\$600,000	\$2,100,000
3	\$1,100,000	\$400,000	\$1,500,000
4	\$1,600,000	(200,000)	\$1,400,000
5	\$1,800,000	(400,000)	\$1,400,000

Prepare a business valuation report for Mayfield Real Estate Development using the income statement method. Provide analysis for giving equal weights to the five years of earning data versus giving greater weight to the more recent earning periods (where five is more recent).

Given the type of industry Mayfield Real Estate Development is in, do you believe 5 years of financial information is sufficient to provide an accurate picture?

You will prepare a well-written 3-4 page report, along with title and reference pages. The paper should be formatted according to the CSU-Global Guide to Writing and APA Requirements (Links to an external site.)Links to an external site.. Cite at least two-peer-reviewed sources, in addition to the required reading for the module.

Reference: Crumbley, D., (2017). Forensic and Investigative Accounting. Adapted from Problem 22 Page 17-42

Option #2: Case: Electronix Inc. Valuation

Electronix Inc. manufactures electronic products. The company's weighted average cost of capital is 8 percent. The company forecasted the following free cash flows for the next 20 years:

Year	Free Cash Flows
1	\$15,000,000
2	\$16,200,000
3	\$21,000,000
4	\$23,000,000
5	\$27,000,000
6-10	\$25,000,000 per year
11-20	\$21,000,000 per year

Prepare a valuation report for Electronix Inc. using the discounted cash flow approach.

Identify the accounts taken into consideration in the discounted cash flow method.

Compare the difference between future income method and the discounted future cash flow method.

You will prepare a well-written 3-4 page report, along with title and reference pages. The paper should be formatted according to the CSU-Global Guide to Writing and APA Requirements (Links to an external site.)Links to an external site.. Cite at least two-peer-reviewed sources, in addition to the required reading for the module.

Reference: Crumbley, D., (2017). Forensic and Investigative Accounting. Adapted from Problem 23 Page 17-43

Mastery Exercise (10 points)

Portfolio Reminder

Continue researching and composing for submission of the Portfolio Project. This final project will be due at the end of Module 8. If you have any questions concerning the Portfolio Project, please ask your instructor for clarification.

Module 7

Required

- Chapter 17 *Business Valuations*
- Durham, C. (2016). [Understanding the basic business valuation methods](#). Control Engineering.
- Forensically Speaking Podcast: [Common Errors of Business Valuation](#)
- Reilly, R. (2017). [The asset-based approach in tax related business valuations: part two](#). Practical Tax Strategies. p. 199-210.
- Ristea, M., Ioanas, C., Gruiescu, M. & Tutu, A. (2016). [Valuation models. Fair Value - methods of assessment in accounting](#). Journal of Information Systems & Operations Management. p. 311-326
- The Accounting Best Practices Podcast # 61: [Business Valuation](#)

Opening Exercise (0 points)

Discussion (25 points)

Mastery Exercise (10 points)

Portfolio Reminder

Continue researching and composing for submission of the Portfolio Project. This final project will be due at the end of Module 8. If you have any questions concerning the Portfolio Project, please ask your instructor for clarification.

Module 8

Required

- Chapter 18 *Forensic Accounting in Action*
- Amani, F., & Fadlalla, A. (2017). [Data mining applications in accounting: A review of the literature and organizing framework](#). International Journal of Accounting Information Systems, 24, 32-58.
- Reshma, K. T., & Debnath, J. (2017). [Forensic accounting: A blend of knowledge](#). Journal of Financial Regulation and Compliance, 25(1), 73-85.

Recommended

- Clopton, J. (2015). [The Power of Data in Fraud Examinations](#) Podcast.

Opening Exercise (0 points)

Discussion (25 points)

Mastery Exercise (10 points)

Portfolio Project (300 points)

Choose one of the following two Portfolio Project Options. Do not do both projects. Both options have deliverables in Weeks 3 and 5. Identify your portfolio project choice in the title of your submission.

Option #1: Alchemy - An Internal Auditing Case

Read the Alchemy - An Internal Auditing Case

TASK 1: Imagine you are Bret Anderson and have been provided the following employee productivity

information. Consider the evidence presented in Exhibit 1.

Is the evidence strong enough to proceed with further investigation?

Are there any findings that can be an indication of fraud? Keep in mind that any further investigation will be disruptive, so any recommendation to proceed will require strong evidence.

Conduct a link analysis to investigate whether any of the data ties to a specific person.

EXHIBIT 1: Year-to-date production by employee. Refer to Excel file: T1_AA_Prod_Data.xlsPreview the document

TASK 2: This task uses the Auditing Alchemy video (Links to an external site.)Links to an external site.. The file is approximately 1.4GB and requires about 4-6 minutes to download on a high-speed connection. The video is an AVI format, which should run on most computer media players. The video runs approximately 7 minutes. You may view the video more than one time, but no additional information about the workplace is available other than what was used for Task 1.

Watch the video and follow along on a guided tour of Alchemy's sphere production process. After viewing the video, answer the following questions:

What are the strengths of the internal control system that protects the sphere inventory from misstatement?

Is it possible to steal the valuable spheres without detection, and if so, how is this accomplished?

If it is possible to steal spheres, is there enough evidence to support that a crime has been committed? Why or why not?

TASK 3:. Write your final fraud report based on any information you have collected and the analysis from Tasks 1 and 2. At a minimum, your report should list:

reason for believing a fraud has occurred

a mechanism by which the fraud could be perpetrated,

a likely suspect or suspects, and,

a summary of the type of evidence used to reach your decision.

What are the strengths and weaknesses in your case? What else could you do (if anything) to make the case stronger? What other courses of action would you advise? Use your knowledge of business valuations to estimate how such fraud could affect the value of the business.

Your well-written paper must be 8 to 10 pages, in addition to title and reference pages. The paper should be formatted according to the CSU-Global Guide to Writing and APA Requirements (Links to an external site.)Links to an external site.. Cite at least five peer-reviewed sources in addition to the required reading for the module.

Option #2: Frosty Footwear Inc. Business Valuation Case

Read the Frosty Footwear Inc. case.

Submit your Excel files and Word documents with the analysis and answers to each of these questions:

Analyze the financial statements by performing an income statement profitability analysis, researching the components of Cost of Goods Sold and comparing the gross profit margin with related industry data.

Incorporate your knowledge of forensic accounting when you summarize your observations.

In Excel, develop a forecast of future financial results for the next five years.

Consider any valuation adjustments or discounts for lack of marketability, lack of control, and loss of key person.

Prepare a valuation calculation using both the income approach and market approach. Summarize the process used to reach your calculations.

Arrive at a conclusion of value after reconciling the results obtained under different business value approaches and methods and prepare a valuation report to present to the current owners.

Make a final recommendation. Should Frosty Footwear be sold now or should it be developed further to enhance its future value for sale at a later date?

Your well-written paper must be 8 to 10 pages, in addition to title and reference pages. The paper should be formatted according to the CSU-Global Guide to Writing and APA Requirements. Cite at least five peer-reviewed sources in addition to the required reading for the module.

Grading Scale	
A	95.0 – 100
A-	90.0 – 94.9
B+	86.7 – 89.9
B	83.3 – 86.6
B-	80.0 – 83.2
C+	75.0 – 79.9
C	70.0 – 74.9
D	60.0 – 69.9
F	59.9 or below

COURSE POLICIES

Course Grading

20% Discussion Participation
37% Critical Thinking Assignments
35% Final Portfolio Project
8% Mastery Exercises

IN-CLASSROOM POLICIES

For information on late work and incomplete grade policies, please refer to our [In-Classroom Student Policies and Guidelines](#) or the Academic Catalog for comprehensive documentation of CSU-Global institutional policies.

Academic Integrity

Students must assume responsibility for maintaining honesty in all work submitted for credit and in any other work designated by the instructor of the course. Academic dishonesty includes cheating, fabrication, facilitating academic dishonesty, plagiarism, reusing /repurposing your own work (see CSU-Global Guide to Writing & APA for percentage of repurposed work that can be used in an assignment), unauthorized possession of academic materials, and unauthorized collaboration. The CSU-Global Library provides information on how students can avoid plagiarism by understanding what it is and how to use the Library and internet resources.

Citing Sources with APA Style

All students are expected to follow the CSU-Global Guide to Writing & APA when citing in APA (based on the most recent APA style manual) for all assignments. A link to this guide should also be provided within most assignment descriptions in your course.

Disability Services Statement

CSU-Global is committed to providing reasonable accommodations for all persons with disabilities. Any student with a documented disability requesting academic accommodations should contact the Disability Resource Coordinator at 720-279-0650 and/or email ada@CSUGlobal.edu for additional information to coordinate reasonable accommodations for students with documented disabilities.

Netiquette

Respect the diversity of opinions among the instructor and classmates and engage with them in a courteous, respectful, and professional manner. All posts and classroom communication must be conducted in accordance with the student code of conduct. Think before you push the Send button. Did you say just what you meant? How will the person on the other end read the words?

Maintain an environment free of harassment, stalking, threats, abuse, insults, or humiliation toward the instructor and classmates. This includes, but is not limited to, demeaning written or oral comments of an ethnic, religious, age, disability, sexist (or sexual orientation), or racist nature; and the unwanted sexual advances or intimidations by email, or on discussion boards and other postings within or connected to the online classroom. If you have concerns about something that has been said, please let your instructor know.