

Course Syllabus –ACCT 389 Special Topics - Accounting Fraud - Fall Semester 2018

INSTRUCTOR:	Professor John Russell Ph.D., CGA, CMA	CLASS HOURS: MW 17.00-18.15 in B 306
OFFICE HOURS:	MW 12.00 noon to 2.00 p.m. and Tuesday 10 a.m. to 12 noon. In A416.	
CONTACT:	Phone 2224-8399 ext. 3505	Email jrussell@auk.edu.kw

1.0 Course Overview

1.1 The course will provide students the opportunity to gain familiarity with and learn lessons from selected contemporary events involving fraudulent financial reporting.

1.2 **Course Objectives:** By the end of the course, students should be able to:

- Demonstrate an understanding of the most frequently used methods overstating revenue in financial reporting by analyzing and answering questions on case studies of companies that overstated revenue via the improper timing of revenue, the recognition of fictitious revenue and improperly valued revenue.
- Demonstrate an understanding of the most frequently used methods of understating expenses by the analysis and discussion of cases of companies that used various methods of understating expenses.
- Understand the ways companies use business combinations to overstate earnings by the analysis of cases of companies that used mergers and acquisitions to overstate assets and reserves
- Identify and explain the most frequently used miscellaneous methods of overstating earnings such as the use of special purpose entities and round-trip transactions by the study of various cases of companies that used these methods of fictitious financial reporting
- Demonstrate the ability to identify some of the *signals* indicating possible fictitious financial reporting in financial statements.

1.3 Pedagogy – Quasi Research Seminar with research actively supported by University Library.

A seminar format in which students accept responsibility for reading before class, then discussing, researching, and presenting in class. Students are *required* to liaise with Ms. Zainab Al-Attabi AUK’s Reference and Instruction Librarian to enhance research skills. The course is embedded within the framework provided by Cecil W. Jackson’s text, “Detecting Accounting Fraud: Analysis and Ethics”, Pearson/Prentice Hall. 2015.

1.4 Assessment:

1. Research and Presentations (2 @ 20 marks)	40 Marks
2. Mid-Term Exam	25
3. Final Exam	35
Total	100

Research, presentations & exams missed without prior approval & adequate documentation will be scored zero. If the mid-term is missed for a legitimate documented reason, the final exam counts extra. No make-up exams.

2.0 Attendance:

AUK recognizes **class attendance** as being an important element of the student’s classroom success and has set forth the following policy on class attendance: <http://www.auk.edu.kw/Catalog/acadpolicy.html#attendance>

2.1 Students are expected to attend all classes, laboratories, and/or required fieldwork. Excessive absences prevent students from receiving full course benefit and disrupt orderly course progress.

- 2.2 Students who miss more than 15% of the class sessions of any course during a semester, irrespective of the reasons, may be advised by the instructor to withdraw from the course. It is the student's responsibility to withdraw the course by the specified deadline. Students who withdraw from a course receive a grade of "W." Students who do not withdraw will fail the course.
- 2.3 Students who miss more than 15% for reasons of: inpatient medical care, death of an immediate family member, academic instructional activities, or national athletic activities are required to submit documented evidence to the course instructor. If excused, students are required to satisfy all course work due or assigned during their absences, as determined by the course instructor.

In this seminar-based course involving group work, reading, research discussion and presentation preparation, students may with the instructor's approval, elect to work in the *library instead during the assigned class period*. However, if this venue is chosen attendance will be monitored to comply with policy and encourage due diligence.

3.0 Draft Course Schedule, Including Guide to Content, Cases/Activities and Assessment

Week Beginning	Topics	Activities
Week 1 Mon 10 Sept 2018	Financial Reporting Environment and the Institutional Environment - Ch. 1	Survey of Perceptions. Read Ch. 1 and review PP slides
Week 2 Mon 17	Methods of Fictitious Reporting Ethical decision-making model – Ch. 2	Explain the methods
Week 3 Mon 24	Improper Timing of Revenue Ch. 3	Sunbeam
Week 4 Mon 1 October		Presentation (1)
Week 5 Mon 8	Fictitious and Improper Valuation of Revenue Ch. 4	Sensormatic, , CUC International, Xerox, Insignia Solutions
Week 6 Mon 15		Presentation (2)
Week 7 Mon 22	Improper accounting related to acquisitions, undervaluing assets overvaluing liabilities Ch. 5	Tyco International, Case Study Ch. 5 (pp. 179-190)
Week 8 Mon 29		MID-TERM EXAM Wed 31st
Week 9 Mon 5 Nov 2018	Overstating inventory; Failure to record and improper deferral of expenses and impairments; Understating reserves for bad debts; Ch. 6	Livent Inc, Rite Aid, Allegheny, Lockheed.
Week 10 Mon 12		Presentation (3)
Week 11 Mon 19	Inadequate disclosure, Improper use of non-GAAP measures; Improper accounting for foreign payments, Inappropriate accounting for roundtrip transactions – Ch. 8	Edison Schools, Adelphia, BellSouth, Krispy Kreme
Week 12 Mon 26		Presentation (4)
Week 13 Mon 03 Dec 2018	Signals indicating possible fictitious reporting in finance statements	
Week 14 Mon 10	The psychology of fraud and other articles	
Week 15 Mon 17	Course Review of Methods and Signals	

AUK closed – Dec 23 2018 to Jan 6 2019 inclusive. There is **NO class** for MW students on Mon 7th Jan

Week 16 January Tue 8 – Sun 13 2019		FINAL EXAM See AUK web site for the exam date
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The course syllabus and schedule given above provide a general plan. Should changes be necessary they will be explained to you verbally and confirmed by email. Timing of research and presentations to be agreed.

4.0 Disability Accommodation:

If you believe that you need accommodations for a disability, kindly arrange for an appointment with Dr. Huda Shaaban (hshaaban@auk.edu.kw) at the Counseling Center located in front of Gate 2. All disability-related accommodations require registration with the Counseling Center and are not applied retroactively, so contact Dr. Huda Shaaban as soon as possible.

5.0 University and College Mission Statements

5.1 AUK Mission Statement. The American University of Kuwait is a liberal arts institution dedicated to teaching, learning, and scholarship. The University offers programs that provide students with the knowledge and skills necessary for lifelong learning and professional success. AUK enriches society by fostering an environment encouraging critical thinking, effective communication, personal growth, service, and leadership.

5.2 AUK College of Business and Economics Mission Statement

The College prepares students, through an American educational experience combining quality intellectual challenge and ethical professional practice, for careers in Kuwait and beyond. The focus is on:

- Developing business in Kuwait and the Gulf
- Supporting rigorous programs that foster excellence in business teaching and scholarship
- Working together to learn and disseminate socially responsible practices to advance society

6.0 Regulations

Students are individually responsible for complying with regulations in the University Catalog. Failure to read, understand and/or comply with does not exempt students from the requirements.

Students are expected to have read, understand and to obey the University's Code of Conduct and Academic Honesty. Students are required to read and sign the attached document pertaining to these expectations.

Included in AUK's code of conduct are the requirements that students must observe local and state laws as well as AUK's academic and behavioral regulations.

Conduct, which violates Islamic values, practices, beliefs, is inappropriate. Violations of these published laws, or of AUK's expectations on conduct, may subject the violator to action by University authorities.

Students are responsible for all course content. If a student misses a lecture/lab for any reason, the student is responsible for any and all content and assignments that was presented during that lecture/lab.

Cell phones should not be used during class.

Side conversation makes it difficult for your classmates to listen and learn. So, please be considerate of others. If side conversation persists, you will be asked to leave the class and use a more appropriate setting.

No electronic communication devices or recording devices will be permitted during quizzes and exams. Personal possession of any electronic device during quizzes and exams will be considered a violation of the Academic Integrity policy, which may result in a failing grade for the entire course.

AUK requires instructors to be evaluated by their students. The results of these evaluations are important to provide feedback to instructors on how their performance can be improved. In addition, these evaluations are carefully considered in promotion, salary adjustment, and other important decisions. AUK openly encourages students to provide feedback to the instructors and to the College through the evaluation process.

Students are expected to observe the Academic Integrity policy detailed in the AUK catalog at all times. Particular attention is drawn to the policies on plagiarism, inappropriate collaboration, and dishonesty. Your AUK Student Handbook has a section that describes the student code of conduct. A violation of the Academic Integrity policy may result in a failing grade for the entire course.



Receipt of Course Information – ACCT 389 Fall Semester 2018

I (Print your Name) Student ID have registered for ACCT 389 Accounting Fraud. ***This page is your copy***

I know that the Language of Instruction at AUK is English. If I have problems understanding a technical term used in accounting I will refer to the text's glossary. If having done this I still fail to understand then I will ask for an explanation of the meaning. All my presentations, conversations, and exams will be conducted/written in English. Moreover, any written assignments will be *written by me in my own words*.

I understand that I can reach the instructor via e-mail, and that I can meet with the instructor by appointment and during regularly scheduled office hours. I also understand that should I have *any* doubt about requirements in this course *I am responsible for seeking clarification*.

I know that all written communication to/from the instructor regarding this course will be handed out in class or sent via my AUK e-mail. I understand that I must check my AUK e-mail regularly (i.e before every class) for any important information about this course sent to me from the instructor. I note that failure to check my e-mail does not constitute an excuse for lack of information, misunderstanding, etc.

I know that I am responsible for learning.

I know that attendance is expected. I know that a poor attendance record may result in a lower course grade

I know that participation is different from attendance. I must come to class prepared, ready and willing to ask and answer questions relevant to the topic at hand. I must bring the course textbook, a calculator and my own writing materials to take notes during the class. I know that failure to do so will likely hinder my learning.

I know that I am free to raise questions at any time, but that I must show courtesy to my peers and instructor. I must behave as a professional. I understand that disruptive behavior in class is not acceptable. I know that Mobile phones are to be turned off during class and that cell/mobile phones are not allowed into exam rooms.

I know that I must take examinations when they are scheduled. I know that no make-up tests or exams will be given, nor will additional projects be assigned to increase a grade before or after an exam, or at the end of the semester

I know that students caught cheating, will get an "F" for that test or exam.

I have been given a copy of this statement for my retention and future reference.

Signature

____/____/____
Date

KEEP THIS PAGE – THIS IS YOUR COPY



Receipt of Course Information – ACCT 389 Fall Semester 2016

I (Print your Name) Student ID have registered for ACCT 389 Accounting Fraud. *I have received a copy of the Course Syllabus and the Course Schedule and I know the course requirements and when the classes are scheduled to meet. **GIVE THIS PAGE TO THE INSTRUCTOR***

I know that the Language of Instruction at AUK is English. If I have problems understanding a technical term used in accounting I will refer to the text's glossary. If having done this I still fail to understand then I will ask for an explanation of the meaning. All my presentations, conversations, and exams will be conducted/written in English. Moreover, any written assignments will be *written by me in my own words*.

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AFTER SIGNING PLEASE DETACH THIS PAGE AND GIVE IT TO THE INSTRUCTOR