

**Amrita School of Business
Amrita Vishwa Vidyapeetham
Coimbatore**

Term VI (Jan 2019 – March 2019)

Course Title:	CORPORATE FRAUD AND INTERNAL CONTROL
Course Code:	
Credits:	3
Total Sessions:	24
Course Instructor:	CA. Bhawana Jain
Contact Information:	j_bhawana@cb.amrita.edu , bhawanasinghvijain@gmail.com
Course Link:	
Office	F-13
Office hours	
Course contributes mostly to:	Employability/ Entrepreneurship/ Skill Development/ Value-add

Course Description

Internal control and checks date back to ancient times as back as 300 BC when Chanakya, also known as Kautilya introduced the concept of auditing in his book Arthaniti. In the ancient civilizations of China, Egypt and Greece, it was found in the form of ancient checking activities. In 1528 AD, Birbal gave his 'independent opinion' to emperor Akbar on several complex issues with evidence. The focus on internal audit and compliance concentrating on the accuracy of record keeping has gradually shifted to internal control in the 1990s due to the international corporate scandals and frauds coming to light with the growth of the corporate form of organisation. The demand for sound corporate governance has moved from reactive mode to the need for corporates to deal fraud proactively. Companies, management and auditors are responsible for safeguarding the assets of the company. Companies have to ensure that their internal control systems are equipped to deter, detect and where required, prove fraud. This course is an attempt to introduce the students to the concept of internal control in a corporate environment and also to enable them to identify and defend themselves against fraudulent and corrupt practices within and against their future organisation.

Course Objectives

1. Achieve a foundation understanding of fraud and internal control in a corporate environment
2. Identify common red flags of fraud and the lacunae in the internal control systems that may expose companies to fraud
3. Identify the legal requirements pertaining to corporate governance and internal control
4. Understand key challenges, the role of ethics, and tools and techniques in fraud prevention and detection

Alignment of course objectives (CO) with learning goals (LG) of Assurance of Learning

Derived from its mission, ASB has adopted five learning goals, (apart from the discipline competency) - the management-specific attributes, knowledge and skills that its graduates are expected to possess when they complete the programme. The seven outcomes of this course are mapped to the '*Critical and integrative Thinking*', '*Effective written and oral communication*', '*Societal and Environmental Awareness*' and '*Ethical reasoning*' in the manner shown in the table below.

CO \ LG	Critical and integrative Thinking	Effective written and oral communication	Societal and Environmental Awareness	Ethical Reasoning	Leadership
CO1	2	0	2	0	0
CO2	3	2	3	0	0
CO3	2	0	2	0	0
CO4	3	2	3	2	0

Key: 3 – Highly relevant; 2 – Moderately relevant; 1 – Low relevance; 0- No relevance

Unit-wise scope for outcomes and Bloom's taxonomy

The course focuses primarily on the Bloom's learning levels as depicted in the table below.

Bloom's Levels of Learning	CO 1	CO 2	CO 3	CO 4
Creating				

Evaluating		X		X
Analyzing		X		X
Applying	X	X	X	X
Understanding	X	X	X	X
Remembering	X		X	

Pedagogy and course requirements

The classes will be interactive involving lecture sessions, videos, discussions and student presentations.

Students are expected to complete the assigned readings and be ready to present the assigned work, if any, before the class. The work submitted should be that of the student. If work from other sources is used, it must be properly acknowledged and referenced. Plagiarism is strongly objected to and any case of plagiarism will be dealt with according to the University rules.

Assessment (Grading Policy: Relative)

Class participation, presentation and preparation	25%
Term paper and cases	40%
End term	35%

Course material

The material (RM) will be distributed in the class. The class presentations will be distributed after the respective classes. Additional reading material (listed below) has to be downloaded by the student. Class presentations will be assessed in the class.

Additional reading material

1. **Article 1:** Lokanan, M., & Sharma, S. (2018). A Fraud Triangle Analysis of the Libor Fraud. *Journal of Forensic & Investigative Accounting*, 10(2).
2. **Article 2:** Muehlmann, B; Soybel, V and Turner, R. (2018). "The Accountant" and the Error of His Ways. *Journal of Forensic & Investigative Accounting*, 10(2).
3. **Article 3:** Ramamoorti, S., Morrison, D., & Koletar, J. W. (2009). Bringing Freud to Fraud: Understanding the State of Mind of the C-Level Suite/White Collar Offender Through "AB-C" Analysis. *The Institute for Fraud Prevention*, 1-35.
4. **Article 4:** Goel, U., Kumar, S., Singh, K., & Manrai, R. (2017). Corporate Governance: Indian Perspective With Relation To Sarbanes Oxley Act. In

- Proceeding of the International conference on Economic and Development* (Vol. 1, pp. 60-72).
5. **Article 5:** MacCarthy, J. (2017). Using Altman Z-score and Beneish M-score Models to Detect Financial Fraud and Corporate Failure: A Case Study of Enron Corporation. *International Journal of Finance and Accounting*, 6(6), 159-166.
 6. **Article 6:** Saha, A. (2014) A Multidimensional Approach to Investigating Frauds and Scams: A study in the global and the Indian context. *The Management Accountant*. September. (29-39).
 7. **Article 7:** Pyne, R. (2014). White Collar Crimes and its Punishment Policy. *The Management Accountant*. September. (40-45).
 8. **Article 8:** Basu, S. (2014). Forensic Accounting in the Cyber World: A New Challenge for accountants. *The Management Accountant*. September. (18-21).
 9. **Article 9:** Cataldi, B; Callahan, B.; Sander, J.F. and Kelly, A. S. (2017) Cutting through the Numbers: How Data Mining Was Used to Uncover Multiple Frauds at a Hospital System Medical Center. *Journal of Forensic & Investigative Accounting*, 9(3).
 10. **Article 10:** Ernst and Young (2012). Fraud and corporate governance: Changing paradigm in India. A report based on India fraud survey 2012.
 11. **Article 11:** Mulig, L and Prachyl, C.L. (2017). Identifying Red Flags in an Accounts Payable Environment: The Importance of Controls in the Detection of Fraudulent Activity. *Journal of Forensic & Investigative Accounting*, 9(3).
 12. **Article 12:** Albrecht, C. O., Holland, D. V., Skousen, B. R., & Skousen, C. J. (2018). The Significance of Whistleblowing as an Anti-Fraud Measure. *Journal of Forensic & Investigative Accounting*, 10(1).
 13. **Article 13:** Ernst & Young (2010). Driving ethical growth—new markets, new challenges 11th Global Fraud Survey. *EYGM Limited*.
 14. Orton-Jones, C. (2017). Getting into the mind of a fraudster. Available at <https://www.raconteur.net/risk-management/getting-into-the-mind-of-a-fraudster>
 15. Bhasin, S. (2018). Importance of corporate governance in light of frauds. *Business Today*. March 8. Available at: <https://www.businesstoday.in/opinion/columns/importance-of-corporate-governance-in-light-of-frauds/story/272207.html>
 16. Larcker, D. F. and Tayan, B. (2018) Corporate Governance Failure, Fraud, and Scandal: Data Spotlight. *CGRI Quick Guide Series. Corporate Governance Research Initiative*. September. Available at: <https://www.gsb.stanford.edu/faculty-research/publications>
 17. Larcker, D. F. and Tayan, B. (2015). Introduction to Corporate Governance. *CGRI Quick Guide Series*. Available at: <https://www.gsb.stanford.edu/faculty-research/publications>
 18. COSO's 2013 *Internal Control —Integrated Framework*. For downloadable PDF copy of executive summary, see link www.coso.org

19. COSO Fraud Risk Management Guide, 2016. For downloadable PDF copy of executive summary, see link www.coso.org
20. ACFE Report to the Nations, 2018. For downloadable PDF copy, see link www.acfe.com
21. Material available at the website of the corporate governance research initiative of the Graduate School of Stanford Business.
<https://www.gsb.stanford.edu/faculty-research/centers-initiatives/cgri>

Session Plan

	Topic(s)	Readings and Assignment
1	Introduction to the Course: Overview of Syllabus	Course Materials Case – 2 (assigned) Formation of teams
2	Introduction to fraud: Definition of fraud, Types of fraud	RM: pgs 1 - 41
3	Elements of fraud, the fraud triangle, Fraud diamond, Red flags	RM: pgs 42 – 57
4	Case 1: discussion	Pre-read all. To be presented by case group. To be discussed by all
5	Frauds against the organization Term paper assigned	RM: pgs 58 – 108 Article-1 Article-2
6	Case 3: discussion	Pre-read all. To be presented by case group. To be discussed by all
7	The fraudster	Article - 3 RM: pg 109 - 110 (Inside the mind of a fraudster)
8	The fraudster	Article: "Getting into the mind of a fraudster"
9	Corporate governance	Article-4 RM: 111 - 160
10	Case 4: discussion	Pre-read all. To be presented by case group. To be discussed by all
11	Corporate governance and fraud prevention	Articles: "Importance of corporate governance in light of frauds"; "Corporate Governance Failure, Fraud, and Scandal: Data Spotlight "
12	Beneish model; Altman Score	Article-5
13	The internal control framework; COSO framework; internal financial controls	RM: 111 – 160 Article 6

14	Case 5: discussion	Pre-read all. To be presented by case group. To be discussed by all
15	The legal environment	Article 7
16	Case 6: discussion	Pre-read all. To be presented by case group. To be discussed by all
17	Fighting corruption: Bribery, law against corruption, developing an anti-corruption culture	Article 8 RM: 161 - 189
18	Case 7: discussion	Pre-read all. To be presented by case group. To be discussed by all
19	Fraud investigation: Red flags, indicators of fraud and tools to prevent and detect fraud	Article 9 Article 10 Article 11 RM: 190 – 261
20	Whistleblowing	Article 12 RM: 263 – 265
21	Industry related fraud opportunities	Submission of case 3 - due
22	Role of ethics	Article 13 RM: 267 - 282
23	Student Presentations	Submission of term paper - due
24	Student Presentations	

Students will be communicated the term paper and presentation topics and other requirements.