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**Designing a Case Study: Adding a Real-World Fraud Risk Assessment to Your Class**

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## Introduction

Accounting educators have long recognized the value of case studies to add interest to courses and assist students in bridging the gap between the theoretical and practical application of material they learn. For example, Hassell and Milne (2004, p. 135) noted that "accounting academics indicate that the analysis of case studies…was the preferred pedagogical approach to promote synthesis and evaluation…to develop professional skills."

But experiential learning experiences also help students develop professional skills. Chmielewski-Raimondo, McKeown, et al., (2015, online) note the transformational impact on students through "completing and presenting a professional piece of work…" Finally, the Pathways Commission (August 2015, p. 8) notes that, "professionalism is ideally learned throughout the curriculum through a set of multiple reinforcing experiences that transform a student by graduation into an accounting generalist."

The author developed an experiential learning exercise by crafting a fraud risk assessment tool and guidelines to help bring course concepts to life and give students an opportunity to develop a stronger understanding of fraud risks in the day-to-day operations of real companies. The exercise also allows students to apply critical thinking skills to assess whether a company's practices reduce or increase their fraud risk exposure.

After students learn the basics regarding the various asset misappropriation and corruption frauds, including how they are committed, the footprints they leave behind, how they can be concealed, and the processes and controls that can reduce the risk of the fraud occurring, students are assigned in teams of three to four students to visit area companies to conduct a fraud risk assessment. They prepare a written report of their findings. In addition, students return to the company to present an oral report to management regarding their findings and observations.

The project allows the students to apply their knowledge of the various types of asset misappropriation and corruption frauds to a real-life environment and identify strengths that deter the risk of fraud and risks that expose organizations to fraud losses.

## Pedagogical Considerations

This project is suitable for upper division courses in the accounting curriculum, most notably fraud examination, forensic accounting or auditing courses. In addition, the project would be well suited for the graduate level. As a prerequisite to the assignment, students must possess a basic understanding of certain occupational frauds, particularly asset misappropriations and corruption schemes. Students must understand how these frauds are committed and have a sufficient knowledge of accounting processes and controls to assess strengths and weaknesses related to fraud deterrence and detection for these fraud schemes.

The project typically requires fifteen to twenty hours of student time to complete. Accordingly, it is a substantial assignment that must be given appropriate weighting in terms of grades; the author has used weights of between five and ten percent of the course grade for this project.

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Several considerations help drive the assignment of students to teams. First and foremost, student schedules play a key role in forming teams. The volunteer companies may be close to campus or may require a certain amount of travel. Accordingly, the author obtains student schedules and groups students based upon availability. For example, certain students may have no classes or work scheduled on Tuesday/Thursday mornings. These students would be grouped into a team. Students with the largest blocks of 'free time' can be assigned to the companies the furthest distance from campus.

Secondly, various assessment resources can be used to ensure that the teams have an element of diversity in terms of skills and background.

**It All Begins with Volunteer Companies**

The most challenging and suspenseful part of this project is tracking down companies and organizations willing to volunteer to participate in this project. Participating costs the volunteer companies time. They may not perceive that the benefits will justify their time. They may believe, particularly if they already undergo audits, that their systems are just fine.

While companies may believe that they are 'just fine', experience has proven otherwise. Students have performed fraud risk assessments at manufacturers, not-for-profits, service organizations, construction companies and other types of organizations. The majority of these organizations have been private companies. In addition, students have performed reviews of various auxiliary organizations of their colleges. While findings have varied considerably based on the size and nature of the organizations, several common findings emerged, including:

- Inadequate segregation of duties, exposing organizations to elevated fraud risks
- Inadequate oversight of critical functions by top management/owners
- Failure to raise an appropriate 'perception of detection'
- Failure to monitor critical business activity

Several resources can aid in locating companies willing to participate in this project, namely:

- Reviewing personal business contacts and calling them asking if their companies are interested in participating or if they know of other companies who could be contacted
- Contacting area CPA firms and asking them to consider promoting this project with their clients
- Reviewing the Chamber of Commerce listings for area communities to 'cold call'
- Obtaining lists of area not-for-profit organizations and contacting their executive directors
- Referrals from prior volunteer organizations

**Instructions and Guidelines for the Volunteer Companies**

Over the years, in answering a myriad of questions from potential volunteer companies, it has become clear that setting out expectations up front results in smoother projects and happier students and companies. Appendix A contains the memo sent to potential volunteer organizations after initial discussions about the possibility of their participation in this project. The memo outlines the project, deliverables, and time requirements; the memo also contains background reading.

**Confidentiality Agreement**

Many organizations that participate in the project are concerned that detailed information about their companies could leak to outsiders. Hence, the students and professor should sign a confidentiality agreement, which some organizations may choose to modify, particularly those organizations with standard non-disclosure agreements. The form of the confidentiality agreement is included in Appendix A to this paper.

In addition, students must understand the importance of confidentiality: they can tell no one the identity of the company for whom they are conducting this project, nor provide enough salient details to allow

someone to deduce for whom the review was occurring. In addition, findings may only be communicated to the professor and the client.

## Instructions and Guidelines for the Students

This project focuses on asset misappropriation and corruption frauds and does not address financial statement frauds.

It is most effective to introduce this project over several classes. Over these class periods, students are taught the following vital points:

- Be prepared
- Develop a list of questions beforehand (in this case, familiarize yourself with the content of the Fraud Risk Assessment Questionnaire)[1]
- Anticipate the respondent's attitude toward the interview
- Remember—the interviewees are doing you a favor by answering your questions; in response, be prepared and use their time wisely
- Provide a context: explain to the respondent how the desired information will be used and why it is important
- Listen carefully
  - A response may trigger another question
    - Please, do not be afraid to ask questions when you do not understand
  - Repeat in your own words what you have heard to confirm your understanding
- Take careful notes
- The primary questioner should take minimal notes—the role of the others is to take detailed notes and ask follow-on questions that may not occur to the lead questioner
- Make smooth transitions to new topics
- Leave an opening for follow-up questions

Students are advised to split the Fraud Risk Assessment Questionnaire responsibilities among their team. All students need to participate in all interviews: one has the primary lead responsibility for asking certain sets of questions; the others are to take notes and ask follow-on questions that seem vital, but are not asked by the lead interviewer. Roles rotate as the students work their way through the questionnaire.

## Report Drafting

The content of the report ultimately determines its overall value, but the how one says what one says drives the perception of value. Thus, one-third of the grade depends essentially upon grammar and writing style and two-thirds on substance. The author emphasizes to her students the importance of strong writing skills. One class period is devoted to both an exercise in passive versus active language and an exercise in editing a poorly constructed and poorly organized fraud project narrative to create a more professional presentation.

General Guidelines:

- Outline first, write second
- Be specific—when it comes to fraud, you are the knowledgeable one
  - For example, instead of saying, "You should segregate Sue's duties"
    - **Say**
  - "We recommend that you, as the owner, approve all new vendors and sign checks"
- Be clear. Read it cold
- Use terminology correctly. For example, we pay vendors and we sell to customers
- Consider including a table of contents

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[1] A copy of the Fraud Risk Assessment Questionnaire is available from the author.

- Begin your report with an executive summary
    - Which you cannot write until the body is done
- Typically it works well to start with the strengths, and then discuss opportunities for improvement
    - You can either take each area (like payroll, purchasing, expense reports), and for each, first discuss strengths and then weaknesses
    - Or you can go through all strengths and then all weaknesses
- Grammar and style really matter
    - Use active voice
        - Passive verbs: am, are, is, was, were, be, been
        - Read your draft, highlight all the passive verbs, and then go back and rewrite your sentences
    - Each paragraph should have unity focus on a single subject
    - Use strong topic sentences
    - Read your draft out loud. You will find (before I have to) sentence fragments, awkward sentences, and some grammar mistakes
    - Pay attention to comma use, verb tense, and all the other good grammar habits

In every report, students include this disclaimer paragraph:

> As students, we provided our best efforts to assist your organization in assessing risks of fraud. However, we cannot provide assurance that we may have missed or misinterpreted significant fraud risks. Accordingly, we do not provide any opinion or assertion or provide any assurance as to the adequacy or sufficiency of your fraud risk controls. In addition, we based the results of our work, which follows, on the scope and accuracy of information provided to us and the results of our limited inquiries and observations related to the fraud risk assessment process.

They also include a standard appendix describing the major types of frauds and certain deterrence and detection steps.[2]

**Project Timelines and Deadlines**

Clients all have different schedules and different busy periods. Hence, the various student groups invariably start their projects at different dates. Thus, setting the same timeline and deadlines for each group is not effective. The fraud projects work best with a three-week timeline. The following timeline is included in student instructions:

The date of your final client interview starts a three week countdown:

1. Week one: the writing process begins—the day after you conclude your client interviews
   a. You have four calendar days to draft a report and provide it to me
   b. I will have three days to review the draft and provide my comments
2. Week two: time for editing and refinements
   a. Contact the client to schedule your report delivery
   b. Using my comments and suggestions:
      i. Follow up with your client on questions that require more data or analysis. You may want to combine this with scheduling the day of your report delivery
      ii. Revise and improve your draft
   c. Send me a second draft within three days of receiving my comments
   d. In two days (or less) I will return your second draft

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[2] Appendix 2 to this paper includes this standard report appendix.

     e.    Over the next two days, wrap up any remaining questions and get my final approval of the report

     f.    In the meantime, prepare a PowerPoint or bullet-point handout for the client presentation. Provide a draft for me to review

3.   Week three: report delivery

     a.    Send both the final report and your PowerPoint or bullet-point handout to your client in advance of your presentation

     b.    Deliver the report in person (coordinate this date with me as I will attend as well)

**Concluding Comments**

Every organization is different: some possess a myriad of weaknesses, allowing students to come up with a number of potentially cost-saving recommendations. Others turn out to be fairly well controlled. Both provide excellent educational opportunities for the students. Applying fraud knowledge to real world settings—and being comfortable asking questions, which in turn leads to answering questions from 'clients' regarding various fraud risks—requires students to be well-prepared and thoroughly understand asset misappropriation and corruption frauds.

In grading the resulting reports, one cannot look at the number of suggestions raised. Rather, the quality of the student analysis and their ability to properly deduce whether the client has good controls or gaping weaknesses becomes most important.

**Appendix A: Memo Provided to Potential Volunteer Companies**

*Student Project*

*Fraud Risk Assessment—a Focus on the Deterrence of Fraud*

**Background**

Our institution offers a course entitled Fraud Examination. The purpose of the course is to educate students about the common types of occupational fraud, including asset misappropriations and corruption. Occupational fraud refers to frauds perpetrated by individuals who use their position within a company to execute a fraud, and excludes frauds committed by outsiders such as customers and strangers.

Within the course, we emphasize the importance of deterring the risk of fraud. No organization can totally prevent frauds, but if organizations pay attention to fraud risks and evaluate their procedures and controls to address these risks, they may avoid financially and emotionally painful fraud experiences.

To help the students relate the course concepts to the 'real-world' we seek out companies who will allow our students to carry out a fraud risk assessment.

**Project Description**

The students will hone a fraud risk assessment questionnaire as part of their course homework that addresses many asset misappropriation and corruption fraud risks. (Note: the students will not address financial statement fraud risks as part of this project.) Appendix A[3] to this memo contains a summary of asset misappropriation and corruption frauds based on the Association of Certified Fraud Examiners fraud taxonomy.

Should you participate in the project, a team of three or four students will interview the individuals in your company that you decide are appropriate about:

- General fraud risk deterrents, such as codes of conduct, fraud training and awareness, hotlines, etc.
- Procedures to deter risks of the theft of cash and other assets, including:
  - Larceny, misuse, and skimming
  - Billing schemes, such as fraudulent or inflated invoices from shell or pass through companies
  - Expense reimbursement schemes
  - Payroll schemes, such as ghost employees, inflated wages
  - Check tampering—which refers to fraudulent attempts to convert your own checks into proceeds for the fraudster
- Procedures to deter risks of loss due to corruption, including:
  - Kickbacks from vendors and contractors, either in anticipation of business (bribe) or in recognition of business (gratuity)
  - Violation of bid solicitation procedures
  - Conflicts of interest

You may decide that certain of these risks are minimal for your organization. For example, in a family-owned business, the risk of ghost employees on the payroll or inappropriate wages/bonuses may be well controlled due to the nature of the company. Accordingly, feel free to tell the students that certain areas of the assessment may be omitted.

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[3] See Appendix 2 to this paper.

After reviewing this list, we will leave it to your judgment to decide who within your organization to include in the student-led interviews.

Please allow approximately four to six hours of time for the students to be on-site completing the questionnaire and gathering any necessary data. Given their class schedules, they may need to spread this time over two visits. They will return for about one hour to deliver their report.

**Deliverables**

The students will write a report, which they will first present to me, discussing:

- The aspects of your business that serve as good deterrents to fraud
- The aspects of your business and processes that could be enhanced to reduce the risk of fraud, including suggestions for improvement and/or for monitoring controls

Once I have reviewed their reports and they've addressed my comments, they will return to present:

- Their final report
- The copy of their final fraud risk assessment questionnaire that you may keep and use in the future (Note: as each student group finishes their project, they will be contributing improvements to the questionnaire. Accordingly, the students want to give you the best and final product they develop)
- A short summary of each of the fraud risks in Appendix 1 which describes the fraud and a few selected red flags that may indicate such a fraud is occurring

**Confidentiality**

Each student group and I as the instructor will sign a confidentiality agreement regarding the information we learn and gather during this project. The form of agreement I suggest is as follows, although if you have specific requirements, we can address them.

Students:

Confidentiality and Record Retention. The individuals below promise that any confidential information received from your organization during this project shall only be used for the purposes of conducting this fraud risk assessment. Except for presenting a report to our professor, for purposes of review and grading, we will not disclose your confidential information to any third party without your written consent. We will also return all documents we receive from you during this project concurrently with the delivery of our report.

Professor:

Confidentiality and Record Retention. I will review the students' work and selected documents they have obtained for purposes of review and grading. I will not disclose your confidential information to any third party without your written consent.

**Limitations of Project**

This project is being conducted by students who will provide their best efforts to assist your organization in assessing risks of fraud, however, there can be no assurance that important information, including significant fraud risks, may be missed or misinterpreted.

As a result, the students will not provide any opinion or assertion or provide any assurance as to the adequacy or sufficiency of fraud risk controls. In addition, the results of their work will depend upon the scope and accuracy of information provided to them and the results of their limited inquiries and observations related to the fraud risk assessment process.

They are thankful to you for considering this opportunity to bring the course material to life in the real world.

**How to Prepare for the Students' Visit, Should You Choose to Participate:**

Identify the individuals within your company that you believe should be part of the interview process.

If you have a corporate code of conduct, any fraud policies, hotline materials or other documents you believe would be helpful for the students to read, please assemble copies of them. The students will return all such documents along with their final report.

If you want to do some background reading before the CSB/SJU student team arrives for their visit, you may find one or both of the following documents interesting:

- The Association of Certified Fraud Examiner's 2014 Report to the Nations. This report summarizes the feedback of the Association members' responses to a fraud survey and provides some interesting and startling facts about occupational fraud and its impact on organizations. See http://www.acfe.com/rttn.aspx.
- PwC's 2014 Global Economic Crime Survey. Whereas the ACFE surveyed fraud examiners, PwC surveyed companies—over 5,000 companies in more than seventy-five countries. See http://www.pwc.com/gx/en/economic-crime-survey/index.jhtml.

Many of the findings are consistent—but each survey has its own unique areas of focus.

**Appendix B: Report Standard Appendix: Descriptions of Selected Fraud Schemes, Deterrence, and Detection Steps**

**Portion of the Association of Certified Fraud Examiners' Fraud and Abuse Classification System: Brief Descriptions of these Types of Frauds**
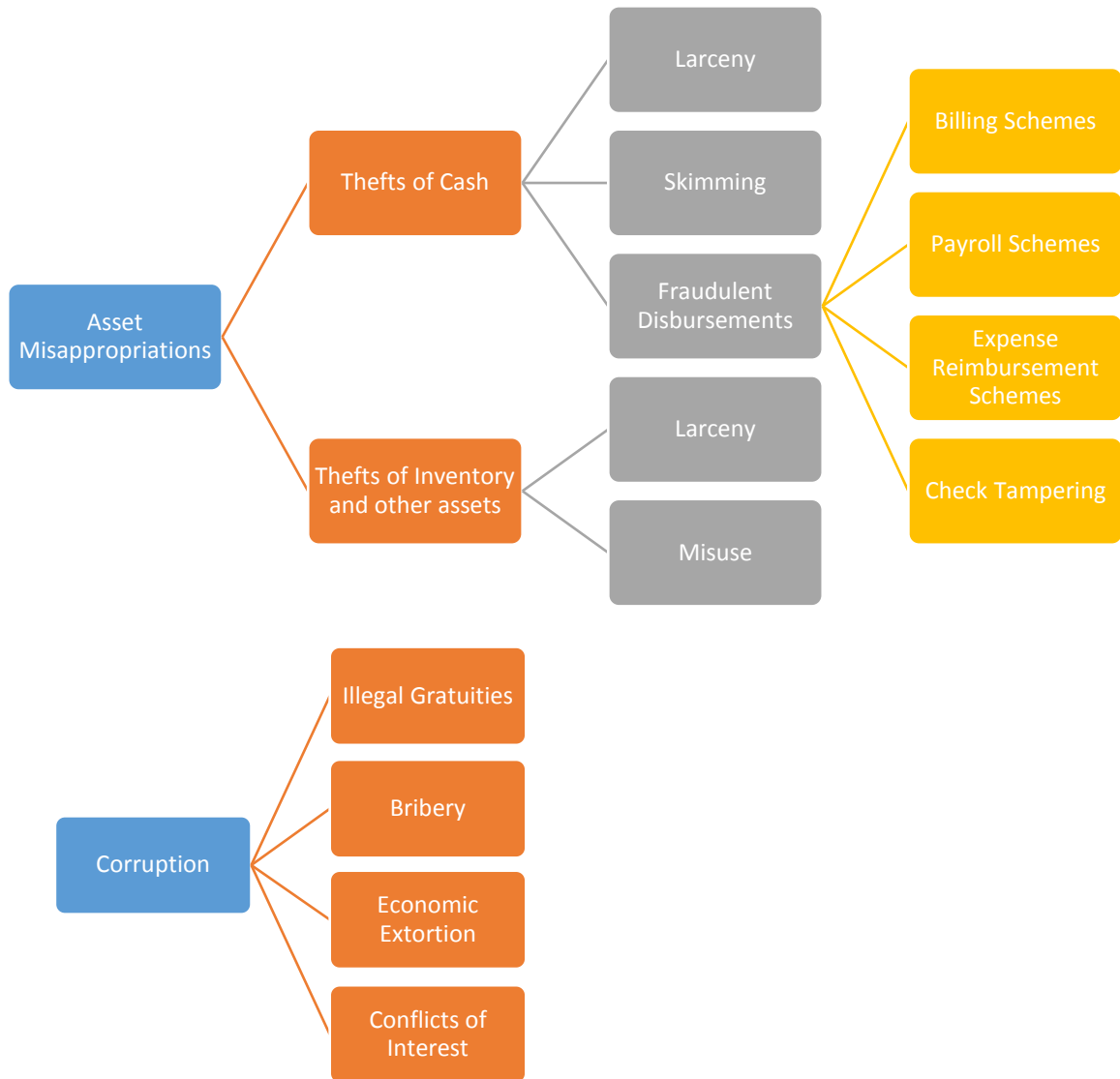


## Asset Misappropriations

### *Larceny and Skimming*

Larceny occurs when a fraudster steals assets from an organization after the cash receipt has been entered into the accounting records.  This type of fraud falls into two main categories: cash and other assets.

Cash larceny schemes could occur anywhere cash is touched within the organization. The best deterrence method is to properly segregate the duties of employees who have access to the accounting records from those who have access to cash.

Most non-cash asset schemes involve the theft of inventory, but these schemes also can include other non-cash assets such as equipment or supplies. Like cash larceny, the best method of deterrence is to segregate the duties of employees who have access to the accounting records from those who have direct access to the physical inventory and other assets. In addition, it is important to periodically compare recorded levels of assets with physical counts of those assets.

In skimming frauds, employees steel cash from the organization before any entries are made to the accounting records, making it harder to detect. Skimming frauds are more common in retail organizations; other business with a significant amount of cash sales face exposure as well.

Skimming is harder to detect; accordingly, reviewing sales and margin trends, clustering registers, and providing close supervision are good deterrent and detection techniques.

### Misuse of Inventory and Other Assets

Misuse is the unauthorized use of company assets by employees for personal purposes. Misuse often occurs with company vehicles, computers, and other office supplies. Management must create clear policies regarding the use of company assets, often through the code of conduct. In addition, it is important to monitor asset usage, such as through review of mileage logs, productivity records, GPS tracing and other means considered necessary.

### Fraudulent Disbursements: Billing Schemes

There are three types of billing schemes: shell companies, non-accomplice vendors, and personal purchases. Shell companies are fictitious entities created and used solely for the purpose of committing fraud. The fraudster submits fraudulent invoices from the shell company and gets the company to pay the invoice. A red flag pointing to shell companies would be their addresses being only a post office box or mail drop, or a company with the same address as current employees. Large budget overruns and gradually increasing service costs serve as additional red flags. Fraudsters often target service expenses since the company has no asset, such as inventory or fixed assets, to count or verify for these transactions.

Ways to deter against shell companies include having good segregation of duties, thorough and independent review of invoices and supporting documentation prior to payment, and strong controls over the ability to make changes to the approved vendor list. Finally, companies should implement periodic review of vendor activity, including purchasing trends and patterns of invoice purchase dates and amounts to help detect potential shell company fraud.

The non-accomplice vendor scheme uses legitimate vendors. The fraudster overpays a 'real' invoice or pays an invoice twice. When the honest vendor calls the company to inquire how to return the overpayment, the fraudsters directs the vendors to send a check for overpayment to their attention, or the fraudster intercepts the check and pockets it for themselves. A red flag for non-accomplice vendors are having duplicate invoice entries in accounts payable and purchasing detail.

Some ways to deter this type of fraud scheme are to have separate duties of purchases, authorizing, and distributing payments. In addition, mail room personnel should open mail and log all checks received. Searches of purchasing records for duplicate invoice numbers and increasing patterns of purchases from particular vendors may aid in detecting this type of fraud.

Personal purchases frauds involve employees buying items for personal use from vendors and charging it to the company. Reviewing invoices is one way to detect this type of scheme. An increase in purchases for a particular vendor may be another red flag for personal purchase schemes. To deter this scheme, match purchase orders, invoices, and receiving reports, as applicable; require original receipts and documents; and review and question charges on company credit cards.

### *Fraudulent Disbursements: Payroll Schemes*

There are three categories of payroll schemes: ghost employees, falsified hours and salary, and commission schemes. A ghost employee is someone drawing a paycheck who does not actually work for the company. Red flags include employees without social security numbers or duplicate social security numbers in the payroll system, employees with no deductions on their pay checks for withholding taxes or insurance, or employees who lack phone numbers and/or addresses in the payroll records. In addition, budget overruns regarding payroll expenses could present another red flag.

Falsified hours and salary schemes present various red flags including manually prepared or altered timecards, forged supervisor signatures, rubber stamp supervisors and poor custody procedures over time records. Commission schemes are somewhat similar in nature, and the frauds entail either falsifying the amount of sales made, the commission rate, or both. Signs that this fraud may be occurring include unexplained increases in salary and commission expenses, an unusual increase in commission expense as a percentage of total sales, an individual employee with a significant increase in compensation compared to other employees, and an employee with significantly higher uncollected sales than other employees.

Deterrence of payroll schemes depends upon strong segregation of duties in the payroll area. Detection of payroll schemes occurs when management performs careful reviews of payroll activity and budget variances.

### *Fraudulent Disbursements: Expense Reimbursement Schemes*

Expense reimbursement schemes occur when an employee claims reimbursements for false or overstated business expenses. There are a variety of expense reimbursement schemes that include: mischaracterized expense reimbursements, overstated expense reimbursements, fictitious expense reimbursement, and multiple reimbursements.

Mischaracterized expense reimbursements occur when an employee claims reimbursements that do not fall under business expenses or activities. These schemes include claiming reimbursements for personal miles on a company vehicle, personal travel instead of business related, or claiming family or friends on business related meals. Red flags associated with this type of fraud include mismatched dates of claimed expenses to work schedules and heightened travel and entertainment expense compared to previous periods.

Overstating expenses occurs, as the name implies, when employees overstate the costs of actual business expenses. This may occur if employees alter receipts to make the expense higher or possibly over-purchase business items. Red flags associated with overstating expenses are similar to those of mischaracterized expenses: travel and other expenses will be higher than previous years. It is also helpful to compare expenses between employees to search for consistently higher amounts of reimbursements. Altered copies of receipts may also be possible fraud indicators.

Fictitious expense reimbursement schemes occur when employees claim reimbursements for made up business expenses. This type of scheme typically involves the employee producing fictitious receipts, obtaining blank receipts from vendors, or possibly claiming the expenses of others as their own business expense. One red flag associated with fictitious expenses include employee claims for reimbursements for items paid for in cash, especially high dollar items. A fraudster typically does this to eliminate a paper trail for the expense. Expenses that are consistently rounded off with a "5" or "0" or "9", claims for expenses that are consistently the same amount, reimbursements that fall just under or at the authorized limit, receipts from the same restaurant that are consecutively numbered, or any receipts that lack information or look unprofessional are also red flags.

Multiple reimbursement schemes occur when an employee claims reimbursement for a single business expense more than once. The fraudster in this case will typically seek multiple reimbursements from various individuals or departments. Red flags associated with this fraud are similar to overstating and

multiple reimbursements expense frauds above. Recent increases in travel and entertainment expenses may be possible fraud. In addition, claims for reimbursements that are older than sixty days may indicate multiple reimbursements.

Detection of these types of frauds depends upon careful monitoring of potential red flags noted above. In addition, the required use of a company credit card can enhance controls in this area.

### *Fraudulent Disbursements: Check Tampering*

Check tampering is a form of fraudulent disbursement that involves company checks that are either intercepted within the organization that are meant for a third party (i.e., vendors) or prepared for the perpetrator from the organization's account for the benefit of the perpetrator. Red flags include inconsistencies in check sequence numbers (duplicates or gaps in the sequence), unmatched check amounts with invoices, a lack of segregation of duties between the preparation and signing of checks, items on the bank reconciliation that do not match accounting records, and apparent changes made to checks. An important control in check tampering, in addition to a careful bank reconciliation, includes reviewing cashed checks for unusual or potentially forged signatures; reviewing endorsements of checks for unusual items; and comparing payee and other information on the checks to the accounting records.

## Corruption

### *Bribery*

This fraud activity occurs most frequently in the purchasing and bidding department. The definition of bribery is the receiving, offering, or giving something of value in order to influence decisions. Bribery often comes in the form of kickbacks from a vendor to an employee, which can include gifts, cash, entertainment, travel, and other items. Some red flags for kickbacks are a decline in gross margins, price inflation for projects and products, and a decrease in product quality.

Employees can also participate in bid rigging schemes in which the employee will design the bidding system to give an advantage to a specific vendor. This can be achieved in the pre-solicitation phase, the solicitation phase, or the submission phase. Examples include pooling the desired vendor with other subprime vendors, allowing certain vendors to submit late bids, and informing a specific vendor of what the other bids were. One way to detect this is to analyze successful bids for vendor patterns. This form of bribery is more likely to occur when only one person is in charge of the bidding process for a company.

Deterrence of these types of frauds often depends upon the company having and enforcing a strict code of conduct with respect to gifts from vendors.

### *Economic Extortion*

This form of corruption is similar to bribery except in this case the employee approaches the vendor to demand something of value in exchange for increased business. Red flags are similar to those of bribery frauds.

### *Conflict of Interest*

Conflict of interest occurs when an employee has either an economic or personal interest in a vendor or customer and uses their power in the company to direct business towards them. This can also include selling products to customers at reduced prices. This can hurt company through lost revenues due to discounted selling prices or increased costs of goods and services. One red flag arises when certain vendors or customers will insist on dealing with only certain employees within the company.

All companies should require employees to annually disclose conflicts of interest that they may have with customers or vendors.

### *Illegal Gratuities*

This type of fraud entails giving a reward in response to the outcome in favor of a business decision. While illegal gratuities occur after a bid or order has been accepted, they can easily lead to bribery situations as well. Red flags include unusual behaviors within a purchasing department, tips, increased prices of product being purchased, and other similar signs.

Monitoring of purchasing activity for unusual trends become important detection and deterrence controls.

**Appendix C: Grading Rubric**

The content of the report ultimately determines its overall value, but the how one says what one says drives the perception of value. Thus, one-third of the grade depends essentially upon grammar and writing style and two-thirds on substance.

Student teams generally need to do various amounts of 'rework' from draft 1 of their report to draft 2. Accordingly, to emphasize the importance of learning from the advice of others, a substantial portion of the 'substance' portion of the grade is allocated to the quality of the edits they make.

| Fraud Examination | Team: | | | | |
|---|---|---|---|---|---|
| **Fraud Project** | | | | | |
| **Grading Rubric** | | | | | |
| | | | | **Points** | **Points** |
| **Dimension** | **Strong** | **Basic** | **Weak** | **Possible** | **Earned** |
| Client's processes, controls, etc. are properly and clearly described | Report clearly described the client's processes, controls, assignment of duties and other factors that influence (good or bad) the client's risks from occupational fraud. Reader can understand the risk environment and would draw similar conclusions. | Report raises some questions about the client's processes, controls, assignment of duties and other factors that influence (good or bad) the client's risks from occupational fraud. It becomes more difficult to evaluate fraud risks. | Report generates confusion regarding the client's processes, controls, assignment of duties and other factors that influence (good or bad) the client's risks from occupational fraud. | **30** | |
| *Comments* | | | | | |
| Your team properly identified strengths and areas for improvement | While each organization will be vastly different in terms of their risk and strength profiles, the report does an excellent job of highlighting the top areas of the client's fraud deterrence practices and appropriately identifies areas for improvement. The instructor makes no suggestions of fraud risks or fraud deterrence strengths that were omitted in your analyses. | While each organization will be vastly different in terms of their risk and strength profiles, the report does a good job of highlighting the top areas of the client's fraud deterrence practices and appropriately identifies areas for improvement. The instructor makes a number of suggestions of fraud risks or fraud deterrence strengths that were omitted in your analyses. | While each organization will be vastly different in terms of their risk and strength profiles, the report does omits a number of fraud risks or fraud deterrence strengths. | **30** | |
| *Comments* | | | | | |
| Recommendations for improvement are sound, appropriate and complete. You have given the client what they need to begin implementing improvements | Recommendations within the report are appropriate in the circumstances to reduce the client's potential exposure to fraud. Team identified particularly cost-effective solutions. The recommendations are easy to understand and the initial path to implementing the recommendations is clear to someone without a strong fraud deterrence background. | Recommendations within the report are somewhat appropriate in the circumstances to reduce the client's potential exposure to fraud. The recommendations need certain enhancements to make them understandable. | Recommendations within the report are either missing or not appropriate in the circumstances to reduce the client's potential exposure to fraud. The recommendations need a number of enhancements to make them understandable. | **25** | |
| *Comments* | | | | | |
| Comments from draft 1 are appropriately addressed in draft 2 | Team carefully reviewed the instructor's comments, edits and questions and promptly and accurately made all necessary changes in the report. Team reached out, as necessary, to the client to gain additional information and to the instructor to clarify any confusion on the part of the team with respect to instructor comments. | Team did a good job of addressing the instructor's comments, edits and questions and promptly and accurately made most of the necessary changes in the report. Team reached out, as necessary, to the client to gain additional information and to the instructor to clarify any confusion on the part of the team with respect to instructor comments. | Team did an inadequate job of addressing the instructor's comments, edits and questions. | **30** | |
| *Comments* | | | | | |
| Document is persuasive and well-organized | Document is well organized, easy to follow, and convincing. Document uses you viewpoint: considers all relevant information, discusses both pros and cons of situation. Document manages emphasis, avoids rubber stamps, uses familiar words, has proper tone and uses jargon appropriately. Document has a proper format and professional appearance. | Most of the document is well organized and fairly easy to follow, although there are areas which could be improved. Document has a professional appearance for the most part, with perhaps 1 or 2 modifications to appearance needed. | Document is very poorly organized and difficult to follow. Appearance of document is very unprofessional | **15** | |
| *Comments* | | | | | |
| Style and flow of writing contributes to a strong product | Document is very easy to read giving the document rhythm. Sentences and paragraphs are seamlessly connected. Document has variety in sentence structure. Document uses connectors, transition words, and key phrases with clarity. Document uses a parallel structure (grammatically parallel) when doing lists. Document quotes correctly. Document uses graphic illustrations (tables, figures) correctly and effectively. | Sentences are strung together in a fairly organized manner. However, few connectors, transition words, or key phrases are used, causing the document to be somewhat choppy. Some variation is used but document is a bit boring or dull. Document has mistakes when using quotations and/or graphic illustrations. | Document has no flow at all. Document is very choppy and thoughts are not connected. Document does not use sentence variety, parallel structure, connectors, transitions, key phrases, and/or quotes correctly. | **15** | |
| *Comments* | | | | | |
| Clarity of writing is enhanced via proper grammar | Document has no grammatical or spelling errors. Document primarily uses active voice. Document uses correct punctuation for commas, colons, and semi-colons. | Document has a few grammatical errors, spelling errors, and/or punctuation errors. | Document has many grammatical errors, spelling errors, and/or punctuation errors. | **30** | |
| **Total Points** | | | | **175** | **0** |

## References

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