PROPOSAL

GRADUATE CERTIFICATE IN
FORENSIC ACCOUNTING
&
FRAUD INVESTIGATION

TO BE OFFERED AT
PURDUE UNIVERSITY CALUMET

Proposal Received in the Graduate School
October 2008

Final Revisions Received in the Graduate School
(including four course proposals)
April 2010
Title:  Graduate Certificate in Forensic Accounting and Fraud Investigation

Level of Certificate:  Masters

I. OVERVIEW

This is a proposal by the School of Management for a graduate level, academic credit certificate in Forensic Accounting and Fraud Investigation. U.S. organizations lose an estimated seven percent of their annual revenues to fraud, according to a survey of Certified Fraud Examiners who investigated cases between January 2006 and February 2008. The Association of Certified Fraud Examiners (ACFE) published the results of the survey in its highly-anticipated 2008 Report to the Nation on Occupational Fraud & Abuse.

According to the Occupational Handbook Outlook, 2008-2009 Edition, opportunities (for accountants and auditors) will be best for jobseekers who have a master’s degree, obtain certification or licensure…. Some public accountants specialize in forensic accounting—investigating and interpreting white-collar crimes such as securities fraud and embezzlement, bankruptcies and contract disputes, and other complex and possibly criminal financial transactions, including money laundering by organized criminals. Forensic accountants combine their knowledge of accounting and finance with law and investigative techniques to determine whether an activity is illegal. Many forensic accountants work closely with law enforcement personnel and lawyers during investigations and often appear as expert witnesses during trials.

For Certified Fraud Examiners (CFEs), having the “gold standard” of fraud examination credentials translates to earning, on average, nearly 22 percent more in salary than their non-certified colleagues, according to new research conducted by professional research firm Industry Insights, Inc. for the ACFE.

The research is published in the ACFE’s 2008 Compensation Guide for Anti-Fraud Professionals and is based on the survey responses of more than 3,000 ACFE members in May through June 2008. The report allows anti-fraud professionals to easily compare their compensation levels and benefits with those of their peers.

Results of the study reinforce the global stature of the CFE as the foremost credential for professionals whose job duties involve the detection, prevention and/or deterrence of fraud in any capacity. A recent study by Robert Half International, a leading specialist in financial staffing, identified the CFE as “in-demand” and listed it as one of the most
marketable credentials today, while executive search firm A.E. Feldman recently referred to the CFE as the “gold standard” in the area of fraud.

The Association of Certified Fraud Examiners offers the Certified Fraud Examiner (CFE) designation for forensic or public accountants involved in fraud prevention, detection, deterrence, and investigation. To obtain the designation, individuals must have a bachelor’s degree, 2 years of relevant experience, pass a four-part examination, and abide by a code of professional ethics. Related work experience may be substituted for the educational requirement.

The CFE adds value for auditing and accounting professionals. Among respondents who are external auditors, CFEs earn a median salary 27.6 percent higher than non-CFEs, while internal auditors who are CFEs earn a median salary 18.3 percent higher than non-CFEs. Among respondents whose job function is CPA, CA or equivalent, those who also are CFEs earn a median salary 25.1 percent higher than non-CFEs.

The following benchmarking data is compiled from 959 cases of occupational fraud that were investigated between January 2006 and February 2008. When applied to the projected 2008 United States Gross National Product, the seven percent figure translates to approximately $994 billion in fraud losses. The Report also found that:

- Fraud schemes tend to be extremely costly. The median loss caused by the occupational frauds in this study was $175,000. More than one-quarter of frauds involved losses of at least $1 million.
- Schemes frequently continue for years before they are detected. The typical fraud in our study lasted two years from the time it began until the time it was caught by the victim organization.
- Frauds were most often committed by the accounting department or upper management, and most fraudsters were first-time offenders. Only seven percent of fraud perpetrators in the study had prior convictions and only 12 percent had been previously terminated by an employer for fraud-related conduct.
- Occupational frauds are much more likely to be detected by a tip than by audits, controls or other means.
- Small businesses are especially vulnerable to occupational fraud.
- Seventy-eight percent of victim organizations modified their anti-fraud controls after discovering that they had been defrauded.

The Report also details findings such as how organizations were impacted based upon industry, how the implementation of anti-fraud controls affected exposure to fraud, and the most common behavioral traits observed among fraud perpetrators.

In an effort to fight fraud on a global front, the field of Forensic Accounting has emerged as a key profession in combating financial abuse. Forensic accountants are trained to understand how and why occupational fraud is occurring, how it can be deterred, how to detect fraud, and how the allegations of fraud should be professionally investigated and resolved. In addition to employing forensic accountants to combat corporate corruption and other financial crimes Homeland Security employs forensic
accountants to assist in the ongoing efforts to fight global terrorism. Particularly of interest, Purdue’s Homeland Security Institute (PHSI) has a handful of courses within the Computer Information Systems and Computer Technology Programs aimed at combating computer crimes through the use of computer/cyber forensics.

Forensic accountants are currently in great demand, with the public need for honesty, fairness and transparency in reporting increasing exponentially. These forensic accountants need accounting, finance, law, investigative and research skills to identify, interpret, communicate and prevent fraud. As more and more companies look for forensic accountants and professional organizations offer certifications in the area, it is becoming evident that the forensic accountant has a skill set that is very different from an auditor or a financial accountant. Universities must therefore be prepared to train such accountants to meet future needs of the profession. Among other initiatives, the American Institute of CPAs (AICPA) has teamed with the Association of Certified Fraud Examiners to encourage colleges and universities to develop financial fraud examination programs.

The School of Management has recognized the demand for trained forensic accountants and is willing to meet that challenge. Because of the widespread growth in white-collar crime and the increased use of the computer to perpetrate these crimes, the time is “ripe” to establish a Fraud Institute within the School of Management. This is one stepping stone toward placing Purdue Calumet’s University in the unique position of being one of the only universities – if not the only - in the area that provides a multi-course graduate certificate program of this nature within easy commuting distance of Chicago. This program also has the potential of increasing revenues for the University. Case in point, Southern New Hampshire University was successful in procuring a $600,000 government grant to develop its program.

II. ADMISSION REQUIREMENTS:

Applicants for specific graduate degrees must apply for graduate study via the online application available at www.gradschool.purdue.edu/admissions/. Students currently admitted to a degree program are eligible to earn a certificate and such students may complete the certificate whether it is in their field of study or not.

Applicants should apply preferably four months, but no later than one month, prior to the semester of desired admission. International student application deadlines are June 1 for the fall semester, October 1 for the spring semester, and March 1 for the summer semester.

All applications are first evaluated by a departmental committee at Purdue Calumet. If advanced for admission, the application is submitted to the Graduate School in West Lafayette for final processing and approval.

General Admission Requirements:

1. A bachelor's degree from an accredited college or university.
2. Graduation index of 3.0 (B) on a 4.0 scale.
3. Other requirements, as detailed by individual departments and schools.
4. Academic ability for graduate work.
5. A Minimum TOEFL score of 550 or higher on the paper-based test, 213 or higher on the computer-based test, or 77 or higher on the Internet-based test (iBT) for applicants whose native language is not English, with the possibility of allowing exceptions, including substitution of alternative criteria. Applicants who take the TOEFL iBT must achieve the following minimum test scores, in addition to the overall required score of at least 77: reading 19; listening, 14; speaking, 18; and writing, 18. Applicants taking the IELTS must score at least 6.5 on the Academic Module.

Applicants must submit:

1. A completed online application.
2. Three letters of recommendation.
3. Two official transcripts of all previous college and university course work completed.
4. A $55.00 application fee payable online by credit card or check sent US Mail – see online details.

Further information can be found at the Graduate School's web site.

Program Admission Requirements

1. Admission requires an undergraduate degree from an accredited university and a graduate index of 3.0/4.0.

2. Applications from students whose undergraduate degree major is not accounting will be required to take MGMT 60000: Financial Accounting.

Transfer of Credit
Transfer credits in general are not accepted. In exceptional cases, however, graduate credits not exceeding six hours may be transferred into the program. Exceptional cases are individually considered by the Graduate Committee. Transfer credits are allowed only after one semester of satisfactory work in residence at Purdue University. The minimum grade for transfer credits is a B.

III. COMPLETION REQUIREMENTS
The total hours to complete the certificate is 12 – 15 credit hours depending upon the student’s preparation. MGMT 60000 will be required for only those students without a background in accounting.

Students will complete the five courses using actual and simulated case material. Students will be required to employ actual investigative tasks and report their findings.
The proposed courses are as follows:

**MGMT 60000  FINANCIAL ACCOUNTING**

Uses of accounting and financial information by non-accounting executives in business decisions. Basic concepts underlying the preparation of financial and cost information will be examined. With this knowledge, students will be better qualified to interpret and analyze accounting information as presented in financial statements.

**MGMT 515000  FRAUD INVESTIGATION**

Types of fraud, documents, sources of evidence, and analysis of internal and external fraud schemes with an emphasis on the skills needed to identify and investigate fraud.

**MGMT 51700  FRAUD DATA ANALYSIS**

Computer-aided analysis techniques for detecting and investigating fraud cases, issues related to the collective use of digital evidence and the collection of data from electronic devices.

**MGMT 51800  CRIMINOLOGY AND LEGAL ISSUES**

Sociological and psychological theories of criminal behavior, rules of evidence, laws, the rights of the accused under investigation, interrogation and interviewing methods, report writing, and ethics as these topics relate to forensic accounting.

**MGMT 51900  ADVANCED FRAUD INVESTIGATION**

Major fraud case investigation with an emphasis on forensic and litigation support aspects, including presentations in a mock court setting.

**CAPSTONE EXPERIENCE**: The proposed course MGMT 51900: Advanced Fraud Investigation includes an integrative approach using a handful of case studies over the course of the final semester. Students would be required to integrate and draw upon the knowledge and skills they developed throughout the program. This will provide students with experience in performing complex investigative tasks. Students will be expected to analyze real world data to determine whether or not fraud has occurred. Finally, students will testify to their findings in a mock trial setting whereby forensic accountants and fraud investigators will mentor the students in preparation for the mock trial. Trial judges and attorneys will serve as the mock trial judges.
IV. ADMINISTRATION

To certify completion of the certificate program requirements, the Director of Graduate Studies in Management and the Coordinator of the Graduate Certificate in Forensic Accounting and Fraud Investigation will:

1. Evaluate progress of all students enrolled in the certificate program annually.
2. The Office of the Registrar will establish a special admittance status to facilitate tracking of students who are enrolled in the certificate program.
3. Forward the names of post-graduate students who have met the certification requirements to the Graduate School upon completion of the certificate requirements. The Graduate School will notify the Office of the Registrar when the students complete the requirements for the certificate.
4. The School of Management will disseminate completion certificates received from the Registrar.
5. Students who have completed the requirements for the certificate will be awarded the certificate jointly by the Calumet School of Management and the Purdue University Graduate School and will read as follows:

GRADUATE CERTIFICATE
COLLEGE: Graduate School
CAMPUS: Calumet
MAJOR: Management
SPECIALIZATION: Forensic Accounting and Fraud Investigation

Academic credit earned toward a certificate will be included in the computation of the overall GPA posted on the student’s academic transcript.

6. All certificates will be printed by the Office of the Registrar and will share a common format and style as approved by the Graduate School.
7. Certificates will be awarded jointly by the Calumet School of Management and the Purdue University Graduate School. Certificates will bear the signature of the dean of the Calumet School of Management and the dean of the Purdue University Graduate School, and will be awarded upon completion of the requirements at the end of the semester.

The Purdue University Calumet School of Management will submit an annual report to the Graduate Council with the following information:

A. Number of students currently admitted to the certificate program.
B. The date each student was admitted, whether or not student is also currently admitted to a degree program at Purdue University Calumet School of
Management and if so which degree program, and number of credits completed toward fulfillment of certificate requirements.

C. Number of certificates awarded annually.

The Office of the Registrar will assist in the generation of this information.