

# ACCOUNTING EDUCATORS AND PRACTITIONERS' PERSPECTIVES ON FRAUD AND FORENSIC TOPICS IN THE ACCOUNTING CURRICULUM

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## ABSTRACT

*This study surveyed 500 accounting educators and 500 practitioners on their perceptions regarding the relative importance of fraud and forensic topics to include in the accounting curriculum. Twenty-one topics were selected to assist students in preventing, investigating and detecting financial statement fraud. Responses were received from 303 respondents (30.3% response rate). The responses are ranked based on the mean scores using a five-point Likert scale ranging from "1" unimportant to "5" very important. Overall, the results show that a majority of business schools do not offer a separate course or program in fraud or forensic accounting which validates the purpose of this study. In addition, there is a general agreement between both groups on the relative importance of the topics with internal control selected as the number one topic. However, the results of the partitioned sample (educators versus practitioners) identified nine significant differences between the two groups, which could be attributable to job-related experience. The results of this study can assist educators and administrators in the selection process of fraud related topics to include in the accounting curriculum.*

Keywords: Accounting curriculum; fraud education; forensic accounting; fraud examination

## INTRODUCTION

Preventing and detecting fraud in organizations continue to be problematic for the accounting profession based on the number of reported fraud cases and statistics. It is estimated that a typical organization loses five percent of its annual revenue to fraud; therefore, organizations in the United States lose approximately \$994 billion to fraud each year (ACEF, 2010) and based on the 2011 Gross World Product (GWP) this translates to a potential fraud loss of more than \$3.5 trillion (ACEF, 2012). Given the magnitude of fraud problems and the frequency to which auditors are associated with fraud; one might expect that most accounting curricula would include fraud training. However, this is not the case (Peterson, 2003, 263). As a

result, investors, regulators and other stakeholders are concerned with the failure of accountants to detect fraud in organizations. Consequently, business schools have received much of the blame for the lack of education and training of accountants to detect fraud. Albrecht et al. (2009) noted three failures by educators that contributed to the large number of financial statement frauds during the years 2000-2002. First, educators had not provided sufficient ethics training to students, therefore many students were not equipped to deal with ethical dilemmas. Second, educators were not teaching students about fraud; therefore, the majority of students do not understand the elements of fraud, perceived pressures and opportunities<sup>1</sup>. A third educator failure is the way accounting and business students are taught. Effective accounting education must focus less on teaching content as an end unto itself and instead use content as a context for helping students develop analytical skills.

Many business schools have responded by redesigning the accounting curriculum to include fraud courses and programs to help prevent and detect fraud (Fletcher, Higgins, Mooney, and Buckhoff 2008). However, the results of a study by Meier, Ravindra, and Yihong (2010) show that AACSB accredited schools have been slow in adopting programs and courses in forensic accounting and fraud examination. Due to financial constraints, many business schools may not be able to add new courses or programs to the accounting curriculum. Thus, implementing fraud and forensic topics into existing courses maybe the only solution for many business schools. The purpose of this paper is to assist educators and administrators in selecting the most relevant fraud and forensic topics to include in the accounting curriculum. We surveyed 500 accounting educators and 500 accounting practitioners on their perceptions regarding fraud and forensic topics to include in the accounting curriculum. After reviewing the relevant accounting literature along with forensic and fraud textbooks, we selected 21 topics to include in the curriculum to help students prevent and detect financial statement fraud. The responses were scored on a five-point Likert scale ranging from a score of "1" indicating unimportant to a score of "5" indicating very important. The results from the both the full and partitioned samples show that both groups selected internal control as the number topic. The partitioned sample between educators and practitioners identified nine significant differences in the mean scores. Overall, the results show that both groups perceived the coverage of fraud and forensic topics in the accounting curriculum to be very important. The results of this study can assist educators and administrators in the selection process of fraud and forensic topics to include in the accounting curriculum.

The remainder of the paper is organized as follows. The next section provides a discussion of relevant literature. The third section discusses the methodology used to gather and analyze the data. The fourth section provides a discussion of the results. The final section includes the summary and conclusion along with limitations and opportunities for future research.

## BACKGROUND

The numerous high profile financial statement frauds (e.g., Enron, WorldCom, Global Crossing) during the years from 2000-2002 has changed society's perception of the accounting profession. Teaching fraud and forensic accounting to business students to mitigate fraud is a great concern to many in our society. As a result, the accounting profession, government, and academics and other stakeholders are aggressively addressing the issues related to fraud.

### Standards and Regulations on Fraud Education

Fraud has been addressed by several organizations prior to the numerous high profile fraud cases mentioned above. For example, in an effort to address fraudulent financial reporting, the National Commission on Fraudulent Financial Reporting (NCFRR) discussed the parties responsible for detecting fraudulent financial reporting. Internal auditors and independent auditors along with management were identified as key players in detecting fraud (Treadway, 1986). Similarly, in its final report, the NCFRR (1987) recommended that throughout the business and accounting curricula, educators should foster an understanding of the factors that may cause fraudulent financial reporting. In addition, it noted that rigorous and thorough academic preparation will assist students in gaining leadership employment and help them face the challenge of preventing, detecting, and deterring fraudulent financial reporting more successfully. Furthermore, the Accounting Education Change Commission (AECC, 1990) noted that accounting programs have not kept pace with the changes in the accounting profession. Therefore, teaching fraud and forensic accounting will enable students to acquire the necessary knowledge, skills and abilities to combat fraud in today's accounting profession.

In addition to the above, several standards and regulations have addressed fraud. One of the first standards to address fraud was Statement on Auditing Standard (SAS) No. 53, The Auditor's Responsibility to Detect and Report Errors and Irregularities (AICPA, 1988). Subsequently, the Auditing Standards Board (ASB) issued Statement on Auditing Standard (SAS) No. 82, Consideration of Fraud in a Financial Statement Audit (AICPA, 1997), which was updated with the issuance of SAS No. 99, Consideration of Fraud in Financial Statement Audit: A Revision of Statement on Auditing Standard No. 82 (AICPA, 2002). The main purpose of SAS. No. 99 was to provide further guidelines for auditors to identify and reduce fraud in financial statement audits. Congress also responded to the fraud with the passage of the Sarbanes Oxley Act 2002 (SOX), which created the Public Company Accounting Oversight Board (PCAOB) to bring more accountability to public companies and to deter the increase in fraudulent financial statements. Soon after the Bernie Madoff's Ponzi scheme in 2010, the Securities and Exchange Commission (SEC) made many reforms, which include improving fraud detection procedures for examiners and improving internal controls procedures (SEC 2010).

One of the first major steps in fighting fraud within an organization is the establishment of a strong internal control system. The strengthen the procedures for testing of the internal

control systems by auditors, the ASB issued Statement on Auditing Standard (SAS) No. 78, Consideration of Internal Control in a Financial Statement Audit (AICPA, 1995). Later, internal control was also addressed by Section 404 of SOX and the Public Company Accounting Oversight Board (PCAOB) in its Report on Implementing Auditing Standard No. 2, An Audit of Internal Control over Financial Reporting Performed in Conjunction with an Audit of Financial Statements (PCAOB 2005). The report specifically addresses internal control as a major part of the audit that should be evaluated and reported on by auditors with the ultimate purpose of the preventing and detecting fraud in financial statements.

### **Empirical Studies on Fraud Education**

In response to the large number of financial statement fraud cases and criticism, some business schools have responded by adopting courses and programs in fraud and forensic accounting. Many educational models have been developed which include fraud and forensics in the accounting curriculum. Fletcher et al. (2008) discuss how Georgia Southern University achieved national distinction by creating a comprehensive ten-course forensic accounting curriculum that can prepare students to become fraud examiners and forensic accountants<sup>2</sup>. Kranacher, Morris, Pearson, and Riley (2008) explain how the National Institute of Justice developed a model curriculum for fraud and forensic accounting education. Also, Fleming et al. (2008) discusses the challenges West Virginia University faced with their multi-course fraud and forensic accounting program. The school received \$614,000 from the National Institute of Justice to support the research and development efforts to build the program. This is an indication of how expensive it can be to develop a model curriculum in fraud and forensic accounting.

Some studies examine the necessary skills students will need to effectively mitigate fraud. For instance, DiGabriele (2008) investigates the relevant skills of forensic accountants from the perspectives of forensic accounting practitioners, accounting academics, and users of forensic accounting services. The author's results indicate that new graduates need to move away from a narrow approach and apply a more holistic technique with nine competency skills that include critical thinking, investigative flexibility, analytical proficiency and specific legal knowledge. Pearson and Singleton (2008) model entailed fraud and forensic accounting in digital environment to provide students with knowledge and skills on how the IT system is used to commit fraud. In addition to the necessary skills listed above, the authors assert that accounting education has traditionally included little forensic or fraud-related content, although the tangible impact of fraud arises in the accounting, finance, and IT side of business enterprise. In addition, they feel that accounting educators have fallen out of step with the practicing business community in some respects by not adapting the curriculum to match businesses increasing reliance on IT.

Other studies have assessed the benefits of adding courses or topics in forensic in conjunction with the ones offered in fraud. For example, Curtis (2008) asserts that the objective

of forensic accounting is to develop and present evidence establishing the commission of the act and the identity of the perpetrator and students must be aware of the essential elements of each crime, i.e., the prohibited conduct (*actus reus*) and state of mind of the perpetrator (*mens rea*). Also, the issue for accounting educators is not whether criminology should be included in the curriculum, but how and how much. In addition to the above study, Carpenter et al. (2011) empirically examines the incremental benefits of a forensic accounting course on skepticism and fraud-related judgments using 37 students enrolled in a Masters of Accounting program. The students were given a case and asked to provide a risk assessment on bad debt expense at three different time frames (the first day of class, the last day of class and seven months after completing the course). The results show that students at the end of the semester had a higher risk assessment than students on the first day of class. Furthermore, to examine the persistence of the training effect, post-training (end of semester) results were compared to follow-up (seven months after completing the course) results and no significant difference was found in the level of risk assessment. This implies that students are retaining the knowledge.

Some authors argue that the way students learn is very important. For instance, Lenard and Alam (2009) assert that the method by which students study is important and that students should study fraud the way they study history. Crumbley (2010) provides guidance on how to implement mock trials in class to provide students with practical experience. The students participate by playing the role of different parties (jury, prosecutor, etc.) involved in a trial and argue facts concerning a real fraud case. Teaching fraud and forensic accounting to all accounting majors will enhance the skills of future accounting graduates to investigate and detect fraud in organizations. The objective this paper is to assist colleges and universities in choosing the relevant fraud and forensic accounting topics to include in the accounting curriculum.

## RESEARCH METHOD

The present study used a survey questionnaire to obtain the perspectives of accounting educators and practitioners on the relative importance of fraud topics to include in the accounting curriculum.

### Survey Questionnaire

We developed and pre-tested the survey questionnaire by sending it for review and comments to a sample of 15 accounting professors and 15 accounting practitioners. Minor revisions were incorporated and we generated a final version of the questionnaire based upon the comments received from both groups. We excluded pre-tested data from the reported results. Based on a review of relevant research (ACFE, 2010; Pearson and Singleton 2008) and fraud and forensic textbooks (Albrecht, Albrecht, Albrecht, and Zimbelman, 2009; Crumbley, Heitger, and Smith 2009) we selected 21 fraud and forensic topics for the survey questionnaire. Also, a

second part of the questionnaire gather data from educators on whether fraud examination was a taught as a separate course and at what level (undergraduate or graduate). The last part of the instrument requested demographic information to assist in analyzing the results.

### Data Gathering Techniques

We mailed the survey instrument to a random sample of 500 CPAs and 500 accounting educators obtained from two major sources. The mailing list of CPAs was obtained from the American Institute of Certified Accountants (AICPA) and the mailing list of educators was obtained from the 2008 -2009 Hasselback Accounting Faculty Directory. The respondents were asked to rate the importance of the 21 fraud and forensic topics on a five-point Likert scale, ranging from a score of 1 indicating "unimportant" to a score of 5 indicating "very important". The 21 topics selected were not an exhaustive list of all topics relating to fraud and forensic accounting. In an effort to increase the response rate, a follow-up letter was sent two weeks after the first mailing to non-respondents. Table 1 shows a total of 303 usable surveys, representing a 30.3 percent response rate. A test of non-response bias was conducted between early (first mailing) and late respondents (second mailing). The results indicate that non-response bias is not a concern for this sample.

	Educators	Practitioners	Total
Total mail outs	500	500	1000
Usable Responses	173	130	303
Response Rates	34.6%	26.0%	30.3%

## RESULTS

### Demographics of the Respondents

Table 2 presents a full demographic profile of the respondents. The data for the educators consist of responses from 125 AACSB-accredited schools and 48 non-AACSB-accredited schools. Seventy-four schools (42.77%) indicate that the accounting program is separately accredited. Also, the results show that 118 (68.2%) educators have obtained the rank of associate professor or higher and 135 (78%) have over ten years of teaching experience and 94 percent has a CPA along with other certifications (CPA, CMA, CFE, CIA, etc.). Similar to the educators, 111 (84.5%) of the practitioners have over 10 years of work experience and 121 (93.1%) work in public accounting. In addition, 100 percent hold a CPA certification along with other credentials. This is not surprising since they are all members of the AICPA.

<b>Table 2: Demographics of Surveyed Respondents</b>		
<b>Panel A: Educators</b>		
<b>Faculty rank:</b>	<b>Frequency</b>	<b>Percent</b>
Professor	67	38.7
Associate professor	51	29.5
Assistant professor	44	25.4
Instructor/Lecturer	<u>11</u>	<u>7.3</u>
Total	173	100.0
<b>Years in higher education</b>		
Less than 5	5	2.9
5-10	33	19.1
11-15	29	16.7
Over 15	<u>106</u>	<u>61.3</u>
Total	173	100.0
<b>Professional certifications</b>		
CPA	163	94.2
CMA	27	15.6
CFE	21	12.1
CIA	20	11.6
Other	<u>18</u>	<u>10.4</u>
<b>Total is n/a *</b>		
<b>AACSB Accreditation: Business school</b>		
Yes	131	75.7
No	<u>42</u>	<u>24.3</u>
Total	173	100.0
<b>Separate accounting program</b>		
Yes	74	42.7
No	<u>99</u>	<u>57.3</u>
Total	173	100.0
<b>Panel B: Practitioners</b>		
<b>Employment area:</b>	<b>Frequency</b>	<b>Percent</b>
Public accounting	121	93.1
Private industry	4	3.1
Government	1	0.7
Other	<u>4</u>	<u>3.1</u>
Total	130	100.0
<b>Years in profession:</b>		
Less than 5	6	4.6
5-10	13	10.0
11-15	10	7.7
Over 15	<u>101</u>	<u>77.7</u>
Total	130	100.0
<b>Professional certifications:</b>		
CPA	130	100.0
CMA	2	1.5

<b>Table 2: Demographics of Surveyed Respondents</b>		
CFE	4	3.1
CIA	1	0.8
Other	<u>19</u>	<u>14.6</u>
Total is n/a *		

Note: \* A total is not applicable since many respondents hold multiple certifications

## Results of the Full Sample

In this study, accounting educators and practitioners are asked to rate the relative importance of 21 selected fraud and forensic topics to include in the accounting curriculum. Table 3 summarizes the mean scores and ranks of the topics which are scored on a five-point Likert scale ranging from “1” unimportant to “5” very important. The results show that 12 of 21 topics have a mean score above four on a five point Likert scale, which is an indication of educators and practitioners’ perceived importance of the topics in the accounting curriculum. It is not surprising that internal control is the selected as the number one topic (mean score of 4.60) since standard setters, regulators and others place much emphasis on the importance of a strong internal control system to prevent and mitigate fraud within organizations. Furthermore, internal control is considered one of the first steps in deterring fraud within an organization. Theoretically, fraud is less likely to occur in organizations with a strong internal control system in place versus one with a weak internal control system. Likewise, perpetrators of fraud may look for weaknesses in the internal control system as an opportunity to commit fraud. Therefore, it is imperative for accounting students to have a thorough understanding of how to evaluate an internal control system to prevent and detect fraud in the workplace.

The remaining topics have also received a considerable amount of attention, especially a much discussed topic like ethical issues, which ranks five on the list with a mean of 4.37. In a complete moral environment, unethical behavior such as fraud would not be a problem; however, this is not the case. In the 2012 ACFE Report to the Nation, accountants are listed as people society entrust to investigate, prevent and detect fraud and are most likely to be perpetrators of fraud. Therefore, studying ethics is important because it helps students become aware of ethical dilemmas they might encounter in the workplace. The majority of the top ranked topics include topics to help detect and recognize fraud. The two lowest ranked topics on the list are forensic litigation and civil litigation, which are very important topics that involve actual or anticipated disputes.



<b>Table 3: Full Sample (n =303)</b>		
<b>Mean Scores and Ranks of Topics</b>		
<b>Topics</b>	<b>Rank</b>	<b>Mean</b>
Internal control	1	4.60
Elements of fraud	2	4.49
Fraudulent financial statements	3	4.44
Fraud risk factors	4	4.43
Ethical issues	5	4.37
Prevention/deterrence	6	4.32
Fraud symptoms	7	4.29
Fraud detection	8	4.25
Fraud schemes	9	4.18
Case Studies	10	4.15
Asset misappropriation	11	4.13
Computer/Internet schemes	12	4.08
Investigative methods	13	3.92
Legal environment	14	3.85
Interviewing skills	15	3.64
Corruption	16	3.50
Criminology	17	3.44
Fraud remediation	18	3.34
Report writing	19	3.31
Forensic litigation services	20	3.00
Civil litigation services	21	2.67

### Results of the Partitioned Sample

A t-test was conducted to determine whether there exist significant differences in the mean scores between educators and practitioners. Similar to the full sample, Table 4 shows that both groups selected internal control as the number one topic. Although the mean scores and ranks are similar for the majority of topics, the results did identify nine significant differences between the two groups. Faculty scored higher on the elements of fraud (4.57), fraud risk factors (4.54), ethical issues (4.49), prevention/deterrence (4.39), legal environment (3.94) and practitioners scored higher on computer/internet schemes (4.19), corruption (3.62), report writing (3.51) and forensic litigation (3.15). A plausible explanation for the differences found may be attributable to different job experience by both groups.

As Table 5 shows, we further examine the data by partitioning the sample into AACSB versus non-AACSB accredited institutions. Business schools with an AACSB accreditation status is often perceived to be of higher quality in terms of faculty, curricula, and programs versus schools without AACSB accreditation. As indicated in panel A of Table 5, no significant differences were found between educators at AACSB versus non-AACSB institutions regarding how and at what level fraud is taught. Overall, the results show that AACSB and non AACSB schools have little differences in terms of fraud education. The results show that fraud

examination is not being taught at a slight majority of the institutions, AACSB (56.5%) and non-AACSB (62.5%). Considering the above results, our study should be of great value to accounting educators and administrators in selecting the most relevant fraud and forensic topics to integrate into other accounting courses in the accounting curriculum.

**TABLE 4: Partitioned Sample  
Mean Score and Rank of Topics**

Topics	Faculty (n=173) Rank (mean)	CPAs (n=130) Rank (mean)	p-value
Internal control	1 (4.62)	1 (4.57)	.479
Elements of fraud	2 (4.57)	3 (4.38)	.015**
Fraudulent financial statements	5 (4.46)	2 (4.42)	.633
Fraud risk factors	3 (4.54)	4 (4.27)	.001***
Ethical issues	4 (4.49)	7 (4.21)	.007***
Prevention/deterrence	6 (4.39)	5 (4.22)	.046**
Fraud symptoms	7 (4.34)	6 (4.22)	.187
Fraud detection	8 (4.26)	8 (4.24)	.825
Fraud schemes	9 (4.19)	9 (4.18)	.893
Case Studies	10 (4.13)	10 (4.17)	.713
Asset misappropriation	11 (4.13)	12 (4.12)	.857
Computer/Internet schemes	12 (3.99)	11 (4.19)	.042**
Investigative methods	14 (3.91)	13 (3.93)	.845
Legal environment	13 (3.94)	14 (3.74)	.061*
Interviewing skills	15 (3.61)	15 (3.68)	.602
Corruption	16 (3.40)	16 (3.62)	.066*
Criminology	17 (3.42)	18 (3.46)	.756
Fraud remediation	18 (3.27)	19 (3.43)	.186
Report writing	19 (3.16)	17 (3.51)	.007***
Forensic litigation services	20 (2.88)	20 (3.15)	.022**
Civil litigation services	21 (2.60)	21 (2.77)	.152

Notes: For ratings, 1 = not important to 5 = very important.  
\*, \*\*, \*\*\* significant at p <.10, <.05, <.01, respectively

Panel B of Table 5, concerns the level at which a basic course in fraud examination is being taught. The results indicate that it is being taught at both AACSB and non-AACSB schools at the undergraduate and graduate levels. For AACSB institutions, 34 percent of the respondents indicate that fraud is being taught more at the graduate level, while 19 percent indicate that it is being taught at the undergraduate level. However, we find opposite results for non-AACSB institutions, whereby 18 percent indicate that fraud is being taught at the graduate level and 33 percent indicate that fraud is being taught at the undergraduate level. Consistent with findings by Meier et al (2010), our results show that many colleges and universities have yet to integrate a basic course, such as fraud examination into the accounting curriculum. Therefore, integrating fraud and forensic topics in the accounting curriculum will help increase the knowledge and

skills of 21<sup>st</sup> Century accounting graduates to prevent, investigate and detect fraud in organizations. Overall, the results from this study can assist educators, administrators and others in selecting some of the most relevant fraud topics to integrate into the accounting curriculum via separate course or in existing courses.

<b>Table 5: AACSB versus Non-AACSB Institutions</b>		
	<b>AACSB</b>	<b>Non-AACSB</b>
	(n=131)	(n=42)
<b>Panel A: Question</b>		
Is your school currently teaching a separate course in fraud examination?		
Responses		
1. Yes	43.5%	37.5%
2. No	56.5%	62.5%
Total	100.0%	100.0%
<b>Panel B: Question</b>		
At what level is fraud examination being taught?		
Responses		
1. Undergraduate	19.0%	33.0%
2. Graduate	34.0%	18.0%
Total		
Note: * A total is not applicable since many schools may or may not teach fraud education		

## SUMMARY AND CONCLUSION

This study presents the surveyed results of educators and practitioners concerning the relative importance of fraud and forensic topics to be covered in the accounting curriculum. The overall results of the full sample show a general consensus between educators and practitioners concerning the topics with internal control selected as the number one topic with a mean score of 4.60. Thus, selecting internal control as the number topic is not surprising considering the fact that one of the first steps in combating fraud is the establishment of a strong internal control system. Half of the remaining topics had a mean score equal to four points or higher on a five-point Likert scale. This indicates that educators and practitioners perceived them the topics to be very important to the accounting curriculum. The results from the partitioned sample (educators versus practitioners) identified nine significant differences between the two groups which may be attributable to job-related tasks and experience. The results show that the mean scores for educators are higher on the following topics: elements of fraud (4.57), fraud risk factors (4.54), ethical issues (4.49), prevention/deterrence (4.39) and legal environment (3.94), while the mean scores for practitioners are higher on the following topics: computer/internet schemes (4.19), corruption (3.62), report writing (3.51) and forensic litigation (3.15). Although, educators and

practitioners are in the accounting profession, the type of work can affect the perception of the relative importance of fraud and forensic topics.

We also partitioned the sample of educators into AACSB accredited versus non-AACSB accredited institutions and found that less than half of the AACSB and non-AACSB schools do not offer a separate course in fraud examination. Furthermore, respondents from AACSB accredited institutions indicate that they teach a course in fraud examination more at the graduate level versus undergraduate, which is almost a mirror image of the results found for the respondents at nonAACSB institutions. Since all students are not likely to attend graduate school, it is important that fraud and forensic be introduced at the undergraduate level regardless of the school's accreditation status. Furthermore, all business schools should at the least integrate fraud and forensic topics the accounting curriculum. The results of this study may provide valuable guidance to educators and administrators in the selection process of fraud and forensic topics to include in the accounting curriculum.

We would like to note two limitations to our study. First, the results of the study are based on a responses obtained from a survey questionnaire, which may be limited by the subjectivity of the professors who teach accounting and the practitioners who practice in the accounting profession. Second, this study includes only 21 selected topics to assist students in developing the necessary skills and knowledge to prevent, investigate and detect financial statement fraud. Therefore, the 21 topics are not exhaustive of all topics related to fraud and forensic accounting. The inclusion of additional topics to the list may generate a different selection order of the topics.

Future research relating to fraud and forensic accounting can explore the effectiveness of introducing students to fraud and forensic accounting topics in the curriculum via seminars/webinars versus a traditional classroom setting. Also, since fraud is a world problem, future research could examine fraud education across different countries. Conducting a study on the knowledge, skills and experience of accounts across borders might shed some light on new ways to teach and integrate fraud into the accounting curriculum.

## ENDNOTES

<sup>1</sup> The "Fraud Triangle" developed by Dr. Donald Cressey, states that three key factors must be present for a person to commit fraud: (1) perceived pressure, (2) perceived opportunity, and (3) rationalization

<sup>2</sup> Joseph T. Wells, CPA, CFE, is founder and chairman of the Association of Certified Fraud Examiners explains the difference between a fraud examiner and a forensic accountant. In reality, a fraud examiner and a forensic accountant perform different but related jobs. A forensic accountant actively seeks to investigate and detect fraud in organizations and can include fraud, bankruptcy, valuation and other professional services. Fraud examiners are thought of as financial detectives and are called upon once a forensic accountant has suspected fraud. Fraud examiners conduct fraud examinations to gain further

evidence based on the forensic accountant's findings to either prove or disprove that fraud has occurred by an individual or company (Wells 2003).

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