

# Providing an Applied-Learning Exercise in Teaching Fraud Detection: A Case of Academic Partnering with IRS Criminal Investigation

Daniel R. Brickner, Lois S. Mahoney, and Stephen J. Moore

**ABSTRACT:** This paper describes the Internal Revenue Service Criminal Investigation's (IRS CI's) "Adrian Project." Through a partnership with a college or university and IRS CI, the Adrian Project provides an applied-learning exercise that enables accounting majors to apply their classroom learning by solving hypothetical financial tax fraud crimes. This interactive exercise organizes students into small working teams with oversight and teaching points provided by an assigned "coach," who is an IRS CI special agent. Using pre- and post- questionnaires, we find that students report significant improvement in the development of fraud detection skills and abilities related to: (1) gathering, organizing, and evaluating evidence; (2) employing various investigative tools to identify evidence of fraud; (3) conducting interviews for evidence-gathering purposes; and (4) communication. These skills and abilities are not only essential in fraud detection, but many of them are also invaluable to all accounting students regardless of their chosen career path.

**Keywords:** applied learning; fraud detection; forensic accounting.

## INTRODUCTION

Fraud prevention and detection are receiving increased focus and emphasis, both throughout society and in the business and accounting academic communities. Recent high-profile business and accounting scandals, money laundering schemes, and concerns related to identity theft have brought these topics to the forefront in many arenas. Such events have led to an increased demand for accounting professionals to provide specialized fraud and forensic services in fields such as tax, law, criminology, sociology, psychology, intelligence, computer forensics, and other forensic sciences (Kranacher et al. 2008).

In an endeavor to improve fraud and forensic accounting education in response to these societal and professional trends and demands, the National Institute of Justice (NIJ) recently

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*Daniel R. Brickner is a Professor and Lois S. Mahoney is an Associate Professor, both at Eastern Michigan University. Stephen J. Moore is a Public Information Officer at the Internal Revenue Service.*

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published *Education and Training in Fraud and Forensic Accounting: A Guide for Educational Institutions, Stakeholder Organizations, Faculty, and Students* (ETFFA Guide; NIJ 2007). This ETFFA Guide was developed by numerous fraud experts across the United States and provides accounting educators with a model educational curriculum in the fraud and forensic accounting areas. Among the guidance provided is the identification of specific knowledge, skills, and abilities that those providing fraud and forensic accounting services should possess (NIJ 2007).

It is incumbent upon accounting educators to prepare their students for the demands and expectations that they will confront upon commencing their professional careers, and focusing on skill development and employing active learning strategies is a common refrain in recent years (see Albrecht and Sack [2000] and AAHE [1998] for examples). Given the current societal and professional expectations related to fraud and forensic accounting, accounting educators now have a responsibility to develop students' knowledge, skills, and abilities in these specific areas and must evaluate how they can best incorporate these objectives into their curricula.

The ETFFA Guide states that in order to acquire skills related to fraud and forensic accounting, "the student must be actively engaged in solving problems, completing exercises, and analyzing case material. A single integrative case or professional experience (e.g., internship) can hone many of the recommended skills" (NIJ 2007, 18). Numerous schools have responded to the educational demands described above by offering classes and/or programs in fraud and forensic accounting (see Curtis [2008], Kresse [2008], Fleming et al. [2008], and Young [2008] for examples).<sup>1</sup>

This paper describes an educational endeavor related to fraud education and forensic accounting that is both an applied-learning and integrative exercise—participation in the Internal Revenue Service Criminal Investigation's (IRS CI) "Adrian Project." This exercise, which was developed in 2002 by the IRS CI's Detroit office in coordination with the accounting department at Adrian College (Michigan), requires students to work in small teams to solve fraudulent financial crimes based on hypothetical scenarios. Some of these investigations include business owners skimming funds from their company, a bar owner who keeps two sets of books, a multi-filer tax scheme, and a drug trafficker. Each team of students is assigned a current or retired IRS Special Agent to coach them and provide learning points during the entire exercise; yet, it is up to the students, working as "Honorary Agents," to follow the paper trail and expose the fraud.

In this paper, we identify specific fraud and forensic accounting skills and abilities that the ETFFA Guide states students should possess that we believe are also part of the students' learning experience through participation in the Adrian Project.<sup>2</sup> We then measure students' self-reported development of these skills and abilities through the use of pre- and post-survey instruments. The results indicate that students reported significant increases in skills and abilities related to a criminal fraud investigation in the areas of: (1) gathering, organizing, and evaluating evidence; (2) employing various investigative tools to identify evidence of fraud (i.e., tax evasion); (3) conducting interviews for evidence-gathering purposes; and (4) communication. Additionally, numerous students reported on their post survey that they thoroughly enjoyed participating in this exercise, indicating that participation in the Adrian Project can be both a valuable and fun learning experience for students.

Besides the positive outcomes for student participants, there are also benefits for colleges and universities that partner with IRS CI in the Adrian Project. Some of these include providing a

<sup>1</sup> In November 2008 *Issues in Accounting Education* published a special issue on education in fraud, forensic accounting, and financial crimes. It provides information and examples for schools that are considering offering a course, concentration, or major in forensic accounting.

<sup>2</sup> These skills and abilities were described in the "Asset Misappropriation, Corruption, False Representations, and Other Fraud Acts" section of the ETFFA Guide (NIJ 2007, 26–29).

distinctive and applied educational opportunity for students, helping promote accounting as a major that offers unique and stimulating career opportunities, and creating positive publicity for the college or university in the local community.

This paper provides an overall description of the IRS CI's Adrian Project, with particular emphasis on measuring the development of students' skills and abilities related to fraud and forensic accounting through their participation in the exercise. In the next section we provide an overview of the Adrian Project, describing some of the fraud scenarios encountered by the student participants and explaining their roles and responsibilities to "crack" the cases. The following section discusses the roles and responsibilities for a college or university that hosts the exercise and identifies how it can be brought to other schools. The next section describes some of the anticipated outcomes and benefits for both students and host schools that participate in the project, and provides the results related to student participants' completed pre- and post- surveys. That section also provides a sampling of student and faculty feedback related to the exercise. The final section concludes the paper.

### **PROJECT OVERVIEW AND DESCRIPTIONS OF THE FRAUD SCENARIOS**

The goal of the IRS CI in developing and conducting the Adrian Project is to pique student interest in the world of tax fraud criminal investigation by giving students a glimpse of it through an applied-learning exercise. The exercise is typically conducted during an entire Friday afternoon, even though an average real investigation can last up to (over) 18 months. Depending upon the number of students, five to 12 teams of up to five "honorary agents" are created and assigned an IRS CI coach. Currently, eight original fraud scenarios are available, requiring the doubling-up of scenarios for larger numbers of student groups.

The afternoon begins with an "all hands" meeting in which the students receive a briefing into IRS CI and the job and responsibilities of a special agent. One of the purposes of the briefing is to get the honorary agents to think like a financial fraud investigator and to emphasize the concept that they must ask questions in order to receive the information they seek. At this point the students are organized into their teams and introduced to their coach. After a short list of rules, the "all hands" briefing is adjourned and the teams, along with their coaches, report to an assigned homeroom to begin their exercise. The coach's main role is to provide teaching points and act as a mentor throughout. Other IRS CI agents act as informants, witnesses, and judges for the students to talk to in order to gather information and evidence, or even obtain a search warrant. They also provide available hardcopy information that is requested by the students such as tax returns, W-2 forms, and public information. Thus, the scenario investigation outcomes are unique each time they are conducted, as they will vary based on the students' abilities and the nature of their inquiries as well as the personal experiences from which each individual coach draws.

The scenarios used in the exercise are primarily based on actual investigations, and therefore, the inventory of scenarios continues to grow. The students' investigations may start with an anonymous informant, a meeting with a narcotics officer, or a bag of garbage seized from the home of an alleged tax evader. Under the guidance of their coach, students select the next steps in gathering evidence, usually taking them to role-playing witnesses. The student teams utilize many of the investigative tools available to federal law enforcement officers, including the use of undercover operations, surveillances, subpoenas, and search warrants.<sup>3</sup>

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<sup>3</sup> Most accountants do not use undercover operations, surveillances, subpoenas, and search warrants unless they work in law enforcement, such as IRS CI or a related area. The IRS CI coaches warn Adrian Project participants about the physical dangers associated with employing these tools and the importance of having proper authorization, training, and

After the teams have concluded their investigations, all the honorary agents meet again at the end of the afternoon for another “all hands” briefing. Each team presents a summary of its investigation to the entire group, describing their evidence-gathering and decision-making processes and revealing the investigative outcome of the case.<sup>4</sup> After each presentation, the group’s coach provides an evaluation of the team’s performance. Following is a brief description of five commonly used scenarios.

### **Abusive Return Preparers**

At the start of this scenario, student agents meet with an informant who alleges that a local return preparer is inflating charitable contributions on tax returns. Through the students’ investigative inquiries, which include checking IRS databases, tax returns, Law Enforcement Information Networks, and other records, they discuss the use of other law enforcement investigative tools that could lead to securing valuable evidence. Three students are selected to act as undercover agents and utilize a technique referred to as “shopping” the abusive return preparer. With fictitious identities and other records in hand, these undercover students will meet with the abusive return preparer to gather evidence to determine if a crime has allegedly been committed. A hidden camera is placed in the room so the other students and coach can watch the operation unfold. After a thorough debriefing, the student agents present their probable cause to a magistrate to get a search warrant for the business. After convincing a magistrate of their probable cause, the student agents execute a search warrant at the business location, seizing evidence of a tax crime.

### **Heavy Casino Gambler**

An anonymous informant complains to student agents about a local gambler who drives an expensive vehicle and appears to be spending above his means. After learning the identity of the local gambler and making other investigative inquiries, the student agents meet with the manager of the casino to follow up on leads. Through this interview, the student agents follow the paper trail through several shell companies and numerous bank accounts in trying to determine the source of the money that is feeding the local gambler’s spending habits. The source of the funds leads the investigators to a local company that employs the gambler. After interviewing the bookkeeper from the company, the students decide to put the gambler under surveillance by physically observing the gambler’s activities. Evidence gathered during surveillance indicates that the president of the local business may be a co-conspirator with the gambler in embezzling funds from the company. As this scenario wraps-up, student agents and their coach debrief on their evidence and activities, which may lead the student agents to expand their investigation to include the president of the company.

### **Multi-Filer**

The IRS’ Scheme Development Center identifies numerous returns with common characteristics of possible fraud (e.g., similarities in name, address, income, and deductions, among others)

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supervision to carry out this work in a real-world setting. It is also important for participants to be aware of regulatory and legal requirements that oftentimes exist when employing these tools (e.g., legal issues related to voice recording or licensing requirements for private investigators).

<sup>4</sup> Following the completion of an actual investigation, IRS CI normally will make a recommendation for prosecution to the Department of Justice (DOJ). If the DOJ agrees and is satisfied with the investigation and evidence, in most cases, an Assistant United States Attorney will be assigned and will present the evidence to a federal grand jury, which can issue an indictment. Once the indictment is issued, the defendant will be arraigned in federal court and both parties will prepare for trial, unless an agreement can be reached through a guilty plea. If a defendant is convicted at trial or pleads guilty, he/she will be sentenced by a United States District Court Judge where imprisonment, fines, and restitution can be imposed. Although the Adrian Project does not explore these areas, mainly as a result of time constraints, this program could be adapted so that the students could experience the legal process of their investigation.

and sends them to the student agents to investigate. After both reviewing the returns with their coach and making other investigative inquiries, it is discovered that these returns are linked by similar post office boxes. After interviewing the postal clerk at a local post office, surveillance is set up to identify the person collecting mail from the post office box. Through a walking surveillance, other evidence is collected and the student agents present their probable cause to a magistrate and get a search warrant for the person's residence, seizing other fictitious tax returns and evidence of a multi-filer scheme.

### **Drug Dealer**

Student agents meet with a drug enforcement officer who has been developing information on a local drug dealer, and he asks IRS CI to join his investigation. The drug enforcement officer goes undercover to make a "buy" and the student agents provide surveillance and act as a cover team for the officers. At the meeting, the local drug dealer arrives without the contraband, but takes the undercover and surveillance team to his source for the illegal narcotics. Both the dealer and the narcotic trafficker are arrested after a drug deal goes down. The student agents take over by obtaining a search warrant and executing it at the narcotic trafficker's residence, gathering financial and other evidence. Following the paper trail leads the student agents to car dealerships, banks and an investment company, as the students start to assemble evidence of a net worth well beyond the drug dealer's legitimate means of income.

### **Skimming Bar Owner**

A former employee of a bar meets with the student agents to make allegations that the bar's owner is skimming cash and not reporting all of his income to the IRS. The informant makes claims that there is a second set of books, and the student agents also learn that the bar owner is selling his business. After investigative inquiries, the student agents seek undercover authority under the Business Opportunity Project and prepare to send two student agents undercover to meet with the owner. The student agents act as potential buyers of the business and probe with their inquiries until the owner admits that a second set of books exist, all of which is viewed by the rest of the team through a hidden camera. After a thorough debriefing, the student agents present their probable cause to a magistrate and get a search warrant for the business, seizing the second set of books.

## **ROLES AND RESPONSIBILITIES OF HOST SCHOOLS**

The IRS CI division provides much of what is needed to conduct the Adrian Project such as creating the fraud scenarios, supplying the coaches/role players, and providing the necessary equipment and materials. However, the host school (i.e., the academic partner) has various responsibilities to address for the event to run smoothly.

The initial responsibility is to gauge student interest and promote the exercise.<sup>5</sup> When publicizing the event to prospective student participants they should be advised that the project is a hands-on, participatory exercise. Since it is incumbent upon all participants to be inquisitive and active learners throughout the day, only those students who plan to participate accordingly should sign up. Because of the popularity of the event, it is not uncommon for the number of interested students to exceed the desired capacity.

<sup>5</sup> Although criminal justice majors are welcomed, the IRS CI prefers project participants to be upper-level accounting majors who may be interested in participating in the IRS CI's Student Career Experience Program (SCEP) when they finish their college education. SCEP is designed to train highly promising students in the development of investigative techniques and knowledge of tax laws while working with IRS CI special agents in their day-to-day activities.

Another primary responsibility for the host school is to ensure that adequate facilities are available. The Detroit field office of the IRS CI has offered this exercise for up to 60 students, running 12 simultaneous scenarios and requiring over 20 classrooms and specialty rooms. As this program is offered nationwide, the first offering by a field office is recommended to be capped at 25 students, requiring up to approximately ten rooms. The academic partner is also responsible for providing pizza and refreshments during the halfway point of the exercise.

Most of the other responsibilities for the host school relate to logistical details. For example, the list of interested students should be sent to the IRS CI prior to the event so they can organize student teams in advance and determine the appropriate number of fraud scenarios to prepare. The academic partner should also introduce the IRS CI representative to the school's public information department so they can attempt to secure local media coverage for the event by issuing a press release in advance. Also, arrangements should be made to ensure that parking is available for all IRS agents and that directional signage is posted in appropriate locations on campus.

Since this project was developed in 2002 by the IRS CI's Detroit field office, the Adrian Project has been made available nationwide. It has allowed over 2,800 college accounting and criminal justice students in 26 different states to experience this inside look of the work done by IRS CI. Some of these students, who were first introduced to IRS CI through this program, are now employed as special agents. It may be possible for interested faculty members to bring this unique and exciting exercise to their campus by contacting the IRS CI agent who has co-authored this paper.<sup>6</sup>

## PROJECT OUTCOMES

### Expected Outcomes for Student Participants

Students who participate in the Adrian Project are expected to realize numerous positive outcomes. Foremost among these is the hands-on experience they receive using fraud investigative techniques to solve their scenarios. By working through and "cracking" their cases in this applied-learning setting, students can expect to develop several skills and abilities as suggested by the ETFFA Guide. These skills and abilities include planning, quality recognition, gathering and analyzing evidence, organizing evidence, evaluating evidence, knowledge of investigative tools, interviewing, and communication.

Since its inception, students have provided very positive verbal feedback on the benefits of the Adrian Project. To help us gain better awareness of how the benefits of the Adrian Project are perceived by the students, a brief eight question pre-questionnaire was administered prior to the start of recent offerings of the exercise and a post-questionnaire was administered upon completion (see Appendix A and Appendix B). The questionnaires were based upon specific skills and abilities that students should possess as suggested in the "Asset Misappropriation, Corruption, False Representations and Other Fraud Acts" section of the ETFFA Guide (NIJ 2007, 26–29).<sup>7</sup> Several of these fraud-related skills and abilities appear to align most closely to the actual job responsibilities encountered by a typical IRS CI agent. Both questionnaires asked students to indicate their preparedness in conducting a criminal investigation in the following areas: developing an appropriate evidence-gathering plan; recognizing differences in quality and sources of evidence; gathering and analyzing various forms of evidence; organizing evidence; evaluating both confirmatory and refuting evidence; using law enforcement tools to identify hidden lifestyles, assets and other evidence of tax evasion; conducting effective interviews by identifying whom to interview, pre-

<sup>6</sup> IRS CI Special Agent Stephen Moore can be contacted at [stephen.moore@ci.irs.gov](mailto:stephen.moore@ci.irs.gov)

<sup>7</sup> The questionnaires address some but not all of the knowledge, skills, and abilities described in the ETFFA. This is consistent with the ETFFA's design to permit applications like the Adrian Project the flexibility to target certain skills sets depending upon the objectives of the activity, course, or program.

paring for the interview with a list of issues and questions, and asking good questions; listening to and evaluating responses to questions; and communicating effectively through oral communications, active listening, digesting, questioning, and interpersonal skills. Responses were elicited on a seven-point response scale where 1 = “Strongly Disagree” to 7 = “Strongly Agree.”

One hundred and eighteen students who recently participated in the Adrian Project at five different schools provided the feedback. Per Table 1, respondents indicated a significant improvement in their skills and/or abilities for all questions, indicating that their participation in the Adrian Project was a valuable learning experience.

Student reactions regarding participation in the Adrian Project have been tremendously positive, and Panel A of Exhibit 1 provides a sampling of their feedback. Coupled with the results reported in Table 1, it is apparent that student participants not only enjoyed participating in the

**TABLE 1**  
**Student Assessment<sup>a</sup>**  
**(n = 118)**

	<b>Assessment Item</b>	<b>Pre-Test Mean Score (Std. Dev.)</b>	<b>Post-Test Mean Score (Std. Dev.)</b>	<b>t-statistic</b>	<b>p-value</b>
1	Developing an appropriate evidence-gathering plan that supports the strategy of the investigation.	3.79 (1.45)	5.52 (0.76)	15.90	<0.001
2	Recognize differences in quality between different sources of evidence.	4.57 (1.40)	5.60 (0.75)	9.43	<0.001
3	Gather and analyze testimonial, physical, and/or documentary evidence.	4.31 (1.40)	5.62 (0.85)	10.52	<0.001
4	Organize evidence.	4.58 (1.26)	5.62 (0.85)	8.39	<0.001
5	Evaluate (weigh) both confirmatory and refuting evidence.	3.81 (1.46)	5.32 (1.05)	11.78	<0.001
6	Use various law enforcement tools to identify hidden lifestyles, assets and other evidence of tax evasion.	3.57 (1.54)	5.57 (0.95)	14.66	<0.001
7a	Conduct effective interviews to obtain evidence by identifying whom to interview.	4.24 (1.34)	5.78 (0.89)	11.97	<0.001
7b	Conduct effective interviews to obtain evidence by preparing appropriately for the interview with a list of issues and questions to be covered.	4.05 (1.39)	5.59 (0.92)	12.51	<0.001
7c	Conduct effective interviews to obtain evidence by asking good questions.	4.09 (1.36)	5.59 (0.90)	12.42	<0.001
7d	Conduct effective interviews to obtain evidence by listening to and evaluating the responses of the person(s) being interviewed.	4.44 (1.30)	5.79 (0.87)	11.84	<0.001
8a	Communicate effectively through oral communications.	4.94 (1.17)	5.82 (0.80)	8.56	<0.001
8b	Communicate effectively through active listening: listening, digesting, and questioning.	5.07 (1.12)	5.96 (0.80)	9.90	<0.001
8c	Communicate effectively through interpersonal skills.	5.08 (1.13)	5.93 (0.79)	9.80	<0.001

<sup>a</sup> Seven-point response scale was used for all Assessment Items, with a 1 coded as Strongly Disagree to a 7 coded as Strongly Agree.

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**EXHIBIT 1**
**A Sampling of Participant Feedback Related to the Adrian Project**
**Panel A: Student Feedback**

"I thought it was an excellent activity. The small groups with individual coaches made it an ideal learning experience. I liked how the activity was 'hands on' because it really made us feel like special agents. I had a lot of fun and this was by far the best educational activity I have ever participated in!"

"I liked that the coaches pushed us to find the information on our own, and not doing it for us."

"It was the greatest experience I've had here at (university's name). It really intrigued me and I am actually looking to pursue a career with the IRS now."

"I liked the interactive style. The 'real world' agents were friendly, knowledgeable, and willing to share."

"I felt this was awesome! I never knew that the IRS did all of this. They (role-player and coaches) did a great job teaching and giving our group a real-life scenario. I learned a lot and am considering this profession. It is a great program!"

**Panel B: Faculty Feedback**

"This seminar was an outstanding opportunity for Oakland's students to interact with "real world" professionals, and to see and understand the challenges and rewards of being an IRS Special Agent. A number of participants expressed that they had learned a great deal, and several now aspire to be Special Agents."—Gadis Dillon, Oakland University

"As the initial host to the IRS CI program, we decided to offer this program each year based on student feedback. We have broadened the participation to include accounting majors, criminal justice majors, and pre-law majors. We have found a campus wide interest in the program from students who are interested in careers with the various agencies in the federal government."—Bill Nalepka, Adrian College

"I think the Adrian project is an outstanding program. It demonstrates with hands-on experiences a very unique and often not thought of career opportunity for our accounting students. The students at Wayne State University who participated in this project thought it was excellent and it opened their eyes to another career opportunity. The word spread on campus and I still get emails from students asking me when we are going to do this again on campus. It is very interactive and fun, but it really is very enlightening to the students."—Randy Paschke, Wayne State University

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Adrian Project, but also found the exercise to be beneficial in developing their skills and abilities related to fraud detection and investigation in many of the areas addressed in the ETFFA Guide.

In addition, the Adrian Project also exposes students to alternative career options involving forensic accounting, specifically as they relate to federal, state, and local law enforcement. Since accounting graduates frequently secure jobs in the areas of assurance, tax preparation and planning, financial reporting, managerial accounting, and governmental and non-profit accounting, many students are not directly introduced to a less "traditional" accounting career, such as criminal investigation. Although most new hires with the IRS CI have majored in accounting, a special agent recruit is required to have completed only 15 hours of college accounting and nine business-related hours. Other federal law enforcement agencies, including the Federal Bureau of Investigation, the Drug Enforcement Administration, and the Bureau of Alcohol, Tobacco, Firearms and Explosives, also actively recruit accounting and finance majors. Participation in the Adrian Project provides students the opportunity to reflect upon potential careers related to fraud investigation and detection, whether with IRS CI or with other agencies or organizations. The high-profile accounting scandals in recent years and the increase in financially related crimes, such as identify theft, have served to highlight the importance of these skills and services. The increase in demand for forensic accountants in recent years in both the public and private sector further underscores this point.



### Expected Outcomes for Host Schools

There are also numerous benefits for colleges and universities that participate in the Adrian Project. In general, the exercise can serve as a valuable educational resource for faculty that helps them satisfy the recent call in accounting education literature to provide students with applied-learning opportunities beyond just the traditional accounting educational approach. Specifically, since most of the fraud cases utilized in the Adrian Project are based on actual crimes, the exercise provides a hands-on exercise that is both unique and pertinent. As discussed above, students are afforded an opportunity to apply their learning and employ numerous skills and abilities in their efforts to solve the scenarios. Also, the project helps faculty maintain currency in their curriculum since its focus is on the relevant topics of fraud detection and investigation.

Furthermore, participation in the project provides those in the academic community an opportunity to partner with business professionals (i.e., the IRS CI). The encouragement of such partnerships is a common refrain in accounting education reform since they can serve to enhance student learning (Albrecht and Sack 2000). Moreover, the relationships built through them could lead to future collaborative opportunities.

The Adrian Project also helps promote accounting as a major and provides positive publicity for the host school. For example, in an effort to attract student participants leading up to the event, announcements about the project are typically made throughout the college or university. Because of the provocative nature of fraud investigation, this advertising likely stimulates interest in the field of accounting among prospective accounting majors.<sup>8</sup> Also, because of the uniqueness of the project along with the collaboration involved with the IRS, it is quite common for local media (i.e., newspapers, radio, and television) to visit the college or university and report on it. Press releases about the event are usually issued by the host school to promote the event.

Faculty members at colleges and universities that have already conducted the Adrian Project have realized many of the numerous benefits that have been identified above. Panel B of Exhibit 1 provides a sampling of some of their feedback after their school hosted the exercise.

### CONCLUSION

While societal trends and professional expectations have increased the demand for accounting professionals to provide specialized services related to fraud and forensic accounting, responsibilities on accounting educators to prepare their students accordingly have increased as well. This paper describes the IRS CI's Adrian Project, which provides students an exercise to develop some of the fraud detection skills that will be required of many of them during their professional careers.

In addition to describing numerous benefits for both student participants and host schools of the Adrian Project, this paper reports the results from pre- and post- questionnaires completed by student participants during recent offerings of the Adrian Project. Those results indicate that student participants enhanced their skills and abilities, in the context of a fraud investigation, related to: (1) gathering, organizing, and evaluating evidence; (2) employing various investigative tools to identify evidence of fraud (i.e., tax evasion); (3) conducting interviews for evidence-gathering purposes; and (4) communication. Each of these skills is among those identified in the ETFFA Guide (NIJ 2007) for accounting educators.

The Adrian Project has been conducted over ninety-five times in twenty-six different states to accounting and criminal justice students. Student reaction regarding it has been tremendously positive each time, resulting in the IRS CI making the Adrian Project available nationwide. Faculty who are interested in bringing this unique and creative exercise to their campus should contact the IRS CI agent who has co-authored this paper.

<sup>8</sup> After hosting the Adrian Project, some schools have displayed an interest in developing forensic accounting courses open to both accounting and criminal justice majors.

**APPENDIX A**  
**STUDENT SURVEY—PRE**

Student Number \_\_\_\_\_ University/ College \_\_\_\_\_ Date \_\_\_\_\_

Please answer questions 1–8 by *circling* the number from the following scale that corresponds to your answer:

1	2	3	4	5	6	7
Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree

If I were to conduct a *criminal financial fraud investigation*, I believe that I would be adequately prepared to:

- |   |    |   |   |   |   |   |
|---|----|---|---|---|---|---|
|   | 1. | Develop an appropriate evidence-gathering plan that supports the strategy of the investigation.   |   |   |   |   |
| 1 | 2  | 3   | 4 | 5 | 6 | 7 |
|   | 2. | Recognize differences in quality between different sources of evidence.   |   |   |   |   |
| 1 | 2  | 3   | 4 | 5 | 6 | 7 |
|   | 3. | Gather and analyze testimonial, physical, and/or documentary evidence (e.g., analyze and inspect books, records, and bank statements; trace money based on various documents and records; and/or investigate sources of funds). |   |   |   |   |
| 1 | 2  | 3   | 4 | 5 | 6 | 7 |
|   | 4. | Organize evidence.  |   |   |   |   |
| 1 | 2  | 3   | 4 | 5 | 6 | 7 |
|   | 5. | Evaluate (weigh) both confirmatory and refuting evidence.   |   |   |   |   |
| 1 | 2  | 3   | 4 | 5 | 6 | 7 |
|   | 6. | Use various law enforcement tools to identify hidden lifestyles, assets and other evidence of tax evasion.  |   |   |   |   |
| 1 | 2  | 3   | 4 | 5 | 6 | 7 |
|   | 7. | Conduct effective interviews to obtain evidence by:   |   |   |   |   |
|   |    | a. Identifying whom to interview.   |   |   |   |   |
| 1 | 2  | 3   | 4 | 5 | 6 | 7 |
|   |    | b. Preparing appropriately for the interview with a list of issues and questions to be covered.   |   |   |   |   |
| 1 | 2  | 3   | 4 | 5 | 6 | 7 |

*(continued on next page)*

	c. Asking good questions.						
1	2	3	4	5	6	7	
	d. Listening to and evaluating the responses of the person(s) being interviewed.						
1	2	3	4	5	6	7	
	8. Communicate effectively through:						
	a. Oral communications.						
1	2	3	4	5	6	7	
	b. Active listening: listening, digesting, and questioning.						
1	2	3	4	5	6	7	
	c. Interpersonal skills.						
1	2	3	4	5	6	7	

**APPENDIX B**  
**STUDENT SURVEY—POST (PAGE 1)**

Student Number \_\_\_\_\_ University/ College \_\_\_\_\_ Date \_\_\_\_\_

Demographics: (Check one for each item)

Class Level:    \_\_\_ Freshman            \_\_\_ Sophomore            \_\_\_ Junior            \_\_\_ Senior  
                      \_\_\_ Master's            \_\_\_ Other

Major:            \_\_\_ Accounting            \_\_\_ Other (please list) \_\_\_\_\_

GPA: \_\_\_\_\_ Credit Hrs. Completed: \_\_\_\_\_ Gender: \_\_\_ Female            \_\_\_ Male

Accounting courses *previously* taken *and* completed (check all that apply):

___ Intermediate I	___ Intermediate II	___ Fraud Examination
___ Acctg. Info. Sys.	___ Governmental/ Non-profit Acctg.	___ Cost Accounting
___ Auditing ( ___ External and/or ___ Internal)		___ Tax ( ___ Individual and/or ___ Corporate)

*Other* accounting courses (that are not listed above) that you have previously taken and completed. (Please provide course *titles*, not course numbers. Also, you do not have to list principles' courses.)

\_\_\_\_\_  
 \_\_\_\_\_

List accounting courses that you are *currently* taking. (Again, please provide course *titles*.)

\_\_\_\_\_  
 \_\_\_\_\_

In which scenario did you participate today?

\_\_\_\_\_  
 \_\_\_\_\_

What did you like *best* about the IRS Criminal Investigation today?

\_\_\_\_\_  
 \_\_\_\_\_

What did you like *least* about the IRS Criminal Investigation today?

\_\_\_\_\_  
 \_\_\_\_\_

Please add anything else that you would like to say about your experience today:

\_\_\_\_\_  
 \_\_\_\_\_

## STUDENT SURVEY—POST (PAGE 2)

Student Number \_\_\_\_\_ University/ College \_\_\_\_\_ Date \_\_\_\_\_

Please answer the questions below by *circling* the number from the following scale that corresponds to your answer:

1	2	3	4	5	6	7
Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree

Questions 1–8: If I were to conduct a *criminal financial fraud investigation*, I believe that I would be adequately prepared to:

1. Develop an appropriate evidence-gathering plan that supports the strategy of the investigation.
 

1	2	3	4	5	6	7
---	---	---	---	---	---	---
2. Recognize differences in quality between different sources of evidence.
 

1	2	3	4	5	6	7
---	---	---	---	---	---	---
3. Gather and analyze testimonial, physical, and/or documentary evidence (e.g., analyze and inspect books, records, and bank statements; trace money based on various documents and records; and/or investigate sources of funds).
 

1	2	3	4	5	6	7
---	---	---	---	---	---	---
4. Organize evidence.
 

1	2	3	4	5	6	7
---	---	---	---	---	---	---
5. Evaluate (weigh) both confirmatory and refuting evidence.
 

1	2	3	4	5	6	7
---	---	---	---	---	---	---
6. Use various law enforcement tools to identify hidden lifestyles, assets and other evidence of tax evasion.
 

1	2	3	4	5	6	7
---	---	---	---	---	---	---
7. Conduct effective interviews to obtain evidence by:
  - a. Identifying whom to interview.
 

1	2	3	4	5	6	7
---	---	---	---	---	---	---
  - b. Preparing appropriately for the interview with a list of issues and questions to be covered.
 

1	2	3	4	5	6	7
---	---	---	---	---	---	---
  - c. Asking good questions.
 

1	2	3	4	5	6	7
---	---	---	---	---	---	---

(continued on next page)

- d. Listening to and evaluating the responses of the person(s) being interviewed.
- |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|
8. Communicate effectively through:
- a. Oral communications.
- |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|
- b. Active listening: listening, digesting, and questioning.
- |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|
- c. Interpersonal skills.
- |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

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