

**UNIVERSITY SYSTEM OF MARYLAND INSTITUTION PROPOSAL FOR**

- New Instructional Program
- Substantial Expansion/Major Modification
- Cooperative Degree Program
- Within Existing Resources, or
- Requiring New Resources

**Salisbury University**

Institution Submitting Proposal

**Certificate in Fraud and Forensic Accounting**

Title of Proposed Program

**Certificate**

Award to be Offered

**Fall 2017**

Projected Implementation Date

Proposed HEGIS Code

**43.0117**  
Proposed CIP Code

**Accounting & Legal Studies**

Department in which program will be located

**Kenneth J. Smith**

Department Contact

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*Duane D. Allen*

Signature of President or Designee

**2-20-17**

Date

## **Mission**

The proposed 15 credit certificate program has been developed to provide a new marketable skillset to individuals matriculating in undergraduate degree programs in accounting, other business majors, and other majors throughout campus who complete nine credit hours of pre-requisites and have at least junior status. Other targeted audiences include: 1) administrative employees of Salisbury University, University of Maryland Eastern Shore, and Wor-Wic Community College who wish to advance their positions by attaining professional program certification; and, 2) regional professionals working in accounting, finance, systems/control, internal auditing, compliance, and other related areas seeking a new technical skillset and enhanced employment and/or career advancement opportunities.

This program is designed for individuals who have attained at least junior status, successfully completed ACCT 201 – Introduction to Financial Accounting (or equivalent) and ACCT 202 – Introduction to Managerial Accounting (or equivalent) with a grade of C or better, and have or plan to complete an undergraduate degree.

## **Alignment with Salisbury University's Strategic Goals:**

The proposed program addresses Goal 1.1a of the Salisbury University Strategic Plan: "Support curricular innovation to meet changing individual, societal, workforce needs." Although this program will not lead to a specific degree, the knowledge, skills, and abilities to be imparted on students who complete the program should facilitate their procurement of jobs in the fraud and forensic science arena, as well as prepare them to sit for the Certified Fraud Examiner credential.

## **Characteristics of the Proposed Program**

### Adequacy of curriculum design and delivery to related learning outcomes:

This certificate program will address an unfilled need, particularly on the Eastern Shore. Graduates of this program will be able to:

- identify the resources for detecting fraud, evaluate the conditions that encourage fraud, and design effective fraud detection and prevention plans;
- identify, investigate, and litigate fraud and forensic accounting allegations;
- apply innovative analytic approaches used to perform complex fraud analysis via utilization of fraud-related software applications and data analysis programs to detect and investigate possible fraudulent activities;
- via financial statement analysis, understand and detect fraudulent financial reporting, i.e., intentional misstatements or omissions of financial statement amounts or disclosures to deceive users of the statements; and,
- integrate various business disciplines to perform complex investigative cases and analyses, thus demonstrating mastery of the knowledge and skills required to be effective forensic professionals.

To achieve these learning goals, students in the program will take five three-credit courses. These courses will be taught by existing faculty. We do not foresee the need for additional faculty at this time.

- ACCT 418: Fraud Examination (3 credits, fall and spring)

An introduction to fundamentals of fraud examination, including nature and types of fraud, fraud prevention, and techniques to detect fraud in organizations. Provides the foundation to understanding fraud and its impact on the world around us.

- ACCT 450: Advanced Fraud Examination (3 credits, fall)

This will be an analysis and discussion of issues relating to fraud and forensic accounting. This course will identify the resources for detecting fraud, evaluate the conditions that encourage fraud, and design effective fraud detection and prevention plans. The focus will be on the perspective of public, internal, and private accountants. Discussion will cover the principles and standards for proactive and reactive investigation, as well as detection and control of fraud.

The course will focus on the high-risk fraud environments wherein assets are more vulnerable to misappropriation and fraud because of either a lack of, or because of non-functioning, internal controls. The study of various fraud investigative methods will emphasize the skills needed to identify, investigate and litigate fraud and forensic accounting allegations.

- ACCT 451: Fraud Detection and Prevention Technologies (3 credits, fall)

This course will provide guidance and knowledge for conducting investigations via data analysis. It will involve investigation into the technology tools that are used in fraud examination and financial forensics. It will familiarize students with innovative analytic approaches used to perform complex fraud analysis. Students will utilize fraud-related software applications and data analysis programs to detect and investigate possible fraudulent activities.

- ACCT 452: Financial Statement Fraud (3 credits, spring)

This course will examine how financial statement analysis can be used to uncover fraudulent financial reporting. Financial statement fraud involves intentional misstatements or omissions of financial statement amounts or disclosures to deceive users of the statements. This topic is commonly known as “cooking the books”, and will introduce students to management’s motives and pressures to achieve desired financial results as opposed to true economic financial results. Students will be able to both understand and detect the creative accounting methods management employs to “cook the books,” along with related fraud prevention strategies.

- ACCT 453: White Collar Crime (3 credits, spring)

This course focuses on providing a comprehensive analysis of white-collar crime in American society. This course presents a picture of all phases of white-collar crime which includes a review and analysis of the general principles of white-collar prosecution and defense, fact-gathering, and interviewing witnesses and targets. This course will discuss high-profile cases, trends in criminal activity, consequences of criminal behavior, and the impact on victims. Students will be required to integrate various business disciplines to perform complex investigative cases and analyses, thus demonstrating mastery of the knowledge and skills required to be effective forensic professionals.

Admission to the program will require junior status and successful completion of ACCT 201 – Introduction to Financial Accounting (or equivalent) and ACCT 202 – Introduction to Managerial

Accounting (or equivalent) with a grade of C or better, and have or plan to complete an undergraduate degree.

This is intended as a stand-alone certificate program that can be completed in no more than three semesters, two semesters for students who have already completed ACCT 418.

Adequacy of provisions for evaluation of program (as outlined in COMAR 13B.02.03.15).

Course evaluation will be effected by means of student evaluations, as is currently the case for all courses offered by the Department of Accounting & Legal Studies. In addition, the Department is establishing an Association of Certified Fraud Examiners student chapter, with which it plans to work in promoting and supporting completion of the CFE (Certified Fraud Examiner) examination by program alums once they earn their Bachelor's degrees. We plan to evaluate alum performance on the exam and job placement as means of assessing program effectiveness.

Consistency with the State's minority student achievement goals (as outlined in COMAR 13B.02.03.05 and in the State Plan for Postsecondary Education).

COMAR Section 13B.02.03.05.B.5 provides for "access and choice for Maryland citizens to higher education shall focus on the needs of citizens for higher education programs, services, and research, including... Expansion of educational opportunities and choices for minority and educationally disadvantaged students at institutions of higher education." Our location, 12 miles from the University of Maryland Eastern Shore, is ideal for providing access to this program for minority students seeking to avail themselves of this unique educational opportunity. All courses will be offered in the evening to enhance access to UMES students.

Relationship to low productivity programs identified by the Commission:

**Not applicable.**

Critical and compelling regional or statewide need as identified in the State Plan:

This program addresses Goal 4 (Innovation) of the 2013 – 2017 *Maryland State Plan for Postsecondary Education*. With respect to this goal, the *Plan* reads:

Innovation also supports replicating proven strategies and bringing them to scale throughout the State, using technology in appropriate ways to enhance teaching and learning... Furthermore, the goal recommends developing and adopting creative policies and practices that support student retention and completion, prepare graduates for lifelong learning, support a robust workforce, and reward students based on the knowledge and skills they have attained and demonstrated (p. 44).

The proposed fraud and forensic accounting certificate program is designed to impart on students a unique combination of technical knowledge, technology utilization, communication, and critical thinking skills that prepare them for additional employment opportunities as well as lifelong learning.

This program also supports Goal 5 by offering students the knowledge to sit for the CFE Exam and learn marketable skills. As Goal 5 states: "individuals who obtain degrees and other credentials receive higher earnings, are employed at a higher rate, and generate improved tax receipts for the State, counties, and municipalities than those without advanced skills and training" (p. 52).

Quantifiable & reliable evidence and documentation of market supply & demand in the region and State:

According to the Association of Certified Fraud Examiners:

The Bureau of Labor Statistics (BLS) predicts 13% job growth for accountants and auditors by 2022. The growth of all forensic accounting jobs should correspond with this rate, if not exceed it due increasing financial regulations, with some estimates predicting a 20% growth in demand for investigative auditors. Below, we have broken down some of the most common career paths and included potential salary data sourced from the Association of Certified Fraud Examiners. It is not uncommon to jump between these types of employment as someone progresses in their career and hones in on an area of interest.

Forensic accountants are fortunate in having a diverse range of entry-level options available to them. Unlike other career paths in the accounting world, forensic auditors tend to perform the same functions throughout their career and move up from analyst, to manager, to supervisor/senior consultant over the course of their employment. Compensation generally begins around \$50,000 and increases with professional certification, education and years of experience, with senior level auditors earning a salary upwards of \$150,000.

### **Specializations**

#### **Governmental Departments (FBI, CIA, IRS)**

##### **Responsibilities**

- Investigate financial history of terrorists, spies and criminals
- Testify as expert witnesses
- Build financial profiles of suspicious individuals
- Gather evidence and assist in the execution of search warrants
- Take part in interrogations
- Track illicit funding sources
- Compile financial investigative reports
- Meet with prosecutors to discuss strategy
- Production of in-depth reports suitable for use in court
- Expert-level knowledge of in a variety of digital accounting software

##### **Salary Expectations**

- \$65,000 to \$115,000

#### **Accounting Firms**

##### **Responsibilities**

- Uncover fraud and collect evidence
- Translate technical jargon into everyday language
- Testify in court
- Perform computer forensics
- Conduct fact-finding interviews
- Quantify financial losses due to misconduct

##### **Salary Expectations**

- \$55,000 – \$75,000

## **Corporate Security & Risk Management**

### **Responsibilities**

- Protect financial assets from internal and external threats, including political issues and economic circumstances
- Analyze changes in law, taxes, exchange rates and cultural attitudes and their influence on operations and profits
- Ensure organizational compliance with laws and procedures
- Audit financial statements for risk

### **Salary Expectations**

- \$102,250 – \$184,875

## **Law Firms**

### **Responsibilities**

- Act as an in-house consultant for financial issues
- Translate complex financial findings into simplified language
- Assist in finding financial experts for testimonies
- Conduct investigative audits

### **Salary Expectations**

- \$83,750 – \$150,000

## **Financial Consulting Firms**

### **Responsibilities**

- Investigate fraud, regulatory scrutiny and corruption
- Analyze and reconstruct financial records and digital information
- Conduct interviews
- Assess vulnerability to fraud
- Embezzlement allegations

### **Salary Expectations**

- \$63,000- \$125,000

### Reasonableness of program duplication:

Currently, Stevenson University offers a Master of Science in Forensic Studies, taught primarily online. Mount St. Mary's University has submitted an application for an online post-baccalaureate certificate in forensic accounting. We subscribe to the notion that key knowledge, skills, and abilities in the fraud and forensic accounting area, (e.g., interviewing techniques, data analysis, etc.) are best taught in an interactive live learning delivery mode.

### Relevance to Historically Black Institutions (HBIs)

Our sister HBI, University of Maryland Eastern Shore (UMES), does not offer fraud/forensic accounting courses. As noted above, our program will be available to interested students at UMES.

If proposing a distance education program, please provide evidence of the Principles of Good Practice (as outlined in COMAR 13B.02.03.22C).

**Not applicable**

## **Resources and Finance**

### Adequacy of faculty resources

We plan to staff the four additional courses with Mr. R. Frank Abel and Thomas Keeton, both of whom possess the appropriate academic and professional credentials and teaching experience. They are both CPAs and Certified Fraud Examiners, Mr. Abel has a Master's degree and Dr. Keeton has a Ph.D. degree. Mr. Abel had a career as a fraud examiner for the State of Maryland and is very active in the Association of Certified Fraud Examiners. Both of these individuals currently teach for the Department. Tentatively, Mr. Abel will be teaching ACCT 450, ACCT 451, and ACCT 453, and Dr. Keeton will be teaching ACCT 418 and ACCT 452.

### Adequacy of library resources

Mr. Abel procured a donation of \$13,500 from Maryland Chapter #21 of the Association of Certified Fraud Examiners to establish a dedicated fraud library to be located in the Academic Commons. This gift will help our students to stay on the cutting edge of fraud research, news, and trends.

### Adequacy of physical facilities, infrastructure and instructional equipment

There is no need for additional physical facilities for this program as classes will be held in the state-of-the art Perdue School building on Monday through Thursday evenings.

### Adequacy of financial resources with documentation

Mr. Abel procured a gift of 60 full-service licenses (valued at \$2,500 per license) from Audimation Services, Inc. of Houston, TX, the U.S. distributor for IDEA Caseware products. These licenses will be used to install a data analytics laboratory. The laboratory will be utilized to teach students to effectively use technologies to locate, access, analyze, interpret and report on data using facts and appropriate statistical techniques.

Resources and Expenditures

TABLE 1: RESOURCES					
Resources Categories	16-17	17-18	18-19	19-20	20-21
1. Reallocated Funds	0	0	0	0	0
2. Tuition/Fee Revenue (c+g below)	NA	\$43,415	\$65,585	\$90,411	\$108,494
a. #F.T Students	0	10	12	15	18
b. Annual Tuition/Fee Rate	0	\$281	\$281	\$281	\$281
c. Annual Full Time Revenue <sup>1</sup>	0	\$26,555	\$31,865	\$39,831	\$47,798
d. # Part Time Students	0	5	10	15	18
e. Credit Hour Rate	0	\$281	\$281	\$281	\$281
f. Annual Credit Hours <sup>2</sup>	0	60	120	180	216
g. Total Part Time Revenue <sup>3</sup>	0	\$16,860	\$33,720	\$50,580	\$60,696
3. Grants, Contracts, & Other External Sources	0	0	0	0	0
4. Other Sources	0	0	0	0	0
TOTAL (Add 1 - 4)	0	\$43,415	\$65,585	\$90,411	\$108,494

<sup>1</sup> Total F.T. student revenue projections calculated as follows: number of students (a) x \$281 tuition per credit hour (b) x 13.5 credit hours x (1-.3). 13.5 credit hours used as credit hours generated to reflect the fact that some (unknown) percentage of certificate program participants will have already taken ACCT 418 as their accounting elective. The .7 (1-.3) factor is included to reflect a 30% student attrition rate.

<sup>2</sup> Annual credit hours calculated by multiplying #part-time students (d) x 15 credit hours per student x .8. The .8 (1-.8) factor is included to reflect a 20% student attrition rate. A lower attrition rate is expected for the part-time students as they will be most likely represent working professionals in accounting and business.

<sup>3</sup> Total part time student revenue projections calculated as follows: credit hour rate (e) x annual credit hours (f).



TABLE 2: EXPENDITURES

Expenditure Categories	(Year 1)	(Year 2)	(Year 3)	(Year 4)	(Year 5)
1. Total Faculty Expenses (b + c below)	0	\$21,000	\$21,000	\$21,000	\$21,000
a. # FTE <sup>1</sup>	0	2	2	2	2
b. Total Salary	0	\$21,000	\$21,000	\$21,000	\$21,000
c. Total Benefits	0	0	0	0	0
2. Total Administrative Staff Expenses (b + c below)	0	0	0	0	0
a. # FTE	0	0	0	0	0
b. Total Salary	0	0	0	0	0
c. Total Benefits	0	0	0	0	0
3. Total Support Staff Expenses (b + c below)	0	0	0	0	0
a. # FTE	0	0	0	0	0
b. Total Salary	0	0	0	0	0
c. Total Benefits	0	0	0	0	0
4. Equipment	0	0	0	0	0
5. Library	0	0	0	0	0
6. New or Renovated Space	0	0	0	0	0
7. Other Expenses	0	0	0	0	0
TOTAL (Add 1 - 7)	0	\$21,000	\$21,000	\$21,000	\$21,000

<sup>1</sup> Total marginal cost to staff the program based on nine credit hours per semester assuming all course are taught by part-time faculty. To the extent that the courses are taught by full-time faculty, the marginal cost is still at the part-time rate as any additional course that will need to be taught will be by part-time faculty.

