

**ACC 410- Final Report and Presentation (Subject to late and incomplete penalties;  
3 extra credit points for benchmarking; Maximum Points = 10 + Extra Credit)**

12. Note any unusual trends, anomalies or other analytic results that may signal a red flag to investigate further, even if it is not directly related to your particular case fraud (2 Points).
  - (a) For those ratio anomalies, *etc.* that may signal a red flag for your case's particular fraud, explain how the ratios or other metrics would signal such a fraud (*see also ACFE Fraud Manual, ¶¶1.115-1.121; 1.201-1.262*).
  - (b) Compare the original ratios to the restated ratios and comment thereon (*see Report No. 2*).
- C. Compute the Z-Score for the period immediately preceding the first fraud Period and compare it to the following (1 point):
  1. The Z-Score of the first fraud period – unrestated;
  2. The Z-Score of the first fraud period restated;
  3. The Z-Score of the competitor for the first fraud period (*optional*).
  4. Comment on any material changes in the score and the comparison to the restated ratios and competitor (*latter optional*).
- D. Management Discussion & Analysis (the MD&A, Item 7 to the Form 10-K) (1 point)
  1. What was management's explanation for trends in accounts that were Affected by the restatement both (*see Text pp. 439-449 – Nike*):
    - a. Prior to the restatement
    - b. Upon and after the restatement?
    - c. Comment on the differences between the two MD&As.
  2. Did management admit to fraud or was some other explanation provided? If so, what was that explanation?
  3. Were material weaknesses in internal controls reported:
    - a. Before the fraud was revealed?
    - b. After the fraud was revealed?

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**E. Motive and Opportunity (1 Point)**

1. What was the motive (alleged or otherwise) that each defendant, including the defendant auditors, if applicable, may have had to commit the fraud?
  - a. For example, was compensation tied to stock price, *etc.*
  - b. Was the defendant company on an acquisition spree?
  - c. Was there insider stock selling during the fraud period?
  - d. Was the company having profitability or liquidity problems?
  - e. If the auditor was not named as a defendant, do you think it should have caught the fraud? If it should have caught the fraud, how could it have done so? If not, why not? ***Explain your response in depth.***
2. Opportunity: Management Override? Internal Control Weaknesses, tone at the top, *etc.*?
3. Was the fraud concealed? If so, how? (*e.g.*, there was at least one case, where it appears that the fraudsters recorded false entries that appeared immaterial to several accounts – this technique has the effect of not setting off analytic red flags).

**F. Appendices (point or fractional point reductions for noncompliance)**

1. The report must include the input FinSas sheets for the primary defendant company and the competitor, if extra credit is sought.
2. If calculations are not provided for any ratios provided, in addition to F.1., the FinSas Output sheets must be provided for the defendant company and competitor.
3. The horizontal and vertical calculations and output or its equivalents must be provided for both the defendant company and competitor.
4. Z-Score calculations must be provided either in the body of the report or in the appendix.