

Service Learning Project – Check Tampering

Presentation Date: November 29, 2007

Choosing our topic

When our group was presented with this assignment we took some time to decide what we wanted to teach to the students. We agreed that we wanted to teach them something that they might come in contact with through their professional careers in the accounting field. Also, we wanted to teach them something that they would understand the back ground idea so only basic accounting and fraud terms had to be taught prior to our presentation. At first we narrowed it down to skimming schemes, billing schemes or check tampering schemes. We figured these are the most common schemes that occur on a day to day basis in a typical business environment and they are based on ideas that are very basic and that do not require much technical accounting knowledge. Our group decided on check tampering as our topic. The deciding factor that sold us was the movie "*Catch Me If You Can*". We thought we could use that as an attention grabber to clue the students into the topic and have something they can relate to.

Rational for choosing our topic

We felt check tampering would be a great choice for our presentation because it is a type of fraud that is common and based on non-technical accounting principles that students in an introductory accounting class would understand. We also felt it is an important topic a young professional should be exposed to before they begin their careers in accounting and it might also be a little interesting to our audience as well.

Analysis of the Audience

Our audience is comprised of college students enrolled in an introductory accounting class. On average these students are freshman and sophomores who might have had one other basic accounting course prior to the one they are enrolled in currently or this could be their first accounting class. This class is assumedly made up of a mix of accounting majors and non-accounting majors. Knowing this information about our audience helps up properly create an effective presentation.

Our Design of the Pre/Post Survey

The design of our pre/post survey required some important factors. Firstly, the analysis of our audience, our objectives that we wanted to convey in our presentation, the tools the students had to work with, and time constraints with administrating the quizzes. Our analysis of the audience helped us realize that these students have some basic knowledge of accounting terms so we made the terms on the quiz straightforward. Our objectives were to teach the students about the details of a check, an overview of check tampering, and teaching them interesting relevant facts regarding our topic. The only tool we could expect the students to possess was a writing utensil. The time constraints were approximately five minutes each to administer the quizzes. With all of these important factors identified, we chose to create a 7 question multiple choice quiz. This quiz contained a mixture of multiple choice questions with four answer choices as well as true/false questions. We felt this was a very appropriate quiz. (See Appendix A)

Chronological description of the steps we took:

- 1) **Topic Formulation** First we had to decide what topic we thought would be appropriate for the time frame and context of our teaching environment. The chosen topic and our rationale of choosing this topic are explained above.
- 2) **Presentation Logistics** We then decided collectively as a group what time everyone could get together to present the presentation. We coordinated these optional times with class times of participating professors. After much thought we decided that Thursday November 29th at 5:30 would be the best. Unfortunately, one member of our group Dave Cubeta was unable to make this selected time. However we made other participation requirements for him that will be explained below.
- 3) **Preparation of the Presentation** After we had both our main topic and selected audience we began formulating thoughts about the most effective way to present the topic of Check Tampering to freshman and sophomore beginning accounting students. We immediately thought of the movie *Catch Me if you Can*. This movie based on the life of Frank Abignale, a master con artist who was very successful at getting away with check fraud until he was finally caught by the FBI many years later. We thought this movie would be a great way to initially grab the attention of the audience to engage them in the forthcoming presentation of Check Tampering. Then we decided that the best way to teach the students about Check Tampering is to give an overview of the material we learned in our Fraud book written by Wells. Erica took the topics of Forged Endorsement Scheme and Altered Payee Scheme, Gina took the topic of Forged Maker Scheme, and Kelly took the topics of Concealed Check Scheme and Authorized Maker Scheme. We decided that the best way to run this presentation was through a creative power point slide show along with the video and props to show as examples to the students. We then decided that the important facts that we wanted to convey about each of these schemes was to (a) tell what the scheme was (b) tell how the scheme worked and (c) explain some ways to prevent the scheme from happening or detect the scheme shortly after it has been committed. We also thought we needed to provide some background information to the students to help them fully comprehend both our verbiage and our concepts we were speaking about. Dave produced our introduction that broke down each item present on a check with proper vocabulary words such as; maker, endorser, routing number, account number, check number, and payee. He chose to use a picture of a check to easily convey this base knowledge. He then listed each type to check tampering scheme that was going to be presented by the rest of us. Erica was made in charge of combining each of our PowerPoint slides to create a final slide show. We decided that Dave would be in charge of grading and compiling the results because due to schedule conflicts would be unable to participate in the presentation.
- 4) **Creation of the pre/post survey** After the presentation materials were complete, we developed a pre/post survey based on our analysis of our audience as described above. We contacted the students' teacher to know how many students were in the class to prepare enough surveys to hand out to each student. They were 116 students in the class so we made enough copies and brought them to the presentation.

- 5) **Performing the Presentation** Erica, Gina and Kelly arrived at 5:00 on Thursday November, 29th for the class that was to begin at 5:30. We passed out the surveys and prepared the technology for the presentation. Everything was on schedule except for the unexpected glitch in the DVD Player. Erica quickly worked to try to fix the technical difficulty however was unfortunately unsuccessful. The group felt a sense of urgency for the presentation to begin on schedule so the efforts ceased and the presentation began with out the clip from *Catch Me if you Can* at approximately 5:38 after all the pre quizzes were collected. The presentation went very smoothly with the introduction done by Kelly, each of the topics presented Gina, Erica, and Kelly, and a quick wrap up done by Kelly. After all questions were answered, which there were none, the post-test was passed out to be completed. After approx five minutes, the post-test was collected and passed along to Dave to grade and compile.
- 6) **Compilation of the Survey Results** Dave decided to create an excel spreadsheet to aid in the grading process. Along the top of his spreadsheet he had one column for each of the seven questions and one for a total. He chose to just keep track of the correctly answered questions by putting a 1 in each column that was answered correctly. This allowed him to total up how many of each question was answered correctly before and after the presentation. This would give us an indication if our presentation was effective teaching tool for the students. He then created an analysis as described below.

Analysis of Survey Results:

See Appendix B for a copy of our result analysis. As displayed in Appendix B, our teaching efforts were successful. There was surprisingly drastic increased performance on each of the questions. One of the mistakes that we had made on the quiz was discovered through the grading process. Our question #1 was a little too vague. The question stated, Who signs a check?, and our responses included both the maker and the endorser. Our purpose of this question was to inquire about who signs the front of the check and maker was the intended answer. However upon review of the answers many people chose endorser as well as an answer, and to be fair this was also considered a correct answer. So Q1 might be skewed a little due to the fact that a correct answer was given to both answers of Maker and Endorser. Our group found it interesting that most people knew the answer to Q6 in the pre-test. We concluded that because of the movie "Catch Me if you Can" many students were already aware that former white collar criminals end up working for the FBI as investigators. Overall we were very pleased with the performance of our students and we felt that our goal was accomplished of broadening the horizons of these students in the area of check tampering.

Reflections of the Project:

Kelly: I believe that this project was a good taste of what it would feel like to be a college professor. I have always loved the idea of being a teacher at the college level but I was never sure if I could handle the pressure of speaking in front of a classroom full of kids. After doing this project I realized that I truly did enjoy the opportunity to influence college students. I think that in the future I might again explore the thought of possible teaching some night classes in my future. I believe college is a great age where teachers can make such an impact on young adults' lives and it was really neat to experience that

for 20 minutes. I also found it rewarding that after we were through with our presentation one student followed me out of the class and asked me what a CPA did. She said she has never met an actual CPA before and was interested in talking to me about it. She always had been interested in becoming a CPA but she wanted to know if I thought it was a good thing for her to get into. This conversation took me back a little bit because I don't typically think of myself as someone to be looked up to and asked for advice. But it was really cute that she did. I offered her some advice and encouraged her to continue her path to become a CPA.

Gina: I found this project to be the most fulfilling assignment of the class. It was a great opportunity to experience the pressures and satisfactions (on a small scale) that professors feel daily. Despite the fact that there was not additional information to learn it was interesting determining what information would be the most important to get across in the short time that we were given. After the completion of our presentation while collecting the students post quiz many students stated that they learned a lot about our fraud topic and that they were appreciative that we took the time to present to the class. They seemed really interested in the check tampering topic and the overall importance of fraud detection in business. The majority of the class was attentive during the presentation and seemed to learn a great deal from the information provided. I felt the presentation went very smoothly and despite the unfortunate event of not being able to show the clip from *Catch Me If You Can*. As a group we were able to get the classes attention and interact directly with the class through our discussions.

Erica: Interestingly, I have taken Professor Turk's Accounting 220: Managerial Accounting class and witnessed a Service Learning Project a year or so ago. It was interesting to reflect back on what I had learned from that presentation and use that knowledge to help our service-learning project be better, or at least just as good. The presentation I watched in 220 was a presentation on Interviewing Techniques. Afterwards, they told us it was part of a Fraud Investigation class for accounting and that motivated me to take interest in this class. I thought our presentation on Check Tampering was a good and interesting choice, especially with the *Catch Me If You Can* video introduction. I was a little disappointed that the DVD player was not working and we couldn't play the part from the movie discussed how checks were routed, etc. I really liked the fact that most of the students were paying attention even though they didn't ask any questions afterwards. I really liked the project because it introduces different topics that future accounting students can look forward to.

Dave: I was not able to participate as much as I would have liked in this project due to scheduling conflicts. From the responses that I have heard from the group members, the presentation went well. I was very surprised by the significantly improved quiz scores. Despite the lack of questions from the students, it appears they were paying close attention to the presentation. The quiz questions were not easy and in order to do well the students must have been listening. I wish that I was able to attend this presentation as it would have been a nice preview to teaching my section of 201 in the spring. I will be more than willing to welcome in an Acctg 505 group next semester into my class and look forward to what they might present.

Agreed Assignment of Duties

- Preparation of the presentation: Total Group Efforts
- Presenting the project: Kelly, Gina, and Erica
- Grading and compiling the results: Dave
- Writing the report: Total Group Effort

I hereby agree to the above assignment of duties:

Kelly Vasek: Kelly Vasek 12/12/07

Gina Manfree: Gina Manfree 12/12/07

Erica Nguyen: Erica Nguyen 12/12/07

David Cubeta: David Cubeta 12/12/07

APPENDIX A

Check Tampering Quiz – PRE-TEST & POST-TEST

NAME _____

1. The person who signs the check is called:
 - a. Signer
 - b. Author
 - c. Maker
 - d. Endorser

2. Which number comes first on the bottom of a check
 - a. Account #
 - b. Check #
 - c. Routing #
 - d. Phone #

3. Which is NOT a type of Check Tampering
 - a. Concealed Check Scheme
 - b. Forged Maker Scheme
 - c. Altered Author Scheme
 - d. Forged Endorsement Scheme

4. What is the most common means of detection for Check Tampering Schemes:
 - a. External Auditor
 - b. By Accident
 - c. Bank Reported
 - d. CIA Investigator

5. Lower level employees are the most common perpetrators of Check Tampering:
 - a. True
 - b. False

6. The leading investigators with the FBI for Check Tampering are former criminals:
 - a. True
 - b. False

7. If the written words of a check amount differ from the numbered amount, which one do you follow?
 - a. Words
 - b. Numbers
 - c. Whichever is higher
 - d. None of the above, the check is automatically considered VOID

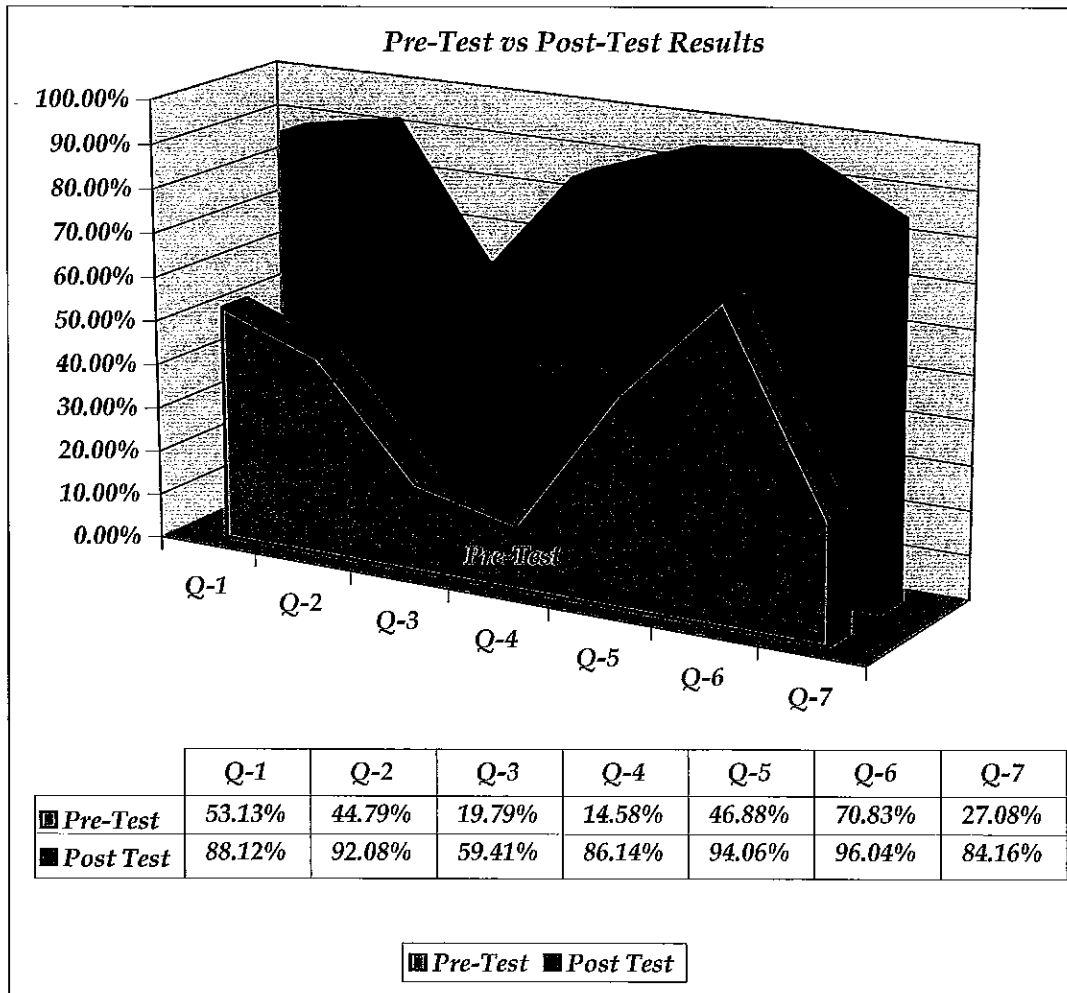
APPENDIX B

Check Tampering Quiz Results:

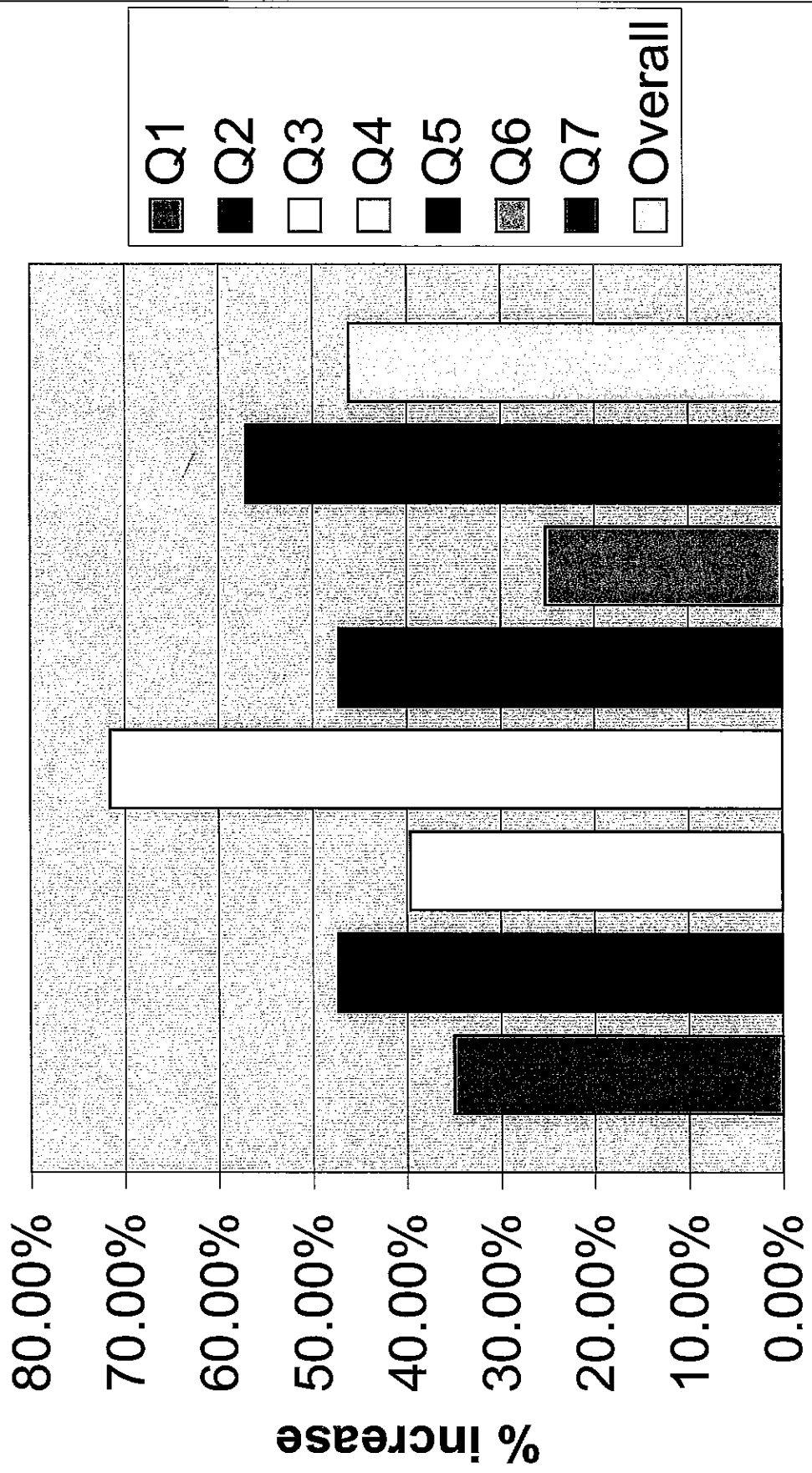
	<u>Pre-test</u> <u>Results</u>	<u>Post-test</u> <u>Results</u>	<u>% Change</u>
Q-1	53.13%	88.12%	34.99%
Q-2	44.79%	92.08%	47.29%
Q-3	19.79%	59.41%	39.61%
Q-4	14.58%	86.14%	71.56%
Q-5	46.88%	94.06%	47.18%
Q-6	70.83%	96.04%	25.21%
Q-7	27.08%	84.16%	57.08%
TOTAL	39.58%	85.71%	46.13%

** 94 Students took the Pre-Test

** 101 Students took the Post-Test



% age Increase by Question



Forged Endorsement Schemes

- ❑ What is it?
 - An employee steals a company check written to a 3rd party and endorses the check with a forged signature.
- ❑ How it works?
 - Obtaining a check after it has been prepared (before delivery)
 - Then endorsing the check with the payee's name on the check
 - Or make the check a dual endorsement

How to Prevent: Forged Endorsement Schemes

- ❑ Create better internal controls
- ❑ Make sure cutting, signing, and delivering checks are separate duties
- ❑ All complaints should be handled by someone other than a payables employee
- ❑ Paid vouchers should be stamped "paid" and recorded into a computerized system

Altered Payee Schemes

- ❑ What is it?
 - An employee intercepts a company check written for a 3rd party and alters the payee to cash themselves
- ❑ How it works?
 - Insert a false payee's name in place of the true payee
 - Have an accounts payable employee make false invoices
 - "Tacking on" additional words or letters

How to Prevent: Altered Payee Schemes

- ❑ Keep duties separate; check preparation, signing, delivery, and reconciliation
- ❑ Check for unusual payees or amounts during a bank reconciliation
- ❑ Consider using carbon copies
- ❑ Use non-erasable ink

Concealed Check Schemes

- ❑ What is it?
 - Employee prepares a fraudulent check and submits it along with legitimate checks to an authorized maker who signs it without proper review
- ❑ How it works?
 - Check is prepared (for personal use)
 - Conceal check in stack for approval

How to Prevent: Concealed Check Schemes

- ❑ Deliver checks for authorization during non-busy times of the day.
- ❑ Do not let person who hands checks in for review have access after the review
- ❑ Require check signer to examine each check closely.
- ❑ Require a quick scan of a list of payee's

Authorized Maker Schemes

What is it?

- Employee with signature authority writes fraudulent checks for their own benefit and signs their name as the maker

How it works?

- No altering or pre-prepared instrument or forge the maker's signature needed, signer simply writes a fraudulent check and signs it.

How to prevent: Authorized Maker Schemes

Separation of duties

- Custody, authorization, reconciliation, recording

Require dual signature

Canceled checks should be spot-checked for proper support

Maintain vendor lists and confirm disbursement to list

Wrap-Up

Additional fun facts about Check Tampering and Detection.

Questions?