

<u>Databases selected:</u> APS Online

Fraud in the governmental and private sectors

Sarah A Holmes, Jeffrey W Strawser, Sandra T Welch. Journal of Public Budgeting, Accounting & Financial Management. Boca Raton: Fall 2000.Vol. 12, Iss. 3; pg. 345, 25 pgs

Subjects: Comparative studies, Statistical analysis, Fraud, Private sector, Public

sector, Studies, Corruption in government

Classification Codes 9130, 9190, 9550 Locations: United States, US

Author(s): Sarah A Holmes, Jeffrey W Strawser, Sandra T Welch

Document types: Feature

Publication title: Journal of Public Budgeting, Accounting & Financial Management. Boca Raton: Fall

2000. Vol. 12, Iss. 3; pg. 345, 25 pgs

Source type: Periodical ISSN/ISBN: 10963367
ProQuest document ID: 57960356
Text Word Count 4637

Document URL: http://proquest.umi.com/pqdweb?did=57960356&sid=1&Fmt=4&clie

ntId=8631&RQT=309&VName=PQD

Abstract (Document Summary)

The objective of this paper is to identify and provide a description, assessment, and analysis of frauds occurring in governmental entities at the federal, state, and local levels and to compare these findings to data from the private sector. Analyses are conducted along the following dimensions: the victim of the fraud, its perpetrator(s), the fraud scheme, and the detection and investigation of the fraudulent activity. In addition, the conditions under which the frauds occurred in both the public and private sectors are described, discussed, and analyzed. Data were obtained from a mail survey distributed to the membership of the Association of Certified Fraud Examiners. The findings of this study clearly indicate that no entity is immune to victimization by criminal activities of a financial nature.

Full Text (4637 words)

Copyright PrAcademics Press, College of Urban and Public Affairs, Florida Atlantic University Fall 2000 [Headnote]

ABSTRACT. The objective of this paper is to identify and provide a description, assessment, and analysis of frauds occurring in governmental entities at the federal, state, and local levels and to compare these findings to data from the private sector. Analyses are conducted along the following dimensions: the victim of the fraud, its perpetrator(s), the fraud scheme, and the detection and investigation of the fraudulent activity. In addition, the conditions under which the frauds occurred in both the public and private sectors are described, discussed, and analyzed. Data were obtained from a mail survey distributed to the membership of the Association of Certified Fraud Examiners. A total of 2,471 responses containing details of actual fraud cases were received. Of these, 611 cases described frauds that had occurred in governmental units and 1,860 depicted frauds that had occurred in the private sector. The findings of this study clearly indicate that no entity is immune to victimization by criminal activities of a financial nature.

INTRODUCTION

In recent years, fraud has become an increasingly troublesome problem for numerous entities in a wide variety of environments in both the public and the private sectors. For example, the Justice Department estimates that fraud and abuse account for approximately ten percent (\$100 billion) of the nation's annual health care expenditures (General Accounting Office, 1997), and federal auditors suggest that improper payments totaling \$23 billion have been made to medical providers under the Medicare program alone (Anders, 1997).

Loss estimates such as these (and the subsequent public comments generated as a result) have caused many managers and administrators to reexamine their activities. The detection of fraud is difficult, to say the least. Nevertheless, given the sometimes conflicting pressures placed on governmental officials in all sectors because of such factors as budget shortfalls, in particular, and the repeated calls for increased accountability, an examination of this important issue is of particular interest to the government sector at this time.

The objective of this study is to identify and provide a description, assessment, and analysis of frauds committed against governmental entities at the federal, state, and local levels and to compare these irregularities to those committed against companies in the private sector. Common factors associated with the misappropriation of assets (fraud) are addressed through the following five basic questions:

Where are frauds most likely to occur?

Who is most likely to perpetrate a fraud?

How are these frauds perpetrated?

What leads to the discovery of these frauds?

How are these frauds confirmed?

Knowledge of frauds that have occurred and have been subsequently detected in a variety of contexts, offers valuable insights that may be used to design and implement not only appropriate audit procedures, but perhaps more important, more effective control measures for the organization. Specifically, by profiling both the victims and the perpetrators of frauds, identifying the basic characteristics of the fraud schemes, and detailing the methods used to detect and confirm the fraudulent activity, managers, administrators, and auditors can be alerted to the likelihood that organizations may be vulnerable to fraud and take appropriate action(s).

BACKGROUND

According to the Institute of Internal Auditors (1985), an employee, outside individual, or a party representing another entity perpetrates a fraud against an organization for direct or indirect personal benefit. In general, the perpetrator conceals or misrepresents events or data, or makes false claims. Although no single study provides a comprehensive theory of fraud, many do offer at least some insight into the complexities of this important issue.

The Victim

Freeman and Shoulders (1996) note that governmental organizations are similar to profit-seeking entities in many ways. They both are integral parts of the same economic system and must acquire and convert similar scarce resources to accomplish their purposes. Certain fundamental differences between public and private entities do exist, however. Public sector managers focus on acquiring and using available financial resources to provide the maximum quantity of goods and services possible to their constituencies. In contrast, private sector managers seek to expend resources to generate the maximum income possible for the benefit of their stockholders. These fundamental differences in organizational focus can lead to the development of different control systems. Strict operational and administrative controls are created throughout the public sector to ensure compliance with espoused regulations. In contrast, the profit measure provides an automatic external regulating device for assessing the performance of entities in the private sector of the economy. These basic differences, both in organizational objectives and in organizational controls, may create unique combinations of circumstances, time, and place that can lead to the misappropriation of assets in the public and private sectors.

Increased victimization may occur within a particular organization, as well. First, inappropriate signals from the organization's leadership may be perceived as condoning or even encouraging unethical behavior (AICPA; 1988a; Coleman, 1987; Guercio, Rice and Sherman, 1988; NCFFR, 1987). Second, inadequate or missing formal deterrence mechanisms within the unit may exist (AICPA, 1988b; Cressey, 1953; COSO, 1978; Cornish and Clarke, 1987; NCFFR, 1987; Guercio, Rice and Sherman, 1988; Seidman, 1990; Shapiro, 1990). Finally, an insufficient presence of or influence by either (or both) internal or external auditors may be exhibited (AICPA, 1988b; IIA, 1985; Matsumura and Tucker, 1992; Seidman, 1990).

The above discussion suggests that certain environments may be conducive to frauds. This leads to the initial hypothesis.

H1: Certain victim characteristics vary systematically across the various sectors of the economy.

The Perpetrator

Cressey (1953) notes that a perpetrator must exhibit not only an inherent ethical weakness, but also must possess

a structural knowledge of the fraud target, for the successful commission of a fraud to result. Many perpetrators share certain personal characteristics. Middle-aged (Collins and Schmidt, 1993; Weisburd, blaring and Wheeler, 1990), married (Seidman, 1990; Weisburd, blaring and Wheeler, 1991), males (Collins and Schmidt, 1993; Daly, 1989; Hollinger and Clark, 1983; Seidman, 1990) have been linked with a propensity to commit fraud in the private sector. In addition, the magnitude of the illegal advantage achieved has been found to be highly correlated with both the positions held by the perpetrators within the victim organizations (Mann, 1992; Wheeler and Rothman, 1982) and the specific level of responsibility involved (Guercio, Rice and Sherman, 1988; Loebbecke, Eining and Willingham, 1989).

The unique organizational structures maintained in the various segments of the economy may lead to differing perpetrator profiles both within the public sector and across all sectors of the economy. To examine any potential differences the following hypothesis is tested:

H2: Certain perpetrator characteristics vary systematically across the various sectors of the economy.

The Scheme

Routine, ongoing activities of the entity are generally perceived by perpetrators to provide the best opportunities for the enactment of frauds (Cohen, Felson and Land, 1980; Maxfield, 1987). Specifically, the positions held by perpetrators within the victim organizations influence both the type of fraud perpetrated (Guercio, Rice and Sherman, 1988; Seidman, 1990) and the perpetrators' ability to manipulate organizational controls designed to signal the presence of fraudulent activity (Mann, 1992; Shapiro 1990; Wheeler and Rothman, 1982).

Since both organizational activities and the devices used to regulate such activities differ between public and private entities, differing opportunities for fraudulent activities may exist. Based on the review of these past findings, the following hypothesis is suggested:

H3: Certain fraud characteristics vary systematically across the various sectors of the economy.

The Detection

Three elements are often linked to the successful detection of a fraud scheme: organizational characteristics, "red flags", and audit procedures. (See Albrecht and Romney, 1986; AlCPA 1988a; Hooks, Kaplan and Schultz, 1994; King and Feldman, 1992; Loebbecke, Eining and Willingham, 1989; Matsumura and Tucker, 1992; Tureen and Messinal, 1997). In the governmental sector, as elsewhere, the integrity of an agency's internal structure, coupled with the effectiveness of the audits (both internal and external) conducted on the agency and its programs, can have a significant impact on the likelihood that irregularities will commence, and if they do occur, that they will be detected on a timely basis. Specifically, open channels of communication (Hooks, Kaplan and Schuktz, 1994), proper internal controls (Loebbecke, Eining and Willingham, 1989; Matsumura and Tucker, 1992), and a pool of sensitive personnel (Guercio, Rice and Sherman, 1988; Poneman, 1994) create important aids to detection.

Shapiro (1990) notes that when a perpetrator can mask illicit behavior, the fraud examination may be both very time consuming and only partially successful. In many fraud examinations, investigators may need to link several seemingly unrelated situations in order to confirm the existence of fraud. The discrete nature of transactions, coupled with the power commanded by a given perpetrator, may allow the perpetrator to hinder or, in some instances, even block any investigations that do take place. These expectations lead to the fourth and fifth hypotheses.

H4: The detection of fraud schemes varies systematically across the various sectors of the economy.

H5: The examination of fraud cases varies systematically across the various sectors of the economy.

METHODOLOGY

Data reported in this paper were obtained from a questionnaire distributed to the 8,000 active members of the Association of Certified Fraud Examiners (ACFE). Each member was asked to describe in detail an instance of fraud with which (s)he was personally familiar along the dimensions described above: the victim of the fraud scheme, the perpetrator, characteristics of the scheme itself, and methods of detection. A copy of the survey instrument is included in the Appendix.

A total of 2,471 usable responses (30.9% response rate) was obtained. Of these, 611 reported and described

frauds which had been committed within a governmental unit and 1,860 described frauds which had occurred in the private sector. The governmental responses are classified and presented by entity level - federal, state, and local - and are contrasted with private sector frauds to ascertain whether significant differences exist.

For these data, univariate and frequency statistics are calculated to identify those characteristics that might aid in the detection and prevention of fraud. Ratio scale data are tested using nonparametric means since the numerical data tend to be highly skewed. The median (Brown-Mood) test is used to measure significant differences among dollar assets, dollar sales, number of employees, and dollar losses medians. The KruskalWallis test is utilized to test whether significant differences exist in respondents' perceptions of the various schemes, and the Wilcoxon rank sum test is employed to test for differences in respondents' rankings of the importance of internal control weaknesses. Contingency tables are constructed to calculate Chi-square statistics to test the significance of relationships among other nominal scale data. The median numerical statistics are reported when the results are skewed.

ANALYSIS OF RESULTS

The Victim

The initial hypothesis posits that different types of victim organizations (federal, state, local, and private) may offer different opportunities to perpetrators. Table 1 (Panel A) contrasts the characteristics of governmental fraud with those of the entities victimized in the private sector. Panel B offers a comparison of the governmental victims by level - federal, state, and local.

On average, perpetrators tended to victimize larger entities in terms of the number of personnel at the federal and state levels of the governmental sector (1,800 and 2,200 employees, respectively) than was the case in the private sector (700 employees). Local governments that were victimized were comparable in size or even smaller than were the private entities (440 employees). Congruent with the relative sizes of the fraud victims, a greater internal audit presence was noted among federal, state and private entities (71.7%, 78.5%, and 65.2%, respectively). Budget constraints may cause fewer local entities to employ internal auditors (52.7%).

Respondents also reported that local governments experienced significantly higher levels of weaknesses in internal controls (91.6%) than did their counterparts in the private sector (81.2%) or in federal (82.6%) or state (83.9%) governmental units. A lack of separation of duties regarding (1) the custody and physical use of assets; (2) authorization for transactions; and, (3) record-keeping for assets was reported to be the most significant contributor to fraudulent activities in all sectors, public and private. This weakness provided opportunities for individuals to initiate schemes that could normally be prevented through the authorization and review process.

Overall, the above results provide support for the initial hypothesis. Smaller entities in the local government sector, with a lower internal audit presence and a higher incidence of internal control weaknesses, tend to be more subject to victimization than elsewhere.

The Perpetrator

The second hypothesis predicts that personal traits of perpetrators may vary systematically according to the type of unit victimized. The characteristics of the perpetrators responsible for the fraud schemes uncovered in both the public and private sectors are reported in Panel A of Table 2. Panel B contrasts the three levels of governmental entities.

Consistent with the findings of Hollinger and Clark (1983), Daly (1989), Seidman (1990), Weisburd et al. (1991), and Collins and Schmidt (1993), a disproportionate number of perpetrators in two sectors (private and federal) were male (private = 74.3%; federal = 74.3%), married (private = 75.2%; federal = 76.1%), and college-educated (private = 56.9%; federal = 61.3%). In contrast, only 54.5% of the local sector perpetrators were male, 63.2% were married, and 37.0% were collegeeducated. Local demographics correspond more closely to census demographics where 56.2% of the national labor force, aged 25-54, is male, 69.3% are married, and 29.5% hold at least an undergraduate degree (USDL 1994).

The demographics described above suggest that individuals who have achieved a certain element of power in their relationships with the victim entities commit successful frauds. These power-relationships differ across the various classifications of entities, however. Significantly fewer individuals holding a management position (17.4%) and a significantly greater number of vendors (30.2%) initiated frauds against the federal sector. In contrast, employees at both the managerial (30.5%) and nonmanagerial (58.1%) levels were the likely perpetrators in frauds against local governments. Private entity perpetrator characteristics corresponded to the local sector in terms of management

(32.2%) and vendor (12.6%) participation, and to the federal sector in terms of non-management participation (43.3%). Customers (13.0%) also presented a threat in the private sector.

The demographic differences noted above offer support for Hypothesis 2. The perpetrator's relationship with the victim entity and the specific level of responsibility achieved vary across sectors.

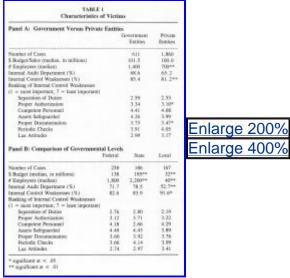


TABLE 1

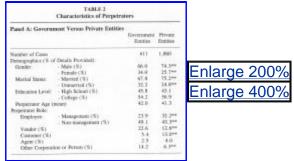


TABLE 2

The Scheme

Hypothesis 3 predicts that perpetrators in each sector are likely to institute different types of fraud schemes. The characteristics of numerous fraud schemes perpetrated against both governmental and private entities have been identified and are reported in Table 3. Panel A contrasts public and private organizations, while Panel B provides additional details for the public sector, by level - federal, state, and local.

The magnitude of the median dollar losses incurred by victims in the private (\$170,000) and federal government (\$200,000) sectors was significantly greater than the losses incurred by either state (\$100,000) or local (\$50,000) governmental entities. These larger loss entities reported the least problems with weaknesses in internal control, however. It is possible that the presence of a large number of outsider perpetrators (particularly vendors) at the federal level and perpetrators occupying management positions in the private sector contributed to the large losses reported. The activities of these perpetrators (both vendors and management) may not be subject to the same level of scrutiny as is the case with the comparable activities of others. These perpetrators may also be better able to disguise larger fraudulent amounts as legitimate transactions.

Government organizations apparently provide richer opportunities for a perpetrator to take advantage of certain internal control weaknesses. It is less likely that duties are properly segregated, that personnel have been properly trained, and that both assets and documents are periodically tracked and counted. In addition, government management is more likely to exhibit a lax attitude regarding enforcement of control rules and policies.

When the government schemes are disaggregated into types of entities victimized, many differences arise.

Separation of duties is much more serious at the local level, with 72.5% of these organizations exhibiting weakness in this control as opposed to only 53.9% at the federal level. In addition, local governments showed significantly weaker controls regarding transaction authorization (64.1 %), prevention of document destruction (40.1%), asset safeguards (59.3%), and accountability for assets and documents (60.5%) than did federal organizations (48.1%, 23.6%, 36.4%, and 46.9%, respectively). Fraud perpetrators at the local level not only took advantage of inherent internal control weaknesses, but also were better able to circumvent such controls, even when they did exist. Local governments, possibly because they are less likely to employ internal auditors, experienced more fraud involving the overriding of internal controls (49.7% local versus 38.0% federal and 39.3% state). On average, however, all schemes, regardless of which economic sector was victimized, remained undetected for relatively long periods of time. The differences outlined above provide support for the third hypothesis.

The Detection

Shapiro (1990) notes that because the perpetrator often has the ability to conceal fraudulent behavior, the detection of fraud can often be extremely difficult. Specifically, increased power can result in the increased exploitation of the controls in place, thus making the detection of fraud more difficult. The final two hypotheses posit that, systematic differences exist both in the detection (Hypothesis 4) and examination (Hypothesis 5) of fraud schemes perpetrated in the various sectors of the economy. Table 4 summarizes the detection and investigation of the fraud schemes reported in this study. Panel A contrasts the cases of fraud perpetrated against governmental entities with the cases reported for private or for-profit businesses. Panel B provides further details of the instances of government fraud by level - federal, state, and local.

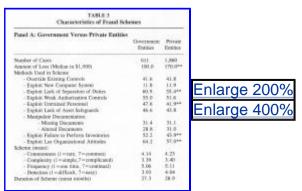


TABLE 3

External auditors play a more limited role in the detection of fraud perpetrated in the private sector (6.0%) than is reported to be the case in any of the governmental sectors (federal = 15.9%; state = 14.7%; local = 27.5%). This may reflect the fact that public entities may be more frequently subjected to various government auditors, such as inspector general teams, DCAA auditors, and GAO. Suspicions and complaints arising from individuals both within and outside the victim organization led to the discovery of nearly 70% of the fraud cases reported from the private sector (insiders = 45.2%; outsiders = 23.7%). In contrast, only half of the schemes uncovered in local governmental entities were detected in this manner (insiders = 38.9%; outsiders = 13.2%).

With the exception of the federal sector, specific fraud examinations were conducted in more than 80% of the fraud cases reported. Internal auditors participated in over half of these examinations. External auditors typically were active in government investigations, particularly at the local level (44.5%). Private entities used internal security personnel in their investigations (28.1%); while governmental entities were more likely to call upon law enforcement agencies (17.3%) for assistance. The differences noted across sectors provide support for Hypotheses 4 and 5.

SUMMARY AND CONCLUSION

This study reports the results of a survey of the membership of the Association of Certified Fraud Examiners. Fraud which has occurred in federal, state, and local governmental entities is compared to fraud reported in the private or for-profit sector to ascertain whether identifiable characteristics of fraud can be isolated, reported, and used in the detection, identification, and, even more important, prevention of fraudulent activities. These issues are of critical importance not only to the management, administration, and auditors of these entities, but also to the public, as well. Knowledge is power and informed knowledge regarding these important issues is useful to everyone concerned. The objective of this research is to provide this knowledge.

The findings of this study clearly indicate that neither governmental nor private entities are immune to victimization by criminal activities of a financial nature. Indeed, fraud has proven to be both somewhat common and extremely

costly. Though relatively small in terms of the percentage of the budget or revenues impacted, the specific illegal acts reported in this study affected numerous governmental agencies and private companies and resulted in the losses of millions of dollars. Even beyond the sheer magnitude of the dollar losses incurred, however, fraud has also proven to be extremely costly in other ways. Illegal activities divert resources from their intended uses. In addition, fraud undermines a governmental agency's or for-profit company's operations by deflecting the focus of its leadership. These events, often well publicized, also erode the public's confidence in the integrity of our government - at the local, state, and federal levels.

Most victims of frauds would appear to benefit if they are able to maintain an effective internal audit function. Of course, this ideal simply may not be practical or even possible, particularly at the local level of government or in the case of smaller private entities. In spite of these circumstances, in numerous instances the internal controls that were in place in both governmental and for-profit entities were perceived to be weak. The effect of these weaknesses in controls was especially conveyed through lax organizational attitudes. The perpetrators of fraud may have sensed that not only could existing internal controls be successfully circumvented, but also that any weaknesses in the control system could be exploited without raising serious organizational concerns. Both the management of an entity, public or private, and its auditors must work to improve both specific weaknesses in the control structure and to deal with any poor or lax attitudes on the part of employees. Unless these conditions are both addressed and controlled, if not eliminated, the environment may be susceptible to fraud.

The profile of the typical perpetrator of fraud was that of a middleaged, married male with, in many instances, a college-level education. He had apparently gained a sufficient understanding of organizational mechanisms to institute the fraud, as well as sufficient power within the organization to enact and conceal illicit transactions without being seriously questioned. These characteristics identified in this study should be considered by both the management and the auditors of entities in investigating cases of suspected fraud.

The schemes enacted reflected the exploitation of known organizational weaknesses and the manipulation of familiar accounts with which the perpetrator worked. The methods employed in the fraud schemes reported may be subject to detection in the routine examination or review of transactions. Deviations from approved policies for transactions should trigger concern and, of course, always should be thoroughly investigated. All reasons provided by the personnel involved should, of course, be independently supported before being accepted. Along with other signals, such as financial anomalies and observable changes in lifestyles of personnel, such divergence may indicate that fraudulent activity indeed may be occurring. These characteristics must be carefully and continually scrutinized by both the management and auditors of the entities.

As emphasized throughout this paper, the findings reported in this study are important because they can be used to help to alert managers and auditors, internal and external, to the likelihood that their areas of responsibility may be particularly vulnerable to fraud. The use of this knowledge in monitoring and controlling ongoing activities is essential. Management and the auditors of all entities, public and private, must work closely together to understand operations, know the key employees, and always, always, keep professional skepticism on a "red alert" status. Only by the continual vigilance of both management and the auditor can this important issue be effectively addressed.

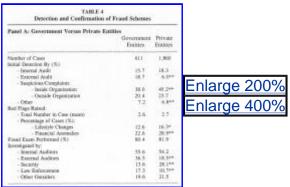
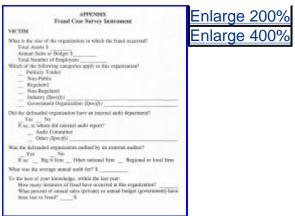


TABLE 4



APPENDIX

[Reference] REFERENCES

[Reference]

Albrecht, W. S., and Romney, M. B. (1986), "Red-Flagging Management Fraud: A Validation, " Advances in Accounting, 3: 323334.

American Institute of Certified Public Accountants, Auditing Standards Board (1988a) The Auditor's Responsibility to Detect and Report Errors and Irregularities (Statement of Auditing Standards No. 53), New York, NY: Author.

[Reference]

American Institute of Certified Public Accountants, Auditing Standards Board (1988b), Consideration of the Internal Control Structure in a Financial Statement Audit (Statement of Auditing Standards No. 55), New York, NY: Author. Anders, G. (1997, June 11), "Estimate of Improper Medicare Costs Soars," The Wall Street Journal: SEC A2.

[Reference]

Cohen, L., Felson, M., and Land, K. (1980), "Property Crime Rates in the United States: A Macrodynamics Analysis, 1947-1977; with ex Ante Forecasts for the Mid-1980s," American Journal of Sociology, 85(1): 90-118. Coleman, J. (1987), "Toward an Integrated Theory of White-collar Crime," American Journal of Sociology, 93(2): 406-439.

[Reference]

Collins, J., and Schmidt, F. (1993), "Personality, Integrity, and Whitecollar Crime: A Construct Validity Study," Personnel Psychology, 46(2): 295-311.

[Reference]

Committee of Sponsoring Organizations of the Treadway Commission (1978), Internal Control-Integrated Framework, New York, NY: Author.

Cornish, D., and Clarke, R. (1987), "Understanding Crime Displacement: An Application of Rational Choice Theory," Criminology, 25(4): 933-947.

[Reference]

Cressey, D. (1953), Other People's Money, New York: The Free Press. Daly, K. (1989), "Gender and Varieties of White-Collar Crime," Criminology, 27(4): 769-793.

Freeman, R. J., and Shoulders, C. D. (1996), Governmental and Nonprofit Accounting Theory and Practice, Upper Saddle River, NJ: Prentice Hall.

[Reference]

General Accounting Office (1997, February), High-risk Series: Medicare (HR-97-10), Washington, DC: Author. Guercio, J. P., Rice, E. B., and Sherman, M. F. (1988), "Old Fashioned Fraud by Employees Is Alive and Well: Results of a Survey of Practicing CPAs," The CPA Journal, 58(9): 74-77.

Hollinger, R. C., and Clark, J. P. (1983), "Deterrence in the Workplace: Perceived Certainty, Perceived Severity, and Employee Theft," Social Forces, 62(2): 398-418.

[Reference]

Hooks, K. L., Kaplan, S. E., and Schultz, J. J. (1994, Fall), "Enhancing Communication to Assist in Fraud Prevention and Detection," Auditing: A Journal of Practice and Theory, 13: 86-117.

Institute of Internal Auditors (1985), Deterrents, Detection, Investigation, and Reporting of Fraud (Statement on Internal Auditing Standards No. 3), Sarasota, FL: Author.

[Reference]

King, J. G., and Feldman, C. (1992), "Employee Theft and Fraud: Are You Doing All You Can for Your Clients?" The Practical Accountant, 25(2): 31-35.

Loebbecke, J. K., Eining, M. M., and Willingham, J. J. (1989), "Auditor's Experience with Material Irregularities: Frequency,

[Reference]

Nature, and Detectability," Auditing: A Journal of Practice and Theory, 9(1): 1-28.

Mann, K. (1992), "White-collar Crime and the Poverty of the Criminal Law, " Law and Social Inquiry, 17(2): 561-571.

[Reference]

Matsumura, E. M., and Tucker, R. R. (1992), "Fraud Detection: A Theoretical Foundation," The Accounting Review, 7(4): 753-782.

Maxfield, M. (1987), "Lifestyle and Routine Activities of Crime," Journal of Quantitative Criminology, 26(2): 275-282.

[Reference]

National Commission on Fraudulent Financial Reporting (1987, October), Report of the National Commission on Fraudulent Financial Reporting, Washington, DC: Author.

Ponemon, L. A. (1994), "Whistle-blowing as an Internal Control Mechanism: Individual and Organizational Considerations," Auditing. A Journal of Practice and Theory, 13(2): 118-139.

[Reference]

Romney, M. B., Albrecht, W. S., and Cherrington, D. J. (1980), "Auditors and the Detection of Fraud," Journal of Accountancy 149(5): 63-69.

Seidman, J. S. (1990), "A Case Study of Employee Frauds," The CPA Journal, 60(I): 28-35.

[Reference]

Shapiro, S. (1990), "Collaring the Crime, Not the Criminal: Reconsidering the Concept of White-collar Crime," American Sociological Review, 55(3): 346-365.

Turpen, R. A., and Messina, F. M. (1997), "Fraud Prevention and the Management Accountant," Management Accounting, 78(2): 34-37.

[Reference]

U.S. Department of Labor, Bureau of Labor Statistics (1994), Current Population Survey, Washington, DC: U.S. Government Printing Office.

Weisburd, D., Waring, E., and Wheeler, S. (1990), "Class, Status, and the Punishment of White-collar Criminals, " Law and Social Inquiry, IS(]): 223-243.

[Reference]

Weisburd, D., Wheeler, S., Waring, E., and Bode, N. (1991), Crimes of the Middle Classes: White-collar Offenders in the Federal Courts, New Haven, CT: Yale University Press.

Wheeler, S., and Rothman, M. (1982, June), "The Organization as Weapon in White-collar Crime," Michigan Law Review, 81: 14031426.

[Author Affiliation]

Sarah A. Holmes, Jeffrey W. Strawser and Sandra T. Welch*

[Author Affiliation]

* Sarah A. Holmes, Ph.D., is the Arthur Andersen Former Students Professor, Department of Accounting, Texas A&M University. Her teaching and research interests are in financial reporting. Jeffrey W. Strawser, Ph.D., is an Assistant Professor, Department of Accounting, Sam Houston State University. His teaching and research interests are in managerial accounting. Sandra T. Welch, Ph. D., is an Associate Professor, Department of Accounting, University of Texas at San Antonio. She teaches financial accounting and auditing, and her research interests are primarily in fraud

Copyright © 2006 ProQuest Information and Learning Company. All rights reserved. Terms and Conditions

Text-only interface



