SYLLABUS (Preliminary)

Ph. D. Seminar in Auditing
Rutgers, The State University of New Jersey
Graduate School of Management

Auditing Concepts and Standards: Spring 2016

Prof. Miklos A. Vasarhelyi Washington Park room 204
Class Hours: Tuesdays 10:00 - 12:50
Office Hours: Before and after class (and by appointment)
              Best method of contact: e-mail miklosv@andromeda.rutgers.edu
Teaching Assistant: Qiao Li <liqiao1218@gmail.com>

Course Materials

Journal Articles: See Reading List
Other References: AICPA, Codification of Statements on Auditing Standards.

Any good basic Auditing book (e.g. Arens; Robertson)

Pre-Requisites

Participants in this seminar are assumed to have had basic accounting (financial and managerial), auditing and some research methodology. If this is not the case a special supplementary reading list will be prepared with the instructor.

Requirements

Classroom participation, paper presentations, mini-project, and a final exam will serve as the main medium of instruction in this course. Students are expected to have read all required assignments and lead the discussion in the papers they are assigned to during the semester.

Each research paper will have a "discussant" assigned who will be responsible for presenting the paper as if he/she was the author and defend it as well as analyze it. Discussants are to prepare a written critique and pass it along to the other class participants and the instructor 2 days prior or at the beginning of the class. The discussant should also perform a literature search of related papers and be able to present it in class. Other participants should be prepared for the discussion as they may be called to support (or replace) the discussant.

Seminar grade will be assigned based on the discussions presented, on the participation in the seminar, on the mini-project, and on the final exam which will be in the form and content of a field exam.

All students are required also to participate in the Accounting Research Forum being held on Fridays am. Students are expected to prepare and ask questions to the presentor and also hand in these questions to the instructor.
The mini-project is of the form of a term-paper and students may choose to replicate an experiment, examine in the research format a particular audit issue, use an empirical database or any other relevant project approved by the instructor. The objective of the mini-project is to provide the participants with an experience in audit research. The mini-project is due the last day of classes and projects not received at the beginning of that class will be assigned a failing grade.

**Course Outline**

The course will in general be run in two separate sections one for AIS students other for accounting students. In certain dates the sections may be together and we will poll the class for alternate dates for the weeks of September 15, September 22, and October 25th.

**Legend**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Journal/Term of Publication</th>
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<tbody>
<tr>
<td>Aud.</td>
<td>Auditing: A Journal of Practice and Theory</td>
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<tr>
<td>JAR</td>
<td>Journal of Accounting Research</td>
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<tr>
<td>TAR</td>
<td>The Accounting Review</td>
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<tr>
<td>JofA</td>
<td>Journal of Accountancy</td>
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<tr>
<td>AOS</td>
<td>Accounting, Organization &amp; Society</td>
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<td>JAL</td>
<td>Journal of Accounting Literature</td>
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<td>JAE</td>
<td>Journal of Accounting and Economics</td>
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<tr>
<td>JAAF</td>
<td>Journal of Accounting, Auditing, and Finance</td>
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<tr>
<td>***</td>
<td>Required Readings Prior to class</td>
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<td>**</td>
<td>Strongly Recommended Readings for Research</td>
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<td>*</td>
<td>Recommended Readings for Research</td>
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1. **Tuesday January 19, 2016**

   **Introduction**

   AICPA ASEC mapping document


   GUEST PRESENTER: Jun Dai (Audit Apps – dissertation proposal)
   GUEST PRESENTER: Deniz Applebaum (moving towards audit analytics)

2. **Tuesday January 26, 2016**

   **Audit Quality**


**Other Readings**


3. Tuesday February 2, 2016

**Continuous audit**


**Other readings**


** Analytic Methods in Audit


** visit http://raw.rutgers.edu/pcaob and choose 2 papers to read… write a one page commentary on it. some will be asked to present and discuss… no powerpoints

** Audit analytics mapping Framework

4. Tuesday February 9, 2016

** Behavioral/Judgment Issues


Other readings


Bamber, Em, Watson, Rt, The Effects Of Group Support System Technology On Audit Group Decision Making, Sp, 96, 122, 134, Aud

**Human Factors**


**Other readings**


Kennedy, J, Peecher, Me, Judging Auditors' Technical Knowledge, Au, 97, 279, 293, Journal of Accounting Research

**6. Tuesday March 1, 2016**

**Internal Controls / RADAR project 1 Analytics and detecting Internal controls**


**Other readings**


7. Friday March 4, 2016 (from 3:00 to 5:50) NOTE FRIDAY CLASS

Audit Risk


Other reading


* Luehlfing,Ms, Copley,Pa, An Examination Of The Relationship Between Audit-Related Risks And The Second Partner Review, Wi, 95, 43, 50, Jaaf

8. Tuesday March 8, 2016

Audit Evidence


Integrating different forms of data for audit evidence: markets research becoming relevant to assurance, Lucas Hoogduin (KPMG), Kyunghee Yoon, Li Zhang, submitted to Accounting Horizons

**Other readings**


**Tuesday March 15, 2016 Spring break**

9. **Tuesday March 22, 2016**

**Analytical Review**


**Other readings**


Wilson, Ac, Weld ,Lg, Regression As An Analytical Procedure: Are Adjustments For Autocorrelation Really Necessary?, Wi, 97, 67, 82, Jaaf


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10. Tuesday March 29, 2016

**Audit Opinion**


Mutchler, Jf, Hopwood, Ws, The Influence Of Contrary Information And Mitigating Factors On Audit Opinion Decisions On Bankrupt Companies, Au, 97, 295, 310, *Journal of Accounting Research*


**Other readings**

Melumad, Nd, Ziv, A, A Theoretical Examination Of The Market Reaction To Auditors Qualifications, Au, 97, 239, 256, *Journal of Accounting Research*


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11. Tuesday April 5, 2016

**Methodology**


**Other readings**


12. Tuesday April 12, 2016

** Materiality **

** Legoria, Melendrez & Reynolds 2013 “Qualitative Audit Materiality and Earnings Management” June 2013, Vol. 18, Issue 2, pp. 414 – 442

*** Turner, JI, , The Impact Of Materiality Decisions On Financial Ratios: A Computer Simulation, Sp, 97, 125, 147, JAAf


**Other readings **


Analytic Methods in Audit 2

*** visit [http://raw.rutgers.edu/pcaob](http://raw.rutgers.edu/pcaob) and choose 2 papers to read… write a one page commentary on it. some will be asked to present and discuss… no powerpoints

13. Tuesday April 19, 2016

Audit Practice Research

Student Presentations of Term Paper


Other readings

Bell Beddard  Krisk Client Acceptance

Winograd  Audit Practices at PWC


Dalton, Dr. Hill, Jw, The Threat Of Litigation And Voluntary Partner/Manager Turnover In Big Six Firms, Wi, 97, 379, 413, Jaap


Narayanan, Vg, , Moral Hazard In Repeated Professional Partnerships, Sp, 95, 895, 917, Car

Moreland, Ka, , Criticisms Of Auditors And The Association Between Earning And Returns Of Client Firms, Sp, 95, 94, 104, Aud


14. Tuesday April 26, 2016

Auditing Markets


Dye, Ra, , Incorporation And The Audit Market, 02, 95, 75, 114, Jae

Audit Committee


Expert Systems / usage of technology


Other readings


Fischer, Mj, "Real-Izing" The Benefits Of New Technologies As A Source Of Audit Evidence: An Interpretive Field Study, 02, 96, 219, 242, Aos

15. Tuesday May 10 2016 Final Exam

POTENTIAL EXTRA TOPICS AND READING

Non-Audit services


Firth, M The Provision Of Nonaudit Services By Accounting Firms To Their Audit Clients, Summer 1997 page 1 Contemporary Accounting Research.

Other readings

Assurance services


Other readings


Krishnan, J, Krishnan, J, Litigation Risk And Auditor Resignations, 10, 97, 539, 560, Tar


Other readings


**Internal Audit**


**Other readings**


**Statistical Auditing**

What is sampling in the age of big data?


Optional readings
VL chapters 7,8,9 & 10.

**Other readings**

Johnstone,Dj, , Statistically Incoherent Hypothesis Testing In Auditing, Au, 95, 156, 175, Aud

**Fraud & Cooking the Books**


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1 Note the Schipper discussion.

Other readings


Audit Fee / Pricing

James D. Whitworth and Tamara A. Lambert

Iyer, Vm, Iyer, Gs, Effect Of Big 8 Mergers On Audit Fees: Evidence From The United Kingdom, Fa, 96, 112, 132, Aud


Audit Practice

Other readings

Street, Large Firms Envision Worldwide Convergence of Standards, Accounting Horizons, Spetember 2002.

Hackenbrack,Ke, Knechel,Wr, Resource Allocation Decisions In Audit Engagements, Fa, 97, 481, 499, Car


**Auditor Change**


**Other readings**

**Audit Standards**

**Auditor independence**

Sikka ,P, Willmott,Hc, "The Power Of "Independence": Defending And Extending The Jurisdiction Of Accounting In The United Kingdom", 08, 95, 547, 581, Aos

**Other Readings**


**Surveys**


