SYLLABUS v2

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

Auditing Concepts and Standards: Spring 2018

Prof. Miklos A. Vasarhelyi  Washington Park room 202
Class Hours: Tuesdays 10:00 - 12:50
Office Hours: Before and after class (and by appointment)
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Teaching Assistant: Andrea Rozario ochoaandrea09@gmail.com

Please join Webex from your computer through the link below:
URL: https://rubiz.webex.com/meet/carlab
Meeting Number: 647 384 447
Join from a video conferencing system or application Dial carlab@rubiz.webex.com
Join by phone +1-415-655-0002 US Toll Access code: 647 384 447

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 presenter 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**

**Legend**

- **Aud.** Auditing: A Journal of Practice and Theory
- **JAR** Journal of Accounting Research
- **TAR** The Accounting Review
- **JofA** Journal of Accountancy
- **AOS** Accounting, Organization & Society
- **JAL** Journal of Accounting Literature
- **JAE** Journal of Accounting and Economics
- **JAAF** Journal of Accounting, Auditing, and Finance

- *** Required Readings Prior to class
- ** Strongly Recommended Readings for Research
- * Recommended Readings for Research

1. **Tuesday January 16, 2018**

**Introduction**

AICPA ASEC mapping document


2. **Tuesday January 23, 2018**

**Audit Quality**


**Other Readings**


Dopuch, N, King, Rr, The Effects Of Lowballing On Audit Quality: An Experimental Markets Study, Wi, 96, 45, 68, Jaaf

PCAOB inspections


3. Tuesday January 30, 2018

Continuous audit


**Other readings**


4. **Tuesday February 6, 2018(Guest lecturer Helen Brown-Liburn)**

**Behavioral/Judgment Issues**


**Other Readings**


5. Tuesday February 13, 2018 – Dr. Deniz Appelbaum, 11am

Analytic Methods in Audit

*** Applebaum, D., Kogan, A., and Vasarhelyi, M.A. Analytical procedures in external auditing: A comprehensive literature survey and framework for external audit analytics


*** Applebaum, D., Kogan, A., and Vasarhelyi, M.A. Big Data and Audit Analytics in the modern audit engagement: Research needs, Forthcoming Auditing a Journal of Practice and Theory, 2018


Other readings
* Audit analytics mapping Framework, AICPA ASEC committee.

6. Tuesday February 20, 2018

Internal Controls / RADAR project 1 Analytics and detecting Internal controls


**Other readings**


### 7. Tuesday February 27, 2018

**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 6, 2018**

Audit Evidence


Other readings


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**Tuesday March 13, 2018 Spring break**
9. Tuesday March 20, 2018

Analytical Review


Other readings


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


10. Tuesday March 27, 2018

Audit Opinion


Auditor Skepticism


Other readings


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


11. Tuesday April 3, 2018

Methodology

Other readings


Other readings


Materiality

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


Other readings

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


** Analytic Methods in Audit 2 **

** Other readings **

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

** 12. Tuesday April 10, 2018 **

** Audit Practice Research **


*** Christensen, Brant E., Randal J. Elder, and Steven M. Glover. "Behind the numbers: Insights into large audit firm sampling policies." *Accounting Horizons* 29.1 (2014): 61-81. (read the document "AU Section 350 Audit Sampling" as supplementary material)

** 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


**13. Tuesday April 17, 2018**

**Auditing Markets**


**Other readings**

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

14. Tuesday April 24, 2018 Term Project Presentation

15. Tuesday May 8 2018 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
Wallage, “Assurance on Sustainability Reporting.”

**Legal & Org. Issues**

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?


¹ Note the Schipper discussion.

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

**Other readings**

Johnstone, D.j., *Statistically Incoherent Hypothesis Testing In Auditing*, Au, 95, 156, 175, Aud

**Fraud & Cooking the Books**


**Other readings**


**Audit Fee / Pricing**

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**


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


**Audit Judgment**


**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**


