

APPROVED

RECEIVED

The University of Toledo

FEB 07 2013

New Graduate Course Proposal

COLLEGE OF GRADUATE STUDIES

Contact Person Phone (XXX-XXXX)

Email

College If Other

Dept/Academic Unit

Alpha/Numeric Code (Subject area - number)

Proposed title Proposed Effective Term

Is the course cross-listed with another academic unit?

Approval of other Academic unit (Signature and title)

Is the course offered at more than one level?

If yes, an undergraduate course proposal form must also be submitted. If the undergraduate course is new, complete the [New Undergraduate Course Proposal](#); if the undergraduate course is existing, submit an [Undergraduate Course Modification Proposal](#).

Credit hours: Fixed: or Variable: to

Delivery mode:	Primary	Secondary	Tertiary
Activity Type	<input type="text" value="Lecture"/>	<input type="text" value="Recitation"/>	<input type="text"/>
Minimum Credit Hours	<input type="text" value="2"/>	<input type="text" value="1"/>	<input type="text"/>
Maximum Credit Hours	<input type="text" value="2"/>	<input type="text" value="1"/>	<input type="text"/>
Weekly Contact Hours	<input type="text" value="2"/>	<input type="text" value="1"/>	<input type="text"/>

Terms Offered Fall Spring Summer Years offered

May the courses be repeated for credit? Maximum hours:

Are students permitted to register for more than one section during a term? Grading system:

Prerequisites (must be taken **before**): e.g., C or higher in BIOE 4500 or BIOE 5500 and C or higher in MATH 4200, etc.

Permission

Co-requisites (must be taken **together**):

Catalog Description (75 Words Maximum)

Attach a syllabus and an electronic copy of a complete outline of the major topics covered. [Click here for the template.](#)

Course Approval

Department Curriculum Authority	<input type="text" value="D. Softner"/>	Date	<input type="text" value="2-6-13"/>
Department Chairperson	<input type="text" value="D. Softner"/>	Date	<input type="text" value="2-6-13"/>
College Curriculum Authority or Chair	<input type="text" value="M. M. M. M. M."/>	Date	<input type="text" value="2-6-13"/>
College Dean	<input type="text" value="K. S. S. S."/>	Date	<input type="text" value="2-7-13"/>
Graduate Council	<input type="text"/>	Date	<input type="text"/>
Dean of Graduate Studies	<input type="text" value="P. J. J. J."/>	Date	<input type="text" value="3-19-13"/>
Office of the Provost	<input type="text"/>	Date	<input type="text"/>

For Administrative Use Only

Effective Date	<input type="text"/>
CIP Code	<input type="text"/>
Subsidy Taxonomy	<input type="text"/>
Program Code	<input type="text"/>
Instruction Level	<input type="text"/>

**THE UNIVERSITY OF TOLEDO
COLLEGE OF BUSINESS AND INNOVATION**

**ACCT 6440: Advanced Auditing
Tentative Course Syllabus**

Instructor:

Phone:

Email:

Office:

Office Hours:

Prerequisite: Satisfactory completion of ACCT 4420/5420 (Auditing)

Required Text: Beasley, M.S., F. A. Buckless, S. M. Glover, and D. F. Prawitt. 2012. *Auditing Cases: An Interactive Learning Approach*, 5th edition. Prentice Hall (ISBN-10: 0-13-256723-7/ISBN-13: 978-0-13-256723-7).

Arens, A. A., R. J. Elder, and M. S. Beasley. 2012. *Auditing and Assurance Services: An Integrated Approach*, 14th edition. Prentice Hall (ISBN-10 0-13-308160-5/ISBN-13: 978-0-13-308160-2).

Additional Readings: There will be supplemental readings under each important topic. These additional readings will be provided during the semester and uploaded on Blackboard.

Course Description

Advanced Auditing aims to extend students' knowledge on auditing learnt from lower level auditing course(s). The course introduces students topics such as Sarbanes-Oxley Act, corporate governance, audit professional ethics, audit reporting and responsibilities, internal control, audit pricing, the influence of information technology on audit process, and so on. In addition, cases and academic journal articles assigned during the semester enhance students' understanding and application of concepts learnt.

Course Objectives

After successfully completing the course, students will be able to:

- Understand issues relating to professional ethics and legal liabilities.
- Enhance knowledge on audit reporting and audit responsibilities.
- Understand the audit of internal control and control risk.
- Understand the main factors that influence audit quality
- Understand the effect of information technology on audit process.

Grades

Your final grades will be based on your performance on

Course Requirements	Weights
Class Participation	15%
Journal Article Presentation	10%
Individual Case Write-ups	10%
Individual Case Study Presentations	10%
Group Case Write-ups	10%
Group Case Study Presentations	10%
Term Paper Write-up and Presentation	15%
Final Exam	20%
Total	100%

Journal Article Presentation

Each student will be assigned to present journal articles in each class meeting. Students are expected to present the main content of each journal articles. Models discussed in journal articles may be omitted from the presentation to avoid mathematical complications. Those students who do not present are expected to read the journal articles, raise questions and participate in in-class discussions during or after the presentations.

Case Write-up and Presentation

The cases will be done both individually and in a group of three to five students. For easily forming groups, each student needs need to introduce themselves in the first class meeting and the instructor will allocate students to each group based on students' background and availability on the second week.

Students need to apply the concepts learnt to answer case questions. The case questions will be posted to Blackboard. The length of the case write-ups will vary by cases but should be typed and double-spaced. Please try to answer the questions in essay format where applicable.

Each student (for individual case presentation) and each group (for group case presentation) will be assigned to present their answers to case questions. The assignment will be done within the first two weeks of the semester. Those groups that are not presenting should raise questions and participate in discussions relating to issues in the cases.

Term Paper Write-up and Presentation

Each student has to write a term paper on topics covered during the semester and should be approved by the instructor. Please see the course schedule for due dates on topic, outline

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Case Write-up and Presentation

The cases will be done both individually and in a group of three to five students. For easily forming groups, each student needs need to introduce themselves in the first class meeting and the instructor will allocate students to each group based on students' background and availability on the second week.

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Each student has to write a term paper on topics covered during the semester and should be approved by the instructor. Please see the course schedule for due dates on topic, outline

approval, and submission of term paper write up. Term paper should be broken down into sections. Possible sections are abstract, introduction, background and prior literature, discussion, and conclusion.

The main parts of term paper write-up (excluding abstract, references or tables) should not exceed 10 pages (double-spaced). The paper should make appropriate use of recent academic papers in leading accounting or business publications. When you use any research sources for the term paper, you should include all of those sources in the reference list. There should be no plagiarism in the term paper. The exact statements from academic papers or any other sources should be quoted in your write-up, otherwise, please rephrase the statements and cite the author name and the year in the text and the details in the reference list. The term-paper write-up should follow the style guidelines of the academic journal *The Accounting Review*. Details of the guidelines are provided at the end of the syllabus.

On the last class session, each student has to present their term paper and hand in the term paper write-up (the presentation slides should be submitted to the instructor 2 days before the presentation). The duration of each presentation should be 10-15 minutes. Questions on topics presented may be raised by the instructor and fellow students.

Expectation of the Course

Due to the limited time in each class session, only main topics, which account for major portions of each topic, will be emphasized and discussed. Saying that doesn't mean topics not being covered in the class meeting are not important. It is your responsibility to read through the whole chapter in the textbook.

In the lecture, some additional information outside the textbook may be included. If you don't understand or are not clear on any topic, please feel free to ask questions in and outside the class.

Cases should be submitted and exams should be taken on the due dates. No late submission of cases is accepted if no valid excuse for the late submission is provided.

Tentative Class Schedule

Session 1:

Introduction: The Auditing Profession

Textbook Readings. Chapter 1 – The Demand for Audit and other Assurance Services
Chapter 2 – The CPA Profession

Additional Readings: (1) Bailey, Jr. A. D. 2008. Perspectives on the auditing profession Part I: The practicing profession. *Current Issues in Auditing* 2 (1): 28-36.

- (2) Bailey, Jr. A. D. 2008. Perspectives on the auditing profession Part II: The academic profession. *Current Issues in Auditing* 2 (1): 37-45.

Session 2:

Sarbanes-Oxley Act

No Textbook Reading

Required Readings: (1) Sarbanes-Oxley Act of 2002. Available at: <http://www.sec.gov/about/laws/soa2002.pdf> (full version) and <http://www.sarbanes-oxley-101.com/sarbanes-oxley-compliance.htm> (summary version).

(2) The state of audit committees. 2001. *Journal of Accountancy* May. Available at: <http://www.journalofaccountancy.com/Issues/2001/May/TheStateOfAuditCommittees.htm>.

(3) Ten principles of effective audit committee oversight. Available at: <http://www.directorship.com/ten-principles-of-effective-audit-committee-oversight/>.

(4) Ahmed, A. S., M. L. McNally, S. Rasmussen, and C. D. Weaver. 2010. How costly is the Sarbanes-Oxley Act? Evidence on the effects of the Act on corporate profitability. *Journal of Corporate Finance* 16 (3): 352-369.

(5) Dey, Aiysha. 2010. The chilling effect of Sarbanes-Oxley: A discussion of Sarbanes-Oxley and corporate risk-taking. *Journal of Accounting & Economics* 49 (1/2): 53-57.

Session 3:

Corporate Governance and the Demand for Monitoring

Textbook Readings: None

Additional Readings: (1) Dhaliwal, D., V. Naiker, and F. Navissi. 2010. The association between accruals quality and the characteristics of accounting experts and mix of expertise on audit committees. *Contemporary Accounting Research* 27 (3): 787-827.

(2) Goh, B. W. 2009. Audit committees, boards of directors, and remediation of material weakness in internal control. *Contemporary Accounting Research* 26 (2): 549-579.

(3) Karamanou, I., and N. Vafeas. 2005. The association between corporate boards, audit committees, and management earnings forecasts: An empirical analysis. *Journal of Accounting Research* 43 (3): 453-486.

- (4) Anderson, R. C., S. A. Mansi, and D. M. Reeb. 2004. Board characteristics, accounting report integrity, and the cost of debt. *Journal of Accounting and Economics* 37 (3): 315-342.

Group Case Due and Presentation: Case 1.1 - Ocean Manufacturing, Inc.: The New Client Acceptance Decision.

Session 4:

Professional Ethics

Textbook Reading: Chapter 4

- Additional Readings:* (1) Schmidt, J. J. 2012. Perceived auditor independence and audit litigation: The role of nonaudit services fees. *The Accounting Review* 87 (3): 1033-1065.
- (2) Blay, A. D. 2005. Independence threats, litigation risks, and the auditor's decision process. *Contemporary Accounting Research* 22 (4): 759-789.

Background Reading: AICPA Code of Professional Conduct. Available at: <http://www.aicpa.org/Research/Standards/CodeofConduct/Pages/default.aspx>.

Session 5:

Audit Reporting and Audit Responsibilities

Textbook Readings: Chapters 3 & 6

- Additional Readings.* (1) Menon, K., and D. D. William. 2010. Investor reaction to going concern audit reports. *The Accounting Review* 85 (6): 2075-2105.
- (2) Reynolds, J., and J. Francis. 2001. Does size matter? The influence of large clients on office-level auditor reporting decisions. *Journal of Accounting and Economics* 30: 375-400

Individual Case Due and Presentation: Case 3.2 – Nathan Johnson's Rental Car Reimbursement: Should He Pocket the Cash?

Session 6:

Legal Liabilities

Textbook Reading: Chapter 5

- Additional Readings:* (1) Choi, J.-H., J.-B. Kim, X. Liu, and D. A. Simunic. 2008. Auditing pricing, legal liability regimes, and Big 4 premiums: Theory and cross-country evidence. *Contemporary Accounting Research* 25 (1): 55-99.
- (2) Gramling, A. A., J. W. Schatzberg, A. D. Bailey, Jr. and H. Zhang. The impact of legal liability regimes and differential client risk on client acceptance, audit pricing, and audit effort decisions. *Journal of Accounting, Auditing, & Finance* 13 (4): 437-460.
- (3) Palmrose, Z. V. 1988. An analysis of auditor litigation and audit service quality. *The Accounting Review* (January): 55-73.

Session 7:

Internal Control Audit and Control Risk

Textbook Reading: Chapter 10

- Additional Readings:* (1) Hermanson, D. R., J. Krishnan, and Z. Ye. 2009. Adverse Section 404 opinions and shareholder dissatisfaction toward auditors. *Accounting Horizons* 23 (4): 391-409.
- (2) Akresh, A. D. 2010. A risk model to opine on internal control. *Accounting Horizons* 24 (1): 65-78.

Group Case Due and Presentation: Case 4.6 – Phar-Mor, Inc.: Accounting Fraud, Litigation, and Auditor Liability.

Session 8:

Audit Planning and Analytical Procedures

Textbook Reading: Chapter 8

- Additional Readings:* (1) Martinis, M. D., H. Fukukawa, and T. J. Mock. 2011. Exploring the role of country and client type on the auditor's client risk assessments and audit planning decisions. *Managerial Auditing Journal* 26 (7): 543-565.
- (2) Hirst, D. E., and L. Koonce. 1996. Audit analytical procedures: A field investigation. *Contemporary Accounting Research* 13 (2): 457-486.

Individual Case Due and Presentation: Case 5.5 – Collins Harp Enterprises: Recommending IT Systems Development Control.

Session 9:

Fraud Auditing

Textbook Reading: Chapter 11

- Additional Readings:* (1) Hammersley, J. S. 2011. A review and model of auditor judgments in fraud-related planning tasks. *Auditing: A Journal of Practice and Theory* 30 (4): 101-128.
- (2) Hassink, H., R. Meuwissen, and L. Bollen. 2010. Fraud detection, redress, and reporting by auditors. *Managerial Auditing Journal* 25 (9): 861-881.

Session 10:

Information Technology and Audit Process

Textbook Reading: Chapter 12

- Additional Readings:* (1) Chang, H., J. Chen, R.-R. Duh, and S.-H. Li. 2011. Productivity growth in the public accounting industry: The roles of information technology and human capital. *Auditing: A Journal of Practice and Theory* 30 (1): 21-48.
- (2) Janvrin, D., J. Bierstaker, L. D. Jordan. 2009. An investigation of factors influencing the use of computer-related audit procedures. *Journal of Information Systems* 23 (1): 97-118.

Session 11:

Audit Quality

Textbook Reading: None

- Additional Readings:* (1) Carcello, J.V., R.H. Hermanson, and N.T. McGrath. 1992. Audit quality attributes: The perceptions of audit partners, preparers, and financial statement users. *Auditing: A Journal of Practice & Theory* (Vol. 11 No. 1, Spring): 1-15.
- (2) Datar, S.M., G.A. Feltham, and J.S. Hughes. 1991. The role of audits and audit quality in valuing new issues. *Journal of Accounting & Economics* (March): 3-49.
- (3) Reichelt, K. J., and D. Wang. 2010. National and office-specific measures of auditor industry expertise and effects on audit quality. *Journal of Accounting Research* 48 (3): 647-686.

- (4) Lim, C.-Y., and H.-T. Tan. 2010. Does auditor tenure improve audit quality? Moderating effects of industry specialization and fee dependence. *Contemporary Accounting Research* 27 (3): 923-957.

Group Case Due and Presentation: Case 8.2 – NorthWest Bank: Developing Expectations for Analytical Procedures.

Session 12:

Audit Pricing

Textbook Reading: None

- Additional Readings:* (1) Choi, J.-H., C. Kim, J.-B. Kim and Y. Zang. 2010. Audit office size, audit quality, and audit pricing. *Auditing: A Journal of Practice and Theory* 29 (1): 73-97.
- (2) Ghosh, A., and S. Lustgarten. 2006. Pricing of initial audit engagements by large and small audit firms. *Contemporary Accounting Research* 23 (2): 333-368.
- (3) Fung, S. Y. K., F. A. Gul, J. Krishnan. 2012. City-level auditor industry specialization, economies of scale, and audit pricing. *Accounting Review* 87 (4): 1281-1307.

Individual Case Due and Presentation: Case 6.2: Jacksonville Jaguars: Evaluating IT Benefits and Risks and Identifying Trust Services Opportunities.

Session 13:

Term paper presentations

Session 14:

Term paper presentations

Session 15:

Final Exam Review

Final Exam: TBA