Course Outline

ADMI 861B – RESEARCH IN AUDITING

Ph.D. Course

Winter 2018

Credits: 3

Instructors:

Cedric Lesage, PhD
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Sophie Audousset-Coulier, Ph.D, CPA, CGA
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Course hours:

Thursdays 8:45-11h30

Location:

MB 11.316 SGW
## Course schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
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| 01/11 | Introduction to the auditing research field  
Cedric Lesage                                                                                                                                                  |
| 01/18 | Audit process: Audit planning, risk assessment, materiality, misstatement detection and fraud detection  
Sophie Audousset-Coulier                                                                                                                                       |
| 01/25 | Audit fees, audit market and competition  
Sophie Audousset-Coulier                                                                                                                                            |
| 02/01 | Audit quality: independence, non-audit services, audit tenure and auditor rotation  
Cedric Lesage                                                                                                                                                               |
| 02/08 | Audit quality: competence, expertise and industry specialization  
Sophie Audousset-Coulier                                                                                                                                               |
| 02/15 | Auditor reputation, auditor choice, auditor change  
Cedric Lesage and Elisabeth Pelletier                                                                                                                                   |
| 03/01 | Auditor behavior, judgment and decisions  
Cedric Lesage  
Replication study due date: Table 1 to 4                                                                                                                        |
| 03/08 | Audit regulation, litigation against auditors and auditor liability  
Cedric Lesage and Alexei Lyubimov  
Feedback on Replication study Table 1 to 4.                                                                                                                      |
| 03/15 | Auditor-client relationships  
Cedric Lesage  
Research proposal: draft (3 pages) due date                                                                                                                      |
| 03/22 | The audit profession  
Claire Garnier and Mouna Hazgui, HEC Montreal  
Feedback on Research proposal draft                                                                                                                                      |
| 03/29 | Professionalism vs. Commercialism: The audit firm as a business unit  
Cedric Lesage  
Replication study due date: Table 5 and 6                                                                                                               |
| 04/05 | Law and Finance: International Comparisons in Audit research  
Cedric Lesage                                                                                                                                                       |
| 04/12 | Oral presentation of research proposals                                                                                                                                                                          |
|       | Research project paper due date: April, 30, 2018                                                                                                              |
Course Description

The purpose of this Auditing Research seminar is to help students develop a foundation for reading, evaluating and producing scholarly research in the domain of auditing and assurance. During the seminar, we will read and critique research papers on a variety of auditing topics. With regards to each article covered, we will pay particular attention to the significant and unique contribution of the research question, logical and coherent development of the theoretical-empirical background, appropriate and valid design of the research process, rigorous and complete analysis of the data, and meaningful and insightful discussion of the research findings. We will also discuss various alternative ways in which the author(s) might have approached the research question, and consider the generation of future research topics arising from each article’s findings.

Purpose of the seminar and learning objectives

Upon the conclusion of the course you should be able to:

1. Develop a deep understating of auditing and assurance theory and research;
2. Gain significant understanding of relevant and current auditing and assurance topics and issues;
3. Learn how to apply auditing and assurance research methods;
4. Know how to critically evaluate auditing and assurance research; and
5. Demonstrate your knowledge by developing a viable research proposal in the domain of auditing and assurance.

To reach this learning objectives the instructors will:

- Introduce students to the fundamental areas of research in auditing and present current trends.
- Introduce students to a range of research methodologies and statistical methods used in auditing research and guide them in the application of a quantitative method using a paper replication.
- Stimulate the students’ ability to critically evaluate the quality of research in auditing.
- Supervise the development of a research projects in auditing, possibly leading to a selection of topics for dissertation work.
- train students on oral presentation and discussion of research papers(conference format)
- Introduce students to the publication process.

Course requirement

It is assumed that each student has a basic working knowledge of the auditing process and the main provisions of the Canadian/International Auditing Standards and of the Sarbanes-Oxley Act, at least at the level of the standard undergraduate course. It could be helpful throughout the course to refer to a textbook for details on current auditing standards. During our first class we will explain to students how to get access to relevant technical resources (auditing textbooks and audit standards).
Pedagogical Approach

Class will meet once each week for three hours. The key to a meaningful and interesting seminar experience is class participation, and thus each student is expected to make a significant contribution to the discussion of each of the readings. By “significant” contribution, we mean both the quantity and quality of comments that you make. This implies that papers must be read carefully prior to class. Also, you may benefit from reading other research on which the authors of the assigned papers rely heavily. This will improve your ability to make comparisons across studies, and provide you with material for questions and comments that will enliven class discussion.

Your grade will be determined as follows: Class participation, presentations and discussions (25%), replication of an archival study (25%) and a research proposal (oral 10%, written 40%).

1) Class participation, presentation and discussion (25%)
During each class, all students are required to read all the papers listed in the “Papers for in-class discussion” section of the detailed schedule (see below) and to be prepared to discuss the paper intelligently. For each paper discussed in class, you are required to turn in at the beginning of the session your prep work outlining the two main strengths and the two main weaknesses that you have identified from your reading.

In addition, a conference-type presentation and discussion activity will be organized as follows: 1) One of the assigned papers will be formally presented in a professional conference-type presentation (15 minute max) by an appointed student; and 2) Another assigned paper will be formally discussed in a professional conference-type discussion (10 minute max) by another appointed student. Presenters and discussants are also responsible for searching for current working papers on the topic to include in their presentation/discussion of the assigned paper. Detailed guidelines for efficient reading, presenting and discussing of papers will be provided in Session 1. The objective of this process is to 1) train you for formal presentations/discussions; 2) to improve your critical mindset; and 3) to identify viable questions for research to extend the literature.

2) Archival study replication (25%)
Your replication work is due Session 7 (Table 1-4) and Session 11 (Table 5-6). Each group will submit a methodological package describing the replication of the study that includes all information necessary to replicate the published empirical results, i.e. original data set, Stata code, tabulation of results and an explanatory note (a ‘read-me’ file) that describes the package content and explains how to reproduce the numerical results in the article (see King, G. 1995. “Replication, Replication”. PS: Political Science and Politics, 28 (September): 443–499.).
The objective of this work is to 1) improve your competencies in archival data analysis – data collection using the main research databases, data coding and variable calculations, data analysis and results interpretation; 2) to learn how to work in a group on research work (as a first hand experience of co-authorship).

3) **Research proposal (50%: written report (40%) + oral presentation (10%))**

You are required to turn in and present a research proposal for a study related to a topic in the domain of auditing and assurance. The proposal should: 1. Identify clearly the research question; 2. Motivate its relevance and interest; 3. Articulate the expected contributions; 4. Offer a brief overview of the related literature and hypotheses; 5. Present and explain the methodology and research design; and 6. Identify the appropriate data source and statistical methods.

Your proposal should be 10 to 15 pages in length (double-spaced, one-inch margins, 12-point font).

It is advised to talk to your instructor about possible topics early in the term, to give you maximum opportunity to prepare a good proposal. The hope is that these proposals will become papers for you, and if so, you will have a good start on the front end of the paper from this class exercise. A **draft** of your research proposal including a summary of the topic, motivations, research question(s) and theory (3 pages) **is due on March 15, 2018.** A formal **oral presentation** will be made in class during the last session (Session 13). **Final version** of the research paper **is due on April 30, 2018.** You are expected to consider feedback received during the oral presentation to improve your final research paper.

Failure to submit the research paper on time will result in an incomplete grade.

**Academic Integrity**

The Academic Code of Conduct at Concordia University states that “the integrity of University academic life and of the degrees, diplomas and certificates the University confers is dependent upon the honesty and soundness of the instructor-student learning relationship and, in particular, that of the evaluation process. As such, all students are expected to be honest in all of their academic endeavors and relationships with the University” (Undergraduate Calendar, section 17.10).

All students enrolled at Concordia are expected to familiarize themselves with the content of this Code. You are strongly encouraged to visit the following web address: [http://www.concordia.ca/academicintegrity](http://www.concordia.ca/academicintegrity), which provides useful information about proper academic conduct.

The most common offense under the Academic Code of Conduct is plagiarism which the Code defines as “the presentation of the work of another person as one’s own or without proper acknowledgement.”

This could be material copied word for word from books, journals, internet sites, professor’s course notes, etc. It could be material that is paraphrased but closely resembles the original source. It could be the work of a fellow student, for example, an answer on a quiz, data for a lab report, a paper or assignment completed by another student. It might be a paper purchased through one of the many available sources. Plagiarism does not refer to words alone - it can also
refer to copying images, graphs, tables, and ideas. “Presentation” is not limited to written work. It also includes oral presentations, computer assignments and artistic works. Finally, if you translate the work of another person into French or English and do not cite the source, this is also plagiarism.

In simple words:
Do not copy, paraphrase or translate anything from anywhere without saying where you obtained it!
(Source: http://www.concordia.ca/students/academic-integrity.html)

Disclaimer

In the event of extraordinary circumstances beyond the University's control, the content and/or evaluation scheme in this course is subject to change.
Detailed schedule

**Week 1: Introduction to the auditing research field**
Introduction to the course and overview of audit research topics and methodologies

**Papers for in-class discussion:**

**Further readings:**
**Seminal papers**

**Literature reviews**

**Week 2: Audit process: Audit planning, risk assessment, materiality, misstatement detection and fraud detection**

**Papers for in-class discussion:**

**Further readings:**

Handout: Auditing in practice

### Week 3: Audit fees, audit market and competition

**Papers for in-class discussion:**


**Further readings:**

*Seminal paper*


*Literature Reviews*


Week 4: Audit quality: independence, non-audit services, audit tenure and auditor rotation

Papers for in-class discussion:


Further readings:

*Seminal paper*


*Literature reviews*


Week 5: Audit quality: reputation, competence, expertise and industry specialization

Papers for in-class discussion:


Week 6: Auditor choice, auditor change, auditor rotation

Papers for in-class discussion:


Further readings:


Week 7: Auditor behavior, judgment and decisions

Papers for in-class discussion:


Further readings:


**Week 8: Audit regulation, litigation against auditors and auditor liability**

**Papers for in-class discussion:**


Further readings

Seminal paper

Week 9: Auditor-client relationships

Papers for in-class discussion:

Week 10: The audit profession inside and outside the firm

Papers for in-class discussion:

Further readings:
Dambrin C. and Lambert C. 2012. Who is she and who are we? A reflexive journey in research into the rarity of women in the highest ranks of accountancy, Critical Perspectives on Accounting, 23(1): 1-16
Week 11: Professionalism vs. commercialism: Audit firm as a business unit

Papers for in-class discussion:

Further readings:

Week 12: International comparisons in audit research
Law and Finance, audit quality and audit fees across countries in code/common law countries

Papers for in-class discussion:

Further readings:

Week 13: Presentation of term papers (research proposals)