

University of Toronto
Rotman School of Management
RSM3022 – Seminar on Auditing Research

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Meeting time and location: Friday 10:00-12:00 pm at RT570. Fall 2014

Objective:

The objective of this course is to introduce the basic issues in and methodologies of auditing research. The course will be conducted primarily as a seminar/workshop. The reading materials mainly consist of significant current research papers in auditing and related disciplines. The course will help students obtain an understanding of research in auditing such that, if interested, they will be able to identify research topics in the subject and use appropriate methodology to conduct the research.

Student evaluation:

Class Participation

The course is designed around the seminar model. Therefore, class involvement is of the utmost importance. Students are responsible for reading the assigned papers for each class. The discussion of a specific paper will be led by a designated student (the leader). The discussion of each research paper should answer the following questions.

1. What is the research question?
2. What is the contribution? (Is the research question important? What is the incremental contribution to the literature?)
3. How well is the literature review done?
4. What is the research design? (Does the design address the research question?)
5. What are the main findings?
6. How robust are the main findings?
7. How well is the paper written?
8. What are the weaknesses of the paper? (Can they be resolved?)

To help prepare for the discussion of each paper, the leader designated for the paper is required to submit a written report about the paper. An example of the format for a report on empirical studies is attached to this course outline.

Course Project

Students are also required to complete (design/propose) a research project for the course. The research project should accomplish the following.

1. The research question is clearly identified.
2. The significance of the research question should be clearly described
 - a. Related literature should be reviewed in details.
 - b. The motivation of the research should be clearly stated.

- c. The (potential) contribution of the research should be clearly stated.
3. The approach to address the research question should be described and its appropriateness should be explained.
4. Findings of the research should be described (if any).
5. Where and how the data is collected should be described (for empirical and behavioral studies).
6. Experimental design and instructions for the experiment should be completed (for experimental studies).

The project is due in the week of last class.

Final examination

The final examination covers materials from the entire course, including class discussions and assigned reading materials.

The grade will be assigned based on the following allocation:

Class participation and contribution to discussions	25%
Research Project	25%
Final examination	<u>50%</u>
	<u>100%</u>

Article Evaluation Form (Mainly for Empirical Research)

1. Overall Questions
 - a. What is the research question?
 - b. Why is it important? (From both academic and practical perspective)
 - c. How is it addressed?
2. Theory
 - a. Is the theory appropriate for the study?
 - b. Is the theory logically consistent?
 - c. Do the hypotheses follow from the theory?
 - d. What are the conceptual independent variables?
 - e. What are the conceptual dependent variables?
3. Design
 - a. What is the design?
 - b. How are the independent variables operationalized?
 - i. Face validity
 - ii. Construct validity
 - iii. External validity
 - c. How are the dependent variables operationalized?
 - d. What are other potentially influential variables?
 - i. Which ones are most important?
 - ii. Did the author control for all the important ones?
 - iii. How did the author control for them, e.g., via matching, holding constant, etc? Was the control appropriate?
 - e. Were data collection procedures sound?
 - f. What are your overall conclusions about internal validity?
4. Data Analysis
 - a. What data analysis techniques were used?
 - b. What are the assumptions of these techniques?
 - c. Were the assumptions of these techniques met by the data?
 - d. Were the techniques appropriate for addressing the hypotheses?
 - e. What were the results?
 - f. Were the results credible?
5. Conclusions
 - a. Did the results add to our knowledge about the studied subject at the time of the study was conducted?
 - b. What are possible extensions of this work?

Topic One: Auditor Market

1.1 Demand of Audits

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Mark L. DeFond. [How should the auditors be audited? Comparing the PCAOB Inspections with the AICPA Peer Reviews](#). *Journal of Accounting and Economics* (February 2010), 49 (1-2), pg. 104-108.

1.2 Audit Tenure, Auditor Expertise, and Audit Quality

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Topic Two: Auditing Environment

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2.2 Firm Structure and Practice

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2.3 Non-Audit Service

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2.4 Corporate Governance, Audit Committee and Other Environmental Factors

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Topic Three: Audit Examination

3.1 Audit Planning

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