ACCT 835 – Seminar in Auditing
Fall 2006

Instructor: Dr. Brad Tuttle
Office: BA 313
Phone: 777-6639
Office Hours: MW 10:00-10:55

Course Objectives: This is a Ph.D. survey course designed to give you a basic knowledge of auditing research but more importantly, you will learn about the process of doing research. During the semester we will read studies using various research methods, however, experimental research will be emphasized because that is the predominate method used at South Carolina. I want you to be able to work with our faculty. Also, auditing is a very, very large area of research and we will certainly not cover every topic. Learning about topic is less important than learning the process of doing research. At the conclusion of the semester you should be able to create, understand, and critique auditing research.

Weekly Course Requirements: Each class will involve a presentation and discussion of the assigned readings. For each class, I will assign someone the role of critic and someone the role of advocate for three of the assigned articles. The other articles, if time permits, will be discussed in the class (i.e., without anybody serving as a critic or advocate). The roles of critic and advocate are described below (adapted from the JDM seminar conducted by Lisa Koonce at Texas):

Critic: The critic begins the discussion of an article by taking no more than 10 minutes to provide a critical evaluation of the study. To be succinct, the critic should organize his/her presentation to communicate clearly to the class his/her ideas, such as by using Libby boxes, procedure flow diagrams, etc. The critic should not spend much time summarizing the article (maybe 1 minute devoted to this), because everyone will have read the paper. Some questions you should ask while preparing your critique include:

1. What is the research question addressed by the paper?
2. What is the contribution of the paper?
3. Are the hypotheses supported by theory?
4. Does the research method and design test the hypotheses?
5. Does the analysis test the hypotheses and is it appropriate for the data?
6. Are the conclusions appropriate?
7. What did you learn from the paper? If the answer is nothing, why not?

Keep in mind that the critic only has 10 minutes so s/he will need to “get to the point about the big stuff.” To do this, you might categorize your remarks into major comments and minor comments. Then only give us those that you believe are major.

Advocate: The advocate puts him/her self in the author(s)’ shoes and defends the paper accordingly. You will have 5 minutes after the critic makes his/her comments to counter-argue the specific criticisms of the critic. The advocate can bring up their own positive thoughts on the
paper (that do not necessarily relate to a specific critic comment), but I do not want a “previously prepared presentation” that does not even acknowledge the points made by the critic. Keep in mind that the role of the advocate may be harder for most of you than the role of the critic. Ex ante communication between the critic and advocate is not allowed. Such communication defeats the objective of these roles (i.e., you cannot learn how to defend your own work when presenting papers if you know all of the points ahead of time – because, in the real world, you will never know all of the points ahead of time).

General discussion: After the presentation by the critic and the follow-up remarks by the advocate, the class will be open to general discussion with the critic in charge of the discussion—that is, audience members will ask questions of the critic (and perhaps even the advocate). The critic will want to have some prepared material to bring up points that s/he did not have time to cover in the first 10 minutes. The advocate also retains his/her role as well for the remainder of the discussion, and interjects comments as necessary. Even though the critic and advocate are fully prepared, it is critical that the all students read all of the assigned papers. If you consistently remain silent on papers for which you are not the advocate or critic, this will lessen your participation grade. If, over time, the discussion becomes sufficiently “thin,” I will impose a written-critique requirement.

Grading: At the beginning of class, all students will turn in a copy of their Libby boxes for each of the assigned articles. These Libby boxes should have decipherable comments for each of the five “links.” If the study is an experiment, you should also prepare a flowchart of the experiment showing the procedures used, how subjects are assigned to each condition, and where dependent measures are collected.

You will be graded for your participation. Participation consists of adequate out of class preparation followed by in-class presentations (by critics and advocates – explained below), non-presenter comments, answers to in-class questions, and Libby boxes. Comments will be graded based primarily on a quality with an adjustment for quantity as well.

End of Semester Research Proposal: You are required to submit a written research proposal for a study on an auditing topic. A specific purpose of the research proposal is to get you thinking of possible topics that you can add to your personal inventory of research ideas. The general purpose of the project is to give you insights into the problems that one faces when attempting to examine even simple ideas, and thus enhance your ability to understand and evaluate the literature. It is often the case, ideas sound great until one tries to implement them. The moral is to not get overly complex or complicated.

A quality proposal can be developed in 15-20 typed and double-spaced pages or less not counting the cover page, references, tables, diagrams, etc. You proposal should include Libby boxes and, if an experiment, a flowchart of the proposed procedures, etc.

Proposals will be graded for their originality, contribution, and soundness after taking into account whether the student is in his/her first or second year. Completed research proposals are due on December 15th.
Course Grade: There will be two components to your class grade. These are as follows:
Research proposal 40 percent and Participation 60 percent.
Types of validity by Libby link:
1. External Validity
2. Construct Validity
3. Construct Validity
4. Internal Validity
5. Statistical Validity
Week 1: Introduction


How to critique an article: Libby boxes, procedure flowcharts, internal versus external validity.

Week 2: Demand for auditing


The Impact Of Memory For Misleading Graphs On Interpretations And Subsequent Judgment And Decisions by Robin Pennington and Brad Tuttle, working paper 2006, University of South Carolina.

Week 3: Auditor Independence


**Week 4: Auditor Independence**


The Effects of Lowballing on Audit Quality: An Experimental Markets Study. By: Dopuch, Nicholas; King, Ronald R. *Journal of Accounting, Auditing & Finance*, Winter96, Vol. 11 Issue 1, p45-68


**Week 5: Auditor Rotation**


**Week 6: Negotiation in auditing**


The Role of Auditor Strategy in Auditor-Client Negotiations over Proposed Financial Statement Adjustments: The Rule of Reciprocity by Maria H. Sanchez, Christopher P. Agoglia, and Richard C. Hatfield, working paper, 2005 AAA Auditing Section Midyear meeting.

**Week 7: Materiality**


Are Audit Program Plans Risk-Adjusted? By: Mock, Theodore J.; Wright, Arnold M. *Auditing*, Spring99, Vol. 18 Issue 1, p55-74

Terence Pitre working paper.

**Week 8: Internal Controls**


YiJing’s dissertation.

**Week 9: Fraud**


**Week 10: Workpapers and Review Process**


**Week 11: Analytical Procedures**


Using Base Rate Frequency Perceptions to Diagnose Financial Statement Error Causes. By: Tuttle, Brad M. *Auditing*, Spring96, Vol. 15 Issue 1, p104-121

**Week 12: Biased Decision Making**


**Week 13: Other Audit Topics**


**Week 14: Scott Vandervelde**

**Week 15: Information and Markets**

