



**National Taiwan University  
Department of Accounting**

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**ACC5002 Advanced Auditing**

**Course Syllabus**

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**Instructor:** Szu-fan Chen  
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**Classes:** Tuesday 14:20-15:10, 15:30-16:20, 16:30-17:20  
**Office hours:** Email for appointment

**Course Description:**

This course introduces students to the theories and contemporary archival studies of auditing. It surveys important auditing research published in top journals, focusing mainly on financial statement audits. It also introduces academic studies on business in general and illustrates basic concepts, data sources, and tools in accounting studies.

**Course Objectives:**

By the end of this course, you should be able to:

1. Understand and execute academic research in business.
2. Understand fundamental theories of auditing.
3. Understand the ongoing challenges faced by auditors and the reasons for recent (or current) regulations on auditors, such as the separation of audit and non-audit services and the mandatory rotation of audit partners.
4. Develop critical thinking and problem-solving skills.

**Required readings:**

Read all papers listed in the tentative schedule for class coverage. You may find the papers on <https://scholar.google.com/>.

## **Groups:**

Please sign up a group on NTU Cool by the end of the first week. The majority of the course activities will be done in groups.

## **Course Assessment:**

- a) Presentation of required papers ..... 25%
- b) Participation..... 15%
- c) Additional assignment..... 10%
- d) Practice of archival research:
  - Midterm report ..... 10%
  - Final presentation ..... 30%
  - Final report ..... 10%

## **NOTES:**

1. All presentations (presentation of required papers and final presentation) will be done by groups. Each student must present in order to receive individual grades.
2. Participation will be graded mainly based on the critique of presented papers in the class. Students must show clearly visible name cards to earn the marks.
3. The additional assignment, midterm report, and final report will be done by groups. Each group will receive one grade for all group members.
4. All assignments are due by 13:20 (one hour before the class) on the due date.
5. Any signs of plagiarism will result in an F grade.

## **Presentation of required papers:**

Papers will be randomly assigned to each group in the second week. Each group must submit the presentation slides by 13:20 (one hour before the class) on the presentation day.

Present the paper as if you were the authors. Prepare a 40-minute presentation without questions and expect to spend an additional 25 minutes on answering questions. Each presentation will be 65 minutes in total.

## **Participation:**

Criticize the paper or the presented contents during the presentation. Please do it in a polite manner.

You may also ask questions during paper presentations if you want the presenter to clarify a point which he/she did not explain well or if you have questions about what the presenter said. These will earn less marks than a good critique.

### **Additional assignment:**

NTU Cool will provide details of the assignment. There will be one additional assignment and you will be required to download documents filed by public companies and write a short report.

### **Practice of archival research:**

- Your report must be an extension (or a replication using different data) of a paper published on the following journals between 1980 and 2020 (hereafter “original paper”):  
Journal of Accounting Research, Journal of Accounting & Economics, The Accounting Review, Contemporary Accounting Research, Review of Accounting Studies, Auditing: A Journal of Practice & Theory.
  - Note: XYZ Journal of Accounting Research (e.g., Asian Journal of Accounting Research) and Journal of Accounting Research XYZ (e.g., Journal of Accounting Research, Organization & Economics) do not count. Same for other journals (i.e., Journal of Accounting & Economics, ...).
- Midterm and final reports should be based on the same topic.
  - The midterm report should lay out the research questions, hypotheses development, and research design. It should also explain what is new in the report compared to the original paper.
  - The final report should include the following elements: title, authors, abstract, research questions (from midterm report), hypotheses development (from midterm report), research design (from midterm report), empirical results, conclusions, references, and tables (and figures, if any).
  - The empirical results must include the replication of one table in the original paper.
  - Both reports must include proper citations.
- Submit with the final report the programs and the minimum amount of data used to generate results. If the data is more than 10MB after compression, store the datasets on a google drive and share the link. The datasets and programs must be complete enough to allow 100% reproduction of your results.
- The midterm and final reports can be WORD documents, PDF, or slides. Regardless of the file format, you must include proper citations. Citation styles should follow the original paper.

**Tentative Schedule for Class Coverage (Subject to Change)**

<b>Date</b>	<b>Topics/Papers</b>
2/21	<b>Overview of the class; introduction of research tools</b>
3/7	<p><b>Overview of the auditing literature; Measurement of audit quality</b></p> <p>DeFond, M., Zhang, J., 2014. A review of archival auditing research. <i>Journal of Accounting and Economics</i> 58, 275-326.</p> <p>Aobdia, D., 2019. Do practitioner assessments agree with academic proxies for audit quality? Evidence from PCAOB and internal inspections. <i>Journal of Accounting and Economics</i> 67, 144-174.</p>
3/14	<p><b>Audit fees</b></p> <p>Doogar, R., Sivadasan, P., Solomon, I., 2015. Audit fee residuals: Costs or rents? <i>Review of Accounting Studies</i> 20, 1247-1286.</p> <p>Beck, M.J., Mauldin, E.G., 2014. Who's Really in Charge? Audit Committee versus CFO Power and Audit Fees. <i>The Accounting Review</i> 89, 2057-2085.</p>
3/21	<p><b>Demand for audit quality</b></p> <p>Cassell, C.A., Giroux, G.A., Myers, L.A., Omer, T.C., 2012. The Effect of Corporate Governance on Auditor-Client Realignments. <i>AUDITING: A Journal of Practice &amp; Theory</i> 31, 167-188.</p> <p>Cowle, E.N., Rowe, S.P., 2022. Don't Make Me Look Bad: How the Audit Market Penalizes Auditors for Doing Their Job. <i>The Accounting Review</i> 97, 205-226.</p>
3/28	<p><b>Audit committee; internal audit (<i>additional assignment due</i>)</b></p> <p>Badolato, P.G., Donelson, D.C., Ege, M., 2014. Audit committee financial expertise and earnings management: The role of status. <i>Journal of Accounting and Economics</i> 58, 208-230.</p> <p>Lin, S., Pizzini, M., Vargus, M., Bardhan, I.R., 2011. The Role of the Internal Audit Function in the Disclosure of Material Weaknesses. <i>The Accounting Review</i> 86, 287-323.</p>
4/11	<b>Submit midterm report (no class)</b>
4/18	<p><b>Supply of audit quality</b></p> <p>Reichelt, K.J., Wang, D., 2010. National and Office-Specific Measures of Auditor Industry Expertise and Effects on Audit Quality. <i>Journal of Accounting Research</i> 48, 647-686.</p> <p>Kaplan, S.E., Williams, D.D., 2013. Do Going Concern Audit Reports Protect Auditors from Litigation? A Simultaneous Equations Approach. <i>The Accounting Review</i> 88, 199-232.</p>

<b>Date</b>	<b>Topics/Papers</b>
4/25	<p><b>Auditor decision making</b></p> <p>Kadous, K., Leiby, J., Peecher, M.E., 2013. How Do Auditors Weight Informal Contrary Advice? The Joint Influence of Advisor Social Bond and Advice Justifiability. <i>The Accounting Review</i> 88, 2061-2087.</p> <p>Griffith, E.E., 2017. When Do Auditors Use Specialists' Work to Improve Problem Representations of and Judgments about Complex Estimates? <i>The Accounting Review</i> 93, 177-202.</p>
5/2	<p><b>Perceived threats to auditor independence</b></p> <p>Schmidt, J.J., 2012. Perceived Auditor Independence and Audit Litigation: The Role of Nonaudit Services Fees. <i>The Accounting Review</i> 87, 1033-1065.</p> <p>Singer, Z., Zhang, J., 2017. Auditor Tenure and the Timeliness of Misstatement Discovery. <i>The Accounting Review</i> 93, 315-338.</p>
5/9	<p><b>Audit partner identity</b></p> <p>Aobdia, D., Lin, C.-J., Petacchi, R., 2015. Capital Market Consequences of Audit Partner Quality. <i>The Accounting Review</i> 90, 2143-2176.</p> <p>Robert Knechel, W., Vanstraelen, A., Zerni, M., 2015. Does the Identity of Engagement Partners Matter? An Analysis of Audit Partner Reporting Decisions. <i>Contemporary Accounting Research</i> 32, 1443-1478.</p>
5/16	<p><b>ESG (CSR) reports; Miscellaneous</b></p> <p>Cheng, M.M., Green, W.J., Ko, J.C.W., 2015. The Impact of Strategic Relevance and Assurance of Sustainability Indicators on Investors' Decisions. <i>AUDITING: A Journal of Practice &amp; Theory</i> 34, 131-162.</p> <p><i>Additional reading:</i></p> <p>Cohen, J.R., Simnett, R., 2014. CSR and Assurance Services: A Research Agenda. <i>AUDITING: A Journal of Practice &amp; Theory</i> 34, 59-74.</p>
5/23	<b>Final presentations I</b>
5/30	<b>Final presentations II</b>
6/6	<b>Submit final report (no class)</b>