

**Auditing: Theory and
Practice AG420
23/24 Semester 2**

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CLASS DESCRIPTION

The class will discuss the nature and purpose of the external audit of financial statements. It will do so through an examination of the formal institutional framework), the informal framework and the processes underlying the collection of audit evidence and reporting of results.

The class will adopt the perspective of the institutions and participants in the audit process themselves. This will necessarily require an agency-based approach to the discipline. While the limitations of this approach will be addressed in the passing, it is intended that students will see this class as a counterpoint to the more rigorous and theoretically motivated classes that are presently offered in the honours programme.

This class will build directly on the third year core classes AG308/9. Introducing the subject at that level necessarily requires that a significant amount of class time be devoted to coverage of the practical and procedural aspects of forming an audit opinion and reporting thereon. The scholarly underpinnings of the subject are discussed to the fullest extent possible, but there is insufficient time to do justice to this material.

This class builds on AG308/9. This means that the class can proceed directly to the academic literature underpinning topics that have been introduced from a more practice oriented perspective in the third year.

CLASS AIMS

Please contact Jillian D'Agostino in the departmental office of Accounting and Finance if alternative formats of teaching materials are required or if you need any other assistance.

To deepen understanding of and to stimulate discussion on the vital topic of external audit. Most of this material will be approached from the perspective of an “immanent critique”.

KEY TOPICS

1. Understand the agency-based perspective on financial reporting and its regulation.
2. Justify the need for audit
3. Explain the economic forces that shape the audit market
4. Explain the problems associated with measuring and demonstrating auditor independence
5. Explain the economic implications of presenting an audit opinion
6. Explain the economic dilemmas created by the need for auditors to be accountable for their actions

TRANSFERABLE SKILLS

Ability to formulate opinions and to support these with reasoned argument.

CLASS STRUCTURE

You will have three hours of class contact every week. Each week’s lecture period will be divided into three sessions. The first will be the formal lecture and presentation of ideas. The second will be group presentations/discussions of the weeks readings. The third will be a question and answer session, which will include feedback being given to the presenting groups..

You will get very little out of this course unless you take an active part in reading and classroom discussion.

READING

Most readings will be drawn from refereed journals. The emphasis will be on (hopefully constructive) criticism. You are bound to both read and hear things with which you disagree.

EXAMINATION/MODES OF ASSESSMENT

- A group presentation (20%- each group will present in different weeks)
- Long essay on a major theme of the course (30%- Due 26/02/2024),
- Final examination (50% in the May Exam Diet)

Please contact Jillian D’Agostino in the departmental office of Accounting and Finance if alternative formats of teaching materials are required or if you need any other assistance.

It is a requirement for course completion to submit all assessed coursework. Non-submission of any part will result in an overall mark of zero being awarded for the class.

PENALTIES FOR LATE SUBMISSION

The Business School follows the University's policy for the late submission of assessed work:

https://www.strath.ac.uk/media/ps/cs/gmap/academicaffairs/policies/Policy_and_Procedure_for_Late_Submission_of_Coursework_Final_2018.pdf.pagespeed.ce.Kz4LhBtJRh.pdf

FEEDBACK

The standard turnaround time for all feedback and marking within SBS is 15 working days from assessment submission.

The University policy on Assessment and Feedback is available here:

http://www.strath.ac.uk/media/ps/cs/gmap/academicaffairs/policies/assessment_and_feedback_policy_-_Effective_Sep_14.pdf

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