

# Department of Accounting and Finance

## AG420 Auditing: Theory and Practice

2025/26 Semester 1

20 Module Credits

### **Module Details**

#### **Module Description**

The module 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 module 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 module as a supplement to the more rigorous and theoretically motivated modules that are presently offered in the honours programme.

This module will build directly on the third-year core modules AG308 and AG309. 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.

#### **Teaching Hours**

Lectures: All weeks, Monday 9am-12pm in GH702.

**Prerequisites:** Honours entry requirements

### **Contact Details**

Lecturer: Ms. Xiaoyu Xu

Room number: SW3.17

E-mail: [xiaoyu.xu@strath.ac.uk](mailto:xiaoyu.xu@strath.ac.uk)

Office Hours: Monday 2pm-4pm (in office or on Teams; drop by or by prior appointment)

## **Module Learning**

### **Module Aims**

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.

### **Learning Objectives and Outcomes**

- A1. Understand the agency-based perspective on financial reporting and its regulation.
- A2. Justify the need for audit
- A3. Explain the economic forces that shape the audit market
- A4. Explain the problems associated with measuring and demonstrating auditor independence
- A5. Explain the economic implications of presenting an audit opinion
- A6. Explain the economic dilemmas created by the need for auditors to be accountable for their actions

## **Module Structure**

<b>Week</b>	<b>Topic</b>	<b>Student Presentations</b>
1	Overview/Recap	No
2	Independence	Yes
3	Audit Quality	Yes
4	Audit Evidence	Yes
5	The New Audit	Yes
6	Audit Committees	Yes
7	Audit Quality	Yes
8	Audit Pricing	Yes
9	Reading Week	No
10	Audit Reporting	Yes

## **Assessment and Feedback Details**

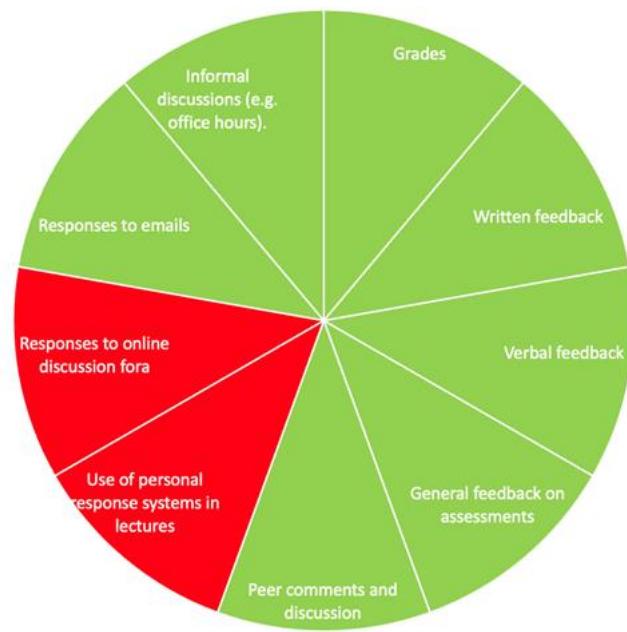
1. Group presentation worth 20%. Due in each group's designated presentation week. Groups will be assigned by the lecturer.
2. Essay worth 30%. Due: Monday 3<sup>rd</sup> of November 2025, 4pm. Marks/Feedback will be released on or before Monday 24<sup>th</sup> of November 2025, 4pm.
3. Final Exam worth 50% Date: During semester 1 exam diet.

An overall weighted average mark of 40% is required to pass the module.

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 module.

The following forms of feedback will assist you in this module:

<i>Feedback category</i>	<i>Details for module</i>	<i>Colour</i>
Grades	Marks of the essay, group presentation, and final exams	Green
Written feedback	Written feedback on the essay through Myplace	Green
Verbal feedback	Verbal feedback on the group presentation	Green
General feedback	Verbal or written to all students in class and through Myplace	Green
Peer comments and discussion	In-class group discussions	Green
Use of personal response systems in lecture	Not applied due to the nature of the lecturer as in-class	Red
Responses to online discussion forum	Not applied due to the nature of the lecturer as in-class	Red
Responses to email	Lecturer respond student emails on class content, structure, assessments, etc.	Green
Informal discussions	Discussion between teaching staff and students outside of formal contact hours, including via drop-in office hours, pre- and post-lectures and other forms.	Green



## Artificial Intelligence

You are not permitted to use Gen-AI tools for this module unless you are a student with an adjustment report on Pegasus where this is explicitly specified as a 'reasonable adjustment'. Any student suspected of using such tools will be subject to investigation outlined in the [Student Discipline Procedure - Academic Misconduct.pdf \(strath.ac.uk\)](#) process.

## Reading List

Please refer to the AG420 Myplace page to access the Reading List.

## UG Module Manual (Honours)

Please refer to the accounting and finance UG manual module for the following ([Honours Module Manual.docx](#)):

- Tutorial Attendance
- Useful Contacts
- Penalties for Late Submission
- Feedback
- Compensation Scheme
- Resit Policy – no resits in honours year
- Universal Marking Guide
- Useful Links