

 <b>FLORIDA ATLANTIC UNIVERSITY</b>	<b>NEW COURSE PROPOSAL</b> <b>Graduate Programs</b>		UGPC Approval _____ UFS Approval _____ SCNS Submittal _____ Confirmed _____ Banner _____ Posted Catalog _____
	<b>Department</b> Accounting  <b>College</b> Business <i>(To obtain a course number, contact erudolph@fau.edu)</i>		
<b>Prefix ACG</b>  <b>Number</b> 7886	<i>(L = Lab Course; C = Combined Lecture/Lab; add if appropriate)</i> <b>Lab Code</b>	<b>Course Title</b> Survey of Archival Accounting Research	
<b>Credits</b> <i>(Review Provost Memorandum)</i>  3	<b>Grading</b> <i>(Select One Option)</i>  <b>Regular</b>  <b>Sat/UnSat</b>	<b>Course Description</b> <i>(Syllabus must be attached; see Guidelines)</i> This course is a survey of archival accounting research for Business Ph.d., executive concentration, doctoral candidates. The course includes basic archival accounting research methods and topics that are likely to be of interest to students seeking a Ph.D., executive concentration. Methods include simple regression and event studies. Topics include earnings quality, audit quality, audit fees and executive compensation.	
<b>Effective Date</b> <i>(TERM &amp; YEAR)</i>  Spring 2018			
<b>Prerequisites</b>  Admission to Business PhD, Executive Concentration		<b>Corequisites</b>	<b>Registration Controls</b> <i>(Major, College, Level)</i>
<b>Prerequisites, Corequisites and Registration Controls are enforced for all sections of course</b>			
<b>Minimum qualifications needed to teach course:</b> Member of the FAU graduate faculty and has a terminal degree in the subject area (or a closely related field.)		<b>List textbook information in syllabus or here</b>  See Syllabus	
<b>Faculty Contact/Email/Phone</b> Julia Higgs, jhiggs@fau.edu , 954-815-9396		<b>List/Attach comments from departments affected by new course</b>	

<b>Approved by</b> Department Chair _____ College Curriculum Chair _____ College Dean _____ UGPC Chair _____ Graduate College Dean _____ UFS President _____ Provost _____	<b>Date</b> 8/23/17 10-31-2017
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Email this form and syllabus to [UGPC@fau.edu](mailto:UGPC@fau.edu) one week before the UGPC meeting.

GRADUATE COLLEGE

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<b>1. Course title/number, number of credit hours</b>	
ACG 7886 Survey of Archival Accounting Research	3 credit hours
<b>2. Course prerequisites, co-requisites, and where the course fits in the program of study</b>	
Requirements : Admission to the business PhD, Executive Concentration	
<b>3. Course logistics</b>	
TBA	
<b>4. Instructor contact information</b>	
<i>Instructor's name</i>	Julia Higgs, PhD
<i>Office address</i>	Kaye Hall 124
<i>Office Hours</i>	TBA
<i>Contact telephone number</i>	561-297-3663
<i>Email address</i>	Jhiggg@fau.edu
<b>5. TA contact information</b>	
<i>TA's name</i>	TBA
<i>Office address</i>	
<i>Office Hours</i>	
<i>Contact telephone number</i>	
<i>Email address</i>	
<b>6. Course description</b>	
This course is a survey of archival accounting research for executive doctoral candidates. The course includes basic archival accounting research methods and topics that are likely to be of interest to students seeking a PhD. Methods include simple regression and event studies. Topics include earnings quality, audit quality, audit fees and executive compensation.	
<b>7. Course objectives/student learning outcomes/program outcomes</b>	
<i>Course objectives</i>	<p>After taking this course, students will have the following skills</p> <ul style="list-style-type: none"> <li>• Ability to access the Warton Research Data Services (WRDS) and obtain financial statement information from Compustat; ability to create tables with descriptive statistics and correlation matrices using the WRDS data.</li> <li>• Understanding measures of financial reporting quality and ability to calculate abnormal accruals.</li> <li>• Use an event study methodology using CRSP to test an accounting or auditing event.</li> </ul>

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	<ul style="list-style-type: none"> <li>• Use of regression to create and interpret an audit fee model using Compustat and Audit Analytics data.</li> <li>• Access Boardex data and use it in a simple analysis.</li> <li>• Complete the Kinney three paragraphs on an archival topic.</li> <li>• Write a literature review on an archival topic.</li> <li>• Develop a research proposal on an archival topic.</li> <li>• Develop a statistical model for testing the topic developed in the research proposal.</li> <li>• Ability to critique an archival research workpaper.</li> </ul>
<b>8. Course evaluation method</b>	
Download of Compustat data from WRDS; completion of descriptive statistics and correlation analysis Calculation of Abnormal Accruals Calculation of Audit Fee model Event Study Assignment Boardex Assignment Participation Critique of research/working paper Literature review Kinney three paragraphs, Research proposal and survey/research instrument	10% 10% 10% 10% 10% 10% 10% 10% 20%
<b>9. Course grading scale</b>	
A            92-100 A-          90-91.99 B+         88-89.99 B            82-87.99 B-          80-81.99 C+         78-79.99 C            70-77.99 D            60-69.99 F            Below 60	
<b>10. Policy on makeup tests, late work, and incompletes</b>	
Late Work will only be accepted for a valid (sickness, extreme circumstances) and documented reason. Incompletes will only be given if the student is making a B or better at the time the incomplete is requested.	
<b>11. Special course requirements</b>	
<b>12. Classroom etiquette policy</b>	
University policy requires that in order to enhance and maintain a productive atmosphere for	

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education, personal communication devices, such as cellular phones and laptops, are to be disabled in class sessions. Students should always be respectful of others and constructive in critiques of others' work.

**13. Disability policy statement**

In compliance with the Americans with Disabilities Act (ADA), students who require special accommodations due to a disability to properly execute coursework must register with the Office for Students Accessibility Services (SAS) located in Boca Raton campus, SU 133 (561) 297-3880 and follow all SAS procedures.

**14. Honor code policy**

Students at Florida Atlantic University are expected to maintain the highest ethical standards. Academic dishonesty is considered a serious breach of these ethical standards, because it interferes with the university mission to provide a high quality education in which no student enjoys unfair advantage over any other. Academic dishonesty is also destructive of the university community, which is grounded in a system of mutual trust and place high value on personal integrity and individual responsibility. Harsh penalties are associated with academic dishonesty. See University Regulation 4.001 at [www.fau.edu/regulations/chapter4/4.001 Code of Academic Integrity.pdf](http://www.fau.edu/regulations/chapter4/4.001_Code_of_Academic_Integrity.pdf)

**15. Required texts/reading**

See Weekly Readings

**16. Supplementary/recommended readings**

**17. Course topical outline, including dates for exams/quizzes, papers, completion of reading**

**Week 1:**

Kothari, S. P. "Capital markets research in accounting." *Journal of accounting and economics* 31, no. 1 (2001): 105-231.

Richard Frankel, and Charles Lee. 1998. Accounting valuation, market expectation, and crossectional stock returns. *Journal of Accounting and Economics* 25: 283-319.

Ohlson, James A. 2001. Earnings, book values, and dividends in equity valuation: An empirical perspective. *Contemporary Accounting Research* 18 (1): 107-120.

**Week 2: Discretionary Accruals**

Kothari, Sagar P., Andrew J. Leone, and Charles E. Wasley. "Performance matched discretionary accrual measures." *Journal of accounting and economics* 39, no. 1 (2005): 163-197.

Becker, Connie L., Mark L. DeFond, James Jiambalvo, and K. R. Subramanyam. "The effect of audit quality on earnings management." *Contemporary accounting research* 15, no. 1

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(1998): 1-24.

Dechow, Patricia M., Richard G. Sloan, and Amy P. Sweeney. "Detecting earnings management." *Accounting review* (1995): 193-225.

DeFond, M.L., and J. Jiambalvo. 1994. Debt covenant violation and manipulation of accruals. *Journal of Accounting and Economics* 17, 145-176.

WRDS and Compustat assignment due

**Week 3: Earnings Quality**

DeFond, M. 2010. Earnings quality research: Advances, challenges and future research. *Journal of Accounting and Economics* 50: 402-409.

Cohen, D., A. Dey, and T. Lys. 2008. Real and accrual-based earnings management in the pre and post-Sarbanes-Oxley periods. *The Accounting Review* 83 (3): 757-787.

McVay, S. 2006. Earnings management using classification shifting: An examination of core earnings and special items. *The Accounting Review* 81: 501 – 531.

Bartov, E., D. Givoly, and C. Hayn. 2002. The rewards for meeting-or-beating earnings expectations. *Journal of Accounting and Economics* 33, 173 – 204.

**Week 4: Event Studies**

Jan. 19 Week 2: Stephen Brown, and Jerold B. Warner. 1985. Using daily stock returns: The case of event studies. *Journal of Financial Economics* 14 (1): 3-31.

Wayne R. Landsman, Edward L. Maydew, and Jacob R. Thornock, 2012. The information content of annual earnings announcements and mandatory adoption of IFRS. *Journal of Accounting and Economics* 53 (1-2): 34-54

Palmrose, Z.-V., V. Richardson, and S. Scholz. 2004. Determinants of market reactions to restatement announcements. *Journal of Accounting and Economics* 37 (1): 59-89.

Menon, Krishnagopal, and David D. Williams. "Investor reaction to going concern audit reports." *The Accounting Review* 85, no. 6 (2010): 2075-2105.

Abnormal Accrual Assignment Due

**Week 5: Audit Quality**

DeAngelo, Linda Elizabeth. "Auditor size and audit quality." *Journal of Accounting and Economics* 3, no. 3 (1981): 183-199.

W. Robert Knechel, Gopal V. Krishnan, Mikhail Pevzner, Lori B. Shefchik, and Uma K. Velury (2013) Audit Quality: Insights from the Academic Literature. *AUDITING: A Journal of Practice & Theory*: 2013, Vol. 32, No. Supplement 1, pp. 385-421.

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Higgs, Julia L., and Terrance R. Skantz. "Audit and nonaudit fees and the market's reaction to earnings announcements." *Auditing: A Journal of Practice & Theory* 25, no. 1 (2006): 1-26.

Cao, Jian, Feng Chen, and Julia L. Higgs. "Late for a very important date: financial reporting and audit implications of late 10-K filings." *Review of Accounting Studies* 21, no. 2 (2016): 633-671.

Carol Callaway Dee, Ayalew Lulseged, and Tianming Zhang (2015) Who Did the Audit? Audit Quality and Disclosures of Other Audit Participants in PCAOB Filings. *The Accounting Review*: September 2015, Vol. 90, No. 5, pp. 1939-1967.

Critique of Working Paper Due

**Week 6: Audit Fees**

Whisenant, Scott, Srinivasan Sankaraguruswamy, and Kannan Raghunandan. "Evidence on the joint determination of audit and nonaudit fees." *Journal of Accounting Research* 41, no. 4 (2003): 721-744.

DeFond, Mark L., Kannan Raghunandan, and K. R. Subramanyam. "Do non-audit service fees impair auditor independence? Evidence from going concern audit opinions." *Journal of Accounting Research* 40, no. 4 (2002): 1247-1274.

Blay, Allen D., and Marshall A. Geiger. "Auditor fees and auditor independence: Evidence from going concern reporting decisions." *Contemporary Accounting Research* 30, no. 2 (2013): 579-606.

Dickins, Denise, and Julia Higgs. "Interpretation and use of auditor fee disclosures." *Financial Analysts Journal* 61, no. 3 (2005): 96-102.

Gotti, Giorgio, Sam Han, Julia L. Higgs, and Tony Kang. "Managerial Stock Ownership, Analyst Coverage, and Audit Fee." *Journal of Accounting, Auditing & Finance* 27, no. 3 (2012): 412-437.

Event Study Replication due

**Week 7: Executive Compensation**

Healy, Paul M. "The effect of bonus schemes on accounting decisions." *Journal of Accounting and Economics* 7, no. 1 (1985): 85-107.

Kannan, Yezen H., Terrance R. Skantz, and Julia L. Higgs. "The impact of CEO and CFO equity incentives on audit scope and perceived risks as revealed through audit fees." *Auditing: A Journal of Practice & Theory* 33, no. 2 (2014): 111-139.

Francesco Bova, Kalin Kolev, Jacob K. Thomas, and X. Frank Zhang (2015) Non-Executive Employee Ownership and Corporate Risk. *The Accounting Review*: January 2015, Vol. 90, No. 1, pp. 115-145.

Audit Fee Model Assignment Due

**Week 8: Corporate Governance**

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DeFond, M., R. Hann and X. Hu. "Does the Market Value Financial Expertise on Audit Committees of Boards of Directors?" *Journal of Accounting Research* 43 (2005): 153-193.

Julia L. Higgs, Robert Pinsker, Thomas Smith, and George Young (2016) The Relationship Between Board-Level Technology Committees and Reported Security Breaches. *Journal of Information Systems* In-Press.

Matthew J. Beck and Elaine G. Mauldin (2014) Who's Really in Charge? Audit Committee versus CFO Power and Audit Fees. *The Accounting Review*: November 2014, Vol. 89, No. 6, pp. 2057-2085.

Liesbeth Bruynseels and Eddy Cardinaels (2014) The Audit Committee: Management Watchdog or Personal Friend of the CEO? *The Accounting Review*: January 2014, Vol. 89, No. 1, pp. 113-145.

Literature Review Due

Week 9: Sarbanes-Oxley

John L. Campbell, James Hansen, Chad A. Simon, and Jason L. Smith (2015) Audit Committee Stock Options and Financial Reporting Quality after the Sarbanes-Oxley Act of 2002. *AUDITING: A Journal of Practice & Theory*: May 2015, Vol. 34, No. 2, pp. 91-120.

Jonathan S. Pyzoha (2015) Why do Restatements Decrease in a Clawback Environment? An Investigation into Financial Reporting Executives' Decision-Making during the Restatement Process. *The Accounting Review*: November 2015, Vol. 90, No. 6, pp. 2515-2536.

Abernathy, John L., Michael Barnes, and Chad Stefaniak. "A summary of 10 years of PCAOB research: What have we learned?." *Journal of Accounting Literature* 32, no. 1 (2013): 30-60.

Jacqueline S. Hammersley, Linda A. Myers, and Jian Zhou (2012) The Failure to Remediate Previously Disclosed Material Weaknesses in Internal Controls. *AUDITING: A Journal of Practice & Theory*: May 2012, Vol. 31, No. 2, pp. 73-111.

Boardex Assignment Due

Week 10: Disclosures

Anne Beyer, Daniel Cohen, Thomas Lys, Beverly Walther. 2010. The financial reporting environment: Review of the recent literature. *Journal of Accounting and Economics* 50 (2-3): 296-343.

Rogers, J., and P. Stocken. 2005. Credibility of management forecasts. *The Accounting Review* 80 (4): 1233-1260.

Brochet, F., Faurel, L. and Mcvay, S. 2011. Manager-specific effects on earnings guidance: An analysis of top executive turnovers. *Journal of Accounting Research* 49: 1123-1162.

Ali, Ashiq, Klasa, Sandy, and Yeung, P. Eric. 2014. Industry Concentration and Corporate Disclosure Policy. *Journal of Accounting and Economics* 58 (2-3): 240-264.

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Final Research proposal and instrument due

1. Students will be required to develop an original research idea into a workable proposal.

**Research proposal:** Motivate the topic, explain why it is important, develop a theoretical structure and hypotheses, and then describe in detail the model you would use to carry out a test of those hypotheses (focus on the basic setting and any key control variables).

Simplicity is a virtue in design. It is often the case that ideas sound great until one tries to implement them, so do not get overly complex or complicated. This project should provide 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. A quality proposal can be developed in 15 typed and double-spaced pages or less. Also include a 200-word abstract with your proposal. Key quality criteria are: creativity and innovation, strength of motivation, organization, and concern for validity in the experimental design.



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**Critical analysis items to consider when reading articles**

(Adapted from Dana Hermanson who adapted from Bud Fenema. Also see Ashton 1998)

**Introduction and Motivation**

Is the research question clearly articulated?

Is the question interesting (does it pass the “so what” test)?

**Theory and Hypothesis**

Does the literature review support the study?

Is the theory clearly stated?

Do the hypotheses flow from the theory?

Are the hypotheses adequate to answer the research question?

**Method**

What is the design?

Are the variables (IVs and DVs) operationalized in a way that will test the theory?

Are there any confounds?

Are there adequate control variables?

Are the subjects appropriate?

Is there external validity?

**Results**

Were adequate statistical procedures used?

Are the results able to allow for conclusions about the proposed hypotheses?

**Conclusion**

Has the research question been answered?

Is it clear what we have learned?

Are there any limitations?

**Overall**

Is the study clearly written?

Is the paper organized well?

Are the introduction and conclusion linked?