Accounting and Governance Lecture Outline  
Course Lecturer: Professor Miles Gietzmann

Starting with the SOX reforms in the US the course outlines how reforms in the practice of accounting have transformed the duties and responsibilities of not only the board but also the audit committee, internal auditors and external auditors. The evolution of the SOX reform process in the US including the establishment of the PCAOB and then followed by the Dodd Frank Act is compared and contrasted to other international reforms in accounting based mechanisms designed to support governance. The course concludes with a discussion of empirical methods to extract qualitative narrative filed by firms.

Lectures

Session 1: A detailed analysis of the ENRON scandal – with specific attention to the role Accounting played in the ENRON fraud. Identification of the limitations of the accounting regulatory framework.

KEY Readings


_Enron and the use and abuse of special purpose entities (SPE’s) in corporate structures._

Session 2: The regulatory response to the ENRON scandal – SOX and the PCAOB. SEC Comment Letters.

KEY Readings

_Auditing the auditors: evidence on the recent reforms to the external monitoring of Audit firms_, Lennox and Pittman, _Journal of Accounting and Economics_, 2009.

- associated discussion on the above paper by Defond; _How should the auditors be audited?_ (same issue)

Session 3: The rise of Fair Value accounting and the response of the F.A.S.B. – Understanding some of the limitations of accounting based valuation

KEY Readings


A Convenient Scapegoat: Fair Value Accounting by Commercial Banks during the Financial Crisis, Burks, Badertscher and Easton, Accounting Review, Jan 2012.

Value Relevance of FAS No. 157 Fair Value Hierarchy Information and the Impact of Corporate Governance Mechanisms, Song, Thomas and Yi, Accounting Review, 2010

Session 4: Understanding tensions with using marking to market accounting.

KEY Readings

Financial reporting quality: is fair value a plus or a minus? Penman, Accounting and Business Research Special Issue: International Accounting Policy Forum, 2007


KEY Readings


Session 6: Databases and research proposals in this area