

Minutes
Auditing Section Executive Committee Meeting
Tuesday August 5 2008
7:15-8:30 am
Capistrano A, 4th Floor, Hilton Anaheim

The meeting was called to order at 7:15 am by Audrey Gramling

Present at the meeting were:

Audrey Gramling, President
Urton Anderson, Vice President - Academic
Jean Bedard, Historian
Chris Hogan, Chair of 2009 Midyear Conference (left after presentation on 2009 Midyear Conference)
Mark Taylor, Treasurer
Jay Thibodeau, Secretary
Shaun Budnik, Vice President, Practice

Audrey welcomed all of the new officers (Jean Bedard, Jay Thibodeau and Shaun Budnik) to their first official meeting of the executive committee.

1. Update on 2009 Midyear Conference

In the first order of business, Audrey welcomed Chris Hogan to the meeting in order to provide an update about the upcoming midyear conference of the Auditing Section.

Chris provided the update. Many interesting topics are being planned for this year's session. She provided a detailed review of the planned program and the executive committee congratulated her on a fine job. There was one question about the availability of speakers from the Federal Reserve Bank. However, Shaun generously offered to use her contacts at the Federal Reserve to help facilitate the identification of speakers.

The executive committee thanked Chris for her hard work on the meeting.

2. Update from AAA Tracking Team for ACAP

Joe Carcello and Dana Hermanson joined the meeting to provide an update on the ACAP process. The discussion centered on the role being played by the Auditing Section in that process.

To summarize, the Treasury department has a committee that is studying the audit profession. Joe, Dana and Jean Bedard were asked by AAA President Gary Previts to

monitor and follow the process. They are in the process of trying to publish a comment letter in *Accounting Horizons*.

It is the opinion of these three colleagues that the human capital recommendations have the potential to impact the Auditing Section.

ACTION ITEM # 1- Dana will send the five recommendations to Audrey. These recommendations should be included in the minutes.

Preliminary Recommendations – Human Capital
Based on Second Draft Report of the Advisory Committee on the Auditing
Profession

1. Implement market-driven, dynamic curricula and content for accounting students that continuously evolve to meet the needs of the auditing profession and help prepare new entrants to the profession to perform high quality audits.
 - Certification exams
 - Teaching materials
 - Curricula
2. Improve the representation and retention of minorities in the auditing profession so as to enrich the pool of human capital in the profession.
 - Other disciplines / retention
 - Community colleges
 - Historically black colleges and universities (HBCUs)
 - Doctorates
3. Ensure a sufficiently robust supply of qualified accounting faculty to meet demand for the future and help prepare new entrants to the profession to perform high quality audits.
 - Funding for doctoral study
 - PQ faculty
 - Cross-sabbaticals
 - Incentives to promote support of doctoral education and accounting research
4. Develop and maintain consistent demographic and higher education program profile data.
5. Encourage the AICPA and AAA to jointly form a commission to provide a timely study of the possible future of the higher education structure for the accounting profession (professional school model).

Joe recommended that the Auditing Section may want to consider having a seat at the table for the 5th recommendation (i.e., AAA/AICPA Joint Committee on Accounting Education). In addition, he suggested that XBRL, ERM, Risk Assessment areas be taken on by the Audit Section. In addition, he believes that we may want to consider establishing a scholarship for African-American and/or Hispanics entering the profession.

According to Dana and Joe, the July 22, 2008 version of the report is likely to be very close to final. It appears that the final report will be issued in late September.

The Executive Committee thanked Dana and Joe for their time.

ACTION ITEM #2 Shaun offered to keep the group posted on how firms respond to the opinions and recommendations found in the final Treasury Report.

ACTION ITEM #3 – Gramling will reach out to the AAA leadership to offer the assistance of the Auditing Section as the AAA participates in the Treasury's process.

3. Follow-Up on Open Issues from Sunday's Meeting

The issue of the boot camp for new audit faculty was again discussed. Shaun asked how it related to the existing one day session that is now designed to help audit and tax partners understand how to teach. It was explained that the camp being envisioned was designed for new auditing faculty members that did not have significant auditing experience.

Shaun was asked to be the liaison for the Auditing Standards Committee. In addition, Shaun mentioned that in her role at Deloitte, she regularly meets with Jean Wyer (PwC), Ellen Glazerman (E&Y) and Manny Fernandez (KPMG). She indicated that she would be happy to help the Executive Committee in any way possible.

Audrey Gramling adjourned the meeting at 8:15 AM.