

**Auditing Section Executive Committee Meeting**  
**Thursday, January 15, 2009**  
**7:45 a.m. – 12:30 p.m.**  
**Hilton St. Petersburg Bayfront**  
**SkywayRoom**

The meeting was called to order at 8:00 by Audrey Gramling

Present at the meeting were:

Mark Peecher, Past President  
Audrey Gramling, President  
Shaun Budnik, Vice-President, Practice  
Urton Anderson, Vice-President, Academic  
Jean Bedard, Historian  
Mark Taylor, Treasurer  
Jay Thibodeau, Secretary

**1) Update on the 2009 AMC – Presented by Chris Hogan**

Chris Hogan updated the Executive Committee (XC) on the events and activities scheduled. Gramling thanked Chris (and co-Chair Brian Ballou) for their service to the section.

**2) Update on Activities of the Education Committee - Presented by Ray Whittington**

- Audit Bootcamp Survey

As charged by the Executive Committee in August, the committee surveyed administrators of accounting departments using the AAA's database. The committee reported on the results of over 100 respondents.

According to the survey, there seemed to be quite a bit of interest in the program. There also appears to be support by administrators to pay for the participation of their new auditing professors. In addition, there are a large number of professors that have been out of practice for a while that seemed to be very interested in this type of program. Overall, the results of the survey provide evidence to move forward with such a bootcamp, hopefully this year.

The conversation then turned to logistics. Ray has a good facility in mind for the Section (in Chicago) that is relatively inexpensive. So, the committee urged him to move forward on finalizing a date.

The price point is likely to be approximately \$3,000 per participant, for the week. A brainstorming session then occurred to try and plan the best possible event and execute it with excellence. The committee believes that this event will bring practitioners and academics together with a common cause, to improve audit education.

### ***Action Items - Bootcamp***

Taylor will follow up with Greg Jenkins to see if the education committee would be willing to take the lead on this program. Gramling offered to add people to the committee in order to get this important program off the ground.

Based on Greg's willingness to take on such a major task, we will then determine whether we will move forward with this initiative in 2009. Tentatively, the 2<sup>nd</sup> week of June will be raised as a possibility in future discussions.

Postscript: Greg agreed to take the lead on this initiative. However, because of the economic issues facing many universities, the Education Committee opted to send out an online follow-up survey in January 2009 to see if there was still interest by accounting department leaders to fund this type of activity. Future actions will depend on the results of this survey.

- 2009 Excellence in Auditing Workshop

As charged last year, Ray Whittington, was the leader of this year's workshop. According to Ray, one of the goals was to ask the firms to come forward this year with materials that can be taken away and brought into the classroom. He believes that the program will be well received by our members. The committee thanked Ray for his service to the section.

For this year's workshop, there will be a big focus on professional skepticism. Other topics will include independence education materials, recently completed by Deloitte in collaboration with the *Center for Professional Responsibility* at the University of Illinois; the KPMG case from last year's KNACC competition; a panel on the impact of IFRS on auditing instruction; and a goodwill impairment case. Ray will also be reporting his review of the syllabi of auditing courses around the country. Moving forward, the executive committee sees the workshop as a mechanism to regularly bring forward cases and instructional methods from the firms to academia.

### **Action Item**

The committee agreed that this was a natural activity for the Education Committee. Consistent with past practice with the Past-President taking the lead on the conference, Peecher agreed take the lead for next year's Excellence in Audit Education conference.

### **3) Committee Updates and Other Action Items by Mark Taylor**

- Other Education Committee Activities

Please see the above report presented by Ray Whittington, member of the education committee.

- CPE Committee/Webinars update

Taylor highlighted that the committee was set to launch its first webinar in February, 2009. The consensus on the committee was that we really needed to market these webinars. Shaun mentioned that we could also market these to professionals. This may even be seen as a benefit to membership, especially if there is CPE available.

Importantly, the executive committee already approved the cost of webinars via an e-mail vote held during the fall semester of 2008.

### **Action Items**

Taylor volunteered to check on the registration system for the webinars. Gramling will send a different promotional e-mail to the practitioners than the promotion for academics.

Budnik also suggested that we need to increase the communication between colleagues from practice and academia. She suggested that we consider a one day seminar or event that occurs just before or just after the national meeting to help educate professionals from practice about academic research.

### **4) Committee Updates by Jay Thibodeau**

- The Auditors Report

Thibodeau noted that the publication was available to members on schedule this year. However, he noted that the print version is not always sent out in a timely manner.

After discussion, the executive committee decided to eliminate the print version of *The Auditor's Report*. There was unanimous vote to eliminate the print version of the *Auditor's Report*. This will be reported at the business meeting on Saturday morning.

### **Action Items**

Thibodeau to speak with Duane Brandon to inform him about the elimination of the print version. Also, Shaun plans to get Deloitte involved in writing for the "Views from the Profession" column. Thibodeau will inform Duane to contact Shaun as the point person for Deloitte's involvement.

Gramling will make sure that she includes a link to a PDF file when she sends out the announcement that *The Auditor's Report* is available.

### **5) Committee Updates by Shaun Budnik**

- Auditing Standards Committee

At present, the committee is working on one comment letter (i.e., the PCAOB's Proposed Risk Standard). Discussion focused on whether the ASC should comment on other proposed standards. Then Budnik suggested the ASC might want to look over CPA firms' comment letters as the viewpoints therein might be helpful to academic colleagues.

### **Action Items**

Budnik will suggest to Randy that he may want to consider contacting the various firms about getting a copy of their comment letters as a mechanism to help the committee get started on each response letter.

- Status of Open Action Item by Gramling – *use of ad hoc committees for the ASC*

Gramling has advised the ASC that she is happy to appoint ad hoc members to assist the ASC in addressing and exposure drafts on which the committee would like to comment.

### **Action Items**

Anderson will consider whether it is necessary to expand the number of sub-committees that comprise the ASC during his term as President.

#### **6) Committee Updates by Mark Peecher**

- Research Committee

Peecher presented the report. There was a consensus among the executive committee that this committee could be given an additional task to complete in the upcoming year.

- Status of Open Action Item by Peecher – *Ask Committee to consider producing “professional friendly” summaries of relevant research (e.g., a Have You Seen summary for practitioners) and to make contacts with colleagues at the Big 4, Protiviti, and any other important firms.*

The committee agreed that this action item is best thought about in conjunction with the efforts of the communication committee. There will be no further action taken on this issue by the research committee at the present time.

- Status of Open Action Item by Peecher – *Ken Trotman’s appetite for completing a taxonomy of auditing research*

Peecher reported that Ken Trotman was open to the idea but was not at all clear about its usefulness. Thus, the executive committee agreed that there will be no further action taken on this issue at the present time.

#### **7) Committee Updates by Urton Anderson**

- Membership and Regional Coordinators
  - A note on change in chair (from Gary Braun to Barbara Murray Grein and Kevin Brown)

Anderson reported that everything is functioning very well in this area. There was no further discussion.

#### **8) Committee Updates by Audrey Gramling**

- Doctoral Consortium

According to Gramling, there are no issues to report. Gramling mentioned that we did not have an over-subscription problem. So, we did allow more students than 4 per school in some cases. The executive committee thanked Mark Zimbelman for his efforts in putting together what promised to be a great event.

- 2010 MYC

The committee expressed frustration about the lack of responsiveness of the AAA staff in helping to finalize a site selection. The committee believes that it would have been helpful to be able to identify the site of next year's meeting at the current year meeting.

**Action Item**

Gramling will communicate with the AAA about our frustration regarding the lack of responsiveness by the AAA's staff in finalizing the site selection.

- CIIA

The CIIA Editor's report was presented. Everything is going very well. There are no major issues to report. The committee continues to discuss ways to improve the visibility of CIIA.

Postscript: Following the Midyear Conference, Ray Whittington reported that Rich Houston has agreed to accept the position of co-editor of CIIA. Rich will be replacing Dana Hermanson.

**Action Item**

Gramling will make sure that she sends a periodic e-mail to the section informing members about the new articles that have been accepted by CIIA.

**9) Treasurer's Report by Mark Taylor**

Taylor presented the treasurer's report. There were several questions and comments raised by the executive committee audience. In the end, the committee was satisfied with the Treasurer's report.

### **Action Item**

Peecher will follow up with KPMG about their willingness to continue to provide funding to the section for the midyear meeting and doctoral consortium.

Postscript: Gramling followed up with Bernie Milano who indicated that the Foundation will consider this issue during Spring 2009.

- Status of Action Item by Taylor *Doctoral Students' Hotel Bills – Direct Billed?*

Postscript: This issue was not discussed at the meeting. However, Taylor reported that the AAA would not migrate to a pre-registration system. However, the AAA did make changes which significantly reduced the effort associated with the doctoral student reimbursements.

### **10) AJPT Update – Ken Trotman**

Ken Trotman provided an update on *Auditing: A Journal of Practice and Theory*. During the year, there was an editorial transition from Dan Simunic. The transition has been smooth. He is very happy with the new associate editors. Ken reported that all papers submitted to Dan will be handled by Dan through the entire editorial process. In all, there were 75 new submissions during 2008. The forthcoming May 2009 issue includes 8 papers and 5 research notes. All of these papers were Dan Simunic's. Moving forward, the journal will follow TAR's lead by making specific note of the Associate Editor responsible for accepting each paper. For the November, 2009 issue, there are already 8 conditional acceptances outstanding.

The committee reviewed Ken's report of submissions and acceptances and asked Ken to try and provide a clear and understandable acceptance rate on the report. Ken commented that, for a variety of reasons, it was difficult to provide a traditional acceptance rate. However, he planned to try and do so in time for the business meeting on Saturday morning. The committee thanked Ken for his service to the section.

### **11) Update on Activities of the Communications Committee – Presented by Jennifer Mueller**

- Status of Action Item by Thibodeau *Using the professional friendly summaries (prepared by the research committee) as a tool to send along to our press contacts*

Thibodeau indicated that the Communications Committee has taken big steps

towards the achievement of our goal to promote auditing research.

Jennifer Mueller presented the report of the committee. There was much discussion about how to best publicize auditing research. The big question is whether the Communications committee should be responsible for this effort or whether the section should retain a public relations firm. Overall, the executive committee believes that we should consider a PR firm to lead this effort.

The executive committee asked Jennifer to follow up with the PR firm and attempt to negotiate the best deal possible.

#### **Action Items**

Anderson will contact the leader of the AAA Tax Section to gauge their interest in approaching the PR firm together in an effort to be more efficient.

Thibodeau will work with the Communications Committee to help secure the best deal possible on behalf of the section.

#### **12) Update on AAA Commons Initiative – Presented by Julia Higgs, Auditing Section AAA Commons Editor**

Julie presented her report. She commented that this was major initiative of the AAA and that they are devoting considerable resources to this effort. Unfortunately, she does not see enough use of the Commons occurring at the present time. She believes that the functionality is impressive and will provide our members with many opportunities to use Commons. However, it ultimately comes down to members actually using the tool. If people are not using the tool, the initiative will fail.

The committee agreed that the AAA Commons issues should continue to fall under the Communications Committee umbrella. At present, Julia will remain as the Auditing Section's Editor of the AAA Commons. The Executive committee then brainstormed about ways to increase the use of the AAA Commons. The executive committee agreed that the tool has great potential. Julia was thanked for her service to the section.



### 13) Other Issues:

- Results of officer elections

Steve Glover was elected Vice President - Academic and Chris Hogan was elected Treasurer.

- PCAOB Activities

The PCAOB announced that they would be hosting their Spring Conference on April 30 – May 1.

- Academic Fellowship

The executive committee has offered to assist the PCAOB as it considers whether to establish an Academic Fellowship.

- Proposal to have non-contested elections and related action items

*Summary of other sections' approaches*  
presented by Mark Peecher

Currently, we have a contested election format. Peecher provided a summary of what the other AAA sections do to choose officers. He noted that there are models that require a nominating committee to put forth a slate of officers to the membership. Mark commented that other sections were quite happy with this type of model (i.e., a nominating committee suggesting a slate of officers). The executive committee agreed that there needs to be a discussion of this issue at the Business Meeting on Saturday morning.

#### Action Item

Gramling will draft an amendment to be considered by the section. The committee believes this to be a key action item. A vote will be taken on-line.

- Status of Open Action Item: *Anderson, Jean and Gramling will take the first pass at revising the Operating Manual for the Section.*

At present, there has been little progress on this action item. Gramling agreed to take the first pass on this task and then send it over to Bedard and Anderson. The executive committee agreed to create a hive on the AAA Commons for the manual.

- Status of Open Action Item: *Assistance by the Auditing Section as the AAA participates in the Treasury's process*

Gramling had contacted Sue Haka to offer the assistance of the Auditing Section. Bedard commented that the PCOAB is taking the report very seriously. The executive committee agreed to help in any way that we can in this process.

- Dues Change

The executive committee agrees with the proposed dues change by Bruce Behn.

- Audit Research Materials (see email from Gary Previts below, pages 4-5)

Peecher agreed to draft a letter and take the lead on this important initiative.

- AAA Spring Council Meeting (March 6 – arrival to March 8 – departure)

Anderson agreed to represent the section at this meeting.

- Executive Committee Meeting in NYC

The executive committee agreed not to have a Tuesday morning meeting at the annual meeting this year.

### **Action Item**

Gramling to ask Chris Hogan and Steve Glover to attend the Sunday meeting, instead of the Tuesday meeting.

### **14) Working lunch with CAQ**

At 11:30, the executive committee was joined by our colleagues at the CAQ (Margot Cella and Cindy Fornelli) for lunch. Gramling officially adjourned the executive committee meeting.

At the lunch, Margot and Cindy reported that they are working with auditing firms to try and improve data availability for research purposes. Cindy noted that she is committed to helping in this area. However, that progress was slow. She is in the process of formulating a structured approach to the issue.

The discussion then focused on the possibility of the CAQ sponsoring a special meeting where partners from CPA firms would come together with distinguished researchers in New York on the Sunday preceding the AAA meeting. The group agreed that this type of meeting would be very helpful in our efforts work more closely with the practice community. So, the discussion then focused on the best approach to ensure that the event occurred in August.

***Action Items***

The CAQ will take responsibility for securing a site for the meeting and all logistical issues (e.g., invitations, etc.) involved in hosting the meeting.

Budnik agreed to identify the profile of the “right” practitioner to be invited to the conference. The Auditing Section, through Mark Peecher, will assist the CAQ’s efforts in putting this program together.