



# THE AUDITOR'S REPORT

Volume 26, No.3, Summer 2003

## AUDITING SECTION/AMERICAN ACCOUNTING ASSOCIATION

### REPORT OF THE PRESIDENT

This is my third and final report as President of the Auditing Section. Serving as the President of the Auditing Section during the past year has been one of the highlights of my professional career. Thank you for giving me the opportunity to serve the Section in this manner.

I wrote my second report immediately after the Midyear Conference (MYC) in Huntington Beach. The 2003 MYC was a great success. Bob Ramsay and his entire committee deserve our thanks for the conference's success, as do Mark DeFond and his committee for the Doctoral Consortium's success. This issue of *The Auditor's Report* includes information about the 2004 Conference, which will be co-chaired by Steve Glover and Doug Prawitt. The deadline for submitting papers is September 1, 2003. I know that Steve and Doug would like to hear from you if you are interested in volunteering to review papers for the 2004 MYC. I also am sure that Mark Zimbelman, chair of the CPE Committee, and Ron King, chair of the Doctoral Consortium Committee, would be interested in your suggestions.

In this report, I want to tell you about a number of ongoing Section initiatives. These initiatives include: (1) the Section's approach to the Public Company Accounting Oversight Board (PCAOB) to develop an ongoing relationship between our two groups, (2) our efforts to restaff and revitalize the Section's Practice Advisory Council (PAC), (3) our planning for a conference in 2005 to celebrate the 25th anniversary of *Auditing: A Journal of Practice & Theory (AJPT)*, and (4) significant activity by all five of the Section's standing committees.

First, as I told you in my spring report, the Executive Committee believes that it is in the best interest of both the Section and the PCAOB for our two organizations to have a close working relationship. I have met with Charles Niemeier (the PCAOB's Acting Chair) to discuss how that relationship might unfold. Subsequently, the Section's Executive Committee submitted a proposal to the PCAOB on how we believe the Section could serve the PCAOB and the investing public. As you might imagine, the activities of the PCAOB also are of interest to our parent organization, the American Accounting Association (AAA). We are working with Bill Felix (the incoming President of the AAA) and



Joseph V. Carcello

Zoe-Vonna Palmrose (the AAA's Vice President-Research) to provide a coordinated approach that takes advantage of strengths at the AAA and Auditing Section levels. In this spirit of cooperation, Zoe-Vonna, Jean Bedard (the Section's incoming President), and I will travel to Washington, D.C. to present our proposal to the entire PCAOB. I hope to provide you with further details of our meeting with the PCAOB at the Section's luncheon in Hawaii.

My second item relates to our Practice Advisory Council. The PAC was established in the mid-1990s, with the primary goal of developing a closer working relationship between our Section and the practice community.

Largely because of Tom Powell, the PAC was reasonably active in its early years. Recently, the PAC essentially has become dormant and currently has a staff of only three individuals. John Fogarty, a senior partner with Deloitte & Touche

(continued on page 2)

#### FALL 2003 ISSUE DEADLINE

The deadline for material to be included in the Fall 2003 issue of *The Auditor's Report* is September 15, 2003. The preferred format is a Word file attached to an email message. We also are open to any proposals for materials that anyone would like to submit. Please send all material and proposals to the Editor at the address below by September 15, 2003 to ensure timely publication of the issue:

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The address of the Auditing Section's Home Page on the World Wide Web is:

<http://raw.rutgers.edu/raw/aaa/audit/>

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## President's Report

(continued from page 1)

and a member of the Auditing Standards Board, is chairing the PAC. Jean Bedard, Scott Showalter (the Section's Vice President–Practice), and I met with John Fogarty and one of his fellow partners, Trevor Stewart, in New York City on April 7, 2003. We discussed short- and long-term goals for the PAC, and how we would staff the PAC. John hopes to fully staff the PAC and hold a conference call of PAC members before the AAA Annual Meeting. The PAC plans to develop a session for the 2004 MYC in Clearwater. I hope to provide you with further details of the PAC's success in accomplishing these goals, as well as elaborate on the long-term objectives for the PAC, at our luncheon in Hawaii.

My third item relates to the 25th anniversary of *AJPT*, which falls during 2004–2005. The Executive Committee has been exploring whether the Section should sponsor a research conference to celebrate the 25th anniversary of our journal, with the papers presented at this research conference to be published in a special issue of *AJPT*. Jean Bedard is the chairperson of a preliminary planning committee to explore the desirability, feasibility, and logistics of holding such a Section-sponsored conference (other members of Jean's committee are Joanna Ho, Jack Krogstad, and Bill Messier). Jean's committee has forwarded its report to the Executive Committee, recommending that the Section sponsor a research conference to celebrate the 25th anniversary of *AJPT*. Bill Messier has agreed to forgo \$15K of the \$20K annual stipend that the Section historically has provided the editor of *AJPT*, with the understanding that this money will be used to subsidize the 25th anniversary celebration. Therefore, the Section has at least \$45K to subsidize the cost of an *AJPT* 25th anniversary research conference. The Executive Committee still must make a decision as to whether the Section should sponsor this conference, as well as numerous smaller decisions related to the logistics of the conference. I hope to provide you with further details in Hawaii.

Fourth, I want to update you on activities of the Section's five standing committees: Auditing Standards; Communications; Education; Membership and Regional Coordinators; and Research. All five committees have been extremely active this year. I previously commented on the activities of all of these committees in the Spring 2003 issue of *The Auditor's Report*. In this issue, I highlight only those committee activities that have occurred in the three and a half months since I wrote my last report.

The Auditing Standards Committee (chaired by Brian Ballou) recently submitted a series of comment letters to the Auditing Standards Board on the seven exposure drafts of proposed auditing standards related to risk assessment. Brian's committee also continues to work with the AICPA to have practice summaries of articles published in *AJPT* placed on the AICPA's web page.

The Communications Committee (chaired by Jeff Payne) has developed a completely new design for the Section's web page. The redesigned web page represents a substantial improvement in terms of both layout and ease of use. I expect the new web page to replace our existing web page before the 2003 AAA Annual Meeting.

The Education Committee (chaired by Don Tidrick) is working to compile a listing of ethics-related instructional resources

and information about projects and group assignments that members have used successfully in their auditing courses. The outcome of these initiatives will be presented in future issues of *The Auditor's Report*.

The Membership and Regional Coordinators Committee (chaired by Bob Tucker) is responsible for helping to plan auditing-related content at regional meetings and for spearheading the Section's efforts to recruit new members. The Regional Coordinators organized a number of high-profile speakers for this past spring's regional meetings. The Regional Coordinators also have been active promoting the Section to nonmembers by (1) contacting faculty members expressing an interest in auditing (per *Hasselback's Directory*) but who are not members of the Section, (2) contacting Ph.D. coordinators to provide information on the benefits of Section membership to students in their doctoral programs, and (3) providing this information to attendees at the regional meetings and other potentially interested parties. To support these efforts, the Executive Committee has prepared a brochure on the benefits of membership in the Auditing Section. For those of you interested in seeing an electronic version of this membership brochure, you may review it on the Section's web page.

The Research Committee (chaired by Steve Salterio) is drafting a series of articles for *The Auditor's Report* on how members can retool their skills in research methods. This issue includes an article by Steve Salterio on retooling in experimental research methods. The Fall 2003 issue of the newsletter will include an article by Mike Willenborg on retooling in archival research methods. In addition, the Research Committee is planning a panel session for the 2004 MYC on best practices for gaining access to research participants and proprietary archival data.

I have made a number of references to the Section's luncheon at the upcoming AAA Annual Meeting in my report. I am excited about our luncheon speaker, George Diacont, recently appointed as the PCAOB's Director of Registration and Inspection. Mr. Diacont has 24 years of experience with the SEC, where he served as Chief Accountant–Division of Enforcement and Acting Chief Accountant–Office of the Chief Accountant. Mr. Diacont served most recently as NASDAQ's Chief Accountant–Listing Investigations. I know how interested our members are in the activities of the PCAOB. We are fortunate that Mr. Diacont is willing to travel all the way to Hawaii to tell us about the PCAOB's registration and inspection efforts.

In addition to our luncheon speaker, the Section's Annual Meeting Coordinator, Bryan Church, has put together a great program of auditing-related paper and panel sessions. Bryan received 103 submissions, up from 77 submissions in 2002. Forty-five submissions were accepted (33 for auditing sessions, 11 for the forum, and one submission for a panel session). The panel session is on XBRL-related assurance/auditing issues and research opportunities. Bryan and I want to thank the reviewers for their timely and substantive feedback on the 103 submissions sent out for review. Michael Ettredge will chair the 2004 Annual Meeting Committee.

(continued on page 3)

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## President's Report

(continued from page 2)

This is the last issue of *The Auditor's Report* for which Mark Taylor will serve as Editor. Mark has served the Section and its members well during the past three years as Editor of *The Auditor's Report*. During Mark's tenure, the newsletter has: (1) celebrated its 25th anniversary with a special edition, (2) been transformed from hard copy distribution to electronic distribution, enabling the Section to provide you with a greater amount of information on a more timely basis and for a lower cost, and (3) introduced new columns and features, the most prominent being the "Have You Seen These Instructional Resources?" column. Please join me in thanking Mark the next time you see him for his outstanding service on behalf of the Auditing Section. Rich Houston will serve as the editor of *The Auditor's Report* beginning with the Fall 2003 issue of the newsletter.

I want to thank all of my committee chairs and those members who served on committees for their truly outstanding work

during my year as president. I particularly want to thank and recognize the chairs of the Section's five standing committees—Brian Ballou, Jeff Payne, Don Tidrick, Bob Tucker, and Steve Salterio. Without the efforts of these individuals, and all the other Section members who chaired and staffed our committees, we would not have been able to accomplish anything this year. Thank you!

Finally, I want to recognize and thank the members of this year's Executive Committee: Michael Bamber (Past President), Jean Bedard (Vice President—Academic), Scott Showalter (Vice President—Practice), Rick Tubbs (Treasurer), Bill Dilla (Secretary), and Andy Bailey (Historian). It truly has been a privilege and an honor to work with individuals as talented and dedicated as this group. The Section will give special thanks to Michael, Rick, and Andy when their terms on the Executive Committee end in August. We will specifically recognize their efforts at the Auditing Section Luncheon in Hawaii. I hope to see you all there.

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## CALL FOR NOMINATIONS

### Editor of

### ***AUDITING: A JOURNAL OF PRACTICE & THEORY***

The Executive Committee of the Auditing Section appoints the editor-elect of the Section's journal in the year preceding the new editor's assumption of duties. The Editor Nominations Committee is charged with presenting candidates for this position to the Executive Committee. The members of the Editor Nominations Committee are Joe Carcello (chair), Jane Mutchler, Zoe-Vonna Palmrose, and Arnie Wright (past editor).

The editor of *Auditing: A Journal of Practice & Theory* should possess the following characteristics:

- Breadth of understanding of the auditing literature and research methods.
- Understanding of auditing practice and an appreciation for the practice community.
- Experience with the editorial review process.
- Integrity and open-mindedness.
- Demonstrated organizational skills and effective collaboration with peers.
- An ability to critically analyze research.
- An ability and willingness to communicate effectively with authors, providing constructive feedback about their research.

The Editor Nominations Committee solicits your suggestions for candidates who fit these criteria. The committee will obtain *vitae* and references for each candidate, but would also appreciate any information you contribute in support of your nomination. Self-nominations are welcome.

Please submit nominations to Joe Carcello via email (jcarcell@utk.edu) or regular mail (University of Tennessee, 601 SMC, Knoxville, TN 37996) at the earliest possible date, but no later than October 1, 2003.

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# MEETING ANNOUNCEMENT AND CALL FOR PAPERS

## TENTH ANNUAL MIDYEAR AUDITING SECTION CONFERENCE

The Tenth Annual Midyear Auditing Section Conference will be held in **Clearwater, Florida (Tampa/St. Petersburg area) on January 15–17, 2004**. CPE sessions will be held on the afternoon of January 15. The remainder of the conference will consist of keynote, plenary, and concurrent sessions dealing with a wide variety of contemporary topics related to audit, attestation, and assurance practices, education, and research. You are encouraged to contribute to the program through submissions of auditing/attestation/assurance research and education papers, teaching cases, and special session proposals.

The conference will be held at the **Hilton Clearwater Beach Resort** in Clearwater Beach Florida, located 20 miles from the Tampa International Airport. Located on an island and overlooking the Gulf of Mexico, the Hilton Clearwater Beach Resort sits on ten acres along a beautiful, private white sandy beach. Recreational facilities include beach cabanas, two beachside swimming pools, volleyball, wave runners, parasailing, and more. A short walk from the hotel is an entertainment pier. The island has 30 or more restaurants as well as many shops and attractions. Activities such as snorkeling, deep sea fishing, or sailing charters are also available. The Florida Aquarium, Salvador Dali Museum, and Busch Gardens are all within a few minutes' drive. For children, there is the special recreation program, "Fun Factory," custom-designed to entertain and educate.

### SUBMISSION GUIDELINES and DEADLINE

Email submissions (auditing research and education papers, teaching cases, and special session proposals) to **2004Audit@byu.edu** as Word attachments. Research papers should follow the style guidelines of *Auditing: A Journal of Practice & Theory*. To preserve anonymity, email the cover page and the remainder of the manuscript as separate files. For field surveys or experiments, also email the research instrument, removing the identities of the authors.

Submissions of teaching cases and research papers are not eligible for consideration if they: (1) have been published or accepted for publication, (2) were presented at the 2003 AAA Annual Meeting, or (3) were presented at more than one AAA regional meeting. Papers presented at the Research Forum of the AAA Annual Meeting are eligible for consideration. It should be noted that papers accepted for presentation at the 2004 Midyear Auditing Section Conference may also be submitted for presentation at the AAA Annual Meeting scheduled for August 2004.

Submissions must be received by **September 1, 2003** to be considered for the program. Early submission is highly encouraged. Any questions should be addressed to the meeting co-chairs, Steve Glover and Doug Prawitt at the email address listed above.

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## TENTH ANNUAL MIDYEAR AUDITING SECTION CONFERENCE

**January 15–17, 2004 • Clearwater Beach, Florida**

Your help in planning and conducting the Section's 2004 Midyear Conference is needed. If you are willing to volunteer your assistance in one or more of the following areas, please complete this form and email/fax it to the address/number below.

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

**Reviewer:** If you are willing to assist by reviewing one to three manuscripts, please indicate your areas of competence/interest.

Research Areas \_\_\_\_\_

Research Methods \_\_\_\_\_

**Session Chair or Discussant:** Please indicate if you are willing to assist in either of these capacities.

Session \_\_\_\_\_ Chair \_\_\_\_\_ Discussant \_\_\_\_\_

**Special Sessions:** Please provide any ideas that you have for special CPE topics, panels, workshops, etc. If you know any particular individual(s) who may be interested in the areas you recommend, please list their names.

\_\_\_\_\_  
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The Steering Committee very much appreciates your input. Email or fax this form to:  
**Steve Glover or Doug Prawitt • Email: 2004Audit@byu.edu Fax: (801) 422-0621**

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# Auditing Concurrent Sessions Preliminary Schedule

## AMERICAN ACCOUNTING ASSOCIATION

### 2003 Annual Meeting • Honolulu, Hawaii

#### **Section Luncheon: 12:00 noon–1:45 p.m.**

**Speaker:** George Diacont, Director of Registration and Inspection Public Company Accounting Oversight Board.

Listed below are all Auditing Section concurrent sessions as well as other sessions with significant auditing content (sponsoring section indicated in parentheses after session title).

#### **Monday, August 4, 2003 — 10:15 a.m.–11:45 a.m.**

**Session title:** Audit and Transparency Issues (International Accounting)

**Moderator:** Robert Larson, University of Dayton

Paper 1. *Auditor Values for Professional Judgment: A Cross-Cultural Comparison of the U.S. and Taiwan.* Chee W. Chow, San Diego State University; Dawn W. Massey, Fairfield University; Linda Thorne, York University; Anne Wu, National Chengchi University

Paper 2. *The Effect of Auditing: An Empirical Examination of the Differences between Audited and Nonaudited Financial Reports in China.* Charles J. P. Chen, City University of Hong Kong; Bin Srinidhi, City University of Hong Kong; Xijia Su, City University of Hong Kong

Paper 3. *Transparency of Financial Reporting Before and After the Asian Financial Crisis: An Empirical Study of Indonesian Company Practices.* Richard D Morris, The University of New South Wales; Beauty U Ho, The University of New South Wales; Sidney J Gray, The University of New South Wales

**Discussant:** Burch Kealey, University of Nebraska at Omaha

**Session title:** Auditing and Corporate Governance

**Moderator:** Hun Tan, Nanyang Technological University

Paper 1. *Auditors' Assessments of and Responses to Earnings Management Risk and Corporate Governance Risk.* Jean C. Bedard, Northeastern University; Karla M. Johnstone, University of Wisconsin–Madison

Paper 2. *Corporate Governance and the Audit Process.* Jeffrey R. Cohen, Boston College; Ganesh Krishnamoorthy, Northeastern University; Arnie Wright, Boston College

Paper 3. *The Influence of Independent and Effective Audit Committees on Earnings Quality.* Daniel Bryan, SUNY at Buffalo; Carol Liu, SUNY at Buffalo; Samuel L. Tiras, SUNY at Buffalo

**Discussant:** Aretha Hill, Florida A&M University

#### **Monday, August 4, 2003 — 4:00 p.m.–5:30 p.m.**

**Session title:** Empirical Research on Audit Markets

**Moderator:** Karl Hackenbrack, University of Florida

Paper 1. *Audit Markets and Legal Environments: An International Investigation* Jong-Hag Choi, Hong Kong University of Science and Technology; T. J. Wong, Hong Kong University of Science and Technology

Paper 2. *Big 5 Audit Pricing under Spatial Oligopolistic Competition.* Jane Culvenor, University of Technology, Sydney; Donald Stokes, University of Technology, Sydney; Ming Wu, University of Technology, Sydney

Paper 3. *A Longitudinal Investigation of the Audit and Nonaudit Service Fee Markets (1984 to 1999).* Elizabeth Carson, The University of New South Wales; Roger Simnett, The University of New South Wales; Billy Soo, Boston College; Arnie Wright, Boston College

**Discussant:** Randal J. Elder, Syracuse University

(continued on page 6)

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## Auditing Concurrent Sessions Preliminary Schedule

(continued from page 5)

**Session title:** Emerging Technology Use in Auditing (Artificial Intelligence/Emerging Technologies)

**Moderator:** To Be Announced

- Paper 1. *Restoring Auditor Credibility: Tertiary Monitoring and Logging of Continuous Assurance Systems*. Michael G. Alles, Rutgers, The State University of New Jersey; Alexander Kogan, Rutgers, The State University of New Jersey; Miklos A. Vasarhelyi, Rutgers, The State University of New Jersey
- Paper 2. *The Adoption of Embedded Audit Modules by the Audit Profession: A Diffusion of Innovation Approach*. Roger S. Debreceeny, Nanyang Technological University; Glen L. Gray, California State University, Northridge
- Paper 3. *Continuous Auditing of Financial Information Systems: Perceptions by Auditor Type*. Eric N. Johnson, Indiana University; Richard B. Dull, Clemson University

**Discussant:** To Be Announced

**Session title:** Auditing Issues Relating to Governments and NonProfits (Government and Nonprofit)

**Moderator:** Dana Forgione, Florida International University

- Paper 1. *The Value of Auditing as a Monitoring Tool: An Analysis of Public School Operations*. Yoshie Saito Lord, Temple University; Christopher S. McIntosh, University of Idaho at Idaho Falls

**Discussant:** To Be Announced

- Paper 2. *Government versus Private Sector Audit Fees: An Empirical Comparison*. Jeffrey R. Casterella, Colorado State University; Stephen P. Davies, Colorado State University; Laurence E. Johnson, Colorado State University; Barry L. Lewis, University of Colorado at Boulder

**Discussant:** Linda M. Parsons, George Mason University

- Paper 3. *The Relation between Auditor Selection and Adverse Audit Findings: Examination of Nonprofits Subject to the Single Audit Act*. Elizabeth K. Keating, Harvard University; Janet Greenlee, University of Dayton; Teresa Gordon, University of Idaho; Mary Fischer, The University of Texas at Tyler

**Discussant:** Suzanne L. Lowensohn, Colorado State University

### Tuesday, August 5, 2003 — 10:15 a.m.–11:45 a.m.

**Session title:** Emerging Role of Audit Committees (At-Large)

**Moderator:** Roman L. Weil, University of Chicago

**Panelists:** Katherine Schipper, Financial Accounting Standards Board  
Zoe-Vonna Palmrose, University of Southern California  
Teresa Iannaconi, KPMG LLP  
Rodrick Hills, Former Chair, U.S. Securities and Exchange Commission (SEC)

**Session title:** Auditing and Going-Concern Assessments

**Moderator:** Ken Schwartz, Boston College

- Paper 1. *The Valuation Implications of the Auditor's Going-Concern Opinion*. Allen D. Blay, University of California, Riverside
- Paper 2. *Market Underreaction to Going-Concern Audit Report Disclosures: A Paradox*. Richard J. Taffler, Cranfield School of Management, U.K.; Jeffrey Lu, Cranfield School of Management, U.K.
- Paper 3. *Corporate Governance Factors and Auditor Going-Concern Assessments*. Susan Parker, Santa Clara University; Gary Peters, University of Arkansas; Howard F. Turetsky, San Jose State University

**Discussant:** Mary Stone, The University of Alabama

(continued on page 7)

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## Auditing Concurrent Sessions Preliminary Schedule

(continued from page 6)

**Session title:** Auditing and Decision Making

**Moderator:** Theodore Mock, University of Southern California

Paper 1. *Audit Review: The Impact of Discussion Timing and Continuity*. Michael Favere-Marchesi, Simon Fraser University

Paper 2. *An Experimental Investigation of Audit Decision Making: An Evaluation Using System-Mediated Mental Model Theory*. Amy K. Choy, Washington University in St. Louis; Ronald R. King, Washington University in St. Louis

Paper 3. *A Cognitive Task Analysis Approach to Understanding the Acquisition of Audit Knowledge*. Michael L. Roberts, The University of Alabama; Jane Dillard-Eggers, Belmont University

**Discussant:** Thomas M. Kozloski, Wilfrid Laurier University

### Tuesday, August 5, 2003 — 2:00 p.m.-3:30 p.m.

**Session title:** XBRL: Assurance and Auditing Issues and Research Opportunities

**Moderator:** Glen Gray, California State University, Northridge

**Panelists:** Bob Cuthbertson, CaseWare IDEA Inc.

Walter Hamscher, PricewaterhouseCoopers

Arnie Wright, Boston College

Roger Debreceny, Nanyang Technological University

Paul Penler, Ernst & Young LLP

### Tuesday, August 5, 2003 — 4:00 p.m.-5:30 p.m.

**Session title:** Internal Auditing Issues

**Moderator:** Audrey Gramling, Georgia State University

Paper 1. *An Investigation of Whether Outsourcing the Internal Audit Function Affects Internal Controls*. Dennis Caplan, Iowa State University; Craig Emby, Simon Fraser University

Paper 2. *Factors Affecting the Voluntary Use of Internal Audit*. Jenny Goodwin, University of Queensland; Pamela Kent, University of Queensland

Paper 3. *An Examination of Internal Auditor Objectivity: In-House versus Outsourcing*. Sunita S. Ahlawat, The College of New Jersey; D. Jordan Lowe, Arizona State University West

**Discussant:** Arnie Schneider, Georgia Institute of Technology

**Session title:** Analytical Research in Auditing

**Moderator:** Ella Matsumura, University of Wisconsin–Madison

Paper 1. *The Role of Auditing in Investor Protection*. Paul Newman, The University of Texas at Austin; Evelyn Patterson, SUNY at Buffalo; Reed Smith, Indiana University

Paper 2. *An Economic Analysis of Audit and Nonaudit Services: The Trade-Off between Competition Crossovers and Knowledge Spillovers*. Martin G. H. Wu, University of Illinois at Urbana–Champaign

Paper 3. *Auditor's Pre-Negotiation Information, Accuracy of Financial Reports and Consulting Services*. Yun Zhang, Yale University

**Discussant:** Taychang Wang, National Taiwan University

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(continued on page 8)

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## Auditing Concurrent Sessions Preliminary Schedule

(continued from page 7)

### Wednesday, August 6, 2003 — 10:15 a.m.–11:45 a.m.

**Session title:** Audit Quality

**Moderator:** Khondkar Karim, Rochester Institute of Technology

Paper 1. *The Effect of Legal Environment on Big 5 Auditor Conservatism around the World*. Jere R. Francis, University of Missouri; Dechun Wang, University of Missouri; Alex Nikitkov, University of Missouri

Paper 2. *Audit Quality: Earnings Management in the Context of the 1997 Asian Crisis*. Shireenjit Johl, Multimedia University; Christine Ann Jubb, Monash University; Keith Allen Houghton, Australian National University

Paper 3. *How Strategic Errors Increase the Quality of Audited Financial Statements—An Experimental Investigation*. Urs Fischbacher, University of Zurich; Ulrike Stefani, University of Zurich

**Discussant:** Jayanthi Krishnan, Temple University

### Wednesday, August 6, 2003 — 2:00 p.m.–3:30 p.m.

**Session title:** Auditing and Earnings Management

**Moderator:** Brendan O'Connell, Deakin University

Paper 1. *Auditor Reputation, Discretionary Accruals, and IPO Underpricing*. Susan M. Albring, Syracuse University; Randal J. Elder, Syracuse University; Jian Zhou, SUNY at Binghamton

Paper 2. *Does Big 6 Auditor Industry Expertise Constrain Earnings Management?* Gopal V. Krishnan, City University of Hong Kong

Paper 3. *Audit Committees and Quarterly Earnings Management*. Joon S. Yang, University of Minnesota, Duluth; Jagan Krishnan, Temple University

**Discussant:** Keith Houghton, Australian National University

**Session title:** Assurance and Users' Reactions

**Moderator:** Bill Thomas, Baylor University

Paper 1. *Audit Quality and Post-Earnings Announcement Drift*. Andrew Ferguson, The University of New South Wales; Zoltan Matolcsy, University of Technology, Sydney

Paper 2. *Auditor Reputation, Auditor Independence and the Stock Market Reaction to Andersen's Clients*. Srinivasan Krishnamurthy, SUNY at Binghamton; Jian Zhou, SUNY at Binghamton; Nan Zhou, SUNY at Binghamton

Paper 3. *Investigating the Reaction of Relatively Unsophisticated Investors to Audit Assurance on Firm-Released News Announcements*. James E. Hunton, Bentley College; Jacqueline L. Reck, University of South Florida; Robert E. Pinsker, Old Dominion University

**Discussant:** Stephen Wheeler, University of the Pacific

**Session title:** Accountants' Cognition and Judgment (Accounting, Behavior and Organizations)

**Moderator:** Anne Magro, University of Oklahoma

Paper 1. *The Effects of Feedback Type on Auditor Judgment Performance under Different Levels of Task Complexity*. Patrick W. Leung, Hong Kong Polytechnic University; Ken T. Trotman, The University of New South Wales

**Discussant:** Jennifer R. Joe, Georgia State University

Paper 2. *Do Auditors Think as Frequentists?* Natalia V. Kotchetova, University of Waterloo; William F. Messier, Georgia State University; Aasmund Eilifsen, Norwegian School of Economics and Business Administration

**Discussant:** Gary Entwistle, University of Saskatchewan

Paper 3. *Reducing Accounting Fixation: Determinants of Cognitive Adaptation to Variation in Accounting Method*. David T. Dearman, Arkansas State University; Michael D. Shields, Michigan State University

**Discussant:** Susan McCracken, University of Toronto

(continued on page 9)

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## Auditing Concurrent Sessions Preliminary Schedule

(continued from page 8)

### Wednesday, August 6, 2003 — 4:00 p.m.–5:30 p.m.

**Session title:** Auditor Attributes

**Moderator:** Jeffrey McMillan, Clemson University

- Paper 1. *Decomposition of Fraud Risk Assessments and Auditors' Sensitivity to Fraud Cues*. T. Jeffrey Wilks, Brigham Young University; Mark F. Zimbelman, Brigham Young University
- Paper 2. *Auditor's Virtue: The Development of a Valid and Reliable Measure*. Theresa Libby, Wilfrid Laurier University
- Paper 3. *An Investigation of the Attributes of Top Industry Audit Specialists*. Mohammad J. Abdolmohammadi, Bentley College; D. Gerald Searfoss, University of Utah; James Shanteau, Kansas State University

**Discussant:** Natalia Kotchetova, University of Waterloo

**Session title:** Nonaudit Services and Auditor Independence

**Moderator:** Deborah Lindberg, Illinois State University

- Paper 1. *Nonaudit Fees, Auditor Independence, and Bond Ratings*. Duane M. Brandon, Virginia Polytechnic Institute and State University; Aaron D. Crabtree, Virginia Polytechnic Institute and State University; John J. (Jack) Maher, Virginia Polytechnic Institute and State University
- Paper 2. *Nonaudit Fee Disclosures and the Market Valuation of Earnings Surprises*. Jere R Francis, University of Missouri; Bin Ke, Pennsylvania State University
- Paper 3. *Nonaudit Services and Earnings Conservatism: Is Auditor Independence Impaired?* Stephen L. Taylor, The University of New South Wales; Sarah J. Taylor, University of Technology, Sydney; Caitlin Ruddock, Australian Securities and Investments Commission

**Discussant:** Susan Parker, Santa Clara University

The papers listed below are accepted for presentation in the Auditing Section Research Forum.

### Wednesday, August 6, 2003 — 10:15 am–11:45 am

#### Tables 10 through 14

- The Role of the Auditor in Managing Public Disclosures: Potentially Misleading Information in Documents Containing Audited Financial Statements*. Cindy Eakin, University of the Pacific; Tim Louwers, Louisiana State University; and Stephen Wheeler, University of the Pacific
- Analytical Procedures: A Data Envelopment Analysis Approach*. Ehsan H. Feroz, University of Minnesota, Duluth; Sungsoo Kim, Rutgers, The State University of New Jersey; and Raymond L. Raab, University of Minnesota, Duluth
- Stakeholders and Auditor's Industry Specialization*. Ilias G. Basioudis, Aston University
- Internal Control Evaluation and Interference Effects*. Janet Morrill, University of Manitoba; Cameron Morrill, University of Manitoba; and Lori Kopp, University of Lethbridge
- The Auditor to Client Revolving Door and Earnings Management*. Marshall A Geiger, University of Richmond; Brendan T. O'Connell, Deakin University; and David S. North, University of Richmond

(continued on page 14)

# Acquiring New Intellectual Capital: Experimental Research Methods

*Steve Salterio, Professor*

*Queen's School of Business, on behalf of the Research Committee*

The first few years as an assistant professor fly by quickly—suddenly, you are asked to submit your tenure package, and if all has gone well, soon after that you are a tenured associate professor. What you probably realize, after the tenure celebration is over, is that you have been drawing on the stock of intellectual capital that you acquired in your Ph.D. coursework for these many years. That coursework is now some eight to eleven years old, depending on how long it took from coursework completion until you started your first academic appointment and then completed the tenure process. You are beginning to notice new assistant professors using research methods that were unheard of in your days as a Ph.D. student. You resolve to catch up—after all, more research is expected before you are a full professor. But how? This article explores one tenured faculty member's approach to catching up in research methods used by experimental researchers. Future articles by the Research Committee will discuss approaches to learning new theories and archival research methods.

Shortly after he graduated from his Ph.D. program, our fictional new associate professor, Barely Begun (BB for short), began to notice that a statistical technique he had never heard of, Structural Equations Modeling (SEM), was being featured frequently in audit experimental research (e.g., Libby and Tan 1994). It really became an important issue when BB was asked to review a paper that featured SEM prominently as its principal method of analysis. He found himself eagerly reading a short monograph entitled "Structural Equations Modeling for the Disenfranchised" (or some similar name, the exact reference is lost with the passage of time) so he would not embarrass himself in the review process. With the review safely out of the way, BB considered how he was going to deal with this new-found deficiency in his research toolkit.

A number of approaches occurred to BB:

1. He could read an SEM book (e.g., Bollen 1989) and try to teach himself this research method;  
Pros: Cheap—only need to buy the software (e.g., Amos) and the textbook.  
Cons: Self-motivation might result in giving up. It is potentially inefficient to learn a statistical method on your own.
2. He could audit an SEM course at his own university;  
Pros: Relatively cheap—often can be done tuition-free, so he would need only a text and software. He might be able to include it as part of the justification for spending a sabbatical term at his home university.  
Cons: Normally, courses are held during the principal teaching terms. He might have to take the course with his own graduate students. A rigid schedule for a 13- to 17-week term can be hard to fit into a busy associate professor's life. Furthermore, many cutting-edge statistical methods courses are over-subscribed by graduate students, or only rarely offered, because of resource constraints.
3. He could attempt to take a course over the summer;  
Pro: Timing works well.  
Con: Reduced opportunity to obtain teaching-based summer

funding. Very limited selection of methods courses offered at most universities during the summer.

BB's final analysis was: Teaching yourself any statistical tool is fraught with difficulty and is likely to be inefficient and result in less knowledge than could be gained with the same time committed to guided study. Taking a course during a regular term could be difficult to commit to with the pressures of teaching, research, and service. Finally, next to no statistical methods courses tend to be offered in the summer at many universities—even at research-intensive universities. On the verge of giving up, BB vaguely remembered hearing about summer statistical institutes held at a variety of universities throughout the U.S. and Canada, but he did not know much about them.

After some Internet research, BB found a number of such institutes that were sponsored by survey research centers or academic statistics departments at various public universities. BB found that one of the oldest of these summer research institutes is sponsored by the University of Michigan's Institute for Social Research (<http://www.isr.umich.edu/src/si/icpsr.html>). Two summer programs are offered: the Summer Institute in Survey Research Techniques (in operation for over 50 years) and the Summer Program in Quantitative Methods (in operation for over 40 years). Between the two programs, almost every imaginable type of behavioral research method is covered—simple ANOVAs, experimental design, survey research design and analysis, survival analysis, sophisticated time-series analysis of data, as well as various types of qualitative research, including computer methods for analyzing qualitative data. Indeed, the SEM course BB was looking for was offered in three different formats, a mathematically intensive three-week version (two hours of class time and one hour of lab time daily), an applications-intensive three-week version (similar class time commitments), and a one-week intensive applications-oriented version (four hours of class time and three hours of lab time daily). In the two three-week summer periods, almost 40 different statistical analysis and design courses were offered by the Institute, including complimentary brush-up seminars in linear algebra, calculus, and computer-intensive statistical analysis for those who felt the need for additional background preparation (one or two hours daily for 10 days).

Although somewhat expensive—BB paid \$1,000, a discounted tuition rate because of BB's university affiliation with UM's ISR—to take the course as well as pay for accommodations and meals, taking the one-week intensive course was a very efficient use of BB's time. Given the tuition level and the one-week, intensive nature of the course, class size was limited to 20 students. Furthermore, the instructor, Kenneth Bollen, had written the definitive text in the SEM field (Bollen 1989) and brought his research assistant with him to give additional opportunity for one-on-one coaching.

However, the one-week intensive nature of the course made BB very glad that he had read all the suggested reference materials

*(continued on page 11)*

## Acquiring New Intellectual Capital

(continued from page 10)

prior to the course. It was a challenge to keep up with just the day-to-day readings and assignments during the course itself. Furthermore, despite almost half of the class being faculty members, the instructor was serious about all students doing and handing in homework. BB found that having his own data set to use during the lab times enhanced his experience over those that had to use the canned data sets provided by the instructor. Using his own data allowed BB to receive input from the instructor on issues that he would normally face with the type of data he typically collects.

Overall, BB found this to be a highly efficient way of dealing with what he perceived to be a major deficiency in his behavioral research methods toolkit. Furthermore, he learned that several other universities had some form of summer statistical research institute, although none seemed as comprehensive as UM's ISR (e.g., York University in Canada's Survey Research Center offers several courses every May and June). While BB

recognized that this summer course approach is not the only way to acquire new intellectual capital, BB found this approach relatively painless and a most useful approach when retooling in behavioral research methods.

Note: If you have any retooling experiences in behavioral research methods that you would like to share with other Auditing Section members, please submit them to Steve Salterio at [sesalter@uwaterloo.ca](mailto:sesalter@uwaterloo.ca). Some of these ideas will be posted on the Section's website under the Research heading—no commercial endorsements please. If you have archival research retooling experiences, please forward them to Michael Willenborg at [m.willenborg@uconn.edu](mailto:m.willenborg@uconn.edu). He is in the process of preparing an article on archival research methods retooling that will appear in the next issue of *The Auditor's Report*.

### References:

- Bollen, K. A. 1989. *Structural Equations with Latent Variables*. New York, NY: John Wiley.
- Libby, R., and H. Tan. 1994. Modeling the determinants of audit expertise. *Accounting, Organizations and Society* (November): 701–716.

## A Note from the Departing Editor

*Mark H. Taylor*

About four and a half years ago, while serving as the editor of the "Have You Seen ... ?" column of the newsletter, I was approached by the incoming editor of *The Auditor's Report* (Gary Braun) about serving as the associate editor for a one-year assignment, to be followed by a one-year assignment as the editor (a new arrangement revised from a three-year term as editor). I saw this as an opportunity to provide additional service to the Section and I accepted the invitation.

Two years later, toward the end of my year of service as editor, I suggested to the Section's Executive Committee that I was just getting a routine down for pushing the issues out the door, and that I would be willing to serve a three-year term. They agreed. Now at the end of three years I have thoroughly enjoyed editing the newsletter. I appreciate the many individuals who have assisted, including associate editors Todd DeZoort and Rich Houston, and Section members who have tolerated my frequent reminders about newsletter submission dates, including the three individuals who served as Section President during my term as editor: Stan Biggs, Mike Bamber, and Joe Carcello. I also appreciate the "Have You Seen ... ?" column editors Troy Hyatt, Brad Reed, and John Reisch, and the many individuals in the Section who made contributions in the form of articles, commentary, and announcements, etc. Thank you for assisting with channeling Section information and news to Section members.

During the last three years, the newsletter passed two significant milestones in which I was pleased to participate. First, with the Fall 2001 issue, the newsletter became available in electronic form only, which streamlined the release timeline, simplified the process of getting the newsletter issued to Section members, and made available scarce resources for the Section's use in other areas. Second, the Spring 2002 edition commemorated the newsletter's 25th anniversary. In that issue, all of the previous editors of *The Auditor's Report* reminisced not only about the newsletter, but also about the Section's illustrious legacy. I wish Rich Houston, incoming editor, all the best in continuing what is now a 26-year tradition, spanning 78 issues of *The Auditor's Report*.

# ASB Update as of May 31, 2003

*William F. Messier, Jr., Georgia State University  
Academic Member of the Auditing Standards Board*

Since my last report, a number of important events have affected the activities of the ASB. As most of you are aware, the Sarbanes-Oxley Act of 2002 gave the Public Company Accounting Oversight Board (PCAOB) the authority to establish auditing and related attestation, quality control, and ethics standards for registered public accounting firms. On April 18, 2003, the PCAOB announced that it would not recognize any professional group of accountants to propose standards. Instead, the PCAOB would develop "Professional Auditing Standards" that would be followed by registered public accounting firms for audits of public companies (see PCAOB Release No. 2003-005 at <http://www.pcaobus.org/>). In the meantime, the PCAOB has adopted the AICPA ASB's auditing, attestation, and quality control standards, as well as the AICPA's ethics and independence standards (as well as any relevant standards issued by the SEC), as they existed on April 16, 2003, as interim standards (see PCAOB Release No. 2003-006). Lastly, the PCAOB made three appointments: William J. McDonough was appointed as Chairman of the PCAOB, Douglas R. Carmichael as Chief Auditor and Director of Professional Standards, and Thomas Ray as Deputy Chief Auditor.

The ASB continues to work on three projects that are listed as Exposure Drafts. I will describe each of those efforts, and then describe how the ASB might proceed given the PCAOB's decision to issue auditing standards.

## **Risk Assessments Project**

In the last issue of *The Auditor's Report*, I described the work that has been conducted by the Joint Risk Assessment Task Force. The International Auditing and Assurance Standards Board and the ASB issued their exposure drafts in October 2002. The requirements and guidance provided in the proposed exposure drafts would result in a substantial change in audit practice. The letters of comment to the ASB were due on April 30, 2003.

## **Internal Control Exposure Draft**

The Internal Control Task Force was charged with developing standards to comply with Sarbanes-Oxley Section 404. Section 404 requires management to provide an assertion on the

effectiveness of internal control, and the entity's auditor to issue an "audit" report on management's assertion. The ASB issued an Exposure Draft on March 18, 2003 that contained a new SAS entitled *Auditing an Entity's Internal Control over Financial Reporting in Conjunction with the Financial Statement Audit* that provided guidance for a "public company audit," defined as an integrated activity consisting of an audit of the financial statements and an audit of internal control. The Exposure Draft also contained an *Amendment to Statement on Auditing Standards No. 100*, Interim Financial Information, and a substantial revision of *Reporting on an Entity's Internal Control over Financial Reporting*. The latter document would supersede Chapter 5 of SSAE No. 10, *Attestation Standards: Revision and Recodification*. Comment letters were due on May 15, 2003 for this exposure draft.

## **Omnibus SAS Exposure Draft**

The ASB issued an Exposure Draft on April 1, 2003, entitled Sarbanes-Oxley Omnibus Statement on Auditing Standards, that contained a new SAS entitled *Review of SEC Engagements by a Reviewing Partner*. This proposed SAS established guidance for reviewing (concurring) partner qualifications; the nature, timing, and extent of the review; and documentation. The exposure draft also amended a number of existing SASs, including documentation and communications with audit committees. For example, the amendment to the documentation SAS requires accounting firms to retain certain records for seven years relevant to their audits and reviews of issuers' financial statements. Comment letters on this exposure draft also were due on May 15, 2003.

## **What Will the ASB Do?**

The agenda for the June ASB meeting includes each of these documents. The Board will review the comments letters on each document and most likely revise them based on the comments. This is a personal observation! After that process is finished, it seems likely that the ASB will forward the revised documents and comment letters to the PCAOB for their consideration.

## HAVE YOU SEEN...?

Brad Reed, Southern Illinois University Edwardsville, and John T. Reisch, East Carolina University

**“Auditor Conservatism and Voluntary Disclosure: Evidence from the Year 2000 Systems Issue,”** by P. M. Clarkson, C. Ferguson, and J. Hall, *Accounting & Finance* (Vol. 43, No. 1, 2003): 21–40.

Based on prior research, the authors of this study posit that Big 6 auditors have increased incentives to act conservatively in order to protect their reputation capital and avoid litigation risk. To examine auditor conservatism, the authors choose to use the level of voluntary disclosure of Year 2000 remediation information in company annual reports. The authors argue that the Year 2000 Systems issue provides a unique and appropriate opportunity to examine the conservatism issue for several reasons. First, it allows an experimental design that uses data with very little “noise.” Second, Australian company annual reports for the 1998 reporting period are truly voluntary because, at that time, neither the accounting rule-making bodies nor the statutory regulators had mandated any form of specific Year 2000 remediation disclosure for annual reports. Consistent with expectations, the authors find that Big 6 audit clients disclose more Year 2000 remediation information than non-Big 6 audit clients.

**“Auditor Conservatism and Reported Earnings,”** by R. Chung, M. Firth, and J. B. Kim, *Accounting and Business Research* (Vol. 33, No. 1, 2003): 19–32.

This study examines the relationship between auditor size and conservatism in reported earnings. Conservatism is an underlying concept of financial accounting—the authors argue that auditors force conservatism on clients and that the amount of conservatism depends on the economic performance of the company and on the type of audit firm. In particular, they contend that Big 6 audit clients use more conservative accounting than non-Big 6 audit clients when the clients are performing poorly (as reflected in stock prices). The authors regress excess earnings-to-price ratios on excess stock returns and other variables, and provide evidence consistent with the hypothesis that Big 6 auditors influence their clients to adopt more conservative accounting than non-Big 6 auditors, but only when the clients’ financial performance is worse than expected.

**“The Endogenous Relationship between Audit-Report Type and Business Termination: Evidence on Private Firms in a Non-Litigious Environment,”** by A. Gaeremynck and M. Willekens, *Accounting and Business Research* (Vol. 33, No. 1, 2003): 65–79.

This study examines the relationship between audit-report type and subsequent business termination for private companies. Because of the impact that possible litigation has on the auditor’s decision regarding the type of audit report to issue, the authors of this study use a sample of Belgian firms where the audit

environment is virtually nonlitigious. The results show that an endogenous relationship exists between bankruptcy and audit-report type, and between voluntary liquidation and audit-report type. A non-clean opinion is typically issued when firms face financial difficulties, with these difficulties becoming more severe after the receipt of a nonclean audit opinion. The authors find that the “self-fulfilling prophecy” hypothesis holds for bankruptcy, but not for voluntary liquidation, and also find some differences in the audit-report decisions between Big 6 and non-Big 6 auditors.

**“Going-Concern Opinions, Auditor Switching, and the Self-Fulfilling Prophecy Effect Examined in the Regulatory Context of Belgium,”** by A. Vanstraelen, *Journal of Accounting Auditing & Finance* (Vol. 18, No. 2, 2003): 231–254.

This study examines the supposed reluctance on the part of auditors to issue going-concern opinions because of the auditor’s desire to avoid losing clients or reputation. The author investigates the threat of loss resulting from auditor switching and client bankruptcy in the regulatory context of Belgium. Belgium requires companies to engage an audit firm for a three-year period. Consequently, the client’s threat of switching auditors is potentially more credible in the third year than in the first two years. The results of this paper support the hypothesis that going-concern opinions significantly increase the probability of bankruptcy. Thus, going-concern reports remain relevant even in a country where debt financing is dominant. Also, clients are four times more likely to switch auditors at the end of the mandatory term if clients receive a going-concern opinion in the final year of the term relative to the previous two years, strongly suggesting that mandatory terms influence the association between going-concern opinions and auditor switching.

**“Auditor Recall and Evaluation of Internal Control Information: Does Task-Specific Knowledge Mitigate Part-List Interference?”** by J. L. Bierstaker, *Managerial Auditing Journal* (Vol. 36, No. 2, 2003): 90–99.

The author conducts an experiment using a sample of 61 practicing auditors, to determine whether task-specific knowledge interacts with the format of documentation to affect auditors’ recall and internal control evaluation. The task was an examination of an incomplete flowchart of the sales and collections cycle following the review of a complete narrative on the cycle, enabling the author to test the effects of part-list inference that occurs when information retrieved from memory inhibits the subsequent recall of additional information. The findings indicate that auditors with higher levels of knowledge are less susceptible to the effects of part-list interference than auditors with lower levels of knowledge.

(continued on page 14)

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## Have You Seen...?

(continued from page 13)

**“Audit Firm Size, Public Ownership, and Firms’ Discretionary Accruals Management,”** by H. Vander Bauwhede, M. Willekens, and A. Gaeremynck, *International Journal of Accounting* (Vol. 38, 2003): 1–22.

The authors test whether Belgian firms manage earnings using discretionary accrual and, if so, how the earnings management is affected by audit firm size (Big 6 or not) and ownership (private or public firm). Using a matched sample of private and public firms (financial statement data are publicly available for Belgian privately held firms), the authors find that both private and public companies engage in income smoothing, and manage earnings opportunistically to meet expectations. The posited monitoring effects of auditor size (i.e., Big 6 auditors restrain earnings management) and ownership (i.e., public ownership works as an incentive to manage earnings) are supported only when companies have earnings that are above target *and* there is an incentive to smooth earnings downward. The lack of constraint for below-target companies, which is contrary to reported findings in the U.S., is attributed to the Belgian institutional environment. Auditors may have no incentive to report conservatively because of the lack of auditor litigation in Belgium; the lack of an ownership effect in below-target contexts may be attributable to the lack of stock pressure found in the U.S.

**“Auditor Analytical Review Judgment: A Performance Evaluation,”** by K. Z. Linn, I. A. M. Fraser, and D. J. Hatherly, *British Accounting Review* (Vol. 35, 2003): 19–34.

This study uses two different auditing tasks (accounts receivable and payroll expense) within the analytical procedures area to study the effects of experience differences on auditor judgment performance. Using 39 U.K. auditors to complete 32 cases in a full 2<sup>5</sup> factorial design, the authors find moderate levels of consensus, consistency, and self-insight in the auditors’ judgments. Contrary to expectations, based on the highly structured training programs of large auditing firms, auditors from larger firms did not exhibit higher levels of consensus. As expected, the authors find experience effects; specifically, managers and juniors exhibited the highest and lowest levels of consensus, respectively, but not in all contexts.

**“Auditing and the Production of Legitimacy,”** by M. K. Power, *Accounting, Organizations and Society* (Vol. 28, 2003): 379–394.

This essay discusses a small body of recent publications that represent an emerging effort to question rationalized accounts of the audit judgment process and to explore the practice of auditing in its social and organizational contexts. The author breaks down the contributions of these papers, described as the “production of legitimacy,” into four areas: the audit process and formal structure; auditing as a business; working papers and image management; and new audits. The papers discussed in the essay also highlight the socially construed nature of professional inference and provide avenues for taking this type of research forward.

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## Auditing Concurrent Sessions Preliminary Schedule

(continued from page 9)

**Wednesday, August 6, 2003 — 2:00 pm–3:30 pm**

### Tables 8 through 13

*Voluntary Demand for Auditing by Australian Farm Businesses.* Peter John Carey and George Andrew Tanewski, both at Monash University

*Auditor Size, Nonaudit Services, and Loan Loss Provisions by Commercial Banks.* Ken Y. Chen, National Cheng Kung University; Randal J. Elder, Syracuse University; and Jian Zhou, SUNY at Binghamton

*Assessing the Impact of More Frequent External Financial Statement Reporting and Independent Auditor Assurance.* Arnie Wright, Boston College; James Hunton, Bentley College; and Sally Wright, University of Massachusetts Boston

*Expert Valuation Reports in Australian Takeovers: Quality, Fees, and Auditor Independence.* Martin Bugeja, University of Sydney

*Is There Cartel Pricing in the Australian Audit Market?* Andrew Ferguson, The University of New South Wales

*The Fraudulent Financial Reporting Characteristics of the Computer Industry Viewed through a Strategic-Systems Lens.* Chia-hui Chen and John T. Sennetti, both at Nova Southeastern University