



## A Letter from the Chair

Dear Public Interest Section Members,

First, let me say how delighted I am that I am finally assuming the position of chair for the Public Interest section after serving as chair-elect for the past two years. Of course, it is my luck that I assume the position in the middle of the worse pandemic that the world has experienced in 100 years. Oh, well. Such is life. Anyway, I would like to thank Mitch Stein who has done such an outstanding job the last two years as section chair. Mitch has set the bar very high and I hope that I can come close to matching it. Naturally, Mitch did continue the outstanding work that all the previous chairs have done for the section. Again, thanks Mitch for you have done and continue to do for the section.

One of the things that initially attracted me to join the Public Interest section was the fact that the section was not a closed group. By closed group, I mean a section that focuses on one area of accounting and accounting research. For example, in addition to the Public Interest section, I am also a member of the Government and Not-for-Profit section. That section focuses on accounting research done within the public sector. Therefore, if someone were to submit a research paper that focuses on audit judgment in a corporation, that paper would not be welcome in that section. Other sections view such research as not consistent with the objectives of that section. On the other hand, the Public Interest section does not limit itself to one type of research. I like to think of the section as a 'big umbrella' that to research ideas that may not be in the mainstream but offer some ideas and approaches as long as such research can be identified as being in the public interest. As an illustration of what I mean, I had the opportunity to put together the program for the annual meeting. One of the papers that had been submitted look at how doctors were viewing some public interest issues in Spain. The author had gathered her data by doing interviews with a number of doctors throughout Spain. Certainly, her methodology did not fit any of the usual approaches that are emphasized with archival or experimental research. Yet, it was one of the best papers that I had the opportunity to review and then hear her presentation at the annual meeting. I feel that the section should continue to invite research that does not fit into any of the other sections. I want this section to be as diverse a section as possible.

It is the diversity of the membership of this section that makes being a part of this section such a joy. When changes occur, as would be expected to happen, there is always someone willing to step forward and accept a role within the section. For the past several years, Michael Kraten had established the section blog and managed the blog by acting as editor and contributor to the section. Michael has decided to move on and has left the section. Lawrence Chui has graciously agreed to handle the technical aspects of the blog. However, he is not entirely comfortable serving in an editorial context. Still, I know that there are others throughout the section who will continue to contribute to the blog and act as editors. In the meantime, we will continue to search for an individual to fill that capacity. Michael also was a member of the Executive Committee. Again, we have found someone willing to serve. When that person is approved by the Executive Committee, I will let the section know who that person is.

One thing that is occurring right now that I do find very exciting is Mitch Stein and Charles Cho have been working with the AAA to get our next mid-year meeting in Toronto, assuming that we get to have an in-person meeting. Many of the logistics and details are still being discussed but if we don't do a virtual meeting, I am relatively confident that our next mid-year meeting will be in Toronto. Also, Amy Hageman, who is currently serving as editor for our section journal, *Accounting and the Public Interest*, is working with the AAA to establish a



**Charles Stanley**  
Baylor University

public interest research conference. The projected time frame for such a conference would be summer of 2022.

I look forward to serving as chair for the next two years and to a time in which we will be able to meet in person again. I hope everyone has gotten off to a good semester as we continue to deal with the COVID-19 virus. However, I know that we will ultimately get past this pandemic and will be able to have our mid-year and annual meetings without having to use ZOOM. Good luck to everyone and stay safe.

Charles Stanley – Chair, Public Interest

## 2020 Public Interest Section Awards

### Distinguish Service Award

Mitch Stein

### Accounting Ethics Award: Best Innovation for Teaching

Francine McKenna, Mikhail Pevzner, Amy Sheneman, Tzachi Zach

### Outstanding Service Award

Joan Lee

### Accounting Ethics Award: Best Paper

Kun Huo, Matthew Sooy

### Accounting Exemplar Award

Sue Ravenscroft

*Congratulations!*

## Alternative Accounting Research Network (AARN)



**Lisa Baudot**  
**University of Central  
Florida**

For those who acknowledge the Public Interest Section's relationship to the broader global interdisciplinary network of accounting researchers and the effects COVID-19 on bringing the network together over the last 6 months, it may come as no surprise that time has come to better organize and connect interdisciplinary communities throughout the world. One recent initiative on this front is the Alternative Accounting Research Network (AARN), introduced during the 2020 Critical Perspectives on Accounting Conference by the co-editors-in-chief of *Critical Perspectives on Accounting*. As expressed by one of the journal's co-editors-in-chief, Jane Andrew:

*"If you have not already joined the newly launched Alternative Accounting Research Network (AARN), we encourage you to do so at [AARN](#). It is free and easy. AARN is a growing global community of interdisciplinary accounting researchers with a commitment to independent, innovative and purposeful research that seeks to address contemporary social and environ-*

*mental challenges. It has been created in order to establish new ways to connect with each other as a compliment to the norms of conferencing, and publishing, but with a renewed sense of independence, autonomy, and inclusivity.*

*Initially, AARN will act as an umbrella network, linking us to the various activities happening across the globe, including the Public Interest Section of AAA. The network will grow and morph in ways we have yet to imagine, and there is still much to be decided, but it is hoped that AARN will become a democratic network with a rotating, elected leadership with a regular AARN newsletter and a website that can start to become a universal point of contact, hosting a repository of videos and pictures from our past events, and information about upcoming activities that may be of interest to the community. The network will serve as a way to globalise communication within the community, extending our awareness of each other beyond our local networks to people and regions who have been under-represented at our conferences and within our journals."*

The AARN invited the AAA Public Interest Section to become a regional partner of sorts in the network and Section Leadership agreed that this is a worthwhile endeavour. In this endeavour, we join our “sister” associations across the world: Alternative Accounts Canada, the Asia Pacific Network of Critical Accounting Researchers (NCAR), the Public interest Section of the British Accounting and Finance Association (BAFA), the Centre for Social and Environmental Accounting Research (CSEAR), and the Latin American Qualitative Research & Critical Accounting (QRCA) conference. Section Leadership believes there is much to be gained from affiliation with this network in terms of broadening the reach and impact of our Section, our events, and our Journal and recruiting new members

to our section. The hope is also that it will bring PI Section members greater access to build relationships with scholars working on similar topics in different corners of the world that lead to possible co-authorship and increased awareness of and recognition for our Journal, *Accounting in the Public Interest*. Please consider becoming a part of this network.



## Editorial Columns

### Back To The Classroom: A Professor's Experience



**Michael Kraten**  
Houston Baptist University

As a professor at a private regional university in one of America's largest cities, last week's "back to the classroom" experience was a surreal one. Speaking for 75 consecutive minutes through a face mask. Fidgeting while anchored to the podium, unable to move around the room, to remain within a camera range. Watching with trepidation while students move within six feet of friends, tug down their masks to speak, and generally struggle to respect the restrictions of social distancing standards.

How can one teach under such circumstances? How can one meet the semester's learning objectives when students are permitted to "elect the remote learning option," thereby eliminating the classroom entirely and opting to "attend" sessions by watching the video recordings of the live lectures?

Thus far, I only have one week of teaching under my belt. Nevertheless, I am already adapting to new realities by emphasizing certain principles:

1. EMPATHY. In unprecedented circumstances, I find that I cannot anticipate the needs of students without making a conscious effort to "stand in their shoes" and "see through their eyes" to identify their obstacles to learning. By making such an effort, I can recognize difficulties and develop solutions that may not have occurred to me otherwise. For instance, consider an ostensibly inconsequential student presentation assignment. For students who are learning remotely, the physical classroom must be replaced by some type of electronic communication platform. At first blush, a video platform such as Zoom or Skype may appear to offer an effective solution. But what if I view this assignment through the eyes of a disadvantaged student? Does that student possess a broadband internet connection at home? In more extreme circumstances, does the student live in a home at all? And in a "presentable" one at that?



To view the entire article, please visit: <https://aaapublicinterest.blogspot.com/2020/10/back-to-classroom-professors-experience.html>

## Auditor Independence



**Francine McKenna**

Auditor independence issues have been in the news in recent years in the US and in the UK. Investors wonder why they should trust auditors' opinions when the auditors consistently miss corporate fraud, conflicts of interest and other malfeasance while also being accused or suspected of their own conflicts of interest. Which side are the Big 4 audit firms, in particular, on these days — the shareholder and capital markets or their paying clients? Public Interest and Audit Section member Francine McKenna, C.P.A. is an adjunct professor at American University's Kogod School of Business where she teaches "The Manager in the International Economy" in AU's online MBA Program. In June 2020, she presented the paper, "SEC Proposals to 'Modernize' Auditor Independence Rules: Doublespeak for Capitulating to the Big 4's Dominance?" at the inaugural AAA SPARK conference for the Public Interest Section. You can find her presentation page [here](https://aaapublicinterest.blogspot.com/2020/10/auditor-independence.html). The SPARK paper was based on a four-part series, published in January 2020, in her newsletter, The Dig. We'll republish the original four-part series on the blog starting this month.



To view the entire article, please visit: <https://aaapublicinterest.blogspot.com/2020/10/auditor-independence.html>

## Saving the Independent Audit



**Steven Mintz**  
Professor Emeritus from  
Cal Poly San Luis Obispo

The standards for an independent audit seem to be loosening. One area of concern is when non-audit services are performed for an entity that becomes an affiliate of the audit client. Problems arise when otherwise permissible nonaudit services are provided to a non-audit client that becomes an affiliate of an audit client. The independence rules then apply to both clients as if they were one entity.

Some firms are now using a materiality criterion to determine whether these nonaudit services provided to an affiliate entity, that would be prohibited if the parent had provided them, violate the independence requirement in audit engagements. Applying such a materiality standard can have the effect of dismissing otherwise improper relationships. In some cases, audit firms are misrepresenting non-audit services as part of the audit services to get around the rules that prohibit certain nonaudit services for audit clients. Purposely doing so misleads the users of financial statements about the independence of the client.

Clearly there is a problem that left untreated may fester and lead to independence violations that get worse or more

intense. Too many auditors are violating ethical requirements. The possibility exists that auditors may be subconsciously regarding the independence ethical requirements as not applying to them or not worth considering because they know they are objective and have integrity. It may be that a strictly audit firm may be able to do a better job of ensuring adherence to the independence rules than a firm that has a mixed rather than an exclusively audit culture. One possible solution is to operationally split off audit services from nonaudit services to protect the independent audit.

### Materiality Exceptions

KPMG was involved in a client acceptance process for an entity when it learned that the firm had been providing nonaudit services to affiliates of the entity that the firm would be prohibited from providing if it became the independent auditor of the entity. These services included bookkeeping and payroll services provided to affiliates in 11 different countries.



To view the entire article, please visit: <https://aaapublicinterest.blogspot.com/2020/10/saving-independent-audit.html>