

MINUTES
AUDITING SECTION BUSINESS MEETING
Friday, January 13, 2006
1:30 p.m. – 2:45 p.m.
Hilton Los Angeles/Universal City Hotel
Ballroom C

1. Welcome and announcements (Mark Beasley)

Beasley called the meeting to order at 1:30 p.m. and welcomed the Auditing Section's (Section's) members to the business meeting. All Section officers were present.

2. Midyear Conference Stats – (Todd DeZoort/Mark DeFond)

DeZoort expressed appreciation to the KPMG Foundation for its support of the conference. DeZoort acknowledged his co-chair Mark DeFond; program chairs Terry Neal and Karla Johnstone; and past chairs Mark Peecher and Billy Soo. He thanked the AAA staff and Section webmaster Glen Gray. He also acknowledged the International Section's Donna Street and Wayne Thomas.

DeZoort reported that the conference registration was 373—268 Audit Section member and 105 International Section members.

3. Doctoral Consortium Stats – (Karl Hackenbrack)

Hackenbrack thanked the KPMG Foundation for its support of the doctoral consortium. He reported that 68 students had applied for the consortium, and that 50 students had been accepted. Hackenbrack said that the theme of the consortium was the "Chronology of a Project." He then provided an overview of the consortium's sessions.

4. PCAOB Research Synthesis Projects/Conference (Mark Beasley)

Beasley provided an update about the PCAOB research synthesis projects and a preview of the upcoming PCAOB conference. In August 2005 an announcement that invited Section members to express an interest in participating in a PCAOB research team was circulated. There were 40 applications received. The Auditing Standards Committee and the Research Committee reviewed the applications and made recommendations to the Executive Committee (XC), which appointed the teams. The teams are posted on the Section's website. Beasley said that he hoped that the research synthesis projects would be an ongoing effort.

A PCAOB/AAA conference is planned for February 2006. The theme of the conference is how research plays a role in standard setting. The planning committee

consists of Mark Beasley and Ray Whittington (representing the Section), and Jane Mutchler (representing the AAA).

5. Results of Officer Elections (Kay Tatum)

Tatum reported the results of the officer elections. In Fall 2005 the Section held elections for three officer positions—Vice President-Academic, Vice President-Practice, and Secretary. The nominees for Vice President-Academic were Mark Peecher (University of Illinois—Champaign-Urbana) and Larry Rittenberg (University of Wisconsin-Madison). Mark Peecher was elected Vice President-Academic. The nominees for Secretary were Julia Higgs (Florida Atlantic University) and Billy Soo (Boston College). Julia Higgs was elected Secretary. The nominee for Vice President-Practice was Trevor Stewart (Deloitte.) Trevor Stewart will be the Section’s next Vice-President-Practice. Tatum congratulated the new officers and thanked Rittenberg and Soo for agreeing to stand for officer election and to serve the Section if elected.

Beasley stated that the Auditing Section is proud of its democratic process. He encouraged members to encourage colleagues to vote in future elections.

6. A:AJPT Editor’s Update (Dan Simunic)

Simunic presented the editor’s report. He reported that there were 106 submissions in calendar year 2005—90 new submissions and 16 revisions. Of the 90 submissions, 2 (2%) were accepted, 37 (41%) were in process, and 51(57%) were rejected. He observed that the work-in-process inventory was similar to prior years. Regarding the review process, he stated that his target turnaround is two months. He indicated that the May 2006 issue would include a statement of his editorial policy as well as a revised Editorial Board. He reported that he had made an editorial decision to eliminate the “Practice Summary” page and replace it with a longer abstract. His rationale was that the “abstract” and the “practice summary” appear to be quite similar in most cases. He also distributed the cover page of the May 2006 issues. He noted that most of the main articles were accepted by the prior editor Bill Messier and that he likes the research notes and hopes to continue.

Simunic thanked his assistant, the associate editors, and the reviewers.

7. Auditor’s Report Update (Jim Bierstaker)

Bierstaker provided *The Auditor’s Report* update. He commented about new features—Joe Wells’ fraud column, Dana Hermanson’s report about participating in a PCAOB research team, Rich Houston’s column about instructional resources, and Roger Simnett’s international auditing standards update in a forthcoming issue. He pointed out that Mark Zimbleman has recruited Sudip Bhattacharjee (Virginia Tech), Brian Mayhew (University of Wisconsin), and Evelyn Patterson (Indiana University Purdue University Indianapolis) to assist with the column “Have You Seen . . . ?” He

was pleased to report that the Section was providing members a “trimmed down” print version in addition to the electronic copy of the report.

8. Treasurer’s Report (Kathryn Kadous)

Kadous presented the Treasurer’s report. She reported that the Section was in good financial shape. The Section’s cash balance was \$215,544.17 at 8/31/05, and \$266,009.38 at 11/30/05.

Joe Carcello questioned what appeared to be a large cash balance. Kadous responded that the XC had discussed the cash balance and concluded that no action was necessary. The XC was concerned about a decrease in future revenues coupled with an increase in costs. For example, the XC anticipates increased costs for journals (special 25th anniversary journal, regular journal issues), *A:AJPT* editorial support (\$15,000 - \$20,000 per year in perpetuity), and the newsletter (providing hard copy to members 3 times a year). In addition, the balance is reasonable compared to other large sections.

Kadous commented about significant variations. The cost of the Midyear Conference was up 92.3% over the prior year. She explained that the 2005 Midyear Conference was a special meeting that included an extra day, extra features (e.g., speaker fees, audio visual costs), and higher registrations. She also noted that the Section had built up cash to pay for the increased costs. KPMG contributed \$30,000 for the Conference, and Bill Messier contributed his editor’s support for the special issue of *A:AJPT*. Printing and distribution costs were down 35.1% and 21.1%, respectively. Kadous said that the declines were most likely attributed to timing issues.

9. Report of the Auditing Standards Committee (Bob Allen)

Allen delivered the Auditing Standards Committee’s report. The Committee’s primary activities were commenting on the COSO exposure draft and making recommendations for PCAOB teams. He acknowledged his committee members.

10. Report of the Communications Committee (Brian Ballou)

Ballou thanked his committee members. He reported that the Communications Committee: (1) had updated the Section’s website and designed a process for monitoring the website, (2) had updated the list of recipients of complimentary copies of *A:AJPT*, and (3) was having discussions about how to get Dean’s to recognize *A:AJPT* as a top journal.

Bill Felix observed that P&T committees influence deans, acceptance rates, and cross citations. Jane Mutchler added that chairs develop lists and suggested get on APLG program.

11. Report of the Education Committee (Jay Thibodeau)

Thibodeau presented the Education Committee's report. He recognized his committee members. He said that the Committee's two initiatives were sponsoring an education panel at the Midyear Conference and developing a proposal for an online journal. He reported that the Section's XC had approved the journal, subject to AAA approval.

12. Report of the Membership and Regional Coordinators Committee (Chris Agoglia)

Agoglia presented the report of the Membership and Regional Coordinators Committee. He described the composition of the committee, which consists of 12 members. He discussed committee efforts. He reported that membership is up.

13. Report of the Research Committee (Jay Rich)

Rich gave the Research Committee's report. He thanked his committee members for their work. The committee's activities included: (1) sponsoring a panel session at the Midyear Conference, (2) participating in the PCAOB research teams that summarized the risk assessment literature and the fair value literature, (3) participating in the process of naming the members of the PCAOB research teams, and (4) updating the Section's research database.

14. Report of the PAC Research Initiative (Scott Showalter)

Showalter reported on the PAC Research Initiative. He acknowledged the efforts of Joe Carcello and Jean Bedard to reconstitute the PAC. The PAC's main initiative has been to fund research. In 2004 the PAC supported two projects. The PAC has an interest in funding a project in 2006. A request for proposals will be issued in Spring 2006.

15. Report of the 2006 Annual Meeting Program Committee (Julia Higgs)

Higgs reported on the 2006 annual meeting, which will be August 6-9 in Washington, D.C. There were 132 submissions for the program this year, compared to 116 last year. Her goal is to have 2 reviewers per paper. She will be asking for volunteers. She would like to have 1 discussant per paper, which perhaps will motivate more members to serve as discussants. She asked for ideas about panels.

16. Report of the 2007 Midyear Conference Program Committee (Terry Neal/Karla Johnstone)

Neal provided a preview of the 2007 Midyear Conference. He announced that the meeting will be in Charleston, South Carolina at the Francis Marion Hotel, a historic

hotel. There will be a call for papers in *The Auditor's Report*. He also distributed a hard copy of the call at the meeting. The deadline for submission of papers is September 1, 2006. He will be asking for volunteers.

17. Remarks by President-Elect (Ray Whittington)

Whittington said that it is an honor to serve as President of the Section. He will be following many outstanding leaders. He plans to continue ongoing efforts such as the PAC and PCAOB research syntheses. Going forward he will continue to work with the PCAOB and the ASB, and support the online journal, which he hopes will bring back practitioners to the section and appeal to members in teaching institutions.

18. Other Business

There was no other business.

The meeting was adjourned at 2:45 p.m.