

Auditing Section Executive Committee Meeting
Sunday, August 3, 2008
8:30 am – 2:00 pm
Hilton Anaheim
Capistrano A, 4th Floor

The meeting was called to order at 8:30 by Mark Peecher

Present at the meeting were:

Ray Whittington, Past President
Mark Peecher, President
Audrey Gramling, Vice President, Academic
Trevor Stewart, Vice-President, Practice
Urton Anderson, Historian
Mark Taylor, Treasurer
Jay Thibodeau, Incoming Secretary
Julia Higgs, Secretary (arrived at 12:45)

1. Thank outgoing officers & welcome incoming officers

Mark Peecher thanked Trevor Stewart, Ray Whittington and Julia Higgs for their service to the section. He indicated that they will be formally recognized for their service to the section during the Auditing Section luncheon on Monday, August 4th.

Peecher then thanked the incoming officers, including Urton Anderson and Jay Thibodeau. Urton will be leaving the post of Historian and taking over as the new Vice President-Academic, while Jay Thibodeau will be taking over the Secretary role. Mark also indicated that Jean Bedard will be taking on the role of Historian.

2. Nominations for officer slate for the Fall elections

Mark Peecher reported that he has had success in identifying candidates for the upcoming fall elections. The Executive Committee commended Peecher for his progress to date.

Peecher commented on the difficulty of finding candidates to run in contested elections. A discussion then ensued about how we might be able to change the current election process. Trevor Stewart proposed that a nominating committee advance a slate of officers to the audit section membership for approval. Such a process would eliminate the possibility of an officer candidate choosing not to serve because of the fear of losing a contested election.

Gramling suggested that if we are in agreement, the Executive Committee need only propose a by-law change. Specifically, Section V. sub-sections 4 and 5 of the by-laws would need to be revised. Urton Anderson suggested that if we decided on this course of action, we need to make sure that the nominating committee is completely independent from the executive committee.

ACTION ITEM #1 - Gramling volunteered to draft an amendment to the by-laws.

ACTION ITEM #2 - Peecher volunteered to poll some of the other AAA sections to see how they handle the “slate of officers” process.

ACTION ITEM #3 – Once the draft by-law change is finalized, Gramling would add it to the agenda of the 2009 Mid-Year Conference Business Meeting. Following that meeting, the Section would have an on-line vote of the membership on the by-law change.

3. CIIA Editor Nomination

Ray Whittington reported on the search for the next editor of *Current Issues In Auditing*. Dana Hermanson will be stepping down from the role in March 2009. At present, Scott Showalter has agreed to remain in the role of co-editor.

Whittington indicated that he has had conversations with several colleagues that indicated a willingness to serve in this role. Whittington suggested that we need to have a conference call about the nominees for the CIIA editor before the mid-year meeting. At present, there are no formal procedures to follow.

ACTION ITEM #1 – Urton Anderson and Audrey Gramling agreed to revise the policy manual to include specific procedures related to filling the editor’s role for CIIA. As part of this process, they will ascertain whether the CIIA editor’s role needs any type of administrative support.

ACTION ITEM #2 – Whittington to organize a conference call to discuss CIIA nominees.

4. Treasurer’s Report

Mark Taylor presented the Treasurer’s Report.

The financial condition of the section was discussed. Salient points included: (1) total receipts are on par with last year even though membership in the section is down somewhat; and (2) the section has a very healthy cash balance that continues to grow. As a result of the Section’s financial position, the Section may be able to fund some important initiatives moving forward.

Taylor indicated that mailing reimbursements out to doctoral students for the Midyear Meeting was very difficult (i.e. hotel costs). He suggested that the section needs to consider an alternative process for reimbursements. An idea was posed to allow doctoral students to have their hotel costs directly billed to AAA. The Executive Committee thought that this was a good idea.

ACTION ITEM #1 –Taylor will work with the AAA to try and have the cost of doctoral student hotels direct billed to the AAA. Also, Mark will provide a detailed analysis of midyear meeting costs to the executive committee.

5. Report of the AJPT Editor

Ken Trotman, the new editor of AJPT provided a detailed report about AJPT. Ken has selected five associate editors, who have all agreed to serve the section. In addition, he has assembled a large editorial board of approximately 80 colleagues. In selecting the board, he was careful to insure that the board was globally diverse. As a result, he has colleagues from America, Europe, Asia, and Australia represented on the board.

As of June 30th, there were 105 papers in process. On June 1, Ken began to receive all new papers. He received 15 papers in June. At present, he has about 30 papers. The Fall issue is already complete.

To facilitate the editorial transition, Ken is planning to meet with outgoing editor Dan Simunic. He is planning to work with his own AEs to complete the papers that are already in process.

Gramling asked about the potential of AJPT going to an on-line system (like CAR or CIIA). Ken tends to believe that such a process is much more time consuming for reviewers. Peecher suggested that Ken should monitor how the system works at TAR and then consider such a change for AJPT. Overall, Ken indicated that he is open to any and all feedback. His goal is to work to improve the stature of AJPT throughout the world.

Peecher thanked Ken for his willingness to serve the section in the important role of AJPT editor. He complimented Ken on his choices for Associate Editors and he suggested that he is quite confident that Ken will achieve his goal of enhancing the reputation of the journal.

6. Audit Section Awards Update & Proposed changes

Audrey suggested that the section consider an award for the best paper by a PhD student at the Midyear Conference. Essentially, the conference organizers would be responsible for selecting the best paper submitted to the conference based on the reviewers' feedback.

There was much discussion about the amount of the award. The Executive Committee decided to reimburse the following costs associated with attending the Midyear Conference for the award winner: 1) the cost of a coach airfare ticket for up to \$2,000 for one author; 2) up to three nights of hotel cost; and 3) the registration cost. In addition, the winning paper would receive a prize of \$1,000 and a plaque.

The Executive Committee then discussed other Section awards. It was noted that the Operating Manual does allow for two awards to be given for the Outstanding Educator Award. Rather than expand the number of different awards for Outstanding Educator, the Outstanding Educator Award Selection committee will be asked to consider the option of giving two Outstanding Educator awards.

It was noted that the Operating Manual does not contain any discussion of the Innovation in Audit Education Award. However, it was decided that criteria used for other awards (e.g.,

excluding Executive Committee members from winning the award) would be extended to the Innovation in Audit Education Award

The Executive Committee also decided to attach \$2,500 for the outstanding dissertation award as a way to increase the attractiveness of the award to PhD students. At present, other sections have cash amounts attached to their awards. The Executive Committee decided to be in line with other sections (e.g. ABO).

Finally, there was discussion about the Distinguished Service Award and the Outstanding Auditing Educator nominations and whether the nominations would just roll forward to the next year. Trevor Stewart suggested that the selection committee should decide each year as to which nominees should roll forward to the next year.

ACTION ITEM #1 – Gramling will make sure that information on the criteria for the PhD student paper award will be provided at the Section lunch on Monday and posted to the Section’s website.

ACTION ITEM #2 - The Executive Committee also decided to update the policy manual for the Innovation in Audit Education Award to exclude executive committee members from winning the award. The Operating Manual does not currently contain any information about this award. The proposed update would put the Innovation in Audit Education Award in line with the other awards.

ACTION ITEM #3 – Gramling will announce the new monetary award for the Outstanding Dissertation Award at the Section’s luncheon on Monday.

ACTION ITEM #4 – Gramling will ask the chair of the following committees: Distinguished Service Award, Outstanding Auditing Educator, and the Innovation in Auditing and Assurance Education Award to determine: 1) the winner of the award; and 2) those nominees that should roll forward for consideration in the following year.

7. Report of the Auditing Standards Committee

Audrey Gramling provided the report on behalf of Tom Kozlowski. Over the past year, the committee submitted comment letters submitted to the PCAOB. The committee’s work was appreciated by the Executive Committee.

In general, the Executive Committee was concerned about the sheer volume of proposed documents that are expected to be released. Urton commented that these types of commentaries are one of the more important roles of the section and we need to make sure that we are staying current on what is going on throughout the world. For example, he wondered how many items we were not responding to.

Moving forward, the comment letters from this committee will be published in CIIA. The Executive Committee believes that this will be an added incentive to serving on this committee.

The consensus of the Executive Committee is that the work of this committee can and should be broadened in the upcoming year.

ACTION ITEM #1 – Gramling will speak with the incoming chair, Randy Elder, about forming ad-hoc committees that are responsible for addressing documents from specific groups. The goal is to make sure we are commenting on more documents moving forward.

8. Report on Education Committee

Mark Peecher provided the report on behalf of incoming chair, Greg Jenkins. Mark indicated that the committee was quite productive during the year and Mark acknowledged the work that had been accomplished.

Mark then asked Ray whether he believed that this committee should somehow be involved with the Excellence in Audit Education Conference (that is scheduled to occur before the Midyear Conference in January). (Note: Whittington is serving as Chair of the Excellence in Audit Education Conference.)

ACTION ITEM #1 –Gramling will add Whittington to the Education Committee so that the Committee can be more readily involved with the Excellence in Audit Education Conference.

9. Update on 2009 Excellence in Audit Education Pre-Conference

Ray Whittington reported on the planning for the upcoming conference. Possible topics for the conference include: Fair Value, an update from Deloitte on their independence case, and an update on IFRS.

Ray also reported that he is planning to meet with the lead training professionals from each of the Big 4 offices. The meeting is scheduled for August 19th from 10-2. He believes that this is a critical group for the section to continue working with and the Executive Committee agreed.

At this point, the Executive Committee discussed the different ways that the section could work with this group to accomplish other mutually beneficial goals. For example, the Executive Committee discussed working with this group to facilitate a boot camp for newly minted professors of auditing. Urton commented that newly minted professors often have no experience teaching auditing and they would benefit from such a session. In addition, we could ask educators to work with our colleagues from practice to team-teach the boot camp for each day (perhaps one firm per day).

ACTION ITEM # 1– Taylor will speak to Greg Jenkins (Chair of the Education Committee) about joining the meeting on 8/19.

ACTION ITEM # 2 – The Education Committee will be asked to survey departments heads from the FSA to ask them if there would be a demand for a boot camp for people teaching auditing. In addition, the APLG may be a good place to bring up the idea. Perhaps the committee should

look at the McCarthy boot camp based at Michigan State University for a model. Taylor will work with the Education Committee to accomplish this task in Fall 2008.

Next, Taylor brought up the issue of the Center for Audit Quality (CAQ) and how the Auditing Section can increase integration that again will mutually benefit both organizations. It was the consensus of the group that there may be many areas where collaboration would make sense.

Trevor Stewart acknowledged that there is a gap between practicing accountants and academic accountants. It may be that the CAQ can be an important mechanism to help bridge that gap. The Executive Committee wondered about the possibility of asking the CAQ for regular meetings with the executive committee. Such a meeting would be a working meeting where we came together to better understand the areas where we can help the CAQ.

ACTION ITEM # 3 - Peecher and Gramling will talk to Margo Cella (at the CAQ) about increased interaction with the executive committee.

10. Report of the Research Committee

Peecher provided this report on behalf of Joe Brazel. He stressed the importance of our communicating our research results to the practice community. The group discussed efforts made in the past and why they did not seem to work. The group decided to increase our efforts in this area and that the Research Committee was the perfect group to facilitate this effort.

ACTION ITEM # 1 – Peecher to work with Joe to make sure that the committee understands what the executive committee would like done in this area. To start, the group would like the research 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.

ACTION ITEM # 2 - Peecher will ask Ken Trotman about his appetite for completing a taxonomy of auditing research.

11. Report of the Communications Committee

Mark Peecher provided this report on behalf of Jennifer Mueller. There were questions from the Executive Committee about this committee’s role in the upcoming year. It was decided that this Committee should focus on improving the website. The Executive Committee wondered whether each committee member might be able to take a two or three month stint as the “website reviewer” to make sure that changes are made in a timely manner. Also, the committee needs to formulate some type of process to archive older content.

ACTION ITEM# 1 – Jay to communicate with the committee about these suggestions and about possibly using the professional friendly summaries (prepared by the research committee) as a tool to send along to our press contacts.

ACTION ITEM # 2- The executive committee will look over the complimentary subscriptions list and brainstorm about additional inclusions.

12. Update on CPE Committee

Mark provided an update on behalf of Al Nagy. Going forward, the Executive Committee would like the CPE Committee to work with the Education Committee to explore the possibility of offering Webinars to the section members. The Executive Committee questioned what our value proposition was, relative to the firms. The feeling among the Executive Committee was that there were opportunities for distinguished colleagues to provide guidance on particular teaching and research topics.

ACTION ITEM# 1 – Gramling to work with the chairs of the CPE Committee and the Education Committee on the possibility of providing Webinars to the Section members in Fall 2008 and Spring 2009.

13. Update on 2009 Midyear Conference

The executive committee postponed discussion of this item until Tuesday's meeting when Chris Hogan is present at the meeting.

14. Update on 2009 Doctoral Consortium

Mark Zimbelman will be responsible for the upcoming consortium. Peecher reported that KPMG has generously agreed to sponsor this year's consortium. Last year, the number of attendees was capped at 50. However, this year, they approved an additional 15 students for a total of 65 students. The Executive Committee did decide to enforce a limit of 4 students for each school moving forward.

15. Membership / Regional Coordinators Committee

Mark Peecher indicated that Gary Braun is holding a meeting at the conference for all regional coordinators to make sure that everyone understands their roles.

16. Approval of Past Minutes

Julia Higgs presented the minutes from the past two meetings of the executive committee for approval. The Executive Committee Meeting Minutes (1/17/08) and the Business Meeting Minutes (1/19/08) from the Midyear Meeting were approved unanimously by the executive committee.

Moving forward, Gramling proposed that the Secretary send the minutes to her and then a vote of approval can occur via e-mail by the executive committee.

17. Report of the Editor of The Auditor's Report

There were three issues published in the last year. The hard copies for two issues were mailed out. However, a hard copy for one of the issues was not mailed out. The committee discussed whether we should continue to send out hard copies. The committee agreed that this is a good idea.

18. Report of the Editor of Current Issues in Auditing

The co-editors, Dana Hermanson & Scott Showalter presented to the Executive Committee. By March 2009, Dana will be vacating one of the co-editor slots. The committee thanked Dana for his excellent service. Scott has agreed to stay on as the other co-editor. They provided a detailed summary of paper flow, acceptance rates, and general processing time statistics.

The co-editors are very happy to be considering comment letters from the Auditing Standards Committee moving forward. They plan to provide editorial feedback to the authors.

In general, the co-editors would like to increase the number of articles in the pipeline. At present, there are only two papers in the pipeline. Manuscript flow is the key, in their opinion, to the journal's reputation. The co-editors are envisioning more commentary type pieces in the 2nd half of 2008.

Scott and Dana asked the committee about ideas for the journal. The committee then brainstormed about ways to improve the visibility of the journal. One idea was to discuss ideas about how to use CIIA articles in the classroom during the Pre-Conference Session on Excellence in Audit Education in January. Another idea would be to provide a brief summary of how CIIA articles could be used in the classroom for The Auditor's Report. The executive committee applauded this idea.

Finally, Dana and Scott do not see the need to have an administrative support mechanism for future editors of the journal. They indicated that the on-line platform being used takes a lot of this need away.

19. Discussion and other business

The Executive Committee agreed that the Operating Manual for the section needs to be revised.

ACTION ITEM – Urton, Jean and Audrey will take the first pass at revising the Operating Manual for the Section. They will send out the revised document to the Executive Committee for comments in early to mid-October.

The meeting was adjourned by Mark Peecher at 1:32