



THE
AUDITOR'S
REPORT

Volume 25, No. 1, Fall 2001

AUDITING SECTION/AMERICAN ACCOUNTING ASSOCIATION

REPORT OF THE PRESIDENT

I want to thank the members of the Auditing Section for giving me the opportunity to serve as the president of the Auditing Section. It is a great honor and I will do my best to meet the high standards set by the Past President, Stan Biggs, and his predecessors. I thoroughly enjoyed my year as Vice President—Academic and was continually amazed by the work that needed to be done and the enthusiasm and competence with which the Executive Committee performed its work. On behalf of the Auditing Section, I would like to thank the following outgoing members of the Executive Committee for their outstanding service: Karen Pincus, Past President; Mark Beasley, Treasurer; and Jack Robertson, Historian. Each of these individuals has worked hard for the Section and its members for many years. I would also like to welcome three new members of the Executive Committee: Joe Carcello, Vice President—Academic; Rick Tubbs, Treasurer; and Andy Bailey, Historian. Continuing members are Stan Biggs, Past President; Abe Akresh, Vice President—Practice; and Audrey Gramling, Secretary. I am very fortunate to have the opportunity to work with such distinguished colleagues.

The Auditing Section was well represented at the AAA Annual Meeting in Atlanta. There were 27 auditing papers in concurrent sessions, 12 forum papers, and two panel sessions. The papers were of excellent quality and, as best I could tell, the sessions were well attended. Thanks go out to Robin Roberts, Director of the 2001 Annual Meeting Committee; Randy Elder, Assistant Director; Dana Hermanson, CPE Director; and the 67 volunteers who reviewed the 72 submitted papers. Randy Elder, Director of the 2002 Annual Meeting Committee, has a call for submissions in this issue and Bill Heninger has a call for CPE proposals. Remember that the number of concurrent sessions our section is assigned is a function of the number of papers submitted to the Annual Meeting. Our representation at the Annual Meeting is in your hands!

The Executive Committee met twice in Atlanta, bringing closure to several projects from last year. These included the evaluation of the Section's committee structure and operations, and the related revision of the Section's operating manual. Jack Robertson has done a great job reorganizing the operating



E. Michael Bamber

manual. Under Stan's leadership, the Section's committee structure has been considerably streamlined. The result should be more effective and efficient Section operations. Under the new committee structure, standing committees generally have a chairperson and six members who have staggered two-year terms. The awards committees are yearly appointments. Terms of the various program committees vary, but the committee chair first serves as vice chair and then a third year as past chair to provide the committee with continuity. Figure 1 outlines the Section's committees. You can find additional information about these committees and all of the Section's positions using links on the Section's home page.

The year 2001–2002 is a transition year to this new committee structure, and as a result, some committees had no new members this year. This is one reason that some volunteers for this year's committees could not be offered positions.

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SPRING 2002 ISSUE DEADLINE

The deadline for material to be included in the Spring 2002 issue of *The Auditor's Report* is January 31, 2002. The preferred, but not mandatory, format is Word files attached to email messages. Please send all material to the Editor at the address below by January 31, 2002 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/>

President's Report

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If you volunteered but were not appointed to a committee this year, please continue to volunteer. The Executive Committee and the Section's members greatly appreciate your willingness to serve. Keep in mind that the more flexible you can be in indicating your preferences, the easier it is for the Vice President–Academic to make committee assignments.

The most significant issue the Executive Committee considered in Atlanta was the Section's financial condition. Outgoing Treasurer Mark Beasley reported that the Section has developed a significant structural cash flow deficit over the past several years. The Executive Committee is actively investigating the primary causes and possible solutions to this serious problem. One primary cause is the increase in printing costs over the last few years. As you know, the Executive Committee has already taken one action to partially address the problem. This is the first edition of *The Auditor's Report* that does not have a hard-copy version mailed out to members. We initiated the electronic version of *The Auditor's Report* with the intent that it would replace the hard-copy version. The Executive Committee decided (see Minutes to Executive Committee meeting, August 12, 2001) that now is the time to make the change to the electronic newsletter. Treasurer Rick Tubbs will provide a full reporting of the Section's financial condition at the Section's Business Meeting in Orlando. Please plan to attend.

In addition to the online *The Auditor's Report*, you should also be aware by now of the implementation of the online election of the Section's officers. Previously these elections occurred at the Section's business meeting held during the Midyear Meeting. The members approved this change at the 2001 business meeting in Houston. Online voting makes the election process more democratic, as members who cannot attend the Midyear Meeting now have an opportunity to vote. Please make the online election work by voting!!

The last item I wish to comment upon is my initiative for the coming year. The practicing side of the profession, and especially the AICPA, has invested heavily in expanding their members' competencies and the variety of the services and products offered under the assurance services umbrella. However, we academics as yet have done little to shift our focus or even recognize this shift in the profession. Most accounting firms' web sites promote their assurance services, and it can be difficult to find even a reference to auditing. In contrast, most auditing textbooks still focus on the traditional audit with only a cursory treatment of other services. Similarly, little research is directed at assurance services, although Vera-Munoz, Kinney, and Bonner, *The Accounting Review* (July 2001), is a notable exception and hopefully a promise of things to come.

Expanding our horizons by considering the implications of assurance services for research and teaching should have several benefits, providing (1) opportunities for increased interaction between academics and practitioners and for academics to contribute to practice; (2) new, relevant, and timely research questions; and (3) opportunities to broaden students' perceptions of the challenges and opportunities our profession offers. Accordingly, the Communications Committee chaired by Roger Debreceeny, the Research Committee chaired by Bill Wright, and the Education Committee chaired by Bill Dilla are all working on various dimensions of the implications of expanding professional services. Finally, Vice President–Practice Abe Akresh is leading an expansion of the Practice Advisory Council. I will report on the progress of these initiatives at our Midyear Meeting in Orlando.

In the meantime, if you have comments, suggestions or questions for the Section's officers, including myself, or any of the Committee Chairpersons, please contact us.

FIGURE 1

AUDITING SECTION COMMITTEES*

<u>Standing</u>	<u>Program</u>	<u>Awards</u>
Auditing Standards	Midyear Meeting	Distinguished Service
Communications	Annual Meeting	Notable Contributions to the Literature
Education	CPE	Outstanding Dissertation
Research	Membership and Regional Coordinators	Outstanding Educator
	Doctoral Consortium	

*This figure excludes the Executive Committee, the Nominations Committee, and the Practice Advisory Council.

CALL FOR AUDITING CPE PROPOSALS: 2002 AAA ANNUAL MEETING

The Auditing Section plans to sponsor one or more CPE sessions at the 2002 Annual Meeting of the American Accounting Association. The Section's CPE committee is looking for individuals or groups who are interested in presenting sessions at this meeting.

The committee also is soliciting ideas for possible auditing CPE topics and speakers, either for the 2002 Annual Meeting, the 2003 Midyear Meeting, or for future meetings. Please respond by December 14, 2001. Early responses will provide sufficient time to fully develop auditing CPE proposals for submission by the AAA's deadline, which is usually in early January. To submit proposals or ideas, please contact:

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Ms. Connie McDaniel, VP and Controller of the Coca-Cola Company, Addresses Attendees at the 2001 Annual Meeting Auditing Luncheon

Ms. Connie McDaniel, Vice President and Controller of the Coca-Cola Company, spoke at the Auditing Section luncheon on Monday, August 13th at the AAA Annual Meeting in Atlanta. McDaniel joined Coca-Cola in 1989 after spending the previous 10 years with Ernst & Young in Atlanta. Her luncheon speech focused on two areas: Coca-Cola's audit committee report and its SAP implementation.

First, McDaniel discussed Coca-Cola's first proxy-based audit committee report. She emphasized that Coca-Cola's report focuses on what the audit committee does and does not do using a "plain language approach" that should be understandable to the company's varied stakeholders. McDaniel also emphasized certain highlights of the report, including the audit committee's reliance on management and the external auditor. Finally, she highlighted the three primary questions that the audit committee asks of the external auditor:

1. Are there any significant accounting judgments made by management in preparing the financial statements that would have been made differently had the auditors themselves prepared and been responsible for the financial statements?
2. Based on the auditors' experience, and their knowledge of the Company, do the Company's financial statements fairly present to investors, with clarity and completeness, the Company's financial position and performance for the reporting period in accordance with GAAP and SEC disclosure requirements?
3. Based on the auditors' experience, and their knowledge of the Company, has the Company implemented internal controls and internal audit procedures that are appropriate for the Company?

After her comments on Coca-Cola's audit committee report, Ms. McDaniel shifted to an overview of the company's SAP implementation. Since first implementation in 1999, she emphasized the ongoing challenge of matching global integration using ERP software with global security. At Coca-Cola, SAP implementation has eliminated much of the gap between IS auditors and financial auditors, forcing cooperation and teamwork between groups. The goal is to move toward a more centralized audit function that can take advantage of the efficiencies of one integrated system.

Ms. McDaniel also emphasized that hiring priorities at Coca-Cola have shifted somewhat with the SAP transition. While staffing numbers should remain stable, SAP experience is considered a major plus when making hiring decisions, although McDaniel acknowledged that "fast learners are okay." Core training is typically person-to-person, although some e-learning tools are used. Finally, Ms. McDaniel indicated that Coca-Cola is not using SAP to account for FAS 133 (derivatives) adjustments; instead they still use a "low tech" Excel-based approach.

Effectively Integrating Information Technology into the Auditing Course

Jay C. Thibodeau, Ulric Gelinas, and Elliott Levy
Bentley College

In the information age, it may be that the *effective* integration of information technology (IT) into the accounting curriculum is the single most important initiative for accounting faculty. The American Institute of Certified Public Accountants (AICPA) recently identified technological adeptness as one of its five core competencies in its final report for the CPA Vision Project. Specifically, the report stated that accountants must be able to “utilize and leverage technology in ways that add value” (AICPA 1999, 18) in today’s economy. This competency requires that accountants be aware of the latest advances in technology so that they may adopt such technologies to improve their overall performance. For the professional auditor, the International Federation of Accountants (IFAC) identified specific types of IT knowledge, including the ability to test a system (system validation), evaluate data integrity, and use report generators, data retrieval software, and a broad range of computer-assisted audit techniques (CAATs) (AICPA 1996).

Levels of Integration

The integration of technology at colleges and universities progresses through three levels (Hulik 1998). In level one, educational institutions acquire the infrastructure necessary to support students’ use of IT, such as the hardware and software necessary to support computer labs on campus, distance learning, and high-tech classrooms. This level has become a practical necessity in higher education, and the resources required necessary to implement a level-one integration are substantial.

In level two, educational institutions seek to produce more IT specialists. This level may involve the creation of new degree programs designed to produce candidates that will be demanded in the marketplace, typically at high starting salaries. Creating new degree programs will generally involve recruiting new faculty to prepare these specialists. In today’s highly competitive market for IT faculty, a new degree program is an expensive proposition for most schools.

In level three, the content of the curriculum changes, which not only involves how a given course is being taught, but also transformation of what is being taught in the classroom. Level three is likely to be the most difficult level of integration to reach. It involves infusing non-IT courses with IT applications. Such infusions usually involve heavy time commitments from the faculty, especially those not adept at the use of IT or its application in non-IT courses.

Ascending to Level Three Integration in Auditing

In direct response to our College’s goal of achieving level three integration of IT, we substantially revised the auditing course to include Norwood Office Supplies, Inc., a three-part case study designed to introduce students to computer assisted audit tech-

niques or CAATs (Gelinas et al. 2001a). The Norwood Office Supplies, Inc. (Norwood) case helped to accomplish this goal because it was designed in a manner that carefully integrates course learning objectives with IT objectives. Indeed, the case effectively augments (as opposed to replaces) the course learning objectives with IT objectives. Importantly, the primary learning objectives of the case are to identify both operational and financial-statement audit risks and then to develop appropriate audit procedures to address the identified risks. The primary IT-related objective of the case is to appreciate how CAATs in general, and audit software in particular, can be used to complete audit procedures in an efficient and effective manner.

The Norwood case introduces students to the most commonly used audit software in the marketplace, ACL. We decided to use ACL because it is used extensively throughout the world (Glover et al. 2000), and because of feedback from alumni and practitioners. In a recent survey of auditors, ACL was recognized as the leading audit software in use today (see <http://www.acl.com>). ACL Services Ltd. was very cooperative, granting a free site license to use the software on the college computing network and to give copies of the software to students for use on their own computers. The software is the actual package distributed commercially, restricted only in terms of the size of the database that could be used with the software.

Overall, the case assignment was unique in the sense that it connected an actual software package, being used by many practitioners, with course learning objectives. It was not simply a key-stroke assignment nor was it a forced use of an IT application. Rather, students were able to better master course content by completing the case assignments. The learning that occurs comes in steps. In the first assignment, students are introduced to the software and then challenged to use their analytical skills to apply the software to the case data. Next, in the second assignment, students were required to step back from the technology and assess the risks and audit procedures needed to address the case company’s situation. Last, in the third assignment, students had to effectively use the software to perform audit tests that they had recommended.

As an example of how the case integrates technology objectives with course learning objectives, the second assignment requires students to identify important audit risks that exist on the Norwood Office Supplies, Inc. audit. One risk that is often identified by students is that inventory is not valued in accordance with Generally Accepted Accounting Principles (i.e., the lower of cost or market rule). Once the risk is identified, students are then required to specify an audit procedure to gather evidence related to this risk that can be performed using ACL. This step allows students to learn how technology tools, like ACL, can help complete an audit in an efficient manner. That is, students learn that by analyzing the inventory file using ACL, an auditor can easily generate a list of all inventory items whose selling price is less than the cost of the inventory.

Response from Students and Campus Recruiters

Student response to this teaching case has been extremely positive. We believe that much of the positive feedback can be attributed to the integration of IT learning objectives with the overall learning objectives of the course. We do, however, cau-

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Effectively Integrating Information Technology into the Auditing Course

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tion professors that student response to the integration of IT is likely to vary based on the differing characteristics of the student population, the institution, and other factors (Gelinas et al. 2001b). As such, educators that attempt to integrate technological solutions such as the Norwood case should attempt to tailor the integration to reflect such differences. Alumni in the accounting profession and campus recruiters have been very impressed by student exposure to a widely used audit tool like ACL. Not surprisingly, student appreciation of the case increases as they discover that real-world professionals see the integration of IT, CAATs and ACL as a very positive thing.

Overall, this article presented a brief overview of the case we used to integrate IT into the auditing course. We believe that integrating cases such as Norwood can help professors incorporate technological learning objectives into the auditing course in a way which will improve students' IT capabilities. At Bentley College, we have seen firsthand that the integration of meaningful technological objectives into the curriculum greatly enhances student learning, faculty reputation, and the College's standing in the eyes of employers, alumni, and students. We believe, for example, that with this case students can better assess risks and develop audit procedures to address those risks because they see, and must summarize, the results of their audit tests. Also, recruiters have begun to specifically target students with ACL expertise, a fact not lost on our students. For more information, see our forthcoming publication (November 2001) in *Issues in Accounting Education*. That article presents details of the case, including assignment material, teaching notes and a dedicated web site address.

For more information about the content of this article, contact Jay C. Thibodeau at jthibodeau@bentley.edu, Bentley College, 175 Forest Street, Waltham, MA 02452, (781.891.2564).

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CALL FOR VOLUNTEERS

Openings currently exist on the following Auditing Section committees: Auditing Standards Committee, CPE Committee, Research Committee, Communications Committee, Outstanding Auditing Dissertation Selection Committee, Membership and Regional Coordinators Committee, Notable Contributions to the Auditing Literature Award Selection Committee, 2003 Annual Meeting Committee, 2004 Midyear Meeting Program Committee.

The Section typically receives a larger number of volunteers than there are openings, so, the more flexible you are as to your committee assignment, the better your chances of being appointed to a committee. If you are interested in serving on an Auditing Section Committee, please contact:

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ASB Update as of September 15, 2001

*Ray Whittington, DePaul University
Academic Member of the Auditing Standards Board*

The majority of the ASB's effort is still being devoted to the significant revisions to the standards of fieldwork arising out of the Report of the Panel on Audit Effectiveness. While the new fraud standard will likely be exposed near the end of this year, the others have proven to be more difficult and are not projected to be exposed until next summer. Therefore, the ASB continues to be interested in any research implications related to the audit risk model and the linkage of risk to audit procedures. In this update I will focus on two other projects, one undertaken to revise SAS No. 71, Interim Financial Information, and the other undertaken to develop guidance for reporting on nonfinancial information that accompanies financial statements. Please send any questions, comments, or suggestions to rwhittin@wppost.depaul.edu.

Revision of SAS No. 71

The revision of SAS No. 71 is in response to the new requirement for timely performance of interim reviews of public companies, the recommendations of the Panel on Audit Effectiveness, and the issuance of Practice Alert 2000-4, "Quarterly Review Procedures for Public Companies," by the Professional Issues Task Force of the SEC Practice Section.

With respect to interim reviews of public companies, the Report of the Panel on Audit Effectiveness included the following recommendations to the ASB:

1. Include in its standards specific guidance for the application of procedures in interim periods using a forensic-type approach;
2. Provide criteria for the areas that should be addressed in reviews of interim financial information. Such criteria might include, for example, areas involving a high degree of subjectivity, areas involving complex accounting standards, related party transactions and areas where controls are particularly susceptible to being overridden; and
3. Provide guidance on how procedures employed in interim periods that address the potential for fraud in financial reporting also may be useful as "continuous auditing" techniques to improve full-year audits.

While the deliberations of this project are ongoing, the ASB has made several conclusions regarding likely changes in SAS No. 71. Currently, SAS No. 71 prescribes a procedural approach to the performance of interim reviews. The standard indicates that inquiry and analytical procedures provide a basis for the limited assurance in the report. While retaining the primary reliance on inquiry and analytical procedures, the revised standard will set forth a more risk-based approach, in which the accountant uses his or her knowledge of the client's business risk to design the procedures. In addition, substantially all of the best practices recommendations from Practice Alert 2000-4 will be incorporated into the revised standard. A new appendix will describe example analytical procedures and unusual or complex transactions for the accountant to consider in performing a review. It is also likely

that a few required procedures will be added to the revision of SAS No. 71 to address the risk of management override of internal control and related fraudulent misstatements of interim financial information.

There are several open questions regarding this project that are also being considered by the ASB, including:

- When performing a review, should the accountant determine a materiality level for the engagement?
- Should the accountant specifically make an assessment of the risk of fraud in performing a review?
- Should the requirements in SAS No. 59 regarding the consideration of disclosure of information regarding going concern be expanded to engagements to review interim financial information?

Any research that would help in providing guidance in these areas, especially with respect to the auditor's judgment about the level of effort required to achieve moderate assurance, would be useful.

Reporting on Nonfinancial Information

Accounting standards setters are increasingly requiring the presentation of various types of nonfinancial information. A major example is the information about stewardship land and heritage assets required for federal government entities by the Federal Accounting Standards Advisory Board (FASAB). In addition, many entities are voluntarily disclosing nonfinancial information. Accordingly, the ASB is considering how auditors should report on nonfinancial information that is not a product of the entity's financial reporting system, when such information is included in or with the entity's financial statements. Beyond the issue of whether there are suitable criteria to judge the fairness of the information, there are significant issues with respect to communication to the users. Currently, auditing standards set forth different responsibilities for nonfinancial information depending on whether it is "required supplementary information," and whether it is in a client prepared or an auditor submitted document. If auditor is engaged to examine the information, he or she must look for guidance in the Attestation Standards.

The ASB will attempt to make the requirements with respect to this information more consistent and provide additional guidance for the auditor with regard to his or her responsibilities. In addition, a framework will be developed to deal with accounting standard setters regarding the auditability of proposed nonfinancial presentations. The issues regarding auditor involvement with nonfinancial information will likely be on the ASB's long-term agenda. Therefore, I would encourage any research that could help in developing a conceptual framework for the communication of auditor responsibilities for nonfinancial information that is included in or with financial statements, as well as research on the attestation to such information.

CALL FOR PAPERS

2002 AAA ANNUAL MEETING

The 2002 Annual Meeting will be held on August 14–17 in San Antonio, Texas. The number of sessions allocated to the Auditing Section is related to the number of manuscripts submitted to our section. Please consider submitting your work for possible presentation at the Annual Meeting. The Auditing Section also seeks submissions for special sessions, as well as individuals to serve as moderators and discussants.

Submissions must be received by January 11, 2002. Papers presented at the 2002 Auditing Section Midyear Conference are eligible for submission to the 2002 Annual Meeting. Papers should not be submitted that have been either published or accepted for publication, or that will be presented at more than one AAA Section or Regional Meeting during Spring 2002.

Several changes are planned to the submission process for the 2002 Annual Meeting. Submissions must be made on line to the AAA at <http://aaahq.org/AM2002> (address extension is tentative). Microsoft® Word files are preferred. AAA headquarters staff will take the appropriate steps to ensure anonymity. The theme for the 2002 Annual Meeting is “Reinvigorating Accounting Scholarship.” Authors are encouraged to tag the papers by one or more of the following topics in order to facilitate interdisciplinary sessions:

- Accounting as a source of information
- Accounting for evaluation
- Accounting for valuation
- Accounting for decision making
- Accounting and technology
- Accounting and other sources of information

Submissions are free if received by December 14, 2001. Submissions after that date but prior to January 11, 2002 must be accompanied by a submission fee of \$50 (U.S.) made electronically by credit card to the American Accounting Association.

Further information on submission procedures and submission fees will be included in the Fall 2001 issue of *Accounting Education News*. Questions regarding the submission process can be directed to the Auditing Section Annual Meeting program liaison:

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HAVE YOU SEEN...?

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

“The Impact of Political Pressure on Novice Decision Makers: Are Auditors Qualified to Make Going-Concern Judgments?” by V. Arnold, P. A. Collier, S. A. Leech, and S. G. Sutton, *Critical Perspectives on Accounting* (Vol. 12, 2001): 333–338.

The authors report on a field study that captures the decision processes of 44 experienced and 41 novice insolvency practitioners (individuals who specialize in determining the viability of financially distressed entities) and compares these findings with the decision processes used by external auditors in assessing entities' abilities to continue as going concerns. A key finding is that the strategies of both auditors who make going-concern decisions and novice insolvency practitioners tend to focus on financial information and how the company became financially distressed. More experienced insolvency practitioners tend not to focus on financial factors because it is often difficult to identify a root cause of a financial problem; instead, they focus on nonfinancial information such as the viability of products/services, continuity of management, and skill level of management and employees. The authors discuss how different socio-political pressures may explain why auditors tend to use low-level knowledge in making going-concern decisions as compared to experienced insolvency practitioners.

“Academic Auditing Research: An Exploratory Investigation into Its Usefulness,” by Y. Gendron and J. Bedard, *Critical Perspectives on Accounting* (Vol. 12, 2001): 339–368.

This article investigates the usefulness of auditing research by integrating a theoretical discussion of the benefits of auditing research with an empirical assessment. The motivation for the article is to provide a more global assessment of auditing research usefulness than that provided by the 1995 AICPA/AAA monograph on the subject. The authors use content analysis to assess the usefulness of articles published by North American auditing researchers in five leading journals. The authors conclude that contemporary auditing research is useful because it possesses a relatively high degree of applicability (e.g., enhances efficiency and improves auditing techniques) and poses a relatively low threat to the legitimacy of the profession. Two commentaries on the article (by Humphrey and Mauws, respectively) are also included in this issue of the journal.

“An Investigation of Australian Auditors' Use of the Management Representation Letter,” by P. J. Carey and B. Clarke, *British Accounting Review* (Vol. 33, 2001): 1–21.

Auditors' use of management representation letters is addressed in this article. The authors surveyed 174 Australian auditors to determine whether auditors use representation letters as primary audit evidence as suggested by auditing standards (e.g., to document management's plans and intentions, as in plans to discontinue a product line) or as a tool to provide information to their clients (e.g., use the letter to clarify management's understanding of their responsibilities and enhance management's sense of accountability). The authors find that, consistent with professional guidance, auditors' generally use management letters as audit

evidence; however, two anomalies were noted. First, some auditors indicated doubt about the legal acceptability of management letters as primary audit evidence and, accordingly, one-third of the respondents did not use the letter to provide sole audit evidence. Second, a minority of auditors appears to over rely on the management representation letter by using it as sole audit evidence when other appropriate audit evidence is available. The authors also find that most auditors consider the management letter to be an effective way to inform management of their responsibilities.

“Auditor Concentration and Market Shares in the US: 1988–1998: A Descriptive Note,” by C. M. Wolk, S. E. Michelson, and C. W. Wootton, *British Accounting Review* (Vol. 33, 2001): 157–174.

This study investigates the effects of the 1989 and 1998 Big 8 (6) accounting firm mergers on the concentration for audit services in the U.S. using Herfindahl indices and other concentration ratios. In addition, the authors examine the impact on the market shares of the merged firms. The results indicate that the mergers impacted concentration and market structure in the large client audit market, with firm concentration ratios having increased significantly over the 1988–1998 period. Results differ with regard to the effects of the Big 8 mergers on individual market shares. While the merged firm of Ernst & Young was able to maintain its market share, Deloitte & Touche lost market share subsequent to the merger of DH&S and Touche Ross.

“An Analysis of Hong Kong Auditors' Perceptions of the Importance of Selected Red Flag Factors in Risk Assessment,” by A. Majid, F. A. Gul, and J. S. L. Tsui, *Journal of Business Ethics* (Vol. 32, 2001): 263–274.

This study examines the perceptions of a small number of audit partners and managers in three prominent Hong Kong firms regarding the relative level of risk of fraud and material irregularities associated with six red flag factors. The quality of the auditors' judgments were also evaluated. The participants first ranked the importance of 15 factors that proxied the existence of material misstatement. The six most important factors were identified and used in a lens model experiment that required participants to assess the likelihood of fraud or error occurring in different scenarios relating to the six selected red flags. The results indicate that misstatements in prior audits and going-concern problems were perceived as the most significant factors in alerting auditors to the risk of fraud and material irregularities. The authors attribute differences between the ranking of factors between the survey and lens model study to the role of heuristics in the survey and probabilistic functionalism in the lens model experiment.

“The Impact of Internal Auditor Compensation and Role on External Auditors' Planning Judgments and Decisions” by F. T. DeZoort, R. W. Houston, and M. F. Peters, *Contemporary Accounting Research* (Vol. 18, No. 2): 257–281.

This paper investigates how external auditors use information regarding an internal auditor's compensation plan and the type of

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Have You Seen...?

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work normally performed by the internal auditor, in assessing the amount of reliance to place on the internal auditor's work. Seventy-six external auditors from four Big 5 public accounting firms participated in an experiment that manipulated internal auditor compensation (fixed salary vs. incentive compensation), the type of work that the internal auditors routinely perform (primarily auditing vs. primarily consulting), and audit task subjectivity (objective tests of controls vs. subjective inventory valuation). The authors find that the opportunity for internal auditors to receive incentive compensation results in less reliance on internal auditors' work and greater budgeted audit hours on the part of the external auditor, but only for the subjective task. Although a consulting role decreases perceived internal auditor objectivity, it has a limited effect on audit planning recommendations.

“The Directional Effects of Discussion on Auditors’ Moral Reasoning” by L. Thorne and J. Hartwick, *Contemporary Accounting Research* (Vol. 18, No. 2): 337–361.

The authors of this paper perform an experiment using 286 public accountants to examine how discussion with peers may influence auditors' subsequent resolution of realistic audit-specific moral dilemmas. Auditors' professional judgments are typically made following a discussion of difficult issues with other auditors. The authors investigate if the type of discussion affects the moral reasoning of the auditor. Specifically, two types of discussion are used in the experiment. Auditors were asked to prescriptively discuss how an accountant ideally would resolve a moral dilemma, or to deliberately discuss how an accountant actually would resolve a moral dilemma. The authors find that auditors have higher moral reasoning scores after prescriptive discussion with peers and lower moral reasoning scores after deliberative discussion with peers. These findings point to the importance of discussion of contentious dilemmas with peers and the importance of type of discussion for predicting and explaining auditors' moral reasoning. The authors note that these results indicate the importance of informal mechanisms, such as peer discussion, as part of the social control system in audit firms.

“Market Expectations for First-Time Going-Concern Recipients” by A. D. Blay and M. A. Geiger, *Journal of Accounting, Auditing & Finance* (Vol. 16, No. 3): 209–226.

This paper examines the market's reaction to going-concern opinions. The authors contend that there should be no significant market reaction to going-concern opinions when the market is expecting such an opinion. However, when the going-concern opinion is not expected by the market, the authors expect to find a significant market reaction. For a sample of 121 firms the results indicate that abnormal returns, surrounding the announcement of a going-concern audit report unpartitioned on market expectations, are not significantly different from zero. The authors use the subsequent viability of the firm as a proxy for market expectations. When partitioned based on subsequent viability status, abnormal returns were significantly lower for the viable group compared to the subsequently bankrupt group. Thus, the market appears to have significantly adjusted downward their viability expectations for the subsequently viable firms, but not for the

subsequently bankrupt firms, upon receipt of a first-time going-concern-modified audit report. These results were robust to controlling for several commonly used measures of market expectations. The authors interpret the results to indicate that actual subsequent bankruptcy or viability acts as a proxy for market expectations of firm performance that is not currently included in measures of market expectations developed in the literature. The authors contend that these results provide motivation for researchers to consider expanded models of market expectations for firms receiving going-concern audit reports and financially distressed firms in general.

“Professionalism vs. Commercialism: The Association Between Non-Audit Services (NAS) and Audit Independence” by D. S. Sharma and J. Sidhu, *Journal of Business Finance & Accounting* (Vol. 28, No. 5 and No. 6): 595–625.

The authors of this paper examine 49 bankrupt Australian public companies to determine if the provision of NAS influences the auditors' decision to issue a going-concern qualification. The authors contend that this also indirectly addresses the impact of NAS on auditor independence. The authors use a logit model to estimate the auditor's decision to issue a going-concern audit report in the year prior to client bankruptcy. The following variables are considered in the logit model: the proportion of non-audit service fees to total fees, financial distress, mitigating factors, client size, auditor reputation, and audit time. The authors find an inverse relationship between the auditors' likelihood of issuing a going-concern qualification and the proportion of NAS to total fees, consistent with the possibility that NAS might impair auditor independence. However, the authors also note that there are other possible explanations for the observed relationship.

“CEO Domination, Growth Opportunities, and Their Impact on Audit Fees” by J. S. L. Tsui, B. Jaggi, and F. A. Gul, *Journal of Accounting, Auditing & Finance* (Vol. 16, No. 3): 189–207.

Prior research has indicated a lower incidence of financial statement frauds with companies that have “higher quality” boards. This study extends that line of research by investigating the association between a firm's internal monitoring mechanism and its impact on the audit fee. Specifically, the paper hypothesizes that firms with independent corporate boards (chief executive officer and chairman being separate individuals) provide a more effective internal monitoring mechanism and are thus associated with lower control risk, resulting in lower audit effort and fees as compared to nonindependent, CEO-dominated boards. The authors also examine whether the effectiveness of the internal monitoring mechanism provided by independent corporate boards is independent of the firm's growth opportunities. High-growth firms are more difficult to monitor due to the existence of discretionary investments and measurement problems associated with future assets. Thus, the authors hypothesize that the negative association between independent corporate boards and audit fees is expected to be affected by a firm's growth. Using a sample of 650 observations from Hong Kong companies, the authors find support for both hypotheses.

2002 Auditing Doctoral Consortium Program

THURSDAY, JANUARY 17, 2002 • ORLANDO, FLORIDA

The Auditing Section of the American Accounting Association and KPMG are sponsoring the third annual Auditing Doctoral Consortium to be held in conjunction with the Auditing Section's Midyear Conference, January 17–19, 2002, Orlando, Florida. The purpose of the Consortium is to stimulate students' research by exposing them to the very latest ideas from leading researchers in auditing, and by providing opportunities for networking with other Ph.D. students interested in auditing, established auditing researchers, and editors of journals in which they will seek to publish. I ask you to help in publicizing the Consortium to your Ph.D. students and in supporting and encouraging their attendance. Students may be at any stage in their program, and there is no limit as to how many students may attend from each university. However, there is a limit on the total number of students who can attend the Consortium, and applicants will be accepted on a first-come basis.

Program

7:00–8:00 a.m.	Breakfast
8:00–8:15 a.m.	Welcome – Dan Simunic
8:15–9:30 a.m.	Joe Carcello – Research on Fraud and Corporate Governance
9:30–9:45 a.m.	Break
9:45–11:00 a.m.	Ron King – Experimental Economics and Analytical Research in Auditing
11:00–11:15 a.m.	Break
11:15–12:30 p.m.	Mike Stein – Economics-Based Empirical Auditing Research
12:30–1:45 p.m.	Lunch
1:45–3:00 p.m.	Steve Salterio – Experimental-Psychology-Based Auditing Research
3:00–3:15 p.m.	Break
3:15–5:15 p.m.	Panel on issues in publishing research: Author's perspective – Mark DeFond Editor's perspective – Arnold Wright, <i>AJPT</i> , and Dan Simunic, <i>CAR</i> and <i>APJAE</i>
6:30–9:00 p.m.	Auditing Midyear Meeting Reception

Information

1. The Consortium is sponsored by the Auditing Section and KPMG.
2. Registration is free. For those students wishing to attend the Auditing Midyear Meeting (January 18–19) that follows the Consortium (January 17), the meeting registration fee is \$25.
3. The Consortium is open to all Ph.D. students with an interest in auditing research. The size of the Consortium is limited, so students will be accepted on a first-come basis.
4. Students will have one night's lodging paid for at the Consortium/Meeting hotel. The cost of additional lodging (\$139 per night, single or double occupancy) is the student's responsibility.
5. Meals will be provided during the Consortium. The Meeting also provides breakfast and lunch for attendees, with a reception in the evening.
6. Participants are responsible for their own transportation to and from the Hotel Royal Plaza in the Walt Disney Resort.
7. For additional information call (604) 822-8530 or email Dan Simunic (dan.simunic@commerce.ubc.ca). Register by emailing Dan Simunic. Please provide your name, mail and email addresses, phone and fax numbers, stage/year in program, and auditing research interests. Additional information will then be forwarded to you.

New Procedures Implemented for Electing Auditing Section Officers

The Executive Committee has approved a change in procedure for voting for section officers. The election will now be held in the fall each year rather than at the Midyear Auditing Section Meeting and it will occur only electronically over the web. Members will receive an email explaining the specific procedures to cast a vote on the section web site. Please take the time to vote in this election in which three officers are to be elected under these new procedures. The winners will assume their responsibilities at the Annual Meeting in August 2002. The nominees for each of the offices are listed below.

Nominees for VP—Academic (President-Elect):

Urton Anderson

Urton Anderson is Clark W. Thompson, Jr. Professor in Accounting Education at The University of Texas at Austin and the Associate Dean for Undergraduate Programs. He joined the Department of Accounting at The University of Texas at Austin in 1984, teaching auditing and managerial accounting. Urton received his Ph.D. from the University of Minnesota in 1985. Urton's research has addressed various issues in internal and external auditing. He has written one book, *Quality Assurance for Internal Auditing*, as well as papers published in a variety of scholarly and professional journals. Urton is a Certified Internal Auditor and from 1994 to 1999 served on the Board of Regents for the Institute of Internal Auditors. In 1999 he was appointed a member of the Internal Auditing Standards Board. He served on the CCSA Steering Committee, which developed the professional examination for Control Self-Assessment and the CGAP Steering Committee for the new professional examination in governmental auditing. In 1997 he was named Leon R. Radde Educator of the Year Award, by the Institute of Internal Auditors. He served as program chair for the 1997 Midyear Conference of the auditing section.



Jean C. Bedard

Jean C. Bedard is the Joseph M. Golemme Research Professor of Accounting in the College of Business Administration at Northeastern University. Prior to joining Northeastern, she was Associate Professor and Arthur Andersen Faculty Fellow at the University of Connecticut. She holds academic degrees from Brown University (A.B.), the University of Cincinnati (M.S., M.P.A.), and the University of Wisconsin—Madison (M.S.B., Ph.D.). Her research investigates the effects of processes of information acquisition and use on



decision quality among auditors and lenders, the roles of risk and auditor independence in engagement planning and pricing, and the effects of information systems on the audit process. Jean has published in such journals as *The Accounting Review*, *AUDITING: A Journal of Practice & Theory*, *Management Science*, *Contemporary Accounting Research*, *Behavioral Research In Accounting*, *Journal of Accounting Literature*, *The International Journal of Auditing*, *The Journal of Business Research*, and others. She is currently a member of the Editorial Board of *AUDITING: A Journal of Practice & Theory*. Her prior editorial positions include Associate Editor of *Contemporary Accounting Research*, and the Editorial Boards of *The Accounting Review* and *Issues in Accounting Education*. Her primary teaching interests are financial reporting and accounting theory, and she has taught in undergraduate, M.S., M.B.A. and Ph.D. programs. Jean has served the Auditing Section in several roles, including as Secretary of the Section, Editor of *The Auditor's Report*, and a member of the 2001 and 2002 Midyear Meeting Planning Committees. She is a current member of the Publications Committee of the American Accounting Association. She was also a member of the organizing committee of the AAA's Doctoral Consortium, and a group leader at the New Faculty Consortium. Jean was a Co-Coordinator of the 1998 Accounting, Behavior and Organizations Section Research Conference, and serves as that Section's Research Coordinator. Her work experience outside academia includes public accounting and management of public health services.

Nominees for Secretary:

Mohammad J. Abdolmohammadi

Mohammad J. Abdolmohammadi (Ali) is the John E. Rhodes Professor of Accountancy at Bentley College. He has a doctorate in business administration from Indiana University and is a Certified Public Accountant. He has formerly taught at Indiana University, Boston University, and the University of Illinois at Chicago. His teaching includes auditing and methods and practices of professional research. Having interest primarily in behavioral auditing research, Ali has published regularly in *Accounting and Business Research*, *The Accounting Review*, *Advances in Accounting*, *AUDITING: A Journal of Practice & Theory*, *Behavioral Research In Accounting*, *Contemporary Accounting Research*, *Journal of Business Ethics*, *Organizational Behavior and Human Decision Processes*, among others. He has served or is currently serving on the editorial boards of several journals including the AAA's publications, *The Accounting Review* and *AUDITING: A Journal of Practice & Theory*. Also, Ali has served on many committees including the Program Director for the Auditing Section of the AAA Annual Meetings (1994–1996), the Auditing Section's Liaison Committee



(Continued on page 12)

New Procedures for Electing Auditing Section Officers

(Continued from page 11)

with the Auditing Standards Board (1994–1997), and the Outstanding Auditing Dissertation Award Committee (Chair, 2001–2002).

William N. Dilla

William N. Dilla is an Associate Professor of Accounting at Iowa State University. He has also served on the faculties of the University of Missouri–St. Louis and the University of Illinois at Urbana–Champaign. Bill received his Ph.D. from The University of Texas at Austin and his M.B.A. from Syracuse University. Prior to entering graduate school at The University of Texas, he served on the audit staff of Deloitte Haskins & Sells for three years. Bill's research has investigated information representation effects on auditor risk judgments, information representation effects on managerial decision making under ambiguity, and information evaluation and decision aiding in multi-person management accounting settings. His research has been published in journals such as *The Accounting Review*, *AUDITING: A Journal of Practice & Theory*, *Journal of Information Systems*, *Organizational Behavior and Human Decision Processes*, and *Decision Sciences*. He serves on the Editorial Board of *Advances in Accounting* and has recently served as an *ad hoc* reviewer for *AUDITING: A Journal of Practice & Theory*, *Behavioral Research In Accounting*, and *Journal of Information Systems*. He has received a KPMG Foundation Business Measurement Case Development program grant to write a case documenting a major financial institution's online consumer lending strategies and business processes. Bill currently serves as the chair of the Auditing Section's Education Committee, and has previously served as the Section's Continuing Education Coordinator, its Midwest Region Coordinator, and as a member of its Auditing Standards



Committee. He has served as a member of the AAA's Faculty Development Committee. He is also a member of the AICPA and IIA, and has served the IIA as a member of the St. Louis Chapter's Board of Governors and of that chapter's Educational Foundation.

Nominee (unopposed) for VP–Practice:

George W. Krull, Jr.

George W. Krull recently retired as a Partner in the Executive Office of Grant Thornton LLP. He has over 30 years of professional experience in auditing, information systems and controls. He was a member of the Firm's Professional Standards Group where he worked with the implementation of the Firm's automated audit and control software and was the Firm's National Director of Strategic Learning. He continues his involvement with accounting education as Executive in Residence and Professor of Accounting at Bradley University. George remains active with the academic and professional accounting community where he has leadership roles in the AICPA, American Accounting Association, American Assembly of Collegiate Schools of Business, and the Federation of Schools of Accountancy. He has authored several articles and books, the latest book being, *The Impact of Business Process Reengineering on Internal Auditing*, with Mark F. Frigo and Stephen V. N. Yates, published by the Institute of Internal Auditors Research Foundation, 1995. George graduated with undergraduate, graduate, and doctoral degrees from The Ohio State University, Oklahoma State University, and Michigan State University, respectively.



Call for Contribution

If you have an idea for an article regarding a topic related to auditing and assurance which you believe would be of benefit to the members of the Auditing Section, please consider preparing and submitting an article to be included in a future issue of *The Auditor's Report*. For example, classroom innovation continues to be an important area of interest for the profession. Articles that describe such innovations and their benefits, such as the one included in this issue, are appropriate for submission. Articles addressing numerous other topics pertinent to auditing and assurance would also fit well with the purposes of the newsletter. If you have an idea for a submission, contact the editor.

EIGHTH ANNUAL MIDYEAR AUDITING SECTION CONFERENCE

The Eighth Annual Midyear Auditing Section Conference will be held in **Orlando, Florida** on **January 17–19, 2002**. CPE sessions will be held on the afternoon of January 17. 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. On Thursday, January 17th, one CPA session will be offered from 1:30 to 5:00 p.m. entitled, “Challenges Facing the Board Room and Audit Committees.” In addition, the 2002 Auditing Section Doctoral Consortium will be held on January 17. More information on the Doctoral Consortium is included in this newsletter.

The conference will be held at the *Hotel Royal Plaza in the Walt Disney Resort*. The hotel is located in the highly desirable Downtown Disney Resort area. There is complimentary transportation to all Disney World attractions.

Hotel Information:

Hotel Royal Plaza (in the Walt Disneyworld Resort)
1905 Hotel Plaza Boulevard
Lake Buena Vista, FL 32830
Web Site - <http://www.royalplaza.com>
Phone - (407) 828-2828

The Hotel Royal Plaza is located in the Downtown Disney Resort area and offers complimentary transportation to all the Disney theme parks. It is within walking distance to Downtown Disney with its restaurants, shopping and entertainment. Hotel guests receive preferred tee times at Disney golf courses.

Room rate is \$139/night for single or double occupancy, plus resort service fee of \$7 per room per night and taxes. Please identify yourself as a member of the American Accounting Association as a limited number of rooms have been blocked at the group rate for the meeting. The hotel will extend group rate for pre- and post-stays of the official meeting dates based on availability. Check-in time is between 4:00 p.m. and 5:00 p.m. (depending on how full the hotel was the previous night), check-out time is 11:00 a.m. If late check-out is requested and approved on the day of departure, 50% of the room rate will be charged. Reservations require a deposit or credit card guarantee.

Reservations may be made by calling (800) 248-7890 (ext. 2500).

Tickets to the Disney theme parks can be purchased at the hotel. Information will be forthcoming regarding special tickets that are offered to groups.

Shuttle Service

MEARS Transportation provides shuttle service from the airport to all the area resorts. They have a large airport operation with dispatch locations outside the baggage claim area. The cost for adults is \$15 one way or \$27 roundtrip. Taxi fares are approximately \$35 and higher, depending on drop off (once you get on the Disney property the roads wind around so that you can easily drive a mile looping around to get to where you want to be). Most folks take the shuttle.

American Accounting Association

AUDITING SECTION 2002 MIDYEAR MEETING

ORLANDO, FLORIDA • JANUARY 17–19, 2002

Registration Form

Full Name _____

Nickname for Badge _____ Affiliation _____

Mailing Address _____ City _____ State _____ Zip _____

Country _____ Phone _____ Fax _____ Email _____

Early Registration for Auditing Section Member (by December 11, 2001) \$145.00
Auditing Section Member (after December 11, 2001) \$165.00
Non-Member of Auditing Section* \$165.00
Student \$ 25.00
CPE Session—Thursday January 17 - 1:30–4:00 P.M. \$ 50.00

_____ Please register me for the CPE Session “Challenges Facing the Board Room and Audit Committees”

_____ I plan to attend the Saturday luncheon.

_____ I have dietary restrictions for the luncheon.

Please indicate nature of restrictions _____

In addition to regular activities, the University of Central Florida will be hosting a post-conference reception, which will be held on Saturday from 3:30–5:00 P.M.

_____ I plan to attend the post-conference reception.

* Members of the American Accounting Association may allocate \$20 of their registration fee to join the Auditing Section. Membership in the Auditing Section includes subscriptions to *AUDITING: A Journal of Practice & Theory* and the Section’s newsletter.

_____ I am an American Accounting Association member and would like to allocate \$20 of my registration fee to join the Auditing Section.

Member ID# _____ Total Amount Paid \$ _____

Name on Card _____ Signature _____

Card Number for VISA or MC (only) _____ Exp. Date _____

If you are paying by credit card, you can fax this form to (941) 923-4093. If paying by check, please make check payable to the American Accounting Association for the conference fee.

Mail the completed application form and fees to:

American Accounting Association
5717 Bessie Drive
Sarasota, FL 34233-2399

CANCELLATION POLICY

All cancellations must be received in writing at AAA in order to be processed. Cancellation requests received after December 11 will incur a \$25 cancellation charge. No refunds will be available for cancellations after January 10, or for no-shows.

NEW DIRECTIONS FOR ACCOUNTING— ETHICS RESEARCH

SEVENTH SYMPOSIUM ON ETHICS RESEARCH IN ACCOUNTING

CALL FOR PAPERS: MARCH 1, 2002

The Professionalism and Ethics Committee of the AAA invites papers for the Seventh Symposium on Ethics Research in Accounting, to be held immediately preceding the 2002 AAA Annual Meeting in San Antonio. Because of the current importance of the issue, we hope to devote at least one session to focus on new directions for accounting ethics research. We also welcome papers examining any other aspect of ethics in accounting. At the author's discretion, papers will also be considered for publication in either *Research on Accounting Ethics* OR *Accounting and the Public Interest*, which is a new journal published by the Public Interest Section of the AAA. We especially encourage new Ph.D. students to consider Ethics Research. We will present an award for the best paper submitted by a Ph.D. student to the symposium.

Scope and Aims of Symposium

The purpose of the symposium is to explore new frontiers of ethics research in an accounting context. The symposium will provide an opportunity for researchers and practitioners interested in ethics in an accounting setting to discuss recent research, exchange information, to network, and to discuss emerging issues encountered in practice. Both presentation and forum sessions will be included in the program.

Location and Dates

The symposium will be held in the main convention hotel in San Antonio immediately prior to the AAA Annual Meeting, or within a convenient walking distance from the main hotel.

Details for Paper Submission

One (1) copy of the completed manuscript should be transmitted as an attached Microsoft® Word file to Dick Bernardi (rbernardi@rwu.edu) on or before March 1, 2002. To preserve anonymity of the review process, please remove any references to authors on the cover page and in the body of the paper.

A nonrefundable submission fee of \$10U.S. (made payable to the American Accounting Association) should be submitted concurrently to:

Richard Bernardi
Gabelli School of Business
Roger Williams University
One Old Ferry Road
Bristol, Rhode Island
02809-2921
rbernardi@rwu.edu
Phone: (401) 254-3672
Fax: (401) 254-3545

Please indicate in your submission cover letter whether you want your submission to be concurrently considered for publication in either *Research on Accounting Ethics* OR *Accounting and the Public Interest*. Professor Bill Schwartz (editor of *Research on Accounting Ethics*) and Professor Jesse Dillard (editor of *Accounting and the Public Interest*) have graciously waived the journal submission fee.

CALL FOR PAPERS

**The University of Southern California, Maastricht University,
The Nanyang Technological University, and The University of New South Wales**

Presents

THE 2002 INTERNATIONAL SYMPOSIUM ON AUDIT RESEARCH

July 1–2, 2002 • Sydney, Australia

Hosted by

The Centre for Accounting and Assurance Research and The School of Accounting
The University of New South Wales
Sydney, Australia
<http://www.accounting.unsw.edu.au/conference/isar2002>

About the Symposium

The annual International Symposium on Audit Research (ISAR) will be held in Sydney, July 1 and 2, 2002. ISAR has been formed from a merger of two previous audit research symposia: the Maastricht Audit Research Symposium held annually in Maastricht, The Netherlands, since 1991, and the University of Southern California (USC) Audit Judgment Symposium held annually since 1982. Starting in 1997, an international consortium of universities began taking turns in co-hosting the ISAR. These universities are the University of Southern California, Maastricht University, Nanyang Technological University, Singapore, and The University of New South Wales.

Scope of Topics

The scope of the ISAR is intended to be broad and includes research papers and panels that deal with economic and behavioral aspects of auditing, and utilize any of a broad range of research methodologies. General topics of interest include research related to assurance services, corporate governance, and the various international aspects of auditing. Economic-based topics can include issues relating to regulation of audit markets, audit quality, auditor choice, and auditor service production. Behavioral topics can include any aspect relating to auditor cognition and judgment, such as financial and social incentives, cross-cultural differences in audit judgments, risk-based audit planning, decision aids, and expertise.

Submission of Papers

To be eligible for presentation, manuscripts should follow the “Instructions to Authors” published in *AUDITING: A Journal of Practice & Theory*. Please pay particular attention to the format and length requirements—*manuscripts should not exceed 7,000 words or approximately 18–25 double-spaced pages including tables, figures, and references*. Accepted papers for 2002 will not be published in a formal proceedings and thus may be submitted to any appropriate journal.

Paper Submission Deadline

Papers must be received by January 21, 2002 and should be **sent electronically to Ms. Bibi Moore at the following email address:**

isarconference@unsw.edu.au

Registration and Further Information

If you would like information or details on early registration for the Symposium, please contact:

Ms. Bibi Moore
School of Accounting
The University of New South Wales
Sydney 2052 Australia
Email: isarconference@unsw.edu.au