

**Auditing Section Midyear Meeting 2004 (Jan. 15 to 17)**  
**American Accounting Association**  
**Meeting Program**  
**Updated January 23, 2004**

<b><u>Thursday, Jan. 15</u></b>	
8:00 AM – 5:15 PM	Doctoral Consortium
	Presentations: <a href="#">Kennedy</a> , <a href="#">Nelson</a> , <a href="#">Penno</a> , <a href="#">Simunic</a> , <a href="#">Schwartz</a>
1:00 – 6:00 PM	Registration
1:00 – 4:00 PM	CPE Workshop: “Practice Insights on Sarbanes-Oxley 404.” Hosted by KPMG
5:30 – 7:00 PM	Special reception for Ph.D. Students
6:30 – 8:30 PM	Welcome Reception

<b><u>Friday, Jan. 16</u></b>	
7:00 AM – 5:00 PM	Registration
7:00 – 8:30 AM	Continental Breakfast
8:30 – 9:45 AM	<b>Welcome and Plenary Session:</b> <a href="#">Keynote Address</a> by Dr. Douglas Carmichael, Chief Auditor and Director of Professional Standards, Public Company Accounting Oversight Board
9:45 – 10:15 AM	Break
<b>Concurrent Sessions</b>	
Friday 10:15 – 11:45 AM	
<b>Session 1 Capital Market Studies on Audit Disclosures</b>	
Moderator: Robert Ramsay, University of Kentucky	
- <a href="#">Mandatory Disclosure and the Joint Sourcing of Audit and Management Advisory Services</a> . Karl Hackenbrack, University of Florida	
Discussant: Sundaresh Ramnath of Georgetown University	
<a href="#">The Impairment of Auditor Credibility: Evidence from the Enron-Andersen Saga</a> . Rajib Doogar, Theodore Sougiannis & Hong Xie, University of Illinois at Urbana-Champaign.	
Discussant: Michael Willenborg, University of Connecticut	
Friday 10:15 – 11:45 AM	
<b>Session 2 Negotiation</b>	

Moderator: Sridhar Ramamoorti, Global Investigations & Dispute Advisory,  
Ernst & Young LLP

[\*Auditor-Client Management Negotiation Concerning Client's Financial Reporting: Evidence from the Client's Side.\*](#) Michael Gibbins, University of Alberta, Susan McCracken, University of Toronto, and Steven Salterio, Queen's University

Discussant: Ken Trotman, University of New South Wales

[\*The Effects of Engagement Risk in Auditor-Client Negotiations.\*](#)  
Helen Brown, University of Wisconsin-Madison

Discussant: Jane Kennedy, University of Washington

Friday 10:15 – 11:45 AM

### **Session 3 Fees and Earnings Management**

Moderator: Susan Shu, Boston College

[\*Non-audit Services and Earnings Management by Commercial Banks.\*](#) Randal Elder, Syracuse University; Jian Zhou, SUNY at Binghamton and Ken Chen, National Cheng Kung University of Taiwan

Discussant: Scott Whisenant, University of Houston

[\*The Impact of Potential Earnings Management on the Pricing and Production of Audit Services.\*](#) Robert Knechel, University of Florida, and Caren Schelleman, Universiteit Maastricht

Discussant: Christine Tan, New York University

Friday 10:15 – 11:45 AM

**Session 4 Panel Session:** “Audit Committee Issues.” Scott Reed and Mark Terrell,  
KPMG

12:00 – 1:15 PM Lunch, Presentation of Distinguished Service Award, Outstanding Educator Award

1:30 – 2:45 PM Business Meeting

2:45 – 3:15 PM Break

### **Concurrent Sessions**

Friday 3:15 – 4:45 PM

### **Session 1 Audit Committees/Corporate Governance**

Moderator: Joe Carcello, University of Tennessee

[Accounting Alumni, Audit Firm Appointments and Audit Committee Characteristics.](#)

Clive Lennox and Chul Park, Hong Kong University of Science and Technology

Discussant: Marshall Geiger, Richmond University

[Audit Committee Effectiveness and Internal Audit Outsourcing.](#) Lawrence Abbott, University of Memphis, Susan Parker, Santa Clara University, Gary Peters, University of Arkansas, and Dasaratha V. Rama, Florida International University.

Discussant: Mark Beasley, North Carolina State University

Friday 3:15 – 4:45 PM

**Session 2 Knowledge and Knowledge Structures**

Moderator: Arnie Wright, Boston College

[Auditors' Dominant Knowledge Structure: A Reaction Time Study.](#) Stanley Biggs, University of Connecticut, Michael Coyne, Bucknell University, Jay Rich, University of Connecticut

Discussant: Mark W. Nelson, Cornell University

[Pattern Identification and Industry-Specialist Auditors.](#) Jacqueline Hammersley, University of Georgia

Discussant: Steven Salterio, Queens University

Friday 3:15 – 4:45 PM

**Session 3 Analytical Modeling**

Moderator: Greg Burton, Brigham Young University

[Audit-Client Bid-Seeking Behavior: Modeling Private Negotiation versus Competitive Bidding.](#) Donald Hausch, Karla Johnstone, and Ella Mae Matsumura, University of Wisconsin-Madison

Discussant: Martin Wu, University of Illinois at Urbana-Champaign

[The Effects of Integrity, Opportunity, Incentives, Mitigating Factors and Forensic Audit Procedures on Fraud Risk.](#) Rajendra Srivastava, University of Kansas, Theodore Mock, University of Southern California, and Jerry Turner, University of Memphis

Discussant: Karl Hackenbrack, University of Florida

Friday 3:15 – 4:45 PM

**Session 4 Panel Session: “GAO Update: (1) Consolidation of the Accounting Profession, (2)**

Mandatory Audit Firm Rotation, and (3) Implications of the Sarbanes-Oxley Act for Government Audits.” [[PowerPoint Slides](#)]

Jeanette Franzel, Director, and Richard J. Vagnoni, Ph.D., Senior Economist, Financial Markets and Community Investment Team, GAO

Moderator: Abe Akresh, General Accounting Office

6:00 – 8:00 PM     **Reception co-sponsored by McGraw-Hill/Irwin**

### **Saturday, Jan. 17**

7:30 AM – 3:00 PM     Registration

7:30 – 8:30 AM        Continental Breakfast

### **7:30 – 8:30 AM        Research and Education Roundtables**

#### **Table 1 – Audit Litigation and the Cost of Audit Failure**

[Auditor Reporting Conservatism as a Defence Mechanism against Increased Post-Enron Litigation Risk](#). Marleen Willekens and Heidi Vander Baudwhede, Catholic University Leuven

[Where Have Andersen’s Clients Gone and Do They Now Pay More?](#) Winifred Scott, University of Delaware

#### **Table 2 – Classroom Resources and Education Reform**

[Integrating Generalized Audit Software into the Auditing Classroom](#). Barbara Arel, Kurt Pany, Jian Zhang, Arizona State University

[Photo Lighting Supply, Inc.: An Auditing Teaching Case](#). Jack Armitage, University of Nebraska at Omaha

[Rainbow, Inc.: A Case on Corporate Governance](#). ([Teaching Notes](#)) Jim Martin, University of Montevallo

*When Audit Conquers: Reflections On Accountability-Driven Education Reforms In The State Of Florida*. Peggy Dwyer, University of Central Florida

#### **Table 3 – Equity Offerings and Quality of Earnings**

*An Investigation of the Effects of Audit Firm Tenure on Financial Restatements, Audit Opinion Modifications and Total Accruals*. Mohammad Abdolmohammadi and William Read, Bentley College.

[Discretionary Accruals, Audit-Firm Tenure and Auditor Tenure: An Empirical Case in Taiwan](#). Wuchun Chi, National Chengchi University, Huichi Huang, National Taiwan

## University ([Abstract](#))

[Audit Quality and Earnings Management by Seasoned Equity Offering Firms](#). Randal Elder, Syracuse University and Jian Zhou, SUNY at Binghamton

[Venture Capitalists as Monitors in the Initial Public Offerings Market?](#) Suzanne Morsfield, University of Arizona, and Christine Tan, New York University and William Felix, University of Arizona.

## Table 4 – Audit Fees

[The Impact of Deregulation of Audit Markets on Audit Fees](#). David Hay, University of Auckland, and Robert Knechel, University of Florida.

*Impact of the SEC's Public Fee Disclosure Requirements on Subsequent Period Fees and Implications for Market Efficiency*. Jere Francis and Dechun Wang, University of Missouri at Columbia

[Pricing Initial Audit Engagements: Empirical Evidence Following Public Disclosure of Audit Fee](#). Srinivasan Sankaraguruswamy, Georgetown University and National University of Singapore, Scott Whisenant, University of Houston.

## Table 5- Viability Risk and Auditor Independence

[The Effects of Client Size and Stress Level on Bankruptcy Prediction Models: An Empirical Analysis](#). Lili Sun, University of Kansas

[The Influence of Strategic Assessment on Auditor Judgment about Inconsistent Fluctuations in Accounts](#). Joseph Schultz Jr. and Ed O'Donnell, Arizona State University

[Auditor Independence: An Examination of Independence Risk Factors and Mitigating Factors on Auditor Judgment](#). Barbara Vinciguerra, Pennsylvania State University

## Table 6 – Internal Control and Fraud Risk Assessments

[The Effects of Previous Experience on Auditors' Perceived Risk of Management Fraud, Mediated by Goodwill Trust](#). William Kerler III and Larry Killough, Virginia Tech

[Knowledge Transfer in the Fraud Risk Assessment Task](#). Thomas Kozloski, Wilfrid Laurier University

*The Influence Of Source Objectivity And Internal Control Effectiveness On The Persuasiveness Of Evidence Supporting Accounting Estimates*. Diane Janvrin, Iowa State University

[Internal Control Evaluation and Interference Effects](#). ([abstract](#)) Lori Kopp, University of Lethbridge, Janet Morrill and Cameron Morrill, University of Manitoba

8:30 – 10:00 AM

**Plenary Panel Co-Sponsored by the Auditing Standards**

**Committee and Practice Advisory Council:** “Setting Auditing Standards in the National and International Environments.” [Gary Holstrum](#), Consultant, Office of the Chief Auditor, PCAOB and University of South Florida, [Lynford Graham](#), Auditing Standards Board, [Jim Sylph](#), International Auditing and Assurance Standards Board [*clicks on names to see slides*]

Moderator: Dana Hermanson, Chair, Auditing Standards Committee

10:00-10:15 AM Break

**Concurrent Sessions**

Saturday 10:15 – 11:45 AM

**Session 1 Earnings Restatements**

Moderator: Greg Trompeter, Boston College

[Mandatory Audit Rotation: Evidence from Restatements](#). Linda Myers and James Myers, University of Illinois at Urbana-Champaign, Zoe-Vonna Palmrose, University of Southern California and Susan Scholz, University of Kansas

Discussant: Larry Davis, Michigan Technological Institute

[Restatements and Audit Quality](#). Angela Woodland, University of Nebraska-Lincoln, J. Kenneth Reynolds, Louisiana State University

Discussant: Larry Abbott, University of Memphis

Saturday 10:15 – 11:45 AM

**Session 2 The Audit Review Processes**

Moderator: Jordan Lowe, Arizona State University West

*The Effects of Accountability Pressure Strength and Decision Aid Availability on Auditors' Materiality Judgments*. Todd DeZoort, University of Alabama, Paul Harrison Wichita State University, Mark Taylor, Creighton University

Discussant: Christine Earley, University of Connecticut

[Performance Evaluation in Concurring Partner Review: A Test of a Cognitive Model](#). Kathryn Epps, Mercer University, William Messier Jr. Georgia State University

Discussant: Michael Bamber, University of Georgia

Saturday 10:15 – 11:45 AM

**Session 3 Benford's Law**

Moderator: Jennifer Mueller, Auburn University

[\*Applying Digital Analysis using Benford's Law to Detect Fraud: A Practice Note about the Dangers of Type I and Type II Errors.\*](#) Jay Thibodeau and Richard Clearly, Bentley College

Discussant: John Sennetti, Nova Southeastern University

[\*The Effective Use of Benford's Law to Assist in Detecting Fraud in Accounting Data.\*](#) Cindy Durtschi, Utah State University, William Hillison, Florida State University, and Carl Pacini, Florida Gulf Coast University

Discussant: Lyn Graham, BDO Seidman

Saturday 10:15 – 11:45 AM

**Session 4 Panel Session Sponsored by the Education Committee:** “[\*The Implications of Current Audit Approaches for Audit Education.\*](#)” Kevin Bouchillon, PricewaterhouseCoopers, Steve Glover, Brigham Young University

12:00-1:15 PM      Lunch, Presentation of Notable Contributions to Literature, Doctoral Dissertation, and Innovation in Auditing and Assurance Education Awards

### Concurrent Sessions

Saturday 1:30-3:00 PM

#### Session 1 Instructional Cases

Moderator: Lori Kopp, University of Lethbridge

[\*OAO GAZPROM: An Instructional Case Focusing on International Accounting and Auditing Issues.\*](#) Michael Knapp and Carol Knapp, University of Oklahoma

Discussant: Jack Armitage, University of Nebraska at Omaha

[\*Helecom Communications: Considering Fraud Risk on an Audit Engagement Before and After Analyzing A Key Business Process.\*](#) Brian Ballou, Miami University and Jennifer Mueller, Auburn University

Discussant: Charles Stanley, Baylor University

[\*Using Crime Investigations to Develop Students' Ability to Exercise Professional Skepticism.\*](#) James Rebele, Lehigh University

Discussant: Thomas McKee, visiting professor, College of Charleston

Saturday 1:30-3:00 PM

#### Session 2 Audit Judgment: Roles of Covariation

Moderator: Scott Vandervelde University of South Carolina

[\*Covariation Judgements and Selective Sampling in Auditing: An Experimental Study.\*](#)

[Ananda](#) Ganguly, University of Illinois at Urbana-Champaign, Jacqueline Hammersley, University of Georgia

Discussant: Audrey Gramling, Georgia State University

[\*Can Assurers Interpret Causal Information?\*](#) Sandra Vera-Muñoz and Margaret

Shackell, University of Notre Dame, Marc Buehner, Cardiff University, Wales, UK

Discussant: Kathryn Kadous, Emory University

Saturday 1:30-3:00 PM

### Session 3 Audit Markets

Suggested Moderator: Marleen Willekens, Catholic University Leuven

[\*Product and Cost Differentiation by Large Audit Firms.\*](#) George Deltas and Rajib

Doogar, University of Illinois at Urbana-Champaign.

Discussant: Dan Simunic, University of British Columbia

[\*The Impact of Client Size on the Estimation of Audit Fee Premiums Attributed to\*](#)

[\*Industry Specialisation.\*](#) Elizabeth Carson and Neil Fargher, University of New South Wales.

Discussant: Chris Hogan, Southern Methodist University

Saturday 1:30-3:00 PM

### Session 4

#### Panel Session Sponsored by the Research Committee:

“Research on a Road Less Traveled: Field Research in Auditing and Corporate Governance,” Steve Salterio (Queen's University, Chair and case studies), Mike Gibbins (University of Alberta, theory building and survey methods), Vaughan Radcliffe (University of Western Ontario, field research via observation), Arnie Wright and Jeff Cohen (Boston College, interview methods, challenges of carrying out field research in USA).

*Field research in auditing and corporate governance is relatively rare in our literature. Yet well done field research is highly valued as exhibited by the awarding of two "Outstanding Contribution to Audit Research" awards to field research in the first four years of the award's existence. Good field research requires skills in obtaining access to research sites, mailing lists, interviewing, survey administration and other skills not normally the focus of a standard North American Ph.D. program. The panel will discuss approaches to developing such competencies and illustrate through their own research how they have been able to publish such research in top tier journals.*

3:00 – 3:15 PM

Break



**Concurrent Sessions**

Saturday 3:15 – 4:45 PM

**Session 1 Audit Risk Model**

Moderator: W. Morley Lemon, University of Waterloo

[\*The Effects of Fraud and Going-Concern Risk on Audit Procedures.\*](#) Allen Blay, University of California, Riverside, and Tim Kizirian, California State University, Chico, Sneathen Jr., L. Dwight, Mississippi State University

Discussant: Charles Cullinan, Bryant College

[\*The Impact of Management Integrity on Audit Planning and Evidence.\*](#)

L. Dwight Sneathen Jr., Mississippi State University, Tim Kizirian, California State University, Chico, and Brian Mayhew, University of Wisconsin - Madison

Discussant: Willie Gist, Ohio University

Saturday 3:15 – 4:45 PM

**Session 2 Strategic-Systems Auditing**

Moderator: Tim Louwers, Louisiana State University

[\*Strategic Assessment During Business-Risk Audits: The Power Of A Holistic Perspective.\*](#) James Bierstaker, University of Massachusetts-Boston, Ed O'Donnell, Arizona State University

Discussant: Karla Johnstone, University of Wisconsin – Madison

[\*The Impact of Client Strategy Content and Strategy Process on Risk Assessment and Audit Planning.\*](#) Natalia Kotchetova, University of Waterloo

Discussant: Timothy B. Bell, KPMG LLP

Saturday 3:15 – 4:45 PM

**Session 3 Perceptions of Auditor Independence**

Moderator: T. Sterling Wetzel, Oklahoma State University

[\*Non-Audit Services and Perceived Auditor Independence.\*](#) John Thornton, Washington State University—Tri cities, Alan Reinstein, Wayne State University, Cathleen Miller, University of Michigan—Flint.

Discussant: Richard W. Houston, University of Alabama

[\*State Accountancy Regulators' Perceptions of Independence of External Auditors When Performing Internal Audit Activities for Nonpublic Clients.\*](#) Cecil Hill and

Quinton Booker, Jackson State University

Discussant: T. Jeffrey Wilks, Brigham Young University

Saturday 3:15 – 4:45 PM

**Session 4 Audit Quality**

Moderator: Chih-Chen Lee, Florida International University

[Audit Procurement: Managing Audit Quality and Audit Fees in Response to Agency Costs.](#) Kevan Jensen and Jeff Payne, University of Oklahoma

Discussant: Srini Sankaraguruswamy, National University of Singapore

[Audit Quality Examined One Large CPA Firm at a Time: Mid-1990's Empirical Evidence of a Precursor of Arthur Andersen's Collapse.](#) Ross Fuerman, Suffolk University

Discussant: Christine Haynes, University of Texas at El Paso

5:00 – 6:30 PM

**Closing Reception**