AUDITING SECTION
2005 MIDYEAR CONFERENCE

January 14–15, 2005 Astor Crowne Plaza New Orleans, Louisiana

Sponsored by
the Auditing Section of the
American Accounting Association
and KPMG LLP

[Updated January 5, 2005]

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PROGRAM

Thursday, January 13

7:00 – 8:30 AM  Continental Breakfast

8:00 AM – 5:00 PM  Registration

8:00 AM – 5:15 PM  Doctoral Consortium

8:30 – 8:45 AM  Introductory Remarks to 25th Anniversary Conference of *Auditing: A Journal of Practice & Theory*
    William F. Messier Jr., Georgia State University, AJPT Editor

8:45 – 10:15 AM  "Economics-Based Empirical Auditing Research: Future Directions"
    Mark L. DeFond, University of Southern California and Jere R. Francis, University of Missouri-Columbia
    Discussant: Joseph Carcello, University of Tennessee

10:15 – 10:30 AM  Break

10:30 – 12:00 PM  "Auditor Litigation Risk and Corporate Disclosure of Quarterly Review Report"
    Jagan Krishnan and Yinqi Zhang, Temple University
    Discussant: Mary Stone, University of Alabama

12:00 – 1:00 PM  Lunch

1:00 – 2:30 PM  "Behavioral Review Judgment and Decision Making Research in Auditing: A Task, Person, and Interaction Perspective"
    Mark Nelson, Cornell University and Hun Tong Tan, Nanyang Technological University
    Discussant: Ken Trotman, University of New South Wales

2:30 – 2:45 PM  Break

2:45 – 4:15 PM  "Negotiations Over Accounting Issues: The Congruency of Audit Partner and Chief Financial Officer Recalls"
    Michael Gibbins, University of Alberta, Susan McCracken, University of Toronto and Steven Salterio, Queen's University
    Discussant: Karla Johnstone, University of Wisconsin

4:15 – 5:30 PM  Institutional View
    William R. Kinney, Jr., University of Texas - Austin
    Discussant: Dan Simunic, University of British Columbia
**Friday, January 14**

**7:00 AM – 5:00 PM**
Registration

**7:00 – 8:30 AM**
Continental Breakfast

**8:30 – 10:00 AM**
Welcome and Plenary Session
Keynote Address by Cynthia Cooper, President of Cynthia Cooper Consulting, Former Chief Audit Executive, MCI and Time Magazine 2002 Person of the Year, and Glyn Smith, Director of Internal Audit, MCI.

**10:00 – 10:15 AM**
Break
Co-sponsored by The IVES GroupAuditAnalytics.com

**10:15 – 11:45 AM**
Concurrent Sessions

**Session 1 – Going Concern**
Moderator: Jane Mutchler, Georgia State University

*Recent Changes in the Association between Bankruptcies and Prior Audit Opinions.*
Marshall Geiger, University of Richmond, Kannan Raghunandan and Dasaratha Rama, Florida International University

**Discussant:** Inder Khurana of University of Missouri - Columbia

*Auditor Tenure, Audit Quality and Firm Age: An Analysis of Auditor Going Concern Reports.*
W. Robert Knechel, University of Florida and Ann Vanstraelen, University of Antwerp & Maastrict University

**Discussant:** Lori Holder-Webb, University of Wisconsin

**Session 2 – Instructional Cases**
Moderator: Lori Kopp, University of Lethbridge

*Audit Simulation for Due Diligence on Fast-Fashion Inventory Through Data Querying.*
A. Faye Borthick, Georgia State University and Mary B. Curtis, University of North Texas

**Discussant:** Helen Brown, Boston College

*Making the Decision to Outsource a Service Department. Who Should Deliver Internal Audit Services?*
Hubert D. Glover, Howard University, Jeffrey McMillan, Clemson University and Jean Wells-Jessup, Howard University

**Discussant:** Patricia Myers, Brock University

*The North Face, Inc.: An Instructional Case Focusing on Ethical Issues Involving Financial Accountants and Independent Auditors.*
Michael C. Knapp and Carol A. Knapp, University of Oklahoma

**Discussant:** Jeffrey Cohen, Boston College
Session 3 – Strategic Systems Auditing  
Moderator: Gary Hecht, Emory University

Strategic Systems Auditing: The Influence of Task Structure on Auditors' Sensitivity.  
Ed O'Donnell, Arizona State University, James L. Bierstaker, Villanova University and Joseph Schultz, Arizona State University Discussant: Brian Ballou, Miami University

Do the Results of Strategic Analysis Influence Auditors' Business Process Level Risk Assessments?  
Natalia Kotchetova, University of Waterloo, Thomas M. Kozloski, Wilfrid Laurier University and William F. Messier, Jr. Georgia State University Discussant: Scott Showalter, KPMG LLP

Session 4 – Panel Session  
Moderator: Kay Tatum, University of Miami

"Global Convergence – near or far? Views from ASB, GAO, IAASB and PCAOB"  
Jeanette Franzel, Director, Financial Management and Assurance, Government Accountability Office  
John Fogarty, Partner, Deloitte & Touche LLP; Chairman of the AICPA Auditing Standards Board and US member of the International Auditing and Assurance Standards Board  
Thomas Ray, Deputy Chief Auditor, Public Company Accounting Oversight Board  
James M. Sylph, Technical Director, International Auditing and Assurance Standards Board

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

3:15 – 4:45 PM  
Concurrent Sessions

Session 1 – Risk Management  
Moderator: Rajib Doogar, University of Illinois at Urbana-Champaign

Joseph V. Carcello, University of Tennessee, Ann Vanstraelen, University of Antwerp & Maastrict University and Michael Willenborg, University of Connecticut Discussant: Tim Louwers, Louisiana State University

A Re-examination of the Pricing of Litigation Risk in Audit Fees: Evidence from U.S. Publicly Held Firms.  
Kam Wah Lai, City University of Hong Kong Discussant: Santanu Mitra, Montclair State University

Session 2 – Experimental Investigations of Auditor Independence  
Moderator: Arnold Wright, Boston College

An Experimental Investigation of Non-Audit Service Fees and Investors' Perceptions of Auditor Independence: Post-Enron Era.  
Shawn M. Davis, Georgia State University and Dana Y. Hollie, University of Houston
Discussant: Ananda Ganguly, Purdue University

The Effects of a Cooling-Off Period on the Perceived Independence of External Auditors.
Carl N. Wright, Virginia State University and Quinton Booker, Jackson State University
Discussant: Brian Mayhew, University of Wisconsin - Madison

Session 3 – Non-Audit Services
Moderator: Anne Magro, University of Oklahoma

Does Auditor Provided Nonaudit Services Improve Audit Effectiveness or Impair Independence?
Jennifer R. Joe, Georgia State University and Scott D. Vandervelde, University of South Carolina
Discussant: Ganesh Krishnamoorthy, Northeastern University

Are There Unintended Consequences of Non-Audit Service Pre-Approval and Disclosure Regulations on Audit Committee Members Decisions?
Lisa Milici Gaynor, Georgetown University, Linda McDaniel, University of Kentucky and Terry L. Neal, University of Tennessee
Discussant: Kathryn Kadous, Emory University

Session 4 – Panel Session
Co-sponsored by the Education Committee and Academic Relations Committee of the Institute of Internal Auditors

“Corporate Governance: New Directions for Management Education”
John J. Fernandes, President and CEO, AACSB International – "The need for corporate governance education"
Scott Reed, Partner, KPMG LLP Audit Committee Institute (ACI) – "The value of corporate governance education"
Jane F. Mutchler, Director, School of Accountancy, J. Mack Robinson College of Business, Georgia State University – "Modifying the curriculum to include corporate governance; how to make it happen"

Moderator: C. William (Bill) Thomas, Baylor University

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

Saturday, January 15

7:30 AM – 3:00 PM Registration

7:30 – 8:30 AM Continental Breakfast and Research and Education Roundtables

Table 1 – Archival

A Longitudinal Examination of Auditor Error Projection Decisions.
Robert D. Allen, University of Utah and Randal Elder, Syracuse University
The Enron Effect in the Electric Services and Natural Gas Industry on Profitability and Accounting Choices.
Winifred Scott, University of Delaware

The Decomposition of Management Fraud Schemes: Analyses and Implications.
Rajendra P. Srivastava and Lei Gao, University of Kansas

Does Client Size Matter? The Influence of Large Clients on the Office-Level Reporting Decisions of Non-Big 5 Auditors.
Allen Hunt, University of Southern Indiana and Ayalew Lulseged, Florida State University

Review of Choice Based and Matched Sample Studies in Auditing Research.
Donald P. Cram, Vijay Karan and Iris Stuart, California State University at Fullerton

Table 2 – Behavioral

The Joint Effect of Voluntary Non-Financial Disclosure and Assurance on Company Valuation Judgments.
Paul Coram, University of Melbourne and Gary Monroe, The Australian National University

The Effects of Curriculum Structure on Students’ Organization and Use of Knowledge.
Lori S. Kopp University of Lethbridge and Fred Phillips, University of Saskatchewan

Do Attributes of Industry Audit Specialists Differ by Their Levels of Expertise: A Research Note.
Mohammad J. Abdolmohammadi, Bentley College

The Effect of Mood States on Audit Judgment.
Janne Chung, York University, Jeffrey Cohen, Boston College and Gary S. Monroe, Australian National University

Table 3 – Behavioral

Identifying Perceptions in the Quality and Purpose of SSARS No. 8 “Plain Paper Statements.”
Alan Reinstein, Wayne State University, Brian Patrick Green, University of Michigan - Dearborn and Cathleen L. Miller, University of Michigan - Flint

Human Failings Behind Corporate Collapses: Accountants and Business Executives Repeating History.
Stephen R. Moehrle, University of Missouri – St. Louis, Alan Reinstein, Wayne State University and Jennifer Reynolds-Moehrle, University of Missouri – St. Louis

Findings on the Effects of Audit Firm Rotation Under Varying Strengths of Corporate Governance.
Barbara Arel, Arizona State University, Richard C. Brody, University of South Florida and Kurt Pany, Arizona State University

The Effect of Auditor Experience on Predecisional Distortion During Internal Control Evaluation.
Barbar Arel and Ed O’Donnell, Arizona State University

Table 4 – Behavioral
Changing the Focus of the Audit Risk – Evidence Relationship.
Ray McNamara, Bond University and Renee Radich, Macquarie University

The Impact of Client Information Technology on Audit Procedures.
Diane Janrvin, Iowa State University, James Bierstaker, Villanova University and Jordan Lowe, Arizona State University

An Examination of Factors Associated with Dysfunctional Audit Behavior.
Robin R. Radtke and Wayne A. Tervo, University of Texas at San Antonio

The Effect of Restrictions on Auditor Behavior versus Required Disclosure to Audit Committees on Investors’ Perceptions of Independence.
Lisa Milici Gaynor, Georgetown University

8:30 – 10:00 AM Plenary Panel
Co-sponsored by the Auditing Standards Committee

"Auditor Independence”

Gary Holstrum, Associate Chief Auditor, Public Company Accounting Oversight Board
Jean Wyer, PricewaterhouseCoopers
Zoe-Vonna Palmrose, University of Southern California

Moderator: Roger Martin, Chair, Auditing Standards Committee

10:00 – 10:15 AM Break

10:15 – 11:45 AM Concurrent Sessions

Session 1 – Audit Fees Moderator: W. Robert Knechel, University of Florida

Earnings Management, Litigation Risk, and Asymmetric Audit Fee Response.
Lawrence Abbott, University of Memphis, Susan Parker, Santa Clara University and Gary Peters, University of Arkansas
Discussant: Sundaresh Ramnath, Georgetown University

The Effect of Ownership Structure on Audit Fees.
Santanu Mitra, Montclair State University, Donald Deis, Texas A&M University and Mahmud Hossan, University of Houston – Clear Lake
Discussant: Linda Myers, University of Illinois at Urbana-Champaign

Session 2 – Auditor-Client Relationship Moderator: Gregory Trompeter, Boston College

The Effect of Auditor Tenure and Client Importance on Discretionary Accruals – Evidence from Audit-Partner Based Data in Taiwan.
Wuchun Chi, National Chengchi University, Huichi Huang, National Taiwan University and Yichun Liao, National Chengchi University
Discussant: Larry Davis, Michigan Technological Institute

Client Stock Price Reaction to the PricewaterhouseCoopers Merger.
Chi-Wen Jevons Lee, Tulane University, Chiawen Liu and Taychang Wang, National Taiwan University, and Wan-Ting Wu, Arizona State University
Discussant: Hong Xie, University of Illinois at Urbana-Champaign
Session 3 – Auditor Expertise Moderator: Jay Rich, Illinois State University

The Effects of Documentation Levels on Auditors' Memory, Performance and Efficiency.
Elizabeth A. Payne, Xavier University and Robert J. Ramsay, University of Kentucky
Discussant: Jacqueline Hammersley, University of Georgia

Knowledge Transfer in the Fraud Risk Assessment Task.
Thomas M. Kozloski, Wilfrid Laurier University
Discussant: Jay Thibodeau, Bentley College

Session 4 – Panel Session Sponsored by the Research Committee

"An AJPT Editor's Perspective on the Past, Present and Future of Auditing Research" [Click name to view slides.]

Dan Simunic, Incoming AJPT Editor
William F. Messier, Jr., Present AJPT Editor
Arnold Wright, Past AJPT Editor
William Felix, Former AJPT Editor

Moderator: Michael Willenborg, Chair, Research Committee

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

1:30 – 3:00 PM Concurrent Sessions

Session 1 – Audit Modeling
Moderator: Jack Krogstad, Creighton University

W. Robert Knechel, University of Florida, Paul Rouse, University of Auckland and Caren Schelleman, Universiteit Maastricht
Discussant: Michael Stein, University of Oregon

Deterring Over-Reliance on Gatekeepers.
Rajib Doogar, University of Illinois at Urbana-Champaign, Robert Gillenkirch, Georg-August Universitat, Gottingen, and Rachel Schwartz, University of Illinois at Urbana-Champaign
Discussant: Mark Penno, University of Iowa

Session 2 – Audit Quality
Moderator: Julia Higgs, Florida Atlantic University

Assessing Audit Quality: A Value Relevance Perspective.
Li Dang, Oregon State University, Kevin Brown, Wright State University and Bruce D. McCullough, Drexel University
Discussant: Allen Blay, University of California, Riverside

Audit Quality, Earnings Management and Institutional Incentives.
Christine A. Jubb, Deakin University, Shireenjit Johl Multimedia University and Keith Houghton, Australian National University
Discussant: Lawrence Abbott, University of Memphis
Session 3 – Assessing Misstatement Risk
Moderator: Stephanie Tate, University of New Hampshire

The Effects of Computer Assurance Specialist Competence and Auditor AIS Expertise on Auditor Planning Judgments.
Joseph F. Brazel, North Carolina State University and Christopher P. Agoglia, Drexel University
Discussant: Joshua Herbold, University of Montana

The Effects of Expectation Formation on Detecting Unexpected Non-Changes in Account Balances During Analytical Procedures.
Charles Cullinan, Bryant College and Susan Hughes, Butler University
Discussant: Kevan Jensen, University of Oklahoma

Session 4 – Panel Session Sponsored by the Education Committee

"IT Skills and Knowledge for Entry-Level Auditors: Are Educators Meeting the Needs of the Profession"
Paul Herring, Director, AICPA Electronic Reporting Group
Richard Wood, Partner, Grant Thornton Canada
Gary F. Peters, University of Arkansas
Moderator: Eric N. Johnson, Chair, Education Committee

3:00 – 3:15 PM Break
3:15 – 4:45 PM Concurrent Sessions

Session 1 – IPO Pricing and Audit Quality
Moderator: Timothy Pearson, West Virginia University

IPO Underpricing and Audit Quality Differentiation within Non-big 5 Firms.
Susan Albring, University of South Florida and Randal J. Elder, Syracuse University
Discussant: Chris Hogan, Southern Methodist University

Auditor Choice and the Pricing of Initial Public Debt Issues.
Steve Fortin, McGill University and Jeffrey Pittman, Memorial University of Newfoundland
Discussant: Michael Willenborg, University of Connecticut

Session 2 – Audit Committee/Corporate Governance
Moderator: Susan Parker, Santa Clara University

Changes in Audit Committee Financial Expertise.
Elaine Mauldin and Mike Braswell, University of Missouri
Discussant: Daniel Shelby, Florida State University

Audit Committee, Board Characteristics and Earnings Management by Commercial Banks.
Jian Zhou, SUNY at Binghamton and Ken Chen, National Cheng Kung University
Discussant: Susan Albring, University of South Florida

Session 3 – Audit Conflict/Litigation
Moderator: Joel Pike, University of Illinois at Urbana-Champaign

The Role of Auditor Strategy in Auditor-Client Negotiations over Proposed Financial
Statement Adjustments: The Rule of Reciprocation.
Maria H. Sanchez, Rider University, Christopher P. Agoglia Drexel University and Richard C. Hatfield, University of Texas at San Antonio
**Discussant: Steve Salterio, Queens University**

Remedial Tactics in Auditor Negligence Litigation.
Robert M. Cornell, Rick C. Warne and Martha M. Eining, University of Utah
**Discussant: David M. Piercey, University of Illinois at Urbana-Champaign**

Session 4 – Threats to Assurance Quality
**Moderator: Ella Mae Matsumura, University of Wisconsin - Madison**

The Moral Intensity of Reduced Audit Quality Acts.
Paul Coram, The University of Melbourne, Alma Glavovic, The University of Western Australia, Juliana Ng, The Australian National University and David Woodliff, The University of Western Australia
**Discussant: Tina Carpenter, University of Georgia**

An Examination of Factors Affecting External and Internal Whistle-Blowing by Auditors.
Janne Chung, York University, Gary Monroe Australian National University and Linda Thorne, York University
**Discussant: Don Finn, University of Arkansas**

5:15 – 7:00 pm Closing Reception