



# THE AUDITOR'S REPORT

Volume 32, No 3  
Summer 2009

AUDITING SECTION / AMERICAN ACCOUNTING ASSOCIATION

## Report of the President

### Audrey Gramling



It is hard for me to believe that my term as Section President is about to come to an end. It has been a pleasure to serve as president of the Section and to work with so many of you. I look forward to continuing to serve on the Section's Executive Committee as Past President once Urton Anderson takes over as our new president in August. As I look back over my term, I continue to be grateful that so many of you have been so willing to actively participate and take leadership roles in the

Section's activities. Thank you!

In the rest of this report, I summarize some recent activities and preview some future events.

### A change to the Bylaws and a Call for Nominating Committee

**Members:** Thank you to the section members who took time to vote on the proposed by-laws change. The change passed with a vote of 143 for the change and 11 against the change. Because of this change, we are announcing a call for nominations for the Nominating Committee. Please consider nominating yourself or another member of the Auditing Section. The Nominating Committee's duties include soliciting candidates from the membership for open offices and preparing a slate of at least one candidate for each of the open offices. Consider becoming involved in selecting the next leaders of the Auditing Section. Additional details on the by-laws change, and the responsibilities of the Nominating Committee, are available at <http://aaahq.org/audit/ByLawsProposal2009.pdf>. **Nominations for the Nominating Committee should be submitted to Mark Peecher by July 15 at [peecher@uiuc.edu](mailto:peecher@uiuc.edu).**

**2009 PCAOB Symposium:** In late April, the PCAOB hosted its fifth annual symposium, titled *The PCAOB and the Future of Auditing Practice*,

## INSIDE

### Features

#### [Committee Spotlight](#)

#### [PCAOB Standards Update](#)

#### [Auditing Standards Board Update June 2009](#)

#### [GOA Update](#)

#### [Have you Seen...?](#)

#### [Have you Seen These Educational Resources?](#)

#### [The 14th Annual Symposium on Ethics Research in Accounting](#)

### Calls and Announcements

*Research, and Education.* The PCAOB invited individuals from our Section, as well as representatives from the broader AAA, FASB, GAO and the SEC. The symposium featured sessions on inspections, standards setting, enforcement, the current economic crisis and the profession, and future academic research. On behalf of our Section, I want to express our sincere thanks to Gary Holstrum and Greg Scates for their work in continuing the collaboration between the Auditing Section and the PCAOB. Thank you to PCAOB Board and staff members for your continued interest in interacting with the academic community.

### **AAA Annual Meeting — August 1-5, 2009**

I hope you plan to join us at the AAA's 2009 Annual Meeting. The meeting's theme is "Accounting at a Tipping Point", and it will be held in New York City. Tim Louwers, the Auditing Section's Annual Meeting Coordinator, is heading up the Auditing Section's program at the AAA meeting, with the assistance of Kenny Reynolds. Thank you to the many of you who served as reviewers, and have agreed to serve as moderators and discussants. Our annual Section luncheon will be held Monday, August 3. This year's luncheon speaker will be Donald Nicolaisen. Don has served as Chief Accountant of the SEC. More recently, Don served as co-chair of the Advisory Committee on the Auditing Profession to the U.S. Department of the Treasury. We are fortunate that Don will be sharing with us his perspective of the profession. I imagine that after listening to Don's insights, many of us will want to reflect on what we cover in our classrooms and in our research. I hope to see you at our luncheon and other Section activities at the Annual Meeting!

### **2010 Auditing Section's Midyear Conference**

Jennifer Joe and Susan Shu have already started working hard to coordinate the Auditing Section's Midyear Conference to be held January 14-16, at the Westin in San Diego. As in prior years, we plan to hold a Doctoral Consortium, which is being chaired by Brian Mayhew. Also, we are planning on offering the third Excellence in Audit Education workshop as part of the conference. For more information, please check the Section's website.

### **Outgoing and Incoming Officers**

I want to end by expressing my sincere thanks to the Section's outgoing officers. It has been a true pleasure to have served with Mark Peecher (Past-President), Mark Taylor (Treasurer), and Jean Bedard (Historian). They will rotate off the Executive Committee at the August AAA meetings. The next time that you see one of these individuals, be sure to thank them for having worked so diligently on behalf of the Section. We are fortunate to have benefited from their insights, enthusiasm, and dedication. While we will miss their contributions going forward, we are very pleased to welcome three new members to the Executive Committee: Steve Glover — (Vice President – Academic), Chris Hogan (Treasurer), and Linda McDaniel (Historian). I am looking forward to working with each of you in

[Sixteenth Annual  
Midyear Auditing  
Section Conference](#)

[Call for Committee  
Volunteers](#)

[Auditor's Report  
Archive](#)

[Auditing Home Page](#)

### **Fall 2009 Issue Deadline**

The deadline for material to be included in the Fall 2009 issue of *The Auditor's Report* is September 30, 2009. The preferred format is a Word file attached to an e-mail message. We are also open to any proposals for materials that anyone would like to submit. Please send all material and proposals to the Editor at the address below by September 30, 2009, to ensure timely publication of the issue:

Duane Brandon, Editor  
Auburn University  
301 Lowder Business  
Building  
Auburn, AL 36849  
Phone: (334)844-6215  
Email:

the upcoming year.

Again, I want to thank you for providing me with the opportunity to serve as the President of Auditing Section. I hope that the Section has been successful in meeting your needs as a scholar. ***Hope to see you in New York City in August!***

[branddm@auburn.edu](mailto:branddm@auburn.edu)



# THE AUDITOR'S REPORT

Volume 32, No 3  
Summer 2009

AUDITING SECTION / AMERICAN ACCOUNTING ASSOCIATION

## Committee Spotlight

**The Auditing Section of the AAA is successful because of the many members who agree to serve on one or more of the Section's committees. This column profiles the activities of the Section's Education Committee.**

**The Charge of the Committee includes the following:**

1. Foster the development of teaching materials and methods for the improvement of auditing education.
2. Foster the integration of auditing research findings into auditing teaching materials and curricula.
3. Foster research on the effectiveness and efficiency of alternative approaches to auditing education.
4. Complete education-related projects assigned by the Section President and/or Executive Committee.
5. Interact with the American Accounting Association's Accounting Education Advisory Committee, and with the Auditing Section's CPE Committee, as appropriate to carrying out the activities in items 1-4.
6. Communicate the progress and results of Committee activities to Auditing Section members in appropriate ways, including but not limited to the presentation of a brief report at the Section's annual business meeting.

**The 2008-2009 Committee Members include:**

Greg Jenkins (Chair), Virginia Tech  
Paul Polinski, University of Illinois at Urbana-Champaign  
Jay Rich, Illinois State University  
Richard Riley, West Virginia University  
Pamela Roush, University of Central Florida  
Ray Whittington, DePaul University

### Targeted Activities of the Committee

The primary goals of the Committee are to disseminate educational resources and opportunities to our section's members. To accomplish these goals, during the last year the Committee focused on a number of activities such as the following:

1. The Committee organized the inaugural "Audit Educator's Bootcamp" held June 15-17, 2009, in Chicago. The highly interactive Bootcamp provided audit educators with an overview of current practice issues and contemporary audit methodologies of a number of large auditing firms. Doug Prawitt (Brigham Young University) and Frank Buckless (North Carolina State University) instructed the three day program along with the assistance of audit professionals from Grant Thornton, KPMG, and PWC. Participants were able to engage in some hands-on training thanks to the availability of materials from participating accounting firms.
2. The Committee provided instructional resources to section members in the Spring and Fall newsletters. Resources from the current and prior years are available on the Section's website at <http://aaahq.org/audit/education.htm>.
3. The Committee joined with the CPE committee to plan and deliver the Section's first webinar during the spring of 2009. Our inaugural speaker was Mark Beasley, the AAA representative to COSO, who spoke on COSO's Project on Monitoring Internal Controls. A large number of our Section's members participated in this event and the Section will continue this activity in the future. Our second speaker was Joe Carcello, a member of the PCAOB's Standing Advisory Group. Joe discussed the PCAOB's recent and possible future activities.
4. The Committee organized a panel discussion at the 2009 Midyear Meeting entitled **"International Standards on Auditing: Preparing the Future Members of the Profession."** The panel included Susan Jones from Grant Thornton, Bill Kinney from the University of Texas, Doug Prawitt from Brigham Young University and Greg Scates from the PCAOB.

[Back to Contents Page](#)





# THE AUDITOR'S REPORT

Volume 32, No 3  
Summer 2009

AUDITING SECTION / AMERICAN ACCOUNTING ASSOCIATION

## PCAOB Standards Update

By Martin F. Baumann, Gregory Scates and Dima Andriyenko\*\*  
Prepared for *The Auditor's Report* (Summer 2009)

### Introduction

This update addresses selected PCAOB developments since the [Spring 2009 Update](#) that are likely to be of interest to accounting and auditing researchers, educators, and students. The developments discussed include engagement quality review, audit confirmations, and a new staff audit practice alert. Additionally, this update includes information about the 2009 PCAOB Symposium, recent meeting of the PCAOB Standing Advisory Group, and change in leadership at the PCAOB Office of the Chief Auditor.

### May 2009

**2009 PCAOB Symposium:** Approximately 60 auditing researchers and educators, 35 people from the PCAOB, and representatives from the SEC, FASB, and GAO, participated in the 2009 PCAOB Symposium on April 30 – May 1 in Washington, DC. The Symposium, which was jointly planned by representatives of the Auditing Section and the PCAOB, included the following panel discussions:

1. PCAOB Inspections of Firms
2. PCAOB Standards-Setting Activities
3. Current Economic Crisis and the Profession
4. Recent PCAOB Staff Practice Alerts
5. Update on PCAOB Enforcement Activity, and
6. Future Academic Research Issues.

### April 2009

**Staff Audit Practice Alert No. 4, Auditor Considerations Regarding Fair Value Measurements, Disclosures, and Other-Than-Temporary Impairments:** On April 21, 2009, the PCAOB issued a [Staff Audit Practice Alert](#) to inform auditors of public companies about potential implications on reviews of interim financial information and annual audits of the following three recently-issued Financial Accounting Standards Board Staff Positions ("FSPs"):

1. FSP FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*
2. FSP FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary*

## *Impairments*

### 3. FSP FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments*

The staff practice alert addresses the following topics:

1. Reviews of interim financial information
2. Audits of financial statements, including integrated audits
3. Disclosures, and
4. Auditor reporting considerations.

The alert also reminds auditors that some PCAOB standards include descriptions of accounting requirements that are no longer current. The accounting standards set by the FASB are recognized by the SEC as generally accepted. Auditors should look to those standards and to the requirements of the SEC, rather than the standards of the PCAOB, for current accounting requirements and disregard descriptions of accounting requirements in PCAOB standards that are inconsistent with the FSPs.

The PCAOB has a project on its standards-setting agenda to address the auditing standards related to auditing accounting estimates and auditing fair value measurements. In connection with this project, the PCAOB is planning to remove descriptions of accounting requirements from these standards. In general, as the PCAOB replaces or substantively revises its interim standards, it will continue to remove descriptions of accounting requirements from those auditing standards.

**Concept Release on Audit Confirmations:** On April 14, 2009, the PCAOB issued for public comment a [concept release](#) on possible revisions to the Board's current standard on audit confirmations, AU sec. 330, *The Confirmation Process*.

Confirmation is an audit process by which an auditor obtains and evaluates a direct communication from a knowledgeable third party in response to a request for information regarding account balances, transactions or other items that comprise a company's financial statements. Confirmations may be an important source of the evidence auditors obtain as part of an audit of a public company's financial statements.

The Board issued this concept release to seek public comment on the potential direction of a standard-setting project that could result in an amendment to, or a new auditing standard on, the Board's current standard on audit confirmations. The comment period for the proposed standard ended May 29, 2009, and the comments are posted on the Board's Web site, under [Rulemaking Docket 028](#).

**Change of Leadership at the PCAOB Office of the Chief Auditor:** On April 14, 2009, the PCAOB announced that it had named Martin F. Baumann as Chief Auditor and Director of Professional Standards. The principal responsibility of the Chief Auditor is to advise the Board on the establishment of auditing and related professional standards.

Mr. Baumann joined the PCAOB in 2006 and was Director of the Office of Research and Analysis. Prior to joining the PCAOB, Mr. Baumann had a 33-year career at PricewaterhouseCoopers where he served as Deputy Chairman of the World Financial Services Practice, Global Banking Leader, and partner-in-charge of the audits of some of PwC's largest clients. In 2003, he was asked to join

Freddie Mac, after it announced financial reporting problems, to lead the company's restatement and related improvements in its financial reporting and disclosure practices.

Mr. Baumann was named Chief Auditor following the March 7, 2009, departure of Thomas Ray, who joined the PCAOB in 2003.

**Meeting of the PCAOB Standing Advisory Group:** The PCAOB Standing Advisory Group ("SAG") held their meeting on April 2, 2009, from 8:30 a.m. to 5:30 p.m. at the National Association of Home Builders, 1201 15th Street NW, Washington, DC.

The April 2 meeting included a discussion on audit confirmations and a discussion on the Board's proposed auditing standard on engagement quality review. In addition, the advisory group engaged in a panel discussion regarding the auditor's consideration of an entity's ability to continue as a going concern. The Board also received input from the advisory group in a discussion on emerging issues.

The agenda for this meeting and the briefing papers can be found at the following link: [PCAOB Standing Advisory Group Meeting](#).

The Board has scheduled another Standing Advisory Group meeting for October 14-15, 2009. The agenda and meeting logistics will be announced closer to the meeting date. The SAG meetings are open to the public and are [Webcast](#) on the Board's Web site.

About the SAG: The SAG advises the Board on the establishment of auditing and related professional practice standards. The SAG currently includes 33 highly qualified persons representing the auditing profession, public companies, investors, and others. The Board also has granted six organizations observer status with speaking rights at all SAG meetings: the ASB, DOL, FASB, GAO, IAASB, and SEC. The SAG meets in person approximately two to three times per year.

### **March 2009**

**Proposed Auditing Standard on Engagement Quality Review:** On March 4, 2009, the PCAOB republished for comment an [auditing standard on Engagement Quality Review \(EQR\)](#). The proposal would supersede the Board's quality control standard, SECPS Requirements of Membership, Section 1000.08(f).

The proposed standard would apply to all audit engagements and engagements to review interim financial information conducted pursuant to the standards of the PCAOB. The proposed EQR standard provides a framework for an engagement quality reviewer to objectively evaluate the significant judgments made by the engagement team and the conclusions reached in forming an overall conclusion on the engagement.

The Board first proposed a new standard on EQR on February 26, 2008. Since then, the Board had made extensive changes to the original proposal and was seeking comment on the revised EQR standard. The comment period for the proposed standard ended April 20, 2009, and the comments are posted on the Board's Web site, under [Rulemaking Docket 025](#).

**\*\* Martin F. Baumann** is PCAOB Chief Auditor and Director of Professional Standards.

**Gregory Scates** is PCAOB Deputy Chief Auditor.

**Dima Andriyenko** is PCAOB Associate Chief Auditor



Note the hyperlinks to various items on the PCAOB Web site ([www.pcaobus.org](http://www.pcaobus.org)) and to the [Auditing Section web site](#). A convenient history of PCAOB standards-setting activity and related briefing papers are available through the hyperlinked previous PCAOB Standards Update articles in the [Spring 2005](#), [Summer 2005](#), [Fall 2005](#), [Spring 2006](#), [Summer 2006](#), [Fall 2006](#), [Spring 2007](#), [Summer 2007](#), [Fall 2007](#), [Spring 2008](#), [Summer 2008](#), [Fall 2008](#), and [Spring 2009 Update](#) issues of *The Auditor's Report*. The views expressed in this article are those of the authors and not necessarily those of the PCAOB, individual Board members, or other PCAOB staff. Responses to the article or related research may be emailed to [scatesg@pcaobus.org](mailto:scatesg@pcaobus.org).

[Back to Contents Page](#)



# THE AUDITOR'S REPORT

Volume 32, No 3  
Summer 2009

AUDITING SECTION / AMERICAN ACCOUNTING ASSOCIATION

## Auditing Standards Board Update June 2009

Mark H. Taylor

John P. Begley Endowed Chair in Accounting College of Business Administration  
Creighton University Omaha, NE

Since my last meeting, the ASB met in April in New York. Though only one intervening meeting took place since my last report, the Board worked through a packed agenda. This update focuses on the content of the meeting and summarizes some of the highlights of that meeting. For more information about the task forces that are mentioned, please see my update in the Spring 2009 issue of *The Auditor's Report* which describes the numerous existing ASB Task Forces and their objectives. I encourage members of the section to contribute to the work of the ASB by developing comment letters related to any of the numerous exposure drafts. Further, I invite you to consider implementing as an auditing class project, the preparation and submission of thoughtful comments letters on any of those exposure drafts. If you any questions regarding any of the ASB activities, please contact me at [mhtaylor@creighton.edu](mailto:mhtaylor@creighton.edu)

### 1. Confirmations

Megan Zietsman, Chair of the Confirmations Task Force, led a discussion of the proposed Statement on Auditing Standard (SAS), *External Confirmations*. The board's discussion lead to a number of changes in the proposed SAS, including:

- Modifying the definition of external confirmation to provide for the inclusion of confirmations effected through the auditor's direct access to information held by a third party.
- Clarifying that restrictive language included in a confirmation response, to the extent that it does not relate to the assertions being tested by the confirmation, does not necessarily invalidate the reliability of the response as audit evidence.

The ASB unanimously voted to ballot the proposed SAS for exposure.

### 2. Reporting on Financial Statements Prepared in Accordance with a Financial Reporting Framework Generally Accepted in Another Country

Walt Conn, Chair of the AU 534 Task Force, led the discussion of *Reporting on Financial Statements Prepared in Accordance with a Financial Reporting Framework Generally Accepted in Another Country*. The Task Force's objective was to redraft AU § 534, *Financial Statements Prepared for Use in Other Countries*, in accordance with the clarity conventions.

The discussion included coverage of the following issues:

- That AU 534 is intended for fair presentation frameworks. The ASB recommended that the draft be revised to include a reference to compliance frameworks, along with guidance to follow the requirements for regulatory basis special purpose frameworks in the ASB's proposed standard, *Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks*.
- The auditor's requirements before accepting an engagement covered by AU 534, as well as before reporting on financial statements. The ASB agreed that the clarified standard should reference the new proposed standard "Agreeing the Terms of Audit Engagements" which is also being developed.
- Whether an unqualified opinion on foreign GAAP financial statements (unaccompanied by a modified opinion relative to U.S. GAAP) for use in the U.S. violates Rule 203. The ASB considered that such would violate Rule 203. If financial statements are prepared in accordance with a financial reporting framework generally accepted in another country that will have more than limited use in the United States, the auditor should report using a modified opinion because of departures from U.S. GAAP. The draft of clarified AU 534 will be revised to reflect this conclusion.

### 3. Quality Control

Sheila Birch, member of the Quality Control Task Force, led a discussion of the proposed SAS, *Quality Control for an Audit of Financial Statements*, and of the proposed Statement on Quality Control Standards (SQCS), *A Firm's System of Quality Control*. The proposed SQCS is a redrafting of SQCS No. 7 for clarity; SQCS 7 was drafted in convergence with ISQC1. The ASB directed the Task Force to make a number of changes, including:

#### Proposed SAS

- Clarifying the engagement partner's responsibilities
- Revising the definition of monitoring to conform to changes made to proposed SQCS.

#### Proposed SQCS

- Adding a requirement, from AU section 311, for a firm's procedures to enable a member of the engagement team to document that member's disagreement with the conclusions reached after appropriate consultation. The ASB considered that this requirement is more appropriately placed at the firm level than at the engagement level.
- Including a periodic review of engagement documentation, reports and clients' financial statements for a selection of completed engagements in the requirements.

#### Other changes:

- Adding a request in the exposure draft for respondents to consider, with respect to the Public Company Accounting Oversight Board's proposed standard, *Proposed Auditing Standard — Engagement Quality Review*, whether additional requirements relating to engagement quality control review should be included in the proposed standards.

The ASB unanimously voted to ballot the proposed standards for exposure.

#### 4. Estimates/Fair Values.

Megan Zietsman, chair of the Accounting Estimates Task Force (the Task Force), led the discussion of a proposed SAS, *Auditing Accounting Estimates, Including Fair Value Accounting Estimates and Related Disclosures*. The Task Force had obtained preliminary views from the ASB on the draft and returned to the April meeting to discuss revisions. The ASB reaffirmed the tentative conclusions reached at the January 2009 ASB meeting with respect to:

- Non monetary items—the definition of an accounting estimate in the proposed SAS should only focus on accounting estimates.  
Neutrality—the proposed SAS should be written framework neutral. Thus, no appendix is necessary to include U.S.-specific matters. The ASB also reviewed the Practice Aid on Alternative Investments and concluded that no additional guidance was necessary.
- Application material related to collateral—Extant AU 328.50 contains application material addressing collateral and its effects in determining fair value, as well as necessary considerations when an estimate is made as of a different date other than the reporting date (not address in ISA 540). The ASB agreed that this content should be retained in the proposed SAS.
- Application material related to illiquid assets—In October 2008, the IAASB issued audit practice alert, *Challenges in Auditing Fair Value Accounting Estimates in the Current Market Environment*. In addition to pointing the auditor to the relevant auditing literature, the alert provides guidance. The ASB agreed to add this content as application material in the proposed SAS.
- Disposition of AU section 332, *Auditing Derivative Instruments, Hedging Activities and Investments in Securities*—The ASB agreed that many of the AU 332's requirements are redundant or very similar to requirements that are in the risk assessment standards or elsewhere. As a result, the ASB agreed that AU section 332 be rescinded and that the application guidance can be addressed in Audit Guide.

#### 5. Auditor's Reports – 700 Series.

Dan Montgomery, Chair of the 700 Report Task Force, led the discussion of the following proposed SASs:

*Forming an Opinion and Reporting on Financial Statements*

The draft of the proposed SAS reflected the Task Force's disposition of issues discussed at the ASB's October 2008 and January 2009 meetings. Highlights of the resolutions included:

- *Signature on the Auditor's Report*— The ASB agreed with the proposed SAS requirement for a manual or printed signature of the auditor's firm. Note that the PCAOB is considering modification to its standards to require the partner in charge of the engagement to also sign the audit report.
- *Management Responsibilities for the Financial Statements*— The ASB agreed that the description of management's responsibilities should retain the words "this responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error."
- *AU Section 504, Association With Financial Statements*—The Board recommended that guidance in AU section 504 *Association With Financial Statements* be retained as a separate SAS.

### Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report

With regard to the issues presented in April, the ASB directed the Task Force as follows:

- *Required Explanatory Paragraph for Changes in Accounting Principles*—The ASB is in favor of retaining a consistency paragraph in the auditor's report. The task force is to consider how best to include such requirement in the proposed SAS.
- *Restricting the Use of an Auditor's Report*—The ASB did not object to the inclusion of this guidance in the proposed SAS.
- *Liquidation Basis of Accounting*— The ASB agreed that this issue was important to retain. The ASB asked the task force to consider the extent of the guidance to include and why the international standards are silent on such reporting.

#### **6. Auditor's Reports – Special Reports.**

Susan Jones, Chair of the Special Reports Task Force, and Maria Manasses, member of and staff to the Task Force, led a discussion of the following proposed SASs:

#### Special Purpose Frameworks

The ASB reconfirmed its agreement with the following:

- The applicability of the standard to only the four financial reporting frameworks (cash, tax, regulatory, contractual).
- The elimination of the definition and use of the term OCBOA, subject to discussions with the Accounting and Review Services Committee (ARSC) and depending on ARSC's position may include a statement that special purpose frameworks can be referred to as OCBOA.
- The elimination of the category of "a definite set of criteria having substantial support that is applied to all material items appearing in financial statements, such as the price-level basis of accounting."
- Reporting on financial statements prepared in accordance with the cash and tax bases of accounting should remain consistent with current practice (one opinion, an alert stating that the basis of accounting is not GAAP, and no restriction).
- Reporting on financial statements prepared in accordance with the regulatory or contractual bases of accounting should require a dual-opinion on GAAP

#### Single Financial Statements & Elements

With regard to the issues presented in April, the ABS agreed with the Task Force to:

- Align the proposed SAS with ISA 805 and therefore, address specific elements, accounts or items, as well as single financial statements in the proposed SAS.
- Maintain the requirement in extant paragraph 15(b)(1) relating to the reference to the auditor's report on the complete set of financial statements only for specific elements (and not single financial statements). This is consistent with the extant standard.
- Require a separate report in an audit of a single financial statement or a specific



element of a financial statement

### Summary Financial Statements

The ASB agreed with the Task Force to:

- Align the proposed SAS with ISA 810, *Engagements to Report on Summary Financial Statements*, and allow reporting on summary financial statements for non-issuers.
- Use the term summary financial statements in lieu of condensed financial statements.
- Eliminate the optional report language in ISA 810 and prescribe one method to report on summary financial statements; and in this regard, use the phrase “consistent, in all material respects” with slight modification to incorporate the concept that the opinion is based on the audited financial statements from which the summary financial statements are derived.
- Exclude from the proposed SAS the requirement in paragraph 15 of ISA 810 and the related application material with respect to an addressee that may differ from the addressee on the auditor’s report on the financial statements.
- Include an additional requirement relating to comparatives when the summary financial statements contain comparatives that were not reported on by the auditor or another auditor.
- Remove the requirements and guidance pertaining to auditor association with summary financial statements in AU section 504, Association With Financial Statements, or its equivalent. The Auditor’s Reports Task Force will consider this matter.

With regard to the audited financial statements, the ASB agreed that the audited financial statements should accompany the summary financial statements. This is required for non-issuers under the extant standard with respect to selected financial data.

## **7. Auditor’s Report Research Task Force**

A couple years ago, the ASB, in conjunction with the IAASB, sponsored four academic teams to conduct research on auditor’s report. Doug Prawitt chaired the task force until the conclusion of his term on the Board. As I have served on the Task Force, first as an SEC observer, and then as a general member, the ASB requested that I chair the Task Force going forward. At the April meeting, the first team, composed Glen Gray, Ted Mock and Jerry Turner presented the results of their research to the ASB. The title of their report is, “The Unqualified Auditor’s Report: A Study of User Perceptions, Effects on User Decisions and Decision Processes, and Directions for Further Research.” The project had two primary objectives with the first being to identify and provide insight on the nature and underlying causes of user perceptions regarding the unqualified auditor’s report among various classes of financial statement and auditor’s report users. The second objective was to examine if and how an unqualified auditor’s report impacts the judgments of financial statement users. This team’s research report will be made available soon as will the other three teams’ reports.

The ASB and the IAASB have been anxiously anticipating the results of these research projects as they consider modifications to the auditor’s report. Watch for a call for proposal for the second phase of this research effort. Clearly this effort is an outstanding way for the academy to interact with the professional with the specific purpose of conducting research

which has the potential to directly inform and affect practice.

## 8. **Group Audits**

Bob Dohrer, chair of the Group Audits Task Force, led the ASB in a discussion of the issues raised in the agenda material and of the proposed SAS, *Audits of Group Financial Statements (Including the Work of Component Auditors)*.

The ASB considered the issues and directed the Task Force to:

- Modify language used regarding “full” and “divided” responsibility to “make reference to the report of the component auditor” and “assume responsibility for the work of the component auditor.” This is more consistent with the language in extant AU 543 (which only uses the word “divide” once).
- Revise the definition of “component auditor.”  
Revise wording to include consideration of the extent of use of the component auditor’s work, and whether reference will be made in the report.

The ASB’s schedule for the remainder of 2009 is ambitious and includes four additional meetings: June 22-25 (Boston), July 27-30 (San Diego), August 24-27 (Nashville) and October 26-29 (Arizona). ASB meetings are open to the public.

[Back to Contents Page](#)



# THE AUDITOR'S REPORT

Volume 32, No 3  
Summer 2009

AUDITING SECTION / AMERICAN ACCOUNTING ASSOCIATION

## GAO Update

by Jeanette Franzel and Maxine Hattery\*\*

### Auditing for the American Recovery and Reinvestment Act: A Real-Time Challenge

#### Recovery Act

"The American people are watching," President Obama told the mayors after signing the American Recovery and Reinvestment Act on February 17, 2009. And Rep. Edolphus Towns, chairman of the House Committee on Oversight and Government Reform opened a March 19, 2009, hearing on Recovery Act oversight with a warning: "The risk of fraud increases when billions of dollars go out the door quickly."

Large amounts of federal dollars are being distributed throughout the country with a sense of urgency. Of the \$787 billion in Recovery Act spending and tax provisions over the next 10 years, more than \$580 billion will be in additional federal spending, \$280 billion of which will be administered through states and localities. Congress and the administration have pledged, and the act establishes means for, high levels of transparency and accountability in the safeguarding and use of Recovery Act funds. GAO plays an important role in that effort.

The Recovery Act states that the funds are to be used to preserve and create jobs and promote economic recovery; help those most affected by the recession; invest in increasing economic efficiency by spurring technological advances in science and health; invest in transportation, environmental protection, and other infrastructure to provide long-term economic benefits; and stabilize state and local government budgets. An estimated 90 percent of funding for states and localities in fiscal year 2009 will be for health, transportation, and education. The three largest programs are the Medicaid Federal Medical Assistance Percentage (FMAP) awards, the State Fiscal Stabilization Fund, and highways.

#### Accountability and Transparency

To see that stimulus funds are used as intended, the Recovery Act allocates funds to oversight organizations, including the federal inspectors general (IGs); a new Recovery Accountability and Transparency Board; and GAO. To coordinate these efforts, Acting Comptroller General Gene Dodaro has reached out to federal, state, and local auditors; the Council of Inspectors General on Integrity and Efficiency, and the Recovery Accountability and Transparency Board.

The Recovery Act may have lasting effects on government's methods for achieving transparency and delivering accountability. States now need the ability to report on the impacts of spending and to drill down to provide citizens with transparency that allows them to see what is happening in their own municipality, county, or region. The Single Audit process is also coming under scrutiny as single audits have been used as an accountability mechanism for years and may need to be modernized.

### **Real-Time Auditing**

GAO's has a challenging role in Recovery Act oversight in its requirement to review the use of funds in the 50 states and the District of Columbia and report to Congress every 60 days. The result is near-real time auditing that has GAO auditors and analysts in 16 states (along with a sample of localities within those states) and the District of Columbia—representing about 65 percent of the U.S. population and two-thirds of the Recovery Act's intergovernmental federal assistance. The states are Arizona, California, Colorado, Florida, Georgia, Iowa, Illinois, Massachusetts, Michigan, Mississippi, New Jersey, New York, North Carolina, Ohio, Pennsylvania, and Texas. In addition to the core 17 field locations, GAO will monitor expenditure reports submitted by all 50 states and conduct additional work as required. GAO has assembled multidisciplinary teams assigned to each state. Those teams include experts in education, health care, transportation, and other key programs, as well as financial management experts.

On April 23, 2009, GAO met its first deadline, issuing its first bimonthly report. The review found that OMB has moved quickly to guide implementation of the Recovery Act, and GAO offered recommendations for addressing important issues involving accountability and transparency, administrative support and oversight, and communications with states and recipients.

In this first report, GAO describes selected states' and localities' (1) uses of and planning for Recovery Act funds, (2) accountability approaches, and (3) plans to evaluate the impact of funds received. Each recipient of Recovery Act funding is required to report quarterly to each of its funding agencies on the use of funds, project status, rationale for infrastructure investments, and jobs preserved and created. To determine how recipients planned to collect and analyze the data for this oversight, GAO teams met with state and local officials, including Governors and their key staff; officials in Comptrollers, Treasurers, and State Auditors offices; "recovery czars;" senior finance and budget officials; and local officials such as those from housing authorities, school districts, transit agencies, and other key audit community stakeholders. The teams also coordinated with oversight entities such as inspectors general and met with officials in state and local agencies administering programs receiving Recovery Act funds, including state departments of education, transportation, and health and human services, and with selected legislative officials. In support of these interviews, a multidisciplinary effort by GAO staff with programmatic expertise developed a series of program review and semistructured interview guides that addressed state plans for management, tracking, and reporting of Recovery Act funds and activities. The guides focused on, among other things, identification of risk, risk mitigation, contracting, the internal control environment and safeguards against fraud, waste, and abuse.

The GAO teams are now making their second rounds through the states to monitor progress, focusing on internal controls, safeguards, risk assessment, monitoring, and Single Audit issues. They are drilling down, looking at the codes being used to track Recovery Act funds, controls in place over the use of funds, and, as the funds begin to reach Main Street and beyond, the impact. Then back to the states and localities again, with the teams building on their growing understanding of how the Act is being implemented within each state.

### **Related Publications**

*American Recovery and Reinvestment Act: "Following the Money: GAO's Oversight of the Recovery Act,"* <http://www.gao.gov/recovery>.

*Recovery Act: GAO's Efforts to Work with the Accountability Community to Help Ensure Effective and Efficient Oversight,* [GAO-09-672T](#), May 5, 2009.

*Recovery Act: Initial Results on States' Use of and Accountability for Transportation Funds,* [GAO-09-597T](#), April 29, 2009.

*Recovery Act: Consistent Policies Needed to Ensure Equal Consideration of Grant Applications,* [GAO-09-590R](#), April 29, 2009.

*Recovery Act: As Initial Implementation Unfolds in States and Localities, Continued Attention to Accountability Issues Is Essential,* [GAO-09-580](#), April 23, 2009.

*GAO's Role in Helping to Ensure Accountability and Transparency,* [GAO-09-453T](#), March 5, 2009.

### **Reporting Potential Fraud Related to the Recovery Act**

In addition to GAO's financial and performance audits of the Recovery Act, targeted investigations are being conducted by Forensic Audits and Special Investigations (FSI) in program areas determined to be especially vulnerable to fraud. As part of this effort, GAO's FraudNet has been employed as a means for citizens to submit allegations of misused funds. GAO is urging private citizens, government workers, contractors, and others to report waste, fraud, abuse, or mismanagement of Recovery Act funds to the hotline.

Begun in 1979 as a toll-free phone number, FraudNet has expanded in recent years to receive allegations through the Internet, fax, or letter.

Evidence or suspicions of abuse may be provided anonymously through FraudNet, and GAO treats all inquiries confidentially. Internet information is transmitted over a secure connection. GAO may refer allegations for follow-up to its own investigative units, appropriate inspector general offices, or to the Justice Department. Past reports of alleged mismanagement and wrongdoing have covered topics as varied as the misappropriation of funds, security violations, and contractor fraud.

The public can call 1-800-424-5454 (an automated answering system); send an e-mail to [fraudnet@gao.gov](mailto:fraudnet@gao.gov); send a fax to (202) 512-3086; or write to: GAO FraudNet 441 G Street, NW, Mail Stop 4T21, Washington, DC 20548. The public may also visit the FraudNet page of our website at <http://www.gao.gov/fraudnet/fraudnet.htm>

### **GAO Finds Financial Literacy Commission Struggling**

Following up on a 2006 report, GAO has looked at the Financial Literacy Commission's action to address the report's recommendations.

The Commission, comprising 20 federal agencies, was established in 2003 by the Financial Literacy and Education Improvement Act. The 2008-2009 review followed up on the December 2006 recommendations, finding that action had been taken on some, while others remain, for example:



- Revisions to the Commission's National Strategy for Financial Literacy since GAO's 2006 report do not incorporate recommendations on roles, funding, and activities and remains a fundamentally descriptive document that does not serve as a true functional strategy.
- The report called the creation of the National Financial Education Network, which focuses on the state and local level, and the President's Advisory Council on Financial Literacy, which focuses on the private and nonprofit sectors, a positive step toward developing partnerships.
- Treasury has enlisted a volunteer doctoral student to conduct independent reviews on the overlap of federal activities and on the availability of financial literacy materials, but the student will not assess the impact of the materials, as called for in the act. Treasury staff told GAO that they used a volunteer because they lacked the funds to hire a paid professional.
- Responding to GAO's recommendation, the Commission conducted a survey of users of its MyMoney.gov Web site with limited response. The Commission has not conducted usability testing, a recommended best practice for federal public Web sites, although it says it is looking into doing so later this year.

The Commission faces the challenge of limited resources. The Commission has no independent budget, and Congress has not provided targeted funds since 2005. With little staff, the Commission also faces the challenge of coordinating 20 individual federal agencies, each with its own set of interests, resources, and constituencies.

### **Related Publications**

*Financial Literacy and Education Commission: Progress Made in Fostering Partnerships, but National Strategy Remains Largely Descriptive Rather Than Strategic*, [GAO-09-638T](#), April 29, 2009.

*Financial Literacy and Education Commission: Further Progress Needed to Ensure an Effective National Strategy*, [GAO-07-777T](#), April 30, 2007

*Financial Literacy and Education Commission: Further Progress Needed to Ensure an Effective National Strategy*, [GAO-07-100](#), December 4, 2006

---

\*\*Jeanette Franzel, Director, Financial Management and Assurance;  
Maxine Hattery, Financial Management and Assurance; U.S. Government  
Accountability Office

[Back to Contents Page](#)



# THE AUDITOR'S REPORT

Volume 32, No 3  
Summer 2009

AUDITING SECTION / AMERICAN ACCOUNTING ASSOCIATION

## Have You Seen...?

**Pennie Bagley, Texas Tech University**  
**Albert Nagy, John Carroll University**  
**Gary Peters, University of Arkansas**

**“The Impact of Auditor Rotation on Auditor-Client Negotiation,”** by K. J. Wang and B. M. Tuttle, *Accounting Organizations and Society* (Volume 34, Issue 2, 2009): 222-243.

Using an experiment, this paper investigates the impact of mandatory audit firm rotation on auditor negotiation processes. Participants were assigned the role of manager (i.e., client) or verifier (i.e., auditor) and put into pairs to negotiate. Auditor rotation was manipulated by telling participants that they would negotiate for up to three periods (mandatory rotation condition) or they would negotiate for an unlimited number of periods (no mandatory rotation condition). The authors predict and find that mandatory rotation increases the likelihood that the auditor will adopt more non-cooperative negotiation strategies and that the negotiation will end in an impasse.

**“The Audit Committee Oversight Process,”** by M. S. Beasley, J. V. Carcello, D. R. Hermanson, and T. L. Neal, *Contemporary Accounting Research* (Volume 26, Issue 1, 2009): 65-122.

In this study, the authors conduct extensive interviews with 42 audit committee members of public companies to provide insight into the audit committee oversight processes in the post Sarbanes-Oxley environment. They explore six audit committee process areas and consider their findings with respect to both agency and institutional theory. While their findings indicate that audit committee members strive to provide effective monitoring of financial reporting and avoid serving on ceremonial audit committees, within each process area, they find evidence of both monitoring and ceremonial action. Thus neither agency nor institutional theory fully explains their findings. They also note that personal and company characteristics, in particular accounting expertise and time of appointment to the audit committee, influence the committee members' responses.

**“Restoring Trust in Auditing: Ethical Discernment and the Adelfia Scandal,”** by K. Barlaup, H. Dronen, and I. Stuart, *Managerial Auditing Journal* (Volume 24, Issue 2, 2009): 183-203.

This paper proposes a model for ethical decision making and examines whether the use of the model would have led to a different outcome for the Adelfia accounting scandal. The authors' goal is to determine whether more sophisticated ethical evaluation and processes will act as a viable alternative

to further regulation in restoring trust in the financial markets. Application of the model to Adelphia indicates that had an ethical model been used, auditors as well as management would have had difficulty rationalizing their poor decisions. Thus the authors posit that if their approach to ethical decision making is adopted, auditors and business people will likely make more ethical decisions, be considered trustworthy, and thus contribute to restoring trust in the financial markets.

**“Auditor Tenure and the Ability to Meet or Beat Earnings Forecasts,”** by L. R. Davis, B. S. Soo, and G. M. Trompeter, *Contemporary Accounting Research* (Volume 26, Number 2, 2009): 517-548.

The authors investigate the association between auditor tenure and the use of discretionary accruals to meet or beat earnings forecasts. In particular, the authors identify those companies that would have missed their earnings forecast without positive discretionary accruals. Using a sample period of 1998-2006 the authors construct a pre and post-SOX to also test whether the earnings management associations have changed over time. During the pre-SOX period the authors find a positive association between long audit tenure and the use of discretionary accruals to meet or beat forecasts. However, the association does not hold in the post-SOX period.

**“Are Assurance Services Provided by Auditors on Initial Public Offerings Influenced by Market Conditions?”** by P. A. Copley and E. B. Douthett Jr., *Contemporary Accounting Research* (Volume 26, Number 2, 2009): 453-476.

The authors examine audit fees expended during initial public offerings (IPOs) to determine whether audits are impacted by the extent a “hot” IPO market reduce the incentives for outside monitoring and risk reduction. The authors find that IPO assurance fees are about 6 percent lower during hot markets. In addition, the authors document that audit fee coefficients for client size and time-to-market are significantly smaller during “hot” markets. The authors extend their tests to differentiate their results from those that could result from systematic differences of companies that issue securities during “hot” markets.

[Back to Contents Page](#)

## "Have You Seen These Instructional Resources?"

Greg Jenkins (Chair), Virginia Tech  
 Paul Polinski, University of Illinois at Urbana-Champaign  
 Jay Rich, Illinois State University  
 Richard Riley, West Virginia University  
 Pamela Roush, University of Central Florida  
 Ray Whittington, DePaul University

Format	Title	Date	Source	Description	How to Obtain
Pdf file	PCAOB Staff Audit Practice Alert 4	4/21/2009	PCAOB	Audit guidance for fair value and other-than-temporary impairments	<a href="#">PCAOB website</a> *
Pdf file	Concept Release on Possible Revisions to PCAOB Standard on Audit Confirmations	4/14/2009	PCAOB	Discussion paper on potential changes to AU 330 on use of confirmations	<a href="#">PCAOB website</a> **
Pdf file	Proposed Standard on Engagement Quality Review	3/4/2009	PCAOB	Paper proposing formal standards for firms to replace concurrent partner review	<a href="#">PCAOB website</a> ***
Pdf file	Advisory Committee on the Auditing Profession: Final Report	10/6/08	US Treasury Department	Report outlining final recommendations of the ACAP	<a href="#">US Treasury Department website</a> ****

\*[http://www.pcaobus.org/Standards/Staff Questions and Answers/2009/04-21 APA 4.pdf](http://www.pcaobus.org/Standards/Staff_Questions_and_Answers/2009/04-21_APA_4.pdf)

\*\*[http://www.pcaobus.org/Rules/Docket 028/2009-04-14 Release No 2009-002.pdf](http://www.pcaobus.org/Rules/Docket_028/2009-04-14_Release_No_2009-002.pdf)

\*\*\*[http://www.pcaobus.org/Rules/Docket 025/2009-03-04 Release No 2009-001.pdf](http://www.pcaobus.org/Rules/Docket_025/2009-03-04_Release_No_2009-001.pdf)

\*\*\*\* <http://www.treas.gov/offices/domestic-finance/acap/docs/final-report.pdf>



# THE AUDITOR'S REPORT

Volume 32, No 3  
Summer 2009

AUDITING SECTION / AMERICAN ACCOUNTING ASSOCIATION

## The 14th Annual Symposium on Ethics Research in Accounting

The **14th Annual Symposium on Ethics Research in Accounting**, sponsored by the *American Accounting Association's Professionalism and Ethics Committee* and the *Public Interest Section*, is the premier event for academics and professionals interested in accounting ethics research. The AAA's *Professionalism and Ethics Committee* is charged, in part, "to encourage and support accounting ethics education and scholarship in universities, and more broadly to set a tone for instilling a greater sense of professionalism and ethical conduct in the practice and teaching of accounting." There is an ethical component to all of today's important accounting debates.

### Highlights of the 2009 Ethics Symposium

**Shyam Sunder** (Yale University) will deliver a key-note address on the social norms of "fair representation" as a moral compass for the accounting profession.

An international panel, including **Terry Iannaconi**, *KPMG's* Partner in Charge, SEC Advisory Compliance Group, leaders from *KPMG's Ethics and Compliance Group*, **Jan Munro**, Senior Technical Manager of the *International Ethics Standards Board for Accountants (IESBA)*, and **David A. Hick**, Head of Audit & Operational Risk Assurance, Americas, *Standard Chartered Bank*, will give their views of the most pressing ethical issues facing the accounting profession today. The panel is hosted by **Anne Davis**, Ethics Manager, *Institute of Chartered Accountants in England and Wales*, and lead author of the ICAEW's *Reporting with Integrity*, and **Barbara Porco** (Fordham University), faculty lead for *KPMG's Ethical Compass Toolkit*.

**Mary Beth Armstrong**, Professor Emeritus, Cal Poly State University, San Luis Obispo, will provide the key note address at the **Accounting Exemplar Luncheon**. The AAA *Public Interest Section's Accounting Exemplar Award* is given to someone who has made notable contributions to professionalism and ethics in accounting education and/or practice.

Leading ethics scholars from more than 10 countries will present their research on current accounting ethics issues including earnings management, whistle-blowing, corporate social responsibility, ethics education, and representational faithfulness in International Financial Reporting Standards.

### Registration Information

The Ethics Symposium is August 2nd, from 8:00am to 4:30pm (continental breakfast at 7:00am), immediately preceding the AAA Annual Meeting, and conveniently located at one of the convention hotels (Hilton New York or Sheraton New York). To register, go to [http://aaahq.org/AM2009/CPE\\_description.cfm?submissionID=578](http://aaahq.org/AM2009/CPE_description.cfm?submissionID=578). All attendees will earn eight hours of ethics continuing



professional education.

If you need further information regarding the Symposium, contact Program Chair **John M. Thornton**, Washington State University, at (509)372-7246 or by e-mail ([jthornt@tricity.wsu.edu](mailto:jthornt@tricity.wsu.edu)).

[Back to Contents Page](#)

## By-Laws Change Proposed by the Executive Committee of the AAA Auditing Section

The Auditing Section membership will be asked to vote on the proposed By-Laws change in April and May 2009. Please contact Audrey Gramling ([agramli1@kennesaw.edu](mailto:agramli1@kennesaw.edu)) with any questions.

<p>NOTE: The following is taken from the Section website at <a href="http://aaahq.org/audit/bylaws.htm">http://aaahq.org/audit/bylaws.htm</a>.</p>	<p>NOTE: Key aspects of the change include the following:</p> <ul style="list-style-type: none"><li>(1) allows for, but does not require, uncontested elections;</li><li>(2) provides for a Nominating Committee where 3 of the 5 members are elected by the section membership, and</li><li>(3) retains the provision for candidates to be added to the ballot by petition.</li></ul>
<p style="text-align: center;"><b>CURRENT BY-LAWS</b></p> <p>4. The Nominating Committee of the Section is comprised of the most recent Past President of the Section and two people who served as either immediate past Committee Chairs or Regional Chairs. The current year's Nominating Committee appoints the two people other than the Past President to serve on the following year's Nominating Committee. The Nominating Committee is chaired by the immediate Past President of the Section.</p> <p>5. A call for nominations from members will be announced each year no later than May 1; the nominating period will close on July 1. The Nominating Committee will consider all nominated persons who are members in good standing of the Section at that time. In addition, the Nominating Committee will automatically place on the ballot any person whose nomination is accompanied by a signed petition of not less than one hundred (100) members in good standing of the Section and a signed statement by the nominee of willingness to serve if elected. The Nominating Committee places two or more names on the ballot for each Section office becoming vacant with the possible</p>	<p style="text-align: center;"><b>PROPOSED CHANGE TO THE BY-LAWS</b></p> <p>4. The Nominating Committee of the Section is formed no later than October 15, as described below. The Nominating Committee is comprised of the two most recent Past Presidents of the Section as of October 15 that are willing and able to serve and three Section members who are elected by the Section membership. An elected member can not simultaneously serve as a member of the Executive Committee during the term on the Nominating Committee. The most immediate Past President serves as a committee member, while the more senior Past President serves as the Chair of the Nominating Committee.</p> <p>5. A call for nominations for the Nominating Committee will be announced no later than May 30; the nominating period will close on July 15. The call shall be made by mail, e-mail, facsimile and/or other electronic dissemination method. Nominations for the Nominating Committee will be made to the Past President of the Section who will announce the nominees for the Nominating Committee at least three weeks prior to the end of the voting period. The voting period will begin no earlier than August 15, and shall be closed no later than September 30. The candidates' names for the Nominating Committee will appear on the ballot in alphabetical order. The election shall take place by mail, e-mail, facsimile or electronic vote of the members. The Executive Committee shall decide</p>

exception of the office of Vice President--Practice. The Nominating Committee, at its discretion, may place only one name on the ballot for Vice President--Practice. The Nominating Committee cannot nominate a member from itself.

6. The Nominating Committee shall announce the nominees for offices of Vice-Presidents, Secretary, and Treasurer at least three weeks before the close of the voting period. The candidates' names for each office will appear on the ballot in alphabetical order. The election shall take place by mail, e-mail, facsimile or electronic vote of the members. The Executive Committee shall decide for each election which of these methods will be used. The voting period shall begin not earlier than October 1 and shall be closed no later than December 31. The results of the election are certified and announced by the Secretary at the Section's annual business meeting.

for each election which of these methods will be used. The three candidates receiving the most votes will become members of the Nominating Committee, along with the two Past Presidents, as described above. The results of the election of the members of the Nominating Committee are to be certified by the Secretary and announced to the membership no later than October 15. The announcement shall be made by mail, e-mail, facsimile and/or other electronic dissemination method, along with a call for individuals to nominate officer candidates to the Nominating Committee Chair. The Nominating Committee will accept nominations for officer candidates through November 15.

6. The Nominating Committee's duties shall include soliciting candidates from the membership for open offices and preparing a slate of at least one candidate for each of the open offices. All names included on the slate must be of members in good standing of the Section. The slate of candidates cannot include the names of any members of the Nominating Committee. The Nominating Committee will present its slate to the Executive Committee no later than 30 days prior to the Section's Annual Business Meeting. The Nominating Committee shall announce the slate for open offices of Vice-Presidents, Secretary, and Treasurer at the Section's Annual Business Meeting. The membership will be also notified of the slate by mail, e-mail, facsimile and/or other electronic dissemination method within 15 days following the Section's Annual Business Meeting. Additional candidates for any of the open positions may be nominated by a signed petition of not less than one hundred (100) members in good standing of the Section and a signed statement by the nominee of willingness to serve if elected that is submitted to the Auditing Section President no later than 30 days following the Section's Annual Business Meeting. For those open offices where the slate includes only one candidate name, an affirming vote of the membership will be held. For those open offices where the slate includes more than one candidate name, an election will be held, with candidate names listed in alphabetical order on the ballot. The affirming vote, and election, if necessary, shall take place by mail, e-mail, facsimile or electronic vote of the members. The Executive Committee shall decide for each election which of these methods will be

	used. The voting period will begin no earlier than March 1 and end no later than April 15. The voting period will last for at least three weeks.
--	--



# THE AUDITOR'S REPORT

Volume 32, No 3  
Summer 2009

AUDITING SECTION / AMERICAN ACCOUNTING ASSOCIATION

## Call for Submissions

### Sixteenth Annual Midyear Auditing Section Conference

#### San Diego, CA

Mark your calendars now for the Fifteenth Annual Midyear Auditing Section Conference that will be held **January 14–16, 2010, at the** Westin San Diego. A Doctoral Consortium will be held on January 14, and we will also be offering another Excellence in Audit Education workshop as part of the conference. 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. An award will be given for the **Best PhD Student paper** submitted to the conference. Authors must indicate that they would like to be considered for the Best PhD paper award at the time of submission. You are encouraged to contribute to the program through submissions of auditing/attestation/assurance research and education papers (including instructional cases). In addition, the section will rely on your help in planning and conducting the conference by providing suggestions for session topics, panels, and/or workshops. **Please consider volunteering to participate as a reviewer, discussant, and/or moderator. Details on how to do so will be posted to the Auditing Section website.**

#### SUBMISSION GUIDELINES

Research papers should follow the style and submission guidelines of *Auditing: A Journal of Practice & Theory*, including the requirement to submit separate electronic files containing the cover page and the paper itself.<sup>1</sup> Instructional cases should be in a format similar to that used in *Issues in Accounting Education*. Submissions are not eligible for consideration if they: 1) have been published or accepted for publication, 2) were presented at the 2009 AAA Annual Meeting, or 3) were presented at more than one AAA regional meeting or other academic conference. Papers presented at the Research Forum of the AAA Annual Meeting are eligible for consideration. It should be noted that papers accepted for presentation at the 2010 Midyear Auditing Section Conference may also be submitted for presentation at the AAA Annual Meeting scheduled for August 2010.

#### SUBMISSION DEADLINE

Submissions should be sent to [MYM2010@gsu.edu](mailto:MYM2010@gsu.edu) and must be received by **August 31, 2009**, to be considered for the program. Early submission is highly encouraged. Any questions should be



addressed to Jennifer Joe ([jjoe@gsu.edu](mailto:jjoe@gsu.edu)) or Susan Shu ([shus@bc.edu](mailto:shus@bc.edu)).

---

<sup>1</sup>Also, please be sure to remove all identification of the authors, including changing the document "Properties" to "anonymous".

[Back to Contents Page](#)



# THE AUDITOR'S REPORT

Volume 32, No 3  
Summer 2009

AUDITING SECTION / AMERICAN ACCOUNTING ASSOCIATION

## Call for Committee Volunteers

If you are interested in serving on a committee of the Auditing Section for the 2009/2010 academic year, please send an email to Urton Anderson at [urton.anderson@mcombs.utexas.edu](mailto:urton.anderson@mcombs.utexas.edu) indicating your specific interests. Information about the section's committee can be found at <http://aaahq.org/audit/committee.htm>.

[Back to Contents Page](#)