

**Auditing Section Executive Committee Meeting
Sunday August 2, 2009
Hilton New York, Concourse F, Concourse Level**

The meeting was called to order at 7:00 by Urton Anderson

Present at the meeting were:

Mark Peecher, Past President
Audrey Gramling, President (Arrived at 9:45 AM)
Shaun Budnik, Vice-President, Practice
Urton Anderson, Vice-President, Academic
Linda McDaniel, Incoming Historian (Arrived at 10:00 AM)
Steve Glover, Incoming Vice-President Academic
Mark Taylor, Treasurer
Chris Hogan, Incoming Treasurer
Jay Thibodeau, Secretary

1) Updates and Reminders – Presented by Urton Anderson

- The prior minutes of the Executive Committee Meeting and the Business Meeting (from the Midyear meeting in January 2009) were approved by the executive committee by e-mail.
- In April 2009, the executive committee approved the wording of proposed changes to the by-laws related to the Audit Section's nominating committee. The vote of the executive committee was unanimous. The by-laws change was then voted on by the Section's members. A complete description of the revised by-laws and proposed changes can be found in Appendix A of this document.
- In May 2009, the AAA reported the results of the proposed changes to the by-laws related to the Audit Section's nominating committee. There were a total of 154 votes cast, 143 yes and 11 no. Importantly, the AAA has updated the website with the amended by-laws for the Auditing Section.
- The Auditing Section lunch head table was confirmed. The lunch speaker along with Gramling, Anderson, Peecher, Taylor, Bedard, Budnik and Thibodeau will be sitting at the head table.
- Anderson noted that the new Audit Section committee roster has been posted at the AAA Commons.
- Anderson reported that the Section needs to confirm with Bernie Milano, Director of the KPMG Foundation, that KPMG will continue to provide funding to the Section for the Midyear Meeting and Consortium after 2010. At present, funding of \$30,500 was renewed for the 2010 Midyear Meeting and Doctoral Consortium. However, nothing beyond 2010 has been committed.

Action Item

Budnik volunteered to contact Manny Fernandez from KPMG to determine if they would continue to fund the Midyear Meeting and Doctoral Consortium after 2010.

- Andersen reported that the PCAOB was again planning to host a Spring Symposium on April 22 and 23, 2010. He noted that he and Gramling planned to meet with Greg Scates from the PCAOB during the AAA meeting to discuss next spring's Symposium.
- A discussion then ensued about the past PCAOB Symposium, held in April 2009. Anderson will meet with Greg Scates to discuss the 2010 Symposium.
- Goal setting sessions among the executive committee were discussed. Budnik reinforced the importance of goal setting sessions and urged the executive committee to have such a session at the Midyear meeting in San Diego. The committee agreed to hold a meeting on the Wednesday evening before the Midyear meeting.
- A couple of initial ideas were then raised for the inaugural goal setting meeting. The idea dealt with the improvement of data access for researchers. Glover mentioned that at least one accounting firm is trying to circulate an idea to build an anonymous on-line survey participation mechanism.
- Another issue to address at the goal setting session is ways for the Section to impact the practice of auditing in a positive manner.

Action Item

The executive committee will plan to hold a goal setting session at the 2010 Midyear meeting in San Diego. The group decided to target Wednesday evening for such a goal setting session.

1b) Update on Annual Meeting – Tim Louwers

- Louwers served as the 2009 Audit Section Liaison for the Annual Meeting. He presented the statistics on the annual meeting. In the current year, he is trying something new, dialogue sessions. The dialogue sessions have 3-5 papers per session and are run without discussants. He noted that it can be quite difficult to identify discussants, especially for Wednesday afternoon sessions. So, the dialogue sessions made sense. He also cited Kenny Reynolds for providing significant help in identifying discussants for papers.
- Louwers reported that there were a significant number of archival papers and financial accounting papers with an auditing twist submitted. In his view, this made it far more difficult to identify reviewers and discussants for the annual meeting.
- Louwers also reported that he worked hard to coordinate with both the ABO and the Forensic sections. In his view, this allowed for the planning of several terrific sessions at the meeting. He recommended that future liaisons attempt to

coordinate with the ABO and Forensic sections.

- Louwers noted that he gave premier status to the CAQ panel at this year's meeting (i.e., immediately following the audit section luncheon). However, the FARS section then scheduled Barney Frank to compete with our session. He is concerned about attendance at the CAQ session.
- Finally, Louwers confirmed that he had the responsibility for bringing the section's awards to the luncheon. The executive committee thanked him for his excellent service.

2) **Committee Updates from Jay Thibodeau**

- Thibodeau presented the report of the **Communications Committee**. The committee's work this past year was substantial and commended by the executive committee for a job well done. In fact, the executive committee believes that it makes sense to keep the committee intact, to the extent possible, because of their fine work.
- A major initiative of the committee was to work with a Public Relations firm to try and better promote the body of research produced by the Auditing Section. At the current meeting, Gramling was planning to schedule a meeting with Tracy Sutherland from the AAA and the PR firm while everyone was in New York. It is hoped that the Auditing Section can use the PR firm for papers presented at the 2010 Midyear Meeting.
- Next, the executive committee considered whether a new committee, focused on the needs of the AAA Commons, should be formed. Or, should it be kept as part of the communications committee. The executive committee decided that a new committee is not needed.
- At present, the membership of the section is just not using the AAA Commons tool. The success of the AAA Commons comes down to members actually using the tool. If people are not using the tool, the initiative will fail. The committee agreed that the AAA Commons issues should continue to fall under the Communications Committee umbrella. At present, Julia Higgs will remain as the Auditing Section's Editor of the AAA Commons.
- Thibodeau then presented the report for **The Auditor's Report** committee. In general, the new columns appeared to be well received by the membership. The executive committee also agreed that the new columns were a nice addition. Thibodeau was asked to confirm that the new editor, Gary Peters is aware of his responsibility to send a note to the Section's president when the publication is available.
- The discussion then turned to the length of the Editor's term. The current editor, Duane Brandon, suggested that a two year role may be more appropriate for the role. The executive committee agreed that this was a good idea.

Action Item

Taylor will follow up with Gary Peters to ask if he would be willing to serve a two year term, as opposed to one year.

3) Committee Updates by Urton Anderson

- Anderson presented the report related to **Membership and Regional Coordinators**. For the most part, Anderson reported that everything is functioning very well in this area. However, he did note that it was very difficult to identify new coordinators for the regional meetings.
- A discussion then ensued about the usefulness of the regional meetings. Is there something that can be done to increase the usefulness and attractiveness of the regional meetings? Should these meetings be focused on educational issues? Could these meetings be used as a mechanism to bring practitioners and researchers together? The general tone of this discussion focused on how the regional meetings can be improved to make them more of an attraction? The group decided to take this issue up at our goal setting session in San Diego.

Action Item

Executive Committee to discuss ways to make the regional meetings more attractive during our goal setting session in San Diego.

4) Committee Updates by Shaun Budnik

- Budnik presented the report related to **Auditing Standards Committee**. At the recommendation of the executive committee, this committee has added members. However, there is still a concern that the committee must be comprehensive in their activities. It is important that the committee go beyond the PCAOB and ASB in their work. For example, to the best of the executive committee's knowledge, the section has not commented on standards of the Institute of Internal Auditors (IIA).
- Budnik reported that the new chair, Jim Bierstaker is planning to appoint ad-hoc members to assist the Audit Standards Committee in helping to address a wider range of exposure drafts on behalf of the Audit Section.
- Budnik also plans to suggest that the committee look over CPA firms' comment letters as a starting point to the work of the committee. It is possible that the viewpoints stated by the CPA firms might be helpful to academic colleagues.

Action Items

Budnik will speak with Bierstaker about how to obtain CPA firms' comment letters in an efficient manner. In addition, she will communicate with Bierstaker about the importance of utilizing the vice-chair for the committee to help ensure that the

committee is being comprehensive in their activities.

5) AJPT Editor Update By Ken Trotman, Editor

- Trotman provided an update on *Auditing: A Journal of Practice and Theory*. He is very happy with the associate editors and reviewers. In all, there were 74 new submissions during the year ended June 30, 2009. He reported that while there were a number of international submissions, for some reason, there were not many submissions from Europe.
- Trotman then discussed the issue of when a manuscript should be considered a “main paper” or a “research note.” He has found an increase in authors submitting research notes as opposed to main research papers. Ken’s view is that a research note is an indication that the contribution may not be as strong as a main paper. The technical execution of the study is strong. But, the contribution is marginal. In those situations, an indication of a note is appropriate. The executive committee largely agreed with Ken’s rationale. The committee thanked Ken for his excellent service to the section.

6) Treasurer’s Report by Mark Taylor

- Taylor presented the treasurer’s report. Taylor addressed several questions and comments raised by the executive committee. The committee was satisfied with the Treasurer’s report. The executive committee thanked Taylor for his excellent service to the section.

7) 2010 Midyear Meeting by Susan Shu and Jennifer Joe

- Shu and Joe presented information about the 2010 Midyear Meeting. The meeting will be held in San Diego, CA. The hotel is the San Diego Westin. The hotel rate was secured to include internet access. In all, the section is obligated to deliver 575 room nights across all of participants. The executive committee agreed that we should be able to meet that requirement across all of our participants.
- The meeting coordinators were in the process of lining up a plenary speaker. A discussion then ensued to determine the amount that we could offer to secure a speaker of national or international reputation. The executive committee agreed that up to \$10,000 (e.g., 7,500 speaking fee along with up to 2,500 travel fees) could be appropriate. The vote was unanimous. The Executive Committee will need to approve any speaker recommended by the midyear planning committee.
- During this process, a discussion ensued about whether we should get approval from the AAA before seeking outside funding for our activities, such as speaker

fees. We determined that we do not need to seek approval or blessing for our current funding from firms. However, if we were to consider additional outside funding we should discuss the matter with the AAA VP in charge of finances. Regarding funding of speakers in particular, it should be noted that the auditing section has one of the largest section balances (as per the AAA) and we agreed to consider providing at least some funding for speakers out of our current balance moving forward.

- A discussion then ensued about starting a “best manuscript” award for the midyear meeting. At present, we have a “best doctoral student manuscript” award. While there is a cash award for the doctoral student award, the executive committee did not believe that there should be money associated with the best paper award. The selection committee for both awards would be determined by the meeting coordinators. The executive committee then voted about starting a best paper award. The vote was unanimous to start a best paper award with no cash award.
- Mark Peecher will take the lead for the 2010 Excellence in Education Symposium, to be held on the Thursday before the Midyear meeting in San Diego.

8) Committee Updates by Mark Peecher

- Peecher presented the report related to the **Research Committee**. The proposed policy for accessing Auditing Section Members for the purposes of scholarly research was discussed at length. There was a discussion about the research committee’s proposed policy. At present, the executive committee agreed that the policy is restrictive and should be slightly more general.
- Gramling volunteered to revise the document to be slightly more general. The executive committee then voted to accept the revised policy, pending the slight changes to be made by Gramling. The vote was unanimous to accept the revised policy, pending the slight changes to be made by Gramling.
- Peecher presented the report related to the **Nominating Committee**. Peecher revealed the list of nominees to be considered for the nominating committee. At present, there are seven nominees. However, Peecher still needs to confirm that everyone is willing to serve on the nominating committee. Once the list has been finalized, an on-line vote will occur. The top three vote getters will emerge to serve on the Nominating Committee.

9) Committee Updates by Mark Taylor

- Taylor presented the report related to the **Education Committee**. The executive committee wishes to acknowledge the extraordinary efforts of Greg Jenkins as the chair of this committee during the past year. As chair, he performed at the highest level of excellence in executing two key initiatives of the Auditing

Section: The Audit Boot camp and the Webinars.

- According to Taylor, Jenkins took ownership of both initiatives and worked hard to ensure that both were successful. It is also critical to highlight the extraordinary efforts of Ray Whittington for his excellent leadership of the Audit Boot camp.
- A general discussion occurred about Webinar topics. In general, there was support for the Webinars. One idea that came forward during the session was to have a research methods webinar. This idea had much support from the executive committee. In general, the executive committee believes that the topics should vary including both educational and research topics. A specific discussion of the Audit Boot camp was then led by Ray Whittington.

Boot camp update – Ray Whittington

- Whittington presented a summary of the first Audit Boot camp, held in Chicago during June 2009. The first boot camp was remarkably successful. The feedback received was very positive overall. And, the demand was quite strong. In fact, there may be a need for two sessions next year.
- Ray indicated that it is critical to begin the planning of the Audit Boot camp much earlier in the upcoming year. Last year, there was not enough time allowed for the extensive amount of work that needs to be completed.
- A couple of additional points. First, there was wide variation in the experience level of the participants. While some participants had significant experience, other participants had very little experience. There may be a need for two different sessions.
- Whittington suggested a 4-day seminar for inexperienced colleagues and a 3-day seminar for experienced colleagues. This would allow for a full day of introductory materials to be presented for inexperienced colleagues.
- Another issue was instructor availability. Getting practitioners was not that hard. However, it was hard to get professors to teach at the Boot camp. It may be beneficial to have the professors stay for three days and pay them for all three days to increase the attractiveness of the opportunity. The compensation was relatively low, however the committee stressed the service of teaching. The bottom line is that it was difficult to get professors at the rate being offered.
- The price of \$500 for participants was discussed. Perhaps the committee should increase the price and not sustain a decrease in demand for the session. Whittington suggested that \$500 was a bargain.
- It also may make sense to ask a couple of participants from last year, along with a couple of instructors from last year's Boot camp to be on an advisory committee to help in planning for next year. Overall, given the positive feedback

received, the curriculum may remain largely the same for next year.

- The group then discussed ways to promote the Boot camp to the auditing section at the 2010 Midyear Meeting. Perhaps a list of testimonials from last year's session should be provided to participants.

Action Items

Anderson to discuss the role of leading next year's Boot camp with Jay Rich. Whittington has agreed to stay involved during 2010, taking the lead in arranging for the rooms and hotel to be used in June 2010.

- Taylor then presented the report of the **CPE Committee**. Moving forward, the CPE committee will be taking over the execution of Webinars. The executive committee agreed that this is a logical choice. To date, Gramling has taken on most of the administrative responsibilities for the promotion and execution of the webinars. The executive committee agreed that this is a good time for the transition.

10) Other Updates – Audrey Gramling

- Gramling presented the report about the **Doctoral Consortium**. A key issue is to determine how many students can be fund to attend. At present, Brian Mayhew is communicating with KPMG about this issue. The committee decided that Mayhew will take responsibility for contacting last year's coordinator and work with KPMG to finalize the number of students that could be funded. In general, the executive committee agreed that a limit of four per school was reasonable. However, we can and should relax that constraint if there are still seats available.

Action Item

Gramling will communicate with Mayhew about his conversations with KPMG. Given last year's successful format, he will also be encouraged to keep the format the same as last year.

- The **CIIA Editor's Report** was then presented. Importantly, Rich Houston has replaced Dana Hermanson as the co-Editor of CIIA. Scott Showalter is remaining as a co-Editor. The committee continues to discuss ways to improve the visibility of CIIA.
- Gramling next discussed changes to the **Operating Manual**. Gramling plans to have conversations with each executive committee member about possible changes to the operating manual. Audrey plans to execute this process during the upcoming year. The executive committee thanked Gramling for her efforts on this initiative.
- Gramling requested that each committee chair write a one page summary of their responsibilities. This document can then be used to pass along to the next group

<p>of leaders. In this way, we can have a historical record of the way things have been done. Following this conversation, each member agreed to go to communicate with their respective committee chairs to ask them to produce this type of standard operating procedures summary.</p> <p><u>Action Item</u></p> <p>Gramling will communicate with each executive committee member about this matter in the upcoming year.</p> <ul style="list-style-type: none"> Gramling then discussed a suggestion about how to increase the visibility of AJPT. The executive committee agreed that it was a good suggestion. The text of the suggestion now follows: <p><i>I have a suggestion that may or may not be useful concerning AJPT. At BC and at other places, journals are not counted (For BC this is recent) unless they are in a journal that has an SSCI impact score of above 1.0. AJPT is about 0.8 the last data I saw. Is it feasible for the section to hire a consultant to help us improve the impact score? I know the AAA hired someone to get journals listed on the SSCI-they only were successful with Horizons. One idea is for people to cite AJPT (articles other than those they wrote) when publishing in other SSCI journals which in accounting I believe are JAR, CAR, TAR, AOS, JAE, RAST, Abacus, Horizons and I believe JAPP. Anyway, just a thought and this may help the allure of Auditing at PhD type schools.</i></p> <p><u>Action Item</u></p> <p>Gramling to contact the chair of the Research Committee to take action on this important idea.</p> <p>The meeting was adjourned at 11:30 am so that executive committee members could attend the CAQ Session: <i>When Research Meets Practice</i> at the Ernst & Young Headquarters.</p>
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APPENDIX A

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

NOTE: The following is taken from the Section website at http://aaahq.org/audit/bylaws.htm .	
CURRENT BY-LAWS	PROPOSED CHANGE TO THE BY-LAWS
4. The Nominating Committee of the Section is comprised of the most recent Past President of the Section and two	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

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.

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 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

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 cannot 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.

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 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 Nominations Committee will accept nominations for officer candidates through November 15.

the election are certified and announced by the Secretary at the Section's annual business meeting.

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.