



THE AUDITOR'S REPORT

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Summer 2005

AUDITING SECTION / AMERICAN ACCOUNTING ASSOCIATION

Report of the President

Linda McDaniel



This is my last President's letter prior to turning over the gavel (both literally and figuratively) to Mark Beasley this August in San Francisco. Before we turn to the traditional announcements, I wish to pay respects to one of our accounting colleagues and a past Section President, Barry Cushing, who we recently lost to cancer.

Many of you contacted me afterward to express your sympathy and sadness. Rich Houston has put together [a touching tribute](#) within this report that I am sure you will enjoy reading. I only hope that Barry knew just how many lives he touched.

Next, I want to take this opportunity to thank all of you who have served the Section during this past year. The level of work we do is amazing and the accomplishments are even more so. I owe so many a great deal of gratitude and would like to extend my thanks for who you are and for all that you do. I also would like to offer a very special "I couldn't do it without you" to all of the Committees and Committee Chairs who selfishly volunteer their time and efforts on our behalf. I would like to personally acknowledge and thank those of you work tirelessly behind the scenes.

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While there are so many folks deserving of recognition, I would like to single out a few who really put forth considerable effort and receive so little public recognition: my sincere thanks to Rich Houston (*The Auditors' Report*) and Glen Gray (web master) who each have served for many and who never receive sufficient praise. This is Rich's last year as editor, and he has groomed Jim Bierstaker this year to take over. The Section is a better organization because of all of you and I appreciate everything you do to help achieve our Section's goals.

Now to the announcements! The planning for our next MYC is already underway. Building on the great success of the 2005 Midyear Conference in New Orleans, our 2006 Midyear Conference planning committee, chaired by Mark DeFond (University of Southern California) and Todd DeZoort (University of Alabama), is hard at work putting together an outstanding program for the 12th Annual Auditing Section Midyear Conference to be held January 12-14, 2006. We are pleased to report that the meeting site is the Hilton Universal City Hotel at Universal Studios in Los Angeles, California.

We are especially excited to announce that this meeting will be held jointly with the American Accounting Association's International Section. Our format will be similar to prior Midyear conferences, but the joint meeting will allow us the opportunity to host combined plenary sessions focusing on international issues affecting audit and assurance issues. While we will maintain the same number of concurrent research and education sessions that focus on auditing and assurance issues, our members also will be able to attend concurrent sessions hosted by the International Section. We are confident that this joint meeting will facilitate fruitful dialogue between members of both sections. You are encouraged to contribute to the conference through submissions of auditing/attestation/assurance research and education

[Call for Nominations](#)

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papers, teaching cases, and special session proposals. The deadline is September 1, 2005. Mark DeFond and Todd DeZoort have also put out a call for reviewers, discussants, and/or moderators for our concurrent sessions. Please volunteer and help make this another outstanding program. (Formal announcements and volunteer forms appear elsewhere in this report.) We look forward to seeing you at Universal City next January.

The Section is engaged in many activities and I would like to highlight just a few. Jay Rich (Research Committee Chair) and Roger Martin (chair of the Auditing Standards Committee) and their committees are working jointly and closely with the PCAOB, responding to the PCAOB's call for a synthesis of research on their "hot topics" – fair-value auditing and risk assessment. These are important and timely projects that provide us opportunities to interface with practice. Thank you Jay and Roger, for helping fulfill one of the missions of our Section.

Our Education Committee, chaired by Eric Johnson, continues with its project to assess the feasibility of an online journal. The Committee actively seeks your input as this will be "a go" only to the extent to which it is seen as a benefit to our members. I encourage anyone with an interest in this new outlet to contact Eric.

The Membership and Regional Coordinators Committee (Chaired by Julia Higgs of Florida Atlantic University) is focusing its efforts on three goals: (1) increasing and maintaining membership; (2) supporting the auditing component of the regional meetings, and (3) offering suggestions to the section for ways the section can add value to its members. As reported at our New Orleans business meeting, this Committee's efforts resulting in adding 54 new members. This is significant in light of the decreasing enrollments at the AAA level. The regional

Fall 2005 Issue Deadline

The deadline for material to be included in the Fall 2005 issue of *The Auditor's Report* is September 30, 2005. The preferred format is a Word file attached to an e-mail message.

We also are 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, 2005 to ensure timely publication of the issue:

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The address of the Auditing
Section's Home Page on the
World Wide Web is:
<http://aaahq.org/audit/index.htm>

coordinators worked with the sponsors of the regional meetings to help organize panel sessions on auditing topics, coordinate reviews for auditing papers, and identify discussants for auditing papers. My thanks to all of the regional coordinators who helped put together this year's programs.

Something new for the *Auditors' Report*... Mark Taylor has provided us with an exciting feature: a searchable index for current and past issues! Given many of the feature articles, references to standards and new research, I believe this will prove to be a very useful tool. The search tool is now on the newsletter page at: <http://aaahq.org/audit/auditorsreport.htm> Thank you Mark!!

I would like to highlight the upcoming AAA Annual Meeting in San Francisco. This should be a wonderful location, so I hope to see record numbers of Auditing Section members there. In addition to the great general program planned by the Annual Meeting Committee at the AAA level (chaired by a past Auditing Section President, Joe Carcello (University of Tennessee), there is a great lineup of activities of importance to the Auditing Section. For example, on Sunday evening, there is a new "welcome" dinner. The dinner speaker will be the Honorable Michael G. Oxley, member of the United States House of Representatives. This is one individual I am fairly certain needs no introduction! I encourage everyone to attend. You may sign up for the dinner on your AAA registration form. The speaker for our traditional Auditing Section Monday noon luncheon will be Don Nicolaisen, Chief Accountant of the U.S. Securities and Exchange Commission (SEC). Mr. Nicolaisen became Chief Accountant on September 30, 2003, and is responsible for formulating and administering the accounting program and policies of the Commission. Prior to joining the SEC, he was a senior partner at PricewaterhouseCoopers (PwC), beginning

his accounting career in 1967. Mr. Nicolaisen also was Price Waterhouse's representative on the FASB's Emerging Issues Task Force (1988-1994). I am sure his inside perspective on his important role, and the implications of the current environment on education, research, and audit practice, should be enlightening.

In addition, the Auditing Section's Annual Meeting Coordinator, Bryan Church (Georgia Tech), and his supporting cast of reviewers, have worked very hard to put together a great program of auditing-related research and panel sessions. Bryan received 119 paper submissions, of which 91 were accepted (63 for traditional concurrent paper presentation sessions, six for new scholar concurrent sessions, and 22 for the Research Forum). Compared with last year's meeting in Orlando, the Auditing Section has seven more traditional concurrent paper sessions in San Francisco. There also will be a panel session on "State of the Art in Auditing Research." The panelists include Mark DeFond, Jere Francis, Bill Kinney, Mark Nelson, and Hun-Tong Tan, and the session will be moderated by Bill Messier. Finally, this year's Annual Meeting (under the Presidency of Jane Mutchler) marks the first in which new scholar concurrent sessions will be conducted. The sessions are designed to facilitate the development of junior researchers by pairing them with two senior researchers, who will critique and discuss the junior researcher's paper. Six distinguished auditing researchers are participating: Paul Chaney, Mike Ettredge, Debra Jeter, Mike Stein, Rick Tubbs, and Arnie Wright. My thanks to Bryan Church and to all others who helped put the Annual Meeting program together.

A very special thanks is due to Bill Messier for his service as editor of *AJPT*. This is a selfless task – and a vital one – and I would like to express my personal thanks as well as sincere gratitude on behalf of the Section members for his three years of service. Beginning in mid-May, all submissions to *AJPT* should

be sent to our incoming editor, Dan Simunic (University of British Columbia). A separate announcement related to the transition period appears elsewhere in the report. We are indeed fortunate to have such qualified individuals willing to take on this critical role!

Also, my sincere thanks go to the members of this year's Executive Committee: Jean C. Bedard (Past President), Mark Beasley (Vice President–Academic), Scott Showalter (Vice President–Practice), Jeff Cohen (Treasurer), Kay Tatum (Secretary), and Karen Pincus (Historian). This is an outstanding group of committed, caring individuals; it has been a great honor to work with each of you. I will miss your presence on the Executive Committee this coming year! Please join me in recognizing Jean, Jeff, and Karen whose terms are ending, at the Auditing Section Luncheon in San Francisco, for their outstanding service. And then let's extend congratulations to and welcome our newly elected officers: Ray Whittingham (incoming VP-Academic), Kathryn Kadous (incoming Treasurer), and Arnie Wright (Historian). No, Arnie, this does not mean you qualify for senior discounts. Welcome aboard. I know you will enjoy serving the Section as much as Jean, Jeff, and Karen have.

Finally, please be looking for upcoming Section announcements regarding officer nominations and awards for 2006. The deadline for nominations for all of these is July 1. I wish to encourage your participation in the nomination processes. There are many deserving individuals and it only takes a minute to submit a name!

On that note, I will close this letter. The next issue of *The Auditor's Report* will feature the initial comments of Mark Beasley (North Carolina State University), the incoming President. I have greatly appreciated the opportunity to serve the Section, and look forward to working with the Executive Committee in 2005-2006

on many of the initiatives begun and in progress this year. Thank you again for all of the support and suggestions over the year. I hope each of you have a productive and (perhaps more importantly) a relaxing summer!





THE AUDITOR'S REPORT

AUDITING SECTION / AMERICAN ACCOUNTING ASSOCIATION

Tribute to Professor Barry E. Cushing, PhD, CPA 1945-2005

This spring, Barry Cushing, distinguished professor in the School of Accounting and Information Systems at the University of Utah, passed away after a long battle with cancer. He was 59 and is survived by his wife of 38 years, Cherry, and their four children, Dennis, Becky, Christy and Andy. He received a BA (1966, with high honor) and a PhD in Accounting (1969), both from Michigan State University.



Dr. Cushing began his career as an assistant and associate professor at the University of Texas-Austin (1969-1977). He then moved to the University of Utah, where he was a professor of accounting from 1977 to 1985, and then from 1991 until his untimely death. At the University of Utah, he served as chairman of the department from 1982-1985 and was named the David Eccles Professor of Accounting in 1996. He was Professor of Accounting and Management Information Systems at The Pennsylvania State University from 1986 through 1991, where he was the Arthur Andersen Professor of Accounting from 1989-1991. He also served as a visiting professor at the University of New South Wales (1998), the University of Queensland (1985), and at the University of Illinois (1972-1973).

Barry received numerous awards, including the American Accounting Association's Wildman Medal for the most significant contribution to the advancement of the practice of accounting and the Auditing Section's Outstanding Auditing Educator Award. He was the American Accounting Association's Director of Research from 1986-1988 and served the Auditing Section in many ways, including as President of the Section in 1997-1998. Barry's achievements in the areas of teaching, research, and service are too numerous to detail in this tribute, so my brief biography probably does not capture the full scope of his influence on our profession.

The purpose of this tribute to Professor Cushing is to provide insights into the effect he had on our profession beyond those that one can find on a vita. That's why I asked former colleagues to comment on their experiences with Barry. Unfortunately, I never had the honor of meeting Professor Cushing, but I feel that I have learned a great deal about him and how to be a better member of our profession by reading others' comments. These tributes have a common theme—Barry truly was a model of what we all should strive to be—a genuinely kind and generous person who truly loved what he did, took pride in his work, never lost his sense of intellectual curiosity, and had a great impact on others by selflessly sharing his time and knowledge.

Rich Houston

Bob Allen, University of Utah. Barry's life was a life of excellence. In all aspects of his life (family, academics, leisure, exercise, etc.), he always sought for and achieved excellence. I have always admired the way Barry managed his family life. He and Cherry and their wonderful children had many amazing travel experiences all over the world. Their times together seemed to be even sweeter after they learned about Barry's cancer. They found a way to enjoy each day, even through the challenging cancer days. Barry's academic contributions are tremendous; in addition to his own academic work, he helped so many others get started in productive research careers. Barry's battle with cancer has been truly inspirational. He battled tirelessly so that he and his family could enjoy more experiences together. After enduring each surgery and treatment he would fight back so that he and his family could do the things they love to do. Giving up was not an option for Barry. I saw him with his family on January 1, 2005 at the Fiesta Bowl to cheer the University of Utah football team to victory. Only a few weeks before Barry's death, I saw him playing basketball on campus. He never gave up and he found enjoyment in life to the very end.

We will miss him.



Barry Cushing (far right), along with (from right) Reed Randall, Cherry Cushing, Marilyn Randall; and Bob, Daniel, and Natalie Allen, attended the Fiesta Bowl on January 1, 2005 to cheer on the University of Utah in its victory over the University of Pittsburgh.

Jean C. Bedard, Northeastern University. One of the most rewarding aspects of service to the Auditing Section is the ability to get to know wonderful people like Barry Cushing. Barry was a very effective President of the Section. Among the goals he considered most important during his tenure was making Auditing Section activities more relevant to audit practitioners. As Barry noted in his President's Report in the Fall of 1997, "the academic discipline of auditing cannot make progress in the absence of significant involvement on the part of auditing professionals." Under his leadership, the Executive Committee and the standing committees undertook a number of initiatives aimed at improving communication between auditing academics and auditing practitioners. We still see the results of this commitment in many of today's Section activities.

During his illness, Barry and his wife came to Boston for a few weeks while he participated in an experimental trial of a new drug. I had the privilege of joining them for dinner one evening, and was so impressed by their courage. That evening, Barry discussed the nature and course of the treatment from the perspective of a researcher. His willingness to help others through participating in an experimental trial was just another example of his dedication to science and to humanity. We have lost a great friend.

Tim Bell, KPMG LLP. I had the distinct pleasure of working with Barry on a number of projects. One such project was the AAA Auditing Section Research Committee project that involved team-authoring a monograph entitled Auditing Practice, Research, and Education: A Productive Collaboration. Barry volunteered to take the lead-author role on the chapter entitled Risk Orientation, collaborating with Lyn Graham, Zoe-Vanna Palmrose, Robert Roussey and Ira Solomon. Barry and his team got out of the starting block way ahead of the other chapter teams and developed an engaging and enlightening discussion of the transformation of auditing in the U.S. over the past century toward the risk-based approach, and the role and impact of auditing research in this transformation. This team's performance, with Barry's leadership, and his heavy lifting on the research and writing of early drafts of the chapter, was a catalyst that sparked the other teams into action. The Risk Orientation chapter became the lead chapter in the monograph (published in 1995), and many later scholarly works have extracted quotes from, or referenced, that chapter. In 2003, the monograph received the Notable Contributions to the Auditing Literature Award from the Auditing Section, in no small part because of Barry's leadership. You have heard the saying "You are a gentleman and a scholar." Well, Barry was the real deal. I cannot think of anyone I have crossed paths with during my career who was more professional, polite, intellectually curious, competent and engaging as Barry. When I heard the news of his passing, my heart sank low.

Stanley F. Biggs, University of Connecticut. When I think of Barry Cushing, I think of an extremely competent person. My experience with Barry came from working with him on Auditing Section business. I can think of no one who was better at clearly identifying the real problem that needed to be addressed and then thoroughly working through to the solution. He had that uncanny ability to ask the critical questions that needed answers. In fact, that ability could sometimes make you feel as if you should have thought of the question yourself. Of course, Barry would never deliberately try to make you feel inadequate. It was just that you knew you were in the presence of a person who had great ability to see what the problem was and how to solve it. It is a tragedy to lose someone like Barry at the pinnacle of his career. He will be sorely missed.

Rajib Doogar, University of Illinois. My first and last images of Barry Cushing are

of a scholar fully engaged in his work. Having transferred into the Penn State doctoral program with some coursework already behind me, I was looking for an advisor from day one. I found Barry to be easy to approach, serious about ideas, and always available, even on weekends. Once I was in his office discussing some aspect of the seminar paper for that week when he said "You should bring that up during the seminar." This was liberating, and since then I have learned a lot by asking questions. He had high standards and once told me "Most of us are lucky if we write one good paper in our whole life." Coming from someone whose scholarship I respected, that was inspiring. Even though I had a gift for making the dissertation process longer and harder than it needed to be, he was positive and upbeat through it all and in the subsequent years. His work habits reflected an attitude that good scholarship combines rigor, clarity of thought and expression, endless work and faith in one's intuition and ideas. Our last conversation was about his ongoing work on auditor skepticism, and towards the end of the conversation he said "I think I still have one more paper left in me." That just about sums up the Barry I knew. He never gave up on writing one more paper and we talked about Perfect Bayesian Equilibria to the end. Salut!

Marc J. LeClere, University of Illinois at Chicago. Barry and I first met in the summer of 1986. He had just relocated to Penn State and he and Cherry were trying to find his new office and our paths crossed. I had been assigned to Barry as a research assistant. I vaguely knew of Barry – he had interviewed at Penn State and I had read a couple of his papers. However, I was not immediately aware of all of his work and I certainly did not run out to read his "collected works" (as a more enterprising graduate student might have done). But as the years passed, I came to regard Barry and his work in an appreciative light that I did not possess as a graduate student. As my experiences and circles of colleagues grew, Barry's unassuming nature and eclectic interests became all the more obvious. Anyone who knew Barry would tell you that conversations with Barry were always along the lines of Barry asking "what are you working on" rather than "here is what I am working on." He was curious about your work - the papers you were writing, the areas in which you were currently reading, and the research issues that you were mulling over in your mind. I can recall Barry telling me stories of the origins of his paper on optimal accounting principles ("conversations with Mark Wolfson in a seminar") and his AIS textbook ("there seemed to be an urgent need that no one was recognizing"), but the stories emerged as a result of my prodding and queries rather than Barry's desire to talk about his work. Barry was genuinely interested in discussing the work of his colleagues and the direction in which their work was proceeding. He would talk about his own work if asked about it, but never sought to impress his work upon others. [He

also loved to talk at great lengths about the NBA, the Utah Jazz, and the Michigan State Spartans]. With regards to his own body of work, Barry represented an academic that has all but vanished from the profession. He exemplified the conviviality of research – he conducted research because it was joyful and he enjoyed the good company provided by membership in a community of scholars. He was not concerned with "publication count", "notches", or "counting coup." Barry was interested in knowledge and scholarship and found pleasure in bringing ideas to fruition. No common theme underlies his work other than knowledge production. I call this "eclectic intellectualism." He published in the areas of accounting choice, optimization, standard setting, framework building, audit judgment, audit methodology, and accounting systems. In today's academic environment, individuals are discouraged from pursuing, or penalized for embracing, far-flung interests. Barry's work emphasized that intellectual freedom is a part of academic freedom and his work was driven by his own innate curiosity, not market forces. Barry died at an early age. His death is strongly felt by all because the absence of his uniqueness leaves a large void in our community.

David Plumlee, University of Utah (the following comments were delivered at Barry's memorial service). When I was asked to host Barry's memorial service, I was very flattered and honored to have a role in that special event. I thought about the things I would say and I finally decided that as part of the service I would tell about some things that Barry did when I was being recruited to the faculty at Utah. So, I decided to put them in writing to be included in the remembrance book for Barry's family.

I had been on the faculty at various schools prior to coming to Utah and, as is common with people who have been out of their PhD programs for some time, Utah invited me out to make a presentation. I arrived in the late evening, around nine o'clock, and Barry Cushing was there to pick me up. Barry's research papers were among the first that I ever read. So, I was enormously impressed that someone of his stature would come to the airport and pick me up. This small gesture still comes to mind when I think about my choice to join the faculty at Utah. It made me feel wanted and respected, and it gave me my first glimpse of the thoughtful, caring man that Barry Cushing was.

The second event in my recruitment happened prior to my actual interview. We were at the Auditing Section's annual meeting. During the meeting, I saw Barry in the halls and in presentations, but we didn't exchange much conversation. As I was leaving, I was at the airport and Barry came and sat next to me. Again, I was quite flattered to

have this famous professor showing me attention. We began to talk and, shortly into our conversation, Barry said to me, "I've been asking people about you and they said you're a pretty good guy." This is another event that comes to mind when I think about Barry Cushing. There was no facade or pretence with Barry. What you heard was exactly what he thought or felt, and you didn't have to try to decipher some hidden meaning. I found this level of honesty endearing and refreshing.

One last event that involved Barry and my recruitment was when I actually came to interview. During that visit, Barry picked me up at the hotel took me to breakfast. I have been told that I am the only candidate in memory that Barry took to breakfast. That fact still makes me feel special among all those that the Utah accounting faculty has recruited.

These events were among the first encounters that I had with Barry. They showed me the honest, caring, forthright person he was. And, throughout our time together, my respect and affection for Barry grew as I repeatedly saw these traits shine through in everything that Barry did.

I miss Barry, but I am grateful to have known him. As a scholar he was a great role model that I strive to emulate. As a human being, he embodied so many traits that I admire and value.

Marshall Romney, Brigham Young University. Barry Cushing was a wonderful, caring human being. I first met him when I entered the Doctoral Program at the University of Texas – Austin. Though he did not know me very well my first year there, he was always very friendly, cordial, and approachable. In my second year, I was asked to teach using his new Accounting Information Systems textbook. This resulted in my getting to know him much better and the more I got to know him, the better I liked him. In fact, he was such a large influence on my life that I changed my emphasis to AIS and asked him to be my dissertation advisor. I could not have asked for a better advisor. He gave me many wonderful ideas. He expected a lot and motivated me to always do my best, as I did not want to let him down in any way. He was insightful, very prompt in returning material to me, and above all else kind and complimentary. He went way beyond what was expected of an advisor.

Several years after I graduated, he asked me to be the co-author on his text. We worked together on the text for 12 years and he was always the consummate professional. He worked tirelessly and always did more than his share. He listened to

my ideas, implemented the ones that made sense, kindly explained why the not-so-good ideas did not make sense, and was tolerant of my beginning mistakes. He was brilliant and very creative and never put on airs. I am very proud to claim him as my mentor and, more importantly, my friend.

Charles H. Smith, The Pennsylvania State University. Barry and I were colleagues at The University of Texas at Austin and at Penn State. I shall always remember him as one who had a serious and sincere commitment to the accounting discipline, to accounting education, and to the practice of accounting. His commitment as an academic was always that of wanting to make a positive contribution through his many different involvements. For this reason, he chose carefully and wisely before accepting assignments. He was not a resume builder. He was not motivated by the possibility of having his name flashed loudly and clearly in neon lights.

Barry and I collaborated on a number of different projects (broadly defined) over the years. I shall never forget the proposal we made to the faculty at Texas aimed at improving the content and mode of delivery of the introductory accounting course. The nerve we had. We were mere assistant professors! The faculty listened ever so politely, and then ignored the document that we had placed before them. (In retrospect, our ideas were not very good—quite naive in fact. Our Texas colleagues were wise in rejecting them!)

When I joined Penn State as department chair in January 1987, I was ever so happy to have Barry as a colleague once again. We wanted to improve the research program (faculty research and the PhD program), and it was good having someone such as Barry on hand for support in the development of strategy, and for hard work—quality, meaningful hard work.

Barry's appointment by the American Accounting Association to the position of Director of Research in 1986 was just recognition and reward. It demonstrated that this particular "market" also can be efficient. It was most pleasing to see Barry being recognized for his sincere, quiet, and quality efforts in the vineyard that is university accounting education.

I have lost a good friend, and we have all lost an outstanding colleague.

Ira Solomon, University of Illinois. As a second-year doctoral student in 1977, I took a course on decision theory and information economics. Assistant Professor Barry Cushing was the instructor. I didn't know it at the time, but that experience—taking that course from Barry Cushing—would profoundly impact my career as an audit educator/scholar. Barry had recently returned from a sabbatical at UCLA where he sat in on courses taught by some of the pioneers in information economics. He immediately recognized the applicability of the ideas to accounting and auditing. Such applicability was not always obvious to others, but Barry made it transparent. Consistently, the concepts were not easy, but Barry helped us to penetrate them. Indeed whether it has been in a decision theory and information economics doctoral seminar, or an auditing topics course, or in information systems, or in comparing audit approaches, Barry Cushing made a career out of bringing clarity and transparency to what otherwise would be rather opaque topics and issues. In doing so he influenced in the most positive way legions of undergraduate and graduate students of accounting and auditing. I was pleased to have been able to recognize Barry formally by presenting him with the Auditing Section's 2002 Outstanding Audit Educator Award.



Wayne Thomas, Oklahoma University. I joined the faculty of the University of Utah in 1996. The faculty at Utah were very receptive of me, and Barry was no exception. Almost immediately he became my best friend. My favorite time of the day was going to Barry's office around 11:40 to go to basketball. We took the same route every time. When I returned to Salt Lake City the day of his funeral, I once again went to Barry's office and made the same walk to basketball, this time without him. The walk was too quiet, but it gave me a chance to think about all of the things we used to talk about?politics, weather, religion, culture, and life in general. The thing that I will take away the most about those conversations was his desire to do activities with his family. We often talked about a vacation or activity that his family had previously taken or the next one to come. I was amazed that he had done so much. No one has ever motivated me more than Barry to make sure that I enjoy all of the wonderful things of life with my kids.

Barry had such an energy for life, and that was reflected no better than on the basketball court. When I was playing with Barry, he was in his early and mid 50's. I often joked with him that he needed to start acting his age. He ran all over the court and never seemed to tire. When he was diagnosed with cancer in 2000, just a few

months after I moved back to Oklahoma, I knew that he was in for a tough battle. But I also knew that if anyone would fight it to the end, it would be Barry. It is no surprise to me that he defied the odds for so long. He was a dear friend.

Arnie Wright, Boston College. I knew Barry well as a member of the Auditing Section Executive Committee when he was vice president and then president of the section, through reading his research, and through many conferences we attended. The thing I remember most about Barry was his relentless pursuit for excellence in everything he did, whether it be research, textbook writing, or serving the Auditing Section. Barry believed in what he did and wanted to make a real difference. And he accomplished this, as he very positively affected his colleagues, students, friends, and family. I always found Barry to be a positive, supportive person. You could count on him to provide thoughtful, constructive ideas. He always made it a point to come to me and others he knew to genuinely find out how I was doing and provide encouragement. Lastly, despite his many achievements, I always found Barry to be a humble person. After I congratulated him for receiving the prestigious Outstanding Auditing Educator Award from the Auditing Section in 2001-2002, he quietly thanked me and indicated he thought I had received the award also since he believed I and others in the section were as deserving of the award. In the end, Barry achieved a very significant accomplishment; he clearly made the world a better place. For this, he deserves the many tributes and the respect from his colleagues and friends.

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Editorial Transition

Auditing: A Journal of Practice & Theory

Bill Messier's term as Editor of *AJPT* officially comes to an end on July 1, 2005, at which time Dan Simunic will assume that role. The arrangements and key dates relating to this transition of Editors are described below:

May 15, 2005

All new manuscripts submitted to the journal should be sent by e-mail to Debra Harris, the Editorial Assistant for *AJPT*, at the following e-mail address: ajpt@sauder.ubc.ca. Submission fees are to be paid through the AAA website (as described in the Author Information section of the journal) or sent as a check (\$75 U.S. funds) made payable to the American Accounting Association, and mailed to:

Debra Harris
Editorial Assistant, *AJPT*
Sauder School of Business
University of British Columbia
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CANADA

Debra can also be reached by phone at: 604-822-8502; or by FAX at 604-822-9470.

All revisions of manuscripts in process (second round or later) should continue to be sent to Bill Messier, as outlined in the Author Information section of *AJPT*, until July 1, 2005.

July 1, 2005

All submissions and revisions of manuscripts should be submitted to Debra Harris, at UBC, as described above.

Without going into details, Dan will operate the journal with a strong team of Associate Editors, who will be empowered to choose referees and make editorial decisions, as has been the practice under Bill's editorship. More information on Dan's editorial team and his vision for the journal will appear in the next newsletter.

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Have You Seen...?

Sudip Bhattacharjee, Virginia Tech
James L. Bierstaker, Villanova University
Dennis O'Reilly, Xavier University
and Evelyn Patterson, SUNY-Buffalo

Editors' note: The editors would like to thank Dennis M. O'Reilly, Xavier University for his years of service to "Have you Seen...?" Dennis' term as a contributor ends as of this issue.

"Fraud Risk Assessments and Auditors' Professional Skepticism," by E. A. Payne and R. J. Ramsay, *Managerial Auditing Journal* (Volume 20, 2005): 321-330.

This study conducts an experiment with auditor participants to examine if planning stage fraud risk assessments and audit experience influence professional skepticism during fieldwork. Professional skepticism is measured as the auditor's assessment of client truthfulness. The results indicate that auditors predisposed to low (moderate/high) fraud risk assessments are less (more) skeptical than the control group, and staff auditors are more skeptical than auditor seniors. The implications of these results are that audit firms need ongoing training on professional skepticism and the requirements of SAS No. 99.

"Auditor Identification of Fraud Risk Factors and their Impact on Audit Programs," by T. J. Mock and J. L. Turner, *International Journal of Auditing* (Volume 9, Issue 1, 2005): 59-83.

This study uses archival data from 202 audit clients obtained from three large audit firms to investigate the effect of auditors' fraud risk assessments on audit programs following the issuance of SAS No. 82. The findings of the study suggest that fraud risk factors vary by client, industry and fraud risk category. In addition, auditors

modified the nature, timing, and/or extent of audit procedures, as well as the experience of audit team members, for 20 percent of the year one audits and 31 percent of the year two audits examined. The decision to modify the audit program was correlated with the identification and documentation of fraud risk factors identified by SAS No. 82. The authors conclude that their results differ somewhat from prior research into overall audit program planning and provide evidence that subsequent to the issuance of SAS No. 82, audits are being fraud risk adjusted.

"A Theoretical Framework of the Relationship between Public Accounting Firms and Their Auditors," by E. D. Almer, J. L. Higgs, and K. L. Hooks, *Behavioral Research in Accounting* (Volume 17, 2005): 1-22.

The authors develop a model of the employment relationship between auditors and public accounting firms using agency theory and the sociology of professions literature. The purpose of the framework is to identify what auditing professionals contribute and receive based on their work, as well as the pressures and incentives they face. The model integrates prior research on auditors and their firms in the context of their employment relationship, specifies a variety of variables in the employment contract model, and suggests a number of possibilities for future research.

"The Value of Internal Control Audits," by D. R. Hermanson, *Internal Auditing* (Volume 20, Issue 1, 2005): 35-38.

The author describes the benefits of internal control audits required by Section 404 of the Sarbanes-Oxley Act to external auditors, audit committees, and internal auditors. Specifically, the author suggests that internal control audits may aid organizations with the detection and prevention of fraudulent financial reporting and improve corporate governance by providing the audit committee and board of directors with more complete information about the company's ability to manage risks.

"The Influence of Nonaudit Service Revenues and Client Pressure on External Auditors' Decisions to Rely on Internal Audit," by W. L. Felix Jr., A. A. Gramling, and M. J. Maletta, *Contemporary Accounting Research* (Volume 22, Issue 1, 2005): 31-53.

This paper investigated how external auditor provision of significant nonaudit services and client pressure to use the work of internal audit influence external auditors' use of internal auditors' work. The paper addressed this issue by focusing on the importance of various explanatory variables (e.g., nonaudit service revenues,

client pressure, internal audit quality, and coordination) to the external auditor's decision to rely on the work of internal audit. The study used data from surveys completed by internal and external auditors from 74 separate audit engagements. The findings suggest that when significant nonaudit services are not provided to a client, internal audit quality and the level of internal-external auditor coordination positively affect auditors' internal audit reliance decisions. However, when the auditor provides significant nonaudit services to the client, internal audit quality and the extent of internal - external auditor coordination do not significantly affect auditors' reliance decisions. Furthermore, when significant nonaudit services are provided, client pressure significantly increases the degree of internal audit reliance. The authors conclude that external auditors appear to be more affected by client pressure and less concerned about internal audit quality and coordination when making internal audit reliance decisions related to clients for which significant nonaudit services are also provided.

"The Corporate Governance Mosaic and Financial Reporting Quality," by J. Cohen, G. Krishnamoorthy, and A. Wright, *Journal of Accounting Literature* (Volume 23, 2004): 87-152.

This paper reviews research on corporate governance and its impact on financial reporting quality. The review has three objectives: 1) to suggest a corporate governance "mosaic" (i.e., the interactions among the actors and institutions that affect corporate governance) that encompasses a broader view of governance than has been considered in prior accounting research; 2) to provide an overview of the principal findings of prior research; and 3) to identify important gaps in the research that represent promising avenues for future study.

"The Role of the Internal Audit Function In Corporate Governance: A Synthesis Of The Extant Internal Auditing Literature And Directions For Future Research," by A. A. Gramling, M. J. Maletta, A. Schneider, and B. K Church *Journal of Accounting Literature* (Volume 23, 2004): 194-244.

This paper synthesizes literature on internal auditing to guide future thinking and research on the new and expanding roles that the internal audit function can play in helping ensure quality corporate governance. To organize the review, the authors adopted the perspective that corporate governance is comprised of four cornerstones: the external auditor, the audit committee, management, and the internal audit function [Institute of Internal Auditors (IIA), 2003a]. They then focus on the internal audit function "cornerstone" and how the internal audit function can contribute to corporate governance through its relationships with the other three corporate governance parties. More specifically, they adopt a perspective that the

internal audit function serves as a resource to each of the other three parties responsible for corporate governance.

"Reexamination of Behavior in Experimental Audit Markets: The Effects of Moral Reasoning and Economic Incentives on Auditor Reporting and Fees," by J. W. Schatzberg, G. R. Sevcik, B. P. Shapiro, L. Thorne, and R. S. Olusegun Wallace, *Contemporary Accounting Research* (Volume 22, Issue 1, 2005): 229-264.

This study conducts an experimental market to investigate how moral reasoning influences auditor reporting under different levels of economic incentives. In each multi-period market, auditor participants could either (1) misreport low observed outcomes as high and thereby reap economic advantages at the expense of third-party investors, or (2) truthfully report low observed outcomes as low and thereby forgo the economic advantages of misreporting. The results suggest that misreporting and premium fees are more likely with higher than with lower moral reasoning participants and the moral reasoning effect diminishes as economic penalties increase in the market. These findings provide valuable insights for specifying the determinants of auditor misreporting, the observable behaviors that signal its existence, and the institutions that can prevent its occurrence in the market.

"In Denial? Stock Market Underreaction to Going-Concern Audit Report Disclosures," by R. Taffler, J. Lu and A. Kausar, *Journal of Accounting & Economics* (Volume 38, 2004): 263-296.

The authors examined stock price performance of London Stock Exchange listed companies over a one-year period subsequent to receiving a going-concern opinion. The authors find that their sample underperformed by 24% to 31% depending upon the benchmark used for comparison. These results suggest that the market fails to fully impound negative information of a GC opinion in an efficient manner. However, the authors report that due to high transactions costs they were unable to demonstrate a profitable investment arbitrage strategy.

"The Auditor-to-Client Revolving Door and Earnings Management," by M. Geiger, D. North and B. O'Connell, *Journal of Accounting, Auditing & Finance* (Winter, Volume 20, 2005): 1-26.

Sarbanes-Oxley places restrictions on companies' ability to hire senior financial executives from their external auditors. The authors of this paper examined changes in accruals for a sample of companies where financial executives (e.g. CFO, controller etc.) were hired by a public company directly from their external auditing

firm. The authors find no evidence of a change in the propensity to use accruals to manage earnings immediately before or after the hiring of former auditors as compared to three control groups. The data show no evidence of increased use of accruals over the 11-year period studied.

"Audit Quality and Executive Officers' Affiliations with CPA Firms," by C. Lennox, *Journal of Accounting & Economics* (Volume 39, 2005): 201-231.

The author estimates an audit opinion model to identify companies with a high likelihood of receiving a non-clean audit opinion. The data suggest that companies that have executives with previous affiliation with the external audit firm are less likely to receive modified audit opinions than are companies whose executives have no prior affiliation with the external audit firm. The results were strongest when the affiliation was due to an executive convincing her employer to switch to her prior audit firm as opposed to an affiliation that arose from a direct hiring of the executive from the current audit firm.

"Auditor Size, Market Segmentation and Litigation Patterns: A Theoretical Analysis," by S. Bar-Yosef and B. Sarath, *Review of Accounting Studies* (Volume 10, Issue 1, 2005): 59-92.

The authors provide a theoretical rationale for the observed audit industry structure where well-capitalized auditors hold an extremely large market share while focusing on the economics of trading in an adverse selection market where audit quality is unobservable. They show that concentration of market share can arise even if well-capitalized auditors have no relative advantage with regard to supplying high-quality audits, and that the strategy of attracting a narrow base of high-margin clients is typically unsustainable in rational expectations equilibrium. Other results suggest that better-capitalized auditors get a dominant market share, produce more accurate reports and are more profitable. In addition, the imposition of high minimum standards increases the market power of wealthy auditors, even though smaller auditors can potentially provide the same level of audit quality at lower fees.

"Management Ownership and Audit Firm Size," by C. Lennox, *Contemporary Accounting Research* (Volume 22, Issue 1): 205-227.

The finance literature identifies two agency problems between managers and outside shareholders. First, there is a divergence-of-interests problem as management ownership falls. Second, there is an offsetting entrenchment problem when management ownership increases within intermediate regions of ownership. Agency

problems are mitigated through contracting, but contracts are often based on accounting numbers prepared by management. Because accounting numbers must be reliable for contracts to be enforced, agency theory predicts a demand for higher-quality auditors when agency problems are more severe. However, extant studies find no significant or robust relation between management ownership and audit firm size. First, the monitoring value of auditing may be higher in unlisted companies because they are less vulnerable to takeover and they are required to disclose much less non-accounting information to shareholders. Second, unlisted companies have greater variation in management ownership, which permits more powerful tests of the demand for auditing as ownership varies between zero and 100 percent.

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THE AUDITOR'S REPORT

AUDITING SECTION / AMERICAN ACCOUNTING ASSOCIATION

ASB Update as of May 31, 2005

**William F. Messier, Jr., Georgia State University
Academic Member of the Auditing Standards Board
Chair, International Auditing Standards Subcommittee**

Since my last report, the Auditing Standards Board (ASB) and International Auditing Standards Subcommittee (IASC) have met twice. Following are some of the ASB's most significant actions.

Risk Assessment

At the April meeting, the ASB issued the risk assessment suite of auditing standards for exposure. The set of proposed standards include:

1. Amendment to Statement on Auditing Standards No. 95, Generally Accepted Auditing Standards.
2. Audit Evidence, which would supersede SAS No. 31, Evidential Matter (AU sec. 326).
3. Audit Risk and Materiality in Conducting an Audit, which would supersede SAS No. 47, Audit Risk and Materiality in Conducting an Audit (AU sec. 312).
4. Planning and Supervision, which would supersede "Appointment of the Independent Auditor" (AU sec. 310), and SAS No. 22, Planning and Supervision (AU sec. 311).
5. Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement (Assessing Risks).
6. Performing Audit Procedures in Response to Assessed Risks and Evaluating the Audit Evidence Obtained (Performing Procedures), which would supersede SAS No. 45, Substantive Tests Prior to the Balance-Sheet Date (AU sec. 313), and, together with the proposed SAS Assessing Risks would supersede SAS No. 55, Consideration of Internal Control in a Financial Statement Audit (AU

sec. 319).

7. Amendment to SAS No. 39, Audit Sampling.

This set of proposed standards is very important for audit educators and researchers. The standards will closely align US auditing standards for assessing risks with the International Standards for Auditing. It is my understanding that all of the major firms have or are in the process of revising their firm methodologies to be consistent with this risk assessment approach.

Reporting on Internal Control

The ASB is in the process of:

- Revising AT 501, Reporting on an Entity's Internal Control Over Financial Reporting.
- The Audit Issues Task Force discussed the revision of AT 501 at its December 2004 meeting.
- Revising SAS NO 60, Communication of Internal Control Related Matters Noted in an Audit.

Auditor's Report

This task force is revising SAS No 58, Reports on Audited Financial Statements (AU sec. 508), in light of the International Auditing and Assurance Standards Board's recently issued International Standard on Auditing, The Independent Auditor's Report on a Complete Set of General Purpose Financial Statements.

Other topics that are being addressed by the ASB include:

- Group audits.
- Related parties.
- Accounting estimates.

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THE AUDITOR'S REPORT

AUDITING SECTION / AMERICAN ACCOUNTING ASSOCIATION

PCAOB Standards-Setting Update

By Gary L. Holstrum* and Douglas R. Carmichael**

This Update focuses on PCAOB standards-setting developments that have occurred since our first PCAOB Update, which appeared in the Spring 2005 issue of *The Auditor's Report*. The first Update contained background material for understanding the PCAOB standards-setting process, its planned standards-setting priorities for 2005, and a call for related research. It also contained numerous hyperlinks to related PCAOB briefing papers and other materials that should be especially helpful to accounting and auditing researchers, educators, and students. Therefore, we recommend that readers refer to that article for critical background information related to issues mentioned in this article.

Audits of Internal Control—Subsequent to the issuance of [Auditing Standard No. 2](#), An Audit of Internal Control over Financial Reporting Performed in Conjunction with an Audit of Financial Statements in March 2004, the PCAOB staff issued related staff guidance in the form of 37 Q&As through January 2005. On April 13, the PCAOB participated in an SEC Roundtable on Implementation of Internal Control Reporting Provisions, which provided an opportunity for the Board and the Commission to hear directly from issuers, auditors, investors, and others regarding aspects of the Section 404 implementation process that participants believed could be improved.

The PCAOB staff is in the process of developing additional staff guidance for auditors of internal control over financial reporting related to some of the issues raised at the Roundtable and through other sources. PCAOB Chairman, William McDonough, stated at the end of the Roundtable that we are committed to providing this additional staff guidance by May 16. Consequently, by the time that this Update article is available, readers should be able to locate the new staff [Q&As](#) on the PCAOB Web Site (www.pcaobus.org). At approximately the same time, the SEC staff also is planning to issue additional staff guidance for management reports on

internal control, which readers can access on the SEC web site (www.sec.gov).

In addition, the next meeting of the Standing Advisory Group (SAG) on June 8 and 9 will focus on issues related to audits of internal control. Readers may access [advance materials for this meeting](#) as well as [live or archived web casts](#) of this meeting, just like for all SAG meetings and PCAOB Open Meetings, on the PCAOB Web Site.

Proposal of a Standard on the Elimination of a Material Weakness—On March 31, the Board proposed for public comment a standard that would apply when auditors are engaged to report on the elimination of a previously reported material weakness in a company's internal control over financial reporting. The comment period ended May 16.

Independence, Tax Services, and Contingent Fees—On December 14, 2004, the PCAOB proposed for public comment certain ethics and independence rules concerning independence, tax services, and contingent fees. The comment period, which lasted for 60 days, ended on February 14, 2005. The Board received 805 comments. The proposed ethics and independence rules focus on three distinct areas. First, the rules lay a foundation by codifying the principles that a registered public accounting firm must be independent of its audit client and also requiring that persons associated with registered public accounting firms have a responsibility not to cause a firm to violate relevant laws, rules and professional standards. Second, the proposed rules would restrict registered public accounting firms from using contingent fee arrangements with their audit clients; planning or providing an opinion on aggressive tax positions for their audit clients; and providing tax services to officers in a financial reporting oversight role at their audit client. Third, the proposed rules would institute certain pre-approval requirements as they relate to permissible tax services.

Research Syntheses Being Developed for Two PCAOB Projects—Teams of academic researchers are in the process of developing syntheses of research related to two PCAOB standards-setting projects. One team, consisting of Roger Martin (University of Virginia), Jay Rich (Northern Illinois University), and Jeff Wilks (Brigham Young University), is preparing a synthesis of research related to auditing fair value. Another team, consisting of Dana Hermanson (Kennesaw State University), Robert Allen (University of Utah), Robert Ramsey (University of Kentucky), and Tom Kozloski (Wilfrid Laurier University), is preparing a synthesis of research related to auditor risk assessments.

The primary objective of the research synthesis teams is to identify the key researchable issues related to the target PCAOB project, synthesize the extant research that addresses each of these research issues, and highlight researchable issues that need additional research. The goal is to have each of the completed research syntheses published in a leading academic journal and made available to the PCAOB staff to help in the development of appropriate standards or staff guidance. Editors of several leading academic journals in accounting and auditing participated in a PCAOB Symposium in December, 2004, along with a number of auditing researchers. Following the Symposium, some editors expressed an interest in publishing the anticipated research syntheses, subject to an appropriate review process.

Other PCAOB Standards-Setting Projects—At the PCAOB Standing Advisory Group meeting in November, 2004, the Board sought advice on topics for consideration as possible priorities for 2005 standards-setting projects, including the following items, which are hyperlinked to related PCAOB staff briefing papers on the PCAOB Web Site:

- [Financial Fraud](#)
- [Communications with Audit Committees](#)
- [Engagement Quality Review](#) (also know as concurring or second partner review)
- [Auditing Related Party Transactions](#)
- [Consistency of Application of GAAP](#)
- [Audit Confirmations](#)
- [Audit Firm Quality Control](#)
- [Audit Reporting Model.](#)

The staff of the PCAOB Office of the Chief Auditor would like to have teams of academic researchers develop syntheses of extant research relevant to each of these standards-setting projects. More information will be provided later this summer regarding how this might be accomplished and how auditing researchers could be involved in these research-synthesis projects.

*Gary Holstrum is Associate Chief Auditor and Director of Research at the PCAOB.

**Douglas Carmichael is PCAOB Chief Auditor and Director of Professional Standards. The views expressed in this article are those of the authors and not

necessarily those of the Board, individual Board members, or other PCAOB staff. Responses to the article or related research may be emailed to holstrum@pcaobus.org.

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THE AUDITOR'S REPORT

AUDITING SECTION / AMERICAN ACCOUNTING ASSOCIATION

2005 Annual Meeting Program August 7-10 San Francisco, CA

Auditing Section Sessions

PANEL SESSION

Tuesday, August 9, 2005, 10:15 a.m. – 11:45 a.m.

State of the Art in Auditing Research

Moderator: Bill Messier, Georgia State University

Panelists: Mark DeFond, University of Southern California

Jere Francis, University of Missouri - Columbia

Bill Kinney, University of Texas - Austin

Mark Nelson, Cornell University

Hun-Tong Tan, Nanyang Technological University

CONCURRENT SESSIONS

Monday, August 8, 2005, 2:00 p.m. – 3:30 p.m.

Auditing and Earnings Quality

Moderator: Robert Rouse, College of Charleston

Discussant: Rajib Doogar, University of Illinois at Urbana – Champaign

Is Earnings Quality Higher When Auditors are City-Specific Industry Leaders?

Jere R. Francis, University of Missouri – Columbia, Kenneth Reichelt, Louisiana State University, and Dechun Wang, University of Nebraska – Lincoln

Did Earnings Conservatism Increase For Former Andersen Clients?
Gopal V. Krishnan, George Mason University

Earnings Management and Audit Quality in Europe: Evidence from the Private Client Segment Market

Brenda Van Tendeloo, University of Antwerp and Ann Vanstraelen, University of Antwerp and Maastricht University

Auditing in a Global Economy

Moderator: Jagdish Pathak, University of Windsor

Discussant: Jeff Payne, University of Kentucky

Shredded Reputation: Did Andersen's Non-US Clients Suffer and Why?
Steven F. Cahan, University of Auckland, David Emanuel, University of Auckland, and Jerry Sun, University of Auckland

Industry Expertise in the Global Economy: Empirical Evidence for the Big Five Auditors

Michael Ettredge, University of Kansas, Soo Young Kwon, Korea University, and Chee Yeow Lim, Nanyang Technological University

International Diversification and Auditor Reporting

Jayanthi Krishnan, Temple University and Karen McDougal, Temple University

Monday, August 8, 2005, 4:00 p.m. – 5:30 p.m.

Auditor-Client Negotiations

Moderator: Arnold Schneider, Georgia Institute of Technology

Discussant: Gary Hecht, Emory University

The Effects of Engagement Risk and Auditor Negotiation Experience on the Process and Outcomes of Client-Auditor Negotiations

Helen L. Brown, Boston College and Karla M. Johnstone, University of Wisconsin – Madison

*The Auditor-Client Relationship in Financial Reporting Negotiation:
Focusing on the Dyad*

Michael Gibbins, University of Alberta, Susan A. McCracken, University of Toronto, and Steve Salterio, Queen's University

The Impact of Auditor Term on Auditor-Client Negotiation

Karl J. Wang, University of Mississippi and Brad M. Tuttle, University of South Carolina

Legal Regimes, Auditor Behavior, and Financial Reporting Quality

Moderator: Tong Chau, Texas Southern University

Discussant: James Bierstaker, Villanova University

Audit Penalty Regimes and Audit Effort to Detect Fraud

F. Greg Burton, Brigham Young University, T. Jeffrey Wilks, Brigham Young University, and Mark F. Zimbelman, Brigham Young University

Legal Enforcement and Quality of Financial Reporting

C. Janie Chang, San Jose State University and Nen-Chen Richard Hwang, California State University San Marcos

The Effects of Mandatory Earnings Forecasts and Auditor's Legal Regimes on Manager's and Auditor's Behavior - Theory and Experimental Evidence

Hung-Chao Yu, National Chengchi University

Tuesday, August 9, 2005, 10:15 a.m. – 11:45 a.m.

Research on Auditor Choice

Moderator: Chris Hogan, Southern Methodist University

Discussant: Allen Blay, University of California – Riverside

Auditor Choice and the Pricing of Initial Public Debt Issues

Steve Fortin, Faculty of Management, McGill University and Jeffrey A. Pittman, Memorial University of Newfoundland

Attributes Affecting Auditor Choice

Robert Knechel, University of Florida, Lasse Niemi, Helsinki School of Economics, and Stefan Sundgren, Swedish School of Economics and Business Administration

An Empirical Analysis of Big N Auditor Switches

Wayne R. Landsman, University of North Carolina at Chapel Hill, Karen K. Nelson, Rice University, Brian R. Rountree, Rice University, and Brian Rountree, Rice University

Tuesday, August 9, 2005, 2:00 p.m. – 3:30 p.m.

Fraud Risk Assessments, Fraud Detection, and Internal Auditing

Moderator: Paul Caster, Fairfield University

Discussant: Natalia Kotchetova, University of Waterloo

Audit Team Brainstorming, Partner Influence, and Fraud Detection: Implications of SAS No. 99

Tina D. Carpenter, University of Georgia

The Impact of Tax Services on Auditors' Fraud Risk Assessment

Michael Favere-Marchesi, Simon Fraser University

The Effects of Decreased User Confidence on Perceived Internal Audit Effectiveness

Kevin L. James, Middle Tennessee State University and Scott Seipel, Middle Tennessee State University

Analytical Research in Auditing

Moderator: Theresa Hrcir, Southeastern Oklahoma State University

Discussant: Martin Wu, of Illinois at Urbana – Champaign

Auditing, Litigation, and Settlement under Alternative Litigation Cost Allocation Rules

Derek K. Chan, School of Business, The University of Hong Kong Audit Fee Pricing and Internationally Credible GAAP: A Property Rights Analysis Paul John-Marcel Klumpes, Imperial College London

Strategic Tests of Control, Internal Control Strength and the Effects of Sarbanes-Oxley

Evelyn Patterson, Indiana University and Reed Smith, Indiana University

Tuesday, August 9, 2005, 4:00 p.m. – 5:30 p.m.

Audit of Private Companies

Moderator: Mike Grayson, Jackson State University

Discussant: John Eichenseher, University of Wisconsin – Madison

The Role of Auditor Choice in Debt Pricing in Private Firms

Steve Fortin, McGill University and Jeffrey A. Pittman, Memorial University of Newfoundland

Voluntary Audit and the Cost of Debt Capital for Privately Held Firms: Korean Evidence

Jeong-Bon Kim, The Hong Kong Polytechnic University, Dan A. Simunic, The Hong Kong Polytechnic University, Michael T. Stein, University of Oregon, and Cheong H. Yi, The Hong Kong Polytechnic University

The Demand for Private Company Audits: Evidence from Private Commercial Banks

Mark Kohlbeck, University of Wisconsin – Madison

Auditing Research on Peer Reviews and Management Fraud

Moderator: Susan Parker, Santa Clara University

Discussant: Santanu Mitra, Montclair State University

Self-Regulation Lost: A Retrospective on the Effectiveness of Peer Review Before Sarbanes-Oxley

Kevin F. Brown, Wright State University and Timothy J. Fogarty, Case Western Reserve University

An Analysis of the Concealment of Management Fraud and Its Association with SEC Enforcement Actions against Auditors

Lei Gao, University of Kansas

The Decomposition of Management Fraud Schemes: Analyses and Implications

Lei Gao, University of Kansas and Rajendra P. Srivastava, University of Kansas

Wednesday, August 10, 2005, 10:15 a.m. – 11:45 a.m.

Audit Judgment and Objectivity

Moderator: Robert Ramsay, University of Kentucky

Discussant: Craig Emby, Simon Fraser University

Does Auditor Provided Non-audit Service Improve Audit Effectiveness?

Jennifer R. Joe, Georgia State University and Scott D. Vandervelde,
University of South Carolina

*Do Performance and Documentation of Business Process Analysis
Influence Auditors' Risk Assessments?*

Natalia Kotchetova, University of Waterloo, Thomas M. Kozloski, Wilfrid
Laurier University, and William F. Messier, Jr., Georgia State University

*The Effects of Incentive Compensation on Internal Auditor Objectivity:
New Evidence*

Karl J. Wang, University of Mississippi and Yin Xu, Old Dominion
University

Documentation and Auditors' Memory

Moderator: Tanya Nowlin, University of Louisiana at Lafayette

Discussant: Jay Rich, Illinois State University

*An Examination of Factors that Influence Internal Control Documentation
Practices*

James Bierstaker, Villanova University, Diane J. Janvrin, Iowa State
University, and D. Jordan Lowe, Arizona State University

*Auditors' Memory of Internal Control Information: The Effect of
Documentation Preparation Versus Review*

Lori S. Kopp, University of Lethbridge and James L. Bierstaker, Villanova
University

*The Effects of Documentation Methods on Auditors' Memory,
Performance and Efficiency*

Robert J. Ramsay, University of Kentucky and Elizabeth A. Payne,
University of Mississippi

Auditor Expertise

Moderator: Ted Mock, University of Southern California

Discussant: Helen Brown, Boston College

*The Effects of Audit Methodology and Audit Experience on the
Development of Auditors' Knowledge of the Client's Business*

Greg Berberich, University of Waterloo/Wilfrid Laurier University

Industry Specialists: Are they more Efficient and Effective in Performing Analytical Procedures than Experienced Non-Specialists?

Wendy J. Green, The University of New South Wales

Different Types of Knowledge as Determinants of the Expertise of Auditors

Constance A. McKnight, Arkansas Tech University and William F. Wright, University of Waterloo

Wednesday, August 10, 2005, 2:00 p.m. – 3:30 p.m.

Audit Fees I

Moderator: Andrew Felo, Penn State – Great Valley

Discussant: Srinivasan Sankaraguruswamy, National University of Singapore

Self-Selection of Auditors and Size Nonlinearities in Audit Pricing

Paul Chaney, Vanderbilt University, Debra Jeter, Vanderbilt University, and Lakshmanan Shivakumar, London Business School

Auditor Specialization and Bargaining Power: Impact on the Determination of an Audit and Non-audit Fee Premium

Mitchell Van der Zahn, Singapore Management University, Rusmin Rusmin, Curtin University of Technology, Greg Tower, Curtin University of Technology, and Alistair Brown, Curtin University of Technology

Research on Non-Audit Services

Moderator: Deborah Lindberg, Illinois State University

Discussant: Dana Hollie, University of Houston

The Joint Provision of Audit and Non-audit Services: Evidence from the U.S. Banking Industry

Pervaiz Alam, Kent State University and Anibal Baez-Diaz, University of Puerto Rico

The Association of Audit and Nonaudit Services Fees between SEC and Non-SEC Investigated Firms

Winifred D. Scott, University of Delaware and Willie E. Gist, Ohio University

Non-Audit Services, Audit Fees and Earnings Management

Caitlin Ruddock, University of New South Wales and Stephen L. Taylor, University of New South Wales

Auditor Independence and Audits in China

Moderator: Chih-Chen Lee, Northern Illinois University

Discussant: Neil Fargher, Macquarie University

Auditor Independence, Audit Quality and Auditor-Client Negotiation Outcomes: Some Evidence from Taiwan

Ken Y. Chen, National Cheng Kung University, Randal J. Elder, Syracuse University, and Jo-Lan Liu, Overseas Chinese Institute of Technology

Incentives for Auditor Independence: An Analysis of the Effectiveness of Formal Sanctions in China

Michael Firth, The Hong Kong Polytechnic University, Phyllis L. L. Mo, The Hong Kong Polytechnic University, and Raymond M. K. Wong, The Hong Kong Polytechnic University

An Analysis of the Information Content of Qualified Audit Reports: Evidence from China's Shenzhen Market

Donglin Pei, School of Business, Reading University, UK, Kwaku K. Opong, Glasgow University, and Philip A. Hamill, Queen's University, Belfast, UK

Corporate Governance and Auditing I

Moderator: Julia Higgs, Florida Atlantic University

Discussant: Dorothy McMullen, Rider University

The Relation Between Internal Audit Outsourcing Arrangements and Audit Committee Effectiveness: Implications for the Sarbanes-Oxley Act

Lawrence J. Abbott, University of Memphis, Susan Parker, Santa Clara University, Gary F. Peters, University of Arkansas, and Dasaratha V. Rama, Florida International University

Enterprise Risk Management and the Internal Audit Function

Mark S. Beasley, North Carolina State University, Rich Clune, Kennesaw State University, and Dana R. Hermanson, Kennesaw State University

*Reporting Internal Control Deficiencies in the Post-Sarbanes-Oxley Era:
The Role of Auditors and Corporate Governance*

Gopal Krishnan, George Mason University and Gnanakumar
Visvanathan, George Mason University

Judgment Issues in Auditing

Moderator: John Corless, California State University, Sacramento

Discussant: Kathryn Epps, Kennesaw State University

The Effect of Justification and Hypothesis Set on Review Accuracy

Stephen Kwaku Asare, University of Florida and Arnie S. Wright, Boston
College

*The Value of Non-Content Related CPA Assurance and Level of
Institutional Investors on the Decisions of Individual Investors:
Investigating the Effects of Assurance Provided in Accordance with
SSAE 10, Interpretation Number 5*

Robert Pinsker, Old Dominion University and Stephanie Farewell,
University of Arkansas – Little Rock

*A Structural Equation Model Analysis of the Factors Contributing to
Accountants' Belief Revisions*

Robert Pinsker, Old Dominion University, Robin Pennington, University
of Tennessee, and Jennifer Kahle, University of South Florida

Wednesday, August 10, 2005, 4:00 p.m. – 5:30 p.m.

Audit Fees II

Moderator: Cathleen Miller, University of Michigan – Flint

Discussant: Stephen Taylor, University of New South Wales

The Effect of the Enron-Andersen Affair on Audit Pricing

Wuchun Chi, National Chengchi University

An Analysis of Audit Fees Following the Passage of Sarbanes-Oxley

Paul A. Griffin, University of California, Davis and David H. Lont,
University of Otago, New Zealand

Empirical Auditing Research

Moderator: Stanley Jenne, University of Montana

Discussant: Mark Nigrini, Saint Michael's College

Review of Choice-Based and Matched Sample Studies in Audit Research

Donald P. Cram, California State University, Fullerton, Iris Stuart, California State University, Fullerton, and Vijay Karan, California State University, Fullerton

Audit Firm Decision-Making in Different Litigation Environments: The Private Securities Litigation Reform Act, Audit Reports and Audit Firm Size

Marshall A. Geiger, University of Richmond, K. Raghunandan, Florida International University, and Dasaratha V. Rama, Florida International University

Internal Control Weaknesses and Earnings Management

Chris E. Hogan, Southern Methodist University and Michael S. Wilkins, Texas A&M University

Auditor's Production Function

Moderator: Donald R. Deis, Texas A&M University-Corpus Christi

Discussant: Robert Knechel, University of Florida

Does the Sarbanes-Oxley Act have an Impact on CPA Firms' Productivity?

Hsihui Chang, University of California, Riverside and Hiu Lam Choy, University of California, Riverside

The Influence of the External Auditor's Intra-Audit and Inter-Audit Risk Assessments on Audit Production Outcomes

Michael De Martinis, Australian National University and Victoria University

Client Risk Factors and Audit Resource Allocation Decisions

Hironori Fukukawa, Nagasaki University, Theodore J. Mock, University of Southern California, and Arnold Wright, Boston College

Corporate Governance and Auditing II

Moderator: Audrey Gramling, Kennesaw State University

Discussant: Ananda Ganguly, Purdue University

Corporate Governance, Shareholder Conflicts, and Audit Quality
Pascal Frantz, London School of Economics and Norvald Instefjord,
University of Essex

*Is the Sarbanes-Oxley Act a Catalyst towards International Convergence
of Corporate Governance Systems? - Arguments from a German
Perspective*

Axel Haller, University of Regensburg, Jürgen Ernstberger, University of
Regensburg, and Christian F. Kraus, University of Regensburg

*The Impact of Corporate Governance on Auditors' Client Acceptance,
Risk and Planning Judgments*

Divesh S. Sharma, Auckland University of Technology, El'fred Boo,
Nanyang Technological University, and Vineeta D. Sharma, Auckland
University of Technology

NEW SCHOLAR CONCURRENT SESSIONS

Tuesday, August 9, 2005, 10:30 a.m. – 12:00 p.m.

Audit Fees

Senior Faculty Mentors: Debra Jeter, Vanderbilt University and Michael
Stein, University of Oregon

*Auditor Fees, Abnormal Fees and Audit Quality Before and After the
Sarbanes-Oxley Act*

Rani Hoitash, Suffolk University, Ariel Markelevich, Long Island
University: C.W. Post Campus, and Charles A. Barragato, Long Island
University - C.W. Post Campus

*An Examination of the Effect of Political Risk and Corporate Governance
Risk on Audit Effort and Audit Pricing*

Nives Botica Redmayne, School of Accountancy, Massey University,
New Zealand, Michael E. Bradbury, School of Accountancy, Law and
Finance, Unitec, Auckland, New Zealand, and Steven F. Cahan,
University of Auckland, New Zealand

Audit Quality

Senior Faculty Mentors: Paul Chaney, Vanderbilt University and
Michael Ettredge, University of Kansas

Effects of Market Share and Market Competition on Audit Quality
Ruey-Dang Chang, National Sun Yat-sen University, Taiwan, Chun-Ju Fang, National Sun Yat-sen University, Taiwan, and Yee-Chy Tseng, National Cheng Kung University, Taiwan

Assessing Audit Quality: A Value Relevance Perspective
Li Dang, Oregon State University, Kevin Brown, Wright State University, and Bruce McCullough, Drexel University

Audit Judgment

Senior Faculty Mentors: Richard Tubbs, University of Iowa and Arnie Wright, Boston College

The Link Between Area of Industry Specialization And Decision-Making Processes
Robyn Moroney, Monash University

Auditors' Performance in Computer-Mediated Fraud Assessment Brainstorming Sessions: An Investigation of the Effects of Anonymity and Creativity Training
Antoinette LaBarbara Lynch, Miami University

RESEARCH FORUM PAPERS

The Role of Auditing in the Public Sector
Maria da Conceição da Costa Marques, Instituto Superior de Contabilidade e administração de Coimbra

The Sarbanes-Oxley Act and the Use of Control Self-Assessment by Client Organizations and their Independent Auditors
Terry J. Engle, University of South Florida and Gilbert W. Joseph, The University of Tampa

Auditor Independence and Incentives
Martien Lubberink, Lancaster University (UK) and Wendy Beekes, Lancaster University

Audit Committee, Board Characteristics and Earnings Management by Commercial Banks

Ken Y. Chen, National Cheng Kung University and Jian Zhou, SUNY at Binghamton

Configural Information Processing: Competence of Source and Order Effects Bias in Auditing

Arvind Patel, The University of the South Pacific

Human Capital and the Audit Market: Limited vs. Unlimited Liability

Chiawen Liu, National Taiwan University, Chi-Wen Jevons Lee, Tulane University, and Taychang Wang, National Taiwan University

The Empirical Relationship between Ownership Composition and Audit Fees

Santanu Mitra, Montclair State University, Donald R. Deis, Texas A&M University – Corpus Christi, and Mahmud Hossain, University of Houston at Clear Lake

Identifying Perceptions in the Quality and Purpose of SSARS No. 8 "Plain Paper Statements"

Brian P. Green, University of Michigan – Dearborn, Alan Reinstein, Wayne State University, and Cathy Miller, University of Michigan – Flint

Improving Fraud Risk Assessments through Analytical Procedures

Keith L. Jones, George Mason University

Non-Audit Services and Perceived Auditor Independence Post-Enron: Evidence on Competing Theories

John M. Thornton, Washington State University, Alan Reinstein, Wayne State University, and Cathleen L. Miller, University of Michigan – Flint

Big Six Auditors and Earnings Conservatism in Australia

Sarah J. Taylor, University of Melbourne

Leveling the Playing Field, or Crumbs from the Table? The Contestability of the Audit Market to Middle Tier Firms Following Andersen and Sarbanes-Oxley

Rajeeb Doogar, University of Illinois, Neil L. Fargher, Macquarie University, and Keejae Hong, University of Illinois

Advanced Tests Based on Benford's Law to Test the Reliability of and

Control Risk Pertaining to Accounting Data

Mark J. Nigrini, Saint Michael's College

Understanding Audit Quality: The Views of Auditors, Auditees and Investors

Angus Duff, University of Paisley

Auditors' Use of Qualitative Information in Materiality Judgments

Charles A. Brown, Penn State University at Erie

An Empirical Investigation of Changes in Confirmation Procedures

Randal J. Elder, Syracuse University and Robert D. Allen, University of Utah

The Impact of Changes in the Reporting Environment and Client Characteristics on the Disposition of Proposed Audit Adjustments

Jennifer R. Joe, Georgia State University, Arnie M. Wright, Boston College, and Sally Wright, University Of Massachusetts – Boston

Auditor Dismissals and Financial Reporting Conservatism: Preliminary Evidence

Kathryn Bewley, York University, Janne Chung, York University, Susan McCracken, University of Toronto, and Peggy Ng, York University

Earnings Quality and Perceived Auditor Independence: The Case of Nonaudit Services

Mohinder Parkash, Oakland University

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2005 International Symposium on Auditing Research
Singapore Hilton Hotel
Program June 30—July 1, 2005
www.isarhq.org

Day 1: Thursday, June 30

8.00 am to 8.30 am Registration

8.30 am to 8.45 am Opening

8.45 am to 10.15 am **Panel Session 1**

Oversight of Audit and Reporting Quality Across International Borders

Russell Guthrie, *International Federation of Accountants*

Steven Maijoor, *University of Maastricht and the Netherlands Authority for the Financial Markets (AFM)*

Chair: Robert Roussey, *University of Southern California*

10.15 am to 10.45 am **Break**

10.45 am to 12.15 pm **Concurrent Session 1a: Audit Partners**

Audit Partner Rotation and Earnings Quality

Jane Hamilton, *University of Technology, Sydney & Capital Markets CRC Ltd*

Caitlin Ruddock, *University of New South Wales*

Donald Stokes, *University of Technology, Sydney & Capital Markets CRC Ltd*

Stephen Taylor, *University of New South Wales & Capital Markets CRC Ltd*

Discussant:

Zoe-vonna Palmrose, *University of Southern California*

The Effects of Audit Partner Experience and Industry Specialization on Audit Quality

Roger Meuwissen, *Maastricht University*

Frank Moers, *Maastricht University*

Erik Peek, *Maastricht University*

Ann Vanstraelen, *University of Antwerp and Maastricht University*

Discussant:

Zoe-vonna Palmrose, *University of Southern California*

Concurrent Session 1b: Audit Judgment and Quality Control

The Effect of Audit Review Format on the Quality of Workpaper Documentation and Reviewer Judgments

Christopher P Agoglia, *Drexel University*

Richard C Hatfield, *University of Texas at San Antonio*

Joseph F Brazel, *North Carolina State University*

Discussant

Ken Trotman, *University of New South Wales*

Factors Affecting the External Auditor's Reliance Decision on the Internal Audit Function

Steven M Glover, *Brigham Young University*

Douglas F Prawitt, *Brigham Young University*

David A Wood, *Brigham Young University*

Discussant

Noel Harding, *University of New South Wales*

12.15 pm to 1.30 pm

Luncheon

1.30 pm to 3.00 pm

Panel Session 2

The 21st Century Public-Company Audit

Ira Solomon, *University of Illinois, Urbana Champaign*

Mark Peecher, *University of Illinois, Urbana Champaign*

3.00 pm to 3.30 pm

Break

3.30 pm to 5.00 pm

Concurrent Session 2a: Chinese Market and Audits

State Ownership, Institutional Environment and Auditor Choice: Evidence from China

Qian Wang, *Chinese University of Hong Kong*

T J Wong, *Chinese University of Hong Kong*

Lijun Xia, *Shanghai University of Finance and Economics*

Discussant

Ann Vanstraelen, *University of Maastricht*

Towards Understanding the Chinese Auditors' Client Acceptance Decisions, Structuring of Audit Approaches, and the Stringency of Imposed Reporting Standards

Chee W Chow, *San Diego State University*

Joanna L Ho, *University of California – Irvine*

Phyllis Lai-Lan Mo, *The Hong Kong Polytechnic University* (currently on leave at the University of Southern California)

Discussant

William S Waller, *University of Arizona*

Concurrent Session 2b: Audit and Financial Reporting

The Auditor-Client Relationship in Financial Reporting Negotiation: Focusing on the Dyad

Michael Gibbins, *University of Alberta*

Susan McCracken, *University of Toronto*

Steve Salterio, *Queen's University*

Discussant

Mark Peecher, *University of Illinois, Urbana-Champaign*

The Joint Effect on Voluntary Non-Financial Disclosure and Assurance on Company Valuation Judgments

Paul Coram, *The University of Melbourne*

Gary Monroe, *The Australian National University*

Discussant:

Ted Mock, *University of Southern California*

7.30 pm to 9.30 pm

Dinner

Day 2, Friday, July 1

8.30 am to 10.00 am

Concurrent Session 3a: Audit and Debt Financing

The Effect of Auditor Choice on Financing Decisions

Xin Chang, *University of Melbourne*

Sudipto Dasgupta, *Hong Kong University of Science and Technology*

Gilles Hilary, *Hong Kong University of Science and Technology*

Discussant

Rashad Abdel-Khalik, *University of Illinois, Urbana Champaign*

The Role of Auditor Choice in Debt Pricing in Private Firms

Steve Fortin, *McGill University*

Jeffrey A Pittman, *Memorial University of Newfoundland*

Discussant

Rashad Abdel-Khalik, *University of Illinois, Urbana Champaign*

Concurrent Session 3b: Audit fees and production outcomes

Audit Fees: A Meta-Analysis of the Effect of Supply and Demand Attributes

David Hay, *University of Auckland*

W Robert Knechel, *University of Florida/University of Auckland*

Norman Wong, *University of Auckland*

Discussant

Keith Houghton, *Australian National University*

The Influence of the External Auditor's Intra-Audit and Inter-Audit Risk Assessments on Audit Production Outcomes

Michael De Martinis, *Victoria University of Technology*

Discussant

Elizabeth Carson, *University of New South Wales*

10.00 am to 10.20 am

Break

10.20 am to 11.50 am

Concurrent Session 4a: Audit and firm Valuation/Earnings Quality

The Role of External Monitoring in Firm Valuation: The Case of R&D Capitalization

Irene Tutticci, *The University of Queensland*
Gopal Krishnan, *George Mason University*
Majella Percy, *Queensland University of Technology*

Discussant

Srinivasan Sankaraguruswamy, *National University of Singapore*

Legal Systems and Earnings Quality: The Role of Audit Specialization

Soo Young Kwon, *Korea University*
Chee Yeow Lim, *Nanyang Technological University*
Patricia Mui-Siang Tan, *Nanyang Technological University*

Discussant

Donald J Stokes, *University of Technology, Sydney & Capital Markets CRC Ltd*

Concurrent Session 4b: Auditor Expertise and Biases

Different Types of Knowledge as Determinants of the Expertise of Auditors

Constance A McKnight, *Arkansas Tech University*
William F Wright, *University of Waterloo*

Discussant

Ira Solomon, *University of Illinois, Urbana Champaign*

“Order Effects” Revisited: The Importance of Chronology

Michael Favere-Marchesi, *Simon Fraser University*

Discussant

Rong Ruey Duh, *National Taiwan University*

12.00 noon to 1.15 pm

Panel Session 3

Editors’ Forum

Rashad Abdel-Khalik, *University of Illinois, Urbana*

Champaign
Mark Defond, *University of Southern California*
Steve Salterio, *Queen's University*

1.15 pm to 1.30 pm

Closing comments



THE AUDITOR'S REPORT

AUDITING SECTION / AMERICAN ACCOUNTING ASSOCIATION

Call for Nominations Nominees for Election as Section Officers

The members of the Auditing Section will elect two officers in Fall 2005, the **Vice President– Academic (President-Elect)** and **Secretary**. Those elected will begin serving their terms in August 2006. Please submit names of individuals you would like to nominate for these positions no later than July 1, 2005. The Nominations Committee will then select the slate for election from these nominations. In addition, the Bylaws require the Nominations Committee to automatically place on the ballot any person whose nomination is accompanied by a signed petition of no fewer than one hundred (100) members in good standing of the Section and a signed statement by the nominee of willingness to serve if elected. This petition should also be received by **July 1, 2005**.

Please submit nominations and/or petitions to Linda McDaniel, Chairperson, Nominations Committee, by email no later than **July 1, 2005**:

Professor Linda McDaniel
University of Kentucky
Gatton College of Business and Economics
Von Allmen School of Accountancy
Lexington, KY 40506-0034
Phone: (859) 257-2018
Fax: (859) 257-3654
Email: tarcat@uky.edu

Call for Nominations Notable Contribution to the Auditing Literature Award

The Auditing Section seeks submissions for the Notable Contribution to the Auditing Literature Award. The award will recognize a published work of exceptional merit that has made, or has the potential to make, a direct contribution to auditing or assurance research, education, and practice. To be eligible for submission, a work must have been published during the ten-year period ended December 31, 2004, and at least one of the authors of the published article, chapter, book, or monograph must be a current member of the Auditing Section. Selection of the award winner will be made by the Auditing Section's Notable Contribution to the Auditing Literature Award Committee. The award will be presented at the 2006 Midyear Conference of the Auditing Section.

A work may be submitted either by the author or another individual with an interest in auditing research, education, or practice. Submissions must include (1) a nomination letter stating why the work is deserving of special recognition and (2) the submitted work.

Submissions should be sent via email by **July 1, 2005** to:

Mark Beasley
North Carolina State University
Box 8113
College of Management
Raleigh, NC 27695-8113
Phone: (919) 515-6064
Fax: (919) 515-4446
Email: mark_beasley@ncsu.edu

Call for Nominations Outstanding Auditing Dissertation Award

The Auditing Section seeks nominations for its annual Outstanding Auditing Dissertation Award. The author of the dissertation judged to make the most outstanding contribution to auditing knowledge among those dissertations nominated for consideration, in addition to the recipient's dissertation chair, will receive the award. The assessment of what constitutes an outstanding contribution will be based upon, but not limited to, the following criteria:

- The timeliness and importance of the problem(s) addressed.
- The creativity of the research.
- The development of an appropriate theoretical framework.
- The appropriateness of the research method and analysis.
- The potential for publication in a scholarly journal.
- The potential for the results to have an impact on the practice of auditing.

Selection of the award winner will be made by the Section's Outstanding Dissertation in Auditing Committee. A dissertation can be nominated either by the author or one or more members of the dissertation committee. Nominations will be considered complete when the following materials have been submitted:

- A letter from the dissertation chairperson stating that the dissertation has been completed and accepted by the degree-granting institution between January 1, 2003 and December 31, 2004 (dissertations can be nominated more than once).
- A nomination letter stating why the dissertation is deserving of special recognition.
- An electronic copy of a paper from the dissertation that meets the criteria for papers submitted to *Auditing: A Journal of Practice & Theory* (refer to the latest issue for requirements related to length and other matters, e.g., submission of experimental instruments).
- An electronic copy of the entire dissertation.

Please submit all materials via email by **July 1, 2005** to:

Mark Beasley
North Carolina State University
Box 8113
College of Management
Raleigh, NC 27695-8113
Phone: (919) 515-6064
Fax: (919) 515-4446
Email: mark_beasley@ncsu.edu

Call for Nominations

Innovation in Auditing and Assurance Education Award

The Innovation in Auditing and Assurance Education Award Selection Committee is seeking nominations from the Section's membership for the award to be given at the Auditing Section Midyear Conference in January 2006. The purpose of this award is to encourage innovation and improvement in auditing and assurance education. The award will recognize a significant activity, concept, or materials. The criteria used to judge the submissions include, but are not necessarily limited to: (1) innovation, (2) educational benefits, and (3) adaptability by other educational institutions or to other situations.

Nominations may include, for instance, a set of teaching materials, a creative instructional strategy, or an insightful teaching approach. The innovation should have been implemented so that evidence of its success can be evaluated. Award winners must be willing to share instructional materials with other members of the Section. Individual faculty members or groups of faculty teaching or preparing materials to be used for auditing and/or assurance education are eligible to apply. Persons may also nominate another faculty member or group of faculty. At least one nominee must be a member of the Auditing Section.

Nominations should be sent by **July 1, 2005** to:

Professor Linda McDaniel
University of Kentucky
Gatton College of Business and Economics
Von Allmen School of Accountancy
Lexington, KY 40506-0034
Phone: (859) 257-2018
Fax: (859) 257-3654
Email: tarcat@uky.edu

Call for Nominations

Distinguished Service Award in Auditing

The Distinguished Service in Auditing Award Selection Committee is seeking nominations from the Section's membership for the award to be given at the Auditing Section Midyear Conference in January 2006. This award recognizes outstanding and sustained service to the profession or the Auditing Section. The distinguished careers of past recipients of the award (e.g., Tim Bell, Andy Bailey, Zoe-Vonna

Palmrose, Lyn Graham, Robert Mautz, Robert Elliott, William Kinney, Dave Landsittel, and Dan Guy) represent the type of contribution to the profession that exemplifies this recognition.

Nominations should be sent via email by **July 1, 2005** to:

Scott Showalter
KPMG LLP
280 Park Avenue
New York, NY 10017
Phone: (212) 909-5905
Email: dsshowalter@kpmg.com

Call for Nominations Outstanding Auditing Educator Award

The Outstanding Auditing Educator Award Selection Committee is seeking nominations from the Section's membership for the award to be given at the Auditing Section Midyear Conference in January 2006. This award is given annually and recognizes outstanding contributions to the field of auditing education. Prior recipients of this award include Steve Albrecht, Dan Simunic, Ted Mock, Andy Bailey, Ira Solomon, William Kinney, William Felix, Nick Dopuch, and Barry Cushing.

Nominations should be sent via email by **July 1, 2005** to:

Professor Linda McDaniel
University of Kentucky
Gatton College of Business and Economics
Von Allmen School of Accountancy
Lexington, KY 40506-0034
Phone: (859) 257-2018
Fax: (859) 257-3654
Email: tarcat@uky.edu

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Announcement and Calls for Papers and Volunteers 12th Annual Auditing Section Midyear Meeting

**January 12-14, 2006
Hilton Universal City at Universal Studios
Los Angeles, California**

Mark your calendars to attend the 12th Annual Auditing Section Midyear Conference to be held at the Hilton Universal City Hotel at Universal Studios in Los Angeles, California on January 12-14, 2006. The hotel is situated at the very entrance to Universal Studios Hollywood and Citywalk high on a hill overlooking the Los Angeles entertainment district. Every room features a view of the Hollywood Hills – San Fernando Valley and Universal Studios Hollywood. Along with resort amenities, such as a heated pool, whirlpool, and weight/fitness room, the hotel offers complete business center services.

We are especially excited to announce that this meeting will be held jointly with the American Accounting Association's International Section and 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 with an emphasis on international issues. Our format will be similar to prior Mid-Year meetings, but now the joint meeting allows us the opportunity to host combined plenary sessions focused on international issues affecting audit and assurance issues. While we will maintain the same number of concurrent research and education sessions focused on auditing and assurance issues, our members will also be able to attend concurrent sessions hosted by the International Section. We are confident that this joint meeting will facilitate fruitful dialogue between members of both sections.

You are encouraged to contribute to the program through submissions of auditing / attestation / assurance research and education papers, teaching cases, and special

session proposals.

Please e-mail your conference submissions and questions to the meeting Co-Chairs, Mark DeFond and Todd DeZoort, at AMC2006@cba.ua.edu. The deadline for submissions is **September 1, 2005**, although early submissions are strongly encouraged. To preserve anonymity, e-mail the cover page and the remainder of the manuscript as separate files. Research submissions involving field surveys and experiments also should include the research instrument with the author identities removed. Submissions will not be eligible for consideration if they will have been: (1) published or accepted for publication by September 1, 2005, (2) presented at the 2005 AAA Annual Meeting, or (3) presented at more than one AAA regional meeting. Papers presented at the Research Forum or New Scholars Forum of the AAA Annual Meeting are eligible for consideration. Papers accepted for presentation at the 2006 Auditing Section Midyear Conference also may be submitted for presentation at the 2006 AAA Annual Meeting. There is no submission fee required.

We also seek your assistance in our planning efforts. We encourage you to participate as reviewer of paper submissions or as discussant or moderator of concurrent sessions. And, we would appreciate receiving suggestions of session topics, panels, or workshops. Please complete and return the attached [Volunteer Form](#) indicating your interest in assisting.

Please make plans now to join us at Universal City next January! We hope to see you there!

Mark DeFond and Todd DeZoort
2006 Auditing Midyear Conference Co-Chairs

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AUDITING SECTION / AMERICAN ACCOUNTING ASSOCIATION

Call For Papers

**2005 ABO Research Conference
Atlanta Georgia
October 21-22, 2005**

The 2005 ABO conference will be held October 21–22, 2005 in the Buckhead area of Atlanta, Georgia. The deadline for submission is Thursday, **June 30, 2005**. Selection of conference papers will be announced by August 20, 2005. Submitted papers should not have been accepted for publication at the time of the submission. Papers should follow the style guidelines for *Behavioral Research in Accounting*.

BRIA simultaneous submission: Authors may simultaneously submit their paper for consideration for publication in *Behavioral Research in Accounting* (with no additional *BRIA* submission fee), if desired. The *BRIA* decision process is completely independent of the conference decision process. No separate conference issue of *BRIA* will be published. The paper will be considered for simultaneous submission only if the author specifically requests it. Please include a note with your submission to indicate simultaneous submission.

Emerging scholars submission: This year we are pleased to include an Emerging Scholars session at the conference. This session will showcase the work of new scholars while providing them with detailed constructive feedback on their papers through the assignment of a more senior discussant. Faculty who have graduated within the past three years and doctoral students are encouraged to submit their work to this session. Please include a note with your submission to indicate "emerging scholars" submission.

Submission procedures: All submissions should be made electronically. Email submissions to *both* Lynn Hannan (rhannan@gsu.edu) and Anne Magro

(amagro@ou.edu). The manuscript should be submitted in .pdf format with all author identification removed from the document; instruments should also be submitted for field surveys or experiments. Include author(s) and institution affiliation(s) in the email.

The submission fee is \$75.00 (\$50.00 for doctoral students). Please mail a check payable to the American Accounting Association to:

Professor Lynn Hannan
School of Accountancy
Georgia State University
PO Box 4050
Atlanta, GA 30302-4050

When registering for the conference, submitting authors may deduct \$50.00 from the normal registration fee (limited to one deduction per paper and one deduction per person).

Watch the AAA website for further details on the conference, including registration information.

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Accounting Ethics Education and Research at a Crossroads

Saturday, August 6 – Sunday, August 7, 2005
10th Ethics Research Symposium

The symposium will be conducted on Saturday, August 6, 2005, 1:00 pm - 5:30 pm and Sunday, August 7, 2005, 8:00 am - 5:00 pm. The Professionalism and Ethics Committee of the American Accounting Association invites faculty and doctoral students to attend the 10th Ethics Research Symposium that will take place just prior to the 2005 American Accounting Association Annual Meeting at the Hilton San Francisco. The registration fee of \$130 will be waived for doctoral students. Doctoral students wishing to attend the Symposium should contact Professor Loeb at sloeb@rhsmith.umd.edu before June 27, 2005 to request that their registration fee for the Symposium be waived.

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AUDITING SECTION / AMERICAN ACCOUNTING ASSOCIATION

Call for Papers

Eleventh World Congress of Accounting Historians

Nantes (France) 19 - 22 July 2006
First Announcement

Six years after the Madrid Congress in 2000, the WCAH will return to Europe, after stops in Melbourne in 2002 and St-Louis in 2004. In fact in July 2006, the Eleventh World Congress of Accounting Historians will take place in Nantes, and France will welcome this gathering for the first time.

Ideally situated, Nantes is only two hours from Paris by TGV (the high speed train with 20 round trips daily) and approximately two hours by plane from the majority of European Capitals. Gateway to Brittany and its ports, it is equally very close to a number of major tourist sites, such as Mont Saint-Michel, le Puy du Fou, the Futuroscope, and the "Chateaux of the Loire."

Settled over two millennia ago on the banks of the Loire, fifty kilometres from the Atlantic Ocean, Nantes was, during the middle ages, the capital of the Duchy of Bretagne. In the eighteenth century, the city became the great merchant port of the French crown, opening commercial and maritime routes of the Americas and Africa. The leading industrial shipyards of the western half of France from the nineteenth century, noted for its naval engineering and its canning industry, Nantes and the Loire estuary have developed into a leading metropolis for the service and high technology sectors. Economic capital of western France and the major French city in terms of its rate of demographic growth, Nantes draws interest not only for its economic achievements but also for its quality of life and its environment.

The Congress will take place on the campus of the University of Nantes, a few steps from the historic centre of the city and from the majority of the hotels likely to lodge congress attendees. In 1995, the Journées d'histoire de la Comptabilité et du Management, which takes place in France in March of each year, was organized for the first time in Nantes. The same year, the University of Nantes made a major acquisition of a collection of works dealing with accounting and its history, amassed by the Belgian Accounting Historian Ernest Stevelinck. Deceased in 2001, Ernest Stevelinck was the initiator and organiser of the first World Congress of Accounting Historians, which took place in Brussels in 1970. Holding the eleventh Congress in Nantes will therefore possess symbolic value and will be an opportunity to recognise his legacy.

Call for papers

Conference submissions can examine any aspect of the history of accounting, but the history of Nantes, the presence of the Stevelinck Collection, and the experience with the Journées d'Histoire de la Comptabilité et du Management motivates us to encourage papers dealing with the following themes:

- Accounting and Ocean Routes: maritime trade, major commercial companies, colonisation.
- 1970-2006: 36 years of accounting-history research: thematics, authors, methodologies, prospective approaches.
- Accounting writers: biographies, works, influence... privileging new research approaches and new issues.
- Accounting in relation to other management disciplines: strategy, management, human resources management, marketing, finance.
- Interdisciplinary approaches to accounting history.

Manuscripts must be submitted in English, and will be reviewed by the members of the Scientific Committee. Submissions by electronic mail are acceptable.

Submissions for proposals:

The deadline for proposed manuscripts is **January 15, 2006** and should be sent to:

Yannick Lemarchand
Congress Convenor
Centre de Recherches en Gestion Nantes-Atlantique CRGNA
Faculté des Sciences économiques et de gestion

Université de Nantes
BP 52331
44322 Nantes Cedex
FRANCE
Email: wcah@sc-eco.univ-nantes.fr

Authors of accepted papers will be advised at the latest by March 15, 2006.

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THE AUDITOR'S REPORT

AUDITING SECTION / AMERICAN ACCOUNTING ASSOCIATION

Call for Papers

Journal of Information Systems Forum Announcement

The *Journal of Information Systems* invites proposals for a research forum to be published as a special section of the Fall 2007 issue entitled The Role of Technology and Accounting in the New Information Era. The purpose of the forum is to stimulate research that addresses current issues of importance related to information technology and accounting. All research methods including theoretical, empirical, archival, small sample studies, field cases, behavioral and experimental as well as analytical methods will be considered. Academic, education, and practice proposals are encouraged.

Relevant research topics include but are not limited to:

- Security
- Sarbanes-Oxley
- Artificial intelligence and continuous audit
- Internal control
- ERP systems
- Fraud detection
- Corporate IT governance
- System integration up and down the value chain
- Ethics in AIS
- Outsourcing
- IT audit and internal auditing
- IT control frameworks
- IS management and organizational issues

- Mangers', accountants', system analysts' and auditors' incentives and motivations
- Financial reporting issues

Proposal Parameters:

Academic proposals should clearly identify a research question related to the forum topic and outline a viable method for addressing that question. Expected data sources should be described and research instruments included if available. Education proposals should inform pedagogy that relates to the forum topic. Practice proposals should also inform the forum topic and adhere to the [JIS editorial guidelines](#) by informing academic research on the state of practice. Proposals are to be a maximum of three pages excluding references and research instruments.

The deadline for proposals is **August 31, 2005**, and accept or reject decisions along with the editor's feedback will be communicated by September 30, 2005. Authors of all accepted proposals will have until January 1, 2007 in which to submit a manuscript to *JIS* based upon their proposal. Submitted manuscripts will receive an expedited review and authors will be informed of final decisions by May 2007. Accepted manuscripts will be published in the Fall 2007 issue of *Journal of Information Systems*.

Proposals should be submitted by emailing a Microsoft Word file conforming to *JIS* guidelines to:

Christopher Wolfe, guest editor
Journal of Information Systems
Mays Business School
Texas A&M University
4353 TAMUS
College Station, TX 77843-4353
Phone: 979-845-0964
email: cwolfe@mays.tamu.edu

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THE AUDITOR'S REPORT

AUDITING SECTION / AMERICAN ACCOUNTING ASSOCIATION

Announcement and Call for Papers and Cases

University of Waterloo Symposium on Information Systems Assurance

October 20-22, 2005

Integrity, Privacy, Security & Trust in an IT Context

The Center for Information Systems Assurance at the University of Waterloo (UWCISA) is pleased to announce a symposium to be held October 2005 in Toronto, Canada. The Symposium is sponsored by the Canadian Institute of Chartered Accountants, the Information Systems Audit and Control Association and the *International Journal of Accounting Information Systems (IJAIS)*. Accepted papers will be published together with discussants' comments subject to editorial review and approval.

Call for Papers

Papers are invited from academe and practice. Papers addressing education issues are also welcome. Although we are particularly interested in works in the theme area, papers on other assurance issues will be considered as well. All research methods are welcome. Information about previous Symposia and the Center may be obtained from the UWCISA website: <http://watarts.uwaterloo.ca/ACCT/uwcisa>.

Call for Cases

Academics and practitioners are invited to submit cases on topics pertinent to Information Systems Assurance. Submissions will be entered in a competition with awards totaling \$5,000 Cdn for the top three cases. We reserve the right not to make awards if the number of submissions is insufficient.

Submissions Due June 1, 2005

Submitted papers should be at an advanced stage of completion. Papers will be subject to blind review by academics and practitioners. Authors must adhere to the editorial style of *IJAIS*. Please send an electronic copy of the paper and a submission fee of \$50.00 (US) payable to the University of Waterloo to:

Professor J. Efrim Boritz, Director
Center for Information Systems Assurance
School of Accountancy, University of Waterloo
Waterloo, Ontario Canada N2L 3G1
Tel: (519) 888-4567 ext. 5774
Fax: (519) 888-7562
Email: jeboritz@uwaterloo.ca

Notice of acceptance or rejection will be sent out by July 15, 2005. Papers accepted subject to revision must be revised by August 30, 2005.

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THE AUDITOR'S REPORT

AUDITING SECTION / AMERICAN ACCOUNTING ASSOCIATION

Call for Papers

Contemporary Accounting Research Conference 2005

**The 20th Anniversary CAR Conference
Niagara-on-the Lake, Ontario
November 5–6, 2005**

**(plus Doctoral Consortium on November 4th)
Building a Better Understanding of Accounting:
Celebrating Diversity in Accounting Research**

The 20th Anniversary *CAR* Conference will look back at the founding of *CAR* and the diverse streams of research that have ebbed and flowed through the twenty conferences. Hence, the *CAR* editorial team invites research papers in any area of accounting research, broadly defined (financial, managerial, assurance, and tax) and employing any method (analytical, archival, case, empirical, and survey). We intend to have a set of accounting papers that encompass the major topic areas and methods, which demonstrate the synergy that can be achieved by understanding what other perspectives have to offer, either methodologically or substantively.

Questions should be directed to:

Professor Gordon Richardson, Editor
Contemporary Accounting Research
Joseph Rotman School of Management
University of Toronto
105 St. George St., Toronto, Ontario
M5S 3E6 Canada

Phone: 416-946-8601 Fax: 416-971-3048

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