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Report of the President

By Yi-Jing Wu



Greetings fellow members of the AAA Auditing Section:

As the days grow a little longer and the first signs of spring begin to appear, many of us are looking forward to the welcome pause that spring break provides. I hope the coming weeks offer each of you a chance to recharge and enjoy the transition into spring. I would also like to take a moment to share a few updates and highlights from the Auditing Section. Before doing so, I would like to take a moment to thank the Executive Committee: Chad Stefaniak (Past President), Helen Brown-Liburd (Vice-President Academic), James Powell (Vice-President Practice), Kerri-Ann Sanderson (Treasurer), Marcy Shepardson (Secretary), and Chad Simon (Council Representative). I am grateful for their commitment and for the many ways they contribute behind the scenes to support our section.

Auditing Section Midyear Meeting, Doctoral Consortium, and Audit Educator's Workshop

The 2026 Midyear Meeting in San Antonio was a great success, with approximately 380 members in attendance. We appreciate the generous support of the CAQ and KPMG for sponsoring the meeting and are also grateful to PwC for sponsoring the Excellence in Auditing Education Workshop. Thank you to our meeting Co-Chairs, Nathan Berglund, Melissa Carlisle, and Zach Kowaleski and Vice-Chairs, Anne Albrecht, Stephani Mason, and Xinning Xiao for the tremendous effort they put into organizing such an excellent conference.

The section also hosted several preconference events. I am grateful to Tamara Lambert (Chair) and Lauren Cunningham (Vice Chair) for their leadership in organizing the Doctoral Consortium this year. I also want to thank Eric Rapley (Chair), Vanessa Teitelbaum from The CAQ (Practice Chair) and Danielle Booker (Vice Chair) for organizing the Excellence in Auditing Workshop. This year's workshop focused on artificial intelligence, featuring discussions on how auditors use AI in practice and ways to incorporate AI into auditing classrooms to enhance learning.

I am also excited to announce the continuation of PIPEline (Pathway into PhD Experience) and thank you to Erin Hawkins (Chair) and Marcus Doxey (Vice Chair) for organizing a successful program this year. This initiative encourages individuals to pursue a PhD and academic career by providing selected participants with the opportunity to attend the Audit Midyear Meeting and connect with faculty, learn about audit research, and gain insight into careers in auditing education.

The section gave out annual awards during the Friday and Saturday luncheons. I want to thank the numerous volunteer committees for their work in selecting the winners and congratulations to all the award recipients. You can find the award winners and pictures of all the winners on our [Auditing Section LinkedIn Page](#)! Keep an eye out for the upcoming announcement to submit nominations for the 2027 awards.

Section Journals

Tamara Lambert has been appointed as the incoming AJPT Senior Editor and will succeed Mike Wilkins in the role. As you plan your research agenda, I also encourage you to review the current calls for papers at AJPT. Click [here](#) for more information. Finally, AJPT, starting February 1, 2026, will begin offering Hybrid Gold Open Access publishing under a Creative Commons Attribution (CC-BY) license. Click [here](#) for more information.

Colleen Boland has been appointed as the incoming CIIA Senior Academic Editor and will succeed Nicole Wright in the role. Joining Colleen will be Halie Creps (KPMG) who has been appointed the incoming CIIA Practice Editor and will succeed Steven Davis (Ernst & Young).

Committee Activities

Our section committees work diligently to support and advance the mission of the Section. Please visit our [webpage](#) to see a list of committee members and their responsibilities. I encourage all members to consider volunteering and getting involved in the Section, as serving on a committee is a great way to contribute to our community, support the Section's mission, and connect with colleagues. Please contact Helen Brown-Liburd if you are interested in serving on a committee in the upcoming year. Committee assignments will begin soon for September 1st start date.

2026 Audit Educators' Bootcamp

The 2026 Audit Educators' Bootcamp will be hosted by Grant Thornton at their Chicago, Illinois, office. The Bootcamp will begin on Tuesday, June 23, 2026, at 9:00 a.m. and conclude on Thursday, June 25, 2026, at 4:00 p.m. Thank you to Christine Earley and Jason Smith for coordinating the Bootcamp and for their dedication in serving as instructors. The program features discussions of current auditing practices and practical teaching strategies, with audit firm professionals participating to share insights that can help faculty prepare the next generation of auditors. I highly recommend this bootcamp for faculty who currently teach auditing but have been away from practice for some time, as well as for recent doctoral graduates who have limited experience teaching auditing courses. The Bootcamp will transition to an every-other-year format beginning after this year (2028 will be the next time this bootcamp will be

held). This change is intended to allow additional time to refresh and enhance the program's content, ensuring that each offering reflects the latest developments in auditing practice and pedagogy while continuing to provide a high-quality and valuable experience for participants. Click [here](#) for more information about the 2026 Bootcamp. Registration will open soon, so please be on the lookout for more information.

2026 AAA Global Connect (formerly Annual Meeting)

Preparations for the meeting are already in full swing. The meeting will be held in Las Vegas, Nevada from August 1-5, 2026. I would like to thank the Auditing Section planning committee led by Co-Chairs, Eric Rapley, Andrew Imdieke, and Erin Hamilton and assisted by Vice-Chairs, Dereck Barr-Pulliam, Amanda Convery, and Veena Brown. If you have not done so yet, please consider volunteering as a moderator or discussant to ensure that all presenters receive valuable, high-quality feedback on their papers.

In lieu of a business lunch and award ceremony, the Section will again host an Auditing Section Networking Reception and Business Meeting, similar to last year. This format, which worked well and will be free for Auditing Section members, helps reduce costs while still providing an opportunity to connect with colleagues. Further details will be announced soon.

In closing, I want to thank you all for your ongoing support of the Auditing Section. I have truly enjoyed working with many of you to advance the mission of the Section and appreciate the time, effort, and engagement that make our community so strong. I look forward to continuing our work together in the months ahead. I hope to see you in Las Vegas this August!

Warm regards,

Yi-Jing Wu
Texas Tech University

Awards Presented at 2026 Auditing Section Midyear Conference

Audit Midyear Meeting Best Paper Nicole Donahoo, Jeffrey Pickerd and Christy Nielson

(From Left: Anne Albrecht, Christy Nielson, Jeffrey Pickerd, Nicole Donahoo, Xinning Xiao)



**Audit Midyear Meeting Best Phd Student Paper
Isaac Yamoah**

(From Left: Anne Albrecht, Isaac Yamoah, Stephani Mason, Xinning Xiao)



AUDITING: A Journal of Practice & Theory Best Paper Award
Richard Hatfield and Aaron Saiewitz

(From left: Richard Hatfield, Erin Cromwell and Aaron Saiewitz)



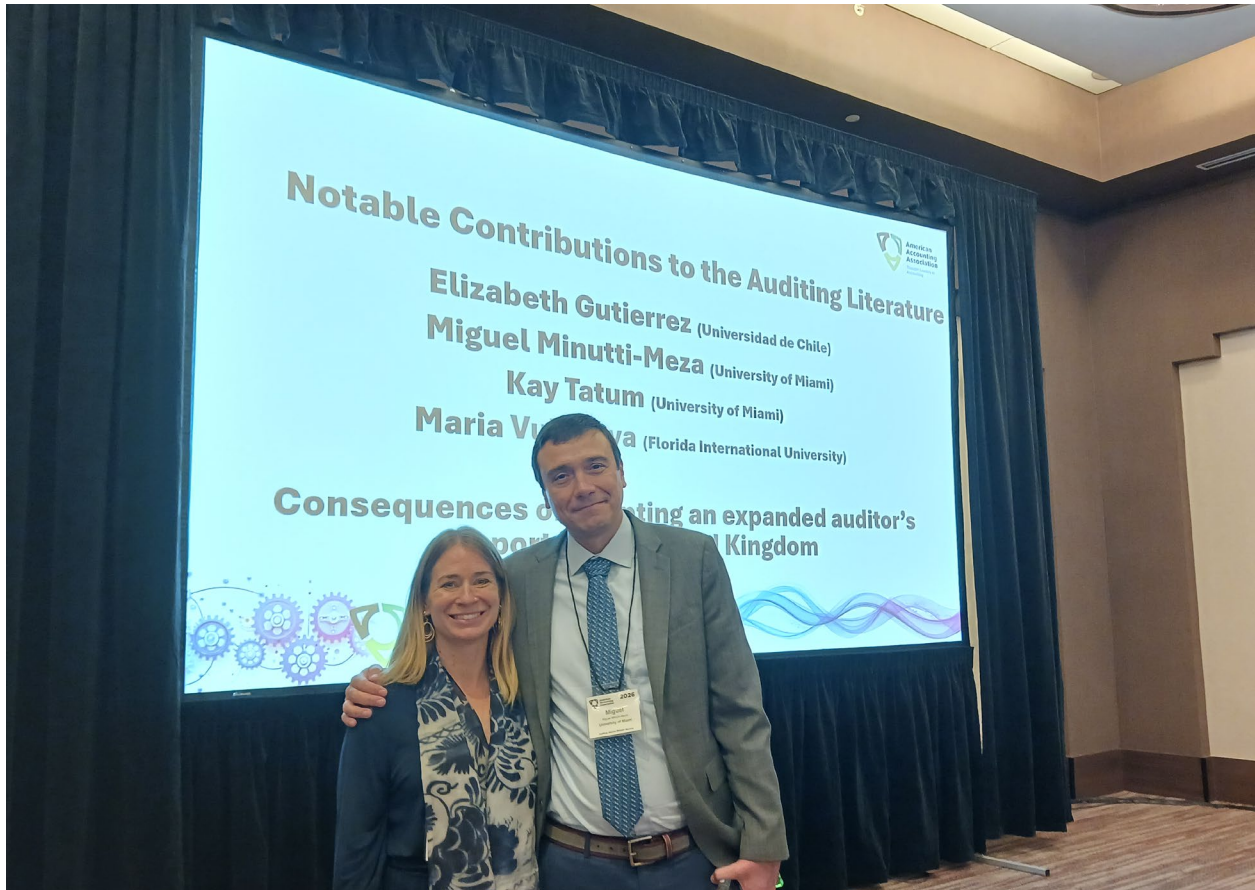
**Outstanding Auditing Dissertation and Dissertation Chair
Jessica Filosa and Sarah Stein**

(From Left: Sarah Stein, Jessica Filosa and Nate Newton)



**Notable Contribution to the Auditing Literature
Elizabeth Gutierrez, Miguel Minutti-Meza, Kay Tatum and Maria Vulcheva**

*(From Left: Kim Westermann, Miguel Minutti-Meza)
(Not Pictured: Elizabeth Gutierrez, Kay Tatum, Maria Vulcheva)*



**Distinguished Service
Margot Cella**

(From Left: Mark Beasley, Margot Cella)



**Outstanding Educator
Scott Showalter**

(From Left: Chad Stefaniak, Scott Showalter)



Innovation in Auditing & Assurance Education
John Keyser and Piotr Skomra

(From Left: Yi-Jing Wu, John Keyser)
(Not Pictured: Piotr Skomra)



AUDITING: A Journal of Practice & Theory Outstanding Reviewer Awards
Anne Thompson, Devin Williams, Chenxi Lin and Marcus Doxey

(From Left: Erin Cromwell, Chenxi Lin, Marcus Doxey and Michael Wilkins)
(Not Pictured: Anne Thompson, Devin Williams)



PCAOB Standards Update

By Barbara Vanich and Elena Bozhkova

PCAOB Chief Auditor and PCAOB Assistant Chief Auditor

Introduction

This Update addresses select Public Company Accounting Oversight Board (PCAOB) developments since the Fall 2025 Update that are likely to be of interest to accounting and auditing researchers, educators, and students. The developments include:

- Data Point on Financial Restatements and Auditor Turnover
- Meeting of PCAOB Standards and Emerging Issues Advisory Group
- New Acting Chief Economist
- 2026 PCAOB Budget
- Board Member Changes
- Broker-Dealer Audit Focus on Related Party Transactions
- Settled Disciplinary Orders

PCAOB Developments

Data Point on Financial Restatements and Auditor Turnover

On October 15, 2025, the PCAOB released a new Data Point edition “[Financial Restatements and Auditor Turnover](#).” It reported that between 2005 and 2024, financial restatements disclosed in Form 8-K occurred at a rate of around 3% per year. On average, just under 30% of these restatements followed an auditor change in the previous year. The average annual auditor-change rate across the broader population, which includes companies without such restatements, was 11%.

The Data Point publication is available at <https://pcaobus.org/resources/staff-publications/data-points/data-points--financial-restatements-and-auditor-turnover>. Additional Data Point publications are available at <https://pcaobus.org/resources/staff-publications/data-points>.

Meeting of PCAOB Standards and Emerging Issues Advisory Group (SEIAG)

On November 5, 2025, the PCAOB held a meeting of the SEIAG. Agenda topics included artificial intelligence and cryptocurrency.

The recording and related materials for the meeting are available at <https://pcaobus.org/news-events/events/event-details/pcaob-standards-and-emerging-issues-advisory-group-meeting-november-2025>.

New Acting Chief Economist

On December 18, 2025, the PCAOB announced the appointment of Dr. Erik Durbin as the PCAOB's Acting Chief Economist and Director of its Office of Economic and Risk Analysis (OERA).

Dr. Durbin's biography is available at <https://pcaobus.org/about/senior-staff/senior-staff-bios/erik-durbin>.

2026 PCAOB Budget

On December 19, 2025, the PCAOB voted to set its fiscal year 2026 budget at \$362.1 million. On January 22, 2026, the U.S. Securities and Exchange Commission (SEC) approved the PCAOB 2026 budget, which reflects a 9.4% (\$37.6 million) decrease from the prior year and includes a 52% and 42% reduction in the Chairman and other Board Members' compensation, respectively.

The 2026 budget is available at https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/documents/fiscal_year_budgets/1a-2026-public-budget.pdf?sfvrsn=9a973268_2.

Board Member Changes

On January 30, 2026, the SEC announced the appointment of Demetrios (Jim) Logothetis as PCAOB Chairman and Mark Calabria, Kyle Hauptman, and Steven Laughton as new Board Members, as well as George Botic remaining a Board Member. Board Members Logothetis, Calabria, and Laughton were sworn in their roles on February 10, 2026.

The biographies of PCAOB Board Members are available at <https://pcaobus.org/about/the-board>.

Broker-Dealer Audit Focus on Related Party Transactions

On February 4, 2026, the PCAOB released a new Audit Focus publication, "Broker-Dealer Audit Focus: Related Party Transactions." The publication highlights key reminders for auditors of broker-dealers from PCAOB standards related to audit procedures involving a broker-dealer's revenue and expense transactions with related parties. It also provides the staff's perspective on common deficiencies observed in broker-dealer inspections and shares good practices that the staff has observed.

The Audit Focus publication is available at <https://pcaobus.org/resources/staff-publications/audit-focus/broker-dealer-audit-focus-related-party-transactions>.

Settled Disciplinary Orders

The PCAOB posted several settled disciplinary orders that imposed monetary penalties and other sanctions.

Settled disciplinary orders are available at <https://pcaobus.org/Enforcement/Decisions/Pages/default.aspx>.

Have you Seen...?

**Candice Hux, Northern Illinois University
Jenny McCallen, University of Georgia
Delia Valentine, University of Wisconsin-Milwaukee**

“Profit Persistence in the U.S. Audit Market” By William A. Ciconte III and Andrew R. Kitto. *Journal of Accounting Research* (online early).

Using proprietary data on auditor realization rates, this study examines the relationship between engagement-level profitability and audit quality. The results suggest that the U.S. audit market is not perfectly competitive, with abnormal profits persisting across firms. Specifically, city-level market concentration is associated with profit persistence, while office-level persistence is associated with several measures of auditor differentiation. Importantly, higher office-level profit persistence – interpreted as lower competition – correlates with more audit hours, fewer audit deficiencies, fewer restatements, and lower discretionary accruals. This relationship is stronger when auditors have advantages such as industry expertise or client experience. Collectively, these results challenge the notion that lower competition lowers audit quality, suggesting instead that it is associated with more efficient and effective audits.

“The Effect of Auditors’ Informal Communication on Manager Behavior” By Emily K. Deng. *Review of Accounting Studies* (online early).

This paper investigates whether casual, unstructured interactions between auditors and client managers influence how managers behave in a reporting setting. Results indicate that when managers have more informal interaction with auditors, they develop stronger social bonds with them, which leads managers to make fewer aggressive accounting choices. When managers do make aggressive choices, they are also more honest about them. Notably, the paper finds that informal management communication is linked to lower audit effort, which may not be problematic when the trust built through positive social bonds yields greater honesty from managers. This study demonstrates that auditors can strategically use informal communication to strengthen social bonds with management, which could benefit the audit through less aggressive and more honest manager behaviors.

“Auditor Task Prioritization” By Bart Dierynck and Christian P. H. Peters. *Contemporary Accounting Research* (online early).

This paper examines auditor task prioritization through three experiments with over 350 auditors. The first two studies focus on how task prioritization affects task performance, finding that those who complete easy tasks first perform worse on subsequent, harder tasks. This effect occurs even when the

two tasks of varying difficulty are similar in nature. The third experiment examines the factors that drive auditors' choice of tasks to prioritize. When given a choice of which task to perform first, most auditors choose the easier task, and this is more likely when time pressure is higher. This study demonstrates the natural inclination for auditors to choose to "knock out" the easy tasks first, but it also highlights the negative effects this choice can have on audit quality. Despite the perception that easy tasks will be easy to knock out, they still drain auditors' mental "battery" and reduce performance on subsequent tasks.

"Does Gender Composition of Audit Teams Matter? An Examination of Audit Quality and Audit Cost"
By Joshua A. Khavis, Amy G. Sheneman and Brandon Szerwo. *Review of Accounting Studies* (online early).

Using data from auditors' online professional profiles across 20 large U.S. public accounting firms from 2010 to 2018, this study examines the relationship between audit team gender composition and audit quality at the office level. The results suggest that a greater presence of female auditors at the staff level, specifically at the senior level, is associated with higher quality and more efficient audits. Interestingly, this association is not observable among offices with fewer female partners. Collectively, the results provide new insights into how gender composition within audit teams impacts audit outcomes and call for additional research on the mechanisms driving these effects.

"Better Sooner Than Later? Effects of Adopting Drone-Enabled Inventory Observation on Auditor Liabilities" By Sarah Kim, Tom Downen and Helen Kang. *Managerial Auditing Journal* 41(3): 557-578.

This paper examines how auditors' use of drones in inventory observations affects jurors' assessments of auditor negligence. The study manipulates drone usage (drone vs. human inventory observation) and consistency of use with other firms (consistent vs. inconsistent). Interestingly, findings show that jurors are less likely to find an auditor negligent when drones are used, provided that the use aligns with industry norms. However, if drone usage diverges from industry norms, jurors assess higher negligence for drone usage compared to human inventory observations. The authors also find that perceived foreseeability of audit failure mediates this effect. Specifically, when drone usage is inconsistent with industry norms, jurors believe auditors have a greater degree of foreseeability of potential audit failure, and as a result, assess higher negligence. This study provides important practical insights as the use of drones for inventory observations becomes more common.

"Redefining the Partnership: A Study on Non-equity Partners" By Marie-Laure Vandenhoute and Kris Hardies. *Contemporary Accounting Research* 42 (4): 2983-3022.

This study examines how equity incentives affect audit partners' reporting behavior and their clients' financial reporting quality. Partnerships are the dominant organizational form for audit firms globally. However, there is a growing trend for firms to use non-equity partners to lead engagements and sign audit reports to retain talented individuals and handle increasing workloads. Using data from Big 4 private company audits from 2008 to 2017, results indicate that non-equity partners are associated with lower quality financial reporting and less independence in going concern reporting decisions for

financially distressed clients. These findings highlight the importance of equity incentives and ownership interest to the quality of audits performed by partners.