**Newsletter Contents**

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Greetings Section Members

As I write my final letter as President, I hope that you and your loved ones are safe and are unharmed by the difficult weather we are enduring this summer. From record breaking heat on the East Coast and severe thunderstorms in the West to flashfloods just about everywhere, I know many of you have had significant challenges, and I wish for your continued resilience.

I would like to thank you again for providing me the honor of serving as your President. On August 12th, sometime around 1pm, Chad Stefaniak will assume leadership of the Section. Thanks to your incredible volunteering spirit and the sense of community we share, I transfer a strong and viable Audit Section to Chad’s capable hands. He brings a lot of energy and enthusiasm to the office, and I’m sure he has great things planned for us next year.

I am really looking forward to the Annual Meeting in Washington DC next month. The theme for our meeting is "Revolutionizing Accounting Education" and we are proud that Mark Taylor, our section member and former Auditing Section President, will be presiding. Our Auditing Section luncheon will be held on **Monday, August 12th**. Thanks to our section’s strong financial position, the Executive Committee can offer a below market lunch fee for members. At our lunch we will formally thank Margot Cella (VP Practice) and Ken Bills (Secretary) for their service on the Executive Committee. We will also welcome our newly elected Executive Committee members: Yi-Jing Wu, (VP Academic); James Powell, (VP Practice); and Marcy Shepardson, (Secretary).

The Annual Meeting Planning Committee (consisting of Co-Chairs: Nathan Berglund, Melissa Carlisle and Zach Kowaleski; Vice Chairs: Anne Albrecht, Stephani Mason and Xinning Xiao) have worked diligently to bring you engaging sessions. Please thank them if you see them at the meeting! They managed a total of 107 paper submissions and 146 reviewers. Below is the list of the dates and times for our paper and panel sessions. Please add the information to your calendar and attend these sessions. Room location will be provided by AAA.
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<td>Audit Implications of AI/Technology &lt;br&gt;Audit Market Structure &lt;br&gt;Auditing and the Information Environment &lt;br&gt;Audits and ESG</td>
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<td>Monday, August 12, 2024 — 2:00 PM - 3:30 PM</td>
<td>Audit Fees and Economic Factors &lt;br&gt;Audit Teams &lt;br&gt;Cybersecurity and Auditor Changes &lt;br&gt;Demand for Auditing, Audit Firms, and Auditors &lt;br&gt;Auditors, Personnel, and Reporting Quality</td>
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<td>Monday, August 12, 2024 — 4:00 PM - 5:30 PM</td>
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<td>Auditing Assets &lt;br&gt;Auditor Liability &lt;br&gt;International Audit Markets &lt;br&gt;Probabilities and Risk Responses</td>
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<td>Tuesday, August 13, 2024 — 2:00 PM - 3:30 PM</td>
<td>Behavioral Audit &lt;br&gt;Determinants of Audit Fees &lt;br&gt;Miscellaneous Topics in Auditing 1</td>
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<td>Audit Fees &lt;br&gt;Financial Distress and Audit Outcomes &lt;br&gt;Miscellaneous Topics in Auditing 3 &lt;br&gt;Qualitative Audit Quality Research</td>
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<td>Monday, August 12, 2024 — 4:00 PM - 5:30 PM</td>
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<td>Implications of Generative AI on Usage and Disclosures for Publications</td>
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2025 Auditing Section Midyear Meeting

Even though it is only July, planning for the 2025 Midyear Meeting has already begun. Eric Condie, Christine Gimbar, Roy Schmardebeck and Tim Seidel, Program Co-Chairs, are excited about having Charlotte, NC as the meeting venue and they are working hard to make the meeting a great experience for all of us. The submission deadline, August 21, is rapidly approaching. Please plan to submit your papers and volunteer to serve as a reviewer and take the time to provide thoughtful and valuable feedback to our colleagues on their research.

As I close this letter, I would like to thank Shauna Blackburn and Kelli Rickrode, the AAA staff who have supported our section and have been extremely helpful to me in fulfilling my responsibilities. This year’s annual meeting theme complements our section’s theme of the year: Enhancing Audit Integrity. I encourage all of you to remain connected and to continue to share ideas as we work towards "Revolutionizing Accounting Education." The level of creativity and thoughtfulness of the members of the Auditing Section continues to astound me. We have a terrific Auditing Section filled with great people. It has been my pleasure serving all of you.

Thanks again to the many individuals who contribute to the mission of our Section. Enjoy the rest of your summer and I look forward to seeing you in Washington, DC in August.

Best,

Jennifer
Introduction

This Update addresses select Public Company Accounting Oversight Board (PCAOB) developments since the Spring 2024 Update that are likely to be of interest to accounting and auditing researchers, educators, and students. The developments include:

- Proposal on Firm and Engagement Metrics
- Proposed Rule on Firm Reporting
- Meeting of PCAOB Investor Advisory Group (IAG)
- Spotlight on Important Auditing Considerations Related to Commercial Real Estate
- Meeting of PCAOB Standards and Emerging Issues Advisory Group (SEIAG)
- Adoption of New Standard on General Responsibilities of the Auditor
- Adoption of New Quality Control Standard
- Updated Standard-Setting, Research, and Rulemaking Agendas
- Spotlight on Perspectives from 2023 Conversations With Audit Committee Chairs
- Proposed New Standard on Substantive Analytical Procedures
- Adoption of Amendments to Clarify Auditor Responsibilities When Using Technology Assisted Analysis
- Adoption on New Rule on Accountability for Contributing to Firm Violations
- PCAOB Conference on Current Issues in Auditing
- PCAOB Conference on Auditing and Capital Markets
- Settled Disciplinary Orders

PCAOB Developments

Proposal on Firm and Engagement Metrics

On April 9, 2024, the PCAOB issued for public comment a proposal regarding firm and engagement metrics. The proposal would require PCAOB-registered public accounting firms that audit one or more issuers that qualify as an accelerated filer or large accelerated filer to publicly report specified metrics relating to such audits and their audit practice.

The proposed metrics cover (1) partner and manager involvement, (2) workload, (3) audit resources (4) experience of audit personnel, (5) industry experience of audit personnel, (6) retention and tenure, (7) audit hours and risk areas (engagement-level only), (8) allocation of audit hours, (9) quality performance
ratings and compensation (firm-level only), (10) audit firms’ internal monitoring, and (11) restatement history (firm-level only).

The proposal would require reporting of firm-level metrics annually (on a new Form FM) for firms that serve as the lead auditor for at least one accelerated filer or large accelerated filer. Reporting of engagement-level metrics for audits of accelerated filers and large accelerated filers would happen via a revised Form AP, which would be renamed “Audit Participants and Metrics.” Finally, the proposal would allow, but not require, limited narrative disclosures on both Form FM and Form AP to provide context and explanation for the required metrics.

The proposal, comment letters received, and supplemental materials are available at https://pcaobus.org/about/rules-rulemaking/rulemaking-dockets/docket-041.

Proposed Rule on Firm Reporting

On April 9, 2024, the PCAOB issued for public comment a proposal regarding the PCAOB framework for collecting information from audit firms. The proposal would amend the PCAOB’s annual and special reporting requirements to facilitate the disclosure of more complete, standardized, and timely information by registered public accounting firms in several key areas:

- Financial Information
- Audit Firm Governance Information
- Network Information
- Special Reporting
- Cybersecurity

As is current practice, much information would be disclosed publicly, and some would be available to the PCAOB only for oversight.

The proposal, comment letters received, and supplemental materials are available at https://pcaobus.org/about/rules-rulemaking/rulemaking-dockets/docket-055.

Meeting of PCAOB Investor Advisory Group (IAG)

On April 24, 2024, the PCAOB held a virtual meeting of the IAG. Agenda topics included:

- Standard-Setting Update
- PCAOB Division of Registration and Inspections Update
- IAG Presentation to the Board on Artificial Intelligence
- IAG Request for Critical Audit Matters

The recording and related materials for the meeting are available at https://pcaobus.org/news-events/events/event-details/pcaob-investor-advisory-group-meeting-2024.
Spotlight on Important Auditing Considerations Related to Commercial Real Estate

On May 6, 2024, the PCAOB released a new staff Spotlight publication, “Auditing Considerations Related to Commercial Real Estate.” The Spotlight highlights important considerations and examples for auditors related to commercial real estate (CRE). For example, the report provides a specific set of questions that auditors may want to consider in the context of identifying and assessing risks, including the risk of fraud. The Spotlight also provides reminders in the following key areas:

- Asset impairment and allowance for credit losses
- Going concern
- Interim review considerations


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

On May 9, 2024, the PCAOB held a meeting of the SEIAG. Agenda topics included:

- Standard-Setting Update
- Emerging Issues in Accounting Subcommittee Presentation on Fraud Recommendations
- Fraud Panel Presentation and Discussions
- Consideration of the Internal Audit Function

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-may-2024.

Adoption of New Standard on General Responsibilities of the Auditor

On May 13, 2024, the PCAOB adopted a new auditing standard, AS 1000, General Responsibilities of the Auditor in Conducting an Audit, along with related amendments to other PCAOB standards. AS 1000 enhances and consolidates a group of standards that were adopted on an interim basis by the PCAOB in April 2003 and that address the general principles and responsibilities of the auditor, such as due professional care, professional skepticism, competence, and professional judgment.

The adopted standard, comment letters received, and supplemental materials are available at https://pcaobus.org/about/rules-rulemaking/rulemaking-dockets/docket-049-responsibilities-auditorconducting-audit.

Adoption of New Quality Control Standard

On May 13, 2024, the PCAOB adopted a new standard designed to lead registered public accounting firms to significantly improve their quality control (QC) systems. The new standard would require all PCAOB registered firms to identify their specific risks and design a QC system that includes policies and procedures to guard against those risks.
Key provisions of the new standard:

- The new standard strikes a balance between a risk-based approach to QC (which should drive firms to proactively identify and manage the specific risks associated with their practice) and a set of mandates (which should assure that the QC system is designed, implemented, and operated with an appropriate level of rigor).
- All PCAOB-registered firms would be required to design a QC system that complies with the new standard. Firms that perform audits of public companies or SEC-registered brokers and dealers would be required to implement and operate the QC system they design, monitor the system, and take remedial actions where policies and procedures are not operating effectively – creating a continuous feedback loop for improvement.
- Those firms would be required to annually evaluate their QC system and report the results of their evaluation to the PCAOB on new Form QC, which would be certified by key firm personnel to reinforce individual accountability.
- Firms that audit more than 100 issuers annually would be required to establish an external oversight function for the QC system, referred to as an External QC Function (EQCF), composed of one or more persons who can exercise independent judgment related to the firm’s QC system. In response to comments, the new standard clarifies that the EQCF’s responsibilities should include, at a minimum, evaluating the significant judgments made and the related conclusions reached by the firm when evaluating and reporting on the effectiveness of its QC system.

The adopted standard, comment letters received, and supplemental materials are available at https://pcaobus.org/about/rules-rulemaking/rulemaking-dockets/docket-046-quality-control.

Updated Standard-Setting, Research, and Rulemaking Agendas

On May 14, 2024, staff of the PCAOB posted updates to its standard-setting, research, and rulemaking agendas. The updates reflect the PCAOB’s recent progress and continued drive toward its strategic goal of modernizing the PCAOB’s standards and rules. The agendas include seven short-term standard-setting projects, six mid-term standard-setting projects, two research projects, and two rulemaking projects.

The updated standard-setting, research, and rulemaking agendas are available at https://pcaobus.org/oversight/standards/standard-setting-research-projects/.

Spotlight on Perspectives from 2023 Conversations With Audit Committee Chairs

On June 11, 2024, the PCAOB released a new staff Spotlight publication, “2023 Conversations With Audit Committee Chairs.” In 2023, the PCAOB spoke with more than 200 audit committee chairs. PCAOB staff prepared this publication to present high-level observations and takeaways from those conversations.


Proposed New Standard on Substantive Analytical Procedures
On June 12, 2024, the PCAOB issued for public comment a proposal to replace its existing auditing standard related to an auditor’s use of substantive analytical procedures with a new standard: AS 2305, Designing and Performing Substantive Analytical Procedures. If adopted, the new standard would strengthen and clarify the auditor’s responsibilities when designing and performing substantive analytical procedures, increasing the likelihood that the auditor will obtain relevant and reliable audit evidence.

The proposed standard would do the following:

• Strengthen and clarify the requirements for determining whether the relationship(s) to be used in the substantive analytical procedure is sufficiently plausible and predictable
• Specify that the auditor develops their own expectation and not use the company’s amount or information that is based on the company’s amount (so-called circular auditing)
• Strengthen and clarify existing requirements for determining when the difference between the auditor’s expectation and the company’s amount requires further evaluation
• Strengthen and clarify existing requirements for evaluating the difference between the auditor’s expectation and the company’s amount. This includes determining if a misstatement exists as well as specifying requirements for certain situations the auditor may encounter when evaluating a difference
• Clarify the factors that affect the persuasiveness of audit evidence obtained from a substantive analytical procedure
• Clarify the elements of a substantive analytical procedure, including the distinction between substantive analytical procedures and other types of analytical procedures
• Modernize the standard by reorganizing the requirements and more explicitly integrating the standard with other Board-issued standards – ultimately making it easier for auditors to follow

The deadline for public comment on the proposal is August 12, 2024.

The proposal, comment letters received, and supplemental materials are available at https://pcaobus.org/about/rules-rulemaking/rulemaking-dockets/docket-056. Information on how to submit a comment letter is available at https://pcaobus.org/about/rules-rulemaking/rulemaking-dockets/open-for-public-comment.

Adoption of Amendments to Clarify Auditor Responsibilities When Using Technology Assisted Analysis

On June 12, 2024, the PCAOB adopted amendments to two PCAOB auditing standards, AS 1105, Audit Evidence, and AS 2301, The Auditor’s Responses to the Risks of Material Misstatement, addressing aspects of audit procedures that involve technology-assisted analysis of information in electronic form.

These changes, which grew out of the Board’s ongoing research project on the use of data and technology, are designed to provide additional detail and clarity around the responsibilities auditors have when performing procedures using technology-assisted analysis. The adopted changes bring greater clarity to auditor responsibilities in the following areas:

• Using reliable information in audit procedures
• Using audit evidence for multiple purposes
• Performing tests of details

The adopted amendments, comment letters received, and supplemental materials are available at https://pcaobus.org/about/rules-rulemaking/rulemaking-dockets/docket-052.

**Adoption on New Rule on Accountability for Contributing to Firm Violations**

On June 12, 2024, the PCAOB approved the adoption of an amendment to PCAOB Rule 3502, previously titled *Responsibility Not to Knowingly or Recklessly Contribute to Violations*. The rule, originally enacted in 2005, governs the liability of an associated person of a registered public accounting firm who contributes to that firm’s violations of the laws, rules, and standards that the PCAOB enforces.

The updated rule requires that an associated person must have contributed to the firm’s violation directly, substantially and negligently in order to be held liable. As adopted, the updated rule changes Rule 3502’s liability standard from recklessness to negligence, aligning it with the same standard of reasonable care auditors are already required to exercise anytime they are executing their! professional duties.

The adopted rule, comment letters received, and supplemental materials are available at https://pcaobus.org/about/rules-rulemaking/rulemaking-dockets/docket-053.

**2024 PCAOB Conference on Current Issues in Auditing**

On June 12-13, 2024, the PCAOB and The Accounting Review (TAR) held their first joint conference focused on registered report proposals relating to auditing and audit-related topics.


**2024 PCAOB Conference on Auditing and Capital Markets**

The PCAOB has announced the 2024 Conference on Auditing and Capital Markets. This year’s conference will be held in person in Washington, DC on October 17-18, 2024. Attendance is free and open to academics and Ph.D. students.


**Settled Disciplinary Orders**

The PCAOB posted numerous settled disciplinary orders that imposed significant monetary penalties and other sanctions.
Settled disciplinary orders are available at
Since the last update in the Spring of 2024, the ASB has continued working on various standard setting projects. You can learn more about the board’s work by visiting the [ASB Meeting Materials and Highlights](https://www.aicpa.org) page on the AICPA’s website where you have access to the slides, documents, and any other materials used by the ASB during its public meetings. During its May 2024 meeting the ASB voted to issue Statement on Standards for Attestation Engagements (SSAE) No. 23, *Amendments to the Attestation Standards for Consistency With the Issuance of AICPA Standards on Quality Management*. The new SSAE aligns several other attestation standards with the AICPA’s standards on quality management and replaces the term “other practitioner” with two new terms, “participating practitioner” and “referred-to practitioner” to better reflect current practice. SSAE No. 23 is available as a free download.

The ASB also said goodbye to several members who concluded their terms on the board at the May meeting. Each of these individuals invested considerable time and effort during their service on the board and I include them here as a way of recognizing their commitment to our profession. Thank you to the following individuals: Maxene Bardwell, Samantha Bowling, Patricia Bottomly, Dora Burzenski, Sherry Chesser, and Andrew Prather.

The ASB is making progress on several standard-setting projects including those related to fraud, going concern, and sustainability.

**Fraud**

The ASB’s Fraud Task Force (TF) meets bi-weekly to review extant AU-C 240, *Consideration of Fraud in a Financial Statement Audit*, for potential changes to enhance how an auditor approaches the matter of fraud during an audit of financial statements. Although I do not expect changes to the fundamental elements of the standard, we have been analyzing the standard on a sentence-by-sentence basis to ensure that it is fit for purpose and reflects the best thinking in the area. The Fraud TF is also in the process of developing an exposure draft of a revised AU-C 240 that considers the best practices.
identified during the ASB’s outreach with forensic specialists as well as potential changes being considered by the IAASB in its work on revisions to ISA 240, The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements. You can read more about the IAASB’s fraud project on their website. The comment period on the IAASB’s exposure draft recently closed and the comments are now being analyzed. Although the PCAOB also has a fraud project on their standard setting agenda, it is shown on their website as a mid-term standard setting project.

**Going Concern**

The ASB, IAASB, and PCAOB are all also pursuing standard-setting projects related to the foundational issue of going concern. The ASB’s Going Concern TF continues to monitor the work of the IAASB as it recently discussed the analysis of comments that it received on its exposure draft to ISA 570 (Revised), Going Concern. In addition, during the ASB’s May meeting, the board was presented findings from the initial analysis of an experiment designed to assess how non-professional investors might react to changes in the wording of the auditor’s report related to going concern as proposed by the IAASB. The Going Concern TF is also remaining alert for the release of the PCAOB’s exposure draft on going concern. As of the writing of this update according to the PCAOB’s website, going concern remains on the board’s short-term standard setting agenda with a proposal expected in 2024.

**Sustainability**

Legislative and regulatory actions by the European Union, the State of California, and the U.S. Securities and Exchange Commission have resulted in sustainability standard setting projects as the ASB and IAASB. The ASB’s Sustainability TF is making progress in analyzing requirements in proposed International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements. Most recently much of the TF’s work has been focused on requirements related to risk assessment and internal controls, and the need to revise requirements in these areas as changes are contemplated to the attestation standards relevant to assurance engagements.
We continue to focus on Current Issues in Auditing’s (“CIIA”) objective of fostering an informed and collaborative dialogue between academics and practitioners on the pressing issues faced by the auditing community.

**Call to Identify Additional Practitioner Editorial Board Members**

To accomplish this objective, representatives from esteemed practice firms are actively involved in CIIA’s review process as part of our Editorial Board. These very important board members aid in ensuring that the journal remains relevant and valuable to practitioners. As we work to increase submissions and readership, we are interested in increasing the number of practice members of our Editorial Board. We are looking to the AAA Auditing Section members to help us identify interested practitioners. Our general requirements for a practice board member are that the person be an audit partner or equivalent level and be willing to review the estimated number of manuscripts within the time requirement. Serving on the board does not involve a huge time commitment. We ask all board members to:

- Agree to review up to three new manuscript submissions per year (plus related invited revisions).
- Agree to complete, within 21 days, high quality, objective, and constructive reviews aimed at aiding the editorial decision.

Although we initially ask for a one-year commitment, most of our board members have served multiple years as they noted they find the work interesting and believe in CIIA’s mission of bridging the gap between academia and practice. If you are aware of a practitioner that has expressed an interest in research and meets the general requirements please reach out to the Academic Co-editor (wrightns@jmu.edu) with contact information. We are also happy to answer any questions related to this request.

**Submission Timing and the Review Process**

CIIA is different from other journals in that the article review process consists of one academic reviewer and one practitioner reviewer. To enhance the review process this year, practice editorial board members are providing insights into periods of availability so as to ensure reviews can occur within the journal’s specified deadlines. Submitting authors should be aware that while not all of our practice reviewers have the traditional busy season schedules (i.e., January to March timeframe), the majority of our practice reviewers do. As such, authors may want to schedule submissions with this in mind to ensure an expeditious process.

As always, we wholeheartedly welcome your suggestions as we strive to enhance the journal’s impact and relevance.
Nicole & Steve
Have You Seen…?
Candice T. Hux, Northern Illinois University
Jenny McCallen, University of Georgia
Delia Valentine, University of Wisconsin – Milwaukee


Psychology research finds that people make inferences about the behavioral characteristics of others from superficial facial features. Using independent ratings of audit partners’ facial traits, this study finds that partners whose appearance violates common gender stereotypes have less prestigious client portfolios. Specifically, they find a negative relation between appearing “competent” and the career outcomes of females and a negative relation between appearing “warm” and the career outcomes of males. The relationship is concentrated among non-Big 4 audit partners. Additionally, they find that males (but not females) whose appearance violates gender stereotypes are less likely to work for Big 4 audit firms. Collectively, the findings provide insights into the relations between appearance, gender, and career outcomes for public company auditors.


This study examines the costs and benefits of the PCAOB's risk-based inspection regime using an established inspection selection model. Results suggest that auditors behave consistent with accountability theory with an increased propensity to report material weaknesses, a decreased propensity to assert that previous material weaknesses have been remediated, increased audit effort, and a decreased likelihood of subsequent financial statement restatement. Collectively, these results suggest that auditors attempt to minimize negative inspection outcomes in ways that benefit investors. However, auditors' apparent focus on inspection risk also creates potential costs for investors as evidenced by an increased likelihood of resignation from the client and inattention to clients with relatively lower inspection risk when auditor resources are most constrained.


Many studies argue that auditors’ industry-specific expertise provides higher-quality audits to clients in that industry because these auditors have greater competencies and stronger reputation incentives. This study uses data on audit partners and their audit adjustments in China to develop the concept of “auditor industry range,” as the extent to which an auditor has experience auditing clients from different industries. The findings suggest that auditors with a wide range of industry experiences are more likely to require audit adjustments (regardless of whether the industries exhibit strong or weak economic co-movement). The relation is stronger for more complex clients, in more uncertain environments, and for auditors with more years of audit experience. Overall, the findings suggest that an auditor’s experience in different industries can enhance audit quality.

Recent changes to SEC regulations require that audit firms disclose their tenure as the client’s auditor in the audit report. This study examines the effects of firm tenure disclosure on investors’ behaviors. Across two experiments, the authors find that the inclusion of a long-tenure disclosure increases investors’ perceptions of potential independence impairment issues (experiment 1) and decreases investors’ preference to invest in an otherwise positive investment (experiment 2). The decrease in investment is partially driven by perceptions of independence impairment. Both effects, however, are moderated by the inclusion of a disclosure regarding compliance with audit partner rotation requirements.


This study examines whether the use of artificial intelligence (AI) to perform audit procedures can reduce the effect of independence conflicts on audit firm liability. Using two experiments, the authors find that when there are potential concerns over independence, the use of AI to perform audit procedures can mitigate auditor liability judgments. Specifically, the use of AI helps maintain the perceived objectivity of the auditor even when independence concerns are present. This results in jurors maintaining higher overall trust in the audit process. This study provides insights into how technological advances may affect auditor liability.


This study examines how recent regulation to include critical audit matters (CAMs) in the audit report influences auditors’ willingness to adjust planned audit procedures when new information comes to light. Consistent with self-justification theory, the authors find that when planned procedures in response to CAMs are communicated earlier (rather than later) in the audit to the audit committee and inspection likelihood is higher, auditors are less likely to adjust planned audit procedures in the presence of newly identified audit risks. Supplemental analysis of auditors’ written justifications to their planned audit response is consistent with self-justification theory such that auditors become more committed to the original planned audit approach when an inspection is likely and communication occurs early. Finally, interviews with audit partners provide context for how these findings manifest in the audit environment.

Using the simple activity of making paper airplanes, the case creates an environment with reporting pressure where students learn to understand aggressive accounting versus fraud. The case is designed for both undergraduate and graduate students to be used in class.


This three-part case incorporates ethics in an experiential learning task related to the unqualified auditor’s report. The case is designed for both undergraduate and graduate students to be used in class or online.


This case focuses on the classification and disclosure of internal control deficiencies. It focuses on a real-world oil and gas company that had an internal control deficiency prior to issuing financial statements that was not disclosed due to an underestimation of the severity. The financial statements were restated, and the company disclosed material weaknesses. The case will provide both undergraduate and graduate students practice in applying professional standards to classify internal control deficiencies, evaluating management and auditors’ decision process around the evaluation of internal control deficiencies, and assessing the impact to investors.