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Report of the President

By Kathryn Kadous



I hope everyone is having a great semester and that Spring is truly underway in your location.

As we move into Spring, I want to thank the Executive Committee team: Rick Hatfield (Past President), Scott Vandervelde (Vice-President Academic), Becky Sproul (Vice-President Practice), Chad Stefaniak (Treasurer), Marsha Keune (Secretary), Mark Taylor (Historian), and Randy Elder (Council Representative). The team has a lot of talent. These individuals have been hard at work for you, and they have been an incredible help to me in carrying out my duties. I appreciate their great ideas and wise counsel, particularly as we had to navigate some financial issues in the past months. They are also a lot of fun, making long committee meetings a bit more enjoyable.

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

I hope you enjoyed the Midyear Meeting in Nashville as much as I did. Our meeting Co-Chairs Ken Bills, Chan Li, and Drew Reffett and Vice-Chairs Pennie Bagley, Allen Blay, and Marleen Willekens did an excellent job putting together a meeting rich in opportunities to learn about others' research and to network. They handled 174 submissions, scheduling great research sessions and interesting panels from these submissions. They also successfully executed our first plenary session based on some of our section members' best research and a poster session that facilitated active interactions around our research. Moreover, they handled numerous obstacles with grace. Please extend thanks to these people who so generously gave up their time and energy to create this great meeting for us. Thanks, also, to the team team of AAA professionals who expertly executed the details of the meeting on site.

The section gave out its annual awards during the meeting luncheons on Friday and Saturday. These awards are all chosen by volunteer committees. Thanks to all the committees and congratulations to all

the recipients! You can find the award listings and winners on our web page <http://aaahq.org/AUD/Awards>.

In addition to the events at the MYM, the Section hosted the Doctoral Consortium and the Excellence in Audit Education Workshop. Please join me in thanking Susan Scholz (Director) and Justin Leiby (Assistant Director) for their leadership of the Doctoral Consortium this year. The Consortium represents a great opportunity for emerging scholars to learn from senior colleagues and to get to know their peers. Also, please join me in thanking Helen Brown (Director), Jason Smith (Assistant Director), Margot Cella (Expert Practitioner Facilitator), and Becky Sproul (our Vice-President, Practice) for their leadership of the Excellence in Audit Education Workshop. The Workshop is a great resource for us to maintain currency and learn from front-line auditors how to better prepare the next generation for a changing profession. What a great group of practitioners we had helping us with the workshop as well as the rest of the meeting. Thanks to you all. Thanks, too, to the Center for Audit Quality, especially Margot Cella, for putting together “Shark Tank” sessions that allowed researchers to vet their proposals in front of practitioners and Access to Audit Personnel selection committee members, from both practice and academia. The early feedback on these sessions is that they were incredibly helpful to researchers in fleshing out their ideas.

Our next midyear meeting will be held in Houston, Texas at the Hyatt Regency Houston on January 16-18, 2020. I’m told that the hotel is in a fabulous location within walking distance to a number of shops and restaurants. I hope to see you all there! Please watch the section’s web page for the latest information. Vice-President, Academic Scott Vandervelde will circulate a call for submissions following the AAA Annual Meeting this summer.

Committee Activities

Our committees are always hard at work to fulfill the mission of the Section. Please see our web page for their names and responsibilities <http://aaahq.org/AUD/Officers-and-Committees#comchair>. They all do an outstanding job and are the lifeblood that keeps our section moving along and excelling. Please contact Scott Vandervelde if you would like to serve on a committee next year.

Research and Teaching Excellence Opportunities

As you plan your research agenda, don’t forget about all of the opportunities afforded you through our various partnerships, including the AAA/CAQ Access to Audit Personnel, CAQ Research Advisory Board, and AICPA Assurance Research Advisory Group grant programs. You might also consider attending the following research and teaching events hosted by the Auditing Section and some related groups:

- The PCAOB’s academic conference, April 4-5 (Washington, DC, USA)
- The European Accounting Association’s Annual Congress, May 29-31 (Paphos, Cyprus)
- The Audit Educator’s Bootcamp, June 18-19 (Chicago, IL, USA)
- The Foundation for Auditing Research 4th International FAR Conference, June 3-4 (Breukelen, the Netherlands)

- The International Symposium on Audit Research, June 7-8 (Boston, MA, USA)
- The European Network for Experimental Accounting Research Conference, July 5-6 (Maastricht, the Netherlands)
- The Accounting & Finance Association of Australia and New Zealand Conference, July 7-9 (Brisbane, Australia)
- and the AAA Annual Meeting August 11-14 (San Francisco, CA, USA)

Annual Meeting 2019

Speaking of the AAA Annual Meeting, planning for the meeting is well underway. The meeting will be held in San Francisco, which is about the best place one could want to be in August. The theme is “Bold Transformations toward a Prosperous Society.”

I would like to thank the Auditing Section planning committee led by Directors Scott Bronson, Tamara Lambert, Justin Leiby, Joe Schroeder, and Karen Ton, and assisted by Vice-Directors Miguel Minutti-Mezza Stephen Perreault, and Sarah Stein. These individuals have been working hard to coordinate the review process, put together concurrent sessions and panel sessions, and assist the AAA staff in ensuring a valuable experience for all of our members. If you haven’t already, please volunteer as a moderator or discussant so that all presenters can receive high quality feedback on their papers. When you see these individuals over the course of the next six months or so, please join me in thanking them for their efforts on this enormous task.

Closing Remarks

It’s a busy time of the year, so it’s easy to forget how lucky we are to have one of the best jobs out there. A constant audience of smart and (mostly) interested students with whom we can discuss interesting and challenging issues. The freedom to create research that is of interest to us. The freedom to take on more things than we can possibly do (!). I thank all of you for the time and energy you have put into the section and academics, more generally. I have enjoyed working with you to advance our Section’s mission “*To Further the Discipline and Profession of Auditing and Assurance Services Through Education, Research, and Service.*”

Best,

Kathryn Kadous

Awards Presented at 2019 Auditing Section Midyear Conference

AJPT Best Paper Award

Lisa Gaynor, Andrea Kelton, Molly Mercer and Teri Yohn

*(From Left: Presenter Christopher Agoglia and Andrea Kelton.
Not pictured: Lisa Gaynor, Molly Mercer and Teri Yohn)*



**AJPT Outstanding Service Award
Ken Bills, Brant Christensen, Tamara Lambert**

(From Left: Tamara Lambert, Presenter Chris Agoglia, Ken Bills, Brant Christensen)



**Innovation in Auditing and Assurance Education Award
Denise Hanes Downey, Barbara Porco and Jay Thibodeau**

*(From Left: Denise Hanes Downey, Presenter Dana Hermanson, Jay Thibodeau.
Not pictured: Barbara Porco)*



**Notable Contributions to Auditing Literature
Christopher Agoglia, Timothy Douppnik and George Tsakumis**

*(From Left: Christopher Agoglia, Presenter Jackie Hammersley, George Tsakumis.
Not pictured: Timothy Douppnik)*



**Distinguished Service Award
Roger Simnett**

(From Left: Roger Simnett, Presenter Becky Sproul)



**Outstanding Educator Award
Steven Glover**

(From Left: Presenter Kathryn Kadous, Steven Glover)



**Best Paper Submitted to the Auditing Section Midyear Conference Award #1
Sanaz Aghazadeh, Mary Kate Dodgson, Yoon Ju Kang, Marietta Peytcheva**

*(From Left: Marietta Peytcheva, Sanaz Aghazadeh, Mary Kate Dodgson,
Yoon Ju Kang, Presenter Kathryn Kadous.)*



**Best Paper Submitted to the Auditing Section Midyear Conference Award #2
Brian Bratten, Monika Causholli, Valbona Sulcaj**

(From Left: Brian Bratten, Monika Causholli, Valbona Sulcaj, Presenter Kathryn Kadous.)



**Best PhD Student Paper Submitted to the Auditing Section Midyear Conference
Kyrre Kjellevoid**

(From Left: Kyrre Kjellevoid, Presenter Kathryn Kadous)



**Outstanding Auditing Dissertation and Dissertation Chair
Cassandra Estep and Mark Peecher**

(From Left: Presenter Monika Causholli, Mark Peecher, Cassandra Estep)



**Outstanding Service Award
Cynthia Fornelli**

(From Left: Cynthia Fornelli and Presenter Kathryn Kadous)



PCAOB Standards Update

By Megan Zietsman – PCAOB Chief Auditor, Jennifer Rand – PCAOB Deputy Chief Auditor and Elena Bozhkova – PCAOB Assistant Chief Auditor

Introduction

This Update addresses selected PCAOB developments since the Fall 2018 Update that are likely to be of interest to accounting and auditing researchers, educators, and students. The developments include:

- PCAOB Staff Changes
- PCAOB Fines Deloitte Canada
- PCAOB Sanctions Deloitte Mexico Partners
- PCAOB Investor Advisory Group Meeting
- PCAOB Approves Five-year Strategic Plan and 2019 Budget
- PCAOB Standing Advisory Group Meeting
- Adoption of New Estimates Standard and Amendments Related to Using the Work of Specialists

PCAOB Staff Changes

From October 2018 to February 2019, the PCAOB announced the following new leaders:

- Ryan Sack, Director, Office of Internal Oversight and Performance Assurance
- Liza McAndrew Moberg, Director, Office of International Affairs
- George Botic, Director, Division of Registration and Inspections
- Torrie Miller Matous, Director, Office of External Affairs
- Megan Zietsman, Chief Auditor and Director of Professional Standards, Office of the Chief Auditor
- Sue Lee, Chief Risk Officer, Office of Enterprise Risk Management
- Eric Hagopian, Chief Data Officer, Office of the Chairman.

More information about their backgrounds can be found at:

<https://pcaobus.org/News/Releases/Pages/default.aspx>

PCAOB Fines Deloitte Canada

On October 16, 2018, the PCAOB announced that Deloitte Canada will pay a \$350,000 fine for failing to maintain its independence during three consecutive audits of Canada-based Banro Corporation, a gold mining company.

In a settled order, Deloitte Canada also agreed to be censured and to undertake a review of its independence policies and procedures and its independence training, and to report to the PCAOB the results of its reviews and any changes made.

The order finds that Deloitte Canada's independence from Banro was impaired during its 2012, 2013, and 2014 audits of Banro. The firm's independence was impaired because of technical reports that were issued by a South African mine-consulting company, which was an affiliate of Deloitte Canada.

The firm settled with the PCAOB without admitting or denying the findings.

The disciplinary order is available on the PCAOB website at:

<https://pcaobus.org/Enforcement/Decisions/Documents/105-2018-020-Deloitte-Canada.pdf>.

PCAOB Sanctions Deloitte Mexico Partners

On October 31, 2018, the PCAOB announced that it barred, fined, and censured three Deloitte Mexico partners for deficient work in auditing the Mexican subsidiary of a U.S. public company, as well as for misrepresentations about that work to the principal auditor, Deloitte U.S., which relied upon the work in issuing two audit reports.

The PCAOB sanctioned three partners at the Deloitte affiliate firm in Mexico — Galaz, Yamazaki, Ruiz Urquiza, S.C., known as Deloitte Mexico — for failing to appropriately evaluate the 2013 and 2014 loan reserves of Prestaciones Finmart, then a Mexican subsidiary of Texas-based EZCORP, Inc.

Ricardo Agustín García Chagoyán, José Ignacio Valle Aparicio, and Rubén Eduardo Guerrero Cervera (who was a manager at the time) also failed to evaluate the operating effectiveness of certain internal controls over financial reporting (ICFR) at Finmart, but misrepresented to Deloitte U.S. that they had done so.

The auditors settled with the PCAOB without admitting or denying the findings. They consented to the terms and penalties of the disciplinary order, which barred them from being associated persons of a registered public accounting firm for a minimum of two years, and imposed money penalties of \$50,000 each on García and Valle, and \$30,000 on Guerrero.

The disciplinary order is available on the PCAOB website at:

<https://pcaobus.org/Enforcement/Decisions/Documents/105-2018-021-Chagoy%C3%A1n-Aparicio-Cervera.pdf>.

PCAOB Investor Advisory Group Meeting

On November 8, 2018, the Board held a meeting of its Investor Advisory Group (IAG). The meeting included discussions on:

- Implementation of the goals and priorities of the draft 2018-2022 strategic plan
- Potential improvement in quality control standards
- IAG members' experiences with, and understanding of, the new auditor's reporting model and the AuditorSearch database.

More information can be found on the PCAOB website at:

<https://pcaobus.org/News/Events/Pages/PCAOB-IAG-Meeting.aspx>.

PCAOB Approves Five-Year Strategic Plan and 2019 Budget

On November 15, 2018, the PCAOB approved its 2018-2022 strategic plan and fiscal year 2019 budget in an open meeting. The strategic plan serves as the foundation for the budget and guides the PCAOB's programs and operations.

The PCAOB's 2018-2022 strategic plan reflects five new values and five core strategies that the Board will advance in the coming years to effectively fulfill its mission. Those values and strategies seek to implement the Board's vision to be a trusted leader that promotes high quality auditing through forward-looking, responsive, and innovative oversight.

The 2019 budget includes core investments in personnel, processes, and technology, and will provide the Board with the resources necessary to make progress toward implementing its strategic vision. The budget is \$273.7 million and provides funding for up to 838 positions.

The 2018-2022 strategic plan and the 2019 budget are available on the PCAOB website at:

<https://pcaobus.org/About/Administration/Documents/Strategic%20Plans/PCAOB-2018-2022-Strategic-Plan.pdf> and

<https://pcaobus.org/About/Administration/Documents/Fiscal%20Year%20Budgets/2019.pdf>, respectively.

PCAOB Standing Advisory Group (SAG) Meeting

On November 29, 2018, the PCAOB held a meeting of its SAG. The meeting included discussions of the following topics:

- Governance and leadership in firm quality control systems, including SAG input on governance and leadership matters to consider when evaluating the need for changes to quality control standards, and
- Communications about PCAOB standards, including the types, formats and timing of communications that are most useful for stakeholders about PCAOB standards.

More information can be found on the PCAOB website at:

<https://pcaobus.org/News/Events/Pages/SAG-MEETING-Nov-2018.aspx>.

Adoption of New Estimates Standard and Amendments Related to Using the Work of Specialists

On December 20, 2018, the Board adopted a new standard to enhance the requirements that apply when auditing accounting estimates, including fair value measurements. The Board also adopted

amendments to its auditing standards to strengthen requirements that apply when auditors use the work of specialists in an audit.

The new estimates standard replaces three standards with a single, uniform standard that sets forth an updated approach to auditing accounting estimates. It emphasizes that auditors need to apply professional skepticism, including addressing potential management bias, when auditing accounting estimates. Additionally, the new standard provides more specific direction of auditing fair values of financial instruments that are based on information from third-party pricing sources.

The amendments adopted by the Board strengthen the requirements for evaluating the work of a company's specialist, whether employed or engaged by the company. They also apply a supervisory approach to both auditor-employed and auditor-engaged specialists.

Subject to approval by the Securities and Exchange Commission, the new estimates standard and amendments on the auditor's use of the work of specialists will be effective for audits of financial statements for fiscal year ending on or after December 15, 2020. Both standard-setting projects apply to audits conducted under PCAOB standards.

The new estimates standard and adopting release are available on the PCAOB website at <https://pcaobus.org/Rulemaking/Pages/docket-043-auditing-accounting-estimates-fair-value-measurements.aspx>.

The amendments and adopting release for auditor's use of the work of specialists in an audit are available on the PCAOB website at <https://pcaobus.org/Rulemaking/Pages/docket-044-auditors-use-work-specialists.aspx>.

AICPA Auditing Standards Board Update
By Audrey Gramling
Oklahoma State University and Auditing Standards Board Member

Interested in knowing what the ASB has been working on over the last several months?

The ASB met in Cincinnati, Ohio, on October 15-17, 2018. The ASB thanked Chuck Landes, Vice President - Professional Standards, for his years of service and wished him well with his retirement, and welcomed Bob Dohrer, Chief Auditor. Topics discussed are described below.

Omnibus Statement on Auditing Standards—2019; Auditor Reporting (700 Series); Other Information in Documents Containing Audited Financial Statements; and Audit Evidence. You will find a high level summary of the discussion of these topics at:

<https://www.aicpa.org/content/dam/aicpa/research/standards/auditattest/asb/documents/mtg/1810/2018-10-high-level-summary.pdf>

The ASB met on January 14-17, 2019, in La Jolla, California. Topic discussed included: Auditor Reporting and Auditing Disclosures; Audit Evidence; and The Auditor's Responsibilities Relating to Other Information Included in Annual Reports. You will find a high level summary of the discussion of these topics at:

<https://www.aicpa.org/content/dam/aicpa/research/standards/auditattest/asb/documents/mtg/1901/2019-01-high-level-summary.pdf>

Have you Seen...?

Lindsay Andiola, Virginia Commonwealth University

Stephen Fuller, Suffolk University

James D. Whitworth, University of South Florida

“Auditing Complex Estimates: How Do Construal Level and Evidence Formatting Impact Auditors’ Consideration of Inconsistent Evidence?” By Ann Backof, Tina Carpenter, and Jane Thayer. *Contemporary Accounting Research* 35 (4): 1798-1815.

This study investigates whether auditors are more likely to incorporate evidence that contradicts the client’s position if the auditor construes the evidence more concretely versus more abstractly. The study also addresses whether the presentation format of the evidence impacts consideration of the contradictory information. The authors predict that priming auditors to concretely construe the evidence will focus them more on the details of the information, which should enhance incorporation of information contradictory to the client’s position. Further, they predict that presenting historical trend information in a graphical as opposed to textual format will allow auditors to more easily identify and incorporate contradictory information. In a 3x2 full factorial experiment involving 154 Big 4 managers and partners, the authors vary construal level priming (concrete, abstract or no prime) and the format of the evidence (graphical or textual). As predicted, auditors incorporated information contradictory to the client’s assumptions more effectively into their judgments when primed to construe the evidence concretely versus when abstractly primed or not primed. In addition, graphical presentation of historical trend information also increased auditors’ incorporation of contradictory information.

“Prepopulating Audit Workpapers with Prior Year Assessments: Default Option Effects on Risk Rating Accuracy.” By Sarah Bonner, Tracie Majors and Stacey Ritter. *Journal of Accounting Research* 56 (5): 1453-1481.

This study explores whether prepopulating the current year’s audit workpapers with the prior year’s risk assessments as a default option has a negative effect on current year risk assessment accuracy. Prior research in a variety of settings finds that providing default options to decision makers influences them in the direction of the default option. To explore this issue in an audit risk assessment setting, the authors conduct a 1x2 experiment involving 117 staff auditors. The authors varied whether or not the current year risk assessment workpapers were prepopulated with the prior year’s risk assessments. The auditors were provided prior year files and current year information and assessed a number of risks which had increased, decreased or stayed the same based on current year facts. Consistent with predictions, prepopulating the workpapers with the prior year’s risk assessment reduced risk assessment accuracy when the actual risk had changed and increased accuracy when the risk had stayed the same. Also as expected, this negative effect was partially mediated by the auditors’ likelihood to stick with prior year’s assessments (associated with motivated reasoning) and perform their work quickly (associated with less cognitive processing). In other analysis, inaccuracy was reduced when the auditor possessed higher professional identity, greater self-control resources or had less prior exposure to prepopulated workpapers.

“Delivering the “Tough Message”: Moderators of Subordinate Auditors’ Reactions to Feedback.” By Lindsay Andiola and Jean Bedard. *Accounting, Organizations and Society* 70: 52-68.

This study investigates subordinate auditors’ reactions to feedback sign (negative or positive) in the real-world audit review context, and examines whether the auditors’ feedback orientation (receptivity to feedback) and the supervisor’s goal framing (emphasis on learning or performance) moderate the effects of feedback sign. The authors focus on subordinate auditors’ attitudes toward the coaching relationship, and their efforts to manage impressions and to improve performance following the review. To test their hypotheses and research question, the authors use data derived from the responses of 198 subordinate auditors to an experiential questionnaire. The participants described their best and worst review experiences and provided responses on a variety of key features of each experience. Consistent with predictions, the authors find that negative feedback is associated with undesirable outcomes such as a more negative attitude toward the coaching relationship and greater attempts to manage impressions, but also yielded greater efforts to improve performance. However, these effects are conditional on an auditor’s feedback orientation and the supervisor’s goal framing. For example, when feedback orientation is stronger, the decline in attitude towards the coaching relationship only occurs when the supervisor emphasized performance goals. Alternatively, those with weaker feedback orientations have worse attitudes following negative feedback regardless of goal framing. Attempts to manage impressions and efforts to improve performance each increased with negative feedback, but the greatest managing of impressions and efforts to improve performance occurred with those with stronger feedback orientations and when supervisor’s emphasized learning goals. Supplemental qualitative analysis also provides insights into characteristics of best and worst reviews and the similarities and differences between engagement and workpaper reviews.

“Effects of Increasing Enforcement on Financial Reporting Quality and Audit Quality.” By Ralf Ewert and Alfred Wagenhofer. *Journal of Accounting Research* 57 (1): 121-168.

In an analytical study, the authors consider whether an increase in enforcement of financial reporting consistently improves financial reporting quality and audit quality. The authors’ key observation is that the strategies taken by the auditor and the manager are jointly determined and dependent on each other. Their nuanced findings suggest that increasing enforcement intensity of financial reporting quality increases auditor effort primarily if the enforcement regime is relatively weak. In contrast, increased enforcement intensity may unexpectedly decrease auditor effort when the enforcement regime is relatively strong. The reason underlying this result may be more intuitive, as the authors suggest that (even) stronger enforcement in a high enforcement environment may curtail earnings management behavior, in effect substituting for auditor effort. In addition, higher penalties for either the manager or auditor decreases the number of enforcement actions.

“Auditors’ Joint Engagements and Audit Quality: Evidence from Italian Private Companies.” By Pietro Bianchi. *Contemporary Accounting Research* 35 (3): 1533-1577.

The author examines joint auditor engagements in the specific setting of Italian private companies, which requires three individual audit firms to collaborate on the financial statement audit and to be jointly liable for any undiscovered or unreported material misstatements. This setting allows an investigation of how the intensity of interactions between audit firms impacts knowledge transfer, auditor expertise, and audit outcomes. The main findings are that better collaboration between auditors is associated with higher audit quality outcomes (less tax aggressiveness, higher propensity to issue first-time going concern reports and lower signed abnormal accruals). These results suggest that auditors develop knowledge and contacts through collaboration that may also lead to higher audit quality. Collectively, the results suggest that joint engagements facilitate knowledge transfer and increase auditor expertise.

“Parent-subsidiary Investment Layers and Audit Fees.” By Ferdinand Gul, Audrey Tsu and Sophia Liu. *Journal of Accounting Auditing and Finance* 33 (4): 555-579.

Exploiting a Taiwanese publicly traded company setting where affiliate relationship disclosure is mandatory, the authors examine the association between a specific element of company complexity (i.e., the number of investment layers within a parent-subsidiary group) and audit fees. The authors predict that greater affiliate relationships are likely to complicate the audit in a number of ways, including introducing an increased possibility of related-party transactions, as well as dispersion in geography and the tax environment. As predicted, the authors find more affiliate layers in a parent company are associated with higher audit fees. Interestingly, the authors also find that this effect is more pronounced for firms with more subsidiaries based in tax haven countries, and as companies’ engagement in related-party transactions increases. Collectively, the results suggest that auditors attach higher audit risks to firms with more investment layers and therefore charge higher audit fees.

Have You Seen...These Educational Resources?

Patricia Johnson, D'Youville College, Chair

Penelope Bagley, Appalachian State University

D. Jordan Lowe, Arizona State University

“Intermediate Accounting and Auditing: Does Course Delivery Mode Impact Student Performance?”

By Mary McCarthy, Michelle Kusaila and Lawrence Grasso. *Journal of Accounting Education* 46: 26-42.

The purpose of this study is to examine two senior-level accounting courses, Intermediate Accounting and Auditing, and determine the extent to which delivery mode (face-to-face, hybrid, and online) influenced student performance. For the Auditing course, results revealed a significant main effect for delivery mode such that Auditing students in the online mode significantly outperformed students in the hybrid and face-to-face modes. In addition, high-achieving students are able to perform well irrespective of course delivery format. Unlike some prior research, these findings lend support for the legitimacy of online accounting education.

“A Primer for Information Technology General Control Considerations on a Private and Permissioned Blockchain Audit.” By Mark Sheldon. *Current Issues in Auditing*. Forthcoming.

To realize the benefits of Blockchain, the auditing profession must be prepared to gain comfort over blockchains as a component of organizations' information technology infrastructure. This paper considers risks to private and permissioned blockchains through the lens of information technology general controls (ITGCs) as part of an audit of internal control over financial reporting. The author discusses new ITGC areas of focus for auditors to consider, along with areas of risk that blockchain could eliminate. This paper should be viewed as a primer of ITGC considerations on blockchain audits, as more nuanced concerns will emerge as the technology evolves.

“Who's In Control Of The Ark? A Study Of Internal Controls In Operating And Auditing A Small Preschool.” By Elizabeth Grace and Ashley Davis. *Issues in Accounting Education*. Forthcoming.

In this case, students are encouraged to think analytically about internal controls in both the operations and audit of a small, not-for-profit organization (a small preschool). Students examine a control environment characterized by unauthorized expenditures, lack of documentation, and missing documents. Using the COSO framework, students demonstrate understanding of business processes as they identify internal control risks and deficiencies and recommend control improvements. Students apply management assertions about financial transactions and assess auditor independence, while also gaining practical experience developing flowcharts of accounting processes.