



THE AUDITOR'S REPORT

Volume 31, No.1, Fall 2007

AUDITING SECTION/AMERICAN ACCOUNTING ASSOCIATION

REPORT OF THE PRESIDENT

Audit Scholars: An Endangered Species?

In past decades, audit researchers and educators did much to inform and improve audit theory and practice. While all of us would immensely enjoy sustaining and enlarging our Section's past success, it is healthy to recognize that we arguably are a threatened species that is uncomfortably likely to become an endangered species—unless current trends change.

Indeed, we appear to have reached what Malcolm Gladwell would call a tipping point. Whether our Section's future research and educational productivity becomes significantly more or less meaningful to the profession and society depends on which way we tip. Our tip trajectory depends largely on how three factors will interact over the next several years.

Factor 1 – The stock and flows of interesting audit research questions. I have only good news here. Ongoing societal and regulatory changes, coupled with technological innovations and global developments, raise a rich set of questions for tal-



Mark Peecher

ented, well-trained audit scholars to pursue. Researchers and practitioners alike recognize that pressing and fundamental questions exist, but practitioners generally lack the expertise, time, and social distance to examine such questions. In fact, one leading practitioner, Grant Thornton LLP's Ed Nusbaum, recently provided our Section with his "top ten" wish list of research questions for us to pursue. He first did so at our luncheon at the Annual Meeting in Chicago, and he has since elaborated on his list for our inaugural issue of *Current Issues in Auditing*. I encourage you to study and plan how you can help answer his questions.

Factor 2 – The stock and flows of archival, experimental, and field data. In the past, a number of audit firms and their networks tended to provide access to very helpful data (recall, e.g., The KPMG Foundation's *Research Opportunities in Auditing Program* from the mid-1970s). In recent years, however, the supply of data has contracted. As a consequence, today's stock of data is not sufficiently rich and plentiful to satisfactorily examine questions in Ed Nusbaum's or other thought leaders' wish lists. Will constraints that are choking the supply of data abate? Some positive news is that most all of the traditional constraints to data access are fundamentally navigable with appropriate changes and precautions. And, there are signs that meaningful collaborative efforts are underway that ultimately will facilitate the allocation of data to talented, well-trained audit scholars. The future of audit research significantly hinges on these collaborative efforts.

Factor 3 – The stock and flows of sufficiently talented, well-trained audit scholars. For the moment, our Section still enjoys its legacy of having a critical mass of audit scholars who regularly contribute to audit theory and/or practice and publish in elite accountancy journals. But, troubling questions exist about the adequacy of current and future net inflows. You have heard about the impending shortage of audit (and managerial and tax) professors. To make the point more concrete, though, try a thought experiment. Identify your own list of the top ten auditing researchers who also are helping to train accounting Ph.D.s interested in audit research. Now, for each scholar listed, estimate how many more years she or he has before retirement. If you're

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SPRING 2008 ISSUE DEADLINE

The deadline for material to be included in the Spring 2008 issue of *The Auditor's Report* is January 30, 2008. The preferred format is a Word file attached to an email 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 January 30, 2008, 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>

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President's Report

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like me, you will find this exercise to be disconcerting. It underscores that we have a strikingly limited window within which we can equip new crops of audit doctoral students with the tools to become tenurable assistant professors. A *sin qua non* in this regard is immediate, meaningful, and sustained progress on Factor 2, i.e., data. A delay in improved data access would be most costly; data largely dictates which way we tip.

Audit Education

Over the longer term, our future as educators is intertwined with our future as researchers. Intuition as well as both anecdotal and empirical findings suggest that research-active audit scholars enhance both their own and others' audit educational capabilities.

Over the shorter-term, though, a number of exciting developments are taking place. Let me mention two. One, before our Midyear Meeting in Austin, the Section will hold its first *Excellence in Audit Education Workshop*. I am delighted that Mark Beasley has agreed to work with our Practice Advisory Council to bring together audit educators and leaders from the accounting profession to discuss emerging instructional and training issues. I have learned that Bob Ashton and/or Tim Bell will be on hand to cover a most interesting capstone audit judgment case. The rest of the workshop program promises to be equally stimulating. Please see the announcement in this Newsletter for an overview and watch for forthcoming details. Another example of the Section's educational developments is the aforementioned cutting-edge new journal, *Current Issues in Auditing*. This journal can become a wonderful resource for audit instructors (and researchers, practitioners, and students) for years to come. We owe Dana Hermanson and Scott Showalter and the rest of their editorial team a debt of gratitude for their past and ongoing efforts on this journal. See their article in this newsletter for more information.

Annual Meeting Update

The annual meeting was quite successful, thanks to the expert efforts of Chris Earley and Chris Hogan. They deserve the Section's deepest thanks for teaming up with 136 reviewers to evaluate the merits of 127 submissions. After the review process, 74 papers were accepted for presentation and 30 for poster sessions. In addition, we had four panel sessions covering topics such as the PCAOB's AS 5 and Fraud, Assurance Services, Internal Auditing, and Audit Education. A highlight of the annual meeting, of course, was the previously mentioned luncheon address by Ed Nusbaum. Overall, the Section had an impressive presence at the annual meeting. Thank you authors, reviewers, and discussants!

Before looking ahead, I would like to note that, consistent with our custom, the Section's Executive Committee's composition changed during the annual meeting in Chicago. We were sorry to let go of our outgoing Past-President Mark Beasley, Treasurer Kathryn Kadous, and Historian Arnie Wright. The Section thanks them very much for their dedication, stewardship, and insightfulness. At the same time, it is indeed a pleasure to welcome our new Academic Vice-President Audrey Gramling, Treasurer Mark Taylor, and Historian Urton Anderson to the Executive Committee.



Edward Nusbaum,
Chief Executive Officer
and Executive Partner,
Grant Thornton, LLP

Annual Midyear Conference

I am pleased to report that Co-Chairs Roger Martin and Gary Peters have been working very hard to plan our *Fourteenth Annual Auditing Section Midyear Conference*. They are in the midst of overseeing the evaluation of submissions, with the invaluable assistance of Vice-Chairs Brian Ballou and Chris Hogan. Plus, if you are a Ph.D. student, please know that Vicky Hoffman is developing a wonderful doctoral consortium. Program details about the Austin Midyear Meeting (January 17–19, 2008) and the doctoral consortium are included in this newsletter. You must not miss this meeting, as it will feature wonderful plenary speakers and panel sessions in addition to an impressive line-up of research paper presentations and discussions. And, as has been the case for a number of years now, we extend our enthusiastic thanks to *The KPMG Foundation* and to Bernie Milano for their generous, unwavering sponsorship and support of our conference and related activities.

Honored to Serve

In writing my first President's letter for the Section, I realized once again what a tremendous honor it is to serve as your President. Serving is especially gratifying to me in that I had the advantage of having two of the Section's Past Presidents on my dissertation committee at Illinois: Fred Neumann (our first Section president) and Ira Solomon (my dissertation chair). They made sure I had a chance to attend Audit Section Midyear Conferences when I was a doctoral student, and they always have advised me to participate in the Section's activities. What great advice!

See you in Austin come January!

2008 Deloitte/University of Kansas Auditing Symposium

The 2008 Deloitte/University of Kansas Auditing Symposium will be held in Lawrence, Kansas on May 2–3, 2008. The symposium will be organized around a broadly-defined theme of assessing and responding to risk, and will include both academic research papers and presentations by practitioners. For additional information contact Ed O'Donnell at eod@ku.edu or (785) 864-7505.

Fourteenth Annual Midyear Auditing Section Conference

Plan now to attend the Fourteenth Annual Auditing Midyear Conference to be held in Austin, Texas on January 17–19, 2008. The conference will be held at the Sheraton Austin Hotel, situated in the cultural heart of Austin. The hotel is next door to the famed Texas State Capital and near the University of Texas and the Sixth Street/Warehouse District.

The KPMG Foundation is generously sponsoring the Midyear Conference. The meeting format will be similar to previous years and will consist of keynote plenary speakers and concurrent sessions dealing with a wide variety of contemporary topics related to audit, attestation and assurance practices, education, and research.

The program is shaping up to include many interesting events. The program will include a pre-conference workshop session on Thursday afternoon titled “Excellence in Audit Education.” The purpose of this Workshop is to bring together audit educators and leaders from the accounting profession to discuss emerging issues related to audit education for future generations of audit professionals. The Auditing Section is hosting this Workshop to create a forum for the exchange of ideas and materials about current and future audit education needs. The Auditing Section is not charging a fee for this workshop, but there is a limit to the number of participants so pre-attendance registration will be required and limited.

On Friday, the first plenary session will feature Mr. Michael Ryan, Senior Vice President of the U.S. Chamber of Commerce

Center for Capital Markets Competitiveness. The Friday afternoon plenary session will feature Mr. Bruce Dorris, Program Director for the Association of Certified Fraud Examiners based in Austin, Texas. The conference also will include panel sessions by the Auditing Section’s Education Committee, Research Committee, Standards Committee, and the Practice Advisory Council.

Thanks to the generous support of the KPMG Foundation, the Ninth Annual Auditing Section Doctoral Consortium will be January 17th, preceding the Midyear meeting. The purpose of the Consortium is to stimulate students’ research by exposing them to the latest ideas from leading researchers in auditing, and by providing opportunities for networking with other Ph.D. students interested in auditing, established auditing researchers, and journal editors. The Consortium is open to all Ph.D. students who have an interest in auditing research. Students may be at any stage in their programs, and there is no limit to the number of students who may attend from any one university. However, there is a limit on the total number of students who can attend the Consortium (50), so students are advised to register early. Applicants will be accepted on a first-come basis. For further information on the application process, please see the announcement in this issue of *The Auditor’s Report* and the section’s website.

Make plans now to join us in Austin next January!

Roger Martin and Gary Peters
2008 Auditing Midyear Conference Co-Chairs

ANNOUNCING Pre-Conference Workshop on Excellence in Audit Education

Make plans to join your colleagues for the Auditing Section’s first-ever Excellence in Audit Education Workshop scheduled as a Midyear Meeting Pre-Conference session on Thursday, January 17, 2008 from 1:00 – 5:30 pm, in Austin, Texas. The purpose of this Workshop is to bring together audit educators and leaders from the accounting profession to discuss emerging issues related to audit education for future generations of audit professionals. Changes in governance expectations, underlying accounting models, and audit processes and oversight are creating significant education challenges for the profession that affect not only undergraduate and graduate accounting curricula, but

also life-long professional learning. The Auditing Section is hosting this Workshop to create a forum for the exchange of ideas and materials about current and future audit education needs. Don’t miss this unique opportunity to engage in in-depth discussion and dialogue with other audit educators and leaders of the learning and education functions with several of our profession’s largest firms. In addition, this session will feature innovative case materials that are available for your classroom use. Attendance at the workshop will be free—all you need to do is book your travel arrangements to arrive in Austin before the 1:00 pm start. Watch the Midyear Conference website for further details.

Snapshots from the Auditing Section Luncheon



Auditing Section Luncheon at the AAA 2007 Annual Meeting.



Arnie Wright (Outgoing Historian)



Ray Whittington (Outgoing President)



Bernie Milano (left, The KPMG Foundation) and Kathryn Kadous (right, outgoing Treasurer)

Mark Peecher (left, incoming President), Julia Higgs (center, Secretary), and Mark Beasley (right, outgoing Past-President)



2008 Auditing Section Doctoral Consortium

**In Conjunction with the Fourteenth Annual Auditing Section Midyear Conference
January 17, 2008 — Sheraton Austin Hotel — Austin, Texas**

The Auditing Section of the American Accounting Association, through the generous support of KPMG LLP, is sponsoring the eighth annual Auditing Section Doctoral Consortium on January 17, 2008. The Consortium will be held in the Sheraton Austin Hotel in Austin, Texas in conjunction with the Auditing Section's Midyear Conference (to be held January 18–19, 2008). The purpose of the Consortium is to stimulate students' research by exposing them to the latest ideas from leading researchers in auditing, and by providing opportunities for networking with other Ph.D. students interested in auditing, established auditing researchers, and journal editors.

Registration Information

The Consortium is sponsored by the Auditing Section and KPMGLLP.

- The Consortium is open to all Ph.D. students who have an interest in auditing research. Students may be at any stage in their program, and there is no limit to the number of students that may attend from any one university. However, there is a limit on the total number of students who can attend the Consortium, and applicants will be accepted on a first-come basis. **Please register early.**
- Students who attend the Consortium will receive up to two years of complimentary membership in the Auditing Section and the AAA.
- Breakfast and lunch will be provided during the consortium.
- The Auditing Section Doctoral Consortium is free. Any student wishing to attend must complete the registration process. For those students who would like to attend the Auditing Section Midyear Meeting (January 18–19) that follows the Consortium (January 17), the midyear meeting registration fee is \$25. Deadline for consortium and conference registration is December 17. Visit the Auditing

Section website (<http://aaahq.org/audit/index.htm>), complete the PDF registration form, and fax it to 941-923-4093. NOTE: if registering for the Doctoral Consortium only, indicate on the form you are attending the consortium only.

Students who attend the Auditing Section Doctoral Consortium are eligible to receive either (i) a complimentary one night, single-occupancy accommodation at Sheraton Austin Hotel in Austin, Texas for Wednesday night (January 16) or (ii) a two night, double-occupancy accommodation at Sheraton Austin Hotel in Austin, Texas for Wednesday and Thursday night (January 16–17).

- The room night(s) will be reimbursed AFTER the conference provided you attend the consortium for the full day and stay at the conference hotel.
- Students should make their reservation directly with the hotel and will need to provide a credit card number to the hotel. A maximum of two students can stay in one hotel room. NOTE: students who share a room should provide both names when making hotel reservations.
- The deadline for hotel reservations is December 17. We cannot guarantee that any additional rooms will be available in the hotel once our block of rooms is sold out, even if the block is sold out before the cut off date.
- If you are unable to attend the meeting, be sure to cancel hotel reservations to avoid a cancellation penalty.
- There is expected to be a wait list. So, please cancel your registration if you are not able to attend. This will allow another student who is wait-listed to attend the consortium. Email your cancellation to the AAA (office@aaahq.org). Midyear Meeting cancellation requests received after December 17 will incur a \$25 cancellation charge. No refunds will be available for cancellations after January 7, 2008, or for no-shows.

Mike Gibbins to be Honored

The Alberta School of Business and The Institute of Chartered Accountants of Alberta have planned an event on May 2–3, 2008 to honor the many contributions of Mike Gibbins to the accounting profession and accounting education. Please mark these dates in your calendar. The program will include a dinner on Friday, May 2, followed by a one day research symposium on Saturday, May 3. More details about the program will be distributed shortly.

You are also invited to share your thoughts about Mike. Testimonial letters may be submitted to Dr. Karim Jamal, CA, Professor and Chartered Accountants' Distinguished Chair in Accounting, by mail:

School of Business; 3-23 Business Building
University of Alberta
Edmonton, Alberta
Canada T6G 2R6
Or by email: karim.jamal@ualberta.ca.

Current Issues in Auditing (CIIA)

Current Issues in Auditing (CIIA) is now online! There are two sites to keep in mind. First, the published papers are available (free of charge) at <http://www.atypon-link.com/action/showPublisherJournals?code=AAA>. The papers accepted to date are:

- “The Sarbanes-Oxley Act of 2002 – Restoring Investor Confidence,” The Honorable Michael G. Oxley
- “Top-Ten Wish List for Audit Research,” Edward Nusbaum
- “XBRL: Opportunities and Challenges in Enhancing Financial Reporting and Assurance Processes,” James Gunn
- “A Top-Down Approach to Identification and Documentation of Critical Application Controls,” Jerry Turner
- “Academic Research on Communications Among External Auditors, the Audit Committee, and the Board: Implications and Recommendations for Practice,” Jeff Cohen, Lisa Gaynor, Ganesh Krishnamoorthy, and Arnie Wright
- “Descriptive Evidence from Audit Practice on SAS No. 99 Brainstorming Activities,” Jodi Bellovary and Karla Johnstone
- “Audit Partner Rotation: Evidence of Changes in Audit Partner Tenure as the Result of Mandatory Regulation in Australia,” Kirsty Ryken, Renee Radich, and Neil Fargher
- “SOX Doomsday Predictions in Hindsight: Evidence from Delistings,” Lisa Austen and Denise Dickins

Second, CIIA’s **new manuscript management system** is located at <http://ciia.peerx-press.org>. This site will serve as the portal for paper submissions, reviews, and decision letters. The submission guidelines, etc., are available at this site.

CALL FOR PAPERS

18th Symposium on Auditing Research

University of Illinois at Urbana–Champaign — October 2–4, 2008

The Eighteenth University of Illinois Symposium on Auditing Research will be held on the Urbana-Champaign campus during October 2–4, 2008. The symposium will be funded by generous support from the KPMG LLP Foundation. Authors of papers employing rigorous research methods (including exploratory methods when appropriate) are invited to submit papers. The scope of the symposium is broad, encompassing all aspects of auditing and assurance in all of their phases.

The Office of Accounting Research of the University of Illinois will publish a monograph that contains a synopsis of each paper presented and discussants’ remarks. The intent is that such publication will not preclude authors from submitting completed papers to scholarly journals. Authors should follow *The*

Accounting Review format and submit a regular version and an anonymized version of their paper via email to Mark E. Peecher at peecher@uiuc.edu.

Submission deadline: June 29, 2008

Your email should identify the name and address of the author to whom correspondence should be addressed. If applicable, it also should indicate other symposia or conferences at which the submitted paper has been or will be presented.

Authors will be notified during late July as to whether submissions have been accepted for presentation at the symposium. Questions about the symposium should be directed to Mark E. Peecher at (217) 333-4542 or via email at peecher@uiuc.edu.

COSO Releases Discussion Document on Monitoring Internal Controls

September 17, 2007 – The Committee of Sponsoring Organizations of the Treadway Commission (widely known as COSO) issued a Discussion Document titled, *Guidance on Monitoring Internal Control Systems*, to help organizations monitor the quality of their internal controls. This guidance is designed to more fully develop the monitoring component of COSO’s *Internal Control—Integrated Framework*. COSO is seeking comments on this Discussion Document by October 31, 2007, with the goal of issuing an exposure draft of proposed final guidance by the end of 2007. The American Accounting Association is one of the five COSO sponsoring organizations. Read the press release and download the Discussion Document for free at COSO’s web site (www.coso.org).

GAO UPDATE

by Jeanette Franzel and Maxine Hattery

From the Comptroller General's Office: Taxes, Health Care, and Performance Budgeting

Forum Explores Options for Closing the Tax Gap

Together with the Congressional Budget Office (CBO) and the Joint Committee on Taxation (JCT), GAO sponsored a forum, "Tax Compliance: Options for Improvement and Their Budgetary Potential," in September.

The purpose of the joint forum was to encourage an exchange of views on how to rank options for improving tax compliance, the improvement in the government's fiscal situation that can be expected from each option, and identifying related research needs. Participants in the forum included Comptroller General David M. Walker; CBO Director Peter Orszag; and both Tom Barthold, Acting Chief of Staff, and Ed Kleinbard, the newly appointed Chief of Staff of the Joint Committee on Taxation; national and state leaders; and experts on tax compliance.

The half-day forum was held on Capitol Hill to encourage participation by members of Congress and their staff. As with similar Comptroller General forums, the discussion was not-for-attribution to encourage a candid exchange of views. GAO plans to publish a summary of the proceedings in early 2008.

Forum on the Fiscal Future of Health Care

The critical importance of the fiscal future of health care is a critical factor in the federal budget and the nation's fiscal future. In May 2007, Mr. Walker convened a forum on health care in the public and private sectors, and in September 2007, GAO issued a summary of the forum discussion sessions focusing on cost and personal responsibility; coverage of the uninsured; and quality, standards, and outcomes.

Participants in the discussion included health policy experts, business leaders, and public officials selected for their subject matter knowledge and representation of various perspectives. Discussion sessions were led by distinguished economists Robert Reischauer and Mark Pauly and other leading health care authorities. Nationally known health insurance expert Leonard Schaeffer served as the keynote speaker. At the conclusion of the forum, participants were anonymously polled for their views on points raised during the discussions.

Health care spending. Participants did not reach agreement on whether the federal government should have an aggregate spending limit, such as a percentage of the federal budget, but supported other measures, such as federal value-based purchasing, reformed tax treatment of health care, and limits on direct-to-consumer advertising of prescription drugs.

Health insurance coverage. There was near unanimity that ensuring the provision of health care coverage for all Americans should be a federal responsibility. The group also strongly agreed

that the federal government should assure the existence of a well-functioning health insurance market, whereas they did not agree on whether the nation should continue to rely on employer-provided insurance as the dominant method through which most Americans obtain their health insurance coverage.

Performance measures. Participants strongly supported the federal government's taking the lead in developing new indicators of health system outcomes and performance. The group also strongly favored having a broad-based independent body develop national, evidence-based practice standards.

Policy challenges. The keynote speaker opined that a limited window of time—about 8 to 10 years—remains for the health care community to engage in effective reform. After that, he noted, budget and national security concerns will dominate. Because neither purely regulatory nor purely market-based approaches are politically viable, pragmatism rather than ideology should drive health policy. He concluded that we need a blended strategy, stating, "We have to shape our future now or be its victim."

Health Care 20 Years from Now: Taking Steps Today to Meet Tomorrow's Challenges (GAO-07-1155SP). For more information, contact A. Bruce Steinwald at (202) 512-7114 or steinwalda@gao.gov.

Testimony on Reexamining Programs with Performance Budgeting

In testimony before the House Committee on the Budget, the Comptroller General recommended the use of performance budgeting in a reexamination of federal programs. To ensure that performance budgeting produces information that is "useful and used," Mr. Walker recommended that Congress "develop structures and processes that are flexible, adaptable, and inclusive of various perspectives to conduct successful performance reviews on those issues that cross jurisdictional boundaries."

Mr. Walker has called for reexamination of federal programs in speeches and the Fiscal Wake-Up Tour and set out the goal in his testimony "to enhance the government's capacity to assess competing claims for federal dollars by arming decision makers with better information both on the results of individual programs as well as on entire portfolios of programs and tools—encompassing a wide range of discretionary, entitlement, tax, and regulatory approaches—addressing common goals."

His testimony focused on three main points:

- the extent of the nation's long-term fiscal and governance challenges necessitates a thorough reexamination of government programs and spending;

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GAO Update

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- performance budgeting can help accomplish the goal of reexamination; and
- congressional support and comprehensive crosscutting program assessments are critical to reexamination.

“GAO stands ready,” Mr. Walker said, “to assist Congress in addressing the much needed baseline review of existing federal programs, policies, functions, and activities.”

21st Century Challenges: How Performance Budgeting Can Help (GAO-07-1194T) September 20, 2007.

INCOSAI: The International Congress of Supreme Audit Institutions

In November 2007, representatives from GAO will attend an important international meeting of national, government audit offices referred to as “Supreme Audit Institutions” from other UN-member countries. The Congress will be convened by the International Organization of Supreme Audit Institutions (INTOSAI).

For more than 50 years INTOSAI has provided an institutionalized framework for supreme audit institutions to promote development and transfer of knowledge; improve government auditing worldwide; and enhance professional capacities, standing and influence of member SAIs in their respective countries.

Founded in 1953, INTOSAI is autonomous, independent, and nonpolitical. It is a nongovernmental organization with special consultative status with the Economic and Social Council (ECOSOC) of the United Nations. At the time of its first meeting, INTOSAI comprised 34 member SAIs; today, there are 186 members.

Comprising all members of the organization, INCOSAI meets once every three years and offers INTOSAI members an opportunity to share experiences, discuss issues, and pass resolutions and recommendations to improve government accountability worldwide. Participants include delegations of member SAIs as well as representatives of the United Nations, the World Bank, and other international and professional organizations.

INCOSAI XIX will be held November 5 through 10, 2007, in Mexico City. There will be two themes for the meeting: Theme I, the management, accountability, and audit of public debt; and Theme II, performance evaluation systems based on universally accepted In addition, the committees, working groups, and task forces that work to advance INTOSAI’s technical agendas between the 3-year Congress meetings will report to delegates on the results of their work.

A key INTOSAI project related to financial auditing is being carried out by the Financial Audit Guidelines Subcommittee. The objective is to develop a high-quality, globally accepted set of guidelines for the audit of financial statements in the public sector. The project utilizes the International Standard on Audits (ISAs) as the starting point. The INTOSAI subcommittee is in

the process of drafting practice notes for all ISAs in order to provide guidance regarding special considerations for the private sector. GAO has been participating in this effort. The INTOSAI subcommittee hopes to have 12 practice notes ready for endorsement by INCOSAI in November 2007. The overall goal is to have the full set of guidance completed for 2010.

Information is available on the INTOSAI Financial Audit Guidelines Subcommittee Web site at <http://psc.rigsrevisionen.dk/fas>, or fax or e-mail the FAS Project Secretariat: fax, ++46-8-5171 4111; e-mail, projectsecretariat@riksrevisionen.se.

FAM: A Valuable Tool Is Getting an Update

The *GAO/PCIE Financial Audit Manual* (FAM) was first issued in 2001, a joint project of GAO and the President’s Council on Integrity and Efficiency (PCIE), the organization of presidentially appointed Inspectors General. Based on the Yellow Book, the FAM was developed to guide auditors of the financial statements of federal government departments and agencies and presents a methodology for performing the audits in accordance with professional standards. A valuable tool for strengthening government accountability for tax dollars, the manual comes in three volumes and includes two checklists, for federal accounting (FAM 2010) and federal reporting and disclosure (FAM 2020).

The last major revisions to the FAM were issued in July 2004 and, to keep up with continuing rapid change in accountability, a major update began in January 2007. GAO and the PCIE created a joint FAM Working Group that comprises 18 GAO auditors and 18 PCIE representatives from offices of Inspectors General experienced in conducting federal government financial audits. After a 30-day exposure and the incorporation of suggested changes, the updated FAM Volume 3, “Accounting and Reporting Checklists,” is now available on the Web. Public exposure drafts of FAM Volume 1, “Audit Methodology” (GAO-07-1173G), and Volume 2, “Audit Tools,” are available online with the exposure period ending January 31, 2008. The final version is expected to be issued online by March 31, 2008.

Information is available on the GAO Web site at <http://www.gao.gov/>. (See “Key References” and click on “Financial Audit Manual” to access the current FAM.) Volume 3 checklists in a fillable Word format are also available for download in a zipped file as are (unrevised) sections of Volumes 1 and 2. If you have questions about the FAM or wish to provide public comments, e-mail fam@gao.gov.

Selected Reports and Testimonies

Federal Emergency Management Agency: Ongoing Challenges Facing the National Flood Insurance Program (GAO-08-118T) October 2, 2007.

The Nation’s Long-Term Fiscal Outlook, August 2007 Update: Despite Recent Improvement in the Annual Deficit, Federal Fiscal Policy Remains Unsustainable (GAO-07-1261R) September 28, 2007.

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CALL FOR PAPERS — ISAR 2008

14th Annual International Symposium on Audit Research

Los Angeles, California, USA — 30 and 31 May, 2008

Celebrating 25 Years of Supporting Auditing Research

The 14th Annual International Symposium on Audit Research (ISAR) will be hosted by the Leventhal School of Accounting, University of Southern California on 30 and 31 May, 2008 in Los Angeles, USA. ISAR is jointly organized by the University of Southern California (USA), Universiteit Maastricht (Netherlands), Nanyang Technological University (Singapore), and the University of New South Wales (Australia). The symposium will be held in the Los Angeles area and follows the USC SEC and Financial Reporting Conference, held on the 29th of May in Pasadena.

ISAR has its origins in the Audit Judgment Symposium hosted by the University of Southern California from 1983 until 1994. ISAR 2008 celebrates 25 years of support for auditing research through the Audit Judgment Symposium, the Maastricht Audit Research symposium and for more than a decade, the International Symposium on Audit Research (ISAR).

Scope of Topics

The scope of ISAR is intended to be broad and includes research papers and panels that deal with all aspects of internal and external auditing, attestation and assurance. Papers that utilize any of a broad range of research methodologies will be considered.

Submission of Papers

To be eligible for presentation, manuscripts must follow the style guidelines of *Auditing: A Journal of Practice & Theory*. Please pay particular attention to the format and length requirements—manuscripts should not exceed 7,000 words or approximately 18–25 double-spaced pages including tables, figures and references. Please submit a single document which includes author(s) affiliation(s), the contact author's email address, an abstract and keywords. Accepted papers will not be published in formal proceedings and thus may be submitted to any appropriate journal.

Paper Submission Deadline and Requirements

Papers should be submitted electronically in Adobe Acrobat or Word formats. Papers and, where appropriate, related research instruments must be received by **January 31 2008** and should be sent to: papers@isarhq.org.

Further Information

If you have questions about paper submission please email papers@isarhq.org. For questions about the symposium and for early registration please email admin@isarhq.org. Further information is available at the ISAR website at www.isarhq.org where you can also register for email updates on ISAR 2008.

GAO Update

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U.S.-China Economic And Security Review Commission: Actions Needed to Improve Controls over Key Management Functions (GAO-07-1128) September 28, 2007.

Smithsonian Institution: Funding Challenges Affect Facilities' Conditions and Security, Endangering Collections (GAO-07-1127) September 28, 2007.

DOD Should Provide Congress and the American Public with Monthly Data on Enemy-Initiated Attacks in Iraq in a Timely Manner (GAO-07-1048R) September 28, 2007.

Influenza Pandemic: Opportunities Exist to Clarify Federal Leadership Roles and Improve Pandemic Planning (GAO-07-1257T) September 26, 2007.

Highlights of a Forum: Health Care 20 Years from Now—Taking Steps Today to Meet Tomorrow's Challenges (GAO-07-1155SP) September 7, 2007.

National Flood Insurance Program: FEMA's Management and Oversight of Payments for Insurance Company Services Should Be Improved (GAO-07-1078) September 5, 2007.

No Child Left Behind Act: Education Should Clarify Guidance and Address Potential Compliance Issues for Schools in Corrective Action and Restructuring Status (GAO-07-1035) September 5, 2007

Disaster Housing: Implementation of FEMA's Alternative Housing Pilot Program Provides Lessons for Improving Future Competitions (GAO-07-1143R) August 31, 2007

Financial Management: Long-standing Financial Systems Weaknesses Present a Formidable Challenge (GAO-07-914) August 3, 2007

Gulf Coast Rebuilding: Observations on Federal Financial Implications (GAO-07-1079T) August 2, 2007

PCAOB Standards Update¹

Prepared for *The Auditor's Report* (Fall 2007)

By Gary Holstrum, Thomas Ray, and Gregory Scates**

This update addresses selected PCAOB standards-setting developments since the Summer 2007 Update that are likely to be of interest to accounting and auditing researchers, educators, and students. These developments include approval of Auditing Standard No. 5 (AS5) on audits of internal control over financial reporting, proposed guidance for integrated audits of small public companies, a proposed auditing standard for evaluating consistency of financial statements, a proposed ethics and independence rule on communication with audit committees, a proposed amendment of a rule on tax services, and auditing issues and projects being considered by the PCAOB staff and discussed by the Standing Advisory Group (SAG).

Approval of Auditing Standard No. 5 (AS5) on Audits of Internal Control over Financial

Reporting (www.pcaobus.org/Standards/Standards_and_Related_Rules/Auditing_Standard_No.5.aspx)

In May, the Board adopted Auditing Standard No. 5: *An Audit of Internal Control over Financial Reporting That Is Integrated with an Audit of Financial Statements*, which will supersede Auditing Standard No. 2 when it becomes effective. AS5 was approved by the SEC on July 25, 2007 and is effective for audits of internal control over financial reporting required by Section 404(b) of the Sarbanes-Oxley Act of 2002 for fiscal years ending on or after November 15, 2007.

The PCAOB staff, with assistance from representatives from several registered firms and smaller public companies as well as SEC staff, is developing guidance for integrated audits of smaller public companies. The Board also is focusing some additional attention on the delivery of education about the new internal control auditing standard to smaller registered auditing firms.

Proposed Auditing Standard on Evaluating Consistency of Financial Statements

(www.pcaobus.org/Standards/Proposed_Standards_and_Related_Rules.aspx)

In April, the Board proposed and sought comments regarding changes to its auditing standards in light of the Financial Accounting Standards Board's issuance of Statement of Financial Accounting Standards No. 154, *Accounting Changes and Error Corrections*, and Proposed Statement of Financial Accounting Standards, *The Hierarchy of Generally Accepted Accounting Principles*. The PCAOB proposal would, if adopted by the Board and approved by the SEC, supersede AU sec. 420, *Consistency of Application of Generally Accepted Accounting Principles*, with a new auditing standard, *Evaluating Consistency of Financial Statements*; remove the hierarchy of generally accepted accounting principles ("GAAP hierarchy") from the interim auditing standards; and make conforming amendments to the interim

auditing standards. The comment period for the proposed changes ended in May and the PCAOB staff is working to complete revisions to the proposals based on comments.

Proposed Ethics and Independence Rule on Communication with Audit Committees and a Proposed Amendment of a Rule on Tax Services

(www.pcaobus.org/Standards/Proposed_Standards_and_Related_Rules.aspx)

On July 24, the Board proposed for public comment a new ethics and independence Rule 3526, *Communication with Audit Committees Concerning Independence*, which would supersede the Board's interim independence requirement, Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, and two related interpretations. The proposed rule would require, among other things, a registered public accounting firm to communicate to an issuer's audit committee regarding any relationships between the firm and the issuer that may reasonably be thought to bear on the firm's independence. The communications would be required both before the firm accepts a new engagement pursuant to the standards of the PCAOB and annually for continuing engagements. In addition, the Board proposed an amendment to Rule 3523, *Tax Services for Persons in Financial Reporting Oversight Roles*, which would exclude from the scope of the rule the portion of the audit period that precedes the beginning of the professional engagement period. The comment period for these proposals ended September 7 and the PCAOB staff is working to complete revisions to the proposals based on comments.

Other Auditing Issues being Considered by PCAOB Staff and SAG

At its June 21, 2007, meeting, the Standing Advisory Group (SAG) discussed the following issues (www.pcaobus.org/News_and_Events/Events/2007/06-21.aspx), based on publicly available briefing papers prepared by PCAOB staff on each of

¹ Note the hyperlinks to the PCAOB Web site (www.pcaobus.org) and to the Auditing Section Web site (aaahq.org/audit/index.htm). A convenient history of PCAOB standards-setting activity and related briefing papers are available through the hyperlinked previous PCAOB Standards-Setting Update articles in the Spring 2005, Summer 2005, Fall 2005, Spring 2006, Summer 2006, Fall 2006, Spring 2007, and Summer 2007 issues of *The Auditor's Report*. 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 holstrumg@pcaobus.org.

** Gary Holstrum is a consultant in the PCAOB Office of Chief Auditor (formerly PCAOB Associate Chief Auditor and Director of Research). Thomas Ray is PCAOB Chief Auditor and Director of Professional Standards. Gregory Scates is PCAOB Deputy Chief Auditor.

HAVE YOU SEEN...?

**Sudip Bhattacharjee, Virginia Tech; Duane Brandon, Auburn University;
Gary Peters, University of Arkansas and
Reed Smith, Indiana University–Purdue University Indianapolis**

“The Impact of Competition on Audit Planning, Review, and Performance”, by J. Bierstaker, R. Houston, A. Wright, *Journal of Accounting Literature*, (Volume 25, 2006): 1–58.

This paper reviews prior studies on audit quality and other questions related to the effects of competition in the audit market. Due to increased competition, concerns have been raised that competition was a driving force in the occurrence of several alleged audit failures in recent years. The paper identifies a number of promising research opportunities in response to issues not fully considered in prior studies and to the new post Sarbanes-Oxley Act landscape. The authors indicate that, while some may say that competition is no longer of concern in the current environment where quality is of highest priority, in the long run audits must be cost-effective in fulfilling their societal role. The issue for auditors is one of balancing professional and competitive priorities.

“Client Importance and Non-Big 5 Auditors’ Reporting Decisions” by A. K. Hunt and A. Lulseged. *Journal of Accounting and Public Policy* (Volume 26, Issue 2, March–April, 2007): 212–248.

The authors examine the effect of the trade-off between economic dependence and reputation protection on the link between client size and the audit reporting decisions of non-Big 5 auditors. They find that non-Big 5 auditors, like Big 5 auditors, do not allow their larger clients greater leeway to manage earnings. In fact, there is some evidence that non-Big 5 auditors treat their larger clients more strictly. They also report that, non-Big 5 auditors, like Big 5 auditors, are at least as likely to issue a going-concern report to their potentially financially distressed larger clients as they are to their otherwise smaller clients.

“Non-Audit Services, Auditor Quality and the Value Relevance of Earnings” by F. A. Gul, J. Tsui, and D. S. Dhaliwal. *Accounting and Finance* (Volume 46, Issue 5, December, 2006): 797–817.

The authors examine whether there is an inverse relation between non-audit services (NAS) provided by a firm’s auditor and the value relevance of earnings and that this relation is weaker for firms with Big 6 auditors. The paper is motivated by the argument that the provision of NAS by the external auditor is likely to adversely affect investors’ perceptions of the credibility of financial reports, and that Big 6 auditors, because of reputational capital and litigation costs, are likely to mitigate the adverse effects of NAS. Results, using Australian companies, document a statistically significant inverse relationship between NAS and the value relevance of earnings, and this inverse relationship is weaker for Big 6 auditors.

“The Chief Financial Officer’s Perspective on Auditor–Client Negotiations”, by M. Gibbins, S. A. McCracken, S. E. Salterio, *Contemporary Accounting Research*, (Volume 24, Issue 2, 2007): 387–422.

This paper reports how a sample of Canadian CFOs viewed the negotiation process and context during auditor-client negotiation about difficult client accounting issues. Results indicate that the CFOs saw negotiation with the auditors as a consequence of change in accounting and disclosure standards or personnel influential to their financial reporting or business changes. Negotiation was thrust upon the CFO, and the CFO then had to manage it. The CFOs informed other management and was aware of their interests, but did not generally seek their help. Informing the Board or the audit committee of the issue was much less frequent. The issue being negotiated was seen as complex, requiring research and analysis, and dependent on knowledge and expertise, with the result more likely reflecting form over substance.

“Internal Audit Professionalism and Section 404 Compliance: The View of Chief Audit Executives from Northeast Ohio”, by A. L. Nagy and W. J. Cenker, *International Journal of Auditing*, (Volume 11, 2007): 41–49.

This study explores the notion that the recently heightened regulation over public company reporting limits the amount of professional judgment required by internal auditors, and in the long run may reduce the overall value and professionalism of the internal audit group. The study reports the results of face-to-face interviews with Chief Audit Executives (CAEs) from 17 publicly listed companies. The authors find that despite several short-term benefits from the Section 404 work for the individual auditor (e.g., increased pay and job security), the compliance work may be a threat to the long-term reputation of the internal audit profession. Based on the existing literature and the CAEs’ responses, the Section 404 work does appear to be driving the internal audit profession down a new path.

“Relation between External Audit Fees, Audit Committee Characteristics and Internal Audit” by J. Goodwin-Stewart and P. Kent. *Accounting and Finance* (Volume 46, Issue 3, September, 2006): 387–404

The study examines whether the existence of an audit committee, audit committee characteristics and the use of internal audit are associated with higher external audit fees. Higher audit fees imply increased audit testing and higher audit quality. The authors find that the existence of an audit committee, more frequent committee meetings and increased use of internal audit are related to higher audit fees. The expertise of audit committee

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members is associated with higher audit fees when meeting frequency and independence are low. These findings are consistent with an increased demand for higher quality auditing by audit committees, and by firms that make greater use of internal audit.

“Auditor Fees, Market Microstructure, and Firm Transparency” by B. R. Danielsen, R. A. Van Ness, and R. S. Warr. *Journal of Business Finance and Accounting* (Volume 34, Issue 1/2, Jan/Mar, 2007): 202–221.

The authors examine whether auditors price their knowledge of firm opacity in their audit fees by examining two competing hypotheses. The first states that higher audit fees may reflect the greater risk that the auditor faces in auditing an opaque firm. Under this hypothesis, market based measures of opacity will be positively correlated with higher fees. The second hypothesis states that firms buy reputational capital from their auditor by paying high fees in an attempt to improve the market’s perception of the firm’s transparency. In this case, higher audit fees are negatively correlated with market based measures of opacity. The results are consistent with the first hypothesis, that auditors price opacity risk into their fees.

“Non-Audit Services and Auditor Independence: A Review of the Literature” by A. Schneider, B. K. Church, and K. M. Ely. *Journal of Accounting Literature* (Volume 25, 2006): 169–211

The authors review and synthesize research on NAS and auditor independence. The studies included investigate

perceptions of auditor independence, investor behavior and market reactions, and the role of corporate governance in the perception of the auditor’s provision of NAS. The authors conclude that fees generated from NAS do not affect investors’ perceptions of auditor independence. Management’s decision to retain the auditor could cause auditors to compromise decisions/judgments in the interests of audit relationship, thus impairing independence. One consistent finding across three stakeholder groups (users, auditors, and managers) is that NAS can impair independence in appearance but does not seem to impair independence in fact.

“Auditor Fees and Audit Quality” by R. Hoitash, A. Markelevich and C. A. Barragato. *Managerial Auditing Journal* (Volume 22, Issue 8, 2007): 761–786

The paper examines the relation between fees paid to auditors and audit quality. The authors use proxies based on client size, complexity and risk to estimate abnormal fees. The authors use two metrics to assess audit quality – the standard deviation of residuals from regressions relating current accruals to cash flows and the absolute value of performance-adjusted discretionary accruals. Results indicate a statistically significant negative association between total fees and both audit quality proxies over all years examined. The results (pre- and post-SOX) are consistent with economic bonding being a determinant of auditor behavior rather than auditor reputational concerns.

PCAOB Standards Update¹

(continued from page 9)

the issues (hyperlinked below):

- Accounting estimates and fair value measurements (www.pcaobus.org/Standards/Standing_Advisory_Group/Meetings/2007/06-21/Accounting_Estimates.pdf)
- Engagement team performance (www.pcaobus.org/Standards/Standing_Advisory_Group/Meetings/2007/06-21/Engagement_Team_Performance.pdf)
- Related parties (www.pcaobus.org/Standards/Standing_Advisory_Group/Meetings/2007/06-21/Related_Parties.pdf)

The briefing papers on fair value measurements and related parties referred to research synthesis reports prepared by teams of researchers formed as part of the Auditing Section’s PCAOB Research Synthesis Program.

The PCAOB is about to announce the time and agenda for the October 2007 SAG meeting. Readers may access the agenda and PCAOB staff briefing papers for each of the issues discussed at the SAG meetings, as well as webcasts of each of the SAG meetings, through the SAG portion of the PCAOB Web site. (www.pcaobus.org/Standards/Standing_Advisory_Group/index.aspx)

ASB Update as of September 2007

Douglas F. Prawitt, Brigham Young University; Academic Member of the AICPA Auditing Standards Board

The ASB continues to move forward on a number of important projects. This update addresses the progress of three ASB initiatives that are likely to be of particular interest to the Auditing Section: 1) the progress of the ASB Clarity Project, including the possible elimination of the 10 GAAS; 2) the recently approved Statement on Quality Control Standards (SQCS) No. 7; and 3) an announcement of the proposals selected to receive funding from the ASB/IAASB/AAA Auditors' Report Research Initiative. For more details on the ASB's current technical projects, please see the AICPA's Web site.

ASB Clarity Project

During its August 2007 meeting, the ASB discussed comments received about its discussion paper titled "Improving the Clarity of ASB Standards." After considering the comments, the ASB approved a project that will address concerns regarding the clarity, length, and complexity of standards issued by the ASB. The changes that will be introduced include the following:

- Separation of the paragraphs that contain requirements from those that contain application material to allow for easy identification
- Insertion of an outcome-based objective drafted in terms of what the auditor is attempting to achieve in applying each standard
- Addition of a section listing the definitions of new words and expressions used
- Inclusion of sections that contain special consideration for small, less complex entities and for governmental entities

The Board will immediately implement these clarity conventions when developing new standards; the process of changing existing standards is expected to take two to three years. To further the harmonization of the ASB's standards with international auditing standards, as the current standards are converted to the new format the ASB will consider whether other changes should be made to remove any unnecessary differences.

I believe one aspect of the clarity project will be of special interest to the Auditing Section. The ASB clarity task force is considering whether the 10 GAAS (consisting of three general standards, three fieldwork standards, and four reporting standards) will continue to play a role in the revised, "clarified" set of standards. It is my view that, even though auditors rarely reference the 10 GAAS directly, the taxonomy that those statements embody represents an important shared, foundational understanding of the greater body of auditing standards and how they are organized. While I do not believe the 10 GAAS should be seen as "sacred" or untouchable, I do believe that they represent an important and helpful conceptual foundation both for those practicing auditing and perhaps especially for those initially attempting to learn the basics of the discipline. The criticism that the four reporting standards seem to be articulated at more detailed level relative to the general and fieldwork standards has some validity, and I am supportive of an effort to address this issue, perhaps by reducing the number of reporting standards to one or two more general statements. But I believe that the GAAS (whether seven or eight or ten) should be preserved as a foundation into which each individual SAS objective (see above) ties. I urge you to make your voice heard on this issue.

Statement (SQCS) No. 7

The ASB has issued Statement on Quality Control Standards

(SQCS) No. 7, *A Firm's System of Quality Control*, which replaces all previously issued SQCSs. The new SQCS requires each CPA firm to establish a quality control system. The system should provide the firm with reasonable assurance that its accounting and auditing practice as well as its individual personnel comply with professional standards and applicable regulatory requirements and that reports issued by the firms are appropriate in the circumstances. The SQCS requires a firm's system of quality control to address each of the following elements of quality control:

- Leadership responsibilities related to quality within the firm ("tone at the top")
- Relevant ethical requirements
- Acceptance and continuance of client relationships and specific engagements
- Human resources (formerly personnel management)
- Engagement performance
- Monitoring

Under the new standard, firms are required to document quality control policies and procedures and communicate them to their personnel. While the new SQCS preserves many of the concepts found in the standards it replaces, it introduces a number of important changes. In the fall, the ASB will issue a Practice Aid to help practitioners in implementing SQCS No. 7. This aid will be called *Establishing and Maintaining a System of Quality Control for a CPA Firm's Accounting and Auditing Practice*.

ASB/IAASB/AAA Research Initiative

As communicated in previous updates, the ASB/IAASB/AAA Research Initiative was launched to investigate users' perceptions of the auditor's report and to explore possible changes to the report to enhance clarity. The ASB is excited to announce that funding was obtained for all four proposals that made the "finalist list." The proposals that have been selected and funded are:

- "User, Auditor, and Preparer Perceptions of Messages, (Intended or Otherwise) in the Standard Audit Report," Stephen K. Asare and Arnold Wright.
- "International Financial Statement Users' Perceptions of IAASB's ISA 700 Audit Report in Germany and The Netherlands," Christiane Strohm and Anna Nöteberg.
- "User Perception Regarding the Financial Statement Audit and the Unqualified Auditors' Report—A Two-Phase Research Study," Theodore J. Mock and Jerry L. Turner, Principal Investigators, with Co-investigators Charles D. Bailey, Paul J. Coram, and Glen L. Gray.
- "Financial Statement Users' Perceptions Regarding Auditors' Responsibilities when Conducting a Financial Statement Audit and The Message Conveyed in an Unqualified Audit Report (Based on ISA 700 [Revised])," Brenda Porter, Rachel Baskerville, Ciarán Ó hÓgartaigh, Margaret Ó hÓgartaigh.

On behalf of the ASB, I thank and congratulate each member of the teams listed above. The level of interest in this initiative by standard setters, both domestic and international, is very high—I believe these projects have the potential to significantly influence standard setting relative to auditor reports for years to come. An AICPA press release concerning the selection and funding of these research projects will be forthcoming once contract details for all four projects have been finalized.

HAVE YOU SEEN THESE INSTRUCTIONAL RESOURCES...?

**By the 2007–2008 Education Committee of the Auditing Section of the AAA
Pamela Roush, Chair, University of Central Florida; Richard Riley, University of West Virginia;
Greg Jenkins, Virginia Tech; Charlie Cullinan, Bryant University**

Format	Title	Date	Source	Description	How to Obtain
Text/ Book	Fraud CaseBook: Lessons from the Bad Side of Business	2007	Association of Cetified Fraud Examiners. Edited by Joe Wells.	This book provides case studies for educators wanting to expose students to how fraud is perpetrated and concealed. Multiple Case examples are presented for each of the following topical areas: Asset Misappropriation, Corruption Schemes, Financial Statment Fraud and Other Fraud Schemes	Wiley (ISBN: 978-0-470-13468-9
Website	XBRL International	N/A	XBRL Homepage	XBRL is a technology that allows for the comparison of financial statement data across periods or companies. This website provides up-to-date information about the technology and its use around the world.	http://www.xbrl.org/Home/
PDF	Guidance on Monitoring Internal Control Systems	Sep., 2007	COSO	COSO has released a document that more fully develops the monitoring function of internal control. This document is currently being exposed for public comment prior to its final release.	http://www.coso.org/ PUBLICATIONS.HTM
PDF	Organizational Governance: Guidance for Internal Auditors	7/12/2006	IIA Position Papers	An IIA statement to assist a wide range of interested parties, including those not in internal auditing profession, in understanding significant governance, risk or control issues and delineating related roles and responsibilities of internal audit.	http://www.theiia.org/ guidance/standards-and- practices/position-papers/ current-position-papers/
PDF	PCAOB's Auditing Standard No. 5, An Audit of Internal Control Over Financial Reporting that Is Integrated with an Audit of Financial Statements	6/6/2007	PCAOB	The PCAOB's Auditing Standard No. 5 replaces the PCAOB's previous internal control auditing standard, Auditing Standard No. 2.	http://www.pcaobus.org/ Standards/ Standards_and_ Related_Rules/ Auditing_Standard_ No.5.aspx
Website	Speech by SEC Commissioner on: Rules vs. Principles	6/14/2007	SEC Commissioner Roel C. Campos	Commissioner Campos asserts that any discussion about this topic must be placed in context with the particular jurisdiction at issue, in order to better understand the real world effects of how principles-based and rules-based systems work.	http://www.sec.gov/news/ speech/2007/ spch061407rcc.htm

American Accounting Association

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