Dear all

Welcome to the November edition of Auditing SIG Newsletter.

It is a humbling experience for me the privilege of serving as the Chairman of the Auditing Special Interest Group of the British Accounting Association. It has been a great pleasure to communicate with so many of the members of our Special Interest Group and the broader accounting profession community.

One of the exciting activities of our Special Interest Group is the production of The Newsletter. I want to encourage you to help us help you by keeping us informed of relevant developments affecting our profession. Please see the Editor’s Column on page 2 for more details on the objectives of The Newsletter and the call for contributions. We will strive to keep you informed through our website, and through our Newsletter. We will also periodically keep you informed of upcoming events and important information through email.

I would like to encourage you to attend this year’s National Auditing Conference in Dublin. Emer Curtis and the rest of the ASIG Executive and Organising Committee are putting together a fine programme of the Auditing SIG activities for the forthcoming conference in Dublin on March 23 & 24, 2007.

Highlights include a panel session on Audit Education with

(continued on page 3)
Welcome to the second edition of The Newsletter for the Auditing Special Interest Group (ASIG) of the
British Accounting Association (BAA).

The Newsletter provides a focus for supplying and receiving information on research and teaching in the
auditing area, in the hope that new networks involving active contact and collaboration will arise. The aim at
the moment is to publish the Newsletter twice a year. The Newsletter will be produced in hard copy and will
also be available on the ASIG’s website:
http://www.abs.aston.ac.uk/newweb/AcademicGroups/FAL/ASI
G/FirtsPage.html

The Newsletter relies heavily on members and non-members of the Auditing Special Interest Group to contribute
views, ideas and any other relevant information. In the ‘Research’ section, information about relevant research
being funded or in progress, working papers, articles ready for publication, etc, etc are of particular
interest which we would like to include in The Newsletter. Also, if you have read a journal published article which you think it is of high quality and of particular interest to others, please let us know, as there will also be a dedicated section in The Newsletter on already published research.

Also, we are very interested in contributions to our ‘Features’ section in The Newsletter. This section includes short articles or commentaries of maximum 1,500 words. Examples of such submissions include critical reviews of literature, proposals for auditing innovations, case studies involving audit firms, or essays on professional or regulatory developments. The nature of articles likely to be included in this Newsletter would more closely resemble the types of audit-focused pieces one might find in periodicals such as Accountancy or other similar practice outlets. Articles will be much shorter and unlikely to contain statistical analyses.

There is a dedicated ‘Teaching’ section in The Newsletter. This section also relies on your contributions, such as news of activities and developments related to teaching of auditing, teaching materials, case studies, etc. Also, vignettes or anecdotal accounts of challenging teaching-related incidents and how they were dealt with would be of high interest to our members.

The second edition of The Newsletter includes news about forthcoming conferences, two short articles from the Audit Quality Forum, our Newsletter poem, and information on research funding opportunities currently being offered by CIMA and ACCA, so make sure that you peruse this important information carefully. In addition, please start collecting any items of news, teaching or research initiatives and events. Then send us these pieces which would be most appreciated, I can assure you!

Please send your letters and email messages to ilias G Basioudis, Aston Business School, Aston University, Birmingham, B4 7ET, UK. Email: i.g.basioudis@aston.ac.uk

I look forward to hearing from you in due course. Let’s develop The Newsletter of Auditing SIG into a worthwhile medium for news and information relating to our discipline.

Best wishes

Joanna Stevenson
Editor
Auditing SIG Newsletter
University of Stirling

Research Fellowships
Leverhulme Trust

Approximately 100 Fellowships are available to enable experienced researchers to undertake a programme of research. Fellowships have a maximum value of £30,000 and provide research expenses over and above normal living costs and/or a contribution to reasonable replacement costs or loss of earnings. Awards are tenable for between 3 and 24 months and must be started between 1 June 2007 and 1 May 2008. Any subject considered. Applicants must be resident in the UK, over age 30, and be a permanent member of the UK scholarly community.

Applicants can download application materials from the Trust's web site at www.leverhulme.ac.uk/
Closing date for Research Fellowships: Thursday 9 November 2006.
Welcome from the Chairman
(continued from page 1)

Ursula Lucas (Bristol UWE) having agreed to sit on the Panel, and two keynote sessions on audit quality and assurance services. The first keynote speaker at this year’s conference will be Tim Bell, director, academic research at KPMG International’s Audit & Advisory Services Centre (AASC) in Montvale, NJ, USA. The subject of Dr Bell’s talk will be Audit Quality in the 21st Century. The presentation will be a mix of discussion on the plethora of interrelated factors that impact audit quality, and some research needs that could be addressed by academics. Dr Bell’s keynote presentation is scheduled for Friday morning.

Prior to joining KPMG LLP, Dr. Bell was a member of the accounting faculty at the University of Texas at Austin. Dr Bell served as vice president-academic and president of the Auditing Section of the American Accounting Association. He was the section’s director of research and a member of the editorial board for Auditing: A Journal of Practice and Theory. He is co-founder, executive director, and managing director-practice of the KPMG/University of Illinois (UIUC) Business Measurement Case Development and Research Program and its successor, the KPMG and UIUC Business Measurement Research Program. Currently, he serves on IFAC’s International Accounting Education Standards Board. Dr Bell has authored numerous articles published in journals including Journal of Accounting Research, The Accounting Review, Management Science, and Auditing: A Journal of Practice & Theory, as well as in Accounting Horizons, Journal of Accountancy, Management Accounting, and the National Association of Corporate Directors’ Governance Series: Ethics in the Boardroom. He was co-editor of the AICPA monograph Auditing Practice, Research, and Education: A Productive Collaboration (1995) and co-author of the KPMG monographs Auditing Organizations Through a Strategic-Systems Lens (1997), Cases in Strategic-Systems Auditing (2002), and The 21st Century Public Company Audit (2005). Both the 1995 and 1997 monographs received the Joint AICPA/AAA Collaboration Award. In 2003, the 1995 monograph received the Auditing Section’s Notable Contributions to the Auditing Literature Award. In 2005, Dr. Bell received the section’s Distinguished Service in Auditing Award and the Innovation in Auditing and Assurance Education Award.

Jo Iwasaki has agreed to be the second keynote speaker in our conference on Saturday morning. Jo is the Manager of Assurance in the Audit and Assurance Faculty of the Institute of Chartered Accountants in England & Wales. Jo will give a presentation on a few topics related to assurance and assurance services in the UK and beyond.

It’s time now for you to be finalising papers you wish to submit for consideration in the conference programme. The call for paper submissions has been extended to November 10, 2006. Check out the call for submissions to the 2007 National Auditing Conference on our Auditing SIG’s website and on page 6 of this Newsletter.

We hope the core conference programme will cover a variety of topics including auditor reporting; audit process, pricing, planning and quality; corporate governance; and auditor choice, among others. You will be notified by email about the final details of the conference programme in the next few weeks.

The conference will be held at Alexander Hotel on Merrion Square which is located in Dublin’s city centre. Dublin is a great location that you’ll not want to miss!

As I final thought, I would like each of you to consider ways in which we can involve the practice world in the Auditing Special Interest Group. I would like to better connect with practitioners and would like to see them participating at our conferences. We must keep in close touch with the practitioner world to bring the very latest from that world to our teaching and research. It is equally important that we receive input to our research and teaching activities from them and that we respond in a positive manner.

Please do not hesitate to call on me with your ideas, comments, questions and suggestions. We would like to take things forward and can only do so with your constant input.

I hope you are making plans to join us at our 17th annual conference in Dublin, Ireland and I look forward to seeing all of you there.

ilias G Basioudis.
Chairman
BAA’s Auditing SIG
Aston Business School

Auditing SIG’s website: http://www.abs.aston.ac.uk/newweb/AcademicGroups/FAL/ASI/G/FirtsPage.html
AUDITING SIG CONFERENCE, BAA 17th NATIONAL AUDITING CONFERENCE

For further information, see page 6 on this Newsletter. Also, on our website: http://www.abs.aston.ac.uk/newweb/AcademicGroups/FAL/ASIG/FirtsPage.html

BAA CONFERENCE
The annual conference of the British Accounting Association will be held on April 3-5, 2007 at the Royal Holloway, University of London. The deadline for submission of abstracts or papers is 31 December 2006. Further details: http://www.baa.group.shef.ac.uk/events/conference

Third International Business Research Conference, Melbourne, Australia, November 20-22, 2006
Email Dr Mohammad Hoque, the conference Chief Co-ordinator, for further details: mohammad.hoque@buseco.monash.edu.au

American Accounting Association (AAA) International Section meeting, Charleston, South Carolina 3-4 February 2007
Research papers relating to aspects of the impact of globalisation on financial reporting, auditing, corporate governance and financial markets will be presented in the meeting.

In recognition of the need for more interaction between UK and US academicians, Ernst & Young has offered a bursary of UK£1,000 to enable a UK academic to take a paper to the above conference.

American Accounting Association, Auditing Section 14th Annual Midyear Conference
Charleston, South Carolina, 11-13 January 2007
The conference will be held at the Francis Marion Hotel in Charleston, South Carolina, USA.
CPE sessions will be held on the afternoon of January 11. The remainder of the conference will consist of keynote, plenary, and concurrent sessions dealing with a wide variety of contemporary topics related to audit, attestation and assurance practices, education, and research. Registration is open.
Further information: http://aaahq.org/audit/index.htm

American Accounting Association, 2007 Annual Meeting
5-8 August 2007
Chicago, Illinois, USA
Call for Submissions
Submissions must be received electronically by January 8, 2007, to be considered for the programme. The Program Advisory Committee for the 2007 Annual Meeting invites academic and practitioner members from around the globe to submit proposals for: papers, panels, forum proposals, Effective Learning Strategies sessions, CPE sessions and special concurrent session proposals, as well as to volunteer to serve as reviewers, moderators and discussants for meeting sessions.

European Accounting Association (EAA) conference
The annual conference of the European Accounting Association will be held on April 25-27, 2007 in Lisbon, Portugal.
Further details: http://www.eaa2007lisbon.org

Thank you to Caroline Oades (ACCA), (OTHER NEWS continued on p. 5)
International Symposium on Audit Research (ISAR) 2007
Shanghai, 22-23 June 2007

The ISAR was formed in 1995 from a merger of two previous audit research symposia: the USC Audit Judgment Symposium and the Maastricht Audit Research Symposium. ISAR is now co-sponsored by four universities: University of Southern California (USA), Universiteit Maastricht (Netherlands), Nanyang Technological University (Singapore), and the University of New South Wales (Australia). The Symposium is held annually and is organised by each University in turn. The 2007 ISAR will be hosted by Shanghai Jiao Tong University in Shanghai from June 22–23, 2007. Papers should be submitted electronically in Adobe Acrobat or Word formats. Papers must be received by 27 January 2007 and should be sent to: papers@isarhq.org

Further information and call for papers:
http://www.isarhq.org/

International Workshop on Audit Quality
Milan, Italy
November 24-25, 2006

The workshop is co-organized by EIASM, SDA Bocconi and Università Bocconi. All relevant information can be found on the EIASM website at the following address.

http://www.eiasm.org/frontoffice/event_announcement.asp?event_id=497

European Auditing Research Network (EARNet)
4th EARNet Symposium 2007

On 26-27 October 2007 there will be the 4th EARNet Symposium 2007. It will be held in Aarhus, Denmark at the Scandinavian Congress Centre. Further details in the new website:
http://www.ear-net.eu

Fifth European Academic Conference “Internal Audit and Corporate Governance”
University of Pisa, Italy
18-20 April 2007

The above conference is organised by the University of Pisa, Cass Business School, The Erasmus University, with the support of the Institutes of Internal Auditors – in Italy, the UK and Ireland and the Netherlands - and the European Confederation of Institutes of Internal Auditors (ECIIA). Papers or abstracts are invited from academics, researchers, PhD students and practitioners with an interest in internal auditing and corporate governance. The deadline for receipt of submissions is 5th January 2007.

For further details, please contact: Prof. Marco Allegrini, University of Pisa, Tel: (00 39) 050 2216287 or (00 39) 050 2216346, Fax: (0039) 050 541403
E-mail: allegrini@ec.unipi.it

EDEN Doctoral Seminar on Case-Based Research in Management Accounting
Brussels, April 10-14, 2007
Deadline for application: February 9, 2007

This EDEN course for doctoral students deals with issues around conducting case research in management accounting. A series of questions will be raised, such as: What kind of knowledge can be produced by case research? What abilities should a researcher have when conducting case research? How to actually conduct case research? How to evaluate the outcomes of case research? International faculty off management accounting focused scholars, having wide experience in conducting and publishing case-based research will participate in this Doctoral seminar.


Accounting and Finance Association of Australia and New Zealand (AFAANZ) 2007 Conference
July 1-3, 2007
The Gold Cost, Queensland, Australia

The conference is very broad in its scope and includes concurrent sessions in finance, financial reporting, international accounting, auditing and governance, management accounting, public sector accounting, environmental reporting, accounting information systems, tax and accounting education. Papers must be submitted by 31 January 2007. Further information and call for papers:
http://www.afaanz.org/afaanz_2007_call.htm

10TH WORLD CONGRESS OF ACCOUNTING EDUCATORS
Istanbul, Turkey

The 10th World Congress of Accounting Educators - WCAE 2006 & The 3rd Annual International Accounting Conference - MÖDAV will be held at Istanbul Convention & Exhibition Center (ICEC), November 9-11, 2006. The conference is being hosted by the Experts Accountants’ Association of Turkey and the Union of Chambers of Certified Public Accountants. Further details:
http://www.wcaestanbul2006.org/
CONFERENCE ANNOUNCEMENT AND CALL FOR PAPERS

17th National Auditing Conference
23 & 24 March 2007, Dublin, Ireland

The 17th National Auditing Conference, organised by the Auditing Special Interest Group (ASIG) of the British Accounting Association (BAA), will be held in Dublin, Ireland on Friday 23 and Saturday 24 March 2007.

The conference aims to provide a forum which: i) allows faculty from higher education establishments to meet and exchange ideas and experiences, ii) encourages the discussion of educational objectives and teaching methodologies within auditing courses, and iii) promotes the dissemination of current research and professional practice.

This conference has been successfully held at venues around the UK for the past 16 years and attracts a mix of academic and professional speakers from the UK and abroad. An important feature of the conference is that it is held in plenary session with papers presented serially rather than in parallel. Approximately 45 minutes is allowed for the delivery of each paper including an allowance of 10-15 minutes for discussion and questions. The conference organising committee invites papers in any area of auditing.

E-mail or post submissions to ilias G Basioudis (please see the back of this Newsletter for contact details). Submissions (abstracts or full papers) must be received by November 1, 2006 to be considered for the programme. Full paper submissions will be given priority. Submissions are not eligible for consideration if they will have been published or accepted for publication by November 1, 2006. Final version of accepted papers will be required for binding into the conference proceedings by 1 February 2007.

Early submission is highly encouraged. Any questions should be addressed to the conference organiser Emer Curtis or the ASIG’s Chairman ilias Basioudis at the e-mail addresses listed at the end of this Newsletter.

RESEARCH

Have You Read This?


“Auditor Reputation, Auditor Independence, and the Stock Market Impact of Andersen’s


Please let us have any interesting papers you have read and would like others to read them too.

Working Papers

Have you got any work-in-progress papers that you would like our members to know about? Send us your contributions to i.g.basioudis@aston.ac.uk

PhD (Doctoral) Candidates

Are you a PhD student? Send us your contact details and your doctoral title and abstract. Email us in: i.g.basioudis@aston.ac.uk

Research Grants

Please send us any research bids you have made or any research grants you have received in the last few months in i.g.basioudis@aston.ac.uk

FEATURES

This section includes short articles or commentaries of maximum 1,500 words. Examples of such submissions include critical reviews of literature, proposals for auditing innovations, case studies involving audit firms, or essays on professional or regulatory developments. The nature of articles likely to be included in this section of The Newsletter would more closely resemble the types of audit-focused pieces one might find in periodicals such as Accountancy or other similar practice outlets. Articles will be much shorter and unlikely to contain statistical analyses.

Also, this section incorporates vignettes or anecdotal accounts of challenging teaching-related incidents and how they were dealt with.

Finally, this section may include short profiles of members of Auditing SIG.

Please send your letters or email messages to Ilias G Basioudis, Aston Business School, Aston University, Birmingham, B4 7ET, UK. Email: i.g.basioudis@aston.ac.uk
The British Accounting Review, currently edited by Vivien Beattie and Clive Emmanuel from Glasgow University, is explicitly a broad-based journal, seeking to publish scholarly papers across the whole spectrum of accounting and finance, encouraging a wide range of research methodologies. Auditing represents one of the major fields within the journal’s scope. The paper on audit quality by Jere Francis, published in the December 2004 issue, has been one of the journal’s most requested articles during 2005. Associate Editors who have particular expertise in the auditing field are David Gwilliam and Mike Page and several editorial board members are audit research specialists.

Each submitted paper is judged according to international standards within its topic area, the originality of its contribution, its relevance to the development of the subject and the quality of its exposition. All papers are subject to double blind refereeing.

An indication of the significance of the British Accounting Review is given by RAE 2001 data, which shows that it was the fourth most frequently nominated journal to the Accounting and Finance and Business and Management panels. The British Accounting Review is also increasingly being targeted by non-UK academics (just over 50% of all submissions during 2005). During 2005, the time to first decision letter has been less that 8 weeks for 40% of papers; and the editors seek to offer a relatively short publication delay upon acceptance of a manuscript.

Potential contributors should consult the journal’s website at http://www.sciencedirect.com/science/journal/08908389. Submissions should be made to the Editorial Office at BAR@gla.ac.uk.

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The teaching related news below have been provided by Professor Ursula Lucas (Bristol UWE)

### TEACHING

#### The Audit Explosion
Michael Power is P.D. Leake Professor of Accounting and Co-Director ESRC Centre for Analysis of Risk and Regulation at the London School of Economics and Political Science. The Audit Explosion was published by Demos in 1994.

Click on the link below for access to "The Audit Explosion".  
[http://www.demos.co.uk/catalogue/auditexplosion/](http://www.demos.co.uk/catalogue/auditexplosion/)

#### Pentana website
This is the Pentana website. They are specialists in Audit Planning and Resource Management Software. You can obtain an overview of what CAATs are available to auditors on this site. Some demo software is also available.  

#### The Association for Accountancy & Business Affairs
The AABA website is now one of the world’s biggest independent accountancy and business websites. It has over 52,000 items covering a vast range of issues. It also houses the electronic journal Accountancy Business & the Public Interest.  
[http://visar.csustan.edu/aaba/aaba.htm](http://visar.csustan.edu/aaba/aaba.htm)

#### New monograph published by KPMG International – Free for classroom use
“The 21st Century Public Company Audit” co-authored by T. B. Bell (KPMG LLP), M. E. Peecher and I. Solomon (both at the Univ. of Illinois at Urbana-Campaign, USA) is a very useful tool in teaching auditing classes.  

#### ABREMA website
ABREMA is a normative model of assurance auditing that has been developed on the WWW for use as an aid in the teaching of introductory financial statement auditing.

The ABREMA website provides you with a range of resources. This site has become a major resource for the global academic and professional accounting community. Key features of the site include:
- an explanation of the risk-based model of auditing
- a glossary that explains auditing terms
- an interactive section that allows you to test your knowledge and to identify the decisions involved in developing audit programmes

[http://www.abrema.net/abrema/index.html](http://www.abrema.net/abrema/index.html)
The British Accounting Association, which was established in 1947, is a UK organisation which brings together those interested in teaching and research in accounting and finance and is an associate organisation of the American Accounting Association. The Association currently has about 780 members, many of whom are employed in UK Higher Educational institutions. Other members include representatives from leading firms of accountants as well as a significant number of private individuals and people based outside the UK. The membership subscription rates are £25 for standing order payments or £30 if you pay by cheque or credit card (please note reduced subscription rates are available for unsalaried PhD/MPhil students). The benefits of membership include:

- free subscription to the quarterly refereed journal The British Accounting Review;
- a free copy (in the year of publication) of the biennial The British Accounting Review Register - the authoritative reference work on UK accounting and finance departments and the lecturing/research interests and publications of 1,500 academic staff members across over 100 UK institutions;
- eligibility to attend the annual and regional conferences, seminars, research workshops, doctoral colloquium and summer schools organised by the BAA;
- eligibility to join the Special Interest Groups of the BAA (which includes Auditing, Corporate Governance, Education, Interdisciplinary Perspectives, International and Public Services);
- reduced personal subscription rates for other journals, including Critical Perspectives on Accounting and Accounting Education.

During 2006 the Association’s Officers and Representatives are:

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<th>Role</th>
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<td>Vice Chairperson</td>
<td>Mike Page</td>
<td>University of Portsmouth</td>
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<td>Treasurer</td>
<td>Alan Murray</td>
<td>University of Sheffield</td>
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<td>Editors, British Accounting Review</td>
<td>Vivien Beattie and Clive Emmanuel, University of Glasgow</td>
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<td>Chair, CPAF</td>
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<td>Corporate Governance</td>
<td>Jill Solomon</td>
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<td>Financial Accounting Reporting</td>
<td>Mike Jones, Cardiff University</td>
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<td>Interdisciplinary Perspectives</td>
<td>Jim Haslam, Dundee University</td>
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<td>Andrew Goddard</td>
<td>University of Southampton</td>
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If you would like to join the Association, or if you require further information, please contact:

The Administrator, British Accounting Association c/o Management School
The University of Sheffield, 9 Mappin Street, Sheffield S1 4DT, UK.
Tel: 0114 222 3462 Email: baa@shef.ac.uk Web: www.shef.ac.uk/~baa
Registered Charity Number 299527
CIMA

CIMA (the Chartered Institute of Management Accountants) aims to promote the science of management accounting through its Research and Development activities. These include:

- self-nominated (ad hoc) research project funding;
- calls for research projects into specific areas (initiatives);
- directed research (a direct invitation to a specific researcher for a proposal on a given topic);
- sponsoring and attending conferences, workshops and seminars;
- a programme of lectures by Visiting Professors;
- the CIMA Professor of Accounting and Financial Management.

These activities add value to CIMA members and more widely to accountants in business, either by producing written output, or providing discussion opportunities for members and researchers.

CIMA’s major development themes for research are:

- Board effectiveness – including corporate governance (audit and risk, remuneration and nomination) and business governance (strategic oversight/scorecard, resource allocation/decision making and performance and risk measurement and management).
- Management reporting, insight and analysis – strategic enterprise management (including financial reporting and control, consolidation, internal control/audit, activity based management, balanced scorecard, shareholder value metrics, cost management).
- People and processes infrastructure – data, corporate social responsibility, assurance and audit, ethics, knowledge and competencies, reward and recognition.
- The professional accountant in business – the roles and responsibilities of the finance professional in the above classifications both now and in the future.

Research proposals may include themes relating to auditing, but must retain a management accounting focus. CIMA members cannot undertake statutory audits, so our interest in external audit is from the perspective of the preparer of accounts. A significant proportion of our members undertake internal audit or risk management activities hence our interest in internal control and related topics.

Researchers from all over the world and from a range of backgrounds (academic and practitioner) and industry sectors (public and private sector) may apply.

Contact details:

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CIMA
26 Chapter Street
London SW1P 4NP
UK
Tel: +44 208 8849 2220
Fax: +44 208 8849 2468
Email: research@cimaglobal.com
www.cimaglobal.com/research

CIMA’s recently funded projects:
Our recent research initiatives have focused on performance measurement and management innovations.
GLOBAL INSIGHT INTO RESPONSIBLE BUSINESS: ACCA’s WORLD CLASS RESEARCH PROGRAMME

As largest and fastest-growing international accountancy body, ACCA operates in a challenging environment: global, continually evolving and increasingly competitive. Augmenting ACCA’s strong position in a worldwide market is ACCA’s well-respected Research Programme, generating high-profile, high-quality, cutting-edge research with global focus, wide dissemination and strong emphasis on public policy influence and practical value.

This Research Programme underpins ACCA’s Royal Charter, which confirms ACCA’s commitment ‘to advance the science of accountancy, financial management and cognate subjects’. Additionally, it adds value to our members, contributing to ACCA’s reputation and influence worldwide.

ACCA’s substantial global presence provides the opportunity to explore issues current and emerging around the world, such as the convergence of reporting and governance standards, moves towards outsourcing and shared service centres, developments in government accounting systems and so on. As such, ACCA’s Research Programme funds projects internationally, conducted by some of the most highly-respected researchers in their field. Additionally, as an organisation endorsing opportunity, we are proud to support emerging researchers who show strong potential for the future.

Largely emerging from developments in today’s business and finance environment, research priorities for ACCA include crucial questions surrounding the issue of conducting business responsibly, regardless of sector, size or location. Additionally, as an organisation representing many members and students working in particular sectors of the accounting and finance profession around the world, ACCA encourages research into issues facing those sectors.

ADVOCATING AUDIT AND ASSURANCE

Audit and other forms of assurance are integral to the public interest role undertaken by many ACCA members. Additionally, they play an increasing role in promoting sustainable and transparent business as well as public sector activities. ACCA engages with standard setters and regulators to promote global standards of the highest quality. Agreeing that the independent audit process provides a constructive learning opportunity for organisations of any size, ACCA believes strongly that assurance too contributes to organisational well-being. Our research programme therefore encourages research that aims to build our understanding in areas such as:

* What are the drivers of audit and assurance quality in standards, methodologies and working practices?
* What factors are important in auditor independence (such as audit rotation)?
* What benefits do SMEs derive from the audit process?
* What is the role of information assurance?
* How should assurance standards for non-financial reporting develop?

UPDATES BY E-MAIL

If you would like to be notified of new research reports, opportunities, events and newsletters as they are published, sign up to receive updates by e-mail, at www.accaglobal.com/research

For more details about any aspect of ACCA’s research programme, please contact:
Caroline Oades, Head of Research
tel: +44 (0)20 7059 5740 / fax: +44 (0)20 70595730
e-mail: caroline.oades@accaglobal.com
ACCA, 29 Lincoln's Inn Fields, London, WC2A 3EE, United Kingdom.

Principles-based Auditing Standards, a publication from the Audit Quality Forum

The Audit Quality Forum has recently published a paper entitled Principles-based Auditing Standards. This paper attempts to articulate the seemingly intractable problem of wide support for principles-based standards at a time when the rulebooks seem to grow ever thicker, in the context of auditing standards. The paper recognises that the issue is affected by differences in views across jurisdictions as to the purpose of the audit, the role of auditors, differences in the training and education of auditors and in particular, the litigation risk and the impact of regulators. The paper also recognises the effect of language and notes the unsuccessful attempts at defining principles and rules.

The paper concludes that it is (continued on page 12)
Important that all involved have some understanding of the positions taken by others in the debate. It also seeks to explain the relationship between auditing standards and audit quality, and the role of judgement and professional integrity in underpinning principles-based auditing standards. Most importantly, the paper is optimistic that the proliferation of rules in auditing standards is not inevitable.

Making Global Auditing Standards Local is to be published shortly. This paper deals with the way in which global auditing standards can be made to work at a local level. The UK is one of the first countries in Europe to move to ISAs, and most UK practitioners have now conducted their first audits under ISAs (UK and Ireland). The paper looks at how ISAs were adopted and are being implemented in the UK and considers the implications of this for the adoption and implementation of ISAs for the rest of Europe. One of the key conclusions is that the logistical aspects of training and education of auditors should not be underestimated. Other issues highlighted by the paper include the need to involve stakeholders, including investors, in the auditing standard-setting process, the need for regulatory impact assessments, the particular issues faced by the auditors of smaller and less complex entities and the scope of ISAs to be adopted in Europe.

The auditors of smaller and less complex entities face particular problems when confronted with some of the lengthier and more complex ISAs that were designed with the needs of larger entities in mind. The paper recognises recent initiatives to help the auditors of smaller and less complex entities apply ISAs, such as the IFAC project to develop an ISA guide for smaller entities, but also recognises that there is more work to be done.

We thank Katharine Bagshaw and Deborah Chaplin from ICAEW for the above article.
International GAAP® 2007

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Audit Purpose, a publication from the Audit Quality Forum

As reported in the June issue of this newsletter, the Audit Quality Forum has been examining the relationships between shareholders, boards, auditors, regulators and other stakeholders in the audit.

In response to differing perceptions of the purpose of the audit amongst various stakeholders, a working group made up of representatives from business, the auditing profession, academics, regulators and investors was set up to articulate the purpose of the statutory audit of companies in the UK. The working group has subsequently published a paper, Audit purpose, which is available at www.auditqualityforum.com.

In developing the paper, the working group has considered a number of key issues including:

- The background to the development of the audit and the role of the principal-agent relationship in determining audit purpose
- The UK legal requirements and responsibilities placed on auditors, including those to be introduced under the Company Law Reform Bill
- The purpose of the financial statements
- Key stakeholders and their interests in the audit
- Potential expectation gaps with a focus on auditors’ responsibilities with regard to accounting records
- Auditing standards and the concept of reasonable assurance

The group concluded that the audit plays a fundamental stewardship role, helping to enforce accountability and promoting confidence in financial reporting. The purpose of the audit is to provide an independent opinion to the shareholders on the truth and fairness of the financial statements, whether they have been properly prepared in accordance with the Companies Act, and to report by exception to the shareholders on the other requirements of company law such as where, in the auditors’ opinion, proper accounting records have not been kept.

The paper highlights that there are many other stakeholders, such as employees, management, creditors, regulators and potential investors, who have an interest in the audit. However, whilst the audit has an important public interest role to play, its purpose as defined in law is clear – it is for the benefit of the shareholders and in normal circumstances auditors owe no duty of care to these other stakeholders. The interests of (and any assurance derived by) these other stakeholders must be seen as consequences of the statutory audit, albeit they are valuable ones with important public interest and social benefits.

Further information on the Audit Quality Forum, the current work programme and how to get involved is available at www.auditqualityforum.com.

We thank Louise Maslen and Deborah Chaplin from ICAEW for the above article
**Newsletter Poem**

Li Po was a poet who lived in eighth century China and the poem I am to give you – The River Merchant’s Wife: A Letter, has been translated by a number of modern poets. The version below is by Ezra Pound. Translation of poetry is notoriously difficult, and it is suggested by some commentators that Pound failed to emphasise some important elements of Li Po’s poem. In the Chinese original there are allusions to the story of Wei Sheng who drowned waiting for his girl who never showed up, and to the story of a woman turned to stone waiting for the return of her husband. The reason that I like this poem though is that it captures a lost world and is written so convincingly that you can imagine being part of that world, and knowing the woman who wrote the letter. I came across this poem for the first time at the StAnza Poetry Festival in St Andrews in March 2006 – Iain Gray

**The River Merchant’s Wife: A Letter**

While my hair was still cut straight across my forehead
I played about the front gate, pulling flowers.
You came by on bamboo stilts, playing horse,
You walked about my seat, playing with blue plums.
And we went on living in the village of Chôkan:
Two small people, without dislike or suspicion:
At fourteen I married My Lord you.
I never laughed, being bashful.
Lowering my head, I looked at the wall.
Called to, a thousand times, I never looked back.

At fifteen I stopped scowling,
I desired my dust to be mingled with yours
Forever and forever and forever.
Why should I climb the look out?

At sixteen you departed,
You went into far Ku-tô-en, by the river of swirling eddies,
And you have been gone five months.
The monkeys make sorrowful noise overhead.

You dragged your feet when you went out.
By the gate now, the moss is grown, the different mosses,
Too deep to clear them away!
The leaves fall early this autumn, in wind.
The paired butterflies are already yellow with August
Over the grass in the West garden;
They hurt me. I grow older.
If you are coming down through the narrows of the river Kiang,
Please let me know beforehand,
And I will come out to meet you
As far as Chô-fu-Sa.

Rihaku

“I lost a consonant in my comment on Rab Wilson in the last Newsletter. In 2004 he was in fact bard of Wigtown in Galloway and not Wigton in Cumbria.”
– Iain Gray

**Academic Jobs**

- **Lecturer/Teaching Fellow in Accounting**
  School of Management – University of Bath

  The closing date for applications is Friday 10th November 2006.

- **Contract Lecturers (Part Time)**
  London School of Business and Management

  The closing date for applications is Friday 10th November 2006.

- **Tutors in Accountancy, Taxation and Financial Services**
  BPP Professional Education

  The closing date for applications is Tuesday 7th November 2006.

- **Lecturers in Accounting School Of Business and Management**
  Polytechnic of Namibia

  The closing date for applications is Friday 10th November 2006.

- **Research Fellow, The Impact of the New Mandatory Retirement Age on Employers, Centre for Finance and Financial Services**
  Univ. of Westminster

  The closing date for applications is Friday 3rd November 2006.

The info above extracted from the www.jobs.ac.uk on Oct 23.
The National Auditing Conference

The Previous Years:

The first National Auditing Conference took place in March 1991 and since then conferences have been arranged on an annual basis. Past conferences have been supported by the following institutions:

1991 Sheffield Hallam University, Sheffield
1992 University of the West of England
1993 University of Staffordshire
1994 University of Central Lancashire
1995 Sheffield Hallam University, Sheffield
1996 University of the West of England
1997 Cranfield School of Management
1998 Glasgow Caledonian University
1999 University of Essex
2000 University of Edinburgh
2001 De Montfort University, Leicester
2002 University of Stirling
2003 Oxford Brookes University
2004 University of Southampton
2005 Aston Business School
2006 University of Manchester

The programme and papers presented in all National Auditing Conferences can be found in our website:

http://www.abs.aston.ac.uk/newweb/AcademicGroups/FAL/ASIG/FirtsPage.html

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