



CENTER FOR AUDIT QUALITY

Serving Investors, Public Company Auditors & the Markets

Request for Proposals For Academic Research in Auditing December 11, 2010

The Center for Audit Quality (CAQ or Center) is an autonomous public policy organization dedicated to enhancing investor confidence and public trust in the global capital markets. It is governed by a Board that comprises leaders from the public company auditing firms, the American Institute of CPAs and the investor and issuer communities. The organization is affiliated with the AICPA.

The CAQ fosters high quality performance by public company auditors, convenes and collaborates with other stakeholders to advance the discussion of critical issues requiring action and intervention, and advocates policies and standards that promote public company auditors' objectivity, effectiveness and responsiveness to dynamic market conditions.

One of the CAQ's key stakeholder groups is accounting and auditing scholars. The CAQ is committed to providing opportunities for the academic community to work closely with the profession. In 2008, the Center established a Research Advisory Board (RAB), comprised of representatives from academia and the profession. The RAB funded independent academic research projects on several topics of interest to the profession in 2009. For 2010, the RAB is focusing on a wide range of topics related to the auditing profession; any appropriate research method can be employed. As part of the 2010 round of submissions, the RAB is seeking proposals from academic researchers that address the following topics:

- Value of the audit (e.g., debt and equity market effects; the value proposition of audited financial statements to users; the view of stakeholders; etc.)
- Fraud deterrence and detection (e.g., the role of corporate management and boards; assessing tone at the top and corporate culture; the expectations gap; use of technology tools in assessing and in responding to fraud risk; impact of audits of ICFR on assessing and responding to fraud risk; etc.)
- Impact of communication and information technologies on the audit (e.g., impact on audit such as determinations on the sufficiency of evidence; impact on the confirmation process including 1) areas of use, 2) reliability of information, 3) response rates, 4) form of confirmation requests, 5) impact of third party service providers and 6) challenges associated with an electronic form of confirmation; etc.)
- Professional judgment used by preparers and auditors in the application of financial reporting standards (e.g., evaluation of estimates of fair values, impairments, development stage intangibles, contingent liabilities; auditability of accounting estimates; effects of changes in the form of accounting/auditing standards; application of evaluation frameworks from other professions; etc.).
- Audit quality (e.g., output measures, input measures, restatements arising from materiality measures used by auditors, inspectors, regulators and courts; impact of audits of internal control over financial reporting on audit quality; multiple location audit environments and relevance to audit quality; multiple bodies of professional auditing literature and impact on audit quality; effects of different legal regimes; etc.)

- Professional skepticism (e.g., factors that influence professional skepticism, such as use of information technology on the communications between audit staff and company personnel in the performance of the audit; developing and improving auditor skill set; etc.)

Please note that the examples under each topic are illustrative. The CAQ will consider proposals for research with a domestic or international dimension on any of these topics.

Proposals should contain the following information:

- Identification of the topic area from listing above
- Description of the research question to be addressed
- Proposed relevance of the project in the context of the to the extant literature
- Expected contribution of the research findings to the advancement of the auditing profession
- Proposed methodology for the conducting the research
- Proposed project work plan, including specific milestones and deadlines
- Information regarding resources and information necessary to conduct the research as proposed

Respondents are encouraged to limit their proposal to five pages. In addition to the narrative that describes the research question to be addressed and the research methodology, each proposal should include the following:

- Itemized budget including budget rationale (limit of two pages in addition to the five page proposal). Note that the CAQ requires a waiver of university overhead and does not pay for travel to conferences.
- Identification of proposed members of the research team (e.g., project director, research assistant, staff scientist, faculty), including a brief description of their role and level of effort (in hours and fees).
- Curriculum vitae for the proposed project director and other key members of the research team.
- Other information that will assist the review of the proposal.

The number of projects selected for funding will depend on the quality and number of proposals received and the total dollar amount of funds requested. The RAB anticipates making available a total of \$200,000 to fund multiple projects during this submission period.

To be considered, proposals should be received by **5:00 pm, Monday, March 1, 2010**. Please send proposals to:

Margot Cella
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601 13th Street, NW
Suite 800 North
Washington, DC 20005

Electronic copies may be submitted by the deadline to: mcella@thecaq.org

Proposals will be reviewed by the CAQ's Research Advisory Board. Grants will be announced on or about **May 31, 2010**.