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independent academic research on auditing-related topics.

Dec. 01, 2014



The Center for Audit Quality (CAQ) has issued a [request for proposals \(RFP\)](#) to fund independent academic research on auditing-related topics. The RFP focuses on a number of critical policy issues that are priorities for the CAQ and the public company auditing profession, including audits of Internal Control Over Financial Reporting (ICFR), audit quality indicators, audit committee effectiveness, communication and information technology, financial reporting fraud, professional skepticism, and value of the audit.

The CAQ and the public company auditing profession are committed to supporting valuable academic research that can have significant real world impact on the future of auditing and audit quality. This marks the seventh year that the CAQ will award

grants for independent, scholarly academic research on topics of interest to the

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auditing and to provide useful information that could enhance audit quality," said CAQ Executive Director Cindy Fornelli.

The CAQ also has produced a [brief video](#) that offers expert guidance and advice on how to develop a successful research proposal, which might be of benefit to applicants. The video examines how to identify a good research question, where to find a good research question, and the tools for executing a successful proposal.

Areas of Interest

For 2015, the CAQ is especially interested in proposals that address one of the topics listed below. These topics are illustrative of those that the CAQ believes to have the greatest potential to inform practice.

ICFR

Many public companies are required to assess the effectiveness of internal control over financial reporting as of their fiscal year end and then report the results in the Form 10-K. In addition, certain public companies are required to have their external auditor, audit and issue an opinion as to whether the public company maintained, in all material respects, effective internal control over financial reporting. In the inspections of the audits of ICFR the PCAOB has identified deficiencies. At the 2014 CAQ Symposium, practitioners provided insights into the audit planning, testing, and evaluation of ICFR. There was also a discussion about the lack of research on the relationship between reported ICFR deficiencies and financial statement restatements.

Audit Quality Indicators (AQI)

The CAQ has endeavored to develop and communicate a point of view on audit quality, including the key elements of audit quality and potential indicators. In 2014,

the CAQ published the [CAQ Approach to Audit Quality Indicators](#). The PCAOB plans to

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interested in research that will add to the current understanding of the responsibilities, best practices, characteristics, policies, and structure of effective audit committees. In addition, the CAQ is interested in research that informs future research by adding to the current understanding of the impact of audit committees on the financial reporting process and the audits.

Communication and Information Technology

The CAQ is interested in the impact of communication and information technologies on the audit (e.g., determinations of the sufficiency of evidence; the confirmation process, including areas of use, reliability of information, response rates, form of confirmation requests, impact of third party service providers and challenges associated with an electronic form of confirmation; communications between audit staff and company personnel.)

Fraudulent Financial Reporting

Fraudulent financial reporting continues to be an area of key importance to the CAQ, and the focus of its collaborative partnership with the Financial Executives International, The Institute of Internal Auditors, and the National Association of Corporate Directors. In November, 2014, the Anti-Fraud Collaboration released a new report, [The Fraud-Resistant Organization](#). Broad areas of interest for academic research include understanding the conditions that contribute to financial reporting fraud and assessing related risks; lessons and insights from past frauds that could prove useful in deterrence and detection; mitigating the risks associated with a focus on short-term results on financial reporting; the role of information technology in facilitating the deterrence and detection of fraudulent financial reporting; and the effectiveness of whistleblower programs.

Professional Skepticism

Professional skepticism is a fundamental element underlying the effectiveness of an

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To be considered, proposals should be received by **Friday, March 20, 2015**. Proposals will be reviewed by the CAQ's Research Advisory Board. Grants will be announced on or about May 15, 2015. The RFP is available on the CAQ's website at:

<http://www.thecaq.org/docs/research-advisory-board/2015-rfp-for-rab-research-grants.pdf?sfvrsn=2>

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