

NEWSLETTER

CGA Accounting Research Centre • Faculty of Administration • University of Ottawa

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SECOND ANNUAL CONFERENCE FOCUSES ON THE CRISIS IN AUDITING

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The ARC is located
in Vanier Building
Room 351G.



The CGA-Accounting Research Centre at the University of Ottawa held its second annual conference on December 9, 1993. The subject of the conference was the Crisis in Auditing and this topic was explored by a distinguished panel, Mr. A.A. Sommer Jr., Chairman of the Public Oversight Board (POB) of the AICPA, a standard setter, Mr. Keith Dalglish, FCA, Chairman CICA, an auditing professional, Mr. Michael MacKenzie, Superintendent of Financial Institutions representing the government and Ms. Brenda Esprile, Executive Director of the Ontario Securities Commission representing the users of financial statements.

About two hundred and fifty participants attended the conference. These included academics from universities in Ontario and Quebec, public practitioners, from both large and small public accounting firms, lawyers, executives and managers. The Auditor General of Canada and a large number of his senior staff also attended. The moderator for the conference was Professor Darlene Kelly of the University of Ottawa.

The theme of the conference revolved around a POB report of 1992 which stated that "the auditing profession in the United States was in the midst of the

greatest crisis it had experienced in its history". People are losing faith in the audit and the auditor. CPA firms are involved in extensive litigation much of it emanating from the savings and loans debacle. Young MBA graduates are no longer looking to the accounting profession for a career.

All of the speakers agreed that this crisis, although perhaps not quite as serious, did also apply in Canada. There is a serious credibility gap existing between the public and the professional accountant. Several reasons for this gap were presented by the several speakers. These reasons ranged from unrealistic expectations on the part of the public to potential conflict of interest scenarios in the audit engagement. Some suggestions were made to try resolve parts of the problem and some information was provided on a number of steps that were being set in motion by the CICA to help revolve the problems.

A more detailed report on the conference was published in the Winter 1994 issue of "Statements" published by CGA Ontario.

The detailed proceedings of the conference are being prepared and will be available shortly.

THIRD ANNUAL CONFERENCE

The topic for this year's conference will be "Strategies, Accounting and Control: The Challenges in a Turbulent World." Tentatively, the date will be: Thursday, December 1st, 1994. More information will be circulated soon.

DISTINGUISHED SPEAKERS SERIES IN ACCOUNTING

Since the first Newsletter, two seminars were held under the sponsorship of the CGA Accounting Research Centre.

Dr. William K. Salatka of Wilfrid Laurier University provided a presentation on the "Adoption of mandatory accounting rules as predicted by property rights, contracting costs, and information disclosure theories."

Professor Patricia McQueen from City University of New York presented a seminar entitled "The information content of foreign and U.S. GAAP earnings in the Form 20-F."

RECENT ACQUISITION BY THE CGA-ARC

"Global Company Handbook" published by CIFA (The Center for International Financial Analysis and Research). This publication includes 5 years of data on 29 financial variables and latest information on 14 non-financial data items for the world's leading 10,000 companies. In addition to detailed profiles for each of the leading 10,000 companies, this publication includes industry, country, regional and global averages of financial ratios and various rankings. Global identification of 500 companies with superior performance is also included.

UPDATE ON ANNUAL REPORTS COLLECTION

The collection of annual reports at the ARC keeps on growing. To date the ARC's library contains 11,515 annual reports belonging to the following countries:

AUSTRALIA	1500
BELGIUM	98
BRITAIN	3122
CANADA	1560
FRANCE	606
GERMANY	646
ITALY	297
JAPAN	408
KOREA	39
SWITZERLAND	715
U.S.A.	2168
NEW ZEALAND	296
OTHER COUNTRIES	60
TOTAL	11515

New Research Projects

Three new research projects have been added to the list of projects, underway at the Centre:

- "Operational Auditing of Information Technology" by Dr. Dominique Ferrand and Dr. Colin Lay.
- "Forecasting EIS Support for Management Control Decision in the Chronic Care System in Ontario" by Dr. Denis Caro
- "The Use of International GAAP" by Dr. Fodil Adjaoud.



CGA ONTARIO DIRECTOR OF EDUCATION VISITS ARC

The picture above was taken during the visit to the CGA-ARC by Mr. Milf Masters, Director of Education for CGA Ontario. In the photo are, Dr. Daniel Zéghal, Director of the Center, Dr. Michael Maingot, Vice Dean at the Faculty of Administration of the University of Ottawa, Mr. Masters, and Linda Liu, research assistant at the Centre.

PROCEEDINGS OF THE FIRST ANNUAL CONFERENCE PUBLISHED

The proceedings of the first annual conference of the CGA-ARC have been prepared and are available on request. The proceedings, edited by Dr. Daniel Zéghal, Ph.D., CGA, are titled "**Performance Measurement and Reporting in Non-Profit Organization**".

OTHER NEWS

Daniel Zéghal, Ph.D., CGA, Executive Director of the CGA-ARC Research Center was the guest speaker at a conference dealing with the reform of the Accounting System in Tunisia. His topic was "The Canadian Accounting System: Its Realities and the Challenges".

PUBLICATIONS

"**The Pricing of Audit Services: Further Evidence from the Canadian Market**" by Teresa Anderson and Daniel Zéghal, Accounting and Business Research, Vol. 24, no 95, pp. 195-207, Summer 1994.

"**Performance Measurement and Accountability for Public Institutions in the Americas: A Role for Accountants**" by Joseph Lloyd-Jones. The Third National Academic Congress in Administration, Accounting and MIS, Mexico City, 24th September 1993.

"**The Quest for Financial Statements Quality**" by Teresa Anderson and Daniel Zéghal, Readings in Canadian Financial Reporting, by T. Anderson, N. Chlala and C. Byrd (C. Byrd Inc. 1993), pp. 293-299.

"**The Implication of EDI Technology on Auditing**" by Michael Maingot, Working Paper 93-14, Faculty of Administration, University of Ottawa.

"**Market Structure and Security Risk>Returns: A Test for Accounting and Market Data**" by Daniel Zéghal and Richard Zind, Working Paper 93-53, University of Ottawa.

"**Accounting Research Centre Conference Deals with Not-for-Profit Organizations**" by Daniel Zéghal, Statements, Special Professional Issue, May-June 1993, pp. 8-9.

"**A note on the temporal variability of Canadian Financial Services stock returns**", by Fodil Adjaoud and Abdul Rahman. Forthcoming in the Journal of Banking and Finance.

"**Crisis in Auditing Subject of ARC Conference**", by Paul Faulkner in Statements, January-February, 1994, p. 14-15.

"**Le vérificateur, sa mission et son rapport: une comparaison internationale**" by Daniel Zéghal, Michael Maingot and Marc Tassé, Working Paper 94-05, Faculty of Administration. Also presented at the ACFAS Conference, Montreal, June 1994.

"**CICA Exposure Draft maps dramatic changes in the way non-profits prepare financial reports**" by Robert Anderson, The Bottom Line, February 1994, p. 22.

NEWSLETTER

This is the second in a series of Newsletters to be published by the CGA-ARC. The objective of the Newsletter is to keep the academic and accounting community and other interested persons aware of the activities of the Centre.

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