International Journal of Business and Applied Social Science

E-ISSN: 2469-6501
VOL: 8, ISSUE: 12
December/2022
DOI: http://dx.doi.org/10.33642/ijbass.v8n12p5

Accounting Quality

Terence P Bradford, Sr., MBA, M.Acc, CGMA, CPA
Assistant Professor of Accounting
College of Business
Grambling State University
Email: bradfordt@gram.edu
USA

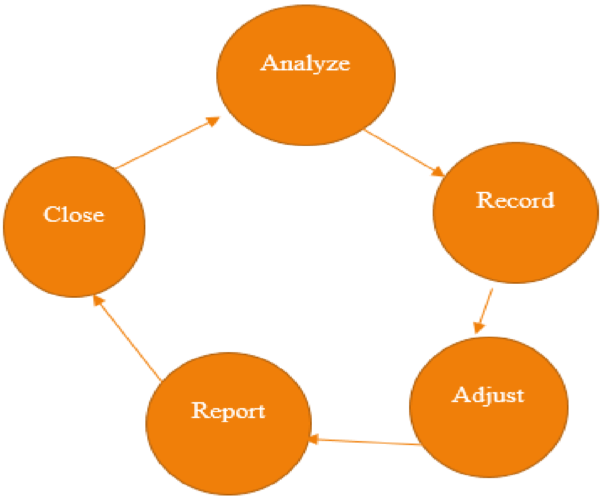
ABSTRACT

Corporate scandals such as Enron, WorldCom, and others have increased the sensitivity of the public toward the ethical misconduct of firms. The Public Company Accounting Oversight Board (PCAOB) is independent of the accounting profession, and they are not considered a government entity. The PCAOB is a non-profit corporation given the mandate to oversee public company auditors. Two members of the five-member board must be Certified Public Accountants (CPAs), to make sure that PCAOB has the required level of expertise. Due to significant changes to audit engagement practices because of new regulatory pressures such Sarbanes-Oxley Act (SOX), studies have been done to determine if it has improved audit quality. The American Institute of Certified Public Accountants (AICPA), Securities and Exchange Commission (SEC), and PCAOB are a few of the regulatory and professional bodies that set independence rules and monitor compliance in the United States. The Committee of Sponsoring Organizations of the Treadway Commission (COSO), established a framework for designing, implementing, and assessing internal controls.

Keywords: **Audit Quality, Fraud Triangle, Independence, PCAOB, SEC, AICPA, COSO**

Introduction

The study of accounting establishes the rules and regulations for preparing accounting information used by internal and external sources to evaluate the financial health of an organization. The ability to interpret financial accounting information, communicate this information, and understand the accounting system that produces this information. Managers use accounting information to make critical day-to-day decisions. Auditing is demanded because it monitors the contractual relationship between, stockholders, managers, employees, and other stakeholders. Businesses engage in economic activities on a day-to-day basis. The role of accounting is to analyze these activities for their impact on a company's accounting equation and then enter the results of that analysis into the company's accounting system. When a company's management team needs financial data for decision-making purposes and reports to external parties, the company's financial statements are prepared and communicated. The accounting cycle is a sequence of activities undertaken by accountants to accumulate and report the financial information of a business. The chart below shows the steps involved in that cycle, analyze, record, adjust, report and close.



The financial statement auditing environment consists of the various types of auditors and the types of audit, attest, and assurance services that auditors offer. An important skill set for auditors is the ability to quickly understand and analyze various business models, strategies, and processes and to identify key risks relevant to a particular entity which is a major factor for the success of any audit (Messier, Glover, & Prawitt, 2019). In any audit, the auditor has a responsibility to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements (Statements of

International Journal of Business and Applied Social Science
E-ISSN: 2469-6501
VOL: 8, ISSUE: 12
December/2022
DOI: http://dx.doi.org/10.33642/ijbass.v8n12p5

Auditing Standards, AU 110). The financial statements are the responsibility of management and they must adopt sound accounting policies and procedures. In addition, management is responsible for maintaining strong internal control, safeguarding assets, and preparation of the company's financial statements. The components of internal control include control environment, risk assessment, control activities, information and communication, and monitoring activities. These controls are required for any company to have effective internal control.

The coronavirus pandemic has presented federal, state, and local governments as well as auditors with many significant and difficult challenges that will have an impact on the financial statements Working from home has led to changes in operations and internal control. Tax payment deadlines deadline delays have been provided however, governments and businesses are experiencing a major shortfall in revenue as the economy continues to spiral downward. Because of shutdowns and government employees working remotely, auditors are going to have to consider the effect that any changes in the government's internal controls will have an impact on risk assessment and material misstatements in the financial statements (Tysiac, 2020).

Understanding Audit Quality

Audit firms measure and evaluate audit quality based on auditing standards. The Public Company Accounting Oversight Board (PCAOB) provides information regarding audit quality by releasing inspection reports to establish audit quality indicators (Christensen, B., Glover, S., Omer, T., & Shelley, M., 2016). They provide perspective on audit quality and insight into auditors' and investors' views on indicators of audit quality. The PCAOB informs all shareholders and stakeholders on select audit engagements through its release of inspection reports and other instructions to audit committee members as it relates to audit issues (PCAOB, 2012b). The article Insights from Audit Professionals and Investors is a survey of audit professionals and investors to obtain insights on audit quality. Four of the largest audit firms and two international firms with at least 20 years of public accounting experience. They were asked to define audit quality and recommend practical ways to evaluate engagement, teams, and entity-specific characteristics with audit quality (Christensen, B., Glover, S., Omer, T., & Shelley, M., 2016). Those audit firms define audit quality as compliance with professional standards, while investors view it as individual characteristics of the engagement team performing the audit. The study found that both audit professionals and investors view characteristics of the audit opinion, outcomes from the review process to the payment of audit fees as important in determining audit quality. The timely completion of audit planning and fieldwork also contributes to audit quality as noted by auditors.

The general audit quality framework includes inputs, processes, outputs, and opinions. Research questions were based on this framework and submitted to the senior members of the participating firms and the CAQ Research Advisory Board for feedback. When comparing how auditors view the audit quality framework the study found that auditing standards, characteristics, timeliness, and accurate financial statements as audit quality. Investors stated well-trained auditors, fees, poor disclosure, and auditor changes as audit quality. Interviews with investors within the survey as well as generally stated that audit quality is driven by individuals. Members of the PCAOB's Investor Advisory Group reported that investors strongly view disclosure of audit quality indicators at the engagement level (PCAOB 2014a). Francis (2011) calls for additional research on the inputs of the audit process and audit quality. The current study added empirical evidence to the framework by providing factors, a connection with different components in the framework, and an overview of the construction of audit quality. They found that both auditors and investors view inputs as an important factor in audit quality, however, investors put more emphasis on audits being performed by well-trained, competent auditors. Future research regarding individual auditor characteristics and audit team composition as it relates to audit quality is needed. The audit firm size is a key input that both auditors and investors agree to have a high value as it relates to audit quality. The study noted some limitations such as smaller firms may not respond the same way as larger firms' response. The survey did not include non-audit fees and reported weaknesses in internal control. The nature, timing, and extent were not a part of the survey as well as internal audit involvement. Investors with less experience may not generalize to those that invest professionally such as the ones that were used in this study. All of these areas are recommended for future research. Future research can also examine how other stakeholders like audit committees and corporate managers define and view audit quality.

Impact of SEC Investigations

The impact of the Securities and Exchange Commission (SEC) on a firm's cost of equity capital. Nicholls (2016), studied this impact and used accounting literature to examine fraudulent financial statements, which can lead to an increase in the cost of equity due to the uncertainty of future cash flows. The study provided evidence of changes in the cost of capital for firms targeted by the Accounting and Auditing Enforcement Releases, (AAERs).

The study extends previous research that examined the impact of an earnings restatement on the cost of equity capital (Hibar and Jenkins, 2004) and focused their study on a specific set of firms accused of fraudulent financial reporting. The Sarbanes-Oxley Act was passed in 2002 and since that time a significant in government regulation as it relates to financial reporting. The study offered indirect evidence of the SEC's effectiveness in areas of fraudulent reporting (Nicholls, 2016). Firms that have been investigated suffer increased cost of capital, and the manager's incentive to avoid fraudulent behavior was stronger and provide evidence that the SEC's enforcement action to achieve the desired results, to reduce fraudulent financial reporting at publicly-traded firms (SEC, 2008). The current study documented the implications of SEC action against publicly traded firms. Companies targeted by the SEC for the

International Journal of Business and Applied Social Science
E-ISSN: 2469-6501
VOL: 8, ISSUE: 12
December/2022
DOI: http://dx.doi.org/10.33642/ijbass.v8n12p5

investigation to utilize the findings to evaluate the impact on contracting and companies in determining the valuation impact on the firm due to the change in the cost of equity. Changes in the cost of equity capital will impact the evaluation of new projects and the financing decision of the firm. Academic researchers studying how to measure the cost to a firm for engaging in fraudulent behavior and how to measure the change in discount rates in the cost of equity capital were considered stakeholders in the study of the impact of SEC investigations.

AAERs are filed in an accounting-related investigation that have be successful and they document the actions or settlement along with the details of the fraudulent behavior. The SEC's success rate exceeded 90 percent during their investigations from 2004-2007 (SEC,2008). The SEC gives disclosure to the stock market of suspected behavior, and if they are successful the firm's future earnings become risky and uncertain. The author outlined four hypotheses in the study, first, will the firm experience an increase in the cost of equity capital once a public announcement of an investigation by the SEC? The second hypothesis is the magnitude of the change in a fraudulent firm's cost of equity capital. Third, will the firms experience an increase in the cost of equity capital if they are convicted? The final hypothesis studied the magnitude of change in a fraudulent firm's cost of equity capital upon the issuance of an SEC AAER will be decreased by a preemptive restatement. The study sampled 454 firms that were under investigation by the SEC from 1996 to 2007. Included in the sample were 1,205 AAERs which resulted in an average of 2.7 AAERs issued per firm. Then calculate the cost of equity capital per firm. The results of the statistical analysis provided evidence of the impact of an SEC AAER on a firm's cost of equity capital after the public is notified of an investigation. The study found no evidence of an impact on the firm's cost of equity capital during the period when the SEC issues an AAER, which is before the public announcement.

The two dates that are relevant in examining the impact of the investigation are the date the SEC initially announces its intent to investigate a firm and the date the SEC concludes its investigation by issuing an AAER. Future studies in the area of civil lawsuits related to restatements after an SEC investigation may provide evidence to assist plaintiffs in those lawsuits. Studying the variation of the tone of the AAER in cases of aggressive SEC investigation is another area for future research. Another future study is to research an event study that has clear ex-ante expectations when the change in the cost of equity is known. Future studies should be able to document and establish the impact of new measures on the cost of equity capital.

Regulatory Oversight and Auditor Market Share

In the article Regulatory oversight and auditor market share, the authors used the PCAOB international inspection program to determine the variation in regulatory oversight (Aobdia & Shroff, 2017). They found that non-U.S. auditors inspected by the PCAOB gain 4% to 6% market share from competing auditors after PCAOB inspection reports are made public. Auditor regulatory oversight affects the value of financial statement audits. An independent is a primary mechanism through which companies assure investors of the reliability and accuracy of their financial statements. Because parts of the audit process are not observable to investors, they are not able to evaluate the quality of the audit. There is a theory that suggests public regulators can increase the value of the audit because auditors are hired and paid by the companies that are issuing audit opinions on those companies' financial statements (PCAOB,2015). The authors examined whether regulatory oversight of auditors increases the value of the audit and the market, share as compared to competitors that are not subject to oversight. They also examined audits performed by auditor's subject to greater regulatory oversight giving more assurance to the audit as opposed to auditors that are not regulated at a decreased level. Non-U.S. auditors that perform audits of companies registered with the Securities and Exchange Commission (SEC) are subject to PCAOB oversight (2004). The authors used the variation in regulatory oversight to test whether PCAOB-inspected auditors gain market share after auditors in the same country that have not been inspected by PCAOB. They also examined if local auditor regulator or inspection affects the value of the PCAOB oversight. The study included an additional test to determine the effect of the market share after PCAOB oversight. They documented the effect of change in auditor market share and found that the change is greater in corrupt countries and countries with weak rules of law.

PCAOB inspections consist of two components, the first involves an analysis of the audit work papers of a subset of audits chosen from the list of SEC-registered clients of the auditor. The second component involves an examination of the auditor's firm-level quality control system. Audit firms are notified by PCAOB of plans to conduct an inspection and request information on the audit clients that are registered with the SEC, the personnel performing those audits, and the firm's quality control program (Aobdia & Shroff, 2017). Based on the examinations done by the authors an increased understanding of the value of PCAOB inspections increased the market share for those auditors that received a clean report as compared to the auditors that had findings in their reports. They found that PCAOB oversight has a larger effect on the assurance value of audits for non-U.S. clients operating in industries where the inspected auditor has greater U.S. clients compared to those with few U.S. clients. They found that oversight performed by local audit regulators does not dampen the value of PCAOB oversight. The study provided evidence that public oversight overall can increase the assurance value of an audit as it relates to those performed by PCAOB. Future research to examine inspections done by other public regulators and the cost of auditor oversight. In addition, future research on the social welfare implications of auditor oversight and the assessing the generalizability of PCAOB oversight as well as researching the estimated cost of the oversight.

International Journal of Business and Applied Social Science

E-ISSN: 2469-6501
VOL: 8, ISSUE: 12
December/2022
DOI: http://dx.doi.org/10.33642/ijbass.v8n12p5

Factors Eliciting Corporate Fraud in Emerging Markets: Case of Firms Subject to Enforcement Actions in Malaysia

This study was done to examine the major factors that result in financial reporting fraud that occurs in companies in Malaysia (Ghafoor, Zainudin, & Mahdzan, 2019). 76 firms were sampled that had committed reporting fraud from 1996-2016, based on enforcement action from the Security Commission of Malaysia (SC). The study uses the fraud triangle framework and Malaysian International Standards of Auditing 240 as their guidelines. The fraud triangle elements include pressure, opportunity, and rationalization on the probability of fraud. Corporate fraud is troubling and a regular occurrence in every country and industry. Because the opportunity is a condition that allows fraud to be committed auditing standards site the lack of various monitoring mechanisms as opportunities for managers to commit fraud.

The authors developed eleven hypotheses to conduct their study, three of them were the probability of political connections to committing fraud, financial distress, and family ownership influence. Previous studies presented the aliment theory which predicts a less likelihood of fraud in family firms due to monitoring by founding family members (Ghosh and Tang, 2015). However, the entrenchment theory suggests conflict between family members and minority shareholders allows them to expropriate wealthy minority shareholders (Bardhan, 2015). The independence of the external auditor is a key monitoring tool to assure audit quality in financial reporting. The relationship between management and the auditor is a key factor in determining the rationalization of the companies.

The study found that tax aggressiveness elicits fraudulent behavior in firms in Malaysia and firms overpay corporate taxes to avoid any suspicion from regulatory bodies and investors. The study also found that firms are likely to commit fraud when they face financial hardships. The presence of females on the board of directors of firms was found to reduce the likelihood of fraud along with an independent board and effective audit committee was fraud prevention measures. In the rationalization study, they found that the fraud triangle is relevant in determining the factors that firms commit fraud in Malaysia. Future areas of research are to determine the distinction between the pressure and motivation of firms. Also, the conditions that may exist to that provide incentives and pressure that would lead to fraud by management. The importance of collusion, rationalization by fraud, and the role of whistleblowers are considered significant and effective mechanisms for understanding the fraud phenomenon (Free, 2015).

The Influence of Institutional Regulatory Pressure on Nonprofit Hospital Audit Quality

The influence of institutional regulatory pressures as a result of the Sarbanes-Oxley Act and nonprofit legislation and disclosure requirements improves nonprofit hospital audit quality (McGowan, Chan, Yourova, Liu & Wong, 2018). Regulatory attention can shift the audit firm's judgment as it relates to the choice and inference of previously acceptable audit procedures. It also increases the importance of reputational capital as an incentive for audit firms to improve quality. Because lawsuits against audit firms in the nonprofit sector are not common, the firm's desire to deliver a quality audit may dimension. Audit firms may shift resources to high-litigated risk engagement to make sure they perform a quality audit, which could reduce the due diligence for low-risk audit clients (Skinner and Srinivasan, 2012). A study was conducted to employ discretionary accruals as a proxy for audit quality in the nonprofit sector (McGowan, Chan, Yourova, Liu & Wong, 2018). They found that audit quality improved from the pre to post-regulatory period, which suggests audit firms have adjusted to the regulatory pressures and enhanced their audit and engagement practices for the benefit of nonprofit hospitals and other stakeholders. The institutional theory considers regulatory oversight to be a form of coercive institutional pressure due to government regulation that requires conformity and accountability in exchange for the flow of resources of that organization (Krishnan and Yetman, 2011).

Management implements internal controls to provide reasonable assurance on the achievement of organizational objectives about effective and efficient operations, reliable financial reporting, fraud prevention, and compliance with applicable laws and regulations (OMB, 2015). Audit quality is enhanced when auditors evaluate an organization's internal control specifically the control environment and resist pressure from the client not to report internal control deficiencies. Improved audit quality due to institutional regulatory pressures is shown in the auditors' ability to constrain a client's earnings management which is used as a proxy for the audit quality of publicly traded companies. The authors noted that audit quality improves when there is a high likelihood of reporting and internal control deficiencies and lower extent of accruals, and an increase in pressure from the organization. The auditors found that the audit quality of nonprofit hospitals improves from the pre to post-regulatory period based on regulatory pressure and the research is supported by an increase in audit quality (Lopez, 2013). The study also found that when internal control deficiencies act as a proxy for audit quality, organizations with high risk and high debt tend to have high audit quality, which is consistent with previous studies that found nonprofit organizations with substantial debt are subject to increased monitoring and may have higher audit quality (Tate, 2007). Future research in the area of proxies for audit quality and examining the link between fraud and earnings management in a nonprofit setting has been suggested (McGowan, Chan, Yourova, Liu & Wong, 2018). They also recommended future research to investigate if additional audit firms and client characteristics that may influence audit quality. Research to gain an understanding of whether the audit quality provided by large audit firms with continue during this new regulatory environment.

International Journal of Business and Applied Social Science
E-ISSN: 2469-6501
VOL: 8, ISSUE: 12
December/2022
DOI: http://dx.doi.org/10.33642/ijbass.v8n12p5

A Current Evaluation of Independence as a Foundation Element of the Auditing Profession in the United States

Independence is commonly accepted as foundational to auditing and continues to be a major part of discussion and debate in the auditing and accounting profession (Jenkins and Stanley, 2018). Regulatory efforts have increased in recent years to address auditor independence and rule changes. The article "Auditor Independence in the United States: Cornerstone of the Profession or Thorn in Our Side?" researched auditor independence from various perspectives and describes the problems and challenges associated with rules and regulations (Church, Jenkins, and Stanley, 2018). They offered alternatives to the current regulatory approach. Additional research on auditor independence has been done to expand on previous studies in the area of increasing audit committees' responsibilities for monitoring auditor independence (Jenkins and Stanley, 2018). They also studied disclosure about threats and safeguards to auditor independence. AICPA, SEC and PCAOB are a few of the regulatory and professional bodies that set the independence rules that are followed by all auditors in the United States. Each of these bodies' goals is to strengthen auditor objectivity and credibility, it can be viewed as fragmented and increase the compliance burden and confusion for members of the profession (Jenkins et al. 2018). The AICPA is a professional organization representing the accounting profession and has a vested interest in promoting the virtues of independence as it promotes auditors' moral character and the profession as serving the public interest (Church et al. 2018). The AICPA providing self-oversight as an advocate for the profession results in having a split allegiance to its members and financial statement users (Jenkins et al. 2018). The SEC and PCAOB are responsible for protecting investors and ensuring accurate information flow as it relates to U.S. public companies. They also establish and monitor auditor independence as a way to facilitate the U.S. securities markets.

External users and information producers are the third-party beneficiaries of auditor independence serving to strengthen financial reporting credibility and reliability. Information producers such as company management and the audit committee are internal to the reporting entity and have direct access to internal information (Jenkins et al. 2018). SOX significantly enhanced the oversight responsibilities and resources of public company audit committees. Audit committees could be empowered to approve currently prohibited non-audit services when in the committee's judgment those services do not jeopardize the auditor's independence and offered economic benefits to the company's shareholders. Public disclosure is a viable mechanism for informing information users about auditor independence along with accountability. Public scrutiny associated with public disclosure can deter independence impairments and encourage information producers to carefully evaluate auditor's independence (SEC 2001). Church et al. (2018) concluded that a robust discussion of the challenges and complexities associated with auditor independence and that continuous expansion of the independence rules is not sustainable for the profession. They also concluded that greater responsibility and flexibility in managing auditor independence.

Current Issues in Auditing & Pandemic Issues

Today companies are researching and developing technology solutions based on blockchain and smart contracts, there is a need to understand the impact of blockchain and smart contracts on the assessment of internal controls and risk (Vincent, N.E. & Barkhi, R. 2020). When assessing the internal controls of a firm and its information systems using an established framework, management and auditors can focus on a system boundary in compliance with company policies. Blockchain technology and smart contracts integrate and process automation throughout the supply chain. Once a smart contract is initiated it can involve multiple parties as a result all parties involved in the smart contract need good internal controls not only around their internal information systems but their entire blockchain. Companies, auditors, and risk advisory divisions of audit firms should evaluate whether a company can still comply with SOX and use the existing internal control framework in assessing controls and reporting the scope and adequacy of internal control in a blockchain environment. Exploring whether the existing framework is designed to address risk and controls from a single company perspective as it relates to blockchain and smart contract environment when multiple companies are involved.

The coronavirus pandemic has created major challenges and difficulties for local, state, and federal governments, and auditors will have to be addressed them in the financial statements. Employees are working from home which has led to changes in operations and internal controls. The AICPA has provided some guidelines, such as disclosing any significant violations arising from the pandemic and the actions taken to address the violations. Risk assessments will be a major issue in the changing environment. Due to shutdowns and government employees working remotely, auditors will have to consider the effect that any changes in the government's internal control will have on the risk of material misstatement in the financial statements. Auditors that perform single audits will have a challenge in their audits of federal programs. The federal government provided hundreds of billions of dollars the under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. As a result, the federal funds awarded to many recipients will exceed the $750,000 federal funding threshold that triggers the requirement to undergo a single audit (Tysiac, 2020). Recommendations to auditors include having regular meetings with their team and updating them on current changes to funded programs such as CARES Act. Carefully consider major program determination factors and pay special attention to internal controls to determine how the work-at-home environment affected those controls.

Conclusion

There are several areas of concern for the accounting and assurance profession that should be researched such as whether the governance of blockchain is as compared to the governance of the company. To ensure audit quality both auditors and

International Journal of Business and Applied Social Science
E-ISSN: 2469-6501
VOL: 8, ISSUE: 12
December/2022
DOI: http://dx.doi.org/10.33642/ijbass.v8n12p5

investors are two key groups in financial statement auditing with different views of how audit quality is achieved in earlier research in this area. However, current studies have found that both auditors and investors view individual auditor characteristics as the strongest determinants of audit quality. In addition, they both agree that audits performed by well-trained, competent individual auditors are an important factor in achieving audit quality. Audit quality was found to improve in the nonprofit sector after new regulations with establishing such as SOX. Studies have provided evidence that changes in the cost of equity capital do occur when the SEC conducts investigations and the information is made public. As a result, that evidence can be used by plaintiffs in civil lawsuits. Organizations like PCAOB, AICPA, and other regulatory agencies provide increase the assurance value of an audit and highlight the role of public regulatory oversight in the audit market. Studies on fraud as it relates to opportunity research found that institutional investors, independence of the board, effective audit committee, and the presence of a female on the board provide active monitoring and oversight in reducing fraud occurrence. In the research on auditor's independence studies found that increasing audit committees' responsibilities for monitoring that independence along with additional disclosure as it relates to threats and safeguards in compliance with the rules. Finally, the coronavirus pandemic has created major challenges and difficulties for local, state, and federal governments and auditors will have to be addressed this in the financial statements. Auditors that perform single audits have never faced an environment as challenging as the one that currently exists as a result of the coronavirus pandemic. Auditors will struggle amid the uncertainty related to single audits and other engagements. Auditors will have to keep abreast of new guidelines and complete as much work as possible during interim periods will give auditors their best chance to deliver high-quality audits.

References

Aobdia, D., Shroff, N., (2017). Regulatory oversight and auditor market share. *Journal of Accounting and Economics.* 63. 262-287. http://dx.doi.org/1031016/j.jacceco.2017.03.001

Bardhan, I., Lin, S., & Wu, S.L. (2015). The quality of internal control over financial reporting in family firms. *Accounting Horizons*. 29(1), 41-60.

Cao, Z Leng, F. Davlos, V (2013). Corporate governance and default risk of firms cited in the SEC's accounting and auditing enforcement releases. *Rev Quant Financ Acct*. doi: 10.1007/s11156-013-0401-9

Christensen, B.E., Glover, S.M., Omer, T.C., & Shelley, M.K. (2016). Understanding Audit Quality: Insights from Audit Professionals and Investors. *Contemporary Accounting Research*, 33(4). 1648-1684. Doi:10.1111/1911-3846.12212

Church, B.K., Jenkins, J.G. & Stanley, J.D. (2018). Auditor independence in the United States: Cornerstone of the profession or thorn in our side? *Accounting Horizons* 32 (3): 145-168. https://doi.org/10.2308/acch-52122.

Free, C. (2015). Looking through the fraud triangle: A review and call for new directions. *Meditari Accountancy Research*, 23(2), 175-196.

Ghafoor, A., Zainudin, R., Mahdzan, N.S. (2019). Factors Elicting Corporate Fraud in Emerging Markets : Case of Firms Subject to Enforcement Actions in Malaysia. *Journal of Business Ethics*. 160: 587-608. http://doi.org/10.1007/s10551-018-3877-3.

Ghosh, A.A., & Tang, C.Y. (2015). Assessing financial reporting quality of family firms; The auditors' perspective. *Journal of Accounting and Economics*, 60(1), 95-116.

Hribar, P., Jenkin, N.T. (2004). The effect of accounting restatements on Rearnings revisions and the estimated cost of capital. *Rev Acc Stud* 9(2): 337-356.

Jenkins, J.G., & Stanley, J.D. (2019). A Current Evaluation of Independence as a Foundational Element of the Auditing Profession in the United States. *American Accounting Association*. 13(1):17-27. DOI: 1032308/cooa-52357.

Khanna, V., Kim, E., & Lu, Y. (2015). CEO connectedness and corporate fraud. *The Journal of Finance*, 70(3), 1203-1252.

Krishnan, R., &Yetman, M.H. (2011). Institutional drivers of reporting decisions in nonprofit hospitals. *Journal of Accounting Research* 49(4): 1001-1039. http://doi.org/10.1111/j.1475-679X.2011.00413.x

Lopez, D.M., Rich, K.T., & Smith, P.C. (2013). Auditor size and internal control reporting differences in nonprofit healthcare organizations. *Journal of Public Budgeting, Accounting & Financial Management*, 25 (1): 41-68. http://doi.org/10.1108/JPBAFM-25-01-2013-B003.

McGowan, M.M., Chan, S.H., Yurova, Y.V., Lin, C., & Wong, R.M.K. (2018). The Influence of Institutional Regulatory Pressure on Nonprofit Hospital Audit Quality. *Journal of Governmental & Nonprofit Accounting*, 7(1),1-23.

Mohamed, N. (2014). Financial statements fraud control: Exploring internal control strategies in two Malaysian public interest entities. *Middlesbrough*: Teesside University.

International Journal of Business and Applied Social Science

E-ISSN: 2469-6501
VOL: 8, ISSUE: 12
December/2022
DOI: http://dx.doi.org/10.33642/ijbass.v8n12p5

Nicholls, C. (2015). The impact of SEC investigations and accounting and auditing enforcement releases on firms' cost of equity capital. *Rev Quant Financ Acct.* 47:57-82. DOI 10.1007/s11156-014-0494-9.

Office of Management and Budget (OMB). 2015. Audits of States, Local Governments, and Non-Profit Organizations. *Circular A-133*. Washington, DC: OMB.

Public Company Accounting Oversight Board (PCAOB). Observations on Auditors' Implementation of PCAOB Standards Relating to Auditors' Responsibilities with Respect to Fraud. *PCAOB Release No. 2001-001,2015*.

Skinner, D.J., & Srinivasan, S. (2012). Audit quality and auditor reputation: Evidence from Japan. *The Accounting Review* 87(5): 1737-1765. http://doi.org/10.2308/accr-50198.

Tate, S.L. (2007). Auditor change and auditor choice in nonprofit organizations. *Auditing: A Journal of Practice & Theory* 26(1): 47-70. https://doi.org/10.2308/aud.2007.26.1.47

Tysiac, K. (2020). Tips for Single Audits Amid Pandemic Uncertainty. *Journal of Accountancy*. https://www.journalofaccountancy.com/news/2020/oct/single-audits-tips-amid-coronavirus-uncertainty.html

Vincent, N.E., & Barkhi, R. (2020). Evaluating Blockchain Using COSO. *American Accounting Association*. DOI: https://doi.org/10.2308/CIIA-2019-509