

ZOE-VONNA PALMROSE
PricewaterhouseCoopers Professor of Auditing and
Professor of Accounting
University of Southern California

ADDRESS

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EDUCATION

University of Washington, PhD, 1982
University of Washington, MBA, 1978
Oregon State University, BS, 1968

SELECTED HONORS and AWARDS

American Accounting Association 2008 Presidential Scholar
Named one of *Treasury and Risk Magazine's* 100 Most Influential People in
Finance (June 2008)
U.S. Securities and Exchange Commission Law and Policy Award (2007)
Presented to the Sarbanes-Oxley 404 Team
PricewaterhouseCoopers Auditing Professor
Price Waterhouse Auditing Professor (1996-1998)
Price Waterhouse Faculty Fellow (1990-1996)
American Accounting Association/Deloitte Wildman Medal (2006)
Dean's Award for Research Excellence, Marshall School of Business (2006)
Named one of *Business Finance Magazine's* Influencers in 2004, 2005, and 2007
American Accounting Association/Deloitte Wildman Medal (2003)
AAA Auditing Section's Distinguished Service Award (2003)
American Accounting Association Vice President—Research (2002-2004)
Public Oversight Board Panel on Audit Effectiveness (1998-2000)
American Accounting Association Doctoral Consortium Distinguished Visiting
Faculty (1993, 1995, 2003)
California Society of CPAs Accounting Faculty Fellow Award (1988)
American Accounting Association Competitive Manuscript Award (1987)
Deloitte Haskins & Sells Doctoral Fellowship (1980-81)
Oregon State University Scholastic Honor Award (1968)
(Given to OSU senior with highest GPA)
Beta Alpha Psi and Beta Gamma Sigma

GRANTS

American Accounting Assn. Independence Research Program Grant (2001)
 “Auditor Independence and Non-Audit Services: What Do Restatements Suggest” (with William R. Kinney, Jr. and Susan Scholz)
 Accountants’ Coalition Grant (1994-99) for Monograph: *Empirical Research on Auditor Litigation: Considerations and Data*
 KPMG Peat Marwick Research Opportunities in Auditing Grants
 (1993) "An Empirical Investigation of Modified Reporting and Auditor Litigation on Bankrupt Clients" (with Joseph Carcello)
 (1988) "An Analysis of Auditor Litigation Disclosures"
 Coopers & Lybrand Foundation, Excellence in Audit Education Grants
 (1987) Phase I and (1990) Phase II
 Deloitte Haskins & Sells Graduate Research Assistant Program Grant (1984-85)
 (with Dan Dhaliwal, working paper "Audit Risk in the Pricing of Audit Services and the Acquisition of Audit Evidence")

WORK EXPERIENCE

Academic

University of Southern California, Professor (since 1995)
 On Leave at the SEC (2006-2008)
 Associate Professor (1989-1995)
 University of Washington, Visiting Professor (Fall 1998)
 University of California at Berkeley, Assistant Professor (1982-1989)
 University of Washington, Research and Teaching Assistant (1976-1982)
 University of Puget Sound-Seattle Campus, Lecturer (1975-1982)
 Portland State University, Division of Continuing Education, Lecturer (1969)

Regulatory

Securities and Exchange Commission, Deputy Chief Accountant for Professional Practice in the Office of the Chief Accountant (August 2006 through July 2008)

Professional

Consultant on accounting and auditing practice and public policy matters
 (2000-2006) (2008-present)
 Mathematical Sciences Northwest, Inc. (Spectra Technology, Inc.) (1975-1978)
 Bellevue, Wash., Assistant to the Vice President Administration
 Haskins & Sells (predecessor to a legacy firm of Deloitte & Touche)
 Seattle, Wash. (1974) and Portland, Oregon (1968-1970)
 University of Puget Sound, Tacoma, Wash., Assistant Controller (1973-1974)
 Yergen and Meyer, CPA's, Astoria, Oregon (1970-1973)
 Certified Public Accountant in Oregon (Inactive) and Washington

Not-for-Profit

Particle Economics Research Institute, President and Member of the Board of Directors (2001-present)

PUBLICATIONS

Book

Thog's Guide to Quantum Economics: 50,000 Years of Accounting Basics for the Future

...as to the origins of numbers, writing and culture... observations on quantum statistics and the evolution of complex adaptive systems ... an inside view of economic and accounting politics ... the latest in popular accounting fiction ...

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with Illustrations by Warren Miller.
Distributed by MAC Productions (Duvall, WA), ISBN 0-9764694-0-5.

Panel Report

The Panel on Audit Effectiveness: Report and Recommendations

(Stamford, CT: Public Oversight Board)

Exposure Draft (May 31, 2000): 1-238

Final Report (August 31, 2000): 1-256.

Shaun F. O'Malley (Chair)

Panel Members: Dennis H. Chookaszian, Paul Kolton, Bevis Longstreth, Louis Lowenstein, Zoe-Vonna Palmrose, Aulana L. Peters, and Ralph S. Saul

Panel Staff: David B. Pearson (Staff Director), George P. Fritz, Edmund R. Noonan, and Thomas M. Stemlar

Monograph and Companion Database

Studies in Accounting Research #33: Empirical Research in Auditor Litigation: Considerations and Data

(Sarasota, Florida: The American Accounting Association, 1999/2000): 1-90.

This monograph provides guidance for conducting empirical research on auditor litigation and for using information on auditor litigation in teaching. Moreover, it provides auditor litigation data to facilitate research and teaching activities. The monograph has a CD with a Database that contains over 1,000 client observations with audit litigation involving the Big Five and their legacy firms from 1960 through 1995. Non-Big Five firms are included on joint litigation. For the observations, the Database provides a variety of client, auditor, accounting, auditing, legal, regulatory, resolution, and other information. All information is from public sources available through early 1999. The Database is designed for use with Microsoft Access (the CD has three versions of the Database for Access 2.0, 97, and 2000).

Winner of the AAA/Deloitte 2003 Wildman Award

Commentary

"Can Science Help Solve the Economic Crisis?" on Edge: The Third Culture

(The Edge Foundation, 2008) John Brockman, editor.

at http://www.edge.org/3rd_culture/brown08/brown08_index.html

(with Mike Brown, Stuart Kauffman, and Lee Smolin)

PUBLICATIONS

Articles

“Science, Politics, and Accounting: A View from the Potomac,” *The Accounting Review*, Volume 84, No. 2 (March 2009): 281-297.

“Maintaining the Value and Viability of Auditors as Gatekeepers Under SOX: An Auditing Master Proposal,” in *Financial Gatekeepers: Can They Protect Investors?* Yasuyuki Fuchita and Robert E. Litan, eds. (Washington, D.C.: Brookings Institution Press and the Nomura Institute of Capital Markets Research, 2006): 103-135.

“The Effect of Quantitative Materiality Approach on Auditors’ Adjustment Decisions,” *The Accounting Review*, Volume 80, No. 3 (July 2005): 897-920.
(with Mark Nelson and Steven Smith)

“Auditor Independence, Non-Audit Services, and Restatements: Was the Government Right?” *Journal of Accounting Research*, Volume 42, No. 3 (June 2004): 561-588.
(with William R. Kinney, Jr. and Susan Scholz).

Winner of the AAA/Deloitte 2006 Wildman Award

Among *JAR*’s 10 most read articles in 2005 according to Blackwell Publishing

“The Accounting Causes and Legal Consequences of Non-GAAP Reporting: Evidence from Restatements,” *Contemporary Accounting Research*, Volume 21, Issue 1 (Spring 2004): 139-180.
(with Susan Scholz)

“Determinants of Market Reactions to Restatement Announcements,” *Journal of Accounting & Economics*, Volume 37, Issue 1 (February 2004): 59-89.
(with Vernon Richardson and Susan Scholz).

“Auditors’ New Procedures for Detecting Fraud,” *Journal of Accountancy* (May 2002): 63-66.
(with Dan Montgomery, Mark Beasley, and Susan Menelaides)

“The SEC Pushes Auditor Independence,” *Regulation: The Cato Review of Business and Government* (Volume 24, No. 4, 2001): 18-23.
(with Ralph S. Saul)

“Fraud Type and Auditor Litigation: An Analysis of SEC Accounting and Auditing Enforcement Releases,” *The Accounting Review* (October 1998): 503-532.
(with Sarah Bonner and Susan Young)

The taxonomy of financial statement fraud types developed for this study is reprinted as Appendix C in *Education and Training in Fraud and Forensic Accounting: A Guide for Educational Institutions, Stakeholder Organizations, Faculty, and Students* (U.S. Department of Justice, Office of Justice Programs, National Institute of Justice, March 2007): 53-59

PUBLICATIONSArticles (continued)

“Who Got Sued?” *Journal of Accountancy* (March 1997): 67-69.

“Audit Litigation Research: Do the Merits Matter? An Assessment and Directions for Future Research,” *Journal of Accounting and Public Policy* (Winter 1997): 355-378.

“An Empirical Investigation of Modified Reporting and Auditor Litigation on Bankrupt Clients,” *Journal of Accounting Research* (1994 Supplement): 1-30.
(with Joseph Carcello)

“The Joint and Several Versus Proportionate Liability Debate: An Empirical Investigation of Audit-Related Litigation,” *Stanford Journal of Law, Business & Finance* (Fall 1994): 53-72.

"Trials of Legal Disputes Involving Independent Auditors: Some Empirical Evidence," *Journal of Accounting Research* (1991 Supplement): 149-185.

"An Analysis of Auditor Litigation Disclosures," *Auditing: A Journal of Practice & Theory* (1991 Supplement): 54-71.

"The Relation of Contract Type to Audit Fees and Hours," *The Accounting Review* (July 1989): 488-499.

Reprinted in *Governance and Auditing* volume edited by P. Moizer in *Corporate Governance in the New Global Economy* series editors K. Keasey, S. Thompson, and M. Wright (Cheltenham, UK: Edward Elgar Publishing Ltd., 2004).

"Public Accounting Firms and the Acquisition of Nonaudit Services by Public and Closely-Held Companies," *Auditing: A Journal of Practice & Theory* (Fall 1988): 63-71.

"An Analysis of Auditor Litigation and Audit Service Quality," *The Accounting Review* (January 1988): 55-73.

Winner of a 1987 American Accounting Association Competitive Manuscript Award.

Reprinted in *Governance and Auditing* volume edited by P. Moizer in *Corporate Governance in the New Global Economy* series editors K. Keasey, S. Thompson, and M. Wright (Cheltenham, UK: Edward Elgar Publishing Ltd., 2004).

PUBLICATIONSArticles (continued)

"Litigation and Independent Auditors: The Role of Business Failures and Management Fraud," *Auditing: A Journal of Practice & Theory* (Spring 1987): 90-103.

Abstract published in the *Report of the National Commission on Fraudulent Financial Reporting* (The Treadway Commission Report)¹

Recognized as the most cited paper ever published in *Auditing: a Journal of Practice & Theory* based on citations in journals included in the *Social Science Citation Index* (other than the *Auditing Journal*)²

"The Effect of Nonaudit Services on the Pricing of Audit Services: Further Evidence," *Journal of Accounting Research* (Autumn 1986): 405-411.

"Audit Fees and Auditor Size: Further Evidence," *Journal of Accounting Research* (Spring 1986): 97-110.

"The Demand for Quality-Differentiated Audit Services in an Agency Cost Setting: An Empirical Investigation," *1984 Auditing Research Symposium*, edited by A. Rashad Abdel-khalik and Ira Solomon (Urbana-Champaign: Office of Accounting Research, University of Illinois, 1985): 229-252.

Other Articles

"Restatement Research: Insights for Auditors," *EY Faculty Connection* (September 2004): 2-3. (with Susan Scholz)

"Fraudulent Financial Reporting: Some Evidence from Restatements," *Proceedings of the 2002 Deloitte & Touche/University of Kansas Symposium on Auditing Problems* edited by James A. Heintz (Lawrence, Kansas: School of Business, University of Kansas, 2002): 57-64. (with Susan Scholz)

"The Market for Audit Services, Financial Reporting Misstatements, and the Regulation of the Accounting Profession" (in Chinese), Taiwan National Science Council Lectures edited by Sophia Su and Chan-Jane Lin, *Taiwan Accounting Research Monthly* (October 1, 2002, No. 203): 73-81.

"The Report of the Panel on Audit Effectiveness: An Insider's Perspective," *The CPA Journal* (August 2000): 20.

PUBLICATIONS

Other Articles (continued)

¹ As "The Independent Public Accountant's Responsibility for the Detection of Fraudulent Financial Reporting" (October 1987): 105.

² As reported in "Assessing the Influence of *Auditing: A Journal of Practice & Theory*: A Citation Analysis" by J. L. Krogstad and G. Smith (1998).

“Risk Orientation,” in *Auditing Practice, Research, and Education: A Productive Collaboration*, edited by Timothy B. Bell and Arnold M. Wright (New York: AICPA, 1995): 11-54.

(secondary contributor with Barry E. Cushing, Lynford E. Graham, Jr., Robert Roussey, and Ira Solomon)

The monograph was awarded a Joint AICPA/AAA Collaboration Award in 1998 and the 2002-2003 Auditing Section Notable Contribution to the Auditing Literature Award

"Research in the Auditor's Responsibilities Regarding Illegal Acts by Clients," *The Expectation Gap Standards: Progress, Implementation Issues, Research Opportunities* (Proceedings of the Expectation Gap Roundtable) (New York: AICPA, 1993): 227-243. (with David Wright)

"The Audit Environment: Illustrations of Current Research," *The Auditor's Report* (Winter 1984): 3-4.

"The Pricing of Audit Services: Industry Differences and Other Insights," *Proceedings of the 1983 DePaul University Research Symposium* (1983): 47-84.

Cases

“The World Football League--What Price Risk, Reward, and Recognition?” in Y. N. Chang and Filemon Campo-Flores (eds.), *Business Policy and Strategy: Text and Cases* (Santa Monica, California: Goodyear Publishing Company, Inc., 1980): 322-336. (as Zoe-Vonna Milligan)

Comments

Comments on “Motivating Factors in Attorneys’ Recommendations to Sue Auditors: How Important is Causality?” *Proceedings of the Eleventh Symposium on Auditing Research*, edited by Ira Solomon (Urbana-Champaign: Office of Accounting Research, University of Illinois, 1994): 13-20.

Comments on “The Relative Importance of Auditing to the Accounting Profession: Is Auditing A Profit Center?” *Proceedings of the IXth Touche Ross/University of Kansas Auditing Symposium*, edited by R. Srivastava and J. Rebele (Lawrence, Kansas: School of Business, University of Kansas, 1988): 134-138.

Task Force Reports

Management Override of Internal Controls: The Achilles’ Heel of Fraud Prevention... The Audit Committee and Oversight of Financial Reporting (New York: AICPA, 2005).

Auditing Standards Board Fraud Task Force, which developed and drafted SAS No. 99, *Consideration of Fraud in a Financial Statement Audit* (NY: AICPA, October 2002).