

## **Auditing: A Journal of Practice & Theory**

A Publication of the Auditing Section of the American Accounting Association

### Main Articles

**Who Really Performs the Audit? Examining the Effects of Voluntary Disclosure of the Use of Other Auditors on Investors' Perceptions of Audit Quality**

Kristina C. Demek, Steven E. Kaplan, and Amanda Winn

**The Information Value of Qualified and Adverse Audit Reports: Evidence from the Municipal Sector**

Christopher T. Edmonds, Ryan D. Leece, Beth Y. Vermeer, and Thomas E. Vermeer

**On the Relation between Insider Trading and Going Concern Opinions**

Nicholas Hallman, Andrew J. Imdieke, Kyonghee Kim, and Raynolde Pereira

**The Effect of Office Changes within Audit Firms on Clients' Audit Quality and Audit Fees**

Carl W. Hollingsworth, Terry L. Neal, and Colin D. Reid

**The Association between Internal Audit Operations-Related Services and Firm Operating Performance**

Like Jiang, William F. Messier, Jr., and David A. Wood

**The Effects of the Type and Content of Audit Reports for Financially Stressed Initial Public Offerings on Information Uncertainty**

Steven E. Kaplan, Gary K. Taylor, and David D. Williams

**Are External Auditors Concerned about Cyber Incidents? Evidence from Audit Fees**

He Li, Won Gyun No, and J. Efrim Boritz

**Do Gender Diversity Recommendations in Corporate Governance Codes Matter? Evidence from Audit Committees**

Nigar Sultana, Steven F. Cahan, and Asheq Rahman



**American  
Accounting  
Association**  
Auditing

V.39 N.1 2020

# Auditing

A Journal of Practice & Theory

Downloaded from <http://publications.aanhq.org/ajpt/article-pdf/39/1/1/50476/1558-7991-39-1-1.pdf> on 13 January 2020

**AMERICAN ACCOUNTING ASSOCIATION**  
Board of Directors

President	Terry Shevlin, University of California, Irvine
President-Elect	Elaine G. Mauldin, University of Missouri
Past President	Marc A. Rubin, Miami University
Vice President–Finance	Mark H. Taylor, University of South Florida
Vice President–Research & Publications	Mark L. DeFond, University of Southern California
Vice President–Education	Steven E. Kaplan, Arizona State University
Director–Focusing on Membership	Tracie L. Miller-Nobles, Austin Community College
Director–Focusing on International	Wim A. Van der Stede, The London School of Economics and Political Science
Director–Focusing on Segments	Audrey A. Gramling, Oklahoma State University
Director–Focusing on Intellectual Property	Mary Harris Stanford, Texas Christian University
Director–Focusing on Academic/Practitioner Interaction	John Hepp, University of Illinois at Urbana-Champaign
Vice President–Finance-Elect	Mark S. Beasley, North Carolina State University

The American Accounting Association was founded in 1916 as the American Association of University Instructors in Accounting. Its present name was adopted in 1936. The Association is a voluntary organization of persons interested in accounting education, research, and practice.

**Membership in the Association is available at the following annual rates.**

**Full membership:**

The membership dues of \$345.00 include *Accounting Education News* and the online selection of all three Association-wide journals: *The Accounting Review*, *Accounting Horizons*, and *Issues in Accounting Education*. Full members may also opt to receive hard copies of AAA journals for an additional cost:

<i>The Accounting Review</i> . . . . .	with Print Option \$80.00	Total U.S. \$425.00
<i>Accounting Horizons</i> . . . . .	with Print Option \$45.00	Total U.S. \$390.00
<i>Issues in Accounting Education</i> . . . . .	with Print Option \$45.00	Total U.S. \$390.00
All three Association-wide journals . . . . .	with Print Option \$170.00	Total U.S. \$515.00

**Associate membership:**

Full-time students are eligible for associate membership at \$100.00, which includes *Accounting Education News* and access to all three Association-wide journals: *The Accounting Review*, *Accounting Horizons*, and *Issues in Accounting Education*. Members may also opt to receive hard copies of AAA journals for an additional cost. (Teaching Notes for *Issues in Accounting Education* are not available to students.)

<i>The Accounting Review</i> . . . . .	with Print Option \$80.00	Total U.S. \$180.00
<i>Accounting Horizons</i> . . . . .	with Print Option \$45.00	Total U.S. \$145.00
<i>Issues in Accounting Education</i> . . . . .	with Print Option \$45.00	Total U.S. \$145.00
All three Association-wide journals . . . . .	with Print Option \$170.00	Total U.S. \$270.00

In addition, AAA Section journals *Accounting Historians Journal*, *Accounting and the Public Interest*, *Auditing: A Journal of Practice & Theory*, *Behavioral Research in Accounting*, *Journal of Emerging Technologies in Accounting*, *The Journal of the American Taxation Association*, *Journal of Financial Reporting*, *Journal of Forensic Accounting Research*, *Journal of Information Systems*, *Journal of International Accounting Research*, *The ATA Journal of Legal Tax Research*, and *Journal of Management Accounting Research* are available to all AAA members. Full members may belong to one or more Sections: Academy of Accounting Historians; Accounting, Behavior and Organizations; Accounting Information Systems; Accounting Programs Leadership Group; American Taxation Association; Auditing; Diversity; Financial Accounting and Reporting; Forensic Accounting; Gender Issues and Worklife Balance; Government and Nonprofit; International Accounting; Management Accounting; Public Interest; Strategic and Emerging Technologies; Teaching, Learning and Curriculum; and Two-Year College. Each Section assesses its own dues, which are collected by the Association.

Inquiries concerning membership, subscriptions, advertisements, permissions, and other matters related to the Association (other than submission of manuscripts) should be sent to American Accounting Association, 9009 Town Center Parkway, Lakewood Ranch, FL 34202. Telephone: (941) 921-7747 • Fax: (941) 923-4093 • Email: [Info@aaahq.org](mailto:Info@aaahq.org).

Notice of change of address should be mailed at least eight weeks in advance to ensure undelayed receipt of *Auditing: A Journal of Practice & Theory*. The submission fee of \$150.00 for members of the AAA or \$200.00 for nonmembers may be paid online (VISA, MasterCard, or American Express only) and should be paid *before* the article is submitted. Payments may be made at: <http://aaahq.org/Research/Journals/Information-for-Authors/Online-Payment/productcd/AUDJRNSUBM>. Manuscripts should be submitted in electronic form. Detailed instructions can be found at <http://ajpt.allentrack.net>. The editorial offices can be reached using the information below:

Christopher P. Agoglia, Senior Editor  
University of Massachusetts Amherst  
Email: [ajpteditor@isenberg.umass.edu](mailto:ajpteditor@isenberg.umass.edu)  
Editorial Office  
[AJPT@aaahq.org](mailto:AJPT@aaahq.org)

Stephanie Austin  
Phone: (941) 556-4110  
Email: [stephanie.austin@aaahq.org](mailto:stephanie.austin@aaahq.org)

*Auditing: A Journal of Practice & Theory* is indexed in the Social Science Citation Index (Web of Science) and Scopus.

**Auditing: A Journal of Practice & Theory** (ISSN 0278-0380 print and ISSN 1558-7991 online) is published 4 times a year in February, May, August, and November by the American Accounting Association, 9009 Town Center Parkway, Lakewood Ranch, FL 34202. General subscriptions are available at the annual rates of \$131 for a print copy. **POSTMASTER:** Send address changes to **Auditing: A Journal of Practice & Theory**, 9009 Town Center Parkway, Lakewood Ranch, FL 34202.

# Auditing

February 2020

A Journal of Practice & Theory

Volume 39

Number 1

## Main Articles

Who Really Performs the Audit? Examining the Effects of Voluntary Disclosure of the Use of Other Auditors on Investors' Perceptions of Audit Quality Kristina C. Demek, Steven E. Kaplan, and Amanda Winn . . . . .	1
The Information Value of Qualified and Adverse Audit Reports: Evidence from the Municipal Sector Christopher T. Edmonds, Ryan D. Leece, Beth Y. Vermeer, and Thomas E. Vermeer . . . . .	21
On the Relation between Insider Trading and Going Concern Opinions Nicholas Hallman, Andrew J. Imdieke, Kyonghee Kim, and Raynolde Pereira. . . . .	43
The Effect of Office Changes within Audit Firms on Clients' Audit Quality and Audit Fees Carl W. Hollingsworth, Terry L. Neal, and Colin D. Reid . . . . .	71
The Association between Internal Audit Operations-Related Services and Firm Operating Performance Like Jiang, William F. Messier, Jr., and David A. Wood. . . . .	101
The Effects of the Type and Content of Audit Reports for Financially Stressed Initial Public Offerings on Information Uncertainty Steven E. Kaplan, Gary K. Taylor, and David D. Williams . . . . .	125
Are External Auditors Concerned about Cyber Incidents? Evidence from Audit Fees He Li, Won Gyun No, and J. Efrim Boritz . . . . .	151
Do Gender Diversity Recommendations in Corporate Governance Codes Matter? Evidence from Audit Committees Nigar Sultana, Steven F. Cahan, and Asheq Rahman . . . . .	173

EDITORIAL STAFF OF *AUDITING: A JOURNAL OF PRACTICE & THEORY*

SENIOR EDITOR

CHRISTOPHER P. AGOLIA, *University of Massachusetts Amherst*

DEPUTY SENIOR EDITOR

SUSAN SCHOLZ, *The University of Kansas*

EDITORS

CHRISTINE E. EARLEY, *Providence College*  
LISA MILICI GAYNOR, *University of South Florida*  
YVES GENDRON, *Université Laval*  
RICHARD C. HATFIELD, *The University of Alabama*  
UDI HOITASH, *Northeastern University*  
JAYANTHI KRISHNAN, *Temple University*  
TAMARA A. LAMBERT, *Lehigh University*  
CHAN LI, *University of Pittsburgh*  
GARY S. MONROE, *UNSW Sydney*  
LINDA A. MYERS, *The University of Tennessee*  
VIC NAIKER, *The University of Melbourne*  
THOMAS C. OMER, *University of Nebraska–Lincoln*  
DOUGLAS F. PRAWITT, *Brigham Young University*  
JAIME J. SCHMIDT, *The University of Texas at Austin*  
ANN VANSTRAELEN, *Maastricht University*

CONSULTING EDITORS

JEFFREY R. COHEN, *Boston College*  
JEFFREY A. PITTMAN, *Memorial University of Newfoundland*

SENIOR MANAGING EDITOR

STEPHANIE AUSTIN, *American Accounting Association*

PAST EDITORS

1981-1982 William W. Cooper	1997-2000 William L. Felix, Jr.
1982-1984 Carl S. Warren	2000-2003 Arnold M. Wright
1985-1988 Andrew D. Bailey, Jr. and Kurt Pany	2003-2005 William F. Messier, Jr.
1988-1991 Jack L. Krogstad	2006-2008 Dan A. Simunic
1991-1994 Joseph J. Schultz, Jr.	2009-2011 Ken T. Trotman
1994-1997 Theodore J. Mock	2012-2014 W. Robert Knechel
	2014-2017 Jeffrey R. Cohen

AMERICAN ACCOUNTING ASSOCIATION

EXECUTIVE DIRECTOR

Tracey E. Sutherland

PUBLICATIONS DEPARTMENT

Stephanie Austin  
Nate Smith  
Peyton Fultz  
Chelsea Matthews  
David Twiddy  
Jan Kovarik (subcontracted)

OTHER AAA STAFF

Julie Smith David	Erlinda Jones
Susan Crosson	Debbie Gardner
Barbara Brady	Beverly Collins
Shauna Bigelow	Stephanie Glaser
Barbara Gutierrez	Kelli Gouwens
Nancy Maciag	Jean Thompson
Michele Morgan	Karen Toney
Connie O'Brien	Kelly Lee
Michelle Russak	Pat Stein
Mark VanZorn	Mary Beth Gripshover
Joe Parisi	Darlene Dobson
Suzanne Mullinnix	

## EDITORIAL ADVISORY AND REVIEW BOARD

- URTON L. ANDERSON, *University of Kentucky*  
 DANIEL AOBIDIA, *Northwestern University*  
 STEPHEN KWAKU ASARE, *University of Florida*  
 ILIAS G. BASIOUDIS, *Aston University*  
 TIM D. BAUER, *University of Illinois at Urbana–Champaign*  
 MARK S. BEASLEY, *North Carolina State University*  
 JEAN C. BEDARD, *Bentley University*  
 G. BRADLEY BENNETT, *University of Massachusetts Amherst*  
 KATHELEEN BENTLEY-GOODE, *Unaffiliated*  
 LORI BHASKAR, *Indiana University*  
 SUDIP BHATTACHARJEE, *Virginia Polytechnic Institute and State University*  
 JOCHEN BIGUS, *Freie Universität Berlin*  
 KENNETH L. BILLS, *University of Arkansas*  
 ALLEN D. BLAY, *Florida State University*  
 KENDALL O. BOWLIN, *The University of Mississippi*  
 KELSEY BRASEL, *Ball State University*  
 JOSEPH F. BRAZEL, *North Carolina State University*  
 SCOTT N. BRONSON, *The University of Kansas*  
 HELEN BROWN-LIBURD, *Rutgers, The State University of New Jersey, Newark*  
 LIESBETH BRUYNSEELS, *KU Leuven*  
 STEVEN F. CAHAN, *The University of Auckland*  
 MARA CAMERAN, *Università Bocconi*  
 EDDY CARDINAELS, *KU Leuven*  
 TINA D. CARPENTER, *The University of Georgia*  
 ELIZABETH CARSON, *UNSW Sydney*  
 CORY A. CASSELL, *University of Arkansas*  
 JEFFREY R. CASTERELLA, *Colorado State University*  
 MONIKA CAUSHOLLI, *University of Kentucky*  
 KERYN CHALMERS, *Swinburne University*  
 K. HUNG CHAN, *Lingnan University*  
 CHEN CHEN, *Monash University*  
 CHIH-YING CHEN, *Singapore Management University*  
 JONG-HAG CHOI, *Seoul National University*  
 MARGARET H. CHRIST, *The University of Georgia*  
 BRANT CHRISTENSEN, *University of Oklahoma*  
 BENJAMIN COMMERFORD, *University of Kentucky*  
 PAUL J. CORAM, *The University of Adelaide*  
 LAUREN CUNNINGHAM, *The University of Tennessee*  
 DEREK DALTON, *Clemson University*  
 MARK L. DEFOND, *University of Southern California*  
 MARY KATE DODGSON, *Northeastern University*  
 MARCUS M. DOXEY, *The University of Alabama*  
 RONG-RUEY DUH, *National Taiwan University*  
 MATTHEW S. EGE, *Texas A&M University*  
 AASMUND EILIFSEN, *Norwegian School of Economics*  
 MICHAEL L. ETTREDGE, *The University of Kansas*  
 NEIL L. FARGHER, *The Australian National University*  
 ANDREW FERGUSON, *University of Technology, Sydney*  
 JERE R. FRANCIS, *Maastricht University*  
 RONEN GAL-OR, *Bentley University*  
 STEVEN M. GLOVER, *Brigham Young University*  
 ANNA GOLD, *VU University Amsterdam*  
 AUDREY A. GRAMLING, *Colorado State University*  
 BARBARA MURRAY GREIN, *Drexel University*  
 JONATHAN GRENIER, *Miami University*  
 EMILY GRIFFITH, *University of Wisconsin–Madison*  
 HENRI GUÉNIN-PARACINI, *Université Laval*  
 RYAN GUGGENMOS, *Cornell University*  
 JOSHUA GUNN, *University of Pittsburgh*  
 NICHOLAS HALLMAN, *The University of Texas at Austin*  
 JACQUELINE S. HAMMERSLEY, *The University of Georgia*  
 DAVID C. HAY, *University of Auckland*  
 DANA R. HERMANSON, *Kennesaw State University*  
 KRIS HOANG, *The University of Alabama*  
 VICKY B. HOFFMAN, *University of Pittsburgh*  
 CHRIS E. HOGAN, *Michigan State University*  
 RANI HOITASH, *Bentley University*  
 RICHARD W. HOUSTON, *The University of Alabama*  
 TING-CHIAO HUANG, *Monash University*  
 CHRISTOPHER G. HUMPHREY, *University of Manchester*  
 PATRICK J. HURLEY, *Northeastern University*  
 KARIM JAMAL, *University of Alberta*  
 JENNIFER JOE, *University of Delaware*  
 KARLA M. JOHNSTONE, *University of Wisconsin–Madison*  
 KEITH JONES, *The University of Kansas*  
 KATHRYN KADOUS, *Emory University*  
 YOON JU KANG, *University of Massachusetts Amherst*  
 STEVEN E. KAPLAN, *Arizona State University*  
 ANDREA S. KELTON, *Middle Tennessee State University*  
 MARSHA B. KEUNE, *University of Dayton*  
 SAMER KHALIL, *American University of Beirut*  
 JEONG-BON KIM, *University of Waterloo*  
 WILLIAM R. KINNEY, JR., *The University of Texas at Austin*  
 W. ROBERT KNECHEL, *University of Florida*  
 CHRISTOPHER KOCH, *Johannes Gutenberg University Mainz*  
 NATALIA KOCHETOVA-KOZLOSKI, *Saint Mary's University*  
 GANESH KRISHNAMOORTHY, *Northeastern University*  
 JAGAN KRISHNAN, *Temple University*  
 SOO YOUNG KWON, *Korea University*  
 JOHN CHRISTIAN LANGLI, *BI Norwegian Business School*  
 JUSTIN LEIBY, *University of Illinois at Urbana-Champaign*  
 CLIVE S. LENNOX, *University of Southern California*  
 CHAN LI, *University of Kansas*  
 CEDRIC LESAGE, *Concordia University*  
 LING LEI LISIC, *Virginia Polytechnic Institute and State University*  
 GILAD LIVNE, *University of Exeter*  
 D. JORDAN LOWE, *Arizona State University*  
 BENJAMIN L. LUIPPOLD, *Babson College*  
 MICHEL L. MAGNAN, *Concordia University*  
 ELДАР M. MAKSYMOW, *Arizona State University*  
 BERTRAND MALSCH, *Queen's University*  
 ROGER D. MARTIN, *University of Virginia*  
 BRIAN W. MAYHEW, *University of Wisconsin–Madison*  
 SUSAN A. MCCRACKEN, *McMaster University*  
 WILLIAM F. MESSIER, JR., *Norwegian School of Economics*  
 ROGER H. G. MEUWISSEN, *Maastricht University*  
 MIGUEL MINUTTI-MEZA, *University of Miami*  
 PHYLLIS MO, *City University of Hong Kong*  
 THEODORE J. MOCK, *University of California, Riverside*  
 PARTHA S. MOHAPATRA, *California State University, Sacramento*  
 KIMBERLY K. MORENO, *Northeastern University*  
 ROBYN A. MORONEY, *Monash University*  
 JENNIFER MUELLER-PHILLIPS, *Auburn University*  
 JAMES N. MYERS, *The University of Tennessee*  
 TERRY L. NEAL, *The University of Tennessee*  
 TERENCE BU-PEOW NG, *Nanyang Technological University*  
 LASSE NIEMI, *Aalto University*  
 EDWARD F. O'DONNELL, *Southern Illinois University*  
 BRENDAN O'DWYER, *University of Manchester and University of Amsterdam*  
 JEFF L. PAYNE, *University of Kentucky*  
 MARK E. PEECHER, *University of Illinois at Urbana–Champaign*  
 STEPHEN PERREAULT, *Providence College*  
 MIKHAIL PEVZNER, *University of Baltimore*  
 MARIETTA PEYTCHEVA, *Lehigh University*  
 M. DAVID PIERCEY, *University of Massachusetts Amherst*  
 BRADLEY POMEROY, *University of Waterloo*  
 MELANIE ROUSSY, *Université Laval*  
 AARON SAIEWITZ, *University of Nevada, Las Vegas*  
 STEVEN E. SALTERIO, *Queen's University*  
 JANET A. SAMUELS, *Arizona State University*  
 ANNA SAMSONOVA-TADDEI, *University of Manchester*  
 SRINIVASAN SANKARAGURUSWAMY, *National University of Singapore*  
 CAREN SCHELLEMAN, *Maastricht University*  
 JOSEPH H. SCHROEDER, *Indiana University*  
 TIMOTHY SEIDEL, *Brigham Young University*  
 DIVESH S. SHARMA, *Kennesaw State University*  
 VINEETA D. SHARMA, *Kennesaw State University*  
 JONATHAN SHIPMAN, *University of Arkansas*  
 ROGER SIMNETT, *UNSW Sydney*  
 PETER SKÆRBÆK, *Copenhagen Business School*  
 HOLLIS A. SKAIFE, *University of California, Davis*  
 RAJENDRA P. SRIVASTAVA, *The University of Kansas*  
 CHAD M. STEFANIAK, *University of South Carolina*  
 SARAH E. STEIN, *Virginia Polytechnic Institute and State University*  
 HERVÉ STOLOWY, *HEC Paris*  
 QUINN T. SWANQUIST, *Georgia State University and The University of Alabama*  
 HUN TONG TAN, *Nanyang Technological University*  
 STEPHEN L. TAYLOR, *University of Technology, Sydney*  
 ANNE M. THOMPSON, *University of Illinois at Urbana–Champaign*  
 LINDA THORNE, *York University*

KAREN TON, *Emory University*  
MARIE-SOLEIL TREMBLAY, *École Nationale D'administration Publique*  
GREGORY M. TROMPETER, *University of Central Florida*  
ANDREW TROTMAN, *Northeastern University*  
KEN T. TROTMAN, *UNSW Australia*  
GEORGE T. TSAKUMIS, *University of Delaware*  
SCOTT VANDERVELDE, *University of South Carolina*  
ADAM VITALIS, *University of Waterloo*  
ELAINE (YING) WANG, *University of Massachusetts Amherst*  
KIMBERLY WESTERMANN, *California Polytechnic State University,  
San Luis Obispo*  
ROBERT WHITED, *North Carolina State University*

MICHAEL S. WILKINS, *The University of Kansas*  
T. JEFFREY WILKS, *Brigham Young University*  
MARLEEN WILLEKENS, *KU Leuven*  
MICHAEL WILLENBORG, *University of Connecticut*  
DAVID A. WOOD, *Brigham Young University*  
YI-JING WU, *Texas Tech University*  
HAN S. YI, *Korea University*  
VALENTINA L. ZAMORA, *Seattle University*  
YINQI ZHANG, *American University*  
YUPING ZHAO, *University of Houston*  
JIAN ZHOU, *University of Hawaii at Manoa*  
MARK F. ZIMBELMAN, *Brigham Young University*

