

Executive Summary – Paper 2

Paper 2 – What past attempts at knowledge transfer in the audit domain tell us

Reference: Salterio, S.E., Hoang, K and Y. Luo. (2020). **Communication is a two-way street: Analyzing approaches to enhance effective audit research knowledge transfer to policymakers.** Under review for publication.

Objective: To evaluate extant audit domain-specific practices that have the potential to transfer audit research knowledge to audit policymakers and to identify effective means to achieve systematic transfer. The success criterion is systematic knowledge transfer as it requires a focus on reducing reliance on “ad hoc” mechanisms (e.g. the motivations of individual researchers) that, while effective in certain circumstances, have an inherent inconsistent reliability to effect transfer.

Key takeaways:

- 1. We find that the literature reviews in the Public Company Accounting Oversight Board’s (PCAOB) and the American Accounting Association (AAA) Auditing Section’s “research synthesis project” (hereafter RSP), came closest to best practices for systematic knowledge transfer.**
 - We identified eight audit domain-specific practices that potentially can play a role in transferring audit research knowledge to policymakers (see Table 1 of the paper in Tab 2). The practices range from academics publishing articles in learned journals, to academics sitting on standard setting boards.
 - RSP literature reviews exhibit many characteristics of evidence-based policymaking’s research syntheses approach (discussed in Paper 1 and summarized in Paper 2’s Tables 3, 4 and 5 found behind Tab 2).
 - We also acknowledge that many extant audit domain-practices are complementary
 - academic journal articles provide the inputs to research syntheses;
 - academic fellows, properly tasked, can contribute to producing syntheses;
 - academic board members can identify academic experts, commission syntheses and interpret reports at the board level; and,
 - academic-practitioner conferences can focus on research syntheses.
- 2. We investigate whether the RSP reviews could transfer some audit research knowledge to policymakers, despite the RSP’s departures from several best practices for transfer. We provide two convergent forms of evidence about the RSP reviews’ effectiveness:**
 - First, we selected thirteen RSP reviews to investigate whether audit professionals can employ them to evaluate and recommend changes to current standards in light of research findings. We find that participants, 90 Canadian early-career practitioners working in groups of 5, successfully used twelve of the thirteen RSP reviews to evaluate and

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recommend research-based changes to then-existing International Standards on Auditing. Despite the RSP authors' focus on PCAOB standards' concerns our participants found the RSP reviews could provide a basis for making recommendations for change to ISA's.

- Second, to provide direct evidence on whether the targeted information users (PCAOB policymakers) actually used the RSP reviews, we carry out a research citation analysis of eight PCAOB standard-setting dockets on the topics that the RSP reviews correspond to. We find that citations of the RSP reviews, and related academic research more generally, increased over the RSP lifetime. That is, we find more research citations in recent standard setting dockets than in earlier ones. We interpret the increasing research citation as an indication that RSP reviews increased awareness of academic research, a necessary condition for knowledge transfer to influence policymakers' judgments.

Notes about our research approach:

1. Evidence-based policymaking in other domains advocates studying knowledge transfer through “theory driven evaluations (that) can enhance generalizability and help build a cumulative understanding of the nature of change”.¹
2. Our analysis compares documentary evidence of the eight audit-domain practices with knowledge transfer best practices. We undertook supplementary interviews with RSP authors and the PCAOB liaisons.
3. Our standards evaluation study's early-career practitioner participants are excellent surrogates for our objective, as they have relevant education and experience as potential information users, but know little about the political debates that often accompany the policymaking process. This allows us to parse out knowledge transfer as communicated by academic researchers in their RSPs from policymakers' inherent need to weigh broader concerns of constituents in the political process.
4. For our citation analysis study, we argue that citing research is an indication that the RSP reviews entered the policymakers' awareness and, thus, had potential to affect policymakers' decisions.²

¹ Foy, R., Ovretveit, J., Shekelle, P. G., Pronovost, P. J., Taylor, S. L., Dy, S., Hempel, F., McDonald, K.M., Rubenstein, L.V., & Wachter, R. M. (2011). The role of theory in research to develop and evaluate the implementation of patient safety practices. *BMJ Quality & Safety*, 20(5), 453-459.

² Academic research can be used to post hoc justify decisions that were reached without reference to the academic literature. However, policymakers who intend to justify policy decisions using evidence find that the academic literature provides a constraint ex ante on the policymaker. Further, accountability theory suggests that such a justification intent changes the policymaker's information processing even if they are not consciously aware of it.