

The CPA - Queen's Centre for Governance (CAGOV Centre) Infra-structure Proposals

Centre Mission:

To be the premier Centre for the thoughtful study of governance in Canada with a special emphasis on the roles of the public accountants and audit committees to whom they report.

Single item infrastructure like purchases that will benefit potentially multiple Smith School of Business researchers (e.g. purchase of Audit Analytics site license) who carry out basic research related to the Centre's Governance theme. The applicant has a duty to make clear the linkage of the research to the term "governance".

Project application

An example project application form is attached. The applicant should keep the proposal to one page excluding cost estimates. Where the applicant is a graduate student, a signed memo or email of support from a faculty member familiar with the applicant's work and reason for applying (and willing to discuss it with the Centre) is required.

- Purpose and benefit to applicant: the proposed acquisition must a clear and quantified benefit to the applicant in terms of facilitating their research agenda in an immediate and concrete fashion.
- Benefit to Smith School of Business: by definition infrastructure purchases should be transferable and potentially of benefit to more Smith researchers than just the applicant.
- Cost estimates of acquisition: Documented costs to acquire and set up including quotes from vendors must be attached to proposal and explained in the proposal.
- Other funding applied for (or will be applied for): If the Centre is participating as part of a larger group to obtain an resource please indicate. Also indicate what happens to Centre's commitment if other funding does not occur. If other funders are within Smith, explicit permission is granted by the applicant to coordinate and share information with such funders.
- Indication of where ongoing support to maintain resource (if needed) will be found: If the item requires ongoing fees or administrative support then an indication of how ongoing funding is being dealt with is required.

Proposal approval

All research projects funded will be approved by a sub-committee of the advisory board upon recommendation by the Centre's Academic Director.

Payment of Funds

Approved by Centre Director and processed through Smith Business Office.

Acknowledgement

The researcher will give appropriate credit to the Centre and the organization (the ICAO in the first instance) which provided the funds for the research project in any papers and publications resulting from it.

Reporting

The researcher will include acknowledge the support of the Centre in any publications arising from using the infrastructure provided under this application.

Example of a One Page Infrastructure Proposal

Name:

Position:

Faculty Sponsor (if graduate student):

Purpose and benefit to applicant:

To facilitate the progress of my dissertation, I propose to purchase the database of *Audit Analytics*. My thesis investigates the association between earnings quality and firms' internal control over financial reporting. To carry out my study, I need data regarding US companies' internal control disclosures as per Sections 302 and 404 of the Sarbanes Oxley Act of 2002. US companies' internal control data are publicly available from their financial reports filed with the United States Securities and Exchange Commission. An Internet service called "10K Wizard" is available to retrieve and electronically search firms' lengthy financial reports that contain a wealth of data. However, by using 10K Wizard, I estimate that it would take me approximately 1,000 hours to collect data on internal control strength. *Audit Analytics*, an on-line market intelligence service available from IVE Group, Inc. (<http://www.auditanalytics.com/>), compiles lists of firms with internal control deficiencies. Although it does not contain enough detail to substitute for the complete data found in 10K reports, I propose to use them as a way of directing my attention to firms that report internal control weaknesses in various industries and allowing me to construct control samples without weaknesses. I estimate that this will reduce the raw-data collection to 300 hours.

Benefit to Smith School of Business:

In addition to significantly reducing the data collection time for my thesis, *Audit Analytics* provides a wealth of audit and governance data, including auditor fees, auditor changes, audit opinions, benefit plan opinions, restatements, audit committee data, board of directors data, etc. This database will be highly valuable for other faculty and students who conduct research in the areas of audit and corporate governance.

Cost estimates:

The academic license-cost covering up to three co-authors in one research team is \$4,300 per year (\$4,000 for *AuditAnalytics.com* Education License and \$300 for CIK- CUSIP Matching File subscription). The annual academic-account fee for multiple users is \$5,300 (\$5,000 for *AuditAnalytics.com* Education License and \$300 for CIK- CUSIP Matching File subscription).

Other Funding Applied for or to be applied for:

Besides applying for funding from the Governance Center for the database purchase, I have also applied for funding for the same purpose from Social Sciences and Humanities Research Council of Canada (2006). The results of those applications will be announced in year 2007.

Indication of where ongoing support to maintain resource (if needed) will be found

See above.