International Journal of Innovation, Creativity and Change. www.ijicc.net
Volume 7, Issue 6, 2019

Audit Committee Characteristics and Financial Restatements: Evidence from Malaysia

Suhaily Hasnan[a], Nor Azlina A. Rahman[b] Mazurina Mohd Ali[c], [a,b,c]Faculty of Accountancy, Universiti Teknologi MARA, Shah Alam, Selangor, Malaysia, Email: [a]suhaily77@gmail.com, [b]azlina.rahman@gmail.com, [c]mazurina@uitm.edu.my

The purpose of this study is to examine whether the audit committee characteristics influence the financial restatement incidents that occurred in Malaysian Public Listed Companies (PLCs). The sample comprises of 208 PLCs on the Main Board of Bursa Malaysia for the years between 2003 and 2013. The data from the final sample are collected and analysed using univariate and multivariate analyses. The research hypotheses are developed based on the five characteristics of the audit committee. The findings show that the multiple directorships of audit committee members have significant negative impacts over the incidence of financial restatement in Malayisa. Other characteristics of the audit committee are not statistically significant. This study finds that multiple directorships influence financial restatements, conforming to the principles of Resource Dependence Theory.

Key words: *Audit Committee; Financial Restatements; Malaysia.*

Introduction

The rise of large corporate scandals (e.g., Enron, WorldCom, Tyco, and Lehman Brothers scandals) led to a global economic recession. This, in turn, caused a confidence crisis regarding the reliability of the financial information provided by firms despite such information is monitored by the audit committee. The aforementioned fraud scandals escalated the issue of financial reporting quality and financial restatement. These issues led to the establishment of the Sarbanes–Oxley Act (SOX) in July 2002 and new corporate governance principles for exchanged or PLCs. SOX focuses on the financial aspects of corporate governance. This act demands an increasingly independent audit committee, independent involvement of directors in the oversight board, and accountability appearance of the Chief Executive Officer (CEO) as well as the Chief Financial Officer (CFO) (Cong and Freedman, 2011) in monitoring and supervising the corporate activities to prevent another fraud scandal and in improving the financial reporting quality.

The United States General Accountability Office (GAO)(GAO, 2003) defines financial restatement as the occurrence when the financial statements of an entity previously reported or issued to the public should be revised and corrected either willingly or urged by the regulators or auditors. GAO specifies that the reasons why PLCs issue financial restatements are classified into nine categories. These include acquisitions and mergers, cost or expense, in-process research and development, reclassification, related-party transactions, restructuring assets or inventory, revenue recognition, and related securities as well as other reasons which not mentioned in the categories (GAO, 2003, Okon, 2017, Okon, 2017, Önder, 2018, Osman and Sentosa, 2013, Ozkurt and Alpay, 2018).

The incidence of financial restatement was also observed in developing countries such as Malaysia. Various large PLCs in Malaysia were directed to resubmit their financial statements, whereas others were severely punished by the regulators. The SEC ordered CSM Corporation Berhad, which was previously known as Cold Storage (Malaysia) Berhad, to restate its 1999 financial statements. Aktif Lifestyle was required to amend its 2002 and 2003 financial statements, and Ajinomoto (Malaysia) Berhad was ordered to restate its 2004 financial report (SEC, 2002). Transmile Group was determined to have overstated its revenue amounting to RM 522 million for the financial years 2004 to 2006. This incidence caused a significant decline in the stock price of Transmile from RM 15 to RM 2 per share, resulting in the loss of approximately RM 3.4 billion (Abdullah, Mohamad Nor, and Yusof, 2010). Additionally, around 16, 10, and 19 PLCs in 2012, 2011, and 2010, respectively, were also required to restate their financial statements due to various misstatements, errors, and fraud.

The necessity to establish an effective audit committee has been emphasized by domestic and international regulators (i.e., the Cadbury Committee, Blue Ribbon Committee (BRC) Recommendations (1999), Malaysian Code of Corporate Governance (MCCG) (2000), and Listing Requirements of Bursa Malaysia) to counter the growing issue of financial restatement. An audit committee serves as the critical oversight mechanism in the board of directors (BOD) and performs various monitoring functions. Prior literature has focused on the effectiveness of corporate governance factors in deterring the incidence of financial restatements. The effect of audit committee characteristics specifically on the occurrence of financial restatement in Malaysia is yet to be extensively analysed. Thus, this study aims to determine the influence of audit committee characteristics as an oversight mechanism of corporate governance on the financial restatement incidence as defined by GAO (2002).

The organization of the paper is as follows. Section 2 describes hypotheses development, followed by a section on research method and data. The subsequent section discusses the results of the study. The paper draws its conclusions in the final section.

Hypothesis Development

This paper constructs five hypotheses related to financial restatements to investigate the effect of the audit committee characteristics on restatement firms in Malaysia.

Independence of Audit Committee

The audit committee established by the board enacts various monitoring duties and responsibilities to safeguard the accountability of the BOD. An audit committee should comprise with a majority of independent directors (MCCG, 2012) or entirely consist of independent directors (BRC, 1999).

Most empirical studies that investigate the influence of independent audit committee in Malaysia oppose the restatement studies conducted outside the country. Saleh, Iskandar, and Rahmat (2005) failed to prove that an independent audit committee can be significantly correlated with the accrual management. This case indicates that an independent audit committee may not be the best factor in mitigating earnings management. The significant influence of an independent audit committee on financial restatement in the Malaysian context is yet to be established (Abdullah et al., 2010). This is due to the insufficient regulations in prohibiting the engagement of CEO or finance directors in audit committees. This resulting in the management's dominance over the committee (Abdullah et al., 2010) and reducing the effectiveness of its functions. However, based on the prior literature and despite the conflicting results in Malaysia, the independence of audit committee can be hypothesized as follows:

H1: There is a significantly negative relationship between independent audit committee and the incidence of financial restatement.

Size of Audit Committee

The Listing Requirements of Bursa Malaysia and the MCCG (2012) states that an audit committee should be composed of at least three directors. This criterion can influence the financial restatement incidence in Malaysia. Prior studies have widely looked into the influence of the size of audit committee on its effectiveness. Resource Dependence Theory (RDT) states that a large audit committee can provide additional sources of information, skills, knowledge, and experience from the diverse backgrounds of its directors (Pierce and Zahra, 1992; Nelson and Jamil, 2012). In this case, the oversight quality can be enhanced, and the extent of earnings management can be reduced (Nelson and Jamil, 2012). Dalton, Daily, Johnson, and Ellstrand (1999) foudn that the size and monitoring role of the board are positively related, resulting in a high firm performance. Abbott et al. (2004) specified that an audit committee with at least three independent members is not significantly related to restatement incidence. The hypothesis for the size of audit committee is as follows:

H2: There is a significantly negative relationship between size of audit committee and the incidence of financial restatement.

Expertise of Audit Committee

The Listing Requirements of Bursa Malaysia and the MCCG (2012) urge the PLCs to have at least one member of audit committee with financial or accounting expertise and qualification because the duties and responsibilities of the committee involve highly sophisticated accounting. The audit committee members with financial expertise provide additional resources to the company in monitoring and evaluating the financial reporting practices by the management as stipulated by RDT. In addition, the audit committee members with financial expertise are unrelated to the occurrence of fraud (Persons, 2005) and other financial problems (McMullen and Raghunandan, 1996) because they can objectively assess the financial matters.

Nonetheless, financial expertise may not significantly reduce the earnings management practices (Alkdai and Hanefah, 2012). Nelson and Jamil (2012) clarified that the financial expertise of an audit committee member is not related to the magnitude of earnings management. By contrast, Abbott et al. (2004) proved that financial restatement is significantly negatively related to an audit committee that has at least one member with financial expertise. These outcomes imply that the financial expertise of an audit committee member may effectively reduce the incidence of restatement. The preceding analysis leads to the following hypothesis:

H3: There is a significantly negative relationship between audit committee with financial expertise and the incidence of financial restatement.

Audit Committee Meeting

The meeting frequency of an audit committee may indirectly indicate the diligence and commitment of such a committee in fulfilling their fiduciary duties and responsibilities (DeZoort et al., 2002; Abbott et al., 2004). MCCG (2012) suggested that at least one audit committee meeting should be held with internal auditors, external auditors, or both and without the attendance of the executive directors of the company. In this case, these monitoring mechanisms are given enough space to discuss the accounting issues arising in the company. Xie et al. (2003) identified that the audit committee meetings are negatively correlated with discretionary accruals. A high frequency of meetings reduces the noise of discretionary accruals and lessens the financial problems of the company (Menon and William, 1994). Zhang et al. (2007) demonstrate the importance of increasing the number of audit committee meetings to control and solve significant accounting or auditing issues effectively that is consistent with the influence of meetings over financial restatement incidences. Therefore, the following hypothesis is drawn:

H4: There is a significantly negative relationship between audit committee meeting frequency and the incidence of financial restatement.

The final sample for this study is 208 companies that consist of 104 restatement firms and 104 non-restatement firms. This paper will use the regression model, similar to the model used by Beasley (1996), to predict the relationship between the audit committee characteristics and financial restatement. The research model is summarized as follows:

:

$$RESTATEMENTit = \alpha + \beta 1\ INDEP + \beta 2\ AUDSIZE + \beta 3\ EXPERT + \beta 4\ AUDMEET + \beta 5\ DIRECTSHIP + \varepsilon$$

Where;
RESTATEMEN T = The incidence of
restatement (2003–

2012) is coded as 1, and
0 otherwise

2.5 Multiple Directorships of Audit Committee

Multiple directorships may become an important criterion that influences restatement. Beasley (1996) notes that this criterion measures the directors' reputation in performing their monitoring function. Multiple directorships may provide the company with various resources for information, skills, and knowledge while also offering numerous opportunities to compare the company's management policies, style, and business strategies. Sharma and Iselin (2006) also found that multiple directorships may reduce the occurrence of financial misinformation.

Contrarily, Persons (2005) stated that multiple directorships may reduce the effectiveness of the monitoring mechanism of the firm over its management. The incidence of fraud is high when multiple appointments of the audit committee's directors are great, causing fewer voluntary ethics disclosures (Othman et al., 2014). Sun, Lan, and Liu (2014) and Ferries et al. (2003) observed that multiple directorships may become less effective due to their busyness and the members lack of time to monitor the management's actions. Correspondingly, the oversight quality of the board is reduced and yields a thinning effect owing to the spread of memberships through interlocking directorship (Rickling, 2014). Thus, the hypothesis for multiple directorships is as follows:

H5: There is a significantly positive relationship between multiple directorships among audit committee members and the incidence of financial restatement.

INDEP = The percentage of independent directors in the audit committee

AUDSIZE = The number of audit committee members

EXPERT = The percentage of the independent audit committee members with accounting or financial expertise

AUDMEET = The number of audit committee meetings held annually

DIRECTSHIP = The average number of multiple directorship of the independent committee members

---

Table 1: Univariate Results

Restatement Firms (n=104) Control Firms (n=104) Mean Diff.
Variable Name Mean Median Std. Dev. Mean Median Std. Dev.-value

Section A: Continuous Variables

	INDEP	.770	.710	.157	.778	.750	.167	0.008	0.363
SIZE	AUD	.413	.000	.783	.471	.000	.737	0.058	0.547
ERT	EXP	.337	.330	.223	.325	.330	.206	.012	.418
MEET	AUD	.990	.000	.604	.933	.000	.367	.058	.279
ECTSHIP	DIR	.699	.670	.305	.760	.000	.298	0.061	1.454

Notes: *p < 0.05; two-tailed test; n=104

Research Methodology

The sample comprises of publicly listed companies on the Main Board of Bursa Malaysia for the years between 2003 and 2013. Both of the financial and corporate data are obtained from the annual reports. A total of 208 firms meet the selection criteria included in the study. A total of 118 restatement firms are determined through their annual reports by searching the keywords "restate" or "restatement," "prior year adjustment," and "comparative" (Abdullah et al., 2010). This is based on the matching process introduced by Arthaud-Day et al. (2006).

Empirical Evidence and Discussions

The result of univariate analysis presented in Table 1 explains the descriptive statistics of this study. The table presents the means, medians, standard deviations, mean difference, and t-value of the restatement and control firms in Malaysia. Table 1 shows that the independence of an audit committee for restatement and non-restatement records has almost the same average, with 0.008% mean difference. The audit committee of control firms is slightly independent (mean = 77%) compared with that of the restatement firms (mean = 77.8%). This finding indicates that an independent audit committee ineffectively prevents the occurrence of misstatement, coinciding with the observations of Abdullah et al. (2010) and Saleh et al. (2007).

The mean for audit committee size, expertise, and meeting frequency also presents almost the same average with small or no mean difference. The average size of the audit committee for restated and non-restated firms is three members. For the meeting frequency of the committee, both firms also account for the same average frequency of four meetings. The average percentage of the audit committee expertise for treatment and control firms are 33.7% and 32.5%, respectively. This observation implies that the audit committee of restatement firms has a slightly higher percentage of financial expertise than that of the non-restatement firms. The mean for the multiple directorships of restatement firms is 69.90%, which lesser than that of the control firms (i.e. 76%). The members of the audit committee for the restatement firms, which held less directorships in other companies as compared with audit committee in non-restatement firms, lack external resources and capabilities. This is attributed to affecting their performance in monitoring the effectiveness of company operation (Sarkar and Sarkar, 2009). Thus, they can make appropriate plans and strategies to enhance the reputation of the company by providing financial information to the stakeholders and raise the company's concern toward public interest.

Table 2: Logistic Regression of Financial Restatements on Audit Committee Characteristics

	Predicted Sign		.E.	ald	ig.	xp(B)	IF
Independent Variables							
INDEP		0.121	.030	.014	.906	.886	.081
AUDSIZE		0.202	.240	.705	.401	.817	.139
EXPERT		.643	.751	.733	.392	.903	.089
AUDMEET		.079	.105	.572	.450	.082	.036
DIRECTSHIP		1.156	.557	.313	**.038***	.315	.047
Constant		.705	.484	.321	.250	.504	
Observation		08					
Nagelkerke R^2		.132					

Notes: **p < 0.05, two-tailed tests; n = 104*

Model: RESTATEMENT =α + β1 INDEP + β2 AUDSIZE + β3 EXPERT + β4 AUDMEET + β5 DIRECTSHIP + ε

The other characteristics of the audit committee are is statistically significant. Abdullah et al. (2010) provide a thorough explanation for this condition, indicating that the establishment of an audit committee in the BOD is a mandatory requirement imposed on PLCs by the regulatory bodies. The audit committee of PLCs should guarantee that the internal control and business operation of firms adhere to the regulatory requirements. In addition, the committee should play their role effectively on behalf of the stakeholders' interest. The PLCs are not required to employ audit committee members with fully independent non-executive directors. This case may create a bias judgment by the audit committee in serving the best interest of the company's shareholders. The managing or finance directors of firms are obliged to sit with the audit committee, and only one audit committee member should have financial expertise. These requirements may impair the effectiveness of the audit committee, given that the director can greatly influence the judgment of the entire committee. The committee cannot make a transparent decision for the shareholders' interest, and its lack of understanding on the financial and accounting practices and procedures that should be presented to the public.

The recent improvements on MCCG (2012) has enhanced the role of the audit committee to monitor the financial reporting practices in compliance with the applicable accounting standards and regulations. Thus, all listed companies should have an audit committee whose members are all independent directors and have financial expertise to ensure the BOD's effectiveness as an oversight mechanism within the company.

Conclusion

This study confirmed that multiple directorships influence financial restatements. These results conform to the principles of RDT and are supported by the findings of Table 2, which presents the regression result of the effect of audit committee characteristics on the incidence of financial restatements. As per Table 2, the results in the model indicate that the adjusted R2 is 0.132. The adjusted R2 implies 13.2 per cent of the variation in the incidence of financial restatement is explained by the audit committee characteristics. The sample size that consists of 208 companies and the number of variables must also be taken into account. The findings show that only the variable of multiple directorships has a significant negative influence on the incidence of financial restatement in Malaysia. The audit committee members who have multiple directorships in other companies can mitigate the literature (Haniffa and Cooke, 2002; Sharma and Iselin, 2006; Sarkar and Sarkar, 2009, Hasnan et al, 2013). Although the other characteristics of the audit committee are determined to be insignificant, the importance of audit committee independence, size, financial expertise, and meeting frequency cannot be ignored. These criteria are needed to improve the effectiveness of audit committee in executing their roles as well as mitigating other accounting and financial reporting issues (Abbott et al., 2004; Zhang et al., 2007; Choi, Han and Lee, 2014). The results of this study can help regulators and other accounting professionals in enhancing the precautions against fraud criminals engaged in PLCs. This is based on information analyses as well as in formulating new rules and regulations to reduce the possible fraud environments in organizations. Further research should be conducted by employing additional factors that can reduce restatement incidence (e.g., audit quality, internal control effectiveness, and tenure of audit committee).

Acknowledgments

The authors would like to express their gratitude to the Ministry of Education of Malaysia for funding the research project through the FRGS grant (FRGS/1/2016/SS01/UITM/02/1). Our appreciation also goes to the Faculty of Accountancy, Universiti Teknologi MARA and Accounting Research Institute, Universiti Teknologi MARA for facilitating this research project.

REFERENCES

Abbott, L. J., Parker, S., & Peters, G. F. (2004). Audit Committee Characteristics and Restatements. AUDITING: A Journal of Practice & Theory, 23(1), pp. 69-87.

Abdullah, S. N., Mohamad Yusof, N. Z. and Mohamad Noor, N.

Alkdai, H. K .H, & Hanefah, M. M. (2012). Audit committee characteristics and earnings management Malaysian Shariah- compliant companies. Business and Management Review, 2(2), pp. 52-61.

Arthaud-Day, M.L., Certo, S.T., Dalton, C.M. and Dalton, R. (2006). A changing of the guard: executive and director turnover following corporate financial restatements, Academy of Management Journal, 49, pp. 119-136.

Aziz, N. F., Mohamed, M., Hasnan, S., Sulaiman, N. and Abdul Aziz, R. (2017). Ownership Structure and Financial Restatement in Malaysia. Pertanika Journal of Social Science and Humanities, 25(S), pp. 227-236.

Beasley, M. S. (1996). An empirical analysis of the relation between the board of director composition and financial statement fraud. The Accounting Review, 71(4), 443-465.

Blue Ribbon Committee (BRC) (1999). Report and Recommendations of Blue Ribbon Committee on Improving the Effectiveness of Corporate Audit Committees. New York: New York Stock Exchange and National Association of Securities Dealers.

Choi, Y. K., Han, S. H., & Lee, S. (2014). Audit committees, corporate governance, and shareholder wealth: Evidence from Korea. Journal of Accounting and Public Policy, 33(5), pp. 470– 489.

Cong, Y., & Freedman, M. (2011). Corporate governance and environmental performance and disclosures. Advances in Accounting, 27(2), pp. 223-232.

Dalton, D. R., Daily, C. M., Johnson, J. L., & Ellstrand, A. E. (1999). Number of directors and financial performance: a meta- analysis. Academy of Management Journal, 42(6), pp. 674-686.

DeZoort, F. T., Hermanson, D. R., Archambeault, D. S., & Reed, S. A. (2002). Audit committee effectiveness: A synthesis of the empirical audit committee literature. Journal of Accounting Literature, 21, pp. 38-75.

Ferris, S. P., Jagannathan, M. & Pritchard, A.C. (2003). Too busy to mind the business? Monitoring by directors with multiple board appointments. The Journal of Finance, 58(3), pp. 1087-1111.

General Accounting Office (GAO). (2003). Financial statement restatements: Trends, market impacts, regulatory responses, and remaining challenges. GAO-03-138. Washington, DC: Government Printing Office.

Haniffa, R. M. & Cooke, T. E. (2002). Culture, corporate governance and disclosure in Malaysian corporations. ABACUS, 38(3), pp. 317-349.

Hasnan, S., & Abdul Rahman, R. (2014). Determinants of Fraudulent Financial Reporting: Evidence from Malaysia. Jurnal Pengurusan, 42(1), 1-29.

Hasnan, S., & Hussain, A. R. (2015). Factors Associated with Financial Restatements: Evidence from Malaysia. Jurnal Pengurusan, 44, 105-116.

Hasnan, S., Abdul Rahman, R., & Mahenthiran, S. (2013). Management Motive, Weak Governance, Earnings Management, and Fraudulent Financial Reporting: Malaysian Evidence. Journal of International Accounting Research, 12(1), pp. 1-27.

Hasnan, S., Daie, M.S. and Mohamed Hussain, A. R. (2016). Related Party Transactions and Earnings Quality: Does Corporate Governance Matter? International Journal of Economics and Management, 10(1), pp. 189-219.

Hasnan, S., Marzuki, H. and Mohamed Shuhidan, S. (2017). Effects of Board Characteristics on Financial Restatement in Malaysia. Pertanika Journal of Social Science and Humanities, 25(S), pp. 259-268.

Malaysian Code of Corporate Governance (2012). Securities Commission. Kuala Lumpur.

Mazuki, H. and Hasnan, S. (2018) The Impact of Board Composition and Board Diversity on Financial Restatement. Chapter in a Book di Islamic Finance & Wealth Management 2018 issue. Publisher: USIM Press Publisher.

N. (2010). Financial restatements and corporate governance among Malaysian listed companies. Managerial Auditing Journal, 25(6), pp. 526-552.

Nelson, McMullen, D. A. and Raghunandan, K. (1996). Enhancing audit committee effectiveness, Journal of Accountancy, 182(2), pp. 79-81.

Okon, E. O. (2017). Climate Change: Space Technology and Climate-Resilient Development in Nigeria. International Journal of Social Sciences Perspectives, 1(1), 6-19.

Okon, P. E. (2017). NAME AS A VEHICLE OF COMMUNICATION: A CASE OF THE EFIKS OF NIGERIA'S CROSS RIVER STATE. International Journal of English Language and Literature Studies, 6(2), 33-41.

Önder, M. (2018). Contribution of Plays and Toys to Children's Value Education. Asian Journal of Education and Training, 4(2), 146-149.

Osman, Z., & Sentosa, I. (2013). Mediating effect of customer satisfaction on service quality and customer loyalty relationship in Malaysian rural tourism. International Journal of Economics Business and Management Studies, 2(1), 25-37.

Othman, R., Ishak, I. F.,Mohd Arif,S. M. & AbdulAris, N. (2014). Influence of audit committee characteristics on voluntary ethicsdisclosure.Procedia - Social and Behavioral Sciences, 145, pp. 330-342.

Ozkurt, B., & Alpay, C. B. (2018). Investigation of Proactive Personality Characteristics of the Students of High School of Physical Education and Sports through Various Variables. Asian Journal of Education and Training, 4(2), 150-155.

Persons, O. S. (2005). Relation between the new corporate governance rules and the likelihood of financial statement fraud. Review of Accounting and Finance, 4(2), pp. 125-148.

Pierce, J. A., & Zahra, S. A. (1992). Board composition from a strategic contingency perspective. Journal of Management Studies, 29(4), pp. 411-438.

Retrieved from http://works.bepress.com/errol_iselin/9

Rickling, M. (2014). Audit Committee Characteristics and Repeatedly Meeting-Beating Analyst Forecasts. International Journal of Business, 19(2), pp. 173-191.

S. P., & Jamil, N. N. (2012). An Investigation on the Audit Committee's Effectiveness: The Case for GLCS in Malaysia (February 22, 2012). 2nd Accounting Research Education Conference (AREC), 2012. Available at SSRN: http://ssrn.com/abstract=2020184

Saleh, N. M., Iskandar, T. M., & Rahmat, M. M. (2005). Earnings Management and Board Characteristics: Evidence from Malaysia. Jurnal Pengurusan, 24, pp. 77-103.

Saleh, N. M., Iskandar, T. M., & Rahmat, M. M. (2007). Audit Committee Characteristics and Earnings Management: Evidence from Malaysia. Asian Review of Accounting, 15(2), pp. 147-163.

Sarkar, J., & Sarkar, S. (2009). Multiple board appointments and firm performance in emerging economies: Evidence from India, Pacific-Basin Finance Journal, 17(2), pp. 271–293.

Securities Commission (2002) SC acts tough on errant PN4 directors; offenders will be deal with. Retrieved from http://www.sc.com.my/ENG/HTML/resources/press/pr_2002121 2.html].

Sharma, V. D., and Iselin, E. R. (2006). Reputation, Tenure and Compensation of Independent Audit Committee Members and Financial Restatements. Paper presented at the American Accounting Association Annual Conference, Washington D.C.

Sun, J., Lan, G., & Liu, G. (2014). Independent audit committee characteristics and real earnings management. Managerial Auditing Journal, 29(2), pp. 153-172.

Xie, B., Davidson, W. N. & Dadalt, P. J. (2003). Earnings management and corporate governance: The role of board and the

Zhang, Y., Zhou, J., & Zhou, N. (2007). Audit committee quality, auditor independence, and internal control weaknesses. Journal of Accounting and Public Policy, 26(3), pp. 300-327.