

Audit committee involvement in auditor-client negotiations: audit committees', chief financial officers' and external auditors' experiences

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The audit committee's oversight roles are crucial to achieve high quality financial reporting. However there has been limited research examining the involvement of audit committees in auditor-client negotiations. Research on auditor-client negotiations to date has tended to focus on dyadic interaction between auditors and management. Therefore, the lack of evidence from the triadic relationship of the CFOs, ACs and EAs reinforces the need to examine this topic (Brown & Wright, 2008; McCracken et al., 2008). In response to this call we surveyed CFOs, ACs and EAs of Malaysian publicly listed companies to elicit their perception of the involvement of audit committees in auditor-client negotiations. A total of 118 usable responses were received. The study found a convergence in the perceptions of EA, CFO and AC members concerning the role of audit committees. The findings suggest that the participants perceived the audit committee helps to resolve the disputed issues in auditor-client negotiations.

Field of Research: Audit committee; external auditor; chief financial officer; auditor-client negotiation.

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