1056-J5-1736 **Richard J Cleary*** (rcleary@bentley.edu), 12 Lafayette Circle, Wellesley, MA 02482.
Statistical Inconsistency in the Audit Risk Model. Preliminary report.

The Audit Risk model is used to help practicing accountants quantify the probability that the financial statements of a client will contain a significant error, known in the field as a material misstatement. While conceptually helpful, the most commonly used form of the model fails to address two important questions. First, it does not make clear whether terms in the model are independent. Second, it ignores one major possible source of error. We present data that show that auditing students interpret the model in very different ways. (Received September 22, 2009)