

Accruals Quality and Internal Control over Financial Reporting



Jeffrey T. Doyle; Weili Ge; Sarah McVay

+ Author & Article Information

The Accounting Review (2007) 82 (5): 1141-1170.

<https://doi.org/10.2308/accr.2007.82.5.1141>

Views ▾	Share ▾	Tools ▾	Cite ▾
---------	---------	---------	--------

We examine the relation between accruals quality and internal controls using 705 firms that disclosed at least one material weakness from August 2002 to November 2005 and find that weaknesses are generally associated with poorly estimated accruals that are not realized as cash flows. Further, we find that this relation between weak internal controls and lower accruals quality is driven by weakness disclosures that relate to overall company-level controls, which may be more difficult to “audit around.” We find no such relation for more auditable, account-specific weaknesses. We find similar results using four additional measures of accruals quality: discretionary accruals, average accruals quality, historical accounting restatements, and earnings persistence. Our results are robust to the inclusion of firm characteristics that proxy for difficulty in accrual estimation, known determinants of material weaknesses, and corrections for self-selection bias.

This content is only available via PDF. Note: Supplemental materials and Teaching Notes are not available for Early Access articles. Links within the PDF will be activated once the article has been compiled and published in an issue.

American Accounting Association

You do not currently have access to this content.

Sign in

Don't already have an account? [Register](#)

Member Login

Skip to Content



Pay-Per-View Access
\$25.00

AAA Members: Please log in for free access to content. Note, Teaching Notes are a full member benefit and are not available to student members.

 [Buy This Article](#)



[View Metrics](#)

Citing Articles Via

Web Of Science (761)

Google Scholar

CrossRef (995)

Email Alerts

Article Activity Alert

Publish Ahead of Print Alert

New Issue Alert



[Skip to Main Content](#)

Print ISSN: 0001-4826 **Online ISSN:** 1558-7967

[Information for Authors](#)

[Authorship Policy](#)

[Plagiarism Policy](#)

[Data Integrity Policy](#)

[Citing Corrected Articles Policy](#)

[Minimizing Overlapping Decision Rights Policy](#)

[Prior Publication Policy](#)



[Cookie Policy](#) [Accessibility](#) [Terms & Conditions](#) [Get Adobe Acrobat Reader](#)

© Copyright 1998 - 2025 American Accounting Association. All rights reserved.