



The Quality of Financial Audit Missions by Reporting the Key Audit Matters

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Abstract

At the level of a regulated capital market, reporting a complete set of financial statements that includes quality financial information is the main user's intention for strategic or operational decision making. Their decisions are influenced, among other things, by the independent and objective opinions of the audit profession, which ensures the fair representation, under the most significant aspects, of the financial position and performance. The major financial scandals have brought into question the role of the audit profession, as well as the adoption of new audit standards or methodologies that contribute to increasing the quality of audit missions and, implicitly, audit reports. Reporting in audit has seen many changes over time, the most recent being those relating to the inclusion of Key Audit Matters (KAM) as separate section in the auditor's report. The purpose of this requirement is to increase the communicative value of the audit report by ensuring greater transparency to support stakeholders. In this context, it is of interest to what extent the audit reports of the entities listed on the Bucharest Stock Exchange issued after the application of the new reporting requirements in audit ensure a higher communicative value and, implicitly, a higher quality of the financial audit missions. This study is based on the analysis of the mandatory audit reports related to the financial years that ended at the end of the years: 2016, 2017 and 2018 of the companies listed on the BSE on the main market, in order to highlight the quality of the financial audit missions as a result of the obligation that the auditors have to include in the published reports Key Audit Matters (KAM) in a separate section.

Key words: audit quality; audit report; key audit matters (KAM); transparency in audit; communication value of the audit report

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