
The Impact of an Expanded Auditor's Report on the Stakeholders

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Abstract

Considering the stakeholders' increasing demand for more information, the International Auditing and Assurance Standard Board, in its quest to bridge the expectation gap, introduced a new expanded audit report format. However, whether this new audit report format is effective in meeting stakeholders' needs is a significant question that regulators, standard setters and academics are interested in evaluating. This paper aims to examine the impact of the expanded auditor's reports on stakeholders. The study adopts a qualitative approach and is based on an assessment of previous research conducted on the new audit report standards and the audit report's implications for stakeholders. The research findings suggest that the inclusion of enhanced information on auditor's responsibility, understandability of audit report information and the addition of critical information and post-implementation experience are important aspects influencing the effectiveness of the auditor's report. This study contributes with some key elements that can be helpful to standard setters, regulators, and academics who intend to develop recommendations to make auditor's reports more robust and effective for end-users.

Key Words: *audit; audit report; audit expectation gap; expanded audit report; ISA 701; stakeholders;*

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Introduction

Auditors play an essential role in trust-building and are a significant component of the organisation's corporate governance structure. As independent experts representing shareholders and providing assurance on financial statements prepared by the management, auditors have a crucial function and a major responsibility on their shoulders (Rodgers et al., 2019). An audit report is a key deliverable which, most of the time, consists of the only communication channel between the auditors and the shareholders, therefore being a highly important document.

Auditor's Report

Audit is an essential element of corporate governance that aims to close the information gap resulting from the separation of ownership and management, also referred to as the agency problem. The agency problem arises specifically in the case of publicly listed companies as most investors (shareholders) are generally not involved in the day-to-day management of the corporates. The agency problem requires a robust mechanism to ensure that the shareholders' interests are well-protected. The auditor's report enhances stakeholders' trust in the financial information prepared and reported by the management; it is instrumental in ensuring that stakeholders feel comfortable using the financial information and proceed confidently with their decision-making (Velte & Issa, 2019). The former auditor's report format, which was used in most of the countries until 2016, was helpful to stakeholders. However, there were some major limitations in terms of information delivered to stakeholders. The structured format with limited scope for auditors to include additional information and the information conveyed in a restricted manner were hindrances and proved ineffective in bridging the knowledge gap. In the past couple of decades, stakeholders have increased their demand for more information to be included in the audit reports, as they are interested not only in the audit opinion but also in how the auditors reached the conclusion and formed the opinion, the limitations of the audit, and other critical aspects. Stakeholders felt that the simple and technical audit report was ineffective since it did not provide relevant information to them (Gutierrez et al., 2018).

In response to the stakeholders' increasing demand for audit reports to be more informative and to ensure audit

reports provide more relevant and comprehensive details in an understandable manner, the International Auditing and Assurance Standards Board introduced a new auditing standard and amended existing ones related to the audit reports. The public interest entities' audit reports have been significantly impacted by these changes.

The following are the key modifications brought about by the new standards:

- Inclusion of a key audit matters section in the audit report in which auditors must provide additional information to stakeholders about critical audit issues and how the auditors responded to these concerns. This is only mandatory for public interest entities' audit reports;
- Modification of the audit report's structure for enhanced understandability;
- Improved going concern reporting and introduction of additional paragraph highlighting related material uncertainty, if any exists;
- More robust reporting of information on auditor's independence, ethical duties and auditor responsibilities (International Auditing and Assurance Standards Board [IAASB], 2015).

Stakeholders and their expectations

Even though the auditor's report is prepared for and addressed to the shareholders, to whom the auditors owe their primary responsibility, its use is not restricted to them. A larger stakeholder group relies on the auditor's reports and uses the conveyed information to make financial or non-financial decisions. Audit reports enhance confidence in the financial statements. If required by the jurisdiction regulators, they may also include additional details on the compliance aspects. Accordingly, all stakeholders who are interested in the company's financial information are by default interested in the audit report as well. Thus, an auditor's report is equally important to lenders, employees, the government, tax authorities, suppliers, pressure groups and society at large (Velte & Issa, 2019). The wider readership of the auditor's report leads to a unique problem, because each stakeholder is interested in different pieces of information and has varied expectations of the auditors. Though the opinion expressed in the auditor's report on the company's financial statements is equally relevant to all stakeholders, their need for supplementary data and structure differs

(Suttipun, 2020). Stakeholder expectations are impacted by their knowledge of auditors' responsibilities, audit methodology, audit scope and intended use of the information (Tiron-Tudor et al., 2018). As no solution by itself can meet the needs of all stakeholders, standard setters must perform the difficult task of managing varied expectations in the process of developing standards on the audit report.

The expanded audit report and stakeholders

Given the wider audience of audit reports, regulators and standard setters around the globe have been critical yet cautious about making changes to the audit report format (Kitiwong & Sarapaivanich, 2020). The knowledge gap caused by the disparity between users' expectations from auditors, the actual assurance provided, and the audit objective have always been some of the major causes of the audit expectation gap (Sirois et al., 2018). The new auditing standards for auditor reports intend to overcome not only the knowledge gap but also the larger audit expectation gap (Cordoş & Fülöp, 2020). The new standards attempt to attain this by requiring auditors to supply enhanced information on the auditor's responsibilities, the independence and scope of an audit, as well as and more details about the limitations and challenges faced by auditors, by using the key audit matters section. The enhanced going concern data and the audit report structural changes were introduced to ensure that stakeholders have access to more and quality information (International Auditing and Assurance Standards Board [IAASB], 2015; Public Company Accounting Oversight Board [PCAOB], 2017). However, whether the standard has been effective in providing stakeholders with the necessary details and bridging the information gap is a critical subject that regulators, standard setters and scholars are interested in analysing.

1. Literature review

The peered-reviewed research papers and articles from renowned journals were used (a) to examine the existing research on the expanded audit report and its impact on stakeholders and (b) to further understand the research methodology, outcomes and research gaps in the existing literature. The studies have been broadly categorised under four headings, with the purpose of aiding in obtaining a better evaluation of current literature. The existing literature has been critically synthesised, analysed

and interpreted to identify the gaps and assess the potential and need for further research.

1.1 Auditor's responsibility

Among the major changes introduced by the revisions and new auditing standards on audit reports are more information on the auditor's responsibility, ethical requirements and audit scope (Abdullah & Mustafa, 2020). There have been few attempts to investigate the implications of these disclosures on stakeholders. The studies suggest that stakeholders with better information about the scope of an audit and the auditor's responsibilities are able to better understand the assurance level and the auditor's independence-related information (Tiron-Tudor et al., 2018). The revised model of the auditor's report provides more data on management and auditor responsibilities, which seems to be effective in bridging the expectation gap (Manoel & Quel, 2017). This information, corroborated with other changes, is expected to enhance the user's perceptions of audit quality. However, there is a lack of consensus on whether the new audit report format has improved transparency and audit quality (Masdor & Shamsuddin, 2018).

1.2 Understanding

Understanding is of paramount importance. If the audit report information is not understandable, it will hardly generate any value for the end-users. Although the new audit report expects to bridge the gap and thus expect to make the report more understandable, studies suggest the contrary (Segal, 2019). The lengthy audit report has resulted in tremendous changes to the auditor report's content and terminology (Tušek & Ježovita, 2020). Albeit the new auditor's report format delivers more information to users, the sentence structure, length and number of words are well beyond the expected linguistic limits, affecting the ease of understanding. Considering parameters such as the Flesch reading ease formula, the auditor's report seems to be highly complex to pass the readability test (Fakhfakh, 2016). Also, the non-core areas of the audit report are significantly lengthier and difficult to comprehend. The use of overly technical language and jargon has increased with the inclusion of the key audit matters section; this can further impact the understandability of the auditor's report, specifically when

the users are not experts in reporting and auditing (Tiron-Tudor et al., 2018).

1.3 Information

With the addition of the key audit matters section, the data on critical audit issues were expected to be instrumental in bridging the expectation gap; however, the results of related studies have been contradictory. According to a study based on auditors' perception of the new audit report format in South Africa, the disclosure of key audit matters (KAM) has been ineffective in bridging the expectation gap (Segal, 2019). Other studies find KAM are critical information for stakeholders (Zhou, 2019). Conversely, the study focusing on audit report users (Lenders in Macedonia) suggests the contrary and concludes that stakeholders benefitted from the inclusion of key audit matters information, with many lenders rating it as the most critical information for decision-making (Trpeska et al., 2017).

Another important change in the audit reports has been the inclusion of more detailed going concern information. A study of audit reports of Croatian listed companies indicates that this modification has been effective in providing relevant information to stakeholders (Tušek & Ježovita, 2020). In terms of materiality disclosure, lenders appear to be less interested in this information (Trpeska et al., 2017).

1.4 Post-implementation experience

Even though many studies have been conducted on the topic of expanded audit reports, most of them were performed during the initial stage of implementation. Hence, they have highlighted the need for post-implementation research. The actual effectiveness of the new auditor's report can be investigated following implementation (Faccia et al., 2020; Manoel & Quel, 2017; Tiron-Tudor et al., 2018). The post-implementation experience is essential for research, since it is only then that the impact of the new standard on audit quality and effectiveness can be truly understood (Masdor & Shamsuddin, 2018). The COVID-19 pandemic has led to an environment characterised by uncertainty, that raises questions on the going concern assumptions, this being an important test for the new audit report requirements (Đorđević & Đukić, 2021).

According to the literature review, most of the research papers evaluated the impact and effectiveness of new audit report requirements during the initial phase of implementation, and the findings were inconsistent. As at the moment the standard has now been implemented for a few years, there is ample potential for future research. Moreover, it can be expected that shareholders who have been acquainted with the new format will be in a better position to remark on the audit report's efficacy. The proposed study could be of immense value to the standard setters and regulators in understanding the effectiveness of audit reports.

2. Research problem and questions

2.1. Research questions

This study intends to evaluate the impact of information contained in audit reports on stakeholders using this information. Based on the literature review and critical evaluation of existing studies, substantial research gaps were identified. Consequently, relevant questions were framed and will be analysed in this study.

- What effect does the inclusion of expanded information on auditor responsibilities have on audit report users?
- Which aspects impact the understandability of the audit report's information and its implications for stakeholders?
- Which elements of the audit report are critical for stakeholders and have the most informative value?
- What was the impact of the new audit report standards and format on users after implementation?

2.2 Research objectives

The study was conducted with the following target objectives:

- To determine the impact of the audit report's enhanced information related to the auditor's responsibility and independence on stakeholders.
- To identify the factors that improve the auditor's report understandability and its effect on stakeholders.
- To ascertain the key elements of the expanded audit report that stakeholders perceive as critical for their decision-making.

- d) To detect the primary elements that influenced audit report users based on stakeholder post-implementation experiences.

3. METHODOLOGY

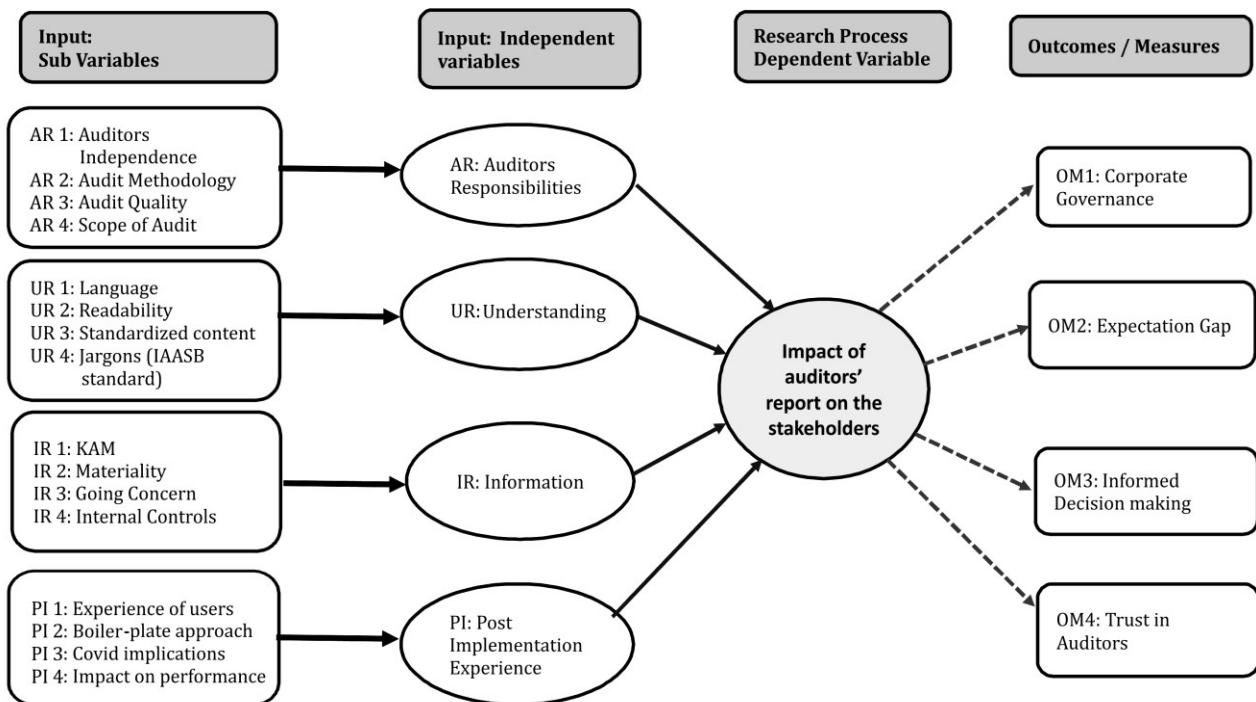
3.1 Methodology & scope

The study adopted a qualitative research approach and was based on a critical evaluation of available literature on the revised audit report and its implications on

stakeholders. The important variables that contribute to the audit report's effectiveness were analysed and identified. The study used as references peer-reviewed articles published after 2018, with few critical pieces before 2018. The current literature was examined to synthesise the essential variables. Through this analysis, the objectives, outcomes and conclusions were critically analysed, and the research gaps were identified.

3.2 Research framework

Figure no. 1. Research Framework



Source: Authors' projection

3.3 Variables

The independent variables and sub-variables highlighted in the framework above are described below.

3.3.1 Information on auditor's responsibility

The information on the auditor's responsibility (AR) is meant to improve transparency and set clear expectations.

AR 1: Auditor's independence

The reliability of the auditor's report depends on the auditor's independence; hence, information on their independence and ethical framework is critical for stakeholders.

AR 2: Audit methodology

The information on the methodology applied by the auditor can be effective in bridging the expectation gap and

providing more material to stakeholders about the conduct of an audit.

AR 3: Audit quality

As the audit report is the only deliverable from the auditors, and, in some cases, the only communication channel from the auditors, it is instrumental in providing information about the audit quality. With data on independence, ethics and audit methodology, the audit report can effectively offer insights on audit quality and lead to audit quality enhancement.

AR 4: Scope of audit

Stakeholders would be in a better position to evaluate the audit report if they understand the scope of an audit and the level of assurance that auditors provide. Understanding the auditor's responsibilities in terms of fraud and compliance with the law is crucial for stakeholders to make the greatest use of the audit report's information.

3.3.2 Understandability of information

Even though the auditor's report contained comprehensive information, it is of little value if it is not understandable. Understandability of information (UR) is a primary aspect that impacts the audit report users.

UR 1: Language. The language used in the audit report must not be overly complex, as this might impair understandability and reduce the value derived from the auditor's report.

UR 2: Readability. The length of sentences and the number of words included in each sentence can have a critical impact on readability. Lengthy paragraphs and sentences might make the audit report content difficult to grasp.

UR 3: Standardised content. Standardising the content and structure of audit reports can help users in easily navigating and identifying critical information from the audit reports, enabling understandability. However, this can be a limitation in terms of providing further information at times.

UR 4: Jargons (IAASB standard). The use of jargon can affect the understandability of audit report information, particularly for users with limited knowledge of auditing and reporting standards.

3.3.3 Information

Information (IR) is another aspect that impact the stakeholders.

IR 1: Key Audit Matters (KAM). The key audit matters section is an important addition to the audit reports that allows auditors to provide more information on critical audit aspects. The section is highly beneficial for users in terms of their understanding of the areas involving judgement and limitations faced by auditors and their response to the critical matters.

IR 2: Materiality. Materiality is a critical aspect that influences not only the audit plan and execution but also the overall results of the audit exercise. Hence, it is a significant piece of information that would interest stakeholders.

IR 3: Going Concern. An entity's ability to remain in business is critical information that impacts all stakeholders. Thus, it is an essential component on which the stakeholders expect an opinion from auditors.

IR 4: Internal Controls. The outcome of an auditor's internal control testing has a significant impact on audit. It is key information that can aid users in decision-making.

3.3.4 Post-implementation experience

As the new audit report standard has now been in place for six years, it is pertinent to evaluate the post-implementation experience (PI).

PI 1: User experience. As stakeholders have been using the new audit report format, their experience with it and comfort in adapting to the latest information have been a critical factor.

PI 2: Boilerplate approach. Though the new standards gave auditors an opportunity and obliged them to provide more information with respect to the key audit matters, there is a risk that they may take an easy and safe route of following a boilerplate approach and highlight the same items under this section on an ongoing basis, hence influencing the effectiveness of the auditor report.

PI 3: COVID-19 implications. The COVID-19 pandemic provided a good context for testing of the new audit report's strength. It is worth considering whether the auditors addressed the impact of uncertainties stemming from the pandemic and whether the new auditor report format truly helped stakeholders get access to the required information.

PI 4: Impact on performance. A critical test of the audit report's effectiveness and impact on stakeholders includes whether the offered information influenced their decision-making process.

4. Discussion, analysis and outcomes

4.1 Auditor's responsibilities

A lack of understanding of an auditor's responsibilities is a major factor impacting stakeholder's perceptions of audit and audit quality. The difference between stakeholders' expectations and auditors' responsibilities as prescribed by the statute and governing standards has widened the audit expectation gap. Since not all stakeholders come from a financial background, many may be unfamiliar with auditing knowledge and assurance (Rodgers et al., 2019).

Many stakeholders assume that auditors provide absolute assurance, i.e., a form of guarantee on financial statements and that an unqualified 'true and fair' opinion is proof that there are no frauds and errors. This misconception of the auditor's responsibility is a fundamental impediment to closing the expectation gap (Manoel & Quel, 2017).

The stakeholders lack visibility into the auditor's audit methodology, which might be a chief constraint from the stakeholders' perspective. The lack of information on audit methodology might undermine the trust in the audit or result in unrealistic stakeholder expectations of auditors. Auditors face various limitations and judgemental issues while performing the audit. Giving stakeholders more information about the auditor's responsibilities and the scope of the audit might be an effective strategy to bridge the audit expectation gap. The standard setters have taken steps in this direction with the inclusion of enhanced information on auditors' responsibility, ethical requirements and scope of an audit (Manoel & Quel, 2017).

The study of existing literature highlights that the factors listed below are among the key aspects of auditors' responsibilities that help bridge the expectation gap and that stakeholders find impactful and informative.

- Information on auditor's independence
- Information on audit methodology
- Information on the scope of an audit
- Information about audit quality

Outcomes

Including information on auditors' responsibilities in the audit report aids in enhancing stakeholders' understanding

and bridging the expectation gap. This eventually contributes to better corporate governance as stakeholders have more clarity on how to interpret the auditor's report.

Independence is key when it comes to any assurance engagement, and an audit of financial statements is no exception. Stakeholders value the information on auditor's independence since it brings them security when deciding on the usefulness of the auditor's report. The clear identification of the code of ethics and emphasis on the independence of the audit firm fosters more trust, thus turning these aspects into important audit report elements.

Stakeholders may not thoroughly understand the audit methodology; therefore, a detailed discussion about it can be detrimental and lead to information overload. Still, information on audit methodology is instrumental in ensuring that stakeholders understand how the audit was conducted, as well as its limitations. This is effective as stakeholders can have realistic expectations of auditors and audit reports (Tiron-Tudor et al., 2018).

The audit scope establishes a clear demarcation between what was audited and which was the subject matter, a favourable aspect as stakeholders gain clarity from it.

Audit quality has always been a concern. If stakeholders doubt the audit quality, they will never be able to trust the audit reports. One of the most critical pieces of information in the audit report that impacts the stakeholders are details that enhance the perception of audit quality (Li et al., 2019).

Thus, all the elements identified above are instrumental in increasing shareholder trust in audit reports. They create an environment in which stakeholders can be confident and rely on the audit as a mechanism of corporate governance.

Proposition 1: Inclusion of more information in the auditor's report on auditor's independence, audit methodology, audit quality and audit scope increase trust in the audit report and contributes to better corporate governance.

4.2 Understanding

For the auditor's report to be effective and attain its objective, the information must be understood in its actual spirit and sense. Though the new audit report intends to bridge the gap and so should be easy to understand, studies suggest otherwise (Segal, 2019).

The standardised format, though expected to make the reports understandable, can, on the contrary, lead to the use of overly complex language, affecting understandability. Albeit this characteristic is important, it should not be used as an excuse for not providing required information to stakeholders. Therefore, a fine balance must be maintained as standard setters develop the standard formats and contents and as auditors draft the audit report (Tiron-Tudor et al., 2018).

The use of simple language has been regarded as a key aspect that increases the audit report's understandability. Simple terminologies and fewer complex structures can assist stakeholders in better understanding the audit report's contents. The auditors have always relied heavily on jargon. While this can be effective for users who are experts in the field of reporting and auditing, it can be difficult for other stakeholders to decipher the meaning. This affects their overall understanding of the audit report, thus restricting the use of the information it provides (Fakhfakh, 2016).

Based on the analysis of the existing literature, the following factors were identified as the most important in influencing and enhancing the understandability of the audit report information:

- Language used
- Readability
- Standardised content
- Use of jargons

Outcomes

The value of an auditor's report to stakeholders is determined by the clarity of its information. Studies suggest that the use of technical language and complex sentences can create a barrier to stakeholders' understanding of the audit reports' contents. Even though the inclusion of additional information in the audit report can be helpful to stakeholders, if the language used is overly technical and there is extensive use of accounting and audit jargon, the usefulness of the additional information may be limited (Bédard et al., 2014).

If the audit report is understandable, stakeholders will be able to grasp the material with ease. Moreover, better understanding the information is an essential element in bridging the expectation gap. Thus, if the language used in the audit report is not unduly complex, the content is not difficult to read and comprehend. Furthermore, if there is

no over-reliance on jargon, the audit report can be an effective tool in bridging the expectation gap (Segal, 2019).

Proposition 2: Simple language, standardised content, improved readability and reduced jargon in an audit report enhance its understandability and contribute to bridging the expectation gap.

4.3 Information

The data in the audit report is useful to stakeholders, but there are certain critical areas in which they are more interested. The new audit report format provides stakeholders access to more information, which can help them in the decision-making process. Many aspects of the standard format tend to focus on information that is general and not specifically related to the audit of the entity's financial statements. Thus, not all sections of the audit report have the same value.

The areas of the audit that provide more information, specifically those linked to the audit opinion and audit outcomes and findings, are relevant to stakeholders for decision-making, hence those have higher information value. The details contained in the key audit matters section provide information on critical audit issues, which are essential for stakeholders (Zhou, 2019).

Similarly, information on the going concern assumption would be of great interest to all stakeholders (Brunelli et al., 2020). Materiality-related information and details on critical aspects, such as the effectiveness of internal controls implemented by the entity, can provide significant value to stakeholders and help them in making better and more informed decisions (Tušek & Ježovita, 2020).

Based on the evaluation, the following audit report contents were determined to be relevant and of high information value:

- Key Audit Matters (KAM)
- Materiality
- Going Concern
- Internal Controls

Outcomes

Stakeholders rely on financial information to learn about the entity's financial performance and position, this data being essential for their decision-making process. As

auditor reports enhance their trust in the financial information and provide them complementary material that aids in decision-making, stakeholders are highly interested in the audit report (Goh et al., 2019).

Although certain elements in existing audit reports remain critical, additional information on key audit matters, going concern-related risks, the outcome of the entity's internal control systems testing and the materiality threshold used can be of significant value to stakeholders in their decision-making process (Alves & Galdi, 2019).

Proposition 3: The information about going concern assumption and risks, internal controls, audit technology used by the auditors and the key audit matters section has a high informational value and enables stakeholders to make high-quality decisions.

4.4 Post-implementation experience

The new audit reporting standard has been in place for six years now in most countries. Stakeholders, though initially sceptical and not accustomed to the information contained in the audit report, are now expected to be comfortable with the revised requirements. The post-implementation phase is critical since it is the experience gained during the initial years that defines the success of any auditing standards. The early years are not the best benchmark for evaluating the effectiveness of the standards (Suttipun, 2020).

The stakeholders' post-implementation experience with the extended audit report format is essential to be assessed, since the perception developed during this phase impacts their appraisal and understanding of the information contained in the audit report. The post-review experience is an important barometer for discerning efficacy and hence a critical aspect to be studied.

The following key factors were identified as relevant for stakeholders based on post-implementation experience:

- Users' experiences with the new expanded audit reports
- Boilerplate approach
- COVID-19 implications
- Impact on the company's performance

Outcomes

The post-experience period has been an essential learning stage for users of the auditor's report and at the same time significant in ensuring the auditor's report's success. However, the post-audit experience is greatly influenced not just by the standard itself, but also by the approach taken by the auditors in drafting and delivering information in the audit report. The boilerplate approach adopted for KAM is the main factor influencing the value of this section and information therein.

The COVID-19 pandemic has been a major test of the new audit report standard, as stakeholder expectations for information during the period have risen. They have also become increasingly reliant on auditors to acquire critical information on an entity's survival as a going concern and its performance during this testing period (Đorđević & Đukić, 2021). The lack of information on these aspects can have a substantial impact on stakeholders' trust in auditors (Crucean & Hategan, 2021).

Proposition 4: The boilerplate approach, user experience, COVID-19 implications and the impact of audit information on a company's performance are critical components that impact the stakeholders' post-implementation experience. Moreover, these factors are instrumental in strengthening trust in auditors.

5. Critical relationship among the four independent variables

The four variables analysed in this study are interdependent and influence one another. The content on an auditor's responsibilities is significant and stands among the aspects that have a high informative value for stakeholders. This information can also influence the understandability of the audit report's data.

The comprehensibility of the audit report's contents and the information itself are the dominant factors affected by the stakeholders' post-implementation experience. On the other hand, the post-implementation experience is instrumental in enhancing the understandability and informative value of audit report information.

The audit report's understandability influences its informative value to a considerable extent. Thus, the independent variables are interrelated.

6. Contribution to theory, literature and practice

The new audit report format, which was issued and adopted a few years back, has been developed with the intention of narrowing the audit expectation gap and providing better information to the users, but whether the revised guidelines helped in narrowing the audit expectation gap is an important question that regulators and academics are interested in evaluating.

The study highlights some important aspects of the auditor's report and their impact on stakeholders, which has always been a topic of interest for academia and institutions, hence being a significant addition to the existing literature on the auditors' reports.

Regulators, standard setters, and audit firms around the globe are keen in understanding whether the updated audit reporting standards and the expanded audit reports have been effective in attaining their desired objective. The outcome of this study provides some important perspectives which would help the regulators and standard setters while deciding on the future changes / amendments to the format and contents of the audit report. The findings of this study provide some important insights to the auditors, assisting them in drafting effective audit reports, considering the impact that the contents have on the users of audit reports.

7. Conclusion, implications and future scope

The information contained in the audit reports is critical for stakeholders and seems to have a significant impact on them. The inclusion of relevant and understandable information in the audit report can be useful in bridging the expectation gap and can lead to improved corporate governance. Given the current financial scandals and the questions being raised about the efficacy of audit as a reliable mechanism to enhance trust, effective audit reports can play an essential role in building trust in auditors. This study contributes with some key elements that can

be helpful to standard setters, regulators and academics who intend to develop recommendations to make audit reports more relevant and effective for end-users.

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Since there have been very few studies on the new audit reporting format after the post-implementation period that have evaluated the impact on stakeholders, the availability of relevant literature has been limited. The influence of the revised audit report will differ from stakeholder to stakeholder; thus, it is worth examining the effect for each stakeholder group separately rather than following a generic approach. Future research should centre on conducting a quantitative study based on primary data on stakeholder experience and perception. It will also be worth evaluating the post-COVID-19 implications and the effectiveness of audit reports in providing predictive value regarding an entity's going concern and performance to stakeholders.

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