

Communication of Key Audit Points in the Independent Auditor's Report: An Analysis of Determinants to Users of Financial Information in Cameroon

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Received February 22, 2024; Revised March 25, 2024; Accepted April 01, 2024

Abstract: The objective of this study is to identify the determinants of Key Audit Points (KAP) likely, on the one hand, to enhance the communication value of the independent auditor's report and, on the other hand, to facilitate the understanding of entity through aspects of the audited financial statements. To achieve this, the KAPs were conceptualized along three axes following back and forth between the literature and the field of study. As for the data, they were collected by questionnaire from 73 users of financial information. Following the descriptive and confirmatory analyses, the results highlight 06 KAPs likely to better facilitate the achievement of these objectives. This study also reveals for auditors that the communication of these KAPs in the audit report allows them to remove the risk of suspicion or conviction that weighs on them through increased transparency on the audit carried out. The choice of these KAPs also offers the regulator the opportunity to launch a project to reform the standard audit report to improve its content and adapt it to the expectations and requirements of users. However, due to the absence of a database of users of financial information, the KAPs thus highlighted may prove less relevant to others.

Keywords: Key Audit Points, Audit report, financial scandals, financial statements, informational content

Cite This Article: Jimmy Rostand Tchoudja Njanbou, "Communication of Key Audit Points in the Independent Auditor's Report: An Analysis of Determinants to Users of Financial Information in Cameroon." *Journal of Business and Management Sciences*, vol. 12, no. 2 (2024): 89-98. doi: 10.12691/jbms-12-2-2.

1. Introduction

The financial scandals that have occurred since the early 2000s continue to fuel the disillusionment of users of financial information despite the strengthening of governance mechanisms aimed at making the financial statements published by managers more reliable. After the adoption of the Sarbanes-Oxley law on July 25, 2002 in the United States, that on Financial Security in France promulgated on August 01, 2003, law n° 2005-96 of October 18, 2005 relating to the reinforcement of the security of financial relations in Tunisia following the Batam affair which occurred in 2001 and the adoption of the 8th Directive signed by the European Union on May 17, 2006, the business world has continued to witness the upsurge of scandals thus putting in question, the informative content of the independent auditor's report.

Indeed, these auditors whose main mission is to certify that the financial statements published by the managers reflect the image of the company are increasingly suspected and accused of connivance with them by the recipients of the Audit Report (AR). According to some authors [1,2,3,4], the action of these auditors

tends to satisfy the auditee to the detriment of the users of financial information. These accusations are supported by recent scandals such as the ICC-Services affair in Benin in 2010; Air Côte d'Ivoire in Ivory Coast in 2017; the Carlos Ghosn affair with the Renault Nissan alliance in Japan in 2017 at the international level and the cases of embezzlement at BICEC of 50 billion revealed by the daily Jeune Afrique of June 23, 2016, of Comeci microfinance and the Cameroon Real Estate Company (CPC) for the context of the study.

The failure of these governance mechanisms can be explained by some [5,6] by the adoption of laws or standards that are mainly inspired by the Anglo-Saxon context or countries of continental Europe. On the other hand, others [7,8] highlight the standardization of the AR which offers little differentiation between a good or bad performance of the legal audit mission. According to [9], an audit failure is often only in a widely publicized bankruptcy context.

Consequently, the need for local authorities to adopt laws and regulations in conformity with auditing standards (ISA) which not only take into account the socio-economic context, but also and above all which oblige the auditors to communicate on the points having necessitated special attention on their part during the audit mission

arises with great acuity¹.

One of the solutions suggested for this purpose to put an end to the complacency of auditors and reduce the risk of suspicion that hangs over them was the adoption in December 2014 by the International Auditing and Assurance Standards Board (IAASB) of the ISA 701 standard which obliges these professionals to communicate the Key Audits Points (KAP) in their AR. For [6], it is a way for auditors to send a reliable signal to rebuild and maintain investor confidence in the transparency and credibility of financial information. [8] As for them, assert that this standard, which relates both to the judgment of the auditor as to the key points to communicate in his audit report, makes it possible to enhance the communication value of his report by increased transparency on the audit carried out. This allows the presumed users of the financial statements to have additional information enabling them to understand the points which, in their professional judgment, were the most important when carrying out the audit of the financial statements for the current period.

According to paragraph A1-A4 of that standard, communicating key audit matters may also help intended users understand the entity and those aspects of the audited financial statements that are subject to significant judgments by the management.

Since several studies [1,2,3,4] devoted to the judgment of the auditors' opinion call into question the informative content of the auditor's report because of its dependence on the auditee and its independence from the various stakeholders, this study raises the issues of the factors likely to enhance the communication value of the audit report through its key points. Therefore, we are came out with the following question:

What are the determinants of the Key Audit Matters likely to enhance the information content of the audit report and facilitate the understanding of the financial statements according to the users of financial information?

To answer this question, this study proposes, through the literature and the opinion of experts, to identify the determinants of these key points that users consider to be the most important to enhance the communication value of the report of the auditor and facilitate their understanding of the entity and aspects of the audited financial statements. Based on this, the determinants thus identified will help the managers of audit firms to better plan their audit work and remove the suspicion of dependence that hangs over them. For the regulator, these determinants will allow them to legislate with a view to reducing the scandals that increasingly discourage investors. This article is organized into three parts. The first is devoted to the literature review on the subject while the second highlights the methodological approach. The third part presents and discusses the results of the study. We end this article with a conclusion while suggesting some axis for future research.

2. Review of the Literature

In this section, after reviewing the theoretical framework of the audit report and in particular the issue of its information content, we will rely on the ISA 701 standard and expert opinions to identify the determinants of BCPs.

2.1. Audit Report, Formalized Content and Vector of Financial Communication

One of the main characteristics of the audit is that the auditor's report is intended for a group of users who often have a different level of knowledge and conflicting interests. In addition to the fact that the audit constitutes an unobservable activity for them, [10] state that the recourse to an external and independent auditor constitutes one of the means of disciplining the leaders insofar as this one appears as an agent mandated by the owners of the firm to control and certify the financial information produced by the company. This role of reducing agency costs is also supported by [11].

However, since the financial scandals of the 2000s followed by the economic crisis of 2008, the reliability of the financial statements published by the managers and certified by the Statutory Auditors (SA) continues to raise discussions because the recipients feel more and more less informed by the leaders, are looking for new sources of more reliable information [12]. Hence the importance of the AR which constitutes for this purpose, the legal source of information and communication. Not only does it represent the only link that exists between the auditors and the recipients of the financial information, but also and above all materializes the quality of the audit carried out.

For [13] and [14], the AR constitutes a potential source of information for users due to its nature as a legal document produced by an external and independent professional. All the work carried out by the auditor during his assignment is recorded there, as well as the expression of his opinion on the reliability of the audited accounts. This expression, which derives from both laws and auditing standards, generally takes one of three forms: pure and simple certification, certification with reservations or denial of certification. Thus, according to paragraph 30 of ISA 700: *“the auditor's report must mention that the audit was carried out in accordance with International Standards on Auditing. It must also indicate that these standards require the auditor to respect the rules of ethics and that he has planned and carried out the audit with a view to obtaining reasonable assurance that the financial statements are free from significant misstatements”*.

On the communication level, the audit report takes its legitimacy from its legal aspect and should normally constitute a source of information for its users. However, and with reference to NEP 700, the SA is not required to provide information on the process it followed to issue its opinion on the annual accounts. For [15] and [16], this situation, known as the “Audit Expectation Gap” in Anglo-Saxon countries, creates a discrepancy in the perception of the message transmitted by the SA in its report and that expected by users. This discrepancy, which causes the low utility of AR, has also been analyzed in the French context by [17] and by [12] in the

¹ According to [7], Cameroon, like other countries around the world faced with the problem of certification of accounts and reliability of financial information, has not yet legislated on the matter, nor put in place a normative mechanism and ethics specific to this audit profession.

Tunisian context. These authors highlight as explanatory factors at the origin of this discrepancy: the absence of information on the audit process; the validation of the accounts by pure legal compliance, the independence and competence of the auditors.

2.2. Informative Content of the Audit Report

Since the conceptualization work of [10] the company has not ceased to be the meeting place of different economic agents interested in its results, its performance and its longevity. Therefore, the financial information disseminated by the managers aims to make known the activity of the company, its financial situation and its results to the main interested parties. As this information constitutes an important element in their decision-making and resource allocation processes, the implementation of means aimed at reducing the opportunistic behavior of said leaders has proven to be essential.

In this vein, [1] states that the establishment of financial statements which represent a summary of the activities of the company which can be exploited in particular by external agents and which serve as a basis for evaluation and decision-making by a multitude of concerned constitutes a means of control. Similarly, the auditor who is the guarantor of the regularity and sincerity of these financial statements must certify that they are presented in accordance with the standards laid down by the profession.

According to [12], it is the only vector of communication of the quality of the audit and constitutes for third parties the only visible manifestation of the verification mission. Empirical studies on its informative content aim on the one hand at their usefulness for decision-making and on the other hand at the content and forms of use by professionals.

In terms of their usefulness, [2] assert that the perception by users of financial information of the independence of the auditor, as well as that of his work, is essentially based on the report produced by the auditors. On the other hand, [18] focusing on reports on regulated agreements emphasizes that their informative content is most often very weak. At the same time, the author wonders about the reality of the reduction of information asymmetry insofar as these agreements involve company managers/directors and shareholders.

[19] analyzes on the basis of the communication model of [20], the informational content and the communicative function of the audit report and highlights two series of research: the first, based on "reaction studies" intended to identify a possible informative content of audit reports by observing the reactions of investors to their publication and the second focuses on "interpretation studies", which consists of directly questioning the various actors on their perception of the report published by the auditors. It is important to specify that these studies mainly concern shareholders in the context of the financial markets and bankers in a situation of granting credit.

Regarding the content and forms of use by professionals, several authors [4,21] argue that reducing the informational imbalance requires the use of tools such as external audit, the primary purpose of which is to inform users of financial statements and stakeholders about the financial health of the audited entity. In this

regard, the audit report, as the culmination of the overall audit process, is the only communication medium available to the SA to inform the users of the financial statements and the stakeholders of an organization. Through his report, the auditor contributes to the reduction of the informational imbalance suffered by the stakeholders of a company and participates in the improvement of the financial communication of the companies.

Studies on forms of use have been conducted by authors such as [19,22,23] who were interested in the usefulness of AR among bankers in a credit granting situation and among financial and credit analysts. It is important to specify that these studies differ according to the information content and according to the nature of the opinion expressed by the auditor. According to [22], bankers do not react in the same way to the different types of opinions given by auditors in the audit report. Thus, the reservations formulated in the said report have a negative impact on the decision to grant credit because of the structure of the document (form and content) which does not meet the expectations of bankers.

Focusing on institutional investors, [24] and [23] claim that it is the certifications of accounts with reservations that interest them since they no longer trust the traditional sources of financial communication adopted by companies. All these authors analyze globally the impact of the reservations formulated on the use of the audit report in their resource allocation decisions and conclude that the impact of the reservations varies according to the type of incidence occurring in the financial situation of the the company.

2.3. Determinants of the Key Points of the Audit

We have shown in the previous sections what the audit report represents and in particular its content, which should inform the recipients for their decision-making. However, previous studies [2,4,12,21] carried out on its informative content reveal low usefulness by these recipients because of the suspicion of dependence of SAs on the auditee. To enhance the communication value of this document by increasing the transparency of the audit carried out, the International Auditing and Assurance Standards Board (IAASB) has implemented the ISA 701 standard which applies to audits of financial statements for periods ending on effective December 15, 2016. This standard deals with the auditor's obligation to communicate Key Audit Matters (KAPs) in his report. According to [25], the communication of KAPs provides, on the one hand, *additional information enabling the intended users of the financial statements to understand the points which, in the professional judgment of the auditor, were the most important during the audit. financial statements for the current period. On the other hand, it helps its users to understand the entity and the aspects of the audited financial statements that are subject to significant judgments.*

However, paragraph 30 clarifies that the number of KAPs to be included in the auditor's report may depend on the size and complexity of the entity, the nature of its business and environment, and the facts and circumstances of the audit engagement. Thus, the higher the number of points initially considered to be KAPs, the more likely it is

that the auditor will have to consider whether each of these points meets the definition of a KAP.

Given that a long list of KAPs may be contrary to the very notion of "most important points" for the audit and

given the exploratory nature of this subject, Table 1 below highlights a few KAPs that may provide additional information or to facilitate the understanding of the financial statements:

Table 1. Determinants of Key Audit Points

Variables	Axes	Determinants	Codes
Key Audit Points (KAP)	Axe 1 Items relating to areas with high risk of material misstatement	Related party transactions	PCA1.1
		Implementation of a new computer system	PCA1.2
		Significant modification to an existing computer system	PCA1.3
		Changes to a system that affected revenue recognition	PCA1.4
		Choice by management of an appropriate accounting method in comparison with other entities in the same sector	PCA1.5
		Long-term contracts requiring significant SA attention on revenue recognition, litigation or other contingencies, and which may affect other accounting estimates.	PCA1.6
	Axis 2 Matters Relating to Aspects of the Financial Statements Involving Significant Management Judgments	Unpublished Information Not Already Disclosed public by the entity (information that is not contained in the financial statements or other information available at the date of the auditor's report)	PCA2.1
		Changes in the entity's strategy or business model that have had a material effect on the financial statements.	PCA2.2
		Related party transactions, particularly limitations on the auditor's ability to obtain audit evidence that all other aspects of a related party transaction (other than price) are equivalent to those of similar transactions subject to conditions of normal competition	PCA2.3
		New or emerging accounting policies, for example on entity-specific or industry-specific topics on which the engagement team consulted with	PCA2.4
		Restriction of access to information imposed on the team assigned to the audit of the group	PCA3.1
		Consultation with others within or within the firm regarding an important technical matter	PCA3.2
		Discussion between the engagement leader and the engagement quality control reviewer on significant matters identified during the audit engagement	PCA3.3
		Communicating the auditor's perspective on significant qualitative aspects of the entity's accounting practices (accounting policies, accounting estimate, disclosures in the financial statements) ISA 260	PCA3.4

Revised

Source: construction of the author from the literature and the opinion of Experts

3. Methodology for Identifying the Determinants of Key Audit Points

Given the exploratory nature of the subject and the back and forth between the field and the literature, we will apply the methodological approach proposed by [26] which makes it possible to build a measurement scale for a construct by combining the qualitative and quantitative stages. Thus, after having justified the importance of this approach for our study (3.1), we will present the stages of the research (3.2) and place particular emphasis on the composition of the sample, the development and administration of the quiz (3.3).

3.1. Churchill's Approach

This is an approach generally implemented by marketing researchers [27] to rigorously construct

measurement instruments of the questionnaire type with multi-item scales. These construction stages are structured around three phases according to [7]: First, the phase of definition of the conceptual domain and the generation of items. Then, the exploratory phase which includes a first collection of data and the purification of the measuring instrument by the use of Cronbach's Alpha and exploratory factorial analyses. Finally, the validation phase which also contains a second collection of data, the estimation of the reliability of the items selected and the validity of the instrument constructed. Like previous studies that have used this approach ([7,28] the identification of KAPs is inspired by this process by integrating the consultation of Experts.

3.2. Steps of Research

The study was carried out in stages by combining qualitative and quantitative research tools. Table 2 below summarizes these different steps:

Table 2. Reasearch steps

Study steps	Tasks	Actions	Goals
1 st : Qualitative	Exploration of the theme	- Literature review - Open interview with: 02 tax experts, 03 auditors, 02 teachers,	Définition of the problem
	Analysis of the problem	- Semi-directives with: 04 Tax experts 03 Bankers 05 Auditors 02 Management controllers 01 Teacher 04 Chartered accountants	Proposal of a theoretical construct for the development of questionnaire
2 nd : Quantitative	Test of the theoretical construct	- Drafting of the questionnaire - Pre-test with teachers-researchers, auditors, chartered accountants - Administration of the questionnaire to users of financial information (106 questionnaires sent by mail and therefore 73 usable answers)	Validation of the theoretical construct

Source: Adapted from the work of Tchoudja et al. (2017)

3.3. Composition of the Sample, Development and Administration of the Questionnaire

The study was conducted with users of financial information selected for convenience on the basis of their accessibility and availability. After exploring the theme and analyzing the problem with someone in the qualitative phase, we created and administered a questionnaire by email from October to November 2023 to a sample of 73 users. Having exploited the data collected during the exploratory phase for its construction, users were invited on the basis of a 5-point Likert scale to assess the importance of the 14 KAPs likely not only to enhance the communication value of the auditor's report, but also to facilitate the understanding of the entity through the aspects of the audited financial statements.

4. Results and Discussion

As the process of identifying KAP determinants is carried out in stages, we will first present the results from the Principal Component Analyzes (4.2) and secondly, those from the Confirmatory Factor Analyzes (4.3). But beforehand, it seems possible to us to highlight the description of the sample (4.1)

4.1. Description of the Sample

Within the meaning of the classification of [29] the users of financial information mean: investors (potential investors, managers, shareholders and financial analysts), creditors (lenders and suppliers), customers, the public, the State (tax authorities and regulatory agency). Tables 3 and 4 below present their characteristics and profiles by sector of activity.

Table 3. Characteristics of the sample

Charactyeristics of Respondents / Types of users		Number	%
Investors	AR		
	Potentials	8	10.96
	Sharejholder	6	8.22
	Leaders	10	13.70
Creditors	Financial analysts	14	19.18
	Supplier	6	8.22
	Banker	15	20.55
État		21	28.77
	State tax representative	2	2.74
	Rep regulation body Oncfc	3	4.11
	Rep regulatory body ONECCA	2	2.74
Others	Rept regulation authority MINFI	2	2.74
	Customers	9	12.33
	Audience	2	2.74
		3	4.11
		5	6.85
		73	100.00

Characteristics of Respondents /Experience in the use of AR	Numbers	%
0 - 5 years	9	12.33
5 years - 10 years	26	35.62
10 years - 15 years	15	20.55
15 years - 20 years	11	15.07
20 years and over	12	16.44
Total	73	100

Characteristics of Repondents/Age group	Number	%
Less than 25 years	0	0.00
Between 25 and 35 years	5	6.85
Between 35 and 45 years	9	12.33
Between 45 and 50 years	26	35.62
Over 50 ans	33	45.21
Total	73	100

Source: author's construction

Table 4. Profile by sector of activity and by importance of AR in decision-making

Characteristics of Respondents / sectors of activity	Number	%
Industry	13	17.81
Trade	10	13.72
Bank	24	32.88
Insurance	19	26.03
Others	7	9.589
Total	73	100

Characteristics of Repondents /importance of AR for their decision-making	Number	%
Not important		0
Moderately important	30	41.1
Substantial	25	34.25
Very important	18	24.66
Total	73	100

Source: author's construction

According to [19] the main objective of the AR being to inform the stakeholders of a company on the sincerity, the reliability and the faithful image of the audited accounts in relation to the applicable accounting framework, Table 3 above reveals that more 52% of investors versus 28% of creditors rely on the AR to inquire about company information. On the other hand, 13% coming under the various regulatory bodies trust the AR against 6% of customers and third parties. It should be noted that, bankers and credit analysts occupy respectively the first rank (20%) and the second rank (19%) of users who regularly request the AR. This therefore justifies its role as a tool for reducing the information asymmetry suffered by these stakeholders. It is important to note, among other things, that more than half of these users are between 25 and 50 years old and have accumulated experience of between 5 and 20 years in the operation of AR. The use of AR depends on the perception of its informational content and the level of information sought, we find that more than 45% of users aged between 35 and 50 have more than 20 years of experience. With regard to the characteristics of Respondents by type of AR user, the high number of bankers, who became more risk averse after the 2008 financial crisis, is justified by the fact that they show more and more rigor on the measures likely to reassure them as to the solvency of the customers. As for financial analysts, who are regularly commissioned by institutional investors, the use of AR allows them to assess the financial situation of companies for the benefit of their clients.

It appears from reading the table above that users from the banking and insurance sectors are interested in or use AR more because they represent respectively 32% and 26% of the total population. Then we have users from the industrial sector (17.81%), those from the commercial sector 13.7% and others 9.58%. These percentages are justified by the diversity and the multiplicity of the points of view or perception of the users compared to the AR. This corroborates the words of [11]: "There is not a single perception of AR by FAs, but multiple perceptions which are the product of individual or collective mental constructions and which are likely to evolve over time.". Beyond the profile of respondents by sector of activity, it should be noted that more than 25% of the population interviewed consider the usefulness of AR very important

in their decision-making against 34.25% who grant average importance. It is important to note that no user approves of the uselessness of the AR in the context of the study, contrary to the studies which tend to identify the factors that may explain the low use of the AR as a source of information. In addition to the importance of this document in their decision-making, this population consults according to [30] other sources of information such as financial statements, economic and even sectoral information.

4.2. Presentation of Results from Principal Component Analyzes

These results will be presented according to the three axes of the BCPs. But beforehand, the analysis of the consistency of the items through Cronbach's Alpha was carried out. Indeed, according to [31] a Cronbach's Alpha between 0.6 and 0.8 testifies to the unidimensionality and reliability of the factors. In the present case, the statistical result of all the factors of the study presents an acceptable alpha equal to 0.768. From then on, the KAP analyzes were carried out in order to purify each scale and, by extension, to arrive at the items which reflect the phenomenon studied.

Presentation of the reliability results of axis 1: "Items relating to areas presenting a high risk of material misstatement"

This axis, which includes six determinants, was submitted for assessment to users of financial information using a five-point Likert scale. It is important to note that the consistency of the items as well as their quality of representation were measured by the KMO and Bartlett Sphericity tests. The summary of the related results is presented in Table 5.

Table 5. Summary of axis 1 reliability results

Indicators	Correlation variables/factors		
	Fact 1	Fact 2	Fact 3
PCA1.1	-0.231	0.452	0.345
PCA1.2	0.396	-0.527	0.458
PCA1.3	0.474	0.345	-0.526
PCA1.4	0.736	0.597	0.297
PCA1.5	0.341	0.652	0.564
PCA1.6	-0.410	0.171	0.827
Own values	2.121	1.605	1.217
% of variance explained	30.314	22.927	17.381
% of cumulative variance	30.314	53.241	70.622
Alpha de Cronbach global	0.784		
KMO = 0.745, Bartlett = 458,162, dl = 77, P = 0 ,000			
- Extraction Method: PCA			
- Rotation Method: Varimax with Kaiser normalization			
Source: Author's construction			

The PCA carried out on the six determinants of this axis presents a KMO greater than 0.5 and the Bartlett test demonstrates a good quality of representation. The application of the Kaiser criterion reveals three factors whose eigenvalues are greater than 1. These factors display a Cronbach's Alpha greater than 0.6 (0.784) and explain more than 71% of the total information. Through the matrix of components, we can see that the first factor is correlated with the determinant PCA1.4 "Changes made to a system that had an impact on revenue

recognition"; the second factor corresponds to the PCA1.5 determinant entitled "Management's choice of an appropriate accounting method in comparison with other entities in the same sector" and the third factor is associated with the PCA1.6 item "Contracts term requiring significant auditor's attention to revenue recognition, litigation or other contingencies, and which may affect other accounting estimates".

Overall, these determinants result from the judgment that the auditor must make on the significant aspects of the financial statements. These areas under ISA 260 (Revised) relate to critical accounting estimates and related disclosures, which are likely to be areas requiring significant auditor attention and which may also be identified as significant risks. Thus, paragraph 16(a) of ISA 260 (Revised) recommends that auditors communicate to those charged with governance their views on the quality of the entity's accounting practices, including accounts, accounting estimates and disclosures in the financial statements.

Given the importance of AR in decision-making and above all the weight of institutional users (investors, bankers, etc.), taking these BCPs into account aims to improve the content of the reports issued and above all the adaptation of its content to user expectations. These results corroborate those of authors such as [1,8,24] who insist on the reform of the content of the AR and the consideration of the treatment by the auditor of the identified risks. Since the stated purpose of the audit is nowadays limited to issuing a judgment on the validity of the annual accounts, the ISA 240 standard requires that the auditor treat the assessed risks of material misstatement arising from fraud as risks important.

Presentation of the reliability results of axis 2 "Items relating to aspects of the financial statements involving significant judgments by Management"

Like the first axis, this one also contains six determinants enabling users of financial information to assess the BCPs that the auditor should include in his AR relating to aspects of the financial statements involving significant judgments by management. Following the analyses, it is clear that the quality of representation and the consistency between the items (KMO index and Bartlett test) make it possible to accept the results, the summary of which is presented in Table 6.

Table 6. Summary of axis reliability results

Indicators	Correlation variables/factors		
	Fact 1	Fact 2	Fact 3
PCA2.1	0.687	-0.162	0.140
PCA2.2	0.464	0.581	0.235
PCA2.3	-0.428	0.754	0.438
PCA2.4	0.129	0.677	0.662
PCA2.5	0.587	-0.324	0.117
PCA2.6	-0.224	0.462	0.503
Own values	2.866	1.248	1.123
% of variance explained	22.043	20.121	19.081
% of cumulative variance	22.043	42.164	61.245
Alpha de Cronbach global	0.875		
KMO = 0.652, Bartlett = 529.296, dl = 76, P = 0 ,000			
- Extraction method: PCA			
- Rotation method: Varimax with Kaiser normalization			

Source: Author's construction

On reading Table 6 above, we see that three factors explain 61.245% of the total information. Cronbach's Alpha (0.875) is well above the norm, which is generally between 0.6 and 0.8. With regard to the correlation between the determinants and the factors, we see that the first factor which displays an eigenvalue of 2.866 is correlated with the determinant "Unpublished information that has not already been made public by the entity (information that is not contained in the financial statements or other information available at the date of the auditor's report)". On the other hand, the second and third factors are associated respectively with the determinants: "Changes in the entity's strategy or business model that have materially affected the financial statements" and "Related party transactions, particularly limitations on the auditor's ability to obtain audit evidence that all other aspects of a related party transaction (other than price) are equivalent to those of similar arm's length transactions." These results comply with the requirements of ISA 260 (Revised) which requires the auditor to communicate to those charged with governance the significant risks that the auditor has identified Based on ISA 315 (Revised) which explains that the assessment of the risks of material misstatement at the assertion level may change during the audit mission as the auditor collects additional evidence, users of financial information require more rigor from the auditor, especially in the context of the study or the profession does not benefit more professional supervision like the CNCC in France. Also, in the aftermath of the widely publicized financial scandals (Bicec, Comeci, SIC 50 billion affair), the seriousness and frequency of these failures challenge audit professionals more than ever to reconsider not only their status but also and especially the quality of their mission and the content of their report.

Empirically, the auditor's disclosure of "Changes in the entity's strategy or business model that have materially affected the financial statements" enhances the informational content of the auditor's report, especially in a context where they are increasingly suspected and accused of connivance with the leaders by the recipients of the said report. Indeed, some authors [1,2,3] accuse them of satisfying the auditee to the detriment of the users of financial information.

With regard to transactions with related parties, the subject of the third factor, the choice of the study population is highlighted by [32], which explains in this regard that there is a power game between the directors of an entity, its financial department and the auditor and that these power games would be a source of constraints, reassurance and opportunities for the auditor's in their quest for independence. Other authors [2,4] evoke this problem of transaction and especially of the inability of the auditor to collect the convincing elements by associating it with their financial dependence according to some and according to the others, with the lack of experience of the collaborators. This corroborates the results of [33] on the typology of firms in the context of the study according not only to their perception of the organizational culture, but also and above all to the specificities of the liberal profession market.

Presentation of the reliability results of axis 3 "Items relating to the impact on the audit of an event or significant operation that took place during the period".

The expression of the opinion of the auditor results from the application of the standards in this case the ISA 700 standard. Although it is required to follow them for the preparation of its report and therefore to express its opinion, the Paragraph 24 of ISA 700 requires him to disclose the implications for the audit of significant events or transactions that have occurred during the current period. Axis 3 highlights these different points that were submitted to the assessment of the study population. Statistically, the PCA results (KMO index and Barlett Sphericity Test) conform to the standard. As for the component matrix (Table 7) associated with this axis, it shows that two factors emerged, providing 51.71% of the total information.

Table 7. Summary of axis 3 reliability results

Indicators	Correlation variables/factors	
	Fact 1	Fact 2
PCA3.1	0.182	0.345
PCA3.2	0.346	-0.112
PCA3.3	0.678	0.325
PCA3.4	-0.528	0.763
Own values	1,763	1,523
% of variance explained	35,262	16,455
% of cumulative variance	35,262	51,717
Overall Cronbach's Alpha	0.645	
KMO = 0.813, Bartlett = 469.023, dl = 76, P= 0 ,000		
- Extraction method: PCA		
- Rotation method: Varimax with Kaiser normalization		

Source: Author's construction

Following the said table, we see that factor 1 is correlated with the determinant "Discussion between the engagement manager and the engagement quality control manager on the important issues raised during the audit engagement" while the second factor is associated with the determinant "Communication from the auditor's point of view on the significant qualitative aspects of the accounting practices of the entity (accounting methods, accounting estimate, information provided in the financial statements) ISA 260 revised". These two determinants allow the auditor to express their vision on the audited accounts contrary to the opinions framed by the standards to be applied to all companies. The important qualitative aspects of corporate accounting practices have sparked and continue to spark debate around the issue of corporate governance. The proliferation of financial scandals sometimes involving internationally renowned audit firms is the main cause of this renewed interest among researchers, professionals and regulatory bodies.

Indeed, to resolve this crisis of confidence caused by repeated financial scandals, some authors like [6,12] propose the quality of reporting insofar as it is supposed to solve the problems of information asymmetry and agency conflicts within the company. Along these lines, [34] asserts that the financial reporting system is thus part of good governance practices aimed at reassuring investors

and consolidating the transparency and development of the financial market. In short, the communication of the auditor on this aspect of the mechanisms is a signal that the management, too often guided by its interest, does not prevent the disclosure of relevant information for the shareholders and other stakeholders.

With regard to the discussions between the persons in charge of the mission on the significant questions raised during the audit mission, it should be noted that these help the auditor to better document his report in accordance with the standard ISA 230 which aims to cover the important points raised during the audit, the conclusions on these points and the professional judgments will allow according to [34] to send signals to the stakeholders on the financial situation of the company.

4.3. Presentation of the Results from the Confirmatory Factor Analysis

After presenting and analyzing the PCA results, it is clear that certain determinants have emerged, reflecting the phenomenon under study. Now, it is important for us through a confirmatory factor analysis, to confirm that these indicators are multidimensional constructs of KAPs. The results of these analyzes are grouped in Table 8.

Reading Table 8 above, we see that the model is well adjusted to the empirical data, which testifies to the quality of normality of the variables and the choice of the estimation method. It is also important to specify that, following the example of [27], the normality test of the determinants was carried out by the coefficients of symmetry (Skewness) and concentration (Kurtosis). After several CAs on each axis and on the overall dimension, the fit indices (absolute, incremental) are mostly satisfactory and ultimately allow us to validate the determinants of PCAs in the context of the study (Table 9).

Communication of the auditor's point of view on the significant qualitative aspects of the entity's accounting practices (accounting methods, accounting estimate, disclosures in financial statements) ISA 260 Revised.

The six key points retained by users are likely to increase the informational content of ARs and facilitate understanding of the entity through aspects of audited financial statements. This is of paramount importance, especially in a context of crisis and loss of confidence in information media intended for third parties. Some PCA retained after PCA were rejected during the confirmatory factor analysis. This is the case for PCA1.4 and PCA3.3 of axes 1 and 3 respectively entitled "Modifications made to a system which had an impact on revenue recognition" and "Interview between the person in charge of the mission and the person in charge of the control quality of engagement on significant matters identified during the audit engagement". Although ISA 701 specifies the circumstances in which a matter considered to be a key audit matter is not communicated in the auditor's report, the exclusion of these BCPs by the population of the This study requires more attention and caution among auditors, especially in the context where such communication can be disadvantageous for the public interest.

Table 8. Summary of KAP “Global dimension” results

	X2	ddl	X2/ddl	GFI	AGFI	NFI	TLI	CF	RMR	RMSEA
Modèle	46,57	20	2,32	0,924	0,936	0,945	0,94	0,92	0,046	0,054
Norme			<5	>0,9	>0,9	>0,9	>0,9	>0,9	< /0.05/	>0.8

Source: Author's construction

With: **GFI**=Goodness of Fit Index, **AGFI**=Adjusted Goodness of Fit Index, **NFI**=Normed Fit Index, **TLI**=Tucker-Lewis Index, **CFI**=Comparative Fit Index, **RMR**=Root Mean Residual, **RMSEA**= Root Means Square Error of Approximation

Table 9. Key Audit Points according to the users of financial information

Axis	Determinants
Axis 1 Points relating to areas presenting a high risk of material misstatement	Choice by management of appropriate accounting method in comparison with other entities in the same sector Long term contracts requiring significant auditor attention on revenue recognition, litigation and contingencies, and which may affect other accounting estimates.
Axis 2 Points relating to aspects of the financial statements involving management judgement	Unpublished informations that has not been made public by the entity (information that is not contained in the financial statements or other information available at the date of the auditor's report) Changes in the entity's strategy or business model that have had a material effect on the financial statements. Related party transactions, particularly limitations on the auditor's ability to obtain audit evidence that all other aspects of related party transaction (other than price) are equivalent to those of similar transactions subject to conditions of normal competition
Axis 3 Points relating to the impact on the audit of significant events or transactions that took place during the period	Communication of the auditor's point of view on the significant qualitative aspects of the entity's accounting practices (accounting methods, accounting estimate, disclosures in financial statements) ISA 260 revised

Source: Author's construction

5. Conclusion, Recommendations and Future Research

5.1. Conclusion

The objective of this study was to identify the determinants of Key Audit Points (PCA) likely, on the one hand, to enhance the communication value of the independent auditor's report and, on the other hand, to facilitate the understanding of entity through aspects of the audited financial statements. Based on the literature and the opinion of experts, 18 BCPs were submitted through a questionnaire to 73 users of financial information selected for convenience on the basis of their accessibility and availability. At the end of the descriptive and factorial analyses, the results highlight six determinants likely to better facilitate the achievement of these objectives: *Choice by management of an appropriate accounting method in comparison with other entities in the same sector; Long-term contracts requiring significant auditor attention on revenue recognition, litigation or other contingencies, and which may affect other accounting estimates; Unpublished information that has not already been made public by the entity (information that is not contained in the financial statements or other information available at the date of the auditor's report); Changes in the entity's strategy or business model that have materially affected the financial statements; Related party transactions, particularly limitations on the auditor's ability to obtain audit evidence that all other aspects of a related party transaction (other than price) are equivalent to those of similar transactions subject to conditions of normal competition; Communicating the Auditor's View of Significant Qualitative Aspects of the Entity's Accounting Practices (Accounting Policies, Accounting Estimate, Disclosures in the Financial Statements) ISA 260 Revised.*

These determinants comply with the requirements of the ISA 701 standard, which recommends the communication of BCPs in audit reports and therefore offers an opportunity for local authorities to legislate taking into account the context of the study.

5.2. Recommendations

These results have several managerial implications:

- 1) *For independent auditors, the highlighting of these BCPs in the report allows them to remove the risk of suspicion or agreement that weighs on them through increased transparency on the audit carried out;*
- 2) *for the authorities, the demand for quality information following the financial scandals and the closure of several companies must be an opportunity to launch a standard AR reform project to improve its content and adapt it to the expectations and requirements of users;*
- 3) *the professionals of the profession to remember that although being of a legal nature, the mission of Statutory Auditors is exercised within the framework of a contractual relationship comparable to an agency relationship, consequently the satisfaction of the client (the auditee) is also one of the conditions for the success of the mission;*

5.3. Future Research

The results of the study nevertheless suffer from a few limitations, such as the absence of a database representative of the population of users of financial information. The BCPs thus obtained from these available users may prove less relevant to others. Future research to be carried out in this context of crisis of confidence in sources of information will have to take this into account given the classification of these users by [29]. Similarly, disclosure of BCPs should also take into account the form

and content of financial statements and in particular the form of companies.

ACKNOWLEDGMENTS

The author sincerely thanks the associate editor and the independent evaluators for their suggestions necessary for the improvement of the content of this article.

Conflict of Interest

The author declares that there is no conflict of interest.

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