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MATERIALITY AND AUDIT RISK: THE HALLMARK OF AUDIT PRACTICE

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Abstract

This study examines concept of materiality and various types of risk in audit. In carrying out this work, the study employed secondary data, using exploratory research design. Journals, periodicals and other related materials in relation to accounting and auditing regulatory guidelines were extensively examined. In the process, the study reveals that handling the concept of materiality and various types of risk in an audit require expertise knowledge and auditors careful scrutiny, professional due diligence, true and fair expression of opinion based on the financial statement examined by them in line with the accounting principles, concepts and prescribed standards of International Standards on Auditing (ISA) and in tandem with International Financial Reporting Standards (IFRS) prescriptions and regulatory guidelines.

Introduction

Materiality is a global and contentious key term of contemporary theoretical debate in financial reporting quality and credibility dilemma in forming audit opinion. The desire of every financial statement user is to derive economic value from investment decisions using audited financial statement. While the ultimate objective of auditors is to express an honest opinion as to whether the financial statement examined are prepared in accordance with the prescribed accounting principles and standards, the auditor is statutorily required to ensure that in all material respect, the financial statements are prepared in accordance with all applicable financial reporting framework (Bellandi, 2018; Choudhary, Merkley& Schipper, 2019).

According to David and Abeysekera (2021), concept of materiality is essentially

fundamental to the whole essence of auditing exercise to ensure credibility of financial reporting. Auditors are mindful of the significant impact of misstatement and materiality when expressing opinion in tandem with accounting practice and standards (Iwanowicz & Barthomiej, 2019). International Accounting Standards ISA 320 suggested that information is considered material if its omission or misstatement could reasonably influence the economic decision of users of such financial statement taken on the basis of the financial statements (Nicholls, 2018). Apparently, when examining financial statement prepared by the management, auditors do not expect absolute precision of financial information, rather are guided by fair and true and ensure that the public interest is protected (Smith, Francois & Alberts, 2021).

The concept of materiality is paramount when forming and expressing an audit opinion. Hence, information content is considered material if omitting it or misstating it could have significant impact on decision that users make on the basis of financial information about a specific reporting entity (Baldacchino, Notbert & Demanuele, 2017). The concept of materiality is considered from two perspectives, the amount and/or quantity of misstatement perspective and the nature and/or quality of misstatement.

From the amount and/or quantity perspective, the nature and size of the item or error judged in the particular circumstances of its omission or misstatement is considered (Bringselius, 2018). The amount provides a threshold or cut-off point rather than being a primary qualitative characteristic which information must be if it is to be useful. The quality of misstatement is significant in considering the nature and materiality. In some circumstances, the nature of information alone is quite sufficient to determine its relevance.

The public confidence on auditors' expertise and honest opinion is golden and International Accounting Standards is concerned that the practicing auditors adhere strictly to the standards (Choudhary, Merkley & Schipper 2019). The public and investors have shown some unease and dissatisfaction over the quality of financial reporting, the relevance, faithful representation and timeliness of financial statement in serving the intended purposes, they are concerned that the supposed quality and credibility of financial statement are gradually losing its usefulness (Coyne, Coyne & Walker, 2018).

Evidently, some investors and other stakeholders have lost faith in auditors' reports and there is no more attractiveness and accuracy in the reported financial statement. The pervasive and protracted deficiencies of financial information can be mainly attributed to failure to adjust accounting and financial reporting to value-creating resources for decision making. It is believed that the expected clarity and understandability of financial report is now on a slippery slope, that users rarely look at the audit report.

The auditors and the standard setters must rise to the occasion and embark on a holistic review of the concerns and expectations of the financial statement users. There is a need to address the reasons for this divergence between the claimed and actual behaviour of decision-makers. There is a need to employ a new all-inclusive approach that will accommodate all users. The auditors, the financial standard setters and the financial statement users collectively have parts to

play. Credibility and reliability of financial statements are germane to restore fast eroding values, and relevance of the noble accounting profession.

The objective of this study has been to elucidate on the concept of materiality and various types of risk in an audit work. This study in extending the frontiers and contributing to knowledge proposed to examine the concept of materiality and various types of risks in an audit work. In contributing to knowledge advancement, the study was motivated to fill the gap created due to the dearth of studies in this area. The present research therefore carried out an in-depth research directed at materiality and audit risks from the Nigerian literature domain.

In addressing this gap in the literature, this study carried out a contextual review and consequently studied the concept of materiality and various types of risk in an audit work. The rest of the study was fashioned in this manner: Section 2 presented a methodology, section 3 considered literature review, while the study concluded in section 4 with a conclusion and recommendations.

Methodology

In carrying out this study, exploratory research design was adopted using journals, periodicals, relevant accounting and auditing standards and other related materials considered useful for the study.

Literature Review

Concept of Materiality

The concept of materiality is shown to have originated from accounting domain and became more pronounced in the auditing domain in order to add an impetus to minimize errors and misstatements in accounting information and improve audit quality (IAASB, 2020). ISA 320 stipulated that information is deemed material if such omission or misstatement could impact on economic decisions of users of the information on the basis of the financial statement (International Accounting Standards Committee, 2020). In addition, materiality depends on the size of the item concerned or error judged in the particular circumstance of its omission or misstatement (Gomber, Koch & Siering, 2018).

In accounting and audit reporting, materiality is significant for users of financial statements, accounting and auditing regulators and the practicing accountants or auditors (Eilifsen, William & Messier, 2015). As the practice, auditors in audit exercise assignment must receive information; thereafter apply some prescribed professional judgement whether the accounting information is of material item as it appears in financial reporting (Gimber, Rau & Roglinger, 2017). The auditor is expected to apply the concept of materiality right from the audit planning and during the performance of the audit, and in analysing and estimating the effect of identified misstatement on the audit and of uncorrected misstatement if any on the financial statement in forming an audit opinion in the financial statement (Edgley & Carla, 2014).

In ascertaining the materiality of accounting information, some relevant and appropriate accounting and accounting standards are applicable for auditors' guidance to establish the materiality of such accounting information in carrying out an audit exercise. These standards include:

i. The conceptual framework: This provides the formation of concepts dealing with accounting standards;

ii. IASB 101: This explains the exhibition and presentation of material and accounting information in financial statements
iii. IASB 108: This explains the accounting policies, the auditing procedures and process of effecting changes to accounting estimates and the procedural guidelines of handling possible errors that could significantly impact on financial decisions.

Others include ASA 240: This is the standard that guides the auditor to distinguish fraud from errors and expect auditors to establish material misstatement resulting from occurrences of fraud and/ or errors.

Apparently, this misstatement could have arisen from misappropriation of corporate productive assets and misstating such in the financial statement, eventually leading to fraudulent financial reporting (Gomber, Kauffman, Parker & Weber, 2018). Shbeilat, Waleed and Donald (2017) posited that, in this case, the auditor is expected to exercise caution and carry out an evaluation of possible control measures in place and their strict implementation and compliances and any attached sanction, establish documents, ensure management written representations and then communicate with those managers responsible at the managerial level.

The Types of Materiality

Audit materiality provides the opportunity to the user of the financial statement, auditor, and the company. The materiality level is set at the level that could reasonably influence the economic decision making of the users of the financial statement of the company.

Relevance of Materiality Concept

The relevance of the concept of materiality has been considered from different perspective from different studies. while some others posit that it is relevant to the users of financial statement (Iwanowicz & Barthomiej, 2019; Neha & Vendrel, Paaarry & Bustinza, 2019), Cui and Wu, (2016), stated that it is useful to the auditors in avoiding possible litigations in future, David and Abeysekera (2021) opined that audit materiality provides a rare opportunity to the users of financial statements. However, Stergios and Michalis (2012) submitted that it is relevant to all parties, the auditors, the clients and the general public who might have a need to use the financial statements.

Consistent with the submission of Stergios *et al.,* (2012), Sun and Zheng (2015), posit that materiality level is set at the level that could reasonably influence the economic decisions of the users of the financial statements of the corporate organizations. The relevance of the concept of materiality is particularly of importance to the auditors, the clients and the users of financial statement who will directly or indirect suffer loss or obtain undue advantage over the existence of material misstatement in the financial statement. In a broader spectrum, Suominen, Seppanen and Dedehayir (2016) noted that material concept is considered relevant to the auditor in making the following decisions:

i. Whether a matter require disclosure in the financial statement
ii. Whether or not an error should be corrected
iii. Whether an item should be separately disclosed or aggregated with other items in the financial statement

iv. The extent of the audit work that is appropriate under the circumstance
v. Whether or not under the circumstance, the auditor should issue other than an unqualified opinion on the financial statement.

Materiality has further relevance to auditors as it acknowledges the fact that accounts cannot be perfectly accurate and, so allows small errors. If accounts had to be perfectly accurate, auditors would have to check every transaction and, even then, it is unlikely that perfect accuracy can be achieved (Sun, Sun & Strang, 2018). Basically, Sun *et al.,* (2018) further argued that the application of the materiality concept allows an auditor to check only selected samples of the entire population of the items, as he will be relying on statistics and the fact that small items checked in an audit would be a small percentage of the total transaction and the audit will be completed at a reasonable cost.

Determinants of Materiality

Subramanian and Jeyaraj (2018) opined that in making an assessment as to what constitute an item of materiality, the auditor must be guided by the following criteria: Firstly, the percentage which the item bears to the class of transactions or account balance to which it belongs to the financial statement as a whole. Secondly, the effect of statutory provisions on the item: Normally, if a law requires an item to be discussed, the item will be considered material and, the accounts should include this item, unless it is very insignificant in value. Thirdly, the effect of the omission or inclusion of the item on state of profit and loss account and statement of financial position trend: an error, which would otherwise be judged immaterial could have the effect of reversing a trend.

When an item affects such a critical point in the statement of profit and loss or statement of financial position, it is usually regarded as material. Fourthly, the effect of accounting standards on the item: Financial statements should comply with the requirement of accounting standards, and the auditor should report if there is noncompliance: sometimes it can be difficult for auditors to decide whether to qualify their audit report for non-compliance with accounting standards. Fifthly, whether or not the item will result in the overstatement of statement of profit or loss or net asset; it appears that auditors are more concerned that net profit or net asset is not overstated.

Consequently, an auditor may accept a large error, which understates net assets or net profit than one, which overstates net assets or net profits before qualifying his or her audit report. Some reasons can be seen for auditors taking this approach. (i), it is argued that it is prudent; (ii) auditors are more likely to be sued for negligence if profits or net assets are overstated than if they are understated; (iii) The exactness or accuracy with which an item can be stated. Where an item can be accurately stated, the margin of error that will be regarded as material will be smaller than if the item cannot be stated accurately.

For instance, the margin of error that will be regarded as material for bank overdraft will be lower than that of debtors. In addition, debtors' value is expected to be more accurate than inventory value. Therefore, the margin of errors that will be regarded as for debtors will be lower than that of inventory. The value of share capital, bank balances, dividends and loans stock issued by the company should be accepted.

Business Risk

One of the cardinal objectives of auditors in business risk is to identify and assess the risk of material misstatement, and whether as a result of fraud or errors at the financial statement and assertion levels, thereby providing a basis for designing and implementing responses to the assessed risks of material misstatements (Soyinka, Fagbayimu & Ogunmola, 2017). There is an inverse relationship between materiality and the extent of business risk, as auditors take the inverse relationship between materiality and business risk into account when determining the nature, timing and extent of audit procedures.

For instance, if the planning for specific audit procedure, the auditor determines that the acceptable materiality level is lower, auditor risk and business risk increases, the auditor would compensate for this either: (i) reducing the assessed level of control risk, whether this is possible and supporting the reduced level by carrying out extended or additional tests of control or (ii) reducing detection risk by modifying the nature, timing and extent of planned substantive procedures.

The auditors' assessment of materiality and audit risk may be different at the time of initially planning the engagement at the time of evaluating the result of audit procedures. This could be because of a change in circumstances or because of a change in the auditor's knowledge as a result of the audit (Shbeilat, Waleed & Donald, 2017). For example, if the audit is planned prior to period end, the auditor will anticipate the result of operations and the financial position are substantially different, the assessment of materiality and audit risk may also change.

Additionally, the auditor may, in planning the audit work, intentionally set the acceptable materiality level at a lower level than is intended to be used to evaluate the result of the audit. This may be done to reduce the likelihood of undiscovered misstatement and to provide the auditor with a margin of safety when evaluating the effect of misstatement discovered during the audit (Suominen, Seppanen & Dedehayir, 2016).

Audit Risk

Audit strategy is essential in every audit process as this reduces audit time, extent of invariability and possible audit risk. Audit risk assessment is an important aspect of audit, the result will determine the nature, extent and timing of the auditor's substantive audit test programme. Where the assessment shows that the risk is high, the auditor is expected to pay more specific attention to the transaction. Furthermore, there are some other business risk of audit risk, inherent risk, control risk and detection risk.

Inherent Risk

Inherent risks are risks derived from the characteristics of the client's product or services it deals in. it derives from the type of industry in which the client operates and will vary according to the accounts item being examined.

Control Risk

According to Cui and Wu (2016), control risk is the risk that the internal control system fails to prevent or detect its material misstatement or errors, and which when left could have a significant effect on the users of the financial statement.

Detection Risk

Gomber, Koch and Siering (2017) documented that detection risk is the risk that the auditors substantive audit tests and procedures will not detect material

misstatement or errors from the financial statement presented to the auditor by the management.

Approach of Business Risk

The auditors may make frantic efforts to reduce business and audit risk if potential business risks are identified. While perfect audit does not exist, the auditor should evaluate audit risk to determine the type of error and irregularities, in that case, the audit work can be planned to investigate the particular risk thoroughly (Nicholls, 2018). Audit risk should be evaluated and documented in the audit plan as some firms have already developed comprehensive risk questionnaires which interrogate the client financial and management environment in considerable detail.

Neha and Viswanathan (2019) documented that it is almost inevitable that the auditor will find errors during the course of the audit and be faced with the decision as to whether these errors are material or not. The auditor must then decide whether the error would influence the financial statement users if it were known to them, and at the same time determine whether the error is indicative of the other errors which in turn might expose him to greater risk.

Merits and Demerits of Audit in Relation to Materiality

Merits

The concept of Materiality in audit reporting is significant because it considers both the qualitative together with the quantitative aspect of auditing and each of them has economic impact on users and investors investment decisions (Murthy, 2017). According to Noggler and Armstrong (2013), the qualitative view point is concerned with adequate disclosure of possible contingent liabilities and other relevant related party transactions, others are the possible changes in the accounting policies as being implemented in the clients' business and the consequences of economic decisions of the users of the financial statement of the company. It is the basis on which the opinion of the auditor about the company forms, as the auditor requires to obtain a reasonable level of assurance about whether financial statements of the company are free from the material misstatements or not.

Demerits

According to Iwanowicz and Barthomiej (2019), the relevance of information is affected not only by its nature but also by its level of materiality. Shbeilat, Waleed and Donald (2017) posited that some of the flaws of the concept of materiality is that materiality is mainly concerned with the size or monetary amount of an item. Information is said to be material under the following circunstances:
(i) The auditor in some cases may not have the liberty to express in clear terms the materiality at the proper level and this non-full disclosure could have negative effect on the users of the financial statements. (ii) In addition, the misstatement that affects the clients' compliance with the regulatory requirement might not be quickly detected by the reporting auditor of the company. (iii) From the qualitative point of view, the approach generally is quite difficult to measure when compared with the quantitative approach.

Materiality is a matter of professional or expertise judgment of the auditor. Therefore, prescriptive rules will not always be helpful when assessing materiality. A significant risk of prescriptive rules is that a significant matter, which falls

outside the boundaries of the rules, could be overlooked, leading to a material misstatement in the financial statement. According the studies of Szczepankiewicz (2011; Subramanian and Jeyaraj (2018), the percentage guidelines of assets and profits that are commonly used for materiality must be handled with care. The auditors must bear in mind the focus of the company being audited.

Consistent with position of Subramanian *et al.,* (2018), Suominen, Seppanen and Dedehayir (2016) posited that in some companies, post-tax profit is the key figure in the financial statement, as the level of dividend is the most important factor in the accounts. While Soyinka *et al.,* 2017) opined that in managed businesses, if owners are paid salaries and are indifferent to dividends, the key profit figure stands higher in the income statement, say at gross profit level. Alternately in this situation, the auditor should consider a figure that does not appear in the income statement: profit before directors' salaries and benefits. Some companies are driven by assets rather than need for profit. In such case, higher materiality might need to be applied to assets.

In some companies, say charities, costs are the driving factor, and materiality might be considered in relation to these (Bellandi, 2018). While rules or guidelines are helpful to auditors when assessing materiality, they must always keep in mind the nature of the business they are dealing with. Materiality must be tailored to the business and the anticipated user of financial statement, or it is not truly materiality.

Theoretical Review

Lending Credibility Theory

The lending credibility theory suggested that the primary function of the auditors is to add value and credibility to the financial statement prepared by the management. According to the theory, credibility is a priceless and inestimable commodity that can be offered by the auditor to the public. In other words, the lending credibility theory posits that a financial statement is absolutely void and insignificantly valueless if credibility is lacking. The theory posits that credibility enhances users' confidence in using the financial statements, it is capable of adding value to investment decisions and that reliability of financial statements is a virtue that every audited financial statements should possess.

Furthermore, since the financial statement is prepared by the management, the shareholders, and other interested stakeholders would want a third party who is an independent umpire to verify and certify the truism and factual facts of the contents and reliability of the accounting numbers as contained in the financial statements of financial position and statement of profit or loss accounts and others as presented by the management. Consequently, if stakeholders such as investors, government, creditors, must make an economic decision based on the financial statement prepared by the managers who manage the affairs of the company, they do so based on the credibility of the report.

Owing to the misrepresentations, earnings management and the perceived loss of expected usefulness of financial information due to the following: (i) indiscriminate expensing of intangibles, (ii) capitalizing some cost that ought to have been expensed, (iii), inconsistent depreciation rates (v) increasing

proliferation of subjective managerial estimates and projections in financial reports are quite worrisome, leading to eroding further financial information relevance. Besides the many mistakes of the auditors, the standard-setters are also culprits, since the standard setters are aware of the proliferation of estimates and inaccuracies in financial statements, and to a large extent, know the concerns of users and dangers of these faulty estimates, judgments, and models on the value which is the relevance of financial statements.

Theory of Litigation and Insurance hypothesis

The insurance hypothesis suggest that the quality and extent of audit services is one of the efforts to reduce possible litigations, suggesting the quality of data and reliable data input reflects on the quality of financial statement and safeguards the company from litigations and litigations consequences that it could affect the going concern of the company (Warren, Moffitt & Bymes, 2015). Also, it suggests that the quality of financial statement is a joint responsibility of all the stakeholders. The hypothesis posits that consequent to the demand and supply of audit services, both the outside financial statement users, the auditors, and the auditee are jointly and severally liable to the quality of financial statement and also can be held responsible for the flaws, deficiencies, and defective financial statements (Yongkui, 2015).

The insurance hypothesis suggests that the capability to shift financial responsibility for data input to an audited financial statement tends to lower the anticipated loss from possible litigation for settlement to managers, creditors, and other overhead expenses including professional fees involved in the capital market expectations. The hypotheses suggest that potential litigation charges increase the insurance demand from the management and other related professional services as the audit services tend to grow as a result (Yu & Hang, 2010).

According to the insurance hypothesis, managers of corporate organizations prioritize the professional services of auditors to that of an insurance company services because for obvious reasons, the public are favorably disposed to audited financial statements and respect companies who comply with statutory audit requirements otherwise, such a company will be deemed to be harboring misstatements, insensitive to transparency, possibilities to perpetrate fraudulent practices by the managers of such companies. Auditors are seen to be providing insurance coverage for the corporate organization just as insurance companies provide physical insurance coverage for corporations.

It is believed that auditors are equally mindful of possible audit litigations as a result of incompetence and unethical professional conduct that could have a negative effect on their highly earned image and reputations. In this regards, both the auditor and the managers are subject to litigation, associated litigation cost, and risk of reputation damage if they compromise in their responsibilities that could lead to court actions against the company or against the audit firm (Xie Cai, Xu, Jiang & Bu, 2017).

Risk-Base Internal Audit Theory

Risk-based internal audit theory was proposed by Adams in 1994 and expounded to auditing function by Chun in 1997 (Cuervo, Ribeiro & Roig (2007) and the

theory suggests that auditors' clients specific experience in assessing the clients' company will increase or reduce the level of audit assessment in the future audit exercise of the company. The theory aligns its philosophies on the basis that positive or negative peoples' prior experience and efficiency pressures on a company, as a flection of cost associated with risk requires the extent of the auditor would carry out risk assessment in that company (Alastair, Coldwell & Callaghan, 213). The theory posits that auditors' extent of risk assessments becomes more aggressive based on the auditors' clients specific experience and perception of risks in their company. It suggests that auditors must evaluate the extent and various measures put in place by the management towards identification and prevention of risks, the company ought to have a full understanding of the cost implication of risks and possibilities of occurrence (Alvarez & Busenitz, 2001).

Nonaka (1994) noted that risk-based internal audit theory is applicable in internal control system and procedures put in place by companies to risk management in the company, as companies are encouraged to establish risks and its implication awareness to the entire management and staff of the company, establish a strong identification of risk and risk control points, appropriate measures to take to prevent its happening and also measures to reduce cost implications and impact on the corporate body (Wilson, Kickul & Marlino, 2007). Good documentation and recording of various risk control measures and the cost implication of each one of them, creating risk-based internal control and internal audit procedures and the quality of personnel charged with such risk control-related function should be verified by the auditors.

In supporting the theory, Jung (2012) opined that the duty of identifying, assessing and managing internal risks are some of the primary responsibilities of the management and by extension, the board which is expected to protect the interest of investors in a given corporate body in which the board operates. The quality of employees saddled with the responsibility of ensuring risk control should be well-motivated by availing training opportunity to them and place them in strategic locations with enough internal security. Corporate bodies should consider the way managers identify, assess, respond and report incidents of uncertainties associated with risk that might have a positive impact on the going concern and corporate existence of the company.

Agency Theory

The agency theory submits that naturally, the auditors are appointed for the mutual benefits of management and the third parties who have an interest in the affairs of the company. Agency theory suggests that there is a contractual relationship between the agent and the principal, while the principal voluntarily handed its productive resources to the agent to manage on its behalf, believing that the agent will act in the best interest of the principal, however, the agent instead could act on its own interest to the disadvantage of the principal. Theory proposed that a company is a melting pot of contractual relationship involving so many interest groups who directly or indirectly make one form of contribution or the other to the company, and in return expect a reward. It is therefore the responsibility of the management to fairly harmonize and

coordinate these groups' expectations in such that no group will be unfairly treated.

The principal, in this case, represent the shareholders, the lenders of loan facilities, employees, and others who have invested in the company, while the agents are the managers, who are saddled with the responsibility of managing the operational activities of companies on behalf of the owners of the companies. The agency theory was developed by Jensen and Meckling, who postulated that the principal (shareholders) delegated the responsibility with authority to agents (managers) to manage their productive resources, with the aim that the agents (managers) will be faithful and manage the company to the best interest of the owners, incidentally, the case of conflict of interest arose, as the managers acted in their own interest against the interest of the shareholders. The managers are expected to maximize returns and minimize costs. Consequently, to achieve this goal, the managers are expected to ensure low-interest negotiations when obtaining loan facilities, ensure higher share prices and ensure lower overheads costs to enhance robust profits.

Besides shareholders and management, there are other groups whose interest must be protected (employees, suppliers, customers, government, banks, and others) that these stakeholders make contributions directly or indirectly to the growth of the company, as a result, the managers ought to protect their interest in all strategic plans and decisions should be tailored to the best interest of all the groups.

Recommendation and Contribution to Knowledge

Recommendations

The auditor as watch dog and custodian of credibility of financial information must be thorough in information misstatements and be concerned with the concept of materiality as outsiders expect honest, true and fair opinion as expressed in its issued financial statements. Studies of Yli-Huumo, Ko, Choi, Park and Kari, 2016; Yao, Di, Zheng and Xu, 2018) posit that credibility and accountability are scarce virtues, but are quite realizable through periodic issuance of reliable financial statement to show information on the state of affairs of the company. Investors and other financial statement users believe that it is possible that managers could provide a biased financial statement owing to possible conflicts of interest that it is rather natural and proper that auditors who are independent persons are professional umpires allowed to vouch for the credibility and true position of the financial report prepared by the management.

Contribution to Knowledge

A study of materiality is significant to every user of financial statement and fewer studies have specifically studied the concept of materiality and associated audit risk. There is need for the professionals to identify risks (frame out their questions) and to think about what data would be useful in addressing those risks (answer those questions). There are challenges that the quality of financial reporting is not manned and pragmatically not being on check as presumed and acclaimed (Yao, Di, Zheng & Xu, 2018). This study has contributed to knowledge in extending knowledge in materiality and audit risks inherent in audit work.

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