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The readability of international illustration of auditor's report: 
An advanced reflection on the compromise between normative 
principles and linguistic requirements

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ABSTRACT
The independent auditors periodically publish reports that summarize the audit results. These reports reinforce the financial communication and reliability of accounting information. International Standards on Auditing (ISA) determine the content of audit reports and the quality of audit results. Theoretically, the audit standardization must model intelligible and clear reports for readers. Compliance with linguistic principles contributes to the improvement of the structure of audit reports. In practice, the effectiveness of these reports is criticized because users do not understand the audit information. In order to improve the content of audit reports, International Federation of Accountants (IFAC) had revised International Standards on Auditor’s report: ISA 700: Forming an opinion and reporting on financial statements. Linguistically, standardized audit reports could be unreadable by many users of financial statements. This article discusses the linguistic problems related to the preparation of reports. This discussion focuses on the audit reports which are illustrated by the International Standards on Auditing. The results show that in the presence of conflicting requirements (auditing standards versus linguistic principles), independent auditors must optimize the presentation of their reports.

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LEGIBILIDAD DE LA ILUSTRACIÓN INTERNACIONAL DE LOS INFORMES DE AUDITORÍA: UNA REFLEXIÓN AVANZADA SOBRE EL COMPROMISO ENTRE LOS PRINCIPIOS NORMATIVOS Y LOS REQUISITOS LINGÜÍSTICOS

RÉSUMEN
Los auditores independientes publican periódicamente informes que resumen los resultados de la auditoría. Dichos informes reforzaran la comunicación financiera y la fiabilidad de la información contable. Las Normas Internacionales de Auditoría (NIA) determinan el contenido de los informes de auditoría y la calidad de los resultados. En teoría, la estandarización auditora debe modelar unos informes que sean inteligibles y claros para los lectores. El cumplimiento de los principios lingüísticos contribuye a la mejora de la estructura de los informes de auditoría. En la práctica, se critica la efectividad de dichos informes porque los usuarios no comprenden la información auditora. A fin de mejorar el contenido de estos informes, la Federación Internacional de Contables (IFAC) ha revisado las Normas Internacionales sobre Informes de Auditoría, ISA 700: Establecimiento de una opinión y reporte de informes financieros. Lingüísticamente, los informes de auditoría podrían resultar ilegibles para muchos usuarios de informes financieros. Este artículo trata sobre los problemas lingüísticos relacionados con la elaboración de los mismos. Dicho tratamiento se centra en los informes de auditoría que son ilustrados por las Normas

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2077-1886/© 2014 Universidad ESAN. Published by Elsevier España, S.L.U. This is an open access article under the CC BY-NC-ND license (http://creativecommons.org/licenses/by-nc-nd/4.0/).
1. Introduction

Independent auditors prepare periodic reports that communicate several audit information. Audit professionals produce texts that summarize the work of control and audit results. Several empirical studies have shown that the reports of the independent financial auditors are not understood by many readers of the financial statements (Barnett & Leoffler, 1979; Hay, 1998 and Fakhfakh, 2013). In addition, accounting research has discussed the problem of expectation gap which results from the misunderstanding of the significance and the direction of the audit opinion formulations. This misunderstanding was empirically confirmed by several studies that underlined the interpretations heterogeneity of the accounting reports by the internal and external stakeholders (Holt & Moizer, 1990; Gonthier, 1996; and Hatherly, Innes, & Brown, 1997).

Readability of audit reports is a language feature that determines the quality of financial information. As a linguistic measure, readability tests the performance of the written information and the effectiveness of instruments of financial communication. Previously, we published an article that focuses on the readability of audit reports in Tunisia. Furthermore, the subject of comprehensibility, we analyzed the length of the reports of the independent auditors. The same article shows that the Tunisian audit reports do not comply with the linguistic formulas including readability indexes.

The incompleteness of previous research leads us to perform a more advanced study. The deepening of this study supports the assessment of professional competence and the development of communication skills. The imperfection of previous research leads us to achieve a new empirical investigation. This investigation requires detailed measurement of the length of the audit reports.

Audit quality reporting influences the interpretation of financial statements. The number of audit information is a factor explaining the behavior of users of financial statements (managers, owners, employees, institutional investors, financial institutions, government, general mass and media). Investors reacted with understandable reports (Fakhfakh, 2013). The length of audit reports is a sign of informational relevance.

The length of the auditors’ reports can be seen as a characteristic that determines the relevance of the financial audit (Zeghal, 1999). Large reports are considered as a source of information that reassures users of financial statements (Hatherly et al., 1997). Periodically, these users require relevant and reliable audit information. The synthesis of audit information is based on international standards on auditor’s report. This standard provides several illustrations that model the report of the independent auditor. Despite standardization efforts, the linguistic quality of the illustrations could be questioned (Fakhfakh, 2014).

Linguistically, the structure of audit reports must comply with the qualitative principles that develop financial reporting. Conceptual frameworks for financial accounting stipulate that the accounting information should refer to the qualitative characteristics of financial statements (such as comparability, objectivity, utility, and understandability). Linguistic analyzers provide several formulas that measure the comprehensibility of audit reports. Such analyzers will be imperfect when structural characteristics will be neglected (length, lexical richness, clarity). The credibility of linguistic analysis enforces the reliability of statistics that summarize the structure and the text size.

Towards the obligations of compliance with auditing standards and language requirements, the independent auditors must optimize the quality of audit reports. This optimization requires the minimization of the informational constraints that hamper performance audit reports. In this article, we analyze the organization of audit reports standardized by the International Federation of Accountants. The detailed study of these reports allows measuring the length of audit information. Such a measure is necessary for the detection of determinants of the incomprehensibility of audit reports.

The organisation of this paper is as follows: after the introduction, there is an overview of conceptual framework for the readability of auditing information. The third section provides an analysis of normative requirements about the wording of the reports of the independent auditors. The fourth section focuses on the linguistic performance of the reports standardised by the International Federation of Accountants. This section describes the methodology and the sample used in the empirical study. The fifth section analyses the importance of compromise between the principles of auditing and linguistic rules. The sixth section discusses the implications of research findings. This section is devoted to drawing the main conclusions.

2. Linguistic framework for the wording of auditor’s report

2.1. The linguistic requirements for the structure of auditor’s report

With regard to the structural efficiency of audit reports several linguistic norms governing the organization and the formal presentation of the corpus. More specifically, the attention of all analyzers is given to the length of reports and their components (word length, the size of sentences and paragraphs).

The word, as a component of sentences is the core text. The word consists of a sequence of graphic characters which form a semantic unit. The number of characters is a reliable measure of the word length. The classification of words (short words, means words, long words) is influenced by readability statistics that show the average lengths. The word length reflects the degree of difficulty of reading. Beyond 9 letters, words will be judged illegible (Table 1.1).

The number of syllables is also a measure of word length. When the number of syllables is high, the word length will significant. Beyond three syllables, the word is considered complicated. The plurality of syllables reflects the level of complexity of words (Table 1.2). All readability formulas consider the word length. Word size is a variable that affects the comprehensibility of texts and communications performance.

Sentence length is a criterion of readability. It indicates the syntactic and semantic difficulty of the text. Most readability formulas are based on the length of phrases. The length of the phrases that can be measured by number of words can predict the degree of difficulty of reading (Table 1.3).

The texts are more readable when sentences are short. Conversely, a text is more difficult if the sentences are long. In addition, short sentences determine the thematic coherence. According to linguistic research, the length of sentences is considered an index of quality of written texts. Reducing the size of the sentence promotes
the quality of information. In order to clarify the text, linguistic rules advocate the inclusion of sentences not exceeding 20 words (Table 1.3).

Personal skills influence the quality and length of sentences. The level of education determines the size and structure of sentences. Besides the length of sentences, several factors favor the comprehensibility of texts (grammatical and lexical cohesion, complexity of vocabulary, syntactic difficulty). According to linguistic principles, the sentence should not include more than 15 words. Clarity of sentences is violated when the number of words is increased.

2.2. The normative readability of auditor’s report

Readability is a fundamental characteristic that is always stipulated in writing techniques and theories of communication. This characteristic is a principal component of Text Analyzer Tools. Most texts analyzers display several statistical indicators that measure the readability of documents.

Linguistic literature offers a multitude of definitions for readability and its meanings. These definitions are made by several authors and experts who continuously work on the theme of understandability. According to DuBay (2004), readability is what makes some texts easier to read than others. It is often confused with legibility which concerns typeface and layout. Klare (1963) defines readability as the ease of understanding or comprehension due to the style of writing. This definition focuses on writing style as separate from issues such as content, coherence, and organisation.

In a similar manner, Hargis et al. (1998) state that readability is the ease of reading words and sentences and is an attribute of clarity. McLaughlin (1969) defines readability as the degree to which a given class of people finds certain reading matter compelling and comprehensible. This definition stresses the interaction between the text and a class of readers of known characteristics such as reading skill, prior knowledge, and motivation.

Readability is the ease in which text can be read and understood. It incorporates a set of factors that interact to provide ease of understanding of print (DuBay, 2004). Readability research has resulted in the development of formulas to estimate the relative success of legibility of written messages without requiring the reader to actually read it and be tested.

The first aim of the formulas readability was to develop practical methods to match reading materials with the abilities of students and adults. These efforts centered on making easily applied readability formulas that teachers and librarians could use.

Historically, the first readability formulas were proposed by researchers in reading. These formulas have been developed and used in several areas: education, industry and the military. These measures assist the publication of texts and predict the readability of documents. The linguistic experts have proposed several formulas that measure the ease of reading such as the Flesch Reading Ease (Flesch, 1948). Other researchers have developed formulas to predict the level of education for understanding (Lively & Pressey, 1923; Washburne & Vogel, 1926; Gray & Leary, 1935).

The Flesch Reading Ease (FRE) is a statistical measure of readability. This test rates text on a 100 point scale and use the following formula: 206.835 - (1.015 * words per sentence) - (84.6 * syllables per word). In the same Flesch test, higher scores indicate material that is easier to read. Lower numbers mark harder-to-read passages (Flesch, 1948).

The Gunning fog index (Gunning, 1952) is another test designed to measure the readability of a sample of English writing. The resulting number is an indication of the number of years of formal education that a person requires in order to easily understand the text on the first reading. The test was developed by Robert Gunning in 1952. The fog index is generally used by people who want their writing to be read easily by a large segment of the population.

All readability formulas consider a number of factors such as average word length or number of characters per word (number of characters divided by the number of words), average sentence length in words or average number of words in sentence (number of words divided by the number of sentences), average number of sentences, average number of syllables per word (the number of syllables divided by the number of words), and the count of the “complex” words (those with three or more syllables).

According to the linguistic literature, a Flesch Reading Ease score of 60–70 is desirable for English texts. Writing principles postulate that the texts which are designed for a wide audience generally require a fog index of less than 12. Table 2 displays an overview of linguistic criteria used in the formulas of readability.

2.3. The measurement of understandability (The advanced level of readability)

Linguistically, understandability is related to the perception of the correct meaning of the texts. Intelligibility assumes that readers are able to read the content of the information and the meaning of ideas. Understandability as qualitative characteristic is conditioned by several factors such as: writing skills, reliability of communication tools and skills of reading.

Furthermore readability formulas, theories of communication advocated several indicators that measure the understandability of texts. Linguistic parameters that are most commonly used include the lexical density (Density indicator), sentence complexity and complexity of vocabulary.

The density indicator is seen as a relevant measure of understandability. In definitional terms, the lexical density (Complexity factor) is a readability test designed to show how easy or difficult a text is to read. This test tries to measure the proportion of the content (lexical) words over the total words. Texts with a lower density are more easily understood. As a guide, lexically dense text has a lexical density of around 60–70% and those which are not dense have a lower lexical density measure of around 40-50%.

The detailed study of sentences is necessary to assess the level of understandability of texts. Syntactic difficulty and semantic complexity of sentences can predict problems of understandability. As an indicator of understandability, linguistic principles provide a

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Table 1

<table>
<thead>
<tr>
<th>Linguistic units</th>
<th>Number of syllables</th>
<th>Level of difficulty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short words</td>
<td>one syllable</td>
<td>Low</td>
</tr>
<tr>
<td>Long words</td>
<td>two syllables</td>
<td>Moderate</td>
</tr>
<tr>
<td></td>
<td>Words with more than three syllables</td>
<td>Extreme</td>
</tr>
</tbody>
</table>

Table 1.1. Word length (measured by the number of syllables)
statistic that measures the complexity of sentences. This statistic takes into account several criteria such as word length, ambiguity and sentence structure. The evaluation of the difficulty of vocabulary contributes to measuring the understandability of texts. The complexity of the vocabulary is seen as a parameter that determines the intelligibility of the corpus. When the complexity of the vocabulary is high, texts and written reports are unintelligible.

### 3. The wording of the reports of the independent auditors: the normative requirements

The efforts made to achieve international harmonization of the audit report, which led to the publication of the International Standard (ISA700) bear witness to the successful pursuit of an international consensus in auditing opinion. The International Federation of Accountants issued the International Standard on Auditing 700 “The Auditor’s Report on Financial Statements”. This standard enumerates various elements related to the wording of the auditor’s report on financial statements.

Five elements dealing with the form of the same report are identified, covering the title of the auditor’s report, the addressee, the date of the audit report, the auditor’s address and the auditor’s signature. In addition to form, ISA700 prescribes 22 elements that relate to content. These elements serve to describe the introductory paragraph, the management’s responsibility, the auditor’s responsibility and the opinion paragraph.

The International Standard on Auditing 700 provides three illustrations of auditors’ reports with unmodified opinions. The first illustration standardizes the auditor’s report on financial statements prepared in accordance with a fair presentation framework designed to meet the common financial information needs of a wide range of users. The wording of this illustration would be worded in the following circumstances:

- audit of a complete set of financial statements;
- the financial statements are prepared for a general purpose by management of the entity in accordance with International Financial Reporting Standards;
- the terms of the audit engagement reflect the description of management’s responsibility for the financial statements in ISA 210; and
- in addition to the audit of the financial statements, the auditor has other reporting responsibilities required under local law.

The second illustration normalizes the auditor’s report on financial statements prepared in accordance with a compliance framework designed to meet the common financial information needs of a wide range of users. The content of this illustration would be adopted when the following circumstances are applicable:

- Audit of a complete set of financial statements required by law or regulation.

### Table 2
Linguistic requirements for the readability of auditing information.

<table>
<thead>
<tr>
<th>Readability formulas</th>
<th>Linguistic formulas</th>
<th>Score</th>
<th>Level of difficulty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flesch Reading Ease</td>
<td>206.835 – (1.015 × ASL) – (84.6 × ASW)</td>
<td>71 or more</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td></td>
<td>60-70</td>
<td>Moderate</td>
</tr>
<tr>
<td></td>
<td>Less than 60</td>
<td>Less than 9</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>Less than 9</td>
<td>9-12</td>
<td>Moderate</td>
</tr>
<tr>
<td></td>
<td>13 or more</td>
<td></td>
<td>Extreme</td>
</tr>
</tbody>
</table>


- The financial statements are prepared for a general purpose by management of the entity in accordance with the Financial Reporting Framework of Jurisdiction.
- The terms of the audit engagement reflect the description of management’s responsibility for the financial statements in ISA 210.

The third illustration is recommended for the auditor’s report on consolidated financial statements prepared in accordance with a fair presentation framework designed to meet the common financial information needs of a wide range of users. The wording of this illustration is required for the following situations:

- audit of consolidated financial statements prepared for a general purpose by management of the parent in accordance with International Financial Reporting Standards;
- the terms of the group audit engagement reflect the description of management’s responsibility for the financial statements in ISA 210; and
- in addition to the audit of the group financial statements, the auditor has other reporting responsibilities required under local law.

ISA 705 and ISA 706 deal with how the form and content of the auditor’s report are affected when the auditor expresses a modified opinion or includes an emphasis of matter paragraph or another matter paragraph in the auditor’s report.

Table 3 shows the elements of the audit reports prepared according to the ISA700. It illustrates how the auditor’s judgment about the nature of the matter giving rise to the modification, and the pervasiveness of its effects or possible effects on the financial statements, affects the type of opinion to be expressed.

### 4. Qualitative characteristics of illustrations provided by the International Standards on auditing reports: A linguistic analysis

#### 4.1. The length of illustrations provided by the International Standards on auditing reports

For this study, the analysis of linguistic features of international audit reports is assisted by a Text Analysis Tool. The software provides several statistics that summarise the structural features of the text: Complexity factor (or Lexical density), total number of characters, average syllables per word, word length, syllable count and words phrases frequency. In addition to these detailed statistics, the software displays the readability score (Flesch reading ease/Gunning-Fog Index). Other linguistic parameters that measure the length of texts have been calculated. These indexes summarise the word length, sentence length and paragraph length.

The electronic copy of International Standards ISA 700 was downloaded in order to analyse the structural characteristics of the unmodified audit reports. This download has been performed from the electronic site of the International Federation of Accountants. The French translation was considered in order to strengthen the linguistic analysis.
Table 3
Elements of the audit reports prepared according to the International Standards on auditor’s report.

<table>
<thead>
<tr>
<th>Elements of the auditor’s report</th>
<th>Nature of matter giving rise to the modification</th>
<th>Auditor’s judgment about the pervasiveness of the effects or possible effects on the financial statements</th>
<th>Types of modified opinions</th>
<th>Illustrations of auditors’ reports with modifications to the opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title</td>
<td>Financial statements are materially misstated</td>
<td>Material but Not pervasive</td>
<td>Qualified opinion</td>
<td>Illustration 1 (ISA 705)</td>
</tr>
<tr>
<td>Identification of addressee</td>
<td>Date of the report</td>
<td>Material and pervasive</td>
<td>Qualified opinion and emphasis of matter</td>
<td>Illustration 1 (ISA 706) Illustration 2 (ISA 705)</td>
</tr>
<tr>
<td>Auditor’s address</td>
<td></td>
<td></td>
<td>Adverse opinion</td>
<td>Illustration 3 (ISA 705)</td>
</tr>
<tr>
<td>Auditor’s signature</td>
<td></td>
<td></td>
<td>Disclaimer of opinion</td>
<td>Illustration 4 (ISA 705)</td>
</tr>
<tr>
<td>Elements of content</td>
<td>Section with the heading “Introduction Paragraph”</td>
<td>Inability to obtain sufficient appropriate audit evidence about a single element of the financial statements</td>
<td>Material but not pervasive</td>
<td>Illustration 3 (ISA 705)</td>
</tr>
<tr>
<td></td>
<td>Section with the heading “Management’s Responsibility”</td>
<td></td>
<td>Material and pervasive</td>
<td>Illustration 5 (ISA 705)</td>
</tr>
<tr>
<td></td>
<td>Section with the heading “Auditor’s Responsibility”</td>
<td></td>
<td>Material but not pervasive</td>
<td>Illustration 5 (ISA 705)</td>
</tr>
<tr>
<td></td>
<td>Section with the heading “Auditor’s Opinion”</td>
<td></td>
<td>Material and pervasive</td>
<td>Illustration 5 (ISA 705)</td>
</tr>
</tbody>
</table>

Source: International Standards on auditor’s report (ISA 700 and ISA 705).

4.2. The readability of illustrations provided by the International Standards on auditing reports

According to the findings of the use of long words in the auditor’s reports, the use of long words and sentences significantly differs between the audit reports that are prepared according to the International Standards on auditing reports. The results of the analysis of the language used in the auditor’s reports show that the length of the sentences and the number of words in the auditor’s reports is significantly different from the length of the sentences and the number of words in the financial statements. The average length of the sentences in the auditor’s reports is around 21.5 words.

For the audit reports, the average length of the sentences is 20.5 words, and the average number of words per sentence is 6.7 words. The average number of syllables per word is 2.4 syllables. The average number of words per sentence is 6.7 words, and the average number of syllables per word is 2.4 syllables. The average number of words per sentence is 6.7 words, and the average number of syllables per word is 2.4 syllables.

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4.3. The auditing legibility and compliance with linguistic principles

The analysis of the statistical data is assisted by tests for the heterogeneity of independent samples. Another statistical test such as the one-sample test is used to compare the mean with a hypothesized value. These values are linked to the accepted and linguistic standards and are generally recommended by the accountants and auditors. The results of the statistical analysis are presented in Table 4.

Regarding the findings of the linguistic analysis of the auditor’s reports, the length of the sentences and the number of words in the auditor’s reports is significantly different from the length of the sentences and the number of words in the financial statements. The average length of the sentences in the auditor’s reports is around 21.5 words.

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Table 4

<table>
<thead>
<tr>
<th>International standards on auditor's report</th>
<th>Reports provided by the International Standards on auditor's report (IAS 700, 705, and 706)</th>
<th>Reports provided by ISA 705</th>
</tr>
</thead>
<tbody>
<tr>
<td>English standards on auditor's report</td>
<td>Total number of characters</td>
<td>Number of characters</td>
</tr>
<tr>
<td></td>
<td>Average word length (per characters)</td>
<td>Average word length (per characters)</td>
</tr>
<tr>
<td></td>
<td>Average sentence length (per words)</td>
<td>Average sentence length (per words)</td>
</tr>
<tr>
<td></td>
<td>Average paragraph length (per words)</td>
<td>Average paragraph length (per words)</td>
</tr>
<tr>
<td></td>
<td>Average length (per sentences)</td>
<td>Average length (per sentences)</td>
</tr>
<tr>
<td></td>
<td>Index of education level (Gunning-Fog Score)</td>
<td>Index of education level (Gunning-Fog Score)</td>
</tr>
<tr>
<td></td>
<td>Total word count</td>
<td>Total word count</td>
</tr>
<tr>
<td></td>
<td>Number of sentences</td>
<td>Number of sentences</td>
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<tr>
<td></td>
<td>Average word length (per characters)</td>
<td>Average word length (per characters)</td>
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<tr>
<td></td>
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<tr>
<td></td>
<td>Index of education level (Gunning-Fog Score)</td>
<td>Index of education level (Gunning-Fog Score)</td>
</tr>
<tr>
<td>French standards on auditor's report</td>
<td>Total number of characters</td>
<td>Number of characters</td>
</tr>
<tr>
<td></td>
<td>Average word length (per characters)</td>
<td>Average word length (per characters)</td>
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<tr>
<td></td>
<td>Average sentence length (per words)</td>
<td>Average sentence length (per words)</td>
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<tr>
<td></td>
<td>Average paragraph length (per words)</td>
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</tr>
<tr>
<td></td>
<td>Index of education level (Gunning-Fog Score)</td>
<td>Index of education level (Gunning-Fog Score)</td>
</tr>
</tbody>
</table>

In terms of readability, and according to the linguistic literature, a Flesch Reading Ease score of 60-70 is desirable. Towards these desirable standards, statistical tests show that the illustrations provided by the International Standards on auditor's report are not readable by a wide range of users of financial information (Table 6). Writing principles postulate that the desirable level of education should not exceed 12. The statistical results show that the Average Grade Scale (for all illustrations) exceeds the level of education recommended by the linguistic principles.

5. The illegibility of international auditor's report and the optimization of linguistic rules: The research of compromise

Linguistically, audit results are efficient when the structure of audit reports meet the prescribed standards for the clarity of written texts. Theoretically, the content of these reports is intelligible when the authors consider readability formulas that are recommended by the literature. For several reasons (accounting reasons, technical reasons and informational reasons) the independent auditors will be forced to use long words and long sentences that relate various findings. Therefore, the independent auditors will ignore the recommendations challenging the difficulty of sentences.

Towards the obligation to ignore some linguistic rules, it is important to seek a relationship with a balanced text (i.e. a report that is acceptable and linguistically efficient). Achieving a compromise between the different requirements is still requested by the independent auditors (normative requirements, professional requirements, linguistic requirements and information requirements). Professional accountants are keen to enhance the communicative value of audit reports. Several solutions are considered when the accounting standard does not improve the linguistic quality of audit reports.

5.1. The use of text analyzers

Several computer programs integrate analyzers which assist the correction of draft reports. Linguistic performance of auditors' reports is evaluated on several levels (syntactic analysis, parsing, semantic analysis, structural analysis). Audit appreciation and critical reading of the results can produce intelligible audit reports for a wide range of users of financial statements.

The advanced linguistic analysis is relevant for preparers of audit reports. Such an analysis facilitates the exploitation of the corpus of audit reports and the characteristics of the vocabulary. The analyzers texts perform qualitative research and display the characteristics of linguistic units (technical terms, business concepts). These tools analyze the difficulty of a text according to several parameters: word length, size of sentences and paragraphs. Most analyzers are used to test the readability of the text in order to provide the level of understanding of the information.

The independent auditors should use text analyzers to improve the presentation and organization of audit information. The analyses of textual data (or textual statistics) improve the preparation and submission of audit reports. Before the signing of audit reports, independent auditors should analyze the form and content of audit information. The analyzers provide linguistic assistance that enriches the text, the lexicon of semantic and grammatical data.

5.2. The improvement of the translation of international auditing standards on auditor's report

Originally, the international auditing standards were issued in English. Several organisations translate these accounting standards
to encourage the independent auditors to comply with international accounting doctrine. The translation of international auditing standards is carried out in accordance with the IFAC Policy Statement - Policy for Translating and Reproducing Standards. The French translation of several international standards is conducted by The Canadian Institute of Chartered Accountants (CICA). The official translation is reproduced with the permission of IFAC.

It is generally accepted that translation work faces several constraints such as: preservation of the meaning of auditing standards; fidelity to the original text; and the maintenance of linguistic performance standards (Fakhfakh, 2015). According to the linguistic measures, the organization of English audit reports is not similar to the structure of reports translated into French. The Chi-square test rejects the hypothesis of homogeneity of the structures of reports submitted by two versions: English and French (Table 7).

The standard translation process is based on textual strategies to overcome problems of understanding and communication. Translation is a delicate task since it determines the equivalent terminology in a foreign language. Translation of English standards on auditor’s report must be treated to improve communication of audit results.

5.3. Optimization of communication skills

Linguistic literature provides several writing techniques which allow the transmission of clear and simple messages. The independent auditors must optimize the use of communication techniques to simplify the content of the audit reports. Previous researches on the expectation gap indicate that audit reports should be written clearly and simply.

The clarity of audit reports assumes that readers can fully understand the audit information. Reading difficulty is increased when the audit report is characterized by the disorder of ideas, excessive redundancy, lack of linguistic rigor and neglect of relevant information.

The independent auditor must issue a report that contains all the explanatory information of financial statements. The summary of the audit results must meet several linguistic principles such as: clarity, conciseness, simplicity, consistency and coherence. The same independent auditors must enhance the quality of their reporting in order to meet the information needs of stakeholders. Further analysis of audit reports contributes to the transmission of clear information and reasonably readable messages.

5.4. The consultation of linguistic experts and specialists in communication

In our opinion, the International Federation of Accountants should improve the international standards that illustrate the reports of independent auditors. Accounting standard setters and auditing bodies should consult experts in linguistics. The participation of these experts enriches the standardization of audit reports and optimizes the resolution of accounting issues.

Currently, the role of linguistic experts is appreciated in many areas (industrial, high technology, management, policy, and education). International communications schools ensure the scientific training of linguistic experts. This training focuses on the methods and tools that support the transmission of written information. The mastery of technical language is a key to the success of contemporary international communications (such as information exchanges among global partners, exchanges between the subsidiaries and intercontinental projects).

The International Federation of Accountant must consider the communication skills in order to improve the quality of auditing standards. The cooperation of experts in linguistics contributes to the improvement of rules that prescribe the wording of audit reports.
Table 7
Test on contingency table for linguistic features of translated audit report.

<table>
<thead>
<tr>
<th>Number of words with less than three syllables</th>
<th>English illustration</th>
<th>French illustration</th>
<th>Chi-square test (One-tailed p-value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>465</td>
<td>572</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>290</td>
<td>223</td>
<td>0.02</td>
<td></td>
</tr>
<tr>
<td>549</td>
<td>536</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>206</td>
<td>259</td>
<td>0.01</td>
<td></td>
</tr>
<tr>
<td>280</td>
<td>346</td>
<td></td>
<td></td>
</tr>
<tr>
<td>475</td>
<td>449</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 7.2. Illustration of audit report provided by the ISA 705

<table>
<thead>
<tr>
<th>Number of words with less than three syllables</th>
<th>English illustration</th>
<th>French illustration</th>
<th>Chi-square test (One-tailed p-value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1184</td>
<td>1376</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>667</td>
<td>757</td>
<td>0.73</td>
<td></td>
</tr>
<tr>
<td>1380</td>
<td>1464</td>
<td>0.18</td>
<td></td>
</tr>
<tr>
<td>471</td>
<td>487</td>
<td></td>
<td></td>
</tr>
<tr>
<td>715</td>
<td>795</td>
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</tr>
<tr>
<td>1136</td>
<td>1156</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 7.3. Illustration of audit report provided by the ISA 706

<table>
<thead>
<tr>
<th>Number of words with less than three syllables</th>
<th>English illustration</th>
<th>French illustration</th>
<th>Chi-square test (One-tailed p-value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>366</td>
<td>436</td>
<td>0.03</td>
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</tr>
<tr>
<td>200</td>
<td>180</td>
<td>0.77</td>
<td></td>
</tr>
<tr>
<td>423</td>
<td>465</td>
<td></td>
<td></td>
</tr>
<tr>
<td>143</td>
<td>151</td>
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<td></td>
</tr>
<tr>
<td>210</td>
<td>247</td>
<td></td>
<td></td>
</tr>
<tr>
<td>356</td>
<td>369</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


In most cases, the development of audit standards is supervised by the International Auditing and Accountancy Board. The participation of specialists in linguistics is necessary to improve the quality and intelligibility of auditing messages.

6. Implication of results and final remarks

In this article, the results show that the normalization of audit reports is imperfect. International auditing standards provide an audit report that is not readable by all users of financial statements. Consequently, the independent auditors should look for solutions to improve the reading and interpretation of the audit information. Accounting practice must seek a compromise between the audit rules and language principles. Our paper is mainly intended for several groups that are interested in the auditing information. These groups include: the International Federation of Accountants, Institutes of Certified Public Accountants, statutory auditors, internal and external users of financial statements.

Despite all the deficiencies, the audit report is an important tool for communication and a mechanism that reduces information asymmetry. Auditing standards should consider the linguistic rules to improve the readability of auditing reports. Empirically, several determinants may explain the variability of readability of standardized illustration of audit reports (Fakhfakh, 2013). Among the explanatory variables of this phenomenon, we can consider: the impact of the translation of international standards on auditing, the impact of the modification of the auditor’s opinion and the impact of the reform of standards on auditors’ reports.

As a supranational accounting body, The International Federation of Accountants is invited to review the illustrations provided by the international standards on auditor’s report. The quality of audit reports can influence the usefulness of accounting information and reliability of the financial markets. The relevance of the opinion of the independent auditor will be forgotten when the audit report is not understandable.

The incomprehensibility of audit reports promotes ambiguity of accounting information and the complexity of the financial statements. Financial information is more asymmetric when the audit information is illegible. The unreadable opinions disrupt the behavior of users of financial statements and especially donors and shareholders. With illegible labels, investors and shareholders do not accept reliable references to justify their financial and economic decisions.

The imperfection of auditing standards can affect the content and form of the consolidated audit report. Currently the body of this report is defined by the international standard ISA 700. Users of consolidated financial statements require readable reports. The readability of the reports affects the understanding of the financial position of groups of companies.

The illegibility of audit results could hamper the international harmonization of audit reports. The harmonization of auditing reports is identified as the process, which aims at the reduction of the audit practices diversity and ensures their convergence in matter of the audit communicative means (Hussein, Bavishe, & Gangolly, 1986; Archer, Mcleaf, & Dufour, 1989; King, 1999, Gangolly, Hussein, Seow, & Tam, 2002; Fakhfakh & Fakhfakh, 2010). It aims at minimizing the divergences among the normative national regulations that govern the communications between the auditors and other stakeholders.

References


