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## Article

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## Effects of Turkish Accounting Standards application on independent audit procedures

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**Abstract:** The main purpose of this study is to determine the effects of Turkish Accounting Standards, which are compatible with International Financial Reporting Standards composed by the International Accounting Standards Board and providing to eliminate the differences among the accounting practices of the countries and to compare companies' accounting information, on independent audit procedures. Independent audits are essential to verify the accuracy and reliability of the financial statements belonging to companies. In this study, first of all, a number of examinations on the Turkish Accounting Standards applications have been carried out. Then, the information about the independent audits have been submitted. Finally, whether Turkish Accounting Standards Applications have positive or negative effects on independent audit firms and on independent auditors was searched through the questionnaire technique conducted among the independent auditing firms affiliated to the Free Market Board. Ultimately, it was concluded that the auditors consider International Accounting Standards as modern, reliable and sufficient to answer the purpose. In addition to this, Turkish Accounting Standards must be absolutely performed by companies, but it makes audit procedures difficult for audit firms and for independent auditors.

**Keywords:** International Accounting Standards Board, Turkish Accounting Standards, Independent Audit

**JEL codes:** M41, M42

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## **1. Introduction**

The investment decisions, which have become international with the globalization of capital markets, the economic conditions emerging around the world, and accounting scandals encountered have damaged the reliability level of financial statements seriously. After these incidents, it has been understood that a common accounting language and consistency in accounting practices are necessary. Therefore, the International Accounting Standards Board is the primary organization which functions to provide these requirements.

In Turkey, Public Oversight Accounting and Auditing Standards Authority carries out this duty which involves to set Turkish Accounting Standards and to publish them. As for independent audit, it is the process of checking the suitability and the accuracy of financial information obtained as a result of economic activities of firms and of financial statements according to the financial reporting standards as well as evaluating and affiliating to a report. The required independent audit techniques are performed during this checking, evaluating and reporting processes. The financial statements of firms must be reliable so that managers of firms and relevant people using those financial statements can take the right decisions and take action properly. This reliability can be provided through independent audits. When viewed from this aspect, the independent audit has a significance which interests many sectors.

The aim of this study is to determine the effect of Turkish Accounting Standards on independent audits and to evaluate it in terms of both independent audit firms and independent auditors. Within this context, the survey, which has been conducted among the audit firms getting authorization from the Capital Market Board of Turkey (CMB) in order to determine the effect of Turkish Accounting Standards (TAS/TFRS) on independent audit processes, and the findings obtained via this survey have been mentioned in this study.

Ultimately, it was concluded that the auditors consider International Accounting Standards as modern, reliable and sufficient to answer the purpose. In addition to this, Turkish Accounting Standards must be absolutely performed by companies, but it makes audit procedures difficult for audit firms and for independent auditors.

The rest of the paper is organized as follows: Section 2 examines the International/Turkish Accounting Standards. Section 3 gives information about the external audit. Section 4 discusses the merits of the relevant empirical literature. In addition, section 5 describes the sample and data and analyzes the empirical findings. Finally, section 6 presents the conclusion.

## 2. Applications of Accounting Standards in Turkey

In Turkey, the development of the accounting standards has become under the leadership of the government. By means of the laws taken as example, the effects of the implementations in the countries with which we have close economic and political relationships can be seen. Our standards were set under the influence of French legislation and publications at first, then of German legislation and publications. After 1950, the influence of the accounting system belonging to the USA, with which we developed a close relationship, was seen. With our application for full membership in the EU in 1987, the EU regulations and, lately, International Accounting Standards have been effective (Başpınar, 2004: 46).

In 1994, in order to meet the need for accounting standards and to generate standards compatible with the international accounting standards, the association of accounting professionals, the Union of Chambers of Certified Public Accountants Turkey (TURMOB), was founded, which made a significant contribution to establish the Turkish Accounting and Auditing Standards Board. But these standards were underutilized due to the absence of compulsory enforcement. Therefore, the Turkish Accounting Standards Board (TASB) was founded on the purposes of filling the deficiency of standardization in accounting, generating accounting standards which are internationally valid, providing the use of these standards and meeting the need for an organization which has sanction power before the government (Bostancı, 2002: 77).

The main purpose of the TASB, which was founded in 1999, is to determine and publish the national accounting standards to be used for the public weal and to provide the development as well as the adoption of the national accounting principles so that the financial statements can fit the bill and be accurate, reliable, balanced, comparable, also understandable in the presentation of audited financial statements. The board decided to adopt International Accounting Standards in order to be integrated into the modern world applications and to accord with the European Union and the *acquis communautaire* (Seviğ, 2006: 1).

In 2011, the Public Oversight Accounting and Auditing Standards Authority was founded in order to constitute and publish Turkish Accounting Standards compatible with the international standards, to provide the application union in independent audits as well as required reliance and quality, to determine the audit standards, to authorize independent auditors and independent audit firms, also to audit their activities and to conduct public oversights in the field of the independent audit (Arıkan, 2011: 7).

Thus, the TASB ended up and was transferred to the Public Oversight Accounting and Auditing Standards Authority. From that date on, the Public Oversight

Accounting and Auditing Standards Authority has maintained the duty to set and publish Turkish Accounting Standards compatible with International Accounting Standards.

### **3. Independent audit**

Today, economic activities has become more complicated with the fast change and development of these activities. Hence, fulfilling these activities is getting more and more difficult. On this occasion, the need for auditing which is essential for the business world is rising day by day. Also, auditing is considered as a significant matter by both society and the business world (Güredin, 2007: 3).

Policy makers have to take various precautions for these explained information which are not reliable enough, in case of errors, mistakes and irregularity in the information derived from different reasons both within and beyond control such as carelessness, negligence, intention, etc., varying depending on knowledge and skill levels of the employees working in any positions, from the lowest to the highest, in an institution and an organization. The most common method used concerning the reliability of the information is the auditing activity which unbiased, objective and surely experienced person or persons carry out by checking information under some certain standards and by approving their truth (Aksoy, 2006: 46).

As for independent audit, it can be defined as a process during which an independent auditor examines the fidelity of the relevant firms' financial statements to the principles and criteria, which have been set before, objectively through collecting evidence and evaluating methods by acting according to the audit standards and s/he reports the obtained results to the users and the relevant persons in those firms (Dönmez & Ersoy, 2006: 71). The reports prepared as a result of the independent audit indicate the financial status of a firm clearly, impartially and objectively (Ulusoy, 2005: 278). Independent auditing is highly significant in terms of both providing reliable information and being directive about determining the prospective predictions concerning some matters such as financial statements, analysis, audit and report preparation (Çelen, 2001: 185).

### **4. Literature review**

Turkish Accounting Standards (TAS/TFRS), which is completely compatible with IAS/IFRS and has a translation, and accounting audit have been discussed in a good number of studies. Accordingly, some studies about these subjects can be organized as follows.

Aksoy (2005) discussed the harmonization in financial accounting and in reporting standards as well as the parallel developments in the context of the orientation tendency to the global accounting standards in his study. He stated that working with IFRS, as a set of global standards, had not only advantages but also drawbacks to take into consideration.

In their study, Alkan and Doğan (2012) aimed to identify the differences between ratio analyses that was made with financial statements of companies traded in Istanbul Stock Exchange between 2000 and 2009 in accordance with International Financial Reporting Standards and prior to International Financial Reporting Standards. First, averages of the companies for each ratio was calculated both for prior to standards and after the standards and the results were compared. Significant differences were reached between the results obtained in the 2004-2005 compliance period and the findings obtained in 10 years.

Barth, Landsman and Lang (2008), compared characteristics of accounting amounts for firms that apply International Accounting Standards (IAS) to a matched sample of firms that do not to investigate whether applying IAS is associated with higher accounting quality and lower equity cost of capital. They found that firms applying IAS evidence less earnings management, more timely loss recognition, and more value relevance of accounting amounts than do those applying domestic GAAP.

Beke (2012), examined the impact of the adoption of accounting standards on company performance. The results indicated that the internal efficiency measured by accounting indicators depended on financial situations, capitalizations after standards adoption

In their study, Çankaya and Dinç (2012) seek to identify factors affecting the success of financial reporting standards application. The survey that was carried out on the independent auditors in Turkey has been analyzed and was assessed through structural equation model. They have concluded that education factor and economic factor has effect on the successs of TAS/ TFRS application.

Çelen (2001) indicated that every business needed to subject their business to Independent Accounting Audit, because the reliable information which was generated by accounting and audited was required while taking managerial decisions. He remarked that accounting information had to be reliable and what provided this was auditing. As for Damant (2003), he analyzed the recent developments in financial reporting and pointed out its inevitable complicity. He argued that if financial reporting rules were written accurately as in the framework, the results of reports would be more complicated; therefore, professional analysis would be required to comprehend and explain these reports.

In another study, Dönmez and Ersoy (2006) evaluated the independent auditing system in Turkey from the view of the independent audit firms which were charged with making independent audits by the Capital Market Board (CMB). They concluded that the regulations, in Turkey, regarding independent audits were inadequate. Besides, they found that the most significant problems which firms encountered during an audit process were “legislation complexity”, “inadequacy in regulations regarding auditing” and audited firms’ disapplying International Accounting Standards.

In their study, Elitaş, Karakoç and Özdemir (2011) aimed to analyze Turkish Accounting Standards from the perspective of accountant professionals. For this purpose, a survey was applied to accountant professionals in Afyon, Denizli, Uşak provinces and results were analyzed. According to this, 80% of professionals stated that they have sufficient information about Turkish Accounting Standards (TAS). However, 81% think that there is a need for a systematic training on TAS.

George, Ferguson and Spear (2013) provided evidence of a directly measurable and significant cost of International Financial Reporting Standards (IFRS) adoption, by examining the fees incurred by firms for the statutory audit of their financial statements at the time of transition. They found that firms with greater exposure to audit complexity exhibit greater increases in compliance costs for the transition to IFRS. Güler (2006) explained the legal legislation about accounting control and its applications in Turkey and in the world. Also, he conducted an empirical study to determine whether independent audit firms had effects on crises during a time of crisis. As a result, he concluded that independent audits did not have any profound effects on a crisis and on a bank bankruptcy, but it had new requirements to be more effective.

Jeanjean and Stolowy (2008), examined the effects of the international accounting standards on earnings management. In the study, they focused on Australia, France and England, first countries to comply with IFRS. As a result of the study carried out, it was seen that there was not a decline in the proliferation of earnings management after the compliance with IFRS. Actually, in France, it increased more. It was understood that the compliance with the standards did not provide a recovery in earnings management.

Kandemir and Akbulut (2013) aimed to fill the information gap in this field by emphasizing the significance of audit committee in the application of an independent audit effectively. They carried out an empirical study to explain the contributions which the independent audit firms functioning in Turkey received from the committees responsible for auditing. They concluded that committees responsible for the audits strengthened the independence of independent auditors and increases the effectiveness of independent audits.

Morril and Morrill (2003) examined the changes observed in the applications and the internal auditor dimension which needed to participate in independent audits. They tried to clarify this argument by using the concepts about transaction costs economics to define the conditions lying behind the organizations which promoted the participation in internal audits within independent audits.

Morris *et al.* (2013) analyzed preparers' sensations of the costs of the implementation process and the likely benefits arising for their companies. Their results showed a very negative tone among respondents reflecting concerns about the problems of IFRS implementation and the low level of expected benefits.

Türk (2008) aimed to determine the effects belonging to the fidelity of auditing service to the accepted standards on perceived quality of auditing service and on customer satisfaction. The questionnaire technique was applied on the firms registered to ISE. According to the research and the data analysis results, it was determined that perceived quality and customer satisfaction were considerably affected by the conformity to the accepted standards.

Yavaşoğlu (2001) handled independent audits in terms of the procedure and principles. He evaluated the subject with the legislation and practice dimensions. In addition, he suggested his personal opinions by making comments and explanations on the cases, which he mentioned, about the legislation.

## **5. Research on determining the effects of Turkish Accounting Standards on independent audit procedures**

In this section, the analysis and results of the questionnaire study, which has been conducted to research the effects of the Turkish Accounting Standards applications on independent audit procedures, are mentioned.

### **5.1 Research objectives**

The main aim of the research is to investigate the effects of Turkish Accounting Standards on independent audit procedures. Accordingly, the viewpoints of independent auditors about Turkish Accounting Standards and their opinions about the effects of the Turkish Accounting Standards applications on independent audit procedures have been researched. Also, this research tries to clarify whether the audit of the financial statements which are prepared in conformity with Turkish Accounting Standards and the other audit operations have negative or positive effects on audit firms and on independent auditors.



## **5.2 Scope of research**

The scope of the research is composed of the organizations authorized with the independent audit in the capital market. The greatest factor in the selection of the independent audit firms in the Capital Market Board (CMB) is that the business affiliated to the CMB practise Turkish Accounting Standards. By the date of December 2008, 95 audit firms affiliated to the CMB existed. These firms compose our population. The data source in the research is the auditors in different positions. A questionnaire was applied to all these 95 firms, which were authorized by the CMB and were the universe of the research, via e-mails. The firms were leaded to the questionnaire form via a web link given in the e-mails. Since the responses were recorded in the database at that moment, the firms did not need to send another e-mail to convey their responses. 52 firms responded to it. But 3 of them were not convenient for the analysis; therefore, the responses of the 49 firms were used as data.

## **5.3 Method of research**

Primary data is defined as the data which a researcher needs and collects on her/his own through different instruments (Altunışık, *et al.*, 2004: 68). In this study, the questionnaire technique was used as the method of collecting primary data. This questionnaire was composed of 30 questions. 5 of them were prepared with the aim of determining the features of the auditors responding this questionnaire. The other 25 questions were prepared to determine their knowledge levels about Turkish Accounting Standards, the levels of the accounting standards applications in the firms they audited and the changes for the auditors in the audit procedures after Turkish Accounting Standards had started to be practised. Also, they were closed-end questions and were prepared according to the 5 point Likert scale. The questionnaires were conveyed to all the 95 firms authorized by the CMB, but the 49 questionnaires which were convenient returned. That is, the return rate was 51.6%.

## **5.4 Data analysis**

The data obtained in the survey were analyzed by using SPSS Statistics. In the study, firstly, frequency analysis and then T test for the independent samples and one-way analysis of variance (One Way Anova) were applied. And alpha method (Cronbach alpha coefficient) was employed for the reliability analysis. Cronbach Alpha Coefficient analyzes whether the questions in the scale form an integrity so as to explain a homogeneous structure. As a result of the reliability analysis, Cronbach Alpha Coefficient was found as 0.8835. This figure indicates the reliability level of the questionnaire is quite high.

## 5.5 Findings

The demographic features of the independent auditors in these 49 firms, which participated the questionnaire and the frequency distributions of their opinions are presented below collectively.

### 5.5.1 Frequency distribution of variables

**Table 1. The demographic features of the independent auditors**

| Demographic Features       |                                     | Frequency | Percentage | Cumulative Percentage |
|----------------------------|-------------------------------------|-----------|------------|-----------------------|
| Gender                     | Male                                | 42        | 85.7       | 85.7                  |
|                            | Female                              | 7         | 14.3       | 100                   |
|                            | Total                               | 49        | 100        |                       |
| Age                        | 25-35                               | 21        | 42.9       | 42.9                  |
|                            | 36-45                               | 15        | 30.6       | 73.5                  |
|                            | 46 and over                         | 13        | 26.5       | 100                   |
|                            | Total                               | 49        | 100        |                       |
| Title                      | Responsible Partner<br>Lead Auditor | 11        | 22.4       | 22.4                  |
|                            | Lead Auditor                        | 13        | 26.6       | 49.0                  |
|                            | Senior Auditor                      | 11        | 22.4       | 71.4                  |
|                            | Auditor                             | 10        | 20.4       | 91.8                  |
|                            | Assistant Auditor                   | 4         | 8.2        | 100                   |
|                            | Total                               | 49        | 100        |                       |
| Occupational<br>Experience | Less than 1 year                    | 1         | 2.0        | 2.0                   |
|                            | 1-5 years and more                  | 9         | 18.4       | 20.4                  |
|                            | 6-10 years and more                 | 14        | 28.6       | 49.0                  |
|                            | 11-15 years and more                | 13        | 26.5       | 75.5                  |
|                            | 16-20 years and more                | 2         | 4.1        | 79.6                  |
|                            | 21 years and more                   | 10        | 20.4       | 100                   |
|                            | Total                               | 49        | 100        |                       |
| Educational<br>Background  | Bachelor's Degree                   | 43        | 87.8       | 87.8                  |
|                            | Master's Degree                     | 6         | 12.2       | 100                   |
|                            | Total                               | 49        | 100        |                       |

85.7% of the independent auditors responding the questionnaire were male and 14.3% were female. The age range of 73.5% was 25-42 and 26.5% of them were 46 and over. 22.4% of the independent auditors were responsible partner lead auditors. 26.6% of age range them were lead auditors. 22.4% were senior auditors. 20.4% were auditors and 8.2%. the lowest percentage. were assistant auditors. 49% of the independent auditors had 1-10 years job experience. 36.6% had 11-20 years

and 20.4% had job experience more than 21 years. 87.8% of the independent auditors had Bachelor's degree while 12.2% of them had MA.

**Table 2. The knowledge levels of the respondents about Turkish Accounting Standards (TAS/IFRS)**

|        | Frequency | Percentage |
|--------|-----------|------------|
| Yes    | 36        | 73.5       |
| No     | 0         | 0.         |
| Partly | 13        | 26.5       |
| Total  | 49        | 100.0      |

While 73.5% of the respondents had enough knowledge about TAS/IFRS, 26.5% of them had partial knowledge. These independent auditors had knowledge because they were inclined to the continuing training subjects.

**Table 3. The applications of the accounting standards in the firms where the audit operations were carried out**

|        | Frequency | Percentage |
|--------|-----------|------------|
| Yes    | 27        | 55.1       |
| No     | 5         | 10.2       |
| Partly | 17        | 34.7       |
|        | 49        | 100.0      |

While 55.1% of the respondents stated that the applications of the accounting standards were practised in the firms where they carried out audit operations, 34.7% of them stated they were partially practised and 10.2% state that they did not have any accounting standards applications. That the firms affiliated to the CMB practise Turkish Accounting Standards was effective in this result.

**Table 4. The independent auditor satisfaction level of the financial statements preparation of the audited firms according to TAS/IFRS**

|        | Frequency | Percentage |
|--------|-----------|------------|
| Yes    | 9         | 18.4       |
| No     | 13        | 26.5       |
| Partly | 27        | 55.1       |
|        | 49        | 100.0      |

As for the satisfaction with the financial statements which had been prepared according to TAS/IFRS, 18.4% of the independent auditors responding the questionnaire stated the firms they audited were entirely satisfied with those financial statements, 55.1% stated they were partly satisfied while 26.5% stated

they were not satisfied at all. Thus, it was concluded that the independent auditors participating in our survey thought the financial statements which the firms had been prepared according to TAS/TFRS had not been composed at the required level properly.

In the rest of our research, T test and one way analysis of variance (One Way Anova) were used for examining the differences between the groups and for the independent samples. In the questionnaire form, 22 questions which were prepared according to 5 point Likert scale were divided into 4 groups. First seven questions were gathered in the “convenience” group because they were composed with the thought that the audited firms provide convenience for the auditors after the applications of Turkish Accounting Standards. Secondly, the questions 8-14 were gathered in the “benefit” group with the thought of that TAS/TFRS provide benefits for the audit procedure. Thirdly, the questions 15-18 were gathered in the “difficulty” group with the thought of the difficulties encountered in the audit procedure after the applications of Turkish Accounting Standards. Finally, the questions 19-22 were gathered in the “drawback” group with the thought of that TAS/TFRS cause a number of troubles. The division of the auditors in these 4 groups and the arithmetic average of the responses given to the statements in these groups are shown in Table 5. Scoring of the statements prepared according to 5 point Likert scale is as follows: (1) Strongly Disagree, (2) Disagree, (3) Neither agree or disagree, (4) Agree, (5) Strongly Agree

**Table 5. The arithmetic average of the statements divided in 4 groups**

| Statements  | Average<br>(n=49) | Standard<br>Deviation |
|---|-------------------|-----------------------|
| <b>Convenience</b>  | <b>2.676</b>      | <b>0.758</b>          |
| 01. Convenience in audit operations has been provided after TAS/TFRS.                   | 2.632             | 1.093                 |
| 02. After TAS/TFRS, Customer Selection and Taking the Job processes have become easier. | 2.285             | 1.000                 |
| 03. After TAS/TFRS, audit planning has become easier.                                   | 3.000             | 1.060                 |
| 04. After TAS/TFRS, conducting audit program has become easier.                         | 3.020             | 1.089                 |
| 05. After TAS/TFRS, reporting findings has become easier.                               | 3.102             | 1.278                 |
| 06. After TAS/TFRS, there has been a decrease in time required for audit.               | 2.163             | 0.920                 |
| 07. I use the statistical methods including analytical review procedures.               | 2.530             | 0.892                 |
| <b>Benefit</b>  | <b>2.900</b>      | <b>0.681</b>          |
| 08. After TAS/TFRS, internal controls in the firms are performed more efficiently.      | 2.653             | 1.164                 |
| 09. After TAS/TFRS, efficiency and quality in audit have been enhanced.                 | 3.061             | 1.087                 |

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| <b>Statements</b>   | <b>Average<br/>(n=49)</b> | <b>Standard<br/>Deviation</b> |
|---|---------------------------|-------------------------------|
| 10. After TAS/IFRS, we collect adequate and required amount of audit evidence faster.   | 2.612                     | 1.057                         |
| 11. After TAS/IFRS, the rate of filing reports involving positive views has increased.  | 2.571                     | 0.889                         |
| 12. After TAS/IFRS, the possibility of financial statements' containing error has decreased.  | 2.795                     | 1.060                         |
| 13. I am of the opinion that TAS/IFRS are modern, reliable and satisfactory.  | 3.673                     | 0.774                         |
| 14. Audit risks have decreased in the firms practising TAS/IFRS.  | 2.938                     | 1.068                         |
| <b>Difficulty</b>   | <b>3.811</b>              | <b>0.738</b>                  |
| 15. After TAS/IFRS, we constantly need training about auditing.   | 4.000                     | 0.935                         |
| 16. Raising awareness of the auditors and company accountants about TAS/IFRS has a remarkable effect on the audit quality.              | 4.000                     | 1.154                         |
| 17. After TAS/IFRS, the need for the techniques of computer assisted audit has risen.   | 3.816                     | 1.148                         |
| 18. It is difficult to perform the solution suggestions to the problems involving TAS/IFRS, which we encounter during an audit process. | 3.428                     | 0.978                         |
| <b>Drawback</b>   | <b>2.683</b>              | <b>0.645</b>                  |
| 19. After TAS/IFRS, the other services which the firms can get from the audit firms have become limited.                                | 2.122                     | 0.904                         |
| 20. After TAS/IFRS, there has been an increase in the fees received in return for audit services.                                       | 2.163                     | 0.986                         |
| 21. After TAS/IFRS, there has been an increase in the cost of audit operations.   | 3.551                     | 1.042                         |
| 22. After TAS/IFRS, there has been an increase in firms' changing their audit firms.  | 2.898                     | 0.984                         |

\*(1) Strongly Disagree, ..... (5) Strongly Agree

*5.5.2 Differences in terms of TAS/IFRS' convenience, difficulty, benefits and drawbacks concerning audit procedures*

*H<sub>0</sub>: There are not significant differences in the averages of TAS/IFRS' convenience, difficulty, benefits and drawbacks.*

*H<sub>1</sub>: There are significant differences in the averages of TAS/IFRS' convenience, difficulty, benefits and drawbacks.*

One-way variance analysis was used in testing the hypotheses created. The differences between the averages of the responses the auditors gave to these four

factors (convenience, benefit, difficulty, drawback) were analyzed. Below is the table which shows the analysis results.

**Table 6. The differences between Convenience, Benefit, Difficulty, Drawback Factors**

|                | Sum of Squares | Degree of Freedom | Mean Squares | F     | Significance |
|----------------|----------------|-------------------|--------------|-------|--------------|
| Between-groups | 3.776          | 3                 | 1.259        | 6.794 | .003         |
| Within-group   | 3.335          | 18                | .185         |       |              |
| Total          | 7.111          | 21                |              |       |              |

majority \*  $\alpha = 0.01$

In terms of the general averages of the auditors' responses to these four factors, it was found that there was a significant difference between them, statistically at 0.01 significance level.  $H_0$  hypothesis was rejected ( $p=0.003$ ). See Table 7 for the results of one way analysis of variance/ One Way Anova (Scheffe) test, which was conducted to determine which group was different from the other / the others.

**Table 7. The difference level between the convenience, benefit, difficulty and drawback factors**

|                        | Average Difference | Standard Error | Significance |
|------------------------|--------------------|----------------|--------------|
| Convenience Benefit    | -.2240             | .23007         | .814         |
| Drawback               | -.0073             | .26978         | 1.000        |
| Difficult              | -1.1326*           | .26978         | .006         |
| Benefit Convenience    | .2240              | .23007         | .814         |
| Drawback               | .2167              | .26978         | .885         |
| Difficulty             | -.9086*            | .26978         | .029         |
| Drawback Convenience   | .0073              | .26978         | 1.000        |
| Benefit                | -.2167             | .26978         | .885         |
| Difficulty             | -1.1253*           | .30435         | .015         |
| Difficulty Convenience | 1.1326*            | .26978         | .006         |
| Benefit                | .9086*             | .26978         | .029         |
| Drawback               | 1.1253*            | .30435         | .015         |

\*  $\alpha = 0.05$

The results of Scheffe test are as follow: It was determined that there was a statistically significant difference between convenience and difficulty of TAS/IFRS during the audit procedure ( $p=0.006$ ). According to the results, it was seen that the participant auditors stated TAS/IFRS did not ease, conversely, made it difficult. The average difference between convenience and difficulty factors was 1.1326 and the significance level was below 0.05.

It was determined that there was a statistically significant difference between the benefits and challenges of TAS/IFRS towards audit procedures ( $p=0.029$ ). According to the results, it was seen that the participant auditors neither agreed nor disagreed to the benefits of TAS/IFRS while they confirmed their challenges. The average difference between the benefit and difficulty factors was 0.9086 and the significance level was below 0.05.

It was determined that there was a statistically significant difference between the drawback and difficulty of TAS/IFRS in audit procedures ( $p=0.015$ ). According to the results, it was seen that the participant auditors indicated TAS/IFRS did not have any drawbacks for audit procedures, but they made it difficult. The average difference between the drawback and difficulty factors was 1.1253 and the significance level was below 0.05.

#### *5.5.3 Views of the auditors to the difficulty of TAS/IFRS in terms of their genders*

*H<sub>0</sub>: In terms of the auditors' genders, there are not any significant differences between the averages of the statements regarding the difficulty of TAS/IFRS.*

*H<sub>1</sub>: In terms of the auditors' genders, there are significant differences between the averages of the statements regarding the difficulty of TAS/IFRS.*

T test was used for the independent samples to examine the hypotheses created. The differences between the averages of the responses to the difficulty factor in terms of the auditors' genders were examined. The table showing the result is as follows.

**Table 8. The differences between the genders of the auditors in terms of the difficulty factor**

|        | N  | Average | T test | p    |
|--------|----|---------|--------|------|
| Male   | 42 | 3.76    | -1.149 | .257 |
| Female | 7  | 4.10    |        |      |

\*  $\alpha = 0.05$

In terms of the general average of the difficulty factor, a significant difference at 0.05 significance level could not be found between the auditors' genders. H<sub>0</sub> hypothesis could not be rejected ( $p=0.257$ ). Although the average of the female auditors was a bit higher in comparison to the males' in that TAS/IFRS made audit procedures difficult, it did not make a sense statistically. The auditors divided according to their genders pointed out that TAS/IFRS make the audit procedure difficult by agreeing to the statements in the difficulty factor equally.

#### 5.5.4 Views of the auditors to the difficulty of TAS/IFRS in terms of their ages

$H_0$ : In terms of auditors' ages, there are not any significant differences between the averages of the statements regarding the difficulty of TAS/IFRS.

$H_1$ : In terms of auditors' ages, there are significant differences between the averages of the statements regarding the difficulty of TAS/IFRS.

One-way variance analysis was used in the examination of the hypotheses created. The differences between the averages of the auditors' responses to the difficulty factor were examined in terms of their ages. See the table below for the analysis result.

**Table 9. The differences between the age ranges in terms of the difficulty factor**

|                | Sum of squares | Degree of freedom | Mean squares | F    | Significance |
|----------------|----------------|-------------------|--------------|------|--------------|
| Between-groups | .834           | 2                 | .417         | .756 | .475         |
| Within-group   | 25.358         | 46                | .551         |      |              |
| Total          | 26.191         | 48                |              |      |              |

\*  $\alpha = 0.05$

Between the auditors' ages, in terms of the general average of difficulty factor, a significant difference at 0.05 significance level could not be found.  $H_0$  hypothesis could not be rejected ( $p=0.475$ ). Although the auditors in the age range of 36-45 agreed with the statement that TAS/IFRS made the audit procedure difficulty more than the auditors in the other age ranges, it did not make a sense statistically. The auditors divided according to their age ranges pointed out that TAS/IFRS made the audit procedure difficult by agreeing to the statements in the difficulty factor equally.

#### 5.5.5 Views of the auditors to the difficulty of TAS/IFRS in terms of their titles

$H_0$ : In terms of the auditors' titles, there are not any significant differences between the averages of the statements regarding the difficulty of TAS/IFRS.

$H_1$ : In terms of the auditors' titles, there are significant differences between the averages of the statements regarding the difficulty of TAS/IFRS.

One-way variance analysis was used in the examination of the hypotheses created. The differences between the averages of the auditors' responses to the difficulty factor were examined in terms of their titles. See the table below for the analysis result.



**Table 10. The differences between the auditors' titles in terms  
of the difficulty factor**

|                    | Sum of<br>squares | Degree of<br>freedom | Mean<br>squares | F    | Significance |
|--------------------|-------------------|----------------------|-----------------|------|--------------|
| Between-<br>groups | 1.756             | 4                    | .439            | .790 | .538         |
| Within-<br>group   | 24.435            | 44                   | .555            |      |              |
| Total              | 26.191            | 48                   |                 |      |              |

\*  $\alpha = 0.05$

Between the auditors' titles, in terms of the general average of the difficulty factor, a significant difference at 0.05 significance level could not be found.  $H_0$  hypothesis could not be rejected ( $p=0.538$ ). The senior auditors' average, concerning TAS/IFRS made audit procedures difficult, was a bit higher than the other auditors'. However, it did not make a sense statistically. The auditors divided according to their titles stated that TAS/IFRS made audit procedures difficult by agreeing to the statements in the difficulty factor equally.

#### *5.5.6 Views of the auditors to the difficulty of TAS/IFRS in terms of their service periods*

$H_0$ : In terms of auditors' service periods, there are not any significant differences between the averages of the statements regarding the difficulty of TAS/IFRS.

$H_1$ : In terms of the auditors service periods, there are significant differences between the averages of the statements regarding the difficulty of TAS/IFRS.

One-way variance analysis was used in the examination of the hypotheses created. The differences between the averages of the auditors' responses to difficulty factor were examined in terms of their service periods. Below is the table showing the analysis result.

**Table 11. The differences between the auditors' service periods  
in terms of the difficulty factor**

|                    | Sum of<br>squares | Degree of<br>freedom | Mean<br>squares | F     | Significance |
|--------------------|-------------------|----------------------|-----------------|-------|--------------|
| Between-<br>gropus | 1.173             | 2                    | .586            | 1.078 | .349         |
| Within-group       | 25.018            | 46                   | .544            |       |              |
| Total              | 26.191            | 48                   |                 |       |              |

\*  $\alpha = 0.05$

A significant difference at 0.05 significance level could not be found between the auditors' service periods in terms of the general average of the difficulty factor.  $H_0$  hypothesis could not be rejected ( $p=0.349$ ). The auditors divided according to their service periods point out that TAS/TFRS make audit procedure difficult by agreeing to the statements in difficulty factor equally.

#### 5.5.7 Views of the auditors to the difficulty of TAS/TFRS in terms of their educational status

$H_0$ : There are not any significant differences between the averages of the statements regarding the difficulty of TAS/TFRS in terms of the auditors' educational status.

$H_1$ : There are significant differences between the averages of the statements regarding the difficulty of TAS/TFRS in terms of the auditors' educational status.

T test was used for the independent samples to examine the hypotheses created. The differences between the averages of the auditors' responses to the difficulty factor were examined in terms of their educational status. See the table below for the analysis result.

**Table 12. The differences between the auditors' educational status in terms of the difficulty factor**

|                | Sum of squares | Degree of freedom | Mean Squares | F    | Significance |
|----------------|----------------|-------------------|--------------|------|--------------|
| Between-groups | .076           | 1                 | .076         | .137 | .713         |
| Within-group   | 26.115         | 47                | .556         |      |              |
| Total          | 26.191         | 48                |              |      |              |

\*  $\alpha = 0.05$

A significant difference at 0.05 significance level between the auditors' educational status in terms of the general average of difficulty factor could not be found.  $H_0$  hypothesis could not be rejected ( $p=0.713$ ). The auditors divided according to their educational status stated that TAS/TFRS made the audit procedure difficult by agreeing to the statements in difficulty factor equally.

## 6. Conclusion

Accounting information is important for the individuals in a business as much as for the relevant individuals out of the business and for some other organizations. Accounting standards are required so that the finance markets, in many different

regions around the world, can function as a single market which has the similar rules and regulations. Also, they are essential for the investors who will make investments, in that they can make worldwide comparisons and evaluations. Besides, they provide accurate and quality information to be produced. The comparison of the financial statements composed without accounting standards is not reliable; moreover, it causes to take wrong decisions. Thanks to the accounting standards, it becomes easy for the investors to make international investments in foreign capital markets. Since the financial reports are composed according to the certain standards, they become understandable and comparable. As a result of this, misunderstandings are eliminated and firm managers, relevant individuals and organizations can take sound decisions. In addition, the individuals who practise the standards must know the standards very well and perform them properly.

Accounting information must be understandable enough to reflect the current state clearly, impartially and comparably. The accounting information presented needs to be evaluated by the third parties according to the certain standards in the sense that whether it reflects the facts, which provides the reliability of the information, as well. At this point, independent audits are required. Because these evaluations are carried out by this way. What lies under independent audits is the necessity of the public disclosure. In addition to this, independent audits also play an instructive role in that they give insight into the future decisions to be taken by reflecting a business' real state.

According to the findings obtained at the end of the questionnaire study, which was conducted in accordance with the main purpose of the study to measure the effects of Turkish Accounting Standards on independent audit procedures and was applied to the audit firms affiliated to the CMB in Turkey, it is seen that the independent auditors need continuing training even if they have enough information about Turkish Accounting Standards. Also, it is concluded that the vast majority of the independent auditors want to improve themselves much more, because they are inclined to the training subjects. The audited firms, however, are not able to practise the accounting standards in their financial statements and in the accounting applications at the required level. Accordingly, the firm accountants need to be trained continually. That auditors and firm accountants are trained about TAS/TFRS will enhance the audit quality.

Turkish Accounting Standards offer various options in reflecting financial events to the information system and in the evaluation of them. And business can choose the option which is suitable for their structure. That these options are known by the auditors increases the quality and the efficacy of the audit.

According to the findings, the auditors consider Turkish Accounting Standards as modern, reliable and sufficient to answer the purpose. That the independent

auditors' think in this way is also a positive situation in that IAS/IFRS have been adopted and applied in many countries around the world and in the EU. This situation affects our country's integration with the world markets and the EU accession process positively, as well.

The computer assisted auditing techniques provide an auditor to work faster and more effectively. Within the frame of the findings, the need for the computer assisted auditing techniques has increased after TAS/TFRS. This case indicates that the work load of auditors has increased more after TAS/TFRS.

In addition, the findings point out that there has not been any increase in the fees received in return for auditing services after TAS/TFRS applications. But there has been an increase in the cost of audit operations. That there has been an increase in the cost of audit operations, although there has not been an increase in fees taken in return for audit services, is a negative statement for the audit firms and for their auditors. This increase in the cost of the audit operations, also, indicates that an increase in the work load of the auditors may happen.

Finally, when we evaluate the findings obtained from this study, it is concluded that Turkish Accounting Standards applications make audit procedures difficult; however, Turkish Accounting Standards applications must be absolutely carried out properly.

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