

BABEȘ-BOLYAI UNIVERSITY
FACULTY OF ECONOMIC SCIENCES AND BUSINESS
ADMINISTRATION
DEPARTMENT OF ACCOUNTING AND AUDITING



THE BACKGROUND OF PROFESSIONAL JUDGMENT IN STATUTORY AUDIT

PHD SUPERVISOR:

Professor Adriana TIRON TUDOR

PHD STUDENT:

Georgeta Ancuța ȘPAN

Cluj-Napoca,

2012

CONTENT OF THE THESIS SUMMARY

CONTENT OF THE DOCTORAL THESIS3
KEY WORDS6
BRIEF OVERVIEW OF THE THESIS CHAPTERS.....15
CONCLUSIONS AND RESEARCH PERSPECTIVES33
BIBLIOGRAPHY40

CONTENT OF THE DOCTORAL THESIS

ABBREVIATIONS

TABLES

FIGURES

GRAPHICS

INTRODUCTION

RESEARCH METHODOLOGY

CHAPTER 1. CONCEPTUAL FRAMEWORK AND MULTIPROFESSIONAL APPROACH OF THE PROFESSIONAL JUDGMENT

1.2. THE IMPLICATIONS OF PROFESSIONAL JUDGMENT IN LIBERAL PROFESSIONS

1.2.1. LEGAL PROFESSION

1.2.2. MEDICAL PROFESSION

1.2.3. ACCOUNTING PROFESSION

1.3. PSYCHO-PROFESSIONAL ASPECTS IN EXERCISING PROFESSIONAL JUDGMENT

1.3.1. PROFESSIONAL ELEMENTS INVOLVED IN THE DECISION-MAKING PROCESS

1.3.2. PSYCHOLOGICAL FACTORS IN EXERCISING PROFESSIONAL JUDGMENT

CAPITOLUL 2. DELIMITATIONS REGARDING THE LITERATURE REVIEW ON PROFESSIONAL JUDGMENT

2.1. OVERVIEW ON THE JUDGMENT SCIENTIFIC RESEARCH

2.2. SEGMENTATION OF THE LITERATURE REVIEW

2.2.1. ACCOUNTING INFORMATION: DEBUT OF THE SCIENTIFIC STUDIES ON PROFESSIONAL JUDGMENT

2.2.2. ENVIRONMENT OF THE ENTITY IN THE DECISION-MAKING PROCESS

2.2.3. "HUMAN INFORMATION PROCESSING": NEW RESEARCH IN DECISION-MAKING PROCESS

2.2.4. A DIFFERENT APPROACH OF THE PROFESSIONAL JUDGMENT: IMPLICATIONS OF THE COGNITIVE-BEHAVIORAL ELEMENTS

2.2.5. THE RELATION BETWEEN AUDITOR-ENTITY CLIENT-EXTERNAL USERS

CAPITOLUL 3. PARTICULARITIES AND IMPLICATIONS OF THE PROFESSIONAL JUDGMENT REGARDING MATERIALITY IN THE ASSURANCE MISSION

3.1. PROFESSIONAL JUDGMENT IN THE AUDIT MISSION

3.2. THE ROLE OF PROFESSIONAL JUDGMENT FROM THE ISAs PERSPECTIVE

- 3.2.1. METHODOLOGICAL ASPECTS OF THE INTERNATIONAL LITERATURE REVIEW
- 3.2.2. AN AUDIT OVERVIEW THROUGH THE PROFESSIONAL JUDGMENT FILTER
 - 3.2.2.1. FIRST STEP: AUDIT MISSION PLANNING
 - 3.2.2.2. THE ROLE OF INTERNAL CONTROL SYSTEM IN THE MISSTATEMENTS DETECTION
 - 3.2.2.3. THE IMPACT OF THE AUDIT RISK AND MATERIALITY ON THE DECISION-MAKING PROCESS
 - 3.2.2.4. AUDIT EVIDENCE: BASIS OF THE AUDIT OPINION
 - 3.2.2.5. AUDIT REPORT: THE FINAL PRODUCT OF THE AUDITOR`S MISSION
- 3.3. MATERIALITY: THE MOST CONTROVERSIAL ELEMENT OF THE AUDIT MISSION
 - 3.3.1. DEFINING ASPECTS OF MATERIALITY
 - 3.3.1.1. DEFINITIONS AND CLARIFICATIONS
 - 3.3.1.2. TYPOLOGY
- 3.4. ASSURANCE MISSION PILLARS: AUDIT RISK, MATERIALITY, SAMPLE
 - 3.4.1. PRACTICAL ASPECTS OF THE AUDIT RISK
 - 3.4.1.1. A CORRECT ASSUMPTION OF THE INHERENT RISK
 - 3.4.1.2. EVALUATION OF THE SPECIFIC INHERENT RISK
 - 3.4.1.3. DETERMINATION METHOD OF THE RISK OF CONTROL
 - THE ROLE OF DETECTION RISK IN DETERMINING THE AUDIT RISK
- 3.5. DECISION-MAKING COORDINATES REGARDING THE LEVEL OF MATERIALITY
- 3.6. SAMPLING: „SENSITIVE POINT” OF THE ASSURANCE MISSIONS

CAPITOLUL 4. QUALITATIVE DIMENSION OF MATERIALITY

- 4.1. OPINIONS OF THE PROFESSIONAL BODIES REGARDING THE INFLUENCE FACTORS OF MATERIALITY
 - 4.1.1. STAFF ACCOUNTING BULLETIN 99
 - 4.1.2. INTERNATIONAL STANDARD ON AUDITING 450
 - 4.1.3. STATEMENT ON AUDITING STANDARDS 107
 - 4.1.4. AUSTRALIAN STANDARD ON AUDITING 320
 - 4.1.5. CANADIAN STANDARD ON AUDITING 41
- 4.2. CONTROVERSE PRIVIND EMITEREA UNUI CADRU GENERAL REFERITOR LA DETERMINAREA PRAGULUI DE SEMNIFICAȚIE

CAPITOLUL 5. RESEARCH DIRECTIONS IN THE AREA OF INFLUENCE FACTORS OF MATERIALITY

5.1. CONSIDERATIONS ON THE OPINIONS IN THE SCIENTIFIC LITERATURE

5.1.1. "THE RULE OF THUMB"- MARK OF THE DETERMINATION OF MATERIALITY

5.1.2. DIVERSITY OF THE QUANTITATIVE FACTORS IN THE SCIENTIFIC LITERATURE

5.2. DESCRIPTIVE ANALYSIS OF THE STUDIES FROM THE INTERNATIONAL SCIENTIFIC LITERATURE

5.2.1. QUANTITATIVE FACTORS OF MATERIALITY

5.2.2. QUALITATIVE FACTORS OF MATERIALITY

CAPITOLUL 6. EMPIRICAL STUDY ON THE IMPLICATIONS OF QUALITATIVE FACTORS ON MATERIALITY LEVEL

6.1. METHODOLOGICAL ASPECTS OF THE EMPIRICAL STUDY

6.2. DESCRIPTIVE ANALYSIS OF THE SAMPLE

6.3. DEFINITION AND JUSTIFICATION OF THE HYPOTHESIS

6.4. INTERPRETATION OF THE RESULTS

6.5. DEBATES AND PERSPECTIVES ON THE EMPIRICAL STUDY

CONCLUSIONS AND RESEARCH PERSPECTIVES

BIBLIOGRAPHY

APPENDICES

KEY WORDS

Professional judgment, liberal profession, professional qualities, practitioner, specialist, International Auditing Standards, significance threshold, risk audit, sample, methods of determining risk audit, Quality Audit Manual, quantitative factors of the significance threshold, qualitative factors of the significance threshold.

INTRODUCTION

At the beginning of each scientific approach, every researcher faces a state of unknown because, even if he understands the starting point of the research, it is difficult to foresee the final point of the activity he undertook. We have the same feeling at the beginning of the research we want to realize, being aware of the difficulty of the chosen topic as well as of the fact that it can't be fully covered. This makes us responsible for the value with which we will bring our contribution to the scientific basis created by those who, in their previous research, treated such a controversial subject as the scientific judgment. Every accomplished research means a higher step on the performance scale, offering the possibility to develop the research perspective.

The issues of the professional judgment, known in the international literature as „judgment and decision-making process” have an inter-disciplinary character, being treated in such domains as: psychology, medicine, law, accounting, etc. The professional approach of this process offers a high level of complexity, which is also revealed by the big number of research from the specialized literature; this highlights the diversity of the factors that contribute to the substantiation of the professional judgment and of the decisional process.

Through our scientific approach, we suggest to continue the research, focusing on the auditing accounting activity area. To reach this point, it is necessary to study the notion of professional judgment seen both as a general concept and as a multi-professional perspective, in order to be able to identify the general elements that define and characterize the process of the professional judgment issuing.

The most discussed subjects refer to the wide range of factors that contribute to the reasoning realization or to the divergent opinions regarding the approach based on principles or rules of this process. The application of a professional reasoning which starts from well defined principles offers a bigger liberty to the auditors, which means to apply their experience,

knowledge, abilities acquired in time, while constraining the activity in a set of strict rules which entangles the perspective of a diversified approach, even interdisciplinary, of the problem that professionals face.

The role and the responsibility of the auditors have represented a controversial topic which has lately generated a lot of argues among the specialists and the financial analyst. Together with the economic changes generated by the world crises which “poisoned” the whole world, the risks to which the auditors are exposed have risen and considerably diversified. The tendency of the economic entities to make up the results and to present a distorted image of the financial situations, also contribute to the burdening of the auditors’ activity aiming at getting a reasonable assurance. These “sinful” attitudes have as background the exaggerated desire of enrichment, the ignorance of the risk management, the neglect of the auditors’ recommendations and the monopolization of an extended financial territory (Horomnea, 2010:9)

The reaction of the professional organizations from all over the world to this unhappy economic performance consisted in modifying the existing regulations and standards aiming at avoiding the future economic perturbations. Even though, the professional standards can still be considered as having a general character, the auditors being offered the liberty to take decisions and give points of view according to the professional reasoning.

The first chapter of this paper is created for a conceptual and multi-professional radiography in order to catch the essence of the notion and discover the main attributes that can be associated to it. In addition to the elements that characterize the professional reasoning, the first chapter also displays the main psycho-professional features which characterize the behavior implied in the exercise of this process.

The studies from the professional reasoning and the decisional process area occupy an extended space in the international specialized literature, but in the local literature these are rather restraint. Even if this subject raises a lot of questions among the Romanian auditors, the researches engaged themselves in general research, without combining the theoretical and the legislative aspects with the implication of the practitioners to clarify the identified problems. That’s why we want to enhance the national research based on the subject of the professional reasoning and to realize a vast survey in order to clarify the theoretical and the legislative aspects of the professional reasoning and the way in which it is perceived and practically applied.

The credibility of the arguments presented in the scientific approach can be amplified only by the presentation of some certified and recognized evidences like the professional standards which regulate the auditors' activity or the research from the specialized literature. Every fully supported idea can be considered an extra piece of information which contributes to the understanding and the deep knowing of the analyzed phenomenon. *The second chapter* of our thesis contains an analysis of the specialized literature with a purpose to identify the evolution and the complexity of the professional reasoning. More clearly, we followed the evolution of the elements which can be directly attributed to the process of practising the professional judgment and we found out that they have been diversified from 1960 till today.

Knowing the specialized literature is a very important element for the understanding of every phenomenon. Our approach of the specialized literature comprises a dynamical analysis of the discussed elements from the scientific papers associated to the professional reasoning. We have found out that between the professional reasoning and the socio-economic environment, there is a close relation, taking into account the simplicity of the applied reasoning more than 50 years ago and its nowadays complexity. This change is due to the development of the economic development, its climax being the economic crisis which burdened the auditors' activity to assess and certify the financial statements of the audited entities.

The analysis of the professional reasoning only through the specialized literature is not enough. The International Standards on Auditing (ISA) offer a perspective for the understanding of the phenomenon and the enhancement of the quality for the assurance engagements.

Therefore, we chose to perform an analysis on the professional standards in order to highlight the role and the implications of the process in the ongoing of an audit engagement. More exactly, we identified the most important activities and decisions of an audit engagement for which, in ISA, is stipulated the necessity of the reasoning exercise. The outcomes of this analysis are presented in *the third chapter* of the paper and prove, through the 186 explicit references associated with the professional judgment, that most of the decisions from an audit process are realized through the auditor judgment. Besides, our analysis on ISA also revealed the general and interpretable character of the professional standards which lack of precise indications or counting formula.

Among the decisions that raise problems for the practitioners, there are those related to the assessment of the audit risk, the settlement of the significance threshold and the determination

of the sample on which the audit procedures will be applied. In the international literature this is confirmed by the large number of studies that examine these issues. Based on the practical work in audit that we have performed for over four years, we can confirm that the determination of the significance threshold requires a large dose of professional judgment, presenting many dangers that can lead to erroneous results with serious consequences for the economic entities audited. Based on these assumptions, we have decided to give special attention to this stage and study it in the second part of our work.

In order to understand the significance threshold, we start from the basic principle of ensuring that the mission of an audit is to increase user confidence in the audited financial statements. Getting an absolute level of assurance as to whether the financial statements are free of material misstatement may be achieved through a complete check, but this would lead to a major increase in costs of the engagement. In this regard, the auditor determines the significance threshold which is the value of a misstatement which can be considered significant.

The role of the significance threshold is found throughout the audit process, i.e. both when planning and carrying out the engagement, as well as when evaluating the collected audit evidence and issuing the audit opinion report. In a larger sense, we can state that the significance threshold influences both the allocation of resources, and the time and the budget management available to the auditor to perform the engagement.

The third chapter goes on with the presentation of the relation between the significance threshold and the two pillars of the audit process: the risk and the audit sample.

Nationally, auditors apply the provisions of ISA and the national standards provided in the Guidance on Audit Quality issued by the Chamber of Financial Auditors of Romania. The methods proposed in the national standards come to assist auditors in performing tasks, increasing the objectivity of the decisions. However, we found out the indicative character of these methods which do not capture the differences between the general and the specific cases that may occur in everyday practice. The establishment of the coefficients for the risk categories is done on the principle of proportion with the higher levels of risk, without a detailed analysis of the nature of the audited elements and their significance to the financial statements. To this end, we propose a method to improve the risk assessment method to reveal even the most sensitive differences between the audited entities.

Another method that requires sensitive changes is one of the sampling method widely used by Romanian practitioners namely, the method of selection 80/20. The method principle aims to include in the audit sample 80% of high value items and 20% randomly selected items from the rest of the population. This mechanism is beneficial as long as it takes account of the mathematical optimum. With a certain budget to achieve the audit of a class of elements from the financial statements, the auditor should take into consideration the mathematical determination of optimum compliance and sample composition. Using a mathematical model we surprise the conditions of respecting an equilibrium between the given budget and the goal of getting a reasonable assurance that involves the auditing of a large number of elements under a given budget.

The review of some key issues about the risk and the audit sample is followed by an analytical discussion of the qualitative factors included in determining the significance threshold. In Chapter four, there are presented the "interventions" of the professional bodies in the field in response to the serious financial consequences arising from the use of purely quantitative methods in calculating the level of the significance threshold. Thus, SAB 99, ISA 450, ASA 320 etc. are some of the regulations detailing the possibilities of identifying the qualitative side of a distortion, which although seemingly insignificant quantitatively, through quality elements may have an increased relevance.

The issue of the significance threshold in audit raised a number of debates and discrepancies, both in the specialized literature (Krogstad et al., 1984, Libby and Kinney, 2000, Ng and Tan, 2007 etc..) and among the professional organizational representatives in the domain (SEC, 1999, IFAC, 2006, AICPA, 2007). The preparatory stage of the empirical survey that we want to achieve in the last chapter of the thesis is to analyze the literature addressing the issue of professional judgment. We paid particular attention to this part of our work, making an analysis of the evolution of the main studies, the factors examined in the studies and also the research methods addressed. The descriptive analysis were designed to highlight the evolution of the significance threshold from a strictly quantitative approach to a dualistic quantitative and qualitative approach, in which the qualitative factors are designed to adjust the level of this element, so important for the entire engagement. The survey from the fifth chapter highlights the large number of factors that contribute to shape the decisions regarding the level and the context from which a distortion can be considered significant. The prime importance is related to a quantitative factor represented by a percentage applied to an

indicator (most frequently used is gross or net profit, if any). Over time, other ethical, social, behavioral and even psychological elements have been added.

The knowledge of the influencing factors represented the background of the survey from the last chapter of the thesis. By applying a questionnaire consisting of eight closed questions, we sought the consensus testing between the decisions of the Romanian auditors on the significance threshold level and the elements identified in the literature that may be associated to the judgments issued on the mentioned problems. The assumptions include a selection of factors that we wanted to test, this selection being necessary because the literature presents a large number of items whose validation in a single survey would have been impossible.

The outcomes of the survey from *chapter six* are, on the one hand surprising to us, because some of them are contrary to our expectations (i.e. the gross profit indicator association with the activity sector of the entities), but on the other hand help to increase the transparency of the active financial auditors from Romania. The context and the statistical tools used for the survey also offer a note of credibility to the research undertaken and implicitly to the results.

RESEARCH METHODOLOGY

In conducting any scientific approach, it is necessary to use some research methods and tools whose purpose is to facilitate the research process (Mustață, 2008:13). The quality of research is determined by the methods and procedures used, when they are established in accordance with the specific of the proposed objectives.

Currently, the literature defines the scientific incursion and construction methods of a thesis text as a road or a "path" to follow in research to achieve goals, i.e. for information and training. The processes, the techniques and the tools used in the scientific incursion are part of the method, viewed as supporting elements or concrete ways to exploit it.

Achieving effective research requires the use of some methods which involve thinking, methods that promote understanding of concepts and ideas, and methods that determine the development of critical reflection and value judgments.

Psychologists such as Piaget J., Ed Claparède or TV Kundreavțere argued that any research takes as its starting point a question problem or a situation problem. In our thesis, "Substantiation of the professional judgment in the statutory audit" a question arises, whose

answer can only be found through analysis, discussions and multiple studies. The question from which we start the scientific adventure of the professional judgment is: *How can a professional judgment be explained?* In a more elaborate version, this question concerns the understanding of the context that generate the reasoning exercise, the tasks for which it is necessary to issue judgments, the beneficiary of the decisions and, why not, the person who uses the professional judgment.

As we mentioned, the topic of our work can be analyzed from several directions. However, in order to understand the diversity of the meanings that can be associated with the professional judgment it is given the adequate knowledge of the concept, its origin and usefulness both in theory and especially in practice.

By its nature, this work is part of the positivist research approach completed with ample interpretative approaches, with critical and personal opinions which intermingle in a harmonious way to give the work a touch of originality and professionalism. The quality of the work is ensured by the large number of figurative supports, charts, structural figures and tables whose aim is to facilitate the understanding and the mastering of the information presented in this research. The approach of the paper is a deductive one, beginning with the general aspects of the professional judgment process and ending with its particularization in the decisions regarding the level of the significance threshold in the assurance engagements.

Regarding the research typology, we can say that we cope here with the qualitative research combined with the quantitative research. Septimiu Chelcea says about qualitative research that it is "... an emerging paradigm ... ", and " ... facing the prevailing paradigm (the quantitative research), it is not the fully crystallized with a coherent system of concepts and a large number of important research." (Chelcea S ., 2007). The two types of research are not antithetical but complementary: a scientific approach that will stand the test of time requires an optimal combination of the research methods in order to achieve the established goals.

The first chapter of our approach has as objective to clarify the conceptual aspects of the professional judgment, its origin and the elements that characterize it. To achieve this goal, we used the content analysis method on a large number of sources consisting of scientific articles and books from the medical, legal, accounting and, not least psychological field. The research from the first chapter follows a cross-sectional direction through the techniques of observation, comparison and conceptual analysis used.

The second chapter deepens the knowledge on the professional judgment and reduces the analysis area to accounting, auditing in this case. The specialized literature was studied through its processing by means of the analysis, the non-participating observation and the comparison. The research dynamics is relevant for the analysis of the complex elements evolution that contributes to the formation of the professional judgment. The sources used are mostly represented by scientific articles published in journals from the accounting and financial audit field.

The third chapter highlights, besides the already known cross-sectional research, the longitudinal research. The survey on the implications of the professional judgment on International Standards on Auditing denotes a combination of the qualitative and the quantitative analysis. The method of the audit risk assessment and of the sample determination was analyzed to develop mathematical procedures of increasing their objectivity, their accuracy and their balance. The simulation of some hypothetical cases or their examples are based on the longitudinal research used to enhance the credibility of the information provided. The methodology of this chapter is completed with the non-participating observation, the data interpretation and the author's personal opinions statement. In addition to the traditional bibliographic sources, which in this case were represented by the professional standards in auditing, the author highlighted a large part of the knowledge gained during the practical work in audit as well as obtained from experienced auditors, members of the Chamber of Financial Auditors from Romania.

The shortest chapter, chapter four, deals with a delicate point of our topic. Over time there have been a large number of reactions regarding the idea of the significance threshold approach based on rules or principles. So far, in practice, the general principles have been applied and a lot of decisions have been taken through the professional judgment. Chapter four is a theoretical one, realized by appropriate methods such as the data analysis presented in the professional standards and their interpretation. As mentioned, the main sources of this chapter are the legal provisions issued by the professional bodies in the field, combined with specialized books and articles.

A new analysis of the specialized literature was the subject of the fifth chapter. This time, the literature theme focused on the significance threshold in audit, especially the factors influencing this item. The knowledge of these factors represents an activity prior to the empirical survey conducted in the last chapter of the thesis. The scale studies from the

specialized literature imposed the application of the combined qualitative and quantitative methods. A content analysis method was applied to the international research, as well as the summary of the main elements associated with the decision-making and the creation of a database with the most important judgment factors. The comparative method revealed the frequency of the quantitative factors too often used by the researchers in the field, compared to the qualitative elements whose importance can not be underestimated. The tables and the graphs inside this chapter are designed to create an image that simplifies the assimilation of the information transmitted through our work.

The last chapter of our current research is part of the positivist trend, a constructive one. The aim of this last part of the survey was taking advantage of the information discussed throughout the whole scientific approach, by testing the exercise of the auditors' professional judgment in our country. The questionnaire is the survey instrument, designed in accordance with the specialized literature and the national professional standards. Its results were statistically processed by software and the data we obtained were realized through the interpretative method. The quantitative research is also based on the cross-sectional comparative analysis and the non-participating observation. The information source includes some of the results of the literature review (Chapter 5) and the responses of the subjects participating in our survey.

The research conclusions and perspectives highlight the scientific contribution of the author in this paper, summarize the results and outline the future research directions. The method used for exposing these ideas is the interpretative method.

BRIEF OVERVIEW OF THE THESIS CHAPTERS

Next we will make a brief presentation of the chapters' content, of the main results we obtained and of the conclusions drawn at the end of our research.

CHAPTER 1

A CONCEPTUAL FRAMEWORK AND A MULTI-PROFESSIONAL JUDGMENT APPROACH

The issues covered by the thesis represent a tradition in the Anglo-Saxon research field, but they were also briefly analyzed in the European literature. At the national level, the lack of the scientific debates on the professional judgment is also obvious; if they existed, they would significantly contribute to the improvement of the practitioners' activity operating within liberal professions.

The professional behavior and the implications of the decisions taken by every professional in the field where he/she activates represented the subject of research in many disciplines, such as psychology, medicine, economics, law, etc. This leads us to the idea that the exercise of the professional judgment is an essential process of every domain. Assessing the quality and accuracy of the professional judgment is a particularly difficult issue when, for the same case, the professional opinions differ.

Any deficiencies that may arise in the reasoning regarding the professional responsibility concern his lack of knowledge, his experience and his skills. The work in itself can also influence the decisional process outcomes and the contextual factors require a professional judgment customization in the specific activity.

The professional judgment may be exercised by the persons who have the required knowledge, experience and objective attitude to make decisions based on the facts and the circumstances relevant to the subject. The professional judgment may differ depending on the level of knowledge, experience or skills, but these differences are not sufficient to suggest whether the reasoning is correct or not. In our opinion, it is essential that there are several alternatives before making a final decision. They must be rigorously supported otherwise it will become more difficult to justify the chosen decision or reasoning.

The professional judgment can be permanently improved and developed through the participation in specialized trainings, by broadening the knowledge based on the personal experience and on a thorough documentation. The justification of the decisions through an appropriate documentation is to increase the quality and the public confidence in the exercised judgment.

Taking accurate and timely decisions involves the exercise of a critical professional thinking. The reasoning application is a reflexive and self-corrective process and it takes into account knowledge, circumstances, evidence and records, methods and a variety of criteria and appropriate standards.

All professions, no matter what field they represent, are governed by rules, standards and principles applied to the smooth conduct of the related activities. The special character of the services and the needs of the beneficiaries to trustfully use the provided services, determines the existence of strict technical, ethical and moral rules.

Davis (1992) states that professionals must provide responsible decisions and judgments. Moreover, he argues that "an engineer without an engineering thinking, a lawyer without the specific reasoning of a lawyer or no matter what other professional without specific judgment and thinking which distinguish it from other professionals would only be an incompetent individual who would not be able to practise honestly his profession."

Ken Trotman (2006), in a report on professional judgment held at the University of New South Wales, discussed issues related to the fact that in most occupations it is known the difficulty to exercise the professional judgment. Trotman brings arguments to support his ideas, arguing the way of applying the professional judgment in the medical, the legal, the security, the accounting and the sales (marketing) field. The reasoning errors can occur in any of these fields, no class of professionals being exempt from responsibility or being required a greater responsibility than other professionals. It is also noted that although the professionals (i.e. auditors) perform the engagements at the highest possible standards it is possible that they fail to identify all fraud or errors, particularly since the management entity endeavors to meet these actions.

Through an overview of the information presented in this chapter, we can say that besides the theoretical knowledge related to the professional training, it is necessary that the practitioner possess sufficient experience, communication and teamwork skills, the ability to distinguish

the important and relevant elements to his task and the responsibility regarding the tasks to accomplish. The manifestation of a skeptical and objective attitude contributes to exercise control over the decisions taken and the results achieved. The combination of the qualities and the professional skills with the psychological skills provides accurate, clear and convincing solutions for the recipients of the provided services.

CHAPTER 2

BOUNDARIES REGARDING THE CURRENT STAGE OF KNOWLEDGE IN THE PROFESSIONAL JUDGMENT FIELD

The role of studying the specialized literature in a research is to broaden the knowledge base of the topic in order to understand the studied field, the development of the capacity to issue assessments, judgments and interpretations and also to outline new elements through which it can contribute to improve the scientific knowledge in the chosen research area.

The research on audit issues focused on aspects related to the auditors' judgment quality assessment, the description of the decision-making method, the determination of the factors that contribute to the achievement of the professional judgment, the development and the testing of some theories focusing on cognitive processes, the identification of some methods to improve the way in which auditors exercise their professional judgment (Libby et al., 1990; Trotman, 1996, Libby and Luft, 1993 etc).

Five decades ago, the socio-economic environment was easier than today and thus the accounting professionals were facing operations and transactions without too many implications; for their management and checking there was no need to have a complex reasoning. In time, however, the offer diversification in response to the varied requirements of the public has led to more difficult situations and in order to solve them, continuous training and good reasoning are required.

The knowledge of the entity's environment and its characteristics were included in a research "trend" known as the Brunswik Lens Model (BLM). This model has been widely used for the analysis and the examination of the professional judgment applied by various specialists in audit, psychology and even medicine.

The BLM model states that the human judgment takes place in an environment with uncertain situations based on a set of probabilistic information and related to the subject of interest for which the individual will exercise his own reasoning (Trotman, 2011).

The influence of the audited environment will be felt in all the decisions made by the auditor during the engagement carried out, since they are based on the information from inside the entity; it is impossible for the decisions not to be affected to some extent by the management subjectivity or by the subjectivity of those responsible for the financial reporting.

The research conducted in the 1980s aimed at the "human information processing". In the analysis of the studies for this period, we can see that the term refers to the characteristics and the professional skills of the person exercising the professional judgment. Among the variables of analysis we can include: the auditors' experience and performance (Wright, 1982; Kaplan and Reckers, 1985, Lockett and Hirst, 1989) the necessary knowledge to support the professional judgment (Einhorn and Hogarth, 1981; Libby, 1983; Frederick and Libby, 1986) etc.

The vectors of an efficient professional judgment are represented by a series of factors such as the auditor's knowledge and training, his skills and experience developed over time. There is a close relationship between the experience the auditor holds and the audit engagement, i.e. the specific task achieved. The information used by auditors and the knowledge applied in the course of an engagement can be considered to arise from the information acquired in the long-term memory. This is in constant development and it is enriched with the news acquired after a period of time of experience.

The professional judgment complexity is due to the fact that it contains a number of interdisciplinary elements. A delicate aspect of the process is represented by the psychological factors. In fact, psychology is a field in which the behavior and the necessary decision-making skills occupy a rich area in the specialized literature.

In 1980, Weber investigated the role of the memory in the evaluation of the internal control system, finding that memory is an important source of information to formulate decisions. In the same context, is the research conducted by Plumlee (1985) according to which it was found that the auditors are often forced to review their own work to see, through memory, the influence of the known and studied information prior to the decision moment. The results

demonstrated that the auditors tend to keep a previous stated opinion, because the effect of the order in which the information is received is very important on the auditors' perception.

The heuristics factors and the biases (patterns) existing in audit are apparently unimportant elements, but the research from the literature shows the opposite. Since 1974, scientists have observed a strong involvement of the auditors in the professional judgment substantiation based on generally accepted elements whose assumption is safe. Tversky and Kahneman (1974) stated that there are certain heuristics elements (default adjustments, representative elements, etc.) which considerably reduce the complexity of the task, i.e. the audit tasks, prompting the auditors to assign a simplistic approach to the issues for which they create judgments. This will lead to serious systematic errors, as the risk may be to omit important factors of major influence in the foundation of the professional judgment.

The reasoning is a process applied by the auditor on the financial information whose beneficiaries are the users of the financial statements. In these circumstances it is necessary to investigate some elements associated to the relationship between the auditors and the entity, the entity and the beneficiaries or to the relationship between the three parties: auditor-entity client-users.

There are unfortunate situations in which the auditors, under the influence of some financial incentives, adopt their unprofessional reasoning, allowing customers to apply an aggressive reporting method which can then lead to the distortion of the accounting information presented in the financial statements (Hackenbrack and Nelson, 1996). Changes may occur in the reasoning regarding the probability of some future losses. In this respect, because of some financial benefits received, the auditors can deal with some superficiality, the uncertainty of their clients' future activity, while the users of the financial information are threatened by some risky decision-making in the given circumstances (Nelson and Kinney, 1997).

One factor that apparently is not an impediment to substantiate the professional judgment is assigned to the time pressure during the engagement. McDaniel (1990) examined the effect of an engagement period development and the audit program structure on the efficiency and the effectiveness of the tests and procedures used to gather the audit evidence. He demonstrated that as the time pressure increases, the audit program structure changes. Thus, if it is necessary to complete the engagement in a short period of time required by the management of the entity client, the engagement planning program will be tailored to these requirements.

In exchange, the more the time spent on auditing, the more the program will be deeply detailed, paying attention to all the established tasks.

Given the fact that the auditors face situations characterized by a high level of risk, they tend to use the information provided by the internal audit department, taking into account the policies and procedures used in the internal control system (Maletta and Kida, 1993).

Gibbins et al. (2001) propose a negotiation model based on four factors: the characteristics of the accounting elements, the auditor-client relationship, the accounting results to be audited and the variety of influences arising from the contextual factors. The possibility of an accounting depreciation changes the negotiation conditions between the auditor and the client (Ng and Tan, 2003).

CHAPTER 3

PARTICULARITIES AND IMPLICATIONS OF THE PROFESSIONAL JUDGMENT REGARDING THE SIGNIFICANCE THRESHOLD WITHIN THE ASSURANCE ENGAGEMENTS

The need of the professional judgment is linked to the emergence and progress of the audit itself. The beginning of the auditing activity may be associated with the way of financing the companies through stock exchanges in the countries of Anglo-Saxon inspiration. The increasing of the investor confidence in the financial information of the listed entities required the use of independent professionals meant to certify the quality of the reported financial statements.

In the Anglo-Saxon countries, the principle power dominates the norms and standards. In fact, even the Anglo-Saxon and Continental accounting systems are different, the first being focused on habits and being more flexible and the second being based on rules and regulations. The professional standards in the audit are almost of Anglo-Saxon inspiration therefore the need of the professional judgment to carry out the audit engagements is essential.

Over time, several projects have been undertaken, in order to adopt the ISAs all over the world, aiming at unifying the way of conducting the audit engagements in order to increase

the comparability and the transparency degree of the financial reporting and of the audit services.

The Board issuing the International Auditing and Assurance Standards has conducted several projects to improve the content of the professional standards. These projects, known as Project Clarity aimed to establish the necessary agreements in formulating and issuing the future standards and the auditors' obligations regarding their application.

In the contents of the International Standards on Auditing there are numerous references to the notion of professional judgment, both explicitly and implicitly. The expressions of this concept have a relative character, the assessment of the different circumstances being left to the professional judgment of the auditor. The explicit references refer to the actual occurrence of the key concept of our research and the implicit references include those references that by their nature and content indicate the exercise of the professional judgment.

An overall analysis of the results shows that out of the 36 professional standards, the 186 mentions of the term professional judgment appear only in 28 of them. The largest record share is found in ISA 200, which is explained by the fact that the targeted standard deals with the objectives of an audit engagement through its entire process, therefore it contains references to all the phases of the engagement. The professional judgment is often reported in the ISA 540 regarding the audit of the accounting estimates and of the related disclosures (11%), but also regarding the standards which analyze the quality control of an audit (ISA 220-6%), the audit documentation (ISA 230-6 %) or the audit risks identification and assessment as well as the environmental entity (ISA 315-5%).

Our work, however, aims at analyzing the significance threshold and its implications in the statutory audit engagements. ISA (320:2) states that "the misstatements, including omissions, are considered to be significant if they could, individually or aggregate, influence the economic decisions of the users taken on the basis of the financial statements. The judgments about the significance threshold are made through the given circumstances and are affected by the size or nature of the distortion, or a combination of the two. "

As a basis for the auditor's opinion, the international audit standards require to obtain reasonable assurance as to whether the financial statements as a whole are not significantly misstated due to fraud or error. The reasonable assurance involves obtaining sufficient appropriate audit evidence to reduce the audit risk to an acceptable level (i.e., the risk that the

auditor gives an inappropriate opinion when the financial statements are significantly misstated). However, the reasonable assurance is not an absolute level of certification, there are inherent limitations of an audit which result in the most audit evidence on which the auditor draws conclusions and bases his opinion as rather convincing (persuasive) than conclusive. (ISA 200:5)

The international companies Waste Management, Sunbeam, Enron and others have in common the financial failure that they faced as a result of the incorrect application of the professional judgment in deciding on the level of the significance threshold. These financial failures led to the disappearance of Arthur Andersen, a large audit company. In all the three cases, the auditors found the existence of some incorrect accounting operations, but under the pressure of the management, they were not taken into consideration. The auditors' explanation for the situations created was the character of the overlooked errors. (Brown et al., 2009)

Bernstein (1967) admits that the significance threshold expressed in a general way is easy to understand. However when the significance threshold is established as a central concept in the application of the accounting principles, the lack of a clear definition makes this item a difficult concept to understand.

The determination of the significance threshold involves the exercise of the professional judgment. The actors that could influence the choice of an adequate benchmark include (ISA 320: A3):

- the elements of the financial statements (i.e., assets, liabilities, equity, income, expenses);
- if there are elements on which the financial statement users tend to focus their attention;
- the ownership structure of the entity and how it is financed;
- the benchmark volatility.

The Professional Standards on Auditing (ISA 320: A4) provide examples of items that may be appropriate, depending on the circumstances of the entity. These include categories of reported values such as profit before tax, total revenue, gross profit and total expenses, total equity or net asset value. The profit before tax from continuing operations is often used for profit-oriented entities. When the profit before tax from continuing operations is volatile,

other benchmarks may be considered appropriate, such as the gross profit or the total revenues.

Choosing benchmarks and establishing the significance threshold varies from year to year depending on the circumstances of the entity (i.e. acquisitions or disposals) and on the conditions from the economic environment or the industry in which the customer entity operates. Thus, it is necessary to take into account the prior period results and the financial position of the entity for the entire period, as well as the budget and the forecast for the current period.

From our practical experience, we found that depending on the entity's nature, the particular circumstances and the categories of financial statements users, the following items can be used as a benchmark for determining the global significance threshold: Total income Total expenses, gross profit, current assets, total assets or total equity.

The auditor can accept a level exceeding 5% for the uncorrected misstatements in the following circumstances:

- A limited number and an insignificant value of the distortions expected in the current audit year;
- A limited number and an insignificant value of the distortions from the previous years, whether adjusted or not;
- The results of the audit risk assessment indicates a low risk of significant misstatements both individual and aggregate;
- The management and the audit committee expectations regarding the communication of the errors exceeding 5% of the significance threshold.

If the auditor concludes that the misstatements may be significant, he must take into consideration to reduce the audit risk by extending the audit procedures or asking the management to adjust the financial statements.

If the management refuses to adjust the financial statements and the results of the audit procedures do not enable the auditor to conclude that the aggregate of the uncorrected misstatements is not significant, the auditor's report should be amended accordingly auditor's in accordance with ISA 700, "The Auditor's Report on Financial Statements" .

The auditor's opinion refers to the financial statements as a whole and, therefore, he is not responsible for detecting those distortions in the categories of account balances or insignificant transactions which do not lead to changes in the financial statements.

CHAPTER 4

THE QUALITATIVE DIMENSION OF THE SIGNIFICATIVE THRESHOLD

The professional bodies in accounting and auditing have shown a real interest in determining the significance threshold. Concerned only with the strict quantitative approach which didn't lead to the detection of all the distortions, they issued a series of documents designed to encourage the auditors to include the qualitative factors in establishing this element.

A major change in the approach of the significance threshold and of the judgment exercised by the professional accountants refer to the decision of the Securities Exchange Commission to issue the Staff Accounting Bulletin 99, acronym DAS 99). The decision to issue SAB 99 was taken after the committee chairman, Arthur LeWitt, delivered a speech entitled "The figures' game" in which he criticized the significance threshold approach through a mathematical formula, considering it a cover-up method of the accounting earnings. The SEC Chairman stated that many companies manipulate the obtained earnings deferring the income and using the reserves. The cumulative effect of the manipulations does not exceed 5% used in most of the cases to determine the significance threshold, but it is enough to increase the earnings per share to achieve the objectives to obtain a minimum profit.

The intentional errors must not be accepted regardless of the significance threshold. Levitt said this when he referred to those entities that excessively use the significance threshold: "those entities intentionally record errors falling within the fixed percentage ceiling. Then, there are presented some motivations by the argument that the effect of these errors is at the lower limit value of the significance threshold, being too small to be important. In this case, why do entities make so many efforts to create errors? "

The International Federation of Accountants - IFAC conducted in 2002 a review of the professional standards in auditing, including the International Standard on Auditing 320 (ISA 320). IFAC decided to remake the standard which deals with the significance threshold, as

well as the issuing of a new standard which will bring additional information in this direction. Thus, the existing standard ISA 320, "Materiality in planning and executing an audit engagement" was revised and reprinted, and a new standard, ISA 450 was simultaneously developed, "The evaluation of the misstatements identified during the audit." The latter presents the qualitative factors which are the basis of the professional judgment necessary to establish the significance threshold.

In 1999, the American Institute of Certified Public Accountants - acronym AICPA issued the Statements on Auditing Standards - acronym SAS 47) entitled "The Audit Risk and the significance threshold in an audit." "The provisions of this document refer to the fact that the issue of the significance threshold is a matter of professional judgment and take into account the information needs of the financial statements users. More specifically, the decisions regarding the significance threshold are taken in accordance with the circumstances characterizing each entity and with the quantitative and qualitative factors of the company whose activity is audited.

Even if the issuance of SAS 47 has highlighted the importance of addressing both quantitative and qualitative factors, the research that followed this period has not specifically included the qualitative aspects. The studies undertaken focused on the quantitative factors, because it is more difficult to establish the qualitative factors whereas determining the significance threshold based on mathematical calculations is far more accessible. AICPA continued the improvement of these standards so that in 2007, it replaces SAS 47 with SAS 107 "The Audit Risk and the significance threshold in conducting an audit." SAS 107 describes the significance threshold as having a quantitative and a qualitative aspect. As a result of the interaction of the quantitative and qualitative factors in the judgment about the significance threshold, the low distortions can have significant effect on the financial statements.

The Australian auditors' activity underwent a change with the July 1, 2006, when the Auditing and Assurance Standards Board - acronym AUASB issued Audit Standard 320 (Australian Standards on Auditing 320, acronym ASA 320) on the significance threshold and proposed adjustments for this item. The standard states that a significant distortion can not be considered only in terms of the factors used to assess its importance, the auditor having to apply a much wider analysis taking into account the relevant information for the financial statements users and the circumstances of such incidents. (AUASB, 2006)

The issue of the qualitative factors that contribute to the foundation of the professional judgment on the significance threshold was also discussed by the professional bodies in Canada. The Guidance on the assurance engagements and the related services contain a section that refers to a set of rules and orientating indications due to assist the auditors in performing their duties in Canada.

The Canadian Institute of Chartered Accountants, (acronym CICA) issued in 2005 a full list of the qualitative factors that can transform a relatively small distortion value in a significant distortion effect on the financial statements as a whole.

The complexity of the activities, the multitude of the situations encountered in practice, and the so different views of the auditors make it difficult to issue a general framework for determining the significance threshold. In our opinion, it would be extremely useful to issue standards or rules containing a template with minimum requirements (both qualitatively and quantitatively speaking) used as a reference for professionals in addressing the significance threshold. Certainly, the peculiarities of each case may lead to significant changes, but all these digressions must be supported by sufficient and appropriate evidence.

CHAPTER 5

THE RESEARCH DIRECTIONS IN THE DOMAIN OF THE INFLUENCE FACTORS OF THE SIGNIFICANCE THRESHOLD

The concept of significance threshold has been the subject of many studies undertaken over time. These studies had a gradual evolution, from simple analysis to the development of the most complex correlations between various factors that influence the significance threshold.

The empirical studies in this area began in the 50s. The research conducted during this period indicates that the main determinant of the significance threshold is applicable percentage effect on the net profit. In this respect, the oldest survey was the one conducted by Woolsey (1954 a, b) which was a questionnaire analysis.

In the case of the first studies, the factors taken into consideration were financial (the quantitative factors), although the qualitative elements weren't less important. In the early 70s the influence of the non-financial (qualitative) factors was suggested in analyzes such as those

conducted by Pattillo and Siebel (1973), Pattillo and Siebel (1974) and Pattillo (1976), but the scale of the investigations focused on this topic started only after 1980s.

The subsequent studies have focused both on the financial factors but also on the non-financial factors (Krogstad et al., 1984, Steinbart, 1987; Carpenter and Dirsmith, 1992, Carpenter et al., 1994), highlighting the role of both types of variables in determining the significance threshold.

The changes refer not only to the complexity of the issues addressed but also to the methodology applied. The first research used the questionnaire survey and analyzed the data from the analyzed entities' archive. Since the second half of the twentieth century, the methodology used in the studies has focused on experimental approaches. The researchers have focused on understanding the complexity of the processes involved in the decisions about the significance threshold, examining the cognitive aspects of the auditors' reasoning.

The significance threshold for certain categories of operations or transactions is generally established in different circumstances, such as: simple or complex environment, involving structured or less structured tasks performed by individuals with different levels of experience and training.

Researchers looked the significance threshold, not only from the cognitive perspective, but also from the perspective of a social, cultural and political phenomenon (Carpenter and Dirsmith, 1992, Carpenter et al., 1994). The focus is now more on contextualizing (incorporating) the tasks with the non-financial information in order to capture the individuals' reasoning.

Research shows that the element considered as a reference and a contextual environment plays an important role in making decisions about the significance threshold (Jennings et al., 1987; Chewning et al., 1989, Carpenter and Dirsmith, 1992) leading to different values of this element.

As a result of the analysis undertaken on works from the specialized literature, it appears that the percentage effect applied on the net profit is the main factor influencing the decisions of the auditors, the accountants and the users related to the significance threshold value.

The studies published in the well-known international journals in the field of accounting and auditing have revealed the quantitative factor scale (i.e. the percentage applied to profit) in the

determination of the significance threshold. In the same scientific journals there are studies (Patillo and Siebel, 1973; Patillo, 1976; Krogstad et al., 1984, Steinbart, 1987; Carpenter and Dirsmith, 1992, Carpenter et al., 1994 etc..) that explicitly recognize the implication of the qualitative factors. The characteristics of the firm or of the activity sector, the organizational or the operational features, the characteristics of the entity's specific elements and the practices applied by the management are just some of the elements that can contribute in any way to the modification of the significance threshold level.

The main categories of qualitative factors investigated over time are: the characteristics of the audited entity and of the audit firm and the individual characteristics of the auditor. Among the features of the entity that is to be audited, we can include: the firm size, the sector of activity, the financial position and the performance, the applied accounting policies, the characteristics of the management, the firm Board, the audit Board and the internal control.

Another aspect, less common, has been the survey of Chung et al. (2008). They investigated how the auditors' disposition can be found in the decisions about the significance threshold level. The conclusions have shown that the professional accountants who have a positive disposition record a low degree of consensus on the issued decisions, and their decisions are less conservative (using low values for the significance threshold) compared to the auditors who have a negative or indifferent mood. These conclusions were based on the fact that the researchers noted that some information were congruent for their mood.

The decisions and the solving problems differ even according to the sex of the auditors. O'Donnell and Johnson (2000) showed that when complex tasks, the auditors women tend to be more effective than the men regarding the information processing strategies. This difference disappears, however, when simple tasks are in question. O'Donnell and Johnson concluded that there is a relationship between the sex of the auditors and their level of accuracy. In many cases, the female professional accountants are more careful and rigorous in terms of details, while the men tend to give prominence to issues that can be easily observed as significant.

Other papers followed the influence of the level of integrity and competence of the management's client entity (Bernardi and Arnold, 1994; Arnold et al., 2001, Chow et al., 2006), obtaining a direct relationship between them and the significance threshold. The more reduced the level of integrity and skill of the management, the less the auditors' confidence in

the information provided by them, which means that the significance threshold level will be lower.

Another researched aspect related to the customer's management is the degree of cooperation that is the feedback from the auditors (Krogstad et al., 1981; Wing-On-Wing, 1989, Bonner et al., 1994). The well running of the audit engagement implies an effective working relationship with the company's management. The feedback required at the auditor's initiative is an important basis from which one can start to make decisions. A reluctant attitude from the management may raise suspicions and implicitly, the application of some more drastic measures, and ultimately the refuse of the engagement.

In our research, we also identified other studies that developed how certain factors may influence on the significance threshold level. In our opinion, the analyzed factors are not important for our survey, therefore, we decided to just list them: Farmer et al. (1987), Asara et al. (2007) and Hope and Langli (2010) investigated the influence of the litigation risk level; Johnstone et al. (2001) and Cohen and Hanno (2000) found a relation between the corporate governance mechanisms and the significance threshold. The cultural dimensions developed by Hofstede have been translated into the issues of the professional judgment, being analyzed in a differentiated way in various studies, such as: individualism vs. collectivism (Arnold et al., 1999, Chan et al., 2003, Terri and Windsor, 2001; Hell and Wang, 2009), the uncertainty avoidance (Arnold et al., 2001; Hell and Wang, 2009) and the power distance (Chan et al., 2003). The decisions taken by the auditors from different cultures are also different, as the influence of the customs, of the professional and the traditional customs can be seen in the way of carrying out the activities (Jenkins et al., 2008).

CHAPTER 6

EMPIRICAL SURVEY ON THE IMPLICATIONS OF THE QUALITATIVE FACTORS IN SUBSTANTIATING THE DECISIONS ON THE SIGNIFICANCE THRESHOLD

In this scientific approach we intend to do a nationwide survey by highlighting the implications of some certain factors in the Romanian auditor's professional judgment foundation regarding the decisions implying the significance threshold. One of the main reasons we chose this line of research is the lack of studies in the national literature. There have been some debates on the need of introducing the qualitative factors in addressing the

significance threshold (Todea and Stanciu, 2009, Moldovan, 2012), but we don't find any research to show those elements the Romanian auditors take into account when determining the border between the significant and the insignificant character of an identified distortion in the financial statements.

Our research contributes to the development of the specialized literature, particularly the national one, because it investigates the choice of the benchmark, something that we have not found in other studies; another contribution is that it includes a survey which tests some qualitative factors, mentioned in the professional auditing standards, but which in our country have not yet been tested in the activity of the active financial auditors.

Our survey was based on a questionnaire (Appendix 1) consisting of 8 questions in which are found both quantitative and qualitative factors associated to the professional judgment regarding the significance threshold and which should be tested in our country through the practice of the auditors. The first part of the questionnaire includes general information regarding the auditor's specialization on a particular industry, as well as their experience and the characteristics and size of the main entities that they audit. The second part of the questionnaire covers aspects regarding the choice of one of the three indicators specified in the GAC and the factors which determine this decision. Our survey aims to also identify the qualitative factors that have the role to adjust the significance threshold level obtained by the quantitative method. The questions of the questionnaire are closed questions, seeking thereby the questionnaire completion's efficiency and the possibility to realize a database with a limited number of clearly defined variables.

The questionnaire was applied to a number of 270 people with active financial auditors, members of the Chamber of Financial Auditors of Romania. This was done at an event dedicated to the financial auditors from Romania, namely the third National Congress organized by CAFR, as a professional body in the nationally financial audit, in Bucharest on 3-4 November 2011. The advantage of the survey in the aforementioned event is that through our presence in that place, we managed to obtain responses from all the participants.

Out of 270 questionnaires, 247 were validated, the response rate being of 91.4% in this case. The drawback of applying the survey is that at the event organized by CAFR not all the auditors from Romania were present, but only some of them representing 17% of the total population of the auditors in our country. Therefore, if we compare the number of validated questionnaires to the total population of the members from CAFR, the response rate is 14.8%,

a rate that is statistically significant for the extrapolating results. All the 247 questionnaires were fully completed by the subjects, there were no cases in which the filling suggested a shallow approach to the questionnaire. The answers from the 247 valid questionnaires were entered into a database of the statistical program Intercooled Stata 9.1, each of the factors included in the questionnaire representing a variable in the database. We chose the Stata statistical software, as we considered that it offered superior advantages to other statistical programs used in this kind of research (SPSS, E-views, etc.). To achieve correlations between the analyzed factors and the testing of the working hypotheses we applied a series of logistic regressions of the type Order-Logit Regression.

First, our research identifies a correlation between the activity sector of the audit entity and the chosen benchmark for the application of the "thumb rule". Over time, the research in this area has demonstrated the importance of the profit in applying the quantitative significance threshold. At a national level, this remains because the gross profit is a chosen indicator in all the fields, not being correlated, however, with a special sector. The combination of the chosen indicator as a benchmark for determining the significance threshold and of the entity is validated only in the case of the total assets and of the turnover. Based on the results obtained at this level, we consider further studies are necessary to clarify these issues.

The second part of the questionnaire aimed to test the influence of certain qualitative factors on the value of the significance threshold. The sector of activity was taken into consideration, but beside this, there were some other analyzed elements, such as the experience / the auditor's specialization in that field, the information needs of the financial statements' users, the objectives and the attitude of the company's management, the length of the relationship with the audited client and the client's financial position. If in the relationship sector-benchmark a total correlation could not be established, this time the results we obtained have shown a strong association between the significance threshold level and the client entity. It may be noted that in the financial banking sector, the auditors' tendency is to reduce the significance threshold (this sector being associated with a higher market risk) and in the trade sector as well as in the services sector their tendency is to increase the significance threshold compared to the industry sector (appreciated, in statistical terms, as the benchmark sector). The experience of the auditors in the analysis field has also been identified as having influence on the level of the significance threshold.

One of the strongest associations identified in our survey was related to the length of the relationship between the auditor and the client. This association, however, does not denote a positive aspect of the auditor's judgment, but it rather signals a threat to the objectivity and the independence of the auditors. Therefore, this analysis raises further research too.

A final conclusion of our survey is related to the fact that the significance threshold level is not influenced by the users' needs, by the management objectives and its attitude or by the financial position of the client, between these factors and the decisions associated to the significance threshold being no correlation.

CONCLUSIONS AND RESEARCH PERSPECTIVES

General Conclusions

The purpose of any approach is to reach the moment when the results are assessed, the objectives met and when any unforeseen items are identified.

In our scientific approach we started with a question about how the professional judgment can be explained. Although the question seems to require an easy and concrete answer, during our research we found the complexity of the context, of the factors, of the opinions' differences resulting from this activity.

The difficulty of understanding the professional judgment is intensified by the existence of an extremely delicate socio-economic environment, affected by the global economic crisis whose resolution seems to be off. The desperate efforts of the entities to cope with this "test", unexpected as well as long and hard, prompted the entities' managers to use extreme methods to save the entities from bankruptcy. At the same time, the role and responsibility of the auditors increase and the risks they face are more numerous and diverse. Under these conditions the exercise of a sound judgment and the adoption of some appropriate decisions is the only way to deal with all the existing pressures.

The professional judgment issues arose not only in the current context, but many years ago, when it was the subject of much international research. For a proper understanding of what judgments and decisions imply, we considered it necessary to investigate the general meaning of the term and how it is explained from different angles of several professions. This approach showed that the exercise of the professional judgment can be defined by several elements common to all professions and the professional characteristics, the behavior and the attitudes of the professionals meet similar ethical principles.

The general and the theoretical meaning of the concept was completed by a rigorous analysis of the literature from the audit domain. The surveys regarding our interest issues were numerous in countries where the accounting systems are of Anglo-Saxon inspiration. The concept appears and grows, especially in the cultural and the professional space in which the principles, the common law, and the professional judgments compensate or complement the legislation.

Research undertaken over time have shown the implications of a number of factors in exercising the professional judgment. First, auditors make judgments and decisions based on having as starting point the accounting information for issuing an audit opinion (Bruns, 1965; Jensen, 1966). The source of this information, its environment and its users are important elements for the decisions made by the professionals (Weber, 1975; Trotman, 1996)

The professional judgment has an interdisciplinary character. In the specialized literature we find studies showing that many of the decisions made by professionals, in our case the auditors are influenced by psychological factors such as memory, behavior, skills and knowledge (Solomon and Shields, 1995; Nelson and Tan, 2005 etc.) The Code of Conduct also requires compliance with the principles that ensure the confidentiality, the objectivity and the independence of the professional relationships between the auditor and his client, protecting the profession they represent, and maintaining a high level of skills and training for the issuance of the professional judgment.

The national research in the field of the professional judgment are less numerous, but not because of the lack of importance it has among professionals, but due to the difficulty of achieving it. Understanding the basis of the professional judgment requires a wide approach, based on the knowledge of the practical work, the discussions with the professionals in the field and the investigation of some practical cases, which increases the difficulty of research. Moreover, in the national specialized literature we have not identified any research based on empirical surveys to test or verify the principles and the methods of exercising the judgment.

The knowledge of the professional standards in the field is an important aspect to legally define the services provided by the professional accountants. The third chapter "Characteristics and implications of the professional judgment regarding the significance threshold within the assurance engagements" includes a comprehensive survey conducted on the impact that the professional judgment has in the audit process, i.e. the activities that compose the audit engagement.

The analysis combines the qualitative and the quantitative research. The results demonstrate the existence of at least 12 key activities that according to the professional standards require the auditors' judgment. The large number of express reference of the term "professional judgment", "reasoning" or "judgment" (the frequency of these concepts is 186 times according to our survey in Chapter 3) shows the great importance in conducting the audit's engagements. Each identified activity was treated separately both theoretically and in terms of

the quantitative analysis. Numerous tables and figures that enrich the third chapter aim at summarizing the survey's findings on the professional standards.

Out of the 12 activities identified in accordance with the professional standards, we paid special attention to the assessment of the audit risk, the determination of the significance threshold and the sample. We chose to present in detail these elements, as in our opinion they are the main parts of the other decisions within the engagement. Without knowing the risk to which the auditor is subject during the audit process, he can not determine the level at which a distortion can be considered as being significant to the financial statements as a whole. Unknowing the two elements (the audit risk and the significance threshold) the auditor will be unable to select the audit procedures and the tests necessary for the collection of the evidence. Therefore, the audit risk and the significance threshold can be considered the starting point in the decision making of the audit engagement.

Based on the above statements and on some practical situations, we developed a method to improve the existing procedure for assessing the audit risk. Using longitudinal research methods (simulations, case study) we considered as a starting point the average of the inherent risk coefficients for all the checked items to which a degree of caution determined by a mathematical model is added. In our opinion, the application of such a procedure increases the objectivity of the procedure and it offers the possibility of highlighting the differences between the entities.

We continued our approach, bringing forth a method for determining the sample which is based on the Pareto principle. The audit selection method 80/20 requires the auditing of 80% of the highest value items and 20% of the items chosen at random from the whole population. A prerequisite is necessary to consider in determining the amount and the composition of the sample, namely the budget for the activity. Without achieving a balance between the cost audit and the amount of the checked items, the mission could have less effective results.

The scientific approach continues with details brought to the significance threshold, considering that the judgment exercised for such a decision is based on a number of factors, which confer an increased interest to be analyzed. An item that has raised a number of discussions over the years focused on the qualitative aspect of the significance threshold. A first reaction to the financial failure of the large companies Waste Management, Sunbeam and Enron was their justification due to a misinterpretation of the identified misstatements. Although in value terms they didn't represent any danger to the entities, it was proved that the

source of their cases were fatal for the future of the entities. All these events have drawn attention to the importance of the qualitative aspects of the significance threshold and the precautions materialized in reprinting or issuing standards that contain information on the qualitative factors of the distortions (SAB, 1999, ISA 450, SAS, 107, ASA 320 etc.)

In the first part of chapter five, "The research directions in the domain of the influence factors of the significance threshold" we made a punctual analysis of the main elements of the literature related to the significance threshold. Our analysis focused on a sample of 126 scientific papers published in international journals in the field of auditing and accounting. By far, the major importance is attributed to the gross profit on which a percentage is applied to determine the significance threshold (Dyer, 1975). Besides this indicator, there have been surveys that have noted the possibility of using other elements such as total assets, total revenue, net profit, etc.

The research from the specialized literature presents diverse viewpoints from which the significance threshold issues can be approached. The entity's internal context (Saucher, 2001, Gleason and Mills, 2002), the training and the professionalism of the auditors (Blokdijsk et al., 2003) or the culture (Hell and Wang, 2009) are among the few distinguishing decisional criteria regarding the assessment of the distortions from the financial statements.

The usefulness of the information in the specialized literature can be seen in the sixth chapter of our work. Its objective was to investigate, at the national level, the way in which the Romanian auditors make their decisions regarding the significance threshold level. From the wide range of factors identified in the qualitative analysis from chapter five, we selected a number of 7 factors that we wanted to test through a national empirical study. The 247 valid questionnaires applied to the active auditors, members of CAFR gave the opportunity to obtain important information, which was then processed using the regressional functions and the questionnaires established which tested factors enter the exercise of the professional judgment of the Romanian auditors regarding the decision on the significance threshold level.

Personal Contributions

The main objective of our work was to identify ways to explain and better understand the process of the professional judgment in general, but also in the audit in particular. Our proposed approach was to analyze the implications of this process from the perspective of

different professions. A wider range (the multi-professional approach) brings the possibility of identifying those elements which, if seen from different points of view may be easier to understand. The knowledge of the professional judgment as it is applied by a doctor, a lawyer or an accountant allows sketching a picture of the main points to be met and without which the business activities would lead to erroneous results. The role of the psycho-professional "profile" which we wanted to achieve in the first chapter is to reinforce the idea that the success can only be guaranteed by a competent and dedicated person to his profession.

Another novelty found in our work relates to the survey of the professional standards in auditing. This study represents an important advantage mainly for the trainee or junior auditors (practitioners) who are less familiar with the content and the depth of the international auditing standards. Our analysis summarizes the content of these standards and points to the approach of an audit process, everything through the filter of the professional judgment, which can be considered the "milestone" of the audit engagements.

The method of assessing the audit risk proposed by us in the third chapter of the present work indicates the need to increase the transparency and the objectivity of the currently existing procedure in the audit practice by reducing some generalized interpretations which cannot capture the "sensitive" differences between two or more entities. The degree of caution proposed for the determination of the inherent risk narrows the tendency to issue decisions based on general information that does not address the substance of the matter.

The applied procedure in determining the structure of the sample highlights the role of respecting the condition of balance between the audit engagement budget, implicitly allocated, the budget for each activity individually and the volume of elements in the sample. This balance might be translated as the auditors' effort to audit a big part of the financial statements in terms of a given budget in order to reduce the risk of detection and to achieve the highest level of assurance.

The empirical survey of the last chapter is something new in the national literature in the field of the professional judgment in audit. Although we also found other studies that stressed the need to know the context in which the auditors make decisions and issue opinions, so far we have found no empirical study to further explore these elements in partnership with the Romanian practitioners. The theoretical knowledge without their correlation with the practice remains an unfinished work, or in other words, half done. The literature review in chapter five created the favorable context to identify those factors that could be tested by us nationally.

The developed assumptions, the processed information and the conclusions demonstrate a perfect combination between the quantitative and the qualitative research.

The empirical survey outcomes may help the national researchers to embrace further research in this direction, the professional organism represented by CAFR to which it is given an insight into the mode of action of the auditors and, not least, the students in the economic field, the economic entities and all those interested in this fascinating field of the professional judgment.

Perspectives for the research

The exhaustion of any research topic is something impossible as long as the society and its environment continues to evolve. We are aware too that our scientific approach is an extra piece to the so difficult 'puzzle' of the professional judgment.

First, as we mentioned, this topic of research has been little nationally discussed, and there are options to extend the theoretical surveys in this direction, by the identification of some analysis criteria of the professional judgment. The surveys used in our research are few in number and limited in occurrence, therefore, an update of the specialized literature and an increasing number of analyzed articles would be appropriate to continue this approach.

Another aspect that could be improved refers to the development of the professional judgment related to other activities within an audit engagement. Our work deepens the implications of the decisions on the significance threshold, but knowing how to exercise the professional judgment when determining the effectiveness of the internal control system, the selection of the audit procedures or the determination of the sufficiency and the appropriateness of the audit evidence may be possible topics for future research.

The limits of our research also aim at the empirical study and with that we conclude our approach. A first point is that the tool applied, i.e. the questionnaire, presents a lower credibility than the interview or the experiment. Using a new research tool for our survey represented the possibility to strengthen the results achieved by our work. Regarding the sample size of only 247 valid questionnaires, although statistically significant, it could be expanded to increase the representativeness of the results we obtained.

Another disadvantage is also represented by the survey limitation to the national research. The survey could be the basis for a grant or a European partnership with other European professional bodies in auditing, in order to develop comparative studies that offer solutions to the professional accountants to increase the quality of the services they offer and implicitly to strengthen the respect for a beautiful profession, full of responsibility which is the auditor profession.

BIBLIOGRAPHY

A. SCIENTIFIC BOOKS

- 1) Arens, A., Loebbecke, J., (2003), *Audit-O abordare integrată*, Ed. Arc, Chişinău;
- 2) Chelcea, S., (2004), „*Metodologia cercetării sociologice. Metode cantitative și calitative*”, ediția a 2-a, Editura Economică, București;
- 3) Dănescu Tatiana (2007), *Audit financiar-convergențe între teorie și practică*, Ed. Irecson, București;
- 4) Diaz, B. A., J.A. Viedma Catasno (1995), *El riesgo de la auditoria y la materialidad. Factores que limitan el alcance de la auditoria*, Institut de Cultura Juan Gil-Albert, Generalitat Valenciana, Conselleria de Cultura, Educacion i Ciencia, ISBN 84-7784-189-6;
- 5) Gray I., Manson, S., (2008) *The audit process. Principles, practice and cases*, Edition, 4th Edition, Thomson Learning;
- 6) Horomnea, E., (2010), *Audit financiar-concepte, standarde, norme*, Editura Alfa, Iași;
- 7) Knapp C. M, (2001) *Contemporary auditing. Real issues and cases*, 4th Edition, South Western College Publishing a division of Thomson Learning;
- 8) Messier J W. F. (2003)., *Auditing and Assurance Services – a systematic approach*, 3th Edition, McGraw Hill Higher Education Companies,
- 9) Montoya del Corte, J., (2009), *La vertiente cualitativa de la materialidad en auditoria: marco teorico y estudio empirico para el caso espanol*, Fundacion de las Cajas de Ahorros, ISBN 9-788489-116542;
- 10) Mustață, R. V., (2008), *Sisteme de măsurare a armonizării și diversității contabile-între necesitate și spontaneitate*, Editura Casa Cărții de Știință, Cluj-Napoca;
- 11) Neamțu Horia, Roman Aureliana Geta, Țurlea Eugen, (2012), *Audit financiar. Misiuni de asigurare și servicii conexe*, Ed. Economică, București;
- 12) Oprean, I., I.E. Popa, R.D. Lenghel (2007), *Procedurile auditului și ale controlului financiar*, Editura Risoprint, Cluj Napoca;
- 13) Perez, S.M., (2001), *Consideraciones psicologicas de la formacion del juicio del auditor: la importancia relativa en la planificacion de la auditoria*, Sevilla;
- 14) Porter, B., Simon, J., Hatherly, D., (2008) *Principles of external auditing*, 3th Edition, John Wiley and Sons, Limited Publication;
- 15) Stoian Ana, Țurlea Eugen, (2001), *Auditul financiar-contabil*, Ed. Economică, București;
- 16) Tiron Tudor, A., Popa, I. E., (2010), *Audit financiar*, Ed. Eikon, Cluj-Napoca;
- 17) Whittington O. R, Pany, K. (2005), *Principles of auditing and other assurance services*, McGraw Hill Companies, 14th edition.

B. SCIENTIFIC ARTICLES

- 1) Abdolmohammadi, M., Wright, A., (1987), An Examination of the Effects of Experience and Task Complexity on Audit Judgments, *The Accounting Review*, vol. 62, no. 1 pp. 1-13;
- 2) Abdel-Khalik, A.R., Snowball, D.A., Wrrage, J.H., (1983), The effects of certain internal audit variables on the planning of external audit programs, *Accounting Review*, 58(2), 215-227;
- 3) Abdolmohammadi, M. J., Shanteau, J., (1992), Personal attributes of expert auditors, *Organizational Behavior and Human Decision Processes*, 53 (11), pp.158-172
- 4) Agoglia, C.P., Kida, Th., Hanno, D.M., (2003), The Effects of Alternative Justification Memos on the Judgments of Audit Reviewees and Reviewers, *Journal of Accounting Research*, vol. 41, no. 1, pp. 33-46;

- 5) Allen, R. D., and R. J. Elder (2005), A longitudinal examination of auditor error projection decisions. *Auditing: A Journal of Practice & Theory*, vol. 24, no. 2: 69–84.
- 6) Antle, R., and B. Nalebuff (1991), Conservatism and Auditor-Client Negotiations, *Journal of Accounting Research*, vol. 29, Supplement: 31-54.
- 7) Arnold, D.F, Bernardib, R.A., Neidermeyer, P.E., (2001), The association between European materiality estimates and client integrity, national culture and litigation, *The International Journal of Accounting*, vol. 36, no.1, pp.459–483;
- 8) Arnold, D.F. Sr., R.A. Bernardi, and P.E. Neidermeyer (1999), The Effect of Independence on Decisions concerning Additional Audit Work: A European perspective, *A Journal of Practice & Theory*, vol. 18, Supplement, pp. 45-67.
- 9) Arnold, V., Collier, P.A., Leech, Sutton, S.G., (2000), The effect of experience and complexity on order and recency bias in decision making by professional accountants, *Accounting and Finance*, vol. 40, pp.109-134;
- 10) Asare, K.S., and A.M. Wright (1997), Evaluation of Competing Hypotheses in Auditing, *Auditing: A Journal of Practice & Theory*, vol. 16, no. 1: 1-13.
- 11) Asare, K.S., and L.S. McDaniel (1996), The Effects of Familiarity with the Preparer and Task Complexity on the Effectiveness of the Audit Review Process, *The Accounting Review*, vol. 71, no. 2: 139-159.
- 12) Asare, S. K., Haynes, C.M., Jenkins, J.G., (2007),The Effects of Client and Preparer Risk Factors on Workpaper Review Effectiveness, *Behavioral Research in Accounting*, vol. 19, pp. 1-17;
- 13) Asare, S.K., (1992) The Auditor's Going-Concern Decision: Interaction of Task Variables and the Sequential Processing of Evidence, *The Accounting Review*, vol. 67, no. 2, pp. 379-393;
- 14) Asare, S.K., and A.M. Wright (2004), The Effectiveness of Alternative Risk Assessment and Program Planning Tools in a Fraud Setting, *Contemporary Accounting Research*, vol. 21, no. 2: 325-352.
- 15) Asare, S.K., and A.M. Wright (2008), The Effect of a Justification Memo and Hypothesis Set Quality on the Review Process, *Behavioral Research in Accounting*, vol. 20, no. 1: 1–12.
- 16) Asare, S.K., and R.A. Davidson (1995), Expectation of Errors in Unaudited Book Values: The Effect of Control Procedures and Financial Condition, *Auditing: A Journal of Practice & Theory*, vol. 14, no. 1: 1-18.
- 17) Asare, S.K., C.M. Haynes, and J.G. Jenkins (2007), The Effects of Client and Preparer Risk Factors on Workpaper Review Effectiveness, *Behavioral Research in Accounting*, vol. 19: 1–17.
- 18) Asare, S.K., G.M. Trompeter, and A.M. Wright (2000), The Effect of Accountability and Time Budgets on Auditors' Testing Strategies, *Contemporary Accounting Research*, vol. 17, no. 4: 539-560.
- 19) Asare, S.K., McDaniel, L.S., (1996), The effects of familiarity with the preparer and task complexity on the Effectiveness of the Audit Review Process, *The Accounting Review*, vol.71, no.2, pp. 139-159;
- 20) Asare, S.K., Trompeter, G., Wright, A.M, (2000), The effect of accountability and time budgets on auditors' testing strategies, *Contemporary Accounting Research*, vol.17, no.4, pp. 539-560;
- 21) Asare, S.K., Wright A.M., (2004), The Effectiveness of Alternative Risk Assessment and Program Planning Tools in a Fraud Setting, *Contemporary Accounting Research*, vol. 21, no.2, pp. 325-352;
- 22) Asare, S.K., Wright, A.M., (2008), The Effect of a Justification Memo and Hypothesis Set Quality on the Review Process, *Behavioral Research in Accounting*, vol. 20, no.1, pp. 1- 12;
- 23) Ashton, R. H., 1974a, An experimental study of internal control judgments, *Journal of Accounting Research* 12, 143–157;
- 24) Ashton, R. H., 1974b, The predictive-ability criterion and user prediction models, *The Accounting Review* 49, 719–732.
- 25) Ashton, A., (1985), Does Consensus Imply Accuracy in Accounting Studies of Decision Making?, *The Accounting Review*, vol. 60, no. 2, pp. 173-185;
- 26) Ashton , A.H, Ashton, R.H., (1988), Sequential belief revision in auditing, *Accounting Review*, 63(4), 623-641;

- 27) Ashton, R.H., (1974), An Experimental Study of Internal Control Judgements, *Journal of Accounting Research*, vol. 12, no. 1, pp. 143-157;
- 28) Bamber, E.M., (1983), Expert Judgment in the Audit Team: A Source Reliability Approach, *Journal of Accounting Research*, vol. 21, no.2, pp. 396-412;
- 29) Bame-Aldred, C. W., Kida, T., (2007), A comparison of auditor and client initial negotiation position and tactics, *Accounting, Organization and Society*, 22, 249-268;
- 30) Barish, N.H., (1975), Professional Judgment and the Use of Auxiliaries, *PhD 972 AJPH*, vol. 65, no. 9, pp. 972-975;
- 31) Bates, H. L., Ingram, R. W., and Reckers, P. M. J. (1982), Auditor-client affiliation: The impact on materiality, *Journal of Accountancy*, vol. 153, no. 4: 60-63.
- 32) Bedard, J., (1994), Discussion of Framing and Presentation Mode Effects in Professional Judgment: Auditors' Internal Control Judgments and Substantive Testing Decisions, *Auditing: A Journal of Practice & Theory*, Supplement, vol. 13, pp. 119-123;
- 33) Bedard, J.C., Biggs, S.F., (1991), Pattern Recognition, Hypotheses Generation, and Auditor Performance in an Analytical Task, *The Accounting Review*, vol. 66, no. 3, pp. 622-642;
- 34) Bedard, J.C., Graham, L.E., (2002), The effects of decision aid orientation on risk factor identification and audit test Planning, *Auditing*, vol.21, no.2, pp. 39-56;
- 35) Benbasat, I., Dexter, A.S., (1979), Value and Events Approaches to Accounting: An Experimental Evaluation, *The Accounting Review*, vol. 54, no. 4, pp. 735-749;
- 36) Bennett, B., Bradbury, M., Prangnell, H., (2006), Rules, Principles and Judgments in Accounting Standards", *Abacus*, vol. 42, no. 2, pp. 189-203;
- 37) Bernardi, R. A., and D. F. Arnold, Sr. (1994), The influence of client integrity and competence and auditor characteristics on materiality estimates, *Irish Accounting Review*, vol. 1, no. 1: 1–23.
- 38) Bernardi, R. A., and K. V. Pincus (1996), The relationship between materiality thresholds and judgments of fraud risk, *Managerial Finance*, vol. 22, no. 9: 1–15.
- 39) Bernstein, L. A. (1967), Concept of Materiality, *The Accounting Review*, vol. 42, no. 1: 86-95.
- 40) Bhattacharjee, S., Maletta, M., Moreno, K., (2007), The Cascading of Contrast Effects on Auditors' Judgments in Multiple Client Audit Environments, *The Accounting Review*, vol. 82, no.5, pp. 1097-1117;
- 41) Bhattacharjee, S., Moreno, K., (2002), The impact of affective information on the professional judgments of more experienced and Less Experienced Auditors, *Journal of Behavioral Decision Making*, vol. 15, no. 4, pp. 361-377;
- 42) Biggs, S.F., Mock, Th. J., (1983), An Investigation of Auditor Decision Processes in the Evaluation of Internal Controls and Audit Scope Decisions, *Journal of Accounting Research*, vol. 21, no. 1, pp. 234-255;
- 43) Biggs, S.F., Wild, J., (1985), An Investigation of Auditor Judgment in Analytical Review, *The Accounting Review*, vol. 60, no. 4, pp. 607-633;
- 44) Blokdijk, H., F. Driehuisen, D. A. Simunic, and M. T. Stein. (2003), Factors affecting auditors' assessments of planning materiality, *Auditing: A Journal of Practice & Theory*, vol. 22, no. 2: 297–307.
- 45) Boatsman, J.R., and J.C. Robertson (1974), Policy-capturing on Selected Materiality Judgments, *The Accounting Review*, pp. 342-352.
- 46) Bonner, S.E, R. Libby, and P.L. Walker (1994), The Effects of Instruction and Experience Acquisition on Auditing Knowledge, *The Accounting Review*, vol. 69, no. 1: 157-178.
- 47) Bonner, S.E, R. Libby, and M.W. Nelson (1996), Using Decision Aids to Improve Auditors' Conditional Probability Judgments, *The Accounting Review*, vol. 71, no. 2: 221-240.
- 48) Bonner, S.E. (1991), Is experience necessary in cue measurement? The case of auditing tasks, *Contemporary Accounting Research*, vol. 8: 253-269.
- 49) Bonner, S.E., (1990), Experience Effects in Auditing: The Role of Task-Specific Knowledge', *The Accounting Review*, vol. 65, no. 1, pp. 72-92;

- 50) Bonner, S.E., and B.L. Lewis (1990), Determinants of Auditor Expertise, *Journal of Accounting Research*, vol. 28, Supplement: 1-20.
- 51) Bonner, S.E., Libby, R., Nelson, M.W., (1996), Using Decision Aids to Improve Auditors' Conditional Probability Judgments, *The Accounting Review*, vol. 71, no. 2, pp. 221-240;
- 52) Bonner, Sarah E, (1990), Experience Effects In Auditing: The Role Of Task-Specific Knowledge, *The Accounting Review*, vol .65, no.1, pp. 72-92;
- 53) Brazel, J. F., C. P. Agoglia, and R. C. Hatfield, 2004, Electronic versus face-to-face
- 54) review: the effects of alternative forms of review on auditors' performance, *The Accounting Review* 79, 949–966.
- 55) Braun, K. W. (2001), The disposition of audit-detected misstatements: An examination of risk and reward factors and aggregation effects, *Contemporary Accounting Research*, vol. 18, no. 1: 71–99.
- 56) Brown, P.R., Karan, V., (1986), One Approach for Assessing the Operational Nature of Auditing Standards: An Analysis of SAS 9, *Auditing: A Journal of Practice and Theory*, vol 6, no.1, pp.134-146;
- 57) Bruns Jr, W. J., 1965, Inventory valuation and management decisions, *The Accounting Review* 40, 345–357;
- 58) Bruns Jr, W. J., 1966, The accounting period concept and its effect on management decisions, *Journal of Accounting Research* 4, 1–14.
- 59) Burns, J., Fogarty, J., (2010), Approaches to auditing standards and their possible impact on auditor behavior, *International Journal of Disclosure and Governance*, Macmillan Publishers, vol. 7, no. 4, 3, pp. 10–31;
- 60) But, J., Campbell, T.L., (1989), The effects of information order and hypothesis testing strategies on auditors judgments, *Advances in Accounting Behavioral Research*, vol. 8, pp. 39
- 61) Butler, S.A., (1985), Application of a Decision Aid in the Judgmental Evaluation of Substantive Test of Details Samples, *Journal of Accounting Research*, Autumn, vol. 23, no. 2 , pp. 513-526;
- 62) Butt, J.L., (1988), Frequency Judgments in an Auditing-Related Task, *Journal of Accounting Research*, vol. 26, no. 2 pp. 315-330;
- 63) Carpenter, B. W., M. W. Dirsmith and P. P. Gupta (1994), Materiality judgments and audit firm culture: Social behavioral and political perspectives, *Accounting, Organizations and Society*, vol. 19, no. 4: 355–380.
- 64) Carpenter, B. W., and M. W. Dirsmith (1992), Early debt extinguishment transactions and auditor materiality judgments: A bounded rationality perspective, *Accounting, Organizations and Society*, vol. 17, no. 8, pp. 709–740.
- 65) Carpenter, T.D., (2007), Audit Team Brainstorming, Fraud Risk Identification, and Fraud Risk Assessment: Implications of SAS . No.99, *The Accounting Review*, vol.82, no.5, pp. 1119-1140;
- 66) Cenker, W.J., Nagy, A.L., (2008), Auditor Resignations and Auditor Industry Specialization, *Accounting Horizons*, vol.22, no.3, pp. 279-295;
- 67) Chan, K.H., K.Z. Lin, and P.L. Lan Mo (2003), An Empirical Study on the Impact of Culture on Audit-Detected Accounting Errors, *Auditing: A Journal of Practice & Theory*, vol. 22, no. 2: 281-295.
- 68) Chan, S., (1982), Expert Judgments Under Uncertainty: Some Evidence And Suggestions, *Social Science Quarterly*, vol. 63, no. 3, pp. 428-444;
- 69) Chand, P., White, M., (2006), The Influence of Culture on Judgments of Accountants in
- 70) Fiji, *Australian Accounting Review*, 16 (38):82-88;
- 71) Chewning, G., K. Pany, and S. Wheeler (1989), Auditor reporting decisions involving accounting principle changes: Some evidence on materiality thresholds, *Journal of Accounting Research*, vol. 27, no. 1:78–96.
- 72) Chewning, G., W. Wheeler, and K. Chan (1998), Evidence on auditor and investor materiality thresholds resulting from equity-for-debt swaps, *Auditing: A Journal of Practice & Theory* , vol. 17, no. 1:39–53.

- 73) Chiplin, B., (2004), Creating a new CPD package, *www.accountancymagazine.com*, pp. 40-41;
- 74) Choo, F., and K.T. Trotman (1991), The Relationship Between Knowledge Structure and Judgments for Experienced and Inexperienced Auditors, *The Accounting Review*, vol. 66, no. 3: 464-485
- 75) Chow, C.W., J.L. Ho, and P.L. Lan Mo (2006), Toward Understanding Chinese Auditors' Structuring of Audit Approaches, Client Acceptance Decisions, Risk Assessment, and Stringency of Imposed Reporting Standards, *Journal of International Accounting Research*, vol. 5, no. 1: 1-23.
- 76) Chung, O. Y. J., Cohen, J.R., Monroe, G.S., (2008), The Effect of Moods on Auditors' Inventory Valuation Decisions, *Auditing: A Journal of Practice & Theory*, vol. 27, no. 2, pp. 137-159;
- 77) Cianci, A.M., Bierstaker, J.L., (2009), The Impact of Positive and Negative Mood on the Hypothesis Generation and Ethical Judgments of Auditors, *Auditing: A Journal of Practice & Theory*, vol. 28, pp. 119-144;
- 78) Clor-Proell, S.M., (2009), The Effects of Expected and Actual Accounting Choices on Judgments and Decisions, *The Accounting Review*, vol. 84, no. 5, pp. 1465-1493;
- 79) Cohen, J., Kida, Th., (1989), The Impact of Analytical Review Results, Internal Control Reliability, and Experience on Auditors' Use of Analytical Review, *Journal of Accounting Research*, vol. 27, no. 2, pp. 263-276;
- 80) Cohen, J.R., and D.M. Hanno (2000), Auditors' Consideration of Corporate Governance and Management Control Philosophy in Preplanning and Planning Judgments, *Auditing: A Journal of Practice & Theory*, vol. 19, no. 2: 133-146.
- 81) Cohen, J.R., and G.M. Trompeter (1998), An Examination of Factors Affecting Audit Practice Development, *Contemporary Accounting Research*, vol. 15, no. 4: 481-504.
- 82) Cohen, J.R., G. Krishnamoorthy, and A.M. Wright (2007), The Impact of Roles of the Board on Auditors' Risk Assessments and Program Planning Decisions, *Auditing: A Journal of Practice & Theory*, vol. 26, no. 1: 91-112.
- 83) Cohen, J.R., Hanno, D.M., (2000), Auditor's consideration of corporate governance and management control philosophy in Preplanning and Planning Judgments, *Auditing: A Journal of Practice & Theory*, vol.19, no.2, pp.133-146;
- 84) Cohen, J.R., Krishnamoorthy, G., Wright, A.M., (2007), The Impact of Roles of the Board on Auditors' Risk Assessments and Program Planning Decisions, *Auditing: A Journal of Practice & Theory*, vol.26, no. 1, pp. 91-112
- 85) Cohen, J.R., L.W. Pant, and D.J. Sharp (1993), Culture-Based Ethical Conflicts Confronting Multinational Accounting Firms, American Accounting Association, *Accounting Horizons*, vol. 7, no. 3:1-13.
- 86) Cohen, J.R., L.W. Pant, and D.J. Sharp (1995), An Exploratory Examination of International Differences in Auditors ethical Perceptions, *Behavioral Research in Accounting*, vol. 7: 37-64.
- 87) Copeland, R.M., and J.F. Wojdak (1969), Income manipulation and the purchase-pooling choice, *Journal of Accounting Research*, 188-195.
- 88) Correll, R., Jamal, K., Robinson, L.A., (2007), Teaching Professional Judgement in Accounting, vol. 6, no. 2, pp. 123-140;
- 89) Costigan, M. L., and D. T. Simon (1995), Auditor materiality judgment and consistency modifications: Further evidence from SFAS No. 96, *Advances in Accounting*, vol. 13: 207-222.
- 90) Crosby, M.A., (1981), Bayesian Statistics in Auditing: A Comparison of Probability Elicitation Techniques, *The Accounting Review*, vol. 56, no. 2, pp. 355-365;
- 91) Danos, P., Imhoff, E.A., (1983), Factors Affecting Auditors' Evaluations of Forecasts, *Journal of Accounting Research*, vol. 21, no. 2, pp. 473-494;
- 92) Dai Xiling, (2010), Study on relative problems about the accountant professional judgment ability, *International Journal of Economics and Finance*, vol. 2, no. 3, Aug 2010, www.ccsenet.org/ijef;
- 93) Desai, R., Desai, W., (2010), Towards a Decision Aid for External Audit Evaluation of the Internal Audit Function, *Journal of Global Business, Issues*, vol. 4, no.1, pp. 69-73;

- 94) DeZoort, F. T., D. R. Hermanson, and R. W. Houston (2003), Audit committee support for auditors: The effects of materiality justification and accounting precision, *Journal of Accounting and Public Policy*, vol. 22, no. 2: 175–199.
- 95) Dezoort, F.T., (1998), An Analysis of Experience effects on Audit Committee Members Oversight Judgments, *Accounting, Organization and Society*, vol. 23, no. 1, pp. 1-21;
- 96) Dezoort, F.T., Houston, R.H., Peters, M.F., (2001), The impact of internal auditor compensation and role on external auditors' Planning Judgments and Decision, *Contemporary Accounting Research*, vol.18, no.2, pp. 257-81;
- 97) Dickhaut, J.W., Eggleton, I.R.C., (1975), An Examination of the Processes Underlying Comparative Judgements of Numerical Stimuli, *Journal of Accounting Research*, vol. 13, no. 1, pp. 38-72;
- 98) Dinculescu,A., (2008), Pregătirea avocaților în Uniunea Europeană, *Conferință Roma-prezentare power-point*;
- 99) Dottin, E.S., (2009), Professional judgment and dispositions in teacher education, *Teaching and Teacher Education*, vol. 25, pp. 83–88;
- 100) Duchac, J., (2004), The dilemma of bright line accounting rules and professional judgment: Insights from special purpose entity consolidation rules, *International Journal of Disclosure and Governance*, vol. 1, no. 4, pp. 324–338;
- 101) Duff, A., (2009), Measuring audit quality in an era of change An empirical investigation of UK audit market stakeholders in 2002 and 2005, *Managerial Auditing Journal*, vol. 24, no. 5, pp. 400-422;
- 102) Dyer, J. L. (1975), Toward the Development of Objective Materiality Norms, *The Arthur Andersen Chronicle*, vol. 35, no. 4: 38-49.
- 103) Earley, C.E., Hoffman, V.B., Joe, J.R., (2008), Reducing Management's Influence on Auditors' Judgments: An Experimental Investigation of SOX 404 Assessments, *The Accounting Review*, vol. 83, no. 6, pp. 1461-1485;
- 104) Elder, R. J., and R. D. Allen (1998), An empirical investigation of auditor's decision to project errors, *Auditing: A Journal of Practice & Theory*, vol. 17, no. 2: 71–87.
- 105) Elliott, R.K., (1983), Unique Audit Methods:Peat Marwick International, *Auditing: A Journal of Practice and Theory*, vol 2, no. 2, pp.1-12;
- 106) Einhorn, H. J., and R. M. Hogarth, 1981, Behavioral decision theory: processes of judgment and choice, *Journal of Accounting Research* 19, 1–31.
- 107) Emby, C., Gelardi, A.M., Lowe, D.J., (2002), A research note on the influence of outcome knowledge on audit partners' judgments, *Behavioral Research in Accounting*, vol.14, pp. 87-103;
- 108) Emby, C., Gibbins, M., (2002), Good judgment in public accounting: Quality and justification, *Contemporary Accounting Research*, vol. 4, no. 2, pp. 287-313;
- 109) Emery, D.R., R. Thakkar, and S. Moriarity (1982), A Comparative Study of Materiality Judgments of Financial Statement Users and Auditors, Proceedings, *Decision Sciences Institut National Meeting*, vol. 1: 5-7.
- 110) English, L., (1988), Audit Judgement And Choice, *Australian Accountant*, vol. 58, no.3, pp. 43-51;
- 111) Epstein, R. M., Hundert, E., (2002), Defining and assessing professional competence, *JAMA*, 287 (2)
- 112) Erickson, M., Mayhew, B.W., Felix, W.L., (2000), Why Do Audits Fail? Evidence from Lincoln Savings and Loan, *Journal of Accounting Research*, vol. 38, no. 1, pp. 165-194;
- 113) Estes, R., and D. D. Reames (1988), Effects of personal characteristics on materiality decisions: A multivariate analysis, *Accounting & Business Research*, vol. 18, no. 72: 291–296;
- 114) Falise,M., Regnier, J., (1992), Reperes por un etique d`entreprise, *Centre D`Etique Contemporane*;
- 115) Facione A Peter, Facione C Noreen, Giancarlo A F Carol, (1997), Professional judgment and the disposition toward critical thinking, *California Academic Press*, 1997, pp. 1-17
- 116) Farmer, T.A., L.E. Rittenberg, and G.M. Trompeter (1987), An Investigation of the Impact of Economic and Organizational Factors on Auditor Independence, *Auditing: A Journal of Practice & Theory*, vol. 7, no. 1: 1–14.

- 117) Fesler, R. D., and J. L. Hagler (1989), Litigation disclosures under SFAS No. 5: A study of actual cases, *Accounting Horizons*, vol. 3, no. 1: 10–21.
- 118) Firth, M. (1979), Consensus Views and Judgment Models in Materiality Decisions, *Accounting, Organizations and Society*, vol. 4, no. 4: 283-295.
- 119) Fisher, M. H. (1990), The effects of reporting auditor materiality levels publicly, privately, or not at all in an experimental setting, *Auditing: A Journal of Practice & Theory*, vol. 9, Supplement: 184–223.
- 120) Flanagan, J., Clarke, K., (2007), Beyond a Code of Professional Ethics: A Holistic Model of Ethical Decision-Making for Accountants, *Abacus*, vol. 43, no. 4, pp. 488-518;
- 121) Fogarty, T.J., and L.P. Kalbers (2000), An empirical evaluation of the interpersonal and organisational correlates of professionalism in internal auditing, *Accounting an Business Research*, vol. 30, no. 2:125-136.
- 122) Francis, J.R., and M.D. Yu (2009), Big 4 Office Size and Audit Quality, *The Accounting Review*, vol. 84, no. 5: 1521–1552
- 123) Fraser, P.N., (2010), A single set of worldwide auditing standards: The road is long, *International Journal of Disclosure and Governance*, vol. 7, no. 4, pp. 298–309;
- 124) Freddie, Ch., Trotman, K. T., (1991), The Relationship Between Knowledge Structure and Judgments for Experienced and Inexperienced Auditors, *The Accounting Review*, vol. 66, no.3, pp. 464-485;
- 125) Frederick, D.M., and R. Libby (1986), Expertise and Auditors' Judgments of Conjunctive Events, *Journal of Accounting Research*, vol. 24, no. 2: 270-290.
- 126) Friedberg, A. H., J. R. Strawser, and J. H. Cassidy (1989), Factors affecting materiality judgments: A comparison of “Big Eight” accounting firms’ materiality views with the results of empirical research, *Advances in Accounting*, vol. 7: 187–201.
- 127) Frishkoff, P. A., and M. Phillips (1985), Materiality in commercial bank inflation accounting, *Advances in Accounting*, vol. 2: 31–46.
- 128) Frishkoff, P.A. (1970), An Empirical Investigation of the Concept Materiality in Accounting, Empirical Research in Accounting: Selected Studies, *Journal of Accounting Research*, vol. 8, Supplement: 283-295;
- 129) Gaynor, L. M., L. S. McDaniel, and T. L. Neal, 2006, The effects of joint provision and disclosure of nonaudit services on audit committee members’ decisions and investors’ preferences, *The Accounting Review* 81, 873–896;
- 130) Gibbins, M., (1984), Propositions about the Psychology of Professional Judgment in Public Accounting, *Journal of Accounting Research*, vol. 22, no. 1, pp. 103-125;
- 131) Gibbins, M., (2002), Evidence from Auditors about Managers' and Auditors' Earnings Management Decisions: Discussion, *The Accounting Review*, Supplement: Quality of Earnings Conference , vol. 77, pp. 203-211;
- 132) Gibbins, M., and S. Salteiro (2000), Modeling the Auditor’s Intended Strategy in Auditor-Client Negotiation, 1-48.
- 133) Gibbins, M., S. Salterio, and A. Webb (2001), Evidence About Auditor–Client Management Negotiation Concerning Client’s Financial Reporting, *Journal of Accounting Research*, vol. 39, no. 3: 535-563.
- 134) Gleason, C. A., and L. F. Mills (2002), Materiality and contingent tax liability reporting, *The Accounting Review*, vol. 77, no. 2: 317–342.
- 135) Glover, S.M, Prawitt, D., Schultz Jr., J., Zimbelman, M.F., (2003), A Test of Changes in Auditors' Fraud-Related Planning Judgments since the Issuance of SAS No. 82, *Auditing: A Journal of Practice & Theory*, vol.22, no.2, pp. 237-251;
- 136) Glover, Steven M. (1997), The Influence of Time Pressure and Accountability on Auditors' Processing of Nondiagnostic Information, *Journal of Accounting Research*, vol. 35, no. 2: 213-226.
- 137) Grout, P., Jewitt, I., Pong, Ch., Whittington, G., (1994), Auditor professional judgement': implications for regulation and the law, *Accountancy Age*, vol. 38, no. 2, pp. 308-351;

- 138) Grundy, S., (1987), Curriculum: product or praxis, *Lewes: Farmer*;
- 139) Hackenbrack, K., (1992), Implications of Seemingly Irrelevant Evidence in Audit Judgment, *Journal of Accounting Research*, vol. 30, no. 1, pp. 126-136;
- 140) Haka, S, L. Friedman, and V. Jones (1986), Functional fixation and interference theory: A theoretical and empirical investigation, *The Accounting Review*, vol. 61, no. 3: 455–474;
- 141) Hackenbrack, K., Nelson, M., (1996), Auditors incentives and their application of financial accounting standards, *The Accounting Research*, 71(1), 43-59;
- 142) Hatfield, R.C., Agoglia, C.P., Sanchez, M., (2008), Client Characteristics and the Negotiation Tactics of Auditors: Implications for Financial Reporting, *Journal of Accounting Research*, vol. 46, no. 5, pp. 1183-1207;
- 143) Heffes, E.M., (2006), PwC U.S. Chairman Calls For Balance Between Rules and Principles, *Financial Executive*, March 2006 , pp. 15-16;
- 144) Hell, R. E. and D. Wang (2009), Cultural impact on the audit planning phase: An empirical study in China and France, *Master thesis*, two-year;
- 145) Heiman-Hoffman, V.B., Mooser D.V, Joseph J.A., (1995), The impact of an auditor`s initial hypothesis review on subsequent performance at identifying actual errors, *Contemporary Accounting Research*, 11,763-779;
- 146) Hirst, D. E., (1994), Auditors sensitivity to source reliability, *Journal of Accounting Research*, 32(Spring), 113-126;
- 147) Hoffman, V.B., Patton, J.M., (1997), Accountability, the Dilution Effect, and Conservatism in Auditors' Fraud Judgments, *Journal of Accounting Research*, vol. 35, no. 2, pp. 227-237;
- 148) Hoffman, V. B., J. R. Joe, and D. V. Moser, 2003, The effect of constrained processing on auditors' judgments, *Accounting, Organizations and Society* 28, 699–714.
- 149) Hoffman, V.B., Zimbelman, M.F., (2009), Do Strategic Reasoning and Brainstorming Help Auditors Change Their Standard, Audit Procedures in Response to Fraud Risk?, *The Accounting Review*, vol. 84, no. 3, pp. 811-837;
- 150) Hofstedt, T.R. and G.D. Hughes (1977), An Experimental Study of the Judgement Element in Disclosure Decisions, *The Accounting Review*, vol. 62, no. 1: 379-395
- 151) Hogan, C.E., Rezaee, Z., Riley, R., Velury, U.K., (2008), Financial Statement Fraud: Insights from the Academic Literature, *Auditing: A Journal of Practice & Theory*, vol. 27, no. 2, pp. 231-252;
- 152) Holmes, W., (1972), Materiality through the looking glass, *Journal of Accountancy*, 133, 44-49;
- 153) Holstrum, G.L., and W.F. Messier, Jr. (1982), A Review and Integration of Empirical Research on Materiality, *Auditing: A Journal of Practice & Theory*, vol. 2, no. 1: 45-63.
- 154) Hope, O.K., Langli, J.K., (2010), Auditor Independence in a Private Firm and Low Litigation Risk Setting?, *The Accounting Review*, vol. 85, no. 2, pp. 573–605;
- 155) Hubbard, A., (1991), Experience and Error Frequency Knowledge as Potential Determinants of Audit Expertise, *The Accounting Review*, vol. 66, no.2, pp. 218-239;
- 156) Hudson, D.L., (2003), Professional Judgment, *Aba Journal*, July, pp.14;
- 157) Hunton, J. E., and J. M. Rose, 2008, Can directors' self-interests influence accounting choices? *Accounting, Organizations and Society* 33, 783–800;
- 158) Hunton, J. E., and A. Gold, 2010, A field experiment comparing the outcomes of three fraud brainstorming procedures: nominal group, round robin, and open discussion, *The Accounting Review* 85, 911–935.
- 159) Hyatt, T.A., Prawitt, D.F., (2001), Does Congruence between Audit Structure and Auditors' Locus of Control Affect Job Performance?, *The Accounting Review*, vol. 76, no. 2, pp. 263-274;
- 160) Icerman, R. C., and W. A. Hillison (1991), Disposition of audit-detected errors: Some evidence on evaluative materiality, *Auditing: A Journal of Practice & Theory*, vol. 10, no. 1: 22–34.

- 161) Iskandar, T.M, and E.R. Iselin (1996), Industry type: a factor in materiality judgements and risk assessments, *Managerial Auditing Journal*, vol. 11, no. 3: 4–10.
- 162) Iskandar, T.M., and E.R. Iselin (1999), A review of materiality research, *Accounting Forum*, vol. 23, no. 3: 209-239.
- 163) Jamal, K., Tan, H-T., (2001), Can Auditors Predict the Choices Made by Other Auditors?, *Journal of Accounting Research*, vol. 39, no. 3, pp. 583-597;
- 164) Janvrin, D.J., and C.G. Jeffrey (2007), An Investigation of Auditor Perceptions about Subsequent Events and Factors That Influence This Audit Task, *Accounting Horizons*, vol. 21, no. 3: 295–312
- 165) Jeffrey, C., Dilla, W., Weatherholt, N., (2004), The Impact Of Ethical Development And Cultural Constructs On Auditor Judgments: A Study Of Auditors In Taiwan, *Business Ethics Quarterly*, vol. U, Issue 3, pp.553-579;
- 166) Jenkins, J.G., and C.M. Haynes (2003), The Persuasiveness of Client Preferences: An Investigation of the Impact of Preference Timing and Client Credibility, *Auditing: A Journal of Practice & Theory*, vol. 22, no. 1: 143-153.
- 167) Jenkins, J.G., and C.M. Haynes (2003), The Persuasiveness of Client Preferences: An Investigation of the Impact of Preference Timing and Client Credibility, *Auditing: A Journal of Practice & Theory*, vol. 22, no. 1: 143-153.
- 168) Jenkins, J.G., D.R. Deis, J.C. Bedard, and M.B. Curtis (2008), Accounting Firm Culture and Governance: A Research Synthesis, *Behavioral Research in Accounting*, vol. 20, no. 1: 45–74.
- 169) Jennings, M., D. C. Kneer, and P. M. J. Reckers (1987), A reexamination of the concept of materiality: Views of auditors, users and officers of the court, *Auditing: A Journal of Practice & Theory*, vol. 6, no. 2: 104–115.
- 170) Jennings, M., P. M. J. Reckers, and D. C. Kneer (1991), The auditor’s dilemma: The incongruous judicial notion of the auditing profession and actual auditor practice, *American Business Law*, vol. 29, no. 1: 99–125;
- 171) Jensen, R. E., 1966, An experimental design for study of effects of accounting variations
- 172) in decision making, *Journal of Accounting Research* 4, 224–238.
- 173) Johnstone, K.M., M.H. Sutton, and T.D. Warfield (2001), Antecedents and Consequences of Independence Risk: Framework for Analysis, *Accounting Horizons*, vol. 15, no.1: 1-18.
- 174) Jones, J., Massey, D.W., Thorne, L., (2003), Auditors' Ethical Reasoning: Insights From Past Research And Implications For The Future, *Journal of Accounting Literature*, vol.22, pp. 45-103;
- 175) Joyce, E. J., 1976, Expert judgment in audit program planning, *Journal of Accounting Research* 14, 29–60.
- 176) Joyce, E.J., Biddle, G.C., (1981), Are Auditors' Judgments Sufficiently Regressive?, *Journal of Accounting Research*, vol. 19, no. 2, pp. 323-349;
- 177) Kachelmeier, S.J., Messier, W.F. Jr., (1990), An Investigation Of The Influence Of A Nonstatistical Decision Aid on Auditor Sample Size Decisions, *The Accounting Review*, vol. 65, no.1, pp. 209-226;
- 178) Kadous, K., (2000), The effects of audit quality and consequence severity on juror evaluations of Auditor Responsibility for Plaintiff Losses, *The Accounting Review*, vol.75, no. 3, pp. 327-341;
- 179) Kadous, K., Kennedy, J.S., Peecher, M.E., (2003), The effect of quality assessment and directional goal commitment on auditors' Acceptance of Client Preferred Accounting Methods, *The Accounting Review*, vol. 78, no. 3, pp. 759-778;
- 180) Kadous, K., Magro, A.M., Spilker, B.C., (2008), Do Effects of Client Preference on Accounting Professionals' Information Search and Subsequent Judgments Persist with High Practice Risk?, *The Accounting Review*, vol. 83, no.1, pp. 133–156;
- 181) Kahneman, R.S., Tversky, A., (1979), Prospect theory: an analysis of decision under risk, *Econometrics*, 47, 263-291;

- 182) Kalbers, P.L., Cenker, W.J., (2008), The Impact of Exercised Responsibility, Experience, Autonomy, and Role Ambiguity on Job Performance in Public Accounting, *Journal of Managerial Issues*, vol. 20, no.3, pp. 327-347;
- 183) Kaplan, S.E., Reckers, P.M.J, (1985), An empirical examination of auditors initial planning process, *Auditing: A Journal of Practice and Theory*, 4(1), 1-19;
- 184) Kaplan, S.E., (1988), An Examination of the Effect of Presentation Format on Auditors' Expected Value Judgments, *Accounting Horizons* I, September, pp 90-95;
- 185) Kennedy, J., (1993), Debiasing Audit Judgment with Accountability: A Framework and Experimental Results, *Journal of Accounting Research*, vol. 31, no. 2, pp. 231-245;
- 186) Kennedy, J., (1995), Debiasing the curse of knowledge in audit judgment, *The Accounting Review*, vol. 70, no. 2, pp. 249-273;
- 187) Kennedy, J., Peecher, M.E., (1997), Judging Auditors' Technical Knowledge, *Journal of Accounting Research*, vol. 35, no. 2, pp. 279-293;
- 188) Kida, Th., (1984), The Impact of Hypothesis-Testing Strategies on Auditors' Use of Judgment Data, *Journal of Accounting Research*, vol. 22, no. 1, pp. 332-340;
- 189) Kida. Th., (1980), An Investigation into Auditors' Continuity and Related Qualification Judgments, *Journal of Accounting Research*, vol. 18, no. 2, pp. 506-523;
- 190) Kinney, W.R.Jr., Uecker, W.C., (1982), Mitigating the Consequences of Anchoring in Auditor Judgments, *The Accounting Review*, vol. 57, no. 1, pp. 55-69;
- 191) Kinney, William R. (1979), The Predictive Power of Limited Information in Preliminary Analytical Review: An Empirical Study, *Journal of Accounting Research*, vol. 17, Supplement : 148-165;
- 192) Knechel, W. R., Messier, W. F. Jr., (1990), recency effects in the auditors belief revision process, *The Accounting Review*, 65, 452-460;
- 193) Koonce, L., Anderson, U., Marchant, G., (1995), Justification of Decisions in Auditing, *Journal of Accounting Research*, vol. 33, no. 2, pp. 369-384;
- 194) Koonce, L., (1993), Explanation and counterexplanation during audit analytical review, *The Accounting Review*, 67, 59-76;
- 195) Kopp, L.S., (2001), The Role of Documentation and Memory in Internal Control Evaluation, Bell and Howell Information and Learning Company, *dissertation*, UMI No. 9989226, pp.100;
- 196) Kopp, Lori S. (2000), The Role of Documentation and Memory in Internal Control Evaluation, 1-52.
- 197) Kranacher, M-J. (2007), Determining Materiality: Relativity and Professional Judgment, *The CPA Journal*, vol. 77, no. 8: 80.
- 198) Krogstad, J. L., R. T. Ettenson, and J. Shanteau (1984), Context and experience in auditors' materiality judgments, *Auditing: A Journal of Practice & Theory*, vol. 4, no. 1: 54-74.
- 199) Krogstad, J.L., R. Ettenson, and J. Shanteau (1981), Materiality Judgments: The Development of Auditor Expertise, *Working paper, Creighton University*.
- 200) Kuang, X., Moser, D., (2009), Reciprocity and the Effectiveness of Optimal Agency Contracts, *The Accounting Review*, vol. 84, no. 5, pp. 1671-1694;
- 201) Kueppers, R.J., Sullivan, K.B., (2010), How and why an independent audit matters, *International Journal of Disclosure and Governance*, Macmillan Publishers Ltd. 1741-3591, vol. 7, no. 4, pp. 286-293;
- 202) Kunda, Z., (1990), The case for motivated reasoning, *Psychological Bulletin*, 108, 480-498
- 203) Leslie, D.A., (1985), Materiality:the concepts and its application to auditing, Toronto, Canada, *Canadian Institute of Chartered Accountants*.
- 204) Levitt, A. (1998), The numbers game, Remarks by Securities and Exchange Commission Chairman Arthur Levitt at the New York *University Center for Law and Business*, New York;
- 205) Libby, R., and P. A. Libby, 1989, Expert measurement and mechanical combination in control reliance decisions, *The Accounting Review* 64, 729-747.

- 206) Libby, R., and D.M. Frederick (1990), Experience and the Ability to Explain Audit Findings, *Journal of Accounting Research*, vol. 28, no. 2: 348-367;
- 207) Libby, R., Lipe, M.G., (1992), Incentives effects and cognitive processes involved in accounting judgments, *Journal of Accounting Research*, (Autumn), 249-273
- 208) Libby, R., Luft, J., (1993), Determinants of judgment performance in accounting settings: ability, knowledge, motivation and environment, *Accounting, Organization and Society*, 18:425-450;
- 209) Libby, R., and W. R. Kinney, Jr. (2000), Does mandated audit communication reduce opportunistic corrections to manage earnings to forecast?, *The Accounting Review*, vol. 75, no. 4: 383-404.
- 210) Libby, R., Frederick, D.M.,(1990), Experience and the Ability to Explain Audit Findings, *Journal of Accounting Research*, vol. 28, no. 2, pp. 348-367;
- 211) Libby, R., Kinney Jr., W., (2000), Does mandated audit communication reduce opportunistic corrections to manage Earnings to Forecasts?,*The Accounting Review*, vol.75, no.4, pp. 383-404;
- 212) Libby, R., M.W. Nelson, and J.E.Hunton (2006), Recognition v. Disclosure, Auditor Tolerance for Misstatement, and the Reliability of Stock-Compensation and Lease Information, *Journal of Accounting Research*, vol. 44, no. 3: 533-557;
- 213) Libby, T., Thorne, L., (2000), Auditors' virtue: a qualitative analysis and categorization,
- 214) Lim-u-sanno, K., Ussahawanitchakit, P., (2009), Audit Risk Judgment And Performance of Thai Auditors: An Empirical Investigation of Their Antecedents And Consequences, *Journal of Academy of Business And Economics*, vol. 9, no. 3, pp. 59-82;
- 215) Lin, K.L., Fraser, I.A.M. Hatherly, D.J., (2000), An Experimental Study of Auditor Analytical Review Judgements, *Journal of Business Finance and Accounting*, vol. 27, no.7-8, pp.821-857;
- 216) Lin, K.Z., Fraser, I.A., (2008), Auditors' Ability to Resist Client Pressure and Culture: Perceptions in China and the United Kingdom, *Journal of International Financial Management and Accounting*, vol. 32, no.1, pp. 161-183;
- 217) Lin, Kenny Z., A.M. Fraser, and D.J. Hatherly, (2000), An Experimental Study of Auditor Analytical Review Judgements, *Journal of Business Finance & Accounting*, pp. 821-857.
- 218) Lin, Kenny Z., Fraser, A.M., (2008) "Auditors' Ability to Resist Client Pressure and Culture: Perceptions in China and the United Kingdom", *Journal of International Financial Management and Accounting*, pp. 161-183.
- 219) Lindberg, D.L., (1999), Instructional case: Lakeview Lumber, Inc.: A study of auditing issues related to Fraud, Materiality and Professional Judgment, Issues in *Accounting Education*, vol. 14, no. 3, pp. 497-515;
- 220) Liu, C-S., and H. F. Mittelstaedt. (2002), Materiality judgments and disclosure of retiree health care costs under SFAS No. 81, *Review of Accounting Studies*, vol. 7, no. 4: 405-434;
- 221) Lockett, P. F., and M. K. Hirst, 1989, The impact of feedback on inter-rater agreement
- 222) and self insight in performance evaluation decisions, *Accounting, Organizations and Society* 14, 379-387;
- 223) Lynch, A. L., U. S. Murthy, and T. J. Engle, 2009, Fraud brainstorming using computer-mediated communication: the effects of brainstorming technique and facilitation, *The Accounting Review* 84, 1209-1232.
- 224) MacDaniel, L. S., (1990), The effects of time pressure and audit program structure on audit performance, *Journal of Accounting Research*, 28, 267-285;
- 225) Maletta, M. J., and T. Kida, 1993, The effect of risk factors on auditors' configural information processing, *The Accounting Review* 68, 681-691;
- 226) Mare C., Dragos C., Popa I. E., Dragos S., Șpan G.A., (2011), How to estimate teaching quality. An overview and some statistical evidences on a sample of master business students in Romania, *Studia Oeconomica*, 56(1);
- 227) Martinov, N., and P. Roebuck (1998), The assessment and integration of materiality and inherent risk: An analysis of major firms' audit practices, *International Journal of Auditing*, vol. 2, no. 2: 103-126.

- 228) Martinov-Bennie, N., Pflugrath, G., (2009), The Strength of an Accounting Firm's Ethical Environment and the Quality of Auditors' Judgments, *Journal of Business Ethics*, vol. 87, pp. 237–253;
- 229) Massey, D.W., and L. Thorne (2006), The Impact of Task Information Feedback on Ethical Reasoning, *Behavioral Research in Accounting*, vol. 18: 103-116.
- 230) Mayhew, B.W., Wilkins, M.S., (2003), Audit Firm Industry Specialization as a Differentiation Strategy: Evidence from Fees Charged to Firms Going Public, *Auditing: A Journal of Practice & Theory*, vol.22, no.2, pg. 33-52;
- 231) Mayper, A. G. (1982), Consensus of auditors' materiality judgments of internal accounting control weaknesses, *Journal of Accounting Research*, vol. 20, no. 2: 773–783.
- 232) Mayper, A. G., M. S. Doucet, and C. S. Warren (1989), Auditors' materiality judgments of internal accounting control weaknesses, *Auditing: A Journal of Practice & Theory*, vol. 9, no. 1: 72–86;
- 233) Mamede S, Schmidt H, (2008) Effects of reflective practice on the accuracy of medical diagnosis. *Medical Education*, 42: 468-475.
- 234) McKnight, C.A., Wright, W.F., (2011), Characteristics of Relatively High-Performance Auditors, *Auditing: A Journal of Practice & Theory*, vol. 30, no. 1, pp. 191–206;
- 235) Mennicken, A., (2008), Connecting worlds: The translation of international auditing standards into post-Soviet audit practice, *Accounting, Organizations and Society*, vol. 33, pp. 384–414;
- 236) Messier, W. F. Jr., Carter, W.O., (2008), Can Audit Partners Predict Subordinates' Ability to Detect Errors?, *Journal of Accounting Research*, vol. 46, no. 5, pp.1241-1264;
- 237) Messier, W. F., Jr. (1983), The effect of experience and firm type of materiality /disclosure judgments, *Journal of Accounting Research*, vol. 21, no. 2: 611–618.
- 238) Messier, W.F., Jr. (1981), An Analysis of Expert Judgment in the Materiality/Disclosure Decision, *SE Aids Proceedings*, 117-119.
- 239) Messier, W.F., Jr., N. M. Bennie, and A. Eilifsen (2005), A Review and Integration of Empirical Research on Materiality: Two Decades Later, *Auditing: A Journal of Practice & Theory*, vol. 24, no. 2: 153-187.
- 240) Messier, W.F., Kozloski, T.M., Kochetova-Kozloski, M., (2010), An Analysis of SEC and PCAOB Enforcement Actions against Engagement Quality Reviewers, *Auditing: A Journal of Practice & Theory*, vol. 29, no. 2, pp. 233–252;
- 241) Mock Th., Washington, M.T., (1999), A Comparative Evaluation of Belief Revision Models in Auditing, *Auditing: A Journal of Practice and Theory*, vol. 18, no. 2, pp. 105-127;
- 242) Moeckel, C. L., Plumlee, R. D., (1989), Auditors' Confidence In Recognition Of Audit Evidence, *The Accounting Review*, vol. 64, no. 4, pp. 653-666;
- 243) Moeckel, C., (1990), The Effect of Experience on Auditors' Memory Errors, *Journal of Accounting Research*, vol. 28, no. 2, pp. 368-387;
- 244) Moldoveanu Urania, Exigentele controlului calitatii activitatii de audit financiar in contextul actualelor reglementari europene si nationale, *Audit financiar* nr. 4 si 5/2009
- 245) Montoya del Corte, J., F.J.Martinez G., and A. Fernandez-Laviada (2008), La Utilization Efectiva de los Factores Cualitativos de la Materialidad: un Analisis Empirico Para los Auditores de Cuentas Ejercientes en Espana – The Effective Use of Qualitative Materiality Factors: An Empirical Analysis for the Practicing Auditors in Spain, *RC-SAR*, vol. 11, no. 1, pp. 99-124.
- 246) Moreno, K., and S. Bhattacharjee (2003), The Impact of Pressure From Potential Client Business Opportunities on The Judgments of Auditors across Professional Ranks, *Auditing: A Journal of Practice & Theory*, vol. 22, no. 1: 13-28.
- 247) Moriarity, S. and F. Barron (1976), Modeling the Materiality Judgments of Audit Partners, *Journal of Accounting Research*, vol. 14, no. 2: 320-341.
- 248) Moriarity, S. and F. Barron (1979), A Judgment-Based Definicion of Materiality, *Journal of Accounting Research*, vol. 17, Supplement: 114-135.

- 249) Morrill, J., (2005), Professional Judgment and Departures from GAAP - Judgment in Jeopardy, Revisited, *PCC*, vol. 4, no. 2, pp. 285-299;
- 250) Morris, M. H., and W. D. Nichols (1988), Consistency exceptions: Materiality judgments and audit firm structure, *The Accounting Review*, vol. 63, no. 2: 237–254.
- 251) Morris, M. H., and W. D. Nichols, and J. W. Pattillo (1984), Capitalization of interest, materiality judgment divergence and users' information needs, *Journal of Business Finance & Accounting*, vol. 11, no. 4: 547–555;
- 252) Nelson, M. W., and W. R. Kinney Jr, 1997, The effect of ambiguity on loss contingency reporting judgements, *The Accounting Review* 72, 257–274.
- 253)
- 254) Nelson, I.T., Ratliff, R.L., Steinhoff, G., Mitchellc, G.J., (2003), Teaching logic to auditing students: can training in logic reduce audit judgment errors?, *Journal. of Accountacy*, vol. 21, pp. 215–237;
- 255) Nelson, M. W., S. D. Smith, and Z-V. Palmrose (2005), The effect of quantitative materiality approach on auditors' adjustments decisions, *The Accounting Review*, vol. 80, no. 3: 897–920.
- 256) Nelson, M.W, J.A. Elliott, and R.L. Tarpley (2002), Evidence from Auditors about Managers' and Auditors' Earnings Management Decisions, *The Accounting Review*, vol. 77, Supplement: 175–202.
- 257) Nelson, M.W., (2009), A Model and Literature Review of Professional Skepticism in Auditing, *Auditing: A Journal of Practice & Theory*, vol. 28, no. 2, pp. 1–34;
- 258) Nelson, M.W., R. Libby, and S.E. Bonner (1995), Knowledge Structure and the Estimation of Conditional Probabilities in Audit Planning, *The Accounting Review*, vol. 70, no. 1:27-47.
- 259) Neumann, F. (1968), The Auditing Standard of Consistency, Empirical Research in Accounting: Selected Studies, *Journal of Accounting Research*, vol. 6, Supplement: 1-17.
- 260) Newton, L.K. (1977), The Risk Factor in Materiality Decisions, *The Accounting Review*, vol. 52, no. 1: 97-108;
- 261) Norcini, J.J., Rethans, J.J., Baron-Maldonado, M., Blackmore, D., Jolly, B.C., LaDuca, T., Lew, S., Page, G., Southgate, L. (2002), The relationship between competence and performance: implications for assessing practice performance, *Medical Education*, 36: 901-909;
- 262) Ng, T. B-P., and H-T. Tan (2003), Effects of authoritative guidance availability and audit committee effectiveness on auditors' judgments in an auditor-client negotiation context, *The Accounting Review*, vol. 78, no. 3: 801–818.
- 263) Ng, T. B-P., and H-T. Tan (2007), Effects of Qualitative Factor Salienc, Expressed Client Concern, and Qualitative Materiality Thresholds on Auditors' Audit Adjustment Decisions, *Contemporary Accounting Research*, vol. 24, no. 4: 1171-1192;
- 264) Nordsieck, D.W., (2011) How the Professional Judgment Standard Could Undermine the Validity of Sexually Violent Predator Laws, *Wash. U. L. Rev.* 1281;
- 265) Norman, L., (2005). Nursing students' perception of a career in nursing: Impact of a national campaign designed to attract people into the nursing profession. *Journal of Professional Nursing*. 21(2), 75-83.
- 266) O'Donnell, E., and E.N. Johnson (2001), The Effects of Auditor Gender and Task Complexity on Information Processing Efficiency, *International Journal of Auditing*, vol. 5, no. 2: 91-105.
- 267) O'Donnell, Ed., Schultz, J. Jr., (2005), The Halo Effect in Business Risk Audits: Can Strategic Risk Assessment Bias Auditor Judgment about Accounting Details?, *The Accounting Review*, vol. 80, no. 3, pp. 921–939;
- 268) O'Donnell, E., (1996), Measuring cognitive effort during analytical review: A process-tracing framework with Experimental Results, *Auditing: A Journal of Practice & Theory*, vol. 15, pp. 100-110;
- 269) O'Leary, C., Stewart, J., (2007), Governance factors affecting internal auditors' ethical decision-making An exploratory study, *Managerial Auditing Journal*, vol. 22, no. 8, pp. 787-808;
- 270) Oprean I., Şpan G.A., (2009), Ways of strenghtening the statutory audit efficiency, *Annales Universitatis Apulensis Series Oeconomica*,11(1);
- 271) Owroso, V. E., W. F. Messier Jr, and J. G. Lynch Jr, 2002, Error detection by industry specialized teams during sequential audit review, *Journal of Accounting Research* 40, 883–900;

- 272) Pany, K., and S. Wheeler (1989), Auditing: A comparison of various materiality rules of thumb, *CPA Journal*, vol. 59, no. 6: 62–63;
- 273) Papa F.J., Harasym, PH. (1999), Medical curriculum reform in North America, 1765 to the present: A cognitive science perspective. *Academic Medicine*, 74:154–164.
- 274) Patel, C., G.L. Harrison, and J.L. McKinnon (2002), Cultural Influences on Judgments of Professional Accountants in Auditor–Client Conflict Resolution, *Journal of International Financial Management and Accounting*, vol. 13, no. 1: 1-31;
- 275) Patel, V.L., Groen, G.J., Arocha, J.F. (1990). Medical expertise as a function of task difficulty, *Memory & Cognition*, 18(4), 394-406
- 276) Pattilo, J. W. (1976), The Concept of Materiality in Finacial Reporting, *Finacial Executive Research Foundation*.
- 277) Pattilo, J. W. and J. D. Siebel (1973), The Concept of Materiality, *Finacial Executive*, 28-30;
- 278) Plumlee,R.D., (1985), The standard of objectivity for internal auditors: memory and bias effects, *Journal of Accounting Research*, 23, 683-699;
- 279) Peecher, M.E., (1996), The Influence of Auditors' Justification Processes on Their Decisions: A Cognitive Model and Experimental Evidence, *Journal of Accounting Research*, vol. 34, no. 1, pp. 125-140;
- 280) Peecher, M.E., Schwartz, R., Solomon, I., (2007), It's all about audit quality: Perspectives on strategic-systems auditing, *Accounting, Organizations and Society*, vol. 32, pp. 463–485;
- 281) Peecher, M. E., and M. D. Piercey, 2008, Judging audit quality in light of adverse outcomes: evidence of outcome bias and reverse outcome bias, *Contemporary Accounting Research* 25, 243–274.
- 282) Pflugrath, G., Martinov-Bennie, N., Chen, L., (2007), The impact of codes of ethics and experience on auditor judgments, *Managerial Auditing Journal*, vol. 22, no. 6, pp. 566-589;
- 283) Pincoffs, E., (1986), Quandaries and Virtues. Lawrence, KS: University Press of Kansas;
- 284) Popa I. E., Șpan G.A., Fulop M.T., (2010), Qualitative factors of materiality – a review of empirical research, *Annales Universitatis Apulensis Series Oeconomica* 12 (1);
- 285) Popa, I. E., Tiron Tudor A., Șpan G. A., (2012), Raționamentul profesional-factor determinant în creșterea calității misiunilor de audit, *Audit Financiar* vol. 2;
- 286) Popa, I. E., Tiron Tudor A., Șpan G. A., Fulop M. T., (2012), Essential characteristics of a correct professional judgment process, *International Journal of Business Research*, 12(1);
- 287) Popova, V.K., (2008), Integration Of Fraud Risk In The Risk Of Material Misstatement And The Effect On Auditors' Planning Judgments - dissertation, Norman-Oklahoma, UMI - no. 3315111, pp. 1-74;
- 288) Pratt, J., and J.D. Stice (1994), The Effcets of Client Characteristics on Auditor Litigation Risk Judgements, Required Audit Evidence, and Recommended Audit Fees, *The Accounting Review*, vol. 69, no. 4: 639-656
- 289) Read, M., Gear, T., (2007), Developing professional judgement with the aid of a 'low-profile' group support system, *Journal of the Operational Research Society*, vol. 58, pp. 1021 –1029;
- 290) Reckers, P. M. J. y Wong-On-Wing, B. (1991), Management's motive and its effect on selected audit decisions, *Behavioral Research in Accounting*, vol. 3: 66-84.
- 291) Rentfro, R., Hooks, K.L., (2004), The Effect Of Professional Judgment on Financial Reporting Comparability, *Journal of Accounting and Finance Research*, vol.1, pp. 87-98;
- 292) Rich, J. S., 2004, Reviewers' responses to expectations about the client and the preparer, *The Accounting Review* 79, 497–517;
- 293) Richard, P., Elder L., (2002), Critical thinking: tools for taking charge of your professional and personal life, *Pearson Education, Ed. Financial Times Prentice Hall*,New Jersey;
- 294) Robinson, C., and L. Fertuck (1985), Materiality: An Empirical Study of Actual Auditor Decisions, *Research Monograph Number 12*. Vancouver, British Columbia: The Canadian Certified General Accountants' Research Foundation.

- 295) Rose, J., W. Beaver, S. Becker, and G. Sorter (1970), Toward an Empirical Measure of Materiality, (Empirical Research in Accounting: Selected Studies), *Journal of Accounting Research*, Supplement: 138-148.
- 296) Roy, E. P., (2011) Research Report on Professional Judgment Matters, *www.ssnr.com*;
- 297) Salterio, S., (1996), The Effects Of Precedents And Client Position On Auditors' Financial Accounting Policy Judgment, *Accounting Organization and Society*, vol. 21, no. 5, pp. 467-486;
- 298) Sanchez, M. H., C. P. Agoglia, and R. C. Hatfield, 2007, The effect of auditors' use of a reciprocity-based strategy on auditor-client negotiations, *The Accounting Review* 82, 241–263;
- 299) Satava, D., Caldwell, C., Richards, L., (2006), Ethics and the Auditing Culture: Rethinking the Foundation of Accounting and Auditing, *Journal of Business Ethics*, vol. 64, pp. 271–284;
- 300) Schmutte, J., Duncan, J.R., (2009), Professional Judgment: A Model for Accounting and Auditing Decisions, *The CPA Journal*, vol. 79, no. 9, pp. 32-35;
- 301) Schneider, A., (1984), Modeling External Auditors' Evaluations of Internal Auditing, *Journal of Accounting Research*, vol. 22, no. 2, pp. 657-678;
- 302) Schultz, J.J., Jr., and P.M.J. Reckers (1981), The Impact of Group Processing on Selected Audit disclosure Decision, *Journal of Accounting Research*, vol. 19, no. 2: 482-501;
- 303) Schmidt, H.G. & Rikers, R.M.J.P. (2007). How expertise develops in medicine: knowledge encapsulation and illness script formation. *Medical Education*, 41(12), 1133-1139.
- 304) Scutellaro, J.F., (2009), Subordination of Professional Judgment, *New Jersey CPA*, vol. 1, pp. 14-15;
- 305) Shankar, P/G., Tan, H-T., (2006), Determinants of Audit Preparers' Workpaper Justifications, *The Accounting Review*, vol.81, no. 2, pp. 473-495;
- 306) Shanteau, J., Peters, J.M., (1989), The 3 C's of Expert Audit Judgment: Creativity, Confidence, and Communication, *USC Audit Judgment Symposium*, February, 1989;
- 307) Sharman, P., (2008), Applying Professional Judgment, *I Strategic Finance Conference*, April, 2008, pp. 60-61;
- 308) Shockley, R.A., (1981), Perceptions of Auditors' Independence: An Empirical Analysis, *The Accounting Review*, vol. 56, no. 4, pp. 785-800;
- 309) Simunic, Dan A. (1984), Auditing, Consulting, and Auditor Independence, *Journal of Accounting Research*, vol. 22, no. 2: 679-702;
- 310) Simnett, R., and K. T. Trotman, 1989, Auditor versus model: information choice and information processing, *The Accounting Review* 64, 514–528.
- 311) Singhapakdi, A., Vitell, S., (1993), Personal and Professional Values Underlying the Ethical Judgments of Marketers, *Journal of Business Ethics*, vol. 12, pp. 525-533;
- 312) Silverman, D., (2001), Interpreting qualitative data: Methods for analysing talk, text and interaction: 2nd edition, *London: Sage*
- 313) Skinner, R., (2005), Judgment in Jeopardy: Why Detailed Rules Will Never Replace a Chartered Accountant's Professional Judgment in Financial Reporting, *CAP*, vol. 4 no. 2, pp. 143-152;
- 314) Smetzer, J., (2001), Medication Error Or Professional Judgement?, *AHA News*, vol. 37, no. 34, pp. 65-74;
- 315) Solomon, I., 1982, Probability of assessment by individual auditors and audit teams: an empirical investigation, *Journal of Accounting Research* 20, 689–710.
- 316) Solomon, I., and M. D. Shields, 1995, Judgment and decision research in auditing, in: R.H. Ashton, A. H. Ashton, eds., *Judgment and Decision-Making Research in Accounting and Auditing* (Cambridge University Press, New York), 137–175;
- 317) Solomon, I., Shields, M.D., Whittington, O.R., (1999), What Do Industry-Specialist Auditors Know?, *Journal of Accounting Research*, Spring, vol. 37, no. 1, pp. 191-208;
- 318) Steinbart, P. J. (1987), The construction of a rule-based expert system as a method for studying materiality judgments, *The Accounting Review*, vol. 62, no. 1: 97–116.

- 319) Sweeney, J. A. (1980), Setting Materiality Criteria – The User's Viewpoint, *Working paper, Cornell University*;
- 320) Şpan G.A., Popa I.E., Fulop M. T., Pop A., (2010), The background of professional judgment of materiality in statutory, *The Annals of the University of Oradea, Economic Sciences series - Tom XIX*, 1(1);
- 321) Şpan G. A., Garcia Martinez F. R., Montoya del Corte, J., Popa I. E., (2012), Statistical approach of the literature review on quantitative and qualitative factors of materiality, *Journal of Academy of Business and Economics*, 12(1);
- 322) Şpan, G.A., Popa, I.E. (2012), Mathematical optimum of the audit sample, *American Journal of Applied Sciences*, vol. 9, no. 8, 1290-1293.
- 323) Tan, H.-T., T.B.-P. Ng, and B. W.-Y. Mak (2002), The Effects of Task Complexity on Auditors' Performance: The Impact of Accountability and Knowledge, *Auditing: A Journal of Practice & Theory*, vol. 21, no. 2: 81-95.
- 324) Tan, H-T., (1995), Effects of Expectations, Prior Involvement, and Review Awareness on Memory for Audit Evidence and Judgment, *Journal of Accounting Research*, vol. 33, no. 1, pp. 113-135;
- 325) Tan, H-T., and Kao A. (1999), Accountability Effects on Auditors' Performance: The Influence of Knowledge, Problem-Solving Ability, and Task Complexity, *Journal of Accounting Research*, vol. 87, no. 1: 209-223.
- 326) Tan, H-T., Bu-Peow Ng, T., Wai-Yeong Mak, B., (2003), The effects of task complexity on auditors' performance: The impact of accountability and Knowledge, *Auditing: A Journal of Practice & Theory*, vol.21, no.2, pp. 81-95
- 327) Tan, H-T., Jamal, K., (2001), Do auditors objectively evaluate their subordinates' work?, *The Accounting Review*, vol.76, no.1, pp. 99-110;
- 328) Tan, H-T., Yip-Ow, J., (2001), Are reviewers' judgements influenced by memo structure and conclusions documented in Audit Workpapers?, *Contemporary Accounting Research*, vol. 18, no. 4, pp. 663-678;
- 329) Tarek, A., Hackenbrack, K., Nelson, M, (1994), Between-auditor differences in the interpretation of probability phrases, *Auditing: A Journal of Practice & Theory*, Sarasota, Spring 1994, vol. 13, no. 1, pp. 126;
- 330) Taylor, E.Z., Curtis, M.B., (2010), An Examination of the Layers of Workplace Influences in Ethical Judgments: Whistleblowing Likelihood and Perseverance in Public Accounting, *Journal of Business Ethics*, vol. 93, pp. 21–37;
- 331) Todea Nicolae, Stanciu Ionela, “Studiu privind calculul pragului de semnificație în activitatea de audit financiar”, *Audit Financiar nr. 10/2009*, pp. 40-48;
- 332) Trompeter, Greg (1994), The Effect of Partner Compensation Schemes and Generally Accepted Accounting Principles on Audit Partner Judgment, *Auditing: A Journal of Practice & Theory*, vol. 13, no. 2: 56-68.
- 333) Trotman, K.T., (1985), The Review Process and the Accuracy of Auditor Judgments, *Journal of Accounting Research*, vol. 23, no. 2 pp. 740-752;
- 334) Trotman, K.T., (2011), A Different Personal Perspective through the Behavioral Accounting Literature, *Behavioral Research in Accounting*, vol. 23, No. 1, pp. 203–208;
- 335) Trotman, K.T., Tan, H.C., Ang, N., (2011), Fifty-year overview of judgment and decision-making research in accounting, *Accounting and Finance*, vol.51, pp.278–360;
- 336) Trotman, Ken T. (2005), Discussion of Judgment and Decision Making Research in Auditing: A Task, Person, and Interpersonal Interaction Perspective, *Auditing: a Journal of Practice & Theory*, 73–87;
- 337) Trotman, Ken, (2006), Professional judgment: are auditors being held to a higher standard than other professionals?, Center for Accounting and Assurance Services Research, University of New South Wales;
- 338) Tsui, J., Windsor, C., (2001), Some cross-cultural evidence on ethical reasoning, *Journal of Business Ethics*, vol. 31, no. 2, pp. 143-150;

- 339) Tubbs, R. M. (1992), The Effect of Experience on the Auditor's Organization and Amount of Knowledge, *The Accounting Review*, vol. 67, no. 4, pp. 783-801;
- 340) Tuttle, B., M. Collier, and R. D. Plumlee (2002), The effect of misstatements on decisions of financial statement users: An experimental investigation auditor materiality thresholds, *Auditing: A Journal of Practice & Theory*, vol. 21, no. 1: 11–27.
- 341) Ward, B. H. (1976), An Investigation of the Materiality Construct in Auditing, *Journal of Accounting Research*, vol. 14, no. 1: 138-152;
- 342) Weber, R., (1978), Auditor decision making on overall system reliability: accuracy, consensus and the usefulness of a simulation decision aid, *Journal of Accounting Research*, 16 (2), 368-388
- 343) Wedemeyer, Ph. D., (2010), A discussion of auditor judgment as the critical component in audit quality – A practitioner 's perspective, *International Journal of Disclosure and Governance*, vol. 7, no. 4, pp. 320–333;
- 344) Wheeler, S., K. Pany, and E. Chewning (1993), Inter-firm differences in propensities to modify audit opinions for pre-SAS No. 58 accounting principle changes, *Accounting Horizons*, vol. 7, no. 3: 46–54.
- 345) Whittington, R., and L. Margheim (1993), The effects of risk, materiality, and assertion subjectivity on external auditors' reliance on internal auditors, *Auditing: A Journal of Practice & Theory*, vol. 12, no. 1: 50–64.
- 346) Wilks, T.J., Zimbelman, M.F., (2004), Decomposition of Fraud-Risk Assessments and Auditors' Sensitivity to Fraud Cues, *Contemporary Accounting Research*, vol. 21, no. 3, pp. 719-745;
- 347) Wilkins M. Anne, (2010), An experimental analysis of accounting judgments between US GAAP and IFRS Accountants, 19th EDAMBA Summer Academy Soreze, France, July 2010
- 348) William E. Shafer (2004), Qualitative Financial Statement Disclosures: Legal and Ethical Considerations, *Business Ethics Quarterly*, vol. 14, no. 3: 433-451.
- 349) Wong-On-Wing, B., J. H. Reneau, and S. G. West (1989), Auditors' perception of management: Determinants and consequences, *Accounting, Organizations and Society*, vol. 14, no. 5: 577–587.
- 350) Wong-On-Wing, B., J. H. Reneau, and S. G. West (1989), Auditors' perception of management: Determinants and consequences, *Accounting, Organizations and Society*, vol. 14, no. 5: 577–587.
- 351) Woolsey, S. M. (1954a), Development of Criteria to Guide the Accountant in Judging Materiality, *Journal of Accountancy*, vol. 97, no. 2: 167-173.
- 352) Woolsey, S. M. (1954b), Judging Materiality in Determining Requirements for Full Disclosure, *Journal of Accountancy*, vol. 98, no. 6: 745-750.
- 353) Woolsey, S. M. (1973), Approach to Solving the Materiality Problem, *Journal of Accountancy*, vol. 136, no. 3: 47-50.
- 354) Wooten, Th.C., (2003), Research about audit quality, *The CPA Journal*, vol.73, no.1, pp. 48-51;
- 355) Wright, A., 1982, An investigation of the engagement evaluation process for staff auditors, *Journal of Accounting Research* 20, 227–239.
- 356) Wright, A., and S. Wright (1997), An examination of factors affecting the decision to waive audit adjustments, *Journal of Accounting, Auditing & Finance*, vol. 12, no. 1: 15–36

C. OTHER SOURCES

- 1) American Institute of Certified Public Accountants (AICPA) (2006): Statement on Auditing Standards 107: Audit risk and materiality in conducting an audit, ASB, Disponibil pe: <http://www.aicpa.org>;
- 2) American Accounting Association (2009), Using professional judgment”, The Auditor’s Report, by Moore Guy, *Accounting and Business Education Research and Practice Worldwide*, 33(1);
- 3) Canadian Institute of Chartered Accountants (2010), Professional judgment and the auditor, The Research Report, *Canadian Cataloguing in Publication Data*;
- 4) Conseil Europeen des Professions Liberales, Common values of the liberal professions in the European Union preamble, www.ceplis.com;

- 5) Codul deontologic al avocaților din Uniunea Europeană, emis de Consiliul Barourilor Uniunii Europene, www.unbr.ro;
- 6) Codul deontologic al medicilor din România, emis de Colegiul Mdicilor din România, www.cmb.ro;
- 7) Codul etic al profesioniștilor contabili, emis de IFAC, www.ifac.ro
- 8) Directiva a patra a Consiliului din 25 iulie 1978 privind conturile anuale ale anumitor tipuri de societăți (78/660/CEE);
- 9) Directiva a opta a Consiliului din 10 aprilie 1984 privind autorizarea persoanelor răspunzătoare de efectuarea auditului statutar al documentelor contabile (84/253/CEE);
- 10) Financial Services Authority and Financial Reporting Council, (2010) Enhancing the auditor's contribution to prudential regulation, *Discussion Paper*;
- 11) GAAS Update Service, (2007) Practice issues and questions and answers relating to statement on auditing standards no. 107- Audit risk and materiality in conducting an audit;
- 12) GAAS Update Service, (2006), Statement on auditing standards no. 107-Audit risk and materiality in conducting an audit (part 2 of 2).;
- 13) Ghidul privind Auditul Calității (2010), CAFR, Editura Irecson, București;
- 14) Ghid privind unele reglementări ale profesiei de auditor (2011), ed. a IV-a, CAFR, Ed. Elfi, București;
- 15) Government Auditing Standards (GAO), Chapter 3 General Standards, "Professional judgment";
- 16) Green Paper- Politica de audit: lecțiile crizei, Bruxelles, 31.10.2010, COM (2010) 561 final;
- 17) IASB (2007), Standarde Internaționale de Raportare Financiară (IFRSs), versiune în lb. română, CECCAR, London
- 18) International Federation of Accountants (IFAC) (2006a): Proposed International Standard on Auditing 320 (revised and redrafted): Materiality in planning and performing an audit, Disponibil pe: <http://www.ifac.org>.
- 19) International Federation of Accountants (IFAC) (2006b): Proposed International Standard on Auditing 450 (redrafted): Evaluation of misstatements identified during the audit, Disponibil pe: <http://www.ifac.org>.
- 20) Institute of Chartered Accountants in Australia, (2006) Professional judgment: are auditors being held to a higher standard than other professionals?, National Library of Australia, 2006, www.charteredaccountants.com.au;
- 21) Institute of Chartered Accountants of Scotland (2006), Principles not rules: a question of judgment- Research report;
- 22) KPMG, (2011), Elevating professional judgment in auditing: The KPMG professional judgment framework, [KPMG Faculty Portal](http://www.kpmg.com);
- 23) Nordic Innovative Centre, (1999), Professional judgment and testing laboratories, Position Paper 6, pp. 1-8;
- 24) Ordonanța de Urgență a Guvernului nr. 75/1999 privind activitatea de audit financiar;
- 25) Ordonanța de Urgență a Guvernului nr. 90/24 iunie 2008 privind auditul statutar al situațiilor financiare anuale și a situațiilor financiare anuale consolidate;
- 26) Roy, E .P., (2011) Research Report on Professional Judgment Matters, <http://papers.ssrn.com/>
- 27) Securities and Exchange Commission (SEC) (1999), Staff Accounting Bulletin No. 99: Materiality, Disponibil pe: <http://www.sec.gov>;
- 28) <http://www.websters-online-dictionary.org/>;
- 29) www.larousse.org