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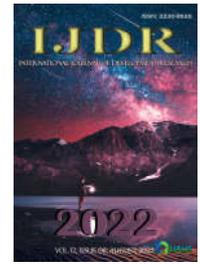
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## BEHAVIORAL CHARACTERISTICS IN THE DISCLOSURE OF MAIN MATTERS IN THE AUDIT REPORTS OF THE BANKS LISTED ON B3-BRAZIL STOCK EXCHANGE

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### ABSTRACT

The literature indicates that the auditor's behavioral characteristics related to the national culture in which he is inserted can influence the disclosure of main audit matters (PAA). This article aims to investigate whether the cultural influence of Brazilian auditors identified through the cultural dimensions of Hofstede (2001) influences the number of main audit matters disclosed by auditors of banks listed on B3. Data collection took place through accounting and financial information extracted from Economática, independent audit reports for the periods ended December 31, 2016 to December 31, 2020 and the tool that assesses the cultural dimensions of countries called Hofstede Insights. The statistical treatment was by multiple linear regressions using the Ordinary Least Squares Method (OLS). Average of 4 PAAs were reported per company, 97% of the sample was audited by Big Four companies. The results indicated that there is no statistical significance regarding the Power Distance (PDI), Uncertainty Avoidance (UAI) and Individualism (IDV) dimensions in relation to the number of main audit matters (PAA) disclosed by the auditors.

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## INTRODUCTION

In June 2016, the Federal Accounting Council (CFC) approved NBC TA 701, which provides for the communication of main audit matters in the independent auditor's report. This standard converges with the International Standard on Auditing 701 (ISA 701), which arise as a response from regulatory bodies on the fact that information users understand that the auditor's opinion has relevance in the decision-making process and therefore it was made More information contained in the audit opinion is needed (IAASB, 2015). The communication of the main audit matters provides additional information to users of the financial statements, to help them understand the matters that, in the auditor's professional judgment, were the most important in the audit of the financial statements of the analyzed period (CFC, 2016). As per PwC (2015), the new ISA 701 notes that professional judgment will be required to determine which key audit matters should be included in the audit report. Hence, the determination of the disclosure of the main audit matters increases the judgment of the auditor and of the users of the information, promoting the ability to detect possible failures.

According to (Heidhues & Patel, 2011), due to countries adopting the international convergence of accounting and auditing standards in order to standardize the process of disclosing accounting information, there has been an increase in interest in the impact of culture on accounting disclosure and in the disclosures made by auditors through audit opinions. In this case, previous research sought to verify the behavioral impact of auditors on the disclosure of main audit matters as a way of verifying whether these aspects influence disclosure (Kitiwong & Srijunpetch, 2019). Behavioral aspects concern the characteristics that identify a group and distinguish them from the others, it is an identity that shows how a group organizes itself and shares experiences (HOFSTEDE, 2021). In addition, a study carried out by Hope (2003) shows that culture is an important attribute of the financial reporting environment and that it can be considered an explanatory variable for companies' disclosure choices, with this, insofar as variations in culture affect the actual practice of financial reporting, it may be prudent to consider cultural variations when trying to change a country's accounting infrastructure. Previous studies by Fidalgo (2019) and Kitiwong & Srijunpetch (2019) evaluated the impact of the cultural dimensions Power Distance, Individualism, Masculinity and Uncertainty Avoidance developed by Hofstede to verify behavioral characteristics at the disclosure level of

key audit matters. In view of the audit work and the auditor's opinion being impacted by the eminence of this "new standard" of auditing and the behavioral characteristics that auditors present, the following research problem was constructed: what is the effect of cultural influence on the number of main matters of audit disclosed in the opinions of the banks listed on B3?

The objective of this work is to verify if the cultural influence of Brazilian auditors pointed out through the cultural dimensions of Hofstede (2001) influences the number of main audit matters disclosed by the auditors of the banks listed in B3. This research is limited to the banking sector, generally excluded from other analyses, for demonstrating a different context in relation to other segments and for being a highly regulated sector, thus being able, through the auditor's discretion, to have a differentiated level in the amount of PAAs disclosed. For this, information regarding 24 banks listed in B3 is used, which characterize 116 observations referring to the five years under analysis. To verify the cultural dimension, the score developed by Hofstede (2010) of Brazilian states was used for the Power Distance, Individualism and Uncertainty Avoidance dimensions. In this context, this study is relevant, as most of the previous publications on main audit issues in Brazil and abroad limit their research to a time period of one or two years, starting in 2016. In Brazil, based on the research carried out, studies that aim to verify the behavioral characteristics of the disclosure of main audit matters have not yet been observed. The main studies carried out in Brazil are by Venturini et al. (2021) that evaluated the auditor's perception in relation to the main audit matters and the studies carried out by Ferreira and Morais (2019) that evaluated the characteristics of companies in relation to the main audit matters. In addition, this study is relevant due to the importance of disclosing the main audit matters to different users and that are subject to the auditors' discretion, which depending on their characteristics, may influence the disclosed matters. It is relevant to verify how the main audit matters behave over time (2016 – 2020) and whether their level of disclosure is influenced by the culture of Brazilian auditors. Furthermore, as defined by Kitiwong & Srijunpetch (2019), these studies can be beneficial for regulators and accounting standards bodies to gain a clearer understanding of the factors that impact auditors' considerations for the disclosure of key audit matters. As it is a subject of recent study and research, this work contributes, firstly, to the increase of audit research and literature and mainly on ISA 701 investigating the relationship of communication of main audit matters in Brazil. Second, it provides an analysis of the impact of culture on the independent auditor's opinion, as the disclosure of the main audit matters is not standardized and derives from the auditor's judgment. At the same time, it helps regulators to establish a guideline for auditors to have a better communication of the main audit matters. This article is structured in five sections, including this introduction. The following section deals with the theoretical foundation and literature review on the subject. The third section describes the methodological procedures carried out in the research. The fourth section presents the analysis of the results and the discussion of the results. Finally, the last section deals with final considerations.

## THEORETICAL FOUNDATION AND LITERATURE REVIEW

This section presents the theoretical foundation and literature review that provide basic support for the development of this work. For this, the theory of disclosure and its relationship with the auditor's disclosures, the main audit matters and the behavioral characteristics in the disclosure of the main audit matters are presented and discussed.

**Disclosure Theory:** The process of disclosing accounting information has an important role in the process of reducing informational asymmetries of organizations and the market, because in the disclosure process, companies do not only inform what is regulated and/or required by law, but also conveys the entire information that can be useful in the decision-making process of stakeholders, thus

having more transparency in the contractual relationships of organizations (LIMA, 2007). Therefore, the disclosure process involves the disclosure of mandatory and voluntary information. Compulsory information comes from the mandatory disclosure determined by legal or regulatory acts, that is, there are legal provisions that allow investors to hold managers responsible for omission of information or presentation of misleading information. On the other hand, voluntary disclosure is the disclosure of information that exceeds legal requirements and recommendations and represents a free choice on the part of managers of organizations to disclose additional information to meet the needs of the decision-making process of users (DA SILVA ET AL, 2015). According to CPC 00 (R2 2019), accounting information must be relevant and have materiality, that is, influence decisions through its predictive and confirmatory character, as well as, if there is omission or distorted presentation. Silva et al. (2015) confirm that accounting disclosure is understood as the process of externalizing items intrinsic to the company, which are relevant in the context in which the information is inserted and necessary because it is relevant and influences decisions.

Nevertheless, Verrecchia (2001, p. 98) argues about the inexistence of a unified theory of disclosure, in which there is no comprehensive or unified theory of disclosure, or at least none on which he feels comfortable to identify it. In the research literature on disclosure, there is no central paradigm, nor a single compelling notion that gives rise to all subsequent research. However, Salloti and Yamamoto (2005) say that the disclosure process is linked to three relevant aspects in the process of choosing disclosure, which are: (1) dependence on costs related to the production of private information to explain the non-disclosure of information; (2) reliance on accurate, honest disclosure of information; and (3) dependence on the manager's objective as one of the stimuli of the firm's current level of capitalization, even if this practice threatens to destroy the firm's value in the future. These three aspects are directly related to information asymmetry, as information and incentive problems in accounting disclosures prevent the efficient allocation of resources in the capital market. Salloti and Yamamoto (2005) define the informational problem as the result of the asymmetry between companies and their users. With this, the role of information intermediaries arises, which are entities whose objective in the informational process is to reduce information asymmetry, acting both in the sense of disclosing proven information and in the agency problem insofar as they allow the monitoring of agents' attempts to expropriate. The main ones (LOPES & IUDUCIBUS, 2017). In the context of Disclosure Theory, the independent audit is found as one of the informational intermediaries, whose main objective is to issue an opinion, through the judgments and opinion of the auditor, on the reliability of the accounting information disclosed, contributing to an environment reliable business (DANTAS & MEDEIROS, 2015).

The independent audit work is important and relevant in the informational process in companies and capital markets, and auditors are increasingly required to provide information in their opinions that increase the informational process on the audit work and on the main subjects or relevant matters that called. that called the attention of the auditor with the aim of the market having more information about the organization and the risks that are permeated by the accounting information. Thus, as a way of improving the informational process of the audit, the section on main audit matters was introduced in the auditor's report, which, according to Ferreira and Morais (2019), aims to transmit information on the work performed by the auditor, or that is, improve the communication of the audit report with its users. Furthermore, the auditor exists to serve the public interest and if society requires a different corporate reporting model, auditors will have to respond and facilitate this demand to increase the value of the audit (VANSTRAELEM ET AL, 2012). Nevertheless, the disclosure of the main audit matters is also related to the voluntary disclosure process, since, in addition to depending on the auditor's judgment, voluntary disclosures aim to increase the company's visibility and appreciation in relation to its target audience, being motivated by the perception of informational gains and reduction of information

asymmetry, enjoying benefits in the decision-making process of stakeholders (CONSONI & CALAUTO, 2016).

**Main audit matters:** The disclosure of the main audit matters (PAA) arises through the imminent need for changes in the auditor's report in order that this report, which is presented to the Stakeholders, has sufficient information to help users in the decision-making process. As a result, as of 2016, this type of disclosure came into force, presenting relevant matters in the audit process of the financial statements that mainly involve judgments that may cause material misstatements, thus becoming a disclosure that intends to increase the communicative value of the report of the auditor and provide users with additional insights into the auditor's work (Brasel et al, 2016; Gold et al., 2020; Köhler et al, 2020). It is worth mentioning that there are three different names for this topic in the literature, which, as provided in NBC TA 701 (CFC, 2016), applicable to Brazil, is called Main Audit Matters (PAA). Internationally, according to the regulatory body IAASB (2016), through ISA 701, it is called Key Audit Matters (KAM) and in the United States of America, this disclosure in the auditor's report is called Critical Audit Matters (CAM) as provided by the Regulatory Body PCAOB (2017). These differences are relevant, since several international and national studies have not yet agreed on a standardization of denomination. So, depending on the origin of the authors and the data collected, there may be a difference in the nomenclature (Köhler et al, 2020). For this work, the Main Audit Matters (PAA) nomenclature was adopted. As provided for in ISA 701 (2016), a standard that regulates the disclosure of the main audit matters, the communication of the main audit matters aims to make the audit report more informative, by providing greater transparency about the audit performed. Communication of key audit matters provides users with additional information provided for in the financial statements to help them understand the matters that, in the auditor's professional judgment, were of most importance in the audit of the current period's financial statements.

In view of this, the auditor should base the disclosure of PAAs in his/her audit report using the following considerations: a) areas assessed as having the greatest risk of material misstatement or identified significant risks, in accordance with NBC TA 315; b) significant judgments by the auditor related to areas of the financial statements that also involved significant judgment on the part of management; and, c) effect on the audit of significant facts or transactions that occurred during the period (CFC, 2016). This attempt to make the audit process more transparent and provide additional information to users is supported by research carried out by Moroney et al. (2020), in which it was found that investors rate audits as more valuable and auditors more reliable when PAAs are included in the auditor's report than when they are not included. In experiments carried out, there was also a positive association between the disclosure of PAAs and the decrease in the aggressiveness of the financial statements, since managers who received an audit report with PAAs exhibit a more conservative reporting behavior than those who received an audit report without PAAs, indicating a reduced tendency to make aggressive financial reporting decisions when anticipating a PAAs. As a result, the results demonstrate that PAAs can serve as a beneficial mechanism to reduce aggressive financial reporting behavior and ultimately lead to higher financial reporting quality (GOLD ET AL., 2020). Nevertheless, studies carried out by Coram and Wang (2020) pointed out that when the auditor highlights a problem associated with the accuracy of the accounting standard, he changes the perceptions associated with reliability and makes these perceptions even higher than the current perceptions. For Amaral (2019), the state of internal controls has a direct reflection on the numbers shown. Thus, studies suggest that PAAs provide a roadmap that influences the way users navigate through the financial statements, directing their access and increasing their attention to the issues highlighted by the auditor. The results also show that the communication of various matters in the auditor's report reduces the level of attention devoted to other parts of the financial statements, improving information search and acquisition efficiency, reducing attention to less relevant disclosures (SIRIOS ET AL, 2018). Recent

studies, such as Sierra-García et al, 2019, address the consequences and benefits of disclosing PAAs in the expanded audit report in areas such as communicative value, audit fees, capital markets, investor reactions and auditor responsibility. However, in addition to these areas, several researches are being carried out in order to evaluate the characteristics of the company in relation to the disclosures of PAAs, showing that there is a positive association between the number of business segments, audit fees, accuracy of accounting standards and sizes. While the association is negative for financial institutions and profitability in relation to the disclosure level of PAAs, nevertheless, in Brazil, a positive association was observed in the disclosure level of PAAs when companies are audited by BIG4 and when the company is complex. In addition, a negative association was found when fees are high and when the auditor's opinion is modified (PINTO & MORAIS, 2019; FERREIRA & MORAIS, 2019; SUTTIPUN, 2020).

**Behavioral characteristics in the disclosure of key audit matters:** Pinto and Morais (2019) introduced cultural dimensions as determining variables for the level of PAAs disclosure, indicating that their studies found evidence that cultural and institutional factors can influence auditors' judgments and decisions on PAAs disclosure. Nevertheless, Fidalgo (2019) evaluated the behavioral characteristics of ten European countries in the dissemination of PAAs taking into account two cultural dimensions (Power Distance and Individualism) elaborated by Hofstede (2001). Thus, it can be seen that these cultural dimensions are significantly associated with the level of dissemination of PAAs. Still from this perspective, Souza (2018) evaluated Uncertainty Avoidance and Individualism in companies listed on the stock exchanges in Portugal, the Netherlands and the United Kingdom, and a significant influence was also observed. In the same vein as these studies, Kitiwong & Srijunpetch (2019) evaluated the behavioral characteristics of Uncertainty Avoidance and Masculinity in the number of PAAs disclosed and the type of PAAs disclosed for three Asian countries, obtaining the result that the cultural characteristics of a country of Uncertainty Avoidance and Masculinity do not affect a number of PAAs disclosed by auditors, just as the masculinity characteristic of a country does not affect the types of PAAs disclosed by auditors. These results corroborate the studies carried out by Hope (2008), when assessing the cultural impact on the regulation process, on the disclosure of accounting information and on the audit process. Thus, Hofstede (2001) developed the national cultural dimensions of power distance, uncertainty avoidance, individualism (versus collectivism) and masculinity (versus femininity) that were used in the literature to study the influence of national culture on the auditor's disclosure level in different countries (FIDALGO, 2019; SOUZA, 2018; KITIWONG & SRIJUNPETCH, 2019).

Furthermore, there is robust evidence to support that differences in the extent of auditor involvement are negatively associated with power distance and collectivism (within the group), and positively with the avoidance of uncertainty, and with that, although the extent of auditor involvement Accountable auditor can serve as a relevant audit quality indicator, regulators, managers and academics need to take cultural aspects into account, and may consider different thresholds for different regions of the world (BIK & HOOGHMSTRA, 2017). From this, it was verified what these cultural dimensions represent and how they are related to the dissemination of PAAs and the audit process. To this end, one of the most comprehensive studies on how values in the workplace are influenced by culture was conducted, where culture was defined as the collective programming of the mind that distinguishes the members of a group or category of people from others and thus builds the behavioral characteristics of a country (Hofstede, 2001). As a result, six dimensions related to national culture were developed: *Power Distance Index (PDI)*, *Individualism versus collectivism (IDV)*, *Masculinity versus Femininity (MAS)*, *Uncertainty Avoidance Index (UAI)*, *Long Term Orientation versus Short Term Normative Orientation (LTO)* and *Indulgence versus Restraint (IVR)*. According to Fidalgo (2019), in highly confidential cultures the level of information disclosure should be lower, concomitantly, in the case of

auditors, there will be a tendency for them to disclose a smaller number of relevant risk areas to be disclosed as PAAs in audit reports. Taking into account the *Power Distance Index (PDI)* characteristic, the first hypothesis was developed:

**H1: Auditors from a country with a strong Power Distance (PDI) level are more likely to disclose fewer PAAs.**

Nevertheless, social and economic uncertainties are also determinant agents of the behavior of people and organizations and their propensity to take risks. Thus, countries that have a high level of this dimension are less inclined to take risks and have strong legislation. In view of this, the following hypotheses were developed in order to test the achievement of the *UAI*:

**H2: Auditors from a country with a strong Uncertainty Avoidance Index (UAI) are more likely to report fewer PAAs.**

As evidenced by Souza (2018), the cultural individualism dimension impacts on the level of disclosure of PAAs, since societies that have greater freedom allow an increase in the process of disclosing accounting information. Therefore, the following hypothesis was developed:

**H3: Auditors from a country with low Individualism (IDV) are less likely to disclose more PAAs.**

In the context of this work, the six dimensions that were developed by Hofstede (2001), referring to the national culture, were discussed and tested Power Distance (PDI), Uncertainty Avoidance Index (UAI) and Individualism (IDV) because they are the three most important dimensions used in previous studies (FIDALGO, 2019; SOUZA, 2018; KITIWONG & SRIJUNPETCH, 2019).

## METHODOLOGICAL PROCEDURES

This section presents the methodological procedures used to test the hypotheses developed. The sample base and its data collection, the empirical model developed to test the hypotheses and the definition of the variables used in the empirical model were presented.

that they have more information disclosed and in a standardized way, which can be accessed through robust databases, such as Economática. The data used were obtained from three sources: (a) from the Economática database, from which the entities' accounting and financial information were extracted; (b) the audit reports for the periods ended December 31, 2016 to December 31, 2020, from which information on the number of PAAs was manually collected; and, (c) the tool that assesses the cultural dimensions of countries called Hofstede Insights, from which scores were obtained for the cultural dimensions Power Distance, Uncertainty Avoidance Index and Individualism, dimensions object of study in this work. In the period from 2016 to 2020, the existence of 24 banks listed in B3 was verified, characterizing 116 evidence referring to the five years under analysis, as shown in Table 1. To verify the cultural dimension, the Brazilian score referring to Power Distance, Individualism and Uncertainty Avoidance collected from the Hofstede Insights website. Although Hofstede's (2001) cultural dimensions are presented by countries, a study carried out by Hofstede (2010) evaluated the cultural dimensions in Brazil by region. In view of this, and in order to meet the research problem presented, the adjustment of the Hofstede (2010) score was verified according to the regions of Brazil, as evidenced in Table 2. In addition, the fact that the cultural dimensions of the Brazil present the same score, it was verified that there could be a problem of singularity, thus impairing the regression process (GUJARATI, 2011). When considering that audit firms are segregated by offices throughout Brazil, based on the auditor's opinion, the State in which the auditor issued his opinion was evaluated and, for this work, the variation in the scores of the audit variables was considered. cultural dimensions in relation to the region in which the auditor issued his opinion, thus allowing to exclude the effect of the linear regression singularity, as shown in Table 3. Finally, the adjusted score by region was used in the regression process in order to obtain a model that can more assertively describe and explain the defined hypotheses.

**Empirical model:** Based on the literature review to achieve the defined objective of testing the relationship between the three cultural dimensions (PDI, UAI and IDV) and the number of PAAs disclosed in the auditor's opinion, the following model was developed:

**Table 1. Score for the cultural dimension of Brazil**

Bovespa Segment	Number of Evidence		Hofstede Score		
	Banks	Power Distance	Individualism	Uncert. Avoidance	
2016	22	69	38	76	
2017	22	69	38	76	
2018	24	69	38	76	
2019	24	69	38	76	
2020	24	69	38	76	
<b>Total Evidence</b>	<b>116</b>				

Source: prepared by the authors (2021).

**Table 2. Cultural dimensions of the regions of Brazil**

Region	PDI	UAI	IDV	MAS	LTO
South	4	-3	6	3	2
Southeast	2	1	2	-5	-3
Midwest	-1	-4	0	0	1
Northeast	-1	5	-1	-3	0
North	0	-7	-5	10	2
Hofstede Score	69	76	38	49	44

Power Distance Index (PDI), Individualism versus collectivism (IDV), Masculinity versus Femininity (MAS), Uncertainty Avoidance Index (UAI), Long Term Orientation Versus Short Term Normative Orientation (LTO), Source: Hofstede (2010).

**Table 3. Hofstede Score by Region of Brazil**

Region	Number of Opinions	PDI	UAI	IDV	MAS	LTO
South	5	73	73	44	52	46
Southeast	91	71	77	40	44	41
Midwest	10	68	72	38	49	45
Northeast	0	68	81	37	46	44
North	10	69	69	33	59	46

Source: prepared by the authors, adapted from Hofstede (2010)

of main matters disclosed in the audit reports of banks listed on B3. The use of companies listed on this stock exchange is due to the fact

$$PAA = \beta_0 + \beta_1PDI + \beta_2UAI + \beta_3IDV + \beta_4BIG4 + \beta_5AUDITFEES + \beta_6SIZE + \beta_7PROFITABILITY + \beta_8LEVERAGE + \epsilon$$

**Definition of the variables used:** The variables used in the empirical model derive from the literature review on the subject and are divided into independent variables, dependent variables and control variables. Table 4 shows the types of variables, their names, their descriptions and, according to the research carried out, the main studies that used these variables, from 2008 to 2021.

**Table 4. Summary of statistical variables**

Variable Type	Variable Name	Description	Previous studies
Dependent	PAA	Number of main audit matters disclosed	Shao (2020)
Independent	PDI	Brazil power distance level	Hofstede Insight (2021)
Independent	UAI	Brazil's Uncertainty Avoidance Level	Hofstede Insight (2021)
Independent	IDV	Level of Individualism in Brazil	Hofstede Insight (2021)
Control	BIG4	Dummy variable that represents whether the company is audited by a BIG4	Hope (2008)
Control	AUDITFEES	Refers to the log of audit fees paid by companies	Pinto & Morais (2019)
Control	SIZE	It represents the size of the company and will be measured through the log of total assets	(Pinto & Morais, 2019; Ferreira & Morais, 2019)
Control	PROFITABILITY	Measured through the ratio between EBIT and total assets	Gutierrez et al. (2018).
Control	LEVERAGE	Ratio of total debt to total assets	(Figaldo, 2019; Sierra-Garcia et al., 2019).

Source: prepared by the authors (2021).

**Table 5. Descriptive statistics of the variables used in the model**

Variable	Obs	Mean	Median	Min	Max
PAA	116	3.72	4.00	0.00	7.00
PDI	116	70.66	71.00	68.00	73.00
UAI	116	75.71	77.00	69.00	77.00
IDV	116	39.40	40.00	33.00	44.00
BIG4	116	0.97	1.00	0.00	1.00
AUDITFEES	116	7.54	7.37	4.32	11.19
SIZE	116	17.11	16.84	11.54	21.47
PROFITABILITY	116	0.03	0.02	-0.22	0.19
LEVERAGE	116	0.79	0.89	0.01	0.95

Source: prepared by the authors (2021)

**Table 6. Robustness tests**

Tests	Verification Method	Regression Model
Specification error	Rainbow test (sig)	0.02088
Normality	Shapiro-wilk (sig)	0.01812
Heteroscedasticity	Breusch-Pagan test (sig)	0.02088
Multicollinearity	Tolerance/Vif	Variables below 1

Source: prepared by the authors (2021).

## ANALYSIS AND DISCUSSION OF RESULTS

Based on the data obtained, it was verified, according to Table 5, that the auditors of the banks listed on B3 disclose on average four (04) main audit matters, ranging from 0 to 7 PAAs. As the cultural dimensions concern only Brazil, their variation stems only from the perspective of which region of the country the auditor is located in, however, as defined by Hofstede (2001), Brazil has a high level of power distance (PDI) and social and economic uncertainties (UAI). With regard to individualism (IDV), Brazil has a low level. As for the control variables, Table 5 shows that banks are audited by BIG4 companies (PwC, EY, Deloitte and KPMG) and by non-BIG4 companies. Regarding fees (AUDITFEES), the sample found that companies pay an average of 7.6 million reais in fees to the auditor, reaching a log of 7.54. Regarding the Size variable (SIZE), which is defined by the total assets, it was verified that the average size of the companies corresponds to the log of 17.11 or 252.5 billion reais, demonstrating that they are large companies. The PROFITABILITY and LEVEGARE variables presented means of, respectively, 0.03 and 0.79. In order to evaluate the robustness of the proposed regression model, a specification test was performed in order to verify that the model was well specified and that there are no omitted variables. Normality test was performed to detect if there is normal distribution

of residuals. At the same time, the heteroscedasticity test was performed in order to validate the models used and the multicollinearity test, as can be seen in Table 6. As shown in Table 6, the model is well specified, showing significance in the tests performed. The normality test shows that the significance level is less than 0.05 and with that the null hypothesis is rejected and the data do not follow a normal distribution. As for heteroscedasticity, the regression model showed levels below the significance level, thus confirming the rejection of the null hypothesis. Regarding multicollinearity, the models do not show a strong correlation between the dependent variables.

Table 7 shows the Pearson correlation for the variables used to test and validate the hypotheses. Thus, it was verified that the independent variables (PDI, UAI and IDV) do not have a statistically significant relationship with the dependent variable PAA. Furthermore, it was observed that the PDI and UAI variables are negatively associated with the PAA variable (-0.1343 and -0.0668, respectively). However, the IDV variable is positively associated with the PAA variable (0.0327), thus confirming the relationship developed in the hypotheses, however, without statistical significance. In addition, it is worth noting that the control variables BIG4 (0.1986), AUDITFEES (0.5346), SIZE (0.5886), LEVERAGE (0.5348) showed a positive relationship in relation to the independent variable PAA, as already verified in the studies by Sierra-Garcia et al. (2019). On the other hand, the PROFITABILITY variable (-0.3486) is negatively associated with the PAA variable. With the respective tests performed, Table 8 lists the results of the regression model intended to assess whether the cultural influence of the auditor can impact the number of PAAs disclosed by the audits of the banks listed on B3. The model presents a multiple regression result in which the R<sup>2</sup> was 0.5659, indicating that 56.59% of the dependent and control variances have the power to explain the amount of PAAs disclosed. However, it is noticeable that none of the cultural dimensions have statistical significance to influence the number of main audit matters disclosed.

Table 7. Pearson's Correlation

Variables	PAA	PDI	UAI	IDV	BIG4	AUDITFEES	SIZE	PROFITABILITY	LEVERAGE
PAA	1.0000								
PDI	0.1343	1.0000							
UAI	-0.0668	0.6714	1.0000						
IDV	0.0327	0.7762	0.7374	1.0000					
BIG4	0.1986	-0.0519	-0.0815	-0.0444	1.0000				
AUDITFEES	0.5346	0.0253	0.1218	0.0770	0.0748	1.0000			
SIZE	0.5886	-0.1826	-0.0135	0.0258	0.0669	0.8829	1.0000		
PROFITABILITY	-0.3486	-0.0401	-0.0512	-0.0841	-0.2752	-0.0971	-0.1075	1.0000	
LEVERAGE	0.5348	-0.1324	-0.1940	-0.0862	0.4213	0.2143	0.2274	-0.4417	1.0000

Source: prepared by the authors (2021)

Table 8. Regression Results

Variables	Estimate	Std. Error	t value	Pr(> t )
(Intercept)	11.80845	9.52785	1.239	0.21792
PDI	-0.24248	0.16498	-1.470	0.14456
UAI	-0.01748	0.06763	-0.258	0.79654
IDV	0.09234	0.09097	1.015	0.31235
BIG4	0.04877	0.82702	0.059	0.95308
AUDITFEES	0.29446	0.17260	1.706	0.09090°
SIZE	0.25378	0.10746	2.362	0.02000*
PROFITABILITY	-9.30808	2.86589	-3.248	0.00155**
LEVERAGE	0.44840	0.64613	0.694	0.48920
N	116			
R <sup>2</sup>	0.5659			

Signif. codes: 0 '\*\*\*' 0.001 '\*\*' 0.01 '\*' 0.05 '.' 0.1 ' ' 1

Source: prepared by the authors (2021).

However, the model showed statistical significance to explain the amount of PAAs disclosed in relation to the control variables SIZE and PROFITABILITY. In addition, a relative statistical relevance was verified in relation to the control variable AUDITFEES.

## FINAL REMARKS

With the imminent introduction of the main audit matters to the auditor's opinion since 2016, several studies were carried out in order to verify the impact of this disclosure and how it is disclosed. With this, the need arose to understand the characteristics of this disclosure with regard to the types of PAAs and the amount of this disclosure. Nevertheless, as the audit is influenced by competence and independence, it is important to verify some behavioral aspects of the auditor, such as, for example, the influence of the national culture on his audit opinion. This study aimed to verify whether the cultural influence of Brazilian auditors impacts on the disclosure of the number of main audit matters (PAAs) of companies, through a cut made up of the banks listed on B3. It can be seen that Brazil has a Power Distance characteristic that reflects a society that believes that hierarchy must be respected and inequalities between people are acceptable; a high level of Uncertainty Avoidance (UAI), showing that Brazil has a strong need for rules and legal systems designed to structure life and; has a low level of Individualism, which means that in this country people from birth are integrated into strong and cohesive groups. Data from the auditors' opinions of the banks listed on B3, their financial statements and the Hofstede index score (2010) adapted for Brazil were used. With these data, a multiple linear regression was generated in order to verify whether the Power Distance (PDI), Uncertainty Avoidance (UAI) and Individualism (IDV) dimensions influence the number of main audit matters disclosed. The results achieved indicate that the model can partially explain the number of PAAs, but the cultural dimensions in question defined by Hofstede (2010) do not significantly influence the number of main audit matters disclosed by the banks listed on B3. However, the control variables SIZE and PROFIBALITY showed statistical significance, the first being positively related to the disclosure of PAAs and the second negatively. According to Fidalgo (2019) and Sierra-Garcia et al (2019) and the hypotheses developed, the characteristics of Power Distance (PDI) and Uncertainty Avoidance (UAI) are expected to have a negative effect on the disclosure of main audit matters and in relation to the Individualism characteristic (IDV)

is expected to have a positive effect, therefore, in Pearson's correlation analysis it is possible to detect these behaviors of the independent variables in relation to the dependent variable. This study has some limitations with regard to the limited number of companies in which the sample is composed, due to the fact that Brazil still has a concentration of banks and also to the use of the Hofstede Score, which despite being the most used measure in accounting research to relate how culture can influence accounting practice (GRAY, 1988), is a reflection of another scenario, causing a generalization of the score. This work contributes to the literature on auditing and becomes a research guide, since, with the new auditor's report, the main audit issues have become a source of relevant information. Despite the fact that the NBC TA 701 has been in force for five years, it is believed that research related to this topic is still incipient in Brazil and abroad. For future research, it is believed that it is possible to expand the number of companies and segments analyzed in order to verify if there is any Brazilian sector influenced by the dimensions of Hofstede (2001). Furthermore, in line with international studies, it can be verified whether the level of dissemination of PAAs between Brazil and other countries is in line with their cultural dimensions. It is important to highlight that the control variable LEVERAGE presented statistical relevance in the regression, and this can serve as a basis for the development of future research that intends to analyze the disclosure of PAAs.

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