
The External Audit and the Audit Firms Rotativity in the Banking Angolan Market

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Bibliographical Note

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After finishing the bachelor he start his studies at Fep, on a new master programme called MEEE(Mestrado economia da empresa e da estratégia). Through his master he went to Lund university, Sweeden, to perform a second international mobility. In order to conclude his master, he started a curricular intership at multinational audit company, with the duration of six months.

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Abstract

This study was made possible, through the internship, approved by Faculdade de Economia do Porto, at Deloitte & Touche lda.

The purpose is to better understand some audit concepts learned along the internship, audit phases and the connections between auditors and the clients, understanding what can affect the productivity of the outcome.

This study will be divided into main sections, the quality of the information and the rotation aspect. For understanding the first one, the explanation will be illustrated using a real case study in the Angolan Audit market. For the Second variable, the study will focus on an empirical study analyzing how the market is distributed between big audit companies and less known ones.

To make this study more reliable I intent to use secondary data to perform the empirical study of how the audit firms market share has grown in the past years since the introduction of this law.

The conclusion was positive for both the analyses. First of all, it was possible to validate that the quality of information, time and content, has a greater relevance in the audit firms' performance. If the clients delay the information gathering, and don't following the scheduling and list of requirements, the audit project will be delayed. Secondly, the market share distribution presents an interesting result, but since the period from the beginning of the four years regulation until now, was concluded to be not enough, to make more assumptions, it's also an preview of the final results.

With this study we want to center the attention to the Angolan market, in order to, see if the outcome of the next three or four cycles will be the same, and if we are presenting a turning point, or if the market will be reorganized to maintain the Big Four pressure.

Resumo

Este relatório desenvolveu-se no decorrer de um estágio realizado na Deloitte & Touche, Lda., aprovado pela Faculdade de Economia do Porto.

O principal objetivo deste relatório é estudar o mercado de auditoria externa no sector bancário Angolano e razões que diminuam a eficiência das empresas de auditoria. Adicionalmente pretende-se obter um esclarecimento e solidificar conhecimentos, desde conceitos como, as fases de um projeto de auditoria, até o papel e interação com o cliente. Desta forma, introduzir-se-á, explicando, o conceito de qualidade de informação e o tema da rotatividade, sobre o qual o trabalho basear-se-á.

O primeiro conceito será estudado através de um case study real de auditoria no sector bancário Angolano. Seguidamente, o tema da rotatividade será ilustrado, maioritariamente, através de um caso empírico, analisando como é que o mercado de auditoria em Angola está dividido entre auditoras de renome e outras menos conhecidas. Assim, utilizando *Secondary data*, avaliar-se-á como está distribuída a quota de mercado e a sua evolução nos últimos anos desde a introdução da rotatividade.

Contudo, a conclusão do relatório foi positiva para ambas as análises. Primeiramente, foi possível validar que a qualidade de informação, prestada pelo cliente e o tempo de entrega da mesma, têm relevância na *performance* da auditoria. Isto é, caso o cliente se atrase com a recolha da informação, ou entregue informação incompleta, irá haver um atraso no projeto. Uma segunda conclusão, possível de retirar é a variação da quota de mercado. Porém, analisando o período desde a introdução da lei dos 4 anos até à data considerar-se-ou curta, sendo apenas uma previsão do resultado da implementação desta norma.

Com este estudo gostaríamos de redirecionar a atenção para o mercado Angolano, na possibilidade de nós próximos três a quatro ciclos o resultado variar, e se a dominância e pressão das Big Four mantear-se-á.

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1. Introduction

This report will be written following the International auditing and assurance standards board (IAASB) that present International audit standards (ISA), Public Company Accounting Oversight Board (PCAOB) and International Financial Reporting Standards (IFRS), perceptions of Audit and Assurance.

There are different types of audits, the External, Internal, or Internal Revenue Service (IRS). Auditing can focus on different parameters. For example, we can audit the full firm financial statements (Financial Audit), and can also look just at how the firm is taking action on the clients' financial instruments (safekeeping), another example, the financial auditing, has a legally required examination of the company, or governance, financial statements (statutory audit). This report will focus mainly on the first one with special attention to financials.

First it will be explained the concepts used in this report, such as, "Audit" and "Financial auditing", as well as its developing and concluding process. Secondly, the introduction of an empirical study and a real case study that will be further used to conclude and sustain or break some hypothesis.

2. Literature Review

2.1. Audit

Audit, this word terminology has been describe as the action, “ to make an official examination of the accounts of a business and produce a report” (Cambridge Dictionary,). The Oxford Language defines it as “ an Official inspection of an organization’s accounts, typically by an independent book”. This service has been applied, and developed along the centuries, and for the past decades it has suffered many changes and adaptations, since it has been in controversies regarding independency liabilities and their role in searching for frauds and errors((Cordos & Fülöp, 2015). As S. *Maijoor and A. Vanstraelen* said in their paper, 2012, “ the audit mission has no value if the public has no confidence in it”((Maijoor & Vanstraelen, 2012).

Auditing can be performed internally and/or externally. In the second form, it is a service performed by an independent auditor, with the objective to express an opinion of the material aspects, financial positions, results of operation, and cash flows, in conformity with generally accepted accounting principles (Board(PCAOB AS- 1001, 2020). The external audit is performed by an external team that reviews the books, in order to understand if there are no frauds committed. It’s extremely helpful in order to dismiss any type of bias in reviewing the state company financial statements. ((Board(PCAOB AS- 5), 2007) , advise the external auditors to rely on the internal auditors to assure a more accurate and less risky internal control valuation.

2.1.1. Financial Auditing

The word audit can have different meanings for different people. In every sector, there is a necessity of controlling the quality and security of the processes and mechanisms applied to it. According to the *International Standard on Auditing (ISA)*, the audit appears to throw the need to “ enhance the degree of confidence of intended users in the financial statements” (ISA-200, 2009). This can be achieved by doing an examination of the financial report of an organization, prepared by the entity management team, and overseen by “ those charged with governance” (ISA-200, 2009). The examination throws an independent characteristic, that will obtain assurance that no material misstatement or

fraud was taking place in the company. By any means we want to say that the audit, guarantees absolute assurance about the error-free of financial statements, the auditors look for reasonable assurance and try to reduce the audit risk (ISA-200, 2009).

To better understand audit performance, we need to understand one important definition, *materiality*. The audit should understand this term by two rules, if this term is presented in the company financial report, the audit team should go by that explanation. If the report doesn't include a discussion for this question, the audit team should go by the definition from ISA320, which presents three possible explanations. The first one is that "Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statement" (ISA-320, 2009). The second one states that "Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both;" (ISA-320, 2009). Last but not least, "Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered." (ISA-320, 2009). The auditor uses personal judgment to make the best decision possible regarding the applicability to the materiality, if not presented in the report. Also, it is important to understand the nature, the timing, and the risk of the sector when defining the materiality.

2.1.2. Audit Phases

When studying the audit phase there are no guidelines. According to Deloitte, it's possible to identify four main phases, with the 5th one being the general process. When performing this type of work, some activities will be repeated and represented across the audit project being performed, which we call Pervasive activities (Deloitte, 2022).

The four main phases are the Preliminary Engagement Activities, the Understand & Plan, Perform & Evaluate, and finally the conclusion and reporting. The universal guide for a audit project doesn't exist, much because of the specificity of the work to be done. The different international audit Santander gives us some definitions, that we can gather to perform an audit.

The **first phase** is explained by the ISA 300 and PCAOB AS 2101. It resumes the necessity before the start of the audit phases, there is a preliminary engagement activity, that basically consists in performing the following steps:

1. Performing procedures required by ISA 220 regarding the continuance of the client relationship and the specific audit engagement; (ISA-300, 2009)
2. Evaluating compliance with relevant ethical requirements, including independence, in accordance with ISA 220; (ISA-300, 2009)
3. Establishing an understanding of the terms of the engagement, as required by ISA 210 (ISA-300, 2009).

The first activity is to ensure that the engagement partner agrees with the appropriate procedures regarding the acceptance and continuance of the client relationship. In order to follow that, the ISQC 1 requires that the firm knows all the considered information and circumstances of the client's previous accepting and engagement. This activity is also present in continuing project, i.e., previously auditing a second year with an existing client the partner sure assure that he knows all the circumstances of the client. Some examples of this information are “ The integrity of the principal owners, key management, and those charged with governance of the entity; Whether the engagement team is competent to perform the audit engagement and has the necessary capabilities, including time and resources; Whether the firm and the engagement team can comply with relevant ethical requirements; Significant matters that have arisen during the current or previous audit engagement, and their implications for continuing the relationship.” (ISA-220, 2009).

The Second activity appears with the independence requirement. The engagement partner shall take conclusions upon the ethical requirement in order to maintain independence. This will also be important throughout the audit engagement, being alert, and making inquiries if necessary, to maintain ethical behavior from the engagement team. (ISA-220, 2009). Finally, the third activity states that the auditor should establish and understand, as well as recording it in an audit engagement letter, in the following five terms:

- The objective & scope of the audit and financial statements;
- The auditor & management responsibilities;
- The recognition of the applicable Financial reporting framework for the composition of financial statements; and

- The planning expected form and content of any report issued by the auditor, and the confirmation that there may be the circumstance in which the report may differ from the expected plan.

The second phase, Understanding & Planning, can be divided into 2 major activities. The first one is the process to obtain all the understanding possible of the entity, the environment & the entity's internal controls, and the second is the planning process. We can look to this phase as the basis of the project, i.e., the auditors will gather all the information in order to plan the audit procedures. As it was said before, it is important to gather and study information from the client activities and accounting processes, in order to understand the entity level, as well as how the process level controls the nature of the procedures, which will allow to identify the engagement risk & the risk of material misstatements, and the audit methodology & tools to be used. This means the first major activity will be important to understand the size and complexity of the entity being audited, making it more accurate the materiality identification, clear trivial threshold (CTT), and performance materiality (PM). Also, it will be important, based on this information of the nature, timing, and extent, to categorize the control, the risk, and which substantive audit procedure applies, substantive analytical procedure or a test of detail (TOD) (Board (PCAOB AS- 2301, 2020).

The better engagement team know the client, the faster it will be to proceed. This means, if the engagement partner identifies weakness in the company's control systems they will increase the persuasive audit evidence, acquired by the substantive audit procedures (Board (PCAOB AS- 2301, 2020).

When studying the controls, the auditor may have to use personal judgment to evaluate if the control is reliable or not. The categorization will impact the project since the assessment control risk will be defined based, mostly, controls. If the audit plans to assess control risk at "less than the maximum by relying on the controls", then the nature, timing & extent of substantive procedures is going to be based on the lower assessment. In this case the auditor needs to acquire evidence that the controls selected for testing are indeed designed effectively and operate at the efficiency needs in the entire period of reliance (Board (PCAOB AS- 2301, 2020). The controls risk "should be assessed at the maximum level for relevant assertions for which controls are necessary to sufficiently address the

assessed Risk of material misstatements”, however, if the auditor based on his Personal Judgments, understands that he didn’t obtain enough appropriate evidence to assure the control risk assessment he will assess it below the maximum level (Board(PCAOB AS-2301, 2020).A Dual purpose test is applied when the auditor performs the test of control and TOD at the same time, to make it more clear, the ISA230, presents two examples that combine the need to verify the truth of the requirements and the valuation of the financial instruments (ISA-230, 2009).

Previously it was explained the importance of understanding the planning. Now, let us talk about the audit plan. According to PCAOB Audit Standards 2101, the audit planning is the responsibility of the engagement partner who can seek assistance from engagement team members (Board(PCAOB AS- 2101, 2020), “Planning the audit includes establishing the overall audit strategy for the engagement and developing an audit plan, which includes, in particular, planned risk assessment procedures and planned responses to the risks of material misstatement” (Board(PCAOB AS- 2101, 2020). Planning is not a discrete phase of an audit but, rather, a continual and iterative process that might begin shortly after (or in connection with) the completion of the previous audit and continues until the completion of the current audit (Board(PCAOB AS- 2101, 2020).

For the **third phase**, the auditor starts to make sure the financial statements are correct. It's time to put all the *audit evidence* into action and perform tests of control, evaluate control deficiencies, test entity-level & process-level controls, and finally perform substantive tests.

This means it's time to perform audit procedures as planned and the concluding analytical procedures, in order to make clear the sufficiency and appropriateness of audit evidence, the quality, and finally evaluate the impact of the misstatements identified during the audit on the overall scope and effects on the financial statements.

According to ISA 230, this phase introduces the timely preparation of audit documentation. The auditor should prepare the documentation of the project on a timely basis. This documentation should be prepared in the optic that the it should be enough to enable an experienced auditor, who didn’t have a previous connection to the case, to clearly and quickly understand it (ISA-230, 2009).

There are benefits to doing this audit documentation, according to Isa 230, which will improve the work in many different aspects. It will increase the quality of the audit since it serves a number of additional purposes, for example, it makes it possible for the audit team to be accountable for its work, also will be important to enable the engagement team to plan and perform the audit, since it is an ongoing process, it maintains a record of matters for futures audits, and enables the conduct of quality control, making it easier to review and inspection, following the rules from ISQC 1¹ (ISA-230, 2009).

The Substantive audit Procedure should be applied “for each relevant assertion of each significant account and disclosure, regardless of the assessed level of control risk (Board(PCAOB AS- 2301, 2020). Has it was said before, we can divide this into two methods, the Substantive analytical procedure(SAP) and the Test of Details(TOD).

The Substantive analytical procedure consists of the evaluation of underlying, both financial and non-financial, information used to develop expectations. This can go from simple to complex comparisons, using different relationships and elements of data.

There are 6 steps when performing a substantive analytical procedure.

- Consider the suitability of particular substantive analytical procedures.
- Consider the reliability of the information used;
- Develop the expectation and evaluate whether the expectation is sufficiently precise;
- Determine the appropriate Threshold;
- Identify differences requiring further investigation;
- Investigate differences and evaluate the result;

Test of details is the Evaluation of underlying information as necessary. There are 3 types of Tod:

- test all the items in the population;
- non-representative selection and
- audit sampling. (Board(PCAOB AS- 2315, 2020)). This process consists of gathering the population and choosing a sample to represent all. According to AS 2315 is the “application of an audit procedure to less than 100% of the items within an account balance or class of transaction for the purpose of evaluating some characteristics o the balance or class.”(Board(PCAOB AS- 2315, 2020).

¹ International Standard on quality control 1.

There are two possible approaches de statistical and nonstatistical. Some examples are random sampling, systematic sampling, or monetary unit sampling(MUS).

The **fourth and last phase** is reporting and assessing performance, where the audit team performs analyses and reviews based on the test, obtaining management representation. At this phase, the team will review all the work done and start documenting all the identified situations. Besides that, the team completes engagement reporting, issuing audit reports and management letters, summarizing audit results for the management and owners, and assessing engagement quality.

The PCAOB AS 2801:SUBSEQUENT EVENTS, explains that the independent auditor's report is generally issued alongside the historical financial statements, that represent all the client data, this means “ the present financial position at a stated date and results of operations and cash flows for a period ended on that date. However, events or transactions sometimes occur subsequently to the balance-sheet date, but prior to the issuance of the financial statements, that have a material effect on the financial statements and therefore require adjustment or disclosure in the statements.” (Board(PCAOB AS-2801, 2020).

The audit report should follow some guidelines that are illustrated at ISA 700, it should contain (ISA-700, 2009):

- An indicative title;
- Be addressed based on the circumstances of the engagement;
- Contain the auditor's opinion and the basis that formulate the opinion;
- The key audit matters, and the person responsible for the Financial statement.

Another crucial guideline to follow is the reporting responsibilities, for the audit of financial statements and others if they exist, other reporting responsibilities should be addressed separately, with the specific heading “Report on Other Legal and Regulatory Requirements.” (ISA-700, 2009). Finally, it should include the name of the engagement partner responsible for the project, the signature & address, and the date of the report.

2.2. Quality of information provided by the clients and the time it takes

As was said previously, the two first phases are the basis of the process, and one of the most important parts here is the interaction between the client and the audit team. The acquisition of comprehensive information regarding company activities and accounting processes depends strictly on the client. The quality of the documents will be one of the key elements for the auditor's performance. Most of the time the information given by the client may be incomplete or even outdated. It is therefore important, to assure audit quality, by ensuring assiduity and relevancy.

What can we call audit evidence? We can apply a formula to this concept, where audit evidence is equal to the information plus the audit procedure. According to Extant ISA 500, this term refers to “Information, to which audit procedures have been applied, that the auditor uses to draw conclusions that form the basis for the auditor’s opinion and report ” (ISA-500, 2009).It’s important to distinguish the internal and external information. The internal can be divided into three aspects, System generated, which means extracted from a system used by the client, the non-system generated examples being the usage of Excel and Word sheets, and finally the combination of both processes, in which, the auditor evaluates data that was extracted from a system and worked by the account teams, as an excel sheet for example (Deloitte, 2022). The external information is achieved from a third party, this can be a regulation, response, or data given by a client of the company being audited (Deloitte, 2022).

In the case that the auditor doubts the efficiency of the audit evidence, i.e., if they don’t fully agree that this evidence is relevant or reliable, they should define a plan whether they make modifications or add procedures to resolve the doubts. The audit evidence is not only information from the current period, but also in many cases audit evidence from previous audits may be relevant to the current audit. So, the audit evidence “ is necessary to support the conclusions that form the basis for the auditor’s opinion and report.” (ISA-500, 2009). It is somehow difficult to measure what is enough audit evidence. In order to better justify this, ISA 330 explains that, in general situations, it is up to the auditor's judgment, in an environment of factors, that lead to say what is sufficient appropriate audit evidence (ISA-330, 2009).For some specific situations, ISA provides guidance if more audit evidence must be required.

According to (ISA-220, 2009), which helps explain the inherent limitation of audit, the difficulty and cost of getting evidence or time are not a valid basis for the omission of that evidence. The auditor must use his personal judgment to understand if there is an alternative to the situation. When the managers refuse to take an inquiry or develop the information after the deadline the ISA 705 explains that is a **limitation on the scope**. If the management maintains its statement after the audit requests the removal of the limitation, the audit should seek one of these three options. First, communicate to governance bodies “ Those charged with governance, unless all of those charged with governance are involved in managing the entity, and determine whether it is possible to perform alternative procedures to obtain sufficient appropriate audit evidence” (ISA-705, 2009). Secondly, if the person performing the audit concludes that the possible effects of undetected misstatements are material but not pervasive, they should qualify the opinion. The last option is to conclude that undetected misstatements are both material and pervasive, affecting the financial statement and auditors should “Withdraw from the audit, where practicable and possible under applicable law or regulation” (ISA-705, 2009) or “If withdrawal from the audit before issuing the auditor’s report is not practicable or possible, disclaim an opinion on the financial statements.” (ISA-705, 2009).

2.3.Rotation in the audit sector

Following the theory of the quality of information and the importance of the relationship that the auditors create with the client, the rotation aspect should be addressed. Despite their study being made in 2015, in Italy, (Corbella, Florio, Gotti, & Mastrolia, 2015) did not find any statistically association between audit firm rotation and audit quality, the rotation process being presented as a solution for auditors independence. The rotation element appears, according to the European regulation (Schulz & Kourkoulas, 2014), as a solution for the familiarity threat. This issue, comes to us as a security process, to ensure the independence of the auditors and as a consequence as a tool to fight any type of scheme or advantages that may be born from the connection between the audit teams and the client. This solution helps to reinforce skepticism from the auditors, and

increase audit quality. This opinion is not shared by every scholar, (Corbella, Florio, Gotti, & Mastrolia, 2015) present some conclusion in their paper from a study by General Accounting Office(GAO), in 2003, where they conclude that “ mandatory audit firm rotation may not be the most efficient way to strengthen auditor independence and improve audit quality considering the additional financial costs and the loss of institutional knowledge of the company’s previous audit firm of record, as well as the current reforms being implemented” (Corbella, Florio, Gotti, & Mastrolia, 2015).

Actually, if we go back in history, some countries where already trying to implement this rule, in which, according to (Velte & Freidank, 2015)have adopted it and fail, and some have adopted but never had the time to apply it. (Velte & Freidank, 2015). The European Commission was already testing this implementation in the beginning of 2004, where the option, was given, between internal rotation of five years or external rotation after seven years (Velte & Freidank, 2015).

In Angola, based on the *Protocolo Geral de Cooperação Institucional*, fourth clause,1-b, both the *Comissão de Mercado de Capitais(CMC)* and Banco Nacional de Angola(BNA) agreed to cooperate in supervising and planning the actions upon the financial activities, with the intention to assure the effective comprehension of the financial system, applying the supervision mechanism into the operators and market. Both institutions share the responsibility of supervising and regulating the Financial Angolan System to assure the right audit practices to the respective companies, by sharing the experiences and understandings of the implementation of IAS and IFRS (CMC, 2022)). According to CMC, the audit firms cannot perform their activity for the same company for more than 4 years in a row. There needs to be a period of 4 years without auditing that firm which is called the *Cooling-off Period*. (2/15, 2015).

Both CMC and BNA share the responsibility to supervise and regulate the Financial Angolan System to assure the right audit standards throw the audit companies (CMC, 2022).

In other countries, it’s possible to extend this period if a court approves it. To illustrate this further let’s look into another example, the European case. For Portugal, the period can go up to 20 years of activity, if a court agrees it makes sense and if it is justifiable.

First according to *Lei n° 148/2015*, second article, the audit firms should follow the European rules for auditing in Portugal. According to European the duration of the audit engagement should be a minimum of one full year and a maximum duration of 10 years. In very specific examples, the period can be extended for a maximum of 20 years, “only if, upon a recommendation of the audit committee, the administrative or supervisory body, proposes to the general meeting of shareholders or members, in accordance with national law, that the engagement be renewed and that proposal is approved” (148/2015, 2015). This rule adds also the necessity that the key audit partner responsible for the project shall cease their participation, not later than seven years, and cannot be present before three years have been concluded after the cessation (Schulz & Kourkoulas, 2014). The four years break maintains for the European countries.

For this chapter, it's also important to identify the audit group meaning. This concept, open up the possibility for an audit company, and in general do, audit the all group. This term is presented at the ISA 600, and represents the group financial statements, which includes the financial statements of two or more entities or business units through consolidated financial statements & presentation of those FS combined and the aggregation of Financial information of conglomerates, branches, or divisions. The group can be organized in many different aspects, for instance, can be the same geography or not, by function or activity (ISA-600, 2009).

As it was explained before, through the different phases of the audit need to be planned and developed an audit strategy. For this case, there will be the group auditor, the team consisting of “ the engagement partner & member of the engagement team” (ISA-600, 2009) and the component auditor, the team that “performs audit work related to a component for purpose of the group audit” (ISA-600, 2009). The phases will be similar to the singular project, but for the same cases such as materiality that need to be determined for the group, the component performance materiality. This means, to engage the aggregation risk, this amount should be lower than group PM.

For this matter, this concept was introduced to enhance what is legal, and in most cases common, to perform the audit group. The leadership responsibility, is overtake by the group engagement partner,” the engagement partner who is responsible for the group audit” (ISA-600, 2009) this means, managing and achieving quality.

3. Empirical Study

In this chapter the methodological approach will be presented and justified, as well as the data collection procedures. After it will also be presented the case study, where a real case will be addressed in more detail to better understand the topic in discussion.

3.1. Methodology

This study's purpose is to analyze and compare the audit of a big four and a non-big four company on the Angola bank sector, with the introduction of the rotation law in the beginning of the last decade. This opens the possibility to reorganize the market. This means the creation of more opportunities for smaller companies to increase their market share, into the audit banking sector.

According to the literature, both CMC and BNA share the capabilities to present new emends and rules in the financial audit sector. As it was explained in the last chapter, the financial audit in this specific sector, has a four-year period, in which a audit company can be auditing a bank, as a continuing project, and after that it needs to rest the same period, for a *cool down*, before it can audit that institution again. The main goal with this study, is to understand if the regulation is being well applied, and the consequences of this rotation law in the market. If a financial institutions doesn't follow the regulation what impact it will generate.

In order to better understand the goal to achieve, we address the following hypothesis, that will be answered with the case study, "XPTO company" and the empirical analysis "Angolan market, Audit sector distribution":

H1: Does the Quality of information decrease the audit efficiency in terms of deadlines?

H2: Rotation decreases the auditing quality for specific cases?

H3: Does the rotation brake the big 4 pressure in the market?

3.2. Empirical Case Study

3.2.1. Angolan audit Banking Sector Analyze

The Angolan Banking sector is composed by twenty three banks, being desegregated in 3 public ones, twelve being private, seven being associated to external banks and one being a public/private bank. (BNA, 2023). This empirical case study was based in current information from twenty one out of twenty three banks. The *Associação Angolana de Bancos* (Abanc) list (ABANC, 2021), presents twenty five banks. Two out of the twenty five banks listed, Banco Prestígio and Banco BAI Microdinanças S.A, don't exist anymore in the Angolan Market. BNA announced on September 2022, that Banco Prestígio license would be revoked, and with that prohibited from performing financial activities in the Angolan market. The other Bank was liquidated by the Shareholders on September 2022. (BAI B. , 2022).

For this report we will divide the period of time, since the introduction of the rotation law, into two half cycles. The full cycle, sums the two periods of four years each. This means that the full cycle goes from 2015 to 2022, being the first half from 2015 to 2018 and the second 2019 to 2022. It is expected with this period desegregation to see the result of the first rotation cycle in the Financial Angolan sector.

According to a study performed by (Boone, Khurana, & Raman, 2010) on the Paper “Do the Big 4 and the Second-tier firms provide audits of similar quality?” (Boone, Khurana, & Raman, 2010), there is a major group of four audit companies that dominate the market. They performed an study where all US audit firms from 2006, were ranked by market share, “The four largest firms (the Big 4) are PwC, Deloitte & Touche, Ernst & Young, and KPMG. We classify the fifth and sixth largest audit firms (Grant Thornton and BDO Seidman) as Second-tier auditors. Relative to Grant Thornton and BDO Seidman, the seventh and eighth largest audit firms (Crowe Chizek, and McGladrey Pullen) are much smaller” (Boone, Khurana, & Raman, 2010).

3.2.2. Data Collection

For this report we will apply the Secondary Data method, also called by some researchers as “ Available data” (Burke & Turner, 2003). This method of collecting data compiles data that were collected by a different person at an earlier time, for an entire different purpose, that is, “ The researcher uses what is already there” (Burke & Turner, 2003).

The empirical case study, being an Angolan audit market share analysis, will focus the attention on how the sector is distributed among the different audit companies. The Secondary data will be collected from the annual reports, and some quarterly reports, made available to the market by the different institutions. The application of this method presents advantages, but also disadvantages. The positive aspect in majority of the cases is the facility in gathering information presented. The Banks are obliged to make available the financial statements (12/15, 2015). There are also disadvantages in this market. Despite of the CMC regulation stating that the financial institutions are obliged to make available annual reports, these still need to be published at the local newspaper. The regulation does not state that the banks should maintain a digital library with the reports along the years.

The data was collected from twenty-one financial institutions’ annual reports, covering a period of eight years. The objective was to complete the first four years cycle presented by the regulation while allowing a comparison with the second cycle to understand how would the market respond to this adaptation. Upon the study it was take into account the dimension of the different institutions, ranking them by Total assets.

3.3 Case study

The case that will be presented was done in a context of a five months curricular internship at Deloitte, one of the largest audit firms across the globe. It was approved by the university and it started on the 6th February 2023.

3.3.1 Company Presentation

Deloitte is a well-known audit company. It has more than 175 years, with a network of member firms in more than 150 countries and territories. Allegedly, embracing more than 415 000 workers, with a relevant impact in different sectors. At Deloitte people believe that “ We are only as good as the good we do”.

The company has different services, such as, tax services, consulting, Merger & Acquisition Restructuring, Risk & Financial Advisory, AI & Analytics, Deloitte Private, Cloud, Diversity, Equity & inclusion and finally Audit & Assurance.

3.3.2 Project

Deloitte was hired by XPTO, a company that is an independent financial advisory firm “with the social objective to manage one or more Collective Investment Funds (CIF), also commercialize shares and providing consulting services, allowed by the law” (Deloitte, 2022). At the moment of this audit, the SGOIC (*Sociedade Gestora de organismos de investimento Colectivo*) managed four funds from an Angolan bank. The project consisted in performing two audits across the year. There was already a group audit taking place, since the bank and the funds were already in the company portfolio. The case study will focus more at the managed society audit, then at the rest of the group. Previously to the start of the SGOIC audit project, Deloitte alongside with the group tried to extent the Funds audit with CMC. This was a necessity, because the group auditing follows the mother company auditing planification (ISA-600, 2009). If the Funds were audited by the same company as the group, the process would be easier and quicker. One reason to justify this necessity was the fact that the company already knew the fund and would not have the “Get to know phase”, as was said in the literature review. In fact, the rotation may not be the most effective action to increase audit independence, because this increases costs and losses in institutional knowledge (Corbella, Florio, Gotti, & Mastrolia, 2015). The main reason to stretch out the audit is the fact that the company was already providing services to the managing society and the Bank. During the SGOIC work, the engagement team needed all the four Funds financial statements and the auditor report, to conclude the analyses. The fact that the company already knew the client, and because

it was the same firm, with the same capabilities and resources, would increase the efficiency in delivering the report in the end. Unfortunately this was not the case, and the request to carry on the project was denied, so the group had to find another auditor for the Funds.

The project was mainly done at the company software file. This file is the documentation of the project, from the understanding of the client to the final report. Has every audit project, the auditor follows international audit standards and gather this audit general guidelines, in order to build a conceptual structure. The structured followed in this project is presented in the file, which is divided in different main areas, but for this case study we will focus on the first one. There are 10 main areas:

- The plan;
- Perform non-account specific procedures;
- Other audit programs;
- Assets;
- Liabilities;
- Equity
- Revenues and Expenses,
- Perform Procedures on Financial Statements; and
- Conclusion.

The file is structured in a way so as to make it possible that an auditor that has not made part of the engagement team, could quickly get on track.

Before planning the audit, the engagement partner has the responsibility to understand three main activities, as we explained previously in the literature review. We can easily identify these activities in the Plan area. This section, for this project, was divided in 14 subsections, being the most important ones for this case the following:

- Assess engagement risk;
- Acceptance and continuance decision;
- Understand the entity and its environment;
- Understand internal control; and
- The Manage the engagement.

At the 14th subsection we can find the “Manage the engagement”, this is where the planification will be draft, as well as the chronogram and the list of requests.

In the beginning the table A.17 represented the scheduling for the project. In December, list of requirement was sent to the client, in order give it time and an understanding of what the team would need to perform in the audit. It was defined that the information would start to be delivered in the beginning of January, in order for to the auditors to have time to process the information and start the fieldwork and ending it in the end of February. From February to April the auditors would start the Perform and Evaluate.

However, in the begining of April most of the information was not delivered. Because of that reason the project had to be extent until the end of April(Table 2).

4 Findings & Discussion

4.1 Angolan Audit Market Share

Before explaining the findings and discussion, it's important to explain the difficulties presented in this empirical case. The initial sample size had to be reduced given the adversities of the market. The lack of information was the first problem faced. Two Banks out of the total(23), didn't have the annual reports available. Another factor that can influence the final result, was the need to use, not the final annual report, but the third quarter financial report, because at the time the report was made, the former had not been published. With this into consideration, a total of twenty-one out of twenty-three, it was possible to understand the market situation.

In the majority of the situations, the regulation was well implemented, followed by the audit firms. By analyzing the annual reports and through the Deloitte library, it was possible to understand the irregular situation presented in Table 1. Two out of the twenty-one banks had to ask for the prorogation of the audit period. During the first half cycle, *Banco de Negócios Internacional* was having a “restructuring of processes and rationalization of structures, improving technological solution in order to adapt them to the needs and demands of the market”((BNI, Banco de Negócios Internacional, 2019; BNI, Banco de Negócios Internacional, 2020; BNI, Banco de Negócios Internacional, 2018).

This activity promoted the necessity to increase the audit contract to a fifth final year, in order to conclude this process. The audit company, alongside the bank, started the conversation with BNA, to prorogate the audit, which was approved. Despite what may seem like a limitation to the four years regulation, *Banco Atlântico(ATL)*, has followed the law. In 2015 the well know Banco Millenium Angola, finalized a Merger and Acquisition operation with Banco Atlântico. This merger, extinguished ATL and started the BANCO Millenium Atlântico, “ Along the 2015 fiscal year, it was agreed the merge between *Banco Privado Atlântico* and *Banco Millennium Angola*, that was presented to *Banco Nacional de Angola* for appreciation and approve”, “*No decorrer do exercício de 2015 foi acordada a fusão do Banco Privado Atlântico e do Banco Millennium Angola, a qual foi apresentada ao Banco Nacional de Angola para apreciação e aprovação*”, “*a nova Instituição irá criar sinergias e ganhos de escala*”((ATL, Banco Millennium Atlântico, 2015).

By analyzing the total assets of the financial institution's annual reports, it became clear the ranking of different financial institutions present in the Angolan market. From Table 1, the difference between the top six major banks and the rest, due to the substantial total assets value is easy to spot. The top six major banks have more than one trillion Kwanzas on the balance sheet, and the seventh larger bank has less than eight billion Kwanzas as their total asset, at the end of the fiscal year.

Over the eight years, it is possible to understand the evolution of the firm's market share. The Crowe Horwath(Crowe), ends the 2022 leading by the market share. Since 2015 they saw this metric go up from 5% to 29%. Deloitte and Klynveld Peat Marwick Goerdeler (KPMG) appear next with a drastic decrease. At the end of 2015, Deloitte was leading the market with a 32% market share followed by KPMG at 26%. Nowadays, Deloitte represents 24% of the audit Angolan market followed by PricewaterhouseCoopers(PWC) with 19% and KPMG with 14%.

Table 3 - Angolan Audit Firms Market Share

Market share	2022	%	2021	%	2020	%	2019	%	2018	%	2017	%	2016	%	2015	%
Crowe	6	29%	3	14%	5	24%	5	24%	3	14%	3	14%	1	5%	1	5%
Deloitte	5	24%	5	24%	2	10%	0	0%	3	14%	3	14%	5	25%	6	32%
PWC	4	19%	5	24%	4	19%	5	24%	4	19%	3	14%	3	15%	3	16%
KPMG	3	14%	2	10%	2	10%	3	14%	3	14%	6	29%	6	30%	5	26%
C&S	2	10%	2	10%	1	5%	1	5%	1	5%	0	0%	0	0%	0	0%
Bakertilly	1	5%	1	5%	1	5%	1	5%	0	0%	0	0%	0	0%	0	0%
audicon	0	0%	1	5%	1	5%	1	5%	0	0%	0	0%	0	0%	0	0%
EY	0	0%	2	10%	5	24%	5	24%	7	33%	5	24%	4	20%	4	21%
PKF	0	0%	0	0%	0	0%	0	0%	0	0%	1	5%	1	5%	0	0%
Total		100%		100%		100%		100%		100%		100%		100%		100%

From the first major bank to the sixth one, for all the first cycle, it's possible to conclude that the big four, in the majority, present a stronger presence, with the exception of Ernst&Young(EY) surpassed by Crowe. In the top six major financial institutions, the

eight years are dominated by KPMG, with 14 audits, followed by PWC with 9 and Deloitte with 8.

Table 4 - Top six banks by audit firms

TOP 6					
1st Cycle		2nd-Half Cycle		1st-Half Cycle	
n.a	Sem Informaçã	n.a	Sem Informaçã	n.a	Sem Informaçã
KPMG	14	PWC	6	KPMG	10
PWC	9	Deloitte	5	PWC	3
Deloitte	8	KPMG	4	Deloitte	3
Crowe	5	EY	3	PKF	2
EY	4	Crowe	3	Crowe	2
C&S	4	C&S	3	EY	1
PKF	2	Bakertilly	0	C&S	1
Bakertilly	0	audiconta	0	Bakertilly	0
audiconta	0	PKF	0	audiconta	0
Total	46	Total	24	Total	22

The audit market sector, in Angola, is divided in two different subsections. When analyzing all the 21 Banks, it is possible to conclude that the Big four have a bigger pressure in the market comparing to the others audit firms, with the exception of Crowe. Across the eight years of this study, Crowe can be seen as an emerging fifth big company in Angola. The astonishing growth of its market share is well present in the first cycle, since they got most of their most audits between 2019 to 2022, having only two less than Deloitte in all the stated period.

Table 5 - The total financial institutions by audit firm along the Cycle.

Total 21					
1st Cycle		2nd-Half Cycle		1st-Half Cycle	
n.a	Sem Informaçã	n.a	Sem Informaçã	n.a	Sem Informaçã
EY	32	Crowe	19	EY	20
PWC	31	PWC	18	KPMG	20
KPMG	30	Deloitte	12	Deloitte	17
Deloitte	29	EY	12	PWC	13
Crowe	27	KPMG	10	Crowe	8
C&S	7	C&S	6	PKF	2
Bakertilly	4	Bakertilly	4	C&S	1
audiconta	3	audiconta	3	Bakertilly	0
PKF	2	PKF	0	audiconta	0
Total	165	Total	84	Total	81

As the sample increases, by introducing banks from lower ranking, our distribution varies. The majority of the big four lost market share from one half of the cycle to the other, to Crowe. The lower ranking banks' market share is led by Crowe and EY, with 17 and 24 audits over the last eight years in the lower 10.

4.2 Hypothesis analysis

In this chapter, based on the case study and the empirical case, it will be explained, by addressing the hypotheses, the conclusion that were put together after the implementation of the rotation law in the audit market in Angolan banking sector, as well as the necessity to improve the channels between clients and auditors, in order to maximize the efficiency of the work for both client, and supplier.

H 1 Does the Quality of information decrease the audit efficiency in terms of deadlines?

From the case study presented previously we can conclude that indeed, the poor quality of information decreases the audit efficiency. As it was explained the audit is planned and a chronogram is developed by the engagement partner, alongside with a list of the information needed. This is then presented to the client that in turn will approve or

present some changes. Comparing Tables 2 and A.17, it is possible to understand that the chronogram change, since the project was delayed by one month. Also it's possible to understand why it's important to follow it, in order to conclude the work on time, not to incur in fines to be paid to CMC, or default with the client. Unfortunately, the quality of information is an issue to take into account. In the case study, the delivery of the information was postponed to the beginning of February, which created some problems in the workflow. The information asked for in the list of requirements is important to create audit evidence. If the information doesn't arrive or if it has not the required quality, it can compromise the project. It can be drawn some conclusions for the delay, from this case.

First of all, delay can be created by the misunderstanding of the list of requirements, which can cause the delivery of information that was not the one requested, or was incomplete. Also, the difficulty in accessing the right channels to get the information. This means, sometimes that the decentralization of tasks may create traffic in getting the information needed. This alongside with other factors, increases the necessity for the client to increase the audit period, which creates an impact in the audit efficiency.

To conclude this hypothesis, the quality of information is an important aspect to take into account when performing an audit, since the audit evidence is the data of the project. To surpass these obstacles the auditor needs to increase the pressure on the client, preventing the situation from starting in the very beginning. In the kick-off session it's therefore important to introduce the list of requirements and also the necessity to explain why the celerity in getting the information is crucial for the performance of the project.

H 2. Rotation decreases the auditing quality for specific cases?

From the case study, we can conclude that the rotativity decrease the auditing quality and that there is a necessity to extend the audit projects in certain cases. The last chapter explained in which conditions the project was taking place. If the company had the chance to extend the audit period the funds would be part of the group auditing. Both companies, the client and the auditor, would benefit from the situation, since the information would travel across internal channels, which would facilitate the coordination of the project. Also, if there was a possible delay in the delivery of the funds report, the

engagement partner would have noticed much earlier and have time to restructure the plan. Another reason why the client would benefit is the experience. The audit companies follow the same instructions to perform an audit. As was referred before, the ISAs give only an instruction of procedures that the auditor gathers to implement in audit project. These are general instructions, that each company gathers and then creates its own working methods. By having the same company performing the audit group, the client would not have different procedures to understand and learn, in the middle of an audit project, and would be familiarized with the practices of the current audit firm.

H 3. : Does the rotation brake the big 4 pressure in the market?

By exploring the empirical study brought up previously, it's possible to say that the rotation doesn't pressure the market share of the four biggest audit companies. To better understand, if one takes into consideration Table 3, that gathers all the information of the first cycle, this can lead to the conclusion that there was an increase in the *Crowe Horwath Trust Ltd*, market share in Angola, growing from 5% to 29%. From Table 1, and comparing Table A9 & Table A.10 it's possible to draw the understanding that the majority of projects done by this company, that led to this fast market share growth, are from the lower 10 Banks. Table 6 presents the results from the number of audits performed in the first to the second half-cycle top 8 banks, where Crowe decreases its presence from six to three audits.

Moreover, the empirical study, also point out that the rotation is not to pressure out the big four, but rather fomenting the competition between them. To understand this explanation, Table 7, gathers the results from the top 10 audit projects. In the first half cycle Deloitte get 34% of the top 10 banks audits, KPMG represent 26%. By the second half cycle, PWC and KPMG represent 42% of the audit projects of the top 10 banks. The higher the ranking gets, i.e., higher total assets, the lower the Crowe position gets, as suggested by Table 4 and 6.

Concluding, the analysis leads to the understanding that the financial audit in the banking industry in Angola, is strongly represented by the big fours with the emergence of a possible 5th one. This conclusion may present some issues, since at the current period, the data available may not be enough to draw a precise and most accurate conclusion,

since some banks still don't have their financial reports available for the market, and the rotation law is relatively new, representing only one rotation. This hypothesis could be explored further in order to better understand the correlation between the variables "brand name", and audit quality of these 5 major audit companies, and the outcome of the next three to four rotations of the external financial audit sector in the banking industry in Angola.

Table 6 - Top eight banks by audit firms along the Cycle.

TOP 8					
1st Cycle		2nd-Half Cycle		1st-Half Cycle	
n.a	Sem informação	n.a	Sem informação	n.a	Sem informação
KPMG	18	PWC	8	KPMG	10
PWC	11	KPMG	8	Crowe	6
Deloitte	10	Deloitte	5	Deloitte	5
Crowe	9	EY	5	PWC	3
EY	8	Crowe	3	EY	3
C&S	4	C&S	3	PKF	2
PKF	2	Bakertilly	0	C&S	1
Bakertilly	0	audiconta	0	Bakertilly	0
audiconta	0	PKF	0	audiconta	0
Total	62	Total	32	Total	30

Table 7 - Top ten banks by audit firms along the Cycle.

TOP 10					
1st Cycle		2nd-Half Cycle		1st-Half Cycle	
n.a	Sem informação	n.a	Sem informação	n.a	Sem informação
KPMG	18	PWC	8	Deloitte	13
Deloitte	18	KPMG	8	KPMG	10
PWC	11	Deloitte	5	Crowe	6
Crowe	10	EY	5	PWC	3
EY	8	Crowe	4	EY	3
C&S	4	Bakertilly	4	PKF	2
Bakertilly	4	audiconta	3	C&S	1
audiconta	3	C&S	3	Bakertilly	0
PKF	2	PKF	0	audiconta	0
Total	78	Total	40	Total	38

5 Final Remarks

5.1 General Conclusions and Contributions

Following the Case study analysis, we were able to conclude that the unavailability of information reduces the efficiency of the audit team if we understand maximum efficiency as delivering the audit report on time with the excellency desired. Despite this variable cannot be measured in the first year audit project, it is always better to increase client awareness at the beginning of the audit project. Also, another conclusion that can be taken from this study, is that, in some cases, more structure can mean less efficiency. The diversification should be balanced based on the necessities of the company. Having less information dispersion across sectors can benefit the information flow. Also from this same study, it's possible to conclude that in some cases the rotation doesn't benefit the client. The reproach from BNA to the audit prorogation was one of the problems that the SGOIC faced. The audit report from the funds was delayed two weeks, which held up the group audit.

Based on the empirical study the audit market in Angola is presenting some changes. The idea that there are two subsectors in this sector may not be completely valid. This means there is no differentiation, from the audit firms' point of view, in the financial institution's projects. The big four companies don't focus only on the major banks. With this in mind, table A.8 represents the lower banks' audit firms distribution, in the first cycle. Both the Top, table A.14, and the lower tables have the Big Four well represented. With this analysis, it's possible to affirm that the big four don't focus their attention on only one side of the market, inside the banking audit sector, as was previously pointed out, but extend also it to the rest of the market.

The last years were represented by the continuous increase in Crowe market share. Table 5 represents the total of the sample across the first cycle distribution, and it's possible to see that the big four in the end represent the majority of the market. From the last hypothesis diagnosis, the market is changing in different aspects. First, the top 10 banks are in the biggest majority audit by the big four companies, which are competing between them from one-half cycle to the other. Also, it's increasing the evidence to assume that a big 5 may be appearing in the Angola audit market. Despite the Crowe reducing its

presence in larger size banks, Table 4, their presence in lower ranking banks is very noticeable. In the total of the sample, the first half cycle Crowe had 8 audit projects, ending the second half-cycle with 19, Table 5, in the total financial institution sample. Of the 19 three were in the top 6 banks, Table 4, one more than the first half of the cycle.

5.2 Limitations and Suggestions for Future Research

This study presented some limitations, such as the necessity to reduce the sample by two banks, due to the lack of secondary data for those institutions. Banco Sol and Banco Económico, are banks that do not have the financial statements updated and available. Besides that, a second limitation appears, related to the short period of time. This doesn't allow us to take clear conclusions. The fact that there is only one cycle, makes the conclusions limited to the ones presented above.

Moreover, when performing the audit market share analysis it was not taken into consideration the financial institutional political situations, and the strategies deliberated for the years the study was performed. This means, the banks could apply a different strategy, like a low cost strategy, that could justify the variation from a big to a non-big four audit company. In light of the fact that the Crowe market share growth, should be further discussed.

For future research, it is recommended that further analyses focus not only on one cycle, but on a longer period with additional cycles, in order to understand the impact of the cooling off period. With this, it could be interesting to study whether the contract is renewable or not, in a scenario of *Ceteris Paribus*, that is, not taking into consideration the quality of the audit performed in the first four years before the cooling off. Another clarification concerns whether Crowe will have a continuous growth in the market and if in 10 years is expected to enter the domain of the Top 6 banks audit market share.

Also, other variables to take into consideration are the bank's political situation, the financial institution strategies, as well as the audit firms' strategies. This means the risk for both the audit company and the client is an important factor to include in a more enlarged time period. Will the big four avoid politically exposed banks? And will they abstain from riskier financial institutions?

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Annex

Table 1 - Analysis of Angolan Audit Sector first Cycle by Bank(Million of Kwanzas).

Bancos	Asset Millions AOA	Year							
		2022	2021	2020	2019	2018	2017	2016	2015
BAI - Banco Angolano de Investimento	3 194 900	PWC	EY	EY	EY	EY	KPMG	KPMG	KPMG
BFA - Banco de Fomento Angolano	2 708 905	KPMG	KPMG	PWC	PWC	PWC	PWC	Deloitte	Deloitte
BIC - Banco Bíc	1 920 321	Crowe	C&S	C&S	C&S	C&S	PKF	PKF	Deloitte
BPC - Banco de Poupança de Crédito	1 692 923	Deloitte	Deloitte	Crowe	Crowe	Crowe	Crowe	n.a	n.a
ATL - Banco Millennium Atlântico	1 584 278	Deloitte	Deloitte	Deloitte	KPMG	KPMG	KPMG	KPMG	KPMG
SBA - Standard Bank de Angola	1 080 819	KPMG	PWC	PWC	PWC	PWC	KPMG	KPMG	KPMG
BCGA - Banco Caixa Geral de Angola	791 759	PWC	PWC	EY	EY	EY	EY	Deloitte	Deloitte
BCI - Banco de Comércio e Indústria	719 267	KPMG	KPMG	KPMG	KPMG	Crowe	Crowe	Crowe	Crowe
Keve - Banco Keve	611 620	Crowe	Audicon	Audicon	Audicon	Deloitte	Deloitte	Deloitte	Deloitte
BDA - Banco de Desenvolvimento de Angola	484 592	Bakertilly	Bakertilly	Bakertilly	Bakertilly	Deloitte	Deloitte	Deloitte	Deloitte
BNI - Banco de Negócios Internacional	355 837	Deloitte	Deloitte	Deloitte	PWC	PWC	PWC	PWC	PWC
BIR - Banco de Investimento Rural	214 491	Crowe	Crowe	Crowe	Crowe	PWC	PWC	PWC	PWC
BCS - Banco Crédito Sul	175 245	PWC	PWC	PWC	PWC	Deloitte	Deloitte	Deloitte	Deloitte
FNB - Finibanco	139 881	Deloitte	Deloitte	EY	EY	EY	EY	KPMG	KPMG
YETU - Banco YETU	136 619	Crowe	Crowe	Crowe	Crowe	KPMG	KPMG	KPMG	n.a
BCA - banco Comercial Angolano	96 071	Deloitte	Deloitte	KPMG	KPMG	KPMG	KPMG	PWC	PWC
VTB - Banco VTB ÁFRICA	92 133	Crowe	PWC	PWC	PWC	EY	EY	EY	EY
BCH - Banco Comercio Huambo	66 017	Crowe	Crowe	Crowe	Crowe	EY	EY	EY	EY
BV - Banco Valor	56 940	C&S	C&S	Crowe	Crowe	Crowe	Crowe	EY	EY
BOCLB - Bank of China	43 997	PWC	PWC	EY	EY	EY	EY	EY	EY
SCBA - Standard Chartered Bank de Angola	41 769	C&S	EY	EY	EY	EY	KPMG	KPMG	KPMG

Table 2 - Second Scheduling XPTO Audit

Work Schedule	Weeks																				
	24-Oct	28-Nov	05-Dec	12-Dec	19-Dec	26-Dec	02-Jan	09-Jan	12-Apr	13-Apr	14-Apr	17-Apr	18-Apr	19-Apr	20-Apr	21-Apr	24-Apr	25-Apr	26-Apr	28-Apr	
Kick-off Reunion	XPTO/DTT																				
Request List Send		DTT																			
Follow-up Meeting Critical Aspects			XPTO/DTT																		
Gathering Request List			XPTO	XPTO			XPTO	XPTO	XPTO												
Make Financial Statements available							XPTO	XPTO													
Field Work							DTT	DTT	DTT	DTT	DTT	DTT	DTT	DTT	DTT						
Meeting for Report Situations									XPTO/DTT						XPTO/DTT						
Elaborating Annex to the Financial Statements								XPTO	XPTO	XPTO	XPTO										
Preliminary Funds Audit Report										XPTO											
Make Available Corporate Managed Reports Work Review and Quality Control Process										XPTO						DTT	DTT	DTT			
Preliminary Managed Society Audit Report																		DTT			
Final Version Audit Report																		XPTO			
Preliminary Conclusions Presentation to the Board																				XPTO/DTT	
Board of Director Conclusions Approval																				XPTO/DTT	
Final Version Audit Report and Opinion																					DTT
General Assembly																					XPTO

XPTO/DTT	Shared Responsibility
XPTO	XPTO Responsibility
DTT	Audit firm Responsibility

Table A.1 - Lower Ranked Angolan Bank by Audit Firms First Cycle

1st Cycle					
Lower 10		Lower 8		Lower 6	
n.a	Sem Informação	n.a	Sem Informação	n.a	Sem Informação
EY	24	EY	24	EY	20
Crowe	17	Crowe	13	Crowe	9
PWC	15	KPMG	12	KPMG	7
KPMG	12	PWC	7	PWC	7
Deloitte	8	Deloitte	4	Deloitte	2
C&S	3	C&S	3	C&S	3
Bakertilly	0	Bakertilly	0	PKF	0
audicon	0	PKF	0	Bakertilly	0
PKF	0	audicon	0	audicon	0
Total	79	Total	63	Total	48

Table A.2 - Lower Ranked Angolan Bank by Audit Firms First Half Cycle

1st-Half Cycle					
Lower 10		Lower 8		Lower 6	
n.a	Sem Informação	n.a	Sem Informação	n.a	Sem Informação
EY	17	EY	17	EY	15
KPMG	10	KPMG	10	KPMG	5
PWC	6	Crowe	2	Crowe	2
Deloitte	4	PWC	2	PWC	2
Crowe	2	Deloitte	0	C&S	0
Bakertilly	0	C&S	0	Deloitte	0
C&S	0	Bakertilly	0	PKF	0
audicon	0	PKF	0	Bakertilly	0
PKF	0	audicon	0	audicon	0
Total	39	Total	32	Total	24

Table A.3 - Lower Ranked Angolan Bank by Audit Firm Second Half Cycle

2nd-Half Cycle					
Lower 10		Lower 8		Lower 6	
n.a	Sem Informaçlo	n.a	Sem Informaçlo	n.a	Sem Informaçlo
Crowe	15	Crowe	11	Crowe	7
PWC	9	EY	7	EY	5
EY	7	PWC	5	PWC	5
Deloitte	4	Deloitte	4	C&S	3
C&S	3	C&S	3	Deloitte	2
KPMG	2	KPMG	2	KPMG	2
Bakertilly	0	Bakertilly	0	PKF	0
audiconca	0	PKF	0	Bakertilly	0
PKF	0	audiconca	0	audiconca	0
Total	40	Total	32	Total	24

Table A.4 - Lower 10 Ranked Angolan Bank by Audit Firms Through the Cycle

Lower 10					
1st Cycle		2nd-Half Cycle		1st-Half Cycle	
n.a	Sem Informaçlo	n.a	Sem Informaçlo	n.a	Sem Informaçlo
EY	24	Crowe	15	EY	17
Crowe	17	PWC	9	KPMG	10
PWC	15	EY	7	PWC	6
KPMG	12	Deloitte	4	Deloitte	4
Deloitte	8	C&S	3	Crowe	2
C&S	3	KPMG	2	Bakertilly	0
Bakertilly	0	Bakertilly	0	C&S	0
audiconca	0	audiconca	0	audiconca	0
PKF	0	PKF	0	PKF	0
Total	79	Total	40	Total	39

Table A.5- Lower 8 Ranked Angolan Bank by Audit Firms Through the Cycle.

Lower 8					
1st Cycle		2nd-Half Cycle		1st-Half Cycle	
n.a	Sem Informação	n.a	Sem Informação	n.a	Sem Informação
EY	24	Crowe	11	EY	17
Crowe	13	EY	7	KPMG	10
KPMG	12	PWC	5	Crowe	2
PWC	7	Deloitte	4	PWC	2
Deloitte	4	C&S	3	Deloitte	0
C&S	3	KPMG	2	C&S	0
Bakertilly	0	Bakertilly	0	Bakertilly	0
PKF	0	PKF	0	PKF	0
audiconta	0	audiconta	0	audiconta	0
Total	63	Total	32	Total	32

Table A.6 - Lower 6 Ranked Angolan Bank by Audit Firms Through the Cycle.

Lower 6					
1st Cycle		2nd-Half Cycle		1st-Half Cycle	
n.a	Sem Informação	n.a	Sem Informação	n.a	Sem Informação
EY	20	Crowe	7	EY	15
Crowe	9	EY	5	KPMG	5
KPMG	7	PWC	5	Crowe	2
PWC	7	C&S	3	PWC	2
Deloitte	2	Deloitte	2	C&S	0
C&S	3	KPMG	2	Deloitte	0
PKF	0	PKF	0	PKF	0
Bakertilly	0	Bakertilly	0	Bakertilly	0
audiconta	0	audiconta	0	audiconta	0
Total	48	Total	24	Total	24
PKF	4	PKF	4	Bakertilly	4
Bakertilly	0	Bakertilly	0	audiconta	3
audiconta	0	audiconta	0	PKF	2
Total	46	Total	62	Total	78

Table A.7 - Top Ranked Angolan Bank by Audit Firms Firt Half Cycle

1st-Half Cycle					
TOP 6		TOP 8		TOP 10	
n.a	Sem Informação	n.a	Sem Informação	n.a	Sem Informação
KPMG	10	KPMG	10	Deloitte	13
PWC	3	Crowe	6	KPMG	10
Deloitte	3	Deloitte	5	Crowe	6
PKF	2	PWC	3	PWC	3
Crowe	2	EY	3	EY	3
EY	1	PKF	2	PKF	2
C&S	1	C&S	1	C&S	1
Bakertilly	0	Bakertilly	0	Bakertilly	0
audiconata	0	audiconata	0	audiconata	0
Total	22	Total	30	Total	38

Table A.8 - Top Ranked Angolan Bank by Audit Firms Second Half Cycle.

2nd-Half Cycle					
TOP 6		TOP 8		TOP 10	
n.a	Sem Informação	n.a	Sem Informação	n.a	Sem Informação
PWC	6	PWC	8	PWC	8
Deloitte	5	KPMG	8	KPMG	8
KPMG	4	Deloitte	5	Deloitte	5
EY	3	EY	5	EY	5
Crowe	3	Crowe	3	Crowe	4
C&S	3	C&S	3	Bakertilly	4
Bakertilly	0	Bakertilly	0	audiconata	3
audiconata	0	audiconata	0	C&S	3
PKF	0	PKF	0	PKF	0
Total	24	Total	32	Total	40

Table A.9 - XPTO Audit First Scheduling

Work Schedule	Weeks																
	24-Oct	19-Dec	26-Dec	02-Jan	09-Jan	16-Jan	23-Jan	30-Jan	06-Feb	13-Feb	20-Feb	27-Feb	06-Mar	13-Mar	20-Mar	27-Mar	03-Apr
Kick-off Reunion	XPTO/DTT																
Request List Send		XPTO															
Follow-up Meeting Critical Aspects			XPTO/DTT														
Gathering Request List			XPTO	XPTO	XPTO												
Make Financial Statements available			XPTO														
Field Work				DTT	DTT	DTT	DTT	DTT	DTT	DTT	DTT	DTT					
Meeting for Report Situations						XPTO/DTT						XPTO/DTT					
Elaborating Annex to the Financial Statements					XPTO	XPTO	XPTO	XPTO									
Preliminary Funds Audit Report										XPTO							
Make Available Corporate Managed Reports										XPTO							
Work Review and Quality Control Process												DTT	DTT	DTT			
Preliminary Managed Society Audit Report														DTT			
Final Version Audit Report														XPTO			
Preliminary Conclusions Presentation to the Board																XPTO/DTT	
Board of Director Conclusions Approval																XPTO/DTT	
Final Version Audit Report and Opinion																	DTT
General Assembly																	XPTO

XPTO/DTT	Shared Responsibility
XPTO	XPTO Responsibility
DTT	Audit firm Responsibility