



Materiality Disclosures in Statutory Auditing: A Maltese Perspective

Peter J Baldacchino^a Norbert Tabone^b Ryan Demanuele^c

^a Head of the Department of Accountancy, F.E.M.A., University of Malta, Malta,
peter.j.baldacchino@um.edu.mt

^b CPA, Lecturer, University of Malta, Malta, norbert.tabone@um.edu.mt

^c Audit Senior at Deloitte Malta, Student at the University of Malta, Malta,
ryan.demanuele.93@gmail.com

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Abstract

Materiality is a fundamental auditing concept. The determination and application of materiality in the conduct of an external audit is regulated by International Standards on Auditing. This paper analysed the benefits and drawbacks of materiality disclosures in Maltese statutory auditing from the perspective of Maltese auditors, whilst measuring and explaining their resistance to such disclosures.

A mixed-methods research design was adopted whereby data was collected from Maltese auditors first using a self-administered questionnaire, followed by semi-structured interviews.

This paper concluded that the drawbacks of disclosing materiality in Maltese statutory audit reports greatly outweighed any potential benefits that might be reaped. Maltese auditors generally resisted disclosing materiality levels mainly due to the drawbacks associated with such disclosures. This paper also concluded that materiality disclosures in the audit report should, at present, be avoided in Malta because the local market is not sufficiently mature and knowledgeable to properly understand such disclosures.