

## **Analysis of Factors Affecting Manufacturing Companies in Indonesia Performing a Switching Auditor**

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### **Abstract**

This study aims at analyzing the influence of the Public Accountant Firms Size, Size of Company, Financial Distress, Audit Opinion and Management Turnover toward Auditor Switching. The population of this study is a manufacturing company listed on the Indonesia Stock Exchange during the period 2011-2015 consisting of 134 companies. The sample was obtained by purposive sampling technique which resulted in the sample of 26 companies. Methods of data analysis using logistic regression and SPSS 21 using data and other information obtained from Annual Report. Results of this study shows that the Public Accountant Firms Size and Management Turnover have significant impact toward auditor switching, size of company have influence auditor switching. Financial distress and audit opinion did not effect auditor switching significantly. The value of Nagelkerke R Square is 0.283. conclusions of this study is the Public Accountant Firms Size and Management Turnover have significant impact toward auditor switching, size of company have influence auditor switching. Financial distress and audit opinion did not effect auditor switching significantly.

**Keywords:** Public Accountant Firms Size; Size of Company; Financial Distress; Auditor Switching

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## **INTRODUCTION**

Financial statement is one of the most important media in communicating facts about a company and as a basis to be able to determine or assess the position and financial activities of a company (Pratitis, 2012). In dealing with differences in the interests of internal parties and external parties, an independent third party is required. This independent third party is a public accountant (auditor). The independent auditor is the auditor who works for the Public Accounting Firm (KAP). Public Accounting Firm (KAP) is a form of public accountant organization licensed in accordance with laws and regulations that works in the field of providing professional services in the practice of public accountants (Agoes, 2012). In this case, auditors are required to have high independence. Associated with independence, there have been several cases in the process of auditing financial statements involving public accountants.

The emergence of case which relates to independence includes the case of Enron company which involving the Public Accounting Firm of Arthur Andersen. Enron's share price declines

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and eventually goes bankrupt after it is discovered that profits disclosed so far are manipulative. The Public Accounting Firm of Arthur Andersen is not able to maintain the independence they possess, causing the KAP to be the bearer of the consequences. In July 2002, the American government responds to this case by issuing the Sarbanes-Oxley Act (SOA). SOA regulates about the limitation of the use of public accountant services for a maximum of 5 (five) consecutive yearbooks.

In Indonesia, the first time this Regulation comes out is in 2002 in Decree of the Minister of Finance number: 423/KMK.06/2002 and revised by Decree of the Minister of Finance No. 359/KMK.06/2003 This Regulation states that the provision of general audit services to the financial statements of an entity may be performed by the Public Accounting Firm (hereinafter referred to as KAP) not later than 5 (five) book years consecutively and by a public accountant not later than 3 (three) book years in a row. Furthermore, the regulation is renewed by the government so that it is issued the Decree of the Minister of Finance No. 17/PMK.01/2008 regarding "Public Accounting Services". Amendments made are, first, the provision of general audit services to 6 (six) years in a row by accounting firm and 3 (three) years consecutively by a public accountant to the same client (article 3, paragraph 1). Second, public accountants and accounting firms may receive reassignment after one year of book does not provide audit services to the clients above (article 3, paragraphs 2 and 3).

The existence of regulation concerning the limitation of the term of the KAP engagement with the client has not guaranteed a company not to replace its KAP before the deadline specified in the regulation. Wijayani and Januarti (2011) say that auditor switching may occur due to KAP switching mandatory that is the replacement of Public Accounting Firm conducted within a certain period of time in accordance with the regulation has been set by the government. While the KAP switching voluntary is the replacement of Public Accounting Firm because of the company's desire that can be caused by several factors, both from the client side (e.g. failed management, financial difficulties, ownership change, etc.) or from the auditor's side (e.g. audit quality, audit fees, etc.). The phenomenon about the change of Public Accounting Firm (auditor switching) voluntarily is very interesting to be studied, this is due to many factors that can influence the decision of a company to do auditor switching voluntary. Sinarwati (2010) states that if there is a change of KAP by a company outside the stipulated provisions it will lead to questions and even suspicions from investors so it is important to know the cause. So the problem of this research is anything that affects the change of public accounting firm. The various conditions seen in previous research studies that provide mixed results make the research on this topic still worthy of study, where this study tries to offer new variables to find facts and findings that are different from previous research and the development of the findings that have been there is. This finding makes research on this topic still worthy to be studied, where newer researches can find facts and findings that are different from previous studies and the development of existing findings.

Factors affecting auditors switching in this study are high-credibility of KAP Size to improve the credibility of financial statements in the eyes of the users of the financial statements (Damayanti & Sudarma, 2007). KAP's Expertise is one of the attributes in large KAP services. The existence of the expertise factor will determine auditor switching by the company so that the company prefers large KAP. The research that has been done by Pratitis (2012) has proved that KAP size has a positive effect on auditor switching.

Firm size According to (Wijayani, 2011) is the size of a company that can be expressed in total assets, sales and market capitalization. The greater the total assets, sales and market capitalization, then the larger the size of the company. Large client firms have business complexity and increased number of conflicts that can lead to agency costs, resulting in a very high demand for independent audit firms to reduce agency costs. Therefore, a company will tend to choose a Public Accounting Firm in accordance with the size of the company. The research that has been done by Pratitis (2012) successfully proves that the size of client companies affect on auditor switching.

Financial distress is a condition of companies that are in a state of financial difficulties so it is feared will go bankrupt (Wijaya, 2011). The condition of corporate finance can affect the company to replace KAP. Especially in companies that experience unhealthy conditions or threatened bankruptcy. Companies that are experiencing financial difficulties will replace the KAP in the hope of reducing the agency costs of the company. Therefore, a company will tend to choose a Public Accounting Firm in accordance with the condition of the company. The research that has been done by Susan and Trisnawati (2011) successfully proves that financial distress has no effect on auditor switching.

Audit opinion is the end result of auditing process conducted by auditor (Arens 2010). A company would want an unqualified opinion for the results of an audit of its financial statements. Hence, companies that receive a qualified opinion will tend to change the auditor or Public Accounting Firm. This is done by the company to maintain the good name of the company because the opinion given by the auditor will also be a form of corporate management responsibility to stakeholders. The research that has been done by Susan and Trisnawati (2011) successfully proves that Audit Opinion has no effect on auditor switching.

Damayanti and Sudarma (2008) state that Management turnover is a change in the president director of a company which may be caused by the decision of the general meeting of shareholders or the board of directors to quit by their own volition so that the shareholders have to replace the new management, the chief executive or Chief Executive Officer. Management turnover will generally be followed by a change of policy that occurs within a company, where the change also concerns in the election of KAP. Consequently, companies will tend to conduct auditors switching by choosing KAP which can be more cooperative. The research that has been done by Mahantara (2013) shows a significant influence of management switching to auditor switching.

The objectives of this study are to analyze the effect of the size of Public Accounting Firm on auditor Switching, to analyze the effect of Firm size on auditor Switching, to analyze the effect of Financial Distress to auditor Switching, to analyze the effect of Auditor Opinion to Auditor Switching, and to analyze the effect of Management Switching to auditor Switching.

Jensen and Meckling (1976) define agency theory as a contractual relationship between one or more people in carrying out a job. In this case, a principal asks other party (agent) to carry out some work on behalf of the principal which involving the delegation of some decision-making authority to an agent. The principal referred to in this case is the shareholder, while the agent is management. This agency theory has the benefit of helping the auditor as a third party to understand the conflict of interest that can arise between principal and agent. With the existence of an independent auditor is expected fraud in the financial statements did not occur. Simultaneously, it can evaluate the performance of agents that will produce relevant information systems.

The linkage between agency theory and KAP size is that principal wants the company in good condition by ordering management to do its job. Due to corporate condition is not in accordance with the desired expectations, causing auditor switching that is changing the KAP that affiliated big 4 in order to get a good quality and according to the wishes of the company.

The linkage between agency theory and firm size is large corporations have business complexity and increased number of conflicts that can lead to agency costs, resulting in a very high demand for independent audit firms to reduce agency costs. Principal will tend to be difficult to monitor and control the behavior of agents who tend to maximize their personal benefits rather than principal interests.

The linkage between agency theory and Financial Distress is that principal wants the company to remain in good condition, which means that the situation is stable or does not have financial problems. In this case, the agent is expected to be able to perform his duty well in order to condition of the company does not experience financial problems. The number of sharp competition and unusual profitability cause the condition of the company is not stable. Because

of this problem, then the auditor switching happens to get the results of the report according to the wishes of the company.

The linkage between agency theory and audit opinion is a company gets unqualified opinion on audit result of its financial report. Management as an agent has an obligation to be responsible for the authority has been given by shareholders stated through financial statement. Opinions given by auditors may influence shareholder's views on management performance in managing the company, so management tends to avoid qualified opinion. When companies get a qualified opinion, companies will tend to switch auditors.

The linkage between agency theory and management turnover is that the management of a company which acting as an agent in an agency contract may change due to several things such as resigning or the results of a general meeting of shareholders. Changes in corporate management are often followed by new policies done by the company. Management that is trusted by the principal (shareholder) and has the authority to make decisions will tend to replace and choose a more competent and cooperative auditor or Public Accounting Firm in accordance with the existing policy changes. Based on the description, the proposed hypothesis is as follows.

The size of KAP in this study is the difference in the size of KAP, where KAP size is divided into two large KAP (Big 4) and small KAP (non Big 4). The size of KAP becomes one of the factors that encourage the change of auditor because KAP size reflects better reputation and quality, Wijaya (2011). Aprilia (2013) suggests that the size of KAP can determine the quality of services provided. Big 4 KAP tends to have more audit experience compared to non big 4 KAP. So to increase the credibility of financial statements and to attract investors, the company will use the audit services of big 4 KAP. If the company is audited by Big 4 KAP, then the company is likely to maintain Big 4 KAP than non Big 4 KAP because big 4 KAP tend to be more Independent and competent.

#### **H<sub>1</sub> = KAP Size has a negative effect on auditor switching**

According to (Wijayani, 2011) Firm size is the size of a company that can be expressed in total assets, sales and market capitalization. A large company is believed to be able to solve financial difficulties which faced than small company (Mutchler, 1985 in Wijaya, 2011). In this case, it is projected on total assets. The larger the size of a company will be the more complex business activities undertaken by the company, then in this case the company needs an experienced KAP to audit the company. The experienced KAP is a KAP that has had a long engagement with the client because it already knows the company's operations. Therefore, it can be said, a large company will have a small chance to make a change of KAP.

#### **H<sub>2</sub> = Firm size has a negative effect on auditor switching**

Financial distress is a condition of companies that are in a state of financial difficulties so it is feared will go bankrupt (Wijaya, 2011). In this study, financial distress is proxied with the ratio of DER (Debt to Equity Ratio). DER (Debt to Equity Ratio) is calculated by comparing total debt to total equity. The higher the ratio of DER (Debt to Equity Ratio) shows the composition of total debt is greater than total equity, so that the greater corporate burden on the outsider (creditor). This indicates that the financial condition of a company can affect the company to switch KAP.

#### **H<sub>3</sub> = Financial distress has a positive effect on auditor switching**

In the Professional Standards of Certified Public Accountants (2013) it is explained that the audit objective on the financial statements by an independent auditor is to express an opinion about the fairness of all material matters, financial position, results of business, changes in equity, and cash flows in accordance with accounting generally accepted in Indonesia. According to the Professional Standards of Public Accountants per January 1, 2013 (SA 700 and 705) there are four types of audit opinions: unqualified opinion, qualified opinion, adverse opinion, and disclaimer opinion. (Tandirerung 2006 in Damayanti and Sudarma 2008) states if the auditor cannot give an opinion in accordance with the expectations of the company, the company will switch KAP that may be able to give opinions in accordance with the expectation of the company. The company will seek a new KAP or management will replace the auditor to get the auditor in accordance with

the wishes of the company.

**H<sub>4</sub> = Audit opinion has a positive effect on auditor switching**

Damayanti and Sudarma (2008) state that Management Turnover is a change of the directors of the company that can be caused by the decision of the general meeting of shareholders or the board of directors to quit by their own volition so that the shareholders have to replace the new management that is the Chief Executive Officer or CEO. Management turnover will generally be followed by the policy changes that occur within a company. The new management will make the policy according to its thinking in the hope that it can further advance the company. The company will replace the new KAP or the management will replace the auditor to get the auditor which is in accordance with the wishes of the company.

**H<sub>5</sub> = Management turnover has a positive effect on auditor switching**

**METHODS**

The population of this research was manufacturing companies listed on the Indonesia Stock Exchange during the period 2011-2015. The population in this research was manufacturing companies consisting of 134 companies. The purposive sampling technique resulted in a sample of 26 companies. The methods of data analysis used logistic regression and SPSS 21. Data and other information obtained from Annual Report. The reason researchers choose manufacturing companies as an object of research because in the manufacturing industry has a broader scope in terms of financial statements, so that manufacturing companies tend to have various financial risks.

Variables used in this study were KAP Size, Firm Size, Financial Distress, Audit Opinion, and Management Turnover. The operational definition of the variables in this study could be seen in Table 1.

**Table 1.** The Operational Definition of the Variables

Variables	Definition	Measurement
Auditor Switching	Auditor switching is a transfer of KAP which is done by a client company (Damayanti, 2008).	Switch Auditor (1) Not Switch Auditor (0)
KAP Size	KAP size is the size of KAP, where the KAP size is divided into two big KAP (Big 4) and small KAP (non Big 4). (Pratitit, 2012)	Audited by Big Four KAP (1) Audited by Non Big Four KAP (0)
Firm Size	According to (Wijayani, 2011) Firm size is the size of a company that can be expressed in total assets, sales and market capitalization. The greater the total assets, sales and market capitalization, the larger the size of the company.	Total Assets
Financial Distress	Financial distress is the condition of a company that is experiencing financial difficulties and is feared will go bankrupt (Wijaya, 2011).	DER (Debt to Equity Ratio) =
Audit Opinion	Audit Opinion is the end result of the auditing process performed by the auditor (Arens, 2010).	Except Unqualified Opinion (1) Unqualified Opinion (0)

Continued Table 1

Management Turnover	(Damayanti ,2008) states that a Management turnover is a change of director of the company which may be caused by the decision of the general meeting of shareholders or the board of directors to quit by their own volition so that the shareholders have to replace the new management that is the President Director or Chief Executive Officer (CEO).	Change Management (1) Not Change in Management (0)
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Source: Various Sources, 2016

The analytical methods used data analysis techniques of descriptive statistics and inferential statistics. Descriptive statistical analysis technique provided an overview or description of data seen from the average value, maximum value, minimum value, and standard deviation. While inferential statistics were used to examine the research hypothesis with logistic regression analysis technique helped by IBM SPSS Statistics 21. In logistic regression analysis, Assessing Overall Model (Overall Model Fit), Assessing the Feasibility of Regression Model, Coefficient of Determination (R Square), Table of Classification, Multicollinearity Test, and Parameter Estimation and Its Interpretation.

## RESULTS AND DISCUSSIONS

The frequency distribution of auditor switching variable (descriptive analysis) showed that from a total of 130 units of analysis, the data which entered in the category of switch or change the KAP numbered 38 units of analysis. While the data entering the category did not do the switching auditor was 92 units of analysis.

Overall Model Fit showed that the result of -2LL decreased by 28.769. This result was difference of -2LL step 0 equal to 157.093 with -2LL stage 1 equal to 128.324. This decrease showed a good regression model or in other words a model hypothesized fit with data. The feasibility of the regression model was assessed by using Hosmer and Lemeshow's Goodness of Fit Test. It showed Chi-Square value of 15.417 with a significance value obtained 0.052. The value of significance was greater than 0.05 then the hypothesis was accepted, this meant that there was no difference between the model and the data. This result indicated that the regression model was feasible to be used in subsequent analysis as the model fitted the data.

The value of Nagelkerke R Square showed the result of 0.283 which meant that the variability of dependent variable which could be explained by independent variable was 28.3%, while the rest equal to 71.7% explained by other variable outside this research model. Classification table of the initial stage of prediction accuracy was 70.8%. The result of final stage of prediction accuracy overall was 77.7% better than the initial stage. The multicollinearity test showed that the correlation value between the independent variables was below 0.90. So it could be said there was no multicollinearity or there was no relationship between independent variables.

**Table 2.** The Result of Hypothesis

Hypothesis	sig	$\alpha$	Explanation
H <sub>1</sub> : KAP size had a negative effect on auditor switching.	0.004	0.05	Rejected
H <sub>2</sub> : Firm Size had a negative effect on Auditor Switching.	0.347	0.05	Rejected
H <sub>3</sub> : Financial Distress had a positive effect on Auditor Switching.	0.460	0.05	Rejected
H <sub>4</sub> : Audit Opinion had a positive effect on Auditor Switching.	0.296	0.05	Rejected
H <sub>5</sub> : Management Turnover had a positive effect on Auditor Switching.	0.019	0.05	Accepted

Source: Secondary data processed in 2016

Based on the results of the research indicated that there was empirical evidence of auditor switching at Manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the period 2011-2015.

### **The Effect of KAP Size on Auditor Switching**

The KAP size negatively affected on auditor switching showed significant results. The results affected significantly but had positive relationship hence the hypothesis was rejected. Thus, KAP Size had a significant effect and a positive relationship to the occurrence of auditor switching within a company. The result of this study was in accordance with the result of previous studies conducted by Pratitis (2012). The result of the test that produced a positive effect direction indicated that the company that has used the non-Big Four KAP services had greater possibility to do auditor switching by switching to Big Four KAP. The selection of KAP would determine auditor switching so that the company would prefer Big Four KAP to increase the credibility of the company in the eyes of market participants.

The size of KAP could determine the quality of services provided. Large KAP or in this study called Big Four KAP tended to have more audit experience than small KAP or Non Big Four KAP. Big Four KAP tended to have better auditing capabilities and result in higher audit quality than Non Big Four KAP. So as to increase the credibility of financial statements and to attract investors, the company would use the audit services from large KAP. This was the basis for companies that used non Big Four KAP to do auditor switching by moving to Big Four KAP. Based on the result of the research above, it showed that companies which did auditor switching voluntarily dominated by companies that used the services of Non Big Four KAP.

### **The Effect of Firm Size on Auditor Switching**

The second hypothesis which stated that firm size negatively affected auditor switching was unacceptable due to the signal was positive with significant coefficients. The result of this study was in accordance with the result of previous research conducted by Pratitis (2012) Large companies which have more complex operations required KAP that could reduce agency costs caused by the appointment of new auditors, so that the company would retain its auditors. The implementation of auditor switching in Indonesia generally had a direct relationship between client and the KAP. In a sense, small client sizes or clients that had small total assets, tended to use small KAP as well, while large clients or clients with large total assets would use large KAP.

The analysis was supported by the research which shown in the discrete (diskriptif) table that was the manufacturing companies that were being sampled dominated by large companies, so that larger companies with more complex circumstances did not want to do auditor switching. In addition, in the data that has been analyzed it was known that most companies that had total small assets in this study had used small KAP services as well, so it tended not to do auditor switching. The result of this study contradicted the result of the research conducted by Wijayanti and Januarti (2011) which showed that firm size had no significant effect on auditor switching.

According to Juliantari and Rasmini (2013), the size of client companies was a scale that classified the size of companies associated with corporate finance. Large client companies had business complexity and an increase in the number of conflicts that could lead to agency costs, resulting in a very high demand for independent audit firms to reduce agency costs. If the company replaced the auditor, then the new auditor took a long time to learn and understand the financial statements of the company due to high complexity of the corporate business. Long time-consuming audit could also add to the agency fee.

To avoid this, the company needed a Public Accounting Firm (KAP) which experienced in auditing the company. According to Mahantara (2013), the experienced KAP was KAP that has had a long engagement with the client because it already knew the company's operations. Hence, a large company tended not to change its auditor or Public Accounting Firm before the specified

time period.

Mahantara (2013) stated that larger companies had greater incentives than small companies to retain their auditors because financial analysts would examine the auditor's dismissal before the specified time period. Large companies were believed to solve the financial difficulties they faced when compared to small companies. The bigger a company then the number of agency relationships were also increasing. Principals would tend to be difficult to monitor and control the behavior of agents who tended to maximize their personal benefits rather than principal interests.

### **The Effect of Financial Distress on Auditor Switching**

Hypothesis 3 showed that Financial Distress had no significant effect and positive relationship to the occurrence of auditor switching in a company. The result of this study was in accordance with the results of previous research conducted by Aprillia (2013), Pratitis (2012), Susan and Estralita Trisnawati (2011) and Wijaya (2011) whose results showed no effect on audit switching. The result of this study contradicted the results of research conducted by Mahantara (2013) and Sinarwati (2010) which showed that Financial Distress significantly affected on auditor switching.

Companies in the financial distress condition tended not to change the KAP due to the change of auditors in a company that too often would increase the audit fee. When first auditing a client, the first thing an auditor did was to understand the business environment and audit risk of the client. So that resulted in high start up costs and could raise audit fees. In addition, the first assignment would also allow for high errors. An attempt to maintain investor trust and interest in investing was to use a KAP that had the ability to produce higher and more independent audit quality.

### **The Effect of Audit Opinion on Auditor Switching**

Hypothesis 4 in this study showed that Audit Opinion had no significant effect and did not have a positive relationship to the occurrence of auditor switching in a company. The result of this study was in accordance with the results of previous research conducted by Susan and Estralita Trisnawati (2011), Damayanti and Sudarma (2008), Chadegani (2011) and Sinarwati (2010). The result of audit opinion had no effect on audit switching. The result of this study contradicted the results of research conducted by Wijaya (2011) and Mahantara (2013) which resulted audit opinion was influential on audit switching.

Auditor opinion on the fairness of corporate financial statement became one of the considerations of investors when they wanted to invest in the company. The opinion given by the auditor could influence the shareholder's view on management's performance in managing the company, so management tended to avoid qualified opinion. If the company received a qualified opinion, company or client would be more likely to change its auditor or Public Accounting Firm.

In general, the company certainly wanted their financial statements to get an unqualified opinion. The manager believed that unfavorable audit opinions would affect stock prices and financing capacity, so that a qualified opinion was likely to affect corporate decision to terminate the contract with the auditor (Wijaya, 2011). This would trigger the company to do auditor switching when the company did not agree with the audit opinion given.

The result of this study failed to find any significant effect of audit opinion on the occurrence of auditor switching allegedly for in general the sample companies have obtained unqualified opinion. Juliantari and Rasmini (2013) also found that companies that used new auditors would receive the same opinion, or opinion that was not much different from the opinion given by the previous auditor, because the new auditor would seek information on the opinion that would be given through the previous auditor.

### **The Effect of Management Turnover on Auditor Switching**

Hypothesis 5 in this study showed that Management Turnover had a significant effect and



had a positive relationship to the occurrence of auditor switching within a company. The results of this study supported research conducted by Mahantara (2013), Chadegani (2011), Susan and Estralita Trisnawati (2011) which found that management turnover had an effect on auditor switching. The results of this study contradicted the results of research conducted by Aprillia (2013) and Damayanti and Sudarma (2008) stating that management turnover had no effect on auditor switching.

Management turnover within a company can occur based on the decision result of the general meeting of shareholders or occurred due to individual desires of the CEO (Chief Executive Officer) of the company (Wijayani & Januarti, 2011). Management turnover within a company was often followed by the change of policy made by the company (Mahantara, 2013). Changes in corporate management were usually followed by changes in corporate policy, including in terms of KAP selection, if the new management assumed that the new KAP was easier to work with and give the opinion as expected by management, the change of KAP (auditor switching) could happen.

## CONCLUSIONS

Based on the results of research and discussion on the size of KAP, firm size, Financial Distress, audit opinion and management turnover on auditor switching at manufacturing companies listed on the IDX during 2011-2015, KAP size has a positive and significant effect on auditor switching. This is because companies that have used KAP services that are affiliated with non Big Four KAP have a tendency to change the KAP because it is considered to have a higher audit quality to maintain the corporate reputation in the business environment.

Firm size of the natural logarithm of total assets has a positive effect on the auditor switching. Clients with a small asset tend to move to a non-Big 4 Firm, while issuers with large total assets still choose Big 4 KAP as their auditor. This is due to when the total assets of the company goes up, the company tends not to do auditor switching by replacing the new KAP because the company needs an experienced KAP and has had a long engagement with the client because it knows the company's operations.

Financial Distress has no effect on auditor switching. This is because the Company that is experiencing financial difficulties does not replace the KAP which audits the company. If a company too often changes auditor, it will increase audit fee.

Audit opinion has no effect on auditor switching. This is because companies that use the new auditor will receive the same opinion, or opinion that is not much different from the opinion given by the previous auditor, because the new auditor will seek information on the opinion that will be given through the previous auditor.

Management turnover has a positive effect on auditor switching. This is because management turnover in a company will generally be followed by a policy change, one of which related to KAP election policy. The new management will look for a KAP that is aligned with its accounting policies and reporting so that it is expected to provide an opinion appropriate to management's wishes.

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