

Paper#: K115

Expectation gap on auditor liability to third parties in China

Yingfa Lu

yingfa@outlook.com

ABSTRACT

A framework of issues affecting auditor legal liability to third parties was developed from a research literature analysis and from litigation cases against auditors. Subsequently, a survey among auditors and other stakeholders and interviews with opinion setters were carried out in China to examine expectation gaps on these issues. The findings indicate that expectation gaps exist on the proximity between auditors and users, extent of damage, standard of care, types of wrongdoings and auditors' technical ability. Some characteristics of research participants, such as clientele type and the economic development level of their geographic bases could partially explain these gaps.

Keywords: Expectation gap, Audit, Legal liability, China