Abstract

Auditors play an important role in the reliability of financial statements. Many investors and other financial information users rely on their opinion. During the financial crisis, auditors were criticised since they did not warn the markets about financially distressed companies. In our thesis, we examine whether auditors change their behaviour during a financial crisis. Using our collected data for joint stock companies in the Czech Republic, we focus on frequency of modified and going concern opinions, amount of audit and non-audit fees charged by auditors, and audit reporting lag. Our audit fees model showed that there were significantly lower audit fees after the crisis than during the crisis years. The results also suggest that both Big 4 and non-Big 4 auditors increased their frequency of issuing modified opinions (most of which were going concern opinions) during the crisis period. In our logit going concern models for the individual years we observed change of the auditors’ behaviour during the crisis years 2008-2010. We have also found out that Big 4 auditors increased their audit reporting lag in 2008 but our overall results suggest that the audit reporting lag was shorter during the crisis.