

From Informative to Generic: A Systematic Literature Review of Boilerplate KAM (*Key Audit Matters*)

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ABSTRACT

The implementation of ISA 701 on Key Audit Matters (KAM) aims to increase the transparency and communicative value of auditor reports and reduce audit expectation gaps. However, empirical findings suggest that KAM disclosure is increasingly dominated by boilerplate textual practices in the form of redaction uniformity and narrative repetition, which have the potential to degrade the informative value of KAM and make it merely a form of formal compliance. This study aims to systematically synthesize the latest empirical literature to assess the impact of KAM boilerplate on the communicative value of auditor reports and to identify the factors that encourage its occurrence. The research method used is a Systematic Literature Review (SLR) of 18 reputable journal articles indexed in Scopus and published between 2021 and 2025. The results of the synthesis show that the majority of studies found that KAM boilerplate practices significantly lower communicative value, weaken market reactions, and risk creating pseudo-transparency. However, some studies have shown that KAM remains informative when auditors face high audit and litigation risk and actively apply professional judgment. The determinants of KAM boilerplate were identified at five main levels: auditor characteristics, the routine and organizational structure of KAP, client characteristics, the regulatory and institutional context, and linguistic factors. This study concludes that the main problem with KAM lies in implementation practices rather than the design of the ISA 701 standard.

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1. INTRODUCTION

The development of audit reporting standards over the last two decades has shifted from boilerplate auditor reporting to more transparent, communicative reporting for stakeholders. The publication of the International Standard on Auditing (ISA) 701, Communicating Key Audit Matters (KAM), is a global regulator's response to demands to improve the quality of auditor report information and reduce the audit expectation gap [1].

Conceptually, KAM is designed to identify the most significant audit areas based on the auditor's professional judgement, thereby increasing the relevance, accountability, and informative value of audit reports [2].

However, the latest empirical evidence suggests that such normative goals have not been fully achieved. A number of studies have documented the growing practice of textual boilerplate in KAM disclosures, characterized by editorial uniformity, narrative generalization, and the repetition of texts across periods and between clients in the same industry [3], [4]. This phenomenon raises concerns that KAM has the potential to degrade its function, from a substantive communication instrument to a mere form of formal compliance with audit standards. From the perspectives of legitimacy theory and institutional isomorphism, boilerplate practices can be understood as an audit organization's response to efficiency pressures, litigation risks, and regulatory consistency demands [5], [6].

Capital market research also shows the economic consequences of the phenomenon. Specific and contextual KAM has been shown to influence investor reactions and decision-making quality, whereas boilerplate KAM tends not to provide incremental information to the market [7], [8]. Wang et al. [9] even found that auditors tended to reduce boilerplate and increase the specificity of KAM when faced with a high risk of litigation, indicating that boilerplate use was situational and closely related to auditors' economic incentives.

Although the literature on KAM continues to grow, most pre-2020 studies still focus on the early phases of ISA 701 implementation, regulatory normative expectations, and financial report users' perceptions of the existence of KAM [10], [2]. In contrast, research in the period 2021–2025 shows a shift in focus to empirical evaluation of the effectiveness of KAM, including analysis of text similarity, stickiness phenomena, market response, as well as the use of textual analysis and natural language processing (NLP) methods to measure the quality of audit communication [3], [4], [8]. However, the literature remains scattered and fragmented, and has not been systematically synthesized to provide a comprehensive picture of the determinants and implications of the KAM boilerplate.

Based on the research gap, this study aims to conduct a Systematic Literature Review (SLR) of Scopus indexed journal articles for the 2021–2025 period to answer two main questions: (1) whether the textual boilerplate practice in the disclosure of KAM weakens the communicative value of the auditor's report; and (2) what factors affect the tendency of KAM boilerplates. This study is expected to make theoretical contributions by mapping the determinants of boilerplate KAM across levels of analysis, as well as practical contributions to regulators and the audit profession by helping them formulate more substantive, context-specific KAM implementation policies and guidelines.

2. METHODS

A Systematic Literature Review (SLR) is a rigorous method for synthesizing empirical evidence from multiple studies to produce comprehensive conclusions [11]. Therefore, this study uses the SLR approach to identify, evaluate, and synthesize empirical findings on the disclosure of Key Audit Matters (KAM) and on textual similarity and boilerplate in the auditor's report for the 2021–2025 period. A literature search was

conducted on Google Scholar using relevant keyword combinations and was limited to Scopus-indexed journal articles. The selection process includes the identification stage, title and abstract screening, full-text evaluation, and verification of the Scopus index status. Based on this process, a total of 18 journal articles were selected and used as the basis for the literature synthesis.

Table 1. List of Selected Articles for Review

No	Title	Researcher	Publications	Index	Citation
1	Text Similarity, Boilerplate, and Their Determinants in Key Audit Matters Disclosure	Carle et al. (2023) [12]	Corporate Ownership & Control	Q2	22
2	Processing change: A qualitative study examining the frontstage and backstage of audit firms contemplating the implementation of critical audit matters	Pelzer (2021) [13]	International Journal of Auditing	Q1	19
3	The determinants of linguistic features in key audit matters: Empirical evidence from Europe	Kuster (2024) [14]	International Journal of Auditing	Q1	34
4	Back to where it started—Do expanded auditor's reports become sticky, generic, and boilerplate over time	Seebeck (2024) [4]	International Journal of Auditing	Q1	17
5	How difficult is to understand the extended audit report?	Parte et al. (2022) [15]	Cogent Business & Management	Q2	13
6	It's a matter of style: The role of audit firms and audit partners in key audit matter reporting.	Rousseau & Zehms (2024) [16]	Contemporary Accounting Research	Q1	53
7	Peer effect of key audit matters disclosure	Wu et al. (2025) [17]	China Journal of Accounting Research	Q2	16
8	The art of conversation: the expanded audit report	Minutti-Meza, M. (2021) [18]	Accounting and Business Research	Q2	186
9	The impact of financial risk on boilerplate of key audit matters: Evidence from China	Wang et al. (2024) [9]	Research in International Business and Finance	Q1	6
10	The Power of Words: An Empirical Analysis of the Communicative Value of Extended Auditor Reports	Seebeck & Kaya (2022) [19]	European Accounting Review	Q1	142
11	Disclosure Of Auditor Risk Assessments In Expanded Audit Reports	Dwyer et al. (2023) [20]	Journal of Applied Accounting Research	Q1	17
12	Determinants of Accounts Level and Entity Level Key Audit Matters: Further Evidence	Bepari et al. (2022) [21]	Accounting in Europe	Q1	72
13	Female Audit Partners and Extended Audit Reporting: UK Evidence	Abdelfattah et al. (2021) [22]	Journal of Business Ethics	Q1	175
14	The Textual Similarity of KAM Disclosures for Spanish Companies	Hsieh et al. (2021) [3]	International Journal of Digital Accounting Research	Q2	13
15	How Auditors Identify and Report Key Audit Matters - An Organizational Routines Perspective	Maroun et al. (2024) [23]	The British Accounting Review	Q1	21

No	Title	Researcher	Publications	Index	Citation
16	Do key audit matters matter? Correspondence between auditor and management disclosures and the role of audit committees	Hosseinnia-kani, et al. (2024) [24]	Journal of International Accounting, Auditing and Taxation	Q2	20
17	Key audit matters as insights into auditors' professional judgement: Evidence from the European Union	Cameran & Campa (2025) [25]	Journal of Accounting and Public Policy	Q1	4
18	Are All Auditors the Same? KAM Topic Selection and Audit Procedure Choices in the UK	Chiu et al. (2025) [26]	Journal of International Accounting Research	Q3	3

3. RESULTS AND DISCUSSION

3.1. Research Results

Eighteen articles passed the screening process, and the journal rankings are presented in Table 1. Furthermore, the information in each article is analyzed, including the research methods used, key findings, whether the study found that the use of clichés reduces the informative value of KAM, and the major limitations of each article. A summary of this information is presented in Table 2. Further discussions were held to answer the research questions.

Table 2. Article Analyzing the Impact of Boilerplate Key Audit Matters Disclosure on Communicative Value

Researcher	Research Samples and Methods	Research Results	Boilerplate lowers TAM's informative value?	Research Limitations
Carle et al. (2023) [12]	Testing the similarity of KAM text in German companies (HDAX) in 2017–2019 using Levenshtein Distance and OLS regression.	The auditor systematically copied the KAM from the previous year, thus creating a stickiness phenomenon. The Big 4 auditors exhibit higher text similarity due to the use of internal audit modules and global standardization. The change of auditors decreased similarity, but only in the first year, before returning to the standard the following year. This study confirms that KAM has not fully met ISA 701's objective of increasing informative value, especially when auditors repeat texts without providing a clear risk-based justification.	Yes	The small sample size, focus on German companies, coverage of only three years, and the presence of disruptions, such as the COVID-19 pandemic or the war in Ukraine, could lead to different results in the following period. Evaluations based on Levenshtein distance are open to criticism.

Researcher	Research Samples and Methods	Research Results	Boilerplate lowers TAM's informative value?	Research Limitations
Pelzer (2021) [13]	The public comment was "front stage", which was compared to the "behind-the-scenes" interviews of eight Big 4 auditors and eight non-Big 4 auditors prior to the release of the final CAM standard in America.	The central finding is that there is a significant difference between public narrative (frontstage) and internal practice (backstage). Publicly, the Big 4 have expressed support for CAM/KAM as a tool to improve audit transparency, but internally, auditors are skeptical and predict that CAM/KAM will become the standard and boilerplate. This phenomenon reflects institutional isomorphism and decoupling, in which companies abide by rules for the sake of legitimacy but do not fully believe in the benefits. KAM tends to be cliché, even though its original purpose is to increase the relevance of information.	Yes	Qualitative studies, the results of which are not intended to be generalized to all audit firms. Only 14 of the top 100 non-Big 4 firms have a public statement.
Seebeck (2024) [4]	The company is listed in the FTSE 350 index for the period 2016-2018, which is available on the company's website and from Thomson Reuters Datastream.	Auditors build "standard text modules" that are used repeatedly, thus reducing the informative value. Researchers also found that textual uniformity weakens capital market reactions; investors tend to ignore generic CAMs. The purpose of ISA 701, to increase the relevance of auditor reports, has not been fully realized.	Yes	This study investigated only short-term capital market reactions, which are also expanded in the UK.
Kuster (2024) [14]	This study investigated the determinants and dynamics of the linguistic features of major audit issues (KAM) in European countries by using natural language processing algorithms, including FINBERT.	The linguistic features of KAM are strongly influenced by the auditor's characteristics (e.g., specialization, KAP size), the client's complexity, and the type of KAM. Since 2016, KAM has become longer, more quantitative, and more standardized. A major contribution of this study is to show that the KAM language is not completely homogeneous; There are systematic variations that reflect the auditor's communication strategy as well as the dynamics of risk. This study demonstrates the potential of NLP to understand the quality of audit communication at a more granular level.	No	The problem of endogeneity and a limited time span is 7 years. In addition to computational constraints, the metric used to measure boilerplate is very broad and captures only the level of boilerplate.

Researcher	Research Samples and Methods	Research Results	Boilerplate lowers TAM's informative value?	Research Limitations
Parte et al. (2022) [15]	This article conducts an empirical analysis. Population of companies listed on the main Spanish stock exchanges on December 31, 2017, and 2018.	They found that more than half of the companies disclosed the same KAM in the first and second years, indicating stickiness. In addition, the readability index shows that KAM is difficult for lay readers to understand. There was no improvement in narrative quality from the first year to the second year. These findings suggest that auditors tend to view KAM as a formal obligation, rather than a substantive means of risk communication.	Yes	The study is based only on Spanish companies registered in the second year of its implementation.
Rousseau & Zehms (2024) [16]	KAM in the audit report of the London Stock Exchange's (LSE) major market non-financial companies for the fiscal year ending from the first month of CAM's disclosure (September 2013) to March 2019.	First, we show that the audit firm's style is less important than the partner's in predicting the KAM's results, thereby reducing concerns about 'standard' reporting. Second, we expand the audit reporting literature by showing that the styles of audit firms and partners are important determinants of variations in KAM disclosure. Third, we leverage the KAM setting (where audit reports are entirely within the auditor's authority) to expand the literature on partner decision-making styles by separating the client's financial reporting choices from the auditor's choices.	No	The measure of the audit firm's and partner KAM's decision-making style speaks only to relative differences between firms and partners. The sample of the London Stock Exchange's major market firms tends to point to larger client firms and their auditors.
Wu et al. (2025) [17]	Chinese companies listed on the Chinese Stock Exchange that disclosed KAM from 2017 – 2021. The KAM Disclosure Text method uses the Python jieba package.	The risk of material misrepresentation can dampen the peer effect for clients and auditors who are less economically significant and have more industry specialists, suggesting that these effects reflect rational cost-benefit considerations on the part of auditors. Lastly, the peer effect expands the audit market share but reduces the value of KAM communications. The results show that although inter-company conformity in KAM disclosure significantly increases the audit market share, it also increases stock price synchronicity, thereby reducing the information content of the audit report.	Yes	The sample is limited to Chinese companies listed on the Chinese Stock Exchange that disclose KAM from 2017 – 2021.

Researcher	Research Samples and Methods	Research Results	Boilerplate lowers TAM's informative value?	Research Limitations
Minutti-Meza (2021) [18]	The conceptual and theoretical analysis is supported by empirical literature on expanded audit reports (including KAM/CAM) across various jurisdictions.	Minutti-Meza asserted that the expanded audit report had "unfulfilled promises". Many auditors tend to follow a minimalist approach and are overly cautious, so KAM disclosure is not always an effective means of risk communication. He encouraged regulators to conduct more serious post-implementation evaluations, and advised auditors not to take refuge behind "expectation gaps" to avoid informative disclosures.	Yes	There are a number of inherent limitations of market-based testing of additional information, there is no clear control group.
Hsieh et al. (2021) [3]	KAM in the Spanish company's auditor's report in the fiscal year 2017-2018. Cosine similarity method.	The textuality level of the Spanish company's KAM was very high in 2017–2018, reinforcing the phenomenon of generalization. The similarities among companies indicate that audit procedures are rarely detailed and that auditors tend to use standard templates. The use of very similar KAM may not provide users with precise and detailed information that may be useful to support their decision-making, contrary to the spirit of the extended auditor report	Yes	Limited KAM items to gain further insight into the textual similarities of KAM disclosures in a short time series.
Wang et al. (2024) [9]	Chinese companies listed on the London Stock Exchange (LSE), 2017–2020, similarities measured using Levenshtein Edit Distance	When the client's financial risk is high, the auditor lowers the level of textual similarity and uses more specific language. This effect is strongest in companies with weak governance or in low litigation environments. These findings support the theory that auditors avoid boilerplate when audit risk is high, as it requires greater reputational and legal protection.	Yes	The research sample was limited to Chinese companies listed on the London Stock Exchange (LSE) during 2017–2020, which may limit the generalizability of the findings to other companies, jurisdictions, and regulatory settings.
Seebeck & Kaya (2022) [19]	By using the method of computational linguistics in companies with a premium listing on the London Stock Exchange (LSE)	They found that communicative value increased after the implementation of ISA 700, but the increase was highly dependent on the KAM's specificity. Investors respond only to detailed and entity-specific CAMs. This study provides strong empirical evidence that boilerplate reduces the economic benefits of KAM.	Yes	The results are based on companies in the UK. Capital market testing experiences a relatively small sample size, resulting in low statistical power. It is difficult to completely separate the market reaction to the KAM

Researcher	Research Samples and Methods	Research Results	Boilerplate lowers TAM's informative value?	Research Limitations
	as of August 31, 2016.			disclosure from that to other financial statement disclosures (e.g., management risk disclosures).
Dwyer et al. (2023) [20]	The study manually analyzed the content of disclosures in audit and audit committee reports for a sample of 328 FTSE-350 companies as of year-end 2015.	KAM is often aligned with the audit committee's risk disclosures. However, too much alignment can actually undermine informative value because auditors seem to be simply copying the management narrative. In addition, auditors do not rank KAM risks, making it difficult for users to understand their relative importance. The study recommends that regulators require risk ratings in KAM.	Yes	The sample is limited to one year, one jurisdiction, large companies listed on the stock exchange, and companies audited by Big 4 auditors.
Hsieh et al. (2021) [3]	KAM in the Spanish company's auditor's report in the fiscal year 2017-2018. Cosine similarity method.	The textuality level of the Spanish company's KAM was very high in 2017–2018, reinforcing the phenomenon of generalization. The similarities among companies indicate that audit procedures are rarely detailed and that auditors tend to use standard templates. The use of very similar KAM may not provide users with precise and detailed information that may be useful to support their decision-making, contrary to the spirit of the extended auditor report	Yes	Limited KAM items to gain further insight into the textual similarities of KAM disclosures in a short time series.
Bepari et al. (2022) [21]	The researcher examined company-specific, audit-specific, and auditor-specific factors as determinants of the number of KAM, account-level KAM (ALKAM), and entity-level KAM (ELKAM) for a sample of	Auditors reveal more KAM in large, complex, and high-intensity intangible asset companies. Experienced auditors tend to uncover fewer ALKAMs but more ELKAMs. Female auditors tend to be more cautious and reveal more account-level CAMs. These findings confirm the importance of personal auditor characteristics in the quality of KAM.	Yes	The exploratory approach taken is a limitation of this study. In particular, it is important to know whether the factors studied in this study also influence the information content and communication style in KAM. The data used only covers the first two years since the introduction of ISA 701.

Researcher	Research Samples and Methods	Research Results	Boilerplate lowers TAM's informative value?	Research Limitations
Abdelfattah et al. (2021) [22]	Australian companies. The sample comprises all non-financial companies in the UK listed on the London Stock Exchange's (LSE) FTSE ALL Shares index during 2013-2017.	Female audit partners produce more rigorous, more detailed, and more risk-oriented KAM than male partners. Female auditors are also more conservative in their audit structures and more cautious in risk disclosure. Implicitly, gender partners play a role in the quality of KAM.	Yes	Data and regulations limit this study to UK non-financial companies listed on the FTSE ALL Shares index, so the results may not be relevant for smaller companies.
Maroun et al. (2024) [23]	Interviews with 42 senior staff from large and medium-sized audit firms.	KAP routines, internal negotiations, and client pressure heavily influence KAM identification. Auditors often struggle to distinguish truly significant issues from routine ones, so the KAM selection process remains influenced by organizational politics. Professional assessment, informal exchange of knowledge based on past performance, and undetected routine modifications, countering the isomorphic pressures emanating from the ostensive elements of the KAM routine.	Yes	The focus is on operationalizing ISA 701, using an institutionalized audit context as a starting point.
Hosseinnikani et al. (2024) [24]	Sample of Swedish public companies (2016–2018). Regression Analysis Method.	KAM is often aligned with management disclosures, especially when the audit committee is strong. However, this alignment can be a double-edged sword: it can increase transparency but also reduce the auditor's narrative independence. The results show a correspondence between auditor and management disclosures, and that disclosure increased significantly after the adoption of ISA 701 in Sweden, especially among companies with audit committees.	No	Failing to demonstrate a significant increase in management disclosure after the new regulation, regression analysis, and univariate comparisons raise suspicions that sample size may be the cause of these results.
Cameran & Campa (2025) [25]	A sample of 1,206 KAM related to intangible assets, taxes, income, and M&A of	KAM reflects the auditor's professional judgement and finds that the variation in disclosure is not only a matter of risk, but also of auditor communication strategies. KAM can serve as an audit quality signal, especially when the auditor has a high reputation. In the case	No	Focusing on the German ZAM, the study did not account for the specificities of other countries, thereby limiting the generalizability of the

Researcher	Research Samples and Methods	Research Results	Boilerplate lowers TAM's informative value?	Research Limitations
	companies listed on the German Main Stock Exchange and General Standards in the fiscal years 2017 to 2019. Regression Models Method	of tax-related TAM, we found that tax advisor involvement was positively and significantly associated with audit quality at both the account and entity levels. With respect to revenue-related CAM, we found a significant, positive relationship between the level of audit procedures involving external confirmations and audit quality at both the account and entity levels. Our findings suggest that potentially useful information can be obtained from the audit procedures described.		results. Focus only on specific types of KAM, not all of the audit procedures described in KAM reporting.
Chiu et al. (2025) [26]	Companies listed on the LSE between 30 September 2013 and 31 December 2019. The method described by Lennox et al. (2023) to manually classify each KAM as an entity-level risk KAM or an account-level risk KAMA.	Auditors differ significantly in the selection of KAM topics even though the standards are the same. Partners who are more experienced, more skeptical, or more conservative produce more substantive CAM. In contrast, auditors under high client pressure tend to choose a safer, more generic KAMA. KAM disclosures nonetheless provide a meaningful representation of the audit process, highlighting significant areas of audit concern and consideration.	No	The downside is that categorization cannot be easily automated or replicated. Just observing what is disclosed, not what the auditor is actually implementing, it is possible that the disclosed audit procedures may not be the same as those actually performed by the auditor.

In the context of this study, determination refers to the extent to which independent variables representing the disclosure characteristics of standard Key Audit Matters (KAM) explain variations in the communicative value of auditor reports. Determination is understood not only as a statistical relationship but also as an indication of the extent to which standardization and repetition of the KAM narrative affect the quality of audit communications received by users of financial statements. Thus, the analysis aims to identify the main factors that contribute to increases or decreases in the communicative value of KAM, either directly or through interactions with the company's and audit characteristics. The results of the determination test are presented in Table 3.

Table 3. Determination of Factors Affecting Boilerplate Key Audit Matters Disclosure

Category Determinan	Determinants	Effects on KAM Boilerplate	Empirical Source
1. Auditor-Level Determinants	Audit partner experience	Experienced partners produce more targeted KAM and fewer boilerplate messages.	Bepari et al. [21]; Rousseau & Zehms [16]
	Professional skepticism	Skeptical auditors chose the KAM topic as more substantive rather than generic.	Chiu et al. [26]
	Gender partner (female partners)	Female partners compile KAM more thoroughly and informatively.	Abdelfattah et al. [22]
	Industry specialties	Specialist auditors provide a more entity-specific narrative.	Cameran & Campa [25]
	Auditor commercial pressure	Client pressure encourages the use of standard formats and narratives.	Chiu et al. [26]
	Time pressure and workload	Increase the tendency to use standard text modules.	Maroun et al. [23]
2. Firm-Level & Organizational Determinants	Internal templates/modul KAP	Standard templates improve textual similarity and boilerplate.	Carle et al. [12], Seebeck [4]
	KAP efficiency culture	The focus on efficiency reduces the narrative effort, making KAM feel generic.	Pelzer [13]
	Peer effects between auditors	Homogenization Auditor imitates the structure/content of industry peers' KAMs	Wu et al. [17]
	Isomorphism (pressures)	Normative/mimetic pressures result in narrative uniformity.	Pelzer [13]
3. Client-Level Determinants	Auditor turnover	Reduces temporary stickiness, but has low durability.	Carle et al. [12]
	Client financial risk	High risk, auditors reduce boilerplate and make the narrative more detailed.	Wang et al. [9]
	Business complexity	Complexity drives KAM to be more specific; Low complexity drives boilerplate.	Bepari et al. [21]
	Company size	Large companies have more KAM topics, but are not necessarily more specific.	Cameran & Campa [25]
	The Intensity of Intangible Assets	Produces more KAM, but the narrative is not necessarily deep.	Bepari et al. [21]
4. Regulatory & Institutional Determinants	Disclosure manajemen	Auditors tend to align KAM with management narratives and risks.	Hosseinniakani et al. [24]
	Regulatory enforcement/oversight	Enforcement is low, so the auditor chooses template-based CAM.	Minutti-Meza [18]
	Professional norms & regulatory pressures	Encourage homogenization of language styles between auditors.	Pelzer [13]; Seebeck [4]
	Year of initial implementation of the standard	High boilerplate levels in the early years applied.	Parte et al. [15]
	5. Linguistic & Communicative Determinants	Text readability	Hard-to-read texts are generally generic and less informative.

Category Determinan	Determinants	Effects on KAM Boilerplate	Empirical Source
	Text length	Longer text is not always more informative; often, it simply lengthens the boilerplate.	Kuster [14]
	Specificity/depth of narrative	The most important factor determines whether KAM provides communicative value.	Seebeck & Kaya [19]
	Consistency between years (stickiness)	The high stickiness of the dominance of the copy-paste narrative.	Seebeck [4]
	Commonality between companies (generality)	High similarity is strong evidence of boilerplate.	Hsieh et al. [3]

3.2. Discussion

3.2.1 Boilerplate Disclosure KAM and Impairment of Communicative Value Auditor Reports

Carle et al. [12] show the phenomenon of KAM stickiness in Germany, where auditors consistently copy KAM texts from the previous year. This practice is mainly found in the Big 4 KAP, which relies on internal audit modules and global standardization. Although auditor turnover may decrease the level of text similarity, the effect is temporary and returns to the standard pattern the following year. These findings confirm that an increase in the substance of audit risk communication does not always accompany formal compliance with ISA 701. Similar results were found by Parte et al. [15], Hsieh et al. (2021), and Seebeck [4], who showed that generic and elusive KAM does not improve audit quality or market reactions. Investors tend to ignore KAM because it is too uniform and does not provide new information (incremental information). Seebeck and Kaya [19] explicitly demonstrate that only specific, detailed KAM has economic value, while boilerplate disclosure negates the benefits of ISA 701. The findings of this study align with the international literature, which shows that boilerplate practices in the disclosure of Key Audit Matters (KAM) systematically reduce the communicative value of auditor reports. A number of cross-jurisdictional empirical studies document auditors' tendency to use repetitive, standardized, and less entity-specific KAM text, which ultimately undermines the primary purpose of ISA 701.

In the context of institutional theory, Pelzer [13] provides an important explanation through the concepts of institutional isomorphism and decoupling. Auditors publicly supported KAM as a transparency innovation but internally predicted it would become a cliché. This reinforces the argument that boilerplate disclosure is a consequence of legitimacy pressures, rather than a reflection of risk-based professional judgment.

Nevertheless, the literature also shows that boilerplate is not entirely deterministic. Wang et al. [9] and Wu et al. [17] found that as audit risk and litigation risk increased, auditors reduced textual similarity and used more specific language. Thus, boilerplate can be understood as the result of cost and benefit considerations, rather than mere standard failures.

Overall, this discussion confirms that TAM's boilerplate disclosure lowers the communicative value of auditor reports, especially when auditors prioritize efficiency and reputation protection over substantive risk communication.

3.2.2 KAM can Mitigate Audit Expectation Gap

One of the main normative justifications for the implementation of ISA 701 is its potential to mitigate the audit expectation gap, which is the gap between what financial statement users expect and what auditors actually do. The literature shows that KAM's effectiveness in reducing the expectation gap depends heavily on the quality of the narrative and the specificity of the disclosure. Minutti-Meza [18] stated that the expanded audit report had "unfulfilled promises". Auditors often take refuge in the expectation gap to justify minimalist disclosure, so that KAM fails to serve as a means of educating users about the scope and limitations of audits. In these conditions, KAM has the potential to create pseudo-transparency, which is a condition where users feel they have an understanding or control over their data, when in reality they are only given the illusion of transparency or incomplete access to information, often in the context of technology or data privacy, creating a false sense of trust or false satisfaction with the way their data is used.

In contrast, studies such as Cameran & Campa [25] and Chiu et al. [26] show that the KAM reflects the auditor's professional judgment, for example, by explaining concrete audit procedures and risk considerations that can serve as an audit quality signal. This kind of disclosure helps users understand key risk areas without obscuring the auditor's role, potentially narrowing the audit expectation gap. However, when KAM is overaligned with management or audit committee disclosures, as found by Dwyer et al. [20] and Hosseinniakani et al., the auditor's narrative becomes questionable. In this situation, the audit expectation gap does not decrease; instead, it shifts to doubts about the auditor's objectivity. Thus, KAM can only mitigate the audit expectation gap if it is structured as an entity-specific, risk-based, and reflective assessment of the auditor's professional judgment, rather than merely regulatory compliance.

3.2.3 Communicative Value in KAM Disclosure KAM

The communicative value of KAM is determined by the extent to which the information disclosed is relevant, understandable, and valuable for the decision-making of financial statement users. The literature shows that these values are heterogeneous and influenced by the characteristics of auditors and clients, as well as by institutional contexts. Kuster [14] and Rousseau & Zehms [16] reject the view that KAM is completely homogeneous. They found systematic variation in the linguistic features of KAM influenced by audit partner styles, auditor specialties, and client complexity. This shows that KAM still has communicative potential, even within a strict set of standards.

NLP-based studies, such as Wu et al., also show that intercompany conformity in KAM disclosure improves audit market efficiency but, at the same time, reduces disclosure informativeness and increases stock price synchronicity. This means that the communicative value of KAM not only affects users of financial statements but also shapes the dynamics of the capital market. Furthermore, Bepari et al. [21] and Abdelfattah et al. [22] emphasize that

the auditor's personal characteristics, including experience and the partner's gender, play an important role in the quality and style of KAM's communication. These findings support the argument that the communicative value of KAM results from the interaction among standards, institutions, and individual auditor agencies.

3.2.4 Determinasi Boilerplate KAM: Auditor, Firm & Organizational KAP, Client, Regulatory & Institutional, and Linguistic & Communicative Determinants

The synthesis of 18 studies found that auditors' tendency to produce boilerplate KAM was influenced by factors at the auditor level, the organization of the KAP, the client's characteristics, the regulatory context, and linguistic elements. At the auditor level, professional qualities such as experience and skepticism have been shown to drive more substantive KAM [21] [26]. At the same time, individual factors such as partner gender are also influential, as female partners tend to be more careful and detailed in their professional judgments [22]. In contrast, commercial pressures and workloads encourage auditors to use standardized narratives to improve efficiency, thereby reducing boilerplate [23], [13]. At the organizational level, the existence of internal templates and KAP standard modules, especially in the Big 4, is a major driver of narrative homogenization and text similarity [12] [4], while peer effects among industry auditors reinforce imitation and uniformity practices [17]. On the client side, financial risk and operational complexity encourage auditors to draft more specific KAMAs, while low-risk firms tend to accept a generic narrative [9], [21]. The similarity in language between auditors and management also suggests auditors' reliance on management disclosures, which may reduce communication independence [24], [20]. Regulatory factors play an important role, as low enforcement makes auditors more likely to adopt an administrative formality approach [18]. Finally, linguistic factors such as low readability, overly long text, stickiness across years, and uniformity across companies [3], [14] make it clear that many auditors expand the text without increasing substance, so that the communicative value of KAM remains low [19]. Overall, these determinants show that the quality of KAM is highly dependent on the interaction between the auditor's professional judgement and the various institutional pressures that shape the KAM preparation process.

4. CONCLUSION

This study shows that the main challenge of Key Audit Matters (KAM) lies not in the design of ISA 701, but in its implementation practices that tend to be standardized and efficiency-oriented. A synthesis of the literature indicates that the use of generic narratives reflects auditors' compromises between substantive transparency demands and institutional pressures, such as litigation risk, reporting consistency, and resource limitations. In these conditions, the communicative value of KAM is highly dependent on the auditor's ability to apply professional judgement in a contextual and risk-based manner.

The implications of this study confirm the importance of emphasizing the substance of audit communication, both in developing audit reporting theory and in the practice of regulation and professional supervision. Regulators and public accounting firms need to encourage more entity-specific, easy-to-understand KAM disclosures to ensure audit transparency is not merely symbolic. This study has limitations because it relies on cross-

jurisdictional studies with diverse observation periods and measurement approaches, and because it is dominated by short-term capital market-based testing. Therefore, further research is recommended to develop a more holistic measure of KAM quality, expand the context of developing countries, and examine the impact of KAM on non-investor stakeholders. Broadly, this research contributes to strengthening the public's understanding of the importance of audit communication quality as a foundation of trust in accountability and financial governance.

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