

## AUDIT REASONABLENESS EXPECTATION GAP: USERS' PERCEPTION IN NIGERIA

**Dr. Austine O. Enofe**

Department of Accounting, University of Benin, Nigeria

**Dr. Chijioke Oscar Mgbame**

Department of Accounting, University of Benin, Nigeria

**Edosa Joshua Aronmwan**

Department of Accounting, University of Benin, Nigeria

**Ivie Eloghosa Ogbeide**

Department of Accounting, University of Benin, Nigeria

### ABSTRACT

*This study sought to examine users' perception of reasonableness audit expectation gap in Nigeria. The survey research design was employed and Information was sought from respondents using a structured likert scale questionnaire. The hypothesis raised was analyzed using the ANOVA test statistics. The study found that there exist a reasonableness gap between auditors and users (managers, investors and the public) of audit report as regarding the responsibilities of auditors. Based on our findings, we recommend education as a method to reduce unreasonable expectation of the public and even users of audited reports. Such awareness can be created by enriching the curriculum of Nigerian tertiary institutions and by formal or informal awareness campaign by both government and auditing profession from time to time through appropriate media not just for their members alone but also for the auditing community as a whole.*

Keywords: Audit expectation Gap, Reasonableness Gap

### 1.0 Introduction

Auditing as a discipline evolved because of the practice of stewardship accounting. Then, landowners as well as property owners appointed individuals to manage their resources for a period, after which the stewards present an accountability report (stewardship account) (Millichamp, as cited in Akinbuli, 2010). Over the years, this simple concept became complex due to industrialization and emergence of limited liability companies wherein the divorce of ownership from control and management exist. To ensure that owners' resources were safe, management according to the Company and Allied Matters Act, 1990 as amended is expected to present a report (financial statement) and this report is examined by an independent third party (the auditor) who expresses an opinion on the report presented thereby adding credibility to it. Due to recent happenings especially after the collapse of Enron and loss of confidence in Anderson's accounting firm, introduction of the Sarbanes Oxley Act of 2002, increase in litigations and criticisms of auditors, there have been many questions relating to the audit expectation gap, which is opine to be the major reason behind the litigation stories (Lee, Ali, & Kandasamy, 2008). Furthermore, the corporate financial irregularities and related fraud that occurred in Nigeria in recent times (Wema Bank, NAMPAK, Finbank, and Cadbury) have drawn the attention of investors and regulators alike to the profession (Adeyemi, & Uadiale, 2011).

Audit expectation gap exist between auditors and users of financial information because of the perception of the latter, on the roles and duties of the former, and what they (auditors) actually do. According to Fadzly and Ahamd (2004), it is the vital role an audit plays that has caused many to believe that the level of assurance provided by the auditor is a "Perfect Assurance" therefore anything short of this creates a problem, "Audit expectation gap" (AEG).

The term "Audit Expectation Gap" was first introduced to the audit literature by Liggio in 1974. He defined the Audit Expectation Gap (AEG) as the difference between the levels of expected performance as envisioned by users of financial statement and the independent accountant. Furthermore, Owen (2005) defined audit

expectation gap as the gap between the role of an auditor, as perceived by the auditor and the expectation of the users of financial statements. In addition, Ajayi (2007) observed that users' expectation of the duties and responsibilities of external auditor is different from the statutory duties and responsibilities of these auditors. The gap between these two is what he referred to as expectation gap.

According to Gupta, (2005), there is a widespread feeling amongst the users and regulators that independent audit is not accomplishing its perceived objectives fully. This feeling is particularly accentuated whenever there is a financial scandal. Whittington and Pany (2004) are of the view that these financial scandals have not only caused erosion of trust in the capital market but have also created a crisis of credibility for the auditing profession.

### **1.1 Statement of the Research Problem**

We infer that the expectation of both auditors and users differ and this is degenerating into a credibility problem for the accounting and auditing profession. While users on one hand expect a perfect assurance from the auditors that is, having conducted an audit exercise and expressed an unqualified opinion, such report should not result in an ill situation at all. They believe that as long as the auditor expresses his opinion, such report therefore is free from fraud and other reporting improprieties since he must have examined all the books. On the other hand, the auditor feels differently in that having acted within the relevant extant legislation and applicable standards, he is satisfied that his opinion, as expressed is objective and independent which are the cornerstones of auditing. Hence a gap becomes inevitable. According to Sikka, Puxty, Willmott and Copper (1998), the audit expectation gap is so threatening because the greater this gap, the lower the confidence and reliability in the works of auditors. Therefore, if an attempt to avoid loss of credibility, reliability, and confidence in the work of auditors in Nigeria must succeed, the issue of expectation gap needs attention.

Lee, Ali and Gloeck (2009) opine many studies and researchers have been made in this area in countries ranging from the United States, United Kingdom, Australia, India to Egypt, Malaysia and even South Africa all pointing that audit expectation gap exist between auditors and users of financial statement (called users after now) within their various environment with little or no studies in Nigeria to the best of our knowledge. It is therefore against this background that this research seeks to address the issues of audit expectation gap in Nigeria.

It is in light of the above issues that the following research questions are put forward:

Do users expect auditors to legally give absolute assurance?

Is there a difference in perception between users and auditors as regards auditors' responsibility for fraud detection and prevention?

Is there a reasonableness expectation gap between users and auditors?

### **1.2 Research Objectives**

This study seeks to determine if:

Users expect auditors to provide absolute assurance services

Users and auditors differ as regards auditors' duty for fraud detection and prevention

Reasonableness expectation gap exist between auditors and users of audit report.

### **1.3 Research Hypotheses**

For the purpose of achieving our objectives, the following hypotheses stated in their null form are put forward:

H1 Users do not expect auditors to give an absolute assurance

H2 Users and auditors do not agree as regards the auditors' duty for fraud detection and Prevention

H3 There is no reasonableness audit expectation gap between auditors and users of audit reports

## **2.0 Review of Literature and Hypothesis Formulation**

### **2.1 Brief History of Auditing**

The origin of auditing can be traced to the ancient Greek and Egyptian civilization. According to Biocon (1962), early auditing was obligatory and centered on identifying fraud and financial irregularities. In the eighteenth century, where the role of the auditor was to determine the integrity of individuals charged with fiscal responsibilities. Then, the kind of audit usually done was the public hearing of the performance results of government official and the critical evaluation of the charge and discharge accounts with the objective of

determining the accountability of the individuals. With the emergence of corporate and joint stock companies in the nineteenth century, one would have expected a shift in perception of users on the objective of an audit but this did not happen. According to Salelin (2005), there was a functional shift much later in the responsibility of auditors from 'true and correct view' to 'true and fair view' caused by a paradigm shift in the audit process. He further opines that this also caused a change in audit opinion from 'complete assurance' to 'reasonable assurance'. However, this functional shift cannot be said to have caused a shift in users' perception as they expect the auditors to perform functions such as taking responsibility for any error or irregularity in the financial statements, perform a 100% check instead of sampling check, audit reports should play the role of early warning signals or indicators of corporate distress just to mention a few (Koh & Woo, 1998, Okoye & Okaro, 2011).

## **2.2 Overview of Audit Expectation Gap (AEG)**

The concept of expectation gap was first identified in auditing literature in 1974. According to Liggio (1974), as cited in Lee, Ali and Gloeck (2009), audit expectation gap is the difference in the expected performance of auditors as perceived by the users of financial information and the auditors. Woodcliff (1995) opines audit expectation gap as the difference in perception between auditors and the public about the duties and responsibilities of auditors and the messages expressed by audit reports. In the word of Porter and Gowthorpe (2004), the audit expectation gap is the difference between societal expectation of auditors and the perceived performance of auditors by the same society. They argued that this gap has two major components: reasonableness gap and performance gap and thence extended the definition as given by Liggio. While Liggio believed that the gap is because of the unreasonableness of the society and therefore defined it in that line, Porter and Gowthorpe (2004) opined differently and therefore defined it from the angle of reasonableness and performance. In their opinion, the reasonableness gap is a result of the difference in what the society expects the auditors to achieve and what the auditors are reasonably expected to achieve; the performance gap is the difference between what the society expects auditors to accomplish and what they are perceived to have accomplished.

Furthermore, they divided the performance gap into deficiency in standards and deficiency in performance. Approaching the matter differently, Imen and Cyrstelle (2009) viewed the audit expectation gap as a social construct created by auditors to justify their inadequacy to meet the public's expectations; they argued that the gap is a result of the lapses from auditors and not necessarily the public.

The American Institute of Certified Public Accountant (AICPA), (as cited in Dixon, Woodhead, & Sohlimen, 2006) described the gap as the difference between what the public and users of financial information believe the auditors are responsible for and what the auditors believe they are responsible for. In line with this view, Ojo (2006) explained the gap as the difference between what the public and users perceive an audit to be and what the audit profession claims their responsibilities are. In the words of the researcher, auditors render services therefore, the difference between what the auditors, actually do (accomplish) and what the beneficiaries of the services both directly and indirectly (users) expect, gives rise to the audit expectation gap.

Many explanations have been given as the causes of the existence of the audit expectation gap from users of the audit in both past and recent times. Humphrey (1992), (as cited by Lee & Azham, 2008) pointed out that an expectation gap may occur as a result of time lags between the accounting profession, identifying, and responding to continually changing and expanding public expectations.

For example, in the United States (US), Ernest and Young (2002) found that fund managers also use non-financial performance measures in decision-making and in this regard, the public is requesting the expansion of assurance function to cover not just the financial measures but also the entire scorecard of an organization.

According to Gaa (1991), the audit expectation gap is direct fallout from the political game between two contending parties viz the public and the auditors. This is also supported by sikka, puxy, willmott and cooper (1998) in which they argued historical and political contexts can give indications within which expectations are formed and transformed. They assert that audit as a social practice is subject to constant shifting in meaning because the social context of auditing changes continuously as a result of interaction and negotiation. The conclusive end that can be deduced from their argument is that audit expectation gap will continue to exist.

Another reason identified is the unreasonable expectation and a misunderstanding by the auditors and users of the audit functions. This view is consistent with the finding of Porter and Gowthorpe (2004). That is,

unreasonable expectation by the public at large was the main factor representing 50% of the audit expectation performance gap in the UK. Furthermore, Humphrey, Moizer and Turley (1992) argued that the audit expectation gap was caused by the public's misunderstanding of the audit function, by over-exaggerated responses to the isolated failings of individuals.

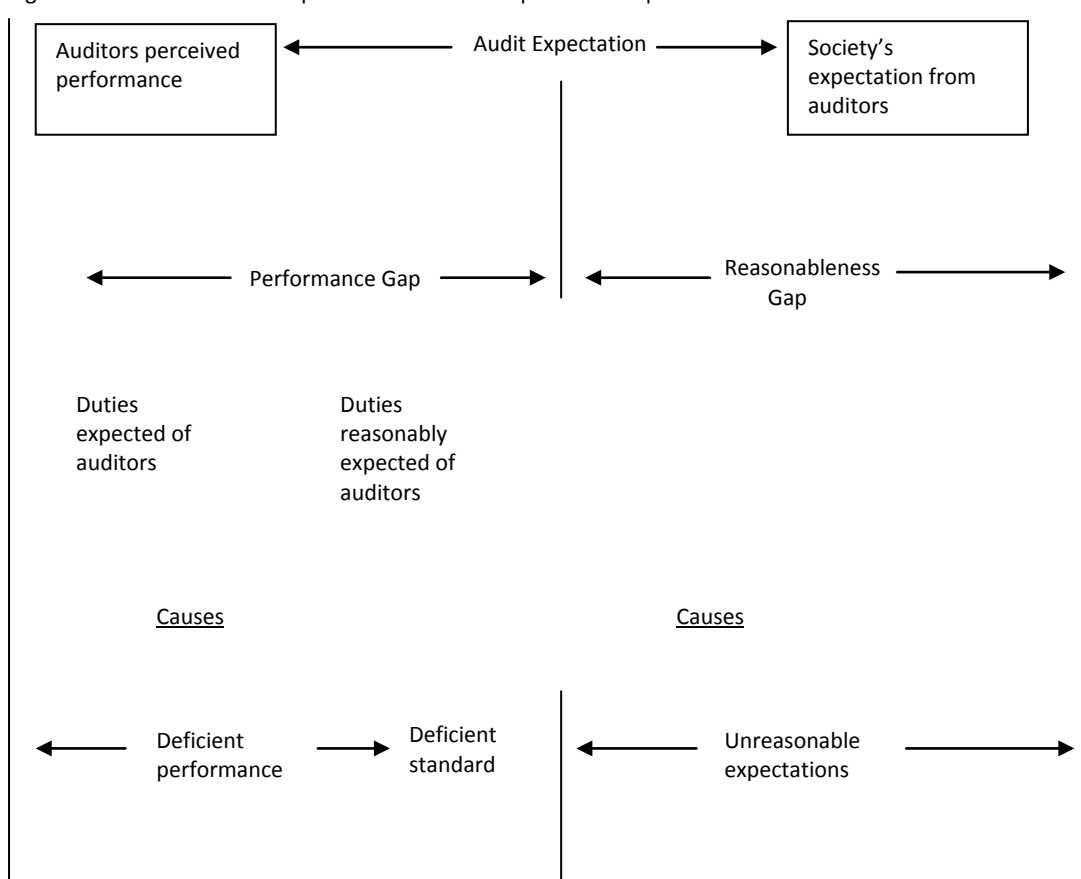
Clearly, from the discussion above, the audit expectation gap exists because of various factors. It is reasonable to point out that the changes in the auditing environment have prompted the expectation questions. However, the underlying reasons for the existence of the audit expectation gap lie on its main players; the auditors and the users.

On one hand, it is a direct result of the audit profession failing to respond appropriately to new issues arising from changes in the audit environment. For example, the refusal of auditors to assume responsibility for fraud detection and reporting exercise, and their involvement with non- audit services appear to have extended the audit expectation gap. On the other hand the gap exists due to a misunderstanding or a lack of knowledge of the users over the audit function. The misunderstanding then leads to unreasonable expectations. Perceived performance of auditors is an element, which is difficult to measure as it changes consistently. However, it is possible to substantially reduce but not to totally eliminate (Olowokere, 2010).

**2.3 Components of Audit Expectation Gap**

Initially, it was argued that the gap was because of unreasonableness of society's expectation (Fadzly & Ahmad, 2004) but over time, it has been researched to find that the gap has various components as against initial reasoning.

Figure 2.3: Structure and Component of the Audit Expectation Gap



Source: Adapted from Porter and Gowthorpe (2004)

#### **2.4 Reasonableness Gap**

This gap explains the difference between what the society expects from auditors and what auditors are reasonably expected to do. According to figure above, it can be seen that the major cause of this gap is in the unreasonable expectations of users. Salehi (2011) further opines the probable causes of the reasonableness gap include misunderstanding and misinterpretation by users, users over expectations of auditors' performance, inadequate knowledge of users in auditors' responsibilities. Reasons for this expectation are not farfetched. In the early 1990, auditors were engaged to render almost "absolute assurance" service, with the detection and prevention of fraud as a major objective. However, due to changes in the business environment, the "absolute assurance" services was replaced with "reasonable assurance" and with expression of opinion on the truth and fairness of the report by the auditors as the major objective (Salehi & Rostami, 2009; Fadzly & Ahmad, 2004). Despite this change, the public's expectation remained unchanged thereby accounting for the reasonable gap.

#### **2.5 Performance Gap**

This was actually emphasized by Porter in 1993 (as cited in Porter & Gowthorpe, 2004). This gap is defined as the difference between what is reasonably expected by society, and what is perceived to be achieved. It is further broken down into deficient standard gap and deficient performance gap.

##### *Deficient Standard Gap*

According to Akinbuli (2010), the deficient standard gap is the difference between what auditors are reasonably expected to do by the society (users) and what the laws, standards etc. require them to do. It is the gap between the responsibilities expected and the responsibilities expressly defined by statutes. Although some of these responsibilities expected are unreasonable, few are actually reasonable and therefore show the defect in standard (Porter & Gowthorpe, 2004).

##### *Deficient Performance Gap*

The failure of auditors to perform up to the reasonable responsibilities expectation of the society is referred to as a deficient performance gap. That is, when auditors are perceived to perform below standards. Akinbuli (2010) used the word 'rotten auditing gap' to describe the perceived underperformance of the auditors by the users, a performance inconsistent with professional standards. Some of the adjudged reasons for this gap are provision of non-audit service by auditors, dependence of auditors on management, self and conflicting interest of the auditors... just to mention a few.

#### **2.6 General causes of Audit Expectation Gap**

So many reasons have been adduced as the causes of the audit expectation gap experience between auditors and users. Sharhk and Talha, (2003) opines some of the widely suggested reasons to include the following viz the probabilistic nature of auditing, the ignorance and unreasonable expectation of users, evolutionary development of audit responsibilities which creates response time lag to changing expectation, attempts by the profession in controlling the direction of the expectation gap. Some other reasons as observed in literature are auditors' dependence, unreasonable expectation by users, ignorance in the parts of users as to the responsibilities of auditors, audit-reporting model, and perceived auditors responsibilities.

For the purpose of this work, we shall limit ourselves to just one aspect of audit expectation gap viz reasonableness gap. With respect to this, we shall focus on auditors' responsibilities and duties as this is used in extant literatures as proxy for reasonableness gap.

#### **2.7 Auditors' Responsibilities and Duties**

It should be noted that the duties of an auditor in Nigeria are as defined by statutes i.e. Companies and Allied Matter Act (CAMA) 1990 as amended, Generally Accepted Auditing Standards (GAAS) and International Standards on Auditing (ISA). The auditors are not expected to perform any duty outside these, which have been defined.

Some of the responsibilities as defined by statutes for auditors include:

*S.360 & 359 (CAMA 1990 as amended)*

Express an opinion in the report prepared by management as to the truthfulness and fairness

Must state in his report if he obtained all necessary information and explanations relevant

If proper books of account have been kept

Proper returns have been obtained from branches not visited

If the account are in agreement with the records

If the balance sheet and income statement show a true and fair view of the position and performance of the company

Aside the above, professional and regulatory bodies issues guidelines and standards that should be observed in the course of carrying out an audit. If the responsibilities expected by the public most times fall outside the scope of the one defined by statute, then such can lead to the existence of a gap.

### **2.8 Prior Researches on Audit Expectation Gap**

The issue of audit expectation gap is not new; it dates back to 1974 when liggio was considered the first to use the concept in auditing literature (Sidani, 2007; Koh & Woo, 1998; Fadzly & Ahmad 2004), various researches have been conducted in different countries over the years.

Koh and Woo (1998) embarked upon a research in which the objective was to identify the nature and structure of audit expectation gap and proffer ways by which the gap can be reduced. Issues such as expanded audit reports, education, structured audit methodologies were outlined as possible ways of minimizing the gap. Closely related to this research is the work by Lee, Ali and Kadasamy (2008) which sought to address the practicality of the suggested solutions of Koh and Woo (1998). They opined that education, structured audit methodologies, expanded audit report, and expansion of auditor's responsibilities are merely theoretical ways of reducing the gap citing Malaysia as an example.

Best, Buckby and Clarice (2001) also conducted a research on audit expectation gap. They used a questionnaire survey and the Mann Whitney test in their analysis; they discovered that there existed a wide gap between auditors and users with respect to auditors' responsibilities especially in the area of fraud prevention and detection maintenance of accounting record and the exercise of judgment in selecting audit procedures. Furthermore, their finding supported the call for the change of the wordings of the audit report from the short form to the long form.

Fadzly and Ahmad (2004) extended the research already conducted in Malaysia to include an experiment to determine the practicality of education as a tool for minimizing the gap. They observed the presence of audit expectation gap between auditors and users (bankers, investors, and stockbrokers) as relating to auditors responsibilities for fraud prevention and detection, preparation of accounts and internal control. They also noticed that auditors' scope of legal responsibility and culpability were significant contributions to the gap. Furthermore, observations from the experiment conducted revealed the reduction in expectation gap when users were educated using reading materials thereby buttressing on the effectiveness of education.

Still, in 2004, some empirical researches were conducted in the United Kingdom and People's Republic of China by Porter and Gowthorpe, (2004) and Lin and Chem, (2004) respectively. In the UK, Porter and Gowthorpe undertook a study to investigate the structure, composition, and extent of the audit expectation performance gap in both UK and New Zealand; they compared the results both longitudinally and cross-culturally, it revealed that the audit gap comprised the reasonableness gap, deficient standard gap and deficient performance gap. Significant contribution to these gaps respectively were; society's lack of knowledge despite the introduction of the long form audit report; auditors not reporting on matters that dealt with reliability of information presented in the annual report regarding directors' remuneration policy and record; inadequate monitoring by regulatory bodies in order to enhance performance. Similarly in China, using a mailed questionnaire survey and T-test analysis, it was discovered that the audit expectation gap existed in the areas of auditors' responsibility to fraud, third party liability, and audit objective. It was argued that factors such as clearly stating the responsibilities of auditors and management towards fraud, improving standards for independence to enhance performance must be in place for the audit expectation gap to be reduced.

Other scholarly works on audit expectation gap include Dixon, Woodhead and Sohman 2006); Imen and Chrystelle (2009); Ojo (2006); Sidani (2007); Salehi, Mansour and Azary (2009) etc. All these studies revealed the presence of expectation gap. Most of them adopted questionnaire surveys and few extending to include interviews or experiment as research instruments. Furthermore, the T-test or Mann Whitney test for analysis was employed.

## 2.9 Theories on the Roles of Auditors

The theories that are put forward here are some of the major theories from which the roles and need of auditing can be informed. These theories may help us appreciate why there are diverse perceptions to the roles or responsibilities of auditors.

### *Policeman Theory*

According to Hayes, Schilder, Dassen and Wallage (1999), this was the dominant theory on auditing until the 1940s. This theory advocates that an auditor play the role of a police officer focusing on arithmetical accuracy and on prevention and detection of fraud. They further opine that the inability of the theory to explain the shift of auditing to verification of truth and fairness of the financial statements' has made it lose its explanatory power.

### *Agency Theory*

This theory analyses the relationship between two parties; investors and managers, where managers are seen as agents, acting on behalf of the principal (investors) for a consideration. According to this theory, managers will always want to act in self-interest, which most times are contrary to the interest of investors. Therefore, the role of the auditor is to ensure that the interest of investors is protected (Anderson & Emander, 2005; Fiet, 1995).

### *Stakeholder Theory*

This is an extension of the agency theory. It came up as an argument against the premises that not only investors have interests in the organization as such the role of the auditors is to ensure that all who have stake in the a business are protected by acting as watchdogs to the activities of management.

## 3.0 Methodology

The survey research design was used and it is similar to the ones used in Dixon, Woodhead and Sohlman (2006) and Fadzly and Ahmed (2004), which was also described by Denscombe (2003) but with slight modifications. This design was employed as it provided the advantage of effective and efficient collection of information from a large number of respondents and its ability to use statistical techniques to determine statistical significance.

A sample size of 400 comprising auditors and users (investors, managers and the public was selected from the population of auditors and users using the simple random sampling technique. The data collection tool is a structured five point likert type scale questionnaire, which has two (2) sections; Section A and Section B. The section A contained five (5) questions, while section B contained Eight (8) questions.

The hypothesis was tested using ANOVA test for analysis. This test was informed on the premise that it can be used to test for differences between means of two or more groups selected from the same population.

## 3.1 Data Analyses and Testing of Hypotheses

### 3.1.1 Reliability Test

Table 3.1 Cronbach Reliability Test

Questionnaire Section B	Cronbach's Alpha	Number of Items
Responsibility questions	0.978	8

Source: Researcher's computation (2013)

A critical look at the above table reveals the extent of internal consistency of the scales and questions put forward to respondents. On the average, the cronbach's alpha is approximately 98%, which according to the George and Mallery (2003) is an excellent score for reliability.

Table 3.2: Demographic Factor and Response Rate

	Number of survey	Number of response	% of response rate	Sex		Knowledge of accounting & auditing	
				M	F	Y	N
Auditors	100	80	80%	56	24	80	-
Managers	100	76	76%	52	24	64	12
Investors	100	76	76%	36	40	68	8
Public	100	88	88%	44	44	76	12
Total	400	320	80%	188	132	288	32

Source: Researcher's computation (2013)

From table 5.2, 100 questionnaires each were administered to our groups of respondents. A total of 80 questionnaires were returned by the auditors (80% response rate), 76 from managers (76% response rate), 76 also from investors (76% response rate) and 88 from the general public (88% response rate). Furthermore, based on sex, most of our respondents were males (188) and a good number of our respondents claimed to have knowledge in the field of accounting and auditing.

### 3.2 Hypotheses Testing and Analyses

In this section, we seek to restate our hypothesis, test, and analyze the results. The decision rule is to reject the null hypothesis if the F-calculated is greater than the F-critical (p-value is lower than 0.05) or accept it if otherwise.

- H1: Users do not expect auditors to give an absolute assurance
- H2: Users and auditors do not agree as regards the auditors' duty for fraud detection and Prevention
- H3: There is no reasonableness audit expectation gap between auditors and users of audit reports

Table 3.2.1: Testing of Hypothesis

Total	Auditors	Managers	Investors	Public	Users	FS	PV
Question 6	4.0	4.26*	4.21*	4.68*	4.42*	7.14	1.4E-5
Question 7	4.75	4.37*	4.32*	3.82*	4.12*	24.06	7.1E-18
Question 8	4.65	2.84*	3.63*	3.68*	3.42*	37.14	1.9E-26
Question 9	2.95	4.79*	3.95*	4.59*	4.47*	44.26	8.4E-31
Question 10	4.45	4.21*	4.16*	3.68*	3.90*	16.81	9.3E-13
Question 11	2.9	4.16*	3.79*	4.82*	4.35*	41.95	2.0E-29
Question 12	2.15	2.84*	3.05*	3.32*	3.12*	11.98	3.2E-9
Question 13	4.95	4.68*	4.16*	4.45*	4.44*	19.01	2.8E-14
Total	32.7	35.27	34.32	36.09	35.30	218.93	

\* Sig diff @ 0.05, FS=F-statistics, PV = Prob. Value

From the above table, we observe that for all the questions asked on the responsibilities of auditors, there were significant mean differences between the various groups of respondents. In specifies, question 6, which relates to *hypothesis one* (type of assurance to be provided by the auditor) reveals that managers, investors and the public believe the auditors are responsible for perfect assurance and not reasonable assurance. With respect to question 7, which bothers on managements responsibility for producing the financial report, users and auditors differ in their perception of who is responsible for preparing the financial statement. This finding is in agreement with the findings of Fadzly and Ahmad (2004) but contrary to the findings by Best et al (2001). Questions 8, 9, &



10 relate to *hypothesis two* (fraud detection and prevention). Interestingly, the rating for auditors is close to three (midpoint), which may indicate uncertainty over their detection role. Furthermore, the result shows that users agree within themselves that management is responsible for preventing fraudulent actions. Questions 11, 12, & 13 bother on responsibilities of auditors to shareholders and attendance in annual general meetings. The results show that auditors and users significantly differ in perception as regarding these responsibilities. As regards *hypothesis three* (presence of reasonableness gap), since for all the questions the observed F statistics is greater than the F critical, we therefore reject the null hypothesis and accept the alternative that there is a significant difference in users' perception of the responsibilities of auditors.

#### 4.0 Summary of Findings

In summation, our findings indicate that Users expect the auditors to give absolute assurance. Users and auditors are in agreement as regards the auditors' duty for fraud detection and prevention. There is the presence of reasonableness audit expectation gap between auditors and users of audit reports. Our findings are in line with the American Institute of Certified Public Accountant (AICPA), (as cited in Dixon, Woodhead, & Soliliman, 2006), Best et al (2001), Fadzly and Ahmad (2004), Porter and Gowthorpe (2004), Ojo (2006)... just to mention a few. They generally assert audit expectation gap can be a result of discrepancies between what the public and users of financial information believe the auditors are responsible for and what the auditors believe they are responsible.

#### 4.1 Conclusion

This study sought to examine users' perspective of reasonableness audit expectation gap in Nigeria. Information was sought from respondents using a structured likert scale questionnaire. We basically found out that there exist a reasonableness gap between auditors and users (managers, investors and the public) of audit reports as regarding the responsibilities of auditors.

#### 4.2 Recommendations

Based on our findings, we recommend that users be enlightened about the true responsibilities of auditors. We prescribe education as a method to reduce unreasonable expectation of the public as well as users of audited reports. Such awareness can be created by enriching the curriculum of Nigerian tertiary with subjects that relate to auditing. Furthermore, awareness campaign should be organized by both government and auditing profession from time to time through appropriate media not just for their members alone but for the auditing community as a whole. These campaigns or seminars can be formal or informal depending on the level and nature of the target audience.

#### References

- Akinbuli S.F (2010). The effect of audit expectation gap on the work of auditors: The profession and users of financial information. *The Nigerian Accountant*, 43(4), 37-47.
- Adresson, C., & Emander, C. (2005). *The new auditing standards in Sweden*, (Unpublished Bachelor thesis, Golebung University), Sweden.
- Best, P.J., Buckby, S., & Clance, T. (2001). Evidence of audit expectation gap in Singapore. *Managerial Auditing Journal* 16(3) 134-144. <http://dx.doi.org/10.1108/02886900110385579>
- Brown, R.G. (1962). Changing audit objective and techniques. *The Accounting Review*, 37(4), 696-703.
- Dixon, R., Woodhead, A.D., & Sohlman, M. (2006). An investigation of the expectation gap in Egypt, *Managerial Auditing Journal*, 21(3) 293-302. doi 10.1108/02686900610653026.
- Ernst, C. G. & Young (2002). *How Intangible are driving business performance*. Cambridge. Massachusetts perseus publishing
- Fadzly, M.N., & Ahmad, Z. (2004) Audit expectation gap: A case of Malaysia, *Managerial Auditing Journal*, 19(7), 897-915. doi 10.1108/02686900410549420.

- Gaa, J.C. (1991). The expectation game: regulation of auditors by government and the profession, *Critical Perspectives on Accounting*, 2, 83-107. [http://dx.doi.org/10.1016/1045-2354\(91\)90020-E](http://dx.doi.org/10.1016/1045-2354(91)90020-E)
- Hayes, R.S., Solulder, A., Dassen, R., & Wallage, P. (1999). *Principles of auditing: An international perspective*, London, McGraw hill publishing company.
- Humphrey, C, Moziev P., & Turley, S. (1992). The audit expectation gap plus ca change plus dcest la meme chose, *Critical Perspective on Accounting*, 3, 137-161. [http://dx/doi.org/10.1016/1045-2354\(92\)90008-F](http://dx/doi.org/10.1016/1045-2354(92)90008-F)
- Imen, J., & Chystelle, R. (2009). The social construction of audit expectation gap: The market of excuses.
- Koh, H.C., & Woo, E. (1998). The expectation gap in auditing. *Managerial Auditing Journal*, 13(3), 147-154.
- Lee, T.H., Ali, E., & Gloeck, J.D (2009). The audit expectation gap in Malaysia: An investigation into it causes and remedies. *Southern Africa Journal of Accountability and Audit Research*, 9, 57-88.
- Lee, T.H., Ali, A.M., & Kandasamy, S. (2008, February). Towards reducing the audit expectation gap: possible mission, *Accounting Today*, 18-22.
- Lin, Z.J., & Chen, F. (2004). An Empirical study of audit expectation gap in the people's republic of China. *International Journal of Audit*, 8, 93-115.
- Ojo, M. (2006). Eliminating the audit expectation gap: Myth or reality, Munich personal Re PEC archive (MPRA), paper No. 232. Retrieved from <http://mpra.ub.uni-muenchen.de/232/>
- Okoye, E.I., & Okaw, S.C (2011). Forensic accounting and audit expectation gap. *The Perception of Accounting Academics Working Paper Series*. Enugu.
- Olowookere, J.K (2010). *An evaluation of audit performance gap in Nigeria*. (unpublished Msc. (Accounting) Thesis submitted to the school of Post graduate studies, University of Lagos), Akoka.
- Porter, B., & Gowthorpe, C. (2004). Audit expectation performance gap in the United Kingdom in 1999 and comparism with the gap in New Zealand in 1989 and in 1999. *The Institution of Chartered Accountants of Scotland*. Edinburgh.
- Salehi, m. (2011) Audit expectation gap: Concept, nature and trace. *Africa Journal of Business Management*, 5(21), 8376-8392.
- Salehi, M., Mansoury, A., & Azary. Z. (2009) Audit independence and expectation gap. Empirical Evidences from Iran. *International Journal of Economics and Finance*, 1(1), 165-174.
- Salehi, M., & Rostami, V. B. (2009). Audit Expectation Gaps International Evidences. *International Journal of Academic Research*, 1(1), 140-146.
- Shaikh, J.M., & Talha, M. (2003). Credibility and expectation gap in reporting on uncertainties, *Managerial Auditing Journal*, 18(6), 517-529.
- Sidani, Y. M. (2007). The audit expectation gap: Evidence from Lebanon. *Managerial Auditing Journal*, 22(3), 288-302. dio 10.1108/02686900710733152.
- Sikka, P. Puxty, A. Wilmolt, H., & Cooper, C. (1998). The expectation gap: some theory and evidence. *Critical Perspectives on Accounting*. 9(3), 299-330. <http://dx.doi.org/10.1006/cpac/1997.0159>
- Woodliff, D.R. (1995). *An empirical investigation of audit expectation gap*, (Unpublished PhD Thesis, University of Western Australia), Australia.