THE NIGERIAN ACCOUNTING HORIZON

Volume 4, Number 1

January - June, 2011

UNIVERSITY OF JOS

DISCIPLINE AND DEDICATION

Published by
The Department of Accounting
University of Jos,
Jos Nigeria

NWOBU OBIAMAKA

THE NIGERIAN ACCOUNTING HORIZON

Volume 4, Number 1

January – June, 2011

Published by
The Department of Accounting
University of Jos,
Jos – Nigeria

THE NIGERIAN ACCOUNTING HORIZON

Volume 4, Number 1, January – June, 2011

Published by the Department of Accounting, University of Jos,
Jos, Nigeria

ISSN: 2006 - 1013

Printed in Nigeria by
UNIJOS CONSULTANCY PRESS LTD JOS, NIGERIA

THE NIGERIAN ACCOUNTING HORIZON

Volume 4, Number 1

January – June, 2011

THE NIGERIAN ACCOUNTING HORIZON

Volume 4, Number 1, January – June, 2011

TALBE OF CONTENTS

THE NIGEIAN ACCOUNTING HORIZON Page

VOLUME 4, NUMBER 1, JANUARY – JUNE, 2011

Page

AN EVALUATION OF THE AUDIT EXPECTATION GAP IN NIGERIA

By

NWOBU OBIAMAKA
Department of Accounting
Covenant University, Ota,
Ogun State, Nigeria
+2348034392187
amaka_nwobu01@yahoo.com

ABSTRACT
This paper investigates factors contributing to the audit expectation gap in Nigeria. It is widely believed that auditors are largely responsible for the business failures and liquidity problems that affect the going concern status of companies. This perception may lead to loss of credibility in the information revealed by Accountants. The study examines what auditors, preparers and users of financial statements perceive concerning statutory audit and other audit related issues, focusing on four hundred (400) respondents made up of a hundred each of accountants, external auditors, bankers and investors in Lagos and Ogun State, Nigeria. The factors contributing to this gap that are of particular concern to the researcher in this study are uncertainty about the responsibilities of External Auditors, misunderstanding of audit report messages, uncertainty about the extent to which audit reports may be used in making investment decisions and independence of auditors. The study revealed that there is a statistically significant difference between the opinion of auditors, preparers and users of audited financial statements with respect to the statutory role of external auditors, reliability on audit reports for investment decision making, nature and meaning of audit report messages scores and independence scores. From the findings, it is recommended that users should be educated on the responsibilities of auditors, the extent to which they can rely on auditor's report and nature of audit services. Also, the number of years an Auditor can provide audit services to a particular client be reduced and there should be limits on auditor's provision of audit and non-audit services at the same time to a particular client.

Keywords: Audit, Expectation Gap, Reliability, Independence

1.0 INTRODUCTION

Amid the global wave of failing businesses, external auditors face challenges, including explaining reasons for the failure of a business. This is mainly because in some of the instances, the External Auditors give an unqualified audit report. Koh and Woo (1998:147) noted that in recent years, some spectacular and well-publicized corporate collapses and the subsequent implication of the reporting auditors have highlighted the audit expectation gap. In reality, the unqualified opinion is wrongly seen as a certification that the firm or enterprise is solvent, liquid and has the capacity to adapt to the dynamics of the environment. Any subsequent failure of business resulting from management misjudgment, fraudulent practice, economic instability, inconsistency in micro and macro economic policies etc are viewed as failures of Auditors (Adeniji, 2004:510).

External audit is important in today's corporate world because of separation of ownership from management as a result of increasing number of stakeholders in companies. They are perceived as independent and unbiased persons; hence people are able to rely on their judgment for different purposes (Nagy, 2001:4). This role is carried out to add credibility to the financial information

released after the end of a company's financial year. The credibility is, however, called into ques after some spectacular and well-publicized corporations (for example Enron and WorldCom in U collapsed shortly after an unqualified (in other words "clean") audit report had been issued (Gloeck and Palaniappan, 2007:1).

Ekwueme (2000:14) explained that shareholders and most of the general public feel that as a resu the collapse of banks and firms, the auditor's safeguard are worthless. These perceptions draw a that needs to define the role of the Auditor in protecting the interest of shareholders and ensuring there is good corporate governance. Clients need value added and not an Auditor that will vouch do the normal trade test (Nwokolo, 1998:25). Additionally, Auditors have been known for integrity and objectivity as well as their commitment to public interest. In relation to this view, Hi (2000:64) stated that diverse clients now expect them to provide more services than just perforn statutory audit and attesting to the credibility of financial statements. The society wants their franc to include detection of fraud and exposure of all corrupt practices that are likely to vitiate the fort of corporate entities. The difference between the actual nature and objective of an audit and perceived by the users of audited financial statements has led to the concept of "audit expecta gap".

The current study aims to examine the opinion of auditors, clients and users of audited finan statements on their understanding of the statutory role of external auditors in Nigeria. Secondly, study confirms the components of the audit expectation gap in Nigeria. The components are div into four factors. Two factors namely responsibility and reliability are adapted from the study of E Buckby and Tan (2001). Nature and meaning of audit report messages factor is adapted f Schelluch and Gay (2006). Also, the independence factor will be looked into. For details, these fac are expounded upon in the literature review. The rest of the paper is divided into five sections. Sec two briefly reviews relevant and related literature on the audit expectation gap, while section t addresses the research methodology employed. Section four presents the data analysis, results discussion; while the last section contains a summary of research findings and the concluding pa the paper.

2.0 Literature Review

Auditing is a process carried out by auditors to assure owners of a business that their resources well managed by persons acting on their behalf. The origin of audit dates from ancient times when landowners allowed tenant farmers to work on their land whilst the landowners themselves did become involved in the business of farming. The landowners relied upon an overseer who 'lister to the accounts of stewardship given by the tenants (Adeniji, 2004:1). Agents were responsible keeping, managing and ensuring the safety of the property of others. Naturally, this gave rise to iss related to trust, integrity and competence (Institute of Chartered Accountants in England and Wa 2005:8).

The primary purpose of an audit between the 1920s and 1960s became adding credibility to financial statements rather than detecting fraud and errors. (Lee and Ali, 2008:2-3). The users ne level of assurance that the financial information furnished is reliable, accurate, fairly presented objective. Consequently, they require that financial statements be reviewed by an indepen examiner who is called an Auditor (Adeleke, 1996:8, Edun, 1999:41). Also, it has been argued audit is needed because the financial statement prepared by the management may not actu represent the financial position of the company (Adeniji, 2004:4). Significantly, Auditors be offering advisory services between 1960s and 1990s as a secondary objective (Lee and Ali, 2008:4

AN EVALUATION OF THE AUDIT EXPECTATION GAP IN NIGERIA

By

NWOBU OBIAMAKA
Department of Accounting
Covenant University, Ota,
Ogun State, Nigeria
+2348034392187
amaka_nwobu01@yahoo.com

ABSTRACT
This paper investigates factors contributing to the audit expectation gap in Nigeria. It is widely believed that auditors are largely responsible for the business failures and liquidity problems that affect the going concern status of companies. This perception may lead to loss of credibility in the information revealed by Accountants. The study examines what auditors, preparers and users of financial statements perceive concerning statutory audit and other audit related issues, focusing on four hundred (400) respondents made up of a hundred each of accountants, external auditors, bankers and investors in Lagos and Ogun State, Nigeria. The factors contributing to this gap that are of particular concern to the researcher in this study are uncertainty about the responsibilities of External Auditors, misunderstanding of audit report messages, uncertainty about the extent to which audit reports may be used in making investment decisions and independence of auditors. The study revealed that there is a statistically significant difference between the opinion of auditors, preparers and users of audited financial statements with respect to the statutory role of external auditors, reliability on audit reports for investment decision making, nature and meaning of audit report messages scores and independence scores. From the findings, it is recommended that users should be educated on the responsibilities of auditors, the extent to which they can rely on auditor's report and nature of audit services. Also, the number of years an Auditor can provide audit services to a particular client be reduced and there should be limits on auditor's provision of audit and non-audit services at the same time to a particular client.

Keywords: Audit, Expectation Gap, Reliability, Independence

1.0 INTRODUCTION

Amid the global wave of failing businesses, external auditors face challenges, including explaining reasons for the failure of a business. This is mainly because in some of the instances, the External Auditors give an unqualified audit report. Koh and Woo (1998:147) noted that in recent years, some spectacular and well-publicized corporate collapses and the subsequent implication of the reporting auditors have highlighted the audit expectation gap. In reality, the unqualified opinion is wrongly seen as a certification that the firm or enterprise is solvent, liquid and has the capacity to adapt to the dynamics of the environment. Any subsequent failure of business resulting from management misjudgment, fraudulent practice, economic instability, inconsistency in micro and macro economic policies etc are viewed as failures of Auditors (Adeniji, 2004:510).

External audit is important in today's corporate world because of separation of ownership from management as a result of increasing number of stakeholders in companies. They are perceived as independent and unbiased persons; hence people are able to rely on their judgment for different purposes (Nagy, 2001:4). This role is carried out to add credibility to the financial information

released after the end of a company's financial year. The credibility is, however, called into qu after some spectacular and well-publicized corporations (for example Enron and WorldCom in collapsed shortly after an unqualified (in other words "clean") audit report had been issued Gloeck and Palaniappan, 2007:1).

Ekwueme (2000:14) explained that shareholders and most of the general public feel that as a re the collapse of banks and firms, the auditor's safeguard are worthless. These perceptions draw that needs to define the role of the Auditor in protecting the interest of shareholders and ensurin there is good corporate governance. Clients need value added and not an Auditor that will vou do the normal trade test (Nwokolo, 1998:25). Additionally, Auditors have been known fo integrity and objectivity as well as their commitment to public interest. In relation to this view, (2000:64) stated that diverse clients now expect them to provide more services than just perfo statutory audit and attesting to the credibility of financial statements. The society wants their fra to include detection of fraud and exposure of all corrupt practices that are likely to vitiate the fo of corporate entities. The difference between the actual nature and objective of an audit an perceived by the users of audited financial statements has led to the concept of "audit expec gap".

The current study aims to examine the opinion of auditors, clients and users of audited fin statements on their understanding of the statutory role of external auditors in Nigeria. Secondl study confirms the components of the audit expectation gap in Nigeria. The components are d into four factors. Two factors namely responsibility and reliability are adapted from the study of Buckby and Tan (2001). Nature and meaning of audit report messages factor is adapted Schelluch and Gay (2006). Also, the independence factor will be looked into. For details, these f are expounded upon in the literature review. The rest of the paper is divided into five sections. S two briefly reviews relevant and related literature on the audit expectation gap, while section addresses the research methodology employed. Section four presents the data analysis, result discussion; while the last section contains a summary of research findings and the concluding p the paper.

2.0 Literature Review

Auditing is a process carried out by auditors to assure owners of a business that their resourc well managed by persons acting on their behalf. The origin of audit dates from ancient times wh landowners allowed tenant farmers to work on their land whilst the landowners themselves d become involved in the business of farming. The landowners relied upon an overseer who 'list to the accounts of stewardship given by the tenants (Adeniji, 2004:1). Agents were responsib keeping, managing and ensuring the safety of the property of others. Naturally, this gave rise to related to trust, integrity and competence (Institute of Chartered Accountants in England and W 2005:8).

The primary purpose of an audit between the 1920s and 1960s became adding credibility t financial statements rather than detecting fraud and errors. (Lee and Ali, 2008:2-3). The users n level of assurance that the financial information furnished is reliable, accurate, fairly presente objective. Consequently, they require that financial statements be reviewed by an indepe examiner who is called an Auditor (Adeleke, 1996:8, Edun, 1999:41). Also, it has been argued audit is needed because the financial statement prepared by the management may not ac represent the financial position of the company (Adeniji, 2004:4). Significantly, Auditors l offering advisory services between 1960s and 1990s as a secondary objective (Lee and Ali, 2008

Based on the information asymmetry theory (Scott, 2003:7-8), some parties to a business transaction may have an information advantage over others. Thus the need arises for an independent person to report on the true and fair view of the transactions. But where businesses fail after the true and fair view of their transactions have been ascertained, criticisms may arise. In the '80s, the profession defined the concept of the "audit expectation gap" and focused public criticism on that concept. This gap exists between the expectations of the capital market investors who don't doubt the financial reports audited by Accountants, and the nature of the auditor's task, which is concomitant with the responsibility delegated to them by set auditing standards and the law (Eden, Ovadia and Zuckerman (2003:32).

In more developed countries like the United States, Auditors have had to battle with legal suits taken against them (Ali, Yusof, Mohamad and Lee, 2007:3). It is assumed that the public in general and stakeholders of companies have a belief about the Auditor's performance. This is premised on the expectation that auditors will be able to safeguard their financial interest. In contrast, this expectation is hardly resolved and the audit expectation gap emanates from these unresolved expectations which influence the confidence of financial statement users negatively (Saha and Baruah, 2008:1). In this light, the expectations gap has been defined by Ojo (2006:2) as the difference between what users of financial statements, the general public perceive an audit to be and what the audit profession claim is expected of them in conducting an audit.

This gap is related to issues such as responsibilities, independence, third party liability of the auditor, reliance on the audit report by users, meaning of the audit report as perceived by users. Lin and Chen (2004:93) identified the audit expectation gap to be a crucial issue associated with the independent auditing function and have significant implications on the development of accounting standards and practices. A major cause of this gap is that users have high expectations of the auditor's responsibility in relation to fraud (Best, Buckby and Tan, 2001:2). Consequently, when a company faces problems as a result of undiscovered illegal acts either perpetrated by management, other insiders or third parties, the external auditor is blamed.
Other reasons for this gap are inadequate audit standards, deficient performance of auditors, unreasonable expectations of users of audited financial statements, perception that the audit profession can be trusted to serve public interest, inadequate education of the public about auditing, structure and regulation of the profession and misinterpretation of the audit report. The findings of Albrecht (2003), Lee, Gloeck and Palaniappan (2007), Best et al (2001), Lin and Chen (2004), Saha and Baruah (2008), Ekwueme (2000), Lee and Ali (2008) and Ojo (2006) have supported this view.

The primary duty of the Auditor is not to detect fraud and other irregularities but this is what existing shareholders and potential investors expect from them (Archibong, 1996:15). Collaborating this, Asein (1999:12) affirmed that the lack of understanding of the statutory roles of the auditor in corporate governance (often referred to as the expectation gap) is the reason why persons call for the arrest and prosecution of auditors. In addition, Lee and Ali (2008:5) sounded that the public's perception of the present role of auditors remains at the 'traditional conformance' stage because of the public's refusal to recognize the shift in the auditing paradigm.

In recent times, regulators have come to accept the need for professional audit since auditors provide investors with an assurance that the information in the financial statements is not materially inaccurate, and follows established accounting conventions (Ogidan, 1999:30). The aim of which is to ensure that the financial statements show a true and fair view of the state of affairs of a company. More so, Archibong (1996:16) argued that auditors have prevented countless disasters but these were done in secret.

Interestingly, it has been argued by law and the accounting profession that management prevented from acting in their self-interest. To ensure the credibility of financial reports th for external verification (Adams and Evans, 2004:98). In other words, external verific rationale for regulating accounting information. Self-interest is a characteristic of in asymmetry where insiders of a company may have more information than outsiders. Howe where regulators play their role by ensuring that adequate information is disclosed. Deegan opined that a reason for regulation of financial accounting practice is that investors need from fraudulent organizations that may produce misleading information, which due to in asymmetries, cannot be known to be fraudulent when used.

The role of audit in this era is to refocus on public interest, redefine the audit relationship, e integrity of financial reports, separate non-audit functions and other advisory services. A methods need to be focused on risk attention, fraud awareness, objectivity and indep increased attention to the needs of financial statement users (Lee and Ali, 2008:23). Since th purpose of external audit is not to detect fraud, investigating fraud requires the combined s well-trained auditor and a criminal investigator. Fraud auditing is a relatively new discip emerged from the criminal and regulatory statutes involving business, financial crimes rang embezzlement, investment fraud, giving and accepting bribe and computer fraud to mentic Auditing for fraud and statutory audit are parallel in nature. The former is a means of id irregularities in accounting practices, procedures and controls. However, the latter is a m which Auditors uncover material deviations and variances from standards of acceptable ac and auditing practice. Auditing for fraud involves looking beyond the transaction figures eve a statutory auditor is likely to become suspicious of an attempt made to disguise or cov transaction (Bologna and Lindquist, 1995:27-33).
Eden, Ovadia and Zuckerman (2003:2) noted that the criticism faced by the audit profess never as poor as it is today because all efforts by the profession in the last two decades to imp image have failed. Perhaps, an understanding of the nature of the expectation gap between audited financial statements and auditors will improve the quality of services provided accounting profession. However, the regulators need to stand firm on the rules and ensure th breached, the offenders are brought to book. The Cadbury scandal threw a limelight on th profession in Nigeria. The Administrative Proceedings Committee (APC) found that =N= billion was the accumulated overstatement for the years 2002 to September 2006 when A Williams Deloitte (AWD) audited the published accounts for those years and carried out an audit for the period ended September 30, 2006. Though the auditors were made to pay a twenty (20) million naira within twenty one (21) days for failure to handle the accounts company with high level of professional diligence, no other sanction was placed on them (Sec and Exchange Commission, 2008:22).

Auditors can be independent when they are not in positions that will likely make them compr Shaub (2004:180) suggested some options available to auditors where they are tempted to interdependent on the client. They are audit rotation, a willingness to confront clients, assignm auditors with greater skepticism to clients where deep interdependence is a potential pro becoming less dependent on the client when conducting an audit and adopting a stricter review auditor-client dependence/interdependence during planning. Auditor rotation either from firm to or within the firm at manager and partner levels will likely restrain emotional commitment to si goals. Auditors may need to be willing to stand up to clients thereby experiencing less emot commitment to them. However, they may not be able to do so when they are too dependent on clients.

It is necessary for auditors to get adequate information from their clients to reduce information asymmetry. Information asymmetry occurs when management do not want to disclose some categories of information to the auditors or owners of a company. Shaub (2004:180) suggested that an auditor may adopt surprise auditing. This affords the auditor to tap into client information to perform analytical procedures at any time during the year without the client's prior approval provides auditors with a practical independence. On the other hand, there could be a second partner review that ensures the independence of the first partner. This partner adopts skepticism which is more of a critical approach to auditing. This partner is likely to be more independent since his or her success is not tied to the first auditor (Shaub, 2004:181).

3.0 Methodology

The data used in this study were mainly primary retrieved by means of a questionnaire which was administered to four hundred respondents made up of a hundred (100) each of auditors, accountants, investors and bankers in Lagos and Ogun State in Nigeria. The questionnaire will be divided into five sections (A, B, C, D and E). In section A the respondents were required to fill in general information. From section B to E, respondents will be required to choose from a likert scale of 4 to 1. In section B to E, respondents will be required to respond to statements based on this four (4) point likert scale. These statements are made up of claims with respect to responsibility, reliability, nature and meaning of audit report messages and independence factor. Reliability of the instrument was carried out to ensure the number of items encoded using Statistical Package for Social Sciences are correct. According to Pallant (2003:87) the responsibility, reliability, nature and meaning of audit report messages and independence scale has good internal consistency, with a Cronbach alpha coefficient reported of more than 0.7. In this study the Cronbach alpha coefficient was 0.818. This value is above 0.7, so the scale is considered reliable with our sample. A pilot study was conducted by serving the questionnaires to five (5) each of accountants in practice and investors. On two different occasions, questionnaires were administered to these persons. The scores of the respondents on the two occasions were compared and found in agreement. The data was analyzed using one-way Analysis of Variance. The null hypothesis will be accepted if the level of significance calculated by SPSS is higher than the assumed level of significance (0.01). On the other hand the null hypothesis will be rejected if the level of significance calculated by SPSS is lower than the assumed level of significance.

4.0 FINDINGS

There were a total of two hundred and sixty eight (268) respondents who responded to the survey, giving a response rate of 67%. The demographic details are shown in Table 1 below:

Occupation/Response Rate									
Bankers	RR	Auditors	RR	Investors	RR	Accountants	RR	Total	Total Response Rate
51	51%	75	75%	95	95%	47	47%	268	67%

Source: Administered Questionnaire (2009)

The four hypotheses were tested using one-way ANOVA.

There was a statistically significant difference at the $p<0.01$ level in responsibility for preparation of financial statement score for the four groups [F (3,264)=21.491, p=0.000]. Scheffe's post-hoc test revealed that the mean score for bankers and auditors, auditors and investors, accountants and bankers is significant at the 0.01 level (see table 2 below).

Table 2 Auditor's Responsibility for Expressing an Independent Opinion on the Financ
Based on their Audit

	Occupation				
Response	Bankers	Auditors	Investors	Accountants	T
Strongly Disagree	-	-	-	-	-
Disagree	1	0	0	1	2
Agree	14	2	18	6	4
Strongly Agree	36	73	77	40	2
Total	51	75	95	47	2

Source: Administered Questionnaire (2009)

The second hypothesis revealed that at degree of freedom between, within and within to 3, 264 and 267 respectively and 0.01 level of significance, the F value is 5.213. Cons accept the alternative hypothesis and conclude that there was a statistically significant the p=0.002 level that an unqualified audit report can be relied upon to make investment the four groups. Scheffe's post-hoc test revealed that the mean score for bankers and significant at 0.01 level. The table is given below.

Table 3 An Unqualified Audit Report can be relied Upon to Make Investment Decisions

	Occupation				
Response	Bankers	Auditors	Investors	Accountants	To
Strongly Disagree	9	6	6	8	29
Disagree	15	11	12	10	48
Agree	17	41	44	20	12
Strongly Agree	10	17	33	9	69
Total	51	75	95	47	26

Source: Administered Questionnaire (2009)

After testing the third hypothesis, it was found that at degree of freedom between, within total groups of 3, 264 and 267 respectively and 0.01 level of significance, the F valu Consequently, we accept the alternative hypothesis and conclude that there was a significant difference at the p=0.000 level that an unqualified audit report means that th statement is free from fraud for the four groups. Scheffe's post-hoc test revealed that the for auditors and investors is significant at 0.01 level. The results are given in table 4 is giver

Table 4 Hypothesis 3- An Unqualified Audit Report means that the Financial Statement is F Fraud

	Occupation				
Response	Bankers	Auditors	Investors	Accountants	Tota
Strongly Disagree	7	18	10	12	47
Disagree	20	29	23	18	90
Agree	12	19	34	9	74
Strongly Agree	12	9	28	8	57
Total	51	75	95	47	268

Source: Administered Questionnaire (2009)

In testing hypothesis 4, at degree of freedom between, within and within total groups of 3 267 respectively and 0.01 level of significance, the F value is 6.378. Consequently, we a alternative hypothesis and conclude that there was a statistically significant difference at the p=0.000 level that an unqualified audit report means that the financial statements show a true and fair view of the state of affairs of a company for the four groups. Scheffe's post-hoc test revealed that the mean score for auditors and investors is significant at 0.01 level. The results are given in table 5 below.

Table 5 - When an Auditor engages in Provision of Audit and Non-audit Services at the same time, Objectivity may be Impaired

	Occupation				
Response	Bankers	Auditors	Investors	Accountants	Total
Strongly Disagree	2	0	1	1	4
Disagree	4	2	14	9	29
Agree	31	31	50	21	133
Strongly Agree	14	42	30	16	102
Total	51	75	95	47	268

Source: Administered Questionnaire (2009)

Decision: The supporting hypothetical test for this table is given in table 4.3.4.2. At degree of freedom between, within and within total groups of 3, 264 and 267 respectively and 0.01 level of significance, the F value is 6.378. Consequently, we accept the alternative hypothesis and conclude that there was a statistically significant difference at the p=0.000 level that an unqualified audit report means that the financial statements show a true and fair view of the state of affairs of a company for the four groups. Scheffe's post-hoc test revealed that the mean score for auditors and investors is significant at 0.01 level.

From the findings above it can be inferred that users of financial statements should be educated on the responsibilities of Auditors and the nature of audit services. Users of financial statements are also encouraged to seek professional advice before investing in a company. This will enable them interpret the audit report properly. In addition, there should be regulatory limits for audit firms who provide both audit and non-audit services to the same client.

5.0 CONCLUSION

This research illustrates that even though Auditors are responsible for maintaining public confidence in a company; there are certain expectations that the society has about the audit function that are unreasonable. These contribute to an audit expectation gap. The results of this study demonstrate a substantial knowledge of auditing by the other three groups of respondents with respect to fraud detection/prevention by auditors, verifying every transaction and liability for business failure. Most respondents were of the opinion that the auditor should take on additional responsibility for communicating and evaluating the going concern status of a company. However, this study found that there is an audit expectation gap with respect to the statutory audit objective, nature and meaning of audit report messages, reliability and independence factors.

The different perceptions among the user respondents and auditors could be attributed to the inadequate education of users of the auditor's responsibilities. However, the call for other responsibilities by users may be a means to deviate from the traditional audit objective and move to risk based auditing. The presence of an 'expectation gap' in auditing means that perhaps, as put forward by other researchers, more standards should be made to enhance the performance of auditors. Also, some previous researchers have concluded that it is expedient for the audit profession to respond to public criticism by improving the quality of work done by auditors. The analysis of the audit expectation gap in this study will help the accounting profession to bridge the gap.

REFERENCES

Adams, C.A. and R. Evans (2004). Accountability, Completeness, Credibility and t Expectations Gap. JCC 14. Retrieved 11/09/2008, http://web.ebscohost.com/ehost/pdf?vid=8&hid=101&sid=59a19124-c8d2-4dfe-a55- fb6c809ec262%40sessionmgr107

Adeleke, (1996). The Auditor's Responsibility in Relation to Fraud. *The Nigerian Ac* Vol.29, N0.2 April/June

Adeniyi, A.A. (2004). Auditing and Investigations. Lagos: Value Analysis Consult.

Albrecht, C.C. (2003). Audit at a Crossroads. Retrieved 09/06/2008, http://www.centerforpbbefr.rutgers.edu/2007/Papers/042-Internship%20%20%202007.doc

Ali, A.M., Yusof, N.Z.M., Mohamad, R. and T.H. Lee (2007). Practical Training an Expectation Gap: The Case of Accounting Undergraduates of Universiti Utara Retrieved 09/06/2008, from http://www.centerforpbbefr.rutgers.edu/2007/Pap Internship%20%20%202007.doc.

Archibong, E.E. (1996). Empowering the Auditor. The Nigerian Accountant. Vol.2 October/December.

Asein, A.A. (1999). Managing Audit Risks. The Nigerian Accountant. Vol. 32 January/March.

Best, P.J., Buckby, S. and C. Tan (2001). Evidence of the Audit Expectation Gap in Sir Managerial Auditing Journal. Vol. 16, No. 3. pp 134-144 Retrieved 09/06/200 http://www.eprints.qut.edu.au

Bologna, G.J. and R.J.Lindquist (1995). Fraud Auditing and Forensic Accounting: New Tools Techniques. New York: John Wiley & Sons Inc.

Deegan, C. (2004). Financial Accounting Theory. Australia: McGraw-Hill.

Eden, Y., Ovadia, A. and Zuckerman, B.A. (2003). Rethinking Sarbanes- Oxley: Why t Doesn't Serve the Interest of the Industry or the Markets. CMA Management Retrieved 11/09/2008, http://web.ebscohost.com/ehost/pdf?vid=8&hid=101&sid=59a19124-c8d2-4dfe-a554-fb6c809ec262%40sessionmgr107

Edun, L. (1999). Auditing: Beyond Professional Ethics. The Nigerian Accountant. Vol. 32, No.

Ekwueme, S.C. (2000). Auditing: Bridging the Expectation Gap. The Nigerian Acco Vol.5, No. 2 April/June.

Hillier, D.R. (2000). New ISA Clarifies Auditor Responsibilities with Respect to Going Concer The Nigerian Accountant. April/June, Vol. 33, No. 2. pp. 64

Institute of Chartered Accountants in England and Wales (2005). Agency Theory and the R Audit. Retrieved 02/04/2008, from www.icaew.co.uk/auditquality

Koh, H.C. and E. Woo (1998). The Expectation Gap in Auditing. Managerial Auditing Journal. 13, No 3. pp. 147-154 Retrieved 09/06/2008 http://www.emeraldinsight.com/10.1108/02686909810208038

Lee, T.H. and A.M. Ali (2008). The Evolving Role of Auditors: Where Do We Go From Accountants Today. Retrieved 11/09/2008, from http://202.46.125.36/at/at/200803/06.p

Lee, T.H., Gloeck, J.D. and A.K. Palaniappan (2007). The Audit Expectation Gap: An Em study in Malaysia. Southern African Journal of Accountability and Auditing Research. 7 pp 1-15. Retrieved 11/09/2008, https://www.up.ac.za/dspace/bitstream/2263/4043/1/Lee_Audit(2007).pdf

Lin, Z.J. and F.Chen (2004). An Empirical Study of Audit Expectation Gap in The Pe Republic of China. International Journal on Auditing. Vol.8 Retrieved 11/09/2008, www.blackwell-synergy.com/doi/pdf/10.1111/j.1099-1123.2004.00084.x

Nagy, J. (2001). The Emergence of the Public Sector Expectations Gap. Retrieved 11/09/2008, from http://www.commerce.adelaide.edu.au/research/aaaj/apira_2001/papers/Nagy166.pdf

Nwokolo, I. (1998). Defining the 21st Century Accountant. The Nigerian Accountant. July/September, Vol. 31, No. 3. pp 21-26

Ogidan, S.K. (1999). Audited Information in a Market Setting. The Nigerian Accountant. Vol.32, No.4 October/December.

Ojo, M. (2006). Eliminating the Audit Expectation Gap: Myth or Reality? Retrieved 09/06/2008, from http://mpra.ub.uni-muenchen.de/232/

Saha, A. and S.D. Baruah (2008). Audit Expectations Gap in India: An Empirical Survey. The Icfai Journal of Audit Practice. Vol. V, No. 2. Retrieved 11/09/2008, from http://web.ebscohost.com/ehost/pdf?vid=4&hid=101&sid=59a19124-c8d2-4dfe-a554-fb6c809ec262%40sessionmgr107

Schelluch and Gay (2006). Assurance Provided by Auditors' Reports on Prospective Financial Information: Implications for the Expectation Gap. Accounting and Finance. Retrieved 11/09/2008, from http://web.ebscohost.com/ehost/pdf?vid=4&hid=101&sid=59a19124-c8d2-4dfe-a554-fb6c809ec262%40sessionmgr107

Scott, W.R. (2003). Financial Accounting Theory. Toronto: Prentice Hall.

Shaub, M.K. (2004). Trust as a Threat to Independence: Emotional Trust, Auditor-Client Interdependence, and Their Impact on Professional Skepticism. Research on Professional Responsibility and Ethics in Accounting. Vol.9 Oxford: Elsevier Ltd.