Evidence of the Audit Expectation Gap in Nigeria

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Abstract
Criticism of auditors and litigation against them may result from auditors’ failure to meet society’s expectations of them. It may be that society’s expectations are unreasonable, or that society’s expectations are reasonable but that auditors’ existing legal and professional requirements do not fulfill these expectations. This study examined the existence of expectations gap between the auditors and users of financial statements in Nigeria. The study adopts a survey research design. 400 copies of questionnaire were administered on auditors, bankers and investors in Ibadan and Osogbo, Nigeria. Data collected were analyzed using cross-sectional Friedman Test analysis and Analysis of Variance (ANOVA). The study reveals that an audit expectation gap exists in Nigeria. We therefore recommended that the role and responsibility of auditors in the areas of fraud and illegal acts should be broadening. It is also necessary to raise the awareness of the financial statements users about auditing profession, its roles and objectives in the community.

Keywords: audit, audit expectation gap, fraud, role conflict theory, Nigeria.

INTRODUCTION
Etymologically, the term ‘audit’ is derived from the Latin word ‘audire’, which means ‘to hear’. Thus in the beginning, the word was meant ‘to hear’ and auditor literally means a ‘hearer’. The hearing function by the auditor was then aimed at declaring that the accounts kept by the management and the financial statements prepared by them were ‘true and correct’. And his function was to give assurance against fraud and intentional mismanagement. Gradually, this hearing function of the auditor was transformed into verifying function. Hence the principal purpose of independent auditing now is to form an opinion on the accuracy, reliability and fairness of representations in the financial statements of enterprises and to make this information available to external users. In the early days of auditing, the prime qualification for the position of auditor was reputation. A man known for his integrity and independence of mind would be sought for this honored position, the matter of technical ability being entirely secondary and consequently his function, in those days, was never confused with that of accountant (Woolf, 1979).

The audit expectations gap is acknowledged as a worldwide problem and an international issue. The growing literature on the audit expectations gap can be seen as an indicator that it is a significant problem, which needs additional research. The existence of an audit expectation gap implies that the role senders are dissatisfied with the performance of auditors (Koh and Woo, 1998). The general opinion, amongst users of financial information is that any investor with a certain interest in a company should trust the audited accounts, as the guarantee of solvency and viability of the company. Therefore, once it is common knowledge in an expected way, that when a company is in serious financial difficulties, there is a tendency to hold someone accountable for the situation, and the suspect is the auditor. The public’s expectation of auditors guaranteeing the accuracy of financial statements, or the financial stability of a company, is in sharp contrasts to the professional position (Porter, 1988). An “audit expectation gap” exists when there are differences in beliefs between auditors and the public about the duties and responsibilities assumed by auditors and the message(s) conveyed by audit report (Monroe and Woodliff, 1994). In recent years, the auditing profession has been involuntarily placed in the sport light particularly because of some spectacular and well-publicized corporate collapses and the subsequent implication of the reporting auditors (Aljaaidi, 2009). The audit expectations have a long and persistent history (Humphrey, Moizer and Turkey, 1993).

Activity Based Risk Evaluation Model of Auditing (ABREMA) (2009) defines the expectation gap as the gap between the auditors’ actual standard of performance and the various public expectations of auditors’ performance (as opposed to their required standard of performance). Many members of the public expect that: auditors should accept prime
responsibility for the financial statements, auditors ‘certify’ financial statements, a ‘clean’ opinion guarantees the accuracy of financial statements, auditor perform a 100% check, auditors should give early warning about the possibility of business failure and auditors are supposed to detect fraud (ABREMA, 2009). According to the auditing profession, the reality is that management, as preparers of the financial statements, is primarily responsible for their content, even though management may request the auditors to prepare them and an audit only provides reasonable assurance that financial statements are free of material misstatement.

The demand for external audit services originated from the agency issue which arises out of the separation of ownership and control of firms. Firms are invariably owned by disparate shareholders, but the daily operations of the firms are controlled by professional managers: who may not hold significant shareholdings in the firm. Despite the importance of the audit function in the current capitalist economy, the duties and responsibilities of auditors have never been well defined (Alleyn and Howard, 2005). To date, the duties and responsibilities of auditors have remained the most controversial issue in auditing. The “audit expectation gap” is generally referred to as the “difference between what the public and users of financial statements perceive the role of an audit to be, and what the audit profession claims is expected of them during the performance of an audit” (Ojo, 2006). The audit expectations gap is a matter of considerable concern to all parties with an interest in the accountability process and in the credibility of the accounting and auditing profession (Gray & Manson, 2008). The expectation gap was found to be particularly wide on the issues of the auditor’s responsibilities for fraud prevention and detection, and the auditor’s responsibilities for maintenance of accounting records and exercise of judgment in the selection of audit procedures (Best, Buckby and Tan, 2001). It appears that Liggio (1974) was the first to apply the phrase ‘expectation gap’ to auditing. He defines it as the difference between the levels of expected performance ‘as envisioned by the independent accountant and by the user of financial statements.

STATEMENT OF THE PROBLEM

The expectations gap is considered to be one of the major issues confronting the accountancy profession. (Sikka, Puxty, Willmott and Cooper, 1998). The users of financial statements expect auditors to detect and report material fraud and irregularities among other things. In response, the profession argues that the public misunderstandings the role of auditor and that fraud detection and reporting is not a major audit objective. The audit expectation gap is critical to the auditing profession because the greater the unfulfilled expectations of the public, the lower the credibility, earning potential and prestige associated with the work of auditors. Additionally, if the company appears to face serious financial difficulties without any warning, public usually perceive that auditors are the ones to be made accountable for any losses experienced (Koh & Woo, 1998). The auditing profession believes that the increase in litigation and criticism against the auditors can be traced to expectation gap (Akinbuli, 2010).

The broad objective of this study is to examine the existence of expectation gap between auditors and users of financial statement in Nigeria.

SPECIFIC OBJECTIVES

The specific objectives of this study are to:

1) examine the respondents perceptions on the existence of audit expectation gap in Nigeria;

2) identify auditors’ existing responsibilities in Nigeria.

RESEARCH HYPOTHESES

For the purpose of achieving our objective, two hypotheses stated in their null forms are put forward:

H1: External auditors and users of financial statements in Nigeria do not agree as regards the auditors’ duty for fraud detection and prevention.

H2: Users of financial statements in Nigeria do not expect auditors to give reasonable assurance.

LITERATURE REVIEW

The public perception of an auditor’s responsibility differs from that of the profession and this difference referred to as the expectation gap (Salehi and Rostami, 2009). The audit expectation gap has a long persistent history. Various definitions have been proposed for the audit expectation gap. For the purpose of the research, the definition of the audit expectation-performance gap proposed by Porter (1993) is adopted. This gap is defined as that between: (i) society’s expectations of auditors; and (ii) auditors’ performance as perceived by society.

This gap comprises two major components:

1) the ‘reasonableness gap’ – the gap between what society expects of auditors and what auditors can reasonably be expected to accomplish;

2) the ‘performance gap’ – the gap between the expected standard of performance of auditors’ carrying out these responsibilities and auditors’ actual performance of these duties.

A good number of studies were attempted at identifying the audit expectation gap in different countries around the world. Baron, Johnson, Searfoss and Smith (1977) investigated the differences in
perception regarding auditors’ fraud detection duties between auditors and users of accounting information in USA. The study revealed significance difference between such perceptions. Humphrey, Moizier and Turley (1993) examined the expectation gap in UK regarding the role of auditors through in UK regarding the role of auditors through a series of unstructured interviews, questionnaire and mini case studies. The study revealed an insignificant level of differences regarding perceptions of the audit functions but significant difference between auditors and respondents regarding their perceptions on the role of auditors, indicating the presence of an expectation gap. Haniffa and Hudaib, (2007), investigated the presence of a “perceptions gap” in Saudi Arabia. In Nigeria, few studies attempted to document the problem of the expectation gap, for instance, Akinbili (2010), Adeyemi and Uadiale (2011); Enofe, Mgbame, Aronmwan and Osibeide (2013). It was found that divergence in opinions on the official and expected roles of auditing and issues related to audit environment in between the various groups were apparent. The role of education in affecting the audit expectations gap was investigated by a number of studies.

According to the World Bank (2004), the main legal framework for corporate accounting and auditing practices in Nigeria is the Companies and Allied Matters Act (CAMA), CAP, C20, LFNN 2004. The auditor is liable for negligence if, as a result of failing to discharge the fiduciary duty properly, the company suffers loss or damage. The Act provides for appointment, remuneration, rights, functions, powers and termination of auditors. Section 359 (1) states that the auditors of a company shall make a report to its members on the books examined by them, and on every balance sheet and profit and loss accounts, and on all group financial statements copies of which are to be laid before the company in a general meeting during the auditors’ tenure of office. Specifically, the Act states that it shall be the duty of the company’s auditor, in preparing their report to carry out such investigations as may enable them to form an opinion. The auditors’ report shall state the matters set out in the Sixth Schedule to CAMA as follows:

1. whether they have obtained all the information and explanations, which to the best of their knowledge and belief were necessary for the purpose of their audit;
2. whether, in their opinion, proper books of account have been kept by the company, so far as appears from their examination of those books and proper returns adequate for the purpose of their audit have been received from branches not visited by them;
3. whether the company’s balance sheet and profit and loss account dealt with by the report are in agreement with the books of account and returns;
4. whether, in their opinion and to the best of their information and according to the explanations given them, the said statements give the information required by this Act in the manner so required and give a true and fair view.

Causes of the Audit Expectation Gap
A number of causes for the existence of the audit expectations gap have been put forward over the years. Tricker (1982) argues, the expectations gap exits as a result of a normal time lag by the auditing profession in identifying and reacting continually to the changing auditing environments and public expectations. For example, a 2002 United States (US) study conducted by Ernest Young found that the fund managers constantly used non-financial performance measures in decision-making. In this regard, public is requesting the expansion of assurance function to cover not just the financial measures, but also the entire scorecard of an organization.

Gaa (1991) points out that the audit expectations gap was a direct result of the ‘political game between two contending parties’ between the public and the auditors. This view is supported by Sikka, Puty, Willmot and Copper (1998) in which they argued that historical and political contexts can give indication ‘within which expectations are formed, frustrated and transformed’. They contend that audit as a social practice is subjected to constantly shifting meanings because the social context of auditing changes continuously through interaction and negotiation. The conclusion from this perspective is that the audit expectations gap will continue to exist. Humphrey, Moizier and Turley (1993) argue that it is the consequence of the contradictions in self regulated audit system regulating with minimal government intervention.

Another point of view is that the audit expectations gap is a result of corporate failure. The corporate failure, in turn, is regarded as audit failure. Corporate collapse is always accompanied by scrutiny of the roles of auditors and in some cases, litigations on the grounds that they have performed the task negligently (Power, 1994). Such focus is sharpened when the collapse of a company comes only a short time after its financial statements are given an unqualified audit opinion (Dewing and Russel, 2002). This view is supported by the finding of a study by Porter and Gowthorpe (2004) where they suggested that the significant and unexpected company collapse both in the UK and New Zealand partly contributed to an audit expectations gap in these two countries.

541
DETECTION AND PREVENTION OF FRAUD
A critical issue relating to auditor responsibility lies in defining an auditor’s obligation to detect and report frauds, or irregularities committed by clients’ employees or management (Lys and Watts, 1994). In general, the purpose of the audit practice is to enable them to express an opinion whether the accounts presented show a true and fair view. The general public appears to have a high expectation that auditors will detect or prevent all frauds, whereas the auditing profession does not agree fraud detection as primary audit objective. According to Hassink (2009), the audit profession minimizes its role in fraud detection and expresses that is the responsibility of management. The accounting profession argues that one cause of the expectation gap is the public’s failure to appreciate the nature and limitations of an audit (Epstein and Geiger, 1994).

Haniffa and Hudaib (2007) found that auditor’s responsibilities for fraud detection and reporting is highly expected by all users expect finance directors, who do not believe this to be part of their responsibility. Hassink et al (2009) conducted a survey concerning the role of the auditor in corporate fraud cases between financial managers and auditors in the Netherlands. The results provide clear evidence of a significant expectations gap in conjunction with fraud detection and the responsibilities of auditors with respect to fraud. The primary function of external auditors is to attest to the fairness of the financial statements of a company (Rulund and Lindblom, 1992). There is evidence that some of this criticism is based on society’s lack of knowledge of company law and auditing standards and a misunderstanding of the fundamental role of external auditor (Pierce and Kilcommins, 1996).

In 2004, the International Auditing and Assurance Board (IAAASB) of the International Federation of Accountants (IFAC) issued a revised version of ISA No 240: “The auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements”, with directions to external auditors with respect to fraud. In line with the requirement by IFAC, in July 2006, the Institute of Chartered Accountants of Nigeria (ICAN) issued Nigerian Standard in Auditing (NSA) 5 “The Auditor’s Responsibilities to consider Fraud in an Audit of Financial Statement.” The standard specify the primary responsibility regarding fraud prevention when it states: “The primary responsibility for the prevention and detection of fraud rest with both those charged with governance of the entity and with management. (Paragraph 2:2:1. The standard also mentioned that: “The auditor should maintain an attitude of professional skepticism throughout the audit, recognizing the possibility that a material misstatement due to fraud could exist, notwithstanding the auditor’s past experience with the entity about the honesty and integrity of management and those charged with governance”. (Paragraph 3:1)

The auditors were only statutorily required to express opinion on how well the stewardship reports reflect a ‘true and fair view’ of the state of affairs of the audited entity. (Asien, 2007). This development has led many stakeholders to rightly question the usefulness of annual audit beyond the need to fulfill regulatory requirements.

THEORETICAL FRAMEWORK
Role Conflict Theory provides a theoretical explanation for the existence of an expectation gap. The theory is developed by Rizzo, House and Lirtzman in 1970. Role Conflict Theory is based on the following assumptions: the auditor is required to monitor the client’s financial statements and the public expects the auditor to faithfully carry out that role (Koo and Sim, 1999).

The auditor is in conflict because he or she must firstly serve the professional regulations and rules governing auditor independence. Then, this must be balanced against his or her role as the ‘watch dog’ who should be serving the interests of the users and the client as well as looking after his or her own self – interest (Alleyne and Devonish 2006). The role of the auditor is subject to the interactions of the normative expectations of the various interest groups in the society having some direct or indirect relationship to the role position (Davidson 1975). He noted that these different groups may hold varying expectations of the auditor and these expectations may change from time to time depending on the re-specification of their own role requirements and the interaction of other forces in the society. Hence, the auditors are placed in multi-role and multi expectation situations. Furthermore, Koo and Sim (1999) argue that role conflict may arise because of the expectation gap that exists between the auditors and users. Users expect auditors to serve the public and to uncover management fraud (Mills and Bettner, 1992). There is role conflict when the auditor is
METHODOLOGY
The research method adopted in this study is identical to that used in Schelluch (1996). Using the same methodology assists in providing a reliable assessment of the audit expectation gap in Nigeria and permits useful comparisons to be made between the results from this study and prior research on this issue. The questionnaire used in this study consisted of two sections. The first section collected demographic data. The second section contained thirteen (13) semantic differential belief statements. Three factors were measured by these belief statements – (1) responsibility, (2) reliability and (3) decision usefulness. The statements were designed as bipolar adjectival statements which were separated by five – point likert scales with the aim that respondents would choose a number from the scale which identified their level of agreement with one or the other of the statements. The population of the study comprised all auditors, auditees and audit beneficiaries in Nigeria. The purposive sampling technique was employed in this study. We distributed 450 copies of questionnaire to 150 auditors, 150 bankers and 150 investors. The sample consisted of respondents in Ibadan and Osogbo. The data collected were analyzed using both descriptive and inferential statistics. The hypotheses formulated for the study were tested using Friedman Test Analysis were carried out with the aid of the Statistical Package for Social Sciences (SPSS version 19.0)

DATA ANALYSIS

Demographics of Respondents
The survey document was sent to 450 subjects containing of 150 subjects from each of three groups – auditors, bankers and investors. Response rates from these groups and other demographic details are shown in Tables 1 and 2 below.

<table>
<thead>
<tr>
<th>Subject Group</th>
<th>No of Surveys Sent</th>
<th>Responses Received</th>
<th>Accounting Experience Yes</th>
<th>No</th>
<th>Accounting Qualification Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auditors</td>
<td>150</td>
<td>90</td>
<td>60%</td>
<td>90</td>
<td>0</td>
<td>90</td>
</tr>
<tr>
<td>Bankers</td>
<td>150</td>
<td>75</td>
<td>50%</td>
<td>67</td>
<td>8</td>
<td>40</td>
</tr>
<tr>
<td>Investors</td>
<td>150</td>
<td>98</td>
<td>65%</td>
<td>59</td>
<td>39</td>
<td>46</td>
</tr>
<tr>
<td>Total</td>
<td>450</td>
<td>263</td>
<td>58.4%</td>
<td>216</td>
<td>47</td>
<td>176</td>
</tr>
</tbody>
</table>

Table 1: Demographics of Respondents
Source: Analysis of Survey Data (2013)

The results from Table 1 indicate that an overall response rate of 58.4% was received from the survey, which is a creditable result for this type of data collection method. The qualification to the auditing and accounting process appear high with many of the respondents indicating either accounting qualifications and experience. These levels of experience appear to indicate that the respondents groups are very informed about the users of financial statements and auditing process per use and thus any measure of expectation gap taken from the study should be considered to be stronger and more reliable than if respondents were largely inexperienced with regard to these issues.

<table>
<thead>
<tr>
<th>Occupation</th>
<th>No of years Experience in Current Job</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – 5 years</td>
<td>108</td>
<td>41</td>
<td></td>
</tr>
<tr>
<td>6 – 10 years</td>
<td>53</td>
<td>20.2</td>
<td></td>
</tr>
<tr>
<td>11 – 15 years</td>
<td>11</td>
<td>4.2</td>
<td></td>
</tr>
<tr>
<td>16 years and above</td>
<td>91</td>
<td>34.6</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>263</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Table 2: Occupational Experience of Respondents
Source: Analysis of Survey Data (2013)

The results from Table 2 indicate that occupation experience of respondents was quite wide spread with 41% of respondents in the 1 – 5 years range and the remaining 59% in the 6-15 and 16 years and over categories. This Table provides evidence of the fact that respondents to the survey had considerable experience in their areas of expertise and should provide experienced judgments on the issues in the survey. The level of experience combined with the level of accounting knowledge and experience should add credibility to the measure of audit expectation gap in Nigeria provided by this study.

<table>
<thead>
<tr>
<th>Statement</th>
<th>SA</th>
<th>A</th>
<th>U</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Auditor is responsible to produce financial statement</td>
<td>5</td>
<td>64</td>
<td>3</td>
<td>15</td>
<td>13</td>
</tr>
<tr>
<td>2 Auditor is responsible for preventing fraud and errors</td>
<td>8</td>
<td>23</td>
<td>10</td>
<td>42</td>
<td>17</td>
</tr>
<tr>
<td>3 Auditor is responsible for detecting fraud and errors</td>
<td>3</td>
<td>18</td>
<td>2</td>
<td>55</td>
<td>22</td>
</tr>
<tr>
<td>4 Auditor should make 100% examination in audit procedure</td>
<td>12</td>
<td>27</td>
<td>5</td>
<td>48</td>
<td>8</td>
</tr>
<tr>
<td>5 Auditor should report all omission discovered in the report</td>
<td>12</td>
<td>32</td>
<td>5</td>
<td>43</td>
<td>8</td>
</tr>
<tr>
<td>6 Auditor is responsible for maintaining accounting records</td>
<td>18</td>
<td>25</td>
<td>5</td>
<td>40</td>
<td>12</td>
</tr>
<tr>
<td>7 Auditor exercise judgment in selecting audit procedure</td>
<td>20</td>
<td>65</td>
<td>5</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>8 Educating the public will reduce their perception towards auditors</td>
<td>10</td>
<td>53</td>
<td>7</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>9 Auditors is unbiased and objective</td>
<td>23</td>
<td>34</td>
<td>5</td>
<td>30</td>
<td>8</td>
</tr>
<tr>
<td>10 The audited financial statements are not useful in monitoring the</td>
<td>9</td>
<td>22</td>
<td>10</td>
<td>54</td>
<td>5</td>
</tr>
<tr>
<td>11 The auditor is responsible for the soundness of the internal control</td>
<td>5</td>
<td>17</td>
<td>5</td>
<td>55</td>
<td>18</td>
</tr>
</tbody>
</table>

Table 3: Responses of the Respondents on the Statements
Source: Analysis of Survey Data (2013)
Based on the result in Table 3 above, it can be deduced that the auditor is not responsible for detecting all fraud. The auditor is not responsible for the soundness of the internal control structure of the entity. The auditor is responsible for maintaining accounting records. Management has responsibility for producing the financial statements. The auditor is not responsible for preventing fraud. The auditor is unbiased and objective. The auditor does not exercise judgment in the selection of auditor procedures. Users can have absolute assurance that the financial statements contain no material misstatements. The auditor does not agree with the accounting policies used in the financial statements. The extent of assurance given by the auditor is clearly indicated. The financial statements give a true and fair view. The entity is free from fraud. The extent of audit work performed is clearly communicated. The audited financial statements are not useful in monitoring the performance of the entity. The audited financial statements are not useful for making decisions. The entity is well managed.

**TEST OF HYPOTHESES**

**Hypothesis 1**

- **H0**: External auditors and users of financial statements in Nigeria do not agree as regards the auditors’ duty for fraud detection and prevention.
- **H1**: External auditors and users of financial statements in Nigeria do agree as regards the auditors’ duty for fraud detection and prevention.

**Friedman Test**

<table>
<thead>
<tr>
<th>Ranks</th>
<th>Mean Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAR00001</td>
<td>1.85</td>
</tr>
<tr>
<td>VAR00002</td>
<td>3.25</td>
</tr>
<tr>
<td>VAR00003</td>
<td>2.00</td>
</tr>
<tr>
<td>VAR00004</td>
<td>2.90</td>
</tr>
</tbody>
</table>

**Test Statistics**

| N | 10 |
| Chi-Square | 9.847 |
| Df | 3 |
| Asymp. Sig. | 0.020 |

a. Friedman Test

From the analysis, it shows that the p-value (0.020) is less than 0.05, therefore the null hypothesis (H0) is rejected and the alternative hypothesis is accepted. In conclusion, external auditors and users of financial statements in Nigeria do not agree as regards the auditors’ duty for fraud detection and prevention.

**Hypothesis 2**

- **H0**: Users of financial statements in Nigeria do not expect auditors to give reasonable assurance.
- **H1**: Users of financial statements in Nigeria do expect auditors to give reasonable assurance.

**ANOVA**

<table>
<thead>
<tr>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>67.600</td>
<td>8</td>
<td>8.450</td>
<td>16.900</td>
</tr>
<tr>
<td>Within Groups</td>
<td>.500</td>
<td>1</td>
<td>.500</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>68.100</td>
<td>9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From the analysis, it shows that the p-value (0.186) is greater than 0.05, therefore the null hypothesis (H0) is rejected and the alternative hypothesis is accepted. In conclusion, users of financial statements in Nigeria expect auditors to give absolute assurance.

**SUMMARY OF FINDINGS**

The results of this study indicate that the expectation gap was found to be particularly wide on the issues of the auditor’s responsibilities for fraud prevention and detection. Users of audited financial statements expect auditors to give absolute assurance. Users of accounting information are not in agreement as regards the auditors’ duty for fraud detection and prevention. Our findings are in line with Akinbuli (2010) and Adeyemi and Udiale (2011). These findings present a serious picture for Nigeria’s professional accounting bodies, as they indicate that considerable potential value from the financial reporting process is being lost as a result of the quite considerable expectation gap in existence in this country.

**CONCLUSION AND RECOMMENDATIONS**

Based on the findings in this study, the following conclusions were arrived at. A clear understanding and consensus of the role auditor plays is needed in order to understand and evaluate the reasonableness of perceptions that users of auditing services have of the auditing profession as well as claims by auditors regarding their responsibilities and functions. This study found the existence of an audit expectation gap in the responsibility of auditor in Nigeria. The audit expectation gap is detrimental to the auditing profession as it has negative influences on the value of auditing and the regulation of auditors in the modern society. In order to close the gap, the duties appropriate to auditors must be clearly defined. However, this can only be achieved when both auditors and those whom they serve have a clear understanding of the role of external auditors in the society. The role and responsibility of auditors in the areas of fraud and illegal acts should be broadening. It is also necessary to raise the awareness of the financial statements users about the auditing profession, its roles and objectives in the community.
LIMITATIONS OF THE STUDY
Every study has its limitations. The broad objective of this study is to examine the existence of expectation gap between auditors and users of financial statements in Nigeria. The study is limited by a sample size of 450 respondents, comprising of auditors, bankers and investors. The survey was restricted to Ibadan and Osogbo. It is likely that the opinions expressed by respondents may not represent the views of every Nigerian. However, these limitations are not expected to adversely influence the findings of the study.

REFERENCES


