

Perception on Audit Expectation Gap of Public Sector Audit in Nigeria

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Abstract

Original Research Article

The exponential rise in corruption has necessitated the call for transparency in financial management in Nigeria. The public is dissatisfied with Auditor General's reports as not been credible. While the public is dissatisfied with the performance of the Auditor General, the Auditor General Office thinks otherwise. The study employed four stakeholders groups (Legislature, Accountants, Bankers and Auditors) to explore the feelings of the society. The study revealed most respondents admit the present audit Act does not address the lack of transparency, accountability, dearth in human capacity, training, non-accessibility of public sector audit reports and great influence on reports due to environmental, social, economic and political factors. Highlighted also are disagreements between the auditor group and other respondents groups in mandatory training of audit staff, present audit team composition effectiveness and need for multi-disciplinary team composition. The study thus recommend urgent review of the Audit Act, enhancement of continuous professional training in modern forensic accounting techniques, guaranteed social security and protection of audit staff, the Auditor General be made to report to an Audit Commission whose membership should be drawn from professional bodies to avoid political influence from the executive and audit teams mandatorily be made to be multi-disciplinary in composition and a ban on auditors rendering non-audit services to clients in the course of their service.

Keywords: Audit Expectation Gap, Corruption, Auditor General, Public Sector.

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1.1 BACKGROUND TO THE STUDY

Nigeria has witnessed exponential increase in corruption from the second republic. The intervention of the military did not eliminate the cancer rather inflamed it's occurrences. The country's image internationally has been on a downward spiral whereby Transparency International ranked the nation as 150th most corrupt nation out of 180 countries in the world in their Corruption Perception Index (CPI) of 2022. This is two points down from 148th position in 2018. The public sector is the major player in project executions and so the bulk of the corrupt practices is traceable to the public sector Ministries, Departments and Agencies (MDAs). Ewa (2013) posit that there are numerous projects abandoned across MDAs due to poor management occasioned by corruption. According to Kankpang *et al.*, (2020), the rate and extent of corruption in the public sector has reached an epidemic dimension. Ewa *et al.*, (2017) citing the World Bank (1997) opined that premeditating factors rooted in a country's peculiar social and cultural history, political and economic development, bureaucratic traditions and polices enhances corruption. Furthermore, corruption flourishes when Institutions are either weak or non-existent and

economic policies distort the market place. One of these Institutions is the Office of the Auditor General for the Federation whose effectiveness and efficiency has a direct effect on the outcomes of all MDAs and so the corruption perception in Nigeria. The objective of an audit is to express an opinion on whether the information presented in the financial statements reflects the true and fair picture of the financial position of the entity at a defined given date. Audit thus is an independent examination of an entity financial records and expression of opinion on the entity's financial statements and compliance with any relevant statutory obligation. By the position of independence, an auditor may thus express qualified or unqualified opinion in the examination of entity's financial statements. The role of auditors in the quality of financial statement information has been and continues to be an important issue in the society. According to Leung *et al.*, as cited in Lee and Ali (2008) audit practice has undergone various important evolution stages ranging from detection of fraud to enhancing role with special focus on integrity and credibility of the information provided in the financial statements. Also the provisions of other services like reporting on irregularities, identifying business risks and management

consulting and internal control, (Boynton *et al.*, 2005). Today auditors are meant to bridge the communication between the managers and final users of published financial reports through authenticating reliability and correctness of the financial reports (Salehi and Rostami, 2009).

1.2 Statement of the problem

The disenchantment by the society on the management of public funds is because in spite of the huge amounts yearly budgeted and spent by public sector entities on both capital projects and programmes by both the federal, state and local government councils, the returns in terms of quality, efficiency and effectiveness is abysmal. These entities sole objective are the provision of social services to the public. But are these services there?. As financial management performance is an aspect of public sector management which involves budgeting processes and implementation, resource allocation efficiency, operational efficiency and fiscal discipline, there is a general belief with the huge funds allocated to the MDAs yearly, there is no value for money on the projects embarked upon by them and yet the audit reports prepared by the auditors do not reflect these failures. There has been the call for good governance and transparency from the public which resulted in the establishment of the various anti-corruption agencies since the civilian administration. The public opine that corruption and bribery is endemic in the society and is particularly resident in the infrastructure areas in public sector agencies saddled with the task of providing public infrastructure and services, (Olu-Adeyem & Obamuyi, 2010; Dukor, 2006).

While there is this agony by the public on the role of the audit in this dilemma, the auditors and the office of the Auditors General belief very strongly that they carry out their professional duties with due diligence and professional skill as required of them. There is therefore an expectations gap following the yearnings of the public in whom sovereignty resides (corporate owners of governance) as to what they expected the auditors to do in their professional duties in the MDAs and the auditors' standpoint on their professional responsibility.

1.3 Objective of the study

The main objective of this study is to assess the audit expectation gap in public sector audited financial reports in Nigeria. The sub objectives are:

1. To determine whether Auditors competences influences the performance of their responsibilities
2. To determine whether social and environmental factors affects public sector Auditors work output.
3. Access whether the present 1956 Audit Ordinance Act and other financial circulars influences the quality of the reports.

Research questions

This study is structured to provide explanations to the following research questions in an attempt to achieve the stated objectives:

- i. Does Public Sector auditors have relevant competences and do their competences reflect in the financial statements reports?
- ii. Does social and environmental factors affects public sector Auditors work output?
- iii. Do 1956 Audit Ordinance Act and other financial circulars influence the quality of the reports?

2. LITERATURE REVIEW

2.1 Conceptual framework

2.1.1 Fraud

Fraud may be defined as dishonesty in the form of an intentional deception or manipulation of material facts with clear intension to deceive by convincing people to act against their own best interests but for the material gain of the fraudster. No one description of financial fraud suffices; it has been variously described in literature. Fraud is crime against property, involving the unlawful conversion of property belonging to another to one's own. Fraud is an activity that takes place in a social setting and has severe consequences for the economy, corporations and individuals. It is an opportunistic infection that bursts forth when greed meets the possibility of deception. The incidence of fraud continues to increase across private and public sector organizations across nations. Fraud is a universal problem as no nation is immune although, developing countries and their various states suffer the most pain.

2.1.2 Public Sector Accounting:

Public sector accounting in Nigeria is governed by the 1999 Constitution as amended, the Finance (Control and Management) Act of 1958 as amended, the 1956 Audit Ordinance Act, the Financial Regulations, the Revenue Allocation Act and the Fiscal Responsibility Act. The Auditor General and the States Auditors General are empowered by Section 85 of the 1999 Constitution as amended to audit the accounts of all MDAs. Since the laws did not stipulate the methodology of the audit exercise, the certification by the Auditor General follows the certification as applied in the audit of private companies as stipulated in Institute of Chartered Accountants of Nigeria (ICAN) auditing standards, the International Standards of Supreme Audit Institutions (ISSAI) and the Auditing Practices Board. The independence of the Auditor General is protected by law as he shall not be subject to the direction or control of any other authority or person and shall only be removed from office by the president acting on an address supported by two thirds majority of the Senate praying that he be so removed for inability to discharge the functions of his office (whether arising from infirmity of mind or body or any other cause) or for misconduct and shall not be removed from office before his retirement age. However, other staff members of the

office of the Auditor General are members of the federal civil service and their terms and conditions of service are as applicable to other federal civil service staff. They are however delegated with the powers of the Auditor General provided under the 1999 Constitution as amended and the 1956 Audit Act for the purpose of carrying out the function of audit.

2.1.3 Audit expectation gap

Over a century ago, the term 'audit expectation gap' has been described as the difference in opinion between the society of financial statements users and auditors expectation of an audit report, (Otalor & Okafor, 2013). Monroe and Woodliff (1993) as cited by Otalor & Okafor defined it as the difference in belief between auditors and the public about the duties and responsibilities assumed by auditors and the messages conveyed in the audit reports (Otalor & Okafor, 2013). It is all about the differences between what the public expects from the audit assignment and what the auditors actually provides (Jennings, Reckers and Kneer, 1993). The Canadian Institute of Chartered Accountants (CICA, 1988) opined that the gap consist of three main components of unreasonable expectation by Users, inadequate legislation, auditing and accounting standards and inadequate performance of auditors. Porter in her study arguably is a refinement of the components postulated by CICA in 1988. She suggested that the audit expectations gap can be divided into two main components; the performance gap and the reasonable (feasibility) gap. The performance gap sub-divided into deficient performance and deficient standards where she defined deficient performance as a gap between the expected standard of the performance of auditors under existing duties and the auditors perceived performance as expected and perceived by the society. This is perceived to occur when the auditors fail to comply with all extant laws and existing auditing standards in the performance of their audit assignment. Anchored on her definition on the reasonableness gap, she stated that two possibilities can cause the existence of this gap: reasonable expectations and unreasonable expectations.

2.2 Theoretical framework

The following theories amongst others highlight stakeholders perception of the function and responsibilities of an auditor.

2.2.1 Theory of Inspired Confidence.

Accountability from the management, in return for their contribution to the company. Since information provided by the management might be biased, because conflict of interests, an audit of this information is needed. The demand for audit services is the direct consequence of the participation of outside stakeholders in the company.

2.2.2 Attribution theory.

Blame from stakeholders who are of the opinion that the auditors are to be blamed for the failure to detect

fraud and collapse of the organization. As stated in the theories, demand for audit services is a direct consequence of the participation of outside stakeholders in the public sector MDAs. As Limperg stated, the stakeholders (the public) demand accountability from the management (public servants/politicians in authority) of the public sector entity in return to their contribution by way of payment of taxes and returning the politicians to represent them in government. Considering the fact that information to be provided by management might be biased because of a possible divergence or conflict of interest between the interests of management and outside stakeholders, an audit of this information is of utmost importance. In the level of audit assurance required by the public, it is expected that the audit job should be executed in such a way that the expectations of a rational person are not frustrated by meeting reasonable public expectations. Similarly, attribution theory framework was used to examine judges' attitudes and blaming of the auditors which could be defined as the excessive causal attribution by the shareholders to the auditors (Jones & Davis, 1965; Arrington, Bailey & Hopwood, 1985; Jennings, Kneer & Reckers, 1991; Jennings, Kneer & Reckers, 1993; Anderson, Jennings, Kaplan & Reckers, 1995; Anderson, Jennings, Lowe & Reckers, 1997).

The ingredients of good governance are transparency and accountability. There is inspired confidence in the public quest for this transparency and accountability in the public sector finance management through the audit report prepared by the Auditor General. The public expect the audit to provide it with the assurance that the financial information rendered is devoid of material misstatement, fraud and there is value for money in the projects and programs executed by the MDAs.

2.3 Empirical literature

Pendlebury and Shreim (1990) study tested the attitudes of external auditors on the conduct of effectiveness auditing in the public sector of UK. The study revealed a general agreement among the respondent auditors on the performance auditing activity and operations relying more on personal judgement and less on verifiable data by the effectiveness auditors. Also, the objective of effective auditing is achievable and the composition of audit teams should be multi-disciplinary with auditors from different disciplines and that economy and efficiency rather than effectiveness is the primary motive of effectiveness auditing. Also the study revealed that 'there was little evidence of concern over the involvement of auditors with policy decisions or the need to influence policy decisions'. In fact all the auditors involved in the study believed that they can restrain themselves from making comments on policy issues or decisions in the course of carrying out effectiveness auditing. The study revealed a disagreement among the respondents groups on which group is most important in evaluating effectiveness in the public sector. Whereas the National Audit Office (NAO)

auditors consider themselves as the most important group in evaluating effectiveness, Audit Commission and the public firm auditors are of the view that managers and service specialists' were more important than they were in evaluating effectiveness. Pendlebury and Shreim (1991) study that examined the attitude of public sector managers and finance officers of local authorities in England and Wales revealed though less obvious that there were audit expectations gaps in whether an effectiveness audit team composition should be multi-disciplinary, value for money (VFM) auditing is primarily concerned with economy and efficiency rather than on effectiveness and VFM auditing should be limited to economy and efficiency and should not cover the effectiveness. The study discovered that the attitudes of auditors and managers in the study differed significantly in assertion regarding the appropriateness of them making personal judgements on effectiveness auditing. This assertion differs from the earlier study which suggested that judgements required in an effectiveness audit are most appropriate to be made by the auditors.

Johnsen *et al.*, (2001) found that the officials of the local government authority audited in Norway regarded the performance audit reports as useful as against the officials of the local government authority audited in Finland who regarded the performance audit reports as not useful. The study further found that auditing agencies in Norway believe the intended

objective of performance auditing were not completely achieved due to auditor incompetence while auditing agencies in Finland considered the performance audit reports as lacking valuable information and very complicated to understand.

The study by Daud (2007) the study revealed audit expectations gap did occur in the area of auditor competence, audit scope or mandate (i.e. the extent of examination of 3Es) and audit reporting (i.e. usefulness of audit reports). Bogdanoviciute (2011) study revealed significant difference in agreement between auditors and users of audit reports as to un-biasness and objectivity of auditors. This collaborate the findings of (Ayei *et al.*, 2013; James and Izedonmi, 2010; Daud, 2007; Best *et al.*, 2001; Fadzly and Ahmad, 2004). Tanko and Dabo (2013) study revealed the existence of gap between the views of auditors and non-auditors in terms of the quality of audit reports. Also, auditors view greater improvement in the quality of company audit reports than the non-auditors. On the issue of the content of the auditor's report being improved, there was a gap between chartered accountants and non-chartered accountants. Adeyemi and Uadiale (2011) study revealed a significant difference in the perception of respondent groups on the usefulness of audit reports. Olowookere and Soyemi (2013) study revealed a widening gap on the issues of the auditors' responsibilities for fraud prevention and detection.

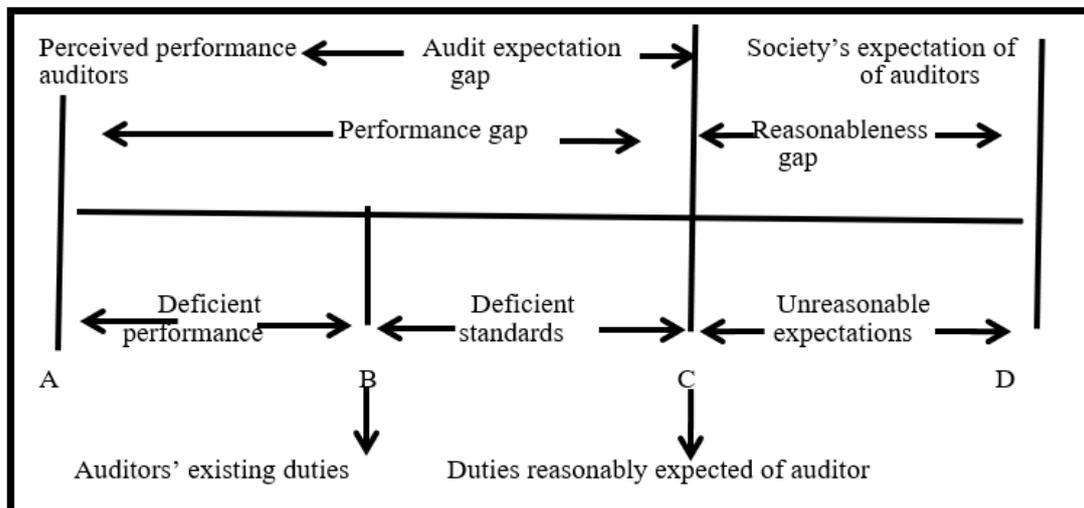


Figure 1: Components of the audit expectations gap

Source: Porter (1993)

Table 1: Summary of results of Porter's study

Categories	Auditors responsibilities
Deficient performance	<ul style="list-style-type: none"> Express doubts in the audit report about the company's continued existence. Detect theft of corporate assets by company directors/senior management. Disclose in the audit report misappropriation of company's assets by company directors/senior management. Disclose in the audit report deliberate distortion of financial information. Detect illegal acts by company officials which directly affect the company's accounts. Disclose in the audit report illegal acts which directly affect the company's accounts.
Deficient standards	<ul style="list-style-type: none"> Report to a regulatory authority doubts on the company's continued existence.

Categories	Auditors responsibilities
	<ul style="list-style-type: none"> Report to the regulatory authority misappropriation of company's assets. Report to a regulatory authority suspicion of fraud. Report to regulatory authority illegal acts uncovered in the company. Examine and report on the fairness of financial forecasts. Audit published half-yearly company reports.
Unreasonable expectations	<ul style="list-style-type: none"> Guarantee audited financial statements are accurate. Guarantee auditing company is solvent. Report breaches of tax laws to the IRD. Report to a regulatory authority theft of corporate assets by non-managerial employees. Disclose in the audited report theft of corporate assets by non-managerial employees. Detect illegal acts by company which do not directly affect the company's accounts. Disclose in the audit report illegal acts which do directly affect the company's accounts.
Neither existing nor expected duties	<ul style="list-style-type: none"> Prepare the auditing company's financial statements. Consider and report on the company's impact on its local community.
Duties of auditors perceived to be performed satisfactorily.	<ul style="list-style-type: none"> State whether financial statements fairly reflect the company's affairs. Ensure compliance with company legislation. Detect deliberate distortion of financial information.

Source: Researchers compilation

3. RESEARCH DESIGN

The researcher adopted a descriptive survey design which is a combination of qualitative and quantitative research methods. The data is obtained through survey questionnaire and thereafter statistically analysed using Relative Importance Index (RII). Qualitative research method on the other hand uses interview method and the data was analysed using NVivo 10 software.

3.1 Sample size

The population of the study was drawn from members of the National Assembly, Bankers, Auditors in MDAs. The sample size of the study is obtained using the Taro Yamane formula. According to Yamane (1967) determined as follows;

$$n = N/[1+N(e)^2]$$

The respondents rated each cause (factor) on a scale of 1–5. The five point scale was then transformed to relative importance indices for each of the variables of divergence of opinion creating the expectation gap. The completed and returned questionnaires were analysed using simple percentages and Relative Importance Index (R.I.I) based on the work of Lim and Alum (1995) whose rate determines the significance, importance or relevance of the belief statement or postulate.

$$R.I.I. = (5n_5 + 4n_4 + 3n_3 + 2n_2 + n_1)/5N$$

Where, n_5 = Strongly Agree; n_4 = Agree; n_3 = Neutral; n_2 = Disagree; n_1 = Strongly Disagree; n = Number of respondents.

Table 2: Computation of IRR on Competence of Public Sector Auditors

Postulated scenario questions	1	2	3	4	5	RII
On possession of basic relevant educational qualification	157	1	3	22	0	0.920
On the need for the composition of audit team to be multi-disciplinary	140	15	0	1	27	0.862
On assessment of present public audit composition	36	67	48	10	22	0.693
On the need for continuing mandatory professional training for auditors	147	11	0	0	25	0.879
On the assessment of present public sector audit in training	60	94	15	14	0	0.819
On auditors ability and skill to analyse complex information/data	37	133	13	0	0	0.826
On auditors knowledge of public sector project management	13	142	11	14	3	0.762
On auditors having Investigative skills	20	162	0	0	1	0.819
Acquisition of professional values	16	137	2	25	3	0.751
On understanding professional and ethical implications for actions	3	28	3	27	122	0.341

Table 3: Computation of IRR of Social and Environmental Factors affecting Public Sector Auditor work

Postulated scenario questions	1	2	3	4	5	RII
On external Interference on the auditors in carrying out its duties	10	158	7	7	1	0.785
On the importance of auditors not performing non-audit services for clients	127	15	7	6	28	0.826
On the issue of political affiliation influencing audit opinion	7	144	1	29	2	0.737
On religious affiliations impacting on audit opinion negatively	3	136	6	34	4	0.709
On the influence of ethnicity impacting on audit opinion	14	122	7	35	5	0.715
On the effect of social security benefits impacting on audit opinion	129	17	6	29	2	0.864
On influence of external threat impacting on audit opinion	9	140	3	30	1	0.738

Table 4: Computation of IRR of the relevance and content of 1956 Audit Ordinance Act

Postulated scenario questions	1	2	3	4	5	RII
On the relevance and content of 1956 Audit Ordinance Act						
On the timeliness of yearly audit reports to the public	6	9	3	22	143	0.286
The disclosure requirements as stipulated in the Act are sufficient to expose fraudulent infractions.	1	62	5	7	108	0.426
On the sufficiency in content of Audit Reports	0	65	6	106	6	0.542
On the usefulness of the reports in performance monitoring	0	12	6	160	5	0.427
On the performance report credibility(assurance) in performance	0	9	8	163	3	0.425
Adequacy of information in report for management	1	12	8	158	4	0.434
On assesses ability of audit reports to the public	159	10	3	6	3	0.949

4. DISCUSSION OF FINDINGS

On the postulated question of possessing basic relevant educational qualification before engagement, 157 (86%) respondents across the four groups strongly agreed possession of basic relevant educational qualification is essential with a relative importance index

of 0.920 comprising 58 (31.7) from PAC, 59 (32.2) from Accountants, 33 (18.0) from Auditors and 7 (3.8) from Bankers. Of the remaining respondents from the Auditors group, while 1 (0.5) merely agreed to possession of relevant qualification as essential, 22 (12.0) respondents disagreed with that position and 3 (1.6) respondents were undecided.

Table 5: Analysis of Respondents Responses

S/N	Belief statement	SA	%	A	%	N	%	D	%	SD	%	Total
1	Possession of Basic relevant educational qualification	157	0.86	1	0.01	3	0.02	22	0.12	0	0.00	183
2	Composition of Audit team to be Multi-disciplinary	140	0.77	15	0.08	0	0.00	1	0.01	27	0.15	183
3	Assessment of Firm Composition	36	0.20	67	0.37	48	0.26	10	0.05	22	0.12	183
4	Need for Continuing Mandatory Professional Training for Auditors	147	0.80	11	0.06	0	0.00	0	0.00	25	0.14	183
5	Audit firm Assessment in training	60	0.33	94	0.51	15	0.08	14	0.08	0	0.00	183
6	Auditors ability and skill to analyse complex information/data	37	0.20	133	0.73	13	0.07	0	0.00	0	0.00	183
7	Auditors knowledge of public sector project management	13	0.07	142	0.78	11	0.06	14	0.08	3	0.02	183
8	Auditors Investigative skills	20	0.11	162	0.89	0	0.00	0	0.00	1	0.01	183
9	Acquisition of Professional Values	16	0.09	137	0.75	2	0.01	25	0.14	3	0.02	183
10	Understanding professional ethical implications for actions	3	0.02	28	0.15	3	0.02	27	0.15	122	0.67	183
11	External Interference	10	0.05	158	0.86	7	0.04	7	0.04	1	0.01	183
12	Non-Audit Services for Clients	127	0.69	15	0.08	7	0.04	6	0.03	28	0.15	183
13	Political Affiliation	7	0.04	144	0.79	1	0.01	29	0.16	2	0.01	183
14	Religious Affiliations	3	0.02	136	0.74	6	0.03	34	0.19	4	0.02	183
15	Influence of Ethnicity	14	0.08	122	0.67	7	0.04	35	0.19	5	0.03	183
16	Effect of Social Security Benefits	129	0.70	17	0.09	6	0.03	29	0.16	2	0.01	183
17	Influence of threat	9	0.05	140	0.77	3	0.02	30	0.16	1	0.01	183
18	Timeliness of Audit Reports	6	0.03	9	0.05	3	0.02	22	0.12	143	0.78	183
19	Format adequacy of Audit Reports	1	0.01	62	0.34	5	0.03	7	0.04	108	0.59	183
20	Content Sufficiency of Audit Reports	0	0.00	65	0.36	6	0.03	106	0.58	6	0.03	183
21	Usefulness of Reports in performance monitoring	0	0.00	12	0.07	6	0.03	160	0.87	5	0.03	183
22	Performance report credibility (assurance) in performance	0	0.00	9	0.05	8	0.04	163	0.89	3	0.02	183
23	Adequacy of information in report for management	1	0.01	12	0.07	8	0.04	158	0.86	4	0.02	183
24	Accessibility of Reports	159	0.88	10	0.06	3	0.02	6	0.03	3	0.02	181

On the need for an audit team composition to be multi-disciplinary, while 140 (76.5) strongly agreed with a relative importance index of 0.862 comprising 58

(31.7) respondents from the PAC group, 50 (27.3) from Accountants group, 29 (15.8) from Auditors group and 3 (1.6) from the Bankers group, 15 (8.2) merely agreed

comprising 8 (4.4) from the Accountants group, 4 (2.2) from the Auditors group and 3 (1.6) from the Bankers group. However, while 27 (14.8) comprising 25 (13.7) Auditors, 1 (0.5) Accountant and 1 (0.5) Banker strongly disagreed with the notion of multidisciplinary composition of an audit team. Also 1 (0.5) respondent from the auditor group merely disagreed to multidisciplinary composition of an audit team.

On the assessment of present public sector audit team composition, 36 (19.7) respondents comprising 30 (16.4) Accountants, 6 (3.3) Bankers strongly believe that the present public sector audit team composition is not well constituted to provide quality audit report that will give the public quality assurance of the public sector financial management. 67 (36.6) comprising 29 (15.8) Accountants, 20 (10.9) PAC, 17 (9.3) Auditors and 1 (0.5) Bankers equally agreed that the present public sector audit team composition is very defective to provide quality and transparent financial report that addresses the 3Es of governance (Effectiveness, efficiency and economy). In contrast, while 22 (12.0) respondents all drawn from the auditors group strongly disagreed to this perception, 10 (5.5) respondents also from the Auditors group disagreed that the present audit team composition impeded audit quality reports. This disagreement reinforces the audit expectation gap among stakeholders in appraising audit reports. The relative importance index of 0.693 measures the positive degree of agreement of the postulation.

On the need for continuing mandatory professional training for auditors, with RII of 0.879, 147 (80.3) respondents comprising 58 (31.7) PAC members, 53 (29.0) Accountants, 31 (16.9) Auditors and 5 (2.7) Bankers strongly agreed on the need for continuing mandatory professional training for staff of the audit department. Also, while 11 (6.0) comprising 6 (3.3) Accountants, 3 (1.6) Auditors and 2 (1.1) Bankers equally agreed on the need for continuous mandatory training for audit staff, 25 (13.7) respondents from the Auditor group strongly disagreed that mandatory professional training impedes on the capacity of Audit staff service delivery and quality of audit reports. They opined that they already have the experience needed to carry out the audit assignment.

On the assessment of the present public sector audit on training with RII of 0.819, 60 (33.0) respondents comprising 10 (5.0) PAC members, 27 (15.0) Accountants, 23 (13.0) Auditors strongly agreed that the present public sector auditors are poorly trained in forensic accounting techniques mostly needed when carrying out investigative audit in a cancerous society like Nigeria., 94 (51.0) comprising 36 (20.0) Auditors, 32 (17.0) Accountants, 20 (11) PAC members and 6 (3.0) Bankers equally agreed to non-training of present crop of staff. However while 14 (8.0) respondents comprising 13 (7.0) PAC members and 1 (1.0) Bankers disagreed to the notion of poor training, 15 (8.0) respondents from PAC

group were undecided in forming their opinion on the subject matter.

On the public auditors ability and skills to analyse complex data or information, with RII of 0.826, 37 (20.2) respondents comprising 13 (7.1) PAC members, 13 (7.1) Accountants, 6 (3.3) Bankers and 5 (2.7) Auditors strongly agreed the present public sector auditors do not possess the capability and skills to analyse complex financial information and data due to the recruitment process in the public service and the curriculum of their studies. 133 (72.7) respondents comprising 45 (25) PAC members, 46 (25) Accountants, 41 (22) Auditors and 1 (1) Banker also agreed the lack of ability and skill to carry out complex forensic analysis of MDAs financial records to identify and extract financial infractions and trace fraudulent transactions in the public sector records. However, 13 (7.1) respondents from the audit group were undecided on this question of lack of relevant skill and capacity to analyse complex financial information and data in the public sector MDAs.

On the question of public sector auditors having knowledge of project management and monitoring, while 13 (7.1) respondents comprising 8 (4.4) Accountants, 3 (1.6) Bankers and 2 (1.1) Auditors strongly agreeing, 142 (77.6) comprising 58 (32) PAC members, 50 (25) Accountants, 30 (16) Auditors and 4 (2) Bankers agreed public sector auditors lack sufficient technical knowledge in project management and monitoring and thus the cancer of project abandonment in various MDAs in Nigeria. However, while 14 (7.7) respondents from the auditors' group disagreed to the lack of technical knowledge by public sector auditors, 11 (6.0) respondents still drawn from the auditors' group were undecided on the technical knowledge capacity of public sector auditors in project management and monitoring. The result revealed a RII of 0.762.

On the assessment of public sector auditors investigative skill in detecting fraudulent practices in the MDAs, with RII of 0.819 while 20 (10.9) respondents comprising 10 (5.5) Accountants, 5 (5.7) Bankers and 5 (2.7) Auditors strongly agreed public sector auditors lack investigative skills to detect fraudulent infractions, 162 (88.5) respondents comprising 58 (31.7) PAC members, 48 (26.2) Accountants, 54 (29.5) Auditors and 2 (1.1) Bankers agreed public sector auditors lack investigative skills and techniques necessary to detect fraud and fraudulent practices in the public sector. This may be due to lack of necessary infrastructures, equipment and training in data mining and other forensic accounting techniques. This collaborate the study of Ewa *et al.*, (2020).

On the acquisition of professional values which is a bed rock to curbing corruption and compromises, with RII of 0.751, 16 (8.7) respondents comprising 9 (4.9) Accountants, 5 (2.7) Bankers and 2 (1.1) Auditor strongly agreed while 137 (74.9) comprising 56 (32) PAC members, 47 (26) Accountants, 31 (17) Auditors

and 1 (1.0) Banker agreed also that public sector auditors do not possess professional values which would have sharpened their disposition to compromise fraud related activities in the public sector MDAs. However, 25 (13.7) respondents from the auditor group disagreed to the lack of professional value by public sector auditors influencing their professional responsibilities.

On the possible external interferences on the public sector auditors in the discharge of their responsibilities, with RII of 0.785, 10 (5.5) respondents strongly agreeing to external pressure on public sector auditors in the discharge of their responsibilities while 158 (86.3) respondents comprising 58 (31.7) PAC members, 53 (29.0) Auditors, 47 (25.7) Accountants agreed of external interference on the public sector auditors. This interference ranges from political, executive, religious and ethnic interferences. However, while 7 (3.8) respondents comprising 5 (2.7) Bankers, 1 (0.5) Auditors and 1 (0.5) Accountants disagreed to this notion of external interference, 7 (3.8) respondents comprising 3 (1.6) Auditors and 4 (2.2) Accountants were undecided on the notion of external interference.

On the performance of non-audit services for client MDAs influencing public sector auditors audit judgment and reports, 127 (69.4) respondents comprising 58 (31.7) PAC members, 43 (23.5) Accountants and 26 (14.2) Auditors strongly agreed that non-audit services like consultancy services performed by public sector auditors with a fee for the MDAs they are auditing greatly influences their statutory assignment as any adverse report by the auditor may cause loss of remuneration from these other services they are rendering to the MDA. While 15 (8.2) respondents equally agreed to the notion of non-audit services influencing audit opinion, 28 (15.3) respondents comprising 26 (14.2) Auditors, 1 (0.5) Bankers and 1 (0.5) Accountants strongly disagreed that non-audit services engagement do affect auditors work ethics. A RII of 0.826 was recorded.

On the belief that political affiliation influences audit judgement in the public sector with RII of 0.737, 7 (3.8) respondents comprising 4 (2.2) Accountants, 2 (1.1) Bankers and 1 (0.5) Auditors strongly belief political affiliation negatively influences the auditors judgement while 144 (78.7) respondents comprising 58 (32) PAC members, 54 (29.5) Accountants, 28 (15.3) Auditors and 4 (2.2) Bankers belief political association of the auditors impact negatively on their judgment. This position is disagreed by 29 (15.8) respondents comprising 28 (15.3) Auditors and 1 (0.5) Bankers who belief auditors are expected to be apolitical in the discharge of their responsibilities to ensure accountability and transparency.

On the belief that religious affiliation is influencing public sector auditors judgement in the MDAs, with RII of 0.709, 136 (74.3) respondents

comprising 58 (31.7) PAC members, 48 (26.2) Accountants, 27 (14.8) Auditors and 3 (1.6) Bankers agreed religious affinity has taken the centre stage in negatively impacting on auditors decision making in the MDAs. On the contrary, 34 (18.6) respondents comprising 29 (15.8) Auditors 3 (1.6) Accountants and 2 (1.1) Bankers disagreed to the notion of religion influencing auditors decision making in the audit of MDAs. This collaborate the studies of the World Bank (1997) as cited in Ewa *et al.*, (2017) that premeditating factors rooted in a country's peculiar social and cultural history, political and economic development, bureaucratic traditions and polices enhances corruption. Furthermore, corruption flourishes when Institutions are either weak or non-existent and economic policies distort the market place..

Also the belief that ethnicity or tribal relationship between the audit staff and the MDA officials in charge of the MDAs influences audit opinion and reports, with RII of 0.715 122 (66.7) respondents comprising 45 (24.6) PAC members, 45 (24.6) Accountants, 28 (15.3) Auditors and 4 (2.2) Bankers agreed ethical consideration is negatively impacting on audit judgement of MDAs while 14 (7.7) respondents comprising 13 (7.1) PAC members and 1 (0.5) Accountants strongly belief ethnicity is influencing the outcome of audit exercises of MDAs thus reportable infractions are hardly reported by the audit teams if the head of the MDA is related with the auditors carrying out the audit assignment. While 5 (3) respondents comprising 2 (1.1) Auditors, 2 (1.1) Accountants and 1 (0.5) Bankers strongly disagreed to this assertion, 35 (19) respondents mostly auditors comprising 29 (15.8) Auditors, 4 (2.2) Accountants and 2 (1.1) Bankers also aligned with those who disagreed to the belief that ethnicity also impacts negatively on audit decision making process in the public sector. This is in agreement with Ewa *et al.*, (2017).

On ascertaining whether the effect of lack of social security benefits influences auditors non-commitment to professional standards and transparency, with RII of 0.864, 129 (70.5) respondents comprising 58 (31.7) PAC members, 43 (23.5) Accountants, 27 (14.8) Auditors and 1 (0.5) Bankers strongly belief effect of social security benefit negatively influences the outcome of auditors. They belief they need extra income to survive in the country and in case they retire to fall back on. Also 17 (9.3) respondents comprising 11 (6.0) Accountants, 4 (2.2) Bankers and 2 (1.1) Auditors equally belief that the lack of social security benefits accruable to public sector auditors makes auditors to easily be influenced by monetary peeks from MDAs as they consider their assignments as extra sources of income generation in their career. However, in the contrary 29 (15.8) respondents comprising 27 (14.8) Auditors 1 (0.5) Accountants and 1 (0.5) Bankers disagreed that auditors compromise their positions due to the lack of social security benefits in case of lost of jobs

in expressing their audit opinion that might affect the management and powerful elements in government.

On the influence of potential threat for exposing fraudsters, while 140 (76.5) respondents comprising 58 (31.7) PAC members, 49 (26.8) Accountants, 29 (15.8) Auditors and 4 (2.2) Bankers believe the consequences of potential threat on audit staff that exposes fraudsters impacts negatively on their audit opinion, with RII of 0.738, 9 (4.9) respondents comprising 6 (3.3) Accountants, 2 (1.1) Bankers and 1 (0.5) Auditors strongly believe external threat to life influences auditors assignment and readiness to expose fraudulent practices in the public sector operations. However, while 3 (1.6) respondents were undecided on the assertion, 30 (16.4) respondents comprising 26 (14.2) Auditors and 4 (2.2) Accountants disagreed that external threat inhibit auditors ability to reveal and expose fraudulent activities in the public sector.

On understanding professional and ethical implications for actions taken, with RII of 0.341, 122 (67) respondents comprising 45 (25) PAC members, 47 (26) Accountants, 29 (15.8) Auditors and 1 (1.0) Bankers strongly disagreed that auditors take into consideration their professional and ethical values in the course of their responsibilities. Similarly, 27 (15.0) respondents comprising 13 (7.0) PAC members, 7 (4.0) Accountants, 4 (2.0) Auditors and 3 (2) Bankers equally disagreed to the notion of observing professional and ethical values in decision making.

On the question of timeliness of yearly audit reports to the public; there was a general belief that public sector audit reports are not published on time and presented to the public to appraise the leadership in Office. With RII of 0.286, 143 (78.1) respondents comprising 45 (24.6) PAC members, 44 (24.0) Accountants, 53 (29.0) Auditors and 1 (0.5) Banker strongly disagreed that MDAs audits are carried out on time and all audit queries addressed on time and the report published to the generality of the public on time. While 27 (12.0) respondents comprising 13 (7.1) PAC members, 6 (3.3) Accountants and 3 (1.6) Bankers also disagreed to early reporting of audit reports. However 6 (3.3) respondents strongly agreed audit reports are issued on time.

On evaluating the content or reporting style or format of public sector audit reports to meeting international best standard of reporting, with RII of 0.426, 108 (59.0) respondents comprising 58 (31.7) PAC members, 43 (23.5) Accountants, 4 (2.2) Auditors and 3 (1.6) Bankers strongly disagreed that the present format of presenting public sector audit reports is comprehensive enough to convey meaning to the general public. In the contrary, 63 (34.4) respondents comprising 51 (27.9) Auditors, 10 (5.5) Accountants and 1 (0.5) Banker agreed that the present reporting format is adequate to address the concerns of the public.

Similarly, on the issue of sufficiency of the present audit reports, with RII 0.542, 106 (57.9) comprising 58 (31.7) PAC members, 42 (23.0) Accountants, 4 (2.2) Auditors and 2 (1.1) Bankers disagreed to the assertion that the present presentation is sufficient in addressing the yearnings of the public on value for money audit while 65 (35.5) respondents comprising 53 (29.0) Auditors, 9 (4.9) Accountants and 3 (1.6) Bankers agreed the present audit reports contain enough information on the financial management of the MDAs.

On the usefulness of the reports in performance monitoring, with RII of 0.426, majority of the respondents 160 (87.4) comprising 58 (31.7) PAC members, 46 (25.1) Accountants, 53 (29.0) Auditors and 3 (1.6) Bankers disagreed the present report is useful in carrying out performance monitoring as performance audit is not mandatory in each yearly audit circle.

In accessing the credibility of the performance report of the audit, with RII of 0.425, 163 (89.0) respondents comprising 58 (31.7) PAC members, 49 (27.0) Accountants, 53 (29.0) Auditors and 3 (2.0) Bankers disagreed that the audit reports as presented are credible and can be relied upon in appraising the government.

In appraising stakeholders perception of their assessment of audit reports content in information flow, 158 (86.0) respondents comprising 58 (31.7) PAC members, 53 (29.0) Auditors, 45 (25.0) Accountants and 2 (1.0) Bankers were undecided on their evaluation of the content of the present audit reports. This is expected as Auditor General reports are in arrears of over ten years. While 1 (1.0) Accountant strongly agreed the present format of the audit report does not convey any material information about the transparency, efficiency, effectiveness and economy of MDAs management and projects, 12 (0.07) respondents comprising 5 (3.0) Accountants, 4 (2.0) Bankers and 3 (2.0) Auditors agreed to the ineffectiveness of the present reporting format.

In evaluating the accessibility of government audit reports among stakeholders, while 159 (87.0) respondents comprising 58 (32.0) PAC members, 46 (25.0) Accountants, 53 (29.0) auditors and 2 (1.0) Bankers strongly agreeing that the public is deprived of evaluating the financial management of the nation as audited reports are hardly seen in the public, 10 (0.05) respondents comprising 7 (4.0) Accountants, 2 (1.0) Bankers and 1 (0.5) Auditors equally agreed government audited financial reports are not accessible to the public.

5. CONCLUSION/RECOMMENDATION

5.1 CONCLUSION

The generality of the respondents including Auditors admit the present audit Act does not address the lack of transparency and accountability and also the present condition of operations in the public sector

finance management. There is also general agreement on the dearth in capacity of present public sector auditors due to poor infrastructure equipment and training in modern forensic accounting techniques to detect fraudulent practices. There is also general belief that public sector audit reports are not accessible to the public. Also agreement that environmental, social, economic and political factors (religion, ethnicity, politics, social security and security threats) greatly influences the action of the auditors as being reported in the auditors' report of MDAs operations.

There is however disagreement between the auditors and other respondents in the survey concerning the following:

- i. Mandatory training of audit staff
- ii. Present audit team composition effectiveness
- iii. Need for multi-disciplinary team composition.

5.2 RECOMMENDATION

Arising from the findings, the following actions are recommended for effectiveness and efficiency of public sector audit team:

- i. Urgent review of the Audit Act to make it mandatory for yearly performance audit for every MDA operation.
- ii. Enhance continuous professional training in modern forensic accounting techniques to combat fraud and corruption in the public service.
- iii. Guarantee social security and protection of audit staff to avoid fear of loss of job for issuing adverse report against those in authority.
- iv. The Auditor General should report to an Audit Commission whose membership should be drawn from professional bodies to avoid political influence from the executive.
- v. Audit teams should mandatorily be made to be multi-disciplinary in composition.
- vi. Formal ban of auditors rendering non-audit services to clients in the course of their service.

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