

## Determinants of Auditor Expectation Gap in Nigeria

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### Abstract

Auditor expectation gap is the difference between the roles performed by auditors and the roles users of financial statements want auditors to perform. Therefore, the issue of auditor expectation gap has been a contemporary issue in auditing literature. The study empirically examined the determinants of auditor expectation gap in Nigeria within the third quarter of 2024. The study used survey research design while primary data was used as the method of data collection. The sample population is made up of 150 respondents comprising of staff of the Bursary and Audit Department of University of Benin, Edo State, Nigeria. Ordinary Least Square regression technique was used in testing the formulated hypotheses. The empirical results revealed that audit independence has an insignificant positive influence on auditor expectation gap in Nigeria, effective internal control has a significant positive influence on audit expectation gap in Nigeria, audit performance has a significant positive influence on auditor expectation gap in Nigeria and expanded audit report has an insignificant positive influence on auditor expectation gap in Nigeria. The study concludes that audit performance and effective internal control are potent drivers of reducing auditor expectation gap in Nigeria among the variables of interest explored in this study. It is therefore recommended that policy makers should ensure that audit performance and internal control systems be enhanced in public sector organizations in Nigeria so as to reduce the presence of auditor expectation gap. Furthermore, less emphasis should be placed on both audit independence and expanded audit report, since their presence tends to increase auditor expectation gap in Nigeria.

**Keywords:** Audit Expectation Gap, Audit Independence, Audit Performance, Effective Internal Control, Expanded Audit Report.

### Introduction

Audit expectation gap is the misunderstanding perceived by users of accounting information in relation to financial reporting quality and what the auditors' perceived. The issue of auditor expectation gap has been a contemporary issue in auditing literature (Dibia, 2015). Auditors are blamed by the public for the failure of most organizations that are going concern. Auditing is the expression of an independent opinion on the truthfulness and fairness of information disclosed in financial statements (Izedonmi, Ogbaisi & Oshodin, 2017; Ogbaisi, Izedonmi & Dabor, 2016). Ezuwore-Obodoekwe and Agbo (2020) stressed that the occurrence of audit failures in America's companies like Enron, WorldCom, and Xerox and African Petroleum Plc., Cadbury Plc in Nigeria led to the distrust of audit report by users of accounting information. The scenario creates the existence of audit expectation gap. Casterella, Jensen and Knechel (2007) maintained that audit failure occurs when an observed event (e.g., bankruptcy, subsequent discovery of material error or fraud, restatement, etc) is hinged on auditor's alleged failure to perform an effective audit. In view of the above, audit failures frequently result in law suits against the audit firms involved.

Aminu (2022) argued that Audit Expectation Gap (AEG) which is based on the perception of the users of accounting information will adversely influence the reliability and credibility of financial report and impair the independence of the accounting profession. The incessant collapse and fraudulent activities committed by management and employees have undermined the credibility of the financial report audited by external auditors. Ardhani, Subroto and Hariadi (2019) maintained that the existence of long-term relationship between the auditor and client firm negates the objectivity of the audit report and leads to questioning the independence of the auditor. The elements that reduce AEG in the course of audit engagement audit includes independence and performance, quality audit report, auditor's responsibilities, effective internal control and training (Dung & Dang, 2019; Akther & Xu, 2020; Faizal, Haleem & Fathima, 2020; Masood, Mameche & Abidin, 2020; Devi & Khan, 2020; Fossung, Fotoh & Lorentzon, 2020). Based on the prior studies reviewed, this study is motivated to investigate the determinants of auditor expectation gap in Nigeria with the aim of adding to existing literature on the subject matter which has received scarce attention in Nigeria in recent years.

### **Research Objectives**

The broad aim of this study is to investigate the determinants of auditor expectation gap in Nigeria. The specific objectives are to;

- i. investigate the influence of audit independence on auditor expectation gap in Nigeria.
- ii. examine the influence of effective internal control on auditor expectation gap in Nigeria.
- iii. determine the influence of audit performance on auditor expectation gap in Nigeria.
- iv. ascertain the influence of expanded audit report on auditor expectation gap in Nigeria.

### **Research Hypotheses**

The following null hypotheses were formulated:

- H<sub>01</sub>: Audit independence has no significant influence on auditor expectation gap in Nigeria.  
H<sub>02</sub>: Effective internal control has no significant influence on auditor expectation gap in Nigeria.  
H<sub>03</sub>: Audit performance has no significant influence on auditor expectation gap in Nigeria.  
H<sub>04</sub>: Expanded audit report has no significant influence on auditor expectation gap in Nigeria.

### **Conceptual Clarification**

#### **Auditor Expectation Gap**

Audit expectation gap (AEG) has been a rivalry and conflict of interest between the external auditor and the public expectation of the financial report in recent times (Oyetunji *et al*, 2023). Taslima and Fengju (2019) opined that the services of the audit and scope of operation can be constrained by audit rotation and appointment of auditors is seen as AEG. The misconception arising from the ignorance by the users, unreasonable public expectation, weak legislations and poor-quality work by the auditors is the existence of AEG (Olojede, Odumuyiwa & Adekanmbi, 2020). AEG is the dispute arising from the role and function of the auditors and the general public

perception about the auditing profession of what the users of accounting information think about the external auditor's roles and duties are in relation to the independence of the auditors (He, 2021). Akther and Xu (2020) classified AEG into an unreasonable gap and a sensible gap while the sensible gap is further divided into a sensible performance gap and sensible standard gap. The unreasonable gap is the gap existed between what the users perceived in their mind based on what the auditors can achieve and what practices they can achieve. This connotes the unreasonable expectations of the users failed to understand the aim and scope of the audit function. The determinants of AEG adopted in the current research investigation include audit independence, effective internal control, audit performance and expanded audit report.

### **Audit Independence**

Audit independence has been criticized by users of financial statements based on the inability of the auditors to detect and report frauds (Ndukwe, 2015). Independence of the auditor is the extent of freedom exercise to influence, persuasion, or bias that may impair the value of the audit report. Independent auditors play a vital role in the global economy by improving the quality of financial reporting. Oziegbe and Odien (2022) defined audit independence as the state of being free from bias and influence in the course of the audit process. Compromising audit independence is the existence of AEG. This allows a firm to present rosy results and jeopardizes the auditor's reputation and can lead to the threat of litigation. Mamo and Aliaj (2014) posited that falsification of audit reports have a large asymmetry of information for readers of financial statements and affect their decision making. Auditors are contracted by companies to perform an audit and issue an opinion on the well-being of the organization. Halim, Jaafar and Janudin (2018) added that materiality is a function of audit independence that is related to knowledge and experience in auditing based on the accounting standards, auditing standards and professional code of ethics to make sound decisions". Most audits are performed in accordance with standards established by the auditing profession or government regulators.

### **Effective Internal Control**

Effective internal control is strong factor of AEG. Internal control attributes are very crucial to public practitioners and principals of public sector organizations for the efficient utilization of public fund, control misappropriation and militate against fraudulent activities and misapplication of the resources of a company (Badara & Saidin, 2014). Hanoon and Waeli (2021) defined internal control activities as a process carried out by the board of directors, management and other personnel of an entity designed to provide reasonable assurance as to the achievement of operational, reporting and compliance objectives. Ejoh and Ejom (2014) described effective internal controls is the measures instituted by an organization so as to ensure attainment of the entity's objectives, goals and missions. Omar and Yussuf (2021) added that the internal control systems can help an organization to achieve better service delivery and also prevent loss of resources. Internal control system is a component of internal audit attribute which deals with the gathering of evidence through data collection, analysis and evaluation for obtaining reasonable assurance about the level of compliance with the auditing standards for improving financial reporting quality. Rensburg and Coetzee (2016) added that, internal audit attribute is primarily to give an opinion on quality of evidence gathered.

## **Audit Performance**

The effectiveness of audit performance which is one of the AEG determinants, normally perceived by users of accounting information that strongly influence the credibility and quality of the financial report of organizations. Khan and Chowdry (2008) defined audit performance as the process of determining the value of the projects executed by each ministry and parastatal in relation to the money spent on the implementation of projects and provision to the members of the public commensurate with the value of such projects, ascertaining the compliance of government parastatals to appropriation bill and budget and determine exactly what was done and what values, members of the public have derived from them. In the area of professionalism, the auditor is empowered to generate better outcomes to improve on the performance of the audit (Gustavson, 2014). Auditors are contracted by organizations to perform an audit and issue an opinion on the well-being of the organization.

## **Expanded Audit Report**

The changes in the content of audit report issued by auditors create the platform for critical audit matters to be disclosed in the financial statement to enhance its relevance and reliability by users of the financial information. Katz (2014) argued that the adoption of critical audit matters in the audit report has the likelihood of increasing the transparency of the audit process and reduces the information asymmetry between management, business analyst, tax authorities and investors. The disclosure of critical matter by the audit regulators globally are geared towards changing the content of the auditor's report (Gutierrez, Minutti-Meza, Tatum & Vulcheva, 2015). The auditors opinion in the financial statement report is the significant instrument relied upon in certifying the correctness of financial statement report of economic events in respect of shareholders investments within the last financial year. Altawalbeh and Alhajaya (2019) added that the disclosure of critical audit matters in audited financial statement for enhancing the communicative value of the expanded auditor's report by reducing information asymmetry about the audit process.

## **Empirical Review**

El Badlaoui, Naji and Chegri (2024) examined AEG in Morocco. A survey research design was employed to administered questionnaire to 152 respondents made up of auditors, investors, managers, bankers and academics. The study was analysed using descriptive statistics and Mann-Whitney U test. The result showed that audit performance/responsibilities, training, audit independence influence AEG while audit report has no influence on audit expectation gap. Bouthach and Taouab (2023) examined the main factors influencing the effectiveness of internal audit in public administration in Morocco. The objective of the study is to examine the influence of independence, competence, management support and the use of the internal audit function as a career opportunity on organizational effectiveness. Survey research design was adopted to sample 43 auditors from public administrations while descriptive statistics, Person correlation and regression technique. The empirical evidence revealed that the independence of the internal audit, skills and management support strongly influence AEG in public organizations.

El Badlaoui, Naji and Chegri (2023) studied the components and reduction factors of AEG in developed and developing countries and found out that the presence of extended audit report creates a platform for reducing AEP. This implies that making useful accounting information to

users of audit reports contribute to low level of AEG. Oyetunji, Odumuyiwa and Adekanmbi (2023) examined the effect of external auditors and the public expectation on financially distressed DMBs in Nigeria. They made use of survey research design to sample 175 respondents comprise of bankers, auditors, accountants, and investors through the distribution of well-structured questionnaire and chi-square test employed in the analysis of data. The study revealed an increase in the expectation gap between what the general public expects and what auditors carried out in the prevention and detection of fraud in the financial report. It was also revealed that external auditors and the public expectation gap had a strong effect on troubled DMBs in Nigeria. Bebeji, Okpanachi, Nyor and Ahmed (2022) conducted an empirical study on the effect of independence factors on AEG in listed DMBs in Nigeria. They sampled 385 respondents comprises of the investors/shareholders, lenders and other creditors for the period of January, 2012 to December, 2019, reliability and validity test with Cronbach alpha and Kendall's coefficient while descriptive statistics and multiple-regression analysis for the data analysis. The results revealed that independence factors had a significant positive impact on AEG.

Zainudin, Aswar, Lastiningsih, Sumardjo and Taufik (2021) conducted an analysis of potential factors influencing audit quality with a moderating effect of time budget pressure. They established that expanded audit report significantly reduces AEG. In Nigeria, Olojede, Olayika, Asiriwuwa and Usman (2020) employed survey research design to examine the impact of new audit report on AEG. Primary data were collected by the distribution of structured questionnaire to the sample respondents and Mann-Whitney *U* test and Kolmogorov-Smirnov *Z* test to analysed the data. The empirical evidence revealed that expanded audit report has no significant impact on AEG. This indicates that the new auditor's report would not reduce the presence of AEG. Akther and Xu (2020) did a study on the impact of audit expectation gap on stakeholders' confidence and documented that auditor responsibilities strongly promote AEG. This indicates that auditor performance contributes to AEG. Ezuwore-Obodoekwe and Agbo (2020) used a survey research design to examine the relationship between AEG and reliance on audited financial statements in Nigeria. Primary data were collected from 224 respondents made up of accountants, bankers, investors, stockbrokers and financial analysts through the distribution of questionnaires and analysed using descriptive statistics and Chi-square test. The result showed that there is a significant relationship between public reliance on audited financial statements and AEG. Sabuj, Arif and Momotaz (2019) examined the impact of AEG among the auditors, investors, general users of audit report and independent auditor in Bangladesh. Data was collected through the distribution of questionnaire while ANOVA used for data analysis. The result showed that users and independent auditors had a strong perception about the audit independent factors that lead to AEG.

## **Theoretical Framework**

The underlying theory for the study is the agency theory. The theory was proposed by Jensen and Meckling (1976) which led credence to auditor expectation gap in respect of financial reporting. The theory holds that a contractual agreement concerning the job assignment between the agent whom is vested with powers to render service to the principals (Jensen & Meckling, 1976). The non-vivid perception of the general public concerning the audit function, the theory would bridge the gap through effective monitoring mechanism to minimize the level of information asymmetry between the auditors and users of accounting information in order to protect the interests of the principals. Given the fundamental of audit quality which the external auditor's function is not to

detects errors and reports material misstatements of financial statements rather to report on the true and fair view of the financial statements.

### **Methodology**

The study employed survey research design. The population comprised of the entire 240 Bursary and Audit staff of the University of Benin, Edo State, Nigeria as gotten from the personnel division of the University. Simple random sampling technique was used to select one-hundred and fifty (150) respondents. The sample size was ascertained by the use Taro Yamane (1967) formula as cited in Enofe, Ogbaisi and Mbotto (2015).

$$n = \frac{N}{1 + Ne^2} \text{ (Yamane, 1967);}$$

Where n is the sample size, N is the population size, and e is the chance allowed for error or the level of significance.

$$\begin{aligned} n &= \frac{N}{1 + Ne^2} \\ &= \frac{240}{1 + 240(0.05)^2} \\ &= \frac{240}{1 + 0.6} = \frac{240}{1.6} \\ n &= 150 \end{aligned}$$

Consequently, a sample size of 150 was used.

The data were analyzed using descriptive statistics, correlation matrix and ordinary least square (OLS) regression technique via SPSS version 23.0.

The questionnaire was constructed based on a 5-point Likert scale: 1, strongly disagree, 2, disagree, 3, not sure, 4, agree and 5, strongly agree on the variables of interest (audit expectation gap, audit independence, effective internal control, audit performance and expanded audit report). The reliability of the instrument was tested using Cronbach Alpha statistics. From the result, audit expectation gap has a value of 0.734, audit independence has a value of 0.776, effective internal control has a value of 0.802, audit performance has a value of 0.789 and quality audit report has a value of 0.901. This signifies that the research instrument used in this study exhibits a high degree of reliability and validity.

The ordinary least square regression model was specified in equation 3.1 as: The model was adopted from the study of Bebeji et al. (2022).

$$AEG = \beta_0 + \beta_1 AUDI + \beta_2 EITC + \beta_3 AUDP + \beta_3 QAR + e_i,$$

Where;

AEG= Auditor expectation gap  
 AUDI= Audit independence  
 EITC= Effective internal control  
 AUDP= Audit performance  
 QAR= Quality audit report

$e_t$  = Error term

### Presentation and Analysis of Results

The study adopted a qualitative research instrument through administered questionnaire to 150 respondents and 134 were duly returned and usable, and subsequently analyzed for the empirical evidence. There was a response rate of 89% established. The responses from the questionnaire administered were analyzed using descriptive statistics, and OLS regression for the stated hypothesis. The descriptive statistics focused on the demographic characteristics of respondent using frequency, percentages and tables.

**Table 1: Education level of respondents**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid BSc/HND	20	14.9	14.9	14.9
MSc/MBA	79	59.0	59.0	73.9
PhD	27	20.1	20.1	94.0
OTHERS	8	6.0	6.0	100.0
Total	134	100.0	100.0	

**Source:** Field Survey, 2024/SPSS

It was observed from Table 1 above that 20 respondents representing 14.9% had either BSc or HND as their qualification, 79 respondents representing 59% had either MSc or MBA as their qualification, 27 respondents representing 20.1% had PhD as their qualification, and 8 respondents representing 6% had other qualifications. This indicates that majority of the respondents had either MSc or MBA as their qualification.

**Table 2: Rank of the respondents**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Auditor	58	43	43	43
Accountant	76	57	57	100
Total	134	100.0	100.0	

**Source:** Field Survey, 2024/SPSS

Table 3 above shows the rank of the sampled respondents. It was observed that 76 respondents representing 57% were accountants, 58 representing 43% were auditors.

**Table 3: Working experience of the respondents**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1-5 years	39	29.1	29.1	29.1
6-10 years	40	29.9	29.9	59.0
11-15 years	43	32.1	32.1	91.0
20 years & above	12	9.0	9.0	100.0
Total	134	100.0	100.0	

**Source:** Field Survey, 2024/SPSS

Table 3 above showed the working experience of the sampled respondents. The table indicates that majority of the respondents, 43 representing 32.1% has a working experience of 11-15 years, 40 respondents representing 29.9% has a working experience of 6-10 years, 39 respondents representing 29.1% has a working experience of 1-5 years while the remaining 12 respondents representing 9% has a working experience of 20 years & above.

**Least Square Regression Analysis**

The OLS technique is employed to test the effect of independent variables on the dependent variable. The result of the OLS regression analysis is presented in the table below.

**Table 4: Summary of the Regression Result**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.401 <sup>a</sup>	.160	.134	.40265	1.517

a. Predictors: (Constant), QAR, AUDI, EITC, AUDP

b. Dependent Variable: AEG

It was observed from the table above that the coefficient of determination ( $R^2$ ) value of 0.160 which indicates 16% variation in auditor expectation gap in Nigeria is collectively explained by audit independence, effective internal control and audit performance. This is supported by the adjusted  $R^2$  of 0.134. The R value of 0.401 accounted for about 40% of the predictive power of the model. This therefore implies that there is a significant relationship between the variables.

**Significant Relationship between the Determinants of Auditor Expectation Gap**

The OLS result is used to test the significant relationship of the variables which is presented in the Table 5 below.



**Table 5: T-Statistics and Probability Value from the Regression Result**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.472	.590		2.497	.014
AUDI	.152	.093	.135	1.641	.103
EITC	.267	.079	.277	3.387	.001
AUDP	.160	.062	.211	2.576	.011
QAR	.086	.084	.083	1.023	.308

a. Dependent Variable: AEG

In testing this hypothesis, the t-statistics and the p-value were used. Audit independence (AUDI) had a t-statistics value of 1.641 and a p-value of 0.103 which is statistically insignificant at p-value > 0.05. This implies that independence of the auditor would lead to high level of audit expectation gap in Nigeria (AEG) but it was statistically not significant. Effective internal control (EITC) had a t-statistics value of 3.387 and a p-value of 0.001 which is statistically significant at p-value < 0.05. This implies that sound internal control would enhance audit expectation gap in Nigeria (AEG) but it was statistically significant. Audit performance (AUDP) had a t-statistics value of 2.576 and a p-value of 0.011 which is statistically significant at p-value < 0.05. This implies that the presence of audit performance would enhance audit expectation gap in Nigeria (AEG) but it was statistically significant. In the case of expanded audit report (QAR), variable had a t-statistics value of 1.023 and a p-value of 0.308 which is statistically insignificant at p-value > 0.05. This implies that expanded audit report would lead to high level of audit expectation gap in Nigeria (AEG) but it was statistically not significant.

### Discussion of Findings

The results showed that audit independence has an insignificant positive influence on audit expectation gap in Nigeria. This result disagrees with the findings of Bebeji *et al* (2022) and Sabuj *et al* (2019) which revealed that independence factors had a significant positive impact on audit expectation gap in Nigeria. This therefore means that the hypothesis is accepted that audit independence has no significant influence on auditor expectation gap in Nigeria. Effective internal control has a significant positive influence on audit expectation gap in Nigeria. This result agrees with the findings of Bouthach and Taouab (2023) which revealed that independence of the internal audit strongly influence audit expectation gap in Nigeria. This therefore means that the hypothesis is rejected that effective internal control has a significant influence on auditor expectation gap in Nigeria.

Audit performance has a significant positive influence on audit expectation gap in Nigeria. This result agrees with the findings of El Badlaoui *et al* (2024) which revealed that audit performance has a significant influence on audit expectation gap in Nigeria. This therefore means that the hypothesis is rejected that audit performance has a significant influence on auditor expectation gap in Nigeria. Expanded audit report has an insignificant positive influence on audit expectation gap in Nigeria. This result agrees with the findings of El Badlaoui *et al* (2024) and Olojede *et al* (2020) which revealed that audit report has no influence on audit expectation gap while the result disagrees with the findings of El Badlaoui *et al* (2023) and Zainudin *et al* (2021) which revealed

that extended audit report reduce audit expectation gap in Nigeria. This therefore means that the hypothesis is accepted that expanded audit report has no significant influence on auditor expectation gap in Nigeria.

## Conclusion

The study empirically examined the determinants of auditor expectation gap taking the perception of the auditors, accountants and other relevant stakeholders in Nigeria. The empirical results demonstrate that audit independence would strongly influence auditor expectation gap overtime. Given the importance of the internal control unit, the findings reveal that effective internal control is a strong determinant of AEG in Nigeria. The role of audit performance is very vital in the Nigerian operating environment given the significant positive influence on audit expectation gap. Quality reporting of financial information promotes the existence AEG in the long-run. The empirical result reveal that expanded audit report has an insignificant positive influence on audit expectation gap in Nigeria. However, the study concludes that audit performance and effective internal control are potent drivers of reducing AEG in Nigeria among the variables of interest explored in the study.

## Recommendations

Based on the findings of the study, the following recommendations were made;

- i. Policy makers of public sector organizations in Nigeria should ensure that audit performance should be enhanced so as to reduce the presence of AEG.
- ii. The internal control unit should be effective with the right personnel in place in order to reduce the incidence of AEG in Nigeria.
- iii. Furthermore, less emphasis should be placed on both audit independence and expanded audit report, since their presence tends to increase AEG.

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**Appendic1: Results**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.401 <sup>a</sup>	.160	.134	.40265	1.517

a. Predictors: (Constant), QAR, AUDI, EITC, AUDP

b. Dependent Variable: AEG

**ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.997	4	.999	6.163	.000 <sup>b</sup>
	Residual	20.914	129	.162		
	Total	24.911	133			

a. Dependent Variable: AEG

b. Predictors: (Constant), QAR, AUDI, EITC, AUDP

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.472	.590		2.497	.014
	AUDI	.152	.093	.135	1.641	.103
	EITC	.267	.079	.277	3.387	.001
	AUDP	.160	.062	.211	2.576	.011
	QAR	.086	.084	.083	1.023	.308

a. Dependent Variable: AEG

## Appendix 2: Questionnaire

**SECTION A:** Instruction: Please tick (√) as applicable in the boxes provided

1. Level of Education: BSc/HND ( ) MSc/MBA ( ) PhD ( ) Others ( )
2. Rank: Auditor ( ) Accountant ( ) Investors ( ) Others ( )
3. Working Experience: 1-5 years ( ) 6-10 years ( ) 11-15 years ( ) 20 years & above ( )

**SECTION B:** Please note the meaning of the following abbreviations: SA= strongly agree (5), A=Agree (4), U= Undecided (3), D= Disagree, (2), SD= strongly disagree (1).

S/N	Audit Expectation Gap	SA	A	UD	D	SD
1	Lack of awareness among stakeholders of what an audit functions entail is the existence of expectation gap					
2	There is misconception of audit function about the detection and prevention of fraud					
3	Audit expectation gap is not significantly connected with public reliance on audited financial statements					
4	The non-audit service taking by the auditor creates and expectation gap					
5	The inexperience auditor who depend on the auditee client					
	<b>Audit Independence</b>					
6	The auditor's ability to be unbiased and free from pressures in the discharge of their duty reduces the expectation gap					
7	The image and reputation of the audit firm reduces user expectation gaps					
8	A qualified audit opinion is released when the scope of the audit has been restricted by the client firms					
9	The provision of non-audit services to the clients by audit firm is the existence of lack of auditor's independence					
10	The external auditor maintains high level of neutrality and objectivity in carrying out his/her responsibility					
	<b>Effective Internal Control</b>	SA	A	UD	D	SD
11	The internal control does not in any way help to keep the asset register and know all the assets available and moved out					
12	Segregation of duties is very paramount to management for effective performance but does not enhance internal control					
13	The effectiveness of the internal control system aid the performance of the audit					
14	The auditor is responsible for material weaknesses in the entity's internal control structure					

	<b>Audit Performance</b>	<b>SA</b>	<b>A</b>	<b>UD</b>	<b>D</b>	<b>SD</b>
15	The users of accounting information lack the awareness of auditor responsibility					
16	It arises from the failure of the auditor to disclose the viability of the audited firm					
17	Audited financial statements are useful for monitoring the performance of the firm					
18	The internal auditor does not always maintain a high level of neutrality and objectivity in carrying out his/her responsibility					
	<b>Expanded Audit Report</b>	<b>SA</b>	<b>A</b>	<b>UD</b>	<b>D</b>	<b>SD</b>
19	Audit report should include the discussion about material uncertainty with respect to entity's ability to continue as a going concern.					
20	If audit report includes the discussion about the key risk factors that materially affects the entity and how auditors responded them, it will add more values to the stakeholders					
21	The audit report gives a picture of the financial health of the audited entity.					
22	The audit report is useful in making investment decisions.					
23	The communication of critical audit matters in the audit report enhance attention by financial statement users					