https://damaacademia.com/fme/ May 2021 Pages: 01-24 Volume 3 | Issue 4

Assessing Public Perception on Audit Expectation Gap: A Study in Sekondi Takoradi Metropolis

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Abstract

Globally, the public perceive auditors to play certain roles in the financial reporting process. However, most of these perceptions have been different from the actual roles for which auditors are mandated to play. This has created an expectation gap between what the duties of auditors are and what the public expect of auditors. This research therefore sought to examine the perception of the public on audit expectation gap in the Sekondi Takoradi Metropolis. Descriptive research design was used. A sample size of 210 respondents was randomly sampled from the population. Data were collected using questionnaire. Data was processed using Statistical Package for Service Solutions (SPSS) version 22.0. Results were analysed using frequencies, tables and charts and correlation analysis was done to establish the relationship between audit expectation gap and perception of the public. The results showed that majority of the public perceive auditors' role to include detection of errors and fraud and disclose illegalities and irregularities in a company's financial statement. The results also showed that majority of respondents perceive the quality of audit reports nowadays to be questionable and others also perceive auditors' report only to please management. It was also showed that factors such as society's failure to understand the duties and roles of auditors and society's unreasonable expectations of auditors affected audit expectation gap. There was however a strong positive correlation between auditors' responsibility in detection of error and fraud and audit expectation gap. It is recommended that the roles and duties of auditors should be clearly defined through education for society to have a clear understanding of the roles of external auditors.

Keywords: Public Perception, Audit Expectation Gap, Auditor Perception, Public Financial Administration, External Auditors Duties and Roles

1.0 INTRODUCTION

In this dynamic business environment, Companies and their stakeholders pay attention to external audit activities due to the value associated to it. The importance of external audit is due to the differences in the ownership structure of businesses between shareholders and management. However, despite the importance of external audit, some firms have collapsed because of poor practicing of auditing activities, an example is the Enron-Arthur Andersen issue. According to (Adeyemi & Uadiale, 2011) the WorldCom have decreased the confidence of many shareholders, investors, creditors and other partners in the financial industry regarding external audit reports. In Ghana, the collapse of banks such as Capital Bank, Unique Trust Bank, The Beige Bank, Construction Bank and many others have also raised queries about the auditing profession considering stakeholders perception of auditor's task and the actual duties of auditors. As a result of that, public expectation concerning auditors is greater than the standards set for them by firms.

Agyei, Aye and Owusu-Yeboah (2013) defined audit expectation gap as lack of consensus arising from both auditors and their stakeholders as to what constitute the audit functions. Also, Boyle and Canning (2005) claims audit expectation gap arise when what firms expect from their auditors is different from what the public also expect from auditors. Moreover, Haniffa and Hudiah (2007) defined it as the disappointment received by stakeholders arising from low standards of auditors. Fowzia (2009) describes that when this occurs it creates a performance gap on the expectations of society and that of auditors. Globally, there has been public perception that it is the responsibility of the auditor to determine fraud and errors in the preparation of financial statements (Dixon, Woodhead & Sohliman, 2006). According to Dewing and Russell (2014), the public expects that once an opinion is declared free and fair on a financial statement by auditors, then such a report can be relied upon by the public for business and investment decision making. As such, users of financial information expect the auditor's report to be free from error,

fraud and of high quality (Dana, 2011). However, auditors continue to contend that their roles are not basically to detect fraud as perceived by society. However, Church, Davis and McCracken (2008) also assert that the aim of financial reporting is to offer useful financial information about entities to users of financial reports in investment and economic decision making. Financial reports are used by suppliers, creditors, shareholders, financial analysts, tax authorities, investors, government entities and the general public. Igbinosun (2011) further asserts that the public cannot be blamed for the misunderstanding in the role of auditors as the auditing profession is complicated. McEnroe and Martens (2001) maintain that the gap in audit expectation exist because of misunderstandings of the meanings of the quality of financial reporting. They also say that users of financial information fail to understand the role and functions of auditors.

The International Auditing Standards Board (2010) posits that the objective of auditing is to instill confidence in preparing financial statements through the expression of an opinion based on appropriate financial reporting model. The auditing profession over the years have undergone series of changes. Rezaee and Riley (2010) report that the detection of fraud was the primary objective of audit during the early 1990s. As time went on the role of auditing became an enhancing role such that auditors were interested in the veracity and credibility of financial information provided in the statements of accounts (Lee, Gloeck & Palaniappan, 2007). However, in contemporary periods, auditors now provide services such as identification of business risks, reports on irregularities, and enhancing internal controls (Salehi & Rostami, 2009). The integrity of auditors is being probed in many countries on daily basis, and this is evidenced by litigations and suits against auditors (Leung, Coram, Cooper, Cosserat & Gill, 2004).

The external audit report is seen as the last report that seeks to verify all financial data put out by management. Auditors expresses an opinion in the submission of their audit work. In financial audit, the financial report is prepared by the management and a verification done by auditors to ensure all accounting and financial data are prepared in agreement with an applicable financial reporting model (Adeniyi, 2004). Users of financial information views the audit report as a significant source of information that provides assurance about management representation. Hence, users of financial information do not want to see any report that present a different perspective on what really happens in the company. This research examined the perception of the public on audit expectations gap in Ghana.

1.2 Problem statement

The International Standards on Accounting (ISA) places a responsibility on the external auditor to evaluate the going concern of corporations and to also give early warnings to the users of financial statements and the general public (Nasreen, 2006). However, the failure of auditing firms to warn the public about an entity's viability as a going concern for which many have led to corporate scandals and collapses have raised the issue of audit expectation gap between the auditor and the general public. It is also a known public facts and knowledge by users of financial statements that it is auditors' responsibility to detect fraud anytime there is an audit of a financial statement (Rezaee & Rily, 2010). However, the difference between the beliefs of the users of the financial information and the auditor in his legal capacity continue to give rise to the audit expectation gap.

Saeidi (2012) asserts that the expectation gap exists because many users of financial statements do not know the exact role of auditors in their statutory assignment. Also, the occurrences of the collapse of institutions such as Enron, Parmalat, WorldCom, Bank of Credit and Commerce International (BCCI) and in Ghana, Unique Trust Bank, The Beige Bank, Heritage bank, Premium Bank, UniBank, Capital Bank, Royal Bank and Construction bank have worsened the positions of audit expectation gap. Upon the collapse of these institutions, investors and the general public have questioned the audited financial statements and the role played by the audit firms for not reporting any insolvency threats. For instance, BCCI, one of the largest banks in the world that collapsed had PricewaterhouseCoopers and Ernst and Young as their auditors, two of the most powerful audit firms in the world (Salehi & Azary, 2008).

The collapses of these institutions have further worsened the expectation gap by the general public. This is because there is the general perception that if the institutions were in financial difficulty, then the auditors should be answerable because they ought to have disclosed such a material fact in the financial statements (Salehi & Rostami, 2009). These misconceptions have resulted in several legal liabilities against auditors. For instance, in August 2018, KPMG was fined £2.1 million for misconduct in its

work by the Financial Reporting Council in UK (PricewaterhouseCoopers, 2009). The occurrences of the banking and investment firms' collapses have resulted in a research gap among many users of financial statements in Ghana between the duties of auditors and the expectations of the public on auditors. This research therefore sought to examine the perception of the public on audit expectation gap in Ghana.

1.3 Research Objectives

The general objective of the research was to examine the perception of the public on audit expectation gap in the Sekondi Takoradi Metropolitan Assembly. The specific objectives of the research were:

1. Examine the perception of the public on the duties and roles of external auditors
2. Assess the issues associated with audit expectation gap among the public
3. Assess the factors that influence public perception on audit expectation gap
4. Establish relationships between public perception and audit expectation gap

1.4 Research Questions

The following research questions guided the study:

1. What is the perception of the public on the duties and roles of external auditors?
2. What are the issues associated with audit expectation gap among the public?
3. What are the factors that influence public perception on audit expectation gap?
4. What is the relationship between public perception and audit expectation gap?

1.5 Significance of the Study

The study helps to understand the perception of the public on audit expectation gap. The research also helps to assess the roles and duties of external auditors regarding auditing of financial statements. Further, it also helps to ascertain the factors that influence public perception on audit expectation gap. The research is also useful as it examines the issues associated with audit expectation gap among the public. The significance of this research also adds to existing literature on public perception on audit expectation gap in Ghana. It is also useful to agents of corporate bodies, auditors, investors, shareholders, creditors, government and other users of financial statements.

1.6 Scope and Limitation of the Study

The study focused on all individuals including investors, potential investors, shareholders, creditors, and other users of financial statements in the Sekondi Takoradi Metropolis. The scope of the study was also limited to only users of financial statements and excluded auditors. The scope of the research was limited to examining public perception on audit expectation gap in Ghana after the financial crisis. Despite the success of the study, there were some constraints that the researcher faced. Some respondents exhibited non-cooperative attitudes towards the researcher. Retrieval of questionnaires was very difficult and the researcher had to visit respondents several times. The study focused on respondents only in the Sekondi Takoradi Metropolis and did not include other persons in other regions. Also, the use of quantitative study for this research did not allow for in-depth information regarding how people perceive the auditing profession. The researcher did not also include control variables in the estimations of the results. Lastly, the research was limited to only quantitative method of research.

1.7 Organization of the Study

The study was grouped into five chapters. Chapter one focused on the introduction which includes background to the study, statement of the problem, objectives of the study, research questions, significance and scope of the study and organisation of the study. Chapter two reviewed related literature on public perception, audit expectation gap and the agency theory. Chapter three presented the research methodology which forms the backbone of this research. Chapter four presented the results and discussion of the research work. The last chapter drew on the summaries, conclusions and recommendations of the study.

2.0 LITERATURE REVIEW

2.1 Introduction

Literature review is essential to this research because it provides a foundation towards understanding the research. This chapter of the study reviews related literature and focuses on theoretical, conceptual and empirical studies on the subject matter. The theory of agency is reviewed as the underpinning theory adopted for this work. The concepts of audit objectives differences gap and perception are also reviewed to give a clear understanding of the conceptual approaches. The chapter also reviews empirical studies on audit objectives differences gap and the factors that influences expectation gap.

2.2 Agency theory

Agency theory is employed as the underpinning theory to support this study. In the business environment, different groups are interested in the financial statements of a company because they are affected one way or the other by it. Categories of people such as shareholders, managers, employees, creditors, governments and potential investors need annual reports of a company to make business and other forms of decisions. Governments for instance need financial statements to evaluate a company's tax computations. The theory of agency therefore explains that there is a relationship between the agents of firm and shareholders (Institute of Chartered Accountants in England and Wales, 2005). The theory posits that managers have considerable knowledge and information of the company than the principals. When one party (agents) have more information, it creates the problem of information-asymmetry which leads to conflict of interest between managers and shareholder (Humphrey, Moizer & Turley, 1993).

Therefore, in order for shareholders (principals) to rely on information such as financial data given by management, there is the need for authentication which makes them engage the services of auditors. The audit function helps to make the financial information more credible for stakeholders interested in financial report to be more confident in financial data which they use in decision making. According to Igbinosun (2011), the basic objective of audit is to verify financial statements. Therefore, auditing is an important component in an organizational model because it helps to decrease the price of communication exchange between (agents) and (principals). The audits of companies also influence directly or indirectly to the public on the basis that communication provided by management is reliable. Further, the agency theory asserts that there is a relationship contract where principals involve managers to accomplish a task on behalf of the shareholders or owners and authorizes assigned power to the agent (Liggio, 2014).

Further, Nasreen (2006) posits that the audit function become a monitoring strategy employed by the principals to reduce information asymmetry. The audit function also seeks to maximize owner's objectives, especially investment issues and presenting credible financial statements. However, Okaro (2005) asserts that the engagement of the audit function may vary depending on the quality of audit done. According to him, audit quality arises when the financial report truly reflects all transactions, improve effective communication between managements and shareholders as well as fighting the objectives of shareholders. The funstion of auditors also seeks to ensure that financial audits on accounting information are prepared is in alignment with accounting framework. Therefore, interested parties of financial statements consider audit information to be fundamental. Pierce and Kilcommnis (2000) report that audit reports offer credibility to the accounting messages provided by agents. In the view of parties, the audit message offer assurance about management representation.

Scott (2003) reports that alarming issues as a result of corporate scandals have increased public attention paid to auditors and the credibility and trustworthy of reported financial statements of. According to the work of (Salehi and Rostami, 2009) a number of users of financial statements misconstrue the function of audit, as users think that an unqualified opinion implies that the company has guaranteed and accurate financial reports. The expectations of users go outside the duty required by professional standards. It also focuses of misconceptions in terms of auditors being able to offer absolute guarantee about the correctness of financial statements which end up creating differences in audit objectives of users and audit functions. In addition, if a company seems to face liquidity challenges without

any caution, key parties interested in financial statements blame auditors and they should be made answerable for any losses encountered (Zikmund, 2008).

2.3 Concept of audit expectation gap

The concept of audit expectation gap has been used significantly in the audit and accountancy profession. The term was first used by Liggio (1974) to apply in auditing and ever since, it has been widespread in the profession. According to Boyle and Canning (2005), audit expectation gap occurs when auditors and the public have dissimilar perception about the roles, duties and responsibilities of auditors. This is because the public expects auditors to take on certain roles and responsibilities in the auditing of financial statements but auditors also tend to see their roles and responsibilities differently. This means that there is always a gap between what the public expect and what they get. For instance, the public expects auditors to report on fraud that exists in a company but auditors also argue that it is not the auditors' responsibility to detect fraud.

In modern periods, the auditing occupation has been the center of attention because of many corporate failures. The public perceives that any person who has an interest in an entity such as potential investors, shareholders, creditors, and take-over bidders should be able to depend on the audited financial statements to make a business decision (Turley & Cooper, 2005). Therefore, if a company's financial statement is audited and an opinion expressed by auditors, then it ought to reveal if there are financial difficulties facing the company. However, if the audited statements of the company do not reveal any financial difficulty and the company collapses then the public feel that someone should be made accountable (Rezaee & Rily, 2010).

According to Saeidi (2012), the public view that organistions which collapses do not fail just within a year, rather, it takes some reasonable amount of time before an entity collapse. Hence, auditors of the company should be in a well place to identify and disclose these material facts to users of the financial statements. This is why the misconstructions by the public usually result in the legal liabilities crisis faced by the auditing profession. The auditing profession has gone through different stages of reporting presentation (Leung, Coram, Cooper, Cosserat & Gill, 2004). According to Rezaee and Riley (2010) the main objective of external audit was to detect fraud during the early 1990's. However, this objective moved to a more enhancing role with emphasis on truth and reliability of the financial statements during the year 2000's.

Currently, auditors are now providing extra services such as identifying business risks, reporting on irregularities, and implementation of internal controls. Despite these provisions, Lee, Gloeck and Palaniappan (2007) assert that expectation gap exists because of the misinterpretation of the purpose and capacities of the auditing function as perceived by the public. However, this audit expectation gap occurs due to the subjective nature of concepts such as materiality, true and fair view, adequacy, reasonable, relevance and reliability which are not well-defined in the Accounting and Auditing Standards but are rather left to the judgment of the auditor. Kirk (2006) also sees it as influenced by the changes in the objective role of auditors, where factors such as socio-economic environments, historical antecedents, and technological developments play an important role. This implies that audit expectation gap is influenced by some factors and the next section of the study reviews literature on it.

2.4 Concept of perception

Perceptions are important in our daily activities and continue to remain a complex field to study. The word "perception" comes from the Latin word "perception," "percipio" and "perceptionem" meaning "to take possession of or to seize" be it physical grasp of something or mental seizure of something with one's senses. Jordaan and Jordaan (1996) assert that perception help to understand why a person behave or think in a certain way. According to Weiner (1989), perception is the collection of information about the world by means of the senses. Randolph and Blackburn (1989) also explain that perception is a process of assigning meaning to the perceived phenomenon that have been selected and processed. Shaver (1994) also explains perception as the understanding of the world constructed from information obtained by means of a person's senses. Deb and Chavali (2010) explain that perception is the process where people interpret sensual impressions into comprehensible and unified view of the world.

Although, it is based on inadequate and unreliable information, perception is the certainty that generally guides human behavior. Forgus and Melamed (1976) explain perception as the process of extracting information. They further argue that perception is the processes that regulate how humans explain their environments. In their opinion, perception is a dynamic process as one selectively distinguishes, arranges and interpret what a person experience. However, interpretations are dependent on the perceivers past experience, traditions about human behavior, knowledge of other circumstances, present expectation and wants. Jordaan and Jordaan (1996) also laments that the fundamental element to perception is that there is a perceiver, who experiences something; and that is perceived either as an object, situation, person, activity or relationship. They further argue that for perception to take place, first, there must be a sensual structure that works normally; second, the sensory structure must be subjected to elementary sensory stimulus; and lastly, the stimulation must be in a static state both physiological and psychological.

Also, though, in some cases these stimuli are experienced, they may often be construed differently due to various factors which may lead to misunderstandings in some ways (Forgus & Melamed, 1976). Bexley and Nenninger (2015) assert that humans make judgments about others and attribute meanings based on observed behavior. In the corporate world, many people including shareholders, creditors, government, and potential investors make their own judgments on the role auditors play in declaring an opinion on a financial statement. Hence, these people form an idea or a perception about whether a financial statement of a company is good or bad. Therefore, these tend to create an audit expectation gap between the duties of auditors and what auditors ought to do. In effect, perception is a way of meeting reality and for many it actually is the reality. If a person wants to learn something about the reality, they ought to know how the thing is captured.

2.5 Factors affecting audit expectation gap

According to Adeniyi (2004), audit expectation gap is affected by factors such as the failure of society to understand the duties of auditors, auditor's observance to auditing standards, differences between the perception of public and auditor's duties, and deficiency in existing standards. Adams and Evans (2004) assert that the failure of society to understand the duties of auditors have created an expectation gap. Akinbuli (2010) describes that the audit expectation gap which arises as a result of society's failure to understand the duties of auditors can be ascertained from three main causes; first, society having arbitrary hopes of auditors; second, auditors not meeting the practical expectations of society; and third, the dissatisfaction of society towards the standard of auditor's performance of the tasks they are required to perform by law.

Studies also indicates that the expectation gap is affected by institutional and cultural factors (Agyei, Aye & Owusu-Yeboah, 2013). According to Frank, Lowe and Smith (2001), the failure of society to understand the auditor's role in detecting and reporting fraud is the most substantial cause of the expectations gap. Francis, LaFond, Olsson and Schipper (2005) reveal that audit expectation gap has over the years contributed mainly to litigations and criticisms against auditors. Fowzia (2009) also demonstrated that public misconceptions are a main cause of the legal obligation against the auditing profession. This is because the public always fail to understand the meaning within the context of unqualified opinion. However, others have also argued that auditors should not only offer an opinion, but interpret the financial statements to help people evaluate whether to invest.

Secondly, auditor adherence to the auditing standards influences the expectation gap (Dixon, Woodhead & Sohliman, 2006). According to them auditing standards are described as the basic principles and procedures followed by auditors in the conduct of an audit. Auditing standards are also seen as the governing rules of the auditing profession which is complied with anytime an audit is carried out (Gul, Chen & Tsui, 2003). The standards set out a number of rules which is followed by auditors in their practice. The International Standards on Auditing (ISA) are obligatory for all companies trading on the Ghanaian Stock Exchange (GSE). ISA describes that the goal of auditing is to help the auditor express an opinion on the financial statements in agreement with a recognized financial reporting framework.

Therefore, the standards must comply with four main criteria, namely; relevance, acceptability, consistency and suitability (Institute of Chartered Accountants in England and Wales, 2005). International Auditing Guidelines (IAG) apply to independent financial audits and provide a confident view of what is

universally recognized as Generally Accepted Auditing Practices (GAAP). Further, the differences between public and the perception of auditors on their duties influences the expectation gap. The Canadian Institute of Chartered Accountants (CICA) studied the public's expectation of audits and found that many respondents such as the financial community group in Canada had a misunderstanding on the role of the auditor (Kirk, 2006). Also, Humphrey, Moizer and Turley (1993) conducted a similar survey in the United Kingdom to ascertain the opinions of auditors and users of financial statements about the duties of auditors. It was also revealed that the opinions of auditors were different from that of the financial directors and users of financial statement users.

The research established that respondents expected much from auditors by the investing community. Accordingly, 82 percent of accountants and 73 percent of auditors agreed on the duties and roles of auditors, but 67 percent of users of financial statements disagreed with it (Igbinosun, 2011). Many of users of financial statements also asserted that auditors do not appreciate the difficulties of a business and should report to owners of the business on the efficiencies of managements. Liggio (2014) also conducted a survey on the audit expectation gap in China. He reported from the findings that users of financial statements expect the roles of auditors to include detecting and reporting fraud, corporate irregularities and management inefficiencies.

Respondents also identified that auditors should be accountable for any third-party losses caused by their carelessness to perform their tasks properly. However, the auditors in that research disagreed with the opinion of the users of financial statements. Further, Haniffa and Hudaih (2007) revealed from the opinion of 174 auditors and users of financial statements and concluded that users of financial statements expect more from auditors and want their responsibilities to include fraud detection. Studies have also indicated that deficiencies in existing standards have created audit expectation gap. According to the World Bank report on the Observance of Standards and Codes (ROSC) standards enhance transparency (McEnroe & Martens, 2001). They assert that standards provide a benchmark to identify vulnerabilities and guide policy reform.

Further, Leung et. Al (2004) also posits that in order to serve both national and international goals, the scope and application of auditing canons need to be evaluated in the framework of a country's entire progress strategy. Therefore, several nations have adopted the ISAs as the basics for national standards and complemented them with extra requirements, thought to be appropriate to their local market. However, the standards have some weakness as a result of undue political influence in standard-setting events and lack of comprehensive rules (Nasreen, 2006). For instance, many stakeholders in different countries trust that fraud detection should be known as an obligation of statutory auditors. They say that the scope of audits must be extended beyond the requirements of International Standards on Auditing. They also contend that fraud must be made an audit obligation.

2.6 Empirical studies on audit expectation gap

In a study conducted in the United States of America by McEnroe and Martens (2001), it was demonstrated that there were differences in the perceptions of users of financial statements regarding the duties of auditors in detecting and disclosing errors and fraud in financial statements. In a similar study by Rezaee and Rily (2010), it was also found that there were significant differences in the beliefs and preferences among users of financial statements and the public on the responsibilities of auditors in detecting and disclosing irregularities and illegal acts compared to what auditors believed.

Also, Saeidi (2012) in his audit expectation gap research in Austria found that the public believed it was the duty of auditors in detecting and disclosing errors, irregularities and illegal acts whereas auditors also had different perceptions on their duties. Again, Saeidi (2012) undertook a research in Singapore for which he studied the perceptions among financial analysts, judicial litigants and auditors regarding audit expectation gap. It was revealed that there was an audit expectation gap that existed as judicial litigants expected more from auditors than what auditors believed was their duty.

Also, studies by Humphrey et. al (1993) conducted in the United Kingdom on audit expectation gap regarding the duties of auditors through unstructured interviews, questionnaires, and case studies revealed that significant differences in expectation gap existed among auditors and respondents. In Africa, Gloeck and De Jager (1993) observed audit expectation gaps through a study in the Republic of South Africa among users of financial statements and auditors. The results of the study revealed that; there was

absence of independence of auditors, doubts regarding the duties of auditors with regards to fraud and going concern issues.

Further, a study by Haniffa and Hudiah (2007) on audit expectation gap in Singapore which sought to examine the nature of audit expectation gap in different areas of the responsibilities of the auditor indicated that there existed a broader expectation gap in the areas of the auditors' duty in preventing and detecting fraud and maintaining accounting records. Lee et al (2007) also conducted a study in Malaysia regarding different scopes of audit expectation gap through the use of questionnaires. The results showed a wide gap in auditor's duties in fraud detection and prevention, preparation of financial statements and accounting records.

Liggio (2014) also conducted a study in Belgium on audit expectation gap among participants such as auditors, bankers, and managers. The results from the research revealed significant differences in expectation gap between auditors and other respondents' view in relation to going concern, auditor role and auditing process, liability of auditors to third parties, and fraud detection and prevention. In the work of Boyd, Boyd, and Boyd (2001) one reason that also provide a basis for public perception of the quality of financial reporting is the unreasonable expectations and a misinterpretation by the users of audit reports. The misunderstanding of users of financial statements forms part of the basics that compromises audit expectations gap.

This opinion seems to be advanced by the audit profession as a protection to the increasing reproach on auditors. As stated by Okaro (2005), the main conclusion of the profession was that users' perceptions of the audit were defective, rather than with substantial problem with the audit itself. This view is consistent with the finding of Nasreen (2006) who asserted that unreasonable expectations by the public at large were the main factor representing 50% of the audit expectation-performance gap in the United Kingdom. Zikmund (2008) also demonstrates that the differences in the perception of auditors and users of financial statements quality is triggered by the publics' misunderstanding of the audit function and the extent to which the audit profession responds to public interest demands and enhancing the quality of audit services.

2.7 Conceptual framework on audit expectation gap and perception of users of financial statements

Audit expectation gap continue to be a fundamental challenge to the audit profession worldwide. The researcher captures the conceptual framework relating to this expectation gap. The banking and financial crisis which occurred in 2018 in Ghana impacted heavily on the audit profession in Ghana. Other corporate scandals and failures such as WorldCom, Enron and Parmalat continue to affect the profession and create a number of differences in the perception of society. From the framework, audit expectation gap exists because of society's failure to understand the roles and duties of auditors. In the minds of the public, it is the responsibility of auditors to detect fraud and report on material misstatements in a company's financial statements. However, auditors also continue to asserts that their role is not to detect fraud but to express an opinion on a financial statement.

This has led to a wide controversy in the audit profession. Further, the audit expectation gap has also existed because of deficiencies in auditing standards. These occur because of the many intertwining standards in accounting on how some elements in the financial statements are to be measured. Lastly, the differences in public perception about auditors continue to remain a challenge in the profession and hence create an expectation gap. All these factors affecting audit expectation gap are influenced by the perception of people which is an important tool in the sensory development of users of financial statements.

For instance, in Ghana, the banking crisis has created some negative perception in the minds of depositors and other users of financial statements as the public think the auditors should have informed them of the financial difficulty that loomed. in other financial institutions. However, auditors never reported in their financial reports on the state of the challenges of these corporate bodies and continued to express a free and fair basis opinion on the financial statements of the banks and the financial firms. Depositors and investors have therefore lost confidence in the auditing profession as they can no longer depend on financial statement of companies to make decisions. Many have formed some perception about the audit profession hence, resulting in the expectation gap.

2.8 Chapter summary

The duties and responsibilities of external audit is an important phenomenon in the business environment today. This is as a result of the separation of ownership from management of companies and shareholders. Therefore, the agency theory was used as the underpinning theory to support the position of this research. In order to breach the gap of information asymmetry between managers and shareholders, an independent audit opinion is carried out on a company to provide detailed and accurate financial information that helps users of financial information in the decision they make of a company. Hence, the external auditors' reports are usually perceived as independent and unbiased.

Notwithstanding, the credibility of auditors is questioned in many countries especially in Ghana due to criticisms and litigations against auditors. One of the major criticisms by users of financial statements is that auditors were unable to detect and report frauds which led to the collapse of many banks and financial institutions in Ghana. Although auditors continue to say that their duties are not to detect fraud, users of financial information also think otherwise and expect auditors' reports on financial statements to instill confidence and assurance in investors. This misunderstanding between the perception of auditors on their roles in financial reporting and what the public expects continue to recur in the auditing profession.

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter provide information on the methodology approach used in this work. It helps to identify the plans that the researcher adopts in undertaking the research. The research methodology provides laid down and systematic steps to observed in order to arrive at a reliable and valid solutions to problems (Neuman, 2011). The methodological headings of this study comprised the study blueprint, targeted number of individuals, population, and technique in acquiring data procedure and data analysis, research area as well as observing research roles.

3.2 Research design

Generally, the research adopted the quantitative method. The quantitative dimension became relevant in this study, due to the fact that it provides numerical results and drew conclusions based on quantitative sampling techniques. Specifically, the research also used the descriptive perspective of research. This perspective helped to understand the characteristics of a phenomenon that exist as espoused in the opinion of Neuman (2007). The descriptive research design also helped to analyse and interpret data in a more factual approach without distortions to data. The design was used because it helped in examining public perception on audit expectation gap in the Sekondi Takoradi Metropolis.

3.3 Population

Sarantakos (2006) described that population is the number of people to which the researcher generalizes results of his findings. In sampling, the researcher has to identify the population characteristics of this current work. The targeted individuals of this study or population comprised all individuals or users of financial statements in the Metropolis. This comprised investors, potential investors, business owners, managers, among other interested parties of accounting statements. Currently, the population of the Metropolis stands at 559,548 out of which a sample is drawn.

3.4 Sampling Size and Sampling Procedures

An objective means adoptred to take a fair proportion of the entire population to gather data from is the sample and whose results are used to generalize for the entire population. Sampling helps provide a representation of the general population. This study employed the probability method of sampling. The probability method is the best method used in a quantitative study (Krejcie & Morgan, 1970). It is based on this that the research adopted the probability method. Specifically, simple random criteria was employed concerning this work. It was adopted in selecting respondents or users of financial statements in the Metropolis.

This sampling technique was adopted to ensure an objective and fair manner of selecting individuals. One drawback of this method is it does not give a perfect representation of the population of study, it helps probability theory to make estimations of the chance of the samples been drawn. The method was also used due to the nature of the research, the availability of information from the public and the low cost to the researcher. According to the sample size distribution the Krejcie and Morgan (1970) framework, a population in exceeding 250,000 have to target only 384 at a margin of error of 5%. The lottery method in relation to the technique implemented in this work was used to select respondents regarding this dissertation. A sample size of 210 was chosen.

3.5 Data Collection method

There are a number of data collection procedures but the quantitative approach to this research meant that administration of questionnaires was used as the data collection method. Data collected from this source focused on the study questions developed in chapter one. In the opinion of Neuman (2011), administration of questionnaire provides statistical inferences concerning the population. Administration of questionnaires was also used in this study because it was less expensive and time consuming compared to the other forms of data collection methods.

3.6 Data collection instrument

Data for this work was obtained by issuing scale items to respondents. Questionnaires are used due to the degree of confidentiality and nature of the subject matter. The questionnaires were close ended and consisted of twenty-two (22) items grouped under 5 sections. Section A comprised the details of respondents. This sought to gather some personal information about respondents. The second section sought to provide questions that helped to assess what the population think in relation to auditor's tasks. Section C also sought examines the issues associated with audit expectation gap arising from the population. The fourth section established the attitude of factors that influenced public perception on audit goals set gap. Lastly, the final section established association between study variables.

3.7 Data Analysis

Each questionnaire was numbered, cleaned and edited before coding into the software. The software used was Statistical Package for Service Solution version 22 and raw scores were fed into the software. Frequencies, tables and percentages were produced as the output for analysis. Moreover, correlation figures were considered to draw inference on the relationship between perception of individuals and audit expectation gap.

3.8 Research area

The geographical location in which this study is carried out is the Sekondi Takoradi Metropolis, the capital of the Western Region in Ghana. The Metropolis share boundaries with Ahanta West District, to the west of a compass, Mpohor Wassa East District, to the north, Shama District to the east and to the South by the sea. It is also one of the 260 in Ghana. It is also part of the 14 MMDAs in the Western Region. It is also the third biggest Metropolis in Ghana. According to (Ghana Statistical Services, 2010) the entire inhabitants numerically is 559,548

The mission of the Metropolis is to ensure that the inhabitant's lives are transformed, welfare and standards are achieved through the provision of basic needs. The Metropolis has modern infrastructure, good living environment and an attractive business environment. The area of study was chosen because many people in the Metropolis have been victims of several corporate failures to which auditors provided professional auditing services to the institutions. It was therefore necessary to use the area to examine the perception that the public have on audit expectation gap.

3.9 Reliability and Validity of Data

According to Neuman (2011), studies that adopt probability sampling criteria should determine the reliability and viability of scale items respectively. The former emphasizes on whether the same results will be obtained when applied in different field, whereas the latter emphasizes on how the scale items correctly assessed the variables. A pilot study was undertaken to ensure the eliminations of errors and

bias. A pilot study was undertaken from 2nd July 2019 to 7th July 2019. This helped to ensure the accuracy and consistency of the questions asked, after which some of the questions which were seen to be irrelevant to the study was taken off.

3.10 Ethical Consideration

The researcher considered certain ethical issues in the study. First, the researcher sought the consent of the respondents before soliciting for information. Questionnaires were distributed to sampling units to answer questions in the instrument. They were also made aware of the kind of questions, the purpose of the information being sought, and how the information given directly or indirectly affected them. Lastly, respondents were assured of confidentiality of their responses.

3.11 Chapter Summary

This section of the research focused on the approaches used in carrying out the research. It also provided for the ethical issues and limitations that were encountered in conducting the study. In broader terms, the research methodology focused on understanding the practicalities involved in making the research outcomes scientific. In the next chapter, results ascertained from the field are presented and analysed using descriptive and inferential statistics.

4.0 DATA ANALYSES

4.1 Introduction

With regards to this chapter, the researcher provides statistical information on the data collected and run. The discussions of the study are then linked to empirical literature of similar studies. The chapter is grouped into two main sections. Section one presents statistical information of respondent's details and the last section provides results on the objectives of this work analyses the demographic information of respondents and the second section addresses the objectives of the study.

4.2 Demographic details

The demographic information of the examinees used in the study is presented in sub-headings with tables below.

4.2.1 Sex status

Table 1: Sex status

Sex	Frequency	Percentage
Males	120	57.1
Females	90	42.9
Total	210	100.0

Source: Field work (2019)

From the above table 57.1 percent of the examinees were males while 42.9 percent were females. The result from the study indicate that responses were largely in favor of the males

4.2.2 Age of respondents

Below is the tabular presentation:

Table 2: Age of respondents

Age	Frequency	Percentage
20 years and below	75	35.7
21-30 years	80	38.1
31-40 years	34	16.2
41-50 years	21	10.0
51 years and above	-	-
Total	210	100.0

Source: Field work (2019)

The study revealed that 35.7 percent of examinees were below 20 years; 38.1 of them claims to see themselves in-between 21 and 30 years; 16.2 percent between the ages of 31 and 40 years with 10 percent of between 41 and 50 years. None of the examinees were above the ages of 51 years. The age of respondents was necessary as it helped to ascertain the level of maturity of the people represented in the study.

4.2.3 Marital details or figures

The finding on respondents' marital figures is presented in Table 3.

Table 3: Marital details

Marital status	Frequency	Percentage
Single	95	45.2
Married	85	40.5
Divorced/widowed	30	14.3
Total	210	100.0

Source: Field work (2019)

The research showed that majority (45.2%) of the respondents were single while 40.5 percent of examinees were married. However, 14.3 percent of them were either divorced or widowed. This indicate that many of the respondents used in the study were single.

4.2.4 Level of education

Table 4: Level of education figures

Educational level	Frequency	Percentage
Basic education	25	11.9
Secondary education	65	31.0
Tertiary	80	38.1
Professional	40	19.0
Total	210	100.0

Source: Field work (2019)

From above 11.9% of the examinees claims to obtained basic education; 315% of them with high school education; 38.1 percent have tertiary education and 19 percent of respondents were professionals. This indicate that majority of respondents are educated and in better position to understand audit related objectives and gaps.

4.2.5 Occupation

The occupation of respondents is presented below:

Table 5: Occupation figures of examinees

Occupation	Frequency	Percentage
Accountants	10	4.8
Bankers	48	22.9
Teachers	99	47.1
Self-employed	45	21.4
Others	8	3.8
Total	210	100.0

Source: Field work (2019)

From above 4.8 percent of the examinees occupy the position of accountants; 22.9% of them are bankers; 47.1% of them being teachers; 21.4% being sole proprietorships and 3.8% falls under other occupations. The occupation of respondents indicate that they are well knowledgeable and responses given are representative.

4.3 Perception of public on duties and roles of auditors

The first established objective of this study is presented under this heading. The section helps to ascertain the views from the public on what auditors are supposed to do since it forms a critical part in determining the audit objectives differences. Below is the statistical revelation

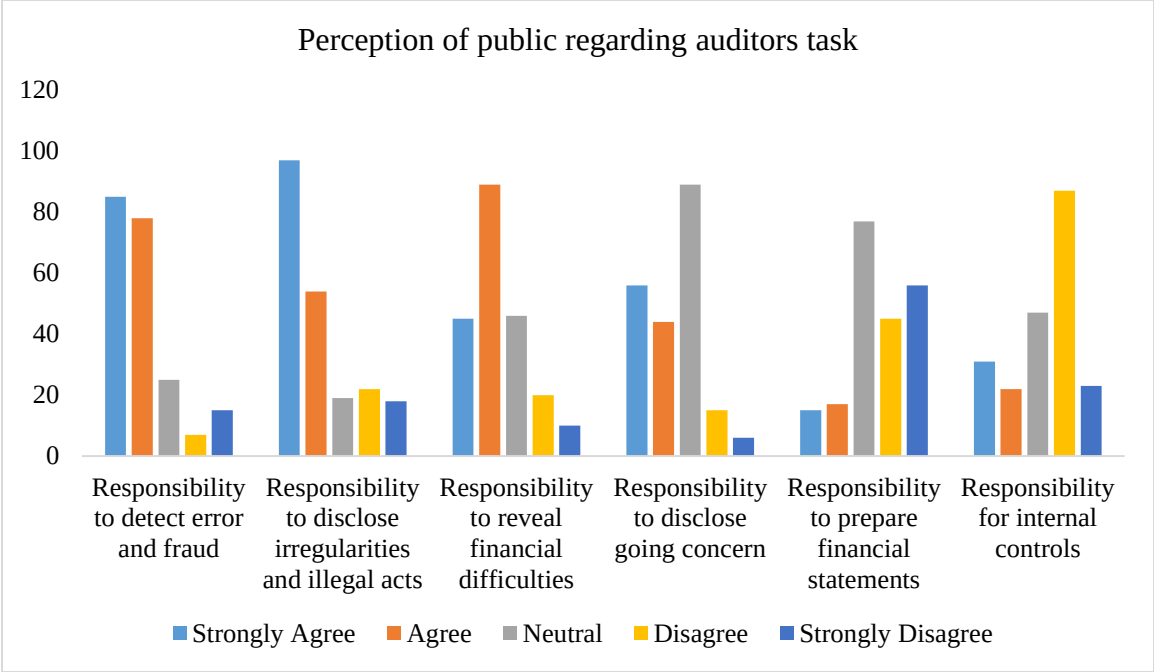

Figure 2: Perception of public regarding auditor's task
Source: Field work (2019)

From above statistics 40.47 percent of respondents used in the study claims auditors are to ensure quality and diligent assessment and presentation of assets performance. It was also revealed that 37.14% also cited with the above respondents whereas 11.90% remained neutral. However, the findings also showed that 3.33% disagreed whereas 7.14% strongly disagreed claiming error checking is not part of auditor's job specification. This indicate that majority (77.61%) of respondents are of the view that ensuring financial sanity is the work of auditors. Also, findings showed that there are differences in opinions of the inhabitants with regards to ensuring accounting statement sanity by auditors. The results has confirmed with the study of Saeidi (2012) who revealed in a similar study in Austria that the public believed it was the duty of auditors to ensure sanity of accounting financial statements. This also indicates that there exist different connotation concerning the main objectives of auditors among the populace and duties are regarding fraud and error detection.

The research also sought to ascertain from respondents whether it was the responsibility of the auditor to disclose irregularities and illegal activities of a company in financial reports. The figures indicated 46.19% of examinees claims it lies in the powers of auditors in disclosing irregularities and illegal acts. It was also revealed that 25.71% of them confirmed to the above whereas 9.05% of them claims to be neutral. However, the findings revealed that 10.48% of them claims otherwise or disagreed with only 8.57% of them showed greater disagreement claiming auditor should not be in charge in disclosing illegalities and errors in financial reports. Looking at the figures greater proportion of the examinees (71.90%) agrees that auditor's job specification should cover the disclosure of illegalities of financial statements. This finding is in consonance with the study by Saeidi (2012) who revealed that the public perceived that it was auditors' duty to disclose irregularities and illegal acts in financial statements. The result demonstrates

that consensus exist with respect to disclosure of irregularities and illegalities in financial reports by auditors.

Further, the study found out from respondents whether it was the duty of auditors to reveal financial difficulties of companies in financial reports. The outcome revealed 21.43% of the examinees claims auditor are to reveal financial difficulties of companies in audit reports. It was also revealed that 42.38% of them agreed to the statements whereas 21.90% of them claims undecided. However, the findings showed that 9.52% of the examinees disagreed to the assertion and 4.76% of them share greater disagreement that it was the responsibility of auditors to reveal financial difficulties of companies in financial reports. The findings imply that majority (63.81%) of respondents claim auditors have the authority to reveal financial difficulties of companies in financial reports. This finding agrees with the work of Zikmund (2008) who says that if a company appears to face financial difficulties, then auditors are to disclose it in financial reports. Thus, concerning the disclosure of financial difficulties by auditors, there was no expectation gap.

Also, the research studied the duties of auditors in disclosing the going concern of companies in financial statements from the perception of the public. The research reports that 26.67% of the examinees highly agreed to the assertion. Also, 20.95% of them also agreed to the assertion that it is the responsibility of auditors to disclose the going concern of companies in financial statements. It was also depicted that 42.38% of them claim to be neutral, meaning undecided to the assertion and 7.14% of respondent disagreed that auditors ought to disclose going concern basis in financial reports. Furthermore, 2.85% of them strongly disagreed to the notion. This indicate that majority (42.38%) of respondents do not know whether it is the duty of auditors to disclose going concern of companies in financial reports which creates an objectives difference. This revelation was presented in the study of Gloeck and Jager (1993) who observed that there were doubts by the public on the duties of auditors with regards to going concern issues.

Furthermore, the study also set out to examine the perception of the public on whether auditors should be part and parcel of the process of coming out with financial statements of a company. The responses indicate that 7.14% of the examinees strongly claim auditors work structure should include financial preparation while 8.1% of them further confirmed that assertion. However, 36.67% of them remained neutral regarding the duty of auditors in preparing financial statements. It was ascertained that 21.42% said no towards auditor's duty to be involved in the preparation of financial reports and 26.67% claims a very high disagreement to the notion. This indicate that majority (48.09%) of respondents disagree and support auditors not to be involve in financial statements preparation of companies and indicates of no expectation gap. The finding is in disagreement with the work of Lee, Gloeck and Palaniappan (2007) whose findings was on the other way round.

Lastly, it was also found from respondents whether auditors had the duty for building effective internal control structure in companies. The result indicated that 14.76% of the examinees strongly claim auditors are required to develop contingent control structures in organizations whereas 10.47% of them confirmed to the notion. The result from the findings also depicts that 22.38% of them claim to be neutral regarding whether it was auditors' duty to build and implement effective internal controls in companies. Also, 41.43% of them claim no to the assertion whereas 10.95% of them claims grater to the statements. This implies that majority (52.38%) of respondents do not agree that it is auditors' duty to build effective internal controls structures in organisations. This indicates less difference established in the objectives with respect to tasks of auditors on building effective internal control structures in organisations.

4.4 Issues of audit expectation gap

Under here, it presents the perception of respondents on the issues of differences in goals or audit objectives. This helps to understand how respondents relate to issues surrounding the practice of audit. The finding of the research is presented in Table 6.

Table 6: Perception on issues of audit expectation gap

Issues of audit expectation gap	SA (%)	A (%)	N (%)	D (%)	SD (%)
Assurances of auditors' report are not absolute	58	15	5	10	12

The quality of audit nowadays is questionable	47	34	2	11	6
The engagement of auditors in audit and non-audit work for a particular company impairs objectivity of the auditor	78	14	-	4	4
Management influence auditors Decisions	56	34	2	7	1
Unwilling to be audit by different Auditors could result in danger	23	45	19	9	4
n=210					

Source: Field work (2019)

The findings of the research indicate that 58% of the examinees highly claim assurances of audit reports are not absolute and 15% of them supported the notion. However, 5% of them remained indifferent on the absoluteness of audit reports. It was also revealed from the research that 10% of the examinees said no to the assertion whereas 12% of them claim greater disagreement with respect to the notion. Based on the above, it can be deduced that greater number of examinees (73%) claim audit reports are not absolute. Similarly, this outcome was presented in the study of Nasreen (2006) who also demonstrated that many people agreed that audit reports are not absolute.

The findings of the research on the questionability of quality of audit reports indicates 47% of the examinees claim quality of audit reports are nowadays questionable while 34% of them said it the notion is true. It was also demonstrated that 11% of them said no to the assertion that audit reports are questionable and 6% claim high disagreement with only 2% remaining neutral to the assertions. This implies that majority (81%) of the examinees claim that the quality of auditing is questionable. The finding of this research is not a positive news to the auditing profession since it is an indication that there is no credibility in audit statements published by auditors. This is not surprising as similar responses were presented in the work of Liggio (2014) who also revealed that the public in Belgium had lost confidence in audit reports due to collapses of companies whose financial statements looked positive yet, collapsed due to financial difficulties that were never reported by auditors.

The findings of the research indicate 78% of the examinees claim the engagement of auditors in audit and non-audit work in a company impairs the objectivity of the auditor. It was further showed that 14% of them accepted and confirmed to the statement whereas 4% of them did not support the the assertion. Also, it was shown that 4% of them also claim high disagreements to the assertion and none of the examinees was neutral. The findings of the research revealed 56% of the examinees highly claim auditors are more concerned with pleasing management and 34% of them claim yes to the statement. Moreover, 7% of them disagreed that auditors are more concerned with pleasing management whereas 1% of them showed high disagreement and 2% of them claim be neutral to the assertion. It indicates greater percentage of the examinees (90%) claim auditors are more concerned with pleasing management which is reported similarly from the work of Lee et. al (2007).

Lastly, it was revealed that 23% of the examinees highly claim the unwilling to be audit by different auditors could result in risk while 45% of favorably accepted the notion. It was also demonstrated that 19% of them claim undecided with regards to the notion; 9% of them responded negatively that the unwilling to be audit by different auditors could result in risk and 4% of them claim high disagreement towards the notion. The result of the study show that respondents are knowledgeable when it comes to audit familiarity threat. The response is in agreement with the work of Association of Accountancy Bodies in West Africa (2012) who reports that auditors are not to audit clients for more than five years due to corporate governance issues.

4.5 Factors affecting audit expectation gap

Under this heading, it provides information on antecedents of audit expectation gap and is essential to provide corroborative responses

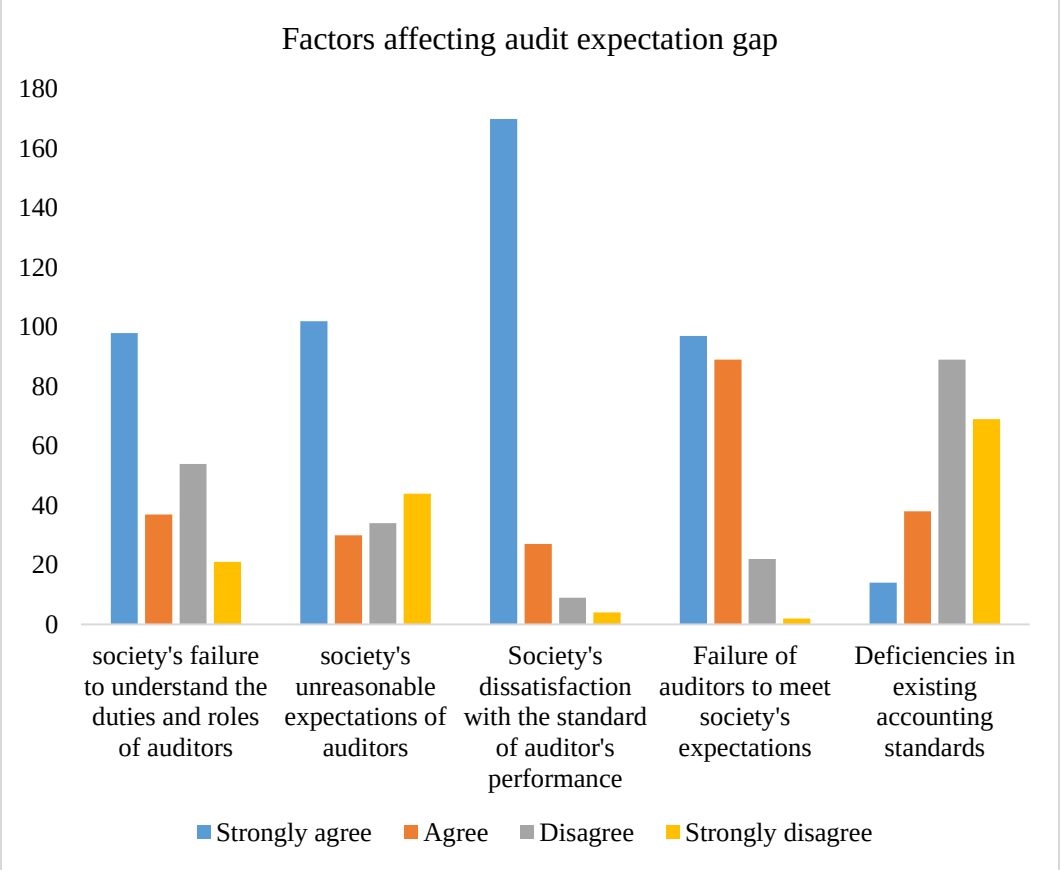

Figure 2: Factors affecting audit expectation gap
Source: Field work (2019)

From the above graph, 46.7% of the examinees claim highly that inability of the inhabitants to comprehend auditors work structure creates audit objectives gap. It was also identified that 17.6% of them supported the notion whereas 25.7% of them responded no to the notion. Further, it was demonstrated that 10% of them claim highly disagreement towards inability of the inhabitants to comprehend auditors work structure creates audit objectives gap. The result of the finding shows that majority (64.3%) of respondents are of the view that audit objectives differences is caused by inability of the inhabitants to comprehend auditors work structure. This result is consistent with the work of Adeniyi (2004) who reports that audit objectives inconsistencies or differences is affected by the inability of the inhabitants to comprehend auditors work structure creates. The result seeks to confirm the earlier finding from the study on auditors' duty regarding detection of errors and fraud and going concerns.

The research also revealed 48.6% of the examinees highly claim the inhabitants set unrealistic demands expecting auditors to achieve which affect audit objectives. It was also identified that 14.3% of them supported the notion whereas 16.2% of them claim no to the notion. It was also seen that 21% of them claim highly disagreement towards the notion. The finding clearly depicts that majority (62.9%) of respondents agree that inability of the inhabitants to comprehend auditors work structure creates audit objectives gap. This means the inhabitants standards are higher and failure for auditors to achieve that, they tend to disagree or blame auditors.

The finding also depicts that 81 percent of respondents strongly agreed that society's dissatisfaction with less challenging and simple goals of auditor's affect differences in audit objectives gap. Also, 12.9% of the examinees claim support the notion. However, 4.3 percent claim no to the notion

whereas 1.9% of them highly claim no to the notion. This indicate that majority (93.9%) of respondents feel disappointment towards the standards and results of auditors, hence it affects their perception on audit objectives gap. The result of the finding is consistent with the work of Akinbuli (2010) who reveals that society is dissatisfied because auditors have failed to perform their duties as required by law.

Furthermore, 46.2% of the examinees claims auditor's inability to provide satisfactory performance to the public affected audit expectation gap whereas 42.4% of them cited with the notion. Moreover, 10.5% of them disagreed towards the notion and 1% of them claim highly disagreement towards the. The finding of the study also confirms the earlier assertion that auditors have failed to meet society's expectation as espoused by Adams and Evans (2004).

Lastly, further results indicate 6.7% of the examinees deficiencies in existing accounting standards affected audit expectation gap among the public whereas 18.1% of them also supported the notion. It was further noticed that 42.4% of them disagreed to the notion deficiencies in existing accounting standards is a factor affecting audit expectation gap while 32.9% highly claim their disagreement towards the notion. It can be inferring from the above that majority (75.3%) of respondents disagree that deficiencies in accounting standards affect audit objectives differences which is different to what was reported by Adeniyi (2004). This implies that many people do not accept the fact that deficiencies in accounting standards account for an audit expectation gap.

4.6 Relationship between perception of public on auditors' responsibility and audit expectation gap

Testing for correlation indicates the degree of bonding established between perception of the public on auditors' responsibility on disclosure of irregularities and illegalities and audit objectives differences. The result on the perception of public on the auditors' responsibility on disclosure of irregularities and illegalities and audit objectives difference is provided in Table 7.

Table 7: Correlation between auditors' responsibility on disclosure of irregularities and illegalities and audit expectation gap

		Lack of knowledge of auditors' responsibility	Audit expectation gap
Lack of knowledge of Auditors' responsibility	Pearson Correlation	1	.640**
	Sig (2-tailed)		.002
	N	210	210
Audit expectation gap	Pearson Correlation	.640**	1
	Sig (2-tailed)	.002	
	N	210	210

Source: Field work (2019)

Findings indicates there is a statistically significant direct correlation ($r_{(210)} = 0.640$; $p<0.05$) between perception of the public on auditor's responsibility to disclose irregularities and illegalities and audit expectation gap on the part of interested parties of financial reports. Since $p<0.05$, there is the conclusion that the test is statistically significant and that an audit objectives differences exists. This is in agreement with the work of Agyei, Aye, and Owusu-Yeboah (2013) who demonstrated that it is not auditors' responsibility to disclose irregularities and illegalities in financial statements. Rather, any identification of illegalities in financial statements by the auditor should be communicated to the interested and right parties and also indicates the extent of the error. The correlation between perception of the public in detection of errors and fraud by auditors and expectation gap is also presented in Table 8.

Table 8: Auditors' responsibility in detection of error and fraud and audit expectation gap

		Detection of fraud and error as auditors' responsibility	Audit expectation gap
Detection of error and fraud as auditors' responsibility	Pearson Correlation	1	.891**
	Sig (2-tailed)		.000
	N	210	210
Audit expectation gap	Pearson Correlation	.891**	1
	Sig (2-tailed)	.000	
	N	210	210

Source: Field work (2019)

This analysis was conducted to establish a relationship between perception of the public on auditors' authority in identifying error and audit objectives differences. The significance level used was (0.05) at 95% confidence level. From Table 8, a sample size of n=210; r=0.891; p-value <0.05 shows that the test is statistically significant. The conclusion drawn is that there is a significant relationship between auditors' responsibility on detection of error and audit objectives differences. This means that there exists an audit expectation gap which is influenced by the perception of the public on auditors' capacity to identify error

CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This is the final chapter as stated in the organization of the study concerning this work. It contains the summarized form of chapter four statistical outcomes, conclusion of this research and the researcher recommendations

5.2 Summary of findings

This dissertation aimed at assessing how perception of the public affect audit expectation gap in the Sekondi Takoradi Metropolis. The research employed the descriptive survey design of quantitative research and sampled 210 respondents. Questionnaires was used as the instrument to collect primary data. Frequencies, tables and percentages were used to analyse data. Correlation analysis was conducted to establish relationship between perception of the public and auditing tasks and objectives differences.
In relation to specific objective one of this work: examining how perception of the public on the duties and roles of auditors. The key findings were: The majority (77.61%) of respondents answered that fraud detection is under the authority of auditors. Majority (71.90%) of respondents also answered auditors are required to check for financial illegalities, irregularities and others. Majority (63.81%) of the examinee's claims revealing financial challenges or issues of firms is the sole duty of auditors. of companies. Majority (42.38%) of respondents do not know whether it was auditors' responsibility to disclose going concern of companies in financial reports.

The second objective of the study focused on describing issues of audit expectation gap and the practice of auditing. The key findings were: Majority (73%.0%) of respondents answered that the assurances of audit reports are not absolute. Majority (81.0%) of respondents answered that the quality of audit reports is nowadays questionable. Majority (92.0%) of respondents answered that the engagement

of auditors in audit and non-audit work in a company impairs objectivity of the auditor. Majority (90.0%) of respondents answered that financial statement are not objectively done.

The third and fourth objectives of the study examined the factors affecting audit expectation gap and the linkage of perception of the public and auditors. The key findings were: Majority (64.3%) of respondents claims members of the find it hard to comprehend the duties and roles of auditors affect audit expectation gap. Majority (62.90%) of respondent's claims the unrealistic demands from the public towards auditors. Majority (93.90%) of respondents answered that their dissatisfaction with the work of auditors affected their perception.

The research established a moderate positive correlation between auditors' responsibility on disclosure of irregularities and illegalities and audit expectation gap. There was a strong positive correlation between auditors' responsibility in detection of error and fraud and audit expectation gap.

5.3 Conclusions

Drawing conclusion from the final results of this current work, they are as follows: There are many unrealistic demands from the side of stakeholders regarding auditors. For instance, while external auditors play integral role of firm's financial reporting process, their job specification do not include fraud detection. It is category stated in the auditing principles that fighting against fraudulence act is the sole task of management. However, the international principles regarding auditing grant auditors. The outcome of this research reveals that auditor's view of their job specification is different from their stakeholders view point in Sekondi Takoradi Metropolis.

This inconsistency is due to the under listed reasons: the public enability to comprehend auditing profession, deficiencies arising from existing accounting standards and society's dissatisfaction with the quality of auditing. The positive and direct influence of perception concerning stakeholders and expectation differences also not only affect the auditing profession but rather, the decisions of investors. This will not make business entrepreneurs consider financial statements of companies in taking business plans but rather fall on other sources of information. The auditing profession is suffering from bad image due to audit expectation gaps which in turn affect the credibility of the profession and the regulation of members of the profession in Ghana. This gap therefore needs to be addressed from different perspectives in order to reduce expectations and add value to the auditing profession.

5.4 Recommendations

The researcher develops the below recommendations depending on the summary and conclusion of this work:

1. Work structure or task structure of auditors have to be standard and explicit to enable stakeholders appreciate state employed auditors.

2. They should be more emphasizes and attention of all auditors' activities employed to fight and eliminate fraudulent and illegal actions.

3. The auditing regulatory bodies should raise awareness through education and sensitization various stakeholders or interested parties in progress of assets concerning auditing profession, its duties and task in financial reporting to minimize unreasonable expectation gap.

4. In order for stakeholders to develop positive attitudes towards the auditing profession, they expect frequent, active and relevant flow of information from the side of the auditing profession.

5. Regulators of the auditing profession should constantly review the work of auditors and provide appropriate punitive measures to auditors who do not adhere to the rules and principles of auditing.

5.5 Recommendations for further study

Considering the drawbacks of this research, the researcher however came out with the below suggestions for future studies:

1. Further research should include representation from other regions in the country

2. Further research should involve the use of qualitative approaches in order to get in-depth information.

3. Further research areas should focus on how the auditing profession can put in measures to help minimize the unreasonable expectations of the public.

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