



## Research Article

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# Audit Education as an Effective Tool for Narrowing Audit Expectation Gap: Evidence from Literature Review

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## Abstract

*This study investigates the determinants of audit expectation gap by reviewing several studies to establish its existence and the major causes of the expectation gap. In like manner, many other empirical works on the effectiveness of audit education in providing a solution to the anticipation breach issues are also examined. The findings reveal the existence of review expectancy crack in different countries of the world. The major causes of the breach also include performance deficiency, standard paucity, auditors' compromise of their roles, and lack of public awareness of what the law specifies the auditors' roles should be, among others. In the light of the review, this study further discovers that the varying audit prospect disruption can be effectively managed by providing adequate and comprehensive audit education to various users of audit reports and the society at large. In this study, we propose early learning of audit. An audit should be a general subject in the Universities and Institutions of higher learning. This will help to equip future managers, managing directors, entrepreneurs, chief executive officers (C.E.O.s) of companies, investors and other stakeholders.*

**Keywords:** Auditing, expectation gap, literature review, education, accounting

## 1. Introduction

Audit Expectation Gap (A.E.G.) features an apparent difference between what the general public anticipates from a review and what the review calls indicate the review target should seek after (Adeyemi and Uadiale, 2011). A.E.G. can also be defined as the difference between what auditors necessarily do as required by the law and what third parties anticipate or perceive auditors should do while carrying out their audit assignment (Onyekachi, Ihendinihu & Nmesirionye, 2015). However, the public awareness and education on auditor's responsibilities and the role of a company's management in an assurance service have a lot to do in closing the audit expectation gap that has existed for centuries. Humphrey and Turley (1992) discovered the audit expectation gap in the 19th century during the initial audit of a company which prompted the public to presume that auditors

could provide almost 100 per cent assurance against fraud and deliberate maladministration (Epstein & Geiger 1994). The society cannot afford to exit the sham that auditors are responsible for fraud and error detection in the accounting system of an organization unless they are adequately educated and duly informed of the boundaries set by standards and statutes guiding audit practice internationally and locally. These laws and rules have specified the auditors' responsibilities towards an audit client, as well as the role of the management in ensuring that there is a robust internal control system to detect and prevent fraud and errors.

The issue of the desired hole is regularly attached to the outlandish desire for the general population (Humphrey, Moizer and Turley, 2012). The open frequently misperceives the reason and nature of examining. These irrational desires might be adverse to the review calling's notoriety for being open may neglect to perceive the estimation of reviews (Lee and Azham 2008). The free being the free-rider of inspected money related reports may expect examiners to play out certain obligations which might be outlandish or cost insufficient (Lee, Ali and Bien, 2009). Onyekachi *et al.* (2015) identify auditors' actual under-performance and publicly perceived auditors' roles as significant gaps to eliminate. In line with the views of other scholars, (Bailey, Bylinsky & Shields, 1993; Epstein & Geiger, 1994; Rehana, 2010; Saad, Hoos & Lessage, 2013; Fotoh, 2017; Fulop, Tiron-Tudor & Cordos, 2018). The publicly perceived role for auditors is the significant gap that should be consciously bridged.

Due to frequent corporate failures and governance issues, bankruptcy and winding up of companies in recent times, the public belief is that auditors are not performing their duties effectively. So the expectation gap continues to widen day by day. This expectations gap became more emphatic with the accounting scandals that affected Enron and WorldCom and after that the subsequent and frequent financial crisis in organizations which left the investing community and the entire public questioning the credibility of the financial statements reported and ratified by auditors (Hann, 2019). These occasions have likewise offered to ascend to an emergency inside the review calling itself, making inspectors genuinely look at their capacity and how their job can be value-added. As indicated by Porter (2012), the dubious and questionable circumstance which exemplifies evaluating today can be ascribed to the review desire execution hole. Rehana (2010) affirms that the inspecting calling has come to accept that the expansion in court arguments and reactions against the evaluators can be credited to the review desire hole which gets more extensive because of irrational desire for people in general.

Bookkeeping data clients which incorporate organization the executives, financial specialists, lenders and the overall population all have the fluctuating level of significance they append to review the report and what as they would like to think ought to be the obligation of the evaluator (Hann, 2019). Reliably, bookkeeping data clients have exceptional prospects of what the review can achieve, and the significant hole between their desire and reality prompts them to inquiry the estimation of the evaluation with its current arrangement. Hann (2019) stresses that a company's management is usually curious of the possibility of obtaining value for money from an external audit, since it is a legal requirement but fails to produce valuable information, advice or guarantees the going concern of the company. Investors are prying to know the credibility of the audit report, which they rely upon to make investment decisions. Creditors who encountered financial losses are also querying the integrity of the auditor. The possibility of his not being aware of the financial predicament of an organization before expressing an accurate and fair view opinion on the financial statements they believed were correct before their investment commitment and eventually had a colossal economic loss.

Thus, it infers that the presence of the desired hole is because of the absurd desires for people in general (Lee *et al.* 2009). The strategy to reduce the different expectations should be to widen the knowledge and understanding of the public as regards auditors' real duties and roles through audit education (Humphrey *et al.* 2012; Enes, de Almeida, daSilva, Carvalho & Simoes, 2016). Lee, Azham and Kandasamy (2008) posit it that education could help the users of financial statements to understand the auditing procedures and scope. Biu and Porter (2010) battle that since the mid-1980s,

able bookkeeping bodies, bosses of bookkeeping graduates and scholastics the same have discredited the failure of establishments of higher figuring out how to furnish bookkeeping graduates with the specialized know-how essential for the contemporary business condition. The varieties in bookkeeping training have been affected; however, the hole between the expert mastery which organizations envision and think bookkeeping graduates ought to have has not heretofore been completed (Biu and Porter, 2010).

## 2. Literature review

### 2.1 Conceptual explanations

#### 2.1.1 Audit

An audit is a term which refers explicitly to financial statement audit. Thus, the financial audit is an independent investigation and appraisal of an entity's financial records to ensure that the financial statements presented are a fair and accurate representation of the entity's transactions (Tuovila, 2019). Audit exercise could be carried out internally, externally or by the government through the Federal Inland Revenue Service (FIRS) as done in Nigeria. The reason for the internal audit is to maintain a robust internal control system, the shareholders' and other stakeholders' interests are usually considered through external review. In contrast, the government audit is carried out for tax purposes. Above all, the examination helps to maintain record keeping efficiency in an organization. It is also statutorily mandated that limited liability companies should have their accounts audited on an annual basis (CAMA, 1990:334; SOX Act, 2002:201) before the filing of tax returns which must be accompanied by an audit report from an independent auditor.

#### 2.1.2 Audit expectation gap

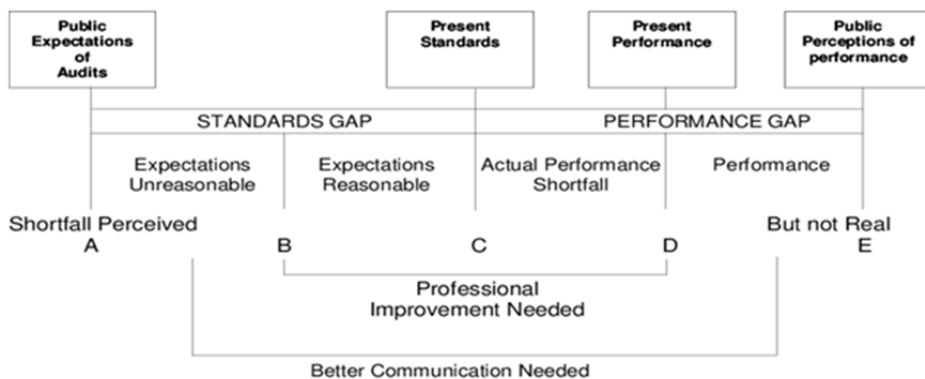
The A.E.G. was first characterized by Liggio (1974) who described the hole as, the distinction in the exhibition desire for the examiner, between financial report clients and free bookkeepers. The Cohen Commission (1978) stresses that the hole envelops the difference between the open's convictions and wants and what the evaluator can and ought to embrace regularly. In an opposite view, Porter (1993) defines it as the 'execution desire for the evaluator' by Liggio (1974) and 'what the reviewer can and ought to sanely attempt' by The Cohen Commission (1978). In this manner, Porter (1993) characterizes review desire hole as the expectations the general public hold of evaluators and inspectors' apparent exhibition by the overall population. McEnroe and Martens (2001) describe the A.E.G. as the disparity between what clients of fiscal reports distinguish as reviewers' obligations and what examiners think about their responsibilities. Monroe and Woodliff (1993) characterize A.E.G. as the variety in convictions between the general population and examiners concerning the obligations and duties of evaluators and the substance of review report. Fellow and Sullivan (1988) depict the A.E.G. as the differentiation between the open's convictions of inspectors' duties and evaluators' convictions of their obligations. As indicated by Guy and Sullivan (1988), there is a contrast between what people in general and fiscal report clients accept bookkeepers and examiners are in charge of and what the bookkeepers and inspectors themselves accept they are in charge. Godsell (1992) portrayed the desired hole as that "which is said to exist when evaluators and the open hold various convictions about the examiners' obligations and duties and the messages passed on by review reports."

Necessarily, Sikka et al. (1998) characterize the A.E.G. as the dissimilarities between the open's desires for a review and what the review calling wants the review targets to incorporate. Dennis (2010) included that A.E.G. is the distinctions in convictions and wants between clients of fiscal reports and inspectors. Fotoh (2017) outlined every one of the definitions by characterizing A.E.G. as the varieties in convictions and wants between the inspector and the open in regards to the

obligations and duties of reviewers. Be that as it may, the most satisfactory definition is from The American Institute of Certified Public Accountants (A.I.C.P.A.) (1993) which characterizes A.E.G. as "the distinction between what people in general and fiscal summary clients accept that inspectors are in charge of and what the evaluators themselves accept their duties are" (A.I.C.P.A. 1993).

### 2.1.3 Components of an audit expectation gap

The components of the audit expectation gap were derived from the report of the study sponsored by The Canadian Institute of Chartered Accountants (1988) on the public's anticipations of audit (MacDonald Commission, 1998). The commission built up a definite review expectancy breach model that broke down the individual parts of the anticipation crack into sensibility hole, execution hole and benchmarks hole. This model is presented in Figure 1 below.



**Figure 1:** Audit expectation gap components

**Source:** Adapted from MacDonald Commission, 1988 Accounting Tips

Figure 1 above highlight the three components of the expectation gap, which include: the standards gap, execution hole and sensibility hole. Models hole is a hole between the obligations examiners should deal with, and what the law and expert norms stipulate the evaluator's requirements ought to be. Kinney (1993) states that one of the significant reasons for the vocation's expectancy crack is the distinction between what the principles of the calling give and what clients may want. Also, such a hole existed as a result of the absence of adequate gauges to covering all of the reviews rehearses. The presence of the inadequate models for review duties, identification of misrepresentation and illicit acts. To put it plainly, the inappropriate gauges hole is simply because of deficient or inferior guidelines to review capacities. To connect the standard hole, a valuable methodology has been proposed in a report put together by the Association of Chartered Certified Accountants (A.C.C.A.) (2011) which prescribes that reviews ought to include zones, for example, corporate administration and hazard the board. The useful methodology centres on improving examiners' exhibition and extending inspectors' obligations to address society's issues. In 2012 this call was stretched out to Sweden with the Swedish Minister of Financial Markets prescribing inside controls assessment as a need zone for evaluators (Erhart 2012). The helpful methodology joins; escalating the extent of reviews, modification of review strategies and expanding examiners' jobs.

The performance gap is referred to as a gap between the anticipated standard of performance of auditors' regular duties, and performance as estimated and perceived by the public (Porter, 2012). The significant causes of performance gap include non-audit services rendered by auditors, auditors' self-interest and economic affiliation with their audit clients, auditors' lack of technical competence,

objectivity and independence. Reasonableness gap is the gap between what the public expects auditors to accomplish and what they anticipate to usually and realistically achieve (Salehi, 2011). Reasonableness gap occurs due to a lack of audit education and over expectation of the users of the financial statements. It also includes misinformation of accounting information users and lack of awareness due to the restrictions statutorily placed on auditors.

#### 2.1.4 Audit education

Audit Education includes the way toward illuminating, preparing and making mindfulness on the statutory obligations of the reviewer to clients of money related data and people, in general, all in all with the point of improving their degree of comprehension of the elements of a review procedure; and ensuing connecting of the hole between desires for the general population and execution of the inspector (Ihendinihu and Robert, 2014; Onyekachi et al., 2015). Past examinations (Fulop et al. 2018; Fotoh, 2017; Kumara, Ajward and Dissabandara, 2017; Enes et al. 2016; Adeyemi and Uadiale, 2011; Appah, 2010; Rehana, 2010; Javed, Taslima, and Aklema 2009; Pierce and Kilcommins, 1996) prove the adequacy of review instruction in abridging review desire hole by helping monetary data clients understand the role of auditors from the statutorily defined viewpoint. The audit education, as regards the functions of auditors in all assurance services, is a concept that should enlighten all stakeholders and the society at large.

#### 2.2 Theoretical review

This study is guided by the following audit theories identified by (Hayes, Schilder, Dassen, & Wallage, 1999) and supported by (Salehi, 2011; 2015).

##### 2.2.1 The policeman theory

The policeman theory is a theory which states that the auditor is accountable for probing, ascertaining and averting fraud in an organization (Hayes, Schilder, Dassen, & Wallage, 1999). This theory was widely applied in the early 20<sup>th</sup> century when the society believed that an auditor is a 'watchdog' and so an audit then, was about an auditor coming to catch a thief in an entity. Policeman theory of review is now considered outdated. The various standards and statutes guiding the audit practice of our contemporary time, have made it clear that the duty of fraud detection and prevention rests on the management of an organization. Their responsibility is to build a strong internal control structure that can prevent or reveal fraudulent practices in the system.

##### 2.2.2 Credibility theory

Credibility theory states that financial statements certified by auditors gain more credibility because it is believed the auditors must have taken 'reasonable care and skill' to examine the documentary evidence and the accounting records before ratifying them. So, investors can rely on them to make investment decisions. This theory confirms that it is a prerequisite for an auditor to be honest and must not affirm what he doesn't accept to be valid. An inspector must exercise due consideration and persistence before communicating a genuine and reasonable view supposition on an element's budget summaries. Evaluated budget reports are utilized by the board (specialist) to upgrade the foremost's confidence in the operator's stewardship and lessen the data inconsistency (Salehi, 2011). Nonetheless, Porter (1990) battles that review report isn't the significant standard for financial specialists' venture choices. Conversely, it stresses that audited financial statements have a function of authenticating information that was formerly disseminated (Hayes et al., 1999).

### 2.2.3 Agency theory

The agency theory considers the association between principals (investors) and agents (managers). Managers are regarded as the agents who accept to carry out some functions for the investors (principals) and the investors reciprocate by rewarding the managers (Jensen and Meckling, 1976). As per this hypothesis, the job of the evaluator is to direct this connection between the director and the proprietors of the element through assessment of the money related records to guarantee efficiency, appropriate support of bookkeeping records and affirmation that the inward control framework is reliable and working. A hole desire happens when the appropriation of the duty isn't very much characterized (Salehi, 2011). Thus the respective function of every party is correctly stated in the regulation. The manager and the owners have to recognize that the auditor is not in charge of the bookkeeping, but only ensures that the audit assignment is carried out accurately (Andresson and Emander, 2005) and upholds the generally acceptable audit practice (GAAP).

### 2.2.4 The hypothesis of motivated certainty

The hypothesis of motivated certainty (Theory of balanced desires) (Limperg, 1932) underlines on both the interest and the stock for review administrations. The enthusiasm for review administrations is the immediate consequence of the inclusion of outsiders (invested individuals of an organization) in the organization. The management of an organization is accountable to third parties as a direct consequence of their investments in the company. The financial reports the management provides periodically is the manner and style the investors achieve their accountability demand. The provision of annual financial statements satisfies investors curiosity who want to know how much returns accruing to their investments. However, since the financial statements prepared by the management may be subjective, and the investors and other stakeholders do not have the machinery to scrutinize the information contents, an audit is thus necessary to guarantee the reliability of the financial reports. Limperg (1932) submits that the auditor should always endeavour to meet public expectations. That is the bone of contention because the public expectation will always exceed the legal boundaries surrounding audit practice and the standard of operation expected of an auditor professionally. The variation between the general expectation of the auditor's responsibility and the auditor's perceived roles has created the audit expectation gap.

## 2.3 Empirical review

### 2.3.1 Empirical shreds of evidence on the existence of audit expectation gap and its determinants

Adeyemi and Uadiale (2011) carried out a study to examine the presence of the audit expectation gap in Nigeria. The study found the existence of a vast audit expectation gap, especially in the area of auditors' responsibilities on fraud detection and prevention and thus suggested public audit education as the only strategy to reduce the deficit. Dana (2011) directed an investigation in the open division in Romania, utilizing understudies as the respondents. The consequence of the research demonstrated that review desire hole was likewise in presence in Romania. The study found that public auditors could detect fraud in the course of their duty. The study emphasized that audit education could be very productive in minimizing the expectation gap in the Romanian public sector. Salehi (2011) examined the nature and varying dimensions of audit expectation gap in different parts of the world. The study adopted a literature review approach and based on the review outcome. The conclusion is that auditors could reduce the estimation gap through the recommendation of new standards, improving on their responsibilities and educating various audit report users on auditors' roles and boundaries as prescribed by rules and statutes.

Saeidi (2012) investigated the existence of audit expectations gap in the area of fraud detection and prevention by sampling the views of financial managers and investors in Iran. The study

employed the instrument of a questionnaire and found evidence that the perceived auditors' roles in detecting and preventing fraud were responsible for the expectation gap existing in Iran. Agyei, Kusi-Aye and Owusu-Yeboah (2013) assessed the existence of an audit expectation gap in Ghana using the instrument of a questionnaire administered on twenty auditors and twenty stock brokers. The findings revealed the presence of the audit expectation gap in the area of the public perception that the auditors are responsible for fraud detection and prevention and strengthening of the internal control system of an audited entity. Olowookere and Soyemi (2013) evaluated the existence of the audit expectation gap in Nigeria using a questionnaire instrument administered on auditors, bankers and investors in Ibadan and Osogbo areas in Nigeria. The examination utilized Cross-sectional Friedman Test investigation and Analysis of Variance, and the outcomes unveiled that review desire hole existed in the territory of inspectors' obligation regarding extortion recognition and counteractive action.

Ruhnke and Schmidt (2014) conducted research to determine the existence and causes of the audit expectation gap in Germany and whether the variations had some effects. Questionnaire instrument was used, and the responses retrieved and analyzed indicated that the society overestimated the auditors' roles beyond the provisions of the statutes and standards guiding audit practice. The other causes of the gap established included auditors' deficiency in performance and lack of knowledge of their full responsibilities. The study suggested that expansion of audit report and information content will help to narrow the expectation gap. This suggestion is part of the reasons for the introduction of International Financial Reporting Standards (IFRS), which encourages full disclosure of information in the financial statements prepared by organizations. Thus, it behoves on auditors to ensure that every item of information on audit client's financial statements has full disclosure to back it. Abiola (2015) assessed the factors influencing the audit expectation gap from the angle of the financial statement users. The study made use of Pearson correlation statistics, and the result indicated that the expectation gap is caused by the lack of knowledge of auditors' responsibilities on the part of the financial statement users and secondly some level of compromise observed in auditors' as regards their roles and obligations.

Salehi (2016) studied the relationship between audit responsibility and audit expectations gap in Iran and found that the difference is influenced by the deficient standards, audit ethics, financial reporting assurance and audit rotation. Thus, based on the data collected from both auditors and investors and analyzed with the non-parametric statistics test, the results showed that the existence of the audit expectation gap between investors and auditors in Iran. Fulop (2017) tried to establish the major factors giving rise to the audit expectation gap, especially in Hungarian. The study employed a self-structured questionnaire which was completed by audit teams since they are seen as the target teams. The summarized outcome of the study disclosed that deficient performance and standards. Unachievable anticipations and wrong interpretation of auditors' roles by the society are the major contributory factors enlarging the expectation gap. Thus, the study suggested that auditors should consider some degree of modifications in certain aspects of the law to improve audit performance. Besides, the audit clients and users of audit reports should endeavour to enhance their knowledge of audit functions and limitations. Masoud (2017) did an empirical study to confirm the extent of audit expectation performance gap existing in Libya. The study made use of a questionnaire instrument, and the results revealed that deficient standards and deficient performance were the factors responsible for the discrepancy, which constituted 49% and 15% respectively.

Khalid, Khalid and Ashraf (2018) considered the determinants of client's audit expectation gap in Pakistan. The study specifically evaluated the causes of audit expectation gap from the client's point of view through administering of a questionnaire to the shareholders and directors of quoted companies in Pakistan. The study found evidence that the auditor's failure to detect fraud, errors and illicit activities in a company has been the root causes of the audit expectation gap. Mansur and Tangi (2018) used the credit officers' perceptions towards external auditors in Jordanian Commercial Banks as the expectation gap existing in Jordan. The study revealed that credit officers were having the high expectation that external auditors should be able to assess an entity's viability and the effect of the

audit fees on the quality of audit service they are rendering. Toumeh, Yahya and Siam (2018) researched Jordan to identify the causes of the audit expectation gap from the auditors' point of view. The study established that the users of financial statements lack adequate awareness of what the auditors' roles are and so the expectation gap keeps widening. There was no evidence that uncertainty in auditors' independence impacted on expectation gap in the audit process in Jordan.

### 2.3.2 Studies corroborating the effectiveness of audit education in narrowing expectation gap

Fulop *et al.* (2018), examined the role of audit education in decreasing the expectation gap. The study made use of a survey approach by administering questionnaires on students who were used to represent various categories of stakeholders. The findings highlighted that audit education had a significant positive impact on the audit expectation gap. Thus, the study suggested more practical steps in boosting audit education by both regulators and accounting professionals.

Fotoh (2017) contemplated the effect of review instruction on review desire hole in Sweden utilizing an overview poll containing seventeen semantic differential open conviction explanations. The survey included Five-point Likert scale, which was finished by four gatherings of understudies totalling 137. The aftereffects of the investigation showed that review instruction was halfway compelling in narrowing the A.E.G. in Sweden particularly on issues identified with examiners' jobs in guaranteeing that appropriate bookkeeping records are kept, fiscal summaries arranged by the administration and determination of sufficient review techniques. Kumara *et al.* (2017) considered the position and influence of audit education on the audit expectation gap, which had become hurtful to the accounting and auditing profession. The study sought empirical evidence through the administration of questionnaire on university students in Sri Lanka who had taken audit courses at both undergraduate and advanced levels. The sample also included professional auditors and the primary data generated were analyzed by employing independent t-test, which revealed that audit education could be productive in narrowing the audit expectation gap existing in Sri Lanka. The study further disclosed that advance auditing courses had better effects on minimizing the expectation gap.

Enes *et al.* (2016) evaluated the effect of audit courses taken by students on an audit expectation gap. The study was carried out in Portugal, and the purpose was to find out how audit courses affect the students' perception of the auditors' responsibilities, the duties and the audit work scope as statutorily specified. The study found that audit education did not reduce the expectation gap in all cases. Still, the students' perception as regards auditor's role in fraud and error detection, including other illegal acts, was transformed. Onyekachi *et al.* (2015) employed ordinary least squares multi-regression technique to examine the role of audit education and work experience in reducing audit expectation gap. The study made use of a survey approach involving a sample of 353 students during the 2012/2013 academic session. The result from the analysis of the responses obtained from the questionnaires administered to the students revealed that audit education is an effective tool for minimizing audit expectation gap.

Iddrisu (2015) investigated the existence of audit expectation gap in Ghana using public Senior High Schools in the Ashanti Region. The study found a difference between public understanding of auditors' roles and what auditors believe their responsibilities should be statutorily. The study concluded that audit education of the public is the only remedy for narrowing the existing gap. Ihendinihu and Robert (2014) considered the role of audit education in reducing audit expectation gap in Nigeria. The study employed three groups of respondents comprising 88 students in a government school of higher learning located in Abia State. The primary data gathered in the study were analyzed with Analysis of Covariance statistical tool and the result highlighted that the responses of the students who obtained audit education proved that education has the capacity to reduce audit expectation gap. However, the responses based on work experience of the financial statement users showed that audit expectation gap could not be narrowed because work experience does not have the needed audit information content that can minimize expectation gap.



Saad, Hoos and Lessage (2013) conducted a test on 96 M.B.A. students who did not have knowledge of auditing process. The test was to find out whether lack of audit procedures could skyrocket the blame on auditors' for failing to detect and prevent fraud and errors in the course of their duties. The result showed that the absence of proper audit education heightens audit expectation gap in the area of fraud detection, especially when fraud is discovered and made public. The implication of the finding is that audit education remains a vital tool that eliminates the unnecessary society blame on auditors. Rehana (2010) assessed the role of auditing education in narrowing audit expectation gap in Bangladesh. The study employed a survey questionnaire structured by using a 7-point Likert scale and distributed to 300 students. The first 100 were students who were to take audit course in their next semester, and the second 100 were students who just completed one audit course while the last 100 were students who completed both audit and advanced audit subjects. The study found evidence that audit education had a significant effect in narrowing the audit expectation gap even though researchers think that owing to expectation gap peculiarities, its absolute elimination might not be feasible.

Lee and Azham (2008) examined numerous studies which emphasized audit expectation gap could be minimized by offering audit education and audit-related subjects. The authors confirmed that audit education generally provides a better understanding of the role of auditors and also the management's responsibility in the preparation of the financial statements of an organization. The authors opine that audit education could minimize the expectation gap by helping accounting information users to have a better comprehension of the financial statements' contents, auditor's statutory duty and the management's obligations in providing a piece of accurate accounting information for their uses. Lee, Azham and Mohamad (2008) completed an investigation on the impact of instruction on the decrease of desire hole in Malaysia. He found that training had a critical positive effect on crossing over desire hole. The result of the study further indicated that when students are allowed to have practical exposure and experience of audit fieldwork more consistently, they become more enlightened and expectation gap reduces without much struggle.

Ferguson, Richardson and Wines (2000) did a comparative study using the vision of auditors and two categories of students which included those that obtained academic audit training and those that acquired professional audit training. The result indicated that those with professional training contributed more to expectation gap reduction. However, the study concluded that the closing of the audit expectation gap was found more substantial, especially when the students are academically exposed to audit issues. Manroe and Woodliff (1993) researched the effect of education on the audit expectation gap. In their study, the authors examined what the students perceive the auditors' roles and responsibilities should imply and the impact of education in minimizing the expectation gap. The findings revealed that audit education they acquired help to mitigate the expectation gap. As a result, the study concluded that education is a useful tool that eliminates the audit expectation gap.

### **3. Methodology**

This study adopts a literature review approach to establish the existence of the audit expectation gap and the significant causes of the difference, subsequently, the role of education in narrowing the expectation gap. The study is a review work and therefore, literature-based. Thus, the literature review of studies conducted in different parts of the world has been evaluated. The study adopts an explanatory research design which uses literature review outcomes and decided cases to establish a position in an issue. Secondary data used include textbooks, journals, learned bulletins and other related research journal materials that were reviewed to enable the study to take a position on the role of education in narrowing audit expectation gap.

### **4. Findings and Conclusion**

The findings from the various empirical studies revealed that the audit expectation gap exists and the

various causes have been summarized as follows:

AUTHORS	YEAR	COUNTRY	EXPECTATION GAP EXISTENCE AND CAUSES
Adeyemi & Uadiale	2011	Nigeria	Fraud detection and prevention
Dana	2011	Romania	Fraud detection and prevention
Saeidi	2012	Iran	Existence of various audit expectation gap
Agyei et al.	2013	Ghana	Fraud detection and strengthening of client's internal control system
Olowookere & Soyemi	2013	Nigeria	Fraud detection and prevention
Ruhnke & Schmidt	2014	Germany	Auditors' deficiency in performance
Abiola	2015	Nigeria	Auditors compromise of their roles
Salehi	2016	Iran	Existence of varying gaps
Fulop	2017	Hungarian	Deficient performance and standards
Masoud	2017	Libya	Deficient performance and standards
Khalid, et al.	2018	Pakistan	Fraud, error and unlawful act detection
Mansur & Tangi	2018	Jordan	Matching of audit fees with services
Toumeh, et al.	2018	Jordan	Lack of public awareness of auditors roles

Source: Authors' research findings, 2019

The study also finds and concludes that audit education is a useful tool that reduces audit expectation gap as regards auditors' roles and the management responsibilities in the area of fraud, illegal acts and error detection and prevention ( Manroe & Woodliff, 1993; Ferguson, et. al., 2000; Lee, et. al., 2008; Lee & Azham, 2008; Rehana, 2010; Saad, et. al., 2013; Ihendinihu & Robert, 2014; Iddrisu, 2015; Onyekachi et. al. 2015; Enes, et. al., 2016; Kumara, et. al. 2017; Fotoh, 2017; Fulop, et. al., 2018). Audit education creates public awareness on what the law allows the auditor to do in the course of carrying out his audit assignment. Thus, the necessary knowledge minimizes the public overestimation and perception of the auditor's duties.

Based on the discoveries made from the works of numerous scholars examined in this research, the study presents below an audit expectation gap determinants and antidote.

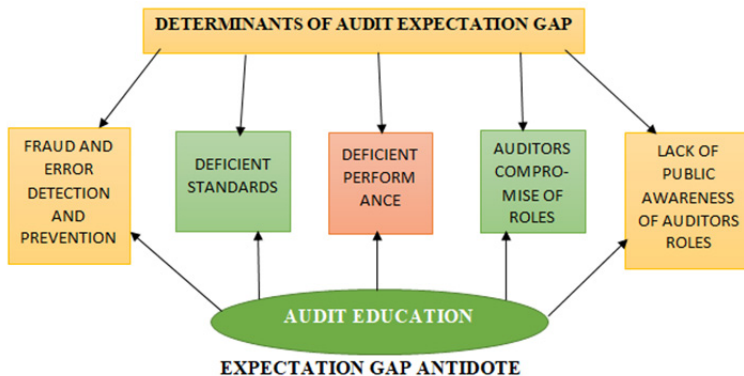


Figure 2: Audit expectation gap determinants and antidote

Source: Authors' research findings, 2020

## 5. Recommendations

Audit education is necessary at all the stages of an audit assignment. At the point of negotiation (verbal discussion) with an audit client, the auditor should educate the management on what his

duty entails, what roles are statutorily expected of him and what the management responsibilities should be when it comes to financial statement preparation. The roles should be understood and agreed upon by both the auditor and the client in writing with an endorsement by both parties.

The audit education should include training on standards, generally acceptable audit practice (GAAP) and legal positions on all audit-related services. Every country has clauses or sections incorporated in their company laws that make reference to auditors' roles and what examination should be at every point in time. Thus, those sections should be brought to the knowledge of the clients and accounting information users. For instance, in Nigeria, the Company and Allied Matters Act (CAMA) 1990 specifies the duties and powers of an auditor in section 360 while his appointment, as stated in section 357. The International Standard on Auditing (I.S.A.) 2016-2017 edition contains the current information on international standard as regards auditing, quality control and all assurance and associated services.

The inclusion of audit as a general subject in all academic curriculums found in the university is also a key strategy in bridging audit expectation gap. The audit subject should not only be restricted to the students studying accounting and finance but should be a general study involving other departments. The reason is that no matter what a person reviews, somehow the person may be an entrepreneur, managing director, a company's chief executive and also an investor. The audit training will help him or her to appreciate the roles of auditors and to avoid the expectation gap complications.

There should be seminars, workshops and specialized training for auditors and users of accounting information on the roles of auditors and management responsibilities to narrow the expectation gap. For public awareness, audit education should include jingles and short dramas that should feature on televisions, radios and all media platforms in a country. There should be messages on billboards, magazines and widely read newspapers to convey audit roles to accounting information users easily.

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