Role Theory and the Concept of Audit Expectation Gap in South-South, Nigeria

Appah Ebimobowei and Oyadonghan James Kereotu
Department of Accounting, Bayelsa State College of Education, Okpoama Brass Island, P.M.B. 74, Yenagoa, Nigeria

Abstract: This study examines the role theory and audit expectation gap and the performance of internal auditors in the prevention of financial misappropriation of funds in the public sector of South South Nigeria. Audit expectation gap is the difference between the levels of expected performance as envisioned by the users of financial statements and by the independent accountant. To achieve the objective of this paper, data were collected from primary and secondary sources. The primary source was generated from a well structured questionnaire administered to 120 internal auditors in Bayelsa State and Cross Rivers State in South South Nigeria. The researchers only collected 96 usable questionnaires that were analysed using Spearman rank order correlation coefficient, Mann-Whitney U test and descriptive statistics. The study revealed that there is a significant relationship between audit expectation gap and internal auditors in the prevention financial misappropriation of funds in the public and there is significant difference between the perceptions of auditors and users whether the intervention of management hinders the effective performance of internal auditors in South South, Nigeria. On the basis of the findings, the paper concludes that internal auditors in the public sector in Nigeria is not performing the audit responsibility with all level of professional and technical expertise as expected by the society. This is why there is wide spread misappropriation of public sector funds and massive corruption in Nigeria. Therefore, the paper recommends amongst others that internal auditors in All Ministries, Departments and Agencies (MDAs) should have the requisite professional qualification (example, the Institute of Chartered Accountants of Nigeria), the issuance of new audit standards for public sector accounting system.

Key words: Audit expectation and performance, internal auditors, Nigeria, role theory, South South

INTRODUCTION

It is better to prevent an epidemic rather than cure it. It is also better to prevent fraud rather than detect it. If fraud is allowed to be committed before detecting it, the overall effect will merely be a postmortem exercise which may hardly result to complete recovery of the loss. Therefore, to avoid this, organizations have developed control techniques to prevent waste, misappropriation and mismanagement of economic resources and constrain factors. The summary of them all is the internal control system. Control involves directing, inspecting and regulating work (Nwachukwu, 2007). It may mean having to take remedial actions. Every organization knows the need to keep the activities of its employees to stay within the confines of allotted means of authority and responsibility to ensure the achievement of the overall goals of the entity. This calls for developing an accounting system to ensure that guidelines are provided for actions at all levels of activities. In the event of any deviation, the control measures will detect and bring the action back to tract. Robertson (1996) says internal control is a process effected by an entity’s board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the categories; reliability of financial reports, compliance with applicable laws and regulations, and effectiveness and efficiency of operations. The fundamental concepts of internal controls are process, people and reasonable assurance and category objectives. People operate internal control, an entity may have policy manuals, procedures, forms, computer controlled information and accounting, but people make the system work at all levels of management. People establish the objectives, put control mechanism in place and operate them (Whittington and Pany, 2001; Okezie, 2008; Hamid, 2009).

Internal control is designed to achieve objectives in three categories. In the operations categories, it covers good business administration, reputation, return on investment, and safeguarding assets in the context of their effective and efficient use (Appah, 2010a, b; Hayes et al., 1999; Gupta, 2005). In the financial reporting category, the objectives are reliable published financial reports
THEORETICAL FRAMEWORK AND EMPIRICAL LITERATURE

The role theory: When faced with any situation, people have to enact a role in order to manage the situation. Chell (1985) called this “the situation-act model”. This model according to him indicates that, the person must act within situations, that situations are rule governed and how a person behaves is often prescribed by those socially acquired roles. The person thus adopts a situation role in order to perform effectively within the situation. At work, the term role according to Michael (2001) describes the part to be played by individuals in fulfilling their requirements. Role therefore indicates the specific forms of behaviour required to carry out a particular task or group of tasks contained in a position or job. Work role primarily define the requirements in terms of the way tasks are carried out rather than the tasks themselves. Therefore, a distinction exists between the job description and role profile, which is more concern with the behavioural aspects of the work and the outcomes the individual in the role is expected to achieve Michael (2001). The concept of a role emphasizes the fact that people at work are, in a sense, always acting a part; they are not simply reciting the lines but interpreting them in terms of their own perception of how they should behave in relation to the context in which they work, especially with regard to their interactions with other people that may be affected by their performance.

The role individuals occupy at work and else where therefore exists in relation to other people their role set. These people (made up of the directors, management and the society) have expectations about the individual’s role and if they live up to these expectations they will have successfully performed the role (Michael, 2001).

Performance of a role is a product of the situation individuals are in (the organizational context and the direction or influence exercised from above or else where in the organization) and their own skills, competence attitude and personally. Situational factors are important, but the role individuals perform can both shape and reflect their personalities and values. Roles incompatibility is the main issue between the internal auditor and the public’s expectations. When the expectation of the public clash or differs from the assumed functions of the role model, then there will be crisis and confusion which in turn will lead to poor performance.

The internal auditor does not believe the prevention of financial misappropriation is his duty, while the management and owners of productive resources expectations is for the auditor to prevent, detect and report fraud. This expectation gap if not closed by satisfying the reasonable expectations of the public, the auditor as the role model will perform poorly. Taking footing from the

(example, Annual financial statements, preventing theft, damage, unauthorized purchases or disposals, misappropriation of public and corporate fund). The compliance objective had to do with compliance with relevant laws and regulations that affect the organization. Therefore, internal control have some objectives (which are people made with expected results) to be achieved. Secondly, it has been generally accepted that the internal auditor is the head and custodian of the whole system of internal control (Adeniji, 2004). It is necessary to highlight that internal control is a structural framework designed to achieve the expectations of people, board of directors and management (Hamid, 2009). The internal auditor who is the custodian and head of this framework of people’s expectation does not consider the prevention and detection of fraud (which is the people’s expectation).

This difference in expectation is what is called “audit expectation/performance gap”. Therefore, the problem is that it will be difficult for an internal auditor who believes in audit expectation and performance gap to perform to the satisfaction of the people, board of directors and management expectations. It will also be difficult to achieve the category objectives of internal control system. The major problem is that if the internal auditor fails to perform is expected role by the people as custodian of the system, it will then be difficult in the achievement of its category objectives, and the entire economic and social system will be corrupted without proper checks.

When there is conflict of interest, purpose and responsibility, performance will be affected and desired objectives will not be achieved. This is the situation existing between the internal auditor, his performance and the people’s expectations. As the custodian of the peoples interest (whose desire is to see the auditor as an agent of fraud prevention and detection) should not have seen such responsibility as unacceptable and seek for ways to evade it. This gap only creates a means for internal auditors to be negligent and abet fraud in the public sector. This result is that internal auditors have failed to perform to the satisfaction of the public which had led to financial misappropriation and a loss of confidence in the audit profession by the populace. Therefore, if the duties of the internal auditors are streamlined with public’s expectations and if given sufficient and reasonable degree of independence, the present rate of corruption will be reduced. Hence the objective of this paper is to examine whether the concept of audit expectation and performance gap affect the performance of internal auditors in the prevention of financial misappropriation in the public sector. To achieve this objective, this paper is structured into five interconnected sections. The next section discusses the theoretical framework and empirical literature and the third section discusses the material and methods. The result for the analysis is given in section four. Conclusion and recommendation is given in the final section.
role theory, the role model is the internal auditor, while the role set is the environment that provides the auditors job, the providers and owners of the economic resources. The role set have expectations about the role model and if the role model perform up to the expectations of the set, perform will be rated good otherwise there will be role incompatibility and poor performance.

The concept of audit expectation and performance gap: Audit expectation gap is a critical issue in auditing because of the damage it has brought, and continues to bring to the essence of the auditing profession Fazdly and Ahmed (2004). Baker (2002) argues that public confidence in a group of professionals is the “living heart” of the profession. Hence if such confidence is betrayed, the professional function too is destroyed, since it becomes useless (Porter et al., 2005). According to Appah (2011), the widespread criticism of and litigation against auditors indicates that there is a gap between society’s expectations of auditors and auditors’ performance as perceived by society. The majority of research studies suggest that the audit expectation gap is mainly due to users’ reasonable expectations of audits as well as their unrealistic perceptions of the audit profession’s performance. ABREMA (2008) says that the expectation gap is the gap between the auditor’s actual standard of performance and the various public expectations of the auditor’s performance. McEnroe and Martens (2001) note that the auditing expectation gap is the difference between (i) what the public and other financial statement users perceive auditors’ responsibilities to be and (ii) what auditors believe their responsibilities entail. Ojo (2006) described the audit expectation as the difference between what users of financial statements, the general public perceive an audit to be and what the audit profession claim is expected of them in conducting an audit. In this respect, it is important to distinguish between the audits profession’s expectations of an audit on one hand the auditor’s perception of the audit on one hand.

Many members of the public expect that auditors should accept prime responsibility for financial statements; auditors certify financial statements; auditors clear opinion should guarantee the accuracy of financial statements; auditors should perform 99% check; auditors should give timely warning about the possibility of business failure and auditors should prevent and detect fraud. These public expectations are beyond the actual standard of performance by auditors. By the audit profession, the reality is that management is fully responsible for the content of financial statements; an audit should only provide reasonable assurance that financial statements are free from material misstatement; an audit are only required to test selected transactions. It does not make economic sense in today’s world to check all transactions and an audit does not guarantee that fraud will be detected. It on this basis that Haniffa and Hudaid (2007) observed that one of the causes of the performance gap in relation to the auditors’ role and responsibilities is due to a deficiency in the standards, a situation that arises when auditors are not able to fulfill the role and responsibilities expected by the public because they are not clearly defined or are included in the legal pronouncements.

Audit expectation gap and the performance of auditors in the prevention of fraud: The relevance of the role theory is that every individual in an organization has a part or role to play in fulfilling their job requirements. Roles also indicate specific forms of behaviours required by specific tasks to be performed. Again a role model is to act within situations which are governed by rules and that the role an individual occupies exists in relation to the role set. It therefore means that no role is in isolation or independent from a role set. A role does not exist without the role set which creates its existence.

These principles are directly related to the internal auditor and the issue of fraud prevention. The model is expected to act within socially acquired rules which are the social expectations of the public from the auditor to prevent fraud, the case laws and the environmental variables demanding for prudent and transparent management of public fund Nigeria. These rules have indicated in clear terms that the internal audit is that arm of management that is responsible to prevent fraud in an organization which is in line with the users of audit reports expectation (Oyadonghan, 2006). Robertson (1996) puts it this way: auditors take responsibility for detecting material misstatements in financial statements, but they are very cautious about taking responsibility for detecting all manners of fraud, and are especially cautious about accepting a public reporting responsibility, for this reason an expectation/performance gap exists between the diligent users expect and diligent auditors are able to accept.

Internal auditors have failed the public for their unwillingness to accept or perform up to a reasonable level of the expectation of the role set. Logically it can be concluded that the audit expectation gap provides a loophole for internal auditors to exonerate themselves from the responsibility of fraud prevention, hence Robertson (1996) says “this disparity leads to lawsuits even when auditors have performed well”. Therefore, the relevance of social capital is relevant to help auditors unlearn the concept of audit expectation gap. In audit, it is necessary to adopt a learning process of eliminating some retrogressive and anti developmental and prudent financial management ideologies which keeps a system in perpetual corruption and discourages its eradication. This
Table 1: (Provide self-explanatory caption)

<table>
<thead>
<tr>
<th>Author</th>
<th>Sample and methodology</th>
<th>Main results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Haniffa and Hudaid (2007)</td>
<td>The use of mail questionnaire mailed to 350 respondents and used 174 and semi-structured interviews using Mann-Whitney U test and descriptive statistics.</td>
<td>The study reveals the existence of performance gap with respect to the roles specified in the statutory pronouncements and those that can reasonably be expected of auditors in Saudi Arabia</td>
</tr>
<tr>
<td>Jedidi and Richard (2009)</td>
<td>A longitudinal study from 1966-2007 based on 9 interviews with experts and the analysis of 162 articles published in 5 French professional accounting journals using descriptive analysis</td>
<td>The result reveals that the real function of the expectation gap is to provide the auditing profession with rationale or excuses for the market</td>
</tr>
<tr>
<td>Lee et al., (2009)</td>
<td>The study used 35 semi-structured interviews</td>
<td>The study found that the causes of audit expectation gap in Malaysia are complicated. They arise from a combination of misconceptions or ignorance on the part of users, the complicated nature of the audit function, unreasonable expectations, inappropriate legislation, and under-performance by auditors due to reasons including low bailing and unreasonable audit fees.</td>
</tr>
<tr>
<td>Lin and Chen (2004)</td>
<td>A mail survey was conducted to collect data from audit beneficiaries and public practitioners by distributing 800 questionnaires. The response rate was 24.80% using descriptive statistics, such as group means, standard deviation and independent sample t-tests</td>
<td>The result revealed that the independent audit function enhance the truthfulness and reliability of financial statements and play a positive Chinese economy</td>
</tr>
<tr>
<td>Dixon et al., (2006)</td>
<td>The study used mail questionnaire which were distributed to 100 auditors, bankers and investors group using Mann-Whitney U test</td>
<td>The result of the study shows wider expectation gap on the issue of the auditor’s responsibility and lesser expectation gap with respect to reliability and usefulness of audit</td>
</tr>
<tr>
<td>Mahadevaswamy and Salehi (2008)</td>
<td>The study used questionnaire survey of 225 respondents of India and 441 respondents of Iran using descriptive statistics for the purpose of data analysis</td>
<td>The results found that wide audit expectation gaps in both countries in the area of auditors’ responsibilities exist. There were no much differences between the opinion of auditors as well as investors in both countries</td>
</tr>
<tr>
<td>Salehi et al., (2009)</td>
<td>The study used 441 usable questionnaires collected from 214 Iranian investors and 227 Chartered Accountants using descriptive statistics and Mann-Whitney U test</td>
<td>The study found significant expectation gaps between auditors and investors on actual level of audit independence in Iran</td>
</tr>
</tbody>
</table>

Adopted from various authors

informs the reason for the establishment of the Economic and Financial Offences Crimes Commission (EFCC) in 2004 and the Independent Corrupt Practices Commission (ICPC). These are non professional audit institutions in Nigeria, with the responsibility to investigate, detect, reveal, prevent and prosecute fraud and corruption at all levels in all sectors and in all forms.

History reveals that ancient societies had some rudimentary economic systems. Basically, economic choices in ancient societies were dictated largely by traditional norms. Such norms were determined largely by natural events and accidental conditions. The morals or norms were enforced by mechanical solidarity and coercion (Essia, 2005). This truth by Essia shows that such norms were formed for specific situations and for the overall benefits of the people. It also indicated that the enforcement of such norms might be coercion, mechanically motivated when the situation demands so or becomes a national threat.

The level of misappropriation of public funds in Nigeria does not require any mild audit standards or a major to express disassociation. Western auditing standards were originally aimed at solving domestic problems and formulated to achieve a change in attitude with a sense of definite and controlled direction (Matthews and Perera, 1996). They had no model to copy from, they were the modelists. Their society and the growth of industrialization create the situations for their standards. They are less corrupt with a high standard of living; we are poverty stricken, more corrupt and vulnerable to committee fraud. Hence, their standard of internal audit responsibility is merely to ascertain conformity with generally accepted accounting principles and consistency at their present situation. Ours should be the responsibility to prevent, detect and report fraud.

This is what Essia (2005) called “interactive learning”. He says “interactive learning empowers people by providing the intelligent atmosphere for creativity, and balanced reasoning enriches individuals and organization with the relevant innovative circumstances”. Collective innovation consciousness he says “is the enabling mental infrastructure for self-sustaining growth”. So to achieve macroeconomic objectivity, we need to unlearn the fraud called audit expectation /performance gap and fight
corruption and financial misappropriation from the office of the Auditor General for the Federation and states.

**Empirical literature:** The following studies bring out the nature of audit expectation and performance gap. It brings out the differences in opinion of the subject amongst different scholars. Table 1 shows the methodology, sample and main results of these studies.

**MATERIALS AND METHODS**

The main objective of this research are measured whether expectation gap between internal auditors performance in the prevention of financial misappropriation in the public sector of South South, Nigeria. The South South geopolitical zone is made of up six states namely Akwa Ibom State, Bayelsa State, Cross Rivers State, Delta State, Edo State and Rivers State. The collection of data comprised three stages: pilot interviews with a number of internal auditors in Bayelsa State and Cross Rivers State; mail questionnaires to 60 internal auditors in two states of Bayelsa, and Cross Rivers States respectively; and face to face semi structured interviews with 24 respondents selected from the sampled states in February to June 2011. A total of ninety six (96) usable questionnaires were used for the analysis.

The mail questionnaires was designed to ascertain the respondents’ perceptions about internal audit performance as required and audit performance that can be reasonably expected of internal auditors (specifically, fraud and misappropriation prevention). The questionnaire contains two sections. The first part is related to demographics (age, nationality, work position, educational background, experience, familiarity with internal audit functions and audited financial statements etc). The second part contains a list of propositions (11 statements) related to internal audit performance in the public sector, which this section contains two parts; first contains 11 statements which show actual level of internal auditor expectation and the second contains the same questions for the public expectation regarding internal auditors. The measurement instrument of the statements is a Five-Point Likert type scale anchored “strongly disagree” (1) and “strongly agree” (5).

The questionnaire was subjected to quantitative validity and reliability analysis. This is necessary to ensure an objective validation of the instrument for the study. Content adequacy and reliability analysis scale while the consistency of the instrument was confirmed through test retest analysis using Pearson correlation coefficient. Under this, correlation of every item with total is measured and the computed values were compared with the standard value of (0.1590). If the computed value is found to be less than standard value then the whole factor is dropped and will be termed inconsistent. None found was found inconsistent. The α-test was 0.095. It can be seen that the factors chosen are quite good and relevant.

The population chosen for this study comprised internal auditors from the two states of Bayelsa, and Cross Rivers States in South South Nigeria. The population was stratified into ministries, local government councils and the office of the auditor - general from the states. The sample size for study was based on the Yaro-Yamen Model.

The results from the mail questionnaire were analyzed using SPSS. To analyze the expectations gap Spearman Rank Order Correlation Coefficient was used to test the relationship between internal auditors in the prevention of financial misappropriation of funds in the public sector. To test the significant expectation gap between the general public and internal auditors, Mann-Whitney U test is used. These models were considered appropriate for ordinal measurements.

**RESULTS AND DISCUSSION**

This section examines the results and discussions from the ninety six (96) questionnaires returned by the respondents. These questionnaires were analysed to provide answers to the research hypotheses.

**Hypothesis 1:** There is no significant relationship between audit expectation gap and the performance of internal auditors in the prevention of financial misappropriation in the public sector of south south, Nigeria.

The Table 2 shows the descriptive statistics of internal auditor and audit expectation gap. Internal auditor show a minimum of 12, maximum of 24, mean of 19.01, standard deviation of 3.505, skewness of -0.291 with a standard error of .246 and kurtosis of -1.084 with a standard error of 0.488. Audit expectation gap also showed a minimum response of 10, maximum of 23, mean of 17.48, standard deviation of 3.254, skewness of 0.011 with standard error of 0.246 and kurtosis of -0.932 with a standard error of 0.488.

Table 3 show the spearman rank order correlation of audit expectation gap and the internal auditor’s prevention of financial misappropriation in the public sector. The table shows the spearman rank correlation for audit expectation gap and internal auditor to be 0.364 with a p-value of 0.000, implying that audit expectation gap and internal auditors are positively significantly correlated. This result is consistent with the findings of Haniffa and Hudaid (2007) that auditors’ responsibility for detecting and reporting fraud is highly expected by users. The expectation of users in terms of reporting any suspicion of misappropriation to relevant authority, detection of material frauds, and thefts, detection of all frauds and thefts committed by management.
Table 2: Descriptive statistics

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal auditor</td>
<td>96</td>
<td>12</td>
<td>24</td>
<td>19.01</td>
<td>3.505</td>
<td>-0.291</td>
<td>0.246</td>
<td>0.246</td>
<td>-1.084</td>
</tr>
<tr>
<td>Audit gap</td>
<td>96</td>
<td>10</td>
<td>23</td>
<td>17.48</td>
<td>3.254</td>
<td>0.011</td>
<td>0.246</td>
<td>0.246</td>
<td>-0.931</td>
</tr>
</tbody>
</table>

SPSS output version 15.0

Table 3: Correlations

<table>
<thead>
<tr>
<th></th>
<th>Internal auditor</th>
<th>Audit gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spearman’s Rho</td>
<td>1.000</td>
<td>0.364**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>96</td>
<td>96</td>
</tr>
<tr>
<td>Audit gap correlation coefficient</td>
<td>0.364**</td>
<td>1.000</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>96</td>
<td>96</td>
</tr>
</tbody>
</table>

**: Correlation is significant at the 0.01 level (2-tailed)

Table 4: Respondents views on internal auditors and users effective performance

<table>
<thead>
<tr>
<th>Internal auditor's responsibility</th>
<th>Internal auditors group</th>
<th>Auditors gap</th>
<th>State government employees</th>
<th>Local government employees</th>
<th>Users gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detect material fraud and thefts</td>
<td>-1.24</td>
<td>-1.24</td>
<td>1.94**</td>
<td>1.84**</td>
<td>1.89**</td>
</tr>
<tr>
<td>Disclose detection of distortion of financial information</td>
<td>-1.27</td>
<td>-1.27</td>
<td>0.88**</td>
<td>1.00**</td>
<td>0.9**</td>
</tr>
<tr>
<td>Detect all frauds and thefts committed by management</td>
<td>-0.72</td>
<td>-0.072</td>
<td>1.83**</td>
<td>1.75**</td>
<td>1.78**</td>
</tr>
<tr>
<td>Detect deliberate distortion of financial information</td>
<td>-1.38</td>
<td>-1.38</td>
<td>0.67**</td>
<td>0.89**</td>
<td>0.78**</td>
</tr>
<tr>
<td>Report any suspicion of frauds and thefts to relevant authority</td>
<td>-0.73</td>
<td>-0.73</td>
<td>1.24**</td>
<td>1.67**</td>
<td>1.46**</td>
</tr>
</tbody>
</table>

**: Significantly different from internal auditors overall gap at \( p<0.01 \) (*\( p<0.05 \))

**Hypothesis 2:** There is no significant difference between the perceptions of internal auditors and users concerning whether intervention of management hinders the effective performance of the audit.

The Table 4 above shows the respondents views on internal auditors and users effective performance of internal auditors in the prevention fraud and irregularities in the public sector.

Internal auditor’s duty to detect material fraud and theft is highly expected by all users of financial report. The most significant difference between internal auditors and users was disclosing detection of distortion of financial information in the organization; detect all frauds and theft committed by management, reporting any suspicion of frauds and thefts to relevant authorities and deliberate distortion of financial reports.

The overall result shows that audit expectation gap exists in audit performance of internal auditors with the detecting and reporting of fraud and irregularities. The result conforms to the findings of Salehi et al. (2009), Dixon et al. (2006) that audit expectation gap exists between users of financial statements and auditors. Therefore, this study was able to reveal that the idea of not being under obligation to satisfy the expectations of the public had given auditors an air of not being responsible and a show of negligence in the prevention of misappropriation of public funds. This concept according to the study creates role incompatibility which negates the relevance of the universally accepted role theory in the audit profession.

**CONCLUSION AND RECOMMENDATIONS**

The paper provides evidence about the role theory and audit expectation gap and the performance of internal auditors in the prevention of irregularities and fraud. The literature shows that audit expectation gap exists in every society. The results of the empirical analysis show that relationship exists between audit expectation gap and performance of internal auditors in the prevention of financial misappropriation in the public sector and the existence of significant expectation gap between internal auditors and users of accounting information. Therefore, since the concept of audit expectation gap conflicts with the role theory, it is better to reformulate standards to eliminate this concept. Internal auditors need to unlearn it by means of interactive learning and social capital formation because this concept gives internal auditors a moral and psychological freedom not to accept responsibility of fraud prevention and detection. Then the big question will be; whose responsibility is it to detect and prevent fraud in an organization apart from the internal auditors?

The result of this study shows that internal auditors need improvement in knowledge. Most of them are found to have a “knowledge gap” with respect to their
responsibilities, role and the need to eradicate corruption by their function in Nigeria. Therefore, it is recommended that internal auditors should improve their professional knowledge and skill by being members of the Institute of Chartered Accountants of Nigeria (ICAN). To narrow the deficient gag, new auditing standards for the public sector have to be formulated, which must cover the responsibilities that can reasonably be expected of internal auditors but are not required by current standards. These involves satisfying the reasonable expectations of the public, reporting fraud and illegal acts and revocation of any idea of expectation gap. However, the sad part of it all is that the willingness of the profession to accept any extended responsibility is hindered by concerns about the perceived potential increase in exposure to legal liability rather than being encouraged by the potential benefits to be gained from better financial management and satisfying public confidence on the profession. Satisfying the expectations of the public will even lessen the legal litigations auditors are facing today.

ACKNOWLEDGMENT

The authors wish to thank the Internal Auditors of all organizations used in this research, mostly Mr. Inini Joseph (ACA), Mr. Freeman Isowo (FCCA, FCA) Principal Partner Freeman isowo & Co (Chartered Accountants) Yenagoa, Bayelsa State, Nigeria for his comments and criticism of the initial draft and all others too numerous to mention.

REFERENCES


