Decision Usefulness Factors as a Determinant of Audit Expectation Gap in Listed Deposit Money Banks in Nigeria

[*1] Aminu BEBEJI & [2] Eniola Samuel AGBI

[1] Department of Accountancy, Kaduna Polytechnic, Kaduna
[2] Department of Accounting, Nigerian Defense Academy, Kaduna

*Corresponding Author: abebeji@yahoo.com

Abstract

The objective of the study is to examine the effect of decision usefulness factors on audit expectation gap in listed deposit money banks in Nigeria. The study used a sample of 385 respondents which was selected using Cochran Sample size formula from the target population group which comprise of lenders, investors/shareholders and other Creditors. The research questionnaire was drawn on a five-point Likert Scale and was tested for reliability and validity. The data was analyzed using multiple regression analysis. The Study found that decision usefulness components collectively have statistically significant positive impact on audit expectation gap in Nigeria. The study recommends that users of financial statement i.e. shareholders/investors, lenders and other creditors should be enlightened/educated on the roles and responsibilities of an auditor by the respective banks, Central Bank of Nigeria (CBN), Nigerian Deposit Insurance Corporation(NDIC) and that Professional bodies and regulatory authorities should ensure that auditor avoid economic dependence on client, this will enhance auditors independence and attracts reliance on financial report/statement prepared by auditors for decision making.

Keywords: Audit Expectation Gap, Banks, Decision Usefulness factors, Determinants and Nigeria.

1. Introduction

The need and demand for auditing arose from the desire for a competent and independent person to monitor the contractual arrangements between principal and agent. If an auditor lacks independence, the parties to the contract place little or no value on the service provided, especially statutory audit. The statutory audit and assurance play an important role of ensuring confidence by the users of financial statement/stakeholders (Chandler, Edwards & Anderson, 1993) and thus the society expects auditors to exercise professional ethics and judgment as well as maintain professional skepticism in their function.

Traditionally the main objective of auditing was fraud detection. These believe changed by the middle of 20th century when the audit objective becomes verification of financial statements. This is ostensibly done because the profession wanted to reduce or avoid legal suites by clients. This assertion was in agreement with the conclusion drawn by (Chandler, Edwards & Anderson, 1993) and also indicated that the audit profession has reduced its role especially in the area of fraud detection and made that the responsibility of management. They opined that the shift in audit objectives and responsibility has created dissatisfaction among the primary users that is shareholders, current and potential investors and creditors. This dissatisfaction might result in expectations gap as the users expected more from the auditing profession than what is the reality.

Auditing emerges to provide an independent check on the affairs of an organization. Public trust is vital to every profession, accounting profession in particular and when such trust is eroded the profession suffers societal skepticism and depletion in its relevance and value to the users. More so, that financial statement forms the basis for a sound decision making. That is to say expectations and belief by the public fundamentally, breeds a series of dissatisfaction with performance of auditors, which consequently affect end users trust, thereby eroding public confidence on the financial statements so prepared by the auditor (Alnafisah, 2019).

Audit expectation gap is the difference between the levels of expected performance as envisaged by the independent accountant and by the users of financial information (Liggio, 1974). That is, it is a difference that exist between experts and those that relies on that expertise. Essentially, what the society demand or expectations from the auditor is at variance with what the auditing profession entails. Many users feel that the auditor should not only give an opinion but also interpret the financial statements to enable users evaluate whether to invest or not in a company. Therefore, users, expects auditors to expose all forms of malpractices, irregularities or fraud; while the auditors are insisting that their actions should be based on professional ethics and standards.

Users of financial statement may go beyond the responsibility required by the professional regulations and standards as they expect absolute assurance about the accuracy of financial statements which could result in creating further audit expectation gaps. Audit expectation gap existed for several reasons. Liggio (1974) stated that since late 1960 the accounting profession had been under attack regarding quality of its professional performance where he offered two reasons for that: a greater willingness to hold others-especially professionals accountable for perceived misconduct and the expectations gap as a factor of the levels of expected performance as envisioned by both the independent accountant and by the user of financial statements.

The auditor's role is carried out to add credibility to the financial information, this credibility has further attracted attention as a result of the Enron and WorldCom collapse in US which occurred shortly after an unqualified (clean) audit report had been issued. These events attracted so much attention to the accounting profession. However, it is worth noting here that audit expectation gap predates the Enron saga, which suggests that there have been doubts about the auditor's credibility before that time. The users believe that auditors are responsible for detection and reporting of all forms of irregularities and frauds, hence the collapse of these organizations came as a surprise to the shareholders and user (Asein,1999).

Major problems facing auditor today centers on users of financial statement uses. Different users uses it for different purposes which includes for example which include for example, dividend decisions, mergers and acquisitions, credit worthiness of a firm, share valuations, firm's net worth, and portfolio diversification including investment or divestment decisions among others (Asein, 1999). Therefore, the way and manner the users perceive the financial statements is how they relied upon it for such decision making that is, another dimension for audit expectation gap. An expectation gap therefore emerges when the audit report is used for purposes not intended and the inability of the report to meet these needs (Asein, 1999).more worrisome is that external auditor cannot rate the extent to which users can rely on financial statement through an audit opinion.

In the same vein interference by the management or engagement in non-audit services by the auditors in most instances compromise the independence factors; thereby eroding the confidence and reliability of the audited report so produced and consequently such an unreliable financial report might affect the decision usefulness, associated with such reports, since users/stakeholders and investors might not rely much on the report for their investment or divestments decision. Audit expectation gap is worth researching because its continuous existence would lead the society not to appreciate or recognize auditors' contribution to the society, which will subsequently weaken the significance of audit purpose and thereby breads more expectations gap. Therefore, the major problem of this study is user's continuous existence would lead the society not to appreciate or recognize auditors' contribution to the society, which will subsequently weaken the decision making. It is against this background that the study has been carried to assess whether decision usefulness factors are determinants for audit expectation gap in Nigerian listed deposit money banks and their effect.

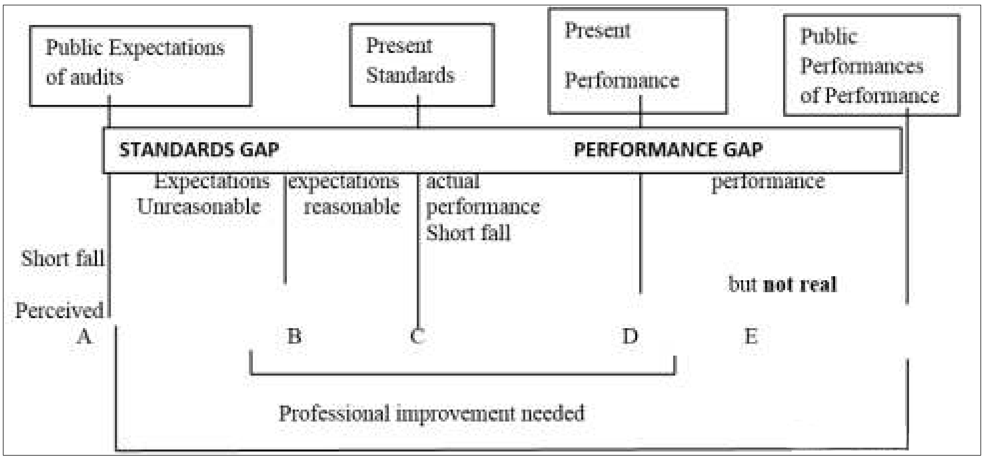
2. Literature Review and hypothesis development

2.1 Conceptual review

Auditing evolved and grew rapidly after the industrial revolution in the 18th century. With the growth of the joint stock companies the ownership and management became separate. The shareholders who were the owners needed a report from an independent expert on the accounts of the company managed by the board of directors who were the employees. The objective of audit shifted and audit was expected to ascertain whether the accounts were true and fair rather than detection of errors and frauds, which now becomes secondary objective. With the increase in the size of the companies and the volume of transactions the main objective of audit shifted to ascertaining whether the accounts were true and fair rather than true and correct. Hence the emphasis was not on arithmetical accuracy but on a fair representation of the financial efforts.

Audit expectation gap is the difference between the levels of expected performance as envisaged by the independent accountant and by the users of financial information (Liggio, 1974). The term expectation gap is commonly used to describe the situation whereby a difference in expectation exists between a group with a certain expertise and a group which relies upon that expertise. Audit expectation gap originated in America around 1974 when the concept was first discussed in the literature by Liggio. Cohen commission studied the problem further in 1978 and gave reasons why audit expectation gap existed. The topic has become of considerable interest worldwide and up till today it remains a topic of interest. The massive corporate failures of the 70s and 80s enhance the interest in the topic. Various efforts are made to address the issue of audit expectation gap, which has led to the establishment of several government and professional investigations, like the Cohen Commission (1978); Metcalf Committee (1976); and Tread way Commission (1987); in the United States of America, the Cross Committee (1977) and Greenside Committee (1978); in the United Kingdom and the Adams Committee (1977) and MacDonald Commission (1988) in Canada.

Tweedie (1987) stated that the basic tenets of an audit are being misunderstood. This is because, an auditor cannot provide hundred percent protections against fraud, nor can he give general financial reassurance of financial wellbeing, while auditor independence is only assumed not fully in practice, likewise not all stakeholders can have a clear understanding of audit reports, hence audit expectations gap shall widen up. There exist quite a number of components of audit expectation gap, this is mainly due to the diversity of audit expectation gap definitions as considered by researchers (Dobroteanu, *et al*., 2007). Three broad components of expectation gap were identified as reasonableness gap; deficient standard gap and deficient performance gap.



Better communication needed

Figure 1: Components of the audit expectations gap
Source: adapted from MacDonald commission (1988:23)

Figure 1 represents the full gap possible between the highest expectations of audits (points A) to public perceptions of what audit actually seems to provide (point E). Point C represents audit performance and financial information quality called for by present standards. The line

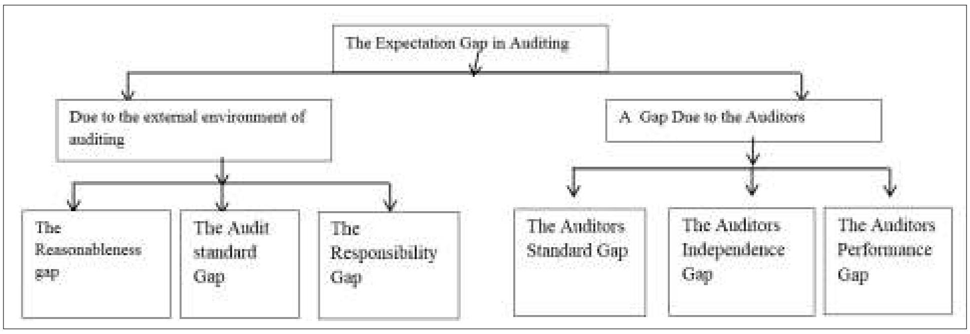


Figure 2: the expectation gap components
Source: Albaz, M. A. (1999). Accountant Audit Risks, investment decisions, expectations gap between auditors and users of financial reports: an empirical study. *Arab Journal of Accounting, 3(1).*

Decision usefulness variables as contained in this study include; the audited statements are not useful in monitoring the performance of the entity, the audited financial statements are not useful for making decisions, users can have absolute assurance that the financial statements contain no material misstatement and so on. The following authorities have used these variables in their works which this study has adapted and it encompasses the decision usefulness factors. The authorities includes the following: Best, Buckby and Tan (2001), Siddiquin and Nasireen (2004), Schelluch and Gay (2006), Saha and Baruah (2008), Obiamaka (2008) and Salehi (2016).

A lot of literatures mentioned actions taken in trying to narrow down the audit expectations gap. However, several years have now elapsed yet the audit expectation gap still exists. Researchers are therefore compelled to ask some questions for example- does it mean that the actions taken are in vain? Does it mean those auditing and auditors roles have changed? We think it is imperative to look at some of the suggestions proffered to narrow down the gap. Humphrey, Moizer and Turley (1992) offered these measures, which include setting up one, an independent office for auditing that links managers and auditors to enhance audit or independence, so that this office can make auditors free from worries about fee income, and the possibility of losing clients; two, extending auditors' responsibility to stakeholders clearly by law and, three, highlighting auditors' duty to detect fraud. These three suggestions to some extent may help to close the gap, but there are some drawbacks. The first suggestion is far from specific. Indeed, free from worries about fees and losing clients, the auditors can do better to close the public's expectation. So if there were an office functioning, the expectation gap will narrow.

However, the first suggestion insists on setting up an office, and it does not make clear how it would work, what rights it would have and how it would keep an independent position from the companies. As to the second suggestion, it is advisable to extend auditors' responsibility. In fact, from then on there are many regulations and standards introduced, especially after the major scandals. The sarbanes-oxley act and the ISA 700 are examples. These codes make auditors clearly understand what their responsibility is and they play an important role in narrowing the audit expectation gap. The third suggestion mentions auditors' duty to detect fraud, but it is less forthright. In the process of audit, auditors' duty includes detecting fraud. Indeed, detecting fraud is critical to auditing. But to what degree the auditors detect fraud is still unknown. And if the auditors fail to detect fraud, does it mean that they fail to perform their responsibility? Therefore, the suggestion for auditors' duty to detect fraud is impractical (Humphrey, Moizer and Turley, 1992).

The primary users of financial reporting of an entity comprises of Existing and potential investors, lenders and other creditors. This is because existing and potential investors, lenders and other creditors have the most critical and immediate need for the information in financial report and many cannot require the entity to provide the information directly to them and must rely on general purpose financial report for much of the financial information they need, consequently they are the primary users to whom general purpose financial report are directed (OB5 Conceptual framework, 2010).

2.2 Theoretical reviews

The following sub sections looked at various audit expectations gap theories and also try to identify the theories upon which the study has been anchored. These include;

Credibility theory. This theory is on the role auditing can play in enhancing reliance on financial statements. Addition of credibility. Because, agent's stewardship function can be enhanced such that the principal will have more faith in the agent, and this will consequently reduce information asymmetry.

The attribution theory. This theory centers on how auditors are blamed whenever a fraud occurred in an organization. The attribution theory has it that users of audit report in most instances became naïve scientist trying to assign causation through consistency, distinctiveness and consensus traits (Kelly, 1973). This theory's objective is to keep user's trust of audited financial statement.

The readers' response theory. Wright (2009) states that this theory has it that there is no one correct reading of a text and readers becomes active interpreters of messages in their own way, thereby giving it various meanings and interpretations based on their own psychology, content or motive. In the same vein, this theory has an assumption that reader's background knowledge and experiences has great impact on his or her interpretation of a text. Hence, users such as banks, lender or other creditors, who have different background, read audit report differently and this may cause audit expectation gap.

2.3 Empirical reviews

The following section looks at various literatures in the area of decision usefulness of financial statements factors, this is to enable us review these studies critically and establish gaps and situate the present work.

Furedi-fulop (2017) investigated causes/determinants of audit expectation gap and its composition in Hungary. Primary source for data collection was used, through a self-structured questionnaire. The variables for the study are information content of the audit report, usability of the audit report in decision making processes and the perception of auditors' independence in Hungary. The target population comprises of preparers, analyst and beneficiaries of financial statements. The study finds that use of audit report in decision making has significant positive impact on audit expectation gap. However, statistical technique used for the analysis was subjective, since the yardstick was assumed and not an outcome of the main analysis.

Devi and Devi (2014) in their work titled audit expectation gap between auditors and users of financial statements examined the variable(s) that are the base of audit expectation gap between auditors and users of financial statement which includes bankers and investors. The variables used are audit reliability, auditor's responsibility and usefulness of audited financial statement. The questionnaire drawn on a Likert scale was used to collect the data, which was distributed to 300 target population. The statistical tool used was the independent sample t-test. The study found that gap existed between auditors and investors in the areas of reliability factors and usefulness of financial statement factors. Causes for the gap were attributed to ignorance regarding audit standards and audit practices.

Augustine (2014) examined the gap existing between auditors and the users of financial statement. The major variables used are auditor's responsibility, information reliability and decision usefulness factors. The study used interview and questionnaires drawn on 7-point lickert scale to collect the data for the study. The population for the study comprises of a sample of 30 pairs of bankers in Bundung, West Java, Indonesia. Regression technique was used to analyze the data. The study finds that auditors responsibility, information reliability and decision usefulness factors positively and significantly affect audit expectation gap especially in the area of credit decision. However, the study was restricted to only Bandung-a city and the sample of just 30 respondents appears insufficient for the kind of study, more so the respondents are drawn only from bankers. The geographical location, sample size and target population creates a gap that needs to be filled.

A survey conducted by Lin (2004) in china assesses the views of natural shareholders regarding the role of the effects on independence due to the audit firm and also providing non-audit services to their audit client. A total of 615 questionnaires were received with an overall response rate of 37.50 per cent. Shareholders were asked whether they agreed that the independent audit enabled them to rely on financial information of profits, dividend yield/payout ratios and assets/liabilities for decision making. The responses of shareholders generally confirmed that the independent audit was important in their use of financial accounting information for decision making. Similarly, the reliability factors for the audit report of the independence of auditors and audit firm reputation were tested. Both were believed to add credibility to the auditors' report, which justify its usage for decision making.

The major gap identified is that all the previous studies did not use primary users of financial report in the studies. Hence this study intends to use the primary users because the primary users have the most critical and immediate need for the information in financial report and many cannot require the entity to provide the information directly to them and must rely on general purpose financial report for much of the financial information they need, consequently they are the primary users to whom general purpose financial report are directed (OB5 Conceptual framework, 2010). To achieve the objectives of the study, the following hypothesis has been formulated to be tested.

Ho_1: Decision usefulness factors have no significant impact on the audit expectation gap in listed deposit money banks in Nigeria.

Data and Methods

The study adapts an evaluation of decision usefulness factors, to enable us investigate the extent to which they affect or contribute to audit expectation gap in listed deposit money banks in Nigeria. The stratified random sampling with equal allocation is the chosen sampling design. The design and developed questionnaire which was on a five-point lickert scale was based on the method used in levy and Lemeshow (2008), Best et al (2001) in Singapore, Nazri, Fadzly and Ahmed (2004) in Malaysia and Chowdhury, Innes and Kouhy (2005) in Bangladesh, however with some modifications to suit the objectives after it has been tested for validity and reliability. The population of the study comprises of primary users of financial report of Nigeria's deposit money banks as contained in conceptual framework, (2011).They include the existing investors/shareholders, lenders (comprising of banks themselves, the central bank of Nigeria, and bank of industry); while other creditors comprise of federal Inland Revenue, state revenue boards, power holding, communications industry and water boards etc. Therefore, to select the sample we used the Cochran (1977) sample size formula since the population is infinite.

$$n = \left(\frac{Z_{\alpha/2}}{2\delta}\right)^2$$

Where;
N=sample size to be determined
$\delta = 0.05$(the chosen margin of sampling error for the survey)
The value of the standard normal ordinate at $\alpha\%$ level of significance is $Z_{\alpha/2}$ at the 5%level of significance, $Z_{\alpha/2} = Z_{0.025} = 1.96$ The sample size is finally determined as follows.

$$n = \left(\frac{Z_{\alpha/2}}{2\delta}\right)^2 = \left(\frac{1.96}{2\times0.05}\right)^2 = 385$$

That is, we need a sample size of at least *385* to arrive at a sample with a sampling error of at most 5%. Hence, a sample size of 385 has been selected. The stratified random sampling with optimum allocation was used to select the sample from each stratum, consisting of investors/shareholders, lenders and other creditors. Samples of predetermined sizes are drawn independently from each stratum by simple random sampling. Purposive sampling was adopted to ensure that only knowledgeable respondents were chosen.

Table 1. Population frame of the study

S/N	Banks	Existing Investors/ Shareholders	Lenders	Other creditors
1	Access	811,382	16	115
2	Diamond	115,808	16	115
3	Ecobank	87,256	16	115
4	FBN	1,215,563	16	115
5	FCMB	519,699	16	115
6	Fidelity	402,949	16	115
7	GTB	328,383	16	115
8	Sterling	87405	16	115
9	UBA	271,849	16	115
1	Union	459,540	16	115
1	Unity	85,438	16	115
1	Wema	245,160	16	115
1	Starnbic/IBTC	94,343	16	115
1	Zenith	642,455	16	115
	Total	**5,367,230**	**224**	**1,610**

Source: field work (2019)

Table 2: Sample size frame of the study

Users/Stakeholders	Ratio	Proportion of respondents to be selected (%)	Number of Sample selected
Existing investors/shareholders	4.6	61%	235
Lenders	1	13 %	50
Other creditors	2	26 %	100
Total			**385**

Source: field work (2019)

3.1 Diagnostics and post estimation tests

The following diagnostic and post estimation tests are carried out for the analysis of decision usefulness factors and audit expectation gap in listed deposit money banks in Nigeria. To test for normality and linearity both statistical and graphical techniques are used. Also to test for homoscedasticity the goldfeld and quandt hetroscedasticity test was used, which is good in detecting hetroscedasticity in regression models, because it assumes normality and serially independent error term and to test for collinearity we used tolerance level and variance inflation factor (vif); while for serial correlation (autocorrelation) the study used the Durbin Watson test. The ANOVA was used to test the entire hypothesis proffered for the study. Multiple regressions were used to predict the effect of the individual independent variables on the dependent variable. Therefore, all the assumptions for multiple regressions have been satisfied. That is normality, linearity, autocorrelation, homoscedasticity and collinearity.

3.2 Model specification

The process of building multiple regression models with some diagnostic tests was employed for this particular study. Hence, the population regression model is in the form given below.

$$Y_i = \alpha + \beta_1 X_{1i} + \beta_2 X_{2i} + \varepsilon_i$$

Where;

Y_i =Dependent variable

α =Population regression constant

β_1 =Population regression coefficient 1

β_2 =Population regression coefficient 2

X_1, X_2 = Independent (explanatory) variables

$\varepsilon_i \sim N(0,\sigma^2)$ = Disturbance term

Model

Decision usefulness factors and audit expectation gap (see table 3)

Aeg= $\beta 0 + \beta 1\ AMF + \beta 2\ AMD + ... + \beta 6 UAR + \varepsilon$

Table 3: Variable's definitions and estimations

Variable	Description
AEG =	Audit expectation gap (the dependent variable)
$\beta 0$=	Regression constant
$\beta 1$ AMF=	Audited financial statements not useful in monitoring performance
$\beta 2$ AMD=	Audited financial statements not useful for making decisions,
$\beta 3$ EWM=	The entity is well managed
$\beta 4$ AFS=	Assurance that the financial statements contain no material misstatement.
$\beta 5$ AEF=	Assurance that the entity is free from fraud
$\beta 6$ UAR =	An unqualified audit report can be relied upon to make decision
	is the random error component

Source: author's estimation (2019)

Data Analysis and Discussion of Findings

This section presents the data collected; it was presented using frequency tables, and analyzed using descriptive statistics, diagnostic tests, regression analysis and analysis of variance (ANOVAs) followed by test of hypothesis. The frequency distributions of responses on the decision usefulness factors for audit expectation gap in Nigeria are discussed in table 4

Table 4: Frequency distribution of Reponses

Items	SA (%)	A (%)	U (%)	D (%)	SD (%)
The audited financial statements are not useful in monitoring the performance of the entity	125 (33.4)	67 (17.9)	30 (8.0)	83 (22.2)	69 (18.4)
Audited financial statements are not useful for making decisions	47 (12.6)	130 (34.8)	56 (15.0)	68 (18.2)	73 (19.5)
The entity is well managed	120 (32.1)	152 (40.6)	69 (18.4)	17 (4.5)	16 (4.3)
Users can have absolute assurance that the financial statements contain no material misstatement	98 (26.2)	190 (50.8)	43 (11.5)	34 (9.1)	9 (2.4)
Users can have absolute assurance that the entity is free from fraud	153 (40.9)	130 (34.8)	50 (13.4)	30 (8.0)	11 (2.9)
An unqualified a udit report can be relied upon to make investment decision	142 (38.0)	99 (26.5)	35 (9.4)	48 (12.8)	50 (13.4)

Source: Authors' computation (2019)

From table 4 it can be observed that a cumulative 51.3% of the respondents agreed that the audited financial statements are not useful in monitoring the performance of the entity is a decision usefulness factor for audit expectations gap in Nigeria. Also, it can be deduced that a cumulative 47.3% of the respondents agreed that audited financial statements are not useful for making decisions is a decision usefulness factor for audit expectations gap in Nigeria. Furthermore, it can be deduced that a cumulative 72.7% of the respondents agreed that the entity is well managed is a decision usefulness factor for audit expectations gap in Nigeria.

Also, 77.0% of the respondents agreed that users can have absolute assurance that the financial statements contain no material misstatement is a decision usefulness factor for audit expectations gap in Nigeria. In a similar response 75.7% of the respondents agreed that users can have absolute assurance that the entity is free from fraud is a decision usefulness factor for audit expectations gap in Nigeria. Likewise, a cumulative of 64.4% of the respondents agreed that an unqualified audit report can be relied upon to make investment decision is a decision usefulness factor for audit expectations gap in Nigeria.

4.2 Descriptive statistics

The descriptive statistics are presented below; the remark for each mean is included in the table for easy interpretation and conclusion in table 5.

Table 5: Descriptive statistics

items	N	Mean	SD	Skewness	Kurtosis	Remark
The audited financial statements are not useful in monitoring the performance of the entity.	374	3.26	1.555	-0.193	-1.545	Undecided
The audited financial statements are not useful for making decisions.	374	3.03	1.348	-0.221	-1.261	Undecided
The entity is well managed	374	3.92	1.034	-1.020	0.801	Agree
Users can have absolute assurance that the financial statements contain no material misstatement.	374	3.89	0.974	-1.010	0.737	Agree
Users can have absolute assurance that the entity is free from fraud	374	4.03	1.063	-1.049	0.433	Agree
An unqualified audit report can be relied upon to make investment decision	374	3.63	1.434	-0.687	-0.943	Agree

Source: Authors' computation (2019)

Table 5 shows that the standard deviations across all questionnaire are relatively very small; the mean values can adequately be used to represent each question. Also the coefficients of skewness and kurtosis are relatively small ranging from -1 to less than +1 which signifies that the data is approximately normally distributed. Therefore, we are using the mean statistics as the measure of location for the summary of responses. On the average, the respondents were undecided, with a mean value of 3.26, that the audited financial statements are not useful in monitoring the performance of the entity. Similarly, the respondents were undecided, with a mean value of 3.03, that the audited financial statements are not useful for making decisions. Hence, these are potential decision usefulness factors for audit expectations gap in Nigeria. However, the respondents agreed, on the average, in each case, with all the other decision usefulness factors for audit expectations gap in Nigeria.

4.3Results of diagnostic tests

Table 6: Autocorrelation test

R	R square	Adjusted r square	Se of the estimate	Durbin-watson
0.356a	0.127	0.113	0.91356	1.521

A. Predictors: (constant), an unqualified audit report can be relied upon to make decision, assurance that the entity is free from fraud, assurance that the financial statements contain no material misstatement., audited financial statements not useful in monitoring performance, the entity is well managed , audited financial statements not useful for making decisions

B. Dependent variable: audit expectation gap

The model summary above shows r-square of 0.127 indicate that an unqualified audit report can be relied upon to make decision, assurance that the entity is free from fraud, assurance that the financial statements contain no material misstatement., audited financial statements not useful in monitoring performance, the entity is well managed and audited financial statements not useful for making decisions as components of decision usefulness factors collectively have little positive impact on audit expectations gap in Nigeria. On the other hand, the Durbin-Watson statistic of 1.521 implies that there is no autocorrelation in the model.

Table 7: Collinearity diagnostics

	llinearity statistics	
	Tolerance	VIF
Audited financial statements not useful in monitoring performance	0.400	2.503
Audited financial statements not useful for making decisions	0.422	2.371
The entity is well managed	0.660	1.516
Assurance that the financial statements contain no material misstatement.	0.780	1.282
Assurance that the entity is free from fraud	0.672	1.488
An unqualified audit report can be relied upon to make decision	0.776	1.289

Source: SPSS output (2019)

On the collinearity diagnostics, the variance inflation factor (VIF) and tolerance of 0.400and 0.660 and 2,503 and 1.516 respectively show that there is no serious multicollinearity in the data.

Table 8: Heteroscedasticity tests for decision usefulness factors

Segment	N	Mse	F
Upper values	140	0.534	0.6279
Lower values	140	0.851	

The Goldfeld and Quandt Heteroscedasticity tests are hereby applied for the model of decision usefulness factors on audit expectation gap. The null hypothesis of no Heteroscedasticity is rejected if f exceeds $F_{0.05,140,140}$=1.33 (the critical value is fit at the 5% level of significance and 140 degrees of freedom).

Hence, the Goldfeld and Quandt Heteroscedasticity tests are as shown in table 8. From the table, since *f=0.6279* does not exceed $F_{0.05,140,140}$=1.33 it is therefore concluded that there is no heteroscedasticity in the model for decision usefulness factors on audit expectation gap. Therefore, this necessary and sufficient assumption of the validity of the model is satisfied.

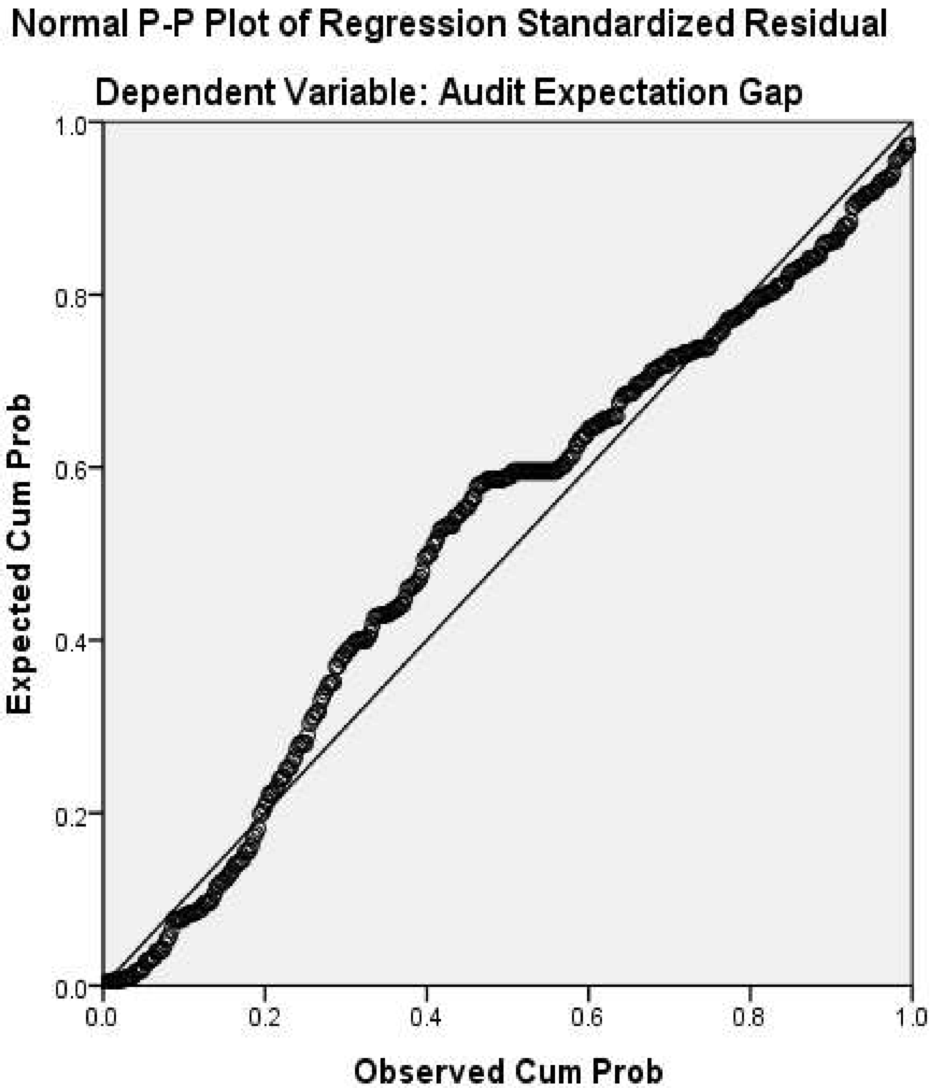


Figure 3. Observed cumulative probability

The observed cumulative probability plots figure shows the goodness of fit of the model. The plots show an approximate linear relationship. Therefore, components of the decision usefulness factors have little positive impact on audit expectations gap in listed deposit money banks in Nigeria.

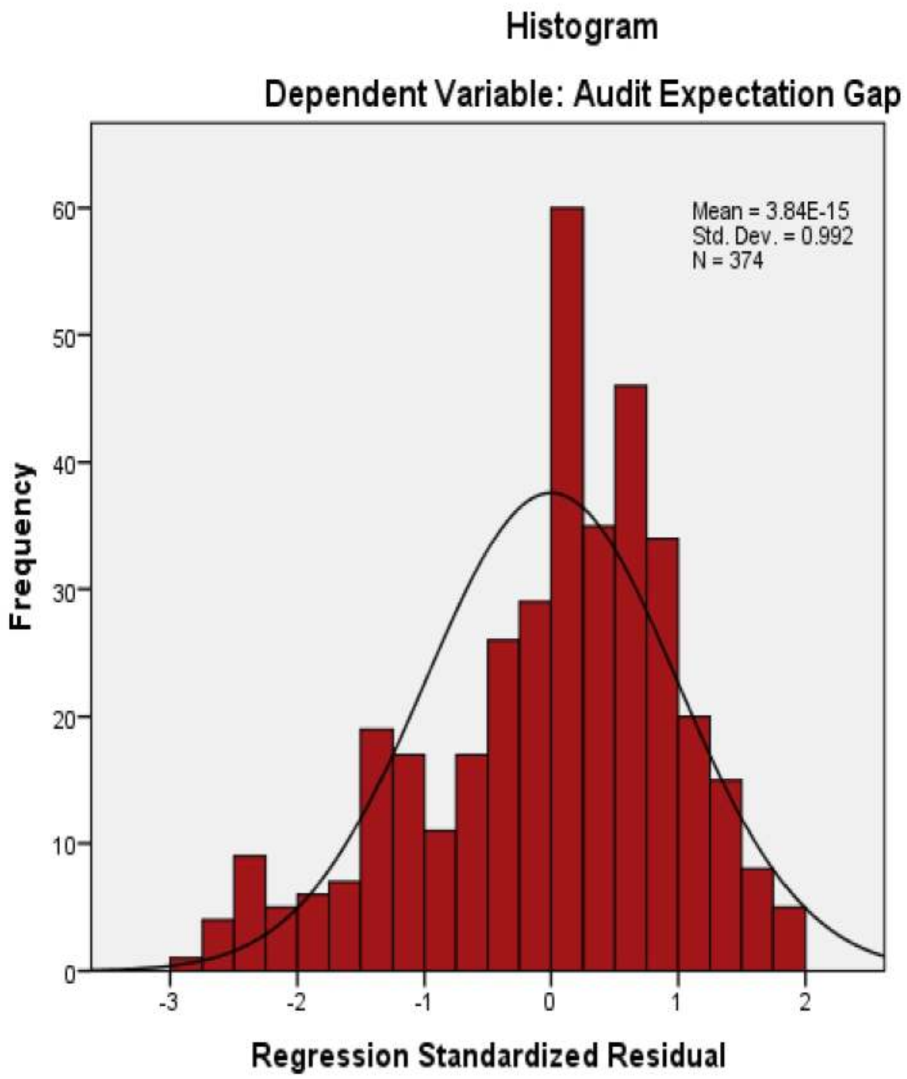


Figure 4. Normality histogram plot

The observed normal histogram shows that the data is approximately normally distributed.

4.4 Regression analysis

The following regression analyses were used to build linear models that explore predictability and relations among factors of audit expectation gaps.

Regression model: Decision usefulness factors and Audit expectation gap

AEG = $AEG = \beta 0 + \beta 1\ AMF + \beta 2\ AMD + ... + \beta 6 UAR + \varepsilon$

Table 9: Coefficients of the model

Model	Unstandardized coefficients B	Se	Standardized coefficients Beta	T	Sig.
(constant)	2.805	0.234		11.994	0.000
Audited financial statements not useful in monitoring performance	0.208	0.048	0.332	4.297	0.000
Audited financial statements not useful for making decisions	-0.087	0.053	-0.124	-1.646	0.101
The entity is well managed	0.181	0.054	0.201	3.347	0.001
Assurance that the financial statements contain no material misstatement.	-0.010	0.052	-0.011	-0.201	0.841
Assurance that the entity is free from fraud	-0.027	0.050	-0.032	-0.537	0.592
An unqualified audit report can be relied upon to make decision	-0.023	0.037	-0.034	-0.620	0.535

Dependent variable: audit expectation gap

Source: SPSS output (2019)

Table 9 is the coefficient of the model that is decision usefulness factors. It shows that these variable has the greatest unique contribution to predicting audit expectation gap that is audited financial statement not useful in monitoring performance, the entity is well managed, financial statements not useful for making decision and an unqualified audit report can be relied upon to make decisions makes the strongest unique contribution to explaining audit expectation gap.

The p-values are less than 0.05 indicating that they are statistically significant. However, assurance that the financial statements contain no material misstatement, assurance that the entity is free from fraud and an unqualified audit report can be relied upon to make decisions has a p-values higher than 0.05, which suggest their unique contribution to audit expectation gap is highly insignificant.

Further, the model coefficients of 0.208 indicate the mean change in audit expectation gap per unit increase in the audited financial statements not useful in monitoring performance, among others. The model can be reasonably used to predict the status of audit expectation gap given the six explanatory variables. The explanatory variables could serve as valid predictors of decision usefulness factors for predicting the audit expectation gap.

Research hypotheses

H0 $_{(1):}$ decision usefulness factors have no significant impact on the audit expectation gap in deposit money banks in Nigeria.

Decision criteria. At the 5% level of significance, in each case for the regression coefficients, reject the null hypothesis if the *$p<0.05$* otherwise accept the null hypothesis. The computations using the SPSS are as follows.

Table 10: Model ANOVAs decision usefulness factors

Model	Sum of squares	Df	Mean square	F	Sig.
Regression	44.495	6	7.416	8.886	0.000b
Residual	306.297	367	0.835		
Total	**350.793**	**373**			

Source: SPSS output (2018)

Table 10 shows that the model is statistically significant (*p<0.05*). In other words, the model is good fit in terms of explaining the impact of decision usefulness factors on audit expectations gap in Nigeria as well as for prediction and control. Hence, the components of decision usefulness factors collectively have positive impact on audit expectations gap in Nigeria. Using f-test, the model coefficients are also statistically significant (*p<0.05*). The study therefore, accept alternate hypothesis that decision usefulness factors have significant impact on audit expectation gap in deposit money banks in Nigeria.

Conclusion and Recommendations

On the average, the respondents were undecided that the audited financial statements are not useful in monitoring the performance of the entity. Similarly, the respondents were undecided that the audited financial statements are not useful for making decisions. Hence, these are potential decision usefulness factors for audit expectations gap in Nigeria. Moreover, the respondents agreed, on the average, in each case, with all the other decision usefulness factors for audit expectations gap in Nigeria. In general the components of decision usefulness factors collectively have statistically significant positive impact on audit expectations gap in Nigeria. This implied that the decision usefulness factors are indeed causes of audit expectations gap in listed deposit money banks in Nigeria. These findings are in line with the findings of Fureti-fulop (2017), Devi and Devi (2014), Augustine (2014) and Lin (2004).

Policy implications. The major implication for all these findings is that the major factors that is ;the decision usefulness factors are strong causes of audit expectation gap in Nigeria, therefore, appropriate measures need to be taken to curtail them. This will reduce audit expectation gap in listed deposit money banks in Nigeria. Where audit expectation gap subsists it will breed lack of confidence on the financial statement prepared by an auditor. This can affect the use of such report for decision making.

This study has filled in an important gap by researching on decision usefulness factors for audit expectation gap as the determinants /causes for audit expectation gap in banking sector and also the study used primary users as the target population. It has selected the primary users because on their own they cannot access or influence preparation of financial report. Decision usefulness factors collectively have positive impact on audit expectation gap. The users were undecided that the audited financial statements are not useful in monitoring the performance of the entity. The users were undecided that the audited financial statements are not useful for making decisions. Auditors do not ensure that financial statements give true and fair view all the time. Extent of audit performed is not clearly communicated, which affects reliance on the financial report for investment decision. Users of financial statements often use un -reliable financial report for investment decisions.

Decision usefulness factors influence audit expectation gap in deposit money banks in Nigeria, hence we conclude that decision usefulness factors have significant impact on audit expectation gap in listed deposit money banks in Nigeria. Hence are determinants/causes of audit expectation gap in deposit money banks in Nigeria. Therefore, the study was able to achieve the main objective of the study that is to examine the effect of decision usefulness factors on audit expectation gap in listed deposit money banks in Nigeria. The problem of audit expectation gap can be reduced or eliminated completely. However, it will take time and combined efforts of the banks themselves, CBN, NDIC, professional accounting bodies and other regulatory authorities. Audit expectation gap is very important in today's banking industry. Its absence adds credibility and more reliance to the financial reports so produced. Its presence might breeds conflicts and a times litigations due to user's unreasonable expectations (caused by user's ignorance) which cannot be met by the auditor.

Based on our findings and conclusions drawn from the study, the following recommendations are hereby made towards narrowing down audit expectation gap problems in listed deposit money banks in Nigeria: Users of financial statements that is the shareholders/investors, lenders and other creditors should be enlightenment and educated on roles and responsibilities of an auditor by the respective banks as well as the centrally regulatory bodies like Central bank of Nigeria and Nigeria deposit insurance company so as to reduce expectations gap, which is a strong decision usefulness factors.

That regulatory authority and professional accounting associations like ANAN and ICAN should ensure that auditors avoid; economic dependence on the client, stop carrying non-audit services, collecting gifts from management to enhance their independence and thereby improving independence factors. This will enhance reliance on the financial report for decision making Auditors should ensure that financial statements give true and fair view and that the extent of audit performed should be clearly communicated to guide users in their decision making. That user of financial statement should not use un reliable financial statement for investment decisions.

References

Asein, A. A. (1999). Managing Audit Risks. *The Nigerian Accountant*, *32*(1), 12-18.

Albaz, M. A. (1999). A. Accountant Audit Risks.estment decisions. Butations gap between auditors and users of financial reports: an empirical study s*Arab Journal of Accounting, 3*(1).

Alleyne, P. A, Devenish, D., & Alleyne, P.(2006). Perceptions of auditor independence in Barbados, *Managerial Auditing Journal*, *21*(6), 621-635.

Best, P. J., Buckby, S., & Tan, C. (2001). Evidence of the audit expectation gap in Singapore. *Managerial Auditing Journal*, *16*(3),134-144.

Chandler, R., Edwards, J., & Anderson, M. (1993). Changing perceptions of the role of the company auditor, *Auditing and Business Research*, 23, 443-459.

Cochran, W.G. (1977). *Sampling Techniques (3rd ed.)*. New York: John Wiley.

Cohen Commission (1978). Report of the Commission on Auditor's Responsibilities; conclusions and Recommendations, *American Institute of Certified Public Accountants.*

Cross Committee. (1977). Report of the Committee under the chairmanship R1. Hon the Lord of Chelsea, *Accountancy, 160, 80*-86

Davidson, I. (1975). The role and responsibilities of the auditors: perspective, expectations and analysis, unpublished background paper for the Commission on Auditors responsibilities.

Devi, A., & Devi, S. (2014). Audit expectation gap between auditors and users of financial statements. *European Journal of Business Management 6*(14).

Dixon, R., Wood Head, A.D., & Soliman, M. (2006). An investigation of the expectation gap in Egypt. *Managerial Auditing Journal 21*(3), 293-302.

Fadzly, M.N., & Ahmed, Z. (2004). Audit expectation gap: the case of Malaysia. *Managerial Auditing Journal, 17*(7), 897-915.

Fureti-fulop, J. (2015). An empirical study of audit expectation gap in Hungary, *Club of Economics 11*(1),37-46 doi.org/10.18096/tmp.2015.01.0

Gay, G., Schelluch, P., & Reid, I. (1997). Users' perceptions of the auditing responsibilities for the prevention, detection and reporting of fraud, other illegal acts and errors. *Australian Accounting Review Journal 7*(13), 51-61.

Greenside Committee, (1978). Report of the joint Committee Appointed to Consider the Cross report and related Matters, *Journal of Accountancy*, *161*,124-132.

Humphrey, C., Moizer, P., & Turley, S. (1993). The audit expectations gap in Britain: an empirical investigation, *Accounting and Business Research*, 23, 395-411.

Humphrey, C., Moizer, P., & Turley, S. (1993). The audit expectations gap in Britain: An empirical Investigation, *Accounting and Business Research*, *23*, 395-411

Jensen, M. C., & Meckling, W. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Finance and Economics 3*, 305-360.

Kelly, H. H.. (1973). The Process of causal Attribution. *American Psychologist* 107-128.

Liggio, C. D. (1974). The Expectation Gap: The Accountant s Waterloo, *Journal of Contemporary Business, 3*(3), 27-44.

Lin, Z. J., & Chen, F. (2004). An Empirical study of audit expectation gap in the People's Republic of China. *International Journal of Auditing*. 8, 93-115.

Macdonald Commission. (1988). Report on the Commission to Study the Public expectation of Audits. The Canadian Institute of Chartered Accountants, 1-57

Monroe, G., & Woodcliff, D. (1994). An empirical investigation of the audit expectation gap: Australian evidence, *Accounting and Finance Journal, 34*, 47-74.

Mtcalf Committee. (1976). The Accounting Establishment, Washington DC: United States Government Printing Office.

Nazri Fadzly, M., & Ahmed, Z. (2004). Audit expectation gap-the case of Malaysia. Managerial Auditing Journal 19(7), 897-915.

Porter, B. A. (1990). The Audit Expectation-Performance Gap and the Role of External Auditors in Society, PhD Unpublished Thesis, Massey University, New Zealand.

Porter, B. (1993). An empirical study of the audit expectation gap-performance gap. *Journal of Finance and Accounting 24* (93), 49-68. http://www.accountant.org.

Salehi, M. (2011). Audit Expectation Gap: concept, Nature and trace, *African Journal of Business Management, 5*(21), 8376-8392.

Salehi, M. (2016). Quantifying Audit Expectation Gap: A new approach to measuring Expectation Gap. *Zagreb International Review of Economics & Business,19*(1), 25-44 doi:10.1515/zireb=2016-0002

Schelluch, P., & Gay, G. (2006). Assurance provided by Auditors' Reports on prospective financial information: implications for the expectation gap. *Accounting and Finance Journal, 46,* 653-676. http://web.ebscohost.com/ehost/.

Siddiqui, J., & Nasren, T. (2004). Audit Expectation Gap in Bangladesh: Perceptual difference between accounting professionals and students.

Sweeney, B. (1997). Bridging the expectation gap – on shaky foundations, Accountancy *Ireland, 2*(2), 18-20.

Tweedie, D. (1987). Challenges facing the Auditors: Professional foul sand the expectation gap, the Deloitt, haskins and sells lecture, University College, Cardiff, April 30

Wright, A., & Asare, S. (2009). Investors, Auditors and Lenders Understanding of the message conveyed by the Standard Audit Report. The Report prepared for AICPA and IAASB.