
The Relationship Between Forensic Accountants' Skepticism and Audit Expectation Gap Among Nigerian Money Deposit Banks

Odelabu Adedire Temitope, Tabitha Nasieku, Willy Muturi

Department of Economics, Accounting and Finance, Jomo Kenyatta University of Agriculture and Technology, Juja, Nairobi, Kenya

Email address:

richtop0007@gmail.com (O. A. Temitope), tabithanasieku@gmail.com (T. Nasieku), wmuturi@jkuat.ac.ke (W. Muturi)

To cite this article:

Odelabu Adedire Temitope, Tabitha Nasieku, Willy Muturi. The Relationship Between Forensic Accountants' Skepticism and Audit Expectation Gap Among Nigerian Money Deposit Banks. *Journal of Finance and Accounting*. Vol. 4, No. 1, 2016, pp. 9-17.

doi: 10.11648/j.jfa.20160401.12

Abstract: This paper examines how forensic Accountant's skepticism can narrow audit expectation gap among Nigeria Money Deposit Banks. The specific objectives of the study were to determine the relationship between forensic Accountants' investigation tenure and lack of time budget pressure by forensic Accountant among Nigeria Money Deposit Bank. Two hypotheses were formulated and tested. A survey design was used to gather the information needed to achieve the objectives. A census was carried out in twenty one Nigeria Money Deposit Banks which had operating licenses from the Central bank of Nigeria. Open ended and closed ended questionnaires were used to collect the data. The findings of the study revealed that there was a strong negative linear relationship between the independent variables and dependent variable. Based on the findings, it was recommended that there is need to establish and structure necessary legal framework for forensic accounting and investigation and legislate forensic audit as in the case of financial audit legislated.

Keywords: Forensic Accountant's Responsibility, Audit Expectation Gap, Money Deposit Banks, Time Budget Pressure, Investigating Tenure

1. Introduction

Incapability of traditional auditing in meeting the expectation of public in modern organization has reduced the public confidences on the quality of Auditor's report. In recent era, financial reporting prerequisite seek to address information that is ever more germane to stakeholders for decision making. As a result of this challenging environment, management's accounting and reporting decisions are more subjective in their judgments. These occurrence elucidate the significant of professional skepticism in audit exercise, which implies that auditors must exhibiting a skeptical mindset, especially in areas of financial reporting that are complex or involve estimation. Therefore, this has called for the proactive exercise of professional skepticism in an audit exercise precisely in banking industry (Peecher, 1996; Turner, 2001). Skepticism is an indispensable attitude that enhances the auditor's ability to exercise professional judgment in ascertaining and reacting to conditions that may indicate possible misstatement. Professional skepticism

includes a critical assessment of audit evidence. It also means remaining alert for evidence that contradicts other audit evidence or that brings into question the reliability of information obtained from management and those charged with governance. The consistent application of professional skepticism is imperative for auditors to draw appropriate conclusions in the conduct of their work. (Auditing Practices Board, 2010). The important component influencing the disposition of Auditor is the professional attitude also know as professional commitment and professional skepticism (Ajzen and Fishbein, 2015). Professional skepticism during the audit process will improve the effectiveness of the audits with respect to the identification of fraud risk and the design of effective mitigating audit procedures (Bazerman, *et al.* 1997). Despite the professional skepticism possess by the conventional Auditor according to the professional code of conduct, statutory auditing still defaulting in meeting public expectation due to the menace hinder the professional skepticism possess by the traditional Auditor. A high - quality audit and standard report that gives full assurance and confident on the auditing report to the public, require the

exercise of forensic Accountant's professional skepticism which involve high level of skepticism commitment that lack threaten from the management which can hinder their professional judgment as regard audit report. Hurtt *et al.* (2008) highlighted that, forensic Accountant's professional skepticism is essential for the evaluation of (invalid) information and (invalid) evidence and therefore of great importance with respect to fraud identification in narrowing the audit expectation gap. Bell *et al.* (2005) further stated that, the application of forensic professional skepticism by auditors is important to audit quality and this could have reduced the effects of major recent business 'improprieties'. The Enron scandal and corporate fraud perpetrated in Nigeria by management of Cadbury Nigeria Plc, Lever Brothers, Union Dicon Salt and 14 distressed banks as exposed by forensic accounting services due to the application of forensic Accountant's skepticism as called by the Central Bank of Nigeria in which the traditional Auditor default to detect. (Benston and Hartgraves, 2002). The thoughts presented for consideration in this paper are not intended as concrete recommendations or specific application guidance; rather, they are intended to provoke further thought and discussion, with the objective of enhancing the consistent, appropriate application of professional skepticism in practice found in forensic services, and, ultimately, improving audit quality.

1.1. Statement of the Problem

The application of an appropriate degree of professional skepticism is a crucial skill for auditors. Therefore, inability of the Auditor to maintain high level of professional skepticism found in forensic Accountant due to threaten hinder their independent and unable to challenge management's assertions whether there is misappropriation or not in the accounting report has become a big threaten to the statutory auditing report. Achieving an optimal balance between efficiency and effectiveness is a vital component of the audit engagement and is directly impacted by the degree of professional skepticism exercised, it was discovered that too little skepticism endangers audit effectiveness; (Chung and Kallapur. 2003). Based on a recent shift in standards favoring a more "presumptive doubt" or forensic investigating mindset over a "neutral" approach or conventional auditing mindset (Bell, Peecher and Thomas, 2005; Nelson, 2009), audit firms and regulators should understand how favoring one perspective over the other might affect audit cost and quality. To date, no research has examined how a forensic Accountant approach to professional skepticism might proactively implemented in auditing exercise of banks. Therefore, it has become crucial to investigate the professional skepticism approach of forensic Accountant and how the approach can narrow audit expectation gap.

1.2. Objective of the Study

The objective of the study is to investigate the relationship between forensic Accountant's professional skepticism and

audit expectation gap among Nigerian Money Deposit Banks. In order to achieve this aim, the study seeks to:

- a) To establish the relationship between investigating tenure of forensic Accountants' and audit expectation gap in Nigeria Money Deposit Banks.
- b) To investigate the relationship between time budget pressure and audit expectation gap in Nigeria Money Deposit Banks.

2. Literature Review

2.1. Theoretical Framework

The major theory underpinned this study was the Fairness Theory

Fairness Theory

Fundamental to the process of assigning blame in social justice is the issue of accountability. In a model of justice and accountability, entitled "Fairness Theory", Folger and Cropanzano (2001) contend that the decision regarding whether to hold a party accountable for the outcome of a specified event is a function of the perceived fairness of their actions. In order to determine perceived fairness, three components of accountability must be considered. Second, there is an element of perceived volitional control over the chosen course of action. This component refers to the availability of feasible alternatives – with more available alternatives being associated with greater control and a higher likelihood of blame. Similarly, an auditor believed to have the option of behaving more skeptically in a given situation is more likely to be blamed for failing to detect fraud. Third, actions taken are considered relative to moral tenets or applicable standards. For example, regulators must determine whether audit actions were consistent with guidance outlined in auditing standards regarding professional skepticism and fraud (e.g. SAS No. 1 and SAS No. 99). Thus, the three basic elements of fairness theory include (a) a harmful event, that is (b) attributable to an individual's discretionary actions which (c) violate applicable ethical standards (Folger and Cropanzano, 2001). Although fairness theory primarily aims to explain how individuals assign blame to other individuals, it is also useful for understanding the determinations of accountability at a firm level. Fairness theory postulates that when an individual has multiple options for how to behave in a given situation, they are considered to have greater discretionary or volitional control over their actions. Consequently, they are more likely to be held accountable for their chosen course of action because they could have behaved differently. On the other hand, when an individual is perceived to have chosen the only course of action available to them, they are less likely to be blamed for aversive outcomes (Bonner, Palmrose and Young, 1998).

2.2. Concept of Professional Skepticism

In performing statutory auditing in public organization, Auditors adhere to professional standards while performing financial statement audits. One of the major criteria of those

standards is the application of appropriate professional skepticism in order to exercise of professional judgment. While a responsibility for appropriate professional skepticism is not the sole domain of financial statement auditors, but the fundamental issue is the degree and level of professional skepticism to be applied in conducting of a financial statement audit to meet public expectation which is the major focuses of this paper. Despite the concept of professional skepticism underlying by professional standard are relatively straightforward, there is a lack of common understanding or practical guidance on what professional skepticism is and how it can be demonstrated and documented in other not to bias in financial audit and professional judgment (Casterella, Knechel, and Walker, 2004).

The word skepticism is formed from the root "skeptik," which comes from the Greek word "skeptikos," meaning "inquiring or reflective." To inquire is "to seek information by questioning; to ask." The characteristics commonly associated with being a skeptic include questioning and careful observation, probing reflection, looking beyond the obvious, and suspension of belief. Professional skepticism incorporates the attributes commonly associated with being a skeptic in a professional setting that requires a standard of care and due diligence in the context of professional standards, regulation, oversight, litigation, negotiation, evidence collection and evaluation, professional judgment, complex business transactions, varying incentives and motives, rationalization, and so forth. (Ajzen and Fishbein, 2015; Kalbers and Fogarty, 2005) stated that an important component influencing the disposition of the auditor is the professional attitude, also known as professional commitment and professional skepticism. Skepticism is a very important part of the audit process. Professional skepticism during the audit process will improve the effectiveness of the audits with respect to the identification of fraud risk and the design of effective mitigating audit procedures (Chung and Kallapur, 2003).

The widespread and diversification of business in this modern day, has continued to increase the complexity of business transactions and of accounting standards. Therefore, application of greater judgment and discretion by the management has become a prerequisite in principles based accounting standards, expanded use of fair values, and subjective accounting measures and estimates in estimating the value of and accounting for important amounts reported in the financial statements. Given increased complexity and subjectivity together with a continued emphasis on reliable financial reporting, has elevated the interest in the application of high degree of professional skepticism (found in forensic accounting services) by the auditor and others in the financial reporting information in order to meet the public expectation (Owojori and Asaolu, 2009)

2.3. Concept of Audit Expectation Gap

The concept of audit expectation gap has been used not only in the accounting literature, but also in other disciplines. For instance, to evaluate the view of the information system

industry relating to the academic preparation of graduate (Trauth, Farwell and Lee, 1993); difference in expectations of advertising agencies and their clients with respect to campaign values (Murphy and Maynard, 1996); differences in relation to various issues associated with corporate environmental reporting on one hand and the clash between auditors and the public over preferred meanings of the nature, objectives and outcomes of an audit (Sikka, Puxty, Wilmott and Cooper, 1998 and Deegan and Rankin, M & Tobin 2002); the gap in banks between the transaction-audit approach that evolved during the industrial age and the information age and a financial reporting expectation gap (Andrew, 2003). In 1978, the definition was extended by the Commission on Auditors Responsibilities (CAR) (Cohen 1978) which examined whether a gap exist between what the public expects or needs and what auditors can and should reasonably expect to accomplish (Porter and Gowthorpe, 2004). The audit expectation gap has also been defined as the difference in beliefs between auditors and the public about the duties and responsibilities assumed by auditors and the message conveyed by the audit reports and the difference between what the public expects from the auditing profession and what the profession actually provides (Monroe and Woodliff, 1993; Jennings, Reckers and Kneer, 1993). Liggio (1974) cited in Limperg (1985) and Porter (1993) observe that these definitions do not embrace the notion that auditors may not accomplish 'expected performance' or what they 'can and reasonably should'. Empirical studies conducted in different countries of the world attempt to expose the nature of audit expectation gap dominant in those climes. These studies reveal the difference in perceptions on audit expectation gap among the different segments of the society (Fadzly and Ahmad, 2004; Dixon, Woodhead and Sohlman, 2006; Okaro, 2009; McEnroe and Martens, 2001; Casterella, Knechel, and Walker, 2004; Lin and Chen, 2004;) A number of studies have been conducted to examine the causes of audit expectation gap. These studies reveal the following as factors contributing to the existence of the gap: the complicated nature of audit function, Conflicting Role of Auditors, Retrospection Evaluation of Auditors' Performance, Time Lag in Responding to Changing Expectations, Self Regulation Process of the Auditing Profession and the Unawareness and Unreasonable Expectations (Lee and Azham, 2008). As a result of the detrimental effects of the audit expectation gap on the financial reporting and auditing process, researchers and the auditing professional bodies have conducted various studies to identify effective methods for narrowing the gap. The methods that have been identified include: Education {Lee, Azham and Kandasamy, (2008), Monroe and Woodliff (1993), Ariff and Rosmaini (2005) and}, Expanded Audit Report {Gay and Schelluch (1993); Monroe and Woodliff (1994), Hatherly, Jones and Brown,(1991)} Structured Audit Methodologies {Purvis (1987); Koh and Woo (1998), Boritz, Gabor and Lemon (1987)}, Expansion of Auditors' Responsibilities and enhancement of Auditor Independence Lee, *et al.* (2008); Rabinowitz (1996)

3. Material and Research Methodology

A survey research design was employed. A survey design was appropriate for this study because it allows collection of information for both independent and dependent variables using questionnaires (Orodho, 2003). The population of this study was all the Money Deposit Banks in Nigeria, that are duly registered, licensed and regulated by the Central Bank of Nigeria. The study's target population for the this study constituted 21 head offices of all the Money Deposit Banks in Nigeria. The respondents were stratified into management staff (Involve in Finance and Risk management), Finance and Account department staff, Audit and Inspectorate department staff, and Shareholders with 500,000,001 units shareholding and above. The sampling frame were selected from the targeted population that required and most sensitive to the information. Sampling technique used for this study was stratified random sampling, the stratification was based on the respondents and the department that are sensitive to the study in the banks. Each stratum was sampled as an independent sub-population, out of which individual sample elements was selected. The study used census for the study of all 21 head offices of Money Deposit Banks in Nigeria. The research instrument was a questionnaire consisting of both open- ended and closed ended type of questions. The researcher first contacted the individual bank with an introduction letter requesting for permission to collect data and to drop questionnaires. The questionnaires were distributed to the shareholders by locating them via the shareholders' register for individual bank and to ensure proper spread in the distribution of the questionnaires on the part of shareholders, annual general meeting held by the banks were utilized for the distribution of the questionnaires. The researcher focused on the shareholders with units holding above 500,000,001. The research instrument were pre-tested using a sample of 10%. The suitability of the questionnaire for this study was tested by first administering it on two (2) Money Deposit Bank in Nigeria. The questionnaire is considered reliable if the Cronbach's Alpha coefficient is greater than 0.70 (Katou, 2008). The two independent variables and the dependent variable were subjected to reliability test using SPSS.

Data Processing and Analysis

The researcher first cleaned the data by removing the missing data treating them as spoiled. A description of the data management problem and approach which was used to solve it was documented. A data and information management protocol was developed for use in future. Data was analyzed using statistical package for social science (SPSS). The data reliability was checked using the Cronbach's alpha index. Inferential data analysis was done using Pearson Correlation Coefficient, regression analysis and multiple regression analysis (step wise method). This correlation was used to determine the direction of the relationship between the dependent and the independent variables. To keep on with the assumptions of OLS, this

study tested for linearity, homoscedasticity and multicollinearity. Osborne, Christensen, and Gunter (2001) observed, few articles report having tested assumptions of the statistical tests they rely on for drawing their conclusions. When the assumptions of the linear regression model are correct, ordinary least square (OLS) provides efficient and unbiased estimates of the parameters (Beeler and Hunton. 2002). A One-Sample Kolmogorov-Smirnov Test (KS) was conducted to test the normality of the dependent variable (audit expectation gap). Multiple regression analysis was used to establish the relationship between the Forensic Accountants' competences and audit expectation gap. Hypothesis testing using p_ value was done because it gave the strength of the decision. According to Mugenda and Mugenda (2003) a significance level of 0.05 is recommended as it represents that results are at 95% confidence level. The statistical models used for analysis was multiple regression.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \epsilon$$

Where:

Y is the dependent variable audit expectation gap.

β_0 is the constant

β is the coefficient of X_i for $i=1, 2$

X_1 is Forensic Accountant Investigation Tenure (FAIT)

X_2 is Time Budget Pressure (TBP)

4. Results and Discussion

4.1. Factor Analysis Result

Table 1. Factor Analysis for all the variables.

Constructs	Number of factors		Overall Loading Factors	Comments
	Before Expunging	After Expunging		
AEG	6	Not Expunged	50% and above	Accepted
FAIT	6	Not Expunged	45% and above	Accepted
TBP	6	Not Expunged	45% and above	Accepted

Table 1 shows the result of factor analysis, the study used factor analysis to reduce the number of indicators which do not establish the relationship between the forensic Accountant's professional skepticism and audit expectation gap and retain the indicators which are capable of explaining the establishment of the relationship. Only the factors with loading values of above 0.4 were used for further analysis as recommended by Hair *et al.* (1998) and Tabachnick and Fidell (2007). The overall summary of the factor analysis for the two variables were stated in Table 1. The results for the factors measuring the dependent variable (Audit Expectation Gaps) show that all the factors loadings were above 50%. All the items were accepted based on the general rule of thumb for acceptable factor loading of 0.40 above. No item was removed or dropped. The result is in agreement with the study of Barbadillo and Aguilar (2000).

4.2. KaiserMeyer - Olken (KMO) Measure

Factor Analysis is chosen according to the KaiserMeyer-Olken measure of Sampling Adequacy, which analyze and evaluate the adequacy of the sample and the criteria of relevance factors. Kaiser (1974) recommends a bare minimum of 0.5, with values between 0.5- 0.7 considered being moderate, value of the test between 0.7 and 0.8 is considered good, value of between 0.8 and 0.9 are considered excellent and values greater than 0.9 are classified as superb for factor analysis (Hutcheson & Sofronniou, 1999). From the table 2, it shows that all the variables are adequate in term of sample volume to support all meaningful data analysis for a well-informed conclusion to be drawn. Most of the KMO values derived for variables are between 0.5 and 0.7 a range considered to be moderate (Kaiser 1974).

Table 2. KaiserMeyer- Olken (KMO) Measure.

Constructs	KMO Value	Comments
Dependent Variable		
AEG	0.782	Accepted
Independent Variables		
FAIT	0.679	Accepted
TBP	0.582	Accepted

4.3. Bartlett's Test of Sphericity

Table 3 shows Bartlett's Test of Sphericity indicating the strength of the relationship among variables. This test makes use of Approximate Chi-Square, and Significance Level (p). Bartlett's test of Sphericity value is significant if $p \leq 0.05$ (Pallant, 2010). The result of table 3 shows that, the p- value for each variable is 0.000 which is ≤ 0.05 hence there are sufficient relationships among the variables (Forensic Accountant's professional skepticism and audit Expectation Gap) that is worth investigating. The result is in consonant with Hurtt *et al.* (2008) highlighted that, Professional skepticism is essential for the evaluation of (invalid) information and (invalid) evidence and therefore of great importance with respect to fraud identification in narrowing the audit expectation gap.

Table 3. Bartlett's Test of Sphericity.

TEST	AEG	FAIT	TBP
Approx. Chi-Square	1499.197	1140.693	1039.833
Sig.	.000	.000	.000

4.4. Reliability Test

Table 4 shows the reliability test, indicating of the stability and consistency with which the instrument measures a concept and helps to assess the goodness of a measure. Cronbach's alpha was established to measure the degree to which a set of measuring items measures a single one-dimensional latent construct. The findings in the Table 4 indicated that Forensic Accountant Investigation Tenure (FAIT) had a coefficient of 0.779, Time Budget Pressure had (TBP) had a coefficient of 0.741. All the constructs had Cronbach's Alpha above the minimum acceptable reliability

coefficient of 0.7 and good internal consistency all the constructs had Cronbach's Alpha above the minimum acceptable reliability coefficient of 0.7 and thus considered all the variables reliable and accepted for investigating purpose. The result is supported by Geiger & Raghunandan (2002) examine the relationship between the length of the auditor/client relationship and audit reporting failures. The results exhibit that the tenure variable is consistently positive and significant.

Table 4. Reliability Test.

Constructs	Overall Cronbach's Alpha Value	Comments
Dependent Variable		
AEG	0.854	Accepted
Independent Variable		
FAIT	0.779	Accepted
TBP	0.741	Accepted

4.5. One-Sample Kolmogorov-Smirnov Test (KS)

Table 5 show the normality test of the dependent variable 'audit expectation gap', a One-Sample Kolmogorov-Smirnov Test (KS) was conducted. The results obtained in table 5 indicate that Kolmogorov-Smirnov Z statistic is 0.159 (p-value=0.127). Since p-value of Kolmogorov-Smirnov greater than 0.05, the null hypothesis was not rejected and concluded that the data was normally distributed and therefore fit for linear regression analysis.

Table 5. One – sample Kolmogorov- Smirnov Test for Audit Expectation Gap.

		Audit Expectation Gap
N		402
Normal Parameters	Mean	9.8620
	Std. Deviation	3.83052
Most Extreme Differences	Absolute	.089
	Positive	.085
	Negative	-.075
Kolmogorov-Smirnov Z		.159
Asymp. Sig. (2-tailed)		0.127

4.6. Homoscedastic Test for Audit Expectation Gap

Table 6 show Heteroscedasticity test for Audit Expectation Gap means that previous error terms influence other error terms and hence violating the statistical assumption that the error terms have a constant variance. But, Homoscedasticity suggests that the dependent variable has an equal level of variability for each of the values of the independent variables (Garson, 2012). The result of the test is shown in table 6, which indicate that the test statistic is 1.5639 (p-value = (0.1873) with the degree of freedom. Since the test –Statistic is small with the p-value greater than 0.05, the null hypothesis was accepted and concluded that there was homoscedasticity in the data (that is, the data is not heterogeneous in variance), which satisfies the assumption of regression.

Table 6. Test for Homoscedasticity in the Response and Residuals.

Test - Statistic	P-Value
1.5639	0.1873

4.7. Pearson Correlation Matrix for Independent and Dependent Variables

The researcher used correlation analysis to determine the relationship between each independent variable and the dependent variable growth. Pearson's correlation coefficient was used for this analysis as the data was continuous. According to Kothari (2014), the correlation coefficient can range from -1 to +1, with -1 indicating a perfect negative correlation, +1 indicating a perfect positive correlation, and 0 indicating no correlation at all. The correlation between audit expectation gap and the independent variables: forensic Accountant's investigation tenure and time budget pressure are ranked from the highest to the lowest as shown in table 7. It indicates that, there is strong negative relationship observed between audit expectation gap and forensic Accountant's investigation tenure (FAIT); this relationship was found to be statistically significant at the 0.05 (5%) level of significance ($r = -0.600$, $p\text{-value} = 0.000$). This was followed by the relationship between audit expectation gap and time budget pressure (TBP). It indicated a very strong negative correlation at -0.515 and this relationship was found to be statistically significant at the 0.05 (5%) level of significance ($p\text{-value} = 0.000$). The correlation coefficients were all negative and significant, it implies that, the more adoption of Forensic Accountants professional skepticism approach, the lesser will be the audit expectation gap. All the independent variables were significantly related with audit expectation gap from the fact that $p\text{-value} < 0.000$ in all cases.

Table 7. Pearson Correlation Matrix for Independent and Dependent Variables.

		AEG	FAIT	TBP
AEG	Pearson Correlation	1		
	Sig. (2-tailed)			
FAIT	N	402		
	Pearson Correlation	-.205**	1	
TBP	Sig. (2-tailed)	.000		
	N	402	402	
TBP	Pearson Correlation	-.600**	.125*	1
	Sig. (2-tailed)	.000	.012	
N		402	402	402

** . Correlation is significant at the 0.01 level (2-tailed).
 * . Correlation is significant at the 0.05 level (2-tailed).

Table 8. Variance Inflation Factor Measure of Multicollinearity test.

Variable	Collinearity Statistics	
	Tolerance	VIF
Forensic Accountants' expertise competency,	.980	1.021
Forensic Accountants' mindset competency,	.978	1.026

4.8. Multicollinearity Test

Table 8 show Multicollinearity test, which is used to test how independent variables are correlated with each other. In order to identify if there is multicollinearity among the independent variables, a Variance Inflation Factor (VIF) measure was used (see Table 8). According to O'Brien (2007), The Variance Inflation Factor (VIF) measures the impact of collinearity among the variables in a regression model. The

current study measure showed the VIF to range between 1.021 and 1.026. This implies that there was no multicollinearity among the independent variables since the acceptable limits are within 1 and 10 (Farrar & Glauber, 1967).

4.9. Multiple Linear Regression

4.9.1. Coefficients of Determination

The researcher regressed level of audit expectation of gap against two independent variables which are: forensic Accountant's investigation tenure and time budget pressure. From the table 9, the R^2 indicates that explanatory power of the independent variables is 0.912, it implies that about 91.2% of the variation in audit expectation gap is explained by the study model while, 8.8% of the variation in audit expectation gap is unexplained by the model:

$$AEG = \beta_0 + \beta_1(FAIT) + \beta_2(TBP).$$

However, Adjusted R^2 is a modified version of R^2 that has been adjusted for the number of predictors in the model by less than chance. The adjusted R^2 of 0.910 which is slightly lower than the R^2 value with 0.002 is a precise indicator of the relationship between the independent and the dependent variable because it is sensitive to the addition of irrelevant variables. The adjusted R^2 indicates that 91.0% of the changes in the audit expectation gap is explained by the model and 9.0% is not explained by the model. This means that the influence of all the independent variables on audit expectation gap of Nigeria Money Deposit Banks is very strong.

Table 9. Overall regression model for dependent/ Independent variables.

Model	R	R Square ^b	Adjusted R Square
1	.955 ^a	.912	.910

4.9.2. ANOVA Results

The ANOVA test in table 10 on the overall model indicates that the independent variables: forensic Accountant investigation tenure and time budget pressure have a significant effect on audit expectation gap of Nigeria Money Deposit Banks since the p value is actual 0.000 which is less than 5% level of significance. The P value was 0.000 implying that the model was significant. Therefore, it implies that the forensic Accountant investigation tenure and time budget pressure were significantly affect the audit expectation gap in Nigeria Money Deposit Banks. The agreed with the studies of Dopuch, King and Schwartz (2001) also examine the impact of auditor tenure on audit quality. The result is consistent with the hypothesis that the auditor compromises his independence most often in a long term auditor contract and suggests that after all auditor tenure may have significant effect on the audit quality.

Table 10. ANOVA Results for independent and dependent variables.

Model	Sum of Squares	Mean Square	F	Sig.
Regression	47281.565	9456.313	653.956	.000b
Residual	4583.874	14.460		
Total	51865.439d			

4.9.3. Coefficients of Regression

The summary of multiple regression results are presented in table 11. It was observed from the table 11 that forensic Accountant investigation tenure and time budget pressure are good predictor of audit expectation gap. Forensic Accountant investigation tenure has Coefficient of -.234 with a significant level of 0.0000. This implies that the nature of the relationship between forensic Accountant investigation tenure and audit expectation gap in negative. The more investigating tenure approach of forensic Accountant in assessing financial misappropriation in financial information report that cause audit expectation gap, the lower the audit expectation gap and vice versa. The significant level is almost negligible meaning that forensic Accountant's investigation tenure are a significant factor contributing to audit expectation gap. Adeyemi and Okpala (2011) also confirmed the result, noted that an audit firm's tenure can result in a loss of auditor's independence. A long audit-client relationship could lead to an alignment of the auditors' interest

Time budget pressure has -.192 with a significant level of 0.0000. This implies that the nature of the relationship between time budget pressure and audit expectation gap in negative. It implies, lack of time budget pressure on the part of forensic Accountant in assessing financial information report the more skeptical commitment of forensic Accountant and it has positive impact in narrowing audit expectation gap, and vice versa. The significant level is almost negligible meaning that lack of time budget pressure on the part of forensic Accountant has a significant factor contributing to audit expectation gap as it increases the skepticism commitment of forensic Accountant. This was confirmed by the study of Iyer and Rama (2004) indicates that auditors react to perceived client pressure. This pressure influences an auditor's judgment in either a positive or a negative way.

Table 11. Coefficients for regression.

	Unstandardized Coefficients		Standardized Coefficients	t stat	Sig.
	B	Std. Error	Beta		
Forensic Accountant Investigation Tenure	-.234	.046	-.302	-5.061	.000
Time budget pressure	-.192	.050	-.253	-3.841	.000

Based on the result in table 11, it has been observed that all the independent variables have a statistically significant influence on the dependent variable (audit expectation gap). Having concluded that, the model used for estimating audit expectation gap is expressed as follows:

$$AEG = \beta_0 - 0.234 (FAPS) - 0.192(TBP).$$

Where: AEG = Audit expectation gap

FAPS = Forensic Accountant Investigation Tenure

TBP = Time Budget Pressure

4.10. Hypotheses Testing Results

The researcher used the results in table 11 to decide on whether to accept or reject the study hypotheses.

1. *Hypotheses 1:* The regression results presented in table

11 above indicated that the null hypothesis (H_0) was rejected and the alternative hypothesis was accepted, stipulated that, There is significant relationship between investigating tenure of forensic Accountants' and audit expectation gap in Nigeria Money Deposit Banks. This is because the p-value $0.000 < 0.05$ making the coefficient of level of investigating tenure of forensic Accountants significant in the model. Barbadillo and Aguilar (2008), reveals an inverse relationship between lack of forensic Accountant's skepticism measured by auditor tenure and audit quality. The study concludes that the shorter the auditor's tenure, reduces the auditor's skepticism commitment and has negative impact on audit quality increasing audit expectation gap

2. *Hypotheses 2:* The regression results presented in table 11 above indicated that the null hypothesis (H_0) was rejected and the alternative hypothesis was accepted, stipulated that, time budget pressure has significant relationship with the audit expectation gap in Nigeria Money Deposit Banks. This is because the p-value $0.000 < 0.05$ making the coefficient of level of time budget pressure significant in the model. These result is consistent with previous study Erin, (2004), investigating an examination of issues related to professional skepticism and time budget pressure in auditing. The empirical findings of this study indicated that the likelihood of an auditor being cited for a lack of forensic Accountant's professional skepticism would be positively associated with accusations that the client was accused of lying or providing false or misleading statements to the conventional auditor.

5. Conclusion and Recommendations

Based on the empirical evidences and results of the analysis, a number of logical conclusions are reached. The study concludes that the auditing tenure of statutory auditor has a negative impact in narrowing audit expectation. Specifically, the number of years an individual auditor serves on an engagement is directly related to the extent to which they identify with the client. Moreover, client identification was found to impair objectivity – that is, auditors who identified with their clients were more likely to acquiesce to the client's preferred accounting treatment (Rennie, Kopp and Lemon, 2010) It was concluded that proper application of forensic Accountant's investigation tenure approach in auditing has competent in narrow the audit expectation gap to the satisfaction of the stakeholders and the society. The study further concludes that, lack of time budget pressure from the management on the investigation of forensic Accountant improve the skepticism commitment of forensic Accountant and this has positive impact in narrowing audit expectation gap.

The following recommendations were derived from the findings and conclusions of the study. There is need to establish and structure necessary legal framework for forensic accounting and investigation and legislate forensic

audit as in the case of financial audit legislated. And, the banking industry regulator should adopt the proactive approach of forensic accounting services as against the reactive approach. Because the cost and damages occurred after the incident of financial misappropriations defaulted by the traditional auditing to detect, cannot be recovered or compared or compared to implementation of forensic exercises in auditing activities.

References

- [1] Adeyemi, S. B. and Okpala, O. (2011). The Impact of Audit Independence on Financial Reporting: Evidence From Nigeria. *Business and Management Review*. Vol. 1 (4): 9-25, June.
- [2] Ajzen, I., & Fishbein, M. (2015). Attitude-behavior relation: reasoned and automatic processes. In. *European Review of Social Psychology*, pp. 426-435.
- [3] Andrew, H. (2003), *Corporate financial reporting: theory and practice*, SAGE Publication, London.
- [4] Ariff, M. K. & Rosmaini, S. (2005), An empirical study on the effects of undergraduate auditing course in reducing auditing expectation gap at University Tenegal Nasional (UNTEN), Paper Presented at AAAA Conference
- [5] Auditing Practices Board (APB). 2010. Auditor Skepticism: Raising the Bar. *Discussion Paper*. London: Auditing Practices Board (UK).
- [6] Bamber, E. M. and V. M. Iyer. 2007. Auditors' identification with their clients and its effect on auditors' objectivity. *Auditing: A Journal of Practice & Theory*. Vol. 25 (2): 1-24.
- [7] Bazerman, M., K. Morgan and G. Lowenstein. 1997. The impossibility of auditor independence. *Sloan Management Review*. Vol. 38 (4): 89-94.
- [8] Beeler, J. D. and J. E. Hunton. 2002. Contingent economic rents: Insidious threats to audit independence. *Advances in Accounting Behavioral Research*. Vol. 5: 21-50.
- [9] Bell, T., M. Peecher, and H. Thomas. 2005. *The 21st Century Public Company Audit*. New York, NY: KPMG LLP.
- [10] Bonner, S. E., Z. Palmrose and S. M. Young. 1998. Fraud type and auditor litigation: an analysis of SEC accounting and auditing enforcement releases. *The Accounting Review*. Vol. 73 (4): 503-532.
- [11] Boritz, J. E., Gabor, B. J. & Lemon, W. M. (1987), An experimental study of review of preliminary audit strategies by external auditors, *Canadian Academic Accounting Association*, Canada.
- [12] Breusch, T. S.; Pagan, A. R. (1979). "A Simple Test for Heteroscedasticity and Random Coefficient Variation." *Econometrical* 47 (5): 1287-1294. JSTOR 1911963.
- [13] Casterella, J., W. R. Knechel, and P. L. Walker. 2004. The relationship of audit failures and auditor tenure. *Working Paper*, University of Florida.
- [14] Chung, H. and S. Kallapur. 2003. Client importance, non-audit services and abnormal accruals. *The Accounting Review*. Vol. 78 (4): 931-955.
- [15] Commission on Auditors' Responsibilities (Cohen Commission) (1978), Report, conclusions and recommendations, *American Institute of Certified Public Accountants*, New York.
- [16] Cosserat, G. W. and N. Rodda (2009), *Modern auditing*, 3th ed., John Wiley & Sons Ltd Dixon, R., Woodhead, A. D. & Sohlman (2006). An investigation of the expectation gap in Egypt, *Managerial Auditing Journal*, 21, 3: 293-302.
- [17] Deegan, C., Rankin, M. & Tobin, J. 2002, 'An examination of the corporate social and environmental disclosures of BHP from 1983-1997: A test of legitimacy theory'. *Accounting, Auditing & Accountability Journal*, vol. 15, no. 3, pp. 312- 43.
- [18] Elder, R. J., M. S. Beasley, and A. A. Arens (2010), *Auditing and assurance services: an integrated approach: global edition*, 13th ed., Prentice-Hall, Englewood Cliffs, NJ.
- [19] Fadzly, M. N. & Ahmad, Z. (2004), Audit expectation gap: the case of Malaysia, *Managerial Auditing Journal*, Vol. 19, No. 17, pp. 897-915.
- [20] Farrar D. E. and Glauber R. R. (1967). Multicollinearity in regression analysis: The problem revisited. *Review of Economics and Statistics*, 49, 92-107.
- [21] Folger, R. and R. Cropanzano. 2001. "Fairness Theory: Justice as Accountability." In *Advances in organizational justice*, edited by J. Greenberg and R. Cropanzano, 89-118. Stanford, CA: Stanford University Press.
- [22] Garson, D. G. (2012). *Testing Statistical Assumptions*. Asheboro: Statistical Associates Publishing Blue Book Series
- [23] Geiger, Marshall A. and Raghunandan, Kannan, Auditor Tenure and Audit Reporting Failures. *Auditing: A Journal of Practice & Theory*, Vol. 21, No. 1, March 2002. Available at SSRN: <http://ssrn.com/abstract=276695>
- [24] Iyer, V. and D. Rama 2004.; Clients' Expectations on Audit Judgments: A Note . *Behavioral Research in Accounting*, 16: 63-74.
- [25] Hair, J., Black, W., Babin, B. & Anderson, R. (2010). *Multivariate Data Analysis: A global perspective*: (7th ed.) Upper Saddle River: Pearson Education.
- [26] Hurr, R. K., M. Eining, and R. D. Plumlee. 2008. An experimental examination of professional skepticism. *Working paper*, Baylor University.
- [27] Koh, H. & Woo, E. (1998), The expectation gap in auditing, *Managerial Auditing Journal*, Vol. 13, pp. 147-154. Available at <http://www.rackerspel.se/upload-files/P147.pdf> viewed 10th August, 2011.
- [28] Katou, A. A. (2008). Measuring the impact of HRM on organizational performance. *Journal of Industrial Engineering and Management*, 2, 119-142.
- [29] Kothari, C. (2004). *Research Methodology: Methods and Techniques* (2nd ed.). New York.
- [30] Lee, T. H. & Azham, M. A. (2008), The audit expectation gap: A review of contributing factors. *Journal of Modern Accounting and Auditing*, Vol. 4, No 8 (39), 30-36 Aug.
- [31] Libby, R., & Frederick, D. M. (1990). Experience and the ability to explain audit findings. *Journal of Accounting Research*, 28(2), 348 – 367.

- [32] Liggio, C. D. (1974), The expectation gap: the accountant's Waterloo, *Journal of Contemporary Business*, Vol. 3, Spring, pp. 27-44.
- [33] Lin, Z. and Chen, J. (2004), Auditors responsibility and independence: Evidence from China, *Research in Accounting Regulation*, Vol. 17.
- [34] Monroe, G. S. & Woodliff, D. R. (1994), An empirical investigation of the audit expectation gap: *Australia evidence Accounting and Finance*, Vol. 34, May, pp. 47-74.
- [35] Mugenda O. M., & Mugenda, A. G., (2008), *Research Methods*, Nairobi, McMillan Publishers.
- [36] Murphy, P. & Maynard, M. L. (1996), Using judgment profiles to compare advertising agencies' and clients' campaign values, *Journal of Advertising Research*, Vol 36, No 2, 19-27.
- [37] Nelson, M. W. 2009. A model and literature review of professional skepticism in auditing. *Auditing: A Journal of Practice & Theory*. Vol. 28 (3): 1-34.
- [38] Okaro, S. C. (2009), Bridging the audit expectation gap: The perception of ICAN members, Unpublished M. Sc research project, submitted to the Department of Accountancy, University of Nigeria, Enugu campus. Available at <http://ssrn.com/abstract=1730705>.
- [39] O'Brie O'Brien. M. (2007). A caution regarding rules of the thumb for variance inflation factors. *Quality and Quantity*, 41(5), 673-690.
- [40] Orodh Orodho A. J. (2003). Essentials of educational and social science research methods: Qualitative and quantitative approaches. Nairobi Acts Press.
- [41] Osborne, J. W., Christensen, W. R., & Gunter, J. (April, 2001). Educational Psychology from a Statistician's Perspective: A Review of the Power and Goodness of Educational Psychology Research. Paper presented at the national meeting of the *American Education Research Association (AERA)*, Seattle, WA.
- [42] Owojori, A. A. and Asaolu, T. O. (2009), "The Role of Forensic Accountant in Solving the Vexed Problem of Corporate World," *European Journal of Scientific Research*, Volume 29, No. 2, pp. 183-187.
- [43] Peecher, M. E. 1996. The influence of auditors' justification processes on their decisions: a cognitive model and experimental evidence. *Journal of Accounting Research*. Vol. 34 (1): 125-140.
- [44] Porter, B. & Gowthorpe, C. (2004), The audit expectation-performance gap in the United Kingdom in 1999 and comparison with the gap in New Zealand in 1989 and in 1999, Scotland.
- [45] Available at <http://www.icas-org.uk/site/cms/download/reporta> viewed 10th August, 2011. Scotland: The Institute of Chartered Accountants of Rabinowitz, A. M. (1996), Rebuilding public confidence in auditors and organizational controls, *CPA Journal*, Vol. 66, January, pp. 30-4.
- [46] Rennie, M. D., L. S. Kopp and W. M. Lemon. 2010. Exploring trust and the auditor-client relationship: factors influencing the auditor's trust of a client representative. *Auditing: A Journal of Practice & Theory*. Vol. 29 (1): 279-293.
- [47] Schelluch, P. and G. Gay (2006), Assurance provided by auditors' reports on prospective financial information: implications for the expectation gap, *Accounting and Finance*, Vol. 46, No. 4, pp. 653-676.
- [48] Securities and Exchange Commission (SEC). 2000. Final Rule: Revision of the Commission's Auditor Independence Requirements. Washington, D. C.
- [49] Siddiqui, J., & Nasreen, T. (2004), Audit expectation gap in Bangladesh: Perceptual differences between accounting professionals and students, June, <http://ssrn.com/abstract=557542>.
- [50] Sikka P, Puxty, A., Willmott, H. & Cooper, C. (1998), The impossibility of eliminating the expectations gap: Some theory and evidence', *Critical Perspectives on Accounting*, 9, pp. 299-330.
- [51] Tabachnick, B. G. & Fidell, L. S. (2007). *Using Multivariate Statistics*. Boston: Pearson Education Inc.
- [52] Trauth, E. M., Farwell, D. W. & Lee, D. (1993), The IS expectation gap: Industry expectations versus academic preparation, *MIS Quarterly*, Vol. 17, No. 3, 47-72.
- [53] Turner, C. W. 2001. Accountability demands and the auditor's evidence search strategy: The influence of reviewer preferences and the nature of the response (belief vs. action). *Journal of Accounting Research*. Vol. 39 (3): 683-706.