

FORENSIC ACCOUNTANT'S RESPONSIBILITY COMPETENCY A PANACEA TO NARROWING AUDIT EXPECTATION GAP AMONG NIGERIA MONEY DEPOSIT BANKS

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ABSTRACT

The main focus of the study was to examine the relationship between forensic Accountant's responsibility competency and audit expectation gap among Nigerian Money Deposit Banks. Several hypotheses were formulated based on the constructs of the Independent Variable. The study specifically seeks to establish the relationship between accounting information reliability responsibility, fraud investigation and detection responsibility and audit expectation gap in Nigeria Money Deposit Banks. 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. A total of 453 questionnaires were distributed to sampled respondents who were the staff of the Nigeria Money Deposit Banks, stratified into: Management team, Finance and Account department, Audit and Inspection and the Shareholders of the listed banks. Completed questionnaires received were 402 in number which represented 88.74% response rate and 51 questionnaires were not received which represented 11.26% of the total questionnaires distributed. The data were subjected to various statistical screening for reliability of the instrument and validity of the variables (in terms of Construct and Convergent validity). Structural Equation Model (SEM) was employed to analyse the data vide SPSS 23 and SmartPLS packages in order to obtain the statistical significance and the direction of the relationships between Inner and Outer models of the study. The study revealed that there was significant and negative relationship between forensic Accountant's responsibility competency audit expectation gap among Nigeria Money Deposit Banks. Therefore, the study finally recommended that there is the need for continued sensitization of the public, by both the auditing profession and other stake holders on the role and duties of the auditor in the area of prevention and detection of fraud to avoid unreasonable expectation by the public. This can easily be achieved by the amendment on traditional Auditor's scope of responsibility in other to accommodate forensic accounting services.

Keywords: Forensic Accountant's Responsibility, Audit Expectation Gap, Accounting Information Reliability, Fraud Investigation and Detection, Reasonableness Gap.

INTRODUCTION

The widespread of frauds and other unethical activities in modern organizations have made conventional auditing inefficient and ineffective techniques in the detection and prevention of the various types of frauds confronting businesses globally. The increasing frauds and financial malpractices in corporate organizations have placed financial and accounting issues as top concern for both the international community and policy makers (Jonathan *et al.*, 2010). Accountants and Auditors may be expected to report financial irregularities in company's accounts by enhancing transparency, accountability and developing techniques for fraud detection and prevention. However, an emerging body of literature argues that

accounting professionals have increasingly used their expertise to conceal and promote anti-social practices (Hunton, Wright and Wright, 2004). Most banks failure are a result of corporate financial frauds and other misappropriation done by the management and other bank staff hinder the good corporate governance that spread within banking. The bank's failure have generated serious attention focused on the responsibility of Accountants and Auditors who have been involved in the preparation, presentation and auditing the financial report of the state affairs of the company (Sikka, 2008). However, Auditors have refused to accept the responsibility of preventing and detecting financial statement fraud, rather they claimed that primary function of external auditors is to attest to the fairness of the financial statements of a company and also responsible credence to financial statement by confirming the compliance of the accounting records with the General Accepted Accounting Standards (GAAP), Auditing standards and company accounting policy. This has generated expectation gap between the accounting profession and users of accounting information expecting auditor to prevent and detect fraud (Adeniji, 2004).

It's crystal clear that conventional auditors still issue reports that are materially fraudulent as true and fair views which it fails to divulge existing fraud and narrow the audit expectation gap. However, the general expectation is that forensic accounting offer reliefs to the existing vulnerability of conventional accounting and auditing systems to financial fraud. Moreover, the need for forensic accounting services have been ascribed to the fact that the audit system in an organization had failed to detect certain errors and fraud in the managerial system. Failure of internal audit and audit committee to unearth hidden aspects of corporate fraud and also the incapability of Auditors' responsibilities in meeting the public expectation are some of the major determinants responsible for the growth of forensic Accountants' responsibilities which fuelled the audit expectation gap (Okoye and Gbegi, 2013). Hence the interest in audit expectation gap is propelled by the recent corporate failures, in emerging economies. Therefore, the incorporation of modern forensic accounting techniques in any industry is necessary in order to prepare the accounting profession to deal effectively with the problem of unearthing imaginative fraud. Injection of forensic accounting techniques in auditing could be used to reverse the leakages that caused corporate failure. This can be attributed to the fact that proactive forensic accounting seek out errors and deviant transaction before they crystallize into fraud (Association of Certified Fraud Examiner, 2012).

Research Problem

Lack of confidence on statement audit report (SAR) of Auditors by the public has become a multi- trillion affair, consequently, this is a key concern to both bank regulators and government. Statutory auditing is a mandatory requirement for all public organizations and it is assumed that unqualified audit reports should be free frauds and material errors. Auditors' reports add credibility to the financial reporting by ensuring that accounting statement follow the generally accepted guidelines and are accurate, but when the auditor's performance in his responsibility is below public expectation then the contents of the report will no longer be useful to decision makers. Over the years, the empirical evidences on audit expectation gap have revealed that the major determinant of audit expectation gap in many banks is that there are differences in perceptions about the role and responsibilities of auditors with regard to management and other accounting frauds in the banks (Dixon et al., 2006, Suddiqui and Nasreen, 2004). The audit expectation gap is a dangerous issue to the auditing profession as the larger the expectation gap, lesser will be the credibility, earnings potential and the prestige associated with the conventional auditor's responsibility. The audit expectation gap is a great menace to the public, to the investors and other stakeholders. Many studies among are

as follows; Ojo (2006), Chariri (2007), Anwar (2008), Onuorah (2012), had established the existence of audit expectation gap and that of forensic accounting. They argued that forensic accounting services now appears as the major approach for the management to narrow expectation gap. Therefore, it has become crucial to investigate the core responsibilities of forensic Accountant and how can the approach narrow audit expectation gap.

Objective of the Study

The objective of the study is to examine the relationship between forensic Accountant's responsibility competency and audit expectation gap among Nigerian Money Deposit Banks. In order to achieve this aim, the study seeks to:

- a) Establish the relationship between accounting information reliability responsibility and audit expectation gap in Nigeria Money Deposit Banks.
- b) Investigate the relationship between fraud investigation and detection responsibility and audit expectation gap in Nigeria Money Deposit Banks.

Research Hypotheses

In other to address the above objectives, the following research hypotheses were formulated and tested.

- a) **H₀**: There is no significant relationship between accounting information reliability responsibility and audit expectation gap in Nigeria Money Deposit Banks.
- b) **H₀**: Fraud investigation and detection responsibility has no significant relationship with the audit expectation gap in Nigeria Money Deposit Banks.

LITERATURE REVIEW

Theoretical Framework

The study was underpinned on a number of theories. These theories, which are briefly discussed and related to the study include: (i) The Role Theory and (ii) The Agency Theory

The Role Theory

Role Conflict Theory provides a theoretical explanation for the existence of an expectation gap. The theory is developed by Rizzo, House and Lirtzman in 1970. Role Conflict Theory is based on the following assumptions: the auditor is required to monitor the client's financial statements and the public expects the auditor to faithfully carry out that role (Koo and Sim, 1999). The auditor is in conflict because he or she must firstly serve the professional regulations and rules governing auditor independence. Then, this must be balanced against his or her role as the 'watch dog' who should be serving the interests of the users and the client as well as looking after his or her own self – interest (Alleyne and Devonish 2006). The role of the auditor is subject to the interactions of the normative expectations of the various interest groups in the society having some direct or indirect relationship to the role position (Davidson 1975). He noted that these different groups may hold varying expectations of the auditor and these expectations may change from time to time depending on their specification of their own role requirements and the interaction of other forces in the society. Hence, the auditors are placed in multi-role and multi expectation situations. Furthermore, Koo and Sim (1999) argue that role conflict may arise because of the expectation gap that exists between the auditors and users. Users expect auditors to serve the public and to uncover management fraud (Mills and Bettner, 1992). There is role conflict when the auditor is unable to satisfy all

the responsibilities expected by users. The relevance of this theory is that the audit expectation gap may arise out of a role conflict where the forensic accountant is expected to perform a role for which he is not competent with.

The Agency Theory

Agency theory is a concept that explains why behavior or decisions vary when exhibited by members of a group. Specifically, it describes the relationship between one party called the principal, that delegates work to another called the agent. It explains their differences in behavior or decisions by noting that the two parties often have different goals and, independent of their respective goals, may have different attitudes toward risk. The concept originated from the work of Adolf Augustus Berle and Gardiner Coit Means, who were discussing the issues of the agent and principle as early as 1932. Berle and Means explored the concepts of agency and their applications toward the development of large corporations. They saw how the interests of the directors and managers of a given firm differ from those of the owner of the firm, and used the concepts of agency and principal to explain the origins of those conflicts (Murtishaw and Sathaye, 2006). The relevance of this theory is that it is the role of the auditor to supervise the agency relationship between the manager and the owners. A gap expectation occurs when the distribution of the responsibility is not well defined. The responsibility of every part is well defined in the regulation. The manager and the owners have to realize that the auditor does not have responsibility of the accounting, but only see that the auditing is done properly.

Concept of Forensic Accounting Services

Forensic Accounting is certainly not a new field. Indications showed the profession has been in existence a long time ago though during that time the profession has been in existence a long time ago though during that time the profession was not called Forensic Accounting. The discipline was dated back to the ancient Egyptian scribes who were responsible for maintaining all of the Pharaoh's assets were called 'eyes and ear' of Pharaoh. They were responsible for calculating and maintaining the daily records. Another evidence of forensic accounting can be traced to back to the year 1817 when the accountant who examined the bankrupt's account applied the principles of Forensic Accounting when it was needed to testify in the court case (Crumbly,2001). Empirical evidences show that, Maurice E. Peloubet a partner in a New York accounting firm was the first person to published the phrase of 'forensic accounting' in an article in 1946. He started stated that, "during the war both the public and industrial accountant have been and now engaged in the practice of forensic accounting" (Peloubet, 1946).

Forensic accounting is a new and rapidly growing area of accounting mostly in developing countries and majorly focus on the detection and prevention of financial fraud and white-collar crimes. Due to the lapses from the independent operation of accounting, auditing and investigation services in preventing and detecting frauds and other malicious act that hinder public expectation, this call for emergency of a new advance service that compliment all the services together. Gottschalk, (2010) noted that forensic accounting is the integration of accounting, auditing, and investigative skills combined to give birth to the specialty known as Forensic Accounting, which focuses very closely on detecting or preventing economic and financial crimes and area that required complex uncover suspicious sophisticated scandal. "Forensic," according to the Webster's Dictionary means, "Belonging to, used in or suitable to courts of judicature or to public discussion and debate." The word accounting is defined as

"a system of recording and summarizing business and financial transactions and analyzing, verifying, and recording the results." The term 'forensic accounting' refers to financial fraud investigation which includes the analysis of accounting records to prove or disprove financial fraud and serving as an expert witness in Court to prove or disprove the same. Thus, basically, forensic accounting aims at using accounting report in a form suitable for legal purposes (Dhar and Sarkar, 2010). Forensic accounting may be one of the most effective and efficient approach to reduce and prevent fraudulent activities as it is concerned with the evidentiary nature of accounting data, and as a practical field concerned with accounting fraud and forensic auditing; compliance, due diligence and risk assessment; detection of financial misrepresentation and financial statement fraud (Rasey, 2009) .

The forensic accountants draw conclusions, calculate values and identify irregular patterns or suspicious transactions by critically analyzing the financial data. It provides an accounting analysis to the court for dispute resolution in certain cases and it also provides the courts with explanation the fraud that has been committed (Kimani, 2011). Forensic accountants investigate beyond the figures, make him different traditional accountants and auditors, in fact, while the traditional accountants look at the numbers, Forensic Accountants look behind the numbers and the mind of the culprits. The word forensic has nothing to do with the dead as is erroneously believed. It is the application of scientific knowledge to legal problems and legal proceedings. Forensic Accounting is a concept that link accounting system to legal system. Thus, we can say that forensic accounting is an accounting that is used to help the court to arrive at the truth about a particular case in a court of law. Enron scandal was one of the high-profile cases in the recent past; where large numbers of American forensic accountants were deployed. Forensic accounting services have rooted in developed countries .Forensic accounting expertise are utilizing to address the financial fraud cases, and economic crimes in developed countries. United States and Canada are pioneers in the development & implementation of Forensic Accounting ant it has gain ground in both the public and private sectors.

Forensic accounting is yet to be fully deployed by the government and the private sector in Nigeria, despite the terrifying increase in complex financial crimes and incapability of conventional auditor to investigate them. The Institute of Chartered Accountants of Nigeria, not quite long ago created its Forensic Accounting Faculty in order to jump start the training of specialist in this all important field. Growing financial fraud cases, bank failures, despite regular inspections, recent stock marker scams, and the almighty allegation of world-wide-wipe-out of the finances of the Nigerian Stock Exchange, failure of non banking financial companies, and failure of the regulatory mechanism to curb it requires extra investment in forensic accounting skills. However, the main important law enforcement agency involved directly in combating white-collar crimes is the Police Special Fraud Unit, EFCC and ICPC, but not fully equipped with proper forensic accounting responsibilities. From the above it could be said that conventional Auditors' responsibilities are like "watchdog and not be the bloodhound". But responsibility of forensic Accountant is a bloodhound of Bookkeeping. These bloodhounds sniff out fraud and criminal transactions in banks, corporate entity or from any other organization's financial records. They hound for the conclusive evidences. Forensic accountants in their responsibilities takes a more proactive, skeptical approach in examining the books of Accounting. They ignore management integrity and show less concerns for the arithmetical accuracy have nothing to do with the Accounting or Assurance standards but are keen in exposing any possibility of fraud (Mayur,2006)

Concept of Audit Expectation Gap

The main objective of an audit practice is to enable auditors to express an opinion whether the financial statement prepared, picture a true and fair view and to ensure that the contents on the financial records on which the auditor is reporting are not misleading with high quality and reliable in order to safeguard the interest of stakeholders. Society, financial and business community expect auditors to detect all (or at least all material) corporate fraud as auditors alone have legal right of access to all company's accounts, books and records and right to seek explanations and information from company's officers/employees to mitigate the existence of agency conflict between the management and the public. (Sikka et al,1992). It is these high expectations on the part of users of financial statements that create a gap between auditors' and users' expectations of the audit function. In addition, the users also place the responsibility for narrowing the gap on auditors and others involved in preparing and presenting financial statements. Therefore, when the perception of the accounting information users as regard the responsibility of the auditor does not in line with what the users expect the auditor does, an expectation exists between users and auditors (Porter, 1993).

Liggio (1974) is the first to define the expectation gap as the difference between the actual and the expected performance. This definition is extended by the Cohen commission (Commission on auditors responsibilities, 1978) where the expectation gap is represented by the gap between the public expectations and needs, and the expected accomplishment of the auditors. Moreover, the expectation gap could be defined as 'the difference between what the public and financial statement users believe auditors are responsible for and what auditors themselves believe their responsibilities are' (AICPA, 2007). Monroe and Woodliff (1993) defined the expectation gap as the difference between the beliefs of auditors and those of the public concerning the auditors' responsibilities and duties. Jennings et al. (1993) argued that the expectation gap represents the difference between the public expectations about the responsibilities and duties of the auditing profession and what the auditing profession actually provides. The Canadian Institute of Chartered Accountants (1988) sponsored a study on the public's expectations of audit (the MacDonald Report). The commission developed a detailed audit expectation gap model that analyzed the individual components of the expectation gap into unreasonable expectation, deficient performance and deficient standard, this model is presented in Figure 1. Based on Figure 1, three components of the expectation gap can be identified as follows: (1) Reasonableness gap: A gap between what the society expect auditors to achieve and what they can reasonably be expected to accomplish. Such a gap exists because of misunderstanding of users, users' over expectations, uneducated users, miscommunication of users, and miss-interpretation of users and unawareness of users from the audit practice limitations. (2) Deficient standards gap: A gap between the duties, which can reasonably be expected of auditors, and auditors existing duties as defined by law and professional promulgations. Kinney (1993) states that one of the major causes of the profession's expectation gap is the difference between what the standards of the profession provide and what users might desire. In addition, such a gap existed because of lack of sufficient standards to covering all of audit practices or the existence of the insufficient standards for audit responsibilities, detection of fraud and illegal acts. In short, the deficient standards gap is only because of insufficient or poor standards to audit functions. (3) Deficient performance gap: A gap between the expected standard of performance of auditors existing duties, and performance as expected and perceived by society (Porter et al., 2003). Such a gap also confirmed by scholars and researchers in a lot of countries. The main reasons of such a gap may be classified as follows: Non-audit services practicing by auditors, self-

interesting auditors and economical relationship with clients, unqualified auditors, and dependent auditors.

Perceived performance of auditor		Gap Society's expectation		
Performance gap	Standard gap	Reasonableness gap		
Reasonable expectation of auditor performance	Reasonable expectation of standard	Unreasonable expectations		
		Over-expectation of audit performance	Over-expectation of standard	Miscommunication
Reasons Audit Expectation Gap				
*Non-audit service practicing by auditors *Dependent auditor *Miscommunication of auditor	*Lack of sufficient standard *Existing insufficient standard regarding auditors responsibilities	*Misunderstanding of users *Users' over expectation of standard *Misinterpretation of users		
Audit Expectation Gap				

Figure 1: Reasons of audit expectation gap (Salehi, 2008)

Causes of Audit Expectation Gap

Sharhk and Talha, (2003), viewed some of the reasons contributed to audit expectation gap. The expectation gap has been attributed to many numbers of different causes: 1) the probabilistic nature of auditing; 2) the ignorance, naivety, misunderstanding and unreasonable expectations of non-auditors about the audit function; 3) The evaluation of audit performance based upon information or data not available to the auditor at the time the audit was completed; 4) The evolutionary development of audit responsibilities, which creates time lags in responding to changing expectations. Another literature reviewed point out that audit expectation gap is as a result of corporate crises which lead to new expectations and accountability requirements. The profession attempting to control the direction and outcome of the expectation debate to maintain the status quo. Best, Buckby and Tan (2001) noted that major cause of this gap is due to the expectation of public on auditor's responsibility in relation to detection and prevention of management and other accounting frauds. In view of this, when a company encounters problems as a result of undiscovered unethical or illegal acts either perpetrated by management, other insiders or third parties, the external auditors is blamed. Other reasons, for this gap are inadequate audit standards, deficient performance of auditors, unreasonable expectations of users of audited financial statements, perception that audit profession can be trusted to serve public interest, inadequate education of public about auditing and misinterpretation of audit report (Albrecht,2003; Lin and Chen , 2004;Lee and Ali, 2008).

Responsibilities of Conventional Auditors and Audit Expectation Gap

Wells (2008), noted that, the early primary responsibility of Auditors is to detect frauds and prevent errors. In view of this, the issue of frauds detection and prevention serve as the main duty and responsibility of both Accountants and Auditors. This can be traceable to the Accountants' predecessors i.e. the scribes of an ancient Egypt, who kept the pharaoh's books. They stock grain, gold and other assets. Due to the advent of the huge conglomerates and profuse amount of transactions involved as a result of complex diversification of business of

organizations. It is impracticable and unrealistic for the Accountant and Auditor to engage in full vouching of all these transactions and a proper record to facilitate the prevention and detections of frauds. Based on this premises, the primary responsibility of an Auditor shifted from prevention and detection of fraud to the reasonable assurance of accounting records. The responsibility of Prevention and detection of frauds Auditor was relegated to secondary responsibility for Auditor. The demotion of Auditor's responsibility from prevention and detection of fraud to the reasonable assurance of accounting records ignite the intention of fraudsters as an opportunity to involve in fraud perpetrations which led to various dimension of fraud as against the expectation of the public and other stakeholders that make use of financial statement for decision making (Malaysia Institute of Accountant, 2009).

As the management frauds emerged due to the relegation of Auditor's responsibility, it has become the nightmare for an Auditor as night mare frauds are very intractable because, management can easily override internal control. Therefore, primary responsibility of an auditor is to verify whether the financial statements exhibit a true and fair view of state of affair of the business and their secondary responsibility is the prevention and detection of errors and frauds. The primary responsibility for the prevention and detection of fraud and error rests with both those charged with governance and the management of an entity in spite of the fact that financial statements are the representations of the management. The investing public has high expectation on auditor's responsibility to monitor and assure the reliability of financial reporting. The 'expectation gap' materialized as the profession has failed to respond (Gwilliam, 1992; Francis, 1994). In another literature, it was noted that, the 'expectation gap' is derived for a loose juxtaposition between the idealization of auditing and the actual audit practices as regard Auditors responsibility. However, the 'expectation gap' in relation to auditor's responsibility is mainly a time lag effect (Power, 1998). There is element of accord between responsibilities of auditors and the expectation gap. The expectation gap is due to over- anticipation of the auditing function from the public perception. This perception of public has been challenged by the profession on the grounds that audits are designed to assure the conformity of financial statements with GAAP and fraud prevention and detection should be the responsibility of management who bear a legal obligation for truthful financial reporting [Nair and Rittenberg, (1987); Goldberg, (1988); CICA, (1988); Chapman, (1992).

Therefore, the responsibility debate has positively affected the development of auditing standards and practices in the developed world. By identifying society's need over time, the debate has enabled the profession to realize 'a duty to continuously asses auditing standards in light of the expectations concerns and criticisms of others and develop new standards to bring the auditors' responsibility and performance closer to public expectation' (Porter, 1996).

Responsibilities of Forensic Accountant and Audit Expectation Gap

In an exertion to determine whether forensic accountant's responsibility are more able than auditor's responsibility to assess fraud risk effectively in narrowing audit expectation gap, Accounting researchers have begun to examine efficiency and effectiveness of forensic Accountant's responsibility in narrowing audit expectation gap. In the studies Asaolu and Owojori (2009) noted that, failure of the conventional Auditor in performing statutory auditing and default in determine sophisticated fraudulent activities had call for emergency need for detection and prevention responsibility of forensic Accountant. Thus, the forensic Accountant could be said to have special skills for conducting investigation responsibility as to detect detection and prevention of management and other sophisticated financial frauds.

Zimblem et al (2012), states that the forensic Accountant's responsibility involve analysis, identifying the kinds of fraud that could occur and their symptoms. Thus, from this perception forensic Accountant is regarded as fraud detector which enhance him to analyze financial transactions and help him to easily detect errors, fraudulent activities and omissions that may be presented for litigation or sent to the audit committee as to enable audit committee to evaluate the quality of financial statement audit, this will help in narrowing audit expectation.

In another literature, it has been confirmed that Shareholders' and Partnership Disputes responsibility of forensic Accountant involve a detailed analysis of accounting records of several years to quantify the issues in dispute. For example, a common issue that often arises is the compensation and benefits received by each of the disputing shareholders or partners, which may be due to the demise of a partner or legal heirs of the deceased (Mehta and Mathur 2007; Ghosh and Banerjee 2011). This has contributed in meeting the expectation of public. Buckhoff and Schrader (2000) noted that, the responsibility of forensic Accountant in embezzlement investigation and provision of documentation of insurance settlement assist bank auditing to in detecting the culprit and amount embezzlement in the bank. The study further stated the other responsibilities of auditors that enhance narrowing audit expectation gap: fraud detection, documentation and presentation in criminal trials and claims, calculate economic damages; trace income and assets, often in attempt to find out hidden assets or income; reconstruction of financial statement that may have been destroyed or manipulated, and expert witness. The above responsibilities carried out by the forensic Accountant requires the forensic Accountant being a fraud professional specialist possesses certain characteristics which enables him to carry out his responsibilities effectively.

Knowledge Gap

The studies carried out have focused so much on the existence of an audit expectation gap in developed and developing countries. Other researchers have also concentrated at details about the origin and solution to the problem of audit expectation gap. A few other studies have examining the causes of audit expectation gap. This study will interrogate the responsibility competence of forensic Accountant in narrowing audit expectation gap.

Methodology of the Study

Research design constitutes the outline for the collection, measurement and analysis of data and has a great bearing on the reliability of the results arrived at and constitute the firm foundation of the research work (Kothari, 2004). The main aim of this study was to determine the relationship between forensic Accountants' professional skepticism and audit expectation gap in Nigeria Money Deposit Banks. 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 was 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. Stratified sampling allowed the researcher to target firms based on a number of attributes. The sample size will be constituted of all the 21 head offices of Money Deposit Banks in Nigeria, that are duly registered, licensed and regulated by the Central Bank of Nigeria, stratified into management staff(Finance and Risk management), Finance and Account department, Internal Audit and Inspectorate department and Shareholders with 500,000,001 units shareholding and above. Since the population is small, the study used census for the study of all 21 head offices of Money Deposit Banks in Nigeria. The data were subjected to various statistical screening for reliability of the instrument and validity of the variables (in terms of Construct and Convergent validity). Structural Equation Model (SEM) was employed to analyse the data via SPSS 23 and SmartPLS packages in order to obtain the statistical significance and the direction of the relationships between Inner and Outer models of the study.

ANALYSIS AND DISCUSSION OF SURVEY FINDINGS

Data Analysis, Results and Discussions

This study used structural equation modeling (SEM) partial least squares (PLS) approach. SEM-PLS is an approach for testing multivariate models with empirical data. SEM-PLS regression uses a two stage procedure to test predictive models. The initial step is the evaluation of the outer or measurement model to determine the validity and reliability of the construct used to measure the variables in the study. The next step is the assessment of the inner or structural model. The measurement models address the reliability and validity of the indicators in measuring latent variables or hypothetical constructs, while the inner or structural model specifies the direct and indirect relations among the latent variables (LV) and describes the extent of explained and unexplained variances in the model. The SEM was developed and analyzed in two stages. Initially the measurement model was developed and measurement properties of multi-item constructs were analyzed for Construct Reliability, Convergent Validity, Discriminant validity and Unidimensionality of Construct by conducting confirmatory factor analysis (CFA). The second stage involved analysis of the proposed structural model for hypotheses testing.

Development of Measurement Model

Construct Reliability

Construct reliability was assessed by computing the composite reliability and the Cronbach Alpha of the constructs using SmartPLS. The Cronbach Alphas were all above the 0.6 threshold as specified for PLS analysis (Hair et al., 2014) and ranged from 0.753 and 0.949 which indicates good to excellent reliability and composite reliability of reflective items were all above the acceptable 0.7 threshold which means all the variables in the study Accounting Information Reliability Responsibility of forensic Accountant [AIRR], Fraud Investigation and Detection Responsibility of [FIDR] and Audit Expectation Gap exhibited construct reliability. All constructs were viewed to have acceptable reliability levels because the composite reliability scores for all constructs were above the 0.7 threshold. Details of construct reliability are presented in Table 4.1

Table 4.1. Reliability of Constructs

	Composite Reliability ≥ 0.7	Cronbach's Alpha ≥ 0.6
Accounting Info Reliability Responsibility [AIRR]	0.961	0.949
Fraud Investigation and Detection Responsibility [FIDR]	0.835	0.753
Audit Expectation Gap [AEG]	0.902	0.836

Convergent Validity

Confirmatory Factor Analysis (CFA) was conducted to assess the convergent validity of the constructs. Convergent validity was assessed using the value of standard loadings of the indicators for the underlying construct. According to Nunnally (1978), the scores are to be statistically significant and above 0.5. The CFA results of item loadings and their respective t-values are reported in Table 4.2. The items were significantly loaded on the proposed factors with loading higher than 0.5. Convergent validity was also assessed using average variance extracted (AVE). The AVE of all constructs were above the 0.5 threshold indicating that the latent constructs account for at least fifty percent of the variance in the items. This indicates that the measurement scales exhibited adequate measurement validity (Hair et al., 2014).

Table 4.2: Convergent Validity of outer model

Outer Model	Sample Estimate	Sample Mean (M)	Std Error (Se)	t-Statistics	p-values	Average Variance Extracted (AVE)
AIR					0.000	0.830
AIR1	0.929	0.931	0.007	131.078	0.000	
AIR2	0.940	0.940	0.013	74.325	0.000	
AIR3	0.889	0.887	0.030	29.803	0.000	
AIR4	0.910	0.909	0.023	40.156	0.000	
AIR5	0.887	0.888	0.012	72.504	0.000	
FID					0.000	0.564
FID1	0.728	0.724	0.058	12.533	0.000	
FID3	0.574	0.564	0.107	5.364	0.002	
FID4	0.856	0.852	0.041	21.030	0.000	
FID5	0.815	0.820	0.024	34.364	0.000	
AEG					0.000	0.756
AEG2	0.806	0.805	0.055	14.545	0.001	
AEG3	0.842	0.846	0.031	27.245	0.000	
AEG4	0.953	0.955	0.009	105.822	0.003	

Discriminant validity

A number of measures were used to assess the discriminant validity of the outer model. These were coefficient of determination (R^2) for the endogenous variable, the Fornell-Lacker Measure and the Stone-Geisser Test (Q^2). The R^2 value of Audit Expectation Gap (AEG) was: 0.785. The Fornell-Lacker measure compares the AVE to the highest squared correlation of each construct (Fornell & Bookstein, 1982). As indicated in Table 4.4, all the constructs in the model met this criteria indicating that discriminant validity is supported. The Stone-Geisser Test is the Indicators Cross Validated Redundancy measure for each construct. This measure was produced through a blindfolding procedure in SmartPLS and is required to be equal to or greater than 0. A Q^2 of 1 is considered to mean a perfect prediction of model scores while a 0 is considered to a weak measure. All the measures were above 0 and indicated a fair to strong prediction of the model. The discriminant measures are presented in Table 4.3 below. Discriminant validity was confirmed for the measurement model. As indicated in Table 4.3, the square root of the average variance extracted is higher than all its correlation with other constructs within the model.

Table 4.3: Measures of Discriminant Validity

Construct	$R^2 \geq 0.17$	Fornell Larker Measure (AVE \geq highest correlation ²)	Stone-Geisser Test ($Q^2 \geq 0$)
Accounting Information Rea liability [AIR]	-	0.830 > 0.679	0.740
Fraud Investigation & Detection [FID]	-	0.764 > 0.679	0.291
Financial Performance [AEG]	0.785	0.756 > 0.650	0.506

Table 4.4: Fornell-Lacker's Correlation matrix of constructs for Discriminant Validity

	AEG	AIR	FID
AEG	1.000		
AIR	-0.868	1.000	
FID	-0.806	0.834	1.000

Unidimensionality of Construct

Construct unidimensionality verifies that that items used to measure a particular construct only measure that single construct. Exploratory factor analysis and/or confirmatory factor analysis can be used to measure this criterion (Hair *et al.*, 2014; Hensler *et al.*, 2012). Construct unidimensionality was initially assessed by verifying that the measurement items measured the specific construct. Following the purification and reliability analysis of the measurement scales, PLS analysis was conducted so as to ensure the suitability of every construct adopted for the study. Table 4.4 displays the mean and standard deviation with corresponding normality data statistics for all constructs in the outer model. The table 4.4 below shows the Descriptive Statistics for Measurement Scales and Test of Univariate Normality. The normality of data is confirmed through the excess of Kurtosis over Skewness for each item of the construct which must be less or equal to +2 and greater or equal to -2. All the items used in this study met this criteria to depict the normality of the data used.

Table 4.4 Descriptive Statistics for Measurement Scales and Test of Univariate Normality

	Variable Number	Missing	Mean	Median	Min	Max	Standard deviation	Excess Kurtosis	Skewness	Diff btw Kurt &Skewness = $\leq +2$ and ≥ -2
FID ₁	6.000	0.000	2.275	2.000	1.000	4.000	0.758	-0.226	0.188	-0.414
FID ₃	8.000	0.000	2.162	2.000	1.000	4.000	0.858	-0.796	0.160	-0.956
FID ₄	9.000	0.000	2.412	2.000	2.000	4.000	0.585	0.276	1.113	-0.837
FID ₅	10.000	0.000	2.662	3.000	2.000	4.000	0.569	-0.656	0.158	-0.814
AIR ₁	11.000	0.000	3.362	3.000	2.000	4.000	0.675	-0.693	-0.599	-0.094
AIR ₂	12.000	0.000	3.475	3.000	3.000	4.000	0.499	-1.041	0.102	-1.143
AIR ₃	13.000	0.000	3.638	4.000	3.000	4.000	0.481	-1.703	-0.583	-1.120
AIR ₄	14.000	0.000	3.612	4.000	3.000	4.000	0.487	-1.825	-0.471	-1.354
AIR ₅	15.000	0.000	2.662	2.000	2.000	4.000	0.774	-1.021	0.676	-1.697
AEG ₂	17.000	0.000	3.339	3.000	1.000	5.000	0.833	-1.287	0.388	-1.675
AEG ₃	18.000	0.000	3.435	4.000	1.000	5.000	0.940	-0.108	0.991	-1.099
AEG ₄	19.000	0.000	2.801	2.000	1.000	5.000	1.734	-1.873	0.092	-1.965

Analysis of Structural Model for Hypothesis Testing

The structural or inner model was evaluated using the path weighting or p coefficients and corresponding p values generated from the SmartPLS analysis. According to Chin (1998), bootstrapping (500 resamples) was applied to produce standard errors and t statistics. This enabled the measurement of the statistical significance of the path coefficients. The degrees of freedom for all measures in the bootstrap analysis are equal to the number of resamples minus one, which is 499. In the light of this, to evaluate the interaction of individual construct with the dependent variable thus the following function:

$$AEG = f(AIR, \text{ and } FID)$$

Where:

AEG= Audit Expectation Gap (Dependent Variable)

AIRR = Accounting Information Reliability Responsibility

FIDR = Fraud Investigation and Detection Responsibility

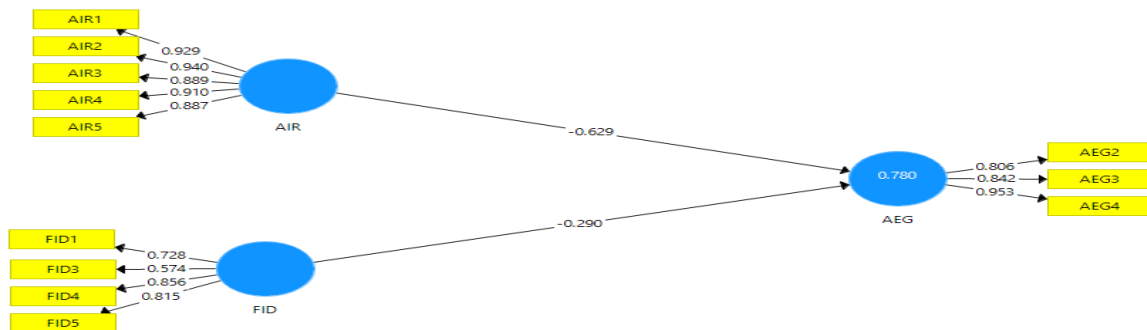


Figure 4.1 Measurement Model of the study

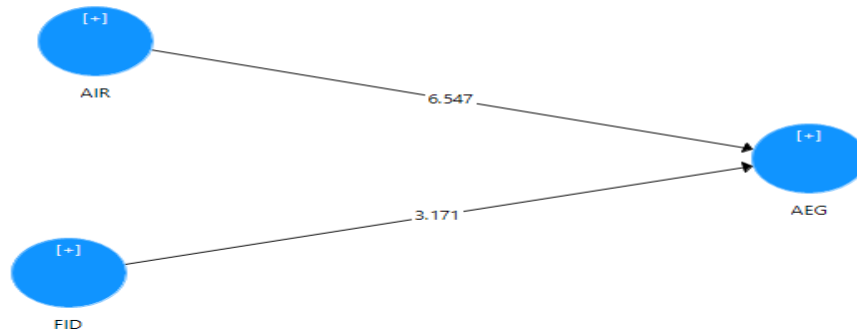


Figure 4.1: Structural Model T-Statistics using Bootstrapping of SmartPLS

The statistical objective of PLS is to show high R² and significant t-values, thus rejecting the null hypothesis of no effect. Parameters with an absolute t-value greater than 1.65 indicate a significance level of 0.1 (i.e. p<0.1), 1.96 indicate a significance level of 0.05 (i.e. p<0.05), those with an absolute t-value over 2.58 present a significance level of 0.01 (i.e. p <0.01), and those with an absolute t-value over 3.26 present a significance level of 0.001 (i.e. p<0.001). The relevant β value (that is path coefficient value) and p coefficients (significant) are presented in Tables 4.5.

Table 4.5: β , t-Statistics and Significance of Variables for General model of the study

	β	Sample			p-value	Audit Expectation Gap (AEG)		
		Mean (M)	Se	t		R	R-Square	Adj R-Square
AIRR ->AEG	-0.629	-0.636	0.096	6.547	0.000	0.883	0.780	0.774
FIDR ->AEG	-0.290	-0.287	0.091	3.171	0.000			

From the above figures and table for structural model, the path coefficient (β) for: AIRR->AEG and FIDR ->AEG are -0.629 and -0.290 respectively. This explain the rate at which each construct contribute to the change in dependent variable. It implies that for any percentage change in dependent variable (AEG), AIRR and FIDR contribute 62.9% and 29% negatively respectively. Correlation coefficient of the entire relationship between the Independent and dependent variable which shows the strength and the direction of such relationship was represented by R. Here with the R = 0.883 meaning that there is strong correlation between accounting information reliability responsibility (AIRR), Fraud investigation and detection responsibility (FIDR) and audit expectation gap among Nigeria Money Deposit Bank. Therefore, the R-square was used to shows the predictive power of the overall Model: AEG = f (AIR, and FID) recorded a figure of 0.780, showing that 78% of variation in dependent variable can be explained by the independent variables (AIRR and FIDR), while other unidentified variables are responsible for the remaining 22.0%. With this general outlook of our predictive model, we used the t-statistics obtained vide bootstrapping (re-sampled using 499 number of iterations) feature of SmartPLs that provided the t-value and p-value for each construct. This enabled the researchers to ascertain the significance of each construct to the objective of the study and the testing of the hypotheses formulated earlier on. Hence for:

- Hypothesis 1:** The result presented in table 4.5 above indicated that the level of accounting information reliability responsibility to detect frauds had high influence in narrowing audit expectation gap as shown in beta value (β). The beta value - 0.629 implies a strong negative relationship between accounting information reliability responsibility and audit expectation and significant with p value $0.000 < 0.05$. The null hypothesis (H_0) was rejected and alternative hypothesis (H_1) was accepted. The researcher ,therefore concluded that there is significant relationship between accounting information reliability responsibility and audit expectation gap.
- Hypothesis 2:** The result presented in table 4.5 above indicated that the level of fraud investigation and detection responsibility to detect frauds had high influence in narrowing audit expectation gap as shown in beta value (β). The beta value -0.290 implies a weak negative relationship between fraud investigation and detection responsibility and audit expectation and significant with p value $0.000 < 0.05$. The null hypothesis (H_0) was rejected and alternative hypothesis (H_1) was accepted. The researcher, therefore, concluded that fraud investigation and detection responsibility has significant relationship with the audit expectation gap.

CONCLUSION AND RECOMMENDATION

From the discussions and findings of the study , it can be concluded that the core responsibility in prevention and detection of frauds and other unethical attitude that cause audit expectation gap can be found in forensic Accountant's responsibility. Also, the primary

responsibly of conventional Auditor has default in meeting the expectation of public. Therefore, it is recommended that there is the need for continued sensitization of the public, by both the auditing profession and other stake holders on the role and duties of the auditor in the area of prevention and detection of fraud to avoid unreasonable expectation by the public. The judiciary also should be sensitized as to the role of the audit and the responsibility of the auditor in terms of the coverage of his audit report and his liability to third party, this will go a long way in reducing the gap created by the outcome of court cases on the issue of the expectation gap between the public and the auditor. And there should be amendment on traditional Auditor's scope of responsibility in other to accommodate forensic accounting services.

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