An Assessment of Audit Approach and Audit Quality in Nigeria

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Abstract:
The paper addresses the contemporary issue of quest for improved public confidence in financial reporting in Nigeria and the understanding of issues surrounding the way and manner that Nigerian auditors' carry out their work. Therefore, the aim of this study is to assess the audit approach in the light of audit quality and the assurances that the financial statement provide. In spite of the number of changes that have taken place in the audit profession during the past twenty years which have changed the way external auditors operate and manage their activities in proving the statutory attest function on the financial statements, there is paucity of research focused on the way auditors' carry out their attest function in the midst of dwindling investors' confidence in Nigeria. Using a survey design, the questions that were raised in the study were answered using descriptive and inferential statistics. F-statistics was used in providing answers to the propositions raised in the study. Findings from the study show that respondents believe that auditors' requirement to comply with ethical standards is a crucial factor in sustaining investors' confidence. There is also evidence that the size, complexity and clients' business risk are crucial factors in choice of audit approach in Nigeria. While significant differences were found in respondents' perception of audit quality been a function of audit approach, it was otherwise on the effect of traditional audit impact on audit quality. The study suggests that there is the need for the profession to gear its effort towards adherence to ethics of the profession in Nigeria, ensure adherence and enforcement of high ethical standard. Audit approach should be based on size, complexity and clients' business risk in the effort towards restoring the confidence of users of financial statements in Nigeria.
Keywords: Audit Approach, Auditing Profession, Public Confidence, Audit Quality, Nigeria

1. Introduction

Investor confidence is fundamental to the successful operation of the world's financial markets. When making decisions about capital allocation, investors need to know that financial information they are given is credible and reliable. The quality of audits and audit opinions expressed on financial reports are crucial to achieving a sustained investor's confidence. Independent auditors play a vital role in enhancing the reliability of financial information by attesting to the trustworthiness of the financial statements. However, the study of Ghosh & Moon (2005) noted that a number of accounting and reporting irregularities and frauds in the last one decade have led to intense scrutiny of corporate governance frameworks and drove intense debate about issues such as financial statement audit, audit approach and audit quality.

Lemon *et al.* (2000) noted that large audit firms periodically reengineer their audit approaches, often introducing new tools and changing the processes, policies and procedures that their auditors are to follow in conducting a financial statement audit. Also, Bamber *et al.* (1989), Hyatt and Prawitt (2001) and Kin (2007) expressed that these reengineering efforts or changes may affect not only how the audit is carried out, but may also impact important features of the work environment by changing the level of structure in the firms' audit processes. Both structured and unstructured audit approaches were identified.

Cushing & Loebbecke (1986) and Yip-Ow and Tan (2001) identified that the degree of structure in a firm's audit approach is determined by the degree to which the firm's approach is characterized by a prescribed, logical sequence of procedures, decisions, and documentation steps, and by a comprehensive and integrated set of audit policies and tools. Therefore, audit approach continues to be a construct of relevance and importance because the degree of structure to employ represents a potentially important decision variable that may affect audit quality every time an auditing firm changes its audit policies and procedures or introduces a new tool. Thus, research into the effects of varying levels of audit approach continues to be of potential theoretical and practical interest. Hence, a review of the various changes that have taken place in audit cannot be overemphasised.

A number of changes have taken place in the audit profession during the past twenty years that have changed the way external auditors operate and manage their activities in proving the statutory attest function on the financial statements (Geiger & Raghunandan, 2002). Legislation has played an important role in these changes, but other factors such as the information technology explosion and environmental awareness have also had an impact on the development of audit approach. Aside from these changes, the expectations of stakeholders have become more pronounced as well as audit's own perception of itself (Higson, 1997).

It is these changes and their influence on external audit methodology and approach that this study looks at in terms of their impact on audit quality and future of audit. The variables affecting audit approach, the need for audit quality and the personal expectations of investors can provide an interesting comparison with the external audit theory and development of external audit with a possible need for audit reform.

1.2 Statement of problem

Financial reporting in recent times have been characterised by several audit approaches coupled with a lack of adequacy, reliability and timeliness (Hans *et al.*., 1993). Subsequently, users of financial statements often question the quality of audit work done through whatever approach might have been adopted by the auditor. Many a times, auditors were seen as subservient to the wishes of the company management. Hence, the confidence that the users have is put at risk. Therefore, this study sought to examine the audit approach used and its implications on the quality of financial statement produced after the audit.

It is noted that the stability of any economy is hinged on the integrity of the market and businesses operated. Consequently, a lot of problems have been facing many corporate enterprises worldwide such as the squander, the misallocation, the embezzlement of funds and their eventual collapse. These series of problems has led to various changes in the approach to the audit of an entity's financial statement. Among the most important changes that have been witnessed include a change from the traditional audit approach to risk assessment approach and strategic approach to mention but a few. Therefore, it becomes necessary to ascertain if there is any relationship between audit approach and the quality of audit amidst the various corporate scandals witnessed after an external auditor has given its opinion on an entity's financial statement. However, the increasing need for improved investors' confidence evidenced by the quality of audit have witnessed very scanty contributions from a developing country like Nigeria.

Furthermore, with the collapse of WorldCom and Enron, together with their auditors (Arthur Andersen), auditing today is clearly the most controversial aspect of the accountant's work (Economist, 2002). The American scandals were also not left out in the same tension experienced in the audit world in Britain, particularly in the late 80s and early 90s (Mitchell *et al.*, 1993). Indeed, Nigeria has a fair share of corporate failure, which cuts across both public and private corporate. In fact, it has been listed as the major reason for privatisation in Nigeria. Companies, both public and private, in Nigeria are beset with corruption and mismanagement.

However, there has not been adequate research into any link between audit approach and audit quality. Very little research appears to have been done into the history of how auditors conducted their work (Lee, 1988:11; Matthews, 2002). This article is intended to close this gap in our knowledge. Hence, the need to focuses on the approaches that auditors use in conducting their audit and the impact on audit quality as evidenced by the users of financial statement.

1.3 Aim and objectives of the study

The aim of this study is the assessment of audit approach in the light of audit quality and the assurances that the financial statement provide. In order to achieve this aim, the study will specifically:

(i) examine the factors that affect public confidence;
(ii) assess audit approach and examine the factors that determine the choice of approach;
(iii) ascertain if there are inadequacies in the traditional audit approach;
(iv) examine the influence of audit approach on audit quality;
(v) examine differences in the perception of respondents on audit approach and audit quality; and
(vi) make recommendations based on the findings of the study.

1.4 Research questions

The research will attempt to provide answers to the following questions:

(i) What are the factors affecting public confidence in the financial statements in Nigeria?
(ii) What are the factors that determine the audit approach used by auditors?
(iii) Do Respondents' perceptions differ on traditional audit resulting in low audit quality?
(iv) Is audit quality determined by audit approach?
(v) To what extent would the communication of audit approach in the auditors' report affect the decision usefulness of financial statements?

1.5 Research hypotheses

In order to answer the above questions, the following hypotheses in their null form are tested. Research questions i and ii were not subjected to the formulation of hypothesis. However, they were answered using descriptive statistics.

(i) Respondents' perception that auditors using traditional audit approach will have a low audit quality will not be affected or differ by which group they are a member of.

(ii) There is no difference in respondents' perception of audit quality being determined by audit approach.

(iii) There is no difference in respondents' perception that communication of audit approach in auditors' report does not increase the decision usefulness of financial statement.

1.6 Significance of the study

Research into the history of how auditors conducted their work and the quality of audit has been of little existence (Lee, 1981:11, Matthews, 2002). This study is expected to close this gap in our knowledge. This study is expected to provide meaningful answers to the problem of audit quality. Particularly, as this study will provide evidence from Nigeria, a developing country.

It has been noticed that there is an increase in the accounting and reporting irregularities as well as frauds in recent times. This study should be of significance to auditors, management and users of financial statements as it will highlight audit approach, audit quality and the reasons for the changes which have been witnessed in these areas. Therefore, the factors responsible for auditors carrying out their work the way they do would be better understood and its impact on audit quality will be brought to light. Furthermore, understanding the factors that affect audit approach in an enterprise audit in Nigeria can enhance the success with which these approaches are used and may invariably influence the quality of audit in Nigeria.

Students and researchers would also find this study useful as it will increase their scope of knowledge on audit. The additional knowledge gained may impact on the audit education which is a major construct in auditing. It will also serve as a blue print for future reference which may help in charting a new course for auditing corporate enterprises in Nigeria with an improved investors' confidence.

2. Literature Review

2.1 Theoretical and Empirical Review

Audit theory is highly abstract, and mainly focused on the study of issues of general character related to audit business, and therefore, its system must be a knowledgeable system discarding internal differences in audit profession. According to Anlin (2006), the uniform audit theoretical system formed on basis of the concept "Audit is general" has always been an important academic issue for consideration by the audit community. The researcher opined that a group of researchers believe that theoretical structure of audit science include; audit theoretical basis, audit basic theory, applied audit theory and audit management theory. These views are always reflected in the audit of corporate enterprises.

Nigeria being a British colony, its accounting and auditing characteristics can be linked to the traditional British Bookkeeping. The most significant feature of the traditional British bookkeeping audit is that it was closely bound up with also doing the client's accounting. According to Jones (1981), accounting researchers have been aware of the extent of the practice and its longevity. However, its full implications have been largely overlooked by historians, perhaps because the Nigeria Companies Acts (CAMA, 1990, as amended) and the audit textbooks all made a clear distinction between the directors' responsibility to produce a balance sheet and the auditors' job to give an opinion on it. Anlin (2006) identified that as social demand for audit was growing strong, split of social division of labour made audit function independent and considerable expertise and experience were accumulated in the course of development of audit profession, experience and knowledge were created in their wake.

2.2 Regulatory audit changes

The Companies and Allied Matters Act (1990 – CAMA) was not a major influence of Audit in Nigeria. The CAMA laid down the duties of the auditor but never made any stipulation as to how the audit should be conducted. Also, Woolf (1997) also opined that the Companies Act of Britain did not include how audit should be conducted in the Statute. He went further to say that recent auditing standards have failed to initiate process change. Specifically, the researcher referred to the standards as mere "*codification of contemporary audit practice and procedures and indicators of best practice*". However, ICAEW (2000) and Edwards (1989) supported that these standards hastened diffusion from larger to smaller firms. Fogarty, Graham and Schubert (2006) noted that the Statements of Auditing Standard (Numbers 104 – 111) has been a major direction to audit approach employed by auditors in conducting their work.

2.3 Changes in professionalism

The growing professionalism of the profession may be related to the decline in the accounting role of the auditors and the increasing predominance of the pure audit. Geiger & Raghunandan (2002) and Humphrey & Moizer (1990) stressed that this development may provide both a challenge and an opportunity for auditors. It was a problem in that when the audit also involved making up the accounts, clients could see they were getting something for their money. Now, as this unofficial accounting role of the auditor disappeared, clients were increasingly likely to view the audit as a "trouble," which probably accounts for the growing need for auditors to be more useful to the client. However, the research into the effect of these changes on audit quality is of little availability.

2.4 Growth and complexity

Blokdijk *et al.* (2003) noted that this trend in the approach to audit was also encouraged by the growth in scale and complexity of the client, which meant that the auditor could undertake proportionately less checking of transactions, relying more for audit assurance on verifying balance sheet items. Also, largely due to company mergers and increased size, there was a greater reliance on funding via the stock market as evidenced in the study of Wilson (1995). Therefore, it may not be far fetched that this may have bearing with profitability and solvency. Hence, putting focus on the balance sheet and the verification of assets and liabilities.

The impact of these factors may be measured by the changing audit practice with respect to inventory. Stock seems to be a prominent feature of the audit today than it was in the bookkeeping days. This may not be too far from the point of view that stock affects the profit figure. This view was succinctly portrayed by Woolf, (1997) and Millichamp (2002). According to Chan *et al.* (1993), the effort spent in auditing inventories could take as much as 25% of audit time. Hence, the audit approach would involve the use of statistical sampling which would allow the audit to be completed in record time.

Lemon *et al*. (2000) noted that there was also a perceived need for large sample sizes and a corresponding increase in costs. However, none of these studies have attempted to look at the implications of the change on audit quality though findings from Turley and Cooper (1991) and Higson (1997) showed that a lot of these methods are often weak on the evaluation of sample test results.

2.5 Internal controls changes

A growing reliance on the systems approach was probably the major result of the growth of the scale and professionalism of audit clients. Blokdijk *et al.* (2000) noted that increasing reliance on a client's internal controls significantly changes audit mix but the effects are quite different for Big 5 and non-Big 5 audits. For Big 5 firms, there is a strong decrease in substantive testing hours and to a lesser extent completion hours. The increased size of clients meant that the auditors could not hope to use (substantive) tests on as high a proportion of actual transactions as they had done. According to Millichamp (2002), the auditor could now use for audit assurance, questioning the systems with Internal Control Questionnaires (ICQs) and checked by in-depth compliance testing.

2.6 Computing and the audit change

The main debate initially within the profession was whether to audit "through" or "around" the computer. Gwilliam (1987) noted that the latter approach, which relies on verifying input and output and on reconciling the two without investigating too closely the actual processing patterns of the computer, was the preferred procedure. Pinkney (1966) opined that "audit-through" seemed to gain the upper hand in the late 1960s. The use of test packs, putting trial data through the system, and running the auditor's own programs in the client's computer was advised. Higson (1997) confirmed that even in the 1990s, audit around was very much alive and kicking. The computer revolution also had an impact on other audit techniques. Supreme Audit Institutions (SAI) in 2004 noted that computerised audit tools and programmes – when properly employed – can greatly increase the efficiency of the audit process. An example of such effect was that it became easier for clients to do their own accounting, particularly with the arrival of Personal Computers, so that computers can be counted as another factor in reducing the accounting role of the auditor. Second, the fact that computer is more difficult to check and interrogate than manual systems may have reinforced the change in audit emphasis towards assessing the client's own internal controls. Third, computers also reduced the need for arithmetic precision by the auditor; indeed, it abolished the old skill of casting columns of figures. However, none of these research works expressed a clear-cut view of the computer audit approach to audit quality or the decision usefulness of the financial statement of a computerised client.

2.7 Changes in risk

Turley & Cooper (1991) and Higson (1997) argued that cost pressures and the decline of the systems approach were replaced by a greater reliance on the assessment of risk and analytical review. The idea that some clients and some areas of the client's business carried a greater risk of things going wrong and, therefore, should attract greater audit attention was as old as auditing itself. Chandler and Edwards (1994) noted that in Pixley's oft-quoted principle, enunciated in the 1880s, that, "the auditor must be entirely guided by his experience as to what he can take for granted, in fact, anything he does take for granted is at his own peril" (quoted in Chandler and

Edwards, 1994:155). The exercise of due care is implied from this. Hence, greater attention is to be paid to more important items in the financial statements than to those of less importance.

Blokdijk *et al.* (2000) noted that the use of the "business risk" audit approach rather than the audit risk model approach, changed audit mix for both Big 5 and non-Big 5 auditors, but in quite different ways. Big 5 auditors increase risk assessment hours with no other significant impact, although they observed that there is a tendency to shift hours away from substantive testing and to increase total hours. However, use of the business risk audit approach by non-Big 5 auditors led to a significant decrease in total hours basically from the substantive testing phase of the audit. Bell *et al.* (2002) stated that in principle, the business risk approach is expected to change the deployment of audit resources toward the soft, judgemental activities covered in the planning and risk assessment phases of the audit as the auditor obtains an "in depth knowledge of the business needed to develop rich mental models of the business" thereby allowing the auditor to "discern the real state of the business, assess business risks, and appraise attendant controls". The impact of these approaches on audit quality is unknown, but their results raise concerns about the potential quality of non-Big 5 audits using the business risk approach. Hence, there is room for scepticisms as to whether the vogue for risk assessment actually represents a change in audit quality.

3. Methodology

Survey research design was used in this study. This research strategy is considered necessary because of its ability to view comprehensively and in detail the major questions raised in this research work.

Lagos State is the study area for this research. The study consisted of two (2) groups of population. Auditors represented the first group and users of financial statements as the second group. Respondents were drawn for the first group from auditors in private practice and internal auditors that have their business offices in the study area. For the second group, users of financial statement; financial analyst and investors were used.

This study made use of primary data. The primary data were obtained through the use of questionnaire. The questionnaire was structured in nature so as to capture respondents view within a limited scope for the purpose of analysis. The instrument was hand-delivered and followed-up to ensure a good response rate.

The questionnaire consisted of two (2) sections. Section one (1) sought to obtain information on the demographic details of respondents while Section two (2) contained questions bordering on background knowledge of the study, audit approach and audit quality. It is expected that this will assist in validating or otherwise the hypotheses formulated for the study. A summary of responses was done using descriptive analysis of mean and standard deviation. The descriptive method described the demography of respondents, knowledge of the topic and other vital areas of the study using mean and standard deviation. Hypotheses formulated for the study were tested using F-test statistics.

4. Data Analysis

4.1 Descriptive Results

Out of the two hundred (200) questionnaires administered, a total of one hundred and eight (108) questionnaires were returned out of which two (2) questionnaires were not usable. Hence, one hundred and six (106) usable questionnaires were used for analysis. This represents 53% response rate.

Table 1 shows the breakdown by gender. Seventy-nine percent (79%) and twenty-one percent (21%) of respondents were males and females respectively. This shows that views of respondents were sought across the two genders. It also indicates that fifty-nine percent (59%) of respondents are single, thirty-nine percent (39%) are married and two percent (2%) represent others. Hence, a higher number of respondents are matured individuals. This is made clearer with the result on age distribution of respondents revealing that seventy-eight percent (78%) are above thirty years of age. Furthermore, it is apparent that respondents were not uneducated. This made communication effective and their responses can be relied upon. This is buttressed by the outcome of respondents' work experience which revealed that over sixty percent (60%) have above five years experience.

Table 1: Descriptive result of demographic data

		Frequency	Percentage (%)	Cumulative Frequency	Cumulative Percentage
Sex	Male	84	79	84	79
	Female	22	21	106	100
Marital Status	Single	63	59	63	59
	Married	41	39	104	98
	Others	2	2	106	100
Age	Below 20yrs	-	-	-	-
	20-29yrs	28	26	28	26
	30-39yrs	41	39	69	65
	Above 40yrs	37	35	106	100
Work Experience	Below 5yrs	32	30	32	30
	5-10yrs	29	27	61	57
	11-15yrs	18	17	79	74
	Above 15yrs	27	26	106	100
Qualification	1st degree	12	11	12	11
	1st degree with Postgraduate degree	34	32	46	43
	1st degree with professional membership	60	57	106	100
	Total	**106**	**100**		

Source: Field Survey

4.2 Results of research question 1: Factors affecting public confidence

The choice of audit approach is believed to be very important in determining audit quality. This is expected to have a resultant effect on the perception of respondents on the usefulness of financial statement. The factors which influence public confidence on the financial statements are presented in Table 2 below. The study revealed that Auditors' requirement to abide by ethical standards is a very good determining factor of gaining public confidence. This may account for reasons why literature is expanding in the area of ethical education and requirement for accountants globally (West 2006).

Table 2: Ranking of factors which would enhance public confidence in the financial statement

Factors	Mean Score (Ranking)				
	External Auditor	Internal Auditor	Financial Analyst	Shareholder	Average
Auditors requirement to comply with ethical standards	4.80 (1)	4.58 (2)	4.80 (1)	4.35 (2)	4.63 (1)
Independence declaration by auditors	4.36 (2)	4.70 (1)	4.36 (3)	3.86 (5)	4.32 (2)
Auditing Standard given a force of law	3.45 (3)	4.45 (3)	3.15 (5)	4.75 (1)	3.95 (4)
Rating system for the published financial statement	2.94 (5)	3.44 (5)	4.50 (2)	4.00 (3)	3.72(5)
Increasing the oversight of audit standard setting	3.32 (4)	3.97 (4)	3.87 (4)	3.98 (4)	3.97 (3)

Source: Field Survey

4.3 Results of research question 2: Factors shaping the choice of audit approach

In order to ensure that public confidence in the financial statement is sustained, the approach to audit has been stressed as a very important issue (Jane, 2005). The quality of audits and audit opinions expressed on financial reports are crucial to achieving a sustained investor's confidence. Therefore, the factors which determine the choice of audit approach are an important aspect of public confidence. As shown in Table 3 below, size, complexity and clients' business risk form an important factor in the choice of audit approach. It follows therefore that a thorough appraisal of the clients' business determines to a great extent the choice of audit approach. Thus, a proper evaluation of this factor should translate to an improved audit quality and sustenance of public confidence in financial report.

Table 3: Ranking of factors which determine choice of audit approach

Factors	Mean Score
The degree of auditors' reliance on clients' internal control system	4.41
The extent of perceived client pressure to minimize audit time and audit fee	4.00
The risk that the client is engaging in illegal activities	4.62
The size, complexity and clients' business risk	4.75
The extent of management advisory service offered to the client	3.87
The number of years the audit firm has performed the engagement	4.36

Source: Field Survey

4.4 Testing of hypotheses

4.4.1 Hypothesis 1: Respondents' perception that auditors using traditional audit approach will have a low audit quality will not be affected or differ by which group they are a member of.

Hypothesis one (1) concerned low audit quality through traditional audit approach. Table 4 shows statistical results of the analysis pertaining to this hypothesis. In respect of the four (4) related survey statements on this hypothesis, only two (2) statements are associated with significant difference. Therefore, the conclusion was made that there are not significantly different perceptions among group respondents. For example, on statement 5, financial analyst and internal auditor had higher mean score than external auditors and shareholders.

Table 4: Respondents' perception on the belief that auditors using traditional audit approach will have a low audit quality

Statements	Mean Score (Standard Deviation)					
	External Auditor	Internal Auditor	Financial Analyst	Shareholder	F-Test	Sig.
2	4.00(1.182)	4.39 (3.12)	3.89 (0.879)	4.21 (0.739)	1.061	.366
5	4.78(0.487)	4.46 (0.810)	4.62 (0.561)	4.64 (0.712)	5.280	.001*
6	4.15 (0.560)	4.43 (0.543)	4.40 (0.578)	4.09(0.806)	1.841	.139
11	4.38 (0.810)	4.64 (0.571)	4.78 (0.491)	4.62(0.721)	5.276	.001*

Source: Field Survey

4.4.2 Hypothesis 2: There is no difference in respondents' perception of audit quality being determined by audit approach.

Hypothesis two (2) concerned how audit approach affects audit quality. Table 5 shows statistical results of the analysis pertaining to this hypothesis. There are five (5) statements on this hypothesis. Out of the five (5) related survey statements, three (3) statements are associated with significant differences. Therefore, the conclusion was made that audit approach actually determines the level of audit quality of a published financial statement.

Table 5: Respondents' perception on audit approach not being a determinant of audit quality

Statements	Mean Score (Standard Deviation)					
	External Auditor	Internal Auditor	Financial Analyst	Shareholder	F-Test	Sig.
1	4.26(0.702)	4.59 (0.806)	4.63 (0.724)	4.81(0.472)	5.312	.001*
4	2.93 (0.972)	3.02 (1.021)	3.53 (1.183)	3.82 (0.916)	10.842	.000*
7	4.78 (0.362)	4.85 (0.461)	4.68 (0.521)	4.66 (0.600)	1.954	.120
8	4.02 (0.887)	4.39 (1.894)	4.14 (0.772)	3.67(0.785)	1.072	.368
9	4.37 (0.562)	4.08 (0.704)	3.84 (0.942)	3.82 (1.912)	4.540	.004*

Source: Field Survey

4.4.3 Hypothesis 3: There is no difference in respondents' perception that communication of audit approach in auditors' report does not increase the decision usefulness of financial statement.

Hypothesis three (3) concerned the implication of audit approach on the decision usefulness of financial statement. Table 6 shows statistical result of the analysis pertaining to this hypothesis. In respect of the three (3) related survey statements, only one (1) statement is not statistically significant. Therefore, the conclusion was made that there are significantly different perceptions among groups. For example, financial analyst and shareholders have a higher mean score than external auditors and internal auditors on whether the audit report communicates the quality of the audit carried out by auditors. In other words, financial analyst and shareholders more strongly agreed with the statement than did internal auditors and external auditor.

Table 6: Respondents' perception on the communication of audit approach through the auditors' report and the decision usefulness of financial statement

Statements	Mean Score (Standard Deviation)					
	External Auditor	Internal Auditor	Financial Analyst	Shareholder	F-Test	Sig.
3	3.31 (0.986)	3.47 (1.059)	4.03 (0.811)	4.24(0.783)	8.091	.000*
10	3.89 (0.879)	4.16 (0.789)	4.00 (1.190)	4.37(3.848)	1.064	.366
12	1.20 (0.626)	2.20 (1.126)	3.89 (0.812)	4.01(0.863)	8.843	.000*

Source: Field Survey

5.0 Summary, Conclusions and Recommendations

This section of the study dwells on the summary of the entire study, conclusion reached and recommendations.

5.1 Summary and conclusion

This study explored the impact of audit approach on audit quality from the perspective of four (4) groups of respondents. External auditors, internal auditors, financial analyst and shareholders perception were sought with a view to enhancing audit quality. The variables affecting audit approach, the need for audit quality and the expectations of investors were looked at.

A sample population of one hundred and six was used in the conduct of this research. Primary data were relied upon extensively in order to achieve the objectives set out for the study. The results obtained from the study suggested that there are significant differences in the perception of respondent groups. The study found that there is a widespread significant difference in respondents' perception. The study showed various factors which determine the choice of audit approach and factors which will improve confidence in the published financial statement.

5.2 Recommendations

The following recommendations are been suggested:

(i) auditors should strive at ensuring that the quality of audited financial statement is improved upon with the aim of this having a resultant effect on public confidence.

(ii) auditors should also pay particular attention to requirement to comply with ethical standards. Research into ethical conduct of auditors and public confidence in this are may be an interesting area to explore.

(iii) any audit approach used by the auditor should be geared towards preparation of a quality report that the public will have confidence in.

(iv) this study may be replicated in a number of ways. Other Stakeholders may be looked at. The perception of stakeholders on rating system for published financial statement may be an interesting area to explore.

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