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AUDITING EXPECTATIONS GAP: CASE STUDY IN VIETNAM

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Abstract

This article is designed to examine the existence of an audit expectation gap between the auditor and the user of the financial statements in terms of the auditor's responsibilities; the reliability of the audited financial statements; and the usefulness of post-audit information. By subject group T-Test with 186 observations from auditors and users of financial statements. The results of the study show that the users of financial statements believe that the auditor is responsible for the effectiveness of the internal control system, preventing and detecting fraudulent acts. At the same time, the users also expect the auditors to issue all warnings about possible risks to the business or be responsible if the auditing unit goes bankrupt. In particular, the research results also show that, when users rely on the results of the auditor's work to assess the ability of the audited unit to operate continuously, they have a lower level of trust than the auditors. The findings from the study are the basis for the author to make a number of recommendations to stakeholders to close the gap in audit expectations in Vietnam.

Keywords: Reliability, audit expectation gap, responsibility, usefulness, Vietnam.

1. Introduction

Auditing is a tool to improve the reputation, effectiveness and efficiency of business operations, ensuring the truthfulness and reasonableness of information to create trust for those who care about the financial status of the business (ICAEW, 2005). However, in recent years, questions have emerged: has the role and significance of auditing been maintained to satisfy the expectations of the public? When in fact, there are successive scandals about the quality of financial statements after auditing of large corporations and enterprises.

In the world, it is typical that the collapse of the world's leading audit firm Arthur Andersen in 2002, raised concerns about audit quality. Following the collapse of Arthur Andersen was a series of other scandals about the audit quality of independent audit firms that were braked in connection with issuing inaccurate opinions on financial statements, such as the bankruptcy of Worldcom Telecom, BCCI, Enron and Global Crossing or the second largest US retail corporation Kmart (audited by PwC)... In Vietnam, the situation of accounting data dissemination, the appropriateness of financial information is quite common in enterprises, in all sectors and in many economic sectors (Huy & Hung, 2022). Typically, the events of Bach Tuyet Cotton Joint Stock Company in 2008 have become the focus of attention of controversial public opinion. Or more recently, it is related to Truong Thanh Wood Company in 2016, and the story of Eximbank's accumulated losses, shares fall into warning still very hot in the market.

Such successive incidents have eroded public confidence in the role and function of auditing. Many criticisms are made to auditors and audit firms. These negative reactions stem from the public's desire to provide a firm guarantee of the accuracy of the financial statements, including the detection of frauds and irregularities, to what auditors are actually required to do by law and their professional standards. Research by Pierce & Kilcommins (1996) shows that some

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societal criticism of auditors is due to a lack of knowledge of the law and auditing standards as well as a misunderstanding of the fundamental role of independent auditors. In an earlier study, Tweedie (1987) concluded that, the fundamentals of an audit were indeed misinterpreted by the public and this led to confusion by users of the financial statements and unreasonable expectations being applied to the auditor's responsibilities.

Therefore, the difference between what the public expects from the audit profession and what the audit profession can actually offer has created an audit expectation gap (Cohen, 1978; Jennings et al., 1993). Lin & Chen (2004) show that those who use financial statements argue that auditors should have more responsibility for detecting fraud, illegal behavior and providing early warning of the potential failure of businesses in the near future. This “high” public expectation and trust, undoubtedly caused public dissatisfaction with the auditor's ability to respond, and eroded the trust and confidence of those interested in the audit report.

There are many causes of the audit expectation gap and Füredi-Fülöp (2015) argues that, identifying the root cause of the audit expectation gap is important, solutions to reduce the audit expectation gap can only be identified when its causes are specified and quantified accurately. Research by Rostami & Salehi (2009) shows that the "excessive expectations" and "lack of knowledge" of users of financial statements about the role and responsibilities of auditors is the cause of the gap in audit expectations. Or research by Olojede et al., (2020) shows that the unrealistic expectation of users of financial statements due to misinterpretation of the auditor's role is the cause of the audit expectation gap. Meanwhile, Mohamed& Zauwiyah (2004) argued that, lack of communication between auditors and users of financial statements, little understanding of the nature and function of the audit, the issue of auditor integrity had an impact on the audit expectation gap.

Through the literature review, the author found that although there have been some published works focused on identifying the factors constituting the audit expectation gap. Through empirical studies confirm the existence of audit expectation gaps related to all aspects of auditing in different countries, such as: audit objectives, audit functions, auditor roles and responsibilities, audit assurance level, reliability and usefulness of post-audit financial statements, auditor independence, such as: Guy & Sullivan (1988), Humphrey & Johnson (1992), Olson (1993), Gloeck & Jager (1993); Porter et al., (2004, 2012); Humphrey (1997), Henrickson (1998), Hourguebie (2004), Porter & Gowthorpe (2004), Boyton & Johnson (2005), Lee et al., (2007), Olowookere (2010), Azagaku & Aku (2018), Fulop et al., (2019), Dang & Nguyen (2021), Elluluna & Scicluna (2022).

However, the above mentioned audit expectation gap studies are mainly conducted in countries with economies in general and audit profession in particular at a developed or relatively developed level. The results and recommendations proposed for the specific business environment related to the nature, objectives and limitations of auditing may not be appropriate for other environments (Haniffa & Hudaib, 2007) due to differences in economic and social conditions and the development of auditing profession.

Therefore, this study was carried out to answer the question: Is there an audit expectation gap between the auditor and the user of the financial statements regarding the auditor's responsibilities; the reliability of the financial statements after the audit; and the usefulness of post-audit information from the perspective of the auditor and the user of the financial statements? The research results are the basis for the author to make a number of recommendations to stakeholders to narrow the gap in audit expectations in Vietnam.

2. Theoretical background and literature review

2.1. Theoretical basis

2.1.1. Audit expectation gap

The concept of the audit expectation gap has so far been the subject of much debate by many researchers and the professional world, which is a complex issue (Quick, 2020). Liggio (1974), provides the definition of "Audit expectation gap is the difference in the perception of the level of results of the auditor's work performed between the auditor and the user of the audit report". Subsequently, in 1978, the Cohen Committee expanded the definition of the audit expectation gap: “The audit expectation gap is the gap between what the public requires and wants the auditor to perform and what the auditor can reasonably perform,” rather than relating only to the results of the auditor's work as defined by Liggio (1974). In particular, users of audit reports are "the public" or "society". Also focusing on the auditor's responsibilities but more specifically, Guy & Sullivan (1988) said that, “The audit expectation gap is the difference between what the public and the users of the financial statements believe the accountant, the auditor is responsible, and the accountant and the auditor themselves believe they are responsible.” The main difference but also the limitation of this definition is that it only considers the auditor's responsibilities from the perspective of the auditor and the audit firm.

Porter (1993), in an article publishing the results of a study conducted in 1988 in New Zealand, commented that the definitions of Liggio (1974) and Cohen (1978) are too narrow and unfeasible in auditing practice when they do not refer to the possibility that the auditor is unable to meet unreasonable expectations and reasonable expectations of the public, since it is not possible to assess in the event that the auditor does not complete his work or which responsibilities the auditor can and is capable of performing. Therefore, in order to close the audit expectation gap, it is necessary to identify (i) the social audit responsibilities that the auditor expects to perform; (ii) the social audit responsibilities that the auditor expects to perform; (iii) the extent to which the auditor reasonably meets the auditor's social expectations. Therefore, Porter asserted that the study of the audit expectation gap must be designed to allow for the expansion of different approaches and explanations of the audit expectation gap. In addition, Porter proposed adding the real-life gap component and referred to the audit expectation gap as the “real-life expectation gap.” Accordingly, Porter (1993) defines “The audit expectation gap as the difference between society's expectations of the auditor and society's view of the auditor's performance.” Jennings et al., (1993) define the “audit expectation gap as the difference between what the public expects from the audit profession and what the audit profession can actually offer.”

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Some researchers try to generalize and broaden the definition of the audit expectation gap, not just stop from the perspective of the auditor's responsibility. Lin & Chen (2004), Alleyne et al.,(2006) argue that the audit expectation gap relates to the auditor's independence or the usefulness of post-audit information. In addition, research by Best et al., (2001), Mohamed & Zauwiyah (2004) also showed that there is an expectation gap related to the reliability and usefulness of audit reports for corporate management. Some other studies approach from the perspective of the quality of audit services provided such as the level of reliability that the audit profession has provided compared to what the public believes and expects. For example, Geiger (1994) added to the definition of the audit expectation gap as “The difference in the perception of the reliability of the post-audit financial statements that the audit profession can provide”.

Although there are quite a number of different definitions of audit expectation gaps, most researchers have reached a high consensus when determining the components that make up the audit expectation gap belong to the auditor's role and responsibilities; the reliability of the post-audit financial statements; the usefulness of post-audit information; and most use Porter (1993) audit expectation gap definition in their research. Within the scope of this study, in order to be consistent with the objective of the study, the article is based on Porter's concept of expected distance (1993) and is considered to belong to the component of reasonable distance in this perspective.

2.1.2. Components constituting the audit expectation gap

Identifying the components of the audit expectation gap is important, because problems arising from different components require different solutions. The study found evidence of the expected gap in the countries and the greatest focus of the audit expectation gap was on the auditor's responsibility; the reliability of the audited financial statements; and the usefulness of post-audit information (Füredi-Fülöp, 2015). As follows:

Accountability element: is understood as the auditor's responsibility to detect and prevent fraud in the client company. According to Kelley (1973), the auditor cannot guarantee that the financial statements are free from fraud and error due to the increasing volume of transactions and increasing complexity. It is not an absolute guarantee, since the inherent limitations of the audit always exist, making most of the audit evidence that the auditor relies on to make conclusions and audit opinions are more convincing than affirmative. This is important to determine whether there is a discrepancy between the auditor and the user of the financial statements, because it will result in a lower level of confidence in the accuracy of the audit reports, lead to improper decision-making and cause unnecessary conflict.

Elements of reliability of post-audit financial statements: The reliability factor is understood as the truthfulness and reasonableness of post-audit financial statements related to: the scope of audit work; audit procedures; prudence; audit opinions in accordance with the actual situation of the audited entity... Humphrey (1992) argues that one of the many factors that can cause a gap in audit expectations is the lack of knowledge and experience of users of audit reports. Monroe & Woodliff (1993) surveyed university students with different educational backgrounds and found that information users agree that auditing is valuable even when they

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can't understand it. Porter (2009) states that cognitive differences are caused by other factors such as institutional and cultural factors that affect users' expectations; unnecessary complex information in audit reports will make them more difficult to understand. The lack of understanding of the audit process and the audit report is only used as an indication rather than understood. Moreover, he emphasized the existence of this gap may lead to errors in decision-making. Research on the expected gap of Beddard et al., (2012) shows that non-professional users are less knowledgeable than professional users in relation to certain types of audited information used in investment decisions. He also stated that the use of this information by non-profit organizations is less relevant in investment decision making and does not appreciate the difference in the reliability of the information. Your research reveals greater clarity in the audit opinion regarding the nature of the procedures performed on information outside the financial statements and implies further assurance about that information.

Factor in the usefulness of post-audit information: is understood as the usefulness of audited financial statements to information users in making management and investment decisions. According to Kelley (1973), the audit expectation gap can reduce the reliability of users of audited financial statements. The audit report may reflect the reliability of the financial statements and is used as an important tool for information users to make decisions. Creditors, especially lenders, often use audited financial statements to grant credit. Lenders must understand the content of the audit report to improve their ability to assess credit risk (Noghondari, 2007). Perceptual differences in understanding the content of audit reports between the lender/bank and the auditor will affect the increase in bad debts, or increase the risk of concerns of users in making improper decisions.

2.2. Literature review on the effect of education on audit expectations gap

Most of the studies on audit expectation gaps conducted sociological surveys based on questionnaires in order to measure the views and wishes of the surveyed subjects. The synthesis of the research results has provided empirical evidence indicating the existence of an audit expectation gap between the surveyed groups related to different aspects of the audit profession and the causes of impact:

First, there is a gap in audit expectations related to audit roles, functions and objectives. Lee (1970), Humphrey et al., (1993) in the UK and Geiger (1994) study in the United States and several other countries. This gap results from a lack of understanding and misperception of audit objectives among all survey groups, including auditors (Lee, 1970). In addition, gaps in audit objectives, roles and functions exist that are influenced by the professional position of each target group. Auditors may be more aware of their limited role compared to audit clients and users of audit reports, but auditors always value their work results more than others (Humphrey et al., 1993).Similar evidence was also found in Singapore, an Asian country in study Sidani et al., (2007).

Secondly, the audit expectation gap exists in relation to the level of assurance, reliability of the audit profession and the usefulness of the accounting report. Case studies related to this aspect can be mentioned, Gay et al., (1998) found differences in the perception of the reliability of

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financial information and the level of assurance provided by the review and audit reports. Compared to users of audit reports, auditors are aware of the level of assurance, reliability and usefulness of financial information reviewed and audited higher than users.Also related to the level of audit assurance, reliability and usefulness of audited financial statements, some studies design survey questions according to the above three aspects in order to determine the perspective of each group of survey respondents based on liker scale, such as Geiger (1994); McEnroe & Martens (2001); Onumah et al., (2009)... The results of the above studies indicate that there is a gap in audit expectations related to the level of audit assurance, reliability and usefulness of the audited financial statements.

Third, the audit expectation gap relates to the audit responsibilities of the auditor. Studies on audit expectation gaps consider audit accountability as a key component of the audit expectation gap (Best et al., 2001; McEnroe & Martens, 2001; Lin & Chen, 2004; Mohamed & Zauwiyah &, 2004; Porter et al., 2004, 2012; Dixon et al., 2006; Sidani et al., 2007; Bogdanovičiūtė, 2011; Füredi-Fülöp, 2015). It can be said that the failures of the audit profession posed problems to be solved in relation to the auditor's audit responsibilities, which attracted both researchers and the profession to learn about the audit expectation gap. Some studies provide empirical evidence demonstrating the existence of significant expected gaps in relation to audit responsibilities (i) fraud prevention and detection; (ii) auditor's responsibility for recording, record-keeping, accounting records; (iii) in the selection of audit procedures, (iv) assessment of the suitability of the internal control system; (v) auditor's liability (Schelluch et al., 1996; Dixon et al., 2006). In addition, the results of Sidani et al., (2007) in Lebanon also show that there is a gap in audit expectations related to the detection of fraud by the auditor, however, there is no statistical evidence that there is a difference in opinion that the auditor must perform the obligation to compensate for losses to shareholders.

3. Research Method

3.1. Data collection methods

The focus group consists of two groups: First, auditors of independent audit firm’s act as the person conducting the audit, the auditors are selected from local independent audit firms. The auditor is the person who audits the financial statements of the enterprises operating in different fields and prepares audit reports for the decision-making of the users of the financial statements. Secondly, the group of people who use financial statements to make economic decisions, in this group, the author conducts surveys with managers of commercial banks (heads, deputy heads of credit departments, directors of branches...), chief accountants, accountants of audited enterprises, investors who have invested in securities.

The survey consists of questions inherited from Schelluch (1996); Best et al., (2001). The questions required participants to participate in the survey were designed and evaluated by the author on a 5-point Likert scale from Strongly Disagree to Strongly Agree, which is a reliable scale with a high degree of stability that helps to explain the results in more detail. The survey is designed in two parts: Part 1: General information about the surveyor includes: Current job, working time, position, specialized certificate. Part 2: Consists of 16 questions related to three

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groups of factors measured as the auditor's responsibility, the reliability of the post-audit financial statements, and the usefulness of post-audit information. The questions are shown in Table 2, Table 4 and Table 6.

In addition, to ensure the study sample size, based on the minimum sample size requirement, in sudy Bollen (1989), the sample size is calculated according to the formula n = 5*i (i is the number of variables observed in the model).

3.2. Data processing methods

The author uses a convenient sampling method and 186 valid samples obtained through sending and receiving questionnaires through the Google form tool and email to auditors of independent auditing companies and managers in commercial banks, accounting departments of audited enterprises, securities investors on the Vietnam stock market, from January 2022 to May 2022.

Based on the collected data, the author uses quantitative techniques, such as: testing the reliability of the scale, T-testing with the support of SPSS22.0 to summarize and present the basic results of the study.

4. Research results and discussion

Statistical results of survey subjects.

Among 186 valid samples obtained were 89 votes from independent auditors, accounting for 47.85%; 97 votes from users of financial statements (managers in commercial banks, chief accountants, accountants of audited entities and securities investors), accounting for 52.15%.

The surveyed sample belongs to many different subjects with a fairly uniform distribution in terms of quantity. Thus, it is possible to ensure that the answers are reliable and of quality.

The results of the reliability test of the audit expectation gap scale.

Cronbach's Alpha test results of factor scales measuring the audit expectation gap with 16 observation variables are shown in Table 1:

Table 1: Results of the reliability test of the scale of factor groups

No.	Factor	Cronbach's Alpha	N
1	Auditor's Responsibility	0.814	7
2	Reliability of post-audit financial statements,	0.830	4
3	The usefulness of post-audit information	0.765	6

(Source: Analysis results from SPSS 22.0)

Thus, the scale system is constructed of 3 groups of factors that ensure good quality with 17 characteristic observation variables (Cronbach's Alpha coefficient) of the whole greater than 0.6; the coefficient of variable - sum correlation of observation variables is greater than 0.3.

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Audit gaps exist between the audit expectations and the auditor's responsibilities.

Table 2: Statistics by target group on the responsibilities of auditors

Observed variables	**N**		**Mean**	**Std. Deviation**	**Std. Error Mean**
The auditor is responsible for preparing and presenting financial statements to the audited entity (TN1).	Auditor	89	1.71	0.899	0.096
	user	97	1.83	1.073	0.111
The auditor is responsible for the effectiveness of the internal control system in the audited entity (TN2).	Auditor	89	2.19	1.174	0.125
	user	97	3.49	1.194	0.123
The auditor is not responsible for maintaining accounting records of the audited entity (TN3).	Auditor	89	4.02	1.051	0.112
	user	97	4.09	1.210	0.125
The auditor is responsible for detecting all frauds in the audited unit (TN4).	Auditor	89	1.80	0.995	0.106
	user	97	4.28	0.867	0.090
The auditor must check 100% of the transactions arising in the accounting period of the unit (TN5).	Auditor	89	1.80	0,899	0.096
	user	97	1.88	0.803	0.083
Auditors are always honest and objective in auditing financial statements (TN6).	Auditor	89	3.37	1.335	0.142
	user	97	3.22	1.384	0.143
The auditor must issue all warnings about risks to the audited business (TN7).	Auditor	89	2.59	1.242	0.133
	user	97	3.83	0.957	0.099

(Source: Analysis results from SPSS 22.0)

Table 3: Independent Samples T-test by target group for auditor responsibilities

Observed variables		**Levene's Test for Equality of Variances**		**T-test for Equality of Means**		
		F	**Sig.**	**t**	**df**	**Sig(2-tailed)**
TN1	Equal variances assumed	3.709	0.057	-0.852	186	0.397
	Equal variances not assumed			-0.857	179.772	0.394
TN2	Equal variances assumed	0.194	0.662	-7.473	186	0.000
	Equal variances not assumed			-7.478	181.563	0.000
TN3	Equal variances assumed	3.989	0.048	-0.437	186	0.664
	Equal variances not assumed			-0.439	180.985	0.663
TN4	Equal variances assumed	1.345	0.249	-18.106	186	0.000
	Equal variances not assumed			-18.026	175.053	0.000
TN5	Equal variances assumed	1.833	0.179	-0.696	186	0.489
	Equal variances not assumed			-0.694	176.448	0.490
TN6	Equal variances assumed	0.076	0.785	0.744	186	0.459
	Equal variances not assumed			0.745	181.846	0.459
TN7	Equal variances assumed	20.043	0.000	-7.599	186	0.000
	Equal variances not assumed			-7.536	165.232	0.000

(Source: Analysis results from SPSS 22.0)

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The results shown in Table 2 and Table 3 show that:

TN1: The auditor is responsible for preparing and presenting financial statements to the audited entity. The survey results show that most subjects do not think that this is the responsibility of the auditor. For the group of auditors, the average value was 1.71 and the group of users was 1.83. At the same time, Levene test with Sig. > 0.05, we use the test result t in the column "Equal variances assumed" with Sig. (2-tailed) is 0.397 > 0.05, which proves that there is no difference in the perception of auditors and users about this responsibility. This result shows that it is in accordance with Vietnam Standards on Auditing, no 200“The director (or head) of the audited entity is responsible for the preparation, truthful and fair presentation of the financial statements”.

TN2: The auditor is responsible for the effectiveness of the internal control system in the audited entity. The survey results show that there are significant differences in the perception among the groups of the auditor's responsibility for the effectiveness of the internal control system. The group of auditors had an average score of 2.19 which was significantly lower than the group of users of 3.49. At the same time, Levene test with Sig. > 0.05, we use the test result t in the column "Equal variances assumed" with Sig. (2-tailed) is 0.000 < 0.05, which proves that there is a difference in the perception of auditors and users about this responsibility.

TN3: The auditor is not responsible for maintaining accounting records of the audited entity. The survey results show that most subjects agreed that this is not the responsibility of the auditor. The auditor group has an average value of 4.02 and the user group is 4.09. At the same time, Levene test with Sig. of 0.048 < 0.05 we use the t test result in the column "Equal variances not assumed" with Sig. (2-tailed) is 0.662 > 0.05 which proves that there is no difference in the perception of the auditor and the user group about this responsibility. In fact, Vietnamese auditing standards do not require this to be the responsibility of the auditor, the recording and maintenance of accounting records belong to the responsibility of the audited entity. As such, this responsibility does not create an audit expectation gap.

TN4: The auditor is responsible for detecting all frauds in the audited unit. According to the statistical results, the audit team believes that this is not entirely the responsibility of the auditor (the average value is 1.80). However, the user group believes that the responsibility for detecting all fraud is the necessary responsibility for the auditor (the average value is 4.28). This difference is due to the unreasonable expectations of the user group on the auditor. Because, in an audit, there are time and cost constraints, the auditor cannot detect all frauds. The auditor is only responsible for material misstatements affecting the financial statements. On the other hand, we see Sig (2-tailed) as 0.000< 0.05, so this responsibility creates a gap between the auditor and the user group.

TN5: Auditors must check 100% of the transactions arising in the accounting period of the unit. Based on the analysis results, there is no difference in the perception of the auditor to check the transactions arising in the accounting period of the unit. Auditors believe that they do not have enough time and expenses to fully inspect 100% of the transactions incurred by the unit, they only select the sample to test the operations according to the judgment on materiality and

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risk. The user group is also aware that the responsibility to check 100% of the arising operations does not belong to the auditor's responsibility, but they also expect that the auditor will check more operations than the auditor has to do. Therefore, the average value of auditors (1.80) and user groups did not differ much (1.88). On the other hand, we see Sig. (2-tailed) is 0.488 > 0.05, which proves that there is no gap in the expectation of the auditor's responsibility in this responsibility.

TN6: Auditors are always honest and objective in auditing financial statements. According to statistical results, both groups of auditors and groups of users believe that auditors are always honest and objective in auditing financial statements but still at a low level. The average results of these two groups were 3.37 and 3.22, respectively. At the same time Sig. (2- tailed) is 0.458> 0.05. From this result, we see that there is no expectation gap for this responsibility.

TN7: The auditor is responsible if the audited entity goes bankrupt due to fraud and must issue all warnings about possible risks to the business. In this responsibility, the analysis results show that the group of users with the average value is quite high (3.83). The group of auditors said that they do not have this responsibility (the average value is 2.59). It is not too difficult to understand when the user group agrees with this responsibility of the auditor, as they are the ones who have interests related to the audited entity, so they expect them to have more benefits, if the audited entity goes bankrupt their interests are also directly affected. At the same time, the independent sample test also showed Sig. (2-tailed) is 0.000< 0.05. Therefore, this responsibility creates an audit expectation gap in the auditor's responsibility.

Thus, through the above analysis, it can be seen that the expectations of the group of users are higher than the perception of auditors in most responsibilities. For variables TN1, TN3, TN5, TN6 with Sig. (2-tailed) > 0.05 in the Independent sample T-Test that proves that there is no meaningful difference between the auditor and the user group in these responsibilities. In contrast, in TN2, TN4, and TN7 with Sig. (2-tailed) < 0.05 demonstrated a significant difference between the auditor and the user group. In these responsibilities, the user group has unduly expected or misperceived the responsibilities of the auditor, mainly the responsibilities related to the role of preventing and detecting frauds, responsibility for the effectiveness of the internal control system at the audited entity or the auditor's responsibilities when the entity goes bankrupt compared to fraud as well as the auditor must issue warnings about the risks that the enterprise will face.

Thus, in 7 responsibilities of auditors, there are 3 responsibilities with significant differences between the two target groups. From the research results, it can be concluded that the expected gap between the auditor and the user group in terms of the auditor's responsibilities exists in Vietnam. Specifically, the user group places greater demands than what the auditor is aware of his or her responsibilities.

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Audit gaps exist in the audit expectation of the reliability of the post-audit financial statements.

Table 4: Statistics by target group on the reliability of financial statements

Observed variables	N		Mean	Std. Deviation	Std. Error Mean
The audited financial statements shall truthfully and reasonably reflect the financial position of the entity (TC1).	Auditor	89	3.43	0.976	0.104
	user	97	3.17	0.983	0.102
Information on the audited financial statements to ensure completeness and reasonableness (TC2).	Auditor	89	3.56	0.955	0.102
	user	97	2.88	0.790	0.082
The user has the assurance that the audited financial statements are free from material misstatements (TC3).	Auditor	89	3.73	0.893	0.096
	user	97	3.00	1.068	0.110
The level of assurance of the auditor is clearly indicated (the outstanding issues of the unit have been reported and explained fully and clearly) (TC4).	Auditor	89	3.38	1.336	0.143
	user	97	3.29	1.385	0.144

(Source: Analysis results from SPSS 22.0)

Table 5: Independent Samples T-test by target group on reliability of financial statements after audit

Observed variables		Levene's Test for Equality of Variances		T-test for Equality of Means		
		F	Sig.	t	df	Sig(2-tailed)
TC1	Equal variances assumed	1.134	0.289	1.787	186	0.077
	Equal variances not assumed			1.788	181.384	0.077
TC2	Equal variances assumed	9.918	0.003	5.261	186	0.000
	Equal variances not assumed			5.228	171.143	0.000
TC3	Equal variances assumed	5.190	0.025	5.017	186	0.000
	Equal variances not assumed			5.046	179.717	0.000
TC4	Equal variances assumed	0.077	0.786	0.745	186	0.460
	Equal variances not assumed			0.746	181.847	0.460

(Source: Analysis results from SPSS 22.0)

The results shown in Table 4 and Table 5 show that:

TC1: The audited financial statements will reflect truthfully and reasonably the financial situation of the unit. The survey results show that all groups agree that the audited financial statements reflect honestly and reasonably the financial situation of the audited entity. However, the confidence level in this reliability of both groups is not high (the average value of the auditor group is 3.43 and the user group is 3.17). At the same time, the Levene test with

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Sig. > 0.05 gives the test result t in the column "Equal variances assumed" with Sig. (2-tailed) is 0.077 > 0.05. Therefore, there is no audit expectation gap at this level of reliability.

TC2 and TC3: Information on the audited financial statements ensures completeness and accuracy; the user has the assurance that the audited financial statements no longer contain material misstatements. The survey results showed that the group of users with average values of 2.88 and 3.00 were lower than the group of auditors with average values of 3.56 and 3.73 and Sig. (2-tailed) were 0.000 < 0.05, respectively. Although there exists a gap in the reliability of information on the audited financial statements, this gap is not large. This is also understandable, because recently in Vietnam, there have been failures in auditing financial statements (such as the case of Bach Tuyet Cotton Company, Truong Thanh Wood Company...), making the confidence of those who are interested in the information in the financial statements of the business diminished. Therefore, users do not believe that the information on the audited financial statements is complete and accurate or that the audited financial statements no longer contain material misstatements. Therefore, the above results show that there is an audit expectation gap in the reliability of information on the financial statements (TC2 and TC3).

TC4: The level of assurance of the auditor is clearly indicated (the outstanding issues of the unit have been reported and explained fully and clearly). According to the statistical results, both groups of auditors and users believe that the level of assurance of auditors is clearly indicated but still at a low level. The average results of these two groups were 3.38 and 3.29, respectively. At the same time Sig. (2- tailed) is 0.460> 0.05. From this result, we can see that there is no expectation gap for this reliability.

Thus, it can be seen that reliability 2 and 3 with Sig. (2-tailed) < 0.05 demonstrate a significant difference between the auditor and the user group for the reliability of information on the financial statements after being audited. In these observation variables, users have had misperceptions about the reliability of the information on the audited financial statements, they do not really believe that the audited financial statements no longer have material misstatements. Thus, of the 4 variables observing the reliability of information in the financial statements after being audited, there are two variables (TC2 and TC3) with significant differences between the two groups of subjects. From the research results, it can be concluded that the expected gap between the auditor and the user in the reliability of the information on the financial statements after the audit is existing in Vietnam. However, this gap is narrower than the gap in auditor responsibilities.

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Testing the existence of audit expectation gaps in the usefulness of post-audit information

Table 6: Statistics by target group on the usefulness of post-audit information

Observed variables	N		Mean	Std. Deviation	Std. Error Mean
The audited financial statements are useful for managers in monitoring the entity's activities (HI1).	Auditor	89	3.84	0.773	0.083
	user	97	4.07	0.837	0.087
The audited financial statements are useful for managers in improving the accounting system and internal control system of the entity (HI2).	Auditor	89	3.89	0.851	0.091
	user	97	3.62	1.171	0.121
The audited financial statements are useful for decision-making by investors (HI3).	Auditor	89	4.04	0.731	0.078
	user	97	4.22	0.825	0.086
The audited financial statements are useful for assessing the continuing performance of the entity (HI4).	Auditor	89	3.10	1.355	0.145
	user	97	2.03	1.053	0.109
The audited financial statements provide information on the profitability of the entity in the future (HI5).	Auditor	89	3.00	1.051	0.112
	user	97	2.84	1.174	0.121
Audited financial statements help users properly analyze the situation of enterprises and limit risks when investing (HI6).	Auditor	89	2.84	1.111	0.119
	user	97	2.67	1.108	0.115

(Source: Analysis results from SPSS 22.0)

Table 7: Testing Independent Samples T-test by target group for usefulness of post-audit information

Observed variables		Levene's Test for Equality of Variances		T-test for Equality of Means		
		F	Sig.	t	df	Sig(2-tailed)
HI1	Equal variances assumed	0.013	0.915	-1.951	186	0.054
	Equal variances not assumed			-1.956	181.969	0.053
HI2	Equal variances assumed	18.783	0.000	1.755	186	0.082
	Equal variances not assumed			1.773	171.640	0.079
HI3	Equal variances assumed	3.757	0.055	-1.538	186	0.127
	Equal variances not assumed			-1.544	181.451	0.126
HI4	Equal variances assumed	16.530	0.000	6.003	186	0.000
	Equal variances not assumed			5.954	165.966	0.000
HI5	Equal variances assumed	8.383	0.005	0.957	186	0.342.
	Equal variances not assumed			0.960	181.632	0.340
HI6	Equal variances assumed	0.020	0.891	1.030	186	0.306
	Equal variances not assumed			1.030	181.153	0.306

(Source: Analysis results from SPSS 22.0)

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The results shown in Table 6 and Table 7 show that:

HI1 and HI2: Audited financial statements are useful for managers in monitoring the activities of the unit and are useful for managers in improving the accounting system and internal control system of the unit. The survey results show that all groups agree that the audited financial statements are useful for managers in monitoring the activities of the unit as well as improving the accounting system and internal control system, the average value of the group of auditors is 3.84 and 3.89 respectively and the average value of the user group is 4.07 and 3.62; Sig. (2-tailed) is 0.54 and 0.79 respectively, both are greater than 0.05. This statement is reasonable, because based on the audit, managers have a more accurate understanding of their activities as well as their accounting system or internal control system in order to make decisions to improve and develop the business. Therefore, there is no audit expectation gap in these two useful features.

HI3: Audited financial statements are useful for decision-making of investors and users to properly analyze the business situation and limit risks when investing. The survey results show that all groups agree that the audited financial statements are useful for investor decision-making, the average value of the auditor group is 4.03 and the average value of the user group is 4.22; Sig. (2-tailed) is 0.127 > 0.05. This statement is reasonable, because based on the audited financial statements, investors can calculate financial indicators, and have an overall view of the financial situation of the entity, thereby making investment decisions that benefit them. Therefore, there is no audit expectation gap in this usefulness.

HI4: Audited financial statements are useful to assess the continued operation of the unit. Based on the results of the analysis, the group of auditors with an average value of 3.10 means that this group agrees that the audited financial statements can assess the continued operation of the unit, based on the judgment and the actual situation in the unit. However, the group of users was right about this, because the mean value was 2.03, while Sig.(2-tailed) was 0.000 < 0.05. This means that there is a different perception between the two groups of this usefulness.

HI5 and HI6: Audited financial statements provide information on the profitability of the unit in the future and audited financial statements help users properly analyze the situation of enterprises and limit risks when investing. The survey results show that all major groups do not express an opinion on the audited financial statements providing information on future profitability or analysis of the situation of enterprises and limiting risks when investing, the average value of the group of auditors is 3.00 and 2.84 respectively. Meanwhile, the average values of the user group were 2.84 and 2.67, respectively. Sig. (2-tailed) was 3.40 and 3.06 respectively both greater than 0.05. This statement is reasonable, because the data on the audited financial statements is the past data, it does not say whether the entity is able to profit in the future, can only rely on this data to assess the actual situation of the business. Therefore, there is no audit expectation gap in these two useful features.

Thus, the usefulness of 4 Sig. (2-tailed) < 0.05 demonstrates that there is a significant difference between the auditor and the user for the usefulness of the information on the audited financial statements in assessing the ability to operate continuously in the audited entity. Thus, in 6 the

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usefulness of the information on the audited financial statements, there is a significant difference between the two groups of subjects. From the results of the study, it can be concluded that the expected gap between the auditor and the user on the usefulness of the information on the audited financial statements exists in Vietnam.

5. Conclusion and Recommendation

In this study, the author surveyed the expected gap in the auditor's responsibilities; the reliability of the financial statements after being audited; and the usefulness of the information on the financial statements after being audited. Research results show that in Vietnam, there is a gap in audit expectations between auditors and users. This result has also been shown in a lot of previous studies, such as Best et al., (2001), Mohamed & Zauwiyah (2004) or Dixon et al., (2006)... Specifically, the group of users of information on the audited financial statements had high expectations of the auditor's responsibility, they expected that the auditor himself was responsible for the effectiveness of the internal control system, preventing and detecting fraudulent acts, while this was the responsibility of the Board of Directors. The users also expect the auditors to issue all warnings about possible risks to the business or be responsible if the auditing unit goes bankrupt. This is inconsistent with the requirements of the auditing standards and related regulations, and it is beyond the ability of the auditor to perform. In particular, the research results show that when users rely on the results of the auditor's work to assess the ability of the audited unit to operate continuously, they have a lower level of trust than the auditors.

The findings from the empirical study are the basis for the author to make some recommendations to stakeholders to close the current audit expectation gap, specifically as follows:

Firstly, improving the capacity of auditors and audit firms:

Auditors need to comply with the requirements of independence such as not being bound to access documents and collect information; not being governed by benefits when performing audit work; being independent in social relations and independent in collecting and giving their opinions. In addition, auditors must be qualified in finance, accounting, auditing, and know the financial and accounting policies and regimes. In addition, auditors need to improve their professional skills such as teamwork skills, information gathering skills, problem solving skills...The auditor should inform and explain fully and in detail the nature of the audit of the financial statements, such as: objects, methods, processes, materiality, risks, audit opinions, basis for conducting the audit ... so that the users of the financial statements such as the Board of Directors, accounting departments and relevant departments understand the audit activities. Moreover, the auditing company should require the auditor to strictly comply with the audit plan and perform the audit with a high degree of caution. At the same time, it is necessary to provide better guidance, training and professional retraining for auditors, and the criteria for assessing auditors' competence should be clearly developed and announced.

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Secondly, raising the awareness of the users of financial statements:

Awareness-raising education of financial statement users will help reduce the audit expectation gap. It is necessary to improve the knowledge of the public through the mass media; organize press conferences and seminars to disseminate audit knowledge, thereby propagating and explaining to the users of audit services, especially financial reporting audit services; explain the responsibilities of auditors and managers for the financial statements of enterprises.

Thirdly, complete the system of legal regulations related to accounting and auditing:

In the process of auditing and giving opinions on the financial statements of the enterprise, the auditor must always comply with the relevant regulations and auditing standards. Therefore, the study and issuance of adequate and clear standards is very important and necessary, especially the auditing standards on the responsibilities of auditors should be in line with the actual requirements of society. In order to narrow the gap between the current law, auditing standards and legal regulations with the actual requirements of the economy and society, it is necessary to: (i) improve the legal environment, promulgate all legal documents on accounting and auditing, emphasizing the roles, responsibilities and powers of auditors, professional organizations and associations; (ii) strengthen the capacity and improve the role of the Vietnam Association of Professional Auditors in monitoring the quality of auditing activities.

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