

Research Article

**A SURVEY ON THE PERFORMANCE GAP IN THE FIELD OF THE
FRAUD FROM THE VIEWPOINT OF THE AUDITORS AND AUDITING
SERVICES USERS OF THE COMPANIES LISTED IN TEHRAN STOCK
EXCHANGE**

***Bakhtiar Asgharzadeh¹, Saber Khorrami² and Edris Moradi³**

¹Masters of Accounting, Department of Accounting, Kermanshah Science and Research Branch, Islamic Azad University, Kermanshah, Iran

²Masters of Accounting, Department of Accounting, Kermanshah Science and Research Branch, Islamic Azad University, Kermanshah, Iran

³Masters of Financial Management, Department of Accounting, Kermanshah Science and Research Branch, Islamic Azad University, Kermanshah, Iran

**Author for Correspondence*

ABSTRACT

This paper provides the findings of an applied and experimental study about the gap of views regarding the role of auditing in prevention, detection and reporting of a corporate fraud. The main objective of this study is the evaluation of a corporate fraud from the aspect of performance gap, and logical gaps related to standards have been examined as sideway goal of the study. In order to recognize each one of these gaps, there should be a certain degree of skill about fraud. So, in this study, the gap and distance of views from the point of view of independent auditors and users is evaluated. In this study, the required information was collected through randomly sending out five-item Likert questionnaires and with the ratio of sample to the community. Among the users, financial managers and financial providers were chosen as the sample. Finally, the study hypotheses were evaluated with the use of parametric t-test for the two independent groups and levin test. The results indicate that all the research hypotheses were confirmed with confidence level of 95%. In other words, there is a performance gap in the field of fraud between the independent auditors and users viewpoints.

Keywords: *Fraud, Users of the Report of Auditing, Performance Gap*

1. INTRODUCTION

In the present world that unlimited human desire stands against the economy limited resources, the rise and fall of every phenomenon has its root in rational and real needs of human societies. Emergence of fraud accounting in the field of professional services cannot be an exception. In the present era, advances in technology and widespread changes in the business environment caused a growing momentum in the economy and due to increasing competition of institutions, achievement to the expected revenue has been limited, thus, the incidence of fraud is increasing day by day.

The issue of bankruptcy, fraud and corporate failure was always a complex and intriguing problem. The first step in explaining the fraud system is explaining its origin.

Fraud is always at the risk of discovery. Concealment is not a feature fraudulent, but it is basis of it. Because if fraud is discovered, it will follow serious legal penalties for one who commit crime.

Fraud causes failure in detection in two ways:

A) concealment; fraud must occur below the threshold of significance to avoid referring it as an important mistake. To reach this level, the possibility to detect fraud is reduced. If the amount of fraud is more than significance threshold, the quantitative nature of fraud causes attention and fraud will be vulnerable against its discovery.

B) For the purpose of concealment, fraudulent applies his second approach and makes use of things like deception to maintain fraud at a low level, in other words, this procedure is pretention. The procedure of fraud gives fraudulent the power to forge. Briefly, fraud prevents detecting fraud by attenuation

Research Article

process and forgery, and through the process of forgery and pretention of internal auditors, independent auditors will fool the internal control and other persons responsible. International institutes of accounting and auditing, professional associations and academic thinkers in this course around the world, have published principles, methods, specific standards in order to help and guide auditors. Danger signs mentioned are considered as guidelines for internal and independent auditors, to prevent and discover fraud and fraudulent financial reporting.

Though the question rises here, is that:

1. What is the role of accounting practices in this area?
2. Should the auditor enter audit arena with the aim to detect fraud and intentional abuse or he could have more important goals?

Answers to these questions can reduce a lot of gaps expected from the audit and its role in society, in other words, this increases the trust and confidence of the auditor's role in society, because one of the most important issues in accounting and auditing profession is to meet the demands and expectations of different groups using financial statements.

Motivations and aspirations of individuals and organizations to apply for audit services are very broad. So that, auditing profession due to existing limitations is not able to provide all the expectations of society. One of these expectations that can be said society wants to meet through the audit operations is detecting fraud and intentional errors in the financial statements. But, considering the duties professional auditors determined for auditor and expects them to act according it is detecting fraud. Then, the same problem and distance of expectations and demands make us study in this field to identify the causes of this gap and to take positive steps in reducing the gaps (between auditors and society).

2. Theoretical Principles of Research

2.1. Expectations gap ⁽¹ views) in behavioral science

Attitude, also called treatment is a positive or negative mood and state which occurs within the mind of human towards surrounding objects and phenomena and in normal state it is static and stagnant and only when subjects and events of attitude so be raised (e.g. by questionnaires) one's attitude is clear. Attitude is the internal de facto readiness for a visible operation and in any manner or trend either positive or negative orientation to an object that has a social meaning that this could be anything. This preparation is the point between belief (subjective or speech behavior) and action (motion behavior), and shows that in itself is prepared to do which behavior (Sarokhani, 1996).

Attitude, as it is a psychological fitness for the reaction depends on the personal experience of the situation. In social sciences dictionary (Gould and Kolb, 1999) this point is explained as:

Attitude is organizing of mental processes in a person in a way that it could be realized through his behavior. The mentioned organizing deals with an aspect of the world which distinguishes it from other aspects. Attitude indicates the surviving of past experience of a person that he faces any next situation including desired aspects with its help, and while influencing by associated factors of current situation, he determines his behavior in the world.

So attitude is the neural and mental preparedness which is formed by past experience and it exists currently but stagnant, and it outbreaks only when the individuals deal with issues of the attitude with positive and negative reactions. For example, a person may have favorable or unfavorable powerful attitude about the level of auditor's responsibilities but attitude is obvious when a subject is raised in relation to that subject matter or when attitudes questionnaire will be in front of him. In human sciences, attitudes toward religion, marriage, politics, communications, and many such things will be tested and we're going to get their attitude by putting people in front of attitude (by questionnaire).

Thus, attitudes may have more durable than the ephemerality, deeper than surface and much bigger than particular features which sociologists distinguish total difference between their surfaces that the most surface one is called comments, the lowest is basic attitude or lower surface is called basic attitude or value and even deeper surface is called personality. (Oppenheim, 1996, p 29).

Research Article

Expectation is state of mind originates from the orientation in a time process and may be described as an experience quality in non-behavioral approaches which is concerned with the adaptation of a person with future anticipated experience.

So according to definitions of attitudes and expectations outlined above we find that both insist on one internal preparedness in everyone derived from his past experiences. According to levels expressed for attitude, in fact expectation is a severe neural attitude. So the relationship between attitudes with what we called view gap (expectations) is justified. The gap is called distance between imagination and understanding gaps that shows emphasis of the notion on subjective and intrinsic attitude of individuals and in some Persian texts the gap is interpreted as attitudes distances.

2.2. Gaps of Views and Expectations in Auditing

Auditing financial statements do not carry out, unless to meet the need of credibility (reliability) for users. And this is their needs, which gives auditor roles such as discovering fraud and responsibility to report it and expect auditors to undertake these roles well and to carry out and report duties undertake these roles and to report the result. But it seems that auditors could not meet all users' needs and in whole the society. So there is a difference between what auditors believe that they are responsible for and what the community and users of financial statements believe that auditors are responsible for it. The difference is usually called expectation gap.

Gap in viewpoints (expectations) means the difference between what auditors do now, and users' perceptions of them. Such a gap may encompass all aspects and areas of responsibility of the auditors. This difference in the perceptions reflects the existence of different perspectives towards the target, task, criteria, and levels of assurance obtained from the audit work, messages contained in the report of auditing and

The gap between public perception and auditors about the role of auditors can have many reasons. However, due to deficiencies in relation to the criteria provided for audit, the existence of gap between auditors and community about the auditors' duties is not unexpected.

Goy and Sullivan (1988) stated that the public and users of financial statements expect auditors:

- To accept more responsibility for detecting and reporting fraud and illegal activities.
- Improve audit effectiveness with discovering major and important distortions.
- Post useful information for users of financial statements about the nature and results of the audit process, including a warning about the possibility of going bankrupt to a business unit.
- To communicate more transparent with audit committee and other stakeholders or with a reliable accountable for financial reporting.

Liggio (1974) was the first person who used the term "expectations gap" in the audit. He defined it as the difference between the expected performance levels conceived by the independent auditors and users of financial statements. The definition was a little changed and extended in the Cohen Commission in 1978, (Commission of audit responsibilities).

2-3. Structure of Gap Views (Expectations)

Gap between the views can be caused by three following reasons:

1. Unreasonable and illogical views and expectations of a group of users of financial statements
2. Inappropriate regulations and auditing standards
3. Inappropriate performance and activities of Auditors

The reasons are those which Porter has examined as expectations gap and tested the audit firm in 1993 (Porter, 1993, p 50) and defined the structure of its constituent components as follows:

1. Reasonable distance (logical): The gap between what societies expects to receive from the auditors and what auditors can do rationally and reasonably.

Research Article

2. Performance gap: the gap between what societies can reasonably expect auditors to do it and what they receive or perceive that they receive from the auditor.

The gap caused by performance can be due to two causes:

- 2.1. Inefficiency and deficiency of auditing standards: the gap between tasks that may be reasonably expected of auditors and duties that are currently undertaken by auditors determined by the laws and regulations and professional statements.
- 2.2. Gap resulting from incomplete and inefficient performance: the gap between tasks expected according to the standards from auditors and society perception of the audit function.

The Structure of Expectations Gap is in the following Figure:

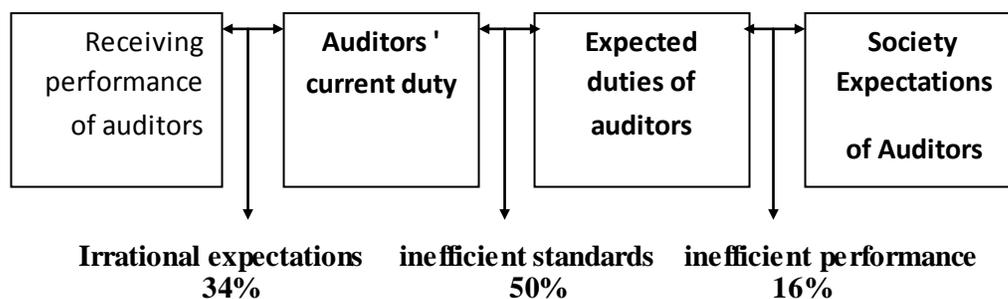


Figure 1: Structure of the expectations gap (Porter, 1993, p 50)

Porter with a study conducted stated that about 50 percent of expectations Gap associated with the incomplete and ineffective standards, 34% related to unreasonable expectations of users and other 16 percent is associated poor performance of auditors and doing sideways and unnecessary tasks.

2.4. Discovering Fraud

Evidence show the fact that the issue of corporate fraud is a serious problem. This fraud, especially when it is committed by senior managers and employees, usually reveal when the company face unexpectedly acute problems. In this case the question is where were the auditors? Fraud is any willful act or omission and slip designed to deceive and delude others and it causes its victims suffer losses and actors, and perpetrators to achieve profits.

All members of society regardless of culture, nationality, race, religion or any other characteristic, are exposed to the temptation to commit fraud. According to the results of research conducted in 2007, titled "Report of Surveillance Systems on Firms' Fraud", in response to a question why fraud occurs, 81 percent of respondents believed that the main reason people committing fraud is urging to achieve their goals at any cost and 72% believe that the main reason of fraud is acquiring self-interest. In addition, some respondents (40 percent) for justifying the wrong behavior stated that essentially those who commit fraud cannot imagine what they are doing is fraudulent practice. Obviously, any company merely through the continuous efforts may protect itself against the important measures. Auditing Standards Board of the American Association of Certified Accountants in this regard took a major step by compilation and publication of No. 99 auditing standards titling evaluating fraud in financial statements that replaces statement No. 82 of auditing standards with the same title. Although new standard didn't change the auditors' responsibilities regarding fraud in the financial statements compared to before, but it has introduced new concepts, requirements and guidelines in order to assist auditors in performing their great responsibility in this regard. Statement No. 99 on Auditing Standards has opened new horizons concerning recordkeeping requirements, so that the auditors using this statement entered into extensive

Research Article

arena of auditing techniques to detect fraud. The new standard try to combine assessment of fraud by auditors with the audit process and the evaluation continuously until the end of the audit should be revisited. This statement shows the process by which auditors:

1. To collect information needed to identify risks of misrepresentation associated with fraud.
2. To estimate mentioned threats after evaluating the entity's programs and controls.
3. Show proper respond to the results obtained.

This continuous process is shown in the following figure :

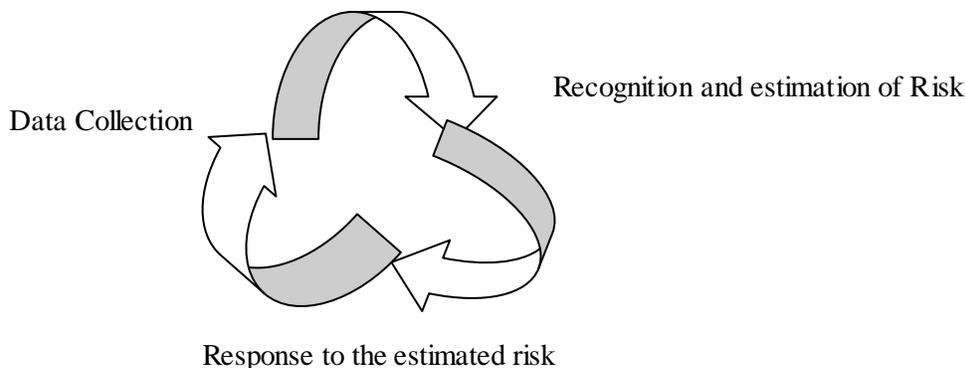


Figure 2: Fraud risk assessment process (Auditor Magazine, 2003)

Based on the above statements, the auditor should collect and evaluate huge data in order to estimate the risk of fraud compared to past.

3. Research Background

The issue of expectations gap (the gap between viewpoints), mainly were discussed in 80th and 90th decades and basic research has been done to reduce this gap.

A. Overseas Researches

The research basis in relation to expectation gaps is laid done in major works of Lee and Beck; they had examined the tasks auditors expect to perform. Most of these studies have shown the perspective of auditors and public on the role and responsibilities of accountants through the use of a questionnaire survey (Lee and Beck, 1974).

Liggio had imagined the changing role of auditors in the early stages. Then he led about the concept of audit expectation gap (Liggio, 1974).

In the United States, Baron et al, (1977) have investigated the scope and extent of the auditor's exploratory responsibilities in relation to the important errors, irregularities and illegal acts. They were trying to determine whether differences in relation with duties of detection and disclosure of auditors between perceptions of auditors and users of accounting reports? They found that auditors and users of accounting reports have significantly different beliefs about the development of auditors' responsibilities to uncover and expose irregularities and illegal acts (Baron et al, 1977).

In Egypt, Dixon et al (2009) reviewed the expectations gap between auditors and users of financial statements. This study has confirmed the existence of gap in expectations about the performance nature of the audit, received performance of the auditors, the role and duties of them, independency and non-audit services that auditors provide. This study information was collected through a questionnaire consisting of two parts. The first part included demographic data of respondents and the second part consisted of 16 questions regarding auditors' responsibility, reliability and usefulness of the decision. 100 questionnaires were distributed among auditors, bankers and investors. To investigate the significant difference between

Research Article

the three groups of respondents, Whitney U test was used. Results showed that there is too wide expectation gap in relation to auditors' responsibility but the gap was much less in relation to two other factors.

B. Domestic Research

In Iran also studies has been done since 1997 so far on the expectations gap. Touraj Jahan Ara (2002) in his thesis examined the role of teaching audit in reducing expectation gap between the independent auditors and users of financial statements. To this end, he examined the effects education of auditing on three aspects of expectation gap, that is, the gap between perceptions of the responsibilities of the independent auditor, legal and ethical framework and different kinds of audit reports. Two groups of users were selected, group one were users of financial statements which were trained in audit and the second group did not have any knowledge or experience in relation to the auditory. Test results showed that the expectations of two groups are significantly different in all three areas (Jahan Ara, 2002).

Ahmad Khaleghi Bayegi (2003) in a research titled 'expectations gap between auditors and users of validating role of independent auditors' reviewed the gap between the two groups' expectations. The required data were collected through sending questionnaire. The population of this study was auditors and users of financial statements. The results obtained indicate that there is a significant difference between auditors and users' expectations gap of the role of independent auditors' validation (Khaleghi Bayegi, 2003).

Syed Ali Mahdian (2010) in his thesis entitled 'expectations gap between independent auditors and companies financial managers in evaluating the clauses of audit report examined the difference between the perspectives of two groups in the evaluation of section the perspectives of opinion comment section of report and concluded that there is a significant differences between both groups. (Mahdian, 2010)

4. Subject significance

One way to attempt to understand the role of audit and access to the same expectations of audit is to move toward an exploration basic concepts that the role of audit is based on it. Such an assessment of the role of audit leads to offer different facilities with different aspects to meet the expectations gap of auditor's role. Therefore, the importance of conducting this study is to detect the nature of the gap between the studied groups' attitudes about the auditor's responsibilities in the areas of corporate fraud. Because none of the previous studies have been conducted so far never paid attention deeply to this gap, it is attempted to evaluate the nature of this gap in the study.

5. Research Hypothesis

Because the goal of study is to review the nature of the difference between the attitudes of independent auditors and users of audit services in the field of fraud, then to fulfill these objectives, research hypotheses are classified into two main and subsidiary groups that the main group consists of one hypothesis and subsidiary groups and subsidiary group consists of two hypotheses that can be explained as follows:

The main hypothesis:

1 – There is a performance gap between the view of independent auditors and users about the fraud.

The secondary hypotheses

1 - In the field of fraud there is a gap related to auditing standards among the views of independent auditors and users.

2 – In the field of fraud, there is a logical (reasonable) gap between the views of the independent auditors and users.

Research Article

6. The population and sample size

In this study, the target population consists of two groups of independent auditors and users. Independent auditors are a relatively identified and limited group, but users of audit reports are also a varied and extensive group. Since the audit reports are presented to the financial statements independently, users of audit reports are users of the financial statements. Therefore, in this study, the population of users, financial managers of listed companies in Tehran Stock Exchange and funders (managers of bank credit sector) were selected as the statistical population that the two groups of users had both required knowledge in financial issues and shall have the necessary information to complete the questionnaire.

According to statistics published by the audit organization and certified public accountants, they have identified independent auditors and auditing institutions, so we consider the population that were all these institutions and auditors located in Tehran, and were a member of these organizations in the year 2011.

Statistical population of listed companies in Tehran Stock Exchange consists of all firms which became a member of Stock Exchange for the period of 2001 to 2006 and information they need to perform this study is provided fully in the whole these years.

Statistical population of suppliers includes financial management of credit sector in all banks in Kermanshah province that by the end of March 2011 were working in this direction. Finally, according to the statistical methods of estimating the sample size (Cochran formula, when the population size is unknown), the number and volume of samples was determined and then we select this number of samples based on simple and stratified random sampling (a combination of both methods) from among the community, so that the results can be generalized to the population.

Table 1: The population and the selected sample size using Cochran formula

The research population	Population number	Number of Selected Samples
Audit Institutions a Member of Iranian Society of CPAs	234	59
Financial Managers	100	25
Financial Suppliers	46	12

Equation 1: Cochran Formula in the most conservative state

$$n = \frac{z^2 pq}{d^2}$$

Z: value from standard normal distribution table and given the 95% confidence interval is equal to 1.96.

P: we consider the ratio of success as 0.5.

$$q = 1 - p$$

d: The amount of tolerable error in the measurement of variable which is equal to 0.1 in this study.

$$n = \frac{(1.96)^2(0.5)(0.5)}{(0.1)^2} \sim 96$$

7. METHODOLOGY

In this study, the deductive - inductive methods were used which is based on field and library research (in terms of data collection method). Since the purpose of this study is to compare the attitudes of respondents in the community and in the case that this goal can be achieved when attitudes and perceptions of this group are collected and to be reflected in the results, therefore, we have chosen survey method in which the views of the questioned groups will be compared with respect to the subject of the study, so the study is a survey and the model of using questioned group has been used. This study is in another way survey descriptive analytical study. Sometimes the descriptive survey are interpreted as survey aimed at identifying the traits, characteristics, beliefs, attitudes, behaviors, and other issues of a community of people through referring to them.

Research Article

8. Collecting data and measuring instruments

To collect the views of auditors and users concerning topics of the test, a questionnaire containing 35 questions with a five-item Likert-type spectrum was used. Of total questionnaire questions, total of 21 questions is related to the performance gap, 11 questions are related to standard gap and 3 questions are concerned with logical gaps. Because the questionnaire information was qualitative (strongly agree, agree, neutral, disagree, strongly disagree), so the qualitative information of the questionnaire changed into numbers (1, 2, 3, 4, 5) in order to analyze, to calculate statistical parameters and conducting statistical tests as quantitative. Finally, 96 questionnaires were distributed, of which 82 (85%) questionnaires were returned and questions were answered. The following table shows the amount of questionnaire distributed according to the test case communities:

Table 2: Usable distributed and returned questionnaires

Questioned Groups	Distributed questionnaires	Percent	Returned Questionnaires	Percent
Independent Auditors	59	61.45	47	49
Financial Managers	25	26.04	23	24
Financial Suppliers	12	12.51	12	12.51
Sum	96	100	82	85

9. The reliability of the questionnaire

Reliability of tools which has also been interpreted as validity, accuracy and reliability, means that, if a measuring tool build to measure an attribute or a variables will be used in similar circumstances at another time or in other place, it will have similar results. In other words, the reliable tool or valid is an instrument that has a reproducibility property and have the same results.

Reliability is related to the stability, that is, the attainment of a result frequently. If a measuring instrument such as a clock, in each time of measurement give different sizes (though it works sometimes fast and sometimes slow) is not efficient and is untrustworthy. We will use Likert scale in this study for measurement and the reliability of Likert scale is quite good, because the responses are offered to the respondents more variedly.

There are several methods to test the reliability of the questionnaire which in this study, Cronbach's alpha coefficient has been used which are of internal consistency methods. Based on calculations done on a total of 20 received questionnaires (pre-test phase), Cronbach's alpha coefficient has been determined about 0.823. It is said that if alpha coefficients is greater than 0.7, test has an acceptable reliability (Momeni, 2010, pp. 212). So, test of this study has an acceptable reliability and demonstrates that information needs of the researcher are met.

10. Introducing statistical techniques

In this study, we will use t-test for two independent samples and Levine test (test of equality of two population variances). T-test model is based on the assumption that data have been obtained from normal distributions with equal variances. In the distribution, the sample size should not be too low for this test to have the required power for rejecting the null hypothesis. Of course when the sample size is large (n_1 and $n_2 > 30$) the normality of societies is not necessary (Ranjbaran, 2010, p.323) so because the sample size of this study is higher than the minimum required, it has being normal assumption. Ultimately, in case of the normal distribution of the variables evaluated, we use t-test (which is a parametric test) to compare the means of two populations (groups).

To test the equality of two samples, it is necessary to first investigate whether two population variances are equal or not. In other words, the variance equality test is prior to the equality test of means. To test the equality of variances, we use Levine test. In Levine test, it does not require that the data be normally

Research Article

distributed. It is worth mentioning that the investigator considered the tests at a significance level of 5%. Significance is the amount of error we commit in rejecting the null hypothesis.

Equation 2: t-test statistics in case of equality of variances

$$t = \frac{(\bar{x}_1 - \bar{x}_2) - (\mu_1 - \mu_2)}{S_p \sqrt{\frac{1}{n_1} + \frac{1}{n_2}}} \quad S_p = \sqrt{\frac{(n_1 - 1)S_1^2 + (n_2 - 1)S_2^2}{n_1 + n_2 - 2}}$$

The degrees of freedom in this case is equal to

$$n_1 + n_2 - 2$$

Equation 3: t-test statistic in the case of inequality of variances and its degrees of freedom

$$df = \frac{\left[\frac{S_1^2}{n_1} + \frac{S_2^2}{n_2} \right]^2}{\frac{S_1^2/n_1}{n_1 - 1} + \frac{S_2^2/n_2}{n_2 - 1}} \quad t = \frac{(\bar{x}_1 - \bar{x}_2) - (\mu_1 - \mu_2)}{\sqrt{\frac{S_1^2}{n_1} + \frac{S_2^2}{n_2}}}$$

11. The results of Hypothesis Testing

Data required for this study is gathered from the questionnaire that its validity is tested. The data were analyzed in SPSS 14 software environment by applying appropriate statistical tests with respect to this research.

11-1. Test of Main Hypotheses

Statistical hypothesis is to test the main hypothesis derived from the research hypothesis and its inverse, is considered as follows. It should be noted that regarding that such assumptions are related to two population hypothesis is called adaptive.

H_0 : About the fraud, there is a performance gap between the views of independent auditors and users. (Conflicting claim)

H_1 : About the fraud, there is a performance gap between the views of independent auditors and users. (Research hypothesis claim)

$$\begin{cases} H_0: \mu_1 = \mu_2 \\ H_1: \mu_1 \neq \mu_2 \end{cases}$$

To test the assumption of conflicting claim, we obtain the respondents mean score and compare the mean of the two communities in confidence level of 95% by t-test. The following table shows the results of two tests:

Table 3: Results of main hypothesis testing

Average respondents		The number of samples		Significance level of Levine's test	Significance level of the equality of mean test	Result
Independent Auditors	Users	Independent Auditors	Users			
76.0000	67.1143	47	35	0.685	0.000	Rejection H_0

Due to the fact that the significance level related to Levine test is equal to 0.685 and it is larger than the significance level of 5%, then the assumption of equality of variances is accepted. Because the ($\text{sig} > 5\%$), so the data from the first row of the table are used to conclude about the average. Finally, because the difference between the mean of two society is 8.885, with the confidence interval of 95% and the

Research Article

significance level is zero ($5% > sig$), we conclude that the null hypothesis is rejected and the research hypothesis is accepted, i.e. about the fraud, there is a performance gap between the perspectives of independent auditors and users.

11-2. Testing of the first hypothesis of the Sub-hypotheses

Statistical assumptions are considered as follows to test this research hypothesis :

H_0 : About the field of fraud, there is not a gap between the independent auditors and users' viewpoint about the Auditing Standards. (Conflicting claim)

H_1 : About the field of fraud, there is a gap between the independent auditors and users' viewpoint relating to auditing standards. (Research hypothesis, claim)

$$\begin{cases} H_0: \mu_1 = \mu_2 \\ H_1: \mu_1 \neq \mu_2 \end{cases}$$

Due to the fact that significance level related to Levine test is equal to 0.136 and it is greater than the significance level of 5% ($sig > 5%$), so the assumption of variance equality is accepted with the confidence interval of 95%. Then the first row data of the table (SPSS output) is used. Finally, because the mean difference between two sample is -5.293 of 95% confidence interval and t-test significance level is zero ($5% > sig$) we conclude that the null hypothesis (conflicting claims), is rejected and the research hypothesis (claim) is accepted, meaning that about the fraud, there is gap between the views of independent auditors and users related to audit standards. The following table shows the results:

Table 4: Test results of the first hypothesis of the sub-hypothesis

Average respondents		The number of statistical samples		Levine test significance level	The significance levels of mean equality test	Result
Independent Auditors	Users	Independent Auditors	Users			
34.0213	39.3143	47	35	0.136	0.000	Rejection H_0

11-3. The second hypothesis testing of sub-hypotheses

First, in order to test the research hypotheses, the statistical assumptions are determined as follows:

H_0 : In the field of fraud, there is not a logical (rational) gap between the views of independent auditors and users. (Conflicting claims)

H_1 : In the field of fraud, there is a logical (rational) gap between the views of independent auditors and users. (Research Hypothesis claim)

$$\begin{cases} H_0: \mu_1 = \mu_2 \\ H_1: \mu_1 \neq \mu_2 \end{cases}$$

Because the significance level for Levine test is zero and is smaller than the significance level of 5% then ($5% > sig$), so the assumption of variances equality is rejected. Therefore, we use the second line data of SPSS output. Significance level of Mean equality test is zero assuming the inequality of variances ($5% > sig$), so the assumption of equality of the means or the null hypothesis is rejected and the research hypothesis or claim that there is a reasonable gap between the views of the independent auditors and users about the fraud is accepted. Table below shows the test results:

Research Article

Table 5: The Results of second hypothesis test of sub- hypothesis

Average response		The number of statistical samples		Levine test significance level	Significance level of testing equality of mean	Result
Independent Auditors	Users	Independent Auditors	Users			
4.8511	10.4857	47	35	0.000	0.000	Rejection H_0

12. DISCUSSION AND INTERPRETATION OF RESULTS

The results of testing hypotheses about the nature of the gap between auditors and users' viewpoint in the field of fraud indicate that all hypotheses are confirmed at 95 percent confidence level. Therefore, the results of the study indicate that:

1. About the fraud, there is a performance gap between the views of independent auditors and users that indicate poor and incomplete performance of audit about fraud.
2. In the field of fraud there is a gap between independent auditors and users viewpoint that is related to auditing standards that could be caused by inefficient and incomplete auditing standards.
3. In the field of fraud, there is a logical (rational) gap between independent auditors and users' view that generates from the illogical and irrational expectations and assumptions of the society about the auditor and his performance.

According to the results of research and acceptance of all claims it was proved that there are important and significant differences between the perceptions of auditors and of the community (users) respect to the role and functions of auditors regarding fraud in all three fields of prevention, discovery and reporting of the fraud. This difference in opinion can lead to mistrust to the audit profession and its place over time. In the case of mistrust of society to auditing activities and services, the future of the profession will be faced with a serious threat. This uncertainty leads to auditing profession lose its value and society will be unwillingness to implement it, which this makes embezzlers and cheaters to abuse in society and ultimately, it causes corruption in society.

13. Practical Recommendations

Suggestions to improve the quality of auditors' performance, improving auditing standards and ultimately reduction of the gaps created in the field of fraud:

1. It is essential that Auditing Organization and other professional staff, including certified public accountants in Iran will pay special attention to this important issue and with further training, supervision and continuous control over the performance of auditors reduce performance gap.
2. Auditing Standards Committee, which is responsible for providing and ratifying Standards needs to review Auditing Standards about fraud and pay attention to reasonable expectations of users and in this regard, develop auditing standards to reduce the gap between standards.
3. Institutions that are working in audit are obliged to reduce their irrational expectations improve their view towards profession standing by describing and informing the barriers and constraints (auditing time and interest) the auditing activities for the community, including corporate potential investors.
4. Most likely, the use of the experience of other auditors can increase the effectiveness of auditing organizations in prevention of fraud and its discovery.

Research Article

14. Suggestions for Future Research

- Field checking of gap existing between the views of different groups of users (within group comparison) on the role of auditors in the field of corporate fraud
- Evaluation of the Effectiveness of Auditing Standard 240 of Iran reducing the gap related to auditing standards about the auditor's role in the area of corporate fraud
- Examining the relationship between corporate fraud and its impact on reducing the trust by the society to invest in shares of companies
- Evaluation of the effectiveness of corporate fraud on process of bankruptcy
- Evaluating the effects of discovery and reporting insignificant fraud on decreasing the logical gap between the views of auditors and users of audit services

REFERENCES

- Oppenheim, A. N., (2001)**, Questionnaire Design and Estimating Attitude, translated by Marzieh Karim Nia, Tehran, 2nd Edition, Press Astan Quds Razavi
- Bozorg Asl, Mosa,** the independent auditor's role in society: a new approach to reduce the expectation gap (imagination), *Journal of Accounting and Auditing Review*, Winter 97 and Spring 98, No. 22 and 23, pp. 111 - 101.
- Jahan Ara, Touraj, 2002.** Studying the Effect of Education of Audit in Expectation gap size between the independent auditors and users of financial statements, master's thesis, Tarbiat Modarres University, , pp. 18-25
- Hafez Nia, Mohammad Reza, (2009)**, Introduction to Research Methods in the Human Sciences, Tehran, 14th Edition.
- Ravaei, Hamid, 1998.** the Roles of Auditors in Society, *Journal of Accounting*, 1999, Vol. 128
Committee responsible for drafting the statements of Audit basic concepts, statement of fundamental auditing concepts, translated by Dr. Ali Nikkhah Azad, Corporate Audit,
- Momeni, Mansour, (2010)**, Statistical Analysis of data using spss, Tehran: Ketabe No
- Advisory Committee on the Auditing Profession (2008).** Final Report of the Advisory Committee on the Auditing Profession to the U.S. Department of the Treasury.
- Alleyne, P., &Howard, M. (2005).** An exploratory study of auditors' responsibility for fraud detection in Barbados. *Managerial Auditing Journal*, 20(3), 284–303.
- Andrew Higson (2003)**, Corporate Financial Reporting: Theory and Practice, SAGE Publications, London.
- Comeron, A (1993)**, Do Chartered Accountants Live up to Small Business Expectations? *Accountants Journal*, Vol. 72, June, pp. 76-8.
- Fadzly, M. N., & Ahmad, Z. (2004).** Audit expectation gap: The case of Malaysia *Managerial Auditing Journal*, 19(7), 897–915.
- Haniffa, R., & Hudaib, M. (2007).** Locating audit expectations gap within a cultural context: The case of Saudi Arabia. *Journal of International Accounting, Auditing and Taxation*, 16(2), 179–206.
- Sidani, Y. M. (2007).** The audit expectation gap: Evidence from Lebanon. *Managerial Auditing Journal*, 22(3), 288–302.
- Sora Kim, Jae-Hee Park, Emma K. Wertz, 2010.** Expectation gaps between stakeholders and web-based corporate public relations efforts, *Public Relations Review*, No.36, PP.215- 221.