

THE AUDIT EXPECTATION GAP IN INDONESIAN PUBLIC SECTOR

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ABSTRACT

The purposes of this study are to tests the existence of the audit expectation gap between financial statement users and the auditors in Financial Auditing Board (BPK) as well as to identify the underlying components. The study is also to examine the difference in perception on the performance of the auditors in Financial Auditing Board (BPK) between financial statement users with basic accounting education and those without that of accounting. There are two hypotheses, as the writer wants them to test. First, there is an audit expectation gap between the financial statement users and the auditors in Financial Auditing Board (BPK), and second, there is the difference in perception on the performance of the auditors in the Financial Auditing Board (BPK) (deficient performance gap) between the financial statement users with basic accounting education and those without that of accounting. The collected data of the study gained through a survey method. They are primary data obtained from respondents as users of the financial statement of local government such as civil servants in local government, members of the House of Representatives at local levels, academics, credit analysts, and the auditors of Financial Auditing Board (BPK) in Yogyakarta. The hypotheses examined by using the Chi Square, Mann-Whitney U test and the T-Test Independent Sample. Result of the hypotheses examination indicates that the financial statement users had understanding more than the auditors did and difference in perception was significant. The financial statement users understand that the auditors have duties ideally more than their actual ones. The examination of the second hypothesis shows that there was a significant difference in perception on the performance of the auditors of Financial Auditing Board (BPK). The perception of financial statement users without that of accounting on the performance of the auditors in the Financial Auditing Board (BPK) tended to be "good", while those with that of accounting tended to be "poor". This research concluded as follows: first, there was audit expectation gap between the financial statement users and the auditors of Financial Auditing Board (BPK); second, there was the difference in perception on the performance of the auditors of Financial Auditing Board (BPK) between the financial statement users with that of accounting and those without that of accounting

Keywords: *Audit Expectation Gap, Deficient Performance Gap, Deficient Performance, Unreasonable Expectation, Deficient Standard, Existing Duties, Non-existing Duties, Auditors of BPK, Users of the Government Financial Statement*

I. INTRODUCTION

The raise of criticism on accounting profession regarding the quality and auditor's performance considered by Liggio (1974) not as a new fact but it has been persisted since the end of 1960. Boyle and Canning (2005) propose that it happened around the world and has put some effect to the weakness attenuate of the audit profession credibility. Porter (1993) states that audit environment fully consisted by criticism on auditor's performance are characteristic of audit surroundings at present days, similar to the firm statement suggest by Lee (2007) concerning audit surroundings that still suffered from criticism. The possible causes of this criticism, as firmly stated by Maccarone (1993), are numbers of corporate failure, occurrence of financial scandal, and the failure of audit.

The term of *audit expectation gap*, first introduce in audit literature by Liggio in the year of

1974 and later followed by lots of researches that has many efforts in order to definitively ensure the existence of *audit expectation gap* in some countries. Those researches are research by Beck (1974) in England, Gay and Sullivan (1988), Humphrey et al. (1993) in England, Pany (1993), Porter (1993) in New Zealand. In Malaysia, it often observed as researches by Chowdhury et al. (2005), Epstein & Greiger (1994), Gloeck & De Jager (1993), Humphrey et al. (1993), Lin & Chin (2004), Fadzly & Ahmad (2004), Dixon et al. (2006), and Lee (2007). The results of those studies support the theoretical literature regarding the existence of *audit expectation gap*.

The audit environment in Indonesia, particularly on public sector's audit at present time, still colored with criticisms on auditor's performance. In accordance with the statement addressed by Porter (1993) and Lee (2007), the occurrence of criticisms

demonstrated by public indicates the existence of *audit expectation gap*. Some researches observation in public sector at several regions has extended a full theoretical supports, such as researches conducted by Nugroho (2004), Yulianti (2007), and Rulisyawati (2007).

Porter (1993) and Deflies et al. (1988) claimed that in order to narrow the *expectation gap* effectively, the components of *gap* needs to be ensure as the different components of *gap* which required differed methods to narrow them. If the results presents the existence of *audit expectation gap*, the nature of the *gap* will considered as using three components of *audit expectation performance gap* presented in the frame work found by Porter (1993), i.e.: i) *unreasonable expectation*; ii) *deficient standard*; and iii) *deficient performance*.

There are limited researches concerning *audit expectation gap* in Indonesia, particularly on public sectors that specifically test the *audit expectation gap* as well as to identify its causal components, and observe the impact of accounting education that possibly causes the difference in perception on auditors' *deficient performance*. This research will tests the existence of *audit expectation gap* on the tasks of Financial Auditing Board (BPK) auditors, the difference in perception of the financial statement users on *deficient performance* auditor, and identifies its causal components of the *audit expectation gap*.

II. THEORY BASE AND HYPOTHESIS BUILDING

2.1 Public Sector Auditing

The purpose of this audit is to guarantee the application of public responsibility operated by central or local governments, similar to private sectors audit. According to Jones & Bates (1990), there is a difference on the implementation of both audits, underlies on the base of necessity orientation to report political influence and regulation of related country.

Bastian (2006) states that auditing is an independently investigation to several specific activities. The mechanism of auditing is a mechanism that activates the meaning of accountability on the management of governmental sectors, State-Owned Company (BUMN), or other *activa* institutions. Meanwhile, the purposes of the tests on financial statement by independent auditors are to state a truthful opinion in regards to the financial position, operation results, and state its cash flow in adequate to accounting principal in general.

2.2 Governmental Financial Statement Users

In regards to the issuance of Governmental Accounting Standards (SAP: Standar Akuntansi Pemerintahan) year 2005, there are some primary groups of governmental financial statement users but not as limited as, (1) Society; (2) Representative board, and controlling and auditing agency; (3) Sides who gives or related to the donation, investment, and loan process; and (4) Government.

Halim (2004) specifically states the external parties of Municipal Government as the financial statement users of the Municipal Government. They are: (1) Municipal House of Representatives, (2) Financial Auditing Board (BPK), (3) Investors, Creditors, and Donators, (4) Economic Analyst and Local Government observer, (5) Society of citizenry, (6) State Government, and (7) Other Local Government.

2.3 Research on *Expectation Gap*

The research by Porter (1993) has put a basic concept that important for academicians in discovering and considering a structural concept to narrow the existence of *audit expectation gap*, which is seemingly threatening the audit environment. He intends to ensure the existence of *audit expectation gap* between independent auditors and society of those financial users regarding the auditor's performance as well as to determine the causal components of *expectation gap*, and later found an *audit expectation gap* between auditors and society.

The specific researches regarding the audit observation in Malaysia has often conducted such as research by Chowdhury et al. (2005); Epstein and Greiger (1994); Gloeck and De Jager (1993); Humphrey et al. (1993); Leung and Chau (2001); Lin and Chin (2004); and Dixon et al. (2006). Those researches revealed empirical evidence concerning the existence of *audit expectation gap* in Malaysia that correlated with the responsibility of auditors. However, Lee (2007) expressed that those researches as possibly not applicative to implement in Malaysia since the discovery might have distorted by social-economic and uniquely legal factors. Until recent days, the only *audit expectation gap* that publicize in Malaysia is the research conducted by Fadzly and Ahmad (2004). The supporting theoretical literatures on *audit expectation gap* in public sectors also exist in Indonesia, such as research by Rulisyawati (2007), Yulianti et al. (2007), and Nugroho (2004).

The research conducted by Lee (2007) found the existence of *audit expectation gap* that firmly emphasizes previous study observed by Fadzly and Ahmad (2004). It shows the existence of *expectation gap* between auditor and the position donor regarding the obligation assignment that presented. Hence, this finding is consistent with the explanation given in the framework by Porter (1993) concerning the possible causal of an *audit expectation gap*.

2.4 Audit Expectation Gap at Public Sector in Indonesia

IAI (2004) quotes an opinion suggested by Leman Adi Pranoto that revealed four factors faced by public accountant that is, the development of business environment, *expectation gap*, negative and positive considering of practices as opportunities, and the high strictness of regulations. The research regarding the existence of *expectation gap* in Indonesia has often observed by some researchers, either private or public sectors.

Nugroho (2004) found that there is a difference in perception between government auditors and financial statement users on governmental auditing (members of the Municipal House of Representatives). He also found two other facts that there is a difference in perception between financial statement users on private sector auditing and governmental financial statement users, and there is no difference in perception between one financial statement users of municipal government to another. This is because the education level of the members of the Municipal House of Representatives is relatively similar to one another.

Yulianti et al. (2007) conducted a research to tests the existence of *audit expectation gap* on public sectors. The observed variables are the perception of governmental financial statement users and government auditors regarding the role and responsibility of auditors. Instrument used in that research is questionnaire developed by Gramling et al. (1996). The result distributes empirical evidence concerning the existence of *audit expectation gap* between government auditors and financial statement users on the role and responsibility of the auditors.

Rulisyawati (2007) conducted a research on *audit expectations gap* at public sectors between the Financial Auditing Board (BPK) auditors and municipal financial statement users. It concluded that there is a difference in perception between the auditors and the users, which is members of House of Representatives, municipal government, and society.

The differences in perception are financial statement, accountability, and auditing concepts, show the existence of *audit expectation gap* between the auditors and the users.

2.5 Frame of Idea and Hypothesis Building

Some supporting theoretical literatures regarding the *audit expectations gap* revealed in the researches conducted by Beck (174) & Humprey et al. (1993) in England, Gay & Sullivan (1988), and Pany (1993). They carried out significant discoveries that there is an existence of *audit expectation gap* on auditor's responsibility and that position donor or sides having interests on audit reports possess higher expectation rather than the actual obligatory duties of the auditor.

Porter (1993) & Deflies et al. (1988) claim that components of gap must be confirm in order to narrow the *expectation gap* effectively. This is because the differed components of gap required different methods to narrow. If the result shows the existence of *audit expectation gap*, the nature of the gap will definite into three components of *expectation performance gap audit* in the framework by Porter (1993), i.e.: 1) *unreasonable expectation*; 2) *deficient performance* ; and 3) *unreasonable expectation*. The researches by Fadzly & Ahmad (2004), Porter et al. (2005), and Lee (2007) own positive view on the existence of *expectation gap*, which adopted and developed the framework by Porter (1993) and intended to firm the existence of *audit expectation gap* and to seek for problem solution.

Those researches specifically contributing empirical evidence regarding the existence of *audit expectation gap* between auditors, *audited*, and *audit beneficiaries*' concerning the presented auditors' duties. The results state that the existence of *audit expectation gap* caused by two factors: 1) the lack of awareness from auditors to recognize their actual duties that can causes them to operate bellow existed standards; 2) the users' higher expectation on auditors' duties than the existed duties determined by law and professionals, rationally or irrationally.

There is a condition on audit environment at public sectors that can causes *audit expectation gap* in Indonesia. This condition is regulations that stipulate the state financial auditing and responsibility, which is relatively new. The possible occurrence of *deficient performance* might happen because auditor may not yet understands all duties existed in that of regulations. Other causal factors are

regulation maker's competency and political factors that strongly reiterate so that they can cause the duties mandated in audit regulation assume as inappropriate to the expectation of the governmental financial statement users.

The low level of knowledge possessed by the society or the users of financial statement stimulates different interpretations on the duties of Financial Auditing Board (BPK) auditors, even further stimulates irrational expectations on the auditors' duties that impossible to conduct. Besides that, the competency of the auditors, lack of personals, limited budget, and the strong political pressure can cause the auditors to operate in under-standard performance (*deficient performance auditors*). Finally, it will trigger higher increasing on the problems of *audit expectation gap* at Indonesia's public sectors.

In accordance with the frame of theoretical base explained above, thus the first Hypothesis proposed in this research stated as follows.

H1: There is an audit expectation gap between the Financial Auditing Board (BPK) auditor and the governmental financial statement users on auditor's duties presented

Since the causal components of *audit expectation gap* has successfully classified by Porter, the topic regarding accounting education function and its impact on *audit expectation gap* have been discussed in some literatures by years. Experts begin to carry out suggestions on accounting education in narrowing the extended problems on *audit expectation gap*. According to Monroe and Woodliff (1993), education has positive influence in cutting out *expectation gap*.

In Indonesia, the finding on the research conducted by Nugroho (2004) contributes important recommendation that the difference in perception between Financial Auditing Board (BPK) auditors and public and members of legislative are higher than the difference in perception between the auditors and credit analyst that caused by the different level of education. This is consistent to previous researches by Sikka et al. (1992), Monreo & Woodliff (1993), and Ferguson et al. (2000) which state that accounting education may narrow the *expectation gap*, particularly on the *unreasonable expectation* components.

The framework developed by Porter (1993) addressed that one of the components of *audit*

expectation gap is *gap* between the existed auditor's duties and auditor's performance experienced by a group of society (*gap performance deficient*). Boyle & Canning (2005) state that education has function of conflicts, reducing *unreasonable expectation* component on one side, but increasing bad perception on *deficient performance auditor* on other side at specific condition. Boyle & Canning (2005) found that there is a difference in perception on *deficient performance* auditors between respondents' causes by the different level of auditing. Based on that reason, thus second Hypothesis proposed as follows.

H2: There is a difference in perception (deficient performance gap) between financial statement users with accounting education and those without that of accounting on auditors' performance

III. RESEARCH METHODOLOGY

3.1 Population and Research Sampling

The population includes a group of Financial Auditing Board (BPK) auditors and a group of governmental financial statement users in the municipal government of Yogyakarta. The detail of respondents involved in this research is orderly pile as follows.

3.1.1 The official auditor assigned from the governmental institution, which is Representation III of Financial Auditing Board (BPK) in Yogyakarta.

3.1.2 Financial statement audit users at governmental sectors, that is:

1. Members of The Municipal House of Representatives consist of Provincial Government of Yogyakarta, Municipal Government of Yogyakarta, Municipal House of Representatives at Sleman Regency, and Municipal House of Representatives at Batul Regency.
2. Members of the Municipal Government that is echelon 2, echelon 3, and echelon 4 functionaries, and members of Bawasda and BPKD.
3. Members of the society consist of academician, university students, and credit analyst.

3.2 Data Collecting Method

The data collecting method is *survey method*. The data collected from respondents taken by using questionnaire. The data is primary data

gained through a direct questionnaire spread to the Financial Auditing Board (BPK) auditors, members of the Municipal House of Representatives, government employees, and to the members of society.

The questionnaire designed to tests two questions revealed. First, is there *audit expectation gap* between Financial Auditing Board (BPK) auditors and financial statement users, existed or non-existed? Second, is there a difference in perception between users with accounting education and those without that of accounting on the *deficient performance auditors*? Moreover, the questionnaire intends to identify *auditor deficient performance* in implementing the existed duties and identify auditor's duties that expected to exist. Thus, the questionnaire design in this research divided into two main parts, described as follows.

- a. The first part questioned for personal identity including sex, age, and level of education, study program, and audit comprehension and experience.
- b. The second part consists of auditor's duties statements including 20 auditors' existed duties and 12 auditors' non-existed duties. This questionnaire later orderly stack in three sections, listed as follows.
 1. First section is asking if the presented auditor's duties represent the existed duties of the auditors. The estimation scale used in this section is nominal scale. The questions given to the respondents are multiple choices as answers of yes and no questions, with estimation values of two and one.
 2. Second part is asking if the presented duties expected to be an obligatory mandates for the auditor's duties. The estimation scale used in this section is similar to the asked questions in the first section (nominal scale). The questions given to the respondents are multiple choices as answers of yes and no questions, with estimation values of two and one.
 3. Third section is correlating in regards to the respondents' evaluation on auditors' performance in performing the existed duties. The estimation scale used in this section is ordinal scale. At this section, respondents proposed five choices in evaluating the auditors' performance in operating the existed duties, that is: 1) very good; 2) good; 3) sufficient; 4) bad; and 5)

very bad. Each of this answer estimated as values of 5, 4, 3, 2 and 1.

3.3 Operational Definition

- a. *Audit expectation gap* is the difference in perception between auditors and governmental financial statement users on the auditors' duties.
- b. *Deficient Performance Gap* is the difference in perception enhanced by the governmental financial statement users on auditors' performance.
- c. *Deficient Performance* is the difference in working performance experienced by a group of societies on the auditors' duties within the audit regulation.
- d. *Deficient standard* is the gap occurred between rational expectations from the group of societies (gained benefits if implemented) and the existed auditor's responsibility, that defined by law and professionals' decree.
- e. *Unreasonable Expectation* is the irrational expectations to be implementing, viewed from financial aspect (gained less benefits duties if implemented).
- f. The existed auditors' duties are mandate duties reiterate to the auditors' responsibility based on the Indonesia's governmental audit regulation.
- g. Non-existed duties are duties that are neither not yet exist or not yet assessed within the auditing regulation in Indonesia as mandated duties of auditors.
- h. Financial statement users are a group that owns interests on the governmental financial statement that consists of Municipal Government, Credit Analysts, Regional Government, and Academicians.

3.4 Research Variables

Two variables that observed in this research are first, *audit expectation gap* estimated based on the perception comprehension on the Financial Auditing Board (BPK) auditors' duties, and the second is *deficient performance gap* estimated in accordance with the perception of the governmental financial statement users on the Financial Auditing Board (BPK) auditors' performance. The questionnaire instrument used in this research divided into two categorizes.

1. The questionnaire instrument regarding the existed auditors' duties carried out from the mandated Financial Auditing Board (BPK) auditors' duties within the act of audit

regulations in public sectors in Indonesia. Those regulations are order as follows. First, Constitution 1945 Chapter VIII A in regards to the Financial Auditing Board (BPK). Second, the State Law No.17 year 2003 regarding State Financial, the State Law No. 15 year 2004 concerning the Auditing of Financial State Management and Responsibility, and the State Law No. 15 year 2006 about Financial Auditing Board (BPK); and third, the Technical Auditing Instruction of the State Financial Auditing Board (BPK).

2. The questionnaire instrument regarding the non-existed auditors' duties carried out using the questionnaires presented by Lee (2007), Dixon and Woodhead (2006), Hudaib (2003), McEnroe and Martens (2001), and Monroe & Woodcliff (1994), and later appropriated in congruity as adequate as the context of public sectors in Indonesia.

3.5 The Technique of Data Examination

Validity test shows the capability level of an instrument in uttering something that used as estimation object conducted by that of instrument. The approaching method used in this research is *validity construct* that is by correlating scores on each item with total score. The reliability test is use in order to find out by means of estimation instrument unhampered from bias, so that it can provides consistently estimation result between inter-times and items within an instrument. The reliability test in this research conducted using *internal consistency* method with *Cronbach's Alpha*.

The test of Hypothesis in this research is using *Chi-Square Test*, *Mann-Whitney U Test*, and *T-Test Independent Sample* while the technique of data analysis conducted using the support assistance of computer software program that is *SPSS Version 1.5 for Windows*. In regards to identifying the components of *audit expectation gap* particularly on auditors' performance that formed as *deficient performance* or even further on the existed auditors' duties expectation, this research refers to the research conducted by Lee (2007).

In order to find out *deficient performance*, we may look at the mean value that is bellow than three, and later investigates exploration of the number of respondents' answers that 25% of them consider it as bad. Hence, it categorized as elements

of *deficient performance*. At the same time, the existed auditors' duties expectation identified based on the proportion of respondents' answers. If there are 25% of respondents consider that the non-existed auditors' duties should be present as existed auditors' duties, thus it consider as auditors' duties that expected to be exist.

IV. ANALYSIS AND DISCUSSION

The data collecting carried out through the distribution of questionnaire lists to the respondents. Total questionnaires that distributed to the respondents are 350 exemplars. From those 350 exemplars, there are 264 exemplars returned by respondents that are 145 exemplars of financial statement users and 119 exemplars of the Financial Auditing Board (BPK) auditors. Nevertheless, the possible use exemplars are only 225 exemplars consists of 120 financial statement users and 105 Financial Auditing Board (BPK).

4.1 Discussion of the First Hypothesis

In accordance to the test result on the first Hypothesis, it concluded that there is an *audit expectation gap* between the group of financial statement users and the Financial Auditing Board (BPK) auditors on auditors' duties. Both results, either under the *Chi Square* or under *T-Test*, support the first Hypothesis that there is an *audit expectation gap* between the Financial Auditing Board (BPK) auditors and the financial statement users.

From the result of the *Chi Square* test on 32 duties of auditors, it demonstrates that there are 23 duties or as big as 72% that significantly different. The numbers of 23 different duties explained above divided into 11 existed duties as shown in Table 5, and 12 non-existed duties as presented in Table 6. The *Chi Square* test also shows that the perception of the financial statement users on auditors' duties is over exceeding the actual duties that assumed to be the mandated responsibility of the Financial Auditing Board (BPK) auditors. Thus, 11 duties assumed as existed duties from those 12 non-existed duties. This difference is significant on the 0.01 significant levels.

The *T-Test* result on all of the 32 auditors' duties shows that there is a significant difference in perception and that the mean value of the financial statement users is 54.5500 bigger than the mean value of the Financial Auditing Board (BPK) auditors that is 49.3143 (Table 8). It summarize that the financial statement users' perception is over exceeding the perception of the Financial Auditing Board (BPK) auditors overall auditors' duties. Pierre

and Kilcommins (1996) distinctly resolute their statement that *audit expectation gap* happens by the time when there is a difference occurrence between an external auditors' perception regarding their roles and tasks and groups of users and public.

After conducting analysis on the tests that applied separately between existed and non-existed duties, found that the main cause of the difference in perception between financial statement users and Financial Auditing Board (BPK) auditors is that the financial statement users understand the non-existed duties as the tasks of the Financial Auditing Board (BPK) auditors. This findings supported by the *T-Test* result on non-existed duties that significantly different. Moreover, the perceptions of both groups of respondents for existed duties show that there is no significant difference as figured in Table 8.

Although the *T-test* result on existed duties (Table 8) shows that there is no significant difference between financial statement users' perception and the Financial Auditing Board (BPK) auditors' perception, the identification result on every existed duty demonstrates that there are 4 duties (8, 13, 18, and 25) that failed to be recognize by Financial Auditing Board (BPK) auditors as their duties.

There are three of the 4 duties that directly affect the Financial Auditing Board (BPK) auditors' performance that is the 13th, 18th, and 25th duties. Those three duties are the duties that available for auditing investigation. The writer assumes there is a strong possibility that respondents of the Financial Auditing Board (BPK) auditors have neither experiencing nor mastering formal education regarding the investigation audits. This assumption stated based on the most 75% respondents' working experience of the Financial Auditing Board (BPK) auditors that had just one to five year experience.

A disclosure revealed that the cause of the non-satisfaction's users on the Financial Auditing Board (BPK) auditors' performance is not only cause by auditors' failure to recognize their duties. There are 16 duties considered by financial statement users as bad (Table 9). There are only four of those 16 duties (22.2%) that failed to be recognize (more than 30% auditors assumed those duties as not their obligatory duties), and 77.8% recognized by auditors as their mandated duties.

The result have gave an important understanding that in addition to the auditors' knowledge factor, there are still other existed factors that can affect the auditors' performance which may not comply with the request of the financial statement

users' expectation (*deficient performance*). Hence, those factors may be more dominant as shown with the percentage value of 77.8% than or as equal as 12 duties (5, 6, 9, 16, 17, 19, 20, 21, 22, 24, 26, and 31) of the total duties considered as *deficient*.

There are some factors that compatible for conditions in Indonesia, which is may be negatively affecting the auditors' performance. One of them is auditors' independency factor. The low level of the Financial Auditing Board (BPK) auditors may caused by the occurrence of internal interference departed from auditors such as familial atmosphere consideration as the impact of Indonesia's culture. The other causal factor is the external interferences, that is the limitation process of inspection scope, external parties interfering on assignments, and even further the political threats. In addition to the auditors' independencies, underlies other factors such as the lack of the Financial Auditing Board (BPK) auditors, budget limitation, and limited time span of auditing.

There are 11 duties expected to exist by financial statement users (Tabel 10). The writer suggests several duties to be consider in order to the issuance of the Financial Auditing Board (BPK) auditors' duties. Some of them are duties 3, 4, 11, 12, 14, and 15. Based on the number of duties, the financial statement users expect the Financial Auditing Board (BPK) auditors to perform transactions verification, deviation detection, failure, and deceitful revealing, or preventive actions on overall transactions, material or immaterial on every financial statement.

Corruption conducted by governmental apparatus at highest to lowest level is one reason, which the writer suggested that financial statement auditing to focus not only on material transactions. This material element consideration can also stipulates bad habits in short-term and negatively affecting apparatus' behavior in long-term period. The small but high frequencies of deviations may cause big deficits or financial loss to the country.

Increasing criticism on auditors' performance at public sectors not only caused by the *deficient performance* showed by auditors, but also caused by the financial statement users expectations to the Financial Auditing Board (BPK) auditors in performing more duties that mandated within auditing regulations in Indonesia (*deficient standard* and *unreasonable expectation*). This is consistent to the previous research by Porter (1993) and Lee (2007).

The other important discovery in this research is that the accounting education is capable of lowering the *audit expectation gap*. The difference in perception between auditors and the financial statement users with accounting education are smaller than the difference in perception on those without that of accounting education. This results presented by additional test using the *One Way Anova* that shows the difference in perception between those three groups existed significantly in the significant level of 1%. The mean value for those with accounting education and auditors has smaller difference as comparison to the difference among those without that of accounting education and the Financial Auditing Board (BPK) auditors. This findings is consistent with Sikka et al. (1992); Porter (1993); Monreo and Woodliff (1993); (2000); Nograho (2004); and Lee (2007).

4.2 Discussion of Second Hypothesis

Based on the test result of the second Hypothesis concluded that there is a difference in perception between the financial statement users group with accounting education and those without that of accounting education on the Financial Auditing Board (BPK) auditors' performance (*deficient performance gap*). According to the *Uji T-Test* (Table 8), gained a result that both group's perceptions are significantly different in significant level of 0.01. The users group without accounting education tends to evaluate auditors' performance as satisfying, while those with that of accounting education evaluate as less satisfying.

The low understanding of the financial statement users without accounting education affects the lack of skepticism on the Financial Auditing Board (BPK) auditors' performance that may become bad. It caused those without that of accounting tend to evaluate auditors' performance as better. The other possibility that affects users without accounting education in evaluating auditors' performance as good is because the respondents without that of accounting dominated by respondents involved in the government that is Municipal employees and members of the House of Representatives. This finding consistent to Yulianti et al. (2007) which is also using respondents of financial statement users consist of Municipal employees and members of Municipal House of Representatives. Their perceptions are better than public's perception.

The Hypothesis result will offers important understanding to the problem solving of the *audit*

expectation gap in public sectors. This is consistent with Boyle and Canning (2005) that education owns function of conflicts, that is reducing *unreasonable expectation* components, but increasing bad perception on auditors' *deficient performance*.

Limperg (1933) which is quoted by Porter & Gowthorpe (2001) suggests that in order to reduced criticism on the Financial Auditing Board (BPK) auditors' performance, thus the auditors should be able in recognizing levels that they have to reach in fulfilling expectations. Porter (1993) expressed more to recognizing the satisfaction level of society that is rational to be satisfied.

V. CONCLUSIONS AND IN CLOSING

5.1 Conclusions

Based on the data analysis and discussion presented in Chapter IV, thus the conclusion of this research explained as follows.

1. There is an *audit expectation gap* between financial statement users and the Financial Auditing Board (BPK) auditors in public sectors. This is in accordance to the result of *T-Test* on overall auditors' duties that there is a difference in perception between the auditors and the financial statement users at significance level of 1%. The result of *Chi-Square* test on overall auditors' duties (32 duties) there are 32 duties that significantly different. The difference in perception between the Financial Auditing Board (BPK) auditors and the financial statement users is because the users own an over exceeding understanding on actual auditors' duties, supported by the *T-Test* result of non-existed duties that has difference significant level at 1%, while for existed duties are not significant.
2. There is a difference in perception on auditors' performance (*deficient performance gap*) between financial statement users with accounting education and those without that of accounting education. The result of the *T-Test* shows that there is a significant difference in perception in the significance level of 1%, with mean value of respondents from the financial statement users smaller than the users without that of accounting education. This is contributes a meaning that the perceptions of financial statement users without accounting education on the Financial Auditing Board (BPK) auditors' performance are better when compared to those with that of accounting education.

- This research found that the causal components of *audit expectation gap* are first, components of *deficient performance*, viewed that there are 16 duties or 80% from 20 existed duties were identified as the components of *deficient performance*. The second causal component of *audit expectation gap* is that the financial statement users expected the Financial Auditing Board (BPK) auditors to perform duties exceeding their actual duties that mandated as their duties as the Financial Auditing Board (BPK) auditors (components of *deficient standard* and *unreasonable expectation*). This is a conclusion based from the finding that there are 11 of 12 non-existed duties that expected by auditors to be the duties of the Financial Auditing Board (BPK) auditors.

5.2 Suggestions

- In order to narrow the problem of *audit expectation gap* in public sectors in Indonesia, it is better that audit regulations extended the auditors' duties with consideration of the rational expectations come from the financial statement users and society. Socialization and publication of information on the detailed duties of the Financial Auditing Board (BPK) auditors, including duties limitation, must be conducted in order to cut the over exceeding expectation.
- It is better that the research area can be extend so that the result may have higher generalization capacity and adding up respondents group for the governmental financial statement users group, particularly those who contribute many efforts on *audit expectation gap* problem in public sectors in Indonesia.

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Table 1: The Result of Validity Test on First Hypothesis

No. Tugas	Korelasi antara	Nilai Korelasi (Pearson Corellation)	Probabilitas Korelasi (Sig. 2-Tailed)	Kesimpulan
1	Pertanyaan 1 dengan Total	220**	0,000	Valid
2	Pertanyaan 2 dengan Total	255**	0,000	Valid
3	Pertanyaan 3 dengan Total	407**	0,000	Valid
4	Pertanyaan 4 dengan Total	323**	0,000	Valid
5	Pertanyaan 5 dengan Total	248**	0,000	Valid
6	Pertanyaan 6 dengan Total	256**	0,000	Valid
7	Pertanyaan 7 dengan Total	281**	0,000	Valid
8	Pertanyaan 8 dengan Total	278**	0,000	Valid
9	Pertanyaan 9 dengan Total	363**	0,000	Valid
10	Pertanyaan 10 dengan Total	356**	0,000	Valid
11	Pertanyaan 11 dengan Total	484**	0,000	Valid
12	Pertanyaan 12 dengan Total	606**	0,000	Valid
13	Pertanyaan 13 dengan Total	545**	0,000	Valid
14	Pertanyaan 14 dengan Total	580**	0,000	Valid
15	Pertanyaan 15 dengan Total	600**	0,000	Valid
16	Pertanyaan 16 dengan Total	347**	0,000	Valid
17	Pertanyaan 17 dengan Total	153*	0,022	Valid
18	Pertanyaan 18 dengan Total	256**	0,000	Valid
19	Pertanyaan 19 dengan Total	248**	0,000	Valid
20	Pertanyaan 20 dengan Total	235**	0,000	Valid
21	Pertanyaan 21 dengan Total	334**	0,000	Valid
22	Pertanyaan 22 dengan Total	380**	0,000	Valid
23	Pertanyaan 23 dengan Total	434**	0,000	Valid
24	Pertanyaan 24 dengan Total	243**	0,000	Valid
25	Pertanyaan 25 dengan Total	277**	0,000	Valid
26	Pertanyaan 26 dengan Total	326**	0,000	Valid
27	Pertanyaan 27 dengan Total	370**	0,000	Valid
28	Pertanyaan 28 dengan Total	416**	0,000	Valid
29	Pertanyaan 29 dengan Total	303**	0,00	Valid
30	Pertanyaan 30 dengan Total	353**	0,000	Valid
31	Pertanyaan 31 dengan Total	164*	0,014	Valid
32	Pertanyaan 32 dengan Total	473**	0,000	Valid

Sumber : data primer yang diolah

Table 2: The Result of Validity Test on Second Hypothesis

No. Tugas	Korelasi antara	Nilai Korelasi (Pearson Coreollation)	Probabilitas Korelasi (Sig. 2Tailed)	Kesimpulan
1	Pertanyaan 2 dengan Total	606**	0,000	Valid
2	Pertanyaan 5 dengan Total	635**	0,000	Valid
3	Pertanyaan 6 dengan Total	493**	0,000	Valid
4	Pertanyaan 7 dengan Total	650**	0,000	Valid
5	Pertanyaan 8 dengan Total	665**	0,000	Valid
6	Pertanyaan 9 dengan Total	669**	0,000	Valid
7	Pertanyaan 10 dengan Total	574**	0,000	Valid
8	Pertanyaan 13 dengan Total	573**	0,000	Valid
9	Pertanyaan 16 dengan Total	673**	0,000	Valid
10	Pertanyaan 17 dengan Total	648**	0,000	Valid
11	Pertanyaan 18 dengan Total	648**	0,000	Valid
12	Pertanyaan 19 dengan Total	576*	0,000	Valid
13	Pertanyaan 20 dengan Total	757**	0,000	Valid
14	Pertanyaan 21 dengan Total	725**	0,000	Valid
15	Pertanyaan 22 dengan Total	576**	0,000	Valid
16	Pertanyaan 23 dengan Total	632**	0,000	Valid
17	Pertanyaan 24 dengan Total	556**	0,000	Valid
18	Pertanyaan 25 dengan Total	638**	0,000	Valid
19	Pertanyaan 26 dengan Total	584**	0,000	Valid
20	Pertanyaan 31 dengan Total	597**	0,000	Valid

Sumber : data primer yang diolah

Table 3: The Result of Reliability Test on First Hypothesis

Reliability Statistics	
Cronbach's Alpha	N of Items
,779	36

Table 4: The Result of Reliability Test on First Hypothesis

Reliability Statistics	
Cronbach's Alpha	N of Items
,934	24

Table 5: The Result of Chi-Square Test on the Existed Auditors' Duties

No	No. of Duties	Statement of Auditors' Duties	Chi-Square Test
1	Duty 2	Evaluating internal government's controlling system	16.497*
2	Duty 5	Discussing findings as appropriate as the Inspection Standard	3.563
3	Duty 6	Arranging the reported auditing consists of opinions, recommendation, and findings	1.226
4	Duty 7	Carry out the findings to the DPR, DPD, and DPRD	56.001*
5	Duty 8	Carry out the findings to the President, Governor, Regent/Mayor	11.285**
6	Duty 9	Monitoring the next action on the results towards recommendation of findings	668
7	Duty 10	Informing the monitoring result implementation to the DPR, DPD and DPRD, and state	3,297

		government	
8	Duty 13	Detecting purchasing of goods and services with high pricing conducted by government	15.612**
9	Duty 16	Detecting corruption (besides light corruption) conducted by non-treasurer state employees	4.492**
10	Duty 17	Detecting corruption (besides light corruption) conducted by other functionaries in governmental ministry/agencies/municipal	5.931**
11	Duty 18	Detecting estimations' or other information's mistakes consciously conducted in financial statements	28.254*
12	Duty 19	Reporting element of actions against the law to the authoritative parties	13.580*
13	Duty 20	Evaluating and/or determining state financial loss caused by actions against the law either conscious or unconsciously conducted by treasurers	3.338
14	Duty 21	Evaluating and/or determining state financial loss caused by actions against the law either conscious or unconsciously conducted by State-Owned Companies or Regional-Owned Companies	0,00
15	Duty 22	Evaluating and/or determining state financial loss caused by actions against the law either conscious or unconsciously conducted by agencies or other institutions implementing the state financial management	625
16	Duty 23	Publishing decree of time limitations for lack of cash/goods that caused state financial loss	22.791*
17	Duty 24	Monitoring the solution of make up state losses on other functionaries at state ministry/agencies/municipal	24.557*
18	Duty 25	Detecting illegal actions by state functionaries that directly affect the financial statement such as bribery and political payment	533
19	Duty 26	Revealing facts in independent auditors' report, if found that information in financial statement has been consciously change during the auditing	3.916 **
20	Duty 31	Inspecting financial statement in periodically (every six months)	785

Source: the processed primary data

Table 6: The Result of *Chi-Square* Test on Non-Existed Auditors' Duties

No	No. of Duties	Statement of Auditors' Duties	<i>Chi-Square</i> Test
1	Duty 1	Preparing governmental financial statement	23.507*
2	Duty 3	Verified every transaction estimation	64.726*
3	Duty 4	Auditing all of governmental cash flow	64.726*
4	Duty 11	Preventing deviations and falls in governmental institutions	47.301*
5	Duty 12	Detecting all deviations in Governmental institutions	37.948*
6	Duty 14	Revealing every mistake in managing nation's assets on the auditors' reports	54.939*
7	Duty 15	Detecting light corruption conducted by non-treasurer state employees or other functionaries in governmental ministry/agencies/municipal	63.777*
8	Duty 27	Guarantee that financial statement audited (clean) and financially responsible	25,893*
9	Duty 28	Report privately specific to the authoritative parties (State Police Department and KPK) if suspicion occurs during auditing	116.680*
10	Duty 29	Designing accounting system and internal controlling system	50.235*
11	Duty 30	Implementing public controlling	106.311*
12	Duty 32	Checking the properness on every budget mandated in	89.248*

Source: the processed primary data

Table 7: The Result of Mann-Whitney Test

No Urut	No. Urut Tugas	Penyataan Tugas-Tugas Auditor	Uji Mann-Whitney Test
1	Duty 2	Evaluating internal government's controlling system	1282.500*
2	Duty 5	Discussing findings as appropriate as the Inspection Standard	502.500*
3	Duty 6	Arranging the reported auditing consists of opinions, recommendation, and findings	1457.500
4	Duty 7	Carry out the findings to the DPR, DPD, and DPRD	1515.000
5	Duty 8	Carry out the findings to the President, Governor, Regent/Mayor	646.000*
6	Duty 9	Monitoring the next action on the results towards recommendation of findings	997.500*
7	Duty 10	Informing the monitoring result implementation to the DPR, DPD and DPRD, and state government	1540.500
8	Duty 13	Detecting purchasing of goods and services with high pricing conducted by government	618,500*
9	Duty 16	Detecting corruption (besides light corruption) conducted by non-treasurer state employees	550,500*
10	Duty 17	Detecting corruption (besides light corruption) conducted by other functionaries in governmental ministry/agencies/municipal	621.000*
11	Duty 18	Detecting estimations' or other information's mistakes consciously conducted in financial statements	609.000*
12	Duty 19	Reporting element of actions against the law to the authoritative parties	731.000*
13	Duty 20	Evaluating and/or determining state financial loss caused by actions against the law either conscious or unconsciously conducted by treasurers	459.500*
14	Duty 21	Evaluating and/or determining state financial loss caused by actions against the law either conscious or unconsciously conducted by State-Owned Companies or Regional-Owned Companies	497.500*
15	Duty 22	Evaluating and/or determining state financial loss caused by actions against the law either conscious or unconsciously conducted by agencies or other institutions implementing the state financial management	833.000*
16	Duty 23	Publishing decree of time limitations for lack of cash/goods that caused state financial loss	1394.500**
17	Duty 24	Monitoring the solution of make up state losses on other functionaries at state ministry/agencies/municipal	855.000*
18	Duty 25	Detecting illegal actions by state functionaries that directly affect the financial statement such as bribery and political payment	617.000*
19	Duty 26	Revealing facts in independent auditors' report, if found that information in financial statement has been consciously change during the auditing	1285.500*
20	Duty 31	Inspecting financial statement in periodically (every six months)	514,500*

Source: the processed primary data

Table 8. The Result of Independent Samples T-Test

Group Statistics

Keterangan	Nilai Mean		Standar Deviasi	
	Pengguna	Auditor BPK	Pengguna	Auditor BPK
Existed Auditors' Duties	34,3750	35,1048	3,45697	2,54167
Non-Existed Auditors' Duties	20,1750	14,2095	2,19496	1,69669
All Auditors' Duties	54,5500	49,3143	4,78943	3,29135
Keterangan	Nilai Mean		Standar Deviasi	
	Pengguna Akuntansi	Pengguna Non Akuntansi	Pengguna Akuntansi	Pengguna Non Akuntansi
Perception on performance auditors of BPK	47,9851	66,9245	6,49590	4,85897

Independent Samples T-Test

Total	Group	Levene's test		t-test	
		F	sig	t	sig. (2-tailed)
Existed Auditors' Duties	equal variances assumed	15,062	,000	1,782	,076
	equal variances not assumed			1,818	,070
Non Existed Auditors' Duties	equal variances assumed	7,189	,008	-22,566	,000
	equal variances not assumed			-22,950	,000
All Auditors' Duties	equal variances assumed	16,964	,000	-9,422	,000
	equal variances not assumed			-9,651	,000
Perception on performance auditors of BPK	equal variances assumed	7,051	,009	17,668	,000
	equal variances not assumed			18,265	,000

Source: the processed primary data

Table 9: Identification Result of the Component Expectation Gap Audit

Group Tasks	Amount	Detailed Tasks	Criterion
Deficient performance	16 of 20 existed duties	5,6,8,9,13,16,17, 18,19,20,21,22, 24,25,26,31	Owens the mean value of less than 3 and over than 25% respondents of accounting consider those duties as badly performed
Deficient Standard/Unreasonable expectation	11 of 12 non-existed duties	3,4,11,12, 14,15, 27,28,29,30,32	There are 25% or more accounting respondents expecting those duties to exist

Source: the processed primary data