Audit Expectation Gap And Its Implication On Credit Decision Making

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Abstract: Background of this study was based on the argument that there were gap between user of financial statement and the auditor, regarding auditor’s responsibility for detecting materially misstated and fraud on financial statement. Auditor’s responsibility for detecting fraud and materially misstated on financial statement was one of the primary factors that can influence bankers as users of financial statement for credit decision making. The author used this argument to investigate the existence of audit expectation gap between bankers and auditor in Indonesia in 2012. This study used quantitative approach method and all data were gathered from survey, using semantic belief questionnaire. Its target populations were bankers from four large local banks and accountant educators from several universities in Bandung, West Java, Indonesia. The result found evidence of audit expectation gap in Indonesia as predicted, particularly in areas of auditor responsibility for fraud prevention and detection and maintaining accounting records. The result of this research suggests that accountant educators should play a larger role to reduce audit expectation gap in Indonesia.

Key Words: audit expectation gap, bankers, accountant educator

INTRODUCTION

Rapid growth of Indonesian economic development in recent years has led to the role of accounting information as an important tool in financial reporting. According to Financial Standard Accounting Board (FASB) (2010), Statement of Financial Accounting Concepts No. 8, the objective of general purpose financial reporting is to provide financial information about the reporting entity that is useful to existing and potential investors, lenders, and other creditors in making decisions about providing resources to the entity. Those decisions involve buying, selling, or holding equity and debt instruments and providing or settling loans and other forms of credit. Thus, FASB (2010) states that to provide useful financial information, then it must contain of some characteristics useful that to the existing and potential investors, lenders, and other creditors for making decisions about the reporting entity on the basis of information in its financial report (financial information). Information must be relevant and faithfully represent what it purports to represent in related to this, the usefulness of financial information is enhanced if it is comparable, verifiable, timely, and understandable (FASB, 2010) :

a. Comparability is the qualitative characteristic that enables users to identify and understand similarities in, and differences among, items. Unlike the other qualitative characteristics, comparability does not relate to a single item. A comparison requires at least two items.

b. Verifiability means that different knowledgeable and independent observers could reach consensus, although not necessarily complete agreement, that a particular depiction is a faithful representation. Quantified information need not be a single point estimate to be verifiable. A range of possible amounts and the related probabilities also can be verified.

c. Timeliness means having information available to decision makers in time to be capable of influencing their decisions. Generally, the older the information is, the less useful it is. However, some information may continue to be timely long after the end of a reporting period because, for example, some users may need to identify and assess trends.

d. Understandable: Classifying, characterizing, and presenting information clearly and concisely makes it understandable. Some phenomena are inherently complex and cannot be made easy to understand. Excluding information about those phenomena from financial reports might make the information in those financial reports easier to understand. However, those reports would be incomplete and therefore potentially misleading. Financial reports are prepared for users who have a reasonable knowledge of business and economic activities and who review and analyze the information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena.

In presenting information clearly and concisely, and to make it understandable, both auditor and users of financial statement must have similar perception about the content. These statements specifically could be applied in the terms of level of assurance and materiality in regard to the responsibility of auditor in detection fraud (Mock,et.al.,2009). However, users of financial statements, such as banker / loan officer, has a different perception about the level of assurance in regard to debtor’s financial conditions, from complete assurance as the perception of users to reasonable assurance (Mahdi, 2011). This gap of perception will make the analysis of granting loan were bias and could affect its outcome.

LITERATURE REVIEW

The “expectations gap” refers to the ‘difference between what users expect from the auditor and the audited financial statement and the reality of what an audit is’ (International Auditing and Assurance Standards Board (IAASB), 2011: 7). Both the demand side and the supply
side of the audit market have an interest on the narrow of this gap. In 1978, The Cohen Commission evaluates audit reports and identifies several areas where communications between auditors and users need to be improved. The Cohen Commission is also concerned that the audit reports are not read carefully enough. In response to that problem, on the 1988 AICPA issued a Statement on Auditing Standards (SAS’s) No 53 to 61, it called "Standard Expectation Gap", which is intended to enhance communication between auditors and users of auditing reports. SAS eliminates the "subject to" and substitute the word "Examined" to "audited ". Starting in 2003, as a result of the Sarbanes Oxley Act (2002), PCAOB adopted SAS No. 58 which modified audit report and expanded with additional auditor opinion on internal control.

The reader response theory
The Cohen Commission concerning that the audit report are not read carefully enough as stated above, was explained by the theory from communication literature and marketing called the reader response theory, which is based on the assumption that there is no one "correct" reading of a text and readers are active interpreters of messages and can infer variable meanings in a text based on their own psychology, content, or motives (Wright, 2009). Another assumption used in this theory, that a reader’s background knowledge and experiences impact his/her interpretation of a text (Wright, 2009). Because users such as bankers or lenders who used and read audit report have different backgrounds, this may cause the existence of expectation gap.

The attribution theory
The attribution theory (Kelley, 1973) explained why the auditor was blamed when an accounting fraud occurred related to his/her work. According to this theory, users of audit report (as an evaluator), become a naïve scientist as they attempt to assign causation by observing traits of consistency, distinctiveness, and consensus (Kelley, 1973). Based on the two theory above, this research try to solve the expectation gap problem in order to keep users trust of the audited financial statement.

Auditor’s responsibility
As the attribution theory states above in regard to the responsibility of auditor if overlook fraud or materially misstatement, its realize that impossible to ensure the financial statements are free from fraud or misstatement, due to the increasing volume of complex business transactions and financial reporting standard. The International Standard on Auditing states that auditors must provide reasonable assurance in audit reports. Reasonable assurance mean that :

- A high level of assurance. It is obtained when the auditor has obtained sufficient appropriate audit evidence to reduce audit risk (that is, the risk that the auditor expresses an inappropriate opinion when the financial statements are materially misstated) to an acceptably low level. However, reasonable assurance is not an absolute level of assurance, because there are inherent limitations of an audit which result in most of the audit evidence on which the auditor draws conclusions and bases the auditor's opinion being persuasive rather than conclusive. (A28–A52)

It is very important to determine whether there is a gap between auditors and users of financial statements, because it will lead to lower levels of confidence in the accuracy of audit reports, that will lead to improper decision making and triggering unnecessary conflict. The results of the research conducted by Contreras (2007), found that the audit report was simply regarded as a useful information to explain the financial condition, which is shown through audited financial statements. In other words, Contreras (2007) said that the audit report is only a report which is less informative. Survey conducted by Porter (2009), found that:

- The audit report is too raw
- Does not provide specific information about the company
- It reflects that the audited financial statements have been thoroughly tested
- It should be shortened and clarified, so it can be read more easily
- It should begin with an audit opinion
- Do not include a statement from the director and the responsibilities of auditors or an explanation of the audit process.

Porter (2009) states that gap between the user and auditors existed because users failed to understand the content of audit reports. Porter, et al (2009) divides the gap into two major parts, namely a. reasonable gap, b. performance gap, which is divided again into two, namely standards deficient and the deficient performance gap.

Information Reliability
The reader response theory explained that a reader’s background knowledge and experiences impact the interpretation of a text (Wright,2009). As Humphrey (1992) states that one from many factors that could caused was the lack of knowledge and experience from users of audited financial statement, which could lead to an audit expectation gap. Monroe (1993) use undergraduate student with different education background and found that the users of information agreed that audit is something valuable even if users cannot explain its worth. According to Monroe (1993), it happens because the audit report has no other meaning, rather than addition to incorporating a set of financial statements. Miller (1993) found evidence that there is a the tendency of small bank loan officers who considered that the accuracy of the audit report is the responsibility of the auditor. He concluded that there is a significant communication gap. Some action has been taken to overcome these problems, (eg; implementation of SAS 53 till 61, about the expectation gap standards, issued by the AICPA / 1988). Recent research about expectation gap by Beddard, et al (2012) found that nonprofessionals users are less knowledgeable than professionals user in regard to certain categories of information used in investment decisions are audited. He also states that nonprofessionals' use of less relevant information in making investment decisions, and failure to appreciate distinctions in information reliability. Nonprofessional investors trade
“behind the market” (Beddard, 2012) and miss opportunities to buy on the upside, and hold stocks too long on the downside.His research suggest the greater clarity in the audit opinion concerning the nature of procedures performed on information outside of the financial statements and imply additional assurance on that information.

**Decision usefulness**

Audit expectation gap, as the attribution theory (Kelley, 1973) explained above, could damage the image of the accounting profession and the lower confidence level of users of audited financial statement. The audit report may reflect the credibility of financial statement and had to be used as an important tool for decision-making for stakeholders (FASB, 2010). Creditors, especially corporate lenders often use the audited financial statements for credit granting. Lenders must understand the contents of the audit report in order to improve the ability of assessing credit risk (Noghondari, 2007). The arise of difference of perception in understanding the content of audit reports between lenders / bankers and auditors as Noghondari (2007) states will impact the rise of non-performing loans, or increase the risk of going concern of the creditors themselves, as a result of an improper decision making. Porter (2009) states that difference of perception is caused by various factors, such as institutional and cultural factors that affect user expectations of the auditor; unnecessarily complex information in audit reports which make them less understandable; a lack of understanding about the audit process, and, audit reports are only used as a symbol rather than to be understood. Furthermore, Porter (2009) highlighted the existence of this gap, which can lead to the decision-making errors. According to Taylor (1985), gap between users and auditors arise from users’ expectation that the audit report could protect them from fraud committed by management. One issue about audit expectation gap in Indonesia was the case of Great River Company on 2006. This case were brought to public attention when the Jakarta Stock Exchange (JSX) suspended the trading of GRI stocks after it could not pay the fifth bond interest, Rp 11 billion (US$1.2 million), to Kustodian Sentral Efek Indonesia (KSEI), which then acted as the agent of the bond interest payment. KSEI classified the GRI’s failure to pay the interest of the GRI I Bonds 2003 as a default. Also, the CEO of Bank Mandiri were accused because of their credit decision for loan disbursement of Rp. 214 billion (US$ 24 million) to Great River International in 2004 , which became a non performing loan, later. Not only that, public accountant which sign the audit report, was suspended from practice for about two years.

**Hypothesis**

H1: There was an audit expectation gap between groups about auditor’s responsibility on detecting fraud.

H2: There was an audit expectation gap between groups about information reliability on audited financial report.

H3: There was an audit expectation gap between group about decision usefulness on audited financial statement

**Research Methods**

The research method used was quantitative research with survey approach. Type of survey approach in this research is 1. In-person interview: “An in-person interview consists of an interviewer asking the respondent questions in a face-to-face situation. The interview may take place at the respondent’s home or a research office . 2. Self-administered questionnaires, respondents fill out self-administered questionnaires themselves. Samples used consisted of 30 pairs of bankers from several local banks in Bandung, West Java Indonesia and accountant educators from several university in Bandung, West Java, Indonesia. The reason why this study conducted only in Bandung, is that this is only a preliminary survey or a pilot study. The result of this preliminary study will continued by further research using bigger area and the improvement of research design if necessary. To measure the existence of audit expectation gap, we used measurement tools created by Schelluch (1996), called The Semantic Differential Technique. This technique was first introduced by CE Osgood in 1957 as an attitude measurement kits in the field of Psychology. In the Semantic Differential (SD), the respondent will be given a questionnaire consisting of 3 parts (belief statements), namely: (1) responsibility (2) reliability (3) decision usefulness. Every statement in the questionnaire, measured by seven point likert scale that would help respondents in choosing the level of conformity from one statement to another. Statements related to the responsibility factor are statements 1-7, 8-13 are related to the reliability factor, statements 14-16 relate to the decision usefulness factor. The questionnaire consists of 6 parts: first: a questionnaire concerning demographic data; second, third and fourth are the primary statements; fifth is a questionnaire about making credit decisions made by bankers and sixth is the opinion of respondents about the audit report as well as its expectations. This research followed methods used by Peter J. Best, et al (2001) and Rihana (2010). Statistics tool used were the Mann-Whitney test, which is used to test for differences between the two populations (in this case the group of auditors and bankers). To test the influence of regression analysis is used commonly. Variables X1,, Y is a concept expressed in the hypothetical and measured by a series of statements called by using 7 Semantics Differential response system.

- Extremely agree
- Agree
- Less agree
- Not argument
- Less disagree
- disagree
- Extremely disagree

**Result**

The results of the questionnaire are: Based on the results of questionnaires and interviews conducted most of the bankers have a technical educational background (10 people / 33%), with most working experience between 1 to 5 years (8 people / 27%).

**Testing Results against Belief Semantic Differential**

The following table contains the results of expectation gap from two group respondent, which used Differential Semantic method. The Whitney-U Test was used to test the
difference between two groups of respondents. The Whitney test was chosen because it can test for differences in the two populations without any test data normality. Normality test data measured by Kolmogorov-Smirnov Test and results indicate normally distributed data. If there are any differences found through statistical testing, it can be said that there is an audit expectation gap between the bankers with the auditor (Best, 2001).

Each statement review in Semantic Differential Belief
The questionnaire consisted of 16 questions related to perceptions of the audit. The 16 questions are divided into three factors:
1. Auditor’s Responsibilities (7 statements)
2. Information Reliability (6 statements)
3. Decision Usefulness (3 statements)

Table 4.3 : Auditor’s Perceptions of Responsibility

<table>
<thead>
<tr>
<th>Statement</th>
<th>Score</th>
<th>Mean</th>
<th>Differences*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The auditor responsible for detecting all fraud</td>
<td>7</td>
<td>3,13</td>
<td>3,87</td>
</tr>
<tr>
<td>2. The auditor responsible for internal control structure in a healthy company</td>
<td>7</td>
<td>5,86</td>
<td>3,14</td>
</tr>
<tr>
<td>3. The auditor responsible for preparing and presenting financial statements in accordance with prevailing standards financial reports (contrast significantly with the bankers at p = 0,05)</td>
<td>7</td>
<td>5,93</td>
<td>1,07</td>
</tr>
<tr>
<td>4. The management responsible for making financial reports</td>
<td>1</td>
<td>1,50</td>
<td>0,50</td>
</tr>
<tr>
<td>5. The auditor is not responsible for preventing fraud (contrast significanly with the bankers at p = 0,05)</td>
<td>7</td>
<td>3,25</td>
<td>3,75</td>
</tr>
<tr>
<td>6. The auditor must be objective and independent</td>
<td>1</td>
<td>1,44</td>
<td>0,44</td>
</tr>
<tr>
<td>7. The auditor should not use judgement in performing audit procedures (eg. On the audit procedure, draw conclusions fairness of financial statement that made by management)</td>
<td>7</td>
<td>5,63</td>
<td>1,37</td>
</tr>
</tbody>
</table>

Table 4.4 : Auditors Perceptions of the Reliability Information

<table>
<thead>
<tr>
<th>Statement</th>
<th>Score</th>
<th>Mean</th>
<th>Differences*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Users of information must be received assurances that the financial statements contain no material errors.</td>
<td>7</td>
<td>1,69</td>
<td>5,31</td>
</tr>
<tr>
<td>2. The auditor may disagree with the accounting policies contained in the financial statements.</td>
<td>7</td>
<td>2,31</td>
<td>4,69</td>
</tr>
<tr>
<td>3. Extensive guarantees provided the auditor clearly stated in the audit report.</td>
<td>7</td>
<td>1,94</td>
<td>5,06</td>
</tr>
<tr>
<td>4. Financial reports always give a true and fair view.</td>
<td>7</td>
<td>4,26</td>
<td>2,73</td>
</tr>
<tr>
<td>5. Companies are always free of fraud.</td>
<td>7</td>
<td>5,31</td>
<td>1,69</td>
</tr>
<tr>
<td>6. The extents of audit work are clearly communicated.</td>
<td>7</td>
<td>2,34</td>
<td>4,63</td>
</tr>
</tbody>
</table>

Table 4.5 : Auditors perceptions regarding the usefulness Decision

<table>
<thead>
<tr>
<th>Statement</th>
<th>Score</th>
<th>Mean</th>
<th>Differences*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Audit reports are not useful to monitor the performance of the company</td>
<td>7</td>
<td>5,82</td>
<td>1,18</td>
</tr>
<tr>
<td>2. Audit reports are not useful for decision</td>
<td>7</td>
<td>6,00</td>
<td>1,00</td>
</tr>
<tr>
<td>3. The company is well managed</td>
<td>1</td>
<td>3,75</td>
<td>2,75</td>
</tr>
</tbody>
</table>
Table 4.6: Bankers' Perceptions of Auditor Responsibility

<table>
<thead>
<tr>
<th>Statement</th>
<th>Score</th>
<th>Mean</th>
<th>Differences*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The auditor responsible for detecting all fraud</td>
<td>7</td>
<td>2.70</td>
<td>4.30</td>
</tr>
<tr>
<td>2. The auditor responsible for the internal structure in a healthy company</td>
<td>7</td>
<td>2.66</td>
<td>4.36</td>
</tr>
<tr>
<td>3. The auditor is responsible for preparing and presenting financial statements in accordance with financial reporting standards. (significantly different from the auditor, p &lt; = 0.05)</td>
<td>7</td>
<td>2.76</td>
<td>4.24</td>
</tr>
<tr>
<td>4. Management is responsible for making financial statements.</td>
<td>1</td>
<td>1.89</td>
<td>0.89</td>
</tr>
<tr>
<td>5. The auditor is not responsible for preventing fraud (significantly different from the auditor, P &lt; = 0.05)</td>
<td>7</td>
<td>2.18</td>
<td>4.82</td>
</tr>
<tr>
<td>6. Auditors must be objective and independent</td>
<td>1</td>
<td>0.28</td>
<td>0.72</td>
</tr>
<tr>
<td>7. Auditors should not use judgments in performing audit procedures (eg within the audit procedure, draw conclusions fairness of financial statements made by management.)</td>
<td>7</td>
<td>2.21</td>
<td>4.79</td>
</tr>
</tbody>
</table>

Table 4.7: Banker’s Perceptions of the Reliability Information

<table>
<thead>
<tr>
<th>Statement</th>
<th>Score</th>
<th>Mean</th>
<th>Differences*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The users of information must be received assurances that the financial statements contain no material errors.</td>
<td>7</td>
<td>1.79</td>
<td>5.21</td>
</tr>
<tr>
<td>2. The auditor may disagree with the accounting policies that contained in the financial statements.</td>
<td>7</td>
<td>2.69</td>
<td>4.31</td>
</tr>
<tr>
<td>3. Extensive guarantees provided the auditor clearly stated in the audit report.</td>
<td>7</td>
<td>2.54</td>
<td>4.46</td>
</tr>
<tr>
<td>4. Financial report always give the correct view and fair.</td>
<td>7</td>
<td>3.08</td>
<td>3.92</td>
</tr>
<tr>
<td>5. Companies are always free of fraud</td>
<td>7</td>
<td>4.31</td>
<td>2.69</td>
</tr>
<tr>
<td>6. The extent of audit work are clearly communicated</td>
<td>7</td>
<td>1.93</td>
<td>5.07</td>
</tr>
</tbody>
</table>

Table 4.8: The Bankers' perception on decision usefulness

<table>
<thead>
<tr>
<th>Statement</th>
<th>Score</th>
<th>Mean</th>
<th>Differences*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The audit reports are not useful to monitor the performance of the company</td>
<td>7</td>
<td>6.08</td>
<td>0.92</td>
</tr>
<tr>
<td>2. The audit reports are not useful for decision making</td>
<td>7</td>
<td>5.77</td>
<td>1.23</td>
</tr>
<tr>
<td>3. The company is well managed</td>
<td>1</td>
<td>3.00</td>
<td>2.00</td>
</tr>
</tbody>
</table>

*) indication of expectation gap score

Table 4.3 and 4.6 show a significant difference from the bankers on statements 3 and 5.

a. Statement 3: The auditor is responsible for preparing and presenting financial statements in accordance with the financial reporting standards. Expectation gap
obtained from the questionnaire results from the auditor's group is lower than the results obtained from banker's group. (1.07 And 4.24). This indicates that there is a difference of perception on the responsibility of auditors in preparing financial statements when compared with ISA 200, which states that the primary responsibilities for presenting the financial statements are fair and free of misstatement lies in management. So, there was different perception between two group regarding the perception of the preparation of financial statement

b. Statement 5: the auditor is not responsible in preventing fraud. These results indicate that the bankers believe the auditor is responsible for preventing fraud. Based on ISA 240 regarding the responsibilities of the auditor, stated that auditor is responsible in providing reasonable assurance that financial statements are free from materially misstatement. Whereas in other paragraphs ISA 240, states that misstatements in financial statements can arise from fraud or error. ISA 240 states that the auditor can give the level of assurance, high but not absolute. There are still some risks that cannot be avoided even if the audit has been conducted in a planned and in accordance with ISA. An audit cannot guarantee that all material misstatements may be detected, due to various causes such as the use of judgment, the internal control weaknesses, and others. These things that cause the auditor was only able to give reasonable assurance against material misstatement in the financial statements. Thus, this statement should be taken as the evidence that users expect auditors will detect some fraud and not all fraud. So the response is expected in this statement is number 7. In addition to statements 3 and 5 of the responsibilities of auditors, other statements in this questionnaire showing no significant difference. The results are quite consistent with research in various countries (Singapore / Best: 2010, Iran / Salehi & Azary: 2008 and Bangladesh / Rihana: 2010).

### The Impact on decision making for loan

The statistic used to determine the effect of difference perception by users about auditor responsibility, reliability information, decision usefulness on decision making for loan, was simple regression analysis. Results obtained by calculating the amount of regression coefficients for the model under research as follows:

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>B= 2.206</td>
<td>Std. Error= .964</td>
<td>Beta= .031</td>
</tr>
<tr>
<td>Responsibility Auditor, Reliability Information, Decision Usefulness (X)</td>
<td>B= .074</td>
<td>Std. Error= .466</td>
<td>Beta= .16</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Decision Making For Loan (Y)
Sources: Appendix SPSS Output

Based on the results of processing the data presented in the table above, the regression equation can be formed as follows:

$$\hat{Y} = 2.206 + 0.074X$$

The regression equations explained that difference perception about Auditor Responsibility, Reliability Information, Decision usefulness (X) have an influence on Decision Making For Loan (Y). This can be seen from the regression coefficient obtained for the variable X is positive. The regression coefficient of difference perception on Auditor Responsibility, Reliability Information, Decision usefulness (X) is 0.074, it means that more higher the score of difference perception the Auditor Responsibility, Reliability Information, Decision usefulness (X) will be followed by an increase in Decision Making For Loan (Y). So every increased unit on Auditor Responsibility, Reliability Information, Decision usefulness (X) will be followed by an increased scores Decision Making For Loan (Y) of 0.074. To test the significance (meaningfulness) the influence of Auditor Responsibility, Reliability Information, Decision usefulness (X) against Decision Making For Loan (Y) is using the t test. The hypotheses to be tested are:

$$H_0: \beta1 = 0 \text{ Responsibility Auditor, Reliability Information, Decision usefulness (X) has no influence on Decision Making for Loan (Y)}$$

$$H_1: \beta1 \neq 0 \text{ Responsibility Auditor, Reliability Information, Decision usefulness (X) has an influence on Decision Making for Loan (Y)}$$

Decision usefulness (X) has an influence on Decision Making for Loan (Y) The t test is used for the hypothesis testing. From the calculation of t-values obtained for the independent variable Auditor Responsibility, Reliability Information, Decision usefulness (X) is 0.160 with a significance value (p-value) = 0.874. In this research taken a significant level of $\alpha = 0.05$ or $\alpha = 0.05$. Then it can be searched by using Microsoft Excel t-table value by the number of samples (n) = 29; the number of variables X (k) = 2; significant level $\alpha = 5%$; degrees of freedom (df) = nk - 1.
\[ 29 - 1 - 1 = 27 \text{ at } 2.052. \] Test criteria for the two test directions are as follows:

- **Ho is accepted if** \( : -T \text{ table count } \leq T \leq T \text{ table} \)
- **Ho is rejected if** \( : T \text{ count } < -T \text{ table or} \)
  \[ T \text{ count } > T \text{ table} \]

\[
t_{\text{table}} = t_{\frac{\alpha}{2}(n-k-1)}, \quad \alpha = 5\%, \quad n = 29
\]

\[
t_{\text{table}} = t_{0.05 (27)} = 2.05
\]

Because the \( t_{\text{count}} \) between the negative and positive values of \( t_{\text{table}} (2.052 < t = 0.160 < 2.052) \), the obtained results of Ho testing is not rejected. So it can be concluded at the 95% confidence level seen Auditor Responsibility, Reliability Information, Decision usefulness (X) has no influence on the Decision Making For Loan (Y). To determine the influence of Auditor Responsibility, Reliability Information, Decision usefulness (X) against Decision Making For Loan (Y) and then calculated coefficient of determination has been count. The regression results prove that there is no significant influence of the audit expectation gap towards the credit decisions making. This proves that there are no allegations of influence from the audit expectation gap towards credit decisions making. Credit decision making not only based on audit report, cause there were two other important things that greatly affect the credit decision, that is the collateral and character of the debtor. So, the hypothesis that there is no influence of the audit expectation gap to the termination of the credit is received.

The results of the test cannot be generalized because there are still many weaknesses in this research, some of which were caused by using small data. Researchers expected to continue this research by extending the sample and increase the diversity of the profession of the respondents belonging to users of financial statements. So it can produce a robust research conclusions.

**CONCLUSIONS AND SUGGESTIONS**

**Conclusion**

Based on the test results performed on the hypothesis of differences in perception between bankers and auditors on the audit report (audit expectation gap), indicate a significant difference in area of responsibility the auditor is the third statement of the auditor's responsibilities in preparing and presenting financial statements in accordance with the standards applicable financial reporting, and in statements five to the responsibilities of auditors regarding fraud prevention. This shows that the persistence of the unfamiliarity users of audit reports concerning the applicable reporting standards. ISA 580 states, that the responsibility of presenting the financial statements that are correct and reasonable, lies in management. There are differences of perception on all five statements regarding the auditor's responsibilities in fraud prevention, audit reports indicate that users are also still not understand the duties and responsibilities of the auditor in the prevention of fraud. ISA 240 confirms that the primary responsibility lies in the management of fraud prevention. With the discovery that significant differences mentioned above, although only in the above areas, can be said that there is a difference of perception between bankers and auditors regarding the audit report, or in other words, there is an audit expectation gap between bankers and auditors. While the testing of hypotheses regarding the influence of the different perceptions of the credit decision, did not produce significant effects. In other words, the hypothesis that the difference in perception between bankers and auditors to influence the credit decision is rejected. Base on the reason that credit decision making not only lies on audited financial report, but also the character and collateral from the debtor.

**Suggestions for Future Research**

1. This research was only a pilot study. In the future we suggest using a bigger sample, with more groups compared than bankers, such as credit analysts. The next research may use mixed methods, with in-depth interview in order to get more convincing result.

2. In further research can also be given design research methods with different models.

3. Audit expectation gap has been widely studied by various researchers in the world, with a variety of social culture, politics and culture, resulting in different conclusions for each country. The understanding variables of research with the political culture of social and cultural might generate new solutions to reduce the audit expectation gap.

4. Consider the use of another "tool kit attitude" (such as Thurston, used in research on the different perceptions by Libby (1979), in order to produce a more accurate calculation.

5. Accounting educators are expected to play an important role in reducing audit expectation gap by improving the understanding of audited financial statement from students as prospective users of information, suggested by the existence of a special certification that the profession can be responsible for the accounting educators in the field of auditing education as well as the education and training of adequate management, especially for users of audit reports, employee / loan officer and credit analyst, and certify an understanding of audit reports carried out continuously, with respect to the phenomenon result of the research above, which showed that most bankers / loan officers did not come from an accounting academic background.

**REFERENCES**


