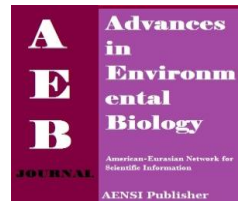




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Comparison of Perceptive of Users and Producers of Auditing Reports from Content of Auditing Report

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ABSTRACT

Auditing report is main connection between auditors and users and it has message about auditor's responsibility and findings of auditing. Statistical sample of this research included auditors and users, which were 2032, and then final sample study was estimated by Cocaran formula at 260 people. However, number of collected questionnaire was 217. Methodology of the research was descriptive and applicable. Results of research indicated that there was no conflict about acceptable report, report no comment, internal control, and ensure concept, importance concept between producers and users, however, there was conflict between rejected and conditional report and auditor independence. Furthermore, producer had positive perspective about acceptable and conditional report and current research showed that auditors do not have sufficient independence. Finally, 30% perspectives were difference and 70% were equal.

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INTRODUCTION

Since previous eras, proper process of making decision have been important and with progress of importance of information in making decision this process has been more important. These days, information accounts as important index in power of societies and sustainable development. Accounting is process of providing financial information and it is important for all of important sections in making decision based on this information.

Users need valuable financial information and transparency in order to make optimal decisions, however, due to there is conflict between providers and users of financial information. Therefore, we need independent auditors in order to provide great financial information [9].

Auditing report is main link between auditing and users also auditing responsibility and content auditing and findings of auditing. Auditing report has volatility history, it reflects services of auditors in society and always has been core of the services, and it imposes changes, studies and researches. Although, quality of auditing method is undeniable on quality of auditing and finally it has undeniable effect on auditing report. However, it offers as goods of auditing to public, people can see it, and it includes messages as auditing reports.

Aim of study is processing message for auditing report in Iran, what messages will be sent to people by auditors? What messages can be received by users? Auditing message is favorable when perspective of auditing is equal and be effective on behavior of users.

Literature review:

Monroe and woodliff [8] in their research based on auditing report based on improve auditors and users form message of this report and result of research indicated that if new reports lead to improve message process and make link between auditors and users, however, there is significant conflict yet. On other hand, it provides new conflicts among auditors and different users. In other research, Scelarg and Beniz investigated sending messages by auditing report in order to amount of perception and indentifying of users from these reports and evaluate ability of differentiating between auditing report of two types of reports. This research showed that how message of auditing report and investigate perception of auditing users and providers about responsibility of auditors and managers are effective on usefulness of financial statement.

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Dicson *et al* [1], in their research investigated some responsibilities of auditors, they concluded that among auditors, and users in relationship about different responsibilities and users make auditors to do all of responsibilities.

External auditors of local governments should submit their audit report as soon as possible after the fiscal year-end of the audit. However, the results of our study suggest that the length of time from fiscal year-end to the external auditor report date (report time) seems to be increasing. An earlier study by Dwyer and Wilson [2] considering the 1982 fiscal year found an average audit time of three months. Our study of report time for a sample of cities for fiscal year 1996 indicated an average report time of over four months (125 days). Since there have been technological improvements in both financial accounting and auditing [5], it would be reasonable to hypothesize that report times should be decreasing.

Accordingly, research suggests that individual investors rely primarily on bond ratings. There is little evidence that individual investors review annual reports or other financial information [4]. Ingram *et al.* [4] found interest rate changes on municipal bonds (associated with financial good news or bad news) only after bond rating changes (which were based, in part, on annual reports provided to the BR agencies). Audit delays lead to higher risks, missed opportunities, and greater information asymmetry.

Second, audit efficiency may be enhanced if we have a better understanding of audit report timeliness. Audit efficiency can be increased if a lesser number of audit inputs are needed for a particular output. Audit report timeliness is a surrogate for audit inputs [7]. Third, audit timeliness is a signal of financial management competence [2]. We hypothesize that the signaling of prompt audit and annual report timeliness is a measure of good news and effective financial management. It is in the interests of both external auditors and clients to issue reports quickly, suggesting both efficiency and competence. On the other hand, delays suggest some combination of audit and financial problems, perhaps disagreements between auditors and clients [2]. DW [2] results, based on a 1982 sample, are before the additional audit requirements introduced with the Single Audit Act of 1984.

These additional requirements include reports on internal control, compliance with laws and regulations, and formal reviews by cognizant audit agencies. This increased complexity associated with federal regulations should increase external audit report time [7].

Two variables were used to test the impact of federal regulations in our study. The intergovernmental grants percentage was used to test the importance of grants for a test of relative federal regulation requirements. The second variable was the disclosure of federal audit reports.

Hypotheses:

H1: There is not significant relationship between perspective of users and providers of auditing reports and their content.

H2: There is not significant relationship between auditing reports in acceptable report.

H3: There is not significant relationship between auditing reports in conditional report.

H4: There is not significant relationship between auditing reports in unacceptable report.

H5: There is not significant relationship between auditing reports in no-comments.

H6: There is not significant relationship between perspective of users and providers of auditing reports about internal control.

H7: There is not significant relationship between perspective of users and providers of auditing reports about going concern concept

H8: There is not significant relationship between perspective of users and providers of auditing reports about aim of auditing.

H9: There is not significant relationship between perspective of users and providers of auditing reports about concept of confidence

H10: There is not significant relationship between perspective of users and providers of auditing reports about Independency

H11: There is not significant relationship between perspective of users and providers of auditing reports about importance

Statistical sample:

We divided statistical sample into two groups of providers and users of auditing report. Thus, we used Cocaran formula from larger group (providers) which was approximately 1470 persons and sample study was 159 and more. Due to aim of this research was comparing perspectives of the groups and in order to accreditation of the research; we used less sample study (562 people that were 475 managers of stock companies and 87 brokers of users. Therefore, we used 51 managers of stock market and 7 brokers in order to test the sample.

Measuring method of collecting data:

We used statistical descriptive like frequency, percentages, tables, figures and we sought normality of data by Yoman Wittney. We investigated type of hypotheses and kind of questionnaire and simplicity in making and interpreting results of Likeart and specialized questions were evaluated by five options range of Likeart.

Reliability and validity of questionnaire:

We used Cronbach alpha in order to analyze reliability and validity. We used figure one which was collected results of 20 sample by SPSS and coefficient of alpha Cronbach is 0.83 and it indicated that result of research is reliable. Furthermore, experts of accounting and professors confirm the questionnaire of the research mentally.

Table 1: Measure of reliability of questionnaire.

Numbers	Number of ample	Alpha
37	20	0.83

Analyze the research in hypotheses structure:

In all of hypotheses, hypothesis of H_0 indicated that lack of difference between perspective of providers and users and H_1 shows significant relationship exists between perspective of providers and users.

H1: There is not significant relationship between perspective of users and providers of auditing reports and their content.

Second hypothesis:

There is not significant relationship between perspectives of auditing report in acceptable report.

Table 2: Yoman-wittney test in order to compare acceptable auditing report.

Sample	Numbers	Mean of ranks	Total of ranks
Providers	159	106.10	16870
Users	58	116.95	6783
Yoman -Wittney		4150	
Sig		0.254	

In above-mentioned table, significance level is more than 5% and therefore, there is not significant relationship. Then, H1 is rejected and H0 is approved.

H3: There is not significant relationship between auditing reports in conditional report

Table 3: Yoman-wittney test in order to compare conditional auditing report.

Sample	Numbers	Mean of ranks	Total of ranks
Providers	159	116.99	18601
Users	58	87.10	5052
Yoman -Wittney		3341	
Sig		0.002	

In above-mentioned table, significance level of Yoman-Wittney is less than 1 percentage. Therefore, H1 is approved and H0 is rejected.

H4: There is not significant relationship between auditing reports in no comment report.

Table 4: Yoman-wittney test in order to compare unacceptable auditing report.

Sample	Numbers	Mean of ranks	Total of ranks
Providers	159	115.47	18359.50
Users	58	91.27	5293.50
Yoman -Wittney		3582	
Sig		0.011	

In above-mentioned table, significance level of Yoman-Wittney is less than 5 percentages. Therefore, H1 is approved and H0 is rejected.

H5: There is not significant relationship between auditing reports in no-comments

Table 5: Yoman-wittney test in order to compare no-comment auditing report.

Sample	Numbers	Mean of ranks	Total of ranks
Providers	159	108.81	17301
Users	58	109.52	6352
Yoman -Wittney		4581	
Sig		0.941	

In above-mentioned table, significance level of Yoman-Wittney is more than 5 percentages. Therefore, H0 is approved and H1 is rejected.

H6: There is not significant relationship between perspective of users and providers of auditing reports about internal control

Table 6: Yoman-wittney test in order to compare internal control.

Sample	Numbers	Mean of ranks	Total of ranks
Providers	159	108.14	17194.50
Users	58	111.35	6458.50
Yoman -Wittney			4474
Sig			0.736

In above-mentioned table, significance level of Yoman-Wittney is more than 5 percentages. Therefore, H0 is approved and H1 is rejected.

H7: There is not significant relationship between perspective of users and providers of auditing reports about going concern concept

Table 7: Yoman-wittney test in order to compare going concern.

Sample	Numbers	Mean of ranks	Total of ranks
Providers	159	109.83	17462.50
Users	58	106.73	6190.50
Yoman -Wittney			4474
Sig			0.742

In above-mentioned table, significance level of Yoman-Wittney is more than 5 percentages. Therefore, H0 is approved and H1 is rejected.

H8: There is not significant relationship between perspective of users and providers of auditing reports about aim of auditing.

Table 8: Yoman-wittney test in order to compare aim of auditing.

Sample	Numbers	Mean of ranks	Total of ranks
Providers	159	111.11	17666
Users	58	103.22	5987
Yoman -Wittney			4276
Sig			0.403

In above-mentioned table, significance level of Yoman-Wittney is more than 5 percentages. Therefore, H0 is approved and H1 is rejected.

H9: There is not significant relationship between perspective of users and providers of auditing reports about concept of confidence

Table 9: Yoman-wittney test in order to compare concept of confidence.

Sample	Numbers	Mean of ranks	Total of ranks
Providers	159	108.53	17256
Users	58	110.29	6397
Yoman -Wittney			4536
Sig			0.852

In above-mentioned table, significance level of Yoman-Wittney is more than 5 percentages. Therefore, H0 is approved and H1 is rejected

H10: There is not significant relationship between perspective of users and providers of auditing reports about Independency

Table 10: Yoman-wittney test in order to compare independency.

Sample	Numbers	Mean of ranks	Total of ranks
Providers	159	101.15	16082.50
Users	58	130.53	7570.50
Yoman -Wittney			3362
Sig			0.002

In above-mentioned table, significance level of Yoman-Wittney is less than 1 percentage. Therefore, H1 is approved and H0 is rejected

H11: There is not significant relationship between perspective of users and providers of auditing reports about importance

Table 11: Yoman-wittney test in order to compare importance.

Sample	Numbers	Mean of ranks	Total of ranks
Providers	159	109.03	17335.50
Users	58	108.92	6317.50
Yoman -Wittney		4606	
Sig		0.991	

In above-mentioned table, significance level of Yoman-Wittney is more than 5 percentages. Therefore, H₀ is approved and H₁ is rejected.

Findings:

Findings of research are as following:

There is not significant relationship between auditing reports in acceptable report. In according to mean of ranks in response of providers is 106 and mean of users is 116. However, there was not significant relationship in test of Yoman Wittney. Therefore, it can be said that there is not significant relationship between auditing reports in acceptable report or in other words, the groups do not have conflicts.

Third hypothesis: There is not significant relationship between perspectives of auditing report in acceptable report. Based on mean of providers was 116 and mean ranks of users were 87 and there was not significant relationship in test of Yoman-Wittney. Thus, there is not significant relationship between perspectives of auditing report in acceptable report. Generally, providers have more positive perspectives about conditional; however, providers do not have any favorable perspective about conditional report.

Fourth hypothesis: There is not significant relationship between auditing reports in unacceptable report. In according to ranks of providers is 115 and mean of rank users is 91 and there was not significant relationship in test of Yoman-Wittney. In overall, providers have more positive perspective about unacceptable, however, users do not have favorable perspective about unacceptable report.

Fifth hypothesis: There is not significant relationship between auditing reports in no-comments. In according to mean ranks of providers is 108 and mean of users with 109. However, there was not significant relationship in test of Yoman-Wittney. Therefore, it can be said that perspectives of the groups are not difference. In other words, there is not conflict between uncoment

Sixth hypothesis: There is not significant relationship between perspective of users and providers of auditing reports about internal control. Based on perspective, two groups of providers and users are not difference, or two groups do not have common perspective about internal control.

Seventh hypothesis: There is not significant relationship between perspective of users and providers of auditing reports about going concern concept. In according to mean ranks of providers are 109 and mean rank of users is 106. However, there was not significant relationship in test of Yoman-Wittney. Hence, it can be concluded that perspective of two groups are not difference about going concern is common.

Eighth hypothesis: There is not significant relationship between perspective of users and providers of auditing reports about aim of auditing. Generally, mean ranks of providers is 111 and mean ranks of users is 103, however, there was not significant relationship in test of Yoman-Wittney. Consequently, it can be said that perspective of two groups of providers and users about aim of studying is not difference. In other words, two groups have common perspective.

Ninth hypothesis:

There is not significant relationship between perspective of users and providers of auditing reports about concept of confidence. In according, to mean ranks of provider are 108 and mean ranks of user is 110; however, there was not significant relationship in test of Yoman-Wittney. Thus, perspective of two groups of providers and users about concept of confidence. Perspective of the two groups about concept of confidence is not difference. In other words, two groups have common perspective about concept of confidence.

Tenth hypothesis:

There is not significant relationship between perspective of users and providers of auditing reports about Independency. In according, to mean of user is 110 and mean of user is 130. There was significant relationship in test of Yoman-Wittney. Therefore, perspectives about users and providers about independent auditor are different. Generally, providers believe that independent of auditing is not too much; however, users believ that auditors do not have sufficient independence.

Eleventh hypothesis:

There is not significant relationship between perspective of users and providers of auditing reports about importance. In according to mean ranks of providers is 109 and mean ranks of users is 108; however, there was not significant relationship in test of Yoman-Wittney. Consequently, perspectives of two groups about providers and users about concept of importance is not different; in other words, two groups have common perspectives about concept of importance

Conclusion and discussion:

In current research, we compared 11 hypotheses about comparing providers and users of auditing report and some concepts were tested. Results of research indicated that the groups have difference perspective about conditional and unacceptable. Generally, users do not have favorable perspective about auditing reports. Furthermore, two groups had not different perspective about concept of independent auditors. In general, providers believe that independency of auditors is not unfavorable. However, they have equal perspective about internal control, going concern concept, aim of auditing, confident concept and concept of importance.

Results of research indicated that perspective of users and providers of auditing report of financial statement and about 70 percentages is equal and thirty percentages has conflict. Meanwhile, similar research which was done by Bozorg Asl and he concluded that 60 percentage are not equal in 2000 and reduced to 30 percentage in 2007. It shows that, close perspective of two groups. It hopes that, in near future, this difference be less, however we cannot expect that difference of perspectives become zero.

Limitation of the research:

Due to all of people are complex, therefore, researches cannot control all of motivations and factors and investigate interactions on people. Thus, present research has limitation and problem like other research:

1. Environmental factors related to test position is not control.
2. Responder were not really responsible for their response

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