

Factors Affecting the Effectiveness of Assurance Services and Corporate Reporting

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ABSTRACT

The study examines the issues affecting the effectiveness of assurance services and corporate reporting in Nigeria. The study uses a simple random technique, collection of primary data with questionnaire and testing of the hypotheses are done using percentage and Spearman's Rank correlation coefficient. The results from the tests with the help of SPSS show positive and weighty relationship between integrity and honesty of external auditors and quality of assurance services and corporate reporting. The findings reveal that there is a significant correlation between impaired external auditor's independence and quality of assurance services and corporate reporting. The more the independence of external auditors is impaired; the more ineffective the reliability of assurance services and corporate reporting. The study also reveals that there is a strong positive correlation between external auditor's skills on the use of ICT facility such as computer and effective assurance services and corporate reporting. Hence, for effective assurance services and corporate reporting on the financial statement to be achieved, integrity and honesty of the auditor must be given preference. In addition to ensuring the independence of external auditors, they should be ICT compliant in order to embrace automated accounting system in line with digitalization developments in assurance services and corporate reporting. Thus, the study recommends that auditors should be meant to possess integrity and honesty, assume a high degree of independence and acquire proficiency in relation to ICT, based on computer based-auditing in order to achieve effectiveness, reliability and validity of assurance and corporate reporting services.

Keywords: Assurance services, Corporate reporting, Financial statement, Digitalization, External auditors, Independence.

JEL Classification: M4; M14; M42; L25; L86.

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Highlights of this paper

- This study identifies the issues affecting effective assurance services and corporate reporting.
- The study highlights that impaired external auditor's independence and ICT non-compliance of some external auditors contribute to the lack of reliability of assurance services and corporate reporting.
- The study suggests that external auditors should exercise independence and high level of technical competence in carrying out their professional services in order to gain the confidence of the public and make their assurance services reliable and valid.

1. INTRODUCTION

Through financial statements Annual Accounts Reports are presented to shareholders as prepared by the management (directors). The financial statement is a mirror through the state of affairs of a going concern as prepared by the management in line with statutory provision subsisting in a given economy is viewed. At any point in time, the shareholders (investors) are eager in the state of affairs and financial position (net-worth) of the business entity where they have invested their resources. Not left out are other interested parties of accounting information (internal and external users) such as government, employees and tax authorities to mention but a few. Owing to the relevance and importance of Financial Statement therefore, professionals must be engaged in its preparation. External auditors provide quality assurance and reporting services on the financial statement as part of their responsibilities. In addition, the Board of Directors is responsible for daily accounting activities in organisations and rendering accurate and reliable account to members of a business entity. Besides, they equally ensure that the resources of a going concern are used judiciously. When these are done, shareholders are not physically present. What is reported to them at Annual General Meeting (AGM) is what they take. To reassure them that the true and fair position of the firm is reported and boost their confidence, shareholders make sure they appointment of an external auditor at Annual General Meetings. It should be noted that external auditors are appointed to provide assurance services that the financial statements as prepared by the management is agreement with statutes/standards and actually shows financial realities and transactions of the business within a given accounting period. However, as noted by [Adeyemi et al. \(2012\)](#) financial statements presented recently have been window-dressed with some attendant consequences including rising corporate pecuniary/financial reporting collapse and insolvency of business entities. Take for instance, superficial window dressed accounts heightened fears in the USA following the liquidation of energy corporation ENRON in 2001.

It should be noted that Enron filed for bankruptcy immediately after the adjustment of its accounts following a period of window dressing championed by their auditor Arthur Anderson. So many other companies in the United States have had similar challenges such as WorldCom, Global Crossing and Rank Xerox are other companies in the USA with similar problem. [Adeyemi et al. \(2012\)](#) had observed that in Italy, Parmalat failed in 2003 when it engaged in accounting misbehaviour of about 8 billion Euros and this observation is equally in line with the one made by [Demaki \(2011\)](#); [Norwani et al. \(2011\)](#) in [Adeyemi et al. \(2012\)](#). [Lianne \(2011\)](#), noted that Allied Nationwide Finance in New Zealand liquidated in September 2010 while NZF Money became bankrupt in January, 2011. Nigeria in particular has experienced its own disappointment in terms of poor financial statement reporting inefficiencies. Establishments such as Afribank Nigeria Plc and Cadbury Nigeria Plc had financial reporting failures with the problems in 2006 and 2009 respectively. Nations all around the globe have set codes of best practice as rules to address administration and money related revealing variation from the norm. Cadbury Report was created in United Kingdom, Sarbanes Oxley in United States, The Dey Report in Canada, the Vienot Report in France, the Olivencia Report in Spain, the King's Report in South Africa, Principles and Guidelines on Corporate Governance in New Zealand and the Cromme Code in Germany. The objective of these guidelines was to improve firms'

corporate administration situations (Bhagat and Bolton, 2009) in Adeyemi *et al.* (2012). Nigeria, Regulatory experts have acted by upholding organizations to agree to exacting corporate administration codes. Nigeria has decent variety of codes of corporate administration with particular dissimilarities specifically which include:

- i. Security and Exchange Commission (SEC) code of corporate administration (2003) which was checked on in 2011 was explicitly intended for firms cited in the Nigeria Stock Exchange (NSE).
- ii. National Bank of Nigeria (CBN Code, 2006) for banks set up under the arrangement of the Bank and Other Financial Institutions Act (BOFIA).
- iii. National Insurance Commission (NAICOM Code, 2009) coordinated at all protection, reinsurance, broking and misfortune modifying organizations in Nigeria.
- iv. Benefits Commission (PenCom Code, 2008) for all authorized annuity support administrators (Idornigie, 2010). The intervention of these regulatory authorities have not eradicated the inefficiencies associated financial statement governance and reporting. The limiting factors to effective assurance services and corporate reporting has been recurring. Therefore, this study aims at unmasking the circumstances that have been militating against effective assurance services and corporate reporting as well as the way forward out of the dilemma.

2. LITERATURE REVIEW

2.1. Conceptual Issues

As supported by Adeyemi *et al.* (2012) the International Audit and Assurance Standard Board (IAASB), a sub-advisory group of the International Federation of Accountants (IFAC) characterized a review as a free assessment of, and articulation of conclusion on the budget reports of a business venture by a delegated reviewer as per his terms of arrangement and in consistence with the significant statutory and execution necessities. The review report is the result or final result of each review task that the reviewer issues to the individuals from a customer organization communicating his supposition on the genuine and reasonable view with respect to a venture's fiscal summaries. This statutory obligation is accommodated in Section 359(1) of the *Companies and Allied Matters Act (1990)* in Nigeria. The reviewer has a statutory duty by goodness of Section 359(3) of the *CAMA (1990)* to issue a report to the individuals from the survey group which a customer is legitimately required to set up.

2.1.1. Reasons for which Quality Assurance Services and Reporting may be Affected

The credibility and reliability of financial statement is a function of the effectiveness of assurance services and reporting. However, a good number of circumstances which could be either internal or external could affect the quality financial statement preparation and reporting including assurance services and corporate reporting. A portion of the elements influencing review quality affirmation and corporate detailing incorporate monetary proficiency of review advisory group individuals; recurrence of review board of trustees gatherings; various directorship of review council individuals; autonomy of review panel individuals; outside examiners' quality; and association between freedom of review board and outer review (Adeyemi *et al.*, 2012).

Good skill and application of knowledge of computer (ICT): Lack of knowledge and skill on the use of ICT facility like computer is a threat to efficient and effective assurance services in modern time. Digitalization has really changed the erstwhile manual accounting system. Effective assurance services and corporate reporting nowadays depends to a reasonable extent *on the competence and skill of an auditor on how to use computer. The invention of computer and accounting software has made it possible for the automation accounting system enhanced by ICT, giving rise to*

effective corporate reporting on financial statement. Therefore, an external auditor without good knowledge and skill in computer would not carry out effective assurance services and reporting of financial statement.

Audit committee members place personal interest above corporate interest: In situations where external auditor has a secret business dealing with the top management and eventually appointed auditor by shareholders at Annual General Meetings, such external auditor would not express true and fair opinion on the financial statement.

Pecuniary literacy of audit committee members: Where outside evaluators need fitness and abilities on the most proficient method to deal with contemporary issues irritating on bookkeeping standards, it turns into an issue and the chaperon results could be broken affirmation benefits on budget summary announcing. As per [Song and Windram \(2000\)](#) in [Adeyemi et al. \(2012\)](#) a high level of money related proficiency is important for a review board of trustees to viably manage an organization's budgetary control and detailing. The duty of the survey board is to administer the planning of the fiscal summaries by the administration. On that note, the examination board of trustees ought to have palatable information in bookkeeping and specialized capability in monetary announcing which must consent to the significant administrative prerequisites. It is important to understand the general make up of money related and non-budgetary corporate reports when considering cited firms the same number of them have structures that are mind boggling and subsequently, showing in fact progressed monetary announcing substance. Money related proficiency decreased extortion in corporate monetary announcing. Review board of trustees foundation is one of the corporate administration prerequisites in the United States with the death of the [Sarbanes-Oxley Act \(2002\)](#) which requires every open recorded organization to unveil whether it has a money related master in the review panel. The examiner must be refreshed with the present or contemporary issue in bookkeeping such are the importance and use of IFRS to work ideally.

Review council meeting all the more much of the time: The more frequently the review board of trustees meets, the greater chance to talk about current issues looking by the organization. Since the degree of review council action reflects great administration, it should upgrade the activity of oversight capacity and this will think about the nature of confirmation administrations and corporate announcing. [Abbott et al. \(2000\)](#), noticed that adequacy of review board relies upon the degree the Committee can resolve issues and issues looked by the organization and to improve their observing capacity of organization money related issues. It is foreseen that the review panel of an association should be dynamic and have a legitimate and operational observing apparatuses set up. The Code of Corporate Governance expresses that the arrangement of a regulated gathering urges the outer inspector to raise conceivably inconvenient issues at a moderately beginning time. As a best practice, review advisory group meeting ought to be led in any event once per year without the nearness of official board individuals. In any case, the complete number of gatherings relies upon the organization's terms of reference and the intricacy of the organization's activity's tasks. At any rate three or four gatherings ought to be held notwithstanding different gatherings held because of conditions that emerge during the money related year. Despite the fact that the quantity of gatherings may not give a successful observing component, it is noticed that a review council with no gathering or with modest number of gatherings is less inclined to be a decent screen ([Menon and Williams, 1994](#)).

Variety directorship of audit committee members: This implies the quantity of chief positions involved by an individual from review board of trustees in various councils ([Shivdasani, 1993](#)). The various official post can prompt time requirement and absence of responsibility with respect to the individuals from the review board of trustees, along these lines obstructing powerful presentation. Reviewing and confirmation administrations expect time to complete basic assessment. At the point when this is missing, quality work as respects confirmation administrations and investigating fiscal summary might be done. Review board of trustees individuals who held chiefs' posts of such a large number of organizations may have restricted time satisfying their duties. Anyway

Ruzaidah and Takiah (2004), were of various view when they contended that numerous directorships of review board individuals was found to have critical positive association with corporate social announcing rehearses and corporate execution. At the end of the day, the compound course of action of the review board fills in as an inexhaustible checking gadget for an association.

Free audit committee: Blue (1999); Cadbury (1992) and Treadway (1987) noticed that autonomy of review advisory group basic factor for a review panel to guarantee that administration is considered responsible to investors (The Code of Corporate Governance expresses that most of review council individuals must be autonomous and the administrator ought to be a free non-official executive. It expands the viability of checking capacities. It fills in as a fortifying power to the autonomy of interior and outside evaluators. It is accepted that the more autonomous the review board of trustees, the higher the level of supervision and the almost certain that individuals demonstration unbiasedly in assessing the defenselessness of the organization bookkeeping, inward control and detailing rehearses. Again this encourages the reviewer to express evident and reasonable assessment concerning the budget report consequently quality confirmation and corporate revealing administrations.

Relations existing autonomous review advisory group and outer review: External examiners, through their cooperations with review panels can impact the organization's inward control quality just as announcing quality Goodwin and Seow (2000) in Adeyemi *et al.* (2012). The review board is relied upon to manage the arrangement and expulsion of outer evaluators. The various Codes of Corporate Governance provide (CBN Code, 2006; PenCom Code, 2008; NAICOM Code, 2009) illumination that it is the obligation of the review board to talk about with the external evaluators the nature and extent of review preceding the initiation of the review practice and to fundamentally assess the result of the review a short time later. Such linkage is relied upon to create a cooperation impact between the outer examiners and review advisory groups. The negative connection between freedom of top managerial staff and optional collections is being debilitated by the review of non-Big 5 firms (Klein, 2002). The finding proposes that negative connections between optional gatherings and autonomy of governing body and the board monetary proficiency separately are more grounded for the organizations evaluated by Big 5. This is on the grounds that the control by autonomous governing body and monetarily proficient review boards of trustees turns out to be progressively significant when the organizations don't get quality review.

Review Firm Tenure: Effective and quality money related detailing and affirmation administrations are impacted by the review firm residency. Review firm residency is the length of the review firm-customer relationship as of the monetary year-end secured by the examined budget reports. Following earlier inquire about (e.g., (Pierre and Anderson, 1984)) residency review is characterized as short when a similar reviewer has examined the fiscal summaries of an organization for a few years. Review residency is characterized as long when a similar evaluator has examined the budget summaries of an organization for at least nine years. Based on meaning of short and long haul residency, we characterize review residency as medium when a similar reviewer has evaluated the fiscal reports for four to eight years in Adeyemi *et al.* (2012).

2.2. Theoretical Survey

Hayes *et al.* (2005) recorded speculations of appraisal and their capacities. A portion of these speculations include:

The loaning believability hypothesis: This hypothesis expresses that the essential capacity of review and affirmation administrations is to add validity to the fiscal summaries. It was observed that the partners' confidence can be improved through examined budget report.

The police man theory: This is examining hypothesis for number-crunching exactness essentially for the avoidance and location of misrepresentation. The hypothesis expresses that inspectors forestall and distinguish extortion in associations.

Hypothesis of inspired confidence: This expresses partners' commitments to associations are represented by the executives consequently. There ought to be appropriate responsibility of partner commitment by the executives.

The arbitrator of inquirer's hypothesis: terrifically significant members in any association should proceed to contribute and each contributed gathering ought to get decent amount of the associations salary.

Office hypothesis: The gathering that is less educated requests for data that screens the administration conduct. As indicated by [Hayes et al. \(2005\)](#) they expressed that the inspector distinguish blunders in the budget summary. This is utilized to call attention to the stockpile side of review advertise. The commitment of review to outsider is controlled by these guideline for example mistake ought to be distinguished in the fiscal summary and the blunders ought to be accounted for eagerly by the examiners.

Hypothesis of professionalism: This is the place experts like the legal advisors, bookkeeper and brokers have assembled guarantees on ethnical codes, propelled training, cases to have open enthusiasm on a fundamental level so as to pick up their own social power. A case to experts additionally incorporates the ownership of reasonable and hypothetical information and exercise of expertise at abnormal state of social obligation and specialized behaviors.

A contention on expert restraining infrastructure and expert cases depends on the contract status which is the state acknowledgment ([Bakre, 2007](#)). The Charter status by method for state acknowledgment gives bookkeeping firms the authority over examining of open organizations and to act naturally directed by the bookkeeping experts ([Bakre, 2007](#)). The two expert bodies in Nigeria, the Institute of Chartered Accountant of Nigeria (ICAN) and the Association of National Accountant of Nigeria (ANAN), ever ensured sanction status and the self-guideline of bookkeeping. ICAN and ANAN are resolved to advance the most noteworthy standard of training, ability and moral behaviors among individuals by the help of the sanction status through the Nigeria state ([Bakre, 2007](#)). In any case, it has been contended that the progression of enthusiasm of individuals is the essential political reason for expert affiliations like ICAN and ANAN ([Willmott, 1986](#)). This expert affiliations (Accountancy Bodies) are permitted by their expert professes to consume control that they have gotten from the state and to legitimize and sanction status ([Bakre, 2007](#)).

2.3. Review of Observational Investigations

[Adeyemi et al. \(2012\)](#) in their exact investigations on the variables influencing review quality in Nigeria, finished up in addition to other things that numerous directorship is perhaps the most factor influencing review quality in Nigeria. Also, it is discovered that arrangement of non-review administration would almost certainly significantly affect the review quality in Nigeria. Thusly, there was proof that the shift of review firm was inconsequential in improving the nature of review benefits in the nation. In light of this finding the examination recommended greater quality control in review so as to improve the estimation of the money related detailing and review administrations rendered to firms and association.

3. RESEARCH METHODOLOGY

This research work is a field study and descriptive hence depends on survey analysis of the views of individuals on the circumstances impeding effective assurance services and corporate reporting in developing economies. The opinion of professional accountants, doctorate students and members of academia in the field of accounting were gathered through the use of questionnaire in South- East part of Nigeria. The study equally used simple random

sampling technique in gathering primary data from the sample drawn from the population. Percentage and Spearman’s Rank correlation coefficient as statistical tools are used in the analysis and testing of the hypotheses. SPSS is used to show the output of the test.

4. PRESENTATION AND ANALYSES OF THE RESULTS OF THE TEST

The analyses of the data obtained from respondents give more concentration to these questions relevant to three null hypotheses for the study. These research hypotheses with the empirical data were tested using Spearman’s Ranks Correlation Coefficient. Based on the experiences of the respondents’ subject matter, a total of 24 copies of questionnaire were share out to 24 correspondents who are experienced in the subject matter. The researcher was able to retrieve 21 copies, representing 87.5%. Among the 21, 3 sets, representing 12.5% were found unusable due to their improper completion. In view of this, 18 sets representing 75% were used for the purpose of the analyses.

4.1. Research Hypotheses

H0: Lack of integrity on external auditor does not affect the quality of assurance services and reporting of financial statement.

H0: Impaired independence of external auditor against the preparers of financial statement is not a setback on assurance services and corporate reporting.

H0: Auditor’s lack of skills on the use of ICT facility like computer is not a threat to effective assurance services in era of digitalization.

Using the SPSS output of the spearman’s Ranks correlations coefficient result below, the hypotheses are tested for acceptance or rejection.

Table-1. Lack of integrity on external auditor does not affect the quality of assurance services and reporting of financial statement.

Correlations				
			Assurance services-and corporate reporting	Integrity-of external auditors
Spearman's rho	Assurance services and corporate reporting	Correlation coefficient	1.000	.888**
		Sig. (2-tailed)	.00	.000
		N	18	18
	Integrity of external auditors	Correlation coefficient	.888**	1.000
		Sig. (2-tailed)	.000	.00
		N	18	18

** . Correlation is significant at the 0.01 level (2-tailed).
Source: SPSS version 21.

Table 1 shows a correlation coefficient of .888 which indicates a strong positive correlation between integrity of external auditors and quality of assurance services and corporate reporting and a p-value of 0.000 which is also far less than the conventional 0.01 and 0.05 levels of significance. Therefore, we reject the null hypothesis and conclude that there is a strong correlation between integrity of external auditors and assurance services and corporate reporting.

Table-2. Impaired independence of external auditor against the preparers of financial statement is not a setback on assurance services and corporate reporting.

Correlations				
			Impaired independence of external auditor	Quality of assurance services and corporate reporting
Spearman's rho	Impaired independence of external auditors	Correlation coefficient	1.000	0.969**
		Sig. (2-tailed)	0.00	.000
		N	18	18
	Quality of assurance services and corporate reporting	Correlation coefficient	0.969**	1.000
		Sig. (2-tailed)	0.000	.00
		N	18	18

** . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS version 21.

Table 2 shows a correlation coefficient of 0.969 which indicates a very strong correlation between impaired independence of external auditors and quality of assurance services and corporate reporting, and a p-value of 0.000 which is also far less than the conventional 0.01 and 0.05 levels of significance.

Therefore, we reject the null hypothesis and conclude that there is a significant correlation between impaired external auditor's independence and quality of assurance services and corporate reporting. The more the independence of external auditors is impaired, the more the effectiveness of assurance services and corporate reporting is reduced.

Table-3. Auditor's lack of skills on the use of ICT facility like computer is not a threat to effective assurance services in era of digitalization.

Correlations				
			Auditor's Lack of skills on the use of ICT like computer	Effective assurance services and corporate reporting
Spearman's rho	Lack of skills on the use of ICT like computer	Correlation coefficient	1.000	0.721**
		Sig. (2-tailed)	0.00	0.001
		N	18	18
	Effective assurance services and reporting	Correlation coefficient	0.721**	1.000
		Sig. (2-tailed)	0.001	0.00
		N	18	18

** . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS version 21.

Table 3 shows a correlation coefficient of 0.721, which indicates a strong positive correlation between auditor's of skills on the use of ICT facility such as computer and effective assurance services and corporate reporting; and a p-value of 0.000 which is also far less than the conventional 0.01 and 0.05 levels of significance. Therefore, we reject the null hypothesis and conclude that there is a significant correlation between auditors's of skills on the use of ICT facility such as computer and effective assurance services and corporate reporting. This buttresses the fact that the more skilled an external auditor is with respect to the use of computer in auditing exercises, the more effective he is in his assurance services and reporting in digitalization era and vice versa.

4.2. Result and Discussion

From SPSS **Table 1** shows a correlation coefficient of 0.888 which indicates a strong positive correlation between the integrity of external auditors and quality of assurance services and corporate reporting. The study concludes that there is a significant correlation between the integrity of external auditors and quality of assurance services and corporate reporting. The p-value of 0.000 is also far less than the conventional 0.01 and 0.05 levels of significance. Therefore, we reject the null hypothesis and conclude that there is a strong correlation between integrity of external auditors and quality assurance services and corporate reporting. That is to say that when the integrity of the external auditor is intact, a high level of reliability and credibility is placed on the audited financial statement. A similar study by [Adeyemi et al. \(2012\)](#) on the factors that affect audit quality confirmed that multiple directorship is one of the most important factors affecting audit quality in Nigeria. Besides, it is found that provision of non-audit service would likely have a significant effect on the audit quality in Nigeria.

Table 2 SPSS, shows a correlation coefficient of 0.969 which indicates a very strong positive correlation between impaired independence of external auditors and quality of assurance services and corporate reporting, and a p-value of 0.000 which is also far less than the conventional 0.01 and 0.05 levels of significance. Therefore, we reject the null hypothesis and conclude that there is a significant correlation between impaired external auditor's independence and quality of assurance services and corporate reporting. The more the independence of external auditors is impaired, the more the effectiveness of assurance services and corporate reporting is reduced.

From **Table 3** shows a correlation coefficient of 0.721, which indicates a strong positive correlation between auditor's skills on the use of ICT facility such as computer and effective assurance services and corporate reporting; and a p-value of 0.000 which is also far less than the conventional 0.01 and 0.05 levels of significance. Therefore, we reject the null hypothesis and conclude that there is a significant correlation between auditors' skills on the use of ICT facility such as computer and effective assurance services and corporate reporting. This buttresses the fact that the more skilled an external auditor is with respect to the use of computer in auditing exercises, the more effective he is in his assurance services and reporting in digitalization era and vice versa.

5. CONCLUSION AND RECOMMENDATION

The objective of this study is to investigate myriad of circumstances militating against effective assurance services and corporate reporting in developing economies.

The conclusions in line with the results of hypotheses testing were as follows:

Integrity of external auditors affects the quality of assurance services and corporate reporting of financial statement. Honesty and integrity on the part of external auditor are important traits as it would help remove bias and personal interest and this would give the auditor the audacity to express a true and fair opinion on the financial statement. The reverse would be the case where integrity and honesty are missing.

Independence of external auditors against the preparers of financial statement would give him the courage to objectively evaluate the financial statement. By so doing, assurance services and corporate reporting is made more reliable, credible and qualitative. The more independent the audit committee, the higher the degree of oversight and the more likely that members act objectively in evaluating the propensity of the company accounting, internal control and reporting practices. This shows that an independent audit committee is capable of helping companies maintain the continuity of business though when they are faced with financial stress, they are expected to come up with certain action plans to alleviate the problem.

Lack of knowledge and skill on the use of ICT facility like computer is a threat to efficient and effective assurance services in modern time. Digitalization has really changed the erstwhile manual accounting system.

Effective assurance services and corporate reporting nowadays depends to a reasonable extent on the competence and skill of an auditor on how to use computer. The invention of computer and accounting software has made it possible for the automation of accounting system to be enhanced by ICT, giving rise to effective corporate reporting on financial statement. Therefore, an external auditor without good knowledge and skill in computer would not carry out effective assurance services and reporting of financial statement.

The study therefore recommends that for effective assurance services and corporate reporting to be instituted in developing economies auditor must be ICT compliant and get reasonable exposure to computer-based auditing system. Developing countries should fully embrace ICT in line with globalization process. In addition, independence of auditors and audit committees should be enhanced by professional accounting bodies by instituting stringent measures and sanctions against any defaulter.

Finally, honesty and integrity of auditors should be reinforced through various seminars that would emphasize the need for integrity in the accounting profession. There should be immediate withdrawal of licence of any professional member who is caught compromising his integrity.

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