**AUDIT CONFLICT: IT’S IMPACT ON AUDITORS ABILITY TO RESIST MANAGEMENT PRESSURE**

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**ABSTRACT**

The project deals with audit conflict its impact on auditor’s ability to resist management pressure. This study examines the effect of ethical reasoning and formal sanction on the behaviour of auditors with detestiful attributes. The researcher used two source of data collection, primary and secondary data. Method of investigating, the researcher made use of various research instruments in gathering information for the research. One of the method and instrument used for data collection is the questionnaire, oral interview with directly observing the workers to ascertain their performance. First, we find a significant positive association between Machiavellianism and unethical auditor’s behaviour. In addition, we find that auditor’s unethical behaviour is significantly reduced by higher ethical reasoning abilities and increase threat of sanctions.

**CHAPTER ONE**

**INTRODUCTION**

**1.1 BACKGROUND OF THE STUDY**

The impact of auditing in any organization is of vital importance that their growth and retardation depend on it. According to Nwabueze (200:2) an audit is an independent examination of and expression of opinion of the financial statement of an enterprise by an appointed auditor in pursuance of the appointments and in compliance with any relevant law and regulation. An audit is an independent examination by an auditor of the evidence from which the final revenue account and balance sheet of an enterprise have been prepared in order to ascertain that they present a true and fair view of the summarized transaction of the period under reviewed and the financial state of the organization at the year and this enabling the auditor to report thereon. It is an investigation into books of accounts and the documents and vouchers from which the books have been written up with the object of enabling the auditor to make a report on the balance sheet or other statement prepared from books, to the person or persons to whom he has been appointed to report. Nwabueze (200:3) further stated that an audit is an independent examination, of an organizations financial records at a given time in order to ascertain the true position of the final accounts of the institution or organization. It is imperative to state that auditing is never with hunting as some establishments tend to book at it. This study tends to look into audit conflicts its impact on auditors ability to resist management pressure. Lugli point on this study will be guard a long time management conflict in an enterprise, organization and institution as a result of unbalanced accounting records and other form of management issues boarding on the firm for example, unretired payments, incomplete records, over pricing of products usage of organizations property without proper or adequate permission, over vouching and deliberate fraud or embezzlement of funds.At a place where auditing is appropriate and timely, such conflicts are reduced if not nipped out the bud. The relevance of auditing as it is daily guarding momentum is over emphasized. Any company organization or agency that requires growth result as a matter of fact allow periodic auditing into its final records. Such periodic exercise will enhance efficiency reliability and dependent records with a strong financial base. According to Onovo (2001) if the auditor is to fulfill primary objective of an audit of a financial statement which is to express on opinion on such financial statement a financial statement must be prepared within a frame of a reorganized accounting principles. The above is referring about primary objective of auditing that boarders on efficiency timely execution of audit responsibility cost effectiveness and risk reduction and elimination timely execution of audit is very necessary in any audit inspection and equerry according to Nwabueze (2000:14) the primary objective of an audit is the critical examination of and verification of the accuracy and the truth of a statement usually a financial one by a skilled and impartial observe (the auditor.)From the going therefore the priory objective of auditing will be defeated if timely execution and efficiency of it conducts in relation with the above (Millichapamp (1990:24). In the same vein the inspection or auditing of an organization records will include the following, an examination, of the book keeping accounting and internal control system with a view to ascertain whether they are appropriate for their purpose and whether they are effectively applied some other auditing functions include verification of ownership existence and valued of assets and the amount of liabilities show in the balance sheet (Aguolo 19983)

**1.2 STATEMENT OF THE PROBLEM**

The researcher as a matter of fact is fully prepared to carry out the project titled “audit conflict: impact on auditor’s ability to resist management pressure” but in faced with a Myriad of management problems. It was not possible for those banks to release their record for inspection to external persons for project purposes. Again the management of the bank see the incidents projects as exposing their records more especially now that the EFCC (economic financial crimes commission) are after them Most of the staff of the bank that are prepared to cooperate were afraid of either loosing their jobs on account of the assistance they are to give. Meanwhile the study is vital in the sense that audit conflicts as its impacts on management is an important tool to be resolved in the effectiveness on efficiency of day to day operations of an organization, eg the selected banks in particular.

**1.3 OBJECTIVE OF THE STUDY**

The primary objective of the study is as follows:

1. To examine who and what an auditors duties are.
2. To find out the causes of conflict in auditing of an organization.
3. To examine the impact of audit conflict on auditors ability to resist management pressure.
4. To find out strategy auditors can use to avoid conflict and resist management pressure.

**1.4 RESEARCH QUESTIONS**

The following question have been prepared for the study

1. What are the duties of an auditor?
2. What are the causes of conflict in auditing of an organization?
3. Does audit conflict have impact on auditors ability to resist management pressure?
4. Are there strategy auditors can use to avoid conflict and resist management pressure?

**1.5 RESEARCH HYPOTHESIS**

The following hypothesis have been formulated for this study

H01: There is no significant relationship between audit conflict and ability to resist management pressure.

H02: there is no relationship between auditors conflict and the final result of the audit of an organization.

**1.6 SIGNIFICANCE OF THE STUDY**

This study will examine audit conflict and it’s impact on auditors ability to resist management pressure.

This study will be of benefit to public and private organization as it will shed more light into the pressure an auditor is been put through either to do a thorough job or not.

This study will also be of benefit to the banking institution as it will help them in seeing the kind of pressure of receiving bribery an auditor is been put through.

This study will also be of benefit to the academia as it will contribute to the existing literature on auditors conflict and the pressure been laid on them by the management.

**1.7 SCOPE AND LIMITATION OF THE STUDY**

This study focuses on audit conflict and it’s impact on auditors ability to resist management pressure. This study will also,examine who and what an auditors duties are. Furthermore,this study will find out the causes of conflict in auditing of an organization. This study will further, examine the impact of audit conflict on auditors ability to resist management pressure. Hence this study is delimited to UBA Nigeria plc Lagos.

This study is delimited by a number of factors which are :

Inability to get the required auditing document from the bank, and also the inability of the bank staff in giving out the correct answers to the research questions , as some of them are scared of losing their jobs.

**1.8 DEFINITION OF TERMS**

**Audit conflict:** Conflict of interest is a situation in which an internal auditor, who is in a position of trust, has a competing professional or personal interest.

**Auditors :** a person who conducts an audit.

**CHAPTER TWO**

**REVIEW OF LITERATURE**

**INTRODUCTION**

Our focus in this chapter is to critically examine relevant literatures that would assist in explaining the research problem and furthermore recognize the efforts of scholars who had previously contributed immensely to similar research. The chapter intends to deepen the understanding of the study and close the perceived gaps.

**2.1  CONCEPT OF THE STUDY**

The International standards on Auditing (ISA’s) have been developed to complement practices of auditing among various countries and these standards are to be used when there are no standards developed locally. On July 2006, Nigeria Standards on Auditing (NSA) issued 9 standards. However, it’s compulsory for all business establishment listed on the stock exchange market, like NSE (Nigeria stock exchange) to comply with these standards. However, the compliance with the general audit standards (International Standards on Auditing and Nigeria Standards on Audit standards) have been violated by many professional Auditors in Nigeria, as seen in (Akhalumeh & Ohiokha, The term auditing has been defined by different authorities. The banking sector has witnessed a lot of crisis for some years now and a lot of attention has been directed to the auditors and accountants role in these industry. Accountability and Transparency is one of the code of ethics of Accounting and Audit profession which all Accountants and auditors must strictly adhere to. This may help in detecting financial irregularities on many company and thereby revealing any case of fraud in the company. Nevertheless, many scholars have opined that professional accountants have engaged their skills and experience to cover and encourage illegal practices as seen in the literature, (Sikka, 2008a). Take for instance, The Accounts falsification of Afribank Plc was said to have been to the negligence of Akintola Williams and Deloitte (AWD), also the overstatement of Cadbury Nigeria Plc profit was deliberately done by them. (Bakre, 2007) as cited by (Musa, Success, Iyaji, 2014) said that between the year 1990- 1994, the Nigerian economy has lost more than N6 billion ($42.9 million) to fraud and this has been within the banking sector alone. Every standards issued are means to an end itself. They can also be used as tools of instructions that helps in the overall achievement of the organization goals and objectives. Igbinosun (2011) defined Auditing standards as a number of rules accepted by the profession as guidelines to measure transactions, event and circumstances which affect financial results and financial information supplied to beneficiary parties”. Every audit standards should be applicable and appropriate to the objectives of the audit. To this end, every standards must satisfy 4 criteria, these are: acceptability, consistency, suitability and relevance. Between 1980 to 1991, the Auditing Practices Committee (APC) was the standard setting body issuing various auditing standards. Later APC was succeeded by Auditing Practices Board (APB) and they issue the Statement of Auditing Standards. Standards on Auditing always guide in setting the minimum standard for technical proficiency level. Regardless of the types, Objectives (whether it’s for profit or not for profit) and size of the organisation, all audit standards are applicable to the independent auditor based on the audit of the financial statement of the company. At the end of the audit engagement, the auditor will be expected to present a report to the users and shareholders of the company in form of the audit report. In this audit report, the suitor must inform the users that the audit has been carried out in accordance with specified auditing standards. This standards help to provide guidance on the required minimum level of care expected from the auditor in the audit engagement, (Gill & Cosserat, 2000). Schulte (2007) also states that when the conduct of an auditor is in question in legal proceeding, it is not the province of the auditing profession itself to determine what is the legal duty of auditors or to determine what reasonable skill and care is required to be exercised in particular case, although what others do or not what is usually done is relevant to the question of whether there had been a breach of duty. The court may decide that the standards are deficient. To meet changing business conditions and expectations, auditors should review and update their practices and procedures.” The greater harmonization and rise in comparability of financial statements can be increase by IAS.

1. Spicer and Pegler: "Auditing is such an examination of books of accounts and vouchers of business, as will enable the auditors to satisfy himself that the balance sheet is properly drawn up, so as to give a true and fair view of the state of affairs of the business and that the profit and loss account gives true and fair view of the profit/loss for the financial period, according to the best of information and explanation given to him and as shown by the books; and if not, in what respect he is not satisfied."

2. Prof. L.R.Dicksee. "auditing is an examination of accounting records undertaken with a view to establish whether they correctly and completely reflect the transactions to which they relate.

3 The book "an introduction to Indian Government accounts and audit" "issued by the Comptroller and Auditor General of India, defines audit “an instrument of financial control. It acts as a safeguard on behalf of the proprietor (whether an individual or group of persons) against extravagance, carelessness or fraud on the part of the proprietor's agents or servants in the realization and utilisation of the money or other assets and it ensures on the proprietor's behalf that the accounts maintained truly represent facts and that the expenditure has been incurred with due regularity and propriety. The agency employed for this purpose is called an auditor

**2.2  WHO IS AN AUDITOR**

The term “audit” as defined by Woolf (1997:1) is *a* process (carried out by suitably qualified auditors) whereby the accounts of business entities, including limited companies, charities, trusts and professional firms, are subjected to scrutiny in such detail as will enable the auditors to form an opinion as to their truth and fairness. This opinion is then embodied in an ‘audit report’, addressed to those parties who commissioned the audit, or to whom the auditors are responsible under statute. Similarly, Adeniji (2004:1) described audit as “the independent examination of, and expression of opinion on, the financial statements of an enterprise by an appointed auditor in pursuance of that appointment and in compliance with any relevant statutory obligation”. The opinion formed by an auditor in relation to the truth and fairness of the financial statement is embodied in what is called audit report. This report by the auditor is addressed to the company’s stakeholders who have devoted their material, financial and other resources to the care of the managers. Even though there are many types of audit, this study is concerned with the role of auditors in small business organization.r (Power, 1996:4). A person who is a professionally qualified accountant who has been given a license to carry out public practice is an auditor. An auditor is an independent person appointed by the owners of a company to examine the financial statements prepared by management (Izedonmi, 2000:1). Even though the primary duty of an auditor is to express a professional opinion on the financial statements, other services that an auditor can provide are accountancy, taxation, liquidation and receivership, investigation, management advisory services, financial advice and secretarial services. However, the fees for these other services do not form part of the audit fee. The auditor is supposed to have integrity, be independent and objective, conform to confidentiality principles, maintain technical competence and conform to technical standard (Adeniji, 2004:6). Auditing is regulated by statutes (Company and Allied Matters Act, 1990 as amended), professional regulations in form of accounting standards and auditing standards issued by Institute of Chartered Accountants of Nigeria (ICAN) and in some cases adapted from those of some more developed countries. The Institute of Chartered Accountants in England and Wales (2005:8) noted that the mid nineteenth century company audits were carried out by persons (principals or otherwise) whose independence from the managers of the company was no issue. However, due to information asymmetries and general lack of trust as depicted by the agency theory, principals began to appoint expert auditors and rely upon their work. Information asymmetry as described by Scott (2003:7-8) is a situation whereby some parties to a business transaction may have an information advantage over others. In addition, there are two types of information asymmetry which are adverse selection and moral hazard. Adverse selection occurs when management and other insiders know more about the current condition and future prospects of the firm than outside investors. Secondly, moral hazard occurs because of the separation of ownership from management in large companies. In this study, our concern is adverse selection whereby investors have a dearth of information than company insiders. Auditing is therefore a tool to control adverse selection by reporting on the inside information to outsiders.

**2.3  CONFLICT OVERVIEW**

The research community has not considered conflict a very important or controversial subject. My purpose in this section is not to single out and pick on a few researchers but only to use references from prominent social psychological and organizational scholars to illustrate the group phenomenon of inattention to definitions and adopting diffuse, confounded definitions. Traditionally, conflict is thought to arise from opposing interests involving scarce resources and goal divergence and frustration (Mack and Snyder, 1957; Pondy, 1967; Schmidt and Kochan, 1972). Conflict has often been proposed to occur in mixed-motive relationships where persons have both competitive and cooperative interests (Bacharach and Lawler, 1981; Kochan and Verma, 1983; Walton and McKersie, 1965). The competitive elements produce the conflict; the cooperative elements create the incentives to bargain to reach an agreement (Deutsch and Krauss, 1962).More recently, Rubin et al. (1994) argued that conflict had become too broadly defined but they want to use it to mean a “perceived divergence of interest, or a belief that the parties’ current aspirations cannot be achieved simultaneously” . Concurring with Rubin et al. (1994), Lewicki et al. (1997) argued that there are many ways to define conflict and suggested a similar definition as “the interaction of interdependent people who perceived incompatible goals and interference from each other in achieving those goals” (p. 15). Barki and Hartwick (2004) elaborated upon these efforts by defining conflict as “a dynamic process that occurs between interdependent parties as they experience negative emotional reactions to perceived disagreements and interference with the attainment of their goals” (p. 234). Researchers have tended to define conflict in broad terms. For example, Jehn and Bendersky (2003) defined conflict as “perceived incompatibilities or discrepant views among the parties involved” (p. 189). De Dreu et al. (1999) argued that conflict involves “the tension an individual or group experiences because of perceived differences between him or herself and another individual or group” (p. 369). The term conflict as popularly used typically reflects the assumption that conflict involves not only differences but incompatible goals and is win-lose. Indeed, studies that ask people to complete questionnaires that use the term conflict without being modified as to whether it is win-lose or not typically indicate that conflict of various kinds are negatively related to outcomes (De Dreu and Weingart, 2003). The Chinese term for conflict has even stronger connotations of a win-lose battle than the English term. Conflict researchers have typically been very inclusive in their definitions of conflict. Indeed, definitions seem to be given in an off-hand manner or more often not at all. However, the lack of discussion about definitions has resulted in the wide spread acceptance of conflict as involving opposing interests, a definition that confounds competition with conflict. Previous research has documented that this confusion very much frustrates our understanding and managing of conflict.

**Conflict in cooperative and competitive context**

In addition to obscuring the reality that people with completely compatible goals not

only can but often do have conflict, conflict as opposing interests is confounded with

competition defined as incompatible goals. This confounding makes it unclear whether

effects theorized or found are due to conflict or to competition. The irony is that the literature has had an un-confounded definition of conflict for several decades. Morton Deutsch’s (1973) theory of cooperation and competition indicated that defining conflict as opposing interests is fundamentally flawed. Although Deutsch is one of the most prominent conflict researchers (e.g., the first recipient of the International Association for Conflict Management’s Life-Time Achievement Award), the implications for his definition of conflict have been largely missed. There does not appear to have been enough direct, open conflict about definitions to generate questioning of traditional definitions and developing more effective ones! Deutsch defined conflict as incompatible activities; one person’s actions interfere, obstruct or in some way get in the way of another’s action. Incompatible activities occur in both cooperative and competitive contexts. Whether the protagonists believe their goals are cooperative or competitive very much affects their expectations, interaction, and outcomes. How they negotiate their conflict in turn affects the extent to which they believe they have cooperative or competitive goals with each other. A great deal of evidence from various researchers underlines that cooperative conflict captures many benefits of conflict and is the basis for constructive conflict management whereas assuming goals are incompatible interferences. Previous articles have summarized our own studies (Tjosvold, 1991; Tjosvold et al., forthcoming). This section briefly notes how research studies document that cooperatively managed conflict very much contributes to productive teamwork, including top management teams, and leadership. Cooperative conflict discussions helped Hong Kong accountants and managers dig into and resolve budget issues, strengthen their relationships, and improve budget quality so that limited financial resources were used wisely (Poon et al., 2001). Over 100 teams working in Chinese organizations who discussed issues cooperatively and openly were able to deal with biases and took risks effectively (Tjosvold and Yu, forthcoming). According to their managers, these risk-taking groups were able both to innovate and to recover from their mistakes. Cooperative conflict management can very much contribute to effective top management teams. Executives from 105 high technology firms around Beijing who indicated that they relied on cooperative rather than competitive or and avoiding conflict were rated by their CEOs as effectiveness and their organizations as innovative (Chen et al., 2005). Cooperative, open conflict helped Hong Kong senior accounting managers effectively lead employees in mainland China (Tjosvold and Moy, 1998) and Chinese employees work with their American and Japanese managers (Chen, Tjosvold and Su, forthcoming). Cooperative, constructive controversy interactions were also found critical for Chinese staff to work productively and developed relationships with Japanese managers, outcomes that in turn built commitment to their Japanese companies (Tjosvold et al., 1998). Cooperative conflict facilitated Chinese employees development of effective relationships with their Western managers (Chen, Su and Tjosvold, forthcoming). More than 200 Chinese employees from various industries indicated that cooperative, but not competitive or independent, goals helped them and their foreign managers develop a quality leader-member exchange relationship and improve leader effectiveness, employee commitment, and future collaboration (Chen and Tjosvold, forthcoming). Cooperative, open-minded discussion of opposing views appear to be an important aid for overcoming obstacles and developing effective leader relationships within and across cultural boundaries. Field and experimental studies in North America and Asia provide strong internal and external validity to central hypotheses of cooperative and competitive conflict. Whether protagonists emphasize cooperative or competitive goals drastically affects the dynamics and outcomes of their conflict management. Contrary to traditional theorizing, Chinese participants appear to appreciate others who speak their minds directly and cooperatively.

**2.3.1  AUDITORS BEHAVIOUR AND MANAGEMENT PRESSURE**

Behavioral research in auditing (e.g., Kelley and Margheim, 1990; Pierce and Sweeney, 2004; Coram *et al.*, 2008; Hyatt and Taylor, 2013) has examined the relationship between pressure and dysfunctional auditor behaviour. The model used in previous auditing research (e.g., Kelley and Margheim, 1990, p.23) was developed from Matteson and Ivancevich (1979) who studied the relationship between organizational stress and coronary heart disease (CHD). Most previous auditing studies follow a basic model: pressure as an antecedent to stress; perceived stress as the first level response; and auditor behaviour as the second level response. In addition, pressure that causes stress can be from the external environment or from internal organizational factors (DeZoort and Lord, 1997). Elements of the audit quality framework by the UK’s Financial Reporting Council (FRC) (2008) and the International Auditing and Assurance Standards Board (IAASB) (2014) consistently divide pressure into the external environment and the internal audit firm environment. This auditing environment involves various actors (e.g., regulators, clients, users), which each has two or more contradicting logics (Greenwood *et al.,* 2011) or goals (Suddaby *et al.*, 2009), consequently creating pressure for auditors. While the model of Kelley and Margheim (1990) hypothesises that dysfunctional behaviour is preceded by stress, Collins and Killough (1992) posit that pressure can directly affect audit behaviour without being preceded by stress. this section develops a conceptual model of the relationships between pressure and logic from different actors in an auditing environment, stress and auditor behaviour as institutional work, as depicted in Twelve dysfunctional auditor behaviours as a consequence of pressure and stress are identified from previous research in auditing (e.g., Kelley and Margheim, 1990; Pierce and Sweeney, 2004; and Coram *et al.*, 2008).

**2.3.2**        **AUDITORS WAYS OF ADDRESSING MANAGEMENT PRESSURE IN TERMS OF CONFLICT MANAGEMENT**

As noted, Blake and Mouton (1964) extended the work of Follett (1940) to develop a conceptual model of conflict management styles in organizational behavior. Subsequent models have relied heavily on Blake and Mouton’s (1964) theoretical framework of two dimensions and five conflict styles (King & Miles, 1990). These models include those developed by Hall (1969), Thomas (1976) and Rahim (1983a). The models vary mainly in the terminology used. In this study, I focus on the Rahim (1983a) model which describes the two dimensions as concern for self and concern for others. The five conflict styles are integrating, dominating, obliging, avoiding and compromising.

**Integrating Style (high concern for self and others)**

The integrating style involves collaboration between parties and is characterized by an open exchange of information to find a solution agreeable to both parties (Rahim, 1997). The style is therefore regarded as being both assertive and cooperative (Rahim & Magner, 1995). Conflicts are resolved by constructively exploring differences and searching for new solutions that go beyond what each party first envisioned (Rahim, 1992). The end result is a win-win situation for the two parties involved (Frederickson, 1997).

**Dominating Style (high concern for self and low concern for others)**

The dominating style is considered to be assertive and uncooperative (Rahim & Magner, 1995). A person adopting this style seeks to impose his/her views upon the other party, using forcing behaviour if necessary. Conflict is thus regarded as a win-lose competition (Frederickson, 1997). Obliging Style (low concern for self and high concern for others). This style involves playing down differences and emphasizing issues in common in order to satisfy the concerns of the other party. An obliging person is unassertive and cooperative (Rahim & Magner, 1995), having little regard for their own position (Rahim 1992). Effort is made to smooth over the conflict out of fear of harming the relationship (Frederickson, 1997). Conflict is therefore seen as a lose-win situation.

**Avoiding Style (low concern for self and others)**

The avoiding style is considered to be both unassertive and uncooperative (Rahim & Magner, 1995). A person adopting this style exhibits an unconcerned attitude towards the issue, failing to satisfy their own 11 concerns as well as the concerns of the other party. Conflict is thus recognized as a lose-lose situation.

**Compromising Style (intermediate in concern for self and others)**

A person using this style takes a “middle-ground position” (Rahim, 1997, p. 62) involving give and take. Both parties give up something in order to achieve a mutually acceptable decision (Rahim, 1992). The style involves both assertiveness and cooperativeness but to a lesser extent than the integrating style (Rahim & Magner, 1995). Neither party’s preferred outcome is achieved so that conflict is regarded as a no-win/no-lose situation.

**Integrative and Distributive Dimensions of the Conflict Management Styles**.

Thomas (1976) suggested that further insight into the five conflict management styles can be obtained by organizing them into the integrative and distributive dimensions put forward by Walton and McKersie (1965) in the context of labour negotiation (Rahim, 1992 and 1997). The integrative dimension measures the amount of satisfaction of concerns received by both parties to the conflict while the distributive dimension measures the amount of satisfaction of concerns received by one of the parties at the expense of the other party.

**2.4**   **AUDIT CONFLICTS, ITS IMPACT ON THE AUDITORS ABILITY TO RESIST  MANAGEMENT PRESSURE**

conflict between client management and the related audit firm is apparently occurring with increasing frequency as conflicts have played a central role in the corporate scandals that shook the world, especially the USA, at the turn of the 21st Century. Many companies have joined Enron and WorldCom in issuing earnings restatements as a result of inaccuracies in published financial reports. Adelphia, Bristol-Myers Squibb, Rocky Mountain Electric, Mirant Energy, Global Crossing, Halliburton, Qwest, AOL Time Warner, Tyco and Xerox are some of the firms that have come under scrutiny for what would be considered as potentially corrupt management and a clear lack of independent financial monitoring. At the root of this mismanagement and the failure of monitoring systems lie conflicts of interest (Moore et al., 2004). Therefore, various aspects continue to raise concerns about auditors’ independence, because auditors still face a variety of conflicting incentives. On one hand, incentives to thwart aggressive reporting are provided by the threat of actions by regulatory bodies and reputation loss that reduces the audit firm’s ability to attract clients and maintain high fees for audit services. Interestingly, the recent demise of Arthur Andersen underscores that these incentives are very real. On the other hand, offsetting incentives to allow aggressive reporting are provided by auditors’ need to attract and retain clients, as well as their potential interest in obtaining future employment with clients (Nelson, 2003). Given the existence of these main powerful but conflicting incentives, it is perhaps not surprising that the auditing research literature has not tended to view auditors as completely objective decision makers, but rather as being influenced by the balance of incentives that they face in a particular context. Consequently, critics allege that auditors often comply with the accounting treatment preferred by client management when a difference of opinion on matters of accounting practices or financial statement disclosure arises during an audit engagement (Lindsay, 1990). Additionally, the realization that audit conflicts are potentially a serious threat to the viability of the independent audit function has spurred the interest of both regulatory authorities and researchers. Most researchers addressing this problem have discussed the implicit ‘bargaining process’ that occurs in audit conflicts situations (Lev, 1979). This bargaining process typically has been modelled as a power struggle in which client management is in a considerably more powerful position than the audit firm (Goldman and Barlev, 1974; Nichols and Price, 1976).

**2.4.1        THE ROLE OF AUDITORS**

The role of audit in this era is to refocus on public interest, redefine the audit relationship, ensure the integrity of financial reports, separate non-audit functions and other advisory services. Also, audit methods need to be focused on risk attention, fraud awareness, objectivity and independence, increased attention to the needs of financial statement users (Lee and Ali, 2008:23). Since the primary purpose of external audit is not to detect fraud, investigating fraud requires the combined skills of a well-trained auditor and a criminal investigator. Fraud auditing is a relatively new discipline that emerged from the criminal and regulatory statutes involving business, financial crimes ranging from embezzlement, investment fraud, giving and accepting bribe and computer fraud to mention a few. Auditing for fraud and statutory audit are parallel in nature. The former is a means of identifying irregularities in accounting practices, procedures and controls. However, the latter is a means by which auditors uncover material deviations and variances from standards of acceptable accounting and auditing practice. Auditing for fraud involves looking beyond the transaction figures even though a statutory auditor is likely to become suspicious of an attempt made to disguise or cover up a transaction (Bologna and Lindquist, 1995:27-33). There may be some cases where the auditor’s work will lead to the detection of fraud. In such a situation the auditor is responsible for considering the potential effect on the financial information. In addition, the auditor should perform more procedures bearing in mind the type of fraud, other irregularities or errors, risk of their occurrences and likelihood that a particular type of fraud or error could have a material effect on the financial statements (Adeleke, 1996:10). In an attempt to ensure that auditors are better acquainted with this responsibility for fraud detection and prevention, the International Standard on Auditing (ISA) 240 was written. The standard differentiated fraud from error and explained that there are two types of fraud relevant to the auditor which are misstatements from misappropriation of assets and misstatements from fraudulent financial reporting. It requires that the auditor perform procedures to obtain information that is used to identify the risks of material misstatement due to fraud and evaluate the design of the entity’s related controls and determine whether they have been implemented. Fraud was by the standard as an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage. The standard acknowledges that fraud is a broad legal term therefore the auditor is concerned with fraud that causes material misstatement in the financial statements. Fraudulent financial reporting is characterized by intentional misstatements like omissions of amounts or disclosures in financial statements to deceive users, manipulation/falsification, alteration of accounting records, misrepresentation of financial statement events/transactions or significant information, intentional misapplication of accounting principles relating to amounts, classification, manner of disclosure (International Standards on Auditing 240). Those responsible for the prevention and detection of fraud are the persons charged with the governance of the entity and management. Though an auditor is only an independent agent whose responsibility is to give an opinion of the true and fair view of the financial statements and not primarily to detect and prevent fraud and errors, in carrying out an audit engagement is to apply professional skepticism. Professional skepticism is an attitude that includes a questioning mind and a critical assessment of audit evidence. Essentially, the auditor should make inquiries of those charged with governance to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity (ISA 240, paragraph 23). The standard specified that after an audit is conducted and fraud involving management is found or where the fraud results in a material misstatement in the financial statements, the auditor should communicate these matters to those charged with governance as soon as practicable. Due to the level of sensitivity of fraud involving management or those charged with governance, seeking legal counsel may be necessary in guiding the auditor to take appropriate action (paragraph 96). This standard should go a long way to make auditors detect fraud and error in a company’s financial statement. Yet Obaidat (2007:4) found that due to low fraud cases in Jordan, auditors did not consider ISA 240 which showed a low degree of compliance of 73.9% in their study. Perhaps, some auditors are careful to chose an audit scope that will exonerate them from liability should it arise. The choice of a large audit scope depends on the number of auditors a firm can afford to employ given other intervening variables. Li, Song and Wong (2007) have found that there is a relationship between audit firm size and perception of audit quality. Audit conducted by large audit firms often ensure the disclosure of more items in the annual reports than audits conducted by smaller firms.

**2.4.2        AUDITORS OR AUDIT REPORT**

The auditor's report presents a different structure by including some additional

paragraphs, completing the information provided by the existing ones and changing

their location. Thus, the structure of the report is as follows:

**• Title**

The report must have a title that clearly shows that it is the report of an independent

auditor. We suggest using the "Statutory Auditor's Report" title.

**• The recipient**

The requirements stipulate that the report should be addressed according to the

circumstances of the engagement, but it may be that the law, regulations or terms of the

engagement may provide for the addressee of the auditor's report under the specific

legal conditions. Typically, the report is addressed to those for whom it is drawn up, i.e. to shareholders or to those responsible for governance.

• Opinion

This section includes the auditor's opinion and some elements considered absolutely

necessary:

1. the identification of the entity whose financial statements have been audited
2. the statement that the financial statements have been audited
3. identifying the title of each component
4. a reference to notes, including a summary of significant accounting policies
5. the specification of the date or period covered by each of the components of the
6. financial statements
7. the use of the expressions "present fairly in all significant aspects" or "present a true
8. and fair view"

• Basics of opinion (bases for opinion)

In this paragraph, the auditor presents some of the elements underlying his opinion.

Firstly, he makes a statement that the audit was conducted in accordance with ISAs

standards and makes a reference to the section of the report describing the auditor's

responsibility for complying with ISAs.

Also, this paragraph contains a statement by the auditor that he is independent of the

entity in accordance with relevant ethical requirements for auditing, compliance by the

auditor with any other ethical responsibilities, indicating jurisdiction over ethical

requirements, or reference to the Code of Ethics.

Also in this paragraph, the auditor declares that the evidence obtained is sufficient and

appropriate to support the opinion.

• **Going concern, in accordance with the provisions of ISA 570 "Going concern" (IAASB, 2017, pp. 575-604)**

When the auditor considers that the going concern assumption is inappropriate as the

basis for the preparation of the financial statements, he will provide a contrary view.

If the auditor considers the appropriate continuity assumption but there are significant

uncertainties, he proceeds differently depending on the circumstances. If there is adequate disclosure in the financial statements, the auditor provides an unchanged opinion but includes a separate section under the heading "Significant business continuity uncertainties" in the report, in which he draws attention to the notes in the financial statements in which these matters are presented and states these issues. There is also the possibility of doubting the continuity of the entity's activity in the future and that its opinion is not changed from this point of view. If significant uncertainties are not adequately disclosed in the financial statements, the auditor expresses a supportive opinion or an opinion, and in the paragraph on the bases of opinion he states that the uncertainties exist and that they are not adequately disclosed in the financial statements.

If management has not evaluated or extended the continuity assessment, including the

auditor's request, the implications for the report should be studied.

**• Key audit matters**

The presentation of the key aspects that the auditor identified during the audit is

mandatory for audited entities when the auditor is bound by law or regulation, or when

the information regarding this aspect is required in compliance with ISA 701 Standard

"Communication Key audit matters in the independent auditor's report." (IAASB,

2017, pp. 774-797). The purpose of communicating key audit aspects is to increase the auditor's report communication value through the transparency of the audit. The communication of key aspects provides users with additional information on those

issues considered significant by the auditor. The auditor's objectives are to determine the key audit aspects and, once he has formed an opinion on the financial statements, to communicate these issues by describing them in the auditor's report. Communicating these issues is not a substitute for:

1. The presentation of the applicable financial reporting framework used by
2. management for accurate presentation;
3. The auditor’ s ability to express a modified opinion when he considers it necessary;
4. To report significant uncertainty about business continuity;
5. It is not a separate opinion on a particular aspect.

The auditor determines or identifies key issues with respect to the areas assessed as

being of high risk of material misstatement or significant risks, significant professional

judgment on the elements which supposed the management's judgment ,including the

accounting estimates for which uncertainties were identified or the effect of the audit

on events and on significant transactions of the period. In this paragraph, the auditor presents key issues that are significant according to the auditor's reasoning, and points out that these issues are presented in relation to the financial statements as a whole and during the process of forming an opinion, and he doesn’t provide a separate opinion regarding them. Examples of the fields from which the auditor may determine key issues are: Goodwill; The evaluation of the financial instruments; the effects of the new IFRS Standards; the assessment of assets and liabilities for the calculation of the pension fund; the recognition of revenue; the assessment of the business continuity hypothesis (IAASB,

2015b).

• **Responsibility of management (identification)**

Management is responsible for the preparation of the financial statements in accordance

with the applicable financial reporting framework, the implementation of the internal

control necessary for the preparation of the free financial statements of misstatements

due to fraud or error. Management also assesses the entity's ability to continue its business and whether the use of operating continuity as the basis for preparing the financial statements is appropriate.

**• Auditor's Responsibility**

The new requirements provide for a wider presentation of the auditor's responsibilities.

First, as before, it sets out the audit objectives. It also states that reasonable assurance

is a high level of assurance but does not guarantee that an audit performed in accordance

with ISAs always detects significant distortions, if any. It states that distortions may be due to fraud and error and describes that what is considered significant, individual or cumulative is reasonably expected to influence the decisions of the users based on the financial statements or to define or describe what is significant in accordance with the financial reporting framework. It also states that the auditor uses professional judgment and maintains skepticism during the audit and describes an audit specifying the auditor's responsibilities:

1. Identify and assess the risk of material misstatement of financial statements as a

result of fraud or error; Plan and perform the audit in response to these risks; To

obtain sufficient and adequate evidence to support the opinion. The risk of not

detecting significant misstatements due to fraud is higher than that resulting from

errors, as fraud may involve forgery, intentional omissions, lack of presentation or

cancellation of internal control;

1. To gain an understanding of the relevant internal control in order to properly plan

the procedures but not to express an opinion on its effectiveness;

1. Evaluate the adequacy of the accounting policies used, the reasonableness of the

estimates and the transparency of the presentations;

1. Conclude on the suitability of management's use of the presumption of continuity

of business and whether it has found evidence to cast doubt on this assumption. If

there are uncertainties, they should be presented in the report and if the items are

not adequately presented in the notes take into account the change of opinion;

1. Evaluate the overall presentation, structure and content of financial statements,

including presentations, and find that events and transactions are presented in such

a way as to ensure a true and fair view;

1. Specify that the auditor communicates to those entrusted with governance, among

other things, the scope, audit period and significant findings, including those

concerning internal control deficiencies. In the particular audit situation of rated entities, the auditor specifies that he provides the entity's management with a statement of compliance with relevant ethical independence requirements, threats, and measures, and communicates to management all significant aspects of the audit and key audit issues.

The description of the auditor's responsibility for the financial statements may be

included in the audit report as an attachment to the auditor's report or by reference to

the website of a competent authority.

**2.5         RIGHTS OF THE AUDITORS IN RESISTING MANAGEMENT PRESSURE.**

Since the early twentieth century, with the development of industrialization and information, work stress has become an important issue in the fields of psychology, behavioral science and sociology. There has been widespread discussion regarding the definition of work stress, its influence mechanism and coping strategies, resulting in a series of outstanding academic achievements represented by Stimulation Theory, Response Theory (Selye, 1976) and Interaction Theory (Karasek, 1979), among others. The above studies indicate that individual responses to work stress can affect physical and mental health, work quality and even organizational performance through the stimulus and response system (Janssen, 2001; Lu et al., 2010). However, the effect of work stress on audit quality is seldom addressed in the field of auditing studies. First, among the diagnoses and experimental studies, Soobaroyen and Chengabroyan (2006) and Agoglia et al. (2010) argue that stress due to work or time budgeting tends to impair audit efficiency and quality. Liu (2008) claims that the time pressure of audit engagements could impede the proper implementation of audit procedures and damage audit quality, according to a survey of a nationwide audit firm. Stress due to time budgeting or deadlines also tends to aggravate auditors’ perceived pressure (Margheim et al., 2011). Second, in terms of empirical studies, Lo´pez and Peters (2012) argue that workloads can damage audit quality at the level of the audit firm. A few scholars focusing on ‘‘busyness” (which differs from work stress) find it harmful to audit quality (e.g., Sundgren and Svanstro¨m, 2014), while others do not. For example, Goodwin and Wu (2016) suggest that the relationship between auditor busyness and audit quality depends on whether the former is in equilibrium, yet Choo (1986) finds an inverse U-shaped relation between the two. Choo’s work is supported by Huang and Bai (2014), who draw a similar conclusion from the results of a questionnaire survey involving several audit firms in China’s Nanjing, Suzhou and other regions. However, the universality of that conclusion is still under question given the limited representative of the study sample. In the past 20 years, scholars have begun to consider auditors’ work stress. However, the academic results are not fruitful, nor are the findings consistent. What is more, the literature discussing the effects of work stress on audit performance and quality is limited by a lack of reliability and generalizability, because most studies

use experimental or survey designs. We are very fortunate that the accessibility of personal information on the auditors of Chinese listed companies, the market competition environment and the centralized auditing of annual reports in peak season make it possible to carry out a systematic study. Given this, in this paper we provide an in-depth investigation of the topic from an individual perspective to address the shortage of academic research. This paper is expected to contribute to a solution to the practical issues concerning auditors’ work stress, and at the same time providing scientific evidence for perfecting the regulatory policies on auditors’ behavior.

**CHAPTER THREE**

**RESEARCH METHODOLOGY**

**3.1 INTRODUCTION**

In this chapter, we described the research procedure for this study. A research methodology is a research process adopted or employed to systematically and scientifically present the results of a study to the research audience viz. a vis, the study beneficiaries.

**3.2 RESEARCH DESIGN**

Research designs are perceived to be an overall strategy adopted by the researcher whereby different components of the study are integrated in a logical manner to effectively address a research problem. In this study, the researcher employed the survey research design. This is due to the nature of the study whereby the opinion and views of people are sampled. According to Singleton & Straits, (2009), Survey research can use quantitative research strategies (e.g., using questionnaires with numerically rated items), qualitative research strategies (e.g., using open-ended questions), or both strategies (i.e., mixed methods). As it is often used to describe and explore human behaviour, surveys are therefore frequently used in social and psychological research.

**3.3 POPULATION OF THE STUDY**

According to Udoyen (2019), a study population is a group of elements or individuals as the case may be, who share similar characteristics. These similar features can include location, gender, age, sex or specific interest. The emphasis on study population is that it constitute of individuals or elements that are homogeneous in description.

This study was carried out to examine audit conflict: it’s impact on auditors ability to resist management pressure, using united bank for Africa Lagos State as a case study. Staff of united bank of Africa Lagos form the population of the study.

**3.4 SAMPLE SIZE DETERMINATION**

A study sample is simply a systematic selected part of a population that infers its result on the population. In essence, it is that part of a whole that represents the whole and its members share characteristics in like similitude (Udoyen, 2019). In this study, the researcher adopted the convenient sampling method to determine the sample size.

**3.5 SAMPLE SIZE SELECTION TECHNIQUE AND PROCEDURE**

According to Nwana (2005), sampling techniques are procedures adopted to systematically select the chosen sample in a specified away under controls. This research work adopted the convenience sampling technique in selecting the respondents from the total population.

In this study, the researcher adopted the convenient sampling method to determine the sample size. Out of all the entire population of staff of united bank for Africa Lagos, the researcher conveniently selected 36 out of the overall population as the sample size for this study. According to Torty (2021), a sample of convenience is the terminology used to describe a sample in which elements have been selected from the target population on the basis of their accessibility or convenience to the researcher.

**3.6 RESEARCH INSTRUMENT AND ADMINISTRATION**

The research instrument used in this study is the questionnaire. A survey containing series of questions were administered to the enrolled participants. The questionnaire was divided into two sections, the first section enquired about the responses demographic or personal data while the second sections were in line with the study objectives, aimed at providing answers to the research questions. Participants were required to respond by placing a tick at the appropriate column. The questionnaire was personally administered by the researcher.

**3.7 METHOD OF DATA COLLECTION**

Two methods of data collection which are primary source and secondary source were used to collect data. The primary sources was the use of questionnaires, while the secondary sources include textbooks, internet, journals, published and unpublished articles and government publications.

**3.8 METHOD OF DATA ANALYSIS**

The responses were analyzed using the frequency tables, which provided answers to the research questions. The hypothesis was tested using the pearson correlation statistical tool.

**3.9 VALIDITY OF THE STUDY**

Validity referred here is the degree or extent to which an instrument actually measures what is intended to measure. An instrument is valid to the extent that is tailored to achieve the research objectives. The researcher constructed the questionnaire for the study and submitted to the project supervisor who used his intellectual knowledge to critically, analytically and logically examine the instruments relevance of the contents and statements and then made the instrument valid for the study.

**3.10 RELIABILITY OF THE STUDY**

The reliability of the research instrument was determined. The Pearson Correlation Coefficient was used to determine the reliability of the instrument. A co-efficient value of 0.68 indicated that the research instrument was relatively reliable. According to (Taber, 2017) the range of a reasonable reliability is between 0.67 and 0.87.

**3.11 ETHICAL CONSIDERATION**

he study was approved by the Project Committee of the Department. Informed consent was obtained from all study participants before they were enrolled in the study. Permission was sought from the relevant authorities to carry out the study. Date to visit the place of study for questionnaire distribution was put in place in advance.

**CHAPTER FOUR**

**DATA PRESENTATION AND ANALYSIS**

**INTRODUCTION**

This chapter presents the analysis of data derived through the questionnaire and key informant interview administered on the respondents in the study area. The analysis and interpretation were derived from the findings of the study. The data analysis depicts the simple frequency and percentage of the respondents as well as interpretation of the information gathered. A total of thirty-six (36) questionnaires were administered to respondents of which only thirty (30) were returned and validated. This was due to irregular, incomplete and inappropriate responses to some questionnaire. For this study a total of 30 was validated for the analysis.

**4.1 DATA PRESENTATION**

**Table 4.2: Demographic profile of the respondents**

|  |  |  |
| --- | --- | --- |
| **Demographic information** | **Frequency** | **percent** |
| **Gender**  Male |  |  |
| 17 | 56.7% |
| Female | 13 | 43.3% |
| **Age** |  |  |
| 20-25 | 9 | 30% |
| 25-30 | 8 | 26.7% |
| 31-35 | 6 | 20% |
| 36+ | 7 | 23.3% |
| **Marital Status** |  |  |
| Single | 19 | 63.3% |
| Married | 11 | 36.7% |
| Separated | 0 | 0% |
| Widowed | 0 | 0% |
| **Education Level** |  |  |
| WAEC | 0 | 0% |
| BS.c | 25 | 83.3% |
| MS.c | 5 | 16.7% |
| MBA | 0 | 0% |

**Source: Field Survey, 2021**

**4.2 DESCRIPTIVE ANALYSIS**

**Question 1: What are the duties of an auditor?**

**Table 4.3:** Respondent on question 1

|  |  |  |  |
| --- | --- | --- | --- |
| 1  **Options** | **Yes** | **No** | **Total %** |
| An auditor Form a negative opinion, where necessary. | 30  (100%) | 00 | 30  (100%) |
| An auditor Comply with Auditing Standards. | 30  (100%) | 00 | 30  (100%) |
| An auditor Adhere to the Code of Ethics and Code of Professional Conduct. | 30  (100%) | 00 | 30  (100%) |

**Field Survey, 2021**

From the responses obtained as expressed in the table above, all the respondents constituting 100% said yes in all the options provided. There was no record of no.

**Question 2: What are the causes of conflict in auditing of an organization?**

**Table 4.4:** Respondent on question 2

|  |  |  |  |
| --- | --- | --- | --- |
| **Options** | **Yes** | **No** | **Total %** |
| conflict of interest is a situation in which an internal auditor, who is in a position of trust, has a competing professional or personal interest. | 30  (100%) | 00 | 30  (100%) |
| A conflict of interest exists even if no unethical or improper act results. | 30  (100%) | 00 | 30  (100%) |
| Conflict of an auditor can arise when competing interests can make it difficult to fulfill his or her duties impartially | 30  (100%) | 00 | 30  (100%) |

**Field Survey, 2021**

From the responses obtained as expressed in the table above, all the respondents constituting 100% said yes in all the options provided. There was no record of no.

**Question 3: Does audit conflict have impact on auditors ability to resist management pressure?**

**Table 4.5:** Respondent on question 3

|  |  |  |
| --- | --- | --- |
| **Options** | **Frequency** | **Percentage** |
| Yes | 15 | 60.0 |
| No | 4 | 13.33 |
| Undecided | 11 | 26.67 |
| **Total** | **30** | **100** |

**Field Survey, 2021**

From the responses obtained as expressed in the table above, 60.0% said yes, 13.34% said no, while the remaining 26.67% were undecided.

**Question 4:Are there strategy auditors can use to avoid conflict and resist management pressure?**

**Table 4.6:** Respondent on question 4

|  |  |  |
| --- | --- | --- |
| **Options** | **Frequency** | **Percentage** |
| Yes | 18 | 50.0 |
| No | 4 | 16.66 |
| Undecided | 8 | 33.33 |
| **Total** | **30** | **100** |

**Field Survey, 2021**

From the responses obtained as expressed in the table above, 50.0% said yes, 16.66% said no, while the remaining 33.33% were undecided.

**4.3 TEST OF HYPOTHESIS**

**H01**: There is no significant relationship between audit conflict and ability to resist management pressure.

**H02**: There is no relationship between auditors conflict and the final result of the audit of an organization.

**Table 4.7: Pearson Correlation Table showing the relationship between audit conflict (AC) and ability to resist management pressure (ATRMP)**

|  |  |  |  |
| --- | --- | --- | --- |
|  | | AC | ATRMP |
| AC | Pearson Correlation | 1 | .821\*\* |
|  | Sig. (2-tailed) |  | .000 |
|  | N | 30 | 30 |
| ATRMP | Pearson Correlation | .821\*\* | 1 |
|  | Sig. (2-tailed) | .000 |  |
|  | N | 30 | 30 |

Source: Survey data, 2021

\*\*. Correlation is significant at the 0.05 level (2-tailed)

The Pearson Correlation result in Table 4.7 contains the degree of association between AC and ATRMP. From the result, the Pearson correlation coefficient, r, value of 0.821 was positive and statistically significant at (p< 0.000). This indicates that auditors conflict (AC) will result in ability to resist management pressure(ATRMP).

Thus, AC and ATRMP are correlated positively.

**Table 4.8: Pearson Correlation Table showing the relationship between auditors conflict (AC) and the final result of an audit (TFROAA)**

|  |  |  |  |
| --- | --- | --- | --- |
|  | | AC | TFROAA |
| AC | Pearson Correlation | 1 | .721\*\* |
|  | Sig. (2-tailed) |  | .000 |
|  | N | 30 | 30 |
| TFROAA | Pearson Correlation | .721\*\* | 1 |
|  | Sig. (2-tailed) | .000 |  |
|  | N | 30 | 30 |

Source: Survey data, 2021

\*\*. Correlation is significant at the 0.05 level (2-tailed)

The Pearson Correlation result in Table 4.8 contains the degree of association between AC and TFROAA. From the result, the Pearson correlation coefficient, r, value of 0.721 was positive and statistically significant at (p< 0.000). This indicates that auditors conflict (AC) will result in the final result of an audit(TFROAA).

Thus, AC and TFROAA are correlated positively.

**CHAPTER FIVE**

**SUMMARY, CONCLUSION AND RECOMMENDATION**

**5.1 SUMMARY**

In this study, our focus was to examine audit conflict: it’s impact on auditors ability to resist management pressure using united bank for Africa Lagos state as a case study**.** The study specifically was aimed at highlighting who and what an auditors duties are. The study also, find out the causes of conflict in auditing of an organization. The study further, examine the impact of audit conflict on auditors ability to resist management pressure. Lastly the study, find out strategy auditors can use to avoid conflict and resist management pressure. A total of 30 responses were validated from the enrolled participants where all respondent are drawn from staff of united bank for Africa.

**5.2 CONCLUSION**

Based on the finding of this study, the following conclusions were made:

1. Conflict of interest is a situation in which an internal auditor, who is in a position of trust, has a competing professional or personal interest.
2. A conflict of interest exists even if no unethical or improper act results.
3. Conflict of an auditor can arise when competing interests can make it difficult to fulfill his or her duties impartially
4. Conflict of interest is a situation in which an internal auditor, who is in a position of trust, has a competing professional or personal interest.
5. A conflict of interest exists even if no unethical or improper act results.
6. Conflict of an auditor can arise when competing interests can make it difficult to fulfill his or her duties impartially

**5.3 RECOMMENDATION**

1. That an auditor should know how to handle a conflict when it arises, if he or she cannot handle the conflict then a higher authority should be notified
2. That an auditor should not fall into the temptation or under the pressure of management to be insincere in his or her report concerning the organization
3. That an auditor should always work according to the ethics and rules of his or her profession

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**APPENDIXE**

**THE INFLUENCE OF LEARNING ENVIRONMENT ON STUDENTS ACADEMIC PERFORMANCE (TILESAP)**

**QUESTIONNAIRE**

**SECTION A**

Gender

Male()

Female ()

Age

20-25 ()

25-30 ()

31-35 ()

36+ ()

Marital Status

Single ()

Married()

Separated()

Widowed()

Education Level

WAEC ()

BS.c ()

MS.c ()

MBA ()

**Section B**

**Question 1: What are the duties of an auditor?**

|  |  |  |
| --- | --- | --- |
| 1  **Options** | **Yes** | **No** |
| An auditor Form a negative opinion, where necessary. |  |  |
| An auditor Comply with Auditing Standards. |  |  |
| An auditor Adhere to the Code of Ethics and Code of Professional Conduct. |  |  |

**Question 2: What are the causes of conflict in auditing of an organization?**

**Table 4.4:** Respondent on question 2

|  |  |  |
| --- | --- | --- |
| **Options** | **Yes** | **No** |
| conflict of interest is a situation in which an internal auditor, who is in a position of trust, has a competing professional or personal interest. |  |  |
| A conflict of interest exists even if no unethical or improper act results. |  |  |
| Conflict of an auditor can arise when competing interests can make it difficult to fulfill his or her duties impartially |  |  |

**Question 3: Does audit conflict have impact on auditors ability to resist management pressure?**

|  |  |
| --- | --- |
| **Options** | **Please tick** |
| Yes |  |
| No |  |
| Undecided |  |

**Question 4:Are there strategy auditors can use to avoid conflict and resist management pressure?**

|  |  |
| --- | --- |
| **Options** | **Please tick** |
| Yes |  |
| No |  |
| Undecided |  |