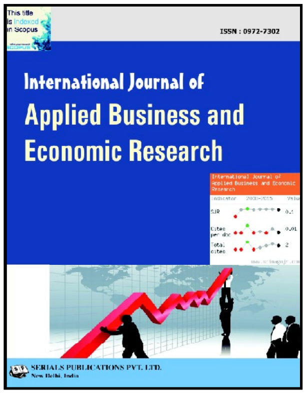


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# Non-audit Services in Sudan: Provision Crave or Regulation Spurn?

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***Abstract:*** The study investigates the perceptions of the provision of non-audit services across a sample of auditors, corporate managers, bank managers and financial consultants. It also explores the controls that are required to regulate these services. 125 questionnaires were administered to a purposive sample of respondents in Khartoum, during the period of June-August 2016. Among the respondents there *is a* clear consensus about the *effect of provision of non-audit services on auditors' independence. Findings show that all non-audit services are not perceived as jeopardizing independence except for bookkeeping and internal audit services.* The findings show that respondents are divided over two types of controls: namely, the spinning-off non-audit services to a team other than the audit team and regulation using stock exchanges rules. This study suggests threshold for controls on the provision of non-audit services in an environment where there are no existing controls.

***Keywords:*** Auditor Independence, Non-audit, Services, Perceptions, Sudan

***JEL Classification:*** M38, M42

## 1. INTRODUCTION

During the past fifteen years, joint provision of audit and non-audit services has sparked considerable interest and debate worldwide, especially after the Enron financial scandal. Professional bodies, researchers and academicians are concerned with the allegations of unethical behaviour of auditors when providing non-audit services and put provision of non-audit services as a leading agenda because of the controversy surrounding the joint provision of audit and non-audit services. The unfolding events worldwide and the expanded provision of non-audit services necessitate greater scrutiny over auditing protocol and procedures. The Sarbanes Oxley Act and the European Commission legislation both require limiting the provision of non-audit services. Even though the joint provision of audit and non-audit services has been a major concern for many parties in developed countries, this issue has been largely ignored in Sudan. The policy makers in Sudan need to propose effective regulation with regard to joint provision of audit and non audit service (Obeid, 2013). But until today, policy maker in Sudan have not put forward any regulation on the provision of non-audit service. Neither have they identified the expected penalties on auditors for joint services. This is unfortunate, especially given the fact that protocols of audit control take longer to develop than conventional rules.

The spectacularly successful attempt to develop a governing rule for joint provision of audit and non-audit services over the past 10 years is a more stringent target of many developing countries. The policy makers in Sudan, unlike many of their contemporaries in developing countries, brush aside the users' concerns on the effect of joint provision of audit and non-audit services by relying on that fact that the auditors are unlikely to risk their reputation. The current code of ethics extant in Sudan is inadequate as it ignores the issue of joint provision of audit and non-audit services. If the authorities or policy makers want to increase the regulations, then they have to propose rules that govern the joint provision of audit and non-audit services.

A considerable amount of research has been conducted on the provision of non-audit services in developed countries, compared to developing countries. The purpose of the current study is to help fill in this gap in the literature, particularly in relation to Sudan. The study investigates the perceptions of different users of financial statement on the provision of non-audit services, and suggests some controls for regulating them. Exploring their perception may shed some light on this grey area and blow a whistle for the policy makers about the need for adequate contextual regulations for non-audit services. The remainder of this paper is structured as follows: Section 2 provides an overview of archival literature on the provision of non-audit services and their control. Section 3 outlines the research methodology. Discussion of findings is shown in section 4. Finally, section 5 summarizes the findings, implications and conclusions, and recommends areas for future research.

## 2. HYPOTHESIS DEVELOPMENT

### 2.1. Auditors' Independence

Auditors' independence is defined as the freedom from conditions that threaten objectivity. Auditors' independence is also defined as expressing a conclusion with integrity, objectivity and professional skepticism, and avoiding any facts and circumstances that may compromise integrity, objectivity or professional skepticism (Code of Professional Ethics, 2015).

Furthermore, independence is defined in many contexts; as an objective standing when performing an audit (Arens *et al.,* 1999), opposing clients' pressures (Knap, 1985) and opposing management pressures (Antle, 1984; Cullinan, 2004). The provision of non audit services is recognized as an impairment to independence. Consequently, many researchers investigate and report on this issue and many link the lack of auditors' independence to joint provision of audit and non-audit services. The provision of non-audit services provides an imminent threat to independence, accordingly this trumps a duty on auditors to protect their independence in appearance (Hay *et al.,* 2005). The auditor's objectivity is driven to a lower level by involvement with the client (Ferguson *et al.,* 2004) and this consequently increases the possibility of a substandard audit (Brandon *et al.,* 2004).

## 2.2. Provision of non-audit services

The provision of non-audit services has become a controversial issue. In addition, debates concerning joint provision of audit and non-audit services trigger many ethical issues. However, the provision of non-audit services can infringe on the independence of auditors, it is hard to find definitive arguments for banning their provision. Accidents of history namely the Enron case has led to a long standing and persistent debate on the provision of non-audit services. The Enron collapse had objectively supported the perceptions framed around the adverse effect of the joint provision of audit and non-audit services on auditors independence.

By the same token, non-audit services is considered contributing to less quality audits (Beeler and Hunton, 2002), as a poor fit for professional ethics (Knapp, 1985), and controversial because of its potential threat to independence (Knechel and Sharma, 2008). The frequent provision of non-audit services is potentially harmful to auditors' independence as auditors may become reluctant to qualify reports (Barkess and Simnet, 1994; Wines, 1994). On the other hand, a study on UK companies finance directors show auditors' independence is not perceived as significantly impaired when auditors provide non-audit services (Beattie *et al.*, 1999). A later study has asserted that no evidence is found to support that non-audit services result in sub-standard audit, however the perceptions of auditor independence is adversely affected (Beattie and Fearnlay, 2003). But yet auditors' reputation remains a concern that creates increased cautiousness when performing audit (Dopuch *et al.,* 2003).

Moreover, a systematic review of many studies on the provision of non-audit services is associated with discretionary accruals. Opponents of the provision of non-audit services incredulously believe that non-audit services are associated with discretionary accruals. Previous research stipulate a positive relationship between non audit fees and discretionary accruals (Frankel *et al.,* 2002) and a negative relationship between accrual quality and non-audit services fees (Srinidhi and Gul, 2007). Contrary to this, evidence is neither found on relationship between non-audit fees and positive discretionary accruals (Ashbaugh *et al.,* 2003; Mitra, 2007) nor between abnormal accruals and magnitude of non-audit services (Chung and Kallapur, 2003).

Likewise, many studies have surveyed the perceptions of users of financial statements. For example, the common perception among loan directors is that auditor independence is impaired by provision of payroll services (Larvin, 1976). Uniquely, bankers, financial analysts and certified public accountants have commonly agreed that the provision of management advisory services to audit clients impair auditors' independence (Reckers and Stagliano, 1981). A stronger revelation of literature findings show that the provision of system design services jeopardize auditor independence (Pany and Reckers, 1983). Further studies show that the provision of internal audit function to audit client is perceived to be jeopardizing independence both by bank officers (Lowe, *et al.,* 1999) and financial analysts (Swanger and Chewning, (2001). Later studies show that auditors independence is neither jeopardized by taxation services (Kinney *et al.* 2004; Robinson 2008) nor by appraisal and valuation services (Jenkins and Krawcyzk, 2011).

Another perspective that emerges from the literature is the effect of non-audit services fees on auditors' independence. Because of the lucrative non-audit service fees, users of financial statements demand increased auditors' independence. Different arguments are made to validate this claim. There are certain pitfalls of independence which need to be avoided to achieve audit quality. For example, some argue that it is necessary to have an independent standpoint to prohibit a long audit tenure and auditors' dependence on non-audit services fees (Ye *et al.,* 2011) It is important to note that, as with the joined provision of audit and non-audit services, auditors generally set audit fees lower below the market level in order to retain the client (DeAngelo, 1981). Auditor independence is compromised when clients pay high non-audit fees relative to total fees (Frankel, *et al.,* 2002; Abbolt, *et al.,* 2003).

The argument against the provision of non-audit services routinely brings some of auditors independence considerations into conflict because of the economic bonding with the client (Beck *et al.,* 1988) and economic dependence (Francis, 2006; Hope and Langli, 2009). However, the broader risk arises when independence is impaired by an auditors' tendency not to report a breach in order to retain a client (Antle, 1984; Matsumura *et al.,* 1997). This is because of the auditor's fear of losing non-audit services fees (Mitchell *et al.,* 1993). Similarly, the increased quasi-rents from providing non-audit services jeopardize auditors' independence (Dopuch *et al.,* 2003; Brandon *et al,* 2004; Quick and Warming-Rasmussen 2009).

It is worth noting, however, that the provision of non-audit services is not the only factor influencing auditors' independence. While there is growing concern about the provision of non-audit services, there are still a few scenarios that appeal for the provision of non-audit services. Some researchers believe that the provision of non-audit services by audit firms does not necessarily have an undesirable effect on the independence of auditors (Barakass and Simnett, 1994; Craswell, 1999). Non-audit services may be useful because they increase the auditor's knowledge about the client and his or her environment. This can only enhances the performance of the audit (Lennox, 1999; Kinney *et al.,* 2004; Jenkins and Krawezky 2002). Furthermore, being familiar with the client's environment increases economies of scale (Johnson and lys, 1990) and spillovers of information, which will automatically improve audit quality (Kinney *et al.,* 2004), as well as reduce audit lag (Sharma, 2006).

Likewise, advocates of the provision of non-audit services believe that these services enhance cost savings, technical competence (Arrunada, 1999) and utilize scare resources by reducing the duplication of efforts (Carlton and Perloff, 2005). By the same token, provision of non-audit services familiarizes the auditor with the client's business environment and increases the likelihood of discovering material misstatements (Chang and Monroe, 1993) and frauds (Joe and Vandervelde, 2007). In fact, other studies show that there is no association between non-audit services and discretionary accruals (Reynolds *et al.,* 2004) or the likelihood of restatements (Raghunandan *et al.,* 2003).

Finally, there is compelling evidence to suggest that loan officers do not perceive non-audit services as impairing independence or reducing financial statement reliability (McKinley et al., 1985). More sophisticated analysis shows that there is no evidence between the tendency for issuing a going concern report and non-audit services fees (DeFond *et al.,* 2002; Geiger and Rama, 2003).

### 2.3. Regulation of non-audit services

The subject of regulating the provision of non-audit services needs further discussion and debate. The provision of non-audit services is marred by the persisting fear that auditors may perform sub-standard audit. Regulators need to enforce restrictions on auditors' provision of non-audit services. At one end of the spectrum, there are those who assert that we should regulate these services by applying a variety of internal safeguards that ensure auditors' independence and audit quality. Safeguards that are addressed in the literature include peer reviews, implementing quality control standards, internal monitoring and rotation of auditors (Allen, and Caswell , 2001). In the same context, it should also be noted that a crucial control factor required by all legislation is the existence of a robust audit committee which draws a dividing line between a standard and substandard audit.

Previous studies have addressed a number of issues related to audit committees. As reported in many studies, both the quality and the magnitude of non audit services is driven by the existence of an independent audit committee (Goldman and Barlev, 1974; Abbott *et al.,* 2003; Alleyne, 2002). Generally speaking, an audit committee controls the magnitude of NAS purchase and is less likely to recommend joint provision of audit and non-audit services (Gaynor, *et al.,* 2006) or the outsourcing of routine internal auditing activities to the external auditor (Abbott *et al.,* 2007).

Irrefutable evidence show that the application of necessary safeguards to the provision of non-audit services reduces the possibility of the auditors' independence being compromised. Safeguards mentioned in the literature include penalties for substandard audits and fines associated with litigation (Gwilliam, 1987), spinning-off NAS to a separate team other than the audit team (Pany and Recker, 1984; Hillison and Kennelley, 1988; Swanger and Chewning, Jr. 2001) and offering non-audit services only to non-audit clients (Schliefer and Shockley, 1990). Equally important safeguards to auditors independence include less reliance on one client (Grout *et al.,* 1994), full disclosure of non-audit services ( Schliefer and Shockley, 1990) specific disclosures regarding provision of non-audit services,, and refraining from management participation in clients' firms (Security Exchange Commission, 2000).

Based on the findings in the literature review, the following hypotheses have been formulated:

H1: There is difference in the perception of auditors, corporate managers, bank mangers and financial consultants regarding the impairing effect of provision of non-audit services on auditors' independence.

H2: There is difference in the perception of auditors, corporate managers, bank mangers and financial consultants regarding the controls required to regulate non-audit services.

## 3. METHODOLOGY

The methodology that is followed in this study is to gather the viewpoints of auditors, bank managers, corporate managers and financial consultants on the effect of provision of non-audit services on auditors' independence and how these services can be appropriately controlled. Data was collected from participants in the central business district of Khartoum during the period June-August 2016. For the purpose of the study, 125 questionnaires were distributed to a purposive sample, which contained four categories of respondents: auditors, corporate managers, bank mangers. Ninety-four questionnaires were returned. Two different measures were used in assessing the perceptions of the different groups of respondents: Perceptions regarding the level of impairment of non-audit services, and perceptions regarding the necessary controls for these services.

The questionnaire is divided into three sections. The first section is designed to obtain demographic information about the respondents, as well as their qualifications and years of experience. The second section seeks to capture the respondents' opinions on a list of non-audit services and their effect on auditor independence. In this section, a list of ten services is presented to respondents: book-keeping services, management function services, taxation services, accounting information systems design and implementation services, appraisal services, actuarial services, broker dealer services, legal services, human resources services, and internal audit services. The final section surveys the opinions of respondents regarding certain controls on the provision of non-audit services. This section lists a number of controls including, the rules of local professional bodies, existence of independent audit committees, disciplinary action against the auditor by government, penalties for substandard audits, spinning-off NAS to a separate team other than the audit team, legal banning of joint provision, full disclosure of audit and non-audit services, stock exchange rules, and best practices guidelines.

Sections two and three of the questionnaire used a 5-point Likert-scale to gauge the opinions of the participants. 94 questionnaires were returned and subsequently analyzed. A Pearson Correlation was used to show the linear relationship between the data from the four groups (auditors, bank managers, corporate managers and financial consultants). The Mann Whitney U-test and the Kruskal-Wallis test were used to understand whether attitudes towards the controls needed for the provision of non-audit services differed based on these four groupings.

## 4. RESULTS AND DISCUSSION

### 4.1. Response Rate and Demographic Information

**Table I**
**Details of the response rate**

| *Group* | *Distributed Questionnaire* | *Usable Questionnaires* | *Response Rate* |
|---|---|---|---|
| Auditors | 40 | 29 | 72.5 |
| Bank Managers | 30 | 25 | 86.7 |
| Corporate Managers | 35 | 26 | 74.3 |
| Financial Consultants | 20 | 14 | 70% |
| Total | 125 | 94 | 75.2 |

Table I, shows the response rate among the respondents. The overall response rate was 75.2 %. This rate is encouraging because it is above 60% (Remenyi *et al.,* 2002). The response rate among corporate managers and bank mangers was 86.7% and 74.3 respectively, while that of auditors and financial consultants was 72.5% and 70% respectively.

**Table II**
**Details of the latest accounting degree attained by respondents**

| *Latest degree attained in the field of accounting* | *Number* | *Percentage* |
|---|---|---|
| Accounting certification | 39 | 41.5 |
| Doctorate Degree | 50 | 53.2 |
| Masters | 5 | 5.3 |
| Other | 0 | 0 |
| Total | 94 | 100 |

Demographic findings show that 41.5% of the respondents are certified accountants, 53.2% are PhD holders and 5.3% are Masters holders. All of the respondents have an accounting and finance background.

### 4.2. Perceptions of Auditors, Corporate Mangers, Bank Mangers and Financial Consultants on the Effect of Provision of Non-audit Services on Auditor's Independence

The main focus of this section is to identify the non-audit services that are perceived as jeopardizing auditors' independence among groups of auditors, bank mangers, corporate managers and financial consultants. Pearson correlation was used to assess the relationship between the perceptions of respondents on the effect of provision of non-audit services on auditors' independence. Based on the findings in Table III, there is a general consensus among the different groups of respondents on the effect of provision of non-audit services. The majority of the respondents did not considered non-audit services as a threat to auditor independence. Respondents indicated that the provisions of management functions services, taxation services, accounting information system design and implementation services, actuarial services, broker dealer services, legal advice services, and human resources planning do not impair auditors independence. This finding is consistent with the archival research suggesting that recurring services are considered as jeopardizing independence (Beck *et al.,* 1988).

The general perception among the respondents is that taxation services do not jeopardize auditors' independence. This is consistent with the findings that suggests that the provision of tax non-audit services do not affect auditor independence (Kinney *et al.* 2004; Robinson 2008). On the other hand , respondents do not perceive appraisal and valuation services as impairing auditors independence. This is also consistent with the findings in the professional literature which demonstrate that appraisal and valuation services do not "evoke negative perception from financial statements users" (Jenkins and Krawcyzk, 2011). Taking a contrary view to our research findings, system design services are found to be impairing auditors independence (Shockley, 1981; Pany and Reckers,1983; Pany and Reckers, 1984). Similarly, previous studies show that auditors and loan directors regard payroll services as a threat to independence (Lavin 1976). Equally significant, earlier research on bankers, financial analysts show that auditors are likely to lose their independence if they provide management advisory services (Shockley, 1981).

However, two services are identified as undermining auditors independence. Respondents indisputably acknowledge that book-keeping services and internal audit services impair auditors' independence ( level of significance 5%). Our findings supports a body of previous research showing that internal audit services impair auditors independence (Lowe *et al.*, 1999; Swanger and Chewning Jr, 2001). Contrary to our findings, a previous study show that financial analysts did not arrive at a consensus on the adverse effect of bookkeeping services (Lavin, 1977).

In the context of this study we propose that both bookkeeping services and internal audit services are perceived to be jeopardizing auditors' independence. Our justification for accepting this findings is that both services are recurring services and require direct involvement of auditors in business entities. Ethically and practically , the provision of bookkeeping services and internal audit services jointly with audit services is not desirable and will express more than a pretext of bias. This may lead to occurrence of an unacceptable bias that manifest itself when auditors will provide an opinion on their own work . In view of that, this will contradict the professional code of ethics which support the need to conduct audit with independence.

The above results confirm the truth of the first hypothesis: There is difference in the perception of auditors, corporate managers, bank managers and financial consultants on the impairing effect of provision of non-audit services on auditors' independence.

**Table III**
**Pearson Correlation Results on the perceptions of auditors, corporate managers, bank mangers and financial consultants on the adverse effect of provision of non-audit services on auditor's independence**

| *Service* | *Value* | *Sta-error* | *Sig level* |
|---|---|---|---|
| 1. Book-keeping and other services related to the audit client's accounting records, or financial statements. | 0.16 | 2.533 | 0.023** |
| 2. Management functions services. | -0.059 | -0.568 | 0.571 |
| 3. Taxation services. | -0.063 | -0.602 | 0.549 |
| 4. Accounting information system design and implementation. | 0.088 | 0.844 | 0.401 |
| 5. Appraisal or evaluation services. | 0.121 | 1.164 | 0.247 |
| 6. Actuarial services | -0.044 | -0.416 | 0.678 |
| 7. Broker dealer services. | -0.050 | -0.481 | 0.632 |
| 8. Legal advice. | 0.083 | 0.795 | 0.429 |
| 9. Human resources planning. | 0.031 | 0.293 | 0.770 |
| 10. Internal audit services. | -0.230 | -2.255 | 0.027** |

The results are based on the Pearson's correlation of coefficient. ** indicate the significant levels of 5% .

### 4.3. Perceptions of Auditors, Corporate Mangers, Bank Mangers and Financial Consultants on the Controls for non-audit services

Table IV reflects the perceptions of the respondents regarding the controls required in relation to the provision of non-audit services. The majority of the respondents felt that the most important control over the provision of non-audit services is the legal banning of joint provision of audit and non-audit services, the existence of an independent audit committee and spinning-off NAS to a separate team other than the audit team. Auditors also believe that another strong control mechanism is disciplinary actions by the government. Furthermore, nearly two thirds of the sample of auditors believe that provision of non-audit services can be controlled by penalties on substandard audit, full disclosure of audit and non audit services, local rules and rules of the stock exchange. Finally, almost half of the sample of auditors believe that non-audit services can be controlled by best practice guidelines.

Turning now to the other three groups, the data reveals that corporate managers, bank mangers and financial consultants believe that non-audit services should be controlled by stock exchanges rules, disciplinary actions by the government, full disclosure of audit and non-audit services, rules of the local professional bodies, and penalties for a substandard audit. In addition, less than two thirds of the participants in these three sample groups believe that provision of non-audit services should be controlled by best practices guidelines and the spinning of non-audit services to a separate team other than the audit team.

The table also shows that respondents disagreed over the effectiveness of two control mechanisms: First, the spinning-off NAS to a separate team other than the audit team (with a significance level of 0.05); and second, stock exchange rules (with a significance level of 0.01). The auditors' group felt that the first mechanism was a strong control mechanism, while the respondents from the other three groups felt that it was not. The latter perception is consistent with pervious findings suggesting the separation of audit and consulting staff ( lowe and Pany 1995) and the separation of external and internal audit staff(Lowe, Geiger, and Pany ,1999; Swanger and Chewning, Jr. 2001) to assure the perception of auditors independence. Second, in regard to stock exchange rules, the majority of corporate managers, bank mangers and financial consultants agree on all the controls while only two third of the sample auditors perceive it as an effective control. This can be explained because the exchange rules are only restricted to enforcing regulation on listed companies. Apparently, the auditors' perception is due to the fact that the number of companies listed in stock exchanges is very small and, consequently, stock exchange rules will apply only to limited number of companies.

In the context of this study we propose that two types of controls may not achieve higher auditor independence: spinning-off NAS to a separate team other than the audit team and stock exchanges rules. Our rationalization for accepting this findings is that both controls impose certain threats for business entities. Spinning-off internal audit services to a team other than the audit team may still implicitly induce a self-review threat. Although the team is not conducting audit, but yet the same audit firm will be conducting both services. Spinning off the services to a team other than an audit team will not ensure that there will not be a potential for conflict of interest . Accordingly, this type of control will be reluctantly accepted . As for the use of stock exchange rules, Khartoum Stock Exchange imposes stringent rules on the small number of companies listed in it. Consequently , such rules will ensure better corporate governance in listed companies than in privately held companies.

Consequently, the truth of the second hypothesis can be confirmed: There is a difference in the perception of auditors, corporate managers, bank managers and financial consultants regarding the controls required to regulate non-audit services.

## 5. CONCLUSION

In this paper, the researchers examined the perceptions of auditors and a group of users of financial statements on the provision of non-audit services and highlighted the necessary controls for the joint provision. Some of these controls may not fully ensure auditors independence, but they can contribute to understanding that enhancing auditors' independence is an ongoing process. The researchers identified core control mechanisms in the literature. These include the fundamental in-house audit firm practices to the more aggressive controls, such as the total banning of provision of non-audit service. Most significantly, the research survey identified those controls that the participants deemed necessary for professional practice. It can be anticipated that these controls will emerge as 'best practice' in years to come, especially if more attention is given to the quality of account reporting in regard to provision of non-audit services.

The findings also reveal that all non-audit services, except for bookkeeping services and internal audit services, are perceived as jeopardizing auditors' independence. On the other hand, the respondents do not feel that stock exchange controls and spinning-off audit and non-audit services are good controls for assuring auditors' independence.

**Table V**
**Perceptions of respondents on the controls for non-audit services**

| *Statements* | *Auditors* | | | | | | | *Others* | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *SD* | *D* | *N* | *A* | *SA* | *Mean* | *Median* | *SD* | *D* | *N* | *A* | *SA* | *Mean* | *Median* | *Sig* |
| 1. Adverse effect of provision of NAS is controlled by the rules of local professional bodies | 14 | 21 | 7 | 24 | 34 | 3.45 | 4.00 | 11 | 19 | 9 | 30 | 31 | 3.52 | 4.00 | |
| 2. Adverse effect of provision of NAS is controlled independent audit committees | 0 | 0 | 17 | 38 | 45 | 4.28 | 4.00 | 2 | 5 | 5 | 44 | 45 | 4.27 | 4.00 | |
| 3. Adverse effect of provision of NAS is controlled by disciplinary action against the auditor by government | 35 | 17 | 7 | 17 | 24 | 2.79 | 2.00 | 14 | 20. | 16 | 28 | 22 | 3.23 | 3.50 | |
| 4. Adverse effect of provision of NAS is controlled by penalties for substandard audits | 17 | 3 | 14 | 24 | 42 | 3.69 | 4.00 | 13 | 13 | 17 | 33 | 25 | 3.45 | 4.00 | |
| 5. Adverse effect of provision of NAS is controlled by spinning-off NAS to a separate team other than the audit team | 3 | 0 | 14 | 21 | 62 | 4.38 | 5.00 | 11 | 11 | 11 | 31 | 36 | 3.70 | 4.00 | ** |
| 6. Adverse effect of provision of NAS is controlled by Legal banning of joint provision | 3 | 0 | 10 | 21 | 66 | 4.45 | 5.00 | 2 | 1 | 5 | 44 | 45 | 4.27 | 4.00 | |
| 7. Adverse effect of provision of NAS is controlled by full disclosure of audit and non-audit services | 10 | 17 | 14 | 28 | 31 | 3.52 | 4.00 | 11 | 11 | 17 | 33 | 28 | 3.56 | 4.00 | |
| 8. Adverse effect of provision of NAS is controlled by stock exchange rules | 14 | 17 | 17 | 24 | 28 | 3.34 | 4.00 | 1.6 | 0 | 15.6 | 38 | 48 | 4.25 | 4.00 | * |
| 9. Adverse effect of provision of NAS is controlled by best practices guidelines | 24 | 28 | 3 | 0 | 45 | 3.14 | 2.00 | 20.3 | 26.6 | 7.8 | 20 | 25 | 3.03 | 3.00 | |

SA, A, N, D and SD represent strongly agree, agree, neutral, disagree and strongly disagree, respectively. The significance level is based on the Mann Whitney U-test and the Kruskal-Wallis test, where **, and * indicate the significant levels of 5% and 10%, respectively.

It is worth noting that this study has its inherent limitations. It is limited only to the perceptions of auditors, bank managers, corporate managers and financial consultants in Khartoum. Another limitation is the sample size, more reliable findings could have been produced if a larger sample was used and the study was extended to the whole of Sudan. Consequently, it is not possible to generalize the research findings to other populations. In light of these study limitations, it is recommended that future research could include a bigger sample, with a more diverse group of respondents. Another approach would be to conduct a comparative study with other countries in the region. Nevertheless, these limitations do not banish the research conclusions.

Based on the research findings, the following recommendations are made in regard to professional auditing practice: First, the introduction of specific controls on the joint provision of audit and non-audit services is required in order to preserve the rights of the different stakeholders, and to ensure auditors' independence, which is one of the main pillars of the of the auditing profession. Auditors should consider ethical standards in both brick and mortar when providing non-audit services, should keep abreast of the necessary safeguards, and infuse certain controls to assure quality audit.

The study recommends that policy makers and practitioners must campaign for the creation of an overseeing body that enforces regulation to assure auditors independence. Moreover, professionals must enhance their independence by mainstreaming auditor practices that makes auditors independent in both fact and appearance. The study further recommends expanding disclosure to include the disclosing of audit and non-audit fees. Overall, this study concludes that our understanding of the consequences of joint provision of audit and non-audit services still remains seriously inadequate, and calls for more future research.

In conclusion, the experience of developed countries may give a priceless lesson for less developed countries like Sudan. Active policy intervention in terms of joint provision of audit and non-audit services is required to phase out the adverse effect of joint provision. Despite the significant progress in controlling non-audit services worldwide, developing countries like Sudan still have a lot to do, as evidenced by the continued joint provision of audit and non-audit services. Consequently, calls for action on many fronts by professional bodies are required to control the joint provision of audit and non-audit services.

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