# The Small and Micro Enteprise Audit in Tanzania:is it Worth the Effort?Evidence from an Exploratory Study

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## *Abstract*

The audit of small and micro-enterprises has, for a long time, been of concern to many academics and practitioners alike. Arguments have abounded as to whether the small enterprise audit was worthwhile or not. Though both views existed, it was apparent that small enterprise auditors did face problems in the small audit, albeit in different forms and magnitude. Some countries allow small enterprises to go unaudited. In the UK, a financial reporting standard for smaller entities has been promulgated in an attempt to mitigate some of the problems.

This paper presents findings of an exploratory study conducted in Tanzania in relation to problem met by small and micro-enterprise auditors. The study was motivated by the fact that, whereas elsewhere the small audir problem is apparent and being dealt with in variow ways, in Tanzania there is an apparent lack of knowledge to any problems and their effect on the auditor's work. The study thus sought, inter alia, to confirm the existence of small audit problems, the nature of their incidence, and their impact on the audit work. This was done by soliciting responses to a number of potential audit problems. The results suggest that most of the problems investigated did not occur frequently although some were significant to the auditor's work. A tentative conclusion is that, though small enterprises in Tanzania have similar characteristics to those elsewhere, the incidence of SME audit problems is perceived differently in the country.

***Key words**:* internal controls, small and micro enterprises, auditing standards, accounting standards