ISSN: 2635-2966 (Print), ISSN: 2635-2958 (Online).

Available online at http://www.atreview.org

Original Research Article

Audit Committee Attributes and the Financial Reporting Quality of Listed Deposit Money Banks in Nigeria

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Received: 20/03/2022 Accepted: 28/06/2022

Abstract

The purpose of this study is to investigate the influence of audit attributes on the financial reporting quality of twelve (12) listed Deposit Money Banks in Nigeria from 2012 to 2018. The study used a correlational research design. As a data analysis approach pooled OLS regression was employed. Audit committee independence, audit committee expertise, and audit tenure were employed as proxies for audit attributes, whereas financial reporting quality was utilized as a dependent variable in Nigeria utilizing discretionary accrual (DMBs). The study's population consists of fourteen (14) listed DMBs, whereas the adjusted population consists of twelve (12) listed DMBs. Panel data were extracted from the financial report based on the Modified Jones model. The panel data regression results demonstrated that audit committee independence and audit committee expertise had a favourable and significant impact on the financial reporting quality of Nigerian listed DMBs. As a result of the study's findings, audit committee independence and audit committee expertise have a significant propensity to enhance financial reporting quality. By the findings, the research suggests that bank regulators consider mandating professional qualifications, as proposed by the FRCN in the 2016 draft of the suspended NCCG, to improve the audit committee's expertise and diligence. It also suggests that audit committee independence should be focused on how to guarantee financial reporting quality properly reflects the honest and fair picture of the financial report to avoid misleading all of the consumers across the globe of accounting information.

Keywords: Audit attribute, audit committee independence, audit committee expertise, audit tenure and financial reporting quality

Accounting & Taxation Review, Vol. 6, No. 2, June 2022

JEL Classification Code: M40, M42

Citation: Ayinla, R.B., Aliyu, N.S., & Abdullah, A.A. (2022). Audit attributes and the financial reporting quality of listed deposit money banks in Nigeria. *Accounting and Taxation Review, 6*(2): 31-46.

1. INTRODUCTION

Financial reporting quality is critical not just for end-users, but also for the economy as a whole because it has an emotional influence on the financial and investment choices. The purpose of financial reporting is to provide accurate, relevant, and trustworthy information to all consumers of accounting information. For stakeholders and external users, the financial report remains one of the unique and consistent sources of accounting information. The quality of financial accounts is required, consistent, and informative, and influences economic decisions (Shen & Hsiang-Lin, 2007). Therefore, audit attributes have been identified right from the Eron case as one of the determinants of financial reporting quality. The same issue can be inferred from the recent cases of Skye bank plc and Diamond bank plc in which the directors are granting illegal loans to themselves and their cronies in clear violation of the Companies and Allied Matters Act (2004) as amended (Oyetunji, 2017).

Moreover, audit committee establishment was first given recognition in the USA aftermath of the Eron scandal leading to the Sarbanes-Oxley Act of 2002 as a corporate governance mechanism charged with the statutory responsibility to ensure quality internal control system and financial reporting quality. Similarly in Nigeria, the audit committee was given full recognition and enshrined into CAMA 1990 as amended. Audit committee independence, Audit committee expertise and Audit tenure have been some of the recognized attributes of the audit committee that are designed to boost financial reporting quality, as supported by (Ohaka & Tom, 2018; Ojeka, Iyoha, & Asaolu, 2015). The audit committee is charged according to section 369 subsection 3 and 6 of CAMA to review the audited report to ascertain that auditing is carried out with full compliance with relevant rules and regulations guiding the proper preparation and presentation of the financial report and that the auditor has examined all the necessary document in line with relevant standards. Therefore, professional accountants are in a better position to reduce earnings smoothening engaged by management through discretionary accruals. Also, the independence of the audit committee has been supported to be an essential attribute that enhances the objective review of the audited report by the audit committee (Ohaka & Tom 2018; Ohaka& Tom 2018; Umobong & Ibanichuka, 2017).

Long audit tenure has been shown to undermine audit qualities and contribute to business failures, according to both quantitative and pragmatic data. (Becker, DeFond, Jiambalvo & Subramanyam, 1998; Gerayli, Yanesari & Ma'atoofi, 2011). Similarly, Ilaboya and Ohokha (2014) opined that long audit tenure creates unethical familiarity between auditors and their clients which results in audit failure because of mutual compromise which impairs objective auditing procedures. To mitigate against these auditing problems and improve the financial reporting quality, audit tenure is identified as one of the determinants of audit attributes according to CBN Prudential Guideline (2010), the external auditor's term period not exceeding 10 years from the date of first engagement, according to this rule.

Financial reporting examinations are important for establishing as well as sustaining stakeholder trust, as well as providing useful ideas to the organization. However, most times because of familiarity and the risk of losing big clients, external auditors connive with their clients to involve in accounting smoothening and misrepresentation against the shareholder's interest all in a bid to influence the stock market (Bamidele, Ibrahim & Omole, 2018). For Instance, Diamond Bank plc, a retail banking behemoth with N1.55 trillion in total assets as of September, has suddenly collapsed and the decline in its stock market, which is now N1.37, down from N7, approximately five years ago, as well as in its offshore operations, is an undeniable assertion that failure matters and the consequences of poor corporate governance are undeniable evidence of financial reporting issues in the Nigerian banking industry (Nelson, 2018). Despite all the efforts of regulatory development, the spate of accounting misrepresentation and unwelcome violation of accounting and auditing standard still occur unabated which finally led to the collapse of many DMBs in Nigeria such as Intercontinental plc, Oceanic plc, Mainstreet bank and the most extinction of Skye bank plc and Diamond bank plc in 2018 within the period of this study (Nelson *et al.,* 2018). Additional, numerous different breaches committed by directors were outlined in reports by the Nigerian News Agency, including fraud completely bogus accounting, tracking progress deception to convey completely bogus profits and ratios, unauthorized loans services, quasi of directors' interests, and borrowing beyond the solitary obligation threshold (Thisday, 2018).

Numerous studies have investigated the effect of audit attributes on financial reporting quality in advanced economies have been undertaken, including (Rabab'ah, Al-Sir, & Alzoubi, 2017; Mwangi, 2018; Bratten, Causholli, & Omer, 2019; Eyenubo, Mohamed, & Ali, 2017; & Kalabeke, Sadiq, & Keong, 2019), with substantiated conflicting and mashed up observations, but very few scholars have analyzed the study on the impact of audit attributes on financial reporting quality, the period covered by some of the prior research in Nigeria creates a gap. For instance, The work of Umaru (2014), examined audit attributes and financial reporting quality in Nigeria of listed building materials firms, and the period covered (2002-2011) and Usman Aliyu (2014), examined the effect of audit attributes and financial reporting quality of quoted food and beverages firms in Nigeria, and the period covered (2008-2013). Moreover, because a lot of actions occurred between 2016 and 2017, these periods might be considered out of date, this includes the

Central Coalition's introduction of the Treasury Single Account (TSA), which has had a considerable impact on the operations of several banking institutions that rely largely on Government Agencies as clients. Additionally, the Nigerian economy was in a terrible slump during this time. As a result, most of these research conclusions might not even be trusted and the differences in the domain of the studies necessitate a replication of the study.

It is in acknowledgement of the foregoing and with the goal of resolving various deficiencies found in the financial reporting quality of Nigeria's listed deposit money banks from 2012 to 2018. As a result, the study's main goal is to examine the implications of audit attributes on the financial reporting quality of Nigeria's listed DMBs, with specific goals of looking into the impact of audit committee independence, audit committee expertise, and audit tenure on the financial reporting quality of Nigeria's listed DMBs. The research implies that audit committee independence, audit committee expertise, and audit tenure have no substantial influence on financial reporting quality, in keeping with the stated aims.

2. Literature Review

Financial reporting quality is defined by Baxter and Cotter (2007) as "the clarity through which financial reports transmit information about the company's activities, particularly its working capital, it aims to educate financiers." Financial reporting quality, according to some academics, is defined as “the magnitude whereby the financial statements give truthful and unbiased insight into the fundamental performance and business position” (Zubair, 2016). The study adopted financial reporting quality(FRQ) as a proxy using discretionary accruals (DACC) derived from modified-Jones 1991 model as supported by (Dechow, 2013; Umobong & Ibanichuka, 2017). This part would offer and address important audit attributes and financial reporting quality literature.

Audit Committee Independence and Financial Reporting Quality

There is a plethora of empirical research on the independence of audit committees. Although providing fair financial statement reviews is one of the audit committee's tasks, the independence of the audit committee can lead to better financial reporting. (Oji & Ofoegbu, 2017). The audit committee's capacity to carry out its duty of assuring the quality of financial reporting is heavily reliant on its independence (Arsyad & Sodiq, 2014). The audit committee's independence refers to the committee's ability to remain objective in the face of outside pressures that might jeopardize its mission (Mbobo & Umoren, 2016). The audit committee's independence refers to the committee's ability to remain objective in the face of outside pressures that might jeopardize its mission. In Nigeria, the CBN's code of corporate governance mandates that the audit committee's majority of directors be non-executive directors, to maintain the audit committee's independence. Members the independent audit committee are thought to be quite impartial, but less prone to overlook financial reporting irregularities or manipulations. As a result, the literature on audit committee independence and financial reporting quality is reviewed in this research.

Ohaka and Tom (2018) investigated the link between Audit Committee Independence and Financial Reporting Quality in Rivers State Aluminum Corrugating Companies. A sample size of 60 was selected, and the firms were polled using a questionnaire. The data was examined using OLSM (Ordinary Least Square Method) and multinomial logit analysis. According to the data, Audit Committee Independence has a high association with dependability and consistency, but only a modest relationship with financial report relevancy. They concluded that audit committee independence is substantially pertained to the quality of financial reporting in aluminium corrugating businesses in Rivers State. However, the study used primary data, auxiliary data collection will enhance the generality and repeatability of the work, Moreover, only one state is represented, therefore the conclusions of the findings may not apply to the whole of Nigeria.

Additionally, Umobong and Ibanichuka (2017) studied the association between audit committee independence and financial reporting quality in Nigerian food and beverage industries between 2011 and 2014. Two of the study's variables are the audit committee's independence and financial expertise. Using data from the Nigerian Stock Exchange as a valid resource. The research was founded on the principles of agency theory and positive accounting theory. The panel data for this research was analyzed using multiple regression techniques. The results demonstrate that audit committee independence has a substantial beneficial impact on the financial reporting quality of the Nigerian foodservice industry. However, the study was limited only to the food and beverage firms. Therefore, there is a need to replicate this study in the banking sector due to differences in the domain of the study.

Ormin, Tuta, and Shadrach (2015) explore the influence of audit committee independence on the financial reporting quality of Nigerian publicly traded deposit money institutions. Data was gathered from six banks' published accounts, which were carefully chosen between 2003 and 2012. The statistical analyses were performed through Pearson correlation and Panel data estimation models. Audit committee independence has a considerable detrimental impact on the financial reporting quality of Nigeria's listed deposit money banks, as per the results. Though, because the study only looked at six listed deposit money institutions, it may be enhanced by expanding the number of data sets.

Mwangi (2018) investigated how audit committee independence and financial reporting quality affected all of Kenya's quasi-governmental businesses. Seventy-two (72) state-owned companies provided primary and secondary data, which was analyzed using ANOVA. The audit committee independence demonstrated a statistically significant positive link with financial reporting quality, according to multiple regression analyses. These results suggested that having a lot of non-executive members on audit committees improved financial reporting quality. Nevertheless, since differences in the economy is a significant gap in the literature, therefore there is a need to replicate the same studies in Nigeria due to cultural, economic and policy heterogeneity and research design to fill the gap.

Audit Committee Expertise and Financial Reporting Quality

Being an expert in the audit committee permits members to successfully carry out their statutory duties (Mazlina, 2005). Consequently, extensive studies have been done on the relationship between audit committee expertise and financial reporting quality. Ojeka, Iyoha, and Asaolu (2015) investigated the link between audit committee expertise and financial reporting quality in Nigeria. Financial reporting quality was judged based on consistency (whole accrued performance) and timeliness. Data was collected from fifteen (15) money deposit banks during the period (2003 to 2012). The data were analyzed using covariance, ordinal least square, and panelled least square. The finding demonstrates an unfavorable correlation between financial expertise on the audit function and overall accrual quality. Similarly, between 2011 and 2014 in Nigeria, Umobong and Ibanichuka (2017) studied the association between audit committee expertise and financial reporting quality of food service enterprises. They concluded that as members' financial knowledge grows, so does the credibility of their financial reporting.

In addition, Rabab'ah, Al-Sir, and Alzoubi (2017) collected data through the use of questionnaires administered to staff of 4 Saudi commercial banks in 2016 and SPSS was used to examine the data. The findings imply that representatives of the audit committee with financial services and auditing skills have an impact on the quality of financial reporting in Saudi firms. However, the study was conducted in a jurisdiction distinctively different from Nigeria due to economy and policy heterogeneity there is a need to replicate the study.

Oji and Ofoegbu (2017) investigated the influence of audit committee members' competences on the financial reporting of Nigerian listed businesses. A survey form was provided to a subset of 145 operational workers from chosen publicly traded enterprises in Rivers State, Nigeria, to acquire data. The statistical analyses were performed utilizing conventional OLS regression technique, and thus, the data suggested there is a substantial favorable connection involving the audit committee members' competence and the financial reporting of Nigerian firms that are publicly traded. Researchers also emphasize the importance of corporations organizing learning for members of audit committees in fields requiring in-depth expertise, such as the adoption of updated accounting procedures that will help the business's process of financial reporting.

Mwangi (2018) looked at how audit committee expertise and financial reporting quality affected all of Kenya's quasi-governmental businesses. Agency theory, institutional theory, the policing theory, peer to peer theory, principle of impressed assurance, and stakeholder theory were used to guide the research. On all 72 state corporations, primary and secondary data were gathered. To investigate significant correlations between the research models, regression analysis was used. Financial competency of audit committees has a statistically relevant association with the quality of financial reporting, according to the result of both correlation and regression analysis. According to the findings, members of the audit committee with an advanced financial expertise improve the financial reporting quality of quasi government entities. Nevertheless, since differences in the economy is a significant gap in the literature, therefore there is a need to replicate the same studies in Nigeria due to cultural, economic and policy heterogeneity using and appropriate research design in order to fill the gap

Audit Tenure and Financial Reporting Quality

In the Nigeria context, the issue of audit tenure with weak corporate governance practice is still lingering with the problem of fraud thereby making the investors' confidence on financial reporting quality to be biased. A long-tenured auditor, according to the AICPA (2012), is better able to comprehend, evaluate, and schedule the audit while bearing in mind the consequences of regulations and perhaps other improvements to the banks listed. The certainty of the duration of the tenure ship whether to long or short is posing problem to the independence of the auditor clients' relationship(James & Izien, 2014). For the purposes of this research, audit tenure (ADT) is defined as the number of years spent as an auditor for sample banks for the purposes of this study. If the number is larger than 3, we give it a 1; otherwise, we give it a 0. (Ndubuisi & Ezechukwu, 2017). Previous research on audit tenure and the quality of financial reporting has shown variable and contradictory results for example

Bratten, Causholli, and Omer (2019) used organization theory to look into the connection among audit tenure and financial reporting quality in the United States. Regression analysis was used to extract data and analyze it. During 2000 to 2012, a total of 6,011 bank-year data were included in the research. The findings indicated a link amongst audit firm longevity and the quality of financial reporting. They said that audit companies build up clients-specific expertise via frequent audit and utilize it to limit banking executives' capacity to falsify results. They concluded that banks' extended audit firm employment is compatible with obtaining clients-specific expertise, which enhances overall financial reporting quality, based on their results. The research, moreover, was carried out in an advanced world. As a result of the culturally, geographical, and political heterogeneity in Nigeria, a replication of this study is required.

Also, Eyenubo, Mohamed and Ali (2017) conceptualizes the effect of audit firm tenure and financial reporting quality in Malaysia from agency and stakeholder theory viewpoint. They determined that there is a derogatory connotation amongst audit tenure and financial reporting quality. According to the researchers, the audit tenure should be between first or third years in order for the auditor to investigate and avoid corruption while also improving the financial reporting quality. However, an empirical research is required to confirm or refute hypotheses as the case may be, as well as to demonstrate a genuine link between variable.

More so, Kalabeke, Sadiq, and Keong (2019) investigated the link between audit firm tenure and financial reporting quality In Pakistan. The number of decades the customer kept the audit company was used to determine auditor tenure in the research. The sampling data for this investigation focused on 280 quasi businesses listed on the Pakistan Stock Exchange. (PSE) between 2008 and 2017, totaling 2,800 company observational data. Prolonged audit firm tenures are adversely related with accruals base reported earnings tasks demonstrate higher financial reporting quality, according to the findings. That is, there is a link among auditor tenure and financial reporting quality. The study, nevertheless, did not employ theory to buttress the knowledge and understanding of the phenomena under investigation, making it impossible to determine the intellectual viewpoint and possible motivations to the researcher's statements and/or assumptions. To address the vacuum, a replication of this study in Nigeria with adequate theory to underlie the study is required.

Ndubuisi and Ezechukwu (2017) investigated the link between audit firm tenure and financial reporting in Nigeria on selected Deposit Money Banks using agency and stewardship theory. From 2010 to 2015, secondary sources from facts journals, financial report, and the records on the Nigerian Stock Exchange, there are eleven (11) deposit money banks. Independent variables and dependent variable value, Generalized Least Square (GLS), and Johansen cointegration test were used to statistically evaluate the pertinent data using E-view 9.0. The findings of this study indicated that audit tenure and financial reporting had a favorable and statistically significant link. However, there is a need to carry out an empirical study to support or against the theories as the case may be and to establish a realistic relationship between variables.

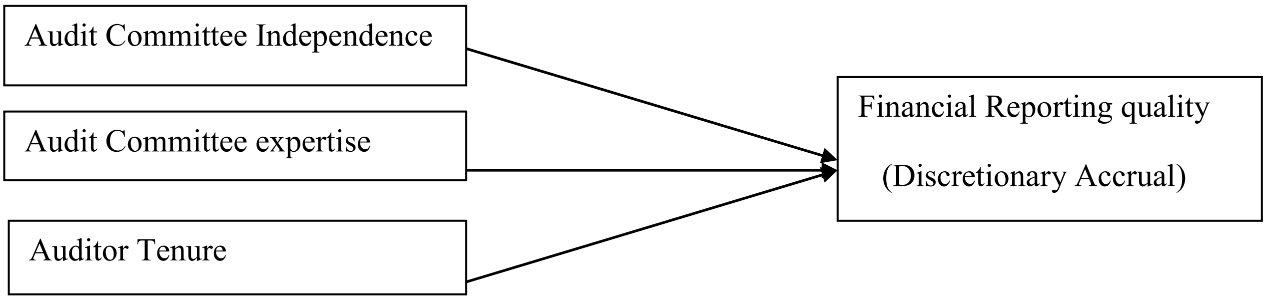
Theoretical framework:

Agency Theory

Agency theory is a theory that describes the link amongst agent and principals. Once ownership and control are separated, an agency relationship is formed which focuses on the interactions involving principal - agent relationships in the framework of the company, such as shareholder and business execs Employers to employees, defense attorney, buyers to suppliers, as well as other agencies connections are examples of agency relationships (Jensen & Meckling, 1976). Nonetheless, within that setting, we would concentrate on the interactions between ownership (shareholders) and trustees (managements). An agency relationship, according to Eisenhardt (1989), is an agreement in which the party (the principal) hires an agent to conduct services on their behest as well as entrust substantial judgment call authority to the agency Thus, the Audit Committee's independence is ensured by the corporate governance audit system. and expertise is a subset whereby the panel allocates part of its monitoring tasks as well as obligations.

The introduction of audit committees is viewed as a remedy to knowledge gaps among a company's shareholders and management. Demsetz, Lehn, and Demsetz (1985) argued that the major goal of an audit committee (such as audit committee independence and audit committee expertise) is to fix agency issues by scrutinizing leadership's actions and examining the quality of financial reporting. Internal audit function committees that are competent supports stronger corporate governance practices in organizations through financial reporting to defend the shareholders ’ interests; hence, improving audit committees would lead to enhanced financial reporting quality. Despite this, the features of the audit committee affect its efficacy. The organization claims that impartiality of management in the company are the most crucial components of monitoring (Cohen, Krishnamoorthy, & Wright, 2008; Hermanson, Tompkins, Veliyath, & Ye, 2012; Krishnamoorthy, Wright, & Cohen, 2002).

Conceptual Framework



3. Methodology

The researchers employed a correlational research strategy to explain the link between two indicators. The research's populations included all fourteenth (14) listed deposit money banks on the Nigerian Stock Exchange (NSE), two of which were filtered out owing to a lack of data in the firms' annual financial reports and the bank's inability to be delisted during the study period. Secondary data was gathered from the selected banks' annual reports and accounts. The emphasis of this study was on the association between audit qualities and financial reporting quality on Nigerian listed deposit money banks from 2012 to 2018. The study used pooled OLS regression to analyze the collected data having conducted all the robustness test which all are in support of pooled OLS.

Financial reporting quality (FRQ) is a dependent variable that is proxied using discretionary accruals (DACC) generated from the modified-Jones 1991 model, as supported by (Dechow, 2013; Umobong & Ibanichuka, 2017). When management utilize their judgment in financial reporting to falsify financial reports in order to deceive users, the DACC model as a FRQ measuring tool appears attractive (Healy & Wahlen, 1999). Discretionary Accruals are calculated as the difference (residual) between TAC (Total Accruals) and NDAC (Non-Discretionary Accruals). The greater the accruals index, weaker the financial reporting quality, and the lower the index, stronger the FRQ.

The modified Jones Model's first step is to calculate total accruals. Cash flow statement and balance sheet procedures are used to calculate total accruals. However, it has been proven that the cash flow statement technique to determining total accruals is superior to the balance sheet approach (Ebrahim, 2001).The explanatory variables for this study comprise three audit attributes, two internal audit attribute (audit committee independence and audit committee expertise) and one external audit attribute (audit tenure). The degree of independent non-executive directors on the audit committee is assessed by audit committee independence (ACIND), which is backed by (Zhang, Zhou, & Zhou, 2007). The proportion of audit committee members who are financial experts (ACEXP) is determined using data from the Financial Accounting Standards Board (Zhang et al., 2007). The couple of years spent as an auditor for sample banks is determined by the audit tenure (ATEN). If the number is larger than 3, we give it a 1; otherwise, we give it a zero (Ndubuisi & Ezechukwu, 2017). This study used numerous regressions on the panel data based on the study's factors.

Model Specification

The following models are specified:

$TACCit /Ait\text{-}1 = \beta1\ 1/Ait\text{-}1 + \beta2\ (\Delta REVit - \Delta ARit)/Ait\text{-}1 + \beta3\ PPEit /Ait\text{-}1 + Eit$

Where TACCit = total accruals for firm i in year t
Ait-1 = total assets for firm i in year t-1
ΔREVit = change in net revenues for firm i in year t
ΔARit = change in accounts receivables for firm i in year t
PPEit = gross property, plant and equipment for firm i in year t
Eit = error term (discretionary accruals for firm i in year t)
β1, β2 and β3 = are firm specific parameters.

$DACCit = TACCit/ Ait\text{-}1 – \beta1\ 1/Ait\text{-}1 + \beta2\ (\Delta REVit - \Delta ARit)/Ait\text{-}1 + \beta3\ PPEit/Ait\text{-}1$

FRQit= f(DACC)……………equation 1

DACC it = β 0 + β 1 ACINDit + β2ACEXP it + β3ATEN it + Eit ……….....equation 2

Where:

DACC - Discretionary Accruals (proxy for Financial Reporting Quality)
ACIND - Audit Committee Independence
ACEXP - Audit Committee Expertise
ATEN - Audit Tenure
E - Error term
i indicator for cross sectional data
t indicator for time
β_0 denote constant of the model
β_1 is the parameter of ACIND
β_2 is the parameter of ACEXP
β_3 is the parameter of ATEN

4. RESULT AND DISCUSSION

This section present the descriptive statistics, correlation matrix and summary of multiple regression result.

Table 1 Descriptive statistics

Variable	Obs	Mean	Std.Dev.	Min	Max
DACC	84	0.2107	0.2074	0.0035	0.2176
ACIND	84	0.1378	0.0702	0	0.3333
ACEXP	84	0.0336	0.0507	0.1667	0.5000
ATEN	84	0.6310	0.4854	0	1

Source: Stata output (Appendix)

Table 1 shows that the mean value of DAAC which is inversely related FRQ is 0.2107 with a standard deviation of 0.2074. This implies t hat FRQ does not vary substantially across the selected listed DMBs in Nigeria. It also means that the average absolute accrual to total assets within the period is 0.2107. This is further confirmed with the minimum FRQ of 0.0035 and maximum of 0.2176. Similarly, Audit Committee Independent (ACIND) has a mean value of 0.1378 with the corresponding standard deviation of 0.0702 which is very lower than the mean. This means that on average, the number of independent director in audit committee within the period of study is 13.78% of the total audit committee independence while the minimum and maximum proportion of ACIND are 0% and 33.3% respectively. Moreover, Audit committee expertise mean value within the study period is approximately 0.0336 with a standard deviation of 0.0507. Also, the maximum and minimum ACEXP within the period is 0.5 and 0.1667 respectively. Lastly, Audit Tenure (ATEN) has a mean value of 0.6310 with a corresponding standard deviation of 0.4854 which is lower than the mean value. Given the maximum and minimum audit tenure of 1 and 0, meaning that the external auditor is more inclined to spending more than three years of appointment as the mean value is very closer to maximum of 1 than minimum of 0.

Table 2 Correlation Matrix

Variables	DACC	ACIND	ACEXP	ATEN
DACC	1.0000			
ACIND	-0.0337	1.0000		
ACEXP	-0.1532	-0.0502	1.0000	
ATEN	0. 2176	-0.2104	-0.0964	1.0000

Source: Stata output (Appendix)

From table 2 it is shown in the correlation matrix table that none of the independent variable has correlation that is greater than 0.80 threshold. This suggests that multicollinearity among the independent variables is not an issue. Additionally, the relationship between ACIND and DACC is 0.0337 which means indicates the ACIND and DACC have a negative association, implying that the ACIND has tendency to improve FRQ. Similarly, ACEXP has correlation coefficient of 0.1532 which implies that there is a derogatory connotation amongst ACEXP and DACC, This also indicates that ACEXP is having considerable impact to improve FRQ of listed DMBs in Nigeria. Also, ATEN has a favorable linkage to the FRQ of listed DMBs in Nigeria. Considering all the independent variable having negative correlation, it means that an increase in every single one of the model's independent variables will lead to reduction of DACC and by implication increase in financial reporting quality.

Discussion of Regression Result

The table 3 below shows regression result which revealed the effect of audit attributes on financial reporting quality of listed DMBs in Nigeria. The result from the appendix shows that the hausman specification test which was used to select between the random and fixed model was in favour of random effect model while the Breusch and Pagan Langrangian multiplier test which was conducted to select between the random effect model and the Pooled OLS was not statistically significant as the p-value of chi^2 is more than 5% which is in favour of the Pooled OLS. Moreover, the p-value of chi^2 from result for Breusch-Pagan/ Cook-Weisberg test for heteroskedasticity is not statistically significant which suggest the absence of heteroskedasticity and therefore, the best result for this study is the Pooled OLS regression which was interpreted below:

Table 3 Regression Result Pooled OLS

DACC	B.Coef.	Std.Error	t-value	p-value
ACIND	-0.3155	0.0765	-4.13	0.004
ACEXP	-0.1704	0.0377	-4.51	0.001
ADT	-0.0181	0.0509	-0.36	0.722
Constant	0.0115	0.0046	2.48	0.015
Number of obs	84			
R-squared	0.2266			
Adj R^2	0.2066			
F-test	11.33			
Prob > F	0.0000			

Source: Stata output (Appendix)

Table 3 displays the comparison analysis for the modeling; the prob > F is 0.0000, indicating that the models have a high aerobic health. R2 is really 0.2266, indicating the level of variability of the dependent values represented by the potential determinants. The adjusted R-square, on the other hand, is a stronger predictor of fluctuations in the dependent variables since it accounts for modeling flaws is 0.2066. Moreover, the table shows that each of the independent variables of ACIND and ACEXP have p-value of 0.004 and 0.001 which is statistically significant at 1% with corresponding coefficient of -0.3155 and -0.1704 respectively. The ATEN has a p-value of 0.722 which is not statistically significant. Therefore, the model result of the study is estimated in the following way:

DACC = 0.0115 - 0.3155ACIND - 0.1704ACEXP – 0.0181ATEN

Using the regression results in table 4 as a guide, The findings support rejecting the first null hypothesis, which argues that the independence of audit committees has no substantial impact on the financial reporting quality of listed DMBs in Nigeria. The negative relationship from the coefficient of ACIND and DACC indicates that ACIND has negative effect on DACC which implies that ACIND has high tendency to reduce the manner of managing earnings through discretionary judgment which by implication improve the quality of financial reporting. This can also be interpreted as the independent of audit committee help to improve financial reporting quality as it reduces the earning smoothening through DACC. This is in line with the study of Umobong and Ibanichukwu (2017); Ormin et al. (2015) which also established positive relationship between audit committee independent and financial reporting quality.

Similarly, the second hypothesis is also rejected as the p-value is significant at 1%. The result also shows that ACEXP has significant and negative effect on DACC which implies that having more expertise in audit committee reduce DACC, and by implication improve the financial reporting quality. This corroborated the study of Mwangi (2018); Oji and Ofoegbu (2017) Likewise found that, audit committee expertise has a favorable and considerable impact on financial reporting quality, according to the study.

Moreover, it is also revealed from the result that ATEN has ‘negative but insignificant influence on DACC. As a result, the study failed to reject the final hypothesis, which claims that ATEN has no substantial influence on the FRQ of Nigeria's listed DMBs. ATEN and DACC have a negative association, as indicated by the negative coefficient. For the fact that DACC and FRQ are inversely related, then the negative coefficient means that ATEN has favorable though negligible effect on FRQ of listed DMBs in Nigeria.

5. Conclusion and Recommendation

Considering the findings from the regression result as interpreted above, then the paper concluded that audit committee independence and audit committee expertise have considerable tendency to improve financial reporting quality of listed deposit money banks in Nigeria while the result revealed that there is no substantial evidence to establish that audit tenure has effect on financial reporting quality of listed deposit money banks in Nigeria. Therefore, in line with the conclusion drawn from the study findings, recommendations are made:

It is recommended that the regulators in banking sector should consider mandatory professional qualification suggested by FRCN in 2016 draft of suspended NCCG in order to strengthen the skill and diligence of audit committee. This will aid easy review of financial report considering the contemporary complex nature of financial reporting in Nigeria especially as a result of adopting IFRS in Nigeria. The present liberal position of CAMA 2020 as amended and even the new NCCG on audit committee expertise is too porous, therefore, there is need to be specific by on issue of expertise as to whether professional qualification should be enshrined in CAMA as well as NCCG so as to avoid the use of that loopholes by stakeholders.

It also recommends that audit committee independence should focus on how to ensure that financial reporting quality demonstrates an accurate and balanced viewpoint of the financial report so as not to deceive all the various users of accounting information.

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