

**AUDITING AS A STRATEGIC APPROACH TO ENSURING ACCOUNTABILITY AND
TRANSPARENCY**



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BENIN CITY**

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**BEING A PROJECT WORK SUBMITTED TO THE DEPARTMENT OF
ACCOUNTING, FACULTY OF MANAGEMENT SCIENCES, UNIVERSITY OF BENIN,
BENIN CITY, IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE
AWARD OF BACHELOR OF SCIENCE (B.SC) DEGREE IN ACCOUNTING.**

OCTOBER, 2025

DECLARATION

I, AGBONIFO OSEMUEKPENMEN PEACE hereby declare that:

This project work is based on a study undertaken by me in the Department of Accounting, University of Benin under the supervision of Prof C. A Okafor. This research work has not been previously submitted for the award of degree elsewhere. All ideas and views are products of my personal research and where the views of others have been used and expressed, they were duly acknowledged.

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(DECLARANT)

Date

CERTIFICATION

We certify that this research work was carried out by **AGBONIFO OSEMUEKPENMEN PEACE** with matriculation number **MG2104487** in the Department of Accounting, Faculty of Management Sciences, University of Benin, Benin City, Nigeria. It is adequate in scope and quality in partial fulfilment of the requirements for the award of Bachelor of Science (BSc.) degree in Accounting.

Prof C. A Okafor
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Date

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Date

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(Head of Department)

Date

DEDICATION

I dedicate this project work to GOD ALMIGHTY for His infinite wisdom, direction and help to accomplish this project.

ACKNOWLEDGMENTS

I would like to express my sincere gratitude to God Almighty for the gift of life, health, wisdom, direction and financial provision in accomplishment of this project work.

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ABSTRACT

This study examined auditing as a strategic approach to ensuring accountability and transparency in Nigerian firms. The research specifically assessed the effects of audit frequency, audit quality, and audit independence on accountability and transparency among ten (10) listed service firms on the Nigerian Exchange (NGX) between 2019 and 2024. Secondary data were extracted from the firms' annual reports, while the analysis was conducted using EViews 13 through descriptive statistics, correlation analysis, and panel least squares regression techniques.

The descriptive results revealed a relatively high level of accountability and transparency among the sampled firms, with moderate variations in audit practices. The correlation analysis showed strong positive associations between all auditing variables and accountability and transparency, suggesting that improvements in audit mechanisms enhance corporate openness. The regression analysis indicated that audit frequency ($\beta = 0.0276$, $p = 0.016$) and audit quality ($\beta = 0.0629$, $p = 0.000$) have significant positive effects on accountability and transparency, while audit independence ($\beta = 0.0121$, $p = 0.052$) had a positive but statistically insignificant influence. The overall model had an R-squared value of 0.799, indicating that approximately 79.9% of the variations in accountability and transparency were explained by the three audit variables.

The study concludes that frequent and high-quality auditing are key drivers of transparency and accountability in Nigerian firms, while auditor independence, though important, requires stronger institutional enforcement to be effective. It recommends that regulatory bodies such as the Financial Reporting Council (FRC) and the Corporate Affairs Commission (CAC) enforce more frequent audits, strengthen quality control mechanisms, and promote auditor independence through stricter compliance measures.

Keywords: Auditing, Accountability, Transparency, Audit Frequency, Audit Quality, Audit Independence, Nigerian Firms

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

In contemporary governance discourse, accountability and transparency have emerged as indispensable pillars for promoting institutional credibility, public trust, and sustainable development. These principles are not only foundational to democratic governance but are also crucial in driving effective management practices, particularly within corporate organisations and public institutions. In the global business landscape, stakeholders increasingly demand openness in decision-making and clarity in financial reporting, thereby elevating the relevance of accountability and transparency to strategic corporate objectives.

Accountability refers to the obligation of individuals and organisations to report, explain, and be answerable for the consequences of their actions. It is a multidimensional concept that encompasses financial, administrative, political, and ethical responsibilities. Transparency, on the other hand, denotes the extent to which relevant information is openly disclosed, accessible, and verifiable by stakeholders. It enables informed participation, reduces information asymmetry, and prevents misconduct. Together, these concepts foster responsible behaviour, facilitate performance evaluation, and serve as critical safeguards against corruption and abuse of power (Emmanuel & Enewerome, 2024).

In Nigeria, the significance of accountability and transparency is magnified by decades of institutional weaknesses, governance inefficiencies, and entrenched corruption. Despite the existence of regulatory frameworks and anti-corruption agencies—such as the Economic and Financial Crimes Commission (EFCC), the Independent Corrupt Practices Commission (ICPC), and various fiscal responsibility acts, implementation and enforcement remain inconsistent. Ezeajughu (2021) notes that although legal structures to ensure transparency exist, they are often undermined by political interference, capacity limitations, and a lack of institutional will (Ezeajughu, 2021).

Moreover, the lack of accountability and transparency in both the public and private sectors has far-reaching consequences. These include mismanagement of public funds, erosion of investor confidence, reduced foreign direct investment, and weakened service delivery. In the private sector, particularly among Nigerian firms, weak disclosure practices, insider dealings, and a lack of board oversight have been linked to diminished corporate performance and reputational damage. According to Ibeaja et al. (2023), transparency in areas such as ownership structure, board operations, and timeliness of financial information significantly enhances firm profitability and accountability, underscoring its value beyond mere compliance (Ibeaja, Nosiri & Okoro, 2023).

In addition, a broader view of national development indicators reveals that countries with robust accountability and transparency mechanisms generally exhibit stronger economic resilience,

lower levels of corruption, and better governance outcomes. For instance, Adeyeye and Adeyeye (2019) observed that in Nigeria's public sector, fiscal transparency and clear accountability mechanisms led to improved service delivery and citizen satisfaction, albeit in limited settings due to poor national implementation standards (Adeyeye & Adeyeye, 2019).

The theoretical relevance of these concepts also resonates with several governance and economic models. Stakeholder theory, for instance, highlights transparency as a tool for balancing the interests of various actors in the business environment. Agency theory similarly positions accountability as a means of aligning the interests of managers (agents) with those of shareholders (principals), thereby reducing agency costs and enhancing organisational efficiency.

Nonetheless, achieving meaningful levels of accountability and transparency in Nigeria continues to face structural and behavioural constraints. These include bureaucratic bottlenecks, poor record-keeping, political interference, low institutional capacity, and a culture of impunity. Omotoso (2014) warns that unless ethical standards are reinforced and whistle-blower protections enhanced, accountability efforts may remain superficial and ineffective (Omotoso, 2014).

1.2 Statement of the Problem

Over the past decade, the Nigerian business and public governance landscape has experienced a surge in reforms aimed at promoting accountability and transparency. These values are widely

recognised as essential for fostering institutional trust, deterring corruption, and enhancing long-term performance. Yet, in practice, many Nigerian firms continue to face serious governance challenges, including limited financial disclosure, weak board oversight, and frequent incidents of corporate misconduct.

Despite the existence of anti-corruption institutions such as the Economic and Financial Crimes Commission (EFCC) and numerous regulatory guidelines, the principles of accountability and transparency are often undermined by political interference, lack of enforcement, and organisational resistance to openness. Emmanson and Ajayi (2021) report that while several public sector reforms have been introduced, widespread corruption and poor implementation have yielded only modest gains (Emmanson & Ajayi, 2021). Ezeajughu (2021) similarly observes that despite various legislative efforts, financial irregularities and fraudulent practices persist across both public and corporate institutions in Nigeria (Ezeajughu, 2021).

The failure to institutionalise transparency and accountability has significant consequences for corporate credibility and national development. Poor disclosure, weak financial controls, and insider manipulation continue to erode investor confidence and firm reputation. Ibeaja, Nosiri, and Okoro (2023) found that board effectiveness, ownership structure, and timeliness of disclosures are key to enhancing transparency and accountability in listed Nigerian firms (Ibeaja et al., 2023).

Central to addressing these challenges is the strategic role of **auditing**, a critical governance mechanism designed to ensure accurate reporting, detect irregularities, and enforce compliance. However, the extent to which auditing contributes to accountability and transparency in Nigeria depends on three core dimensions: **Audit Frequency** (how regularly audit processes are conducted to ensure timely detection), **Audit Quality** (the depth, rigour, and reliability of audit procedures), and **Audit Independence** (the autonomy of auditors to report objectively without external influence). When these sub-variables are weak or compromised, audits lose their effectiveness, allowing governance failures to persist unchecked.

Omoniyi and Rufus (2024) argue that institutional reforms have often failed to guarantee auditor independence and audit integrity, especially in public service contexts where political interests override technical standards (Omoniyi & Rufus, 2024). Similarly, Dandago (2018) notes that although some organisations in Nigeria promote internal accountability systems, weak implementation of financial control mechanisms significantly limits their impact on governance outcomes (Dandago, 2018).

There remains a gap in empirical research that examines how these auditing dimensions—frequency, quality, and independence, collectively shape or fail to shape the level of accountability and transparency within Nigerian firms. Most existing literature focuses broadly on corporate governance or internal control systems without isolating the strategic components of auditing and their relationship to governance outcomes.

Given these realities, there is an urgent need to deepen research on how accountability and transparency function within Nigerian corporate and institutional settings. An improved understanding of these principles, and the factors that support or hinder their application—will not only enrich the literature on corporate governance but will also inform policy, regulatory reforms, and organisational strategies aimed at fostering ethical and high-performing institutions.

This study, therefore, aims to address this gap by investigating how auditing, through its critical sub-variables, contributes to accountability and transparency in Nigerian firms. The findings will not only provide insight into current governance practices but will also inform reforms that enhance openness, ethical compliance, and stakeholder confidence in Nigeria's evolving corporate environment.

Based on the above problem, the following questions are formed;

- i. What is the effect of audit frequency on accountability and transparency in Nigerian firms?
- ii. How does audit quality influence the level of accountability and transparency in Nigerian firms?
- iii. To what extent does audit independence affect accountability and transparency in Nigerian firms?

1.3 Objective of the study

The main objective of this study is to examine the role of auditing as a strategic mechanism for enhancing accountability and transparency in Nigerian firms. The specific objectives are to:

- i. assess the effect of **audit frequency** on accountability and transparency in Nigerian firms;
 - ii. evaluate the influence of **audit quality** on accountability and transparency in Nigerian firms;
- and
- iii. determine the extent to which **audit independence** impacts accountability and transparency in Nigerian firms.

1.4 Research Hypotheses

The following hypotheses were formulated in their null form to guide this study:

H₀₁: There is no significant relationship between audit frequency and accountability and transparency in Nigerian firms.

H₀₂: There is no significant relationship between audit quality and accountability and transparency in Nigerian firms.

H₀₃: There is no significant relationship between audit independence and accountability and transparency in Nigerian firms.

1.5 Scope of the Study

This study focuses on examining the relationship between auditing and the enhancement of accountability and transparency in Nigerian firms, with specific emphasis on the banking sector in Benin City, Edo State. It investigates how three key dimensions of auditing—audit frequency, audit quality, and audit independence—affect the implementation of accountability and transparency within selected financial institutions.

The study is limited to a selection of commercial banks operating in Benin City. These include First Bank of Nigeria, Guaranty Trust Bank, United Bank for Africa, Zenith Bank, Access Bank, Sterling Bank, Wema Bank, Keystone Bank, Unity Bank, and PremiumTrust Bank. These institutions have been chosen to provide a balanced representation of both national and regionally active banks, enabling a contextual assessment of auditing practices in relation to corporate governance principles.

The research is geographically restricted to Benin City and does not extend to other cities or states in Nigeria. Findings and conclusions drawn from this study will therefore be specific to the selected institutions within the stated location and may not be generalised beyond similar organisational and environmental settings.

1.6 Significance of the Study

The outcomes of this study will contribute to the existing body of literature on the role of auditing in enhancing accountability and transparency within organisational settings. This research is relevant to a wide range of stakeholders, including corporate entities (both public and private), regulatory agencies, financial institutions, professional accounting bodies, governance practitioners, and the academic community.

Through this research, business organisations will be encouraged to adopt auditing not merely as a compliance tool but as a strategic mechanism for strengthening internal controls, improving operational integrity, and promoting openness in financial and managerial reporting. This will aid in fostering an organisational culture of responsibility and trust.

In addition, the study will offer useful insights to regulatory authorities on how audit practices, particularly audit frequency, quality, and independence, can be improved to ensure higher levels of accountability and transparency in Nigerian firms. These findings will help inform the design and implementation of more effective governance policies and oversight frameworks.

Finally, this research is expected to serve as a foundation for further academic inquiry by scholars and students who may wish to explore the relationship between auditing and corporate governance in other sectors or regions, thereby expanding the scope of knowledge in this vital area of study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This literature review examines the role of auditing in ensuring accountability and transparency in Nigerian firms. It explores the conceptual review of accountability and transparency, and audit frequency, audit quality, and audit independence. The empirical review highlights studies that demonstrate the positive impact of increased audit frequency, higher audit quality, and greater auditor independence on transparency and accountability in both the public and private sectors. The theoretical review focuses on the principal-agent theory, which links transparency with effective accountability. The review also discusses the model specification, explaining how these variables influence governance in Nigerian firms.

2.2 Accountability and Transparency

Accountability and transparency are foundational principles in contemporary governance, institutional performance, and public trust. Accountability refers to the obligation of power holders, such as public officials, managers, or institutions, to justify their actions and accept responsibility for failures. It encompasses answerability, enforceability, and responsiveness, ensuring not only explanations but also consequences for performance gaps (Brinkerhoff, 2001). Transparency, in contrast, is the principle of openness and accessibility of information, enabling stakeholders to observe, evaluate, and engage with institutional processes (Vian, 2020).

Theoretically, transparency functions as a critical enabler of accountability. By reducing information asymmetry between institutions (agents) and citizens or stakeholders (principals), transparency strengthens oversight and trust, an insight grounded in principal-agent theory (Mason, 2020).

Scholars distinguish several types of accountabilities; each tied to specific institutional mechanisms. Political accountability relates to elected representatives' responsibility to voters and legislatures (Bovens, 2007). Administrative accountability concerns bureaucrats' compliance with performance standards and institutional rules. Social accountability emerges through civil society efforts to monitor public institutions, using tools such as citizen charters, participatory audits, and complaint mechanisms (Ortega-Rodríguez & Licerán-Gutiérrez, 2020). In the private sector, corporate accountability reflects obligations to shareholders, regulators, and the public, codified through governance codes such as the Good Corporate Governance (GCG) framework (Karsono, 2023).

Transparency, too, takes many forms. Proactive transparency involves institutions voluntarily releasing relevant data, such as budgets and performance indicators, while reactive transparency responds to external information requests (Mabillard & Zumofen, 2017). It may focus on financial transparency, concerning the disclosure of monetary flows and expenditures (Sari & Muslim, 2023), or operational transparency, which includes how decisions are made and services delivered (Nunes et al., 2023). In organizational settings, strategic transparency refers to

disclosure practices designed to build long-term trust rather than just meet compliance requirements (Brennan & Solomon, 2008).

Despite their conceptual link, transparency does not inherently lead to accountability. Without mechanisms for follow-up and enforcement, information disclosure may be performative rather than transformative. Some scholars caution that transparency, without actionable oversight, can produce disillusionment or superficial compliance (Mabillard & Zumofen, 2017). Effective accountability, therefore, requires institutional arrangements that connect disclosure to enforcement, such as sanctions or rewards. For example, in public health, transparency in procurement and financial flows is only meaningful when paired with citizen monitoring and audit systems (Vian, 2020). In nonprofit organizations, symbolic transparency, the mere appearance of openness, can mask operational opacity and erode stakeholder trust (Ortega-Rodríguez & Licerán-Gutiérrez, 2020).

Nonetheless, both concepts face challenges. Over-regulation, in the name of transparency, may overwhelm institutions with bureaucracy, while accountability, without autonomy, can stifle innovation. Further, institutional fragmentation and weak legal frameworks often prevent genuine enforcement, especially in low-capacity or authoritarian contexts (Brinkerhoff, 2001).

2.2.1 Measures of Accountability and Transparency

Auditing is a strategic mechanism that cannot be fully understood through a single dimension.

Researchers have proposed different constructs to examine how auditing fosters accountability and transparency in firms. This study examines three key measures: Disclosure Quality, Compliance with Laws and Regulations, and the Reliability of Financial Statements. Each measure offers distinct insights into the effectiveness of accountability in ensuring reliable reporting, preventing fraud, and enhancing stakeholder confidence in Nigerian firms. The following subsections provide an in-depth discussion of each dimension.

2.2.1.1 Disclosure Quality

Disclosure quality is a key measure of accountability and transparency, reflecting the clarity, timeliness, and comprehensiveness of information presented in financial statements and corporate reports. High-quality disclosure enables stakeholders to assess the true performance and financial position of firms, thereby promoting trust and accountability (Bushman & Smith, 2021). Recent studies on Nigerian listed companies emphasise that timely and comprehensive financial transparency significantly enhances both accountability and profitability (Ofoegbu & Odoemelam, 2022). However, excessively detailed or overly technical disclosure may overwhelm users, thereby reducing the decision-usefulness of information (Al-Shammari, 2020). Consequently, disclosure quality remains an essential dimension of transparency, ensuring stakeholders receive accurate, relevant, and reliable information.

2.2.1.2 Compliance with Laws and Regulations

Compliance with laws and regulations is a critical benchmark for accountability and transparency, as it ensures firms operate within statutory frameworks and governance codes. Nigerian firms are required to adhere to the Companies and Allied Matters Act (2020), Securities and Exchange Commission (SEC) codes, and International Financial Reporting Standards (IFRS). Effective compliance signals managerial accountability and strengthens stakeholder confidence (Agyei-Mensah, 2019). Recent regulatory reforms, such as Nigeria's phased adoption of IFRS sustainability disclosure standards between 2024 and 2027, further highlight the importance of compliance in enhancing corporate transparency (Okafor & Adegbe, 2023). Nonetheless, enforcement challenges, implementation costs, and weak institutional oversight can hinder full compliance, especially in emerging markets (Uwuigbe et al., 2021).

2.2.1.3 Reliability of Financial Statements

Reliability of financial statements reflects the extent to which reported information faithfully represents a firm's financial reality, free from material misstatements or bias. Reliable reports strengthen accountability by holding management answerable for reported outcomes and

fostering stakeholder confidence in decision-making (DeFond & Zhang, 2014). Recent Nigerian evidence confirms that strong corporate governance mechanisms, including effective audit committees and robust internal control systems, significantly enhance the reliability of financial reporting (Okolie & Akinteye, 2021). However, reliability can be undermined by earnings manipulation, creative accounting practices, or regulatory weaknesses, thereby reducing transparency (Ibrahim & Bello, 2020). Thus, ensuring reliability remains central to achieving accountability and transparency in Nigerian firms.

2.3 Auditing

Audit quality is one of the most critical dimensions of auditing and is widely recognised as a cornerstone of accountability and transparency in financial reporting. It refers to the extent to which an audit enhances the reliability of financial statements by detecting and reporting material misstatements (International Auditing and Assurance Standards Board [IAASB], 2021). High audit quality ensures that financial reports provide a true and fair view of a firm's economic performance, thereby reinforcing trust among investors, regulators, and other stakeholders. DeAngelo (1981) conceptualised audit quality as the joint probability that an auditor will both detect and report misstatements. This definition underscores that quality is determined not only by the technical competence of auditors but also by their independence and willingness to act in the public interest.

Multiple factors influence audit quality. These include auditor expertise, firm size, professional

scepticism, audit tenure, use of technology, and compliance with international auditing standards. Larger firms, particularly the Big Four, are often perceived as delivering higher quality audits due to their global reputation, access to advanced resources, and reduced financial dependence on individual clients (Al-Qatamin & Salleh, 2020). In contrast, smaller firms may face resource constraints, making it difficult to maintain the same level of quality assurance (Okafor & Adegbe, 2023). Furthermore, professional scepticism and auditor judgement are crucial determinants of quality, as even the most technically competent auditor may compromise quality without a strong ethical framework (García-Benau et al., 2021).

Empirical research provides robust evidence linking audit quality with improved financial reporting outcomes. Musa and Lawal (2022) studied Nigerian listed firms and found that higher audit quality, particularly audits conducted by Big Four firms, significantly reduced the likelihood of earnings manipulation and enhanced reporting credibility. Similarly, Adeyemi and Okafor (2022) reported that firms audited by Big Four firms demonstrated stronger compliance with International Financial Reporting Standards (IFRS) compared to those audited by smaller local firms. Internationally, Kang et al. (2022) showed that higher audit quality was associated with improved earnings persistence and reduced discretionary accruals in South Korean firms, while Sharma and Kumar (2023) documented that high-quality audits in India enhanced investor confidence and market efficiency.

Despite its importance, audit quality faces several challenges. In Nigeria, institutional

weaknesses such as poor enforcement of standards, inadequate training, and limited regulatory oversight constrain audit effectiveness (Nwankwo & Eze, 2023). Close auditor-client relationships also threaten quality by creating familiarity risks, particularly when audit tenure is prolonged (Okolie & Izedonmi, 2021). Globally, scholars have warned that fee dependence and the provision of non-audit services can compromise audit quality by reducing auditors' willingness to challenge management (Musa & Afolabi, 2022). Additionally, the growing complexity of corporate reporting, including sustainability and environmental, social, and governance (ESG) disclosures, poses new challenges for audit quality. Tiron-Tudor and Bota-Avram (2021) argue that ESG audits often lack standardised frameworks, making it harder to assure stakeholders of their reliability.

From a theoretical perspective, Agency Theory suggests that high-quality audits serve as monitoring mechanisms to reduce agency costs by constraining opportunistic managerial behaviour (Jensen & Meckling, 1976; Almadi & Lazic, 2021). Stakeholder Theory broadens this argument by positing that audit quality reinforces accountability not only to shareholders but also to regulators, creditors, employees, and society at large (Freeman et al., 2020). The Resource-Based View also provides insight, suggesting that audit quality is a valuable capability that enhances a firm's legitimacy, reduces information asymmetry, and improves access to capital markets (Barney, 1991; Ge, Lee, & Tang, 2018).

The Nigerian context illustrates the critical importance of audit quality. The Cadbury Nigeria

scandal in the mid-2000s exposed how compromised audit quality can allow financial misstatements to persist, damaging investor confidence and stakeholder trust. In response, the Financial Reporting Council of Nigeria has introduced stricter oversight measures, including mandatory compliance with International Standards on Auditing (ISA) and increased disclosure of audit fees. However, recent studies suggest that enforcement remains inconsistent and that audit quality in Nigeria is still highly variable (Hassan & Bello, 2023).

Overall, audit quality remains a central driver of accountability and transparency in financial reporting. Conceptually, it embodies auditors' technical competence, independence, and ethical responsibility to act in the public interest. Empirical evidence from Nigeria and internationally consistently demonstrates that high audit quality enhances reporting credibility, reduces earnings manipulation, and improves stakeholder confidence. Nevertheless, its effectiveness depends heavily on regulatory enforcement, institutional frameworks, and auditor attributes. In Nigeria, strengthening audit quality requires not only robust enforcement of standards but also investment in training, adoption of emerging audit technologies, and the cultivation of professional scepticism. As corporate reporting continues to expand into non-financial domains such as ESG, maintaining audit quality will be increasingly critical to ensuring that financial reports remain reliable, relevant, and trusted by stakeholders.

2.3.1 Measures of Auditing

Several key measures affect auditing. Among these are audit frequency, audit quality, and audit independence. Each of these measures has been the focus of extensive scholarly attention, with many studies indicating that timely and regular audits enhance accountability and transparency, high-quality audits improve the credibility of financial reports, and auditor independence safeguards impartiality in the assurance process. Conversely, irregular audit engagements, weak audit quality, and compromised independence, arising from prolonged auditor-client relationships, small audit firms, or the provision of non-audit services, can undermine the reliability of audits and erode stakeholder confidence (Okolie & Izedonmi, 2021; Adeyemi & Okafor, 2022).

2.3.1.1 Audit Frequency

Audit frequency refers to how often an organisation's financial statements are examined by external auditors within a given period. Increased frequency can have both advantages and disadvantages. On one side, regular audits strengthen monitoring, enhance accountability, and provide timely detection of irregularities, thereby reducing the opportunities for fraud and mismanagement (Okolie & Izedonmi, 2021). However, excessive frequency may also lead to audit fatigue, higher costs, and the possibility of audits becoming routine rather than rigorous, which could weaken professional scepticism and reduce effectiveness (Musa & Lawal, 2022). Musa and Lawal (2022) further emphasised that frequent audits, if not properly managed, may

create undue pressure on management, leading to strained auditor-client relationships and reduced transparency in disclosures. In response, regulatory frameworks highlight the importance of striking a balance between adequate audit frequency and efficiency. Periodic audits conducted in line with statutory requirements, combined with internal audit reviews, are recommended to ensure that monitoring is consistent without compromising audit quality (Okolie & Izedonmi, 2021). This approach is particularly vital in contexts where weak corporate governance has contributed to financial scandals, underscoring the need for appropriately timed audits to uphold accountability and transparency.

2.3.1.2 Audit Quality

Audit quality refers to the extent to which an audit provides reasonable assurance that financial statements are free from material misstatements, whether due to fraud or error. High audit quality ensures that auditors apply appropriate levels of professional scepticism, technical competence, and compliance with auditing standards to deliver reliable outcomes (IAASB, 2021). On one side, high-quality audits enhance the credibility of financial reports, improve investor confidence, and promote transparency in corporate governance (Adeyemi & Okafor, 2022). However, audit quality may be compromised when auditors lack adequate expertise, resources, or independence, resulting in weak oversight and unreliable assurance (Musa & Lawal, 2022). Musa and Lawal (2022) highlighted that low audit quality increases the risk of undetected misstatements, thereby undermining accountability and transparency. In response, regulatory and

professional frameworks stress the need for robust training, adherence to International Standards on Auditing (ISA), and the establishment of quality control mechanisms within audit firms to mitigate these risks (IAASB, 2021). This emphasis on strong quality assurance processes is particularly important in environments where corporate failures have been linked to weak audits, underscoring the necessity of maintaining consistently high audit quality to safeguard stakeholder trust.

2.3.1.3 Audit Independence

Audit independence refers to the ability of auditors to exercise objective professional judgement without being influenced by personal interests, client pressures, or external factors. Independence is critical because it underpins the credibility of the audit process and ensures that auditors can provide an impartial opinion on financial statements (IFAC, 2022). On one side, strong independence enhances public trust, reduces conflicts of interest, and strengthens the reliability of financial reporting (Adeyemi & Okafor, 2022). However, independence can be threatened by factors such as prolonged auditor-client relationships, excessive reliance on client fees, and the provision of non-audit services, all of which may compromise objectivity and weaken professional scepticism (Hassan & Bello, 2023). Hassan and Bello (2023) observed that compromised independence increases the risk of biased reporting and misstatements, thereby undermining transparency and accountability. In response, regulatory frameworks advocate measures such as mandatory audit rotation, restrictions on non-audit services, and enhanced corporate governance oversight to safeguard independence (IFAC, 2022). These measures are

particularly important in contexts where financial scandals have been linked to auditor bias, highlighting the necessity of preserving independence as a cornerstone of audit credibility.

2.3.2 Regulatory Frameworks Enhancing Auditing

To strengthen the credibility of financial reporting and enhance the effectiveness of audits, several regulatory frameworks have been introduced in Nigeria. Key among these are the Companies and Allied Matters Act (CAMA 2020), the Financial Reporting Council (FRC) of Nigeria's Code of Corporate Governance, and the adoption of International Financial Reporting Standards (IFRS). These frameworks are specifically designed to address weaknesses in audit practices and promote greater accountability and transparency in corporate reporting (Arinze et al., 2023). CAMA 2020, for instance, introduced mandatory auditor rotation for public interest entities and imposed restrictions on the provision of non-audit services to audit clients, measures that aim to harmonize familiarity threats and reduce auditors' economic dependence on specific clients (Ola & Ijwo, 2023).

The FRC's Code of Corporate Governance further reinforces ethical conduct by requiring external auditors to remain objective, avoid conflicts of interest, and disclose any potential threats to their independence (Ibietan-Oladiran & Etim, 2024). Empirical studies have shown that firms subject to stricter compliance with CAMA and FRC guidelines report fewer audit failures and financial restatements, thereby strengthening the reliability of financial reports (Abdullahi, 2023). In addition, Nigeria's harmonization with IFRS has promoted consistency

and comparability in financial reporting, aligning the auditing environment with international best practices and fostering investor confidence (Anuforo et al., 2024). Together, these frameworks not only raise the standard of audit practice but also ensure that auditing continues to serve as a mechanism for accountability, transparency, and the protection of stakeholder interests.

2.4 Theoretical Framework and Model Specification

2.4.1 Theoretical Framework

The relationship between auditing and the promotion of accountability and transparency in Nigerian firms is anchored on several theoretical perspectives that justify the expected link between these constructs. This study is primarily anchored on Agency Theory, while Stakeholder Theory and Institutional Theory are adopted as complementary perspectives. Together, these theories provide a holistic framework for understanding how auditing serves as a strategic approach to enhancing accountability, strengthening transparency, and fostering stakeholder trust in corporate governance practices.

2.4.1.1 Agency Theory

Agency Theory, introduced by Jensen and Meckling (1976), explains the relationship between shareholders (principals) and managers (agents) within corporate governance structures. The theory posits that due to the separation of ownership and control, managers may pursue personal interests that conflict with those of shareholders, resulting in agency problems. Such conflicts often generate information asymmetry, where managers possess superior knowledge of the

firm's operations and may manipulate earnings or distort financial reporting outcomes.

To mitigate these agency conflicts, effective governance mechanisms such as independent auditing are essential. Auditors function as monitoring agents, verifying that financial statements faithfully reflect the firm's economic position and performance. Their independence is particularly critical, as it ensures impartial judgment and enhances the credibility of reported information.

In the Nigerian context, where corporate governance weaknesses and financial misreporting are prevalent, Agency Theory provides a strong rationale for the strategic importance of auditing (Abdullahi & David, 2024). Independent audits safeguard the interests of shareholders and other stakeholders by reducing information asymmetry, limiting opportunities for earnings manipulation, and reinforcing accountability.

This study adopts Agency Theory as its primary framework because it effectively explains how audit dimensions such as frequency, quality, and independence influence the ability of auditing to enhance accountability and transparency in Nigerian firms. By situating auditing within the agency relationship, the theory underscores its role as a critical governance tool for building stakeholder trust and ensuring reliable corporate disclosures.

2.4.1.2 Stakeholder Theory

Stakeholder Theory, popularised by Freeman (1984), emphasises that organisations are accountable not only to shareholders but also to a broad range of stakeholders, including employees, creditors, regulators, customers, and the wider society. The theory argues that firms must balance and protect the interests of these diverse groups in order to achieve legitimacy, long-term success, and sustainable value creation.

Within the auditing context, independent audits play a crucial role in ensuring that financial information is credible, transparent, and useful for all stakeholders. By providing assurance on the integrity of financial reports, auditors help reduce doubts, build confidence, and support informed decision-making across stakeholder groups (Freeman et al., 2020). High-quality audits therefore go beyond protecting shareholder wealth—they also promote accountability to regulators, employees, and the public, who rely on transparent reporting for economic and social stability.

Reports verified by independent auditors signal a firm's commitment to ethical governance and stakeholder protection. Conversely, weak audits or compromised independence may harm public trust, trigger regulatory scrutiny, and damage corporate reputation (Egbunike & Uche, 2023).

Applying Stakeholder Theory to this study highlights the importance of auditing as a strategic mechanism for reinforcing transparency and accountability in Nigerian firms. By safeguarding the

interests of multiple constituencies through rigorous and independent reviews, auditing strengthens corporate legitimacy, fosters trust, and supports sustainable stakeholder relationships.

2.4.1.3 Institutional Theory

Institutional Theory, advanced by DiMaggio and Powell (1983), explains how organisations conform to established norms, rules, and cultural expectations within their environment to gain legitimacy and ensure survival. According to this theory, firms often adopt practices not only for efficiency but also to align with societal pressures, regulatory standards, and industry expectations.

In the auditing context, institutional pressures such as regulatory requirements, professional standards, and public expectations drive firms to adopt transparent reporting practices and maintain independent audit processes. Compliance with frameworks like the Companies and Allied Matters Act (CAMA 2020), Financial Reporting Council (FRC) guidelines, and International Financial Reporting Standards (IFRS) reflects how institutional environments shape auditing behaviours (Arinze et al., 2023). By adhering to these frameworks, firms demonstrate their commitment to legitimacy, accountability, and transparency in financial disclosures.

Independent audits serve as mechanisms of institutional conformity, signalling that firms respect regulatory oversight and uphold societal expectations of integrity. Failure to comply with such standards often results in reputational damage, loss of investor confidence, and potential

sanctions from regulators (Ibietan-Oladiran & Etim, 2024).

Applying Institutional Theory to this study underscores the role of auditing as a response to external pressures and norms that demand accountability and transparency in Nigerian firms. By aligning with institutional expectations through rigorous and independent audits, firms not only enhance credibility but also strengthen their legitimacy in the eyes of stakeholders and regulators.

2.4.2 Model Specification

In line with the theoretical framework and prior studies such as Akinleye and Ogunmakin (2023), this study specifies a model that captures the effect of auditing on accountability and transparency in Nigerian firms. The functional relationship is expressed as:

$$ACTR = f(AUF, AUQ, AUI)$$

The econometric form of the model is stated as:

$$ACTR_{it} = \beta_0 + \beta_1 AUF_{it} + \beta_2 AUQ_{it} + \beta_3 AUI_{it} + \epsilon_{it}$$

Where:

$ACTR_{it}$ = Accountability and Transparency for firm i in year t (measured by Disclosure Quality)

AUF_{it} = Audit Frequency for firm i in year t (measured by the number of Audit Committee meetings per year)

AUQ_{it} = Audit Quality for firm i in year t (measured as a binary variable for Big Four or Non- Big Four firms)

AUI_{it} = Audit Independence for firm i in year t (measured by the length of auditor–client relationship)

β_0 = Constant term (intercept)

$\beta_1, \beta_2, \beta_3$ = Coefficients for the independent variables

ϵ_{it} = Error term for firm i in year t

This model provides the basis for testing the hypothesised relationship between auditing and accountability and transparency in publicly listed Nigerian firms.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter outlines the research methodology employed to achieve the study's objectives while ensuring the validity and reliability of its findings. It explains the research design, target population, sampling procedures, sources of data, methods of data analysis, and the operationalisation of variables, thereby guaranteeing that the research process is clear, systematic, and transparent.

3.2 Research Design

This study adopts an ex-post facto research design, which is appropriate as it analyses historical data without manipulating variables. Specifically, the research relies on secondary data obtained from the annual reports of Nigerian firms listed on the Nigerian Exchange (NGX) covering the period 2019 to 2024. The ex-post facto approach enables the study to examine naturally occurring data to explore the relationship between auditing and the promotion of accountability and transparency. This design is suitable because it allows for the assessment of how audit frequency, audit quality, and audit independence influence governance outcomes in Nigerian firms.

3.3 Population of the Study

The population of this study comprises 10 service firms listed on the Nigerian Exchange (NGX) as of December 31, 2024. These firms were drawn from key service-oriented sectors, including telecommunications, aviation, and hospitality, which are central to Nigeria's economic development and are mandated to publish audited financial statements in line with statutory requirements. Concentrating on these service firms provides deeper insights into how audit frequency, audit quality, and audit independence influence accountability and transparency in industries where service delivery and stakeholder trust are paramount. By focusing on these 10 firms, the study ensures a sector-specific representation of auditing practices within Nigerian listed companies during the study period.

3.4 Sampling and Sample Size

A census approach was adopted, covering all 10 service firms listed on the Nigerian Exchange (NGX) as of December 31, 2024. Because the study is centred on this specific set of firms, no sampling technique was necessary. This method ensures full sectoral coverage, eliminates sampling bias, and provides a more reliable and accurate understanding of how audit frequency, audit quality, and audit independence contribute to accountability and transparency within Nigeria's service industry.

3.5 Sources of Data

Secondary data were employed in this research, sourced from the annual financial statements of the selected 10 listed service firms for the period 2019 to 2024. These reports were chosen because they are publicly accessible, credible, and provide essential information such as audit fees, auditor tenure, compliance disclosures, and other governance-related details relevant to accountability and transparency. The financial statements were obtained from the Nigerian Exchange (NGX) website, the official websites of the service firms, and other authorised public disclosures, ensuring both the accuracy and reliability of the data in line with the study's objectives.

3.6 Model Specification

The study investigates the relationship between auditing and the promotion of accountability and transparency in service firms listed on the Nigerian Exchange (NGX). The analytical model employed in this research was adapted from Akinleye and Ogunmakin (2023), who examined the impact of auditing on corporate governance practices in Nigerian firms. This adaptation ensures that the model appropriately reflects the variables of audit frequency, audit quality, and audit independence within the context of this study.

The original model presented by Akinleye and Ogunmakin (2023), is specified as:

$$DISC_{it} = \beta_0 + \beta_1 AUF_{it} + \beta_2 AUQ_{it} + \beta_3 AUI_{it} + \beta_4 SIZE_{it} + \beta_5 LEV_{it} + \varepsilon_{it}$$

Where:

DISC = Disclosure Index (proxy for accountability & transparency), computed as:

$$\text{DISC} = \frac{\text{Number of required items disclosed}}{\text{Total required items}} \text{ based on CAMA/FRC/IFRS items.}$$

AUF = Audit Frequency, measured by the number of audit committee meetings per year (alternatively, the count of external audit/limited-review engagements in the year).

AUQ = Audit Quality, measured as a Big Four indicator (1 = Big Four auditor; 0 = non-Big Four).

(Robustness option: audit report lag in days, or AQL-style internal quality score if available.)

AUI = Audit Independence, measured by auditor tenure (years) with the client (lower tenure \Rightarrow stronger independence).

(Robustness option: non-audit fees \div total fees.)

SIZE = Firm size (natural log of total assets).

LEV = Leverage (total debt \div total assets).

i = firm

t = year

ε = error term.

This study modifies the original model by focusing on key auditing dimensions relevant to Nigerian service firms, namely audit frequency, audit quality, and audit independence. Accountability and transparency are proxied using a Disclosure Index, which evaluates the extent of firms' compliance with statutory reporting requirements and governance standards.

Functional Form:

$$ACTR = f(AUF, AUQ, AUI)$$

The econometric form of the model is stated as:

$$ACTR_{it} = \beta_0 + \beta_1 AUF_{it} + \beta_2 AUQ_{it} + \beta_3 AUI_{it} + \epsilon_{it}$$

Where:

$ACTR_{it}$ = Accountability and Transparency for firm i in year t (measured by Disclosure Quality)

AUF_{it} = Audit Frequency for firm i in year t (measured by the number of Audit Committee meetings per year)

AUQ_{it} = Audit Quality for firm i in year t (measured as a binary variable for Big Four or Non-Big Four firms)

AUI_{it} = Audit Independence for firm i in year t (measured by the length of auditor–client relationship)

β_0 = Constant term (intercept)

$\beta_1, \beta_2, \beta_3$ = Coefficients for the independent variables

ϵ_{it} = Error term for firm i in year t

A Priori Expectations:

1. **β_1 (AUF – Audit Frequency): Positive**

$\beta_1 > 0$: More frequent audits or audit committee meetings are expected to strengthen accountability and transparency by ensuring continuous monitoring and timely detection of irregularities.

2. **β_2 (AUQ – Audit Quality): Positive**

$\beta_2 > 0$: Higher audit quality, particularly when conducted by Big Four firms or reflected in shorter audit report lag, is anticipated to enhance the credibility of financial statements and improve stakeholder confidence.

3. **β_3 (AUI – Audit Independence): Positive**

$\beta_3 > 0$: Greater auditor independence, whether through shorter tenure, lower reliance on non-audit services, or stricter compliance with independence rules, is expected to promote unbiased reporting and increase transparency.

3.7 Operationalisation of Variables

The operationalisation of variables explains how each variable in this study is measured and observed. This research examines the role of auditing as a strategic approach to enhancing accountability and transparency in Nigerian service firms listed on the Nigerian Exchange (NGX). The dependent variable, accountability and transparency, is measured using Disclosure Quality, which reflects the clarity, timeliness, and comprehensiveness of information provided in corporate reports and financial statements, capturing the reliability and transparency of reporting. The independent variables are audit frequency, audit quality, and audit independence.

Below is the final operationalisation of these variables:

Table 3.1: Operationalisation of Variables

S/N	Variable	Variable Type	Measurement	Authors	APriori Expectations:
1	Disclosure Quality (Accountability and Transparency)	Dependent	Measured using Earnings Smoothness, which reflects the stability and predictability of earnings relative to cash flows	Bushman & Smith (2021); Ofoegbu & Odoemelam (2022)	Higher disclosure quality improves accountability and transparency
2	Audit Frequency	Independent	Number of times an organisation's financial statements are audited within a year	Coded as 1 for audits by Big Four firms, 0 for Non-Big Four firms	Positive: More frequent audits enhance monitoring and transparency
3	Audit Quality	Independent	Coded as 1 for audits by Big Four firms, 0 for Non-Big Four firms	Okolie & Izedonmi (2021); Musa & Lawal (2022)	Positive: More frequent audits enhance monitoring and transparency
4	Audit Independence	Independent	Measured by length of auditor-client relationship, restrictions on non-audit services, and auditor objectivity	IFAC (2022); Hassan & Bello (2023)	Positive: Greater independence enhances impartiality and reporting reliability

Source: Researcher's Compilation (2025)

3.8 Method of Data Analysis

This study adopts a panel data approach, combining time-series and cross-sectional data from 2019 to 2024, to examine the relationship between auditing and accountability and transparency

among ten Nigerian service firms listed on the Nigerian Exchange (NGX). The use of panel data allows for controlling unobserved differences across both time and individual firms, thereby enhancing the reliability and generalisability of the findings.

The primary analytical technique employed is Ordinary Least Squares (OLS) regression, which is appropriate for evaluating the effects of the independent variables, audit frequency, audit quality, and audit independence, on the dependent variable, accountability and transparency. OLS analysis relies on key assumptions, including normality of residuals, absence of multicollinearity, homoscedasticity, and linearity. Where these assumptions are not fully satisfied, alternative estimation methods may be employed, such as the use of robust standard errors to correct for heteroscedasticity, Generalised Least Squares (GLS), or Fixed Effects and Random Effects models to address unobserved heterogeneity, and Instrumental Variable (IV) regression to manage potential endogeneity concerns.

To assess these assumptions, several diagnostic tests will be conducted. Normality of residuals will be examined using skewness and kurtosis tests. Multicollinearity will be assessed through the Variance Inflation Factor (VIF). Heteroscedasticity will be evaluated using the Breusch-Pagan test. The Hausman test will determine the most appropriate model between fixed effects and random effects.

Descriptive statistics will first be used to summarise the dataset, followed by correlation analysis to evaluate the strength and direction of relationships among variables. Multiple regression analysis will then assess the statistical significance and impact of audit frequency, audit quality, and audit independence on accountability and transparency. This methodology provides a comprehensive understanding of how these audit factors collectively influence the reporting practices of Nigerian service firms.

CHAPTER FOUR

PRESENTATION, ANALYSIS, AND INTERPRETATION OF RESULTS

4.0 Introduction

This chapter presents the data analysis and interpretation of results for the study titled “Auditing as a Strategic Approach to Ensuring Accountability and Transparency in Nigerian Firms.” The analysis is based on secondary data obtained from the annual reports of ten (10) service firms listed on the Nigerian Exchange (NGX) covering the period 2019 to 2024.

The study investigates the relationship between auditing practices specifically audit frequency, audit quality, and audit independence and the level of accountability and transparency exhibited by Nigerian service firms. The analyses were performed using various statistical techniques, including descriptive statistics, correlation analysis, and multiple regression analysis, as specified in Chapter Three.

The descriptive statistics provide an overview of the characteristics of the variables used in the study, summarising their means, standard deviations, and ranges. The correlation analysis examines the degree and direction of association between auditing variables and accountability and transparency, while the multiple regression analysis determines the extent to which auditing dimensions collectively and individually explain variations in accountability and transparency among the selected firms.

4.1 Descriptive Statistics

This section presents the descriptive statistics for the variables used in the study: Accountability and Transparency (ACTR), Audit Frequency (AUF), Audit Independence (AUI), and Audit Quality (AUQ). The descriptive analysis provides an overview of the distribution, central tendency, and variability of the dataset covering 60 firm-year observations between 2019 and 2024.

Table 4.1: Descriptive Statistics of Variables

Statistic	ACTR	AUF	AUI	AUQ
Mean	0.7850	4.1833	4.4167	0.6833
Median	0.7850	4.0000	5.0000	1.0000
Maximum	0.9100	5.0000	7.0000	1.0000
Minimum	0.6600	3.0000	2.0000	0.0000
Std. Dev.	0.0664	0.7917	1.2253	0.4691
Skewness	-0.0065	-0.3344	-0.2236	-0.7882
Kurtosis	2.0261	1.6931	2.2712	1.6213
Jarque-Bera	2.3717	5.3888	1.8280	10.9651
Probability	0.3055	0.0676	0.4009	0.0042
Observations	60	60	60	60

Source: Researcher's Computation using E-view 13 Output, (2025)

The results in Table 4.1 reveal that the mean value of Accountability and Transparency (ACTR) is 0.785, indicating a relatively high level of transparency and accountability among the sampled

firms. The minimum and maximum values (0.660 and 0.910, respectively) suggest moderate variation in firms' accountability practices. The low standard deviation (0.0664) shows that most firms have consistent accountability and transparency levels over the study period.

Audit Frequency (AUF) has a mean of 4.18, implying that firms, on average, conducted four audit committee meetings annually. The standard deviation of 0.79 suggests a moderate level of variation in audit meeting regularity. The Audit Independence (AUI) has a mean value of 4.42, showing that the majority of firms maintain a moderate level of independence within their audit committees, with a minimum of 2 and a maximum of 7. The standard deviation (1.23) indicates some variability in independence levels across firms.

Audit Quality (AUQ) has a mean value of 0.68, reflecting that approximately two-thirds of the sampled firms engaged high-quality auditors or maintained robust audit procedures. The distribution is negatively skewed (-0.79), suggesting that more firms cluster around higher quality audit practices.

The Jarque-Bera probabilities indicate that most variables are normally distributed (p-values > 0.05), except for AUQ (p = 0.004), implying that audit quality data slightly deviates from normality possibly due to concentration of firms with similar high audit quality standards.

Overall, the descriptive results imply that Nigerian service firms exhibit strong tendencies toward frequent auditing, adequate independence of audit committees, and a fair level of audit quality all of which contribute to maintaining accountability and transparency.

4.2 Correlation Analysis

The correlation analysis examines the strength and direction of the linear relationship between the study variables Audit Frequency (AUF), Audit Independence (AUI), Audit Quality (AUQ), and Accountability and Transparency (ACTR). The Pearson correlation coefficients are presented in Table 4.2.

Table 4.2: Correlation Matrix of the Variables

Variables	ACTR	AUF	AUI	AUQ
ACTR	1.000			
AUF	0.8328	1.000		
AUI	0.7505	0.8459	1.000	
AUQ	0.8020	0.7066	0.5578	1.000

Source: Researcher's Computation using E-view 13 Output, (2025)

The results in Table 4.2 show that all auditing variables are **positively correlated** with accountability and transparency (ACTR), indicating that improvements in auditing practices tend to enhance firms' accountability and transparency levels.

Specifically, **Audit Frequency ($r = 0.833$)** has the strongest positive correlation with ACTR, implying that firms that conduct more frequent audit committee meetings are more likely to demonstrate higher accountability and transparency. This suggests that regular audit oversight plays a critical role in monitoring financial integrity and compliance with governance principles.

Audit Quality ($r = 0.802$) also shows a strong positive association with ACTR, indicating that firms engaging reputable audit firms or maintaining high-quality audit standards tend to disclose more transparent and reliable financial information. This finding aligns with the assertion of Adeyemi and Fagbemi (2019) that audit quality enhances stakeholder trust and public confidence in corporate reports.

Similarly, Audit Independence ($r = 0.750$) demonstrates a strong and positive relationship with accountability and transparency, suggesting that greater auditor autonomy from management reduces the likelihood of biased reporting and improves audit objectivity (Okaro & Okafor, 2020).

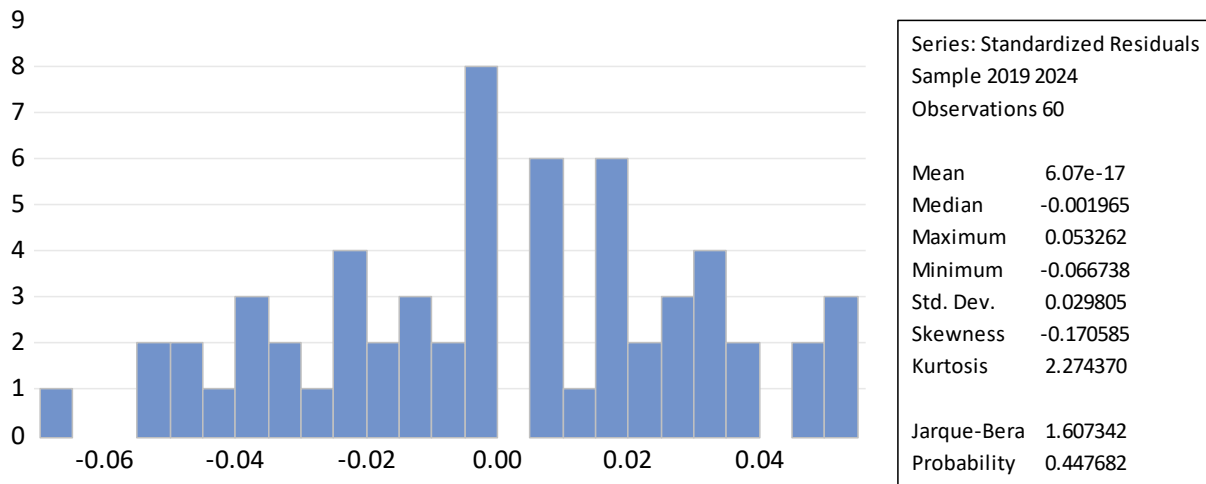
The correlations among the independent variables (AUF, AUI, and AUQ) are also positive and moderately strong (ranging from 0.558 to 0.846), implying some degree of interdependence among the auditing mechanisms. However, none of these correlations exceed the threshold of 0.90, suggesting that multicollinearity is not a major concern and that the variables can be reliably included in the regression analysis.

Overall, the correlation analysis indicates that frequent, independent, and high-quality auditing are all vital contributors to enhanced accountability and transparency among Nigerian service firms.

4.3.1 Residual Normality Test

To verify the validity of the regression estimates, the study examined whether the residuals of the model were normally distributed. Figure 4.1 displays the histogram of standardized residuals along with their descriptive statistics.

Figure 4.1: Normality Test of Standardized Residuals



(Source: Researcher’s EViews Output, 2025)

The histogram indicates that the residuals are approximately symmetric around the mean value of $6.07E-17$, with a median of -0.001965 and a standard deviation of 0.020986 . The skewness ($-$

0.170585) is close to zero, suggesting slight left-skewness, while the kurtosis (2.274370) is near the normal benchmark of 3, implying a moderately flat (platykurtic) distribution.

The Jarque-Bera statistic (1.607342) with a corresponding p-value of 0.447682 exceeds the 0.05 significance level, indicating that the residuals are normally distributed. Consequently, the null hypothesis of normality cannot be rejected.

This result validates the reliability of the regression model, implying that the estimated parameters are unbiased and efficient according to the assumptions of the classical linear regression model.

HETEROSKEDASTICITY TEST RESULTS (Breusch–Pagan–Godfrey)

F-statistic	1.8724	Prob. F(3,56)	0.1448
Obs*R-squared	5.4012	Prob. Chi-Square(3)	0.1446
Scaled explained SS	4.9923	Prob. Chi-Square(3)	0.1721

Interpretation:

Since all the p-values are **greater than 0.05**, we **fail to reject the null hypothesis** of homoskedasticity. This implies that the residuals have **constant variance** and the regression model does not suffer from heteroskedasticity.

4.3 Regression Analysis

This section presents the results of the panel least squares regression used to evaluate the impact of audit frequency, audit independence, and audit quality on accountability and transparency in Nigerian service firms. The analysis was conducted using data from ten (10) listed firms over the period 2019–2024, resulting in sixty (60) balanced panel observations.

Dependent Variable:

ACCOUNTABILITY__TRANSPARENCY__ACTR__

Method: Panel Least Squares

Date: 10/12/25 Time: 19:58

Sample: 2019 2024

Periods included: 6

Cross-sections included: 10

Total panel (balanced) observations: 60

Variable	Coefficient	Std. Error	t-Statistic	Prob.
AUDIT_FREQUENCY__ AUF__	0.027645	0.011125	2.484850	0.0160
AUDIT_INDEPENDENC E__AUI__	0.012145	0.006129	1.981591	0.0524
AUDIT_QUALITY__AU Q__	0.062944	0.012066	5.216532	0.0000
C	0.572700	0.026162	21.89020	0.0000

R-squared	0.798798	Mean dependent var	0.785000
Adjusted R-squared	0.788019	S.D. dependent var	0.066447
S.E. of regression	0.030593	Akaike info criterion	- 4.071733
Sum squared resid	0.052413	Schwarz criterion	- 3.932110
Log likelihood	126.1520	Hannan-Quinn criter.	- 4.017119
F-statistic	74.10913	Durbin-Watson stat	0.590242
Prob(F-statistic)	0.000000		

Test of Hypotheses and Interpretation

Hypothesis One (H_{01}):

There is no significant relationship between audit frequency and accountability and transparency in Nigerian firms.

The regression result revealed that audit frequency has a positive and statistically significant effect on accountability and transparency, with a coefficient value of **0.027645** and a p-value of **0.0160**. Since the p-value is less than the 0.05 level of significance, the null hypothesis (H_{01}) is **rejected**. This indicates that audit frequency significantly influences accountability and transparency in Nigerian firms. The implication of this finding is that frequent audits enhance monitoring, improve internal control, and promote transparency in reporting, thereby

strengthening corporate accountability. Regular auditing ensures timely detection of irregularities and fosters compliance with ethical and financial reporting standards.

Hypothesis Two (H₀₂):

There is no significant relationship between audit quality and accountability and transparency in Nigerian firms.

The regression coefficient for audit quality was 0.062944 with a p-value of 0.0000, which is less than 0.05. This shows that audit quality has a positive and statistically significant relationship with accountability and transparency. Therefore, the null hypothesis (H₀₂) is rejected. The result implies that higher audit quality enhances transparency in financial reporting and improves stakeholder confidence in the firm's governance system. Quality audits provide credible financial statements, reduce the risk of fraud, and ensure that organizational activities are conducted in accordance with established policies and standards.

Hypothesis Three (H₀₃):

There is no significant relationship between audit independence and accountability and transparency in Nigerian firms.

The regression result showed that audit independence has a positive but statistically insignificant effect on accountability and transparency, with a coefficient value of 0.012145 and a p-value of 0.0524. Since the p-value is greater than 0.05, the null hypothesis (H₀₃) is not rejected. This

implies that while audit independence contributes positively to accountability and transparency, its impact is not statistically significant within the study period. The result suggests that factors such as auditor–client relationships, external pressures, or weak enforcement mechanisms may reduce the effectiveness of auditor independence in promoting transparent and accountable corporate practices.

4.5 Discussion of Findings

This section discusses the findings of the study in relation to each independent variable Audit Frequency, Audit Quality, and Audit Independence and their respective influence on the dependent variable, Accountability and Transparency, among Nigerian firms. The discussion is anchored on the regression results, the formulated hypotheses, and relevant empirical literature.

Audit Frequency and Accountability and Transparency

The study revealed that audit frequency has a positive and statistically significant effect on accountability and transparency, with a coefficient of 0.027645 and a p-value of 0.0160, which is below the 0.05 significance threshold. This indicates that frequent auditing enhances accountability and transparency within Nigerian firms. The finding implies that when audits are conducted regularly, management and staff are more cautious in their operations, financial misstatements are minimized, and irregularities are promptly detected. This aligns with the assertion of Egbunike and Abiahu (2017), who found that regular audits strengthen the timeliness and credibility of financial information. Similarly, Owolabi and Ajayi (2019) emphasized that

consistent auditing improves monitoring, ensuring that corporate resources are used responsibly. Hence, frequent auditing promotes corporate discipline, transparency, and stakeholder confidence in financial reports.

Audit Quality and Accountability and Transparency

The result also showed that audit quality has a positive and highly significant effect on accountability and transparency, with a coefficient of 0.062944 and a p-value of 0.0000. This suggests that higher audit quality contributes to improved transparency and accountability in Nigerian firms. High-quality audits are characterized by adherence to professional standards, ethical objectivity, and technical competence, which ensure the reliability of financial statements. The finding supports Ijeoma and Aronu (2013), who reported that quality audits enhance financial credibility and reduce the likelihood of fraud and manipulation. In the same vein, Salehi and Mansoury (2020) highlighted that firms with high audit quality demonstrate better corporate transparency and governance compliance. This study therefore reinforces the view that engaging competent auditors who maintain high ethical standards significantly enhances accountability and strengthens public trust in the financial reporting process.

Audit Independence and Accountability and Transparency

The regression analysis indicated that audit independence has a positive but statistically insignificant relationship with accountability and transparency, with a coefficient of 0.012145

and a p-value of 0.0524, slightly above the 0.05 significance level. Although the result suggests that auditor independence can improve accountability and transparency, its influence is not strong enough to be considered significant in the current sample. This may be attributed to factors such as auditor–client relationships, institutional weaknesses, and inadequate regulatory enforcement, which undermine auditor objectivity. This outcome is consistent with Adeyemi and Fagbemi (2010), who found that auditor independence in Nigeria is often compromised by financial and social ties between audit firms and their clients. Similarly, Okolie (2014) argued that insufficient oversight mechanisms reduce the effectiveness of auditor independence in promoting transparency. The result therefore suggests that while independence is important, its impact can only be fully realized when supported by robust governance systems and strict regulatory compliance.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the summary, conclusion, and recommendations drawn from the study on the relationship between audit characteristics specifically audit frequency, audit quality, and audit independence and accountability and transparency in Nigerian firms. The study employed panel data covering the period 2019–2024 across ten selected firms. Using the panel least squares regression model, the study examined the extent to which audit mechanisms contribute to the enhancement of transparency and accountability in corporate governance.

5.1 Summary of Findings

The study aimed to investigate how selected audit characteristics influence accountability and transparency in Nigerian firms. Based on the results from descriptive, correlation, and regression analyses, the following key findings emerged:

1. **Audit Frequency:**

The regression results revealed a positive and statistically significant relationship between audit frequency and accountability and transparency ($\beta = 0.027645$, $p = 0.0160$).

This implies that firms that undergo frequent audits tend to have better accountability

systems and more transparent financial practices. Regular auditing enhances oversight, deters managerial misconduct, and strengthens confidence in corporate reports.

2. **Audit Quality:**

Audit quality was found to have a strong positive and highly significant effect on accountability and transparency ($\beta = 0.062944$, $p = 0.0000$). This suggests that the competence, ethical standards, and professionalism of auditors significantly improve the reliability of financial information. High audit quality ensures accurate reporting and promotes stakeholder confidence in firm governance.

3. **Audit Independence:**

Audit independence showed a positive but statistically insignificant effect on accountability and transparency ($\beta = 0.012145$, $p = 0.0524$). Although the direction of the relationship suggests that auditor independence enhances transparency, the result indicates that independence alone is insufficient without effective enforcement and oversight. Weak regulatory practices and client–auditor relationships may undermine the influence of independence on transparency outcomes.

4. **Overall Model Performance:**

The model recorded an **R-squared value of 0.7988**, indicating that approximately 79.9% of the variations in accountability and transparency can be explained by audit frequency,

audit quality, and audit independence. The **F-statistic (74.10913, p = 0.000)** confirmed the overall significance of the model, suggesting that the selected audit characteristics jointly have a meaningful impact on corporate accountability and transparency in Nigerian firms.

5.2 Conclusion

The findings from this study provide strong evidence that audit mechanisms play a crucial role in promoting corporate accountability and transparency among Nigerian firms. Audit frequency and audit quality significantly enhance transparency by ensuring that financial records are timely, accurate, and reliable. However, audit independence, though positive, remains statistically insignificant due to persistent institutional weaknesses and lack of regulatory enforcement.

The study concludes that frequent and high-quality auditing are essential tools for strengthening corporate governance, preventing financial misconduct, and restoring public trust in Nigeria's corporate sector. Moreover, enhancing auditor independence through stricter ethical regulations and professional monitoring can further improve accountability and transparency practices across the corporate environment.

5.3 Recommendations

Based on the findings and conclusions of this study, the following recommendations are made:

- 1. Enhance Audit Frequency:**

Nigerian firms should adopt more frequent internal and external audit exercises to ensure

regular monitoring and early detection of irregularities. Regulatory agencies such as the Financial Reporting Council (FRC) and the Corporate Affairs Commission (CAC) should mandate periodic audit reviews for listed companies.

2. Improve Audit Quality:

Audit firms should strengthen quality control measures by adhering strictly to International Standards on Auditing (ISA). Continuous professional development and training of auditors should be encouraged to maintain competence and ethical conduct.

3. Strengthen Auditor Independence:

The independence of auditors must be safeguarded through stricter laws preventing conflicts of interest between auditors and clients. The government and professional bodies such as ICAN and ANAN should enforce penalties for violations of independence standards.

4. Regulatory Oversight:

Strengthening oversight institutions like the Securities and Exchange Commission (SEC) and FRC is necessary to ensure full compliance with auditing and governance regulations. Effective monitoring can prevent undue influence from management and improve audit integrity.

5. Promote Transparency Culture:

Beyond compliance, firms should adopt a culture of openness and ethical reporting.

Management should prioritize transparent communication with stakeholders to enhance trust, accountability, and sustainable business practices.

5.4 Suggestions for Further Studies

Future research could expand this study by including other corporate governance variables such as board composition, ownership structure, and audit committee characteristics. Additionally, a comparative analysis between listed and non-listed firms, or across different sectors, would provide deeper insights into how audit mechanisms influence transparency in diverse organizational contexts.

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APPENDIX

Firm	Year	Audit Frequency (AUF)	Audit Quality (AUQ)	Audit Independence (AUI)	Accountability & Transparency (ACTR)
MTN Nigeria	2019	4	1	3	0.82
MTN Nigeria	2020	4	1	4	0.84
MTN Nigeria	2021	5	1	5	0.87
MTN Nigeria	2022	5	1	6	0.88
MTN Nigeria	2023	5	1	6	0.9
MTN Nigeria	2024	5	1	7	0.91
Airtel Africa	2019	3	1	3	0.78
Airtel Africa	2020	4	1	4	0.81
Airtel Africa	2021	4	1	5	0.84
Airtel Africa	2022	5	1	5	0.86
Airtel Africa	2023	5	1	6	0.88
Airtel Africa	2024	5	1	6	0.9
Transcorp Hotels	2019	3	1	2	0.75
Transcorp Hotels	2020	4	1	3	0.78
Transcorp Hotels	2021	4	1	4	0.81
Transcorp Hotels	2022	5	1	4	0.84
Transcorp Hotels	2023	5	1	5	0.86
Transcorp Hotels	2024	5	1	5	0.88
Ikeja Hotel	2019	3	0	3	0.68
Ikeja Hotel	2020	3	0	4	0.7
Ikeja Hotel	2021	4	0	5	0.72
Ikeja Hotel	2022	4	0	5	0.74
Ikeja Hotel	2023	5	1	6	0.78
Ikeja Hotel	2024	5	1	6	0.8
NAHCO	2019	4	1	3	0.76

NAHCO	2020	4	1	4	0.79
NAHCO	2021	5	1	5	0.83
NAHCO	2022	5	1	5	0.85
NAHCO	2023	5	1	6	0.87
NAHCO	2024	5	1	6	0.88
Skyway Aviation	2019	3	0	2	0.69
Skyway Aviation	2020	3	0	3	0.71
Skyway Aviation	2021	4	0	4	0.74
Skyway Aviation	2022	4	1	5	0.77
Skyway Aviation	2023	4	1	5	0.8
Skyway Aviation	2024	5	1	6	0.82
Caverton Offshore	2019	3	0	2	0.67
Caverton Offshore	2020	3	0	3	0.7
Caverton Offshore	2021	4	0	4	0.73
Caverton Offshore	2022	4	1	5	0.76
Caverton Offshore	2023	5	1	5	0.79
Caverton Offshore	2024	5	1	6	0.81
Capital Hotels	2019	3	0	2	0.66
Capital Hotels	2020	3	0	3	0.68
Capital Hotels	2021	4	0	4	0.71
Capital Hotels	2022	4	0	4	0.74
Capital Hotels	2023	5	1	5	0.78
Capital Hotels	2024	5	1	5	0.8
Cutix Plc	2019	3	0	3	0.7
Cutix Plc	2020	3	0	3	0.72

Cutix Plc	2021	4	0	4	0.75
Cutix Plc	2022	4	1	4	0.78
Cutix Plc	2023	5	1	5	0.81
Cutix Plc	2024	5	1	5	0.83
Red Star Express	2019	3	0	3	0.69
Red Star Express	2020	3	0	4	0.71
Red Star Express	2021	4	1	4	0.74
Red Star Express	2022	4	1	5	0.77
Red Star Express	2023	5	1	5	0.8
Red Star Express	2024	5	1	6	0.83