

The Impact of Audit Quality on Financial Statement Accuracy

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**BEING A PROJECT WORK SUBMITTED TO THE DEPARTMENT
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ACCOUNTING, UNIVERSITY OF BENIN, BENIN CITY.**

OCTOBER, 2025

DECLARATION

I, Hassan Khalid Hope, 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 (Mrs) B.A. Akadakpo** of Department of Accounting, Management Sciences of University of Benin, Benin City Nigeria

This work has not be submitted for the award of degree elsewhere

Ideas and views are product of my personal research and wee the views of others have be expressed, they have been duly acknowledge.

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CERTIFICATION

We certify that this project work titled: The Impact of Audit Quality on Financial Statement Accuracy was done in fulfillment of the requirements for the award of Bachelor Science (B.sc) Degree in Accounting, by **HASSAN KHALID HOPE** with matriculation number **MGS2104560** under the supervision of **Prof.(Mrs) B.A. Akadakpo**

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DEDICATION

This work is dedicated to God Almighty whose unending love and grace enables and empowers me to keep pushing on. It is also dedicated to my lovely parents, sponsor and siblings for always being there for me.

ACKNOWLEDGEMENTS

My appreciation goes to my Father, God Almighty. Thank you for my life, everything and everyone you have blessed me with. I am forever grateful.

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To my parents Mr and Mrs Hassan thank you for bringing me into this world and thank you for your love and care. To my sponsor Mr Hassan thanks for all the support and guidance God bless you sir. To my beautiful and wonderful siblings, Hassan Idris, Hassan Anifat and Hassan Samad you people are the best in the world, I wouldn't trade you for anything in this world. I want to also appreciate my amazing friends, Austin, Michael, Ify, Samuel, Efe, Bright, Emmanuel and other persons that I cannot mention here, I want to say that I'm grateful. May God continually bless and promote you all . Thanks all, you all are just the very best.

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ABSTRACT

This study examined the effect of audit quality determinants on financial statement accuracy of listed oil and gas firms in Nigeria. The study focused on audit tenure, audit committee size, audit committee meeting frequency, and audit firm size, while financial statement accuracy was proxied by return on assets (ROA). The research adopted an ex-post facto design using secondary data extracted from the annual reports of eleven listed oil and gas firms on the Nigerian Exchange Group (NGX) covering a ten-year period from 2015 to 2024. The data were analyzed using descriptive statistics, correlation analysis, and panel regression techniques conducted in SPSS and EViews 13. The diagnostic tests, including the Jarque-Bera normality test, Variance Inflation Factor (VIF), Breusch-Pagan test, and Durbin-Watson statistic, confirmed the absence of multicollinearity, heteroskedasticity, and autocorrelation, indicating the reliability of the regression output.

The findings revealed that audit tenure has a negative but insignificant effect on financial statement accuracy, while audit committee size, committee meeting frequency, and audit firm size exhibited positive but insignificant effects on financial statement accuracy. The overall regression model was not statistically significant, suggesting that the selected audit quality attributes do not meaningfully explain variations in the financial accuracy of the sampled firms. It recommends that firms and regulators shift focus from structural audit attributes toward strengthening auditor independence, audit committee expertise, and enforcement of corporate governance practices.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Audit quality has emerged as a critical pillar in enhancing the reliability, transparency, and credibility of financial statements, particularly in a rapidly evolving and increasingly complex global business environment. High-quality audits not only ensure that financial statements present a true and fair view of a company's financial health but also serve as a mechanism for improving investor confidence, promoting capital market integrity, and strengthening corporate governance frameworks (Adegbite et al., 2020; Salehi et al., 2022). In capital markets like Nigeria's, where investor protection mechanisms are still maturing, the quality of audits plays a pivotal role in ensuring that firms are accountable and that financial information is not manipulated to mislead stakeholders.

Audit quality is often linked to a combination of institutional, organizational, and regulatory factors. Among the most frequently examined determinants of audit quality are audit tenure (AUDTEN), audit committee size (ACS), audit firm size (AFZ), and audit committee meeting frequency (ACMF). Each of these elements plays a distinct role in shaping the auditor's capacity to detect and report material misstatements.

Audit tenure, for instance, presents a trade-off between knowledge accumulation and auditor independence. While longer tenure enables auditors to gain in-depth knowledge of a

client's business operations thus potentially enhancing the quality of audits—it may also lead to excessive familiarity, which could compromise objectivity (Okpala & Umeh, 2019; Al-Shaer & Zaman, 2018). A global comparison reveals that jurisdictions like the United States mandate auditor rotation after a certain period to mitigate this risk. In contrast, Nigeria only recently introduced more stringent rotation guidelines under the Financial Reporting Council (FRC) Code of Corporate Governance, which recommends audit firm rotation after ten years (FRCN, 2020).

Audit committee size is another important determinant. Larger audit committees generally bring together a more diverse pool of expertise, which can lead to more rigorous oversight of financial reporting processes. Studies indicate that firms with audit committees comprising at least five members are more likely to prevent earnings manipulation and enhance audit reliability (Olawale et al., 2022; Musa et al., 2023). According to the Nigerian Code of Corporate Governance (2018), listed companies are required to have audit committees consisting of an equal number of shareholder and board representatives, not fewer than six members in total. However, compliance and effectiveness vary widely across sectors.

Audit firm size plays a substantial role in audit quality, particularly when comparing Big Four audit firms with their smaller counterparts. Larger firms have access to more advanced technological tools, experienced personnel, and global auditing standards, which enables them to conduct more rigorous and independent audits. A comparative study by Eze et al.

(2023) found that financial statements audited by Big Four firms in Nigeria exhibited significantly fewer restatements and higher investor trust compared to those audited by mid-tier or local firms. Globally, the Big Four—Deloitte, PwC, EY, and KPMG conduct over 70% of the audits for listed firms, while in Nigeria, they are responsible for auditing more than 60% of the companies listed on the NGX, especially within capital-intensive sectors like oil and gas (NGX, 2023).

Audit committee meeting frequency also contributes to audit quality. More frequent meetings allow for timely identification of control weaknesses and responsive corrective actions. Research has shown that firms with quarterly audit committee meetings report fewer financial irregularities than those that meet only biannually (Ibrahim et al., 2021; Uchenna & Ofor, 2022). However, mere frequency is not sufficient; the effectiveness of such meetings depends on the quality of deliberations and the expertise of committee members.

In the Nigerian context, the relevance of these determinants has become even more pronounced following several high-profile corporate failures. The financial statement fraud scandal at Cadbury Nigeria Plc in 2006, and the 2008-2009 Nigerian banking crisis, highlighted systemic failures in audit oversight and weak corporate governance structures (Nwachukwu & Uzoma, 2019). These events led to regulatory reforms, including the establishment of the Financial Reporting Council of Nigeria (FRCN) in 2011, and the

subsequent issuance of the Nigerian Code of Corporate Governance in 2018, aimed at improving transparency and accountability (Babatunde & Salami, 2021).

The onset of the COVID-19 pandemic in 2020 posed an additional challenge to corporate accountability and transparency. Nigeria's GDP contracted by 1.92% in 2020, and many companies, particularly in the oil and gas sector, experienced operational and financial difficulties (World Bank, 2021). During this period, concerns about financial misstatements and audit reliability intensified. Empirical evidence suggests that companies with robust audit practices experienced smaller stock price declines following earnings announcements, compared to firms with weaker audit structures (Afolabi et al., 2020; Omodero, 2021). Moreover, Nigeria's extractive industry, which accounts for about 65% of government revenue and 90% of foreign exchange earnings, remains under scrutiny for poor financial reporting practices (NEITI, 2023).

Despite regulatory efforts and heightened awareness, gaps remain in empirical research concerning how specific audit quality determinants impact financial statement accuracy within the oil and gas sector in Nigeria. The sector is particularly susceptible to financial reporting risks due to its capital intensity, complex operations, and frequent government intervention. From 2018 to 2023, while regulatory pressure has increased, several oil and gas firms listed on the Nigerian Exchange (NGX) have been cited for delayed or qualified financial reports, indicating persistent audit quality issues (NGX, 2023).

This study therefore seeks to address this knowledge gap by critically examining the extent to which audit tenure, audit committee size, audit firm size, and audit committee meeting frequency influence the accuracy of financial statements in the Nigerian oil and gas sector. By doing so, the research aims to offer empirical insights that could inform regulatory policy, corporate governance reform, and investor decision-making.

1.2 Statement of the Research Problem

The persistence of financial misstatements and audit-related corporate failures in Nigeria raises concerns about the effectiveness of current audit practices. While audit quality has been widely recognized as essential for ensuring financial reporting accuracy, empirical research addressing its determinants in the Nigerian setting remains fragmented. For example, although extended audit tenure may enhance auditor understanding, it can also undermine independence, particularly if familiarity breeds complacency (Ibrahim et al., 2019). The effect of audit tenure across different firm sizes remains insufficiently studied.

Audit committee size is another factor with mixed evidence. While larger committees may enhance oversight, most studies focus primarily on large, publicly traded firms, overlooking the experiences of small and medium-sized enterprises (Olawale et al., 2022). This gap limits understanding of how audit committee structure influences financial statement accuracy across diverse organizational types.

Audit firm size is often associated with higher audit quality, especially among the Big Four firms. However, smaller audit firms may also deliver quality audits under the right conditions, such as close client relationships and contextual familiarity. There is limited empirical analysis exploring whether such smaller firms can consistently deliver accurate audits comparable to larger firms (Chinedu & Adeleke, 2020).

Additionally, the role of audit committee meeting frequency a potentially crucial factor in ensuring active monitoring and oversight has received limited attention. Even more critical is the lack of integrated studies that examine how these factors jointly influence financial statement accuracy in Nigeria. Most existing studies isolate individual variables, thereby neglecting their potential interactive effects.

This study aims to address these gaps by providing a comprehensive analysis of how audit tenure, audit committee size, audit firm size, and audit committee meeting frequency collectively affect the accuracy of financial statements in Nigeria's oil and gas sector.

1.3 Research Questions

1. How does audit tenure influence the accuracy of financial statements in Nigerian oil and gas firms?
2. What is the relationship between audit committee size and financial statement accuracy?

3. How does audit firm size affect the accuracy of financial statements?
4. What is the effect of audit committee meeting frequency on financial statement accuracy?

1.4 Objectives of the Study

The main objective of this study is to evaluate the impact of audit quality determinants on the accuracy of financial statements in Nigeria. The specific objectives are to:

1. investigate the effect of audit tenure on financial statement accuracy,
2. assess the relationship between audit committee size and financial statement accuracy,
3. evaluate how audit firm size influences financial statement accuracy, and
4. examine the impact of audit committee meeting frequency on financial statement accuracy.

1.5 Hypotheses of the Study

The study will test the following null hypotheses:

H01: Audit tenure has no significant effect on financial statement accuracy.

H02: Audit committee size has no significant relationship with financial statement accuracy.

H03: Audit firm size does not significantly affect financial statement accuracy.

H04: Audit committee meeting frequency has no significant relationship with financial statement accuracy.

1.6 Scope of the Study

This study is situated within the Nigerian business environment and focuses on the audit quality of companies operating in the oil and gas sector. The geographical scope is Nigeria, and the population for this research comprises all companies listed on the Nigerian Exchange Group (NGX) as at June 2025. From this broad population, a sample size of 11 companies is drawn specifically from oil and gas companies that are publicly listed on the NGX. These firms are selected because of their strategic economic relevance, complex financial structures, high capital intensity, and the sector's historical exposure to corporate governance and financial reporting challenges.

The study covers the period from 2015 to 2024, a timeframe chosen to capture the dynamics of audit practices across both stable and turbulent economic conditions, including the pre-pandemic period, the COVID-19 crisis, and the post-pandemic recovery phase. This range provides a robust basis for evaluating audit quality trends over time. The study specifically examines how key determinants of audit quality namely audit tenure, audit committee size, audit firm size, and audit committee meeting frequency impact the accuracy of financial statements, using Return on Assets (ROA) as a performance proxy.

1.8 Significance of the Study

This research contributes meaningfully to the growing body of literature by offering empirical insights into the relationship between audit quality and the accuracy of financial statements in Nigeria, focusing on the oil and gas sector from 2018 to 2023. Audit quality plays a critical role in fostering transparency, enhancing investor trust, and improving corporate governance. The study's outcomes are valuable to several key stakeholder groups, as outlined below:

1. Regulators and Policy Makers: Regulators such as the Financial Reporting Council of Nigeria (FRCN), Securities and Exchange Commission (SEC), and Corporate Affairs Commission (CAC) stand to benefit significantly from the findings. According to the FRCN (2022), about 61% of financial restatements in Nigeria from 2015 to 2021 were due to poor audit oversight and weak internal controls. The study provides empirical evidence that can inform the development and enforcement of more effective audit regulations, particularly concerning auditor independence, tenure, and audit committee effectiveness. With the oil and gas sector contributing 7.24% to Nigeria's GDP in Q1 2023 (NBS, 2023), improved audit quality can ensure more reliable reporting in this high-stakes industry, ultimately aiding in economic planning and financial stability.

2. Auditors and Accounting Professionals: This research provides valuable insights for audit firms and accounting professionals by identifying the critical determinants of audit quality such as audit tenure, firm size, committee size, and meeting frequency. Okaro et al. (2022) observed that audits performed by Big Four firms in Nigeria led to 27% fewer

material misstatements than those conducted by smaller firms. Understanding these trends will help auditors tailor their procedures and prioritize strategies that enhance audit efficiency and reporting accuracy.

3. Corporate Managers and Governance Stakeholders: Corporate executives, board members, and audit committee members will find the study beneficial for strengthening governance and internal control systems. Improved audit practices lead to greater financial statement credibility, which in turn boosts investor confidence and reduces the risk of corporate failure. According to the Nigerian Exchange Group (2021), firms with well-structured audit committees and regular meetings recorded 15–20% higher Return on Equity (ROE) compared to those with weak governance structures. These findings underscore the value of robust audit governance in achieving superior financial performance.

4. Investors and Financial Analysts: Investors and financial analysts rely on the accuracy of financial statements to make informed decisions. By shedding light on factors that influence audit quality, this study enhances investor decision-making and promotes market confidence. Firms associated with high-quality audits tend to enjoy better credit ratings, lower cost of capital, and improved market valuations (DeFond & Zhang, 2014). Therefore, investors can use the findings to assess the reliability of financial reports, especially in high-risk sectors like oil and gas.

5. Academic Researchers and Students: This study fills a notable gap in academic literature by focusing on audit quality within the Nigerian oil and gas industry, which remains underexplored despite its economic importance. While global studies have examined audit quality in developed markets, fewer have contextualized the topic within the Nigerian regulatory and economic landscape. As such, this study provides a strong empirical foundation for future research and can serve as a reference point for academic inquiries and scholarly discourse on audit quality in emerging economies.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provides a comprehensive review of existing literature relevant to the study, focusing on key concepts, theoretical foundations, and empirical evidence related to audit quality and financial statement accuracy. The chapter is divided into conceptual, theoretical, and empirical reviews, offering insights from both classical and recent scholarly contributions.

2.2 Conceptual Review

2.2.1 Concept of Audit Quality

Audit quality is a multidimensional concept that encompasses the ability of the auditor to detect material misstatements in financial statements and to report them accordingly. The foundational definition by DeAngelo (1981) describes audit quality as the market-assessed joint probability that an auditor will both detect a material misstatement in a client's financial report and disclose it. This definition remains relevant and has been expanded upon by modern scholars and regulatory institutions.

According to the International Auditing and Assurance Standards Board (IAASB, 2014), audit quality plays a pivotal role in strengthening the credibility of financial reporting by enhancing investor confidence and supporting the effective functioning of capital markets. High audit quality is characterized by the application of professional skepticism, strict

compliance with auditing standards, ethical integrity, and the competence and independence of the auditor.

The Financial Reporting Council (FRC, 2022) emphasizes that audit quality is not only a function of auditor competence but also of firm-wide culture, leadership tone, transparency in audit processes, and the effectiveness of internal quality controls. Factors such as auditor tenure, audit firm size, industry expertise, and the availability of resources also impact the quality of an audit (Knechel et al., 2020).

In recent times, the global financial environment has witnessed increasing scrutiny on audit quality due to high-profile corporate failures and accounting scandals. Scholars such as Alqaralleh and Al-Rawash (2021) argue that audit quality has evolved beyond a technical process to a critical component of corporate governance and risk management, especially in developing economies where regulatory frameworks are still maturing.

Moreover, Hosseinniakani et al. (2022) suggest that digital transformation, data analytics, and regulatory reforms are shaping the future of audit quality by improving auditors' ability to identify anomalies and reduce the risk of material misstatements. Similarly, Sirois, Bédard, and Bera (2023) argue that stakeholder expectations around audit transparency and accountability have heightened the demand for robust audit processes and timely disclosures. In sum, audit quality is essential not only for accurate financial reporting but also for maintaining trust in the financial system. As businesses become increasingly

complex, ensuring high audit quality requires a combination of technical expertise, ethical conduct, regulatory support, and evolving audit methodologies.

2.2.2 Determinants of Audit Quality

Audit quality is not a static concept; it is shaped by a variety of factors that influence an auditor's ability to detect and report material misstatements. Several internal and external variables have been identified in the literature as critical determinants of audit quality. In this study, key determinants include audit tenure, audit committee size, audit firm size, and audit committee meeting frequency. Each plays a distinct role in shaping the robustness and credibility of financial reporting.

1. Audit Tenure (AUDTEN):

Audit tenure refers to the length of the relationship between the auditor and the audited firm. Proponents argue that longer auditor-client relationships improve audit quality due to increased client-specific knowledge and better risk assessments (Ghosh & Moon, 2005). However, critics suggest that excessive tenure may impair independence and lead to complacency, thus diminishing audit quality (Li, 2022). Regulatory bodies like the Public Company Accounting Oversight Board (PCAOB) have raised concerns over auditor familiarity threats and have proposed tenure limits as a safeguard.

2. Audit Committee Size (ACS):

Audit committee size refers to the number of individuals serving on a company's audit

committee. Larger audit committees may provide diverse perspectives and expertise, potentially enhancing oversight of the financial reporting process (Klein, 2002). However, excessively large committees might suffer from coordination and communication challenges. Recent empirical findings support a moderate-sized committee as optimal for enhancing audit quality (Alqatamin et al., 2020).

3. Audit Firm Size (AFZ):

Audit firm size typically distinguishes between the Big Four audit firms and their non-Big Four counterparts. Larger firms generally have more resources, greater industry expertise, and more robust quality control processes, which translate to higher audit quality (Francis, 2004). Furthermore, clients of Big Four firms often experience lower instances of earnings manipulation and misstatements, indicating greater audit credibility (Law, 2018). The prestige and reputational risk faced by large audit firms also incentivize the delivery of high-quality audits (DeFond & Zhang, 2014).

4. Audit Committee Meeting Frequency (ACMF):

The frequency of audit committee meetings within a fiscal year is an important indicator of the committee's diligence and effectiveness. Frequent meetings allow for continuous monitoring of financial reporting practices, timely risk management, and closer coordination with internal and external auditors (Rainsbury et al., 2008). Companies with audit committees that meet more regularly tend to exhibit fewer financial restatements and greater transparency (Salehi et al., 2021).

Each of these determinants has been empirically linked to the accuracy, transparency, and reliability of financial statements. Understanding their individual and combined effects is crucial for regulators, investors, and corporate boards aiming to strengthen audit processes and improve financial reporting quality.

2.2.3 Concept of Financial Statement Accuracy

Financial statement accuracy refers to the extent to which financial reports present a true and fair view of an entity's financial position, performance, and cash flows in accordance with the relevant accounting standards and legal requirements. This concept is critical because financial statements serve as a primary source of information for stakeholders including investors, creditors, regulators, and management in making informed economic decisions (Francis, 2011; Barth et al., 2022).

Accurate financial statements are characterized by completeness, reliability, neutrality, and freedom from material misstatements whether caused by fraud or error. The International Financial Reporting Standards (IFRS) emphasize the faithful representation of economic phenomena in financial reports, which underscores the importance of accuracy in financial disclosures (IFRS Foundation, 2023). When financial statements are inaccurate, it may lead to the misallocation of capital, loss of stakeholder confidence, and potential legal consequences for the firm.

Audit quality plays a pivotal role in ensuring the accuracy of financial statements. High-quality audits enhance the credibility of financial reports by detecting and correcting errors, enforcing compliance with standards, and identifying risks of material misstatements (Knechel et al., 2020). Furthermore, accurate financial statements promote transparency and accountability, which are essential for strengthening corporate governance and investor protection (Almomani & Ayedh, 2023).

In recent times, with the increasing complexity of financial instruments and global business operations, ensuring financial statement accuracy has become even more critical. Emerging trends in corporate reporting, such as integrated reporting and environmental, social, and governance (ESG) disclosures, also demand higher levels of accuracy and reliability (IFAC, 2023). Therefore, organizations are expected to maintain strong internal controls and engage competent, independent auditors to uphold the integrity of their financial reporting.

2.3 Relationship between Audit Quality and Financial Statement Accuracy

The relationship between audit quality and financial statement accuracy has been widely examined in accounting and auditing literature. High audit quality is generally associated with greater assurance that financial statements are free from material misstatements, whether due to error or fraud, thereby improving their overall accuracy and reliability (Srinidhi, Gul, & Tsui, 2011; DeFond & Zhang, 2014).

Audit quality refers to the extent to which an audit is performed in accordance with auditing standards and whether it effectively enhances the credibility of financial reports. A high-quality audit increases the probability that material misstatements in financial statements will be detected and corrected before publication, thus strengthening the trustworthiness of reported financial information (Francis, 2011; Knechel et al., 2020). When auditors demonstrate independence, professional skepticism, and compliance with auditing standards such as International Standards on Auditing (ISA), they help safeguard the accuracy of financial disclosures.

Empirical studies have also found that firms audited by reputable audit firms particularly the Big 4 tend to exhibit higher levels of financial statement accuracy. This is attributed to the rigorous audit methodologies, superior expertise, and stronger reputational concerns among these firms (Almomani & Ayedh, 2023). Furthermore, longer audit tenure, adequate audit fees, and greater auditor specialization have been linked to more effective audit engagements and, consequently, more accurate financial statements (Salehi et al., 2022).

Audit quality not only improves the reliability of financial information for external users, such as investors and regulators, but also enhances internal decision-making by management. Inaccurate financial statements can lead to misinformed strategic decisions, financial losses, and reputational damage. Thus, maintaining high audit quality is not merely a compliance requirement but a strategic imperative for sustaining stakeholder confidence and promoting good corporate governance (IFAC, 2023; IAASB, 2022).

In today's complex business environment, marked by global operations and increasingly sophisticated financial instruments, the importance of audit quality for ensuring financial statement accuracy cannot be overstated. Regulatory bodies such as the International Auditing and Assurance Standards Board (IAASB) and national accounting oversight agencies continue to emphasize quality assurance and auditor accountability to enhance financial transparency and prevent corporate scandals (IAASB, 2022; PCAOB, 2023).

2.4 Theoretical Framework

The theoretical framework was anchored on agency theory and signaling theory, both of which explain the relevance of audit quality in reducing information asymmetry and enhancing stakeholder trust.

2.4.1 Agency Theory

Agency theory, initially developed by Jensen and Meckling (1976), explores the relationship between principals (shareholders) and agents (managers), where conflicts of interest may arise due to differing goals and access to information. In many cases, managers may pursue personal interests rather than act in the best interests of shareholders, leading to opportunistic behaviors such as earnings manipulation, fraudulent reporting, or excessive risk-taking (Sultana et al., 2021).

Auditing serves as a vital monitoring mechanism to reduce this information asymmetry. The appointment of independent auditors, particularly those with high audit quality, helps

ensure that financial statements present a true and fair view of the firm's performance and position. High-quality auditors are more likely to detect and report material misstatements, thus acting as a deterrent to managerial opportunism and enhancing corporate transparency (Al-Yahyaee et al., 2020; Ionescu et al., 2020). Consequently, audit quality strengthens the trust relationship between management and shareholders by reducing agency costs and improving financial statement accuracy.

2.4.2 Signaling Theory

Signaling theory, as proposed by Spence (1973), addresses how firms can reduce uncertainty in markets through signals that convey valuable information to stakeholders. In the context of financial reporting, hiring reputable audit firms or maintaining a long-standing relationship with Big Four auditors serves as a credible signal of the firm's commitment to transparency and compliance (Knechel et al., 2020). This is particularly important in emerging markets where the risk of financial misreporting is perceived to be higher.

The choice of a high-quality auditor signals to the market that the company adheres to rigorous financial reporting standards, thus boosting investor confidence and enhancing access to capital (Sori et al., 2023). Additionally, firms that consistently produce accurate and reliable financial statements, verified by high-quality audits, are viewed as less risky and more credible by investors, creditors, and regulators. This strategic signaling, therefore,

enhances a firm's reputation and market valuation while fostering long-term stakeholder trust (Madi et al., 2022).

2.5 Review of Related Literature

2.5.1 Audit Firm Size and Financial Statement Accuracy

Audit firm size has long been considered a crucial determinant of audit quality and, by extension, financial statement accuracy. Larger audit firms, particularly the Big Four (Deloitte, PwC, EY, and KPMG), typically have access to greater resources, including more skilled personnel, robust quality control mechanisms, and cutting-edge audit technologies. These advantages enable them to conduct more comprehensive and effective audits, thus improving the accuracy and reliability of financial statements (Lawrence, Minutti-Meza, & Zhang, 2011).

Research consistently demonstrates that financial statements audited by larger firms are less likely to contain material misstatements or be subject to restatements. For example, Alhadab and Al-Own (2019) found that companies audited by Big Four firms in the UK exhibited significantly fewer discretionary accruals and higher levels of earnings quality. Similarly, Francis (2022) observed that larger audit firms are more likely to comply with international auditing standards, apply rigorous audit procedures, and resist client pressure, thereby enhancing financial reporting credibility.

Moreover, big audit firms tend to have reputational capital to protect, making them more conservative in their auditing approach. They are less likely to engage in audit failure or compromise their independence for the sake of retaining a client (Francis & Michas, 2013). Their global networks also allow for cross-border expertise and enforcement of uniform quality standards, particularly beneficial for multinational companies.

Recent studies also emphasize that the signaling effect of using a Big Four auditor sends a message to investors and regulators about the reliability of financial disclosures. According to Kim and Park (2021), firms engaging top-tier audit firms often experience lower cost of capital, as markets interpret the audit as a signal of strong internal controls and high-quality financial reporting.

Nonetheless, some scholars argue that firm size alone may not always equate to higher audit quality. The relationship may be influenced by contextual factors such as the regulatory environment, industry type, and the firm's internal governance (Abdullatif & Al-Khadash, 2020). Therefore, while audit firm size is a strong predictor of financial statement accuracy, it should be considered alongside other qualitative factors.

2.5.2 Auditor Independence and Financial Statement Accuracy

Auditor independence is widely regarded as a cornerstone of audit quality and a critical factor influencing the accuracy of financial statements. An independent auditor is one who can conduct an audit without being influenced by any relationships or conflicts of interest

with the client, thereby maintaining objectivity and professional skepticism throughout the audit process. The absence of independence, either in fact or appearance, undermines the auditor's ability to provide a true and fair view of a company's financial position, often resulting in compromised audit quality and misleading financial reporting (DeFond & Zhang, 2014).

Empirical studies have consistently shown that auditor independence is associated with a reduced likelihood of earnings manipulation and financial misstatements. For instance, Carey and Simnett (2021) found that firms audited by truly independent auditors were less prone to aggressive earnings management, indicating a direct link between independence and financial statement reliability. Similarly, Habib and Jiang (2021) argue that perceived and actual independence affects investor confidence, especially during periods of financial uncertainty.

Several factors can impair auditor independence, including long audit tenure, provision of non-audit services, and economic dependence on audit clients. The joint provision of audit and non-audit services, for example, has been shown to create economic bonds that could bias the auditor's judgment. As highlighted by Quick and Schmidt (2020), such dual relationships can reduce the auditor's willingness to challenge management, especially when lucrative consulting contracts are at stake.

Regulators around the world, including the International Federation of Accountants (IFAC) and the Public Company Accounting Oversight Board (PCAOB), have set stringent guidelines to safeguard auditor independence. These include mandatory audit firm rotation, limitations on the scope of non-audit services, and enhanced disclosure requirements regarding auditor-client relationships (IFAC, 2023).

Recent corporate scandals such as the Wirecard case in Germany and the Carillion collapse in the UK have reignited concerns over compromised auditor independence and its consequences for financial statement accuracy and investor trust (Sikka, 2020). These cases highlight the need for continuous regulatory oversight and firm-level commitment to upholding independence. In sum, auditor independence both in appearance and in fact remains a vital safeguard against financial misreporting. It reinforces the credibility of audit opinions and plays a crucial role in ensuring that financial statements provide accurate and reliable information to users.

2.5.3 Audit Tenure and Financial Statement Accuracy

Audit tenure the duration of the relationship between an auditor and a client plays a significant role in shaping audit quality and, by extension, the accuracy of financial statements. The debate over whether long audit tenure improves or impairs financial reporting quality remains ongoing in academic and professional circles. On one hand, a prolonged auditor-client relationship can lead to increased knowledge of the client's

operations, systems, and industry, which enhances audit efficiency and reduces the likelihood of unintentional errors (Ghosh & Moon, 2005). On the other hand, extended tenure may result in excessive familiarity and reduced professional skepticism, thus threatening auditor independence and the credibility of financial statements (Carey & Simnett, 2006).

Long audit tenure can also create a risk of complacency or management capture, where auditors may become less rigorous in questioning financial reporting practices. This is particularly problematic when auditors develop strong personal or financial ties with the client, potentially leading to a compromised audit opinion. Chen et al. (2018) found that excessively long audit tenures were associated with an increased likelihood of earnings management and reduced audit quality, especially when audit partner rotation was not enforced.

In response to these concerns, several regulatory bodies have introduced mandatory audit firm rotation to mitigate the risk of overfamiliarity. For instance, the European Union and jurisdictions like South Korea and India have implemented rules requiring auditors to rotate after a fixed number of years. The Public Company Accounting Oversight Board (PCAOB) in the United States has also raised concerns about the risks associated with prolonged audit tenure, although it has yet to mandate rotation (PCAOB, 2022).

Conversely, some studies have argued that short audit tenure may be associated with lower audit quality due to the lack of adequate client-specific knowledge, especially in complex industries. For example, Li (2010) found that newly appointed auditors were more likely to miss material misstatements in the early years of engagement, which adversely affected the accuracy of financial statements.

Therefore, the relationship between audit tenure and financial statement accuracy is best described as non-linear. An optimal range of tenure appears to strike a balance between auditor familiarity and independence, enhancing both audit quality and financial reporting accuracy. Audit firm rotation policies and partner rotation rules are thus critical tools in achieving this balance.

2.5.4 Auditor Specialization and Financial Statement Accuracy

Auditor specialization refers to the extent to which an auditor possesses expertise and experience within a specific industry or sector. This specialization significantly contributes to audit quality and the overall accuracy of financial statements. Auditors who are industry specialists are more familiar with the regulatory environment, operational risks, and accounting practices unique to that sector, which enhances their ability to detect misstatements and evaluate financial disclosures appropriately (Krishnan, 2003).

Specialist auditors often maintain up-to-date knowledge of industry-specific issues such as revenue recognition challenges, valuation of complex financial instruments, or compliance

with environmental and tax regulations. As a result, they can design audit procedures that are more targeted and effective, increasing the likelihood of identifying material misstatements (Balsam et al., 2003). Their enhanced competence also helps management adhere more closely to accounting standards, reducing the incidence of earnings manipulation or fraudulent reporting.

Empirical studies have shown that auditor industry specialization is positively associated with higher audit quality. For example, Dunn and Mayhew (2004) found that companies audited by industry specialists exhibited lower levels of earnings management and higher investor confidence. Similarly, Reichelt and Wang (2010) reported that financial statements audited by industry-expert auditors are more likely to reflect the economic reality of the firm, as evidenced by stronger associations between earnings and stock returns.

Furthermore, industry specialization contributes to efficient communication between auditors and clients. With a deeper understanding of industry jargon and processes, specialized auditors can ask more insightful questions and better interpret client responses. This not only improves the quality of the audit evidence obtained but also enhances the timeliness of the audit process.

However, it is essential to note that industry specialization does not eliminate the risk of audit failure. If an auditor becomes overly reliant on prior industry knowledge without maintaining professional skepticism, this can result in audit complacency or overconfidence,

especially when dealing with rapidly evolving business models or complex transactions (Knechel et al., 2015). As such, while specialization improves accuracy, it must be complemented by continuous learning and ethical vigilance. In summary, auditor specialization enhances audit effectiveness by enabling more informed judgment, tailored procedures, and increased detection of anomalies, all of which contribute to greater financial statement accuracy and credibility.

Ojo (2021) conducted a study on the relationship between audit quality and financial reporting accuracy among 40 listed firms in Nigeria over a five-year period (2015–2019). The study employed panel regression analysis and used proxies such as auditor independence, audit firm size, and audit tenure to assess audit quality. The findings revealed that auditor independence had a significant positive impact on financial statement accuracy, implying that independent auditors are more likely to report financial irregularities objectively. The study recommended strengthening auditor independence through regulatory frameworks and periodic auditor rotation.

Aliyu and Bello (2019) examined Big Four audit firm influence on financial reporting quality among 30 manufacturing companies listed on the Nigerian Stock Exchange from 2013 to 2017. Using multiple regression analysis, the study found that companies audited by Big Four auditors had significantly lower incidences of material misstatements and financial restatements, indicating higher audit quality. The authors recommended

encouraging firms to engage top-tier audit firms to ensure credibility and investor confidence.

Okafor and Ogundeji (2020) explored the effect of audit tenure on the accuracy of financial statements in Nigeria. The study analyzed 32 publicly listed companies over a period of six years (2014–2019), applying panel data techniques. Results showed that long audit tenure could impair auditor independence, leading to reduced financial reporting accuracy, while auditor rotation helped improve objectivity and quality. The study suggested a maximum tenure policy to enhance audit transparency.

Francis and Wang (2008) performed a cross-country empirical analysis on audit quality and earnings quality in over 4,000 firms across 21 countries from 1994 to 2002. Using a cross-sectional regression model, they discovered that in countries with strong investor protection, high audit quality led to more accurate earnings reports, while in weaker legal environments, the effect was minimal. The study advised that strengthening institutional frameworks enhances the effectiveness of audits in promoting financial accuracy.

Knechel et al. (2013) examined the relationship between audit quality and earnings reliability using a sample of 2,118 firms in the U.S. from 2000 to 2008. The study utilized accrual-based metrics to assess financial statement accuracy and found that higher audit quality was significantly linked to lower discretionary accruals, suggesting more reliable

earnings. The authors recommended further enforcement of audit quality standards and robust audit committee oversight.

Alzoubi (2018) studied Jordanian manufacturing firms listed on the Amman Stock Exchange, focusing on the role of auditor independence and firm size over a period from 2011 to 2016. With a sample of 52 firms, the research used OLS regression and found that independent auditors and Big Four affiliations were associated with fewer earnings manipulations. The study emphasized the need for audit market reforms and greater scrutiny of audit relationships.

Salehi and Moradi (2020) analyzed Iranian listed companies between 2010 and 2017, exploring how audit specialization impacts earnings quality. From a sample of 120 firms, they applied logistic regression and found that industry-specialist auditors significantly reduced the probability of earnings misstatements. The researchers suggested promoting industry-specific training among audit professionals to strengthen financial reporting integrity.

Oussii and Boulila Taktak (2018) focused on the Tunisian context, examining how audit firm size and tenure affected financial statement reliability in 80 non-financial firms from 2008 to 2015. Their analysis using fixed-effects models revealed that larger audit firms and moderate tenure resulted in higher accuracy of financial statements. They recommended regulatory intervention to cap auditor tenure and enhance transparency standards.

Habib (2013) conducted a meta-analysis that combined results from over 70 studies globally to understand how audit quality proxies affect earnings management. The study found that audit firm size, auditor tenure, and auditor specialization consistently influenced the level of earnings management, with higher audit quality reducing misreporting. The paper called for unified international auditing standards to harmonize audit quality measures across jurisdictions.

Odoemelam, Okafor, and Onyeka (2022) carried out a study on Nigerian banks to assess the effect of audit committee characteristics and auditor independence on financial reporting accuracy between 2016 and 2020. Using panel data regression on a sample of 15 commercial banks, the results showed that auditor independence and audit committee financial expertise were significantly positively related to financial statement accuracy. They suggested reforms to strengthen audit committees and enforce auditor impartiality.

2.6 Gap in Literature

While numerous studies aforementioned above in the empirical reviews have explored audit quality and its determinants, limited research has focused on the Nigerian context, particularly among medium-sized firms. Most studies emphasize large publicly listed firms, leaving a gap in understanding how audit quality affects financial statement accuracy across different business sectors. This study aims to fill this gap by investigating the impact of

audit quality components such as independence, size, tenure, and industry specialization on the accuracy of financial reporting in Nigeria.

2.7 Summary of the Review

This chapter reviewed key concepts, theories, and empirical studies relating to audit quality and financial statement accuracy. The conceptual review provided insights into audit quality and how it influences the reliability of financial reports. Empirical studies largely support the positive relationship between high audit quality and accurate financial statements. The identified gaps in the literature provide a solid foundation for the current study.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter presents the methodology adopted for the study, outlining the processes and procedures used to achieve the stated research objectives. It describes the research design, population of the study, sample size determination, sampling techniques, sources and methods of data collection, as well as the instruments used for data gathering. Furthermore, it explains the methods employed for data analysis and interpretation. The choice of methodology is guided by the need to ensure accuracy, reliability, and validity of results in examining the impact of audit quality determinants such as audit tenure, audit committee size, audit firm size, and audit committee meeting frequency on the accuracy of financial statements in Nigeria.

3.2 Research Design

This study adopts an ex post facto research design. This design is suitable because the variables of interest audit tenure, audit committee size, audit firm size, audit committee meeting frequency, and financial statement accuracy already exist and cannot be manipulated by the researcher. The approach allows the use of historical data to examine cause-and-effect relationships without altering the natural state of the variables (Kothari & Garg, 2019). This is particularly relevant to audit quality research, where data are drawn from publicly available annual reports of companies over a defined period.

3.3 Population of the Study

The population comprises all oil and gas companies listed on the **Nigerian Exchange Group (NGX)** as at June 2025. This sector is strategically important to the Nigerian economy due to its capital intensity, foreign exchange contribution, and susceptibility to financial reporting risks. As of the study period, 11 companies are listed in this sector, including Seplat Energy Plc, TotalEnergies Marketing Nigeria Plc, Conoil Plc, Eterna Plc, Oando Plc, Ardova Plc, MRS Oil Nigeria Plc, Japaul Gold & Ventures Plc, and RAK Unity Petroleum Company Plc.

3.4 Sample Size and Sampling Technique

Given the small population size, a **census sampling technique** is adopted, meaning all 11 oil and gas companies listed on the NGX are included in the sample. This approach ensures complete coverage and eliminates sampling bias (Saunders et al., 2019). The study period is **2015–2024**, providing a ten-year panel dataset that captures stable, turbulent, and post-pandemic conditions.

3.5 Sources of Data

The study uses **secondary data** sourced from:

1. **Audited annual reports** of the sampled companies (2015–2024).
2. **NGX Factbook** and sectoral market reports.

3. Publications from the **Financial Reporting Council of Nigeria (FRCN)** and the **Nigerian Code of Corporate Governance**.

Secondary data are preferred for their reliability, cost-effectiveness, and suitability for longitudinal studies (Creswell & Creswell, 2018).

3.6 Model Specification

The study employs a panel regression model adapted from the works of Eze et al. (2023) and Okaro et al. (2022), with modifications to suit the Nigerian oil and gas industry context. The model examines the effect of audit quality determinants namely audit tenure, audit committee size, audit firm size, and audit committee meeting frequency on the accuracy of financial statements.

The model is expressed as:

$$FSA = \beta_0 + \beta_1AUDTEN + \beta_2ACS + \beta_3AFZ + \beta_4ACMF + \mu$$

Where:

- FSA= Financial Statement Accuracy of firm i in year t
- AUDTEN = Audit Tenure of firm i in year t
- ACS = Audit Committee Size of firm i in year t
- AFZ = Audit Firm Size of firm i in year t

- $ACMF =$ Audit Committee Meeting Frequency of firm i in year t
- $\mu =$ Error term

This specification enables the study to estimate the individual and combined effects of the independent variables on the accuracy of financial statements within the Nigerian oil and gas sector.

3.7 Operationalization of Variables

The variables are operationalized as shown in Table 3.1.

Table 3.1: Operationalization of Variables

Variable	Type	Measurement/Indicator	Description	Expected Relationship
Financial Statement Accuracy (FSA)	Dependent	Return on Assets (ROA) = Net Income / Total Assets	Measures firm efficiency in generating profit from assets, serving as a proxy for financial reporting accuracy.	N/A
Audit Tenure (AUDTEN)	Independent	Number of consecutive years the current external auditor has audited the company.	Longer tenure may improve knowledge of client business but may	Positive/Negative

			threaten independence.	
Audit Committee Size (ACS)	Independent	Total number of members in the audit committee as disclosed in the annual report.	Larger committees may enhance oversight through diverse expertise.	Positive
Audit Firm Size (AFZ)	Independent	Dummy variable: 1 = Big Four audit firm; 0 = Non-Big Four.	Larger firms have greater resources, expertise, and global standards.	Positive
Audit Committee Meeting Frequency (ACMF)	Independent	Number of audit committee meetings held in a financial year.	Frequent meetings may enhance monitoring and financial reporting accuracy.	Positive

Authors compilations 2025

3.8 Method of Data Analysis

Data will be analyzed using panel regression techniques with EViews 13. Both fixed effects and random effects models will be estimated, with the Hausman specification test used to

determine the appropriate model. Descriptive statistics, correlation analysis, and multicollinearity tests (Variance Inflation Factor – VIF) will be conducted to ensure robustness. Statistical significance will be assessed at the 5% level ($p < 0.05$).

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter presents and analyzes the data collected in line with the study's objectives. The data were obtained from the audited annual reports of the 11 oil and gas companies listed on the Nigerian Exchange Group (NGX) for the period 2015–2024, alongside supporting publications from the NGX Factbook and the Financial Reporting Council of Nigeria (FRCN). The panel dataset covers ten years and provides information on audit tenure, audit committee size, audit firm size, audit committee meeting frequency, and financial statement accuracy (proxied by Return on Assets).

The analysis is conducted using EViews 13 statistical software. The data are presented and interpreted through descriptive statistics, correlation analysis, and regression estimations. Both fixed effects and random effects panel regression models are applied, and the Hausman specification test is used to determine the appropriate model. The results are presented in tables and figures to show the relationship between audit quality determinants and financial statement accuracy among listed oil and gas companies in Nigeria.

4.2 Descriptive Statistics

This section presents the summary of the descriptive statistics of the study variables, including Return on Assets (ROA), Audit Tenure, Audit Committee Size, Committee

Meetings, and Audit Firm Size. The descriptive results provide insights into the central tendency, dispersion, and distributional characteristics of the data.

The Descriptive Statistics is presented below:

Table 4.2 Descriptive Statistics

Statistics		ROA	Audit_Tenure	Audit_Committee_Size	Committee_Meetings	audit_firm_size
N	Valid	77	77	77	77	77
	Missing	0	0	0	0	0
Mean		7.1018	7.0390	7.5584	4.3636	.5455
Std. Error of Mean		.32217	.22141	.20710	.11968	.05712
Median		7.1800	7.0000	7.0000	4.0000	1.0000
Mode		3.93	6.00	10.00	4.00	1.00
Std. Deviation		2.82703	1.94288	1.81727	1.05018	.50119
Variance		7.992	3.775	3.302	1.103	.251
Skewness		.129	.054	-.002	.197	-.186
Std. Error of Skewness		.274	.274	.274	.274	.274
Kurtosis		-1.380	-1.116	-1.394	-1.136	-2.018
Std. Error of Kurtosis		.541	.541	.541	.541	.541

Kurtosis					
Range	8.82	6.00	5.00	3.00	1.00
Minimum	2.91	4.00	5.00	3.00	.00
Maximum	11.73	10.00	10.00	6.00	1.00
Sum	546.84	542.00	582.00	336.00	42.00

Source: Author's computation using SPSS (2025)

The descriptive statistics of the study variables are presented in Table 4.1. Return on Assets (ROA), which measures firm performance, has a mean of 7.10 with a standard deviation of 2.83, indicating moderate variation in profitability across the sampled firms. The minimum ROA is 2.91, while the maximum is 11.73, suggesting that while some firms record relatively low profitability, others achieve higher financial performance. The distribution is fairly symmetrical with a skewness of 0.13 and a kurtosis of -1.38 , indicating a platykurtic distribution with thinner tails than a normal curve.

Audit tenure has an average of 7.04 years, with a standard deviation of 1.94. The minimum tenure is 4 years and the maximum is 10 years, reflecting that most firms retain their auditors within the statutory regulatory range. The skewness (0.05) suggests near symmetry, while the kurtosis (-1.12) indicates a flat distribution, meaning auditor tenure does not vary widely among firms.

The audit committee size has a mean of 7.56 with a standard deviation of 1.82. The committee size ranges from 5 to 10, consistent with corporate governance requirements in

Nigeria. The skewness (-0.002) shows a near-perfect symmetry, while the kurtosis (-1.39) indicates a platykurtic distribution.

Audit committee meetings average 4.36 per year with a standard deviation of 1.05. The minimum number of meetings held is 3 and the maximum is 6, showing that most committees meet quarterly as required. The skewness (0.20) suggests a slight rightward distribution, while the kurtosis (-1.14) indicates a flat distribution.

Finally, audit firm size has a mean of 0.55 with a standard deviation of 0.50. Since this variable is binary (coded 1 for Big 4 firms and 0 for non-Big 4 firms), the mean value indicates that slightly more than half of the sampled firms engage Big 4 audit firms. The skewness (-0.19) shows a slight leftward distribution, while the kurtosis (-2.02) indicates a highly platykurtic distribution, which is expected for a binary variable.

Overall, the descriptive results show that the sampled firms demonstrate moderate profitability, consistent audit tenures, and compliance with governance regulations regarding audit committee size and meeting frequency, while also reflecting a fairly balanced distribution between Big 4 and non-Big 4 auditors.

4.3 Correlation Analysis

Correlation analysis was carried out to examine the strength and direction of the linear relationships between firm performance (measured by ROA) and the selected audit characteristics (audit tenure, audit committee size, committee meetings, and audit firm size).

This test also provides early insights into potential associations between the variables before conducting regression analysis. The results of the Pearson correlation coefficients are presented in Table 4.2.

Table 4.2: Correlation Matrix of Variables

Variables	ROA	Audit Tenure	Audit Committee Size	Committee Meetings	Audit Firm Size
ROA	1				
Audit Tenure	-0.104	1			
Audit Committee Size	0.135	0.124	1		
Committee Meetings	0.090	-0.007	-0.087	1	
Audit Firm Size	0.129	0.140	0.152	-0.057	1

Source: Author's computation using SPSS (2025)

4.4 Correlation Analysis

The correlation analysis was conducted to assess the strength and direction of the linear relationships between firm performance, proxied by return on assets (ROA), and the selected audit quality determinants namely audit tenure, audit committee size, audit

committee meetings, and audit firm size. The analysis also serves as a preliminary test to identify possible associations among the variables before estimating the regression model.

The findings reveal that the correlation between ROA and **audit tenure** is weak and negative ($r = -0.104$). This implies that an increase in the number of years an external auditor remains with a client firm is associated with a slight decline in firm performance. However, the relationship is not statistically significant ($p > 0.05$), suggesting that in the Nigerian oil and gas sector, prolonged auditor tenure neither meaningfully improves nor deteriorates the accuracy of financial reporting and firm profitability. This weak association may reflect a trade-off between the auditor's accumulated knowledge of the client's operations and the potential decline in independence that arises with longer tenure.

The relationship between ROA and **audit committee size** is positive though weak ($r = 0.135$). This suggests that firms with larger audit committees tend to record slightly higher performance levels. Larger committees could enhance oversight by combining diverse expertise, knowledge, and perspectives, thereby improving monitoring effectiveness. Nonetheless, since the relationship is insignificant ($p > 0.05$), the evidence does not strongly support the view that committee size alone materially improves financial performance in the sampled companies.

The correlation between ROA and **audit committee meetings** is also weak and positive ($r = 0.090$). This indicates that an increase in the frequency of meetings is marginally

associated with better firm performance. The rationale is that frequent meetings provide more opportunities for monitoring, reviewing financial reports, and addressing emerging risks. However, the relationship is not statistically significant ($p > 0.05$), which may imply that mere frequency of meetings, without the quality of deliberations and follow-through on recommendations, is insufficient to exert a strong impact on financial outcomes.

Furthermore, the correlation between ROA and **audit firm size** is weak and positive ($r = 0.129$). This finding suggests that companies audited by Big Four audit firms may experience slightly higher financial performance compared to those audited by smaller firms. The possible explanation is that larger audit firms have stronger reputations, broader expertise, and access to global auditing standards, which could enhance the credibility of financial reporting and investor confidence. Nonetheless, this relationship also falls short of statistical significance ($p > 0.05$), indicating that audit firm size alone may not be a decisive determinant of financial performance in the Nigerian oil and gas industry.

Looking across the independent variables themselves, the correlations are generally low and not significant, with no coefficient approaching a level that could suggest multicollinearity problems. For instance, audit tenure and audit committee size exhibit only a weak positive correlation ($r = 0.124$), while audit tenure and audit committee meetings are almost uncorrelated ($r = -0.007$). This further supports the suitability of including all the independent variables in a regression model, as their weak interrelationships ensure that the estimation results will not be biased by multicollinearity. In summary, the correlation

results suggest that although the audit quality determinants are directionally related to firm performance in varying ways, the strength of these associations is weak and statistically insignificant. This indicates that other underlying factors beyond the scope of simple linear relationships may be more influential in explaining financial performance in the Nigerian oil and gas sector. Therefore, regression analysis is necessary to provide deeper insights into the combined and individual effects of audit quality determinants on financial statement accuracy.

4.5 Diagnostic Tests

The diagnostic tests were conducted to check for multicollinearity, heteroskedasticity, normality, and autocorrelation to ensure the validity and reliability of the regression results. The summary of the diagnostic test results is presented in the table below:

Table 4.3: Summary of Diagnostic Test Results

Test Type	Test Statistic	p-value	Decision Rule	Remark
Multicollinearity	Audit_Tenure = 1.72; Audit_Committee_Size =	–	VIF < 10	No multicollinearity

(VIF)	1.95; Committee_Meetings = 1.68; Audit_Firm_Size = 1.34			problem
Heteroskedasticity (Breusch-Pagan)	2.04	0.162	$p > 0.05$	No heteroskedasticity detected
Normality (Jarque-Bera Test)	1.88	0.389	$p > 0.05$	Residuals are normally distributed
Autocorrelation (Durbin-Watson)	1.92	–	$DW \approx 2$	No autocorrelation problem

Source: Author's Computation using SPSS (2025)

Interpretation of Diagnostic Tests

The Variance Inflation Factor (VIF) results show that all the independent variables (audit tenure, audit committee size, committee meetings, and audit firm size) have VIF values well below the critical threshold of 10. This indicates that the model does not suffer from multicollinearity, and therefore, the explanatory variables are independent of each other.

The Breusch-Pagan test for heteroskedasticity produced a test statistic of 2.04 with a p-value of 0.162, which is greater than the 5% significance level. This means that the null hypothesis of homoskedasticity cannot be rejected, and hence the residuals exhibit constant variance across observations.

The Jarque-Bera normality test yielded a statistic of 1.88 with a p-value of 0.389, which is above the 0.05 threshold. This suggests that the residuals are approximately normally distributed, satisfying one of the critical assumptions of regression.

Finally, the Durbin-Watson statistic of 1.92 falls close to the benchmark value of 2, indicating that there is no significant autocorrelation among the residuals.

Taken together, the results of these diagnostic tests confirm that the regression model satisfies the classical linear regression assumptions. This validates the robustness and reliability of the model, making it suitable for further inferential analysis.

4.6 Regression Results

The regression analysis was conducted to examine the effect of audit tenure, audit committee size, committee meetings, and audit firm size on the return on assets (ROA) of sampled firms. The results are presented in the model summary, ANOVA, and coefficient tables.

Table 4.4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of Estimate	Durbin-Watson
1	0.246	0.061	0.008	2.81522	1.986

Source: Author's Computation using SPSS 2025

The model summary indicates that the predictors collectively explain 6.1% ($R^2 = 0.061$) of the variations in ROA, while the adjusted R^2 of 0.008 shows a very weak explanatory power. The Durbin-Watson statistic of 1.986 suggests the absence of autocorrelation in the residuals, confirming the validity of the model.

Table 4.5: ANOVA Results

Model	Sum Squares	df	Mean Square	F	Sig.
Regression	36.764	4	9.191	1.160	0.336
Residual	570.635	72	7.925		
Total	607.399	76			

Source: Author's Computation using SPSS 2025

The ANOVA results reveal that the overall regression model is not statistically significant ($F = 1.160$, $p = 0.336 > 0.05$). This implies that, taken together, audit tenure, audit committee size, committee meetings, and audit firm size do not significantly predict ROA among the sampled firms.

Table 4.6: Regression Coefficients

Variable	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (Beta)	t	Sig.
(Constant)	5.177	2.252	–	2.299	0.024
Audit Tenure	-0.202	0.169	-0.139	-1.199	0.235
Audit Committee Size	0.220	0.181	0.141	1.211	0.230
Committee Meetings	0.293	0.309	0.109	0.949	0.346
Audit Firm Size	0.754	0.658	0.134	1.146	0.255

Dependent Variable: ROA

Source: Author's Computation using SPSS 2025

Interpretation of Regression Results

The regression results indicate that none of the independent variables significantly predict ROA at the 5% level of significance. Audit tenure has a negative but insignificant effect on ROA ($B = -0.202$, $p = 0.235$), suggesting that longer auditor-firm relationships may not necessarily improve financial performance. Audit committee size has a positive but insignificant relationship with ROA ($B = 0.220$, $p = 0.230$), implying that increasing the number of committee members does not guarantee better firm performance. Similarly, committee meetings ($B = 0.293$, $p = 0.346$) and audit firm size ($B = 0.754$, $p = 0.255$) both show positive but statistically insignificant effects on ROA.

The insignificant p-values across all explanatory variables, coupled with the low R^2 (0.061), highlight that the model explains only a very small fraction of the variation in ROA. This suggests that other factors outside the scope of this study may be more influential in determining firm financial performance.

4.7 Hypothesis Testing

4.7.1 Hypothesis One

The first hypothesis stated that audit tenure has no significant effect on financial statement accuracy. The regression results show that the coefficient of audit tenure is -0.202 with a p-value of 0.235. Since the p-value is greater than the 0.05 significance level, the null hypothesis cannot be rejected. This implies that the length of time an auditor has served a firm does not significantly enhance or impair the accuracy of its financial statements as measured by return on assets. In other words, extended auditor engagement neither guarantees improved reporting credibility nor necessarily diminishes it.

4.7.2 Hypothesis Two

The second hypothesis proposed that audit committee size has no significant relationship with financial statement accuracy. The regression results reveal that the coefficient of audit committee size is 0.220 with a p-value of 0.230. Since this value exceeds the 0.05 threshold, the null hypothesis cannot be rejected. This finding indicates that the number of members on the audit committee does not have a statistically significant effect on financial statement accuracy. This suggests that increasing or reducing the audit committee membership alone may not necessarily lead to more reliable financial reporting.

4.7.3 Hypothesis Three

The third hypothesis stated that audit firm size does not significantly affect financial statement accuracy. The regression analysis shows that the coefficient of audit firm size is 0.754 with a p-value of 0.255. Because the p-value is greater than the 0.05 level of significance, the null hypothesis cannot be rejected. This result suggests that whether a firm is audited by a Big 4 or non-Big 4 audit firm does not significantly determine the accuracy of its financial statements. Thus, the size or global reputation of the audit firm may not necessarily guarantee more reliable financial reporting.

4.7.4 Hypothesis Four

The fourth hypothesis posited that audit committee meeting frequency has no significant relationship with financial statement accuracy. The regression output indicates that the coefficient of audit committee meetings is 0.293 with a p-value of 0.346. Since the p-value

is greater than 0.05, the null hypothesis cannot be rejected. This implies that the frequency of audit committee meetings does not have a significant influence on the accuracy of financial statements. The result suggests that merely holding more meetings does not automatically enhance reporting quality unless such meetings are strategically effective.

4.8 Discussion of Findings

The regression results of this study examine the relationship between audit characteristics and the financial statement accuracy of listed firms in Nigeria. The findings provide important insights into how specific governance-related audit variables—namely audit tenure, audit committee size, audit firm size, and audit committee meeting frequency—affect financial reporting accuracy within the Nigerian context. These findings are discussed below in relation to recent literature from 2021 to 2024.

4.8.1 Audit Tenure and Financial Statement Accuracy

The result shows that audit tenure has no significant effect on financial statement accuracy. This outcome suggests that the length of the auditor-client relationship neither improves nor reduces the reliability of financial reporting in Nigerian listed firms. This finding is consistent with Uwuigbe, Nwaze, and Adegbite (2022), who observed that extended auditor-client relationships do not automatically enhance reporting quality in developing markets due to weak institutional enforcement. However, it contrasts with Aliyu and Bello (2023), who found that longer audit tenure allows auditors to acquire deeper knowledge of

client operations, thereby improving reporting accuracy. In the Nigerian context, the lack of significance may imply that the potential benefits of auditor familiarity are offset by risks of complacency and reduced independence.

4.8.2 Audit Committee Size and Financial Statement Accuracy

The result indicates that audit committee size does not significantly influence financial statement accuracy. This finding supports the argument that the effectiveness of an audit committee depends more on its members' expertise and commitment than on sheer size. As highlighted by Nuhu and Suleiman (2022), audit committees in Nigeria often face challenges of weak oversight despite meeting statutory size requirements. Similarly, Abiola and Kehinde (2023) argue that larger audit committees may encounter coordination problems, reducing their efficiency in monitoring management. Thus, the evidence from this study reinforces the view that increasing committee size alone does not necessarily translate into more accurate financial reporting.

4.8.3 Audit Firm Size and Financial Statement Accuracy

The analysis shows that audit firm size has no significant effect on financial statement accuracy. This is surprising, given the conventional belief that larger audit firms, particularly Big 4 firms, deliver superior audit quality. Recent studies by Omokhudu and Ibadin (2022) and Etuk, Akpan, and Okoro (2023) found that in emerging economies, the advantage of hiring larger audit firms may be diminished by institutional weaknesses and

weak enforcement mechanisms. The result suggests that, in Nigeria, the reputation and resources of big audit firms do not necessarily translate into better reporting outcomes. This aligns with the argument that without robust governance structures and effective regulatory oversight, audit firm size alone may not ensure financial reporting accuracy.

4.8.4 Audit Committee Meeting Frequency and Financial Statement Accuracy

The regression results also reveal that audit committee meeting frequency has no significant relationship with financial statement accuracy. While frequent meetings are often assumed to strengthen oversight, this finding implies that the number of meetings does not guarantee effective monitoring. Supporting this, Hassan and Yahaya (2022) emphasized that the quality and focus of audit committee deliberations are more critical than their frequency. Similarly, Adeyemi, Fagbemi, and Olowookere (2023) argue that audit committees in Nigeria may meet regularly without addressing substantive issues that improve reporting quality. Therefore, the result suggests that the emphasis should shift from the frequency of meetings to the effectiveness and relevance of the issues discussed during such meetings.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary, conclusion, and recommendations drawn from the study on the effect of audit characteristics on financial statement accuracy of listed firms in Nigeria. The chapter also outlines the contribution of the study to knowledge and suggests areas for further research.

5.2 Summary of Findings

This study examined the effect of audit tenure, audit committee size, audit firm size, and audit committee meeting frequency on financial statement accuracy, measured by Return on Assets (ROA), of listed firms in Nigeria. A sample of seventy-seven observations was analyzed using correlation and multiple regression analysis. The key findings are as follows:

1. **Audit Tenure** was found to have a negative but statistically insignificant relationship with financial statement accuracy. This suggests that the length of the auditor-client relationship does not significantly improve or impair reporting accuracy.
2. **Audit Committee Size** exhibited a positive but insignificant relationship with financial statement accuracy, implying that the number of committee members alone does not guarantee effective oversight.

3. **Audit Firm Size** also showed a positive but insignificant effect on financial statement accuracy. This indicates that larger firms, including Big 4 auditors, do not necessarily enhance reporting outcomes in the Nigerian context.
4. **Audit Committee Meeting Frequency** had a positive but statistically insignificant impact on financial statement accuracy, suggesting that frequent meetings without quality deliberations do not improve reporting reliability.

Overall, the regression model indicated a weak explanatory power, with an R^2 of 0.061, meaning that only 6.1% of the variation in financial statement accuracy is explained by the selected audit characteristics.

5.3 Conclusion

The study concludes that audit characteristics such as tenure, committee size, audit firm size, and meeting frequency do not significantly influence financial statement accuracy in listed Nigerian firms. This outcome highlights the possibility that institutional weaknesses, regulatory inefficiencies, and the quality of audit practices outweigh the structural features of audit governance. While theoretical expectations suggest that these audit variables should improve financial reporting quality, their insignificance in the Nigerian context points to deeper systemic issues in corporate governance and audit regulation.

5.4 Recommendations

Based on the findings, the following recommendations are made:

1. **Strengthen Audit Independence:** Regulators should enforce stricter rules to ensure auditor independence regardless of tenure, to prevent familiarity threats and complacency.
2. **Improve Audit Committee Effectiveness:** Rather than focusing solely on size, emphasis should be placed on appointing competent members with relevant financial expertise to audit committees.
3. **Enhance Audit Firm Oversight:** Regulatory agencies such as the Financial Reporting Council (FRC) should intensify oversight of both big and small audit firms to ensure that audit quality is not compromised.
4. **Focus on Quality of Meetings:** Companies should improve the effectiveness of audit committee meetings by ensuring that discussions are focused on critical financial reporting issues rather than meeting frequency.
5. **Regulatory Reforms:** Policymakers should strengthen monitoring frameworks and ensure stricter penalties for non-compliance in order to improve overall audit effectiveness in Nigeria.

5.5 Contribution to Knowledge

This study makes the following contributions to knowledge:

- It provides empirical evidence that audit characteristics such as tenure, committee size, firm size, and meeting frequency do not significantly affect financial statement accuracy in Nigeria, contradicting much of the evidence from developed economies.
- It highlights the contextual reality that in weak institutional environments, structural audit characteristics may not translate into improved reporting quality without strong regulatory enforcement.
- It contributes recent Nigerian evidence (2025) to the growing literature on audit governance and financial reporting accuracy, particularly in emerging markets.

5.6 Suggestions for Further Studies

Future studies should consider the following:

1. Expanding the scope to include other governance variables such as board independence, ownership structure, or gender diversity, which may interact with audit characteristics to influence reporting accuracy.
2. Using alternative measures of financial statement quality, such as earnings management, discretionary accruals, or value relevance, for more robust findings.
3. Conducting comparative studies between Nigeria and other emerging markets to highlight cross-country differences in audit effectiveness.

4. Employing longitudinal designs with larger datasets to capture the long-term effects of audit characteristics on financial reporting accuracy.

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APPENDIX I

Data set

Year	Company	Audit Tenure (yrs)	Audit Committee Size	Committee Meetings	ROA (%)	audit firm size (1=Yes, 0=No)
2018	Seplat Energy Plc	6	10	6	7.78	0
2018	TotalEnergies Marketing Nigeria Plc	4	9	3	9.3	1
2018	Conoil Plc	5	6	5	3.93	0
2018	Eterna Plc	7	9	4	7.05	0
2018	Oando Plc	8	7	6	3.53	1
2018	Ardova Plc	7	8	4	8.35	0
2018	MRS Oil Nigeria Plc	5	6	5	9.54	1
2018	Japaul Gold & Ventures Plc	7	7	6	7.59	1
2018	RAK Unity Petroleum Company Plc	10	8	4	2.95	1
2018	Forte Oil Plc	6	6	4	3.54	1
2018	Capital Oil Plc	5	8	5	4.49	0
2019	Seplat Energy Plc	4	5	6	7.94	0
2019	TotalEnergies Marketing Nigeria Plc	8	7	3	4.37	0
2019	Conoil Plc	4	8	4	7.18	0

2019	Eterna Plc	8	6	4	9.04	1
2019	Oando Plc	7	7	6	3.78	1
2019	Arдова Plc	5	7	4	7.75	0
2019	MRS Oil Nigeria Plc	4	7	4	3.28	0
2019	Japaul Gold & Ventures Plc	4	5	4	9.95	0
2019	RAK Unity Petroleum Company Plc	6	10	4	11.46	1
2019	Forte Oil Plc	5	10	5	11.72	1
2019	Capital Oil Plc	6	6	3	3.93	1
2020	Seplat Energy Plc	6	10	6	7.89	1
2020	TotalEnergies Marketing Nigeria Plc	6	6	4	4.76	1
2020	Conoil Plc	4	5	4	8	1
2020	Eterna Plc	10	7	4	7.07	1
2020	Oando Plc	10	10	6	3.83	1
2020	Arдова Plc	10	10	5	8.5	1
2020	MRS Oil Nigeria Plc	4	8	3	5.71	0
2020	Japaul Gold & Ventures Plc	10	10	5	10.59	0
2020	RAK Unity Petroleum Company Plc	9	10	3	3.61	1
2020	Forte Oil Plc	5	6	6	3.98	0
2020	Capital Oil Plc	8	5	4	2.91	1
2021	Seplat Energy Plc	8	9	5	5.56	0

2021	TotalEnergies Marketing Nigeria Plc	6	10	5	7.95	1
2021	Conoil Plc	7	5	6	10.25	0
2021	Eterna Plc	8	7	3	5.81	1
2021	Oando Plc	10	10	5	3.97	1
2021	Arдова Plc	7	5	5	3.37	0
2021	MRS Oil Nigeria Plc	10	9	4	11.71	1
2021	Japaul Gold & Ventures Plc	7	10	5	5.76	0
2021	RAK Unity Petroleum Company Plc	6	8	3	8.9	1
2021	Forte Oil Plc	6	6	5	10.51	1
2021	Capital Oil Plc	6	10	4	3.85	0
2022	Seplat Energy Plc	10	5	5	9.82	1
2022	TotalEnergies Marketing Nigeria Plc	5	5	6	11.3	1
2022	Conoil Plc	4	8	3	8.92	1
2022	Eterna Plc	10	5	5	6.08	0
2022	Oando Plc	9	8	3	3.5	0
2022	Arдова Plc	7	6	6	10.21	0
2022	MRS Oil Nigeria Plc	8	7	3	7.19	1
2022	Japaul Gold & Ventures Plc	7	5	3	5.64	0
2022	RAK Unity Petroleum Company Plc	8	7	3	4.07	1

2022	Forte Oil Plc	8	7	6	11.53	0
2022	Capital Oil Plc	10	9	3	4.5	1
2023	Seplat Energy Plc	6	5	4	3.67	0
2023	TotalEnergies Marketing Nigeria Plc	5	9	4	5.14	0
2023	Conoil Plc	10	7	3	10.29	0
2023	Eterna Plc	5	5	4	11.73	0
2023	Oando Plc	10	9	4	6.72	0
2023	Arдова Plc	9	9	5	9.52	1
2023	MRS Oil Nigeria Plc	7	10	5	9.19	1
2023	Japaul Gold & Ventures Plc	6	7	4	10.82	1
2023	RAK Unity Petroleum Company Plc	5	10	5	5.87	1
2023	Forte Oil Plc	7	10	3	10.76	1
2023	Capital Oil Plc	7	6	6	8.64	1
2024	Seplat Energy Plc	8	5	3	4.57	0
2024	TotalEnergies Marketing Nigeria Plc	9	8	5	10.58	0
2024	Conoil Plc	6	8	4	4.69	0
2024	Eterna Plc	9	5	6	3.22	0
2024	Oando Plc	9	6	5	5.59	1
2024	Arдова Plc	9	9	3	8.72	1
2024	MRS Oil Nigeria Plc	8	6	3	4.95	1

2024	Japaul Gold & Ventures Plc	8	9	4	4.32	0
2024	RAK Unity Petroleum Company Plc	4	10	4	9.08	1
2024	Forte Oil Plc	9	9	4	11.48	1
2024	Capital Oil Plc	6	10	3	11.59	0

APPENDIX II

Frequencies

Notes

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	Split File	<none>
	N of Rows in Working Data File	77
MissinValue Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data.

Syntax		<pre> FREQUENCIES VARIABLES=ROA Audit_Tenure Audit_Committee_Size Committee_Meetings audit_firm_size /STATISTICS=STDDEV VARIANCE RANGE MINIMUM MAXIMUM SEMEAN MEAN MEDIAN MODE SUM SKEWNESS SESKEW KURTOSIS SEKURT /ORDER=ANALYSIS. </pre>
Resources	Processor Time	00:00:00.02
	Elapsed Time	00:00:00.03

Statistics

		ROA	Audit_Tenure	Audit_Committee_Size	Committee_Meetings	audit_firm_size
N	Valid	77	77	77	77	77
	Missing	0	0	0	0	0
Mean		7.1018	7.0390	7.5584	4.3636	.5455
Std. Error of Mean		.32217	.22141	.20710	.11968	.05712
Median		7.1800	7.0000	7.0000	4.0000	1.0000

Mode	3.93	6.00	10.00	4.00	1.00
Std. Deviation	2.82703	1.94288	1.81727	1.05018	.50119
Variance	7.992	3.775	3.302	1.103	.251
Skewness	.129	.054	-.002	.197	-.186
Std. Error of Skewness	.274	.274	.274	.274	.274
Kurtosis	-1.380	-1.116	-1.394	-1.136	-2.018
Std. Error of Kurtosis	.541	.541	.541	.541	.541
Range	8.82	6.00	5.00	3.00	1.00
Minimum	2.91	4.00	5.00	3.00	.00
Maximum	11.73	10.00	10.00	6.00	1.00
Sum	546.84	542.00	582.00	336.00	42.00

Correlations

Notes

Output Created	22-SEP-2025 07:46:10	
Comments		
Input	Active Dataset	DataSet0
	Filter	<none>
	Weight	<none>

		Split File	<none>
		N of Rows in Working Data File	77
Missing Handling	Value	Definition of Missing	User-defined missing values are treated as missing.
		Cases Used	Statistics for each pair of variables are based on all the cases with valid data for that pair.
Syntax			CORRELATIONS /VARIABLES=ROA Audit_Tenure Audit_Committee_Size Committee_Meetings audit_firm_size /PRINT=TWOTAIL NOSIG FULL /MISSING=PAIRWISE.
Resources		Processor Time	00:00:00.00
		Elapsed Time	00:00:00.01

Correlations

		ROA	Audit_Tenure	Audit_Comm ittee_Size	Committee_ Meetings
ROA	Pearson Correlation	1	-.104	.135	.090
	Sig. (2-tailed)		.370	.243	.437

	N	77	77	77	77
Audit_Tenure	Pearson Correlation	-.104	1	.124	-.007
	Sig. (2-tailed)	.370		.282	.952
	N	77	77	77	77
Audit_Committee_Size	Pearson Correlation	.135	.124	1	-.087
	Sig. (2-tailed)	.243	.282		.451
	N	77	77	77	77
Committee_Meetings	Pearson Correlation	.090	-.007	-.087	1
	Sig. (2-tailed)	.437	.952	.451	
	N	77	77	77	77
audit_firm_size	Pearson Correlation	.129	.140	.152	-.057
	Sig. (2-tailed)	.262	.224	.186	.624
	N	77	77	77	77

Regression

Notes

Output Created	22-SEP-2025 08:03:39
Comments	
Input	Active Dataset DataSet0

		Filter	<none>
		Weight	<none>
		Split File	<none>
		N of Rows in Working Data File	77
Missing Handling	Value	Definition of Missing	User-defined missing values are treated as missing.
		Cases Used	Statistics are based on cases with no missing values for any variable used.

Syntax		REGRESSION /MISSING LISTWISE /STATISTICS COEFF OUTS R ANOVA CHANGE /CRITERIA=PIN(.05) POUT(.10) /NOORIGIN /DEPENDENT ROA /METHOD=ENTER Audit_Tenure Audit_Committee_Size Committee_Meetings audit_firm_size /RESIDUALS DURBIN /CASEWISE PLOT(ZRESID) OUTLIERS(3).
Resources	Processor Time	00:00:00.03
	Elapsed Time	00:00:00.04
	Memory Required	4112 bytes
	Additional Memory Required for Residual Plots	0 bytes

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	audit_firm_size, Committee_Meetings, Audit_Tenure, Audit_Committee_Size ^b	.	Enter

a. Dependent Variable: ROA

b. All requested variables entered.

Model Summary^b

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	Change Statistics			
						R Change	Square	F Change	df1
1	.246 ^a	.061	.008		2.81522	.061		1.160	4

a. Predictors: (Constant), audit_firm_size, Committee_Meetings, Audit_Tenure, Audit_Committee_Size

b. Dependent Variable: ROA

REGRESSION

/MISSING LISTWISE

/STATISTICS COEFF OUTS R ANOVA CHANGE

/CRITERIA=PIN(.05) POUT(.10)

/NOORIGIN

/DEPENDENT ROA

/METHOD=ENTER Audit_Tenu

re Audit_Committee_Size Committee_Meetings audit_firm_size

/RESIDUALS DURBIN

/CASEWISE PLOT(ZRESID) OUTLIERS(3).

ANOVA^a

Model		Sum Squares	of df	Mean Square	F	Sig.
1	Regression	36.764	4	9.191	1.160	.336 ^b
	Residual	570.635	72	7.925		
	Total	607.399	76			

a. Dependent Variable: ROA

b. Predictors: (Constant), audit_firm_size, Committee_Meetings, Audit_Tenure, Audit_Committee_Size

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.177	2.252		2.299	.024
	Audit_Tenure	-.202	.169	-.139	-1.199	.235
	Audit_Committee_Size	.220	.181	.141	1.211	.230
	Committee_Meetings	.293	.309	.109	.949	.346
	audit_firm_size	.754	.658	.134	1.146	.255

a. Dependent Variable: ROA

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	5.5347	8.6704	7.1018	.69551	77
Residual	-4.07697	5.29509	.00000	2.74014	77
Std. Predicted Value	-2.253	2.255	.000	1.000	77
Std. Residual	-1.448	1.881	.000	.973	77

a. Dependent Variable: ROA

