

THE IMPACT OF FIRM BOARD ATTRIBUTES ON AUDIT QUALITY IN TESTED DEPOSIT MONEY BANKS

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**BEING A PROJECT SUBMITTED TO THE DEPARTMENT OF ACCOUNTING, FACULTY
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(B.Sc.) DEGREE IN ACCOUNTING.**

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DECLARATION

I declare that:

This thesis is based on a study undertaken by me in the department of Accounting, Faculty of Management Sciences, University of Benin, Benin City, under the supervision of DR(MRS). O.W UDUAK of the department of Accounting, Faculty of Management Sciences, University of Benin, Benin City Nigeria. This work has not been submitted for the award of any degree elsewhere. All ideas and views are produced of my personal research and where the views of others have been expressed, they have been dully acknowledged. I shall totally, wholly and fully be responsible for the liability that may flow from this study if any.

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CERTIFICATION

This is to certify that this project titled “**The Impact of Firm Board Attributes on Audit Quality**” was carried out by **Ojodoh Blessing Oghenekevwe** with matriculation number **MGS2104620**. It has been read and recommended for acceptance in partial fulfilment of the requirement for the award of Bachelor of Science (B.Sc.) Degree in Accounting.

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DEDICATION

This work is dedicated to the almighty God who made me all I am today and granted me the required strength, wisdom and knowledge needed in carrying out this work. I also specially dedicate this work to my amazing guardians, Mrs. Augustina Ekhaton and to my lovely parents, Mr. and Mrs. Lucky Ojodoh for always believing in me and pushing me to be my best in my academic pursuit.

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ABSTRACT

This study explored the impact of board attributes on audit quality among deposit money banks in Nigeria, focusing on the banks listed on the Nigeria Exchange Group over the period 2019 to 2023. The variables analyzed include board meetings, board size, board composition, and audit committee meeting. Various statistical and econometric tool were applied to analyze the data. The results revealed that board size, board composition and audit committee meeting have statistically significant influence on the audit quality of deposit money banks. While board meeting has a statistically insignificant influence on the audit quality of deposit money banks in Nigeria. Based on the findings, the study recommended that quality of meetings should be prioritize over the quantity of meeting and deposit money banks should maintain an optimal board size that balances diverse expertise with efficiency.

CHAPTER ONE

INTRODUCTION

1.1 Background of Study

An increasing number of corporations have begun addressing their corporate governance issues. These concerns arose after some companies fell due to mistakes regarding their financial statements and the subsequent consequences for the accounting sector (Jeroh, 2016). The viability of a firm, along with its capacity to continue as a going concern, depends on the decisions of the board made on behalf of the shareholders (Ejike, 2019). The 1990s witnessed an increase in the number of companies in both the developed and developing world, which in turn increased the importance of corporate governance (Freeman, 1983). Corporate governance is a concern for a multitude of people and influences the way businesses operate and their overall efficiency. There is an expectation from society that companies would expand and yield some increase in benefits, because they utilize societal resources, provide employment, and conduct sales. The collapse of a business would adversely impact multiple aspects of society (Kyere & Ausloos, 2020). For example, a company can lose its value in an instant, wiping out the savings of investors, eliminating jobs and many other implications (Mallin, 2016). The recent scandals involving some companies may be due to issues related to corporate governance.

A company cannot flourish along with its investors without adequate corporate governance (Rahman & Saima, 2018). Effective corporate governance aims to limit organizational resource misallocation, which is another key cause to company mismanagement scandals (Alashe et al, 2021). The increase in corporate governance failures in Nigeria, particularly the collapse of once reputable companies, highlighted the necessity of corporate governance. For example, in 2020, the Nigerian oil company Oando Plc encountered major financial problems associated with poor governance and mismanagement.

The example of Diamond Bank and Skye Bank serves as a case of poor corporate governance and the resultant issues around governance and liquidity problems and acquiring and closing down the banks. As a consequence of the poor governance and liquidity problems the banks were acquired or closed down. As the most important component of the corporate governance structure, the board of directors holds a unique position where they manage the corporate strategy, operations, and control of the firm as a whole, which gives them tremendous power and control. This control of the corporate governance structure explains why most corporate relations and control problems relate to the board of directors (Ejike, 2019). The ability of the shareholders to vote and elect members of the board, even though they may lack some information of the internal structure of the firm, highlights the need for identification and measurement of the elements of an effective board.

The effectiveness of a board in performing a business function and the resultant impact on the company's performance, hence, the quality of the associated audit, have all been subjects of considerable debate. Investor confidence, trust among stakeholders, and the proper function of capital markets all depend on the reliability of financial reporting. Central to this reliability is the quality of audits, which determine whether financial statements are a reasonable representation of an entity's financial standing. Over the past few years, there has been an increased interest in the influence of corporate governance, especially the characteristics of boards, on the quality of audits in developing markets. This is particularly the case in Nigeria, where governance frameworks are in a primitive stage of development (Alade, 2021). Audit quality encapsulates the probability that the auditors discover and disclose significant errors or omissions in the financial statements (Francis, 2018). Traditionally, the independence and the professionalism of the auditors are considered the primary factors on which audit quality pivots. However, board-level governance frameworks, and especially the characteristics of the boards, are increasingly recognized for influencing the quality of the audits conducted (Aliyu & Ibrahim, 2020). In this context, attributes

such as independence of the boards, size of the boards, and frequency of board meetings are associated with enhanced supervisory and risk management functions, as well as the adoption of more stringent auditing practices (Ogbonnaya & Olayinka, 2022).

As a mechanism to control agency conflicts in monitoring situations, independent boards challenge management decisions while requesting audits of higher quality. The benefits of size in terms of varied expertise are apparent in bigger boards, however, boards bigger beyond a certain number face coordination inefficiencies which are likely to be counterproductive (Ibrahim & Abdul Samad, 2020). For boards that meet more regularly, there is a greater presumption of active participation in surveillance, including more monitoring of the audit process (Kusi et al., 2021). Nigeria's banking sector is one of the examples of the described situations within the literature. Combined with core other requirements of documented corporate governance, the Central Bank of Nigeria (CBN) also regulates policy on corporate governance of banks. Deposit money banks disclose governance and financial information on an annual basis at detailed levels which makes the sector appropriate for empirical studies. Given the central nature of the sector to financial intermediation and economic development, and the systemic nature of the sector, the significance audit quality cannot be overstated. The 2009 banking crisis in Nigeria which as weak corporate governance and audit failures as contributory factors is a clear example of the negative impact audit failures in banks may cause (CBN, 2020).

1.2 Statement of the Research Problem

Audit quality is a cornerstone of reliable financial reporting and plays a critical role in ensuring investor confidence, market efficiency, and corporate accountability (Alhassan, 2021; Oriakhi, Agbata, & Okonewa, 2023). However, in Nigeria, concerns about the credibility of audited financial statements persist, due to the recurring corporate governance failures and financial misstatements among publicly listed firms (Bello et al., 2023). Despite regulatory reforms

such as updates to the Nigerian Code of Corporate Governance, audit failures continue to reduce trust in financial disclosures. Board attributes such as board size, independence, diversity, financial expertise, and meeting frequency are widely regarded as key elements of effective corporate governance with potential implications for audit quality (Akinadewo et al., 2023; Usman et al., 2023). Board independence, for example, is assumed to enhance the objectivity of oversight functions, thereby reducing the likelihood of financial misreporting (Oriakhi et al., 2021). However, empirical findings on the influence of these board characteristics on audit quality are mixed. (Atanda et al. 2023; Ola & Ijwo, 2023).

In the Nigerian challenges such as insider-dominated boards, and poor corporate governance culture may limit the effectiveness of board structures in promoting high-quality audits (Odum & Kelechi, 2023). Although several studies have investigated board characteristics in relation to firm performance. These include the study of (Okoye et al., 2019; Rifat et al., 2021; Obera & Okunola 2022; Aigbovohiwa et al., 2022). Few have focused on the effect of board attributes on audit quality in Nigeria (Misbahu & Shittu, 2020). This limited understanding presents a critical gap and needs to examine how specific board attributes impact audit quality in Nigeria.

1.3 Research Questions

As a result of the above statement of problem, the following research questions were formulated:

- i. What is the impact of board meetings on audit quality of tested deposit money banks?
- ii. Does board size have any effect on audit quality of tested deposit money banks?
- iii. What is the effect of board composition on audit quality of tested deposit money banks?
- iv. What is the effect of audit committee meetings on audit quality of tested deposit money banks?

1.4 Research Objectives

The main objective of this study is to explore the impact of board attributes on audit quality in Nigeria. The specific objectives are to:

- i. investigate the impact of board meetings on audit quality of tested deposit money banks;
- ii. ascertain the effect of board size on audit quality of tested deposit money banks;
- iii. determine the effect of board composition on audit quality of tested deposit money banks;
and
- iv. ascertain the effect of audit committee meetings on audit quality of tested deposit money banks.

1.5 Research Hypotheses

This study investigates the effect of board attributes on audit quality of tested deposit money banks in Nigeria. Therefore, the research hypotheses for this study are stated in null as follows:

- i. H_0 : Board meeting has no significant impact on audit quality of tested deposit money banks.
- ii. H_0 : Board size has no significant effect on audit quality of tested deposit money banks.
- iii. H_0 : Board composition has no significant influence on audit quality of tested deposit money banks.
- iv. H_0 : Audit committee meetings have no significant effect on audit quality of tested deposit money banks.

1.6 Scope of the Study

This research explores how the characteristics of a firm's board influence the quality of audits, particularly focusing on deposit money banks in Nigeria. There are 24 licensed commercial banks in Nigeria and this research will focus on these banks. Out of these banks, 13 will be selected using purposive sampling which is a type of non-probability sampling method, based on the availability and consistency of the banks' audited annual reports over the period of the study. The time range for this research will be the years 2019 to 2023. This time span is acceptable as it captures more recent

financial reporting, board behaviour and audits over the implementation period of international financial reporting standards (IFRS), as well as post economic years influenced by the Covid-19 pandemic which could shape board behaviour and audit outcomes. Use of the sampled banks' audited annual reports over the period in question will provide the study with the ability to assess the variables of board composition and the quality of audits provided over time. The selection of the banking sector stems from its significance to the Nigerian economy, the stringent regulatory oversight of the Central Bank of Nigeria (CBN), and the reliability, public accessibility, and consistent nature of the sector's financial reporting. These considerations render the deposit money banks appropriate for assessing the impact of board characteristics on the quality of audits conducted within deposit money banks in Nigeria.

1.7 Significance of the study

This study seeks to critically analyze the impact of firm board attributes on the firm audit quality. This study is therefore significant for the following reasons: Quality of the audit is a resultant impact of the attributes of the board members and stakeholders. The attributes of the board and stakeholders' members' quality will add to the knowledge of board composition and structuring towards informed corporate governance improvement. The stakeholders in the research purpose will understand how specific board attributes affect the quality of decisions and corporate strategy to achieve the organizational objectives. The study will inform the stakeholders such as employees, as well as customers, the effectiveness of the board to protect their interests and to inform corporate governance stakeholders the board composition in order to influence positive corporate governance to be implemented, from the findings of the research improves the transformative Stakeholders and shareholders expect corporate governance controls to be in place. The research will help determine the corporate governance of the board to assist stakeholders in the corporate governance of the board.

1.8 Limitations of the study

This study highlights some of the effects of board attributes on the audit quality of deposit money banks in Nigeria, however, it has some limitations. First, the scope of the study is restricted to deposit money banks in Nigeria while ignoring other sectors, such as manufacturing, oil and gas, and telecommunications, which could also provide a scope of similar study. Secondly, the purposive sampling of 13 banks from the 24 commercial banks in Nigeria could lead to sample bias. Lastly, some important audit quality determinants, such as internal audit firm culture, auditor-client relationship, and the ethics of management, are less tangible and therefore were omitted from this research.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter goes into detail discussing different related ideas and reviewing relevant theories that relate with this work. Previous analysis works and findings by many academics and researchers will also be mentioned. The chapter is therefore divided into three major sections which are conceptual literature, empirical literature and theoretical literature.

2.1 Conceptual Literature

2.1.1 Concept of Board Characteristics

According to Hafez (2017), boards are viewed as the internal governance mechanism affecting the governance of firms as they have direct access to the other two parts of the corporate governance triangle: managers and shareholders. In their work, Parupalli et al. (2017) emphasized the significance of board composition, particularly that of non-executive directors, who are essential in scrutinizing the actions of executive directors, thereby ascertaining that their choices correlate with shareholders' interests. Consequently, the board of directors is frequently blamed for corporate misconduct and is expected to assist in the improvement of corporate governance. Considerable concentration of power in firms has focused the attention of directors and the pressing need for non-executive directors to enhance the accountability of executives. Attributes of the board are the traits that reflect the efficiencies and ineffectiveness of boards and the accountability of the boards of directors, who are responsible for overseeing the overall management of a company. A management system maintains the corporate governance system, and a well-functioning system is essential for maintaining positive financial performance. Valuable characteristics of a board enhance the monitoring of managers by capital owners, either directly by voting on major topics or indirectly through the board of directors, which protects the interest of the shareholders (Yussoff et al., 2018). The board features being analyzed for this research includes the size of the board, the number of meetings held, the make-

up of the board, and the meeting of the audit committee.

2.1.2 Board Meeting

This refers to frequency with which board members meet within a given year. The holding of board meetings (BM) is a primary Ny corporate governance requirement. Such meetings confer opportunities to company directors to reconcile and deliberate on pertinent concerns about the company. The amount of board meetings a firm holds in a year is traditionally used as a metric of annual frequency (Al-Matari et al., 2014). The importance of board meetings to a company's development is undeniable and lies within the opportunities they grant to members of the board to make meaningful decisions. The board of directors is tasked with the operational and strategic management of the entity and, as a result, must ensure that all meetings centre on the past, present, and future of the entity and all actions to be taken to ensure that the entity proceeds in the desired direction. Two major perspectives exist about the frequency of board meetings. The first of these perspectives argues that board members show diligence when meetings are held regularly. This perspective is perhaps the most common when explaining the corporate governance requirement and the predicted outcomes of meeting. If the expectations surrounding the frequency of meetings are not satisfied, the directors might appear to only authorize the management's decisions and not take on an active role in proper guidance and leadership. Considering the unique competence the directors possess, they should provide the necessary driving force to carry the organization and sustain the firm. Meetings are important in sharing and aligning disparate views on the firm's intended objectives to accomplish the goals in unison (Eluyela et al., 2018). On the opposite side, the proponents of the meeting-waste position argue that the time and resources are more valuable and that directors should not have unnecessary sittings, and accommodation allowances shouldn't apply. In this perspective, the proponents argue that the meeting quality takes precedence over meeting frequency.

2.1.3 Board Size

The board of directors manages the activities of an organization, oversees its directors, and is responsible for the organization as a whole. For a nonprofit, a board is responsible for the organization, as well as a government agency, and a business. The board's powers, duties, and responsibilities are defined and limited by the law, which might include the corporate laws of the jurisdiction where the nonprofit or the business is incorporated, as well as the bylaws of the organization. The laws may specify the number of board members, how they are selected, and how often the board members should meet. The number of board members is what defines the "size of the board." Size, according to Onyali & Okerekeoti (2018), is the total number of directors that make up a board. For Kripa & Dorina (2016), effectiveness is more important than head count, but board size still has a key impact on how well a corporate board fulfills its fiduciary duties. A greater board size is claimed to enhance the range of skills and competencies offered, which may improve the performance of the firm. An optimal board size consists of both executive and non-executive directors (Cheng, 2018).

The effectiveness of a smaller board relative to a larger one continues to be of primary focus within the corporate world. This stems from the belief that the benefits larger boards accrue from enhanced 'monitoring' are offset by the complexities associated with coordination in larger groups. Well-organised boards are one of the primary factors that enable groups to govern firms effectively. This is to be expected, given that the cultural particularities of a country are likely to manifest themselves in the common organisational configurations of a country, which gives rise to diverse board sizes. Studies by Farooq et al. (2018), from which the data in the European corporate governance models is drawn, claim that British, Swiss, and Dutch organisations practice 'smaller board governance' philosophies, whereas organisations from Belgium, France, Spain, and Germany practice 'large board governance' philosophies (where boards can be between thirteen and nineteen members). Bansal and Sharma (2016), a study on board governance from India, and Kantudu and Samaila (2017) from Nigeria, also seem to value the philosophies that endorse smaller boards, with Bansal targeting

between eight and nine and Kantudu aiming for eight to eleven as their ideal board sizes. This is in direct opposition to the view postulated by Andreou, Antoniou, Horton, and Louca (2016) that boards become counterproductive if their size exceeds seven or eight members. In practice, no singular ideal board size exists for all businesses rather a board's cohesive functionality should dictate the appropriate size.

2.1.4 Board Composition

The composition of a company's board of directors refers to its non-executive directors and the total ratio thereof (Marn & Romuald, 2012). "Board composition" refers to the cluster of constituents that a board encompasses. The effectiveness of a board of directors can be evaluated through various standardized measures, such as the percentage of women and marginalized groups represented on the board, the overall age distribution of the board, and the ratio of independent to executive directors (Obera & Okunola 2022). Given the centrality of the board in modern corporate governance, the relation of board composition to corporate performance is worthy of empirical investigation. Given that the board highly dictates the organization's governance framework, it is necessary to establish the linkage of the board to the financial and overall performance of the corporate entity. Khan and others (2019) suggest that understanding the functions and dynamics of the board of directors can help alleviate the concern. This interest is largely driven by perceptions that board composition strongly correlates with the board's ability to manage the selection of the CEO and the quality of the deliberations. The functions of the board of directors, as identified by Zahra and Pearce (1989), include control, service, and strategy. The board helps set policies and plans, monitors executive management for adherence to the policies, oversees major initiatives, balances the enterprise's risks, and lays the groundwork for the future growth of the enterprise. It is a widely held belief that the level of success a business achieves is determined most importantly by the quality of its board of directors (Obera & Okunola 2022). When a business's and its owners' interests are misaligned, the board of directors is

pivotal in making sure that the managers do not pursue personal objectives that contradict the vested interests of the business (Ongore et al. 2015; & Onwuka, & Udeh 2015). Ultimately, the board of directors is expected to determine the fate of a company (Dalton et al. 1999). By composition of the board, we refer to the provision of balance between executive and non-executive directors on a company's board.

2.1.5 Audit Quality

Audit quality is a complex and multidimensional concept (Herusetya, 2012). Alvin A. Arens (2017) defines audit quality as the process in which auditors gather sufficient and appropriate evidence and make sound judgments based on that evidence. Quality audits enable the auditors to make reasonable decisions based on credible evidence, which is consistent with the requirements of the profession. Audit quality is also described as the independence of the auditors. As stated by Alvin A. Arens (2017), independence in auditing in relation to unbiasedness means ‘an absence of a preconception’. The stakeholders that assess an audit might have different views on its quality based on the varying perceptions of the quality of the audit. For audits, stakeholders, or in this case, investors, have different perceptions of audits. They assess the quality of audits based on the financial statements, as this is what they use to make decisions, which should be credible. Auditors also assess the financial statements as well as the management, who estimates the appropriate accounting figures, to evaluate the quality of the audit (Mgbame et al., 2012). Thus, audit quality is important because it determines the credibility of the financial statements to the accounting information stakeholders. Chalaki et al. (2012) describes audit quality as how accurately financial reports reflect the activities of a firm, particularly the cash flows that potential investors need to value the firm. For Scholar Audit quality helps to still efficiently function competitive market. Market integrity hinges on appropriately independent audits, thereby improving audit quality. The extent to which external audit is expected to meet the quality benchmark determines the financial reporting quality expected to be attained. It

constitutes an important part of the audit oversight regulatory framework, and as a result, it constitutes a significant public interest concern. Audit quality is an essential aspect of modern audit practice, this is due to impatience level from various stakeholders, both internal and external, considering the quality of financial reports that have been audited (Musa & Hassan, 2014).

Historically, the independence of auditors was considered the cornerstone of the quality of an audit. An auditor is said to be independent if DeAngelo (1981, cited in Montenegro & Brás, 2018) describes the auditor as someone who is likely to detect and report misstatements on the financial accounts and is not likely to cave in to management pressure to omit reports of misstatements, if such pressure exists. Consideration of the perspective of audit failure is also an approach towards defining the quality of an audit. Although difficult to characterize, audit failure can be cited from the litigations against the auditor, business failure, scrutiny by the stock market's regulatory agency, and restatement of the financial statements (Francis, 2004). Greater audit quality entails lesser audit failure. Broadly, audit quality is the "the outputs delivered by auditors to clients" (Komalasari & Suryanto 2018). Higher audit quality improves the organizational reputation as well as attracts new investors. Higher quality audits lead to increased quality of audits to better meet the expanding expectations of clients. As a result of the standing and expertise that accounting firms acquire for their audit quality, stakeholders and investors will exhibit reliance and assurance in the firm (Komalasari & Suryanto 2018).

Salehi and Azary (2008) explain the quality of an audit in a manner that, within that context, the audit protects the users' interests by identifying and capturing all the important misstatements embedded within the relevant financial statements and addresses the issue of information asymmetry between the management and the users of the financial statements. They also contend that the financial statements free from misstatements and information asymmetry represents the quality of the audit. Salehi and Kangarlouei (2010) argue that the quality of an audit could be viewed in two aspects: the auditors' skills and experience and the standpoint of the users of the financial statements. The users of

the financial statements described in the audit report their perspective. In other words, does it provide reliability? The presence and experience of an auditor addresses their skill in locating and explaining material misstatements. They argue that users of the audit quality, who lack the privileged information that the audit processes evidence provides, must take an auditor's reputation and opinion articulation for granted. Yuniarti (2011) describes several characteristics of quality audits. They include: significance (importance of the audit), reliability (whether the auditor's findings represent the reality of the audited entity and if management's claims about the entity are accurate), objectivity (the independence of the auditor), scope (the extent to which the whole range of the audit was covered), timeliness (the audit delay in presenting the report must be minimal), clarity (the findings and recommendations must be communicated well and the audit work must be done thorough), efficiency (the cost incurred must be in tangent with the benefits accrued), and effectiveness (the objectives of the audit must be achieved). It is these characteristics that, in his view, constitute the quality of the audit.

2.2 Theoretical Framework

2.2.1 Agency Theory

This study uses the Agency Theory proposed by Jensen and Meckling in 1976. Considering the relationship of the quality of audit and board attributes, this study uses Agency Theory as the basis. For Agency Theory proponents, a competent board ought to be able to enforce the discipline, transparency and accountability of the firm. Agency Theory describes the relationship between the principals and the agents, and the conflict of interest that occurs when the agents do not serve the interests of the principals. In the words of Clerk, “managers and directors are entrusted by shareholders to manage company resources efficiently and maximize shareholder value.” Because of the separation of ownership and control, agency problems arise. For example, shareholders may lose value when their managers pursue their own personal goals. Therefore, Agency Theory describes the importance

of corporate governance. more specifically the board of directors, to control the activities of the managers and ensure that agency costs are minimised. The board is the internal control that monitors the managerial decisions, on behalf of the shareholders. The effectiveness with which a board carries out its oversight function can be influenced by its size, independence, gender diversity, expertise, and the frequency of its meetings. According to Akhalumeh et al. (2017), in agency relationships, there is information asymmetry in which the managers have more information than the shareholders. Well-designed boards can mitigate this asymmetry by enhancing the quality of financial reports and strengthening the credibility of the audits.

2.2.2 Stewardship Theory

This approach is attributed to Donaldson and Davis in 1991. It recognizes senior managers as stewards because, as part of a business unit, they combine their interests with those of the firm, as opposed to their interests as individuals (Wanyama & Olweny, 2013). This position implies that there are no agency costs to be borne by shareholders relative to managers. Thus, the directors and shareholders have arrived at some form of equilibrium. It follows that the need for monitoring managers is rarified, thereby increasing their wealth (Lekaram, 2014). Davis, Schoorman, and Donaldson (1997) state that the board should preview a high proportion of executives in order to facilitate the more effective and efficient executive process within the firm. Stewardship theory is a normative counter to agency theory. When a firm's values are in congruence with those of its managers, the managers are likely to exhibit stewardship behavior—twinned with strong corporate governance. The stewardship theory posits that within-role organizational behavior of an executive determines to a large extent the variance in firm performance. Subsequently, one must ask if the organizational structure is such that it provides the executive with the means to devise and execute strategies that will elevate the firm to superior performance (Donaldson, 1985). Objectives have structures as long as they provide top management with a coherent, rational set of functions, goals,

and powers. The CEO will enjoy smooth, unfettered command over the business because the structures will improve the operations to that level, and there will be no issues (Donaldson & Davis, 1991). While it must be recognized that boards do operate within the confines of available personnel, the demand for the firm's offerings, and the cost and availability of capital, stewardship theory does receive criticism for providing directors unaccountable autonomy (Blair & Stout 2001). Within stewardship theory, the primary limitation occurs when managers abuse power and act contrary to the interests of the equity holders, or when they simply do not act as effective stewards and fail to fulfill their responsibilities. Unlike agency theory, which places the presumption of agency on managers, stewardship theory assumes that, upon their appointment, managers and boards act as stewards and that their actions will certainly be aligned with the interests of their principals (Davis et al 1997a; Pastoriza & Ariño, 2008).

2.2.3 Stakeholder Theory

Freeman (1994) posits that corporate managers oversee a network of relationships that include suppliers, business partners, and employees. According to Wanyama and Olweny (2013), Stakeholder theory is any individual, group, or entity that may influence or be influenced by the organization's objectives. The theory is correct and true based on the current state of the economy, and the state theory is managerial because it reflects and directs the activities of the directors, unlike the management theorists and economists (Freeman, 1994). Managers establish relationships with their stakeholders and motivate them, building communities and ecosystems where every member exerts maximal effort to fulfill the organization's promise of value (Freeman, Wicks & Parmar, 2004). Stakeholders consist of various individuals and groups of an organization that are affected by and impacted by the business activities of the organization. The aspiration of the theory is to establish what is best for the various groups of stakeholders. Overall, Stakeholder theory enhances the management of organizations to be efficient, economical, ethical, and pragmatic even under highly complex and

dynamic circumstances. The concept is fundamental to corporate governance and offers mechanisms for organizations to manage competing priorities of different stakeholders. Stakeholder theory comprises three fundamental aspects.

First on the part of the managers, it is identifying and monitoring all relevant stakeholders. While deciding on important issues and implementing activities, the specific needs of all stakeholders must be addressed. Second, managers, on the other hand, should try to encourage harmony and address the potential for disputes among different constituencies. Third, to address the uncertainty of the environment and the associated risks, it is important for managers to have good contacts with other (public and private) organizations. Stakeholder theory identifies both internal and external stakeholders. Customers, suppliers, and competitors are assumed to be external stakeholders, while managers, employees, and owners are internal stakeholders (Chandani & Ahmed, 2021). Most of the scholarship on stakeholder theory is descriptive and focuses on the external environment, leaving the relationship between the corporation and society in a direct manner largely unaddressed. One of the objectives of Freeman is to equip management with a strategic instrument by identifying the key stakeholders, while his theory does not adequately address the theory of the firm or individual actors in corporate behaviors. Various critiques can be made on the current version of Freeman's theory. For example, it fails to provide an adequate explanation of the process, connect internal and external elements, situate the business within the larger surrounding ecosystem, and address the various tiers within the system. The theory also offers an incomplete analysis of the external environment. In particular, it does not adequately clarify the means and manner of a corporation's interactions and conduct on the external territories. For the advancement of the theory, an unambiguous account of the relationships to be described is essential. The interactions of firms and their stakeholders needs to be revised and streamlined, as addressed in Freeman's analysis (Key, 1999).

2.3 Empirical Review

2.3.1 Board Meeting and Audit Quality

Shamaki et al. employ an ex post facto approach based on data obtained from annual reports to determine the quality of financial reporting by board composition of the consumer goods companies on the Nigerian Stock Exchange between the years 2016 to 2021. They conclude that board member expertise enhances the quality of financial reporting, noting an improvement in the financial report quality with the increasing number of board specialists. Opoku et al. studied the interrelation of board characteristics and audit quality in Ghana 2012-2019. They applied panel regression to data from 25 listed corporation audits. Results proposed that board size, board independence and control, and gender diversity, particularly in decreasing discretionary accruals, positively aligned with audit quality. However, CEO duality negatively impacted audit quality, suggesting separation of CEO and board chair roles will improve the audit quality in the organization. Rinaldi and Agustin explore the determining factors of audit quality in the firm in Indonesia, covering the 2011 to 2020 period and utilizing panel data regression within the consumer goods manufacturing companies listed on the Indonesia Stock Exchange. The results indicated that both the dimension of the board and the fees paid for audits had a positive impact on the quality of the audits conducted, whereas leverage had a negative and statistically insignificant impact.

Qawqzeh et al. (2021) investigated the impact of the mediating role of audit fees on the relationship of the board's attributes with the quality of financial reporting focusing on Jordan. The evaluated time series of 2009-2017 and the cross section of 180 firms listed on the Amman Stock Exchange yielding to multiple regression analysis showed that bigger boards and independency of directors constituted adverse effects on the quality of financial reporting while board expertise and the remuneration of directors exerted positive effects. The study underlined the incentives and expertise on the audits as pivotal in improving the quality of audits. Ahmed et al. (2021) analyzed the impact of

audit quality on the relationship of the characteristics of the board and the lag in the audit report focusing on listed non-financial companies in Nigeria. The time period was 2013-2018 and the data set was 31 companies, where the system dynamic panel-data estimation was used. It was discovered that the board meetings had a significant effect on the reduction of audit report lag and that the audit quality was a powerful moderating factor in this relationship, affirming the importance of the directors on the timely presentation of financial reports. Alawaleh et al. (2021) examined the relationship of CEO tenure, the board's characteristics and audit quality in Jordan. The study used logistic regression on data from 325 firms listed on the Amman Stock Exchange between 2014 and 2018. Although there was a negative relationship between CEO tenure and board independence with respect to audit quality, it was non-significant. On the contrary, audit quality was positively influenced by board size and client size, and the quality was negatively influenced by CEO duality.

Ajibulu et al. (2021) assessed the board attributes influence on the quality of financial reporting in Nigeria. The study employed a correlational research design and analyzed data from 12 listed deposit money banks. The study concluded that board size positively and significantly influenced financial reporting quality. This implies that bigger boards increase reporting transparency. Musa and Hope (2020) examined the impact of board attributes on audit quality in Nigerian manufacturing companies. This study established that board size was positively and significantly related to audit quality. On the other hand, gender diversity on boards was found to not significantly affect the audit result. The emphasis on the relationship between board size and improved audit quality was most remarkable. Omoregie and Dibia (2020) researched the extent to which audit firm attributes affect audit quality in Nigeria's banking sector. The study analyzed data from 15 firms for the years 2014 to 2018, and concluded that audit independence and audit fees positively correlate with audit quality, while audit rotation and audit delay did not significantly impact quality.

In an assessment of the effect of corporate governance variables on the quality of corporate

disclosure being practiced in Nigeria, Shiyanbola and colleagues (2020) studied the governance of both financial and non-financial firms on the Nigeria Stock Exchange from 2003 to 2017, and ascertained that the size of the board and the independence of the audit committee were positive contributors to the quality of financial reporting. It is, however, curious that the number of board and audit committee meetings had an adverse effect on the financial firms, suggesting that the number of meetings, in themselves, are not an unqualified contributor to improved reporting. Based on an analysis of the influence of the characteristics of 25 non-financial firms in Nigeria between 2009 and 2016, Kenny and Luqman (2019) found that the size of the firm was the only positive predictor regarding the quality of financial reporting and that profitability and tangibility had negative relationships reporting quality suggesting that larger firms are more effective in maintaining high-quality financial reporting. On the assignment of firm characteristics, Hassan and Abubakar (2019) determined the quality of financial reporting and its governance in the consumer goods sector. Their analysis led to the conclusion that while the size of the firm and the board exercised no significant influence on the financial reporting quality, the financial leverage of the firm acted as a significant negative contributor. This emphasizes the importance of firm level factors.

Dheyaa et al. (2019) analyzed how internal and external governance mechanisms impacted audit quality within Iraqi non-financial firms, focusing on attributes like board size and audit committee characteristics. They found that larger boards were associated with poorer audit quality and that the frequency of audit committee meetings bore a positive but statistically weak relationship to audit quality. In a related context, Farouk et al. (2019) addressed the influence of firm attributes on financial reporting quality for companies in the Nigerian industrial goods sector, and found that the scheduling of board meetings had a positive influence on the financial visibility of the firm. Regular meetings, thus, promote transparency and enhance the reporting standards within the firm. Adagye (2019) studied the relationship between the financial reporting quality of Nigerian deposit money

banks and the audit committee's gender diversity. The findings indicate that gender diversity does not materially affect the financial reporting quality, pointing to the likely influence of other factors driving the reporting.

2.3.2 Board Size and Audit Quality

Shamaki et al. (2023) examined how composition of the board of directors, particularly board size, influences the quality of financial reporting on consumer goods firms listed on the Nigerian Stock Exchange (NSE) from 2016 to 2021. The research design was ex post facto and used as primary data the annual reports of the companies. The study employed Ordinary Least Squares (OLS) regression and reported a positive association between the quality of the financial report and the size of the board. This indicates that with a large board, there was an improvement in the degree of financial reporting transparency in the Nigerian consumer products companies. Opoku et al. (2022) studied the effect of board characteristics including board size on audit quality in Ghana from 2012 to 2019, using data from 25 listed firms and panel regression analysis. It was established that there was a positive and significant relationship between board size and audit quality, which was assessed using discretionary accruals (DAC). More specifically, large boards improved audit quality by increasing the level of audit conservatism, which underscored the relevance of board size in the securing robust audits in Ghanaian enterprises.

Rinaldi and Agustin (2022) examined how different characteristics of a firm (i.e., firm size, audit fees, and size of the board) affect the quality of audits. The authors used purposive sampling and performed a panel data regression through Eviews 10 on data covering the years 2011 to 2020 for the Indonesian Stock Exchange listed manufacturing companies. The study found that larger boards were linked to an improvement in the quality of audits, with board size being a critical factor along with audit fees. This implies that larger boards give more oversight, thus improving the audit quality in the firms in Indonesia. Qawqzeh et al. (2021) analyzed the effect of board characteristics (i.e., board size)

on the quality of financial reporting in Jordan through a study of 180 listed firms since 2009 to 2017. The obtained results of their study indicated that the board size negatively and significantly influenced the quality of financial reporting, contrary to the expected positive influence, thus showing a possible oversight lost paradox. The authors argued that larger boards may provide additional control, but the lack of coordination may become more pronounced, thus decreasing reporting quality. Ahmed et al. (2021) also studied how the quality of audit moderates the influence that board characteristics have on audit report lag in Nigeria. The study, which covered 31 non-financial companies listed on the Nigerian Stock Exchange between 2013 and 2018, found that board size had a statistically significant negative effect on audit report delay. This suggests that having more board members limits audit report delay and enhances audit quality. This implies that larger boards can help audits be completed in a more timely fashion.

Alawaleh et al. (2021) examined how board size, CEO duality, and other governance factors affect the quality of audits within Jordanian firms. The research took place between 2014 and 2018 and identified a strong positive correlation between the size of the board and the quality of audits, indicating that larger boards provide more effective supervision, thereby enhancing the audits. Ajibulu et al. (2021) assessed the influence of board characteristics, which include board size, on financial reporting quality in Nigeria. Their research, which surveyed 12 listed deposit banks, revealed that larger boards positively contributed to the enhancement of financial reporting. This led the researchers to conclude that larger boards are more likely to provide effective supervision and ensure precise financial reports are prepared. Nigerian manufacturing firms were the subject of research by Musa and Hope (2020) concerning the impact of board size on the quality of audits. The study concluded there is a positive and significant relationship between the size of the board and the quality of audits. Omoregie and Dibia (2020) studied the relationship between audit firm characteristics and audit quality in the Nigerian banking sector, concentrating on board size. The research indicated that board

size contributed to the improvement of audit quality, which implies that larger boards assist Nigerian banks in upholding more rigorous standards in their auditing. Shiyanbola et al.(2020) examined the impact of corporate governance structures, including the influence of board size, on the quality of financial reporting has been evaluated in the Nigerian context. Research findings indicate that, particularly in the case of financial institutions, the proportion of reporting quality was positively influenced by the board size. This indicates that the increase in the number of directors may tend to enhance the governance systems, which, in turn, and positively correlated with the increase, augments the financial reporting quality.

Farouk, Hassan, and company (2019) evaluated the relationship between financial governance and financial performance in Nigeria. They established that both financial control and performance profitability in Nigeria had positive synergies suggesting that aligned financial performance and control in Nigeria is possible. Ayodeji Adagye (2019) analyzed how organizational and board structures affect the quality of financial reports in the Nigerian industrial goods sector. This study stated that the size of the board positively influences financial reporting quality because bigger boards better supervise and thus improve the quality and transparency of the reports. Adagye (2019) assessed the impact of gender diversity within audit committees on the quality of financial reporting for Nigerian banks, controlling for board size. Results indicated that board size positively influenced the quality of the financial disclosures, which suggests that larger boards enhance governance and reporting processes. In contrast, gender diversity did not positively impact the quality of financial reports.

2.3.3 Board Composition and Audit Quality

Olufayo and Adedeji (2023) examined the impact of board composition on the quality of audits for Nigerian SMEs. Their study utilized pooled OLS regression and concluded that for boards which consisted of individuals with varying and meaningful professional experiences, including the independent and expert directors, the audits conducted were of higher quality. It was noted that such composition of the board resulted in the enhancement of the auditors' performance through more constructive enforcement paired with improved financial accountability. Also in 2023, Bakar and Shah conducted a study in Malaysia on the board composition and its impact on the quality of audits. Their structural equation modeling demonstrated that boards with a higher proportion of independent directors and financially literate persons were associated with improved audit quality. This study pointed out the need for different skills in the board for adequate audit supervision. Okolie and Ogbari (2022) focused on Nigerian manufacturing companies and formulated auditing board oversight and audit quality in companies. They used structural equation modeling to identify the relationship between board composition and audit quality. They demonstrated that audit boards composed of financially qualified personnel as well as independent directors were able to supervise the audit processes more effectively and completely, as well as accurately assess the audits.

Ogbeide and Olayiwola (2021) used panel data on audit quality and board composition for publicly traded firms in Nigeria and executed a fixed-effects analysis. They exposed that boards composed optimally with a blend of independent and non-executive directors improved audit quality significantly. Particularly, the establishment of specialized audit committees alongside independent directors was crucial in ensuring un-biased auditing and reliability of the financial statements. Adeyemi and Fagbemi (2020) on the other hand, surveyed the banks in Nigeria and the composition of boards and the quality of audits for which they applied multivariate regression analysis. They showed that boards composed more of independent directors, and those with finance and audit

expertise, improved audit performance by augmenting oversight and alleviating the possibility of financial misstatement. In Bangladesh, Sultana et al. (2020) researched on board composition and audit quality. Their structural equation modeling demonstrated that boards with a higher proportion of independent directors and those having financial expertise were correlated with improved outcomes of the audit function. Independent directors were crucial in sustaining the integrity of auditors' working relationships and in preventing management from inappropriately influencing auditors.

Zhao and Li (2019) investigated how board composition impacts audit quality within Chinese state-owned enterprises (SOEs). They carried out a fixed-effects regression analysis and found that boards that included independent directors were more likely to ensure the auditing processes were effective. Independent directors improved the communication between the auditors and the management, which resulted in higher quality audits. Research conducted by Glaum et al. (2019) in Germany examined board composition and its impact on the independence of the auditors and the quality of the audits. By employing a logistic regression analysis, Glaum et al. (2019) concluded that boards of independent directors not only promoted auditor independence, but also facilitated a direct improvement in audit quality. They argued that effective board composition resulted in more substantive auditing. Akinyemi and Olamide (2018) analyzed the influence of board composition on the quality of audits in Nigerian listed companies, utilizing OLS regression. They found that boards that contained a higher proportion of independent directors and members with audit and financial expertise were related to more comprehensive audits, as well as higher quality financial reports. DeFond and Zhang (2017) examined the impact of board composition on audit quality in Brazilian firms. They employed panel data analysis and found that, as a result of having independent boards, along with expert directors, the firms were able to improve the quality of their audits.

Independent directors have been shown to be more effective monitors of the financial reporting processes, resulting in more accurate audits. In his review of the literature regarding Chinese firms,

Lin and Yu (2017) considered and analyzed the role of board composition on audit quality improvement. By means of logit regression analytics, they identified that a larger percentage of independent directors led to auditors being less likely to issue going concern opinions, meaning that improved results of audit and financial stability were, to a great extent, attributable to independent directors. In Taiwan, Chi and Huang (2016) researched the role of board composition in audit quality using structural equation modeling. They showed that a higher proportion of independent directors and of individuals with financial expertise on the board played a significant role in improving audit results through stronger oversight and improved independence of the auditors. In the same year, Fahlenbrach et al. researched board composition in U.S. publicly listed firms. They identified, with regression analytics, the switch of statistically independent directors to the boards as a factor in the improvement of audit quality. Independent directors were most useful in overseeing the financial reporting process and in audits and in the effectiveness of the audit committees.

2.3.4 Board Composition and Audit Quality

Olayemi and Nuhu (2023) examined how often audit committees meet and how it influences audit quality within a set timeline. The study period was five years (2017-2021) for a population of 106 out of the non-financial companies on the Nigerian Exchange Group (NGX). The firms where audit committees met over four times a year, recorded fewer financial restatements and lower discretionary accruals which meant stronger audit quality. The authors concluded that the audit committees were able to provide oversight and better supervision of financial reports. In Nigeria, Musa and Alade (2022) explored banking and the quality of audits. Out of the 21 licensed commercial banks, 15 were selected for the review, which took place between 2016 and 2020. The fixed-effects regression model showed that banks with audit committees that met every quarter had higher audits, indicated through fewer audit qualifications and more favorable audit assessments. This study determined that the frequency of meetings had a primary role in the effectiveness of audit committees during the

financial oversight process. Rahman and Kamarudin (2021) analyzed the impact of audit committee meetings on the quality of audits in Malaysia, utilizing all public listed companies on the Bursa Malaysia. The study population was narrowed to 112 companies for the period 2015 to 2019 and included various industry sectors. The study showed a strong, positive connection between the frequency of audit committee meetings and the quality of audits, which was derived using the structural equation modeling. Regular and well-organized audit meetings were linked to fewer errors in financial reporting and audits that were completed in a more timely manner, which underscored the significance of consistent meetings.

In Nigeria's manufacturing sector, Umar and Bello (2020) studied how the diligence of audit committees affects the quality of audits. Out of the population of 75 manufacturing companies listed on the NGX, 60 firms were selected for the study. This study spanned 5 years from 2014 to 2018. The use of pooled OLS regression showed that firms with audit committees that met more frequently practiced less earnings management and had more credible audit reports. The authors argued that diligent audit committees enhance the performance and independence of auditors. In the case of Zang and Zhang (2019), the study was set in the United States with the target population being firms listed on the NYSE and NASDAQ. For this study, 200 firms were selected and examined over a 6-year period from 2012 to 2017. The use of logistic regression showed that firms whose audit committees met more than four times a year were significantly less likely to have a financial misstatement or have a qualified audit opinion. The authors concluded that the audit committee's level of monitoring and communication with the auditors was greatly improved. Hassan and Adegoke (2018) studied the impact of audit committee meetings on enhancing the quality of audits in the banking sector of Nigeria. All 22 commercial banks licensed by the Central Bank of Nigeria were the focus of the research. Over the course of four years from 2013 to 2016, a sample of 16 banks was evaluated. After applying multivariate regression, it was found that the meeting frequency and quality of audits had a significant

positive correlation. Quarterly meetings, as stated by the writers, allowed for better engagement with auditors followed by a more meticulous review of the financial statements and oversight of the internal controls. Zulkifli and Sanusi (2017) studied 35 government linked companies in Malaysia and from this population, a sample of 28 companies were used from 2012 to 2016. They examined the relationships of audit committee meetings to audit report due dates using structural equation modeling. The study found that there were more timely audits and fewer delays for audit committees that met four times a year. The writers explained that the meetings demonstrate the diligence of the audit committee which is crucial in ensuring audit quality in semi-public entities.

Al-Fayoumi and Abuzayed (2016) investigated certain organizations in Jordan that are publicly listed on the Amman Stock Exchange. The initial sample consisted of 95 companies, and 70 were finally selected. The study spanned from 2010 to 2015, covering 6 years. The authors implemented a random-effects panel data model and showed that audit committee meeting frequency and audit quality had a significant positive relation. Companies that held audit committee meetings every quarter received stronger audit opinions and were less likely to have restatements, indicating higher financial integrity. From 2009 to 2013, Abbott, Parker, and Peters (2015) focused on US publicly listed corporations on NYSE and NASDAQ and analyzed a sample of 150 large cap companies for the years 2009 to 2013, studying the logistic regression to understand the impacts of audit committee meeting frequency on financial fraud, audit results, and the overall fraud risk. Their findings showed that companies scheduling more frequent audit committee meetings had a higher chance of receiving a clean audit report and were less likely to manipulate earnings. This illustrates the importance of consistent oversight during audits.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This study examines the effect of board attributes on audit quality among Nigeria commercial banks. The research strategy and technique are presented in this chapter.

3.2 Research Design

To make sure all the data collected will be useful, the research design has to be well planned out. For this research, the ex-post facto research design will be used, which calls for analyzing data that has already been collected after an event has already taken place (Saunders, 2012). This design was selected because the variables under consideration are historical; thus the researcher has no possibility of manipulating the input and output variables, since the events are in the past.

3.3 Population of the study

The population of the study consists all 24 of the commercial banks in Nigeria (CBN, 2024). This was centered on commercial banks because of the uniformity in the regulations which governs the preparation of their reports. This uniformity makes the report more credible (Alodat et al., 2021).

3.4 Sample Size and Sampling Technique

A sample is a smaller group taken from a larger population for the purposes of a study, instead of the entire population. This research takes a non-probability sampling approach, specifically purposive sampling. This technique is used because it guarantees companies with adequate information for the chosen years which offers a balanced panel. Out of the 24 commercial banks, 13 will be used. The 13 banks for the study sample are the only listed commercial banks on the Nigeria Exchange Group which will facilitate data determination, and the data will likely be a lot.

3.5 Sources of Data

The study is going to use quantitative data from secondary sources to fulfill the research objectives. The data is going to be pulled from the annual reports of the 13 banks listed on the Nigerian Exchange Group. More specifically, the data required will be taken from the banks' audited financial statements for the years 2019 to 2023.

3.6 Model Specification

The econometric model of Hasan and Hussainey (2022) will be adapted for this study. This model considers board meetings, board size, board composition, and audit committee meeting as the independent variables, with audit quality serving as the dependent variable. The model is outlined as follows:

The model is described as follows:

$$AQ_{it} = \beta_0 + \beta_1 BM_{it} + \beta_2 Bsize_{it} + \beta_3 BC_{it} + \beta_4 ACM_{it} + \mu_{it}$$

Where:

AQ – Audit Quality

BM – Board meeting

Bsize – Board size

BC – Board composition

ACM – Audit committee meeting

μ - Error Terms

$\beta_0, \beta_1, \beta_2, \beta_3, \beta_4$ are parameters of the variables which are to be estimated through regression technique.

3.7 Variable Description and Operationalisation

The descriptions alongside the measurement of studied variables are given in the table below:

Variables	Symbol	Type	Operationalized
Audit Quality	AQ	Dependent	A dummy variable is set to 1 if the firm auditor is employed by one of the four big worldwide auditing firms, and to 0 otherwise.
Board meeting	BM	Independent	The frequency of meetings conducted by the board.
Board size	Bsize	Independent	The total count of individuals serving on the board of directors.
Board composition	BC	Independent	Composition of the executive and non-executive directors.
Audit committee meeting	ACM	Independent	The frequency of meetings held by the audit committee.

3.8 Method of Analysis.

The OLS regression technique as a predictor for a set of dependent and independent variable values will be used in this study. OLS will be used for all dependent and independent variable relationships. Data analysis will be performed in EViews. Data will be checked for OLS assumptions. For checking Breusch-Pagan and serial correlation and Breusch-Pagan-Godfrey for heteroskedasticity, the Breusch-Pagan test will be used. The Ramsey RESET will be employed for model specification testing.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

4.1 Introduction

This chapter presents and interprets the results derived from the various variables utilized in this study. The objective is to provide valuable insights that can inform decisions and influence policy formulation. The chapter begins with a presentation of descriptive statistics, followed by a series of tests for normality, correlation analysis, and diagnostic checks. These include the Breusch-Pagan-Godfrey Test for heteroscedasticity, the Breusch-Godfrey Test for serial correlation, the Ramsey RESET test, and the results from the regression analysis.

4.2 Descriptive Statistics

Descriptive statistics provide an overview of the basic features of a dataset, offering a concise summary of the variables under study. This includes measures of central tendency (mean, median, and mode) and measures of dispersion (such as standard deviation, variance, minimum, and maximum values). Additionally, statistical measures like skewness and kurtosis are used to describe the shape and distribution of the data. The table below outlines the summary statistics for the study's variables:

DESCRIPTIVE ANALYSIS

Table 1: Results of the Descriptive Analysis of the Regression Variables

	AQ	BM	BSIZE	BC	ACM
Mean	0.9385	6.4769	12.785	0.7622	5.061
Median	1.0000	6.0000	13.000	0.7100	5.0000
Maximum	1.0000	16.000	22.000	2.0000	11.000
Minimum	0.0000	1.0000	6.0000	0.1000	1.0000
Std. Dev.	0.2422	2.5069	3.0746	0.5146	1.5996
Skewness	-3.6491	1.3917	0.2273	1.0766	1.0071
Kurtosis	14.316	6.4191	3.7545	3.6437	5.2354
Jarque-Bera	491.03	52.644	2.1015	13.678	24.521
Probability	0.0000	0.0000	0.3497	0.0011	0.0000
Sum	61.000	421.00	831.00	49.545	329.00
Sum Sq. Dev.	3.7538	402.22	604.98	16.949	163.75
Observations	65	65	65	65	65

Source: Eviews 10 (2025)

The descriptive statistics summarize the central tendency, distribution, dispersion, and distribution characteristics of audit quality (AQ), board meetings (BM), board size (BSIZE), board composition (BC), and audit committee meetings (ACM) in the observed sample. The average results indicate that the sample banks possess good quality audits, as the average AQ score of the sample banks is 0.9385. Boards meet more than once a quarter, as every board meets an average of 6.48 times in a year. The size of the boards of Nigerian deposit money banks is also large, as they average 12.79 members. The composition of the board also meets the governance codes, as the average score of 0.7622 means that approximately 76% of the members of the board are non-executive or independent directors. In terms of the regulatory requirements, it is also suggestive that the average score of 5.06 meetings implies that the audit committee meetings exceed the regulatory requirements of 4 meetings per year, as they meet 5.06 times a year.

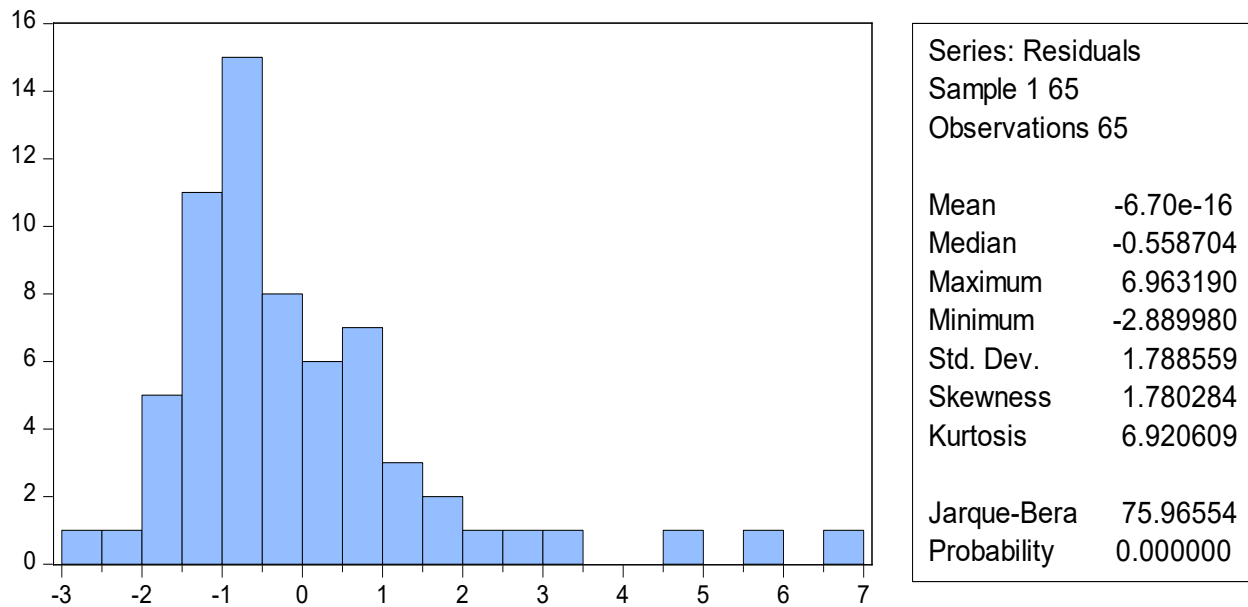
The median statistics for AQ = 1.00, BM = 6.00, BSIZE = 13, BC = 0.71, and ACM = 5.00 means that for over half of the firms, audit quality was complete, they maintained at least six meetings,

and had 13 members on the board, 71% of whom were independent, and five meetings of the audit committee were held annually. In order to detect possible outliers, the maximum and the minimum values were used. For AQ the minimum of 0.0 indicates that some banks had very poor or even failed audit quality, while the maximum of 1.0 indicates that audit quality was perfect for other banks. The meetings of the board ranged from 1 to 16 which means some boards meet very infrequently while some meet quite a lot. The size of the board has a very wide range from 6 to 22 members which means there is a lot of difference in the governance structures. The range of the board composition of 0.1 to 2.0 indicates that there are some firms that greatly exceed the normative standard of 1:1 of independent and executive members of the board. The meetings of the audit committee ranged from 1 to 11 which shows that some banks are not complying to the minimum standard of meetings while others are hyper compliant.

The standard deviations convey some moderate variability. However, audit quality (0.2422) indicates that most firms cluster around full audit quality, so most auditors' work quality is consistent. Wider variation in board practices is revealed by board meetings (2.51), board size (3.07), and audit committee meetings (1.60). Differences in independence structures across firms is revealed by board composition (0.51) within independence variability. The skewness statistics indicate that audit quality is negatively skewed (-3.6491), which means that most firms record high audit quality, with a few poorly performing firms left pivoting the distribution. Board meetings (1.3917), board composition (1.0766), and audit committee meetings (1.0071) skew positively. This indicates that most firms cluster around fewer meetings, or with some balanced independence, while a few hold unusually high meetings or excessive independence. The symmetry of board size (0.2273) is nearly perfect. Kurtosis values show that audit quality (14.316) is highly leptokurtic, with extreme clustering around high values and a few outliers with very low scores. Board meetings (6.4191) and audit committee meetings (5.2354) are also leptokurtic, implying heavy clustering and extreme values. Board size (3.7545) and

board composition (3.6437) are slightly leptokurtic, showing moderate peaks relative to normal distribution. Lastly, the Jarque-Bera test suggests that the variables audit quality (JB = 491.03, $p = 0.0000$), board meetings (JB = 52.64, $p = 0.0000$), board composition (JB = 13.68, $p = 0.0011$), and audit committee meetings (JB = 24.52, $p = 0.0000$) exhibit a clear departure from normality. Only board size (JB = 2.10, $p = 0.3497$) is characterized as normally distributed.

Fig 1: Result of the Histogram Normality Test



Source: Eviews 10 (2025)

The histogram normality test result reported a positive skewness of 1.780284, which indicates a rightward-tailed distribution, meaning that the data is skewed toward higher values. The kurtosis of 6.920609 exceeds the benchmark of three, suggesting a leptokurtic distribution. This implies that the data has fatter tails and a sharper peak compared to a normal distribution. The standard deviation of 1.788559 indicates the degree of dispersion or variability around the mean. The Jarque-Bera statistic of 75.96554, along with the probability value of 0.000000, suggests that the data do not follow a normal distribution, as the null hypothesis of normality is rejected.

4.3 Correlation Analysis

Table 2: Result of the Correlation Analysis

Covariance Analysis: Ordinary

Date: 09/21/25 Time: 22:04

Sample: 2019 2023

Included observations: 65

Correlation t-Statistic Probability	AQ	BM	BSIZE	BC	ACM
AQ	1.0000 ----- -----				
BM	0.0748 0.5956 0.5536	1.0000 ----- -----			
BSIZE	0.0659 0.5239 0.6022	0.5224 4.8622 0.0000	1.0000 ----- -----		
BC	0.0506 0.4025 0.6887	-0.2976 -2.4745 0.0160	-0.1976 -1.6003 0.1145	1.0000 ----- -----	
ACM	0.0503 0.3994 0.6909	0.6004 5.9595 0.0000	0.3808 3.2689 0.0018	-0.0367 -0.2916 0.7716	1.0000 ----- -----

Source: Eviews 10 (2025)

The correlation results reveal that the relationship between audit quality and the selected board attributes is generally weak and statistically insignificant. While there seems to be a slight increase in audit quality as board meetings increase with a value of 0.0748, this value is also negative and suggests that board meetings have no real effect of quality, especially with the value of 0.5536. The same relationship is seen with board size with a value of 0.0659, showing a slight increase in audit quality, combined with a value of 0.6022, denotes no visible increase in audit quality and thus suggests that increasing the size of the board has no impact on the quality of the audit. This weak positive and insignificant relationship also translates to board structure with a value of 0.6887. The number of audit

committee meetings shows a very weak positive relationship with audit quality with a value of 0.6909. This means that simply increasing the number of audit committee meetings does not imply there will be an increase in the quality of the audit. Some relationships among the independent variables were noted. The frequency of board meetings and the size of the board show a strong and positive correlation of 0.5224 with a p-value of 0.0000. This suggests larger boards tend to meet more often. Such boards also meet more frequently with their audit committees, as meetings of the audit committees and board meetings are positively correlated at 0.6004 with p-value 0.0000. However, the frequency of board meetings has a negative correlation with board composition of -0.2976 with p-value 0.0160, indicating that meetings of the board may lessen the board composition's effectiveness. This may be due to issues of coordination, or independence. In addition, a positive correlation of 0.3808 with p-value 0.0018 suggests that larger boards are associated with more audit committee activities, thereby indicating a positive correlation of the size of the board with audit committee meetings.

4.4 Regression Diagnostics

Test of Heteroskedasticity

Table 3: Results of the Breusch-Pagan-Godfrey Test of Heteroskedasticity

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	0.254304	Prob. F(4,60)	0.9059
Obs*R-squared	1.083614	Prob. Chi-Square(4)	0.8969
Scaled explained SS	5.974226	Prob. Chi-Square(4)	0.2011

Source: Eviews 10 (2025)

The Breusch-Pagan-Godfrey test is for detecting heteroskedasticity. Here the F-statistic is 0.254304 and the corresponding p-value is 0.9059. The p-value is way higher than the significance level of 0.05 so there is no heteroskedasticity. In short, we don't reject the null hypothesis of no heteroskedasticity.

Test of Serial Correlation

Table 4: Results of the Breusch-Godfrey Test of Serial Correlation

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	2.906200	Prob. F(2,58)	0.0636
Obs*R-squared	5.931801	Prob. Chi-Square(2)	0.0515

Source: Eviews 10 (2025)

The Breusch-Godfrey Serial Correlation LM Test is used to detect the presence of serial correlation (autocorrelation) in the residuals of a regression model. The F-statistic is 2.9062, and the associated p-value is 0.0636. Since the p-value is greater than the typical significance level of 0.05, we fail to reject the null hypothesis. This means that there is no evidence of serial correlation in the model's residuals.

Ramsey Reset Test

Table 5: Results of the Ramsey RESET of Model Specification

Ramsey RESET Test
Equation: UNTITLED
Specification: AQ BSIZE BM BC ACM C
Omitted Variables: Squares of fitted values

	Value	df	Probability
t-statistic	1.204310	59	0.2333
F-statistic	1.450364	(1, 59)	0.2333
Likelihood ratio	1.578535	1	0.2090

Source: Eviews 10 (2025)

The Ramsey RESET Test identifies model specification errors, particularly nonlinear relationships that may have been left out of the model. The t-statistic and F-statistic equal 1.204310 and 1.450364, respectively, with the p-value of 0.2333. Since the p-value is higher than the common significance level of 0.05, we fail to reject the null hypothesis that the model is correctly specified. Hence, we have no evidence of model misspecification according to this test.

4.5 Analysis of the Regression Result

Table 6: Results of the Regression Analysis

Dependent Variable: AQ

Method: Panel Least Squares

Date: 09/21/25 Time: 22:09

Sample: 2019 2023

Periods included: 5

Cross-sections included: 13

Total panel (balanced) observations: 65

Variable	Coefficient	Std. Error	t-Statistic	Prob.
BSIZE	-0.248192	0.088731	-2.797124	0.0069
BM	-0.077077	0.131377	-0.586683	0.5596
BC	-1.083364	0.479571	-2.259026	0.0275
ACM	0.496662	0.184843	2.686948	0.0093
C	3.784150	1.187406	3.186906	0.0023
R-squared	0.213778	Mean dependent var		1.800000
Adjusted R-squared	0.161363	S.D. dependent var		2.017114
S.E. of regression	1.847216	Akaike info criterion		4.139039
Sum squared resid	204.7323	Schwarz criterion		4.306300
Log likelihood	-129.5188	Hannan-Quinn criter.		4.205034
F-statistic	4.078570	Durbin-Watson stat		1.448060
Prob(F-statistic)	0.005450			

Source: *Eviews 10 (2025)*

Results from the regression analysis are illustrated in the table above. In the preliminary analysis, an R-Squared value of 0.213778 and an adjusted R value of 0.161363, tells us that 21.38 % of the variation in audit quality is explained by the independent variables considered in this study, which are board size, board meeting, board composition and audit committee meeting. This means that the independent variables considered in this study explained 21.38% of the variation in audit quality. This means that the other 78.62% variation is explained by the error term, by other unmeasured variables which influence audit quality. Also, since the F-statistic value is equal to 4.078570, which is greater than 2, we can say all the explanatory variables are statistically significant, which means that the model is a good fit for the data.

4.6 Test of Hypotheses

Hypothesis one: Board meeting has no significant impact on audit quality of deposit money banks.

The impact of how often a board meets on the quality of audits for Nigerian deposit money banks was evaluated. The data analysis showed that the BM coefficient was -0.077077 . This indicates the tendency for poorer quality audits the more frequent the board meets. The results also showed a t-value of -0.586683 , which is lower than 2, and a p-value of 0.5596 , which is greater than 0.05 . This indicates that the impact of the frequency of board meetings on the quality of audits is minor and negative, without significance for the 5% significance test. Therefore, the 5% significance test accepts the null hypothesis that the frequency of board meetings is without significant impact on the quality of audits for Nigerian deposit money banks.

Hypothesis two: Board size has no significant effect on audit quality of deposit money banks.

The hypothesis tested is whether board size has a significant effect on the audit quality of deposit money banks in Nigeria. Based on the data collected for the study, it was found that the board size had a coefficient of -0.248192 . This suggests that a negative relationship occurs between the variables of board size and audit quality. This data was further affirmed with a t-value of -2.797124 and a p-value of 0.0069 . Since the t-value exceeds the absolute value of -2 and the p-value is below 0.05 , we conclude that board size, in fact, negatively impacts the quality of audits in deposit money banks in Nigeria to a statistically significant degree. Therefore, the null hypothesis, which states that board size has no significant effect on audit quality, is rejected at the 5% significance level.

Hypothesis Three: Board composition has no significant influence on audit quality of deposit money banks.

The hypothesis tested is whether the composition of the board affects the audit quality of deposit money banks in Nigeria. The results showed -1.083364, meaning that there exists a negative relationship between the composition of the board, and audit quality. The results also gave a t of -2.259026, and, in absolute value, it is still greater than 2 which, together with the p-value of 0.0275 which is less than 0.05, suggests that board composition negatively impacts the audit quality of deposit money banks in Nigeria. Therefore, the null hypothesis which suggests that board composition does not influence the audit quality is retained at 5% significance..

Hypothesis Four: Audit committee meetings have no significant effect on audit quality of deposit money banks.

The hypothesis assessed is whether the frequency of meetings of audit committees affect the quality of audits conducted on Nigeria's deposit money banks. The result showed a value of 0.496662, interpreted to mean the relationship of audit committee meetings to the quality of audits is positive. The result also established a t-value of 2.686948, which is greater than 2, and a p-value of 0.0093, which is less than 0.05. All of which result to the conclusion that the meetings of the audit committee do positively affect the quality of audits on deposit money banks in Nigeria. Therefore, the null hypothesis of which states that audit committee meetings do not positively affect the quality of audits, is rejected in the 5% significance level.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

1. The number of board meetings held has a negative effect on audit quality, although statistically insignificant. This indicates that the frequency of meetings neither significantly improves nor diminishes the audit quality in Nigeria's deposit money banks.
2. The size of the board has a statistically significant negative effect on audit quality. Increasing the size of the board is associated with a decline in the audit quality, implying that excessively large boards might obstruct the necessary supervision and control. This is evident in the case of Nigerian banks.
3. The composition of the board has a statistically significant negative effect on audit quality as well. The higher the portion of independent or non-executive directors, the poorer the audit quality, indicating that composition, in and of itself, does not provide adequate oversight, as seen in Nigerian banks.
4. The number of meetings held by the audit committee has a statistically significant positive effect on audit quality. The more audit committee meetings that are held, the more the audit quality improves, indicating the importance of active audit committees in the financial oversight and reporting of Nigerian banks.

5.2 Conclusion

This study explored the influence of board characteristics on the quality of audits performed on commercial banks within Nigeria from 2019 to 2023. The primary list of money holding banks on the Nigerian stock exchange is used as a sample for this study, owing to the publicly available data. Several analyses were conducted on the data set, and it was found that the size and composition of the board, as well as the frequency of audit committee meetings, were the key factors determining the quality of audits of the sampled banks. In contrast, the

frequency of board meetings was found to exert a minor influence on audit quality.

5.3 Recommendations

The following recommendations were made in line with the above findings:

1. The quality of meetings should be prioritize over the quantity of meeting since board meeting frequency has a negative but statistically insignificant effect on audit quality. Boards should ensure that meetings are well-structured, with clear agendas, adequate preparation, and actionable resolutions that strengthen oversight and audit processes.
2. Deposit money banks should maintain an optimal board size that balances diverse expertise with efficiency. Regulators and bank management should avoid excessively large boards, as smaller, more manageable boards tend to improve coordination, accountability, and monitoring effectiveness.
3. Banks should review the criteria for appointing independent and non-executive directors. Independence should be complemented with relevant industry knowledge, financial expertise, and active engagement in governance processes. Training programs for board members can also help enhance their effectiveness in improving audit quality.
4. Banks should encourage more frequent and effective audit committee meetings. Committees should be adequately resourced, provided with timely information, and empowered to follow up on audit findings and risk management issues. Strengthening the role of the audit committee will improve overall audit quality and stakeholder confidence.

5.4 Contribution to the study

This study contributes to corporate governance literature by providing empirical evidence on how board attributes influence audit quality in Nigerian banks. It shows that larger board size and higher board independence may reduce audit quality, while frequent audit committee meetings improve it. The findings extend agency and stewardship theories by emphasizing the importance of active board sub-committees in improving audit oversight

5.5 Suggestion for Further Study

Future research should examine other sectors beyond banking and include additional governance factors such as board diversity and CEO duality. Studies using longer periods or qualitative methods could also provide deeper insights into board effectiveness and audit quality relationships.

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APPENDIX I

SECONDARY DATA OF THE VARIABLES EMPLOYED IN THE STUDY

i	t	AQ	BM	BSIZE	BC	ACM
1	2019	1	10	18	0.9	6
1	2020	1	7	20	0.6	6
1	2021	1	8	17	0.8	6
1	2022	1	8	10	0.4	3
1	2023	1	8	10	0.4	3
2	2019	1	7	13	0.1	4
2	2020	1	6	13	0.1	4
2	2021	1	5	14	0.1	4
2	2022	4	7	14	0.1	5
2	2023	4	6	14	0.1	5
3	2019	4	8	10	0.1	7
3	2020	5	9	13	0.1	5
3	2021	5	11	12	0.5	9
3	2022	7	8	12	0.5	8
3	2023	5	8	12	0.5	8
4	2019	9	5	10	0.8	4
4	2020	8	5	9	0.5	5
4	2021	8	5	11	0.83	5
4	2022	4	5	10	0.83	5
4	2023	5	5	10	0.83	5
5	2019	1	9	14	0.75	8
5	2020	1	16	22	0.875	11
5	2021	1	9	15	0.875	7
5	2022	1	10	13	0.44	7
5	2023	1	10	13	0.44	7
6	2019	1	5	14	0.5	4
6	2020	1	5	14	0.5	4
6	2021	1	1	6	1	1
6	2022	1	4	6	1	4
6	2023	0	4	6	1	4
7	2019	0	4	11	0.375	4
7	2020	1	4	11	0.375	4
7	2021	1	4	11	0.375	4
7	2022	1	4	12	0.33	4
7	2023	1	4	11	0.33	4
8	2019	1	4	14	1.8	5
8	2020	1	5	14	1.8	5

8	2021	1	5	14	0.5	6
8	2022	1	6	16	1	4
8	2023	1	6	16	1	4
9	2019	1	5	19	0.9	5
9	2020	1	7	16	0.78	7
9	2021	1	7	16	0.6	5
9	2022	1	7	15	0.78	3
9	2023	1	7	15	0.78	3
10	2019	1	5	9	2	5
10	2020	1	5	9	2	6
10	2021	1	4	9	2	5
10	2022	1	4	9	2	5
10	2023	1	4	9	2	5
11	2019	1	5	11	0.8	4
11	2020	1	4	12	0.71	4
11	2021	1	6	12	0.71	5
11	2022	1	6	13	0.71	6
11	2023	1	6	13	0.71	6
12	2019	1	7	14	1.3	4
12	2020	1	5	13	1.2	4
12	2021	1	7	14	0.5	4
12	2022	1	7	13	1.3	4
12	2023	1	7	13	1.3	4
13	2019	0	8	16	0.6	6
13	2020	0	7	15	0.67	5
13	2021	1	15	13	0.3	4
13	2022	1	8	14	0.27	6
13	2023	1	8	14	0.27	6

APPENDIX II**Descriptive Analysis Result**

	AQ	BM	BSIZE	BC	ACM
Mean	0.9385	6.4769	12.785	0.7622	5.061
Median	1.0000	6.0000	13.000	0.7100	5.0000
Maximum	1.0000	16.000	22.000	2.0000	11.000
Minimum	0.0000	1.0000	6.0000	0.1000	1.0000
Std. Dev.	0.2422	2.5069	3.0746	0.5146	1.5996
Skewness	-3.6491	1.3917	0.2273	1.0766	1.0071
Kurtosis	14.316	6.4191	3.7545	3.6437	5.2354
Jarque-Bera	491.03	52.644	2.1015	13.678	24.521
Probability	0.0000	0.0000	0.3497	0.0011	0.0000
Sum	61.000	421.00	831.00	49.545	329.00
Sum Sq. Dev.	3.7538	402.22	604.98	16.949	163.75
Observations	65	65	65	65	65

APPENDIX III
Ramsey Reset Test

Ramsey RESET Test
Equation: UNTITLED
Specification: AQ BSIZE BM BC ACM C
Omitted Variables: Squares of fitted values

	Value	df	Probability
t-statistic	1.204310	59	0.2333
F-statistic	1.450364	(1, 59)	0.2333
Likelihood ratio	1.578535	1	0.2090

F-test summary:

	Sum of Sq.	df	Mean Squares
Test SSR	0.088372	1	0.088372
Restricted SSR	3.683285	60	0.061388
Unrestricted SSR	3.594913	59	0.060931

LR test summary:

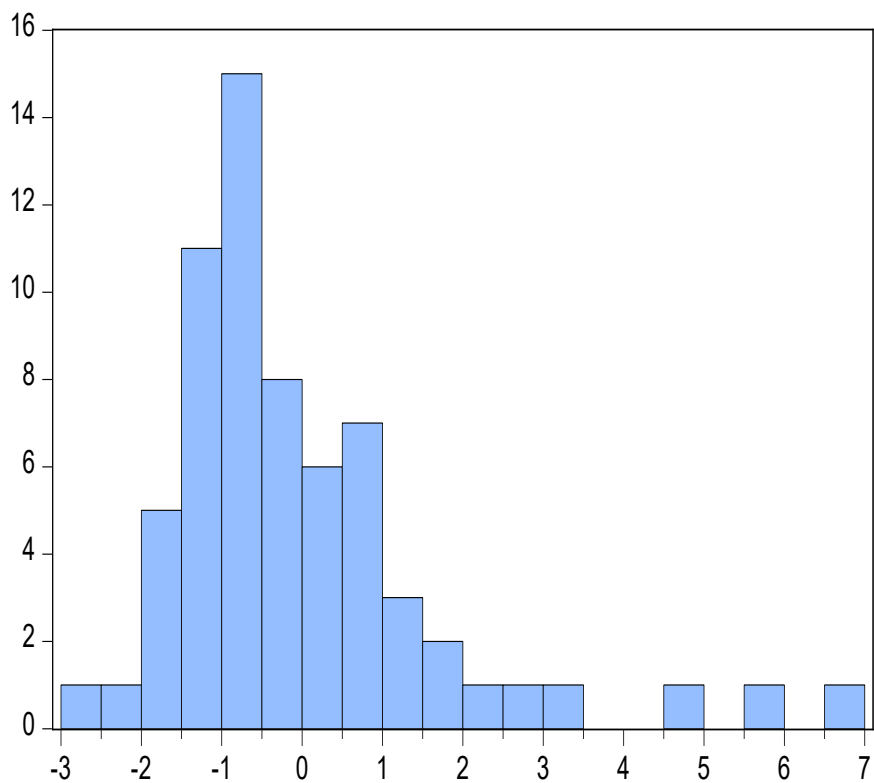
	Value
Restricted LogL	1.062923
Unrestricted LogL	1.852190

Unrestricted Test Equation:
Dependent Variable: AQ
Method: Least Squares
Date: 09/21/25 Time: 22:15
Sample: 1 65
Included observations: 65

Variable	Coefficient	Std. Error	t-Statistic	Prob.
BSIZE	5.725628	4.672051	1.225506	0.2253
BM	2.431451	1.986949	1.223711	0.2259
BC	2.573769	2.100364	1.225392	0.2253
ACM	-2.709139	2.213492	-1.223921	0.2258
C	10.46117	8.157808	1.282350	0.2047
FITTED^2	-29.49748	24.49326	-1.204310	0.2333

R-squared	0.042339	Mean dependent var	0.938462
Adjusted R-squared	-0.038819	S.D. dependent var	0.242186
S.E. of regression	0.246841	Akaike info criterion	0.127625
Sum squared resid	3.594913	Schwarz criterion	0.328338
Log likelihood	1.852190	Hannan-Quinn criter.	0.206819
F-statistic	0.521685	Durbin-Watson stat	1.150128
Prob(F-statistic)	0.758865		

APPENDIX IV
Histogram Normality Test



Series: Residuals	
Sample 1 65	
Observations 65	
Mean	-6.70e-16
Median	-0.558704
Maximum	6.963190
Minimum	-2.889980
Std. Dev.	1.788559
Skewness	1.780284
Kurtosis	6.920609
Jarque-Bera	75.96554
Probability	0.000000

APPENDIX V

Heteroskedasticity Test

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	0.254304	Prob. F(4,60)	0.9059
Obs*R-squared	1.083614	Prob. Chi-Square(4)	0.8969
Scaled explained SS	5.974226	Prob. Chi-Square(4)	0.2011

Test Equation:

Dependent Variable: RESID²

Method: Least Squares

Date: 09/21/25 Time: 22:15

Sample: 1 65

Included observations: 65

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.269504	0.281168	0.958518	0.3416
BFSIZE	-0.068795	0.127936	-0.537727	0.5928
BM	-0.041384	0.103415	-0.400172	0.6905
BC	-0.041744	0.055540	-0.751609	0.4552
ACM	0.042339	0.105732	0.400434	0.6903

R-squared	0.016671	Mean dependent var	0.056666
Adjusted R-squared	-0.048884	S.D. dependent var	0.205433
S.E. of regression	0.210394	Akaike info criterion	-0.205868
Sum squared resid	2.655933	Schwarz criterion	-0.038607
Log likelihood	11.69071	Hannan-Quinn criter.	-0.139873
F-statistic	0.254304	Durbin-Watson stat	1.059795
Prob(F-statistic)	0.905929		

APPENDIX VI

Serial Correlation

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	2.906200	Prob. F(2,58)	0.0636
Obs*R-squared	5.931801	Prob. Chi-Square(2)	0.0515

Test Equation:

Dependent Variable: RESID

Method: Least Squares

Date: 09/21/25 Time: 22:20

Sample: 1 65

Included observations: 65

Presample missing value lagged residuals set to zero.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
BSIZE	0.098022	0.061368	1.597278	0.1156
BM	0.047724	0.090046	0.529994	0.5981
BC	0.119962	0.327428	0.366379	0.7154
ACM	-0.347210	0.132047	-2.629430	0.0109
C	0.076539	0.810982	0.094378	0.9251
RESID(-1)	0.479756	0.117723	4.075300	0.0001
RESID(-2)	0.399490	0.119014	3.356652	0.0014
R-squared	0.554023	Mean dependent var		-6.70E-16
Adjusted R-squared	0.507888	S.D. dependent var		1.788559
S.E. of regression	1.254687	Akaike info criterion		3.393089
Sum squared resid	91.30582	Schwarz criterion		3.627254
Log likelihood	-103.2754	Hannan-Quinn criter.		3.485482
F-statistic	12.00861	Durbin-Watson stat		1.492930
Prob(F-statistic)	0.000000			

APPENDIX VII
Correlation Analysis Result

Covariance Analysis: Ordinary
Date: 09/21/25 Time: 22:04
Sample: 2019 2023
Included observations: 65

Correlation	AQ	BM	BSIZE	BC	ACM
t-Statistic					
Probability					
AQ	1.000000 ----- -----				
BM	0.074831 0.595622 0.5536	1.000000 ----- -----			
BSIZE	0.065858 0.523866 0.6022	0.522365 4.862245 0.0000	1.000000 ----- -----		
BC	0.050640 0.402455 0.6887	-0.297631 -2.474517 0.0160	-0.197645 -1.600328 0.1145	1.000000 ----- -----	
ACM	0.050262 0.399445 0.6909	0.600421 5.959471 0.0000	0.380813 3.268917 0.0018	-0.036709 -0.291565 0.7716	1.000000 ----- -----

APPENDIX VIII
Regression Analysis Result

Dependent Variable: AQ

Method: Panel Least Squares

Date: 09/21/25 Time: 22:09

Sample: 2019 2023

Periods included: 5

Cross-sections included: 13

Total panel (balanced) observations: 65

Variable	Coefficient	Std. Error	t-Statistic	Prob.
BFSIZE	-0.248192	0.088731	-2.797124	0.0069
BM	-0.077077	0.131377	-0.586683	0.5596
BC	-1.083364	0.479571	-2.259026	0.0275
ACM	0.496662	0.184843	2.686948	0.0093
C	3.784150	1.187406	3.186906	0.0023
R-squared	0.213778	Mean dependent var		1.800000
Adjusted R-squared	0.161363	S.D. dependent var		2.017114
S.E. of regression	1.847216	Akaike info criterion		4.139039
Sum squared resid	204.7323	Schwarz criterion		4.306300
Log likelihood	-129.5188	Hannan-Quinn criter.		4.205034
F-statistic	4.078570	Durbin-Watson stat		0.448060
Prob(F-statistic)	0.005450			