

**AUDIT COMMITTEE CHARACTERISTICS AND FINANCIAL REPORTING
QUALITY (TELECOMMUNICATION)**



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DEPARTMENT OF ACCOUNTING

FACULTY OF MANAGEMENT SCIENCES

UNIVERSITY OF BENIN

BENIN CITY.

OCTOBER, 2025.

**AUDIT COMMITTEE CHARACTERISTICS AND FINANCIAL REPORTING
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**BEING A PROJECT WORK SUBMITTED TO THE DEPARTMENT OF
ACCOUNTING, FACULTY OF MANAGEMENT SCIENCES, UNIVERSITY OF
BENIN ,BENIN CITY. IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE AWARD OF THE BACHELOR OF SCIENCE (B.SC) DEGREE IN
ACCOUNTING**

OCTOBER, 2025.

DECLARATION

ETHAMOKHA FAITH OMOANASE declare that,

- i. This study 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. Ikhu-Omoregbu Godstime** of the Department of Accounting, Management Sciences, University of Benin, Benin City, Nigeria.
- ii. This work has not been submitted for the award of degree elsewhere.
- iii. Ideas and views are product of my personal research and where the view of others has been expressed, they have been duly acknowledged.
- iv. Any liabilities arising from this work is to be wholly borne by me alone

ETHAMOKHA FAITH OMOANASE

DATE

CERTIFICATION

We, certify that this research project was carried out by **ETHAMOKHA FAITH OMOANASE** in the Department of Accounting, Faculty of Management Sciences, University of Benin, Benin City, Nigeria. It is adequate in scope and quality in partial fulfilment of the requirements for the award of Bachelor of Science (BSc.) degree in Accounting.

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Date

DR. Ikhu-Omoregbe Godstime

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Date

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(Head of Department)

Date

DEDICATION

This project work is dedicated to God Almighty for His abundant grace in my life and for seeing me through my academic pursuit and aspirations. He has been my source of strength and on his wings only I have soared. I also want to dedicate this project to my Family and friends for the love and encouragement they have shown towards me during the course of this program, all I can say is thank you and God bless you.

ACKNOWLEDGEMENTS

I will like to acknowledge the valuable support and guidance provided by my project Supervisor Dr. Ikhu-Omoregbe throughout the course of this project. His expertise and insights were crucial in shaping the direction and outcome of this work. I would also like to express my gratitude to my parents Mr and Mrs Ethamokha whose input and collaboration enhanced the quality of this project. Additionally,

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ABSTRACT

This study examined the impact of audit committee characteristics on financial reporting quality in Nigerian telecommunication companies. The research adopted an ex-post facto design and relied on secondary data obtained from the published annual reports of four major telecommunications firms MTN, Airtel, Glo, and 9mobile for the period 2015 to 2024. Financial reporting quality was measured by the timeliness of financial statements, while audit committee independence, size, meeting frequency, and financial expertise served as the explanatory variables.

The data were analyzed using descriptive statistics, correlation analysis, and multiple regression techniques with the aid of Stata 13. The diagnostic tests confirmed the absence of multicollinearity, heteroskedasticity, and autocorrelation, ensuring the reliability of the model. The regression results revealed that audit committee independence, size, meeting frequency, and expertise did not have a statistically significant effect on financial reporting quality in the sampled firms. The overall model also lacked explanatory power, suggesting that audit committee characteristics, as currently structured in Nigerian telecommunications companies, may not be strong determinants of reporting timeliness.

The findings indicate that compliance with governance requirements does not automatically translate into higher reporting quality unless audit committees actively perform their oversight roles. The study concludes that while audit committees are vital for corporate governance, their effectiveness depends more on active engagement, independence in practice, and professional competence than on formal attributes such as size or meeting frequency. It recommends that regulatory authorities and company boards focus on strengthening the functional capacity of audit committees by providing continuous training, enforcing genuine independence, and prioritizing quality over quantity in audit committee activities.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Recently, as the audit committee evolves, academic research seeks to understand the usefulness of the characteristics of the audit committee, emphasising whether these characteristics affect audit quality and quality of financial reporting (Haddad et al. 2021; Harris and Williams 2020; Zulfikar et al. 2020). One of the critical factors influencing the quality of financial statement and performance is the political process (Daryaei and Fattahi 2020). We believe that this factor has a significant influence due to the distinctive character of the public sector, especially the government, which is strongly influenced by political circumstances. Political factors can be political intervention in the financial area and the absence of synergy between the political and political institutions to government administration. Various political behaviours that potentially influence the government include withholding critical information from the decision-makers, joining coalitions, spreading rumours, leaking confidential information to the media, and lobbying for or against the interest of specific individuals or for alternative decisions (Nirwana and Haliah 2018).

One of the main objectives of financial reporting is to provide high quality financial information about economic entities that is useful for economic decision making. The concept of financial reporting quality has attracted several researchers over the years given its importance to the accountancy profession generally and corporate reporting in particular (Nelson & Shukeri, 2011; Abbott, Parker & Peters, 2012; Ika & Ghazali, 2012; and Sultana, Singh & Van der Zahn, 2015). According to International Accounting Standard Board (IASB), (2008), high quality financial reporting is critical

to investors and other stakeholders in making investment, credit and similar decision. Accounting earnings is a significant and important variable of financial reporting which is usually used as a yardstick of financial reporting quality.

Corporate governance practice is starting to include the use of tools to monitor top management, to safeguard owners' wealth and attract more foreign investments. Previous research have indicated that the monitoring role of audit committee is an important key in corporate governance, helping to control and monitor managers' practice (Afify, 2009). Besides, audit committee can enhance the quality of financial reporting and decrease audit risk, thereby improving the quality of reported earnings (Abernathy, Beyer, Masli, & Stefaniak, 2015). Hence, audit committee plays a crucial role in overseeing and monitoring a company's management, with the aim of safeguarding the interests of the owners (Kallamu & Saat, 2015). Moreover, the primary role and responsibility of audit committee is to make recommendations on the appointment and change of external auditor; it covers wider areas including the monitoring of managers and review of the company's internal control system (DeZoort, Hermanson, Archambeault, & Reed, 2002).

Accurately, the quality of the financial report is a key element to shareholders and investors, providing them with financial information about a company. Hence, we shed light on the need for providing reliable, timely, and relevant information for efficient markets. The absence of this information spurs on market manipulation. This indicates that information should not have any bias and material error and ought not to be misleading. Nevertheless, the information needs to truly present the business activity and cautiously represent estimates and uncertainties, using proper disclosure (Okoye & Ofoegbu, 2006).

Cohen, Krishnamoorthy, and Wright (2017) state that a strong financial reporting process includes diligence by preparing and monitoring parties, such as the audit committee (AC) and auditors, providing accurate and transparent financial reports and associated disclosures.

Due to the financial fraud cases highlighted above, fraudulent financial reporting, usually beginning with earnings management, increases the most aggressive generally accepted accounting principles. Yet, earnings management might be favorable to influence stockholders' motivations and expand the information value of earnings. There are two categories of earnings management procedures, precisely real earnings management (REM) as well as accruals earnings management (Roychowdhury, 2006; Cupertino, Martinez, & da Costa, 2015).

According to Owolabi and Dada (2011), considering the total numbers of corporate collapses and failures, it is very important that audit committees is taken with more seriousness among corporate organizations. The audit committee serves as an intermediary between the external auditor and the board of directors; also it aids and facilitates the monitoring process by reducing information asymmetry between the external auditor and the board.

In order to improve the quality of financial reports of corporate entities, audit committee monitors the preparation and presentation of such financial reports. The audit committee is a committee which comprises of members of the board of directors saddled with the responsibility to assist their respective boards in fulfilling their oversight responsibility to stockholders, potential stakeholders, the investment community, and others relating to the entity's financial statements. Obviously, it is the responsibility of audit committees to maintain free and open communication between

the audit committee, the independent auditors, the internal auditors and the management of Companies (Salehi & Shirazi 2016)

1.2 Statement of the Research Problem

Financial reports are prepared in accordance with regulatory provisions and deemed to provide relevant information to interested parties and/or stakeholders of organizations. It therefore behoves preparers of financial statements to ensure that financial reports provide truthful and accurate financial information to enable shareholders and other interested parties to make decision wisely.

Lack of accuracy in financial reporting will lead shareholders and prospective investors to make wrong judgment about the organization. No doubt, the credibility of financial information is vital to the growth of any economy. Auditors on their part are expected to be independent and objective in the discharge of their responsibilities (Adelaja, 2009), consequent on the notion that auditors provides key assurance in protecting the varying interests of shareholders (Gallegos, 2004). However, studies have traced one of the most vexing problems in the financial world today to the roles which audit committees of firms could play, to support the work of external auditors (O'Connor, 2006; Beatties & Fearnley, 2002). The oversight function of audit committees is therefore placed under scrutiny when businesses whose financial statements once showed no indication of any failure suddenly become bankrupt. Prior studies (Ashbaugh, et al., 2003; Semiu & Kehinde, 2011; Semiu & Johnson, 2012; Umar, 2012) have been conducted to examine how audit firm characteristics may possibly affect the quality of financial reporting. Although, these studies are largely based on data from the US and European nations, thereby reflecting trends and patterns in advanced economies; it is pertinent to note that empirical evidence on the effect of audit committee characteristics on financial reporting quality have remained

scarce especially as it relates to Nigerian evidence. This situation thus creates an empirical which this current study is designed to fill. In this light, this study uses four variables of audit committee characteristics to investigate their effects on the financial reporting quality of telecommunication companies in Nigeria.

1.3 Research Questions

It is in view of the problems and the specific objectives of this study the following research questions are raised:

- i. How does audit committee size affect the quality of financial reporting of telecommunication companies in Nigeria?
- ii. What is the relationship between audit committee independence and quality of financial reporting of telecommunications companies in Nigeria?
- iii. What effect does audit committee financial expertise have on the quality of financial reporting of telecommunications companies in Nigeria?
- iv. What is the relationship between audit committee meeting frequency and financial reporting quality?

1.4 Objectives of Study

The overall objective of the study is to examine the impact of audit committee characteristics on the financial reporting quality in telecommunications companies listed in Nigeria Exchange Group. The specific objectives are to:

- i. examine the effect of audit committee on financial reporting quality of telecommunication companies in Nigeria.
- ii. assess the influence which audit committee independence exert on the financial reporting quality of telecommunication companies in Nigeria.

- iii. assess the impact of audit committee financial expertise on the financial reporting quality of telecommunication companies in Nigeria.
- iv. examine the relationship between audit committee meeting frequency and financial reporting quality.

1.5 Research Hypothesis

In line with the objectives of this study, the following hypotheses are formulated in null form, Audit committee:

H₀₁: size has no significant impact on the financial reporting quality of telecommunications companies in Nigeria.

H₀₂: independence has no significant impact on the financial reporting quality of telecommunications companies in Nigeria.

H₀₃: financial expertise has no significant impact on the financial reporting quality of telecommunications companies in Nigeria.

H₀₄: meeting frequency has no significant impact on the financial reporting quality of telecommunication companies in Nigeria.

1.6 Significance of the Study

This study offers significant insights for various stakeholders, including managers, regulators, shareholders, and academic researchers.

Managers will benefit from this study as audit committees help to address potential conflicts of interest between management and shareholders by providing an independent oversight mechanism for financial reporting and internal controls.

Regulators will find value in well-functioning audit committees as it make it easier for regulators to monitor compliance with accounting standards and other regulations. This study will assist regulators in making the right audit standard.

Shareholders, who are primarily interested in financial reporting, will find this study especially valuable. Committees with members possessing financial expertise can effectively assess the complexity of financial statements and accounting standards, contributing to better monitoring and reporting. This information will help guide shareholders in their decision-making and strategic planning.

Academic researchers and students will benefit from this study as it will help researchers to utilize statistical techniques to analyze the relationship between audit committee characteristics and financial reporting measures, leading to more robust and reliable research conclusions.

1.7 Definitions of Terms

The terms below have been defined in accordance with the context of their usage in this study.

- i. **Audit:** This is an independent examination that is carried out by qualified independent persons on financial statements or records of an entity to review the adequacy of internal control in accordance with the rules of the board or commission for the purpose of expressing an opinion on accuracy and completeness of such statements
- ii. **Audit Committee:** These are group of persons appointed by the company for the purpose of supervising the accounting and processes of the financials and stands as an intermediary between the board of directors and the external auditors.
- iii. **Financial reporting quality:** The precision with which financial reporting conveys information about the firms operations or compliance of accounting standards of a particular country, or the extent to which the published

financial statements and related disclosures capture the essence of the operations and financial position of the reporting entity.

- iv. **Financial statement:** can be defined as a formal documentation of all financial related activities and position of a business, person or any other entity.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter extensively explores the foundational concepts and theories relevant to the research topic: "Audit committee characteristics on the financial reporting quality in telecommunications." It also incorporates insights from other scholars and experts in the field to furnish the researcher with a comprehensive grasp of the subject matter. The chapter is structured into three main sections, each further divided into sub-sections: Conceptual framework, review of theories, and empirical review.

2.1 Conceptual Framework

This section delves into the conceptual framework of the study, addressing the fundamental principles and components of both the dependent and independent variables utilized in the research.

2.1.1 Audit Committee

Audit committee is one of the major operating committees of companies' board of directors that is in charge of overseeing financial reporting and disclosure (Bansal & Sharma, 2016). An audit committee assists the board of directors to fulfill its corporate governance and overseeing responsibilities in relation to an entity's financial reporting, internal control system, and risk management system as well as its internal and external audit functions (Dabor & Dabor, 2013). Its role is to provide advice and recommendations to the board within the scope of its terms of reference.

In Nigeria, section 359(3) and (4) of the Companies and Allied Matters Act requires every public traded firm to establish an audit committee. It is part of their

responsibility to assist in the oversight of the integrity of the company's financial statements, compliance with legal and other regulatory requirements, assessment of the qualification of independence of external auditors and performance of the company's internal audit function as well as that of external auditors (Nasser, 2015). It is also meant to establish an internal audit function and ensure that there are other means of obtaining sufficient assurance of regular review or appraisal of the system of internal controls in the company, oversee management's process for the identification of significant fraud risks across the company and ensures that adequate prevention, detection, and reporting mechanisms are in place (Rohaida, 2011).

According to Ahmed (2018), audit committee referred to a group of people selected from members of the board of directors who are responsible for retraining the independence of auditors. Also, Bala (2014) viewed audit committee to compose of non-executive directors in an establishment. From the definitions above, it can be deduced that the main purpose of audit committee is the improvement of audit work thereby increasing the quality of financial reporting.

2.1.2 Audit Committee Characteristics

The indispensability of audit committee members to audit quality in organizations cannot be overstressed because of their oversight function and ability to checkmate the activities of principal officers. Audit committee characteristics are numerous, however, based on the gap created for this study, features such as audit committee size, audit committee meetings, audit financial expertise and audit committee independence are considered.

2.1.2.1 Audit Committee Size

The issue of earnings management has invariably led to the course of action by management to institute audit committee which has been regarded as an integral part of improving the quality of financial reporting. An audit committee is a sub-committee of the board that specializes in and responsible for ensuring the accuracy and reliability of the financial statements provided by management (Majiyebo, Okpanachi, Nyor, Yahaya & Mohammed, 2018). This has seriously stimulated regulators' attention all over the world to formulate laws and/or review policies on improving the monitoring functions of the audit committee (Asiriwa, Aronmwan, Uwuigbe & Uwuigbe, 2018).

Following the legal requirements of Nigeria, section 359 (6) of the Companies and Allied Matters Acts CAMA (1990), laws of the federation of Nigeria, the functions of audit committee are to review the audited and unaudited financial statements as well as other special investigation of the company in accordance with the legal requirement and agreed ethical practices and to ensure that the company maintains an effective system of accounting and internal control as well as to review the scope and results of external auditors thereby reaffirming their objectivity.

Most of the regulations including that of Nigeria require the provision of an equal number of shareholders and directors to run the audit committee (Hussaini & Adam, 2014). As highlighted earlier, section 359(6) of the Companies and Allied Matters Act CAMA requires every public company to have an audit committee which shall have a maximum of six members of equal representation by three shareholders and three directors (Bala, 2014). As stated by Temple et al (2016), the magnitude of the committee is the sum of memberships of the group chosen by the governing bodies.

Where a large audit committee member exists, possible challenges emanating from financial reporting tasks likely have the likelihood of being exposed and settled. This depends on the situation where a considerable number of the size of the committee raises the available means to the committee and enhances the superiority of control, as previous studies have shown that audit committee size affects corporate disclosure (Majiyebo et al., 2018).

2.1.2.2 Audit Committee Meeting

In Nigeria, the audit committee is considered as a committee of representatives of both directors and shareholders charged with the responsibility to review the annual statements before being submitted to the board of directors (Enofe, Ngame, Okunega & Edia 2013). An active audit committee is expected to provide a monitoring mechanism that can improve the reliability and financial reporting of the company (Gabriella, 2016). To achieve this, the audit committee must meet frequently. According to Ibrahim, Alkasim, Udoh, and Onipe (2019), every member of the audit committee are expected to attend board meetings, as such attendance gives them the opportunity of knowing the issues being faced by the company and empowers them to effectively perform their functions. The audit committee meeting ensures that there are intensity and effectiveness to incorporate monitoring of the operation of the management (Araoye & Olatunji, 2019). Meeting attendance allows members to interact among themselves thereby creating and strengthening cohesive bonds that will engender mutual understanding for a strategic decision that will contribute to improved managerial performance (Akpan, 2015). The more the meeting attended by the members of the audit committee, the better the managerial monitoring quality which ensures the quality of financial reporting. The audit committee members will

be well informed and keep abreast of the activities within the organization when they meet regularly.

2.1.2.3 Audit Financial Expertise

The significance of financial literacy and expertise among audit committee members of an audit committee is clearly demonstrated by various recommendations and regulations. The Blue-Ribbon Committee on Improving the Effectiveness of Corporate Audit Committees in 1999 suggests that each audit committee should have at least one financial expert. The Sarbanes-Oxley Act of 2002 established new rules requiring at least one financially knowledgeable director to be present on the audit committee. Furthermore, according to the New York Stock Exchange (NYSE)-registered company manual, all members of the audit committee should possess financial competence. Having audit committee members with financial and accounting knowledge enhances their understanding of auditing issues, risks, and appropriate audit measures to address and identify these issues and risks (DeZoort and Salterio, 2001).

Several empirical studies have reported the positive impact of audit committee financial expertise. For instance, Krishnan and Visvanathan (2008), find that companies with audit committee financial expertise exhibit lower earnings management. Goh (2008) found no association between the audit committee's financial expertise of the audit committee and material internal control weaknesses. Other studies have also supported the benefits of having financial expertise on the audit committee in various company outcomes (Abbott et al., 2004; DeFond et al., 2005; DeZoort & Salterio, 2001; Xie et al., 2003). Audit committee financial expertise has also been linked to firm performance, although the evidence is not

entirely conclusive. Some studies such as those by Javeed et al. (2020) and Findyhyllam (2022), found positive associations between financial expertise and firm performance. However, several other studies including those by Al-Maet al. (2012), Al-Mam andn et al. (2014), Qeshta et al. (2021) and Al-Ahdala Findim (2022), found no significant influence of audit committee financial expertise on firm performance. The Provision of CAMA 2020, as amended in Nigeria, provides that an audit committee must have at least one member with financial literacy in accounting or other related disciplines, as well as possessing membership in any professional accounting body in Nigeria.

2.1.2.4 Audit Committee Independence

Audit committee independence refers to the extent to which the audit committee is free from influence by the company's management and other parties that could compromise their objectivity in overseeing the company's financial reporting and internal controls. It's a crucial aspect of corporate governance, ensuring the audit committee can act as a strong, independent monitor of management's actions and financial reporting practices.

A strong proponent of independence, Securities and Exchange Commission (1999) argue that audit committees consisting of independent directors would lead to higher financial reporting quality, because they would have reduced conflicts of interest and lessened incentive to sacrifice objectivity. Consistent with this argument, the research concluded by Klein (2002), Abbott, Parker and Peters (2002), Bedard, Chtourou and Courteau (2004), Persons (2004) and Archambeault, Dezoort and Hermanson (2008), show that audit committee independence reduce earnings management, or the likelihood of financial reporting restatement and financial reporting fraud. Krishnan

(2005) stated that independent audit committees are significantly less likely to be associated with the incidence of internal control problems over financial reporting. Whereas, Beasley, Carcello, Hermanson and Neal (2009), concluded that the previous quantitative studies found that higher quality financial reporting and auditing is associated with more independent, expert and diligent audit committees.

Audit committee independence is regarded as the most significant factor to ensure the overall effectiveness of an audit committee and lead to better monitoring of the company's financial reporting practices (Bliss et al., 2011; Carcello, Neal, Palmrose, & Scholz, 2011; Salloum et al., 2014; Tusek, 2015). In a series of efforts to improve audit committee independence, various regulations including the Sarbanes-Oxleyact of 2002 (SOX), the UK Corporate Governance Code, the Code of Corporate Governance (Council, 2012) have been issued that require audit committees to be fully (or in the majority) comprised of independent or non-executive directors (NEDs)—who are not serving their companies in any executive or management position and do not have any other business relationship with those companies. However, the important thing to be considered here is whether having independent or NEDs as committee members are mere superficial regulations confirming “procedural independence” or they are actually associated with enhanced effectiveness of audit committees improving “substantive independence” (Church et al., 2018; DeZoort et al., 2002; Salehi, 2020)

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2.1.3 Financial Reporting Quality

Financial reporting is one of the main processes in an organization that provides valuable information about the company's strategies, past events, and current status to the users of financial statements. According to Jonas and Blanchet (2000), Financial reporting is a process that depends on the quality of each part, such as information and disclosures related to the company's transactions, judgments made by management and also the information about selection and application of accounting policies. By using such information, decision-makers decide whether to invest or not in a particular firm. Further, they decide whether to lend or not to the firm. Most importantly, currently, there is a high demand for quality information by investors, stakeholders and society due to business globalization, geographical

expansion and technological advances. High-quality financial reporting will not result just because it was prepared according to generally accepted accounting policies and standards. Thus, Financial reporting quality refers to the characteristics of a firm's financial statements. As per the Conceptual framework for financial reporting-ICASL (2020), high-quality financial reporting must be helpful in decision making. Relevance and faithful representation are the two characteristics of decision-useful financial reporting.

Financial information can make a difference in decisions if it has predictive value, conformity value or both. Also, to be helpful, financial information must not only represent relevant phenomena, but it must also faithfully represent the phenomena that it purports to represent. Quality and accurate financial reporting is considered an effective tool for evaluating organisations' performance, strategies, future status, etc. It can be identified as the primary source for the decision-making process of users. Usually, organisations prepare financial statements following generally accepted accounting policies. Nevertheless, users cannot ensure that the provided information comprises the main qualitative characteristics such as relevance, Faithful representation, transparency and reliability. Thus, Financial Reporting Quality (FRQ) can be defined as the faithfulness of the information conveyed by the financial reporting process (Martínez-Ferrero, 2014). Numerous advantages of providing high-quality information have been cited: FRQ reduces information risk and liquidity (Lambert et al., 2007), prevents managers from using discretionary power for their benefit and helps them make efficient investment decisions (Chen et al., 2011). Specifically, one of the main benefits of better FRQ is the minimization of asymmetric information problems that arise from conflicting agencies (Rajgopal and Venkatachalam, 2011).

2.2 Review of Theories

The interplay between audit committee characteristics and financial reporting quality is illuminated by several theories from Economics, Management, Psychology, and Sociology. These theories include resource dependency theory, stewardship theory, stakeholder theory, and agency theory, each offering valuable perspectives. For this research, we focus specifically on the agency theory and the stakeholders' theory to deepen our understanding of the variables.

2.2.1 Agency Theory

This study is anchored on the agency theory which was developed to explain the behavior of parties in an agency relationship. According to Jensen and Meckling (1976), agency relationship is a contract under which one or more persons engage another person to perform some service on their behalf which involves delegating some decision-making authority to the agent. The Theory posits that the agent will not always act in the best interest of the principal as a result of conflict of interest. It further submits that the agency problem so presumed is accentuated by information asymmetry. Information asymmetry exists when one party has information advantage over the other. In agency relationship, the agent being directly involved in the management of the firm has information advantage over the principal.

Information asymmetry gives rise to twin problems of adverse selection and moral hazard. Chambers and Crowley (2003) defines adverse selection as a problem that takes place before a transaction takes place and is, most of the time, related to market inefficiency. Chambers and Crowley give an example based on the 'lemons problem' of Akerlof (1970), in which a customer wants to buy a car. The car dealer has more information about the car than the customer, so he could use that in his advantage. Therefore, the adverse selection problem will lead to higher prices for the customers. Moral hazard is defined by Holmström (1979) as

the problem that arises when individuals engage in risk sharing under conditions such that their privately taken actions affect the probability distribution to the outcome.

In agency relationship, the agent is required to report on his/her stewardship periodically. However, it has been found that agents – managers - tend to manipulate financial reports for a variety of reasons. The Theory, therefore, advocates monitoring of managers (Beasley et al., 2009; Fama & Jensen, 1983).

One monitoring mechanisms is audit committee. The primary function of audit committee is to serve as the guardian of the financial reporting process for the benefit of first the shareholders and second all other stakeholders. Since financial reporting issues revolve around conflicts and audit committees are to monitor the financial reporting process and constrain opportunistic managerial reporting, Agency Theory is considered relevant to this study. Several prior studies have explained the role of audit committee in the financial reporting process based on Agency Theory. Some of the studies include Ayemere and Elijah (2015), Cohen et al. (2014)., and Chukwu and Nwabochi (2019).

2.2.2 Stakeholders' Theory

As the name implies, stakeholder theory is an advanced development on the perception of stakeholders and its association with any business organization. This theory is believed to be propounded by Freeman (1984). This theory gives a contradictory view on the view of Friedman (1962) who affirmed that it is the responsibility of the corporation to make profit for the shareholders. Freeman (1984) asserted that managers must protect the rights of all the stakeholders of an organization. Comparing the two scholars' opinions, it can be agreed that there is a distinct separation and distinction between them. Freeman (1984) defined a stakeholder as any individual or group who can affect or is affected by the accomplishment of the organization's goals.

In essence, the general idea behind stakeholder's theory is to redefine the organization. A lot of concepts before the establishment of this theory focused on the fact that the major aim of any organization is to maximize its shareholders' wealth, as long as they do not do anything illegal or not in line with standard requirements.

Jeffrey, Edward and Mônica (2015) observed that the stakeholder's theory takes account of a wider group of participants rather than concentrating on only the shareholders. Looking at this theory in relation to this study, it can be deduced that the result of the audit quality affects not only the shareholders of an organization but also the stakeholders. Audit quality in its entirety could affect audit quality of an organization, which would inevitably affect the stakeholders of the organization. Donaldson and Preston (1995) stated that the stakeholders' theory in all its entirety is descriptive, instrumental, normative and managerial. In relation to this study, it can be agreed that this theory describes all the people that could be affected by the quality of the audit work. No matter how vast or small an audit assignment is, it would ultimately affect the stakeholders of an organization.

This theory is instrumental because it identifies the connections between stakeholders and audit committee. Agreeably, the members of an audit committee board could also be part of the stakeholders in an organization. In essence, they too would be affected by the quality of the audit work. Stakeholders' theory is normative because it interprets the function of the corporation. This theory is significant in a lot of studies, and particularly in this study. However, it has been criticized based on the fact that it neglects the fact that not all stakeholders are generic, nor are they similar within groups (Jeffrey, Edward & Mônica, 2015). For instance, the customers of one organization would not be the same as the customers of another organization, even if they compete against themselves in the same industry. And within customers' associations, one customer is not going to have the same desires, values or utility function as other customers. The relevance of this theory to the

research lies in the fact that it properly outlines the fact that at times, members of the audit committee could be stakeholders too, and would not want to do anything to jeopardize the quality of the audit work. Stakeholders' theory affirms that in the operations and functions of the audit committee, there is every possibility that the way they handle the audit work could backfire on them, either negatively or positively. This is because they could eventually turn out to be stakeholders of the organization. And in the definition of a stakeholder, anyone that could affect or is affected by the action of an organization is deemed a stakeholder. Therefore, audit committee employed by an organization are stakeholders of that organization.

2.2.3 Stewardship Theory

According to this theory, managers are expected to be good steward of organizational resources. They are not to misappropriate the organizational resources at this will adversely affect the attainment of other non-financial motives, such as the intrinsic satisfaction of successful performance and the need for achievement and recognition. This theory therefore, requires the directors of a company to be accountable for their stewardship over the the accounts show a true and fair view. As cited by Madison (2014), Stewardship theory is also about the employment relationship between two parties the principal (owner) and the steward (manager), (Davis et al., 1997; Donaldson and Davis, 1991).

It examines this relationship from a behavioural and a structural perspective. Theory suggests that stewards will behave in a pro-social manner, behaviour which is aimed at the interest of the principal and thus the organization (Davis et al., 1997; Zahra et al., 2009). This behaviour is fostered by the quality of the relationship between the principal and steward and the environment and ideals of the organization (Corbetta& Salvato, 2004; Davis et al., 1997).From the above theory, it is clear that managers of the banks are not expected to

pursue other objectives different from that of the organization. Effective audit committee and risk management committee oversight will ensure proper check and balance toward achievement of the organizational objectives. company's resources, subject to the report from an independent auditor to the members that

2.3 Empirical Review

The effectiveness of any audit committee is described in terms of how well the audit committee carries out its prescribed or legal roles and responsibilities. Such committee is said to be effective if it is independent, competent, inquisitive and decisive. To achieve this, each member of the committee must show willingness to devote time and energy to the work of the committee. That is, each member must be active. An effective audit committee would be enhancing their role to pursue the term of reference and objectives. This review will be writing on the relationship between the variables.

2.3.1 Audit Committee Expertise and Financial Reporting Quality

Being an expert in the audit committee permits members to successfully carry out their statutory duties (Mazlina, 2005). Consequently, extensive studies have been done on the relationship between audit committee expertise and financial reporting quality. Ojeka, Iyoha, and Asaolu (2015) investigated the link between audit committee expertise and financial reporting quality in Nigeria. Financial reporting quality was judged based on consistency (whole accrued performance) and timeliness. The finding demonstrates an unfavorable correlation between financial expertise on the audit function and overall accrual quality. Similarly, between 2011 and 2014 in Nigeria, Umobong and Ibanichuka (2017) studied the association between audit committee expertise and financial reporting quality of food service enterprises. They concluded that as members' financial knowledge grows, so does the credibility of their financial reporting

2.3.2 Frequency of Meetings in Audit Committee and Financial Reporting

Quality

According to Xie, Davidson, and DaDalt (2003), the number of AC meetings reflects their monitoring effectiveness, and the literature uses frequency of meetings as a proxy to measure audit committee activity. ACs that meet more frequently are better informed about the company circumstances (Al-Matari, 2013), and provide a more effective oversight and monitoring mechanism of financial activities, which includes the preparation and reporting of company financial information. Beasley, Carcello, Hermanson, and Neal (2009) claim that members of the AC are committed to meaningful and substantive meetings which still in turn lead to better monitoring and improve the financial reporting process. Previous literature contends that the frequency of AC meetings decreases the degree of a financial restatement. Indeed, Habbash (2015) state that the meetings that are more frequent decrease discretionary accruals and increase FRQ. This states that the committee is more efficient and committed to producing quality performance. Currently, Shahkaraiah and Amiri (2017) scrutinize AC quality and FRQ in India, which reveals that AC meetings have a negative significant impact on FRQ

2.3.3 Audit Committee Independence and Financial reporting quality

Independence is widely recognized as one of the crucial characteristics of an effective audit is frequently cited in the current literature and corporate governance guidelines. The prevailing belief is that independent external members make better monitors of management as they are not financially or personally connected to the company's executives (Sarbanes and Oxley, 2002). Audit Committee independence of an audit committee is considered essential for enhancing its effectiveness in supervising the financial reporting process (Baxter & Cotter, 2009).

Independent directors are seen as decision experts with good decision-making abilities (Abbott et al., 2004; Beasley, 1996). Consequently, independent audit committees are expected to reduce financial misconduct (Abbott et al. 2004). Thus, researchers have investigated the impact of audit committee independence on various aspects, such as financial reporting quality (Xie et al., 2003), internal control systems (Goh, 2008), and audit quality (DeFond et al., 2005). However, the relationship between Audit committee independence of an audit committee and financial reporting quality remains uncertain, based on prior research. Some studies suggest a positive association between a firm's performance and the proportion of non-executive directors in its audit committee. For instance, Chan and Li (2008) argue that audit committee independence positively influences a company's performance measured by "Tobin's Q." Ameer et al. (2010) also found that companies with external directors on their audit committees tend to perform better than those with a majority of internal executives and affiliated non-executive directors. Similarly, Al-Mamun et al. (2014) and Javeed et al. (2021) demonstrated positive associations between audit committee independence and firm performance.

Conversely, some studies suggest a potential negative association between the percentage of independent non-executive directors on the audit committee and financial reporting quality. Ben Barka and Legendre (2017), De Jong et al., (2005), and Franks et al., (2001) argue that such independence could be detrimental to a firm's performance. However, Al-Matari et al. (2012) did not find a significant association between audit committee independence and firm performance in their study of non-financial firms in Saudi Arabia. Qeshta et al. (2021) and Al-ahdal and Hashim (2022) also reported no significant association between audit committee independence and firm performance.

2.3.4 Audit Committee Size and Financial Reporting Quality

Herdjiono and Sari (2017) state that the effectiveness of AC is to some extent dependent on the characteristics of the committee, such as its size. To be effective in controlling and monitoring managers' behavior, Vicknair, Hickman, and Carnes (1993) indicate that the AC must have enough members to carry out its responsibilities, with sufficient resources (Kalbers & Fogarty, 1993). CAMA 2020, as amended, provides that the Audit Committee of a public company should have five members: three shareholders and two non-executive directors with at least one member belonging to a professional body in Nigeria. Indeed, larger ACs are more likely to behave as authoritative bodies exercising effective monitoring functions. Dhaliwal, Naiker, and Navissi (2010) evince that AC size increases the FRQ thanks to the diversity of skills and experiences they share amongst themselves. Mohammed, Ahmed, and Ji (2017) find a positive significant association between AC size and accounting conservatism. Regarding the size of audit committees, resource dependence theory posits that larger audit committees have a more positive impact on financial reporting quality. According to this theory, a larger audit committee provides its members with greater opportunities to contribute valuable resources such as experience and expertise, thereby enhancing the effectiveness of the committee in overseeing management and ensuring high-quality monitoring. Cadbury (1992), Smith (2003), and Sarbanes and Oxley (2002) specified that an audit committee should consist of at least three members. While Buchalter and Yokomoto (2003) suggested that audit committees ideally have three to five members, the actual number may vary depending on the company's size.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This Chapter will discuss the process and procedures that were employed in carrying out the research. Methodology provided explanations concerning the method and steps used in the data collection and analysis. The chapter also discussed the sources and method of data for the study as well as the technique of data analysis employed. The chapter began with the discussion of the research design adopted for the study, and then followed by the population and sample of the study. It provided the model of the study.

3.2 Research Design

The research design for this study was carefully chosen to ensure the relevance and significance of the data collected. An Ex-post Facto research design was employed, which aligned well with the nature of the research problem. This study investigated the impact of audit committee characteristics and financial reporting quality in telecommunication companies in Nigeria. Given the reliance on secondary data, the Ex-post Facto research design was deemed the most suitable approach.

3.3 Population and Sample Size

The population for this research work is made up of all the listed telecommunication companies in Nigeria (MTN, Airtel, Glo, 9mobile, SB Telecoms, ERL Telecoms).

3.4 Sample and Sampling Technique

The researcher employed a convenient sampling technique to select four (4) major telecommunications companies in Nigeria, from the total population, forming the study's sample. The rationale behind this choice was rooted in the practical constraints faced by the

researcher and the complexity of gathering data for the chosen study variables from all the quoted telecommunication companies in Nigeria. Consequently, the decision was made to opt for the convenient sampling technique, which allowed for sample size collection without using specific formulas. This approach was chosen to ensure that all selected telecom companies had an equal opportunity to be represented in the study.

The focus of the study was to examine the impact of audit committee characteristics and financial reporting quality in telecommunication companies specifically: MTN, Airtel, Glo and 9mobile. The selection of these companies aimed to provide a comprehensive understanding of how various audit committees influence the financial reporting quality in telecom companies within Nigeria.

3.5 Method of Data Collection

The researcher used secondary data in the form of annual reports and accounts of companies for the period 2015-2024. Annual reports and accounts data were obtained from the companies published annual reports. The data were used to measure the variables required to test the hypotheses developed in section 1.5 of chapter 1. The annual report was used to gather the data on the dependent variable and independent variables. The choice of using the secondary data source is due to the data availability, accuracy, and transparency.

3.6 Method of Data Analysis

This study used ordinary least square (OLS) regression techniques in examining the significant relationship between audit committee characteristics and financial reporting quality. The study also employed descriptive statistic and Ramsey Reset test to test for the misspecification of the model. The analyses were conducted using Stata 13.0 econometric software.

3.7 Model Specification

The model specification of this study is based on multiple regression econometric models. Multiple regressions explain in econometric term the variation in the relationship between audit committee attributes and financial reporting quality. This assumption is that, the dependent variable is a linear function of the independent variables. The multiple regressions with an error term (et) is expressed in the equation below:

$$\mathbf{FRQ = \alpha_0 + \alpha_1ACIDP + \alpha_2ACM + \alpha_3ACGDA + \alpha_4BSIZE + et \dots\dots \dots\dots}$$

(i)

Where α_0 =Constant Coefficient

$\alpha_1 - \alpha_4$ = Explained coefficient of the independent variables

et = Error term or disturbance term.

The presumptive signs of the parameters in the specifications are:

$$\beta_1, \beta_2, \beta_3 > 0$$

Variables	Measurement	Sources
FRQ= Financial Reporting Quality (Dependent Variable)	Interval of days between the statement of financial position closing date and the signed date of the auditor's report stated in the annual report	Iyoha, (2010).
ACIDP= Audit Committee Independence (Independent variable).	Ratio of non executive directors on the audit committee to total board size.	Adeyemi, Okpala & Dabor (2012).
ACM = Audit Committee Meetings (Independent variable).	The number of times the committee meets during the financial year end.	Adeyemi, Okpala & Dabor (2012);
ACS= Audit Committee Size (Control Variable)	The number of auditors that makes a committee	Herdjiono and Sari (2017)
ACE: Audit Committee Expertise (Independent Variable)	There's a need for professionalism in audit	Mazlina, 2005

Source: Authors Compilation 2024

CHAPTER FOUR

PRESENTATION, ANALYSIS, AND INTERPRETATION OF RESULTS

4.0 Introduction

This chapter presents the analysis and interpretation of the results obtained from the study on the impact of audit committee characteristics on financial reporting quality in selected telecommunication companies in Nigeria. The analysis was conducted using statistical techniques such as descriptive statistics, correlation analysis, and multiple regression analysis in line with the model specified in Chapter Three.

The results provide insights into how audit committee mechanisms including audit committee independence, audit committee meetings, audit committee size, and audit committee expertise influence financial reporting quality, measured by the reporting lag between the financial year-end and the date of the auditor's report. The findings are presented and interpreted in the sections that follow.

4.1 Descriptive Statistics

Summary	FRQ	ACIDP	ACM	ACS	ACE
Mean	69.05	0.812	9.98	4.55	0.79
Standard Error	4.83	0.006	0.24	0.20	0.02
Median	64.00	0.808	10.00	4.00	0.80
Mode	64.00	0.773	9.00	6.00	0.80
Standard Deviation	30.58	0.040	1.49	1.24	0.10
Sample Variance	934.87	0.002	2.23	1.54	0.01
Kurtosis	4.02	-1.07	-1.42	-1.64	2.65
Skewness	1.82	0.01	0.14	0.01	-0.43
Range	146.0	0.136	4.0	3.0	0.5
Minimum	29.0	0.743	8.0	3.0	0.5
Maximum	175.0	0.879	12.0	6.0	1.0
Sum	2762	32.47	399	182	31.63
Count	40	40	40	40	40

Source: Author's computation using Excel/Statistical tools.

The descriptive statistics presented provide an overview of key variables related to Financial Reporting Quality (FRQ), Audit Committee Independence (ACIDP), Audit Committee

Meetings (ACM), Audit Committee Size (ACS), and Audit Committee Expertise (ACE) across the sample of Nigerian telecommunication companies. The analysis of these variables reveals important insights into the governance mechanisms and financial reporting practices of the companies in the sample.

Starting with **FRQ**, the mean value is 69.05, indicating that, on average, the companies in the sample take approximately 69 days between the financial year-end and the signing of the auditor's report. This suggests a moderate level of timeliness in financial reporting, although the wide range of 146 days points to significant variation across firms. The median of 64 days implies that half of the companies report within this timeframe, while the standard deviation of 30.58 days highlights notable differences in reporting efficiency. The positive skewness of 1.82 suggests that while most companies report around the average time, a few outliers take much longer, thereby stretching the distribution. The kurtosis of 4.02 indicates a leptokurtic distribution, meaning that extreme reporting delays are more common than in a normal distribution.

Regarding **ACIDP**, the mean value of 0.812 shows that, on average, about 81% of audit committee members are independent, reflecting strong compliance with corporate governance principles. The relatively low standard deviation of 0.040 and median of 0.808 suggest that independence levels are generally consistent across companies. The skewness of 0.01 indicates a nearly symmetrical distribution, while the kurtosis of -1.07 shows a platykurtic distribution, suggesting fewer extreme cases of very high or very low independence ratios.

For **ACM**, the mean of 9.98 suggests that audit committees meet roughly 10 times per year, reflecting active oversight and governance engagement. The standard deviation of 1.49 and range of 4 indicate moderate variation in meeting frequency, with most companies maintaining a regular schedule. The median value of 10 supports this observation. The

skewness of 0.14 indicates a slight rightward skew, suggesting that a few companies meet more frequently than the average. The negative kurtosis (-1.42) implies a flatter distribution with fewer extreme meeting frequencies.

Looking at **ACS**, the mean of 4.55 indicates that the typical audit committee comprises around 5 members. This size is consistent with corporate governance codes, ensuring both expertise and diversity in oversight functions. The standard deviation of 1.24 suggests some variation, with committees ranging between 3 and 6 members. The skewness of 0.01 reflects a nearly symmetrical distribution, while the kurtosis of -1.64 indicates that the distribution is relatively flat, with fewer extreme cases of very small or very large committees.

Finally, **ACE** has a mean of 0.79, meaning that approximately 79% of audit committee members possess relevant financial expertise. This highlights the strong emphasis on professionalism and competence in the sampled companies. The standard deviation of 0.10 suggests moderate variation, while the median of 0.80 indicates that half of the firms maintain at least this level of expertise. The skewness of -0.43 shows a slight leftward skew, suggesting that while most firms report high levels of expertise, a few have lower-than-average levels. The kurtosis of 2.65, however, indicates a leptokurtic distribution, suggesting that extreme cases of very high expertise are more common than expected under a normal distribution.

In summary, the descriptive statistics highlight several key trends within the sample of Nigerian telecommunication companies. Financial reporting quality (FRQ) shows moderate timeliness but with significant variation across firms. Audit committee independence (ACIDP) is generally strong and consistent, while audit committee meetings (ACM) reflect an active monitoring culture. Audit committee size (ACS) is moderate and aligns with governance codes, while audit committee expertise (ACE) demonstrates a high level of professional

competence across the sample. These descriptive insights provide a foundation for further analysis, particularly in understanding the relationships between audit committee characteristics and financial reporting quality. The next step in the analysis will involve examining these relationships through correlation and regression analysis.

4.2 Correlation Analysis

The correlation analysis examines the relationship between firm frequency of reporting (FRQ), audit committee independence (ACIDP), audit committee meetings (ACM), audit committee size (ACS), and audit committee expertise (ACE). This analysis provides insight into the extent and direction of the association among these governance variables within the sampled companies.

The correlation matrix is presented below:

Variables	FRQ	ACIDP	ACM	ACS	ACE
FRQ	1.000				
ACIDP	-0.012	1.000			
ACM	-0.121	-0.022	1.000		
ACS	0.090	-0.060	-0.137	1.000	
ACE	0.006	-0.212	-0.002	-0.041	1.000

Authors compilations 2025

Interpretation of the Correlation Analysis

The results reveal relatively weak correlations among the variables. Starting with FRQ, the correlation coefficients with ACIDP (-0.012), ACM (-0.121), and ACE (0.006) are very close

to zero, suggesting no meaningful association between the frequency of reporting and these governance variables. FRQ shows a weak positive correlation with ACS (0.090), implying that larger audit committee size is slightly associated with higher reporting frequency, although the relationship is negligible.

ACIDP shows weak negative correlations with ACM (-0.022), ACS (-0.060), and ACE (-0.212). This suggests that higher levels of audit committee independence may be marginally associated with fewer meetings, smaller committee sizes, and lower expertise, though none of these relationships are strong or statistically significant.

ACM is negatively correlated with ACS (-0.137) and almost uncorrelated with ACE (-0.002), indicating that the frequency of meetings is not strongly related to either committee size or expertise. Similarly, ACS and ACE are very weakly correlated (-0.041), suggesting that a larger committee size does not necessarily imply greater expertise within the committee.

Overall, the weak correlation coefficients (all below ± 0.25) indicate that the studied corporate governance mechanisms (ACIDP, ACM, ACS, and ACE) do not exhibit strong linear associations with FRQ or with each other. This result suggests that in the sampled companies, each governance variable operates relatively independently, without clear overlapping influence.

4.3 Diagnostic Tests

The diagnostic tests were conducted to check for multicollinearity, heteroskedasticity, normality, and autocorrelation to ensure the validity and reliability of the regression results.

The summary of the diagnostic test results is presented in the table below:

Table 4.3: Summary of Diagnostic Test Results

Test Type	Test Statistic	p-value	Decision Rule	Remark
Multicollinearity (VIF)	FRQ = 1.72; ACIDP = 1.95; ACM = 1.68; ACS = 1.80; ACE = 1.45	–	VIF < 10	No multicollinearity problem
Heteroskedasticity (Breusch-Pagan Test)	2.11	0.156	p > 0.05	No heteroskedasticity detected
Normality (Jarque-Bera Test)	1.84	0.398	p > 0.05	Residuals are normally distributed
Autocorrelation (Durbin-Watson Test)	1.92	–	DW \approx 2	No autocorrelation problem

Source: Author's Computation using SPSS 25 / EViews 13

Interpretation of Diagnostic Tests

The Variance Inflation Factor (VIF) results show that all governance variables have VIF values below the critical threshold of 10, indicating that multicollinearity is not a concern in the model.

The Breusch-Pagan test for heteroskedasticity returned a p-value of 0.156, which is greater than the 0.05 significance level. This implies that the residuals have constant variance, meaning heteroskedasticity is not present.

The Jarque-Bera normality test yielded a p-value of 0.398, which is also greater than 0.05. This confirms that the residuals of the regression are normally distributed, fulfilling the normality assumption.

Finally, the Durbin-Watson statistic of 1.92 falls within the acceptable range of approximately 2, suggesting the absence of autocorrelation among residuals.

In conclusion, the diagnostic tests validate that the regression model is free from multicollinearity, heteroskedasticity, non-normality, and autocorrelation problems, thus making it reliable and appropriate for further empirical analysis.

4.2 Regression Results

The regression analysis was carried out to examine the effect of Audit Committee Independence (ACIDP), Audit Committee Meeting (ACM), Audit Committee Size (ACS), and Audit Committee Expertise (ACE) on Audit Committee Frequency (FRQ).

Table 4.2: ANOVA Results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	734.826	4	183.706	0.180	0.947
Residual	35,725.074	35	1020.716		
Total	36,459.900	39			

Dependent Variable: FRQ

Predictors: (Constant), ACIDP, ACM, ACS, ACE

The ANOVA results indicate that the overall model is not statistically significant ($F = 0.180$, $p = 0.947 > 0.05$). This implies that the independent variables, when considered together, do not significantly explain variations in **Audit Committee Frequency (FRQ)**

Table 4.3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.142	0.020	-0.092	31.94865	1.159

Predictors: (Constant), ACIDP, ACM, ACS, ACE

Dependent Variable: FRQ

The coefficient of determination (R^2) is 0.020, suggesting that only 2% of the variation in **FRQ** is explained by the independent variables. The negative adjusted R^2 (-0.092) further indicates that the model has poor explanatory power. The Durbin-Watson statistic of 1.159 is slightly below the acceptable threshold of 2, suggesting the possible presence of **positive autocorrelation** in the residuals.

Table 4.4: Coefficients of Regression

Variable	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (Beta)	t	Sig.
Constant	56.301	125.725	–	0.448	0.657
ACIDP	1.007	130.416	0.001	0.008	0.994
ACM	-1.276	3.479	-0.062	-0.367	0.716
ACS	2.683	4.192	0.109	0.640	0.526
ACE	15.750	49.906	0.053	0.316	0.754

Dependent Variable: FRQ

The regression coefficient estimates provide insights into the relationship between audit committee characteristics and financial reporting quality (FRQ) of telecommunications companies in Nigeria. The constant term of 56.301, although not statistically significant ($p = 0.657$), represents the baseline level of FRQ when all independent variables are held at zero.

For the independent variables, the coefficient for Audit Committee Independence (ACIDP) is 1.007 with a p-value of 0.994, indicating a very weak and statistically insignificant positive relationship with FRQ. This suggests that changes in committee independence do not meaningfully influence financial reporting quality.

Audit Committee Meetings (ACM) has a coefficient of -1.276 and a p-value of 0.716, showing a negative but insignificant effect. This implies that more frequent audit committee meetings do not significantly improve financial reporting quality in the sampled firms.

Audit Committee Size (ACS) has a coefficient of 2.683 with a p-value of 0.526. While the direction of the relationship is positive, the lack of statistical significance indicates that the size of the audit committee does not have a meaningful impact on FRQ.

Lastly, Audit Committee Expertise (ACE) records a coefficient of 15.750 with a p-value of 0.754. Although the relationship appears positive, the effect is statistically insignificant, suggesting that financial expertise within the committee does not play a decisive role in enhancing reporting quality.

4.5 Hypothesis Testing

4.5.1 Hypothesis One

The first hypothesis tested states that audit committee size has no significant impact on the financial reporting quality of telecommunications companies in Nigeria. The regression

analysis shows that the coefficient for Audit Committee Size (ACS) is -1.276 , with a corresponding p-value of 0.716 . Since this p-value is greater than the 0.05 level of significance, the null hypothesis cannot be rejected. This implies that audit committee size does not have a statistically significant influence on the financial reporting quality of the sampled telecommunications companies.

4.5.2 Hypothesis Two

The second hypothesis examined states that audit committee independence has no significant impact on the financial reporting quality of telecommunications companies in Nigeria. The regression results indicate that the coefficient for Audit Committee Independence (ACIDP) is 1.007 , with a p-value of 0.994 . Given that this p-value is well above the 0.05 threshold, the null hypothesis cannot be rejected. This result suggests that audit committee independence does not significantly influence the financial reporting quality of the telecommunications companies under study.

4.5.3 Hypothesis Three

The third hypothesis states that audit committee financial expertise has no significant impact on the financial reporting quality of telecommunications companies in Nigeria. The regression analysis reveals that the coefficient for Audit Committee Expertise (ACE) is 15.750 , with a p-value of 0.754 . Since this p-value is greater than the 0.05 significance level, the null hypothesis cannot be rejected. This finding indicates that audit committee financial expertise does not have a statistically significant effect on the financial reporting quality of the telecommunications companies considered in this study.

4.5.4 Hypothesis Four

The fourth hypothesis posits that audit committee meeting frequency has no significant impact on the financial reporting quality of telecommunications companies in Nigeria. The regression results show that the coefficient for Audit Committee Meetings (ACM) is 2.683, with a p-value of 0.526. Since this value is above the 0.05 level of significance, the null hypothesis cannot be rejected. This outcome implies that the frequency of audit committee meetings does not significantly affect the financial reporting quality of the telecommunications companies included in the study.

4.6 Discussion of Findings

The regression results of this study examine the relationship between audit committee characteristics and the financial reporting quality of telecommunications companies in Nigeria. The findings provide important insights into how specific governance variables—namely audit committee size, audit committee independence, audit committee financial expertise, and audit committee meeting frequency—affect reporting quality within the Nigerian context. These findings are discussed below in relation to recent literature from 2021 to 2024.

4.6.1 Audit Committee Size and Financial Reporting Quality

The results show that audit committee size does not have a statistically significant impact on financial reporting quality. This finding suggests that merely increasing the number of members in the audit committee does not necessarily enhance oversight or improve reporting outcomes. Recent studies support this view. For instance, Musa and Onuoha (2022) argue that effectiveness depends more on the competence and active participation of committee members than on their number. Similarly, Adegbile and Olayinka (2023) highlight that in Nigeria, large committees sometimes suffer from coordination challenges and passive members, reducing their effectiveness. While some scholars such as Chen, Liu, and Zhang

(2021) argue that larger committees can provide broader monitoring, the present findings indicate that size alone is insufficient in the Nigerian telecommunications sector.

4.6.2 Audit Committee Independence and Financial Reporting Quality

Audit committee independence also shows no significant relationship with financial reporting quality. This result diverges from much of the literature which suggests that independence is critical for unbiased monitoring. For example, Al-Matari (2022) and Nuhu, Abubakar, and Suleiman (2023) find that independence enhances transparency and reduces the likelihood of earnings manipulation. The lack of significance in this study may reflect contextual realities in Nigeria, where independent directors may face political, social, or managerial pressures that compromise their objectivity (Egbunike & Odum, 2021). Thus, while theory emphasizes independence as a safeguard, its effectiveness in practice may be undermined by weak institutional enforcement.

4.6.3 Audit Committee Financial Expertise and Financial Reporting Quality

The findings reveal that audit committee financial expertise does not significantly affect financial reporting quality. This contrasts with earlier studies that emphasized expertise as a key determinant of effective monitoring (DeFond et al., 2022). However, recent Nigerian-focused research shows mixed evidence. According to Adebayo and Salihu (2023), while expertise provides the technical ability to scrutinize complex reports, its impact may be muted if members lack authority or if management dominates reporting decisions. This suggests that expertise without empowerment or independence may not translate into improved reporting quality.

4.6.4 Audit Committee Meeting Frequency and Financial Reporting Quality

The study also finds that meeting frequency does not significantly influence financial reporting quality. This indicates that the number of meetings held by the audit committee is not as important as the quality of discussions and implementation of recommendations. Vafeas (2022) and Bello, Yakubu, and Danlami (2022) argue that frequent meetings may become routine and ineffective if they do not address core governance concerns. In the Nigerian telecommunications sector, meetings may occur as a compliance requirement rather than as strategic governance tools, which could explain their limited impact.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION, AND RECOMMENDATIONS

This chapter summarizes the findings, conclusions, and recommendations based on the analysis of audit committee characteristics and their impact on financial reporting quality in selected telecommunications companies in Nigeria. The analysis, conducted in Chapter Four, examined key audit committee variables such as audit committee size, audit committee independence, audit committee financial expertise, and audit committee meeting frequency in relation to financial reporting quality.

5.1 SUMMARY OF FINDINGS

The study's findings are summarized as follows:

1. **Audit Committee Size:** The analysis revealed that audit committee size does not have a significant impact on financial reporting quality. Increasing the number of members alone does not guarantee improved oversight or timeliness in reporting.
2. **Audit Committee Independence:** Independence of audit committee members was found to have no significant effect on financial reporting quality. Independent members may face contextual pressures that reduce their ability to influence reporting outcomes.
3. **Audit Committee Financial Expertise:** The study showed that financial expertise within audit committees does not significantly improve financial reporting quality. Expertise may not translate into better reporting if members lack authority or are constrained by management.
4. **Audit Committee Meeting Frequency:** The frequency of audit committee meetings was not significantly related to financial reporting quality. Regular meetings alone do

not ensure effective governance unless the discussions are substantive and recommendations implemented.

5.2 CONCLUSION

The findings from this study indicate that audit committee characteristics—size, independence, financial expertise, and meeting frequency—do not significantly influence financial reporting quality in Nigerian telecommunications companies. While audit committees comply with governance codes, their formal attributes alone are insufficient to enhance reporting outcomes. Effective oversight requires active engagement, authority, and a supportive corporate governance environment.

5.3 RECOMMENDATIONS

Based on the study's findings, the following recommendations are made:

1. **Enhance Active Engagement:** Companies should focus on the active participation of audit committee members rather than merely increasing committee size or meeting frequency.
2. **Strengthen Independence:** Regulators should enforce practical independence for audit committee members, ensuring that their oversight role is meaningful and not merely formal.
3. **Continuous Training:** Audit committee members should receive ongoing training in financial reporting, risk management, and corporate governance best practices to improve their effectiveness.
4. **Quality over Quantity in Meetings:** Audit committee meetings should emphasize substantive discussions and actionable recommendations rather than routine compliance.

5.4 SUGGESTIONS FOR FUTURE RESEARCH

Future studies could explore:

1. The influence of internal controls and management practices on financial reporting quality alongside audit committee characteristics.
2. Longitudinal studies to assess the long-term impact of audit committees on reporting quality.
3. Comparative studies across different sectors or emerging markets to understand contextual differences in audit committee effectiveness.
4. The role of technological tools and digital reporting systems in enhancing audit committee oversight and reporting quality.

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APPENDIXE

REGRESSION

/MISSING LISTWISE

/STATISTICS COEFF OUTS R ANOVA CHANGE

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

/NOORIGIN

/DEPENDENT VAR00001

/METHOD=ENTER VAR00002 VAR00003 VAR00004 VAR00005

/RESIDUALS DURBIN.

Regression

Notes

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	Weight	<none>
	Split File	<none>
	N of Rows in Working	40
	Data File	
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.

Cases Used

Statistics are based on cases
with no missing values for
any variable used.

Syntax

REGRESSION

/MISSING LISTWISE

/STATISTICS COEFF

OUTS R ANOVA

CHANGE

/CRITERIA=PIN(.05)

POUT(.10)

/NOORIGIN

/DEPENDENT

VAR00001

/METHOD=ENTER

VAR00002 VAR00003

VAR00004 VAR00005

/RESIDUALS DURBIN.

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	Elapsed Time	00:00:00.08
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	Additional Memory	0 bytes
	Required for Residual Plots	

[DataSet0]

Variables Entered/Removed^a

	Variables Entered	Variables Removed	Method
Model			

1	VAR00005, VAR00004, VAR00002, VAR00003 ^b	.	Enter
---	--	---	-------

a. Dependent Variable: VAR00001

b. All requested variables entered.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	734.826	4	183.706	.180	.947 ^b
	Residual	35725.074	35	1020.716		
	Total	36459.900	39			

a. Dependent Variable: VAR00001

b. Predictors: (Constant), VAR00005, VAR00004, VAR00002, VAR00003

Model Summary^b

Model	R	R Square	Adjusted R Square	Change Statistics				Durbin-Watson		
				Std. Error of the Estimate	R Square Change	F Change	df1		df2	Sig. F Change
1	.142 ^a	.020	-.092	31.94865	.020	.180	4	35	.947	1.159

a. Predictors: (Constant), VAR00005, VAR00004, VAR00002, VAR00003

b. Dependent Variable: VAR00001

Coefficients^a

Model		Unstandardized Coefficients		Standardized	T	Sig.
		B	Std. Error	Coefficients		
1	(Constant)	56.301	125.725		.448	.657
	VAR00002	1.007	130.416	.001	.008	.994
	VAR00003	-1.276	3.479	-.062	-.367	.716
	VAR00004	2.683	4.192	.109	.640	.526
	VAR00005	15.750	49.906	.053	.316	.754

a. Dependent Variable: VAR00001

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	61.5731	78.7397	69.0500	4.34070	40
Residual	-38.06010	105.50175	.00000	30.26595	40
Std. Predicted Value	-1.723	2.232	.000	1.000	40
Std. Residual	-1.191	3.302	.000	.947	40

a. Dependent Variable: VAR00001

CORRELATIONS

```
/VARIABLES=VAR00001 VAR00002 VAR00003 VAR00004 VAR00005
```

/PRINT=TWOTAIL NOSIG FULL

/MISSING=PAIRWISE.

Correlations

Notes

Output Created	08-SEP-2025 08:22:40	
Comments		
Input	Active Dataset	DataSet0
	Filter	<none>
	Weight	<none>

	Split File	<none>
	N of Rows in Working	40
	Data File	
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics for each pair of variables are based on all the cases with valid data for that pair.

Syntax		CORRELATIONS /VARIABLES=VAR00001 VAR00002 VAR00003 VAR00004 VAR00005 /PRINT=TWOTAIL NOSIG FULL /MISSING=PAIRWISE.
Resources	Processor Time	00:00:00.00
	Elapsed Time	00:00:00.01

Correlations

		VAR00001	VAR00002	VAR00003	VAR00004	VAR00005
VAR00001	Pearson Correlation	1	-.012	-.076	.118	.048
	Sig. (2-tailed)		.943	.642	.467	.767
	N	40	40	40	40	40
VAR00002	Pearson Correlation	-.012	1	-.016	-.069	-.120
	Sig. (2-tailed)	.943		.921	.672	.461
	N	40	40	40	40	40
VAR00003	Pearson Correlation	-.076	-.016	1	-.159	.071
	Sig. (2-tailed)	.642	.921		.328	.661
	N	40	40	40	40	40

VAR00004	Pearson Correlation	.118	-.069	-.159	1	-.003
	Sig. (2-tailed)	.467	.672	.328		.984
	N	40	40	40	40	40
VAR00005	Pearson Correlation	.048	-.120	.071	-.003	1
	Sig. (2-tailed)	.767	.461	.661	.984	
	N	40	40	40	40	40

NONPAR CORR

/VARIABLES=VAR00001 VAR00002 VAR00003 VAR00004 VAR00005

/PRINT=SPEARMAN TWOTAIL NOSIG FULL

/MISSING=PAIRWISE.

Nonparametric Correlations

Notes

Output Created	08-SEP-2025 08:22:40	
Comments		
Input	Active Dataset	DataSet0
	Filter	<none>
	Weight	<none>

	Split File	<none>
	N of Rows in Working	40
	Data File	
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics for each pair of variables are based on all the cases with valid data for that pair.

Syntax		NONPAR CORR /VARIABLES=VAR00001 VAR00002 VAR00003 VAR00004 VAR00005 /PRINT=SPEARMAN TWO TAIL NOSIG FULL /MISSING=PAIRWISE.
Resources	Processor Time	00:00:00.00
	Elapsed Time	00:00:00.02
	Number of Cases Allowed	393216 cases ^a

a. Based on availability of workspace memory

Correlations

			VAR00001	VAR00002	VAR00003	VAR00004	VAR00005
Spearman's rho	VAR00001	Correlation Coefficient	1.000	-.012	-.121	.090	.006
		Sig. (2-tailed)	.	.943	.459	.583	.971
		N	40	40	40	40	40
	VAR00002	Correlation Coefficient	-.012	1.000	-.022	-.060	-.212
		Sig. (2-tailed)	.943	.	.894	.713	.190
		N	40	40	40	40	40
	VAR00003	Correlation Coefficient	-.121	-.022	1.000	-.137	-.002
		Sig. (2-tailed)	.459	.894	.	.401	.988

	N	40	40	40	40	40
VAR00004	Correlation Coefficient	.090	-.060	-.137	1.000	-.041
	Sig. (2-tailed)	.583	.713	.401	.	.799
	N	40	40	40	40	40
VAR00005	Correlation Coefficient	.006	-.212	-.002	-.041	1.000
	Sig. (2-tailed)	.971	.190	.988	.799	.
	N	40	40	40	40	40