EFFECT OF AUDIT FIRM CHARACTERISTICS ON FINANCIAL REPORTING QUALITY OF DEPOSIT MONEY BANKS QUOTED IN THE NIGERIAN STOCK

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Abstract
The broad objective of the study is to investigate the effect of audit characteristics on financial reporting quality of listed deposit money banks in Nigeria. The specific objectives of the study, were to determine the effect of audit fee, audit firm size and effect of audit tenure on financial reporting quality of listed deposit money banks in Nigeria. The data for the study was collected from four (4) sampled deposit money banks for the period 1999 to 2021. These data were analyzed using descriptive statistics. Linear multiple regression anchored on ordinary least square (OLS) method was employed to test the hypotheses at 5% level of significance. Results from the test revealed that audit fee and audit tenure have negative and significant effect on financial reporting quality; while audit firm size showed positive and significant effect on financial reporting quality of listed deposit money banks in Nigeria. The implication of these findings is that enhancement in the financial reporting quality of the listed banks can be achieved if adequate audit fee and proper audit tenure are maintained between the auditors and the listed banks. The study therefore recommended that big audit firms, adequate audit tenure and audit fees should be encouraged to improved financial reporting quality of the banks.

Keywords: Audit characteristics, Audit fee, audit firm size effect of audit tenure and financial reporting quality

Introduction

The need to ensure accurate and reliable financial reports have been a topical issue in recent times due largely to the continuous corporate scandals witnessed in both developed and developing countries. This development has led to the continuing research on financial reporting quality that resulted mainly from the fact that corporate entities audited by independent auditors suddenly failed after such audits with associated negative consequences on the economy. The failure of these corporate entities threatens the creditability of accounting profession such that the users of financial statements have almost lost confidence in the profession (Daferighe and George, 2020). Therefore, the expectation of the society regarding the role of auditors is to carry out audits capable of safeguarding the investments of the absentee owners in quoted corporate entities and showing evidence that the financial reports prepared in conformity with the applicable laws and standards are free from unethical judgment that can mislead prudent business decision.

Historically, the need for audit began from the monitoring role of the auditor in the relationship between agents and principals. One of the critical roles of auditors is that, they assure confidence to financial statements users about reported information. Audit services have been critical to financial reporting quality since industrial revolution (that is, separation of ownership from management). Accordingly, the ability of auditors or audit firm to provide high audit quality capable of producing high financial reporting quality is attributed to some features of the auditing firm which include: audit compensational fee, audit firm independence, audit firm type and provision of joint audit (Dechow, Ge and Schrand, 2010). It is defined that audit quality is the quality of the firm's auditor as one of the factor that restricts the extent to which managers can manage earnings. In line with this, the role of the auditor is expected to suppress conflicting interests in moral hazard issues. Where there is a conflict of interest between the principal and agent, where the agent is unable to perform as desired by the principal, then to avoid or minimize differences from the agent's interest, the principal would establish a monitoring system. One of such monitoring mechanisms is audit quality, which fosters the decrease of information asymmetry and protects the investment of the principal by providing assurance that the financial reports presented by the management are free from material misstatement (Watts and Zimmerman, 1983).

Therefore, the quality of financial reporting is to promote transparency and deliver high quality annual report through comprehensive disclosure (Shehu, 2012). Consequently, regulators and financial statements analysts as well as auditors should ensure that financial statements information is true, fair and free from opportunistic and unethical judgment which destroy the quality of financial reporting. It is in view of the importance of quality of financial reporting that the International Federation of Accountants (IFAC) and its audit arm, international Auditing and Assurance Standards Board (IAASB), stated that audit services is an assurance service that the financial statements prepared by the managers is true and fair, and free from intentional and unintentional errors and misstatements, and conform to the relevant rules and regulations guiding the preparation and presentation of accounting information (IAASB, 2013).

According to IAASB, global financial stability is supported through high quality reporting, which could be achieved through high quality audits that can help foster trust in the quality of reporting. Nigeria like other countries of the world witnessed corporate scandals and failures such as Oceanic Bank, Savannah Bank and Cadbury Plc, which were not pointed by the financial reports in spite of the auditor's endorsement. Banking Industries critical to economic development of any country; and this is not being given adequate attention in terms of researches on financial reporting quality particularly in relation to auditors' characteristics (Dangana, Tancy and Hassan, 2012). Consequently, the need for quality financial reports in the recent times and the negative consequences of poor quality reporting prompted the researcher's investigation on audit attributes and financial reporting quality listed deposit money banks.

Statement of the problem

Financial reports are supposed to provide truthful and accurate financial information that enable shareholders and other interested parties to take an informed decision. Unfortunately, there is worry about the truthfulness of reported income in recent times, arising from the failure of an audit process to capture financial misstatements in the general financial reporting (Tinuda, Olesegun, Oluwayemisi and Omotayo, 2021). This development has led to corporate failure especially in the Nigerian banking industry. For instance, Nigeria witnessed corporate scandals and failures of city Express bank and intercontinental banks, Afri-Bank and Fin Bank amongst others which were not revealed by already audited financial reports. The collapse of these firms was occasioned by poor audit engagement (Asiriuwa, Aronmwan and Uwuigbe, 2018).

In a bid to correct the menace and restore the significance of auditors in the accounting profession, audit characteristics have been identified as a way out. Thus, auditors characteristics give auditors the power to examine the qualities of financial information that managers prepare and present to different users. These characteristics as required by professional standards of auditing help the auditors to provide effective job certification of the quality of financial information provided by management. They include audit fee, joint audit, audit firm size, audit independence and audit tenure amongst others. However, this study only focused on audit fee, audit tenure and joint audit due to inconsistency of their impact on financial reporting quality as reported by previous studies.

Currently in Nigeria, previous studies such as (Tinuola, Olesegun, Olwayemisi and Omotayo, 2021; Ogungbade, Adekoya and Olugbodi, 2021; Daferighe and George 2020; Enyi, Adegbile, Salawu and Odesanya, 2019; Ugwunta, Ugwuanyi and Ngwa, 2018, Asiriuwa, Aronmuwan and Uwuigbe, 2018 and Niyonzima and Soetan, 2018) conducted researches on similar topics. However, the periods covered by these previous studies left a gap to be filled. These authors reported mixed findings. Consequently, their mixed findings rendered these studies inconclusive and therefore constituted one of the motivations for this present study.

Review of Related Literature

The concept of audit is on assurance engagement that involved objective process of obtaining and evaluating evidence with regard to financial statements; so as to form an opinion that published or reported financial statements are free from material misstatements and intentional errors and are in accordance with relevant laws and standards. Auditors are determinants of financial reporting quality, due to their role in mitigating intentional and unintentional misstatements (Dechow, Ge and Schrand, 2010). The ability of an auditor to mitigate misstatements is a function of the auditor's characteristics to detect material misstatements and to adjust for or report it (DeAngelo, 1981). Researchers like Dang (2004) predict that an auditor's ability to detect errors is a function of auditor characteristics (effort and effectiveness), and that an auditor's incentives to report or correct errors depend on factors such as litigation risk, reputation cost and auditor independence (DeAngelo, 1981).

However, audit quality according to DeAngelo (1981) is defined as the market assessed joint probability
that a given auditor will both discover a breach in an accounting system and report the breach. Thus, audit quality is determined by the auditor's ability to detect material misstatements (auditor competence and the auditor's willingness to report discovered material misstatements. The most direct empirical proxies for effort and effectiveness included hours spent in auditing (Caramanis and Lennox, 2008), and auditor industry expertise (Krishnan, 2003), and both are negatively associated with discretionary accruals. Accordingly, this is compose of audit tenure, audit fee, audit independence and joint audit (Dechow, et al, 2010).

Audit fee: This refers to the total fees paid to an auditor. It includes payment for audit services, non-audit services and abnormal accruals. This is called total audit compensation which can be used as a measure for audit quality (Francis, 2004).

Audit Firm Size

Large audit firms are the four largest international accounting and professional services firms referred to as the BIG4. Audit firms are categorized into Big four and Non-Big four The Big four, which includes KPMG, Price water house Coopers (PWC), Earnest and Young (EY), and Deloitte.

Joint Audit: This is defined as a statutory audit by more than one audit firm. Some scholars are of the view that the appointment of joint auditors to a firm will enhance its financial reports quality (Jerry and Saidu, 2016). This is in line with DeAngelo's (1981) framework that joint audit are always perceived to be of higher quality report than audits by single audit firm.

Audit Financial Report

Financial reporting quality is defined as the exact manner of which it shows information as regards a business activity as it Delates to its anticipated cash flows, with the aim of informing shareholders about a company's operations. Tang (2008) defined financial reporting quality as the degree to which financial statements provide us with information that is fair and authentic about the financial position and performance of an enterprise. However, a commonly accepted definition is provided by Jonas and Blaurchet (2000), who asserted that quality of financial reporting is complete and unambiguous information that is not designed to misinform users. IASB opined that "the objective of financial reporting is to provide financial information about the reporting entity that is useful to present to potential equity investors, lenders and other creditors in making decisions in their capacity as capital providers.

The primary objective of financial reporting is to provide high quality financial reporting information concerning the entities for useful economic decision making (IA§SB, 2008). Financial reporting quality is represented by earnings quality (Asade, 2010). Therefore, providing high-quality financial reporting information is important because it will positively influence capital providers and other stakeholders in making investment, credit and similar resource allocation decision and enhance the overall efficiency (Fowoka. 2011). According to the JASB's conceptual framework, a key prerequisite for quality in financial reporting is the adherence to the objective and qualitative characteristics of financial reporting information which comprised of relevance, faithfully representation, understandability, comparability, variability and timeliness (IASB, 2008).

Empirical Review

Ogungbade, Adekoya and Olugbodi (2021) investigated audit quality and financial reporting quality of deposit money banks listed on the Nigerian Stock Exchange. The aim of the study was to find the effect of audit quality on financial reporting quality of deposit money banks from 2009-2018 quoted on the Nigerian Stock Exchange. Data were extracted from the audited annual reports of all the 11 deposit money banks quoted. Descriptive and inferential statistics were adopted in analyzing the data. Diagnostic test was carried out to determine whether the research variables meet the assumptions of classical linear regression or not. A normal test was conducted using Jarque Bera to determine whether the error terms of the variables, especially the dependent variable is normally distributed or not. Formulated hypotheses were tested using panel multiple regression and Hausman’s test was employed to choose between random effect and fixed-effect model. The general decision rule is to prefer fixed effect technique estimates if the underlying null hypothesis was rejected; otherwise, random effect model’s result will still be considered most appropriate for the study. The outcome of the entire analysis showed that audit firm size, audit tenure, and audit fees affect financial reporting quality, but only the effect of audit fees was statistically significant.

Badawy (2021) evaluated the impact of quality and timeliness of limited reviews report on perceived interim financial reporting quality during covid-19 pandemic crisis in Egypt. The population of the study comprised 95 firms quoted on the floor of the Egyptian stock exchange market. Data for the study was obtained through secondary means from the Egyptian stock exchange issued at the end of the 3rd quarter of 2020. Analysis of data was done with the use of descriptive statistics while formulated hypotheses were tested using multiple regression model.

Result of the analysis indicated that timeliness of limited review reports is positively and significantly associated with the perceived quality of financial reporting with the perceived quality of financial reporting from the investors' point of view. Concerning the control variables, it was discovered that net income, book value of equity and audit firm size are positively and significantly related to the quality of interim financial reporting.

Tinuola, Olusegun, Oluwayemisi and Omotayo (2021) examined audit committee characteristics and audit quality: exploratory and empirical analysis in Nigerian oil sector. The broad objective of the study was to ascertain the effect of audit committee characteristics on audit quality in Nigeria, for 10years spanning from 2009-2018. The study adopted an expo-facto research design since the data collected were already in existence in the 12 listed oil and gas sectors; out of which 10 firms were selected through a random sampling technique. Data were specifically sourced from the published financial reports of the sampled firms. Descriptive analysis was employed to determine the minimum, maximum, mean and standard deviation of all the variables. Logitic regression was used to test the formulated hypotheses. Outcome of the analysis revealed that audit committee size exerted a positive significant effect on audit quality of the firms, while audit committee meeting exerts a positive but in significant effect on audit quality of firm in the oil and gas sector in Nigeria. It was recommended that emphasis and focus should be placed on the size of the audit committee to improve audit quality while modalities surrounding the meetings of committee members should be revisited.

Daferighe and George (2020) explored the effect of audit firm attributes and financial reporting quality of quoted manufacturing firms in Nigeria. The population of this study was twenty-two (22) listed manufacturing firms producing consumer goods in Nigeria. Six (6) quoted companies out of the twenty two (22) whose annual reports were not found were dropped, and this brought the sample size of the study to sixteen (16). Financial statements were analyzed to get the relevant data. Descriptive statistics were employed for data analysis while multiple regression was used to test hypotheses formulated at 5% level of significance. The results of the findings showed that auditor fees have significant effect on the financial reporting quality of listed manufacturing firms in Nigeria. Secondly, audit firm size and audit delay have in significant effect on the financial reporting quality of the manufacturing firms in Nigeria. It was recommended that those firms should create an enabling environment which will ensure the proper conduct of audit and also for timely release of their audit and also for timely release of their audit report to users of the financial information for quality decision making.

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Akem, Rufus, Abiodun and Olawumi (2020) evaluated the relationship between audit reporting lag and
firm value in Nigerian Food and Beverage companies. Data were sourced from annual reports of 10 quoted companies for the period of five (5) years covering 2012-2017. Descriptive statistics was used to analyze the data collected. Hausman specification test was conducted to determine whether fixed or random effect model is suitable. Multiple regression equation was used to determine the nature of the relationship between the research variables. The findings of the tests indicated that audit report lag negatively affect firm value while holding other factors constant, but the effect is not statistically significant.Ado, Rashid, Mustapha and Ademola (2020) carried out a study on the impact of audit quality onfinancial performance of listed companies in Nigeria. The broad objective of the study was to ascertain the impact of audit quality on the financial performance of companies listed in the Nigerian stock exchange from 2010 to 2018. Data were retrieved from Thompson Reuters data stream and financial statements of the quoted companies. Data was analyzed using descriptive statistics while formulated hypotheses were tested using multiple regression at 0.05 level of significance. The result of the analysis revealed that audit fee showed a positive and insignificant relationship with financial performance. Secondly, audit independence is seen to be positive and has a statistical significant relationship with financial performance of the listed companies in Nigeria. The study proposed that executives should engage the services provided by audit firms whose integrity and character is unquestionable.

Enyi, Adegbie, Salawu and Odesanya (2019), examined ethical principles and faithful representation of financial reports of quoted companies in Nigeria. The broad objective of the study is to ascertain the impact of ethical principles such as integrity, objectivity, diligence and professional competence on faithful representation of financial reports of listed companies in Nigeria. Data was collected with the use of questionnaires administered to accountants and auditors listed companies as well as accountant and auditors of quoted companies' regulatory agencies in Nigeria. The questionnaire instrument was sectionalized to reflect demographic anatomy of the participants, the independent and dependent variables. Responses were rated using 5-point likert scale. Reliability of the research instrument was also conducted to check internal consistency with the use of Cronbach Alpha test. Analysis of data was done using descriptive and inferential statistics. The result of the analysis showed that ethical principles influence financial reporting quality significantly. However, there exist negative relationship between audit firm tenure and audit quality moreso, the correlation between audit quality and leverage was strong, negative and statistically significant. Also, the correlation between audit quality and company size was strong, positive and statistically significant.

Awardat (2019) examine disclosure quality and its impact on financial reporting quality audit quality and investors' perceptions of the quality of financial reporting. The purpose of the study was to review the most recent empirical studies on corporate disclosure. Seventy-eight empirical studies published in several relevant journals from 2003 onwards have been categorized and analyzed so as to ascertain the link between the research variables of the study regularly especially in the aftermath of the Sarbine Oxley Act (2002). The review started with identifying 100 studies on corporate disclosure, but later decided to select only studies published in international journals which narrowed down the sampled 67 studies. These studies were classified based on the dependent variables, financial reporting quality, audit quality and investor perceptions of the quality of financial report process of the research was based on the following keyword: corporate disclosure, audit quality, reporting quality, earning quality investors' perceptions and financial statement. Result from the analysis of the data collected indicated that Sarbane Oxley Act (2002) has significantly increased managed awareness of the importance of accounting disclosure.

Nurlita and Agustin (2019) examined the effect of independence, professional ethics, and auditor's experience on audit quality in auditor at Public Accountant Firm. The purpose of this study is to determine the effect of independence, professional ethics, and auditor's experience on audit quality in auditor at Public Accountant firm in DKI Jakarta. The data used in this study were obtained with the aid of structured questionnaire administered from 127 public accountants. The data were analyzed with the descriptive statistics, while hypotheses were tested using multiple linear regression at 0.05 level of significance. This research was casualty research, which aimed to test the hypothesis about the effect of one or some variables (Independent Variable) on other variable (dependent variable). This search shows that independency, professional ethics and auditor's experience have effect on audit quality.

Fahimah and Masdiah (2018) studied auditors' independence and auditor ethical judgment. The study aims to examine the relationship between auditor's independence and auditor judgment in Malaysia context. An experiment with 116 auditors and shareholders is conducted to examine whether changes in auditors' independence threats will consistently increase the auditors' ethical judgments level. This study includes four types of independence threats namely self-interest, familiarity, self-review and intimidation threats to observe the effects on auditors' ethical judgments. The findings revealed that there is significant and negative relationship between intimidation threat and ethical judgment and insignificant positive relationship between other types of auditors' independence threats on ethical judgments. This study suggests that auditor likely to diminish their independence if they are being threaten with dismissal or replacement of the professional accountant in business or relation to a client engagement.

Ugwunta, Ugwuanyi and Ngwa (2018) examined the effect of audit quality on market price of firms listed on the Nigerian stock market. The main objective of the study was to actually determine the relationship between audit quality and market price of firms quoted on the Nigerian Sock Market. The study adopted ex-post-facto research design since the study used historic data. The data were sourced from the annual reports and accounts of the sampled firms. Data were analyzed with the use of covariance analyses while the formulated hypotheses were tested using regression. Panel Least Square (PLS) was applied to the series of data; the signs of the coefficients were relied upon in describing the direction and strength of linear relationship between the dependent and the independent variables. Findings from the regression analysis revealed that the composition of the audit committee and auditor type has significant effect on the market prices of quoted firms. There is also a positive and significant relationship between audit committee composition and share prices.

Abudu, Gariba and Samuel (2015), empirically examined the organizational independence of internal auditors in Ghana. This study therefore, sought to investigate the organizational independence of the internal auditors in the local government area in Ghana. Descriptive research method was employed. The main finding of the study among others included inadequate budget allocation, internal audit units are given low status, management determine the scope of internal audit work due to absence of internal audit charter. The most serious threats to internal auditors' independence include intimidation and familiarity threats. The study concludes that, the organizational independence of the internal auditors in the local government sector is in danger. It recommends that every assembly should establish an effective and quality Audit Review Implementation Committee (AR1C) that would give necessary support to both internal auditors and external auditors. Each assembly should have its own Internal Audit Charter. The internal audit units also need to be supported with necessary logistics.

Theoretical Framework

Agency Theory

The theoretical framework underpinning. This study is rooted in Agency theory propounded by Jensen and Meckling in 1976. According to the agency theory, a company consists of a set of linked contracts between the owners of economic resources (the principals) and managers (the agents) who are charged with using and controlling these resources Jensen and Meckling (1976) state that in agency^-theory, agents have more information than principals and this information asymmetry adversely affects the principals; ability to monitor whether or not their interests are being properly served by the agents. Sarens and Abdolmohhamadi (2007) opine that an assumption of agency theory is that principals and agents act rationallyvx and use contracting to maximize their wealth. A consequence of this is the moral hazard issue (Farouk and Hassan, 2014) since all available information are not known to the principals at the time a decision is being made by an agent. Thus, the principal fails to determine whether the agent's, actions are in the best interest at the, firm. To reduce the likelihood of the moral hazard corporate governance ensures mechanism (audit characteristics) the inclusion of auditing as an internal control and monitoring function which helps to satisfy the shareholders demand for accountability.

The theory is relevant to this study because the purpose of audit is to enhance the quality of financial statements by providing reasonable assurance from an independent auditor that the audited financial statements present a true and fair view in accordance with the relevant statutes. Accordingly, Louis (2005) opined that audit serves as a fundamental purpose in promoting confidence and reinforcing trust in financial information. Therefore, audited financial statement is meant to protected the various investors interest of losing their investments since managers may be pursing their interest instead of those of shareholders.

Methodology

This study adopted Ex-post facto design. This type of research design is a method of testing out possible and antecedent of events that have happened and therefore cannot be manipulated by the investigator. Therefore, the study adopted Ex-post facto research design because the data used were already in existence.The study was carried out in all the deposit money banks listed on the Nigerian Stock Exchange as at 31st December, 2021.Population of the study comprised of all the 23 listed deposit money banks operating on the Nigerian Stock Exchange as at 31st December, 2021. In arriving in the sample size, the researcher ensured that the bank must be in operation during the period 1999-2021. That is, the bank must not delisted throughout the period of the study in order to ensure data accessibility. Therefore, a bank must not have been merged or taken over by another bank during the period of the study. In line with this conditions, four banks were selected as the sample of the study. They include: First bank Nigerian Limited, United for Africa Plc, ECO bank Nigeria Plc and Fidelity bank Plc.

Description of Research Variables

Dependent Variable Definition	**Measurement**
Financial Reporting Quality	Financial reporting quality was measured using one of the qualitative characteristics of financial statements, which is relevance. The time lag between the Accounting year-end and the date the external auditor signed the report was employed to measure relevance. (Ogungbade, Adekoya, Olugbodi (2021).
Independent Variables	
Audit Fees	This concept refers to the amount of remuneration paid to the audit firm for audit work done.
Audit firm size	A dummy variable assigned 1 if bank is associated with one of the BIG4 and 0 if otherwise. BIG4 =Delloitte, ERNST & YOUNG, PWC, KPMG. (Ugwunta, Ugwuanyi and Ngwa (2018).
Audit Tenure	A dichotoumous variable of "1" if auditor client relationship is 3 years + and '0' if otherwise.

Model Specification

Multiple regression model (MRM) anchored on ordinary least square (OLS) was used to determine the relationship between the research variables. The MRM is represented as follows:

$Y = a + ß_1X_1 + ß_2X_2 + ß_3X_3 + et$

Where:

Y = Dependent variable
$X_1\ X_2 X_3$ = Explanatory variables (Independent variables)
a =Constant
$ß_1 ß_2\ ß_3$ = Coefficients of the Explanatory Variables
et = Error term

Explicit representation of the baseline model:

$FRQ = a + ß_1AF + ß_2AFS + ß_3AT + et$

Where:

FRQ = Financial Reporting Quality
AF = Audit Fee
AFS = Audit firm size
AT = Audit tenure
a =Constant
$ß_1 ß_2\ ß_3$ = Beta Coefficients of the Explanatory Variables
et = Error term

Data was analyzed using descriptive statistics. OLS Multiple regression model was employed to find the statistical significant of the independent variables on the dependent variable. The decision rules that guided the study are as follows:

Decision Rule 1: Accept the alternate hypothesis and reject the null hypothesis if the p-value is less than the chosen level of significance (0.05).
Decision Rule 2: Accept the null hypothesis and reject the alternate hypothesis if the p-value is greater than the chosen level of significance (0.05).

Descriptive Test

Table 1: Descriptive Statistics

	AUDIT FEES	**AUDIT FIRM SIZE**	**JOINT AUDIT**	**FRQ**
Mean	1.866	0.9908	7.072	104.38182
Median	1.31408	1.4600	6.000000	90.00000
Maximum	4.35E+01	1.8000	10.00	155.0000
Minimum	1.20.000	0.9010	1.000	42.00000
Std. Dev.	1.20E+08	0.3181	2.625594	20.43145
Skewness	1.112846	1.8071	-1.191482	2.42098
Kurtosis	1.709581	2.2841	1.164016	4.45681
Jarque-Bera	27.09828	199.6178	26.14983	517.3481
Probability	0.000001	0.063000	0.000002	0.087300
Sum	1.94E+10	48.000	14.000	128.400
Sum Sq. Dev.	1.847	13.699	421.175	108.429
Observations	101	101	101	101

Source: Author's Computation 2022

On average, the audit fees paid by the investigated banks during the period of investigation was one hundred and eighty six million naira's (N1.86), and the maximum audit fees were four hundred and thirty-five million naira's (N4.35E+08) while the minimum audit fee was twelve million naira's (N12,000,000). The standard deviation was one hundred and twenty million naira's (N1.20E+ 08), and the data were not normally distributed, as shown by Jarque-Bera probability that is less than 5% (B statistics = 27.09828, P= 0.000001). In like manner, the average value of audit tenure was 0.9908, approximately 1, which means many of the audit fi-pm-s that audited the investigated firms during the investigation period were in the big four categories. This result is also confirmed by the median, which is 1. The minimum firm size was 0, representing audit firms that are not in the big four categories (The big four audit firms include KPMG, PWC, Deloitte, and Ernst & Young). The standard Deviation was 0.313180, and the data had a normal distribution of the error term QB Statistics = 199.6178, p = 0.063000).

Similarly, the average audit tenure was 7.072727, approximately seven years, the maximum audit tenure was ten years, and the minimum audit tenure was 1. The standard deviation was 2.625594, and the data were not normally distributed QB statistics = 26.14983, p = 0.000002. In like manner, the average time between the year-end date .and the date the financial report was ready (signed by the external auditor) was 84 days; the maximum was 255 days, and the minimum was32 days. The standard deviation was 30.43145, and the data were not normally distributed (JB Statistics = 517.3481, p = 0.087300).

Test of Hypotheses

Table 2 Regression Results

Variables	Coefficient	Std. Error	T-Statistic	P-value
Audit fees	-0.674	0.802	-2.983	0.034
Audit Firm Size	1.417	0.643	4.156	0.0215
Audit Tenure	-0.489	1.136	-6.443	0.005
C	86.210	1.692	23.901	0.0022
R-Square	0.669			
Adjusted R-Square	0.606			D.W-stat 1.494

Results from E-views, 2022

Decision Rule

Decision Rule 1: Accept the alternate hypothesis and reject the null hypothesis if the p-value is less than the chosen level of significance (0.05).

Decision Rule 2: Accept the null hypothesis and reject the alternate hypothesis if the p-value is greater than the chosen level of significance (0.05).

Decision Rule 3: Accept the alternate hypothesis and reject the null hypothesis if the p-value is equal to the chosen level of significance (0.05).

Interpretation of the Regression Result

The result in table 2 shows that audit fees (ß-0.674, p-value 0.034) has negative significant effect on financial reporting quality of deposit moneys bank in Nigeria. Likewise audit tenure (ß = -0.489, p-value = 0.005) also has negative significant effect on the financial reporting quality of the banks. However, the table indicated audit firm size (ß =1.417, p-value = 0.0215) has positive and significant effect on of deposit moneys bank in Nigeria. The value of R^2 = 0.669 showing that about 67% of the changes in financial reporting quality of deposit money banks listed in the Nigerian Stock Exchange for the period 1999 – 2021 is attributed to variation in audit fee, audit firm size and audit tenure; while 33% changes in financial reporting quality of the banks are caused by other factors not captured in the model of the study, but which are capable of affecting the financial reporting quality of the banks. Durbin Waston value (1.494) is within the acceptable range, which implies no existence of the autocorrelation.

Effect of Audit fee on Financial Reporting Quality of listed deposit money banks in Nigeria.

The study found that audit fee has negative significant effect on financial reporting quality of the listed banks in Nigeria. However, this result disagreed with the findings of Ado, Rashid, Mustapha and Ademola (2020) who opined that audit fee showed positive and insignificant relationship with quality of financial statements of listed companies in Nigeria. The result is in line with the findings of Ogunbade, Adekoya and Olugbodi (2021) who observed that audit fee had statistical significant effect on financial reporting quality of listed commercial banks in Nigeria.

Effect of Audit Firm size on Financial Reporting Quality of Listed Deposit Money Banks in Nigeria.

The study found that audit firm size has positive significant effect on financial reporting quality of listed deposit money banks in Nigeria. This result is in conformity with the findings of Abdollahi, Pitenoei and Gerayli (2020) who found that audit firm size had positive and significant effect on the value relevance of accounting information. Similarly, the result conformed with the study of Badawu (2021) who found that audit firm size are positively and significantly related to the quality of interim financial reporting. However, the result disagreed with the findings of Daferighe and George (2020) who maintained that audit firm size had insignificant effect on financial reporting quality of quoted commercial banks in Nigeria.

Effect of Audit Tenure on Financial Reporting Quality of Listed Deposit Money Banks in Nigeria

The study found that audit tensure has negative and significant effect on financial reporting quality of quoted commercial banks in Nigeria. This result corroborate with the findings of Enaji, Adegbie, Salawu and Odesanya (2019) who stated that audit tenure had negative relationship with financial reporting quality of listed companies in Nigeria. The result agreed with the study of Ogungbade, Adekoya and Olugbodi (2021) who observed that audit affects financial reporting quality of listed in Nigeria.

Implication of the Study

The study evaluated the effect of audit characteristics on financial reporting quality of listed deposit money banks in Nigeria for the period 1999 – 2021. The study found that audit fee and audit tenure have negative significant effect on financial reporting quality; while audit firm size has positive significant effect on financial reporting quality of the listed deposit money banks in Nigeria. In line with this, the implication of the study is that enhancement in the financial reporting quality of the listed banks can be achieved if adequate audit fee is paid to the auditors and proper audit tenure is maintained between the auditors and the listed banks.

Summary of Findings

Based on the results of the regression analysis, the study found as follows:

i. Audit fee has negative significant effect on financial reporting quality of listed deposit money banks in Nigeria (ß= -0.674, p-value = 0.034 < 0.05).
ii. Audit firm size has positive significant effect on financial reporting quality of listed deposit money banks in Nigeria (ß= 1.417, p-value = 0.0215 < 0.05).
iii. Audit tenure has negative significant effect on financial reporting quality of listed deposit money banks in Nigeria (ß= -0.489, p-value =0.005 < 0.05).

Conclusion

The study examined the effect of audit characteristics on financial reporting quality of listed deposit money banks in Nigeria for the period 1999-2021. Based on the findings, the study concluded that audit characteristics employed in this study have significant effect on financial reporting quality of listed deposit money banks in Nigeria.

Recommendations

In line with the outcome of the study, the researcher made the following recommendations.

i. External auditors should be adequately compensated during their conduct of statutory audit to enable them conduct a thorough audit that would uncover material misstatements.
ii. Deposit money banks in Nigeria should engage the services of the BIG4 to enable them have a better audit service that would improve their financial reporting quality.
iii. Long audit tenure encourages over familiarity between the auditor and his client. Therefore, regulatory authority should discourage long audit tenure.

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APPENDIX A
DATA FROM THE SAMPLED BANKS

Bank	Year	FRQ	AF	AFS	AT
FIRST BANK NIGERIAN LIMITED	1999	504.56	12.90	1	0
	2000	51.70	26.27	0	1
	2001	56.09	29.21	1	0
	2002	20.15	28.32	0	1
	2003	46.30	32.84	0	1
	2004	11.48	36.98	1	0
	2005	13.28	39.62	1	1
	2006	14.16	73.97	0	0
	2007	15.63	12.45	1	0
	2008	24.05	13.28	0	1
	2009	15.68	88.93	1	1
	2010	16.75	12.18	0	0
	2011	33.07	16.53	1	1
	2012	31.15	18.35	0	0
	2013	38.08	35.07	0	0
	2014	12.79	26.93	1	1
	2015	85.16	23.05	1	0
	2016	23.42	23.05	0	1
	2017	95.26	71.14	0	1
	2018	44.09	53.32	1	0
	2019	48.84	59.36	1	1
	2020	34.66	25.74	0	1
	2021	46.42	46.20	0	0
UNITED FOR AFRICA PL	1999	66.42	51.10	0	0
	2000	70.82	68.70	1	1
	2001	10.86	89.10	0	0
	2002	94.98	11.80	1	0
	2003	59.94	11.30	0	1
	2004	05.30	14.30	1	1
	2005	38.89	24.90	0	0
	2006	43.98	27.30	1	1
	2007	28.72	42.60	0	0
	2008	38.19	60.60	0	0
	2009	29.19	66.60	1	1
	2010	30.20	81.52	1	0
	2011	37.95	96.55	0	1
	2012	40.89	16.30	0	1
	2013	27.92	25.10	1	0
	2014	13.77	39.20	1	1
	2015	38.97	92.20	0	1
	2016	81.92	83.5	0	0
	2017	18.41	64.20	1	1
	2018	22.02	25.11	1	0
	2019	93.54	39.25	1	1

	2020	12.15	92.27	0	0
	2021	13.73	83.50	0	0
ECO BANK NIGERIA PLC	1999	18.22	3.78	1	1
	2000	22.20	2.42	1	1
	2001	20.42	4.00	1	1
	2002	24.82	3.66	1	1
	2003	22.80	3.21	1	1
	2004	30.41	5.44	1	0
	2005	33.12	5.50	0	1
	2006	30.78	4.00	0	0
	2007	34.05	3.36	0	1
	2008	30.88	3.89	0	0
	2009	32.82	3.92	0	1
	2010	36.82	4.26	0	0
	2011	42.92	4.87	0	1
	2012	34.25	5.05	0	0
	2013	36.00	6.17	0	1
	2014	24.00	4.55	0	0
	2015	26.25	4.78	0	1
	2016	40.00	3.63	1	0
	2017	40.00	5.57	1	1
	2018	54.60	4.32	1	0
	2019	48.78	4.05	1	1
	2020	54.02	4.26	1	0
	2021	30.00	3.68	1	0
	2019	36.25	4.78	0	1
FIDELITY BANK PLC.	1999	51.03	2.26	1	0
	2000	68.34	62.25	1	0
	2001	78.39	77.67	1	0
	2002	50.64	98.16	0	1
	2003	42.39	95.40	0	1
	2004	33.00	87.68	1	0
	2005	49.62	14.09	1	1
	2006	50.45	14.89	0	0
	2007	51.70	20.73	1	0
	2008	56.98	46.57	1	1
	2009	11.48	48.34	1	1
	2010	13.28	50.13	0	0
	2011	14.16	55.60	0	1
	2012	15.63	78.16	0	0
	2013	24.57	89.81	1	0
	2014	15.68	71.25	1	1
	2015	48.12	44.32	0	0
	2016	52.84	62.17	1	1
	2017	48.24	47.81	0	0
	2018	63.42	56.19	0	1
	2019	504.56	12.90	1	0
	2020	27.92	25.10	1	0

Sources: NSE Fact Book, (2021).