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EFFECT OF AUDITOR'S INDEPENDENCE ON AUDIT QUALITY: EVIDENCE FROM DEPOSIT MONEY BANKS IN NIGERIA

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Correspondence*: an.odum@unizik.edu.ng*
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Austin N. Odum[1]   Chidi C. Kelechi[2]
[1]Professor, [2]Postgraduate student
Department of Accountancy, Nnamdi Azikiwe University, Awka, Nigeria
1. Email: an.odum@unizik.edu.ng

ABSTRACT:

The study determined the effect of auditor's independence on audit quality of deposit money banks in Nigeria. Specifically, the study sought to ascertain the effect of audit committee independence, audit fees and audit tenure on audit quality of deposit money banks in Nigeria. The study adopted Ex-Post Facto research design. All the quoted deposit money banks were used as sample for the study. Data were extracted from annual reports and accounts of the sampled banks. Simple regression analysis was used to test the formulated hypotheses with aid of E-view version 9.0. Based on analysis, the study found that audit committee independence has a positive insignificant effect on audit quality of quoted Nigerian deposit money banks. Also that audit fees have a positive effect on audit quality of quoted Nigerian deposit money banks, but not statistically significant. The researcher therefore recommended among others that the auditor should be remunerated on the basis of work experience, qualification, duration of the audit assignment, and background profile..
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1. INTRODUCTION

Audit independence refers to the ability of the external auditor to act with integrity and impartiality during his/her auditing functions (Akpom & Dimkpah, 2013). Auditors report could be likened to internal control system by which an organization's resources are directed, monitored, and measured (Akintayo & Akosile, 2022). It plays an important role in detecting and preventing fraud and protecting the organization's resources, both physical (e.g. machinery and property) and intangible (e.g., reputation or intellectual property such as trademarks). Audit quality depends on auditor's independence as proposed by Aren, Randal, and Beasley (2014) that the value of auditing depends heavily on the public's perception of the independence of auditors. The same view was also expressed by Enofe, Nbgame and Ediae (2013) based on the results of research that as auditor's independence increases, the quality of the audit also increases.

Auditor independence which is the fulcrum of audit quality in recent times seems compromised as most corporations whose financial statements were audited and issued unqualified reports collapsed shortly after audit with the news that the financial statements are grossly misstated (Dunkhir, 2021). Auditor independence which determines audit quality was one of the fundamental causes of corporate failures that led to the collapse of hitherto strong firms whose fallout caused the global economic meltdown of the middle 2000. This led to user's apathy and confusion about the role auditors ought to play to safeguard not only their profession but also build and restore investors' confidence with a view to reducing the audit expectancy gap that existed after the collapse of these firms. Investigations into their collapse revealed that their failures were not unconnected with auditors' inability to exhibit their professional competence and independence.

Over the years, several studies have attempted to examine the relationship between certain explanatory variables and audit quality but the results have been inconclusive (Singh & Singh, 2019; Harber & Marx, 2020; Martani, Rahmah, Fitriany & Anggriata, 2021). In addition, the previous studies on audit independent and audit quality mainly used corporate firm other than banking sector except those who studied audit quality and financial performance; (Egbunike and Abiahu, 2017; Amahalu and Ezechukwu, 2017). However, there is a limited study on audit independence and audit quality of (financial institution) deposit money banks in Nigeria. Besides, the issue of uncertainty on the prior studies reports and limited studies as regards the deposit money banks in Nigeria, between the years 2005- 2012, The Central Bank of Nigeria (CBN) investigated banks on possible reasons for the collapse of some banks in the country. It was discovered that the failed deposit money banks has not adhered strictly to corporate governance which led to the removal of Chief Executive Officers of some of these banks. Since then, the failure of some deposit money banks in Nigeria has been resolved either by merger or acquisition of some of these banks. It is against this backdrop that this study deems it plausible to determine the effect auditor independence has on audit quality of deposit money banks in Nigeria

1.1 Objectives of the Study

The main objective of the study is to determine the effect of audit independence on audit quality of deposit money banks in Nigeria. Specifically, the study sought to achieve the followings;

1. to ascertain the extent to which audit committee independence affect audit firm reputation of quoted deposit money banks in Nigeria.
2. to evaluate the degree of effect audit fees has on audit firm reputation of quoted deposit money banks in Nigeria.
3. to determine the extent to which audit tenure affect audit firm reputation of quoted deposit money banks in Nigeria.

1.2 Research Hypotheses

The following hypotheses were stated in null forms;

Ho_1: Audit committee independence does not significantly affect audit firm reputation of quoted deposit money banks in Nigeria.

Ho_2: Audit fees do not significantly affect audit firm reputation of quoted deposit money banks in Nigeria.

Ho_3: Audit tenure does not significantly affect audit firm reputation of quoted deposit money banks in Nigeria.

2. LITERATURE REVIEW

2.1 Conceptual review

2.1.1 Audit independence

Auditors’ independence refers to the auditors' ability to maintain an objective and impartial mental attitude throughout the audit (Yuniarti, 2019). To maintain the highest ethical standard for the auditing profession, independence should be tailored towards the quality of being free from influence, persuasion or bias (Maria, 2016). In the absence of independence, the value of audit services will be greatly impaired. Auditor’s independence is recognized as the cornerstone of the public accounting profession and that it is privileged to govern itself.

Auditor’s independence can be seen as an auditor’s unprejudiced mental frame of mind in making decisions as regards to the processes that lead to the preparation of financial statement and the audit (Tobi, Osasrere & Emmanuel, 2016). Susanti and Leny (2018) described auditor’s independence as the ability to surmount unfairness and the desire to express and disclose all audit findings in the audit report. Singh and Singh (2019) opined that for an auditor to be independent, the auditor must not be under any form of control or coercion that will substantially weaken the quality of the audit report. Elliott and Jacobson (2018) took a different view, they assert that

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auditor's independence involves the ability of the auditor to ensure that the financial statement is free from material statement which makes it more reliable.

2.1.2 Audit Quality

Different concepts on audit quality have been in existence over decades, there is no generally accepted postulation on audit quality. Saputra (2015) infers that audit quality involves the ability of an auditor to identify and report material misstatement from the financial statement prepared by the management; this is done in line with the generally accepted auditing standards. Simply put, it involves the ability of the auditor to disclose related errors/fault or fraud, disclosure of going concern symptoms and breach on internal control (Okechukwu & Ene, 2023).

2.1.3 Audit committee Independence

The members of the audit committee must be independent of management or controlling shareholders for them to perform its role as an effective supervisory body,. The audit committee should be composed of independent outside directors as a system to secure the reliability and management transparency of accounting information by supervising the management from an independent standpoint (An, 2023). When the audit committee includes accounting or finance experts, earnings management is reduced or the quality of accruals is improved (Ali & Aulia, 2019).

2.1.4 Audit Firm Size (Audit Reputation)

The audit firm size is another factor that impacts auditor independence. There are many differences between the two firms which include the amount of responsibility, the number and reputation of the clients and the caliber of employees. Larger audit firms are more likely to provide a better-quality audit due to better research facilities, technology, financial resources, and skilled labor because they can conduct audits from bigger firms. Pressures from management will affect smaller firms while larger firms are able to resist since they have different variations for client exposure. Since larger firms receive more publicity from the media, smaller firms are less noticeable by shareholders, "implying less information and weaker monitoring" (Farouk & Hassan, 2020). In addition, there was a difference in the way large and small firms chose to document their disclosures in financial statements. For instance, national firms would leave comments for any adjustments that were made on the disclosure while local firms preferred a footnote.

2.1.5 Audit Tenure

Auditor tenure has been categorized into two aspects: the first has to do with the period spent by an individual on an audit engagement, most especially a partner involved in an audit, and the other category has to do with the audit firms' tenure. Both positions concerning the relationship between audit tenure and financial reporting quality have empirical support (Oladejo, 2022). With findings stating that audit reporting quality both decreases and increases as tenure of audit firm increases. Good auditor-client relationship enhances audit engagement planning and saves audit costs (Achyarsyah & Molina, 2014). However, prolonged relationship could be detrimental to the client (Sawan & Alsaqqa, 2013).

An audit firm's tenure can be defined as the length of time an auditor performs services for a client. Risk associated with the loss of independence is increased once client relationships are maintained for a long period of time. On the other hand, other individuals believe having a lasting and faithful relationship will augment independence. For example, "long tenure is beneficial as auditors gain expertise in the field that they audit and may reduce the auditor's ability to detect irregularities or material misstatements". A recommendation to rotate auditors was advised by the Metclaf subcommittee to avoid this issue. Academic research has proven that there are more unsuccessful audits in the beginning of auditor-client relationships in addition to lower earnings with audits that have shorter time frames.

2.1.6 Size of Audit Fee and Non-Audit Services

Many concerns are centered on auditors providing Non-Audit Services (NAS) because they are likely to risk their independence in return for more NAS earnings. Examples of non-auditing services include appraisal services, actuarial services, bookkeeping, internal audit services, and various modes of management consulting, financial information design services, taxation services and legal advice (Austin & Herath, 2014).

Audit Fee can be defined as the amount charged to a client to conduct specific services by the accountant. The fee may vary by size or based on the type of service provided but there have been many questions from researchers whether it affects audit quality. "The amount of audit fee can vary depending on the assignment risk, the service complexity, the level of expertise required, the cost structure of Public Accountant Firm and other professional considerations" (Rahmina & Agoes, 2014). Studies have shown that larger firms tend to charge higher fees because of the idea that they may provide better quality for audits. Audit quality is challenging to measure and explain due to the lack of concept detail. According to Rahmina and Agoes (2014), there are nine elements firms should implement to meet quality control expectations. They include: independence, assignment of personnel, consultation, supervision, employment, professional development, promotion, acceptance and sustainable clients and inspection.

3. MATERIAL AND METHOD

Ex-post facto research design was adopted for the study. The population consists of the 13 deposit money banks quoted on the Nigerian Exchange Group of which all were used as sample. These banks include Access bank plc, FCMB plc, First bank plc, GTB plc, Zenith bank plc, Sterling bank plc, UBA plc (M), Fidelity bank plc, Unity bank plc, Wema bank plc, Eco bank plc, Union bank plc and Stanbic IBTC. The study covered eight years annual reports and accounts of these banks from 2013 to 2022. The data were sourced from publications of Nigerian Exchange Group Factbook and the annual reports and accounts of the sampled banks. The data extracted include; audit committee independence, audit fees, audit tenure and audit reputation. This study employed simple regression analysis and correlation coefficient matrix to test the formulated hypotheses with aid of E-View version 9.

3.1 Model Specification

This study adapted the econometric model of Abdulsalam and Moshud (2022), hence the model considered some of the variables used for the present study.

$FP = \beta_0 + \beta_1(AUFTYit) + \beta_2(AUDTENit) + \beta_3(FIRMSIZEit) + €it$

Where:

FP = Financial Performance (Dependent Variable)

AUFTY = Audit Firm Type (Independent Variable)

AUDTEN = Auditor's Tenure (Independent Variable)

FIRMSIZE =Firm Size (Controlled variable)

€ = Error Term

The logistic regression for this study takes the form:

$ADR = \beta_0 + \beta_1 ACI + \beta_2 ADF + \beta_3 ADT + \varepsilon$ ……..…………………Eqn i

$ADR = \beta_0 + \beta_1 ACI\ \varepsilon$……………………………………............….. Eqn ii

$ADR = \beta_0 + \beta_2 ADF\ \varepsilon$…………………………………………..…… Eqn iii

$ADR = \beta_0 + \beta_3\ ADT\ \varepsilon$…………………………………............…... Eqn iv

Where:

ADR= Audit firm reputation represents audit quality

ACI= Audit committee independence

ADF= Audit fees

ADT= Audit tenure

Table 1: Operationalization of the variables

Variables	Proxies	Measures	Sources
Dependent Variable			
Audit Firm Reputation	ADR	If the banks audited reports show that it is audited by one of the "big 4" audit firms (Price-water house coopers; Akintola Williams Deloitte; KPMG Professional service and Ernst and Young, otherwise zero (1), otherwise (0) Kane and Velury (2011)	Ali and Aulia (2015) Hong and My (2017)
Independent Variables			
Audit Committee Independence	ACI	Proxy using the proportion of non-directors on the board.	Sultana, Sultana, Singh & Rahman, (2019); An, 2023).
Audit fees	ADF	Comprise the natural log of the Audit fees paid by the company.	Austin & Herath, 2014); Austin & Herath, 2014).
Audit tenure	ADT	This involved the length of auditor-client relationship, '1' if 3 years + and '0' if otherwise.	Oladejo, (2022); Achyarsyah & Molina, (2014).
Control variable			
Bank size	BSZ	This comprised the total assets of the firm	Abdulsalam and Moshud (2022); Amahalu, Okeke, and Obi (2017)

Source: Author's concept (2023)

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4. RESULT AND DISCUSSIONS

4.1 Data Analysis

4.1.1 Descriptive Statistics

Table 2: Mean, maximum/minimum values, standard deviation and Jarque-Bera (JB) Statistics for each of the variables

Table	ADR	ACI	ADF	ADT	BSZ
Mean	0.592308	5.269231	838302.0	0.776923	3.22E+09
Median	1.000000	5.000000	180000.0	1.000000	2.07E+09
Maximum	1.000000	11.00000	25000000	1.000000	2.76E+10
Minimum	0.000000	0.000000	13000.00	0.000000	1.35E+08
Std. Dev.	0.493306	2.071544	3242390.	0.417920	3.85E+09
Skewness	-0.375689	0.797786	6.597602	-1.330371	3.763055
Kurtosis	1.141142	3.614371	48.45643	2.769887	22.45488
Jarque-Bera	21.77457	15.83457	12135.50	38.63438	2356.980
Probability	0.000019	0.000364	0.000000	0.000000	0.000000
Sum	77.00000	685.0000	1.09E+08	101.0000	4.18E+11
Sum Sq. Dev.	31.39231	553.5769	1.36E+15	22.53077	1.91E+21
Observations	130	130	130	130	130

Source: E-view output, 2023

Table 2 shows the mean (average) for each of the variables, their maximum values, minimum values, standard deviation and Jarque-Bera (JB) Statistics (normality test). The results in table 2 provided some insight into the nature of the Nigerian banks that were used in this study.

It was observed that on the average over the ten (10) years periods (2013-2022), the sampled banks in Nigeria were characterized by positive audit reputation (ADR) (0.592). Also, the large difference between the maximum and minimum value of the audit committee independence (ACI),audit fees (ADF), audit tenure (ADT), and bank size (BSZ) show that the sampled banks in this study are not dominated by banks with more audit reputation (ADR).

In this table, the Jarque-Bera (JB) which test for normality or the existence of outliers or extreme values among the variables shows that most of the variables are normally distributed at 5% level of significance. This means that any variable with outlier are not likely to distort our conclusion and are therefore reliable for drawing generalization. This also implies that the least square estimate can be used to estimate the pooled regression model.

4.1.2 Correlation Analysis

In examining the association among the variables, we employed the Pearson correlation coefficient (correlation matrix) and the results are presented in table 3

Table 3: Correlation Matrix

	ADR	ACI	ADF	ADT	BSZ
ADR	1				
ACI	-0.104158	1			
ADF	0.177540	-0.007418	1		
ADT	0.081855	0.060957	0.038214	1	
BSZ	0.146475	-0.180450	0.273373	0.069326	1

Source: researcher's computation (2023)

The use of correlation matrix in most regression analysis is to check for multi-colinearity and to explore the association between each explanatory variable (ACI, ADF, ADT and BSZ) and the dependent variable (ADR). Table 3 focused on the correlation between ADR and the independent variables ACI, ADF, ADT and BSZ. Finding from the correlation matrix table shows that all our independent variables, (ACI=-0.104, ADF=0.178, ADT=0.082 and BSZ =0.146) were observed to be positively associated with audit reputation (ADR) except audit committee independence (ACI) -0.104 which is negatively associated with dependent variable. In checking for multi-colinearity, we notice that no two explanatory variables were perfectly correlated. This means that there is no problem of multi-colinearity between the explanatory variables. Multi-colinearity may result to wrong signs or implausible magnitudes in the estimated model coefficients, and the bias of the standard errors of the coefficients.

4.2 Test of Hypotheses

4.2.1 Hypothesis One

Ho_1: Audit committee independence does not affect audit quality of quoted deposit money banks in Nigeria.

Below in Table 4 is the output of the analysis conducted:

Table 4: Pooled Regression Results between ADR, ACI and BSZ

Dependent Variable: ADR
Method: Least Squares
Date: 05/22/23 Time: 12:07
Sample (adjusted): 1 130
Included observations: 130 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.638723	0.130882	4.880138	0.0000
ACI	-0.019133	0.021184	-0.903155	0.3682
BSZ	1.69E-11	1.14E-11	1.483580	0.1404

R-squared	0.027700	Mean dependent var	0.592308
Adjusted R-squared	0.012388	S.D. dependent var	0.493306
S.E. of regression	0.490241	Akaike info criterion	1.434969
Sum squared resid	30.52275	Schwarz criterion	1.501143
Log likelihood	-90.27297	Hannan-Quinn criter.	1.461857
F-statistic	1.809041	Durbin-Watson stat	0.426655
Prob(F-statistic)	0.168007		

Source: Researcher's computation through E-view 9.0 statistical package

4.2.1.1 Interpretation of Regression Result

In Table 4, R-squared and adjusted Squared values were (0.027) and (0.012) respectively. This indicates that all the independent variables jointly explain about 27% of the systematic variations in audit reputation (ADR) of our samples banks over the ten years periods (2013-2022). Table 4 reveals an R-squared value of 0.027,which represents the coefficient of multiple determinations imply that 27% of the total variation in the dependent variable (ADR) of quoted deposit money banks in Nigeria is jointly explained by the explanatory variables (ACI and BSZ). The R-squared of 27% did not constitute a problem to the study because the F- statistics value of 1.809041 with an associated Prob.>F = 0.168007 indicates that the model is fit to explain the relationship expressed in the study model. The value of adjusted 27% also shows that 73% of the variation in the dependent variable is explained by other factors not captured in the study model. This suggests that apart from ACI and BSZ, there are other factors that mitigate ADR of quoted deposit money banks in Nigeria.

4.2.1.2 Test of Autocorrelation: using Durbin-Waston (DW) statistics which we obtained from our regression result in table 4, it is observed that DW statistics is 0.426655 and an Akika Info Criterion and Schwarz Criterion which are 1.434969 and 1.501143 respectively also further confirms that our model is well specified. In addition to the above, the specific findings from each explanatory variable are provided as follows: The results in table 4 illustrated that audit committee independence (ACI) has a negative but significant relationship with audit reputation measured with a beta coefficient (β_1) and t- value of -0.019133 and -0.903155 respectively and p- value of 0.368 which is not statistically significant at 5%.

Based on the empirical evidence that suggests that audit committee independence has a negative insignificant effect on audit quality of quoted deposit money banks in Nigeria at 5% level of significance, thus, the null hypothesis of the study is accepted. This is in line with the study carried out by Ilaboya and Ohiokha (2014) which revealed there is a positive relationship between firm size, board independence and audit quality whereas there is a negative relationship between auditor's independence, audit firm size, audit tenure and audit quality. Also, Abdul, Sutrisno, Rosidi and Achsin (2014) found that auditor's independence has a positive effect on audit quality. It means that the higher the auditor independence, the higher the audit quality. ICAS (2014) auditor independence, audit tenure and audit fee have a positive influence on audit quality.

4.2.2 Hypothesis Two

Ho_2: Audit fees do not affect audit quality of quoted deposit money banks in Nigeria.

Below in Table 5 is the output of the analysis conducted:

Table 5: Pooled Regression Results between ADR, ADF and BSZ

Dependent Variable: ADR
Method: Least Squares
Date: 05/22/23 Time: 12:08
Sample (adjusted): 1 130
Included observations: 130 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.529725	0.055725	9.506097	0.0000
ADF	2.26E-08	1.37E-08	1.645715	0.1023
BSZ	1.36E-11	1.16E-11	1.172253	0.2433

R-squared	0.410887	Mean dependent var	0.592308
Adjusted R-squared	0.260799	S.D. dependent var	0.493306
S.E. of regression	0.486651	Akaike info criterion	1.420269
Sum squared resid	30.07737	Schwarz criterion	1.486443
Log likelihood	-89.31751	Hannan-Quinn criter.	1.447158
F-statistic	2.776134	Durbin-Watson stat	0.409970
Prob(F-statistic)	0.066062		

Source: Researcher's computation through E-view 9.0 statistical package

4.2.2.1 Interpretation of Regression Result

In Table 5, R-squared and adjusted Squared values were (0.410) and (0.261) respectively. This indicates that all the independent variables jointly explain about 41% of the systematic variations in audit reputation (ADR) of our samples banks over the ten years periods (2013-2022). Table 5 reveals an R-squared value of 0.410,which represents the coefficient of multiple determinations imply that 41% of the total variation in the dependent variable (ADR) of quoted deposit money banks in Nigeria is jointly explained by the explanatory variables (ADF and BSZ). The R-squared of 41% did not constitute a problem to the study because the F- statistics value of 2.776134 with an associated Prob.>F = 0.066062 indicates that the model is fit to explain the relationship expressed in the study model. The value of adjusted of 41% also shows that 59% of the variation in the dependent variable is explained by other factors not captured in the study model. This suggests that apart from ADF and BSZ, there are other factors that mitigate ADR of quoted deposit money banks in Nigeria.

4.2.2.2 Test of Autocorrelation: using Durbin-Waston (DW) statistics which we obtained from our regression result in table 5, it is observed that DW statistics is 0.409970 and an Akika Info Criterion and Schwarz Criterion which are 1.420269 and 1.486443 respectively also further confirms that our model is well specified.

The results in table 5 illustrated that audit fee (ADF) has a negative but significant relationship with audit reputation measured with a beta coefficient (β_1) and t- value of 2.26E-08 and 1.645715 respectively and p- value of 0.066 which is not statistically significant at 5%. Based on the empirical evidence that suggests that audit fee has a positive insignificant effect on audit quality of quoted deposit money banks in Nigeria at 5% level of significance, thus, the null hypothesis of the study is accepted. This result was in line with that of Yuniarti (2019) which shows that there is a significant positive relationship between audit fees and audit quality.

4.2.3 Hypothesis Three

Ho_3: Audit tenure has no effect on audit quality of quoted deposit money banks in Nigeria.

Below in Table 6 is the output of the analysis conducted:

Table 6: Pooled Regression Results between ADR, ADT and BSZ

Dependent Variable: ADR

Method: Least Squares

Date: 05/22/23 Time: 12:09

Sample (adjusted): 1 130

Included observations: 130 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.467921	0.096086	4.869808	0.0000
ADT	0.085042	0.103588	0.820969	0.4132
BSZ	1.81E-11	1.12E-11	1.612166	0.1094

R-squared	0.226621	Mean dependent var	0.592308
Adjusted R-squared	0.211292	S.D. dependent var	0.493306
S.E. of regression	0.490513	Akaike info criterion	1.436078
Sum squared resid	30.55663	Schwarz criterion	1.502252
Log likelihood	-90.34507	Hannan-Quinn criter.	1.462967

F-statistic	1.736638	Durbin-Watson stat	0.427173
Prob(F-statistic)	0.180267		

Source: Researcher's computation through E-view 9.0 statistical package

4.2.3.1 Interpretation of Regression Result

In Table 6, R-squared and adjusted Squared values were (0.227) and (0.211) respectively. The indicates that all the independent variables jointly explain about 23% of the systematic variations in audit reputation (ADR) of our samples banks over the ten years periods (2013-2022). Table 6 reveals an R-squared value of 0.227,which represents the coefficient of multiple determinations imply that 23% of the total variation in the dependent variable (ADR) of quoted deposit money banks in Nigeria is jointly explained by the explanatory variables (ADT and BSZ). The R-squared of 23% did not constitute a problem to the study because the F- statistics value of 1.736638 with an associated Prob.>F = 0.180267 indicates that the model is fit to explain the relationship expressed in the study model. The value of adjusted of 23% also shows that 77% of the variation in the dependent variable is explained by other factors not captured in the study model. This suggests that apart from ADT and BSZ, there are other factors that mitigate ADR of quoted deposit money banks in Nigeria.

4.2.3.2 Test of Autocorrelation: using Durbin-Waston (DW) statistics which we obtained from our regression result in table 6, it is observed that DW statistics is 0.427173, and an Akika Info Criterion and Schwarz Criterion which are 1.436078 and 1.502252 respectively also further confirms that our model is well specified. The results in table 6 illustrated that audit tenure (ADT) has a negative but significant relationship with audit reputation measured with a beta coefficient (β_1) and t- value of 0.085042 and 0.820969 respectively and p- value of 0.413 which is not statistically significant at 5%. Based on the empirical evidence that suggests that audit tenure has a positive insignificant effect on audit quality of quoted deposit money banks in Nigeria at 5% level of significance, thus, the null hypothesis of the study is accepted.

This is in contrast to the finding made by Ilaboya and Ohiokha (2014) which revealed that there is a negative relationship between auditor's independence, audit firm size, audit tenure and audit quality.

CONCLUSION AND RECOMMENDATIONS

Relying on the results obtained from the analysis, it is concluded that audit committee independence affect audit quality of quoted Nigerian deposit money banks. Also, audit fees have affected audit quality of quoted Nigerian deposit money banks. Another observation is that audit tenure has a negative effect on audit quality of quoted Nigerian deposit money banks.

Based on the findings, the study recommended the followings:

i. Auditors of Nigerian deposit money banks should live up to the expectations of their profession, these can be achieved by upholding the ethics of their profession as they observe ethical codes such as integrity, objectivity and confidentiality.

ii. The auditor should be remunerated on the basis of work experience, qualification, duration of the audit assignment, and background profile. The payment of the adequate audit fee will encourage the auditor to do the assurance engagement assignment according to the high degree of standardization expected.

iii. The professional bodies should always watch governmental actions and raise alarm on policies which could hinder smooth discharge of Auditors' responsibility, especially in the audit of deposit money banks in Nigeria.

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