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EFFECT OF AUDIT COMMITTEE CHARACTERISTICS ON FINANCIAL REPORTING QUALITY OF DEPOSIT MONEY BANKS IN NIGERIA.

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Abstract

The study investigated the effect of audit committee characteristics on the financial reporting quality of Deposit Money Banks (DMBs) in Nigeria. The study used correlational research design. The source of data was secondary data which were collected from the published annual financial reports of the studied DMBs in Nigeria. The population/sample size was 14 DMBs in Nigeria. A period of eleven years was covered from 2009 to 2019. The secondary data collected were analyzed using multiple regression analysis which was carried out using STATA software. Findings from the analysis show that frequency of audit committee meeting and audit committee female gender have positive and significant effect on the financial reporting quality of DMBs in Nigeria while audit committee financial expertise has significant negative effect on the financial reporting quality of DMBs in Nigeria. However, it was reported that audit committee independence has no significant effect on the financial reporting quality of DMBs in Nigeria. Based on the above findings, the study recommends that banks should sustain frequency of audit committee meetings, audit committee members should be well motivated so that they will not derail from their traditional roles of evaluating authenticity of financial reports prepared by management, and that more female audit committee members should be encouraged to make up the composition of audit committees of DMBs in Nigeria.

1.0 INTRODUCTION

Corporate financial reporting provides fundamental information to a wide range of user groups; its main purpose is to provide information which is supposed to give a true and fair view of the management's stewardship, company's performance and financial position for the various users of the information to make informed economic decisions. Financial reporting is the process by which corporate entities provide interested parties (users) with information on their transactions during an accounting period (Mbobo & Ekpo, 2016). Among the interested parties are shareholders, creditors, tax authorities, customers, financial analysts, and lenders. The parties need quality financial reports for economic decision making. Financial reporting is one of the major means that corporate management uses in communicating financial information for a given period. In this regard, the International Accounting Standard (IAS 1) states that the purpose of financial reporting is to provide information about the financial position, financial performance and cash flows of an entity that is useful to a wide range of users in making economic decisions. Such information is communicated through financial statements. Ibadin and Dabor (2015) stated that financial statements show the results of the management's stewardship of the resources entrusted to it by revealing economic information on assets, liabilities, equity, income and expenses, including gains and losses; contributions by and distributions to owners in their capacity as owners; and cash flows. Such information, along with other information in the notes, assists users of financial statements in predicting the entity's future cash flows and, in particular, their timing and certainty.

Therefore, accounting information contained in the financial statements is one of the very essential information needed by various stakeholders especially investors for making informed economic decisions. Investors in search of investment avenues use the accounting information contained in the financial statements of the intended investing company in pricing of shares. Market participants seek high-quality financial reporting or information to mitigate the information asymmetry as such quality information should be a pre-requisite for well a functioning capital market. Thus, companies that provide high-quality information have an added advantage in their rating in the capital market. The increasing demand for quality financial reporting creates the need for effective and efficient monitoring mechanisms. This is necessitated by the conflict of interest between managers, who serve as agents and resource holders, who serve as principals, wherein, managers carry out activities that are counter-productive in the realization of the interests of resource holders. Therefore, board of directors are instituted to monitor the activities of managers. The board sets several monitoring measures that will ensure the integrity of management's decision. One of committees is the audit committee. The need for audit committee has become glaring as a result of the accounting scandals witnessed in high profile companies such as Enron (2001), Worlcom (2002), Cadbury Nigeria PLC (2007), among others. Siam, Laii, Khairi and Jebreel (2014) emphasize that many countries from both developed and developing economies have experienced financial crisis emanating from accounting irregularities due to weak monitoring mechanisms such as audit committee. The absence of effective audit committee to detect manipulative accounting led to the collapse of many corporate bodies (Naiker and Sharma, 2005). Consequently, many stakeholders place doubts on the credibility and reliability of financial reports presented by management, believing that the existing control

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mechanisms were not able to provide sufficient control against financial statements' misstatements. Therefore, the role of the audit committee in monitoring the financial misstatements to ensure financial reporting quality cannot be overemphasized. It is against this backdrop that this investigation is carried out to examine the effect of audit committee characteristics on financial reporting with emphasis on Deposit Money Banks in Nigeria.

2.0 REVIEW OF EMPIRICAL LITERATURES

There are varied understanding of the concept of audit committee independence among researchers. the US SEC defines independence in the context of compensation or advisory fees received by the directors or by the amount of control that the director has over the firm (SEC, 2003). The Sarbanes Oxley Act (2002) considers that an audit committee member is independent if he or she does not receive any compensation from the company or its affiliates except in the capacity of audit committee member. A majority of the non-executives serving on committee should be independent of the company in terms of management or business or other relationship which could materially interfere with the exercise of their independent judgment as committee members. This position is supported by the SOX which requires firms to have audit committee comprised solely of independent directors who are not employees of the firm and not accepting any compensation from the firm other than directors' fee.

An audit committee member is expected to be independent of management in order for it to carry out its oversight functions effectively. However, it is worrisome that most audit committees lack this important quality. Lack of audit committee independence has caused stakeholders to question the reliability of financial reports prepared by management. Proxies for the audit committee's degree of independence include the percentage of outside members on the committee and dummy variables indicating a majority or totality of independent members.

The issue of independence is sacrosanct to audit committee effectiveness. Examining the relationship between audit committee effectiveness and independence, Deli and Gillian (2000), Raghunandah et al.; (2001) and Krishnan (2005) established a positive correlation between independence and audit committee effectiveness. To them, an adequate independent audit committee is likely to guarantee efficient internal control. In addition, they reported that independence is likely to strength effective internal audit function. . Klein (2002) also found a positive association between board size, proportion of outside board members and audit committee independence. In addition, a negative association was found between firm's growth opportunities, existence of large shareholders on the audit committee and firm size with audit committee independence. However, positive effect was found between creditors, CEO on compensation committee and outside member's shareholding with audit committee independence. This suggests that the independence of audit committee may be affected by the independence of the board in general.

Baccouche, Hadriche and Omri (2013) empirically investigated the effect of the multiple directorships held by audit committee directors on the level of earnings management of listed French companies. The investigation was carried out on a sample of 88 non-financial French listed firms that belong to the SBF 120 index, for the financial year 2008. The results suggest that the accumulation of several outside directorships by audit committee members may lead to a higher degree of earnings management, as measured by the magnitude of discretionary accruals. The study also used only one variable of audit committee characteristics.

Mitra, Hussein and Deis (2007) found a significant and positive association between the level of audit committee independence and audit fees indicating that independent audit committees are interested in ensuring high quality service provided by external auditors hence financial reporting quality. Carcello and Neal (2000) examined the relationship between distress firms audit committee independence and the likelihood of receiving going concern audit report. They found that distressed firms with more independent audit committees were more likely to receive a going-concern audit report. This result suggests that more independent audit committees provide greater support for auditors in their reporting decisions than less independent audit committees. And by extent provide the auditors with the necessary incentives to ensure that high quality financial reports are produced**.**

Bryan et al (2004) investigated the effect of AC Independence on the quality of financial reporting and found that companies with independent AC were less likely to suffer sanctions bythe SEC for fraudulent financial reporting. This is contrary to studies that found that AC independence influence Financial Reporting Quality. Felo et al. (2003) found no relationship between audit committee independence and financial reporting quality. The study investigated perceived quality of financial reporting, proxied by membership ratings and the percentage of non-independent members on audit committees, a significant negative association between the changes in both variables over the 1989 - 1993 periods. Overall, these findings are consistent with audit committee independence enhancing financial reporting quality.

Klein (2002) sought to determine whether AC with majority independent outside members affect financial reporting quality than those associated with minority per cent of outsiders. The finding of the study supports the view that an audit committee with a simple majority of outsiders is more likely to fulfill its duties effectively than

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a committee without a majority. However, further increase in the proportion of independent members is unlikely to be associated with increase in financial reporting quality. The study also shows that a having an audit committee entirely composed of outsiders has no significant effect on the magnitude of abnormal accruals**.** Menon and Williams (1994) conclude on the basis of their findings that AC activity and independence was positively associated as expected, with the proportion of outside directors on the board and that AC activity was greater for large companies. Klein (2000) conducted her study in US between the period of 1991-1993 on 803 S&P 500firms that had SEC field proxy statements, regression analysis was used to analysed the data and her findings indicates a positive association between AC independence and AC size and AC independence and the proportion of outside boardmembers in other listed companies. But on the contrary klein also found negative association between AC independence and affirms growth opportunities and AC independence and size. She also posits that firms that change their boards or audit committee from majority to minority independence have significantly large increase in earnings management.

Furthermore, Ormin, Tuta and Shadrac (2015) observed that audit committee is a statutorily corporate governance mechanism introduced to curb financial reporting manipulation and enhance the quality of financial reports. The study examined the influence of the audit committee attributes of independence, meeting frequency and attendance on the financial reporting quality of listed deposit money banks in Nigeria. Data was generated from the annual reports and accounts of six purposively sampled banks during the period 2003 to 2012. The data was analyzed using Pearson correlation statistics and OLS regression. The results show that audit committee independence has negative and significant influence on financial reporting quality of listed deposit money banks in Nigeria. While, audit committee meeting frequency and attendance has positive and significant influence on financial reporting quality of listed deposit money banks in Nigeria.

In addition, Kantudu and Samaila (2015) examined the impact of monitoring characteristics on financial reporting quality of the Nigerian listed oil marketing firms. Financial reporting quality was represented with the qualitative characteristics of financial statement. Data for the study were obtained from an audited annual report and accounts of the sampled oil marketing companies for twelve years covering 2000 to 2011. Multiple regression was used to analyzed the data. It was discovered that Power separation, independent directors, managerial shareholdings and independent audit committee are all significant, implying monitoring characteristics influence financial reporting quality of quoted oil marketing firms in Nigeria.

Text ISSN: 2795-3831
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Wiralestar and Tanzil (2015) remarked that audit committee is an essential pillar of corporate governance in establishing integrity and quality financial reporting. The research aimed to testify the impact of audit committee toward financial reporting's quality in non-financial issuers listed in Indonesia Stock Exchange. The dependent variable of the research was the quality of financial report. The proxy employed in the research was discretionary accrual using modified Jones model. The independent variable of the research was the audit committee characteristics such as skills, the size of the committee, and the frequency of the activity and meetings. The size of audit committee was measured by seeing the percentage of audit committee possessed by a company. Frequency of committee meeting or activity was measured as the percentage of meeting conducted by audit committee. The target population of the research was the Non-Finance Companies listed in Jakarta Stock Exchange (JSE). Probability sampling was used to arrive at 82 companies. Secondary data were collected and analysed using multiple regression analysis. The findings of the research indicated that the audit committee had significant impact on financial reporting's quality.

Abbot et al. (2000) found that an audit committee which meets at least twice a year significantly reduces the probability that a firm will be subject to an SEC enforcement action for aggressive or fraudulent financial reporting. The study sampled 83 companies over the period 1995-1999 and utilize multivariate regression for analysis. In another study, Abbot et al. (2001) established the likelihood of earning restatement significantly decreasing during the period 1991-1999 for firms whose AC meeting at least 4 times a year. Empirical research related to AC expertise variables, particularly in the US, has produce useful evidence with respect to several financial reportingquality surrogates. Jenkins (2002) unpublished study suggest that the proportion of financial expertise on the audit committee - mitigates income-increasing earnings management.

Mutalib and Lawan (2011) investigated whether the frequency of audit committee meeting has a significant impact on the equity return of listed insurance firms in Nigeria. Ten firms were selected using random sampling method after adoption of a one point filter. Using data from the annual report and accounts, the Ordinary Least Square (OLS) regression results reveal that the frequency of audit committee meeting has a significant positive relationship with the equity returns of firms in the Nigerian insurance industry. They recommended that audit committee should meet regularly, as the more they meet, the better the return on equity for firms in the insurance industry. Regarding fraudulent financial reporting, Farber's (2005) matched comparison indicates slightly fewer meetings for fraud firms the year before the fraud is unveiled but the trend reverses significantly five years later.

Text ISSN: 2795-3831
E-ISSN: 2795-3823

Dabor and Adeyemi (2009) conducted their study among 20 quoted companies on the floor of NSE and uses both Regression and Descriptive statistic to analyse data and the result of their findings was that the credibility of financial statement was enhances by the composition of audit committee and non- executive directors on the committee. Wild (1996) in his separate study uses Regression to analyze the data of 260 companies that formed AC between the period of 1996-1980 and concludes that the formation of audit committee Provides a Useful oversight mechanism for financial reporting.

3.0 METHODOLOGY

In order to ensure that evidence obtained affectively address the research, the study uses correlational research as it attempts to analyze relationship between the dependent and independent variables. The population of the study comprises all the listed Deposit Money Banks (DMBs) in Nigeria as at 31st December 2018. There were fifteen (15) listed banks on the Nigeria stock exchange as at 31st December, 2018. Census approach is used which means all the Deposit Money Banks in Nigeria are included in the study. Therefore, the sample size is also 15. The choice of all the Deposit Money Banks is informed by the need of the study to cover all the elements of the population such that possible generalization can easily be made. The secondary data are collected from the published annual reports and accounts of the sampled banks. The annual reports are retrieved from the websites of the banks as well as the Nigerian stock exchange Fact Book. This study analyzed quantitative data extracted from the audited annual reports and accounts of the Banks based on multiple regression model with the aid of STATA package over the period of eleven (11) years from 2009 to 2019.

3.1 Model Specification

The model for this study is:

FRQ = F (AC) which is further expressed in the form of a linear equation as:

FRQ = F (ACIND, ACMEE, ACFEP, ACFD, FSIZE, FAGE)

That is:

$FRQit = \alpha 0 + \alpha 1ACINDit + \alpha 2ACFREGit + \alpha 3ACFEPit + \alpha 4ACFDit + \alpha 5FSIZEit + \alpha 6FAGEit + etit$

Where;

FRQit = Financial Reporting Quality for firm i in time t.

Text ISSN: 2795-3831
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ACINDit = Audit Committee independence for firm i in time t.

ACFREGit =Audit committee frequency of meeting for firm i in time t.

ACFEPit =Audit committee financial expertise for firm i in time t.

ACFDit =Audit committee female members for firm i in time t.

FSIZEit = Firm size for firm i in time t

α0 =Intercept.

α1, α2, α3, α4, α5, α6 = Model coefficients.

Eit =Error term.

3.2 Techniques for Data Analysis

The major tool of data analysis used is multiple regression analysis which was carried out with the aid of STATA statistical software. Robustness tests for Colinearity, normality and Heteroskedasticity were conducted to ensure reliability of the study results. To address panel effect of the data, fixed effect and random effect options were explored. Hausman specification test was used to provide direction as whether fixed effect or random effect would be used. The essence of these analyses is to improve the validity of all the statistical inferences that would be made.

4.0 RESULTS AND DISCUSSIONS

This section presents and discusses summary of descriptive statistics, correlation matrix and regression results. The overall aim is to examine whether audit committee independence, audit committee meeting, audit committee gender, audit committee financial expertise, and firm size affect financial reporting quality of listed Deposit Money Banks in Nigeria. The section contains analysis of descriptive statistics, correlation matrix, robustness test, Hausman specification test, regression results, test of hypotheses, discussion of findings and policy implications.

4.1 Descriptive Statistics

The various descriptive statistics are displayed in table 4.1 below. The essence of the table is to provide understanding on the nature of data used.

Text ISSN: 2795-3831
E-ISSN: 2795-3823

Table 1: Summary of Descriptive Statistics

Variables	Min	Max	Mean	Std Dev	N
FRQ	0.0017	0.950	0.3529	0.3104	120
ACIND	0.3367	1	0.5472	0.3367	120
ACFREQ	0.8565	6	4.1500	0.8565	120
ACFEP	0.2585	1	0.5378	0.2585	120
ACFD	0	0.2789	0.0919	0.7586	120
FSIZE	12.12	22.92	19.8983	2.0818	120

Source: STATA Output Version 11, 2018.

Table 1 reveals that the mean value of FRQ is 0.3529. The minimum value of FRQ for the firms is about 0.0017. This implies that the lowest level of financial reporting quality of the firmsis 0.0017. The maximum value of FRQ is about 0.950. This implies that the maximum level of FRQ of the firms is about 0.950. The standard deviation of FRQ is 0.3104, which implies that there is low variability in the level of financial reporting quality by the studied firms.

ACIND has mean value of about 0.5472, minimum value of about 0, maximum value of about 1, with a standard deviation of about 0.3367. The standard deviation of 0.3367 suggests low variability in the level of audit committee independence of the studied firms over the period of study. ACFREQ has minimum value of about 1, maximum value of 6, with a standard deviation of 0.8585. The standard deviation of 0.8565 implies that there is low variability in the number of meetings of the audit committee of DMBs in Nigeria over the period of study.

The mean of ACFEP is 0.5378, which means that on average, DMBs in Nigeria have about 53.78 % of the members in their audit committee as financial experts. The minimum number of ACFEP is 0.0280, which suggests the lowest proportion of members of audit committee with financial expertise is about 3%. However, the maximum value is 1, a point where all the audit committee members have some level of financial expertise. The standard deviation is 0.2585, which indicates low variability in the level of financial expertise of members in the audit committee of DMBs in Nigeria.

The minimum value of ACFD is 0 which suggests absence of a female audit committee in the audit committee composition of some of the DMBs in Nigeria. The maximum value is 0.2789 which implies that the maximum percentage of female audit committee members is about 27.89%. On average, about 9% of the audit committee members are female. The standard deviation is about 0.7586 which implies that there

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is low variability in the proportion of female audit members in the audit committee of DMBs in Nigeria. FSIZE has mean value of 19.90 which shows that on average, the size of the DMBs in Nigeria is about 19.90. The minimum value is 12.12 while the maximum value is 22.92. The standard deviation is about 2.08 which means that there is high variability in the size of the DMBs in Nigeria.

4.2 Correlation Matrix

The correlation matrix reveals the correlation between the dependent variable and each of the independent variables as well as among the independent variables.

Table 2: Correlation Matrix of Dependent and Independent Variables.

Variables	Frq	acind	acfreg	acfep	Acfd	fsize
frq	1.0000					
acind	0.0860	1.0000				
	0.3504					
acfreg	0.1720	-0.0352	1.0000			
	0.0603	0.7025				
acfep	-0.1126	0.0790	-0.0378	1.0000		
	0.2206	0.3913	0.6822			
acfd	0.2659*	-0.0983	0.0450	0.3552	1.0000	
	0.0033	0.2853	0.6253	0.0001		
fsize	0.3036*	-0.0559	0.0510	0.2855	0.3218	1.0000
	0.0007	0.5445	0.5801	0.0016	0.0003	

From the correlation matrix above, it can be explained that ACFREQ, ACFD and FSIZE are positively correlated with FRQ of the DMBs in Nigeria. The implication is that the above variables move in the same direction with the FRQ of DMBs in Nigeria. On the other hand, ACIND and ACFED have negative correlation with FRQ, implying that they move in opposite direction with FRQ. Relatedly, the table indicates that there is positive correlation between ACIND and ACFEP, ACFREQ and ACFD, ACFEQ and FSIZE, ACFD and FSIZE while there is negative correlation between

ACIND and ACFREQ, ACIND and ACFD, ACIND and SIZE, as well as ACFREQ and ACFEG.

4.3 Fixed and Random Effect Tests

Fixed effect test and random effect test are carried out. The results of these are shown in appendix II. Hausman specification test produced chi-square value of 3.97, which is not significant. This implies that the variation across entities is assumed to be random and uncorrelated with the predictor or independent variables included in the model. On this basis, result for random effect test was used for analysis. Furthermore, Breusch and Pagan Lagrangian multiplier test for random effects was performed to ascertain whether the Ordinary least squares result of the random effect result should be used. The result suggests that random effect should be used as the chi^2 (120.01) was significant at 1%.

4.4 Random Effect Regression Results

The result of the random effect is presented in table 4.4 below.

Table 3: Random Effect Regression Result

VAR	COEFF	Z-value	P-value
ACIND	0.0150025	0.29	0.776
ACFREQ	0.0498576	2.20	0.028
ACFEP	-2.492292	-2.57	0.000
ACFD	1.975432	4.47	0.010
FSIZE	0.0043205	0.24	0.810
C	-0.0042473	-0.01	0.992
R-Squared	0.2123		
Wald-statistics	28.35		
Prob	0.0000		

Source*:* Output from *STATA* software, version 11, 2018

In table 4, it can be observed that the R^2 is 0.2123 which means that 21.23% of variation in FRQ of DMBs in Nigeria is explained jointly by the independent variables captured in the model. The wald-chi^2 is 28.35 which is significant at 1% . This is indicative of the fitness of the model.

Audit Committee Independence and Financial Reporting Quality

The coefficient of ACIND is 0.0150025 which means that ACIND has positive relationship with FRQ of DMBs in Nigeria. It also means that a unit increase in ACIND will lead to a corresponding increase in FRQ by 0.0150025. What this suggests is that independence of audit committee members helps to ensure the credibility of financial reporting. Audit committee members who are independent might be more objectively disposed to evaluate the accuracy of financial reports presented by management as well as their true and faithful representation of underlying economic substance.

The Z-value of ACIND is 0.29 while its p-value is 0.776 which is not significant. This means that although audit committee independence positively affects financial reporting quality of DMBs in Nigeria, the influence is not significant. Therefore, the first hypothesis of the study which states that audit committee independence has no significant effect on financial reporting quality of listed Deposits Money Banks is accepted. This finding is inconsistent with the finding of Kantudu and Samaila (2015), Ormin, Tuta and Shadrac (2015), Baccouche, Hadriche and Omri (2013) who submitted that audit committee independence has significant relationship with financial reporting quality of Deposit Money Banks in Nigeria.

Frequency of Audit Committee Meeting and Financial Reporting Quality

Similarly, the coefficient of ACFREQ is 0.0498576. This suggests that ACFREQ has positive coefficient with FRQ of DMBs in Nigeria. A unit increase in ACFREQ will lead to a corresponding increase in FRQ by 0.0498576. The positive relationship between frequency of audit committee meeting and financial reporting quality is in support to the a priori expectation of the study. It supports the understanding that the more frequent audit committee membersmeet, the more frequent they evaluate financial reports presented by management. Critical and frequent examination of management's financial reports ensures that misstatements of financial statements are checked.

The Z-value of ACFREQ is 2.20, with a p-value of 0.028 which is significant at 5%. This provides evidence against the second hypothesis of the study. On this basis, the second hypothesis of the study which states that frequency of audit committee meeting has no significant influence on financial reporting quality of the listed Deposits Money Banks in Nigeria is rejected. This finding is in support of the finding of Kibiya, Ahmad and Amran (2016) Madawaki (2013), Wiralestar and Tanzil (2015) , Ojeka, Iyoha and Asaolu (2015) who reported that frequency of audit committee meeting has significant effect on the financial reporting quality of listed Deposit Money Banks in Nigeria.

Accounting Expertise of Audit Committee Members and Financial Reporting Quality

The coefficient of ACFEP is -0.2492292, indicating that there is negative relationship between ACFEP and FRQ of listed DMBs in Nigeria. This means that a unit increase in audit committee financial expertise will lead to a decrease in the financial reporting quality of DMBs by 0.2492292. The negative relationship between audit committee financial expertise and financial reporting is against the a priori expectation of this study as audit committee members with financial expertise are expected to mitigate misstatements of financial reports. However, based on the findings of the study, it can be discerned that audit committee members with financial expertise might affect technical manipulation of financial reports.

The Z-value of ACFEP is -2.57 while its p-value of 0.000 which is significant at 1%. Based on this evidence, the third hypothesis of the study which states that accounting expertise of audit committee members has no significant influence on financial reporting quality of DMBs isrejected. This finding corroborates with the finding of Dabor and Dabor (2015), Gendron and Bedard (2004), Wiralestar and Tanzil (2015), Aryan (2015) who found that accounting expertise of audit committee members significantly affect financial reporting quality.

Female Audit Committee Members and Financial Reporting Quality

Relatedly, the coefficient of ACFD is 1.975432. The implication of this is that there is positive relationship between ACFD and FRQ of DMBs in Nigeria. This positive relationship is to the extent that a unit increase in ACFD will lead to a corresponding increase in FRQ of DMBs by 1.975432. The positive relationship suggests that existence female audit committee members increases the credibility of financial reporting of DMBs in Nigeria. Female audit committee members might tend to be much more honest and committed in their duty of evaluating the truthful and fair representation of economic facts of financial reports prepared by management.

The z-value of ACFD is 4.47 while the p-value is 0.010 which is significant at 1%. On this basis, the fourth hypothesis of the study which states that female audit committee members do not significantly affect financial reporting quality of DMBs is rejected. This finding is in tandem with the finding of Wiralestar and Tanzil (2015), Madawaki (2013).

FSIZE has positive relationship with FRQ as its coefficient is 0.0042473 which means a unit increase in FSIZE will lead to about 0.0042473 increase in FRQ of DMBs in Nigeria. However, this relationship is not significant even at 10%.

4.5 Policy Implication of the Findings

Several policy implications can be gleaned from the findings of the study. The regression analysis shows that ACIND has no significant influence on the financial reporting quality of DMBs in Nigeria. What this implies that existence of audit committee members without substantial managerial shareholding does not ultimately lead to enhancement of financial reporting quality of DMBs in Nigeria. The quantitative analysis also reveals that there is significant and positive relationship between ACFREQ and FRQ of DMBs in Nigeria. This suggests that if audit

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committee members meet frequently in a given accounting period, they will better evaluate the authenticity of the financial reports which might translate to quality of the financial reports. The study also reveals that there is negative and significant relationship between ACFEP and FRQ of DMBs in Nigeria. The implication of this finding is that the financial expertise of audit committee members plays a prominent role in the determination of financial reporting quality of DMBs in Nigeria. Results from regression analysis show that ACFD has positive and significant relationship with the FRQ of DMBs in Nigeria. This implies that female audit committee members play crucial role in the determination of FRQ of DMBs in Nigeria.

5.0 CONCLUSIONS AND RECOMMENDATION

Arising from the result of the analysis that was carried out, the following conclusions can be made:

Frequency of audit committee meeting has positive and significant relationship with the financial reporting quality of DMBs in Nigeria. The more frequent the audit committee members meet, the higher the tendency for them to meticulously scrutinise all elements of financial reports.

The study also concludes that audit committee financial expertise has negative and significant influence on the financial reporting quality of DMBs in Nigeria. The presence of audit committee members with financial expertise will enhance the financial reporting quality of DMBs in Nigeria. Finally, the study concludes that existence of female audit committee members positively and significantly affects financial reporting quality of DMBs in Nigeria. Thus, existence of female audit committee members will help mitigate financial reports' misstatements.

5.1 Recommendations

The following recommendations have become necessary in view of the findings of the study:

i. Banks should sustain frequency of audit committee meetings. This has become necessary in view of the fact that frequent meetings will avail the audit committee members to opportunity to scrutinize the financial reports carefully.

ii. Audit committee members should be well motivated so that they will not derail from their traditional roles of evaluating authenticity of financial reports prepared by management. Such motivation is necessary so that they will not be easily lured into manipulation of financial statements to gain monetary gains.

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iii. More female audit committee members should be encouraged to make composition of audit committees of DMBs in Nigeria. Female audit committee members are proven to have some positive influence on the financial reporting quality of Deposit Money Banks in Nigeria.

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Appendix 1: Population of the Study

S/No	Names of bank	Year incorporation	Year of listing
1	Access bank plc	1989	1998
2	Diamond bank plc	1990	2005
3	Eco bank nig. Plc	1986	2006
4	Fidelity bank plc	1987	2005
5	First bank nig. Plc	1969	1971
6	First city moment bank plc	1982	2004
7	Guarantee trust bank plc	1990	1996
8	Skye bank plc	1989	2005
9	Stanbic-IBTC Bank pc	1989	2005
10	Sterling Bank plc	1992	1993
11	Union bank plc	1969	1970
12	United bank plc	1961	1970
13	Unity bank plc	1987	2005
14	Wema bank plc	1069	1991
15	Zenith bank plc	1969	2004

Source: (1) Nigeria Stock Exchange Annual Report, 2015