AUDIT QUALITY AND ACCOUNTING GOING CONCERN EVIDENCE FROM LISTED NON-FINANCIAL FIRMS IN NIGERIA

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Abstract

The aftermath of financial scandals such as those recorded for Enron, WorldCom in the USA and other world class companies has led to the identification of a perceived "expectation gap" in audit quality culminating to a call for changes in the auditing profession. Based on the theory of inspired confidence, this study examines the effect of audit quality on accounting going concern. Specifically, this study explores two key measures of audit quality by making use of a sample of thirty-eight (38) listed manufacturing firms in Nigeria for the period ranging from 2013 to 2018. Audit quality proxies that were considered in this study includes; audit fee and audit firm size which represented the independent variables while accounting going concern (dependent variable) is measured in the framework of Altman Zscore index and firm leverage served as a control variable in the specified model. In this study, hierarchical regression analyses technique is been employed to evaluate the panel data set that were collated from annual financial reports of the sampled manufacturing listed firms. The finding indicates that audit firm size indeed does improve the going concern status of the firm during the period under investigation. This finding translates to support the view that non-audit services such as audits of employee benefit plans, as well as consultations concerning financial and tax planning provided by big four audit services help to improve a firms' going concern status. Therefore, it is recommended that management of manufacturing companies may consider hiring big4 auditing firms as they are better equipped to audit complex accounting information thus improve audit quality which translates into improved going concern status of the firm.

Keywords: Audit Quality, Accounting Going Concern, Altman Zscore, Hierarchical Regression

Introduction

As a result of financial scandals evidenced from major corporations, such as Enron, WorldCom and other world class companies; audit quality of firm financials has gained increased concerns. The aftermath of these scandals has led to the identification of a perceived "expectation gap" in audit quality as many users of audited financial statements have different expectations of the audit function (Beattie, Brandt & Fearnley, 1999) culminating to a call for changes in the auditing profession so as to ensure improved audit quality. The auditor has the responsibility to assess whether there is any doubt to his or her opinion/s on the financial report, based on auditor's regulations and are also required to provide an opinion regarding the corporations' ability to survive (going concern) in period of not more than one year from the date of the audit report (Ikatan 2001). This suggests that independent auditors have been charged with the responsibility of warning investors when there are doubts about the continuity of a company. (Ruiz-Barbadillo, Gómez-Aguilar, Fuentes-Barberá & García-Benau, 2004) which is in line with the rationale that the audit profession evaluates the going-concern assumption and provide users of financial statements with an early warning of potential financial problems.

Financial report is the main source of information to all parties who have interest in a company; hence, Wulandari (2014) stated that financial report should picture the financial position of the company. Similarly, Alichia (2013) emphasized that through financial report, we can get a picture on the life of a company, whether it is in good condition or it has a tendency to go bankrupt.

However, in order for the financial statement to be trustworthy and reliable, the auditor (especially the external auditor) is required to make a statement on it. In performing its duties, the auditor expresses an opinion on the fairness, in all material respects, the financial position, result of operations, changes in equity and cash flows in accordance with International Financial Reporting Standard (IFRS). In addition to providing information about the fairness of the financial statement, the independent auditor's report also provides information to users of financial statement regarding the company's ability to continue its business (going concern). Going concern, also called continuity assumption (Syahrul, 2000) is very influential for all users of financial statements to make the right decisions in investing, because when an investor intends an investment, he needs to know the financial condition of the company, especially concerning the survival of the firm (Hany & Mukhlasin, 2003). Problems arise when errors are made by the auditors' opinion regarding the company's going concern opinion (Barry, 2003) but the major problem about this is the issue of self-fulfilling prophecy which states that if the auditor gives going concern opinion, the company would be quickly bankrupt because many investors or creditors may cancel attractive investment funds (Venuti, 2007).

The spate of audit failure in the world (Nigeria inclusive), has brought great disappointment to the users of financial reports which makes audit quality the subject of focus in this study. The collapse of corporate organizations such as Cadbury Nigeria Plc, Afribank Nigeria Plc, Intercontinental Bank Plc. (2009) in Nigeria is worrisome and thus questions the quality of audit performed by the auditors on those financial statements. However, one reoccurring problem in the research on quality of audit report is that the perceived reliability of audited financial information has declined while the perceived relevance of audited financial information has been on increase (John, Kenneth & Austin 2019). However, within the Nigeria audit scope, not much studies have been done to explore the effect of audit tenure on accounting going concern which this study is positioned to answer (Sormunen, & Laitinen 2012; Brydon, 2019; Geiger & Kumasi 2018). Previous studies on auditors' decisions in this arena has concluded that financial-based bankruptcy prediction models are more accurate than auditors' opinions in classifying companies as being bankrupt (Altman & McGough, 1974; Altman, 1982; Levitan & Knoblett, 1985; Koh & Killough, 1990). These empirical evidences have served to direct criticism at the audit profession for not providing adequate early warning signals of impending client failure. As vital as financial reports are users rely on them to make economic decisions simply because the auditor has expressed an opinion and assurance on their fairness, financial distress, bankruptcy. The important factors that are considered in this study includes; audit' firm size and audit fees, as measures of audit quality and how these factors sway the firm into financial distress or out of financial distress Hence, in line with the above stated importance of obtaining the opinion of the external auditor, this particular study is poised on evaluating the effects of audit qualities vis-a-vis Audit Firm Size and Audit fee, on accounting going concern of listed companies in Nigeria.

Conceptual Literature Review

Accounting Going Concern Opinion

One of the main assumptions underlying financial statements is the going-concern assumption. Under this assumption a company is expected to continue operation in the foreseeable future and not go out of business. This assumption is vital for the valuation of assets, as it means that assets can be valued upon their business value when in use rather than their termination value, which is in general a lot lower. If a firm is not expected to continue to stay in business in the foreseeable future, the auditor can give an adverse opinion in the form of a going-concern opinion. The going-concern opinion is an important signal for investors as it is off course vital for them to know whether the company which they are investing in will continue its operation in the future. Going concern is also called continuity assumption which in a business accounting estimate will continue in an unlimited time period (Syahrul, 2000). Altman (1982)

finds that a going-concern opinion is seen as a signal of potential bankruptcy.

Audit Quality

There is no universally accepted definition of audit quality since different authors define it differently. However, audit quality definition as put forward by DE Angelo (1981) is the most widely used definition which state that the quality of audit services is defined to be the market-assessed joint probability that a given auditor will both (a) discover a breach in the client's accounting system, and (b) report the breach. Many researchers then used this double approach to further define audit quality with details in competence and independence, while others adopt it as a foundation to identify other audit quality attributes. For instance, Seyyed (2012) provides further explanation that audit quality could be a function of the auditor's ability to detect material misstatements and reporting the errors. Together with other similar definitions, they all emphasize on two of the most important aspects of audit quality, namely auditor ability or auditor effort, and auditor independence. Therefore, this stream of definitions is mainly about the auditors' quality. Another stream of defining audit quality focuses on the accuracy of the information reported by the auditors. Choi and Tang (2008) suggest that high audit quality would improve the reliability of financial statement information and allows investors to make more precise estimate of the firm's value. Schauer (2002) also proposed that "higher quality audit increases the probability that the financial statements more accurately reflect the financial position and results of operations of the entity been audited". In other words, audit quality is part of the quality of accounting information disclosed (Clinch, 2010).

Audit Firm Size

Until the late 20th century, the market for professional audit services was actually dominated by eight networks which were aptly nicknamed at the time as the "Big 8" (Deloitte Haskins & Sells, Arthur Andersen, Touche Ross, Price Waterhouse, Coopers & Lybrand, Peat Marwick Mitchell, Arthur Young & Co. and Ernst & Whinney) but this number was gradually reduced due to mergers between these firms, as well as the 2002 collapse of Arthur Andersen, leaving four networks dominating the market at the turn of the 21st century. In the United Kingdom in 2011, it was reported that the Big Four account for the audits of 99% of the companies in the FTSE 100, and 96% of the companies in the Financial Times Stock Exchange (FTSE) 250 Index, an index of the leading mid-cap listing companies. Such a high level of industry concentration has caused concern and a desire among some in the investment community for the competition and markets authority to consider breaking up the 'Big 4'. In October 2018, the Competitions and Markets Authority (CMA) announced it would launch a detailed study of the Big Four's dominance of the audit sector. According to Shore and Wright (2018) four names – or global brands – dominate the skyline: Deloitte Touche Tohmatsu (Deloitte) PricewaterhouseCoopers (PwC), Ernst & Young (EY) and Klynveld Peat Marwick Geordie (KPMG). While these Big 4 audit companies are typically seen as single firms, they actually comprise a network of independently owned and managed companies that share a common brand, name and quality standards.

Audit Fee

The value of an audit lies on the perception coming from users of audited statements on the auditor's ability to detect errors or breaches in the accounting system and to resist client pressures to disclose such discoveries (DeAngelo, 1981). The calculation of fees is a sensitive issue, where professional ethics and the interest of auditing did not allow that the prices budgeted are too high or too low. Marra and Franco (2001) suggest that the best way for clients to charge fees might be using a fixed and invariable value. Nevertheless, this procedure might lead to very high fees, damaging the client, or very low, damaging the auditor, having in mind that prices are budgeted by taking into account the number of hours or days required to conduct the audit. Audit fee may have influence on audit quality and Accounting Going concern. One of the major threats to auditor independence is the fees perceived by the auditor for audit. Auditors have economic incentives that threaten their

independence as well as market-based institutional incentives to act independently. Market-based incentives that relate to reputation and litigation costs are well documented in the literature (DeFond et al. 2002). In view of William (2015), economic incentives to issue an audit opinion unmodified for going concern uncertainties relate to the monetary benefits from client services provided. A crucial assumption is that auditors are inclined to sacrifice their independence and be less objective in their audit reporting when the magnitude of their service fees creates economic bonding with the client (Simunic 1984).

Theoretical Framework

Theory of Inspired Confidence

This theory was developed in the late 1920s by the Dutch professor Theodore Limperg (Hayes et al., 1999). Limperg's theory addresses both the demand for and the supply of audit services. According to Limperg, the demand for audit services is the direct consequence of the participation of outside stakeholders in the company. These stakeholders demand accountability from the management, in return for their contribution to the company. Since information provided by management might be biased, there is the possibility of divergence between the interest of management and outside stakeholders, hence an audit of this information is required. With regard to the level of audit assurance that auditor should provide, (the supply side), Limperg adopts a normative approach. The auditor's job should be executed in such a way that the expectations of a rational outsider are not thwarted. So, given the possibilities of audit technology, the auditor should do everything to meet reasonable public expectations. The auditor accomplishes the professional task through his judgment in form of reports. In the past, it is claimed that the auditor is responsible for searching, discovering and preventing fraud in his client company which was an early 20th century perception. More recently, the focus of auditors has been to provide reasonable assurance and verify the truth and fairness of the financial statements, though detection of fraud as the auditor's responsibilities has not diminished.

Audit Firm Size and Accounting Going Concern

The variation in audit quality provided by Big Firms and Non-Big audit firms has received considerable attention in prior research Most auditing studies categorize audit firms as a big 4/5/6/8 firm or a non-big firm. A big audit firm is perceived as prestigious and reputable consequently provides high audit quality. The Big 4 auditors can sustain high audit quality level due to the fact that they have a greater number of clients, thus revenues are derived from several clients such that their revenue streams will not be affected by a single client, which makes them more independent. In the views of Ndubuisi & Ezechukwu, (2017) and Becker et al. (1998) big six auditors are better able to detect earnings management because of their superior knowledge and act to detect and report earnings management in order to protect their reputation. This is in line with the outcome of Lin and Hwang (2010) who argue that there is a negative relationship between big 4/5/6 and earnings management hence the chances that the firm will fall into distress is low.

Audit Fee and Accounting Going Concern

In modern corporations characterized by the separation of ownership and control, auditors play an important monitoring role (Jensen & Meckling 1976) Stakeholders rely on financial information provided by management for investment, financing and other decisions. To assure users of the reliability of the financial statements, the board hires independent auditors to attest to the reliability of the statements. However, management (subject to ratification of the shareholders) controls the process of hiring and firing independent auditors and also pay quasi-rents associated with the audit contracts. In this situation, auditors may be incentivized to yield to management pressure which implies that the reliability of the information contained in audited financial statements depends upon the level of independence of the auditor (Becker et al. 1998). Extant literature confirms that Big 5 auditors are of higher quality and, thus, must be more independent (DeAngelo 1981a, 1981b; Francis et al. 1999). But others contend that high fees paid by the company to the auditor increase the economic bond between

the auditor and the client, thus the fees may impair the auditor's independence (Li & Lin, 2005). Hence, higher fees paid to the auditor might make the auditor look away from errors and possible earnings management activities of the company of which in the long run these sharp practices will lead to financial distress.

Review of Related Literature

Chang and Hwang (2020) investigate whether firm's financial distress is predictable using artificial intelligence techniques research methods. The authors analyze whether audit quality is the key factor that affect the occurrence of company's financial distress in China. Using binary choice model and life test method, the evidence indicates that audit quality of the firm is negatively correlated with the probability of firm's financial distress. The authors concluded that firm with higher audit quality would be more likely to reduce the probability of financial distress.

Mukhtaruddin, Handri, and Inten (2018) examines the effect of a company's financial condition, company's growth, and audit quality on acceptance of going concern audit opinion. This study uses 252 sample of manufacturing companies listed in Indonesia Stock Exchange (IDX) for the period 2010-2012. The hypotheses in the study were investigated using logistic regression. The hypothesis testing showed that company's financial condition influences the acceptance of going concern audit opinion, while company's growth and audit quality do not influence the acceptance of going concern audit opinion.

Averio (2020) aim to determine the factors that affect auditor's going concern opinion. The study used secondary data obtained from annual reports and independent audit reports published by the Indonesia Stock Exchange. The population of the study included manufacturing firms registered in the Indonesia Stock Exchange from 2015 to 2019. The sample consisted of 33 companies after purposive sampling technique was applied. The data were analyzed using logistic regression performed in statistical analysis software, SPSS 24.0. The results indicate that leverage positively affected the going concern audit opinion, then the audit quality, profitability and liquidity negatively affected going concern audit opinion, whereas firm size and audit lag did not affect the going concern audit opinion.

Abriyani and Mohd (2021) aim to reexamine the factors that influence the acceptance of going concern audit opinions. The factors tested in the study were leverage, previous audit opinions, opinion shopping and company's growth. This study employed mining companies listed on the Indonesia Stock Exchange for the period between 2015 - 2018. Based on the results of purposive sampling, the authors employed 40 mining companies that meet the sample criteria. Hypothesis testing in this study was carried out by logistic regression analysis which suggest that previous audit opinions have a positive effect on acceptance of going concern audit opinions, while leverage, opinion shopping and company's growth do not affect going concern audit opinions.

Susanto (2018) sought to get empirical evidence about the effect of management turnover, qualified opinion, audit delay and financial distress on auditor switching. This study used 122 listed non-financial companies in Indonesia Stock Exchange, using purposive sampling method in period 2011 to 2015. The data were analyzed using logistic regression analysis. The result of the research showed that management turnover, audit delay, and financial distress have no significant effect on auditor switching. While qualified opinion has a significant influence on auditor switching.

Lu and Ma (2016) empirically examines the relationship between audit quality and financial distress based on Chinese listed firms. The study specifically examines whether high audit quality will reduce the likelihood of financial distress, especially in high growth firms and government owned firms. Results from the logistic regression indicate that the quality of external audit has a negative relationship with financial distress. In addition, for high growth firms, results show that the relationship between audit quality and financial distress is more significant. Finally, the association between audit quality and financial problems is moderated by ownership. The authors concluded that audit quality is negatively associated with financial distress and

their relationship is enhanced in growth firms and state-owned firms.

Methodology

This study used *ex post facto* research design. The *ex post facto* method of research seeks to establish causal relationships between events and circumstances. In other words, it finds out the cause of certain occurrences or non-occurrences The population of this study is made up of manufacturing companies that belong to the healthcare, consumer goods and industrial sub-sectors and are listed on the floor of the Nigerian stock exchange market for the period between 2013 and 2018. As of 31st December 2018, the total number of listed manufacturing companies that were included in these subsectors of interest were Forty-Nine (49). The sample size for this study comprises of all companies in the healthcare, consumer and the industrial goods sectors that have remained listed on the floor of the Nigerian stock market since year 2013. Hence, all the companies which fall in any of these categories but listed after year 2013 were eliminated. This is to enable us to obtain a homogeneous population sample. Based on this, the final sample size for this study are 9 companies from healthcare sector, 15 companies from industrial goods sector, and 14 companies from consumer goods sector which brings a total of 38 companies. The data for the sampled listed manufacturing companies were sourced from the Nigerian Stock Exchange Fact Books and related companies' Annual Financial Reports for the periods covered in the study.

Measuring Accounting Going Concern

In this study we focus on accounting going concern proxied as Edward Altman's Z-Score models, which have become a popular and widely accepted measure of bankruptcy and used to predict corporate defaults. The Z-score uses multiple inputs from corporate income statements and balance sheets (Statements of Financial Position) to measure the financial status of a company. The table below provides a summarize guidelines for measuring going concern with Z-score.

Table 3.1: Altman Guidelines for Healthy Zone

Situation	Z-Score	Zones	Remark
i.	Below 1.9	Distress Zone	Failure is Ascertained
ii.	1.9 to 2.9	Gray Zone	Can't' Tell
iii.	Above 2.9	Healthy Zone	Will not Fail

Source: Shahwan (2015)

From the table above, a firm with Z-Score of below 1.9 is in distressed zone. Its failure is certain and could occur probably within a period of two years; If a firm has a Z-Score between 1.9, and 2.9, its financial viability is somewhat healthy. However, failure in this situation is uncertain to predict; and Z-Score of above 2.9 implies that the firm is in the 'very healthy' zone. Its financial health is very viable, and the company will not fail. The model for this study is adopted from Foroghi & Shahshahani (2012) and Geiger & Rama, (2006), but modified to suit the hypotheses of this study which centres on the effect of audit quality on accounting going concern of listed manufacturing companies in Nigeria. Hence, we specify the model as:

Model Specification

$$\mathbf{ACGC_{it} = \pi_0 + \pi_1 BIG4_{it} + \pi_2 AUDF_{it} + \pi_3 leverage_{it} + \sum_t}$$

Where:

ACGC represents accounting going concern as the dependent variable which is measured using Edward Altman's Z-Score models; BIG4 represents Big4 Auditors which is measured as "1" for Companies that use PWC, Deloitte, E&Y and KPMG as external auditors and "0" otherwise (Foroghi & Shahshahani, 2012; and Geiger & Rama, 2006); AUDF represents audit fees which is measured as the audit fee or amount paid to auditors (Foroghi & Shahshahani, 2012). In this study, we employed the variable of leverage to control the model. Leverage is measured as total debts divided by total asset

(Rafiu, Titilayo & Eghosa, 2017). "{i}" is the cross section (sample firms); "t" represents the time frame (2013 to 2018) and $\sum_t$ is the stochastic error term.

Results and Discussion

The study evaluates the effect of audit quality on accounting going concern of manufacturing companies in Nigeria drawing samples from thirty-eight (38) manufacturing companies listed on the floor of the Nigerian stock exchange market. While Accounting Going Concern proxied by Altman Z-Score is the dependent variable, the independent variables that we adopted for this study includes: big4 auditors and auditors fee and a control variable of leverage which was included in the model. Our data set span through the periods between 2013 and 2018. However, in identifying the possible relationship between audit quality and accounting going concern among manufacturing companies in Nigeria, first, we conducted descriptive statistics and panel regression estimation of fixed and random effect. Table 4.1 below shows the mean (average), median maximum, minimum, standard deviation, and sum for each of the variables. The descriptive statistics provided in the table below displays some insight into the nature of the selected Nigerian quoted manufacturing companies that were used in this study.

Table 4.1: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
zscore	227	3.074449	2.806515	-1.48	16.85
big4	227	.5770925	.4951128	0	1
aud_fee	227	38454.29	81187.03	300	624508
leverage	227	54.927	21.55108	4.1	150.43

Authors Computation 2021

The table above shows the summarize descriptive statistics for this study. As observed from the table, on average accounting going concern proxied by Altman z-score is 3.07 with a standard deviation of 2.81 and a minimum and maximum value of -1.48 and 16.85 respectively. On average 58% of the firms in our sample engaged the services of big 4 audit firms. On average, audit fee is N38 million. On the minimum audit fee is N300 thousand for the firms in our sample and N62 million on the maximum for the period under consideration. For the control variable, we observed that on average leverage is 54.93 with a standard deviation of 21.55.

Hierarchical Regression Analyses

In hierarchical regression, the focus is on the change in predictability associated with predictor variables entered later in the analysis over and above that contributed by predictor variables entered earlier in the analysis. Change in R^2 (ΔR^2) statistics are computed by entering predictor variables into the analysis at different steps. The results obtain is presented below:

Table 4.2 Hierarchical Regression Estimates {3rd Model}

Variables	Big4 Auditors	Auditors Fees	Leverage
Accounting Going Concern Model			
Coefficient	1.354	-1.010	-0.047
z_ Statistics	(3.81)	(-0.41)	(-5.73)
Probability_z	{0.000} *	{0.637)	{0.000) *
No. of Obs. = 227			
Prob. > chi2 = 0.0000			

Model	R2	F(df)	p	R2 change	F(df) change
1:	0.031	7.186(1,225)	0.008		
2:	0.033	3.803(2,224)	0.024	0.002	0.438(1,224)
3:	0.157	13.852(3,223)	0.000	0.124	32.867(1,223)

Note: Z-statistics and respective probabilities are represented in () and {}
Where: * represents 1% level of significance
Source: Authors' Computations (2021)

Specifically, the model summary obtained from the Hierarchical regression shows that the addition of the control variable of leverage brought about a significant **change in R^2** from 0.002 to 0.124. This indicates that about 12% (0.124) of the change in Accounting Going Concern is explained by the addition of the control variable to big4 auditors and auditor's fees as the predictor variables. Furthermore, a look at the F-statistics reveal an overall increased (13.852) when compared to the previous models. The p-value of 0.000 indicates that this change in the F-Statistics is significant at 1%. From the foregoing, since the explanatory power of R^2 in the third model is significantly better compared to the previous models, we adopt the 3rd model for interpretation and policy recommendation.

The hierarchical results presented in the table above reveal the result of the variable of big4 as follows: (Coef. = 1.354, t = 3.81 and P -value = 0.000). Following the results above, it is revealed that the effect of big4 firms on accounting going concern is positive and statistically significant during the period under review. This suggests that the adoption of big4 auditing firms will improve the going concern status of the firms under study. This study confirms that big 4 firms are already a signal for quality audit report and thus it improves the going concern of the firms in our study. Our finding is in tandem with those of DeAngelo (1981); Palmrose (1986); Kim et al. (2003); and Behn et al. (2008) who found that there is a significant effect of auditor size on the gong concern of firms and concluded that large auditors can also offer non-audit services such as audits of employee benefit plans, due diligence investigations related to mergers and acquisitions, internal control reviews, as well as consultations concerning financial and tax planning which will in turn improve their going concern status.

For the variable of auditor's fees, the results are revealed as follows: (Coef. = -1.010, t = -0.47 and P -value = 0.637).

Following the result revealed above, we find that the effect of auditor's fee on accounting going concern is negative and statistically insignificant during the period under consideration. This suggests that increasing auditor's fee will not significantly improve the going concern status of the firms in our sample for the period under review. We contradict the study of Geiger et al. (2005) who explained that the association between going concerns and audit fees can vary according to the regulative framework for auditor reporting. They find that, in 2002 and 2003, bankrupt companies are more likely to have received a qualified going concern audit opinion prior to the default than in 2000 and 2001. They explain this with reference to high audit fees and pressure groups, as well as the more stringent regulation of audit firms in terms of the Sarbanes–Oxley Act (SOX 2002). According to the audit risk model, auditors charge higher audit fees to riskier clients, due to a higher probability of litigation and reputational risks (Hogan and Wilkins 2008).

Conclusion and Recommendation

One of the main assumptions underlying financial statements is the going-concern assumption. Under this assumption a company is expected to continue operation in the foreseeable future and not go out of business. This assumption is vital for the valuation of assets, as it means that assets can be valued upon their business value in use rather than their termination value, which is in general a lot lower. If a firm is not expected to continue to stay in business in the foreseeable future, the auditor can give an adverse opinion in the form of a going-concern opinion. The going-concern opinion is an important signal for investors as it is

vital for them to know whether the firm, they are investing in will continue its operation in the future. From the findings of this study, we conclude that audit big4 auditors' signals audit quality and succinctly improve the going concern status if listed manufacturing firms in Nigeria. We recommend that management of manufacturing companies should endeavour to hire big4 auditing firms as they are better equipped to audit complex accounting information and thus improve audit quality. This study is very unique firstly, we have succesfully provided empirical evidences by exploring listed manufacturing companies which extant related studies in Nigeria have sparsely examined. However, Like most other related research work, limitations are inhenrent hence we suggest that authors carrying out similar studies should try to cover more sectors of the Nigerian economy. Diversity of methodological approaches, audit quality metrics, and governance attributes may offer an alternative explanation for varying results. Furthermore, inherent shortcomings in our analytical approaches can also be dealt with in further related studies.

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