



The moderating effect of audit quality on the relationship between audit committee characteristics and fair value accounting disclosure of listed insurance firms in Nigeria

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Abstract

This study investigates the effect of audit quality on the relationship between audit committee characteristics and fair value disclosure among Nigerian listed insurance firms. The findings indicate that audit committee size and meeting frequency do not have a statistically significant impact on fair value disclosure. This suggests that structural attributes alone are insufficient to enhance disclosure practices, thereby questioning the effectiveness of relying solely on formal governance structures. In contrast, audit committee financial expertise is found to have a positive and statistically significant relationship with fair value disclosure. This result underscores the critical role of financial competence in strengthening financial reporting quality and aligns with the view that expertise-based governance mechanisms are more effective than purely structural arrangements. The study further reveals that audit quality plays a significant moderating role in this relationship. Specifically, audit quality strengthens the positive association between audit committee financial expertise and fair value disclosure. This finding highlights the complementary interaction between internal governance mechanisms and external audit assurance, suggesting that high-quality audits enhance the capacity of financially knowledgeable audit committees to promote transparency and reliability in financial reporting. Collectively, these findings contribute to the literature on fair value accounting under IFRS 13 by providing empirical evidence from a developing economy context. The study also extends corporate governance research by demonstrating that the effectiveness of audit committees depends more on members' expertise than on structural characteristics such as size or meeting frequency. Furthermore, by incorporating audit quality as a moderating variable, the study offers a more nuanced understanding of how governance and audit mechanisms interact to influence disclosure outcomes. This contributes methodologically to prior studies that have largely examined these factors in isolation. From a practical perspective, the findings suggest that policymakers and firms should prioritize the appointment of audit committee members with strong financial and accounting expertise. In addition, maintaining high audit quality supported by adequate audit fees is essential for enhancing the effectiveness of governance mechanisms. These measures are expected to improve compliance with fair value disclosure requirements and strengthen overall financial reporting transparency.

Keywords: Audit Committee, Audit Quality, Fair Value Disclosure, Firm Size, Liquidity.



1. Introduction Financial reports serve as primary communication tools for financial information among various stakeholders. For these reports to be useful, it must be of the highest caliber and have qualitative traits such as faithful representation, relevance, verifiability, dependability, freedom from bias, comparability and consistency (Deloitte, 2012; IASB, 2012). To achieve these attributes, financial statement elements are measured using various approaches, including historical cost, replacement cost, current cost and fair value measurement (Deloitte, 2012; Kaplan, 2015). While historical cost accounting records assets and liabilities at their original transaction cost, fair value accounting advocates for recording them at their current market value of items of assets and liabilities.

The Global integration of business has necessitated the adoption of IFRS to ensure globally accepted and high-quality financial statements. These standards provide reasonably accurate financial performance information to investors and other stakeholders, enabling them to make informed investment, credit, and resource allocation decisions across the globe (Ishola, 2017). As of 2024, the International Financial Reporting Standards (IFRS) are utilized in various capacities across numerous jurisdictions worldwide. The IFRS Foundation has compiled comprehensive profiles for 168 jurisdictions, detailing their respective IFRS requirements. In more than 140 of these jurisdictions, IFRS Standards are mandated for domestic public companies. These figures underscore the widespread adoption and implementation of IFRS Standards globally, reflecting their role as a common accounting framework in the international financial landscape.

Fair value accounting under IFRS 13 and other regulatory frameworks aims to enhance financial transparency by ensuring that assets

and liabilities are reported at their true market value. However, despite the presence of corporate governance mechanisms designed to improve transparency and accountability, compliance with fair value disclosure remains inconsistent across firms and industries. In practice, many firms struggle to comply fully with fair value disclosure requirements due to weak corporate governance structures. The lack of alignment between corporate governance practices and fair value disclosure suggests that additional factors, such as firm-specific characteristics, industry regulations and macroeconomic conditions, may also influence compliance outcomes. Fair value measurement became effective on January 1, 2017, to enhance consistency in fair value measurement and disclosure across IFRS standards. Asset and liability valuation serves multiple purposes, including investment, taxation, loan security, financial reporting and insurance (Deng et al., 2017; Chidoziem et al., 2020). In order to enable stakeholders to more effectively evaluate the valuation methods employed in financial reporting, the IASB sought to enhance fair value disclosures. The stakeholder viewpoint of corporate governance is strengthened by the board of directors' duties being disclosed in accordance with fair value. Since their decision-making depends on fair value disclosure compliance, management must take into account the interests of all stakeholders.

Fair value accounting enhances transparency by reducing information asymmetry and providing accurate economic values of assets and liabilities. IFRS 13 mandates firms to disclose additional relevant information when necessary. The relevance of fair value measurement is emphasized by its adaptability to dynamic market conditions and its role in ensuring comparability across entities. The mandatory adoption of IFRS 13



in Nigeria took full effect in January 2017. This transition was driven by the limitations of historical cost accounting, such as its failure to recognize unrealized asset appreciation and its lack of comparability at the international level.

As part of efforts to create financial stability and reposition the finance company subsector for increased efficacy in the financial sector landscape, the Operational Guidelines for insurance firms in Nigeria were updated in 2014 (Deng et al., 2017). The Central Bank of Nigeria released the Code of Corporate Governance for insurance businesses to supplement the efforts of operational guidelines. Therefore, it is anticipated that the Code will improve good governance standards, foster public trust, and encourage efficiency and openness in the insurance industry.

Moreover, larger boards enhance monitoring effectiveness, while larger audit committees provide greater expertise in financial reporting supervision (Khurshid et al., 2018; Kajola, 2008). Furthermore, the frequency of audit committee meetings reflects the committee's level of diligence in monitoring financial reporting practices. Regular meetings provide an avenue for the audit committee to discuss critical financial reporting issues, including compliance with IFRS 13 disclosure requirements (Abbott, et al, 2024). Empirical studies indicate that firms with more frequent audit committee meetings tend to have better financial reporting outcomes, as the committee can closely scrutinize fair value estimates and related disclosures (Xie et al., 2023).

In the same vein, Audit committee meetings also facilitate engagement with external auditors and regulators, ensuring that fair value disclosures comply with IFRS 13 standards. A proactive audit committee that meets regularly is better positioned to detect and prevent financial misstatements related

to fair value measurements (Bedard, et al, 2024). As such, the frequency of audit committee meetings serves as an important governance mechanism in strengthening compliance with fair value disclosure requirements.

The financial expertise of audit committee members significantly influences the quality of financial disclosures. Directors with accounting and finance backgrounds possess the requisite knowledge to oversee fair value disclosures effectively and ensure compliance with IFRS 13 (DeFond, et al, 2005). Board members with financial expertise improve corporate disclosure quality by reducing information asymmetry and ensuring that financial statements reflect true and fair value measurements (Krishnan & Visvanathan, 2018).

In order to improve financial reporting transparency and compliance with disclosure rules, audit quality is essential. The selection of the auditor's fee as a moderating variable in the relationship between audit characteristics and fair value disclosure is supported by research; it guarantees financial statement correctness, lowers the possibility of fraud and boosts equity holder confidence (Yang 2020).

Corporate financial misconduct, particularly within the insurance firms has been a persistent issue affecting financial stability, the persistent financial stability challenges facing insurance firms in Nigeria are closely linked to the application and disclosure requirements of IFRS 13. Fair value measurement introduces valuation volatility, reliance on subjective inputs and increased earnings fluctuations, particularly within a macroeconomically unstable environment. Inadequate disclosure and weak governance oversight further exacerbate information asymmetry, potentially masking underlying solvency risks. Consequently, the quality of fair value disclosure plays a critical role in

determining the financial stability and long-term sustainability of insurance firms in Nigeria. (Oyebola, 2016). Despite regulatory mandates for compliance with IFRS 13, variations in fair value disclosure across firms raise questions about the effectiveness of corporate governance mechanisms in ensuring adherence to disclosure requirements.

The adoption of IFRS 13 was intended to improve transparency and comparability in financial reporting; however, compliance with fair value disclosure remains inconsistent among Nigerian listed insurance firms. Existing governance frameworks emphasize structural attributes such as audit committee size and meeting frequency, yet these have not significantly enhanced disclosure practices, suggesting a gap between regulatory expectations and actual outcomes.

Prior studies largely examine direct relationships between governance mechanisms and disclosure, often overlooking the moderating role of audit quality and relying on cross-sectional evidence, particularly within the banking sector. Theoretically, agency theory does not fully explain how audit committee expertise and audit quality interact to influence disclosure.

This study addresses these gaps by examining the moderating effect of audit quality on the relationship between audit committee characteristics and fair value disclosure using panel data from Nigerian listed insurance firms.

Prior studies argued that corporate governance mechanisms influence IFRS compliance (Salman et al., 2025; Chia-Wei and Weitzu, 2025; Adeyemi & Kargi 2021; Saksama, et al 2021). However, the role of audit committee attributes in driving fair value disclosure remains sketchy, particularly within Nigeria's insurance firms.

Moreover, there is limited research that comprehensively examines fair value accounting disclosure across the insurance sector using the most recent data. While such as the significance of strong governance mechanisms in response to corporate scandals (Cardao-Pito, 2024; Galdi, et al., 2024). Therefore, this study aimed at investigating the impact of audit attributes on fair value accounting disclosure as well as the moderating role of audit quality on the relationship between audit attributes on fair value accounting disclosure.

The study is motivated by persistent inconsistencies in fair value disclosure among Nigerian listed insurance firms despite the adoption of IFRS 13, raising concerns about the effectiveness of existing governance mechanisms. It seeks to examine how audit committee characteristics and audit quality jointly influence disclosure practices, addressing gaps in prior research that overlook their interaction.

2. Literature Review

This section reviews the related literature on audit committee characteristics and fair value accounting disclosures.

2.1. Audit Committee Meeting and Fair Value Accounting Disclosure

Meetings of the audit committee are regarded as one of the most important aspects of the committee since they offer the chance to discuss and consult on the accounting and audit procedures that the company has adopted. Njokuji and Chukwu (2022) analyze how audit committee characteristics affect the fair value accounting disclosures made by Nigerian banks. The study analyzed secondary data from deposit money banks listed on the Nigerian Stock Exchange's three-year annual reports (2018 to 2020). Eleven deposit money banks make up the sample, while the thirteen deposit money banks listed on the Nigerian Stock



Exchange's first-tier market as of December 31, 2020, make up the population. The findings demonstrated that fair value accounting disclosures of Nigerian listed banks are significantly impacted negatively by meeting frequency.

Usman et al., (2021) examine the fair value disclosure and audit committee features of Nigerian listed deposit money institutions. Data from 2013 to 2017 were used in the study. All fourteen (14) listed deposit money banks on the Nigerian stock exchange as of December 31, 2018, make up the study's population. A sample of eleven (11) banks was chosen from the population. Using multiple regression and STATA14 software, the study looked at information from the eleven selected banks' annual reports during a five-year period (2013-2017). The data analysis for the study employed panel data analysis. The Hausman test revealed that the independent variables' impact on fair value disclosure was assessed using the random-effect model. In order to demonstrate the link between the variables, agency theory was developed. According to the study, audit committee meetings have a positive but negligible correlation with Fair Value Accounting Disclosure.

Njokuji and Chukwu (2022) analyze how audit committee characteristics affect segment disclosures from Nigerian banks. Secondary data from the 2018–2020 annual reports of deposit money banks listed on the Nigerian Stock Exchange were used in the study. The population consists of the thirteen deposit money banks listed on the first-tier market of the Nigerian Stock Exchange as of December 31, 2020; the sample consists of eleven deposit money institutions. Multivariate analysis was used to create and examine four null hypotheses. The findings demonstrated that fair value accounting disclosures are significantly impacted negatively by meeting frequency. The report

recommends that banks closely monitor audit sessions.

Madi, et al., (2024) examined the impact of audit committee characteristics on the voluntary disclosure of 146 Malaysian listed companies that were found to have the highest market capitalizations in 2009. utilizing the 86 voluntary disclosure item checklist and conducting a content analysis of disclosure. To illustrate the connection between the variables, agency theory was developed. Data analysis is established using multiple regression analysis. According to the study, corporate voluntary disclosure is not substantially correlated with meeting frequency. This study's drawback is that it only looked at how audit committee characteristics affected fair value accounting disclosure, which is merely a subset of corporate disclosure.

Altawalbeh (2020) investigated audit committee attributes and voluntary disclosure using a sample of 72 listed firms on the Amman Stock Exchange. Using multiple regression analysis, the study found that audit committee meeting frequency has a significant positive effect on disclosure quality. The results suggest that more frequent meetings improve oversight effectiveness and encourage greater transparency in financial reporting. This supports the argument that active audit committees enhance the credibility of accounting disclosures, including fair value information.

El-Deeb et al. (2024) examined the relationship between audit committee characteristics and risk disclosure using firm-level data from listed companies in emerging markets. The study employed panel regression analysis and found that audit committee activity, including meeting frequency, significantly enhances the level and quality of risk disclosure. The study further emphasized that stronger audit

committee engagement improves transparency in complex financial reporting areas such as fair value measurement. This is particularly relevant to insurance firms where valuation estimates involve high managerial judgment.

Ali (2024) investigated audit committee features in financial institutions, including insurance businesses, and found that audit committee effectiveness significantly reduces earnings management and enhances disclosure transparency. While meeting frequency was included as a governance proxy, results indicate that its impact is stronger when combined with audit expertise and independence. The study highlights that audit committees play a crucial role in ensuring the credibility of complex accounting estimates such as fair value measurements in insurance liabilities and assets.

Dandago and Abubakar (2025) examined listed Nigerian firms (including financial and insurance sectors) and found that audit committee attributes moderate the value relevance of fair value accounting information. Using panel data and valuation models, the study shows that fair value disclosures become more decision-useful when audit committees are active and engaged. The moderating effect suggests that audit committee oversight improves the credibility of Level 2 and Level 3 fair value estimates, which are highly judgmental in insurance firms.

H1: The frequency of audit committee meetings has no significant impact on the fair value disclosure of listed insurance company in Nigeria.

2.3 Audit Committee Financial Expertise and Fair Value Accounting Disclosure

Although many authors have differing opinions on the subject, audit committee financial competence is a crucial component of audit committee features. In this study,

Musa et al. (2020) experimentally examine the variables affecting the fair value disclosure practices of listed Deposit Money Banks in Nigeria. The study design being used is ex post facto. Using secondary data, information was taken from the annual reports of the twelve listed deposit money banks for eleven years, from 2008 to 2018. The data gathered over an eleven-year period was statistically evaluated using multiple linear regression. The relationship between the audit committee's financial competence and fair value accounting disclosure was established using agency theory and stakeholder theory. The outcome demonstrates that the financial knowledge of audit committees has little bearing on the disclosure policies of Nigerian listed DMBs. Because the inclusion of non-executive directors shown otherwise, the study finds that the participation of individuals with accounting and financial backgrounds on the audit committee does not affect the disclosure practices of listed DMBs. The study's model is underspecified because audit quality is not taken into consideration as a moderating variable. Since the efficacy of such knowledge frequently depends on the degree of external audit quality and enforcement mechanisms, this absence probably contributes to the negligible link between audit committee expertise and disclosure.

Usman, et al. (2021) the study looked at the fair value declaration and audit committee characteristics of listed deposit money banks in Nigeria using data from 2013 to 2017. Eleven (11) of the fourteen banks that were listed in Nigeria's deposit banks during a five-year period were included in the sample. Data from the annual reports of the eleven selected universities were examined using multiple regression analysis. The findings showed that fair value disclosure and audit committee financial expertise were positively correlated.

For the Audit Committee of listed deposit money banks in Nigeria to function at its best, the study suggests that it should have more members with financial expertise.

Alzoubi and Selamat (2023) studied listed financial institutions and found that audit committee financial expertise significantly improves transparency in financial reporting, especially for complex financial instruments. The study shows that financial experts enhance oversight of valuation processes and ensure compliance with disclosure requirements.

In Nigeria, Adebayo, et al., (2024) examined listed insurance firms and found that audit committee financial expertise positively influences financial reporting quality. The authors emphasize that insurance firms require stronger financial expertise due to the complexity of actuarial assumptions and fair value estimations used in reporting investment assets.

Habib, et al., (2020) conducted a structured review of fair value measurement and earnings quality and concluded that governance mechanisms, including audit committee effectiveness and expertise, significantly influence the reliability of fair value disclosures. They argue that financial experts help reduce estimation bias and improve compliance with IFRS 13 fair value measurement requirements.

Similarly, Bédard and Gendron (2021) found that audit committees with financial expertise are more effective in overseeing complex accounting estimates, including fair value disclosures, due to their ability to understand valuation models and challenge managerial assumptions.

In the banking and insurance sectors, Khlif and Samaha (2022) examined financial reporting quality in North African financial institutions and found that audit committee financial expertise enhances the credibility of fair value estimates for financial instruments.

Their findings highlight that financial expertise reduces discretionary bias in valuation processes.

H2: Audit Committee Member Expertise does not have significant effect on fair value disclosure in the listed insurance companies in Nigeria.

2.4 Audit committee size and fair value accounting disclosure

One of the most important aspects of audit committee characteristics is its size. Usman et al. (2021) investigated how the size of the audit committee affected the fair value declaration of Nigerian listed deposit money banks. The study used data spanning five years (2013 to 2017). The population of the study consists of all fourteen (14) listed deposit money banks on the Nigerian stock exchange. Eleven (11) banks were selected as a sample for the study. The study found that the size of the audit committee had a negative and statistically negligible effect on fair value.

Kapaya and Layaa (2025) examined audit committee size and IFRS disclosure compliance in the Tanzanian banking sector. Using robust regression analysis on 40 listed banks, the authors found that audit committee size has no statistically significant effect on disclosure levels, indicating that increasing the number of members does not automatically improve transparency or completeness of financial reporting. Instead, they argue that qualitative attributes such as expertise and independence may be more important than size alone in determining disclosure outcomes.

Tawfik et al. (2023), examining firms in Gulf Cooperation Council (GCC) countries, found that larger audit committees are significantly associated with higher financial reporting quality, including reduced earnings management. The study suggests that larger committees provide broader expertise and improved monitoring resources, which

strengthen oversight of financial reporting processes, including valuation-based accounting estimates.

Similarly, Soroushyar (2023) investigated Iranian listed firms and reported that audit committee size negatively affects earnings management, implying improved reporting quality. The author explains that larger audit committees enhance governance effectiveness by incorporating diverse professional backgrounds, which is particularly beneficial for monitoring complex accounting practices such as fair value estimation.

Mwesigwa, et al., (2025) examined audit committee size and IFRS disclosure compliance in the Tanzanian banking sector. Using robust regression analysis on 40 listed banks, the authors found that audit committee size has no statistically significant effect on disclosure levels, indicating that increasing the number of members does not automatically improve transparency or completeness of financial reporting. Instead, they argue that qualitative attributes such as expertise and independence may be more important than size alone in determining disclosure outcomes.

H3: Audit Committee size does not have significant effect on fair value disclosure in the listed insurance companies in Nigeria.

2.5 Moderating role of Audit Quality on the relationship between audit committee characteristics and Fair Value Disclosure

The impact of audit fees on fair value declaration among Indian listed financial firms was examined by Bhat and Kumar (2020). Using an ex post facto research approach, 84 of the 115 companies in the population were sampled. A six-year span (2013–2018) of published annual reports provided the data. Based on Agency Theory, the findings showed a strong positive correlation between the amount of fair value disclosure and the audit fee. According to the

study's findings, increased audit fees motivate auditors to work more, which enhances adherence to fair value reporting regulations.

Martins and Rodrigues (2018) conducted a study on audit pricing and fair value disclosure compliance in the European banking sector. The population of the study comprised 45 banks and a sample of 38 banks was used. Employing a correlational research design and using annual accounts as the primary data source, the study relied on Signaling Theory to explain its findings. The results showed that firms that paid higher audit fees demonstrated higher levels of compliance with IFRS 13. The authors concluded that high audit fees serve as a signal of commitment to transparency and audit quality.

Ojo and Adeyemi (2021) examined audit fees and fair value disclosure quality of quoted firms. The population consisted of 150 companies and a sample of 102 firms was analyzed using a panel regression technique. Data were sourced from annual reports and the study was guided by Stewardship Theory. The findings indicated that audit fees have a significant positive effect on fair value disclosure quality. The researchers concluded that paying higher audit fees supports rigorous audit processes, thereby improving disclosure quality in Nigerian firms.

Rizwan and Khan (2019) investigated audit fees and fair value disclosure under IFRS among listed firms in Pakistan. The population consisted of 90 companies and 72 were selected for the study. Using a cross-sectional research design and data extracted from IFRS-compliant reports, the study relied on Stakeholder Theory. The results showed that audit fee had a significant positive influence on fair value disclosure compliance. It concluded that firms paying higher fees are more likely to employ independent and diligent auditors.



Hassan and Abdullahi (2022) examined audit fee, auditor independence and fair value disclosure in African listed firms. The population comprised 200 firms, while a sample of 140 firms was used. The study adopted a descriptive and inferential research design with data extracted from annual reports. Institutional Theory served as the underpinning framework. The findings showed a significant positive relationship between audit fees and compliance with IFRS 13 disclosure requirements. The study concluded that inadequate audit fees can undermine auditor independence and reduce fair value disclosure quality.

Kim and Park (2020) investigated how audit pricing affects the quality of fair value estimates among Korean firms. The population consisted of 320 firms and 255 formed the sample. The study employed multiple regression analysis using Bloomberg financial data and was guided by Agency Cost Theory. The findings revealed that audit fees have a positive influence on the reliability of fair value estimates. The researchers concluded that higher audit fees reduce manipulation of Level 2 and Level 3 valuations by improving auditor diligence.

Ahmed and Suleiman (2021) examined audit quality proxies and compliance with fair value reporting among firms in the Middle East. The study covered a population of 120 companies and 95 firms were sampled using a correlational research design. Signaling theory served as the theoretical foundation for the data collected from audited financial statements. The results showed a positive and significant effect of audit fee on fair value disclosure. The study concluded that firms paying higher audit fees tend to adhere more closely to IFRS 13 requirements.

Nwosu and Chibuzo (2023) assessed the relationship between audit fees, audit quality and fair value disclosure among Nigerian banks. The population consisted of 20

registered banks of which 15 were selected. The researchers adopted a panel data research design using data sourced from published annual reports. The study relied on Agency Theory and found a strong positive effect of audit fees on fair value disclosure practices. The study concluded that high audit fees enhance valuation model verification and improve reporting transparency within the Nigerian banking sector.

Adeyemi (2024) on listed financial services firms in Nigeria finds that audit quality significantly moderates the relationship between fair value measurement hierarchy and value relevance of financial statements. The study shows that fair value disclosures become more decision-useful when firms are audited by high-quality auditors, particularly in relation to Level 3 fair value estimates, which are highly subjective.

Given the nature of fair value accounting and the constraints of audit committee oversight, it makes sense to use audit quality as a moderating variable in the link between audit committee characteristics and fair value accounting disclosure. According to the review, the relationship between audit committee features and fair value accounting disclosure is anticipated to be influenced by audit quality. As a result, the following null hypotheses have been developed.

Ho4: Audit Quality has no moderating effect on the relationship of audit committee meeting between and compliance with fair value disclosure in the listed insurance companies in Nigeria.

H05: Audit Quality has no moderating effect on the relationship between audit committee financial expertise and compliance with fair value disclosure in the listed insurance companies in Nigeria.

Ho6: Audit Quality has no moderating effect on the relationship between audit committee size and compliance with fair value

disclosure in the listed insurance companies in Nigeria.

2.6 Theoretical Framework

According to Martin et al. (2021), the principal-agent relationship shows that each party acts as a rational economic agent with the goal of maximizing their utility in their reciprocal relationships. This theory, which highlights the basic agency issue present in contemporary joint stock corporations, was first presented by Stephen et al. in 1973. But the idea was re-examined by Jensen and Meckling (1976). The division of ownership and control leads to the development of agency theory, as opposed to partnerships and sole proprietorships. While expert managers are hired to oversee the company's operations, shareholders supply the money required for the business to operate on a daily basis (Onaolapo, et al, 2015).

The relationship that arises between principals, or shareholders and agents, or board members, as a result of the division of ownership and management of a corporate firm, forms the basis of agency theory. In order to guarantee that the entity's performance would maximize shareholder value, these shareholders pick the board members in order to establish a disciplined atmosphere, formulate a timely and achievable strategic plan and successfully supervise the management team. The board of directors must meet more frequently in order to enhance corporate business performance. This will strengthen their capacity to advise, supervise, assess and uphold discipline inside an organization (Ntim & Elamer, 2017).

From an Agency Theory perspective, the effectiveness of financial reporting mechanisms in reducing information asymmetry depends not only on the extent of disclosure but also on the strength of external monitoring mechanisms. Although fair value disclosure enhances transparency by

providing market-based valuation information, its reliability is subject to managerial estimation and potential opportunistic bias. High audit quality serves as an additional governance mechanism that strengthens the credibility of financial reports by enhancing auditor independence, competence and the likelihood of detecting misstatements. Accordingly, audit quality is expected to reinforce the relationship between fair value disclosure and financial reporting outcomes by constraining managerial discretion and improving the reliability of disclosed fair values.

In the context of a more comprehensive discussion of corporate governance as well as in the development of governance tools and policies, agency theory is crucial. This explains why companies in these economies seem to prioritize maximizing shareholder profit and the monitoring devices appropriately reflect this. For example, the board of directors typically forbids the representation of other stakeholders on the board because its composition is intended to safeguard the interests of the shareholders. In contrast, different stakeholder interests are represented on the board and their representatives actively participate in board sessions under other governance models, such as the German and Japanese (Martin et al., 2021).

3. Methodology

The annual reports and accounts of the insurance businesses listed on the Nigerian stock exchange provided the data for this study, which used an ex-post facto research design. All insurance companies listed in the Nigerian stock exchange group as of December 31, 2024, make up the study's population. After the study employed specific criteria to exclude insurance companies with a foreign history and those that were not listed as of December 31, 2020,

just 19 insurance companies remained in the sample. The annual reports and accounts of the insurance businesses listed on the Nigerian stock exchange provided the data for this study, which used an ex-post facto research design. The ex-post facto research design is appropriate for this study because it examines the relationship between audit committee characteristics, audit quality, and fair value accounting disclosure using historical, non-manipulable financial data obtained from listed insurance firms. This design is particularly suitable when the variables of interest have already occurred and cannot be directly manipulated by the researcher. All insurance companies listed in the Nigerian stock exchange group as of December 31, 2024, make up the study's population.

3.1 Model of the Study

To determine the moderating effect of audit quality on the relationship between

$$UWDIN_{it} = \frac{\sum_{i=1}^n T_{it}}{\sum_{i=1}^m M_{it}}$$

Where UWDIN is the ratio of compliance with the fair value disclosure of IFRS 13 for company *I* at time *t*. UWDIN is always less than or equal to 1 and greater than 0. T_{it} is the total fair value disclosure requirements complied by company *i* at time *t*. M_{it} is the maximum fair value disclosures applicable to company *I* at time *t*.

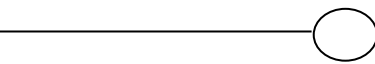
The use of an unweighted index aligns with prior research that argues for the equal treatment of mandatory disclosures, as all elements contribute to financial transparency and comparability (Beattie, et al., 2004).

For this investigation, the following model is proposed:

governance mechanisms and compliance with fair value disclosure, an unweighted index is used in line with the suggestion of prior literature (Bagudo, *et al.* 2017; Abdelfattah, 2024; Ronoowah, & Seetanah 2025).

For each compliance index, the unweighted index is used. This is an index that attaches equal weight to each disclosure requirement. The index is called unweighted because each item in the disclosure index is treated equally. The index is consistent with the disclosure index used by prior literature (Bagudo, *et al.* 2017; Abe et al., 2020). Unweighted index is used based on the argument that mandatory disclosure provides disclosure for all users of financial statements.

The unweighted index is the ratio of the items disclosed to the applicable disclosure as given below:



$$CFVD_{it} = \alpha_0 + b_1ACM_{it} + b_2ACFE_{it} + b_3ACS_{it} + b_4FSZ_{it} + b_5PROF_{it} + b_6LQT_{it} + \epsilon_{it} \dots \dots \dots (1)$$

$$CFVD_{it} = \alpha_0 + b_1ACM_{it} + b_2ACFE_{it} + b_3ACS_{it} + b_4AQ_{it} + b_5ACM * AQ_{it} + b_6ACFE * AQ_{it} + b_7ACS * AQ_{it} + b_8FSZ_{it} + b_9PROF_{it} + b_{10}LQT_{it} + \epsilon_{it} \dots \dots \dots (2)$$

Where:

$CFVD_{it}$ = Extent of Compliance IFRS13 of company *i* at time *t*

ACM_{it} = Number of audit committee meeting per year for company *i* at time *t*

$ACFE_{it}$ = The proportion of audit committee members having financial and accounting experience to the total



number of audit committee members for firm *i* at time *t*

ACS_{it} = The number of members of the company's audit committee at time *t*

AQ_{it} = It is measured by fee paid to the audit firm for company *i* at time *t*

FSZ_{it} = Total asset for company *i* at time *t*

PROF_{it} = Return on Assets for company *i* at time *t*

LQT_{it} = Ration of current assets over current liabilities for company *i* at time

Table 3.1 Variable Definition & Measurement

	Dependent Variable	Source
CFVD	Is the ratio of compliance with fair value disclosure of IFRS13 for company <i>i</i> at time <i>t</i> . Unwdb is always less or equal to 1 and greater than 0	Kimeu et al., (2018); Isho & Liyin (2015); Atika & Aria (2017); Ijeoma (2014); Ananta et al., (2019); Oyebisi et al., (2018).
	Independent Variables	
ACM	This is the total number of meetings held by audit committee members per year.	Odo (2018); Altawalbe (2020); Othman et al., (2014); Abbott, et al. (2004); Xie et al., (2003); Bedard, et al., (2004)
ACFE	Audit Committee Members expertise, the member with accounting experts that are classified as audit committee member who are certified by accounting professional bodies in Nigeria. The ratio of members of audit committee with accounting and financial expertise.	Joseph et al. (2018). Bagudo (2016); Musa et al., (2020); Njokuji & Chukwu (2022); Usman et al., (2021) DeZoort, et al., (2002); Krishnan, (2005)
ACS	Audit committee size is the total number of directors on the audit committee of a particular entity.	Mehul & Varadraj (2014); Saurabh & Twinkle (2017); Krismiaji & Sufifah (2020); Kimeu & Rober (2018); Allegrini & Greco, (2013)
	Moderating Variable	
AQ	Audit Quality, it is measured by fee paid to the audit firm	Mehran et al., (2022); Muath et al., (2018); Okun & Chinwe (2018); Bagudo (2016)
	Control Variables	

FS	Natural logarithm of total asset	Kapla (2015); Alkilani, et al., (2020); Tarus, et al., (2019)
PROF	Return on Asset, a proxy for profitability, measured as the ratio of earnings before interest and tax to total asset.	Saurabh & Twinkle (2017); Ogboi, et al., (2018); Saeid & Maryam (2017); Tukur & Bilkisu (2014).
LQT	Current ratio is the ratio of current assets over current liabilities.	Amahalu (2017); Leng (2023); Wasiu, et al., (2019); Muhammad, et al., (2017); Ahmad, et al., (2016); Aza (2018)

Source: Developed by Author12

4. Results and Discussion

Table 1: Descriptive Statistics

Variable	Observations	Mean	Std. Dev.	Min	Max
CFVD	95	0.6261	0.0698	0.50	0.80
ACM	95	4.1053	0.4941	3.00	5.00
ACFE	95	0.4554	0.2395	0.00	0.8333
ACS	95	5.1263	0.6398	4.00	6.00
AuditFee	95	7,065,264	18,400,000	4,000,000	92,800,000
FSZ	95	8,828	1,648	6,300	11,620
PROF	95	0.1074	0.3993	-0.1002	3.7458
LQDTY	95	0.986	1.6306	0.087	1.687

Source: STATA 17.0 Output (2026)

Table 1 presents the result of descriptive statistics of the study. The dependent variable, which is compliance with Fair-Value Disclosure (CFVD), has a mean value of 0.6261, indicating that, on average, firms comply with about 62.61% of fair-value accounting disclosures. The standard deviation is 0.0698, which suggests relatively low variability in CFVD scores across the sample. The minimum CFVD value is 0.50, implying that the lowest level of compliance is 50%, while the maximum is 0.80, meaning the highest level of compliance is 80%. The relatively narrow range of values (from 0.50 to 0.80) suggests that the sample does not include firms with extremely low or high

compliance, indicating a generally moderate level of fair-value disclosure compliance. On the part of independent variables, audit committee meetings (ACM) show a mean of 4.1053, which implies that, on average, audit committees meet around four times per year. The standard deviation of 0.4941 indicates that there is some variation in the frequency of meetings across firms. The minimum and maximum values range from 3 to 5 meetings, reflecting that audit committees in the sample tend to meet within this relatively narrow range, which is expected given the standardized nature of corporate governance practices. In addition, audit committee financial expertise (ACFE) has a mean value



of 0.4554, suggesting that, on average, less than half of the members of the audit committees have financial expertise. The standard deviation of 0.2395 indicates moderate variability, with the minimum value being 0.00 (indicating that some audit committees have no members with financial expertise), and the maximum value of 0.8333 suggesting that in some cases, nearly all members of the audit committees possess financial expertise. The wide range points to differences in the composition of audit committees across firms, with some committees being highly qualified in financial matters while others are not. Moreover, audit committee size (ACS) has a mean of 5.1263, indicating that audit committees typically consist of five members. With a minimum of four members and a maximum of six, the standard deviation of 0.6398 shows a rather moderate range in committee sizes. This suggests that the sample's audit committee sizes typically range from four to seven members, which most likely reflects the typical governance practices of the businesses under investigation.

The amount of audit fee exhibits substantial variability with a mean value of 7,065,264. The standard deviation of 18,400,000 reflects significant variation in the audit fees across firms. The minimum value of 4,000,000 suggests that some firms incur very low audit costs, while the maximum value of 92,800,000 highlights the presence of firms with much higher audit fees, likely due to factors such as firm size or the complexity of the audits. The large standard deviation indicates that audit fees are widely dispersed in the sample, which may reflect differing

practices in auditing across firms, particularly depending on their size and complexity.

In terms of control variables, firm size (FSZ), has a mean of 8,828 and a standard deviation of 1,648. The values for firm size range from a minimum of 6,300 to a maximum of 11,620, indicating that firms in the sample vary considerably in size. The mean of 8,828 is in line with the size of large firms, though the range suggests a mix of smaller and larger firms, potentially affecting the governance structures, including audit committees. Meanwhile, profitability (PROF) has a mean of 0.1074, indicating that, on average, the firms in the sample are marginally profitable. The standard deviation of 0.3993, coupled with a minimum value of -0.1002 and a maximum value of 3.7458, reveals that some firms are unprofitable, while others are highly profitable. The widespread in profitability suggests diverse financial performance across the sample, with some firms experiencing significant profitability, while others may be operating at a loss or a breakeven level. Furthermore, liquidity (LQDTY), another control variable, has a mean of 0.986 suggesting that the firms have, on average, moderate liquidity. However, with a high standard deviation of 1.6306, it shows that liquidity levels vary considerably across the sample. The minimum liquidity value is 0.087, indicating some firms with very low liquidity, while the maximum value of 1.687 reflects firms with very high liquidity. This broad range indicates that liquidity might not be consistent across the firms in the sample and may be influenced by sector-specific or firm-specific factors.

Table 2: Correlation Matrix

	CFVD	ACM	ACFE	ACS	AuditFee	FSZ	PROF	LQDTY
CFVD	1.0000							
ACM	-0.1626	1.0000						
ACFE	0.0800	-0.0304	1.0000					
ACS	0.1381	0.0584	0.0904	1.0000				
AuditFee	0.2201	0.1888	0.2808*	-0.0115	1.0000			
FSZ	0.0108	-0.0169	0.5143*	-0.0369	0.5133*	1.0000		
PROF	0.0601	-0.0669	0.0492	-0.0000	0.0206	0.0244	1.0000	
LQDTY	0.0509	-0.0799	-0.0171	-0.0191	0.1908	0.0031	-0.0490	1.0000

Source: STATA Output.

The correlation analysis in Table 2 provides insight into the relationships between the variables involved in this study, particularly the compliance with fair-value disclosure and the audit committee characteristics, and audit fee, along with the control variables. Firstly, the dependent variable, CFVD, shows a positive but weak correlation with AuditFee (0.2201), suggesting that higher audit fees are associated with better compliance with fair-value accounting disclosure. This implies that organizations willing to invest more in auditing might be more diligent in their fair-value disclosures. However, the correlation is not very strong, which indicates that other factors may also be at play in determining CFVD.

Moreover, audit committee meetings (ACM) exhibit a negative correlation with CFVD (-0.1626), albeit weak. This result suggests that as the frequency of audit committee meetings increases, the compliance with fair-value disclosure slightly decreases. This negative relationship might imply that more frequent meetings do not necessarily result in better disclosure practices, potentially due to ineffective meetings or a lack of focus on fair-value disclosure in such meetings. In addition, audit committee financial expertise (ACFE) and audit committee size (ACS) both show weak positive correlations with CFVD

(0.0800 and 0.1381, respectively). The correlation with ACFE is quite weak, indicating minimal influence of financial expertise on fair-value disclosure. On the other hand, the correlation with ACS is slightly stronger but still modest, suggesting that larger audit committees might have a slight positive effect on fair-value disclosure, though the effect remains relatively weak.

The control variables reveal some interesting patterns as well. Firm size (FSZ) has a moderate positive correlation with ACFE (0.5143) and AuditFee (0.5133), which suggests that larger firms are more likely to have financial expertise in their audit committees and tend to incur higher audit fees. The correlation between FSZ and CFVD (0.0108) is negligible, indicating that firm size does not significantly impact compliance with fair-value disclosure. Profitability (PROF) shows weak and insignificant correlations with the other variables, including CFVD (0.0601), which suggests that profitability does not have a strong impact on fair-value disclosure practices in the context of this study. Similarly, liquidity (LQDTY) exhibits weak and generally insignificant correlations with the other variables, including CFVD (0.0509), further supporting the notion that liquidity does not play a key role in

influencing compliance with fair-value disclosure.

Notably, the correlation between AuditFee and ACFE (0.2808) is statistically significant (indicated by the asterisk), suggesting that audit committees with financial expertise are

more likely to incur higher audit fees. This correlation may be indicative of the fact that firms with more skilled audit committees might require more extensive or specialized auditing services, potentially leading to greater expenditure on audits.

Table 3: Result of Data Normality Test

Variable	Pr(Skewness)	Pr(Kurtosis)	Adjusted Chi2	p-value
CFVD	0.0084	0.2566	7.41	0.0246
ACM	0.0031	0.0015	15.13	0.0005
ACFE	0.0014	0.4319	9.37	0.0092
ACS	0.5774	0.7543	0.41	0.8132
AuditFee	0.0000	0.0000	59.86	0.0000
FSZ	0.1266	0.0000	111.05	0.0000
PROF	0.0000	0.0000	127.92	0.0000
LQDTY	0.0000	0.0000	106.94	0.0000

Source: STATA Output.

The skewness and kurtosis data normality test results presented in Table 3 indicate varying degrees of normality across the variables used in this study. Specifically, the normality of the data was assessed through tests of skewness, kurtosis, and adjusted chi-square statistics, with associated p-values to determine whether each variable deviates significantly from a normal distribution. For the dependent variable, CFVD (compliance with fair-value disclosure), the Pr(Skewness) value is 0.0084, which suggests a slight negative skew in the distribution. The Pr(Kurtosis) value of 0.2566 indicates that the kurtosis is not significantly different from normal, as a p-value greater than 0.05 would imply no significant departure from normality. However, the adjusted chi-square statistic of 7.41 has a p-value of 0.0246, which is below the conventional significance level of 0.05, indicating that CFVD deviates significantly from a normal distribution. This suggests that the dependent variable may require transformation or adjustments to ensure proper analysis.

For the independent variables, ACM (audit committee meetings), ACFE (audit committee financial expertise), AuditFee (audit fee), and FSZ (firm size), the results reveal significant deviations from normality. ACM shows a Pr(Skewness) value of 0.0031, and Pr(Kurtosis) of 0.0015, with an adjusted chi-square value of 15.13 and a p-value of 0.0005, indicating that this variable is significantly non-normal. Similarly, ACFE also displays a skewness value of 0.0014 and a kurtosis value of 0.4319, with an adjusted chi-square value of 9.37 and a p-value of 0.0092, further confirming non-normality. These findings suggest that both ACM and ACFE may need to be transformed or handled with caution during subsequent analyses.

The moderating variable, AuditFee, presents the most extreme deviation from normality, with both the Pr(Skewness) and Pr(Kurtosis) values being 0.0000, which indicates highly skewed data and excess kurtosis. The adjusted chi-square statistic is 59.86, with a p-value of 0.0000, providing strong evidence

that AuditFee does not follow a normal distribution. This variable will likely require a transformation to normalize the data.

The control variables, FSZ (firm size), PROF (profitability), and LQDTY (liquidity), all show highly significant departures from normality, with Pr(Skewness) and Pr(Kurtosis) values of 0.0000 and adjusted

chi-square values ranging from 106.94 to 127.92. The p-values for these tests are all 0.0000, further confirming that these control variables exhibit non-normal distributions. Therefore, it is important to consider transformations or alternative methods such as non-parametric tests to account for these deviations in further analysis.

Table 4: Result of Multicollinearity Test

Variable	VIF	1/VIF
FSZ	2.13	0.469
AUDQ	1.86	0.536
ACFE	1.46	0.684
PROF	1.20	0.833
ACS	1.04	0.961
ACM	1.04	0.964
LQDTY	1.02	0.978
Mean VIF	1.39	

Source: STATA Output.

The presence of multicollinearity among the predictor variables in the model is evaluated by the variance inflation factors (VIF) and their reciprocal values (1/VIF) in Table 4. The model's variables have VIF values ranging from 1.02 for liquidity (LQDTY) to 2.13 for firm size (FSZ). Although business size's maximum VIF value of 2.13 indicates a modest degree of correlation with other factors, it is still much below the crucial threshold of 5, suggesting that there is no significant multicollinearity among the

independent variables. The reported mean VIF of 1.39 is a comforting sign that, on average, there is little correlation between the independent variables. The lack of multicollinearity is further supported by the fact that all of the 1/VIF values, which show the percentage of variation in the predicted regression coefficients that is not explained by the other predictors, have values near 1.

Table 5: Result of Heteroscedasticity Test

Test Statistic	Value	p-value
Chi2(1)	0.17	0.6792

Source: STATA Output.

With audit quality acting as a moderator, the heteroscedasticity test result, shown in Table 5, sheds light on the variance of the residuals in the regression model used to examine the association between audit committee features and fair-value accounting disclosure. The test statistic reported is Chi2(1) = 0.17, with a p-

value of 0.6792. In this case, with a p-value of 0.6792, which is well above the 0.05 threshold, the test fails to reject the null hypothesis of homoscedasticity. This suggests that there is no significant issue with the variance of the residuals in the model, meaning the assumption of constant variance

holds. Therefore, we can conclude that the regression results can be considered robust and reliable, as there is no evidence of

heteroscedasticity that would distort the estimation of the coefficients or affect the standard errors in the analysis

Table 6: Result of Regression Analysis (Model 1)

Variable	Random Effect Coeff.	Std Error	z-stat	p-value
ACM	-0.0060	0.0182	-0.33	0.742
ACFE	0.0129	0.0443	0.29	0.772
ACS	0.0166	0.0096	1.72	0.085
AUDQ	0.0051	0.0054	0.95	0.345
FSZ	-0.0014	0.0094	-0.15	0.883
PROF	0.1085	0.0508	2.14	0.033
LQDTY	0.0005	0.0036	0.14	0.889
Cons	0.5061	0.1150	4.40	0.000
R ² Overall			0.1943	
Hausman Chi ²	3.15	0.8709		
LM Chi ²	24.63	0.0000		

Source: STATA Output.

Table 6 present the results of random effect regression results in Model 1. The R-squared values for the random effect 0.1943, respectively, indicating that the models explain a portion of the variation in CFVD. The Hausman chi-square test, with a value of 3.15 and a p-value of 0.8709, indicates that the fixed effect model does not provide better results. Furthermore, the LM chi-square test shows a value of 24.63 with a p-value of 0.0000, indicating that random effects are appropriate for this model compared to the OLS regression.

In the random effect model, the coefficient for audit committee meetings (ACM) is -0.0060 with a z-stat of -0.33 and a p-value of 0.742, suggesting that the number of audit committee meetings does not influence compliance with fair-value disclosure in a statistically significant way. This result implies that increasing the frequency of meetings does not necessarily correlate with improved disclosure compliance. Audit committee financial expertise (ACFE) also shows no significant relationship with CFVD in either model. In the random effect model, the coefficient is 0.0129 with a z-stat of 0.29

and a p-value of 0.772. These findings suggest that the presence of financial expertise within the audit committee does not appear to impact the degree of fair-value disclosure compliance, reinforcing the notion that expertise alone may not be a key driver in this particular context. The audit committee size (ACS) has a positive coefficient in both models, indicating a potential positive relationship with CFVD. In the random effect model, the coefficient is 0.0166 with a z-stat of 1.72 and a p-value of 0.085. While the relationship is positive, the p-values in the random effect model close to the threshold (0.085). This suggests that larger audit committees might have a marginal impact on fair-value disclosure compliance, though the evidence is not strong enough to conclude a significant effect.

Audit quality (AUDQ) also shows a positive relationship with CFVD, but similar to the other variables, the results are not statistically significant. In the fixed effect model, the coefficient is 0.0253 with a t-stat of 1.55 and a p-value of 0.128, and in the random effect model, the coefficient is 0.0051 with a z-stat of 0.95 and a p-value of 0.345. While both



coefficients indicate a positive effect, the p-values suggest that audit quality does not have a significant effect on fair-value disclosure compliance in this model.

Among the control variables, profitability (PROF) emerges as the most significant factor affecting CFVD. In the random effect model, the coefficient for PROF is 0.1085 with a z-stat of 2.14 and a p-value of 0.033, which is statistically significant at the 5% level. This suggests that higher profitability is associated with better compliance with fair-value accounting disclosure, a plausible finding as more profitable firms might have more resources to invest in transparent and accurate reporting. Firm size (FSZ) and liquidity (LQDTY) do not have a significant impact on CFVD. The coefficient for FSZ is -0.0014 in the random effect model with a p-value of 0.883. Both p-values exceed the 0.05 threshold, indicating that firm size does not influence fair-value disclosure compliance. Similarly, liquidity (LQDTY) shows no significant effect, with coefficients close to zero and high p-values in both models (0.884 and 0.889), suggesting liquidity is not a relevant factor in this context.

Table 7: Result of Regression Analysis (Model 2)

Variable	Random Effects			
	Coeff	Std Error	z	p-value
ACM	-0.0514	0.0612	-0.84	0.401
ACFE	-0.4103	0.1564	-2.62	0.009
ACS	0.0237	0.0435	0.54	0.587
AUDQ	-0.0192	0.0307	-0.63	0.531
ACM_AUDQ	0.0030	0.0050	0.61	0.544
ACFE_AUDQ	0.0372	0.0136	2.74	0.006
ACS_AUDQ	-0.0011	0.0040	-0.28	0.776
FSZ	-0.0025	0.0095	-0.27	0.791
PROF	0.0839	0.0610	1.38	0.169
LQDTY	0.0023	0.0036	0.64	0.520
Cons	0.8560	0.3671	2.33	0.020
R² Overall			0.3314	
Hausman Chi ²	11.86	0.2946		
LM Chi ²	27.12	0.0000		

Source: STATA Output

The regression findings for the study's second model are shown in Table 7. For the random effect models, the corresponding R-squared values are 0.3314. Similar to model 1, the random effects model appears to be superior based on the Hausman chi-square test results (p-value of 0.2946). Random effects are suitable for this model, according to the LM chi-square test findings (p-value of 0.0000).

The random effect model's coefficient for the interaction term between audit committee meetings and audit quality (ACM_AUDQ) is 0.0030, with a z-statistic of 0.61 and a p-value of 0.544. Given that the p-value is higher than the 0.05 significance level, these results imply that the relationship between audit committee meetings and audit quality does not substantially affect compliance with fair-value disclosure.

Audit Committee Financial Expertise and Audit Quality

The audit committee's financial expertise and audit quality (ACFE_AUDQ) is significant with a coefficient of 0.0372, a z-statistic of 2.74, and a p-value of 0.006. These findings suggest that the association between audit committee financial

expertise and fair-value disclosure compliance is substantially moderated by audit quality. The coefficient's positive direction indicates that the positive relationship between audit committee financial expertise and fair-value disclosure compliance is strengthened by higher audit quality. In other words, audit committees with higher financial expertise typically have better compliance with fair-value disclosure when combined with higher audit quality.

Audit Committee Size and Audit Quality

With a coefficient of -0.0011, a z-statistic of -0.28, and a p-value of 0.776, the audit committee size and audit quality (ACS_AUDQ) is not significant. These findings imply that the connection between audit committee size and fair-value disclosure compliance is not substantially moderated by audit quality.

Consequently, the results of Model 2 show that the relationship between audit committee financial expertise and fair-value disclosure compliance is much enhanced by audit quality. However, there is no discernible moderating influence of audit quality on the other audit committee

attributes (size and meetings). The results emphasize the significance of both audit quality and audit committee financial competence in enhancing compliance with fair-value disclosures, indicating that these elements, when combined, can improve the caliber of financial reporting. The moderating effects offer more explanatory power, as evidenced by the overall model fit being better than Model 1.

Findings

The empirical results reveal that audit committee size and meeting frequency do not have a statistically significant effect on fair value disclosure among Nigerian listed insurance firms under IFRS 13. In contrast, audit committee financial expertise shows a positive and meaningful association with disclosure. Furthermore, the interaction analysis indicates that audit quality significantly moderates this relationship, strengthening the impact of audit committee financial expertise on fair value disclosure. However, audit quality does not significantly moderate the relationship between other audit committee attributes (size and meetings) and disclosure.

Discussion

The findings suggest that structural governance mechanisms alone are insufficient to drive high-quality financial reporting, as evidenced by the insignificant effects of audit committee size and meeting frequency. Instead, the results emphasize the importance of competence-based governance, where financial expertise plays a central role in enhancing disclosure practices. The significant moderating effect of audit quality further highlights the complementary role of external audit assurance in reinforcing the effectiveness of audit committees. This implies that governance effectiveness is not solely dependent on formal structures but rather on the interaction between internal expertise and external audit quality. Consequently, firms and regulators should prioritize strengthening audit committee

financial competence and maintaining high audit quality to improve compliance with fair value disclosure requirements.

The insignificance of audit committee size and meeting frequency suggests that structural governance mechanisms alone are insufficient to enhance fair value disclosure. This finding reinforces the argument that competence-based attributes, particularly financial expertise and their interaction with audit quality are more critical in explaining disclosure outcomes.

5. Conclusion and Recommendations

The purpose of this study is to examine how audit quality influences the association between audit committee attributes and fair value disclosure of Nigerian listed insurance companies. Using a sample of 20 insurance companies that complied with fair value disclosure, the study used multiple regression analysis. The insurance businesses listed on the Nigerian Exchange Group (NGX) comply with fair value disclosure, according to the study's findings. This suggested that Nigerian insurance companies are starting to recognize the importance of fair value in conveying company performance and other pertinent information.

The only factor that significantly affected the fair value disclosure compliance of companies listed in insurance firms on the NGX was the audit committee's financial expertise. However, the size and meetings of the audit committee have little bearing on the disclosure of fair value. Furthermore, the association between the audit committee's financial knowledge and the sampled companies' fair value declaration is statistically mitigated by audit quality. However, the association between audit committee size and meeting with fair value disclosure is not moderated by audit quality.

In order to maintain the caliber of the audit work, it is advised that pertinent policy makers of insurance companies enhance

the audit committee's operations by adding more directors to the board, ensuring frequent committee meetings, and guaranteeing a high audit fee rate. These will assist the sampled companies in adhering to the fair value regulations.

Despite, the contribution to accounting knowledge and practices, especially in the context of corporate reporting issues. The limitations of this study are, the years observations are very few, there is need to add more observations for reliability. Finally, the study only considered internal determinants, i.e audit committee characteristics. Hence, future researches could expand to consider other influencing factors, like external audit, forensic audit and board sub-committees.

This study examines the determinants of fair value disclosure among Nigerian listed insurance firms within the framework of IFRS 13. The findings show that audit committee size and meeting frequency do not significantly influence disclosure, indicating that structural governance

mechanisms alone are insufficient. In contrast, audit committee financial expertise becomes effective only when reinforced by high audit quality, highlighting the importance of the interaction between internal competence and external audit assurance.

These results suggest that governance effectiveness depends more on the quality of expertise and audit processes than on formal compliance structures. Accordingly, regulators should emphasize competency-based requirements for audit committee membership and strengthen audit quality through appropriate audit remuneration and oversight. For firms, investing in financially skilled audit committee members alongside high-quality audits is essential for improving transparency and ensuring reliable fair value reporting. Overall, the study underscores the need to move from structure-based to capability-driven governance frameworks.

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