

## Effect of Audit Attributes on Financial Reporting Quality of Listed Consumer Goods Firms in Nigeria

\*Adewusi Favour Omowunmi and Philip Jehu

*Department of Accounting, Federal University of Kashere, Nigeria*

\*Corresponding Author: [favouromowumi@yahoo.com](mailto:favouromowumi@yahoo.com)

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### Abstract

*This study examined the effect of audit attributes on financial reporting quality of listed consumer goods firms in Nigeria. The ex po factor research design was employed and a purposive sampling technique was used to draw out the sample; the population of the study was 21 and a sample of 17 was used to represent the population out 21 listed consumer goods firms in Nigeria. secondary source of data was collected from the annual reports of the firms Listed in the NQX for the period of 5years (2-18-2022. Based on the analysis, the result revealed that The result revealed that audit type has positive and significant at significant at 5% having effect on financial reporting quality of listed consumer goods firms in Nigeria. On the other, audit report lag has negative but significant effect on financial reporting quality of listed consumer goods firms at 5% significant level. Equally, audit tenure has positive and no significant effect, audit fee and audit rotation have negative and no significant effects on financial reporting quality of listed consumer goods firms in Nigeria. This study therefore concludes that audit type and audit report lag are the determinant of financial reporting quality of listed consumer goods firms in Nigeria. Therefore, the study recommends that the consumer goods firms and regulators should take into consideration the employment of the big4 services as their expertise had proven a better quality of the financial reports. Also, consumer goods firms should discourage unethical practices activities that increases discretionary accrual in financial statement that reduces quality of financial report, thereby sustaining ethical practices that promotes FRQ as stipulated in audit regulation (financial reporting council). The companies and allied matter act 2020 should consider a review of submission of audited report to lesser days than 90, as lesser days proved to reduce discretionary accruals and improves financial reporting quality in the consumer goods firms in Nigeria.*

**Keywords:** Financial reporting quality, audit type, audit tenure, audit fee, audit report lag, audit rotation

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### 1. Introduction

According to Bala et al. (2020), the degree of accuracy and objectivity of the data in financial reports about the company's core financial circumstances and financial performance is referred to as the quality of financial reporting. Management may also define the quality of financial reporting as the accuracy with which data about a business activity is provided in relation to its anticipated cash

flows in order to update shareholders on the company's operations. for instance, the relationships between variables are established by theories like agency theory, stakeholder and policeman theory. Nonetheless, various obstacles, such as gaps in knowledge, limited resources, and inconsistent reporting of findings and methods, impede successful conclusion. The association between audit firm

attributes and the quality of financial reporting has been explained by a number of ideas. Daferighe and George (2021) explained auditor independence and financial reporting quality using stakeholder theory and agency theory. The agency theory, which has been applied more often than the policeman theory and the theory of inspired confidence, had also been employed in this study to explain how audit attributes relates to the quality of financial reporting of Nigerian consumer goods companies that are listed. To fill the gap left by earlier research, the utilization of previous research findings was employed to explain the relationship and effect among the variables. Audit attribute means those qualitative characteristics of external auditors that are capable of changing performance level of the auditor. It is noted by the International Accounting Standards Board (IASB) that improving qualitative attributes alone cannot determine

According to Ogbeifun and Adeniran (2020) audit type serves as an indicator of whether the auditing firm is a Big 4 or non-Big 4 entity. According to Ogungbade et al. (2021), Audit tenure is the length of the working connection between the audit firm and its client Audit fee : The money paid to the audit firm in exchange for the audit firm service on behalf of the customer is referred to as the audit fee Ogboi and Okolie, (2024). Audit report lag on the other hand, refers to the time gap between the fiscal year's end and the external auditor signing the audited financial report as stated Daferighe and George (2020) Audit rotation a common practice among listed companies, involves reappointing the audit firm for a specific period before replacing it with a new one after a cooling-off period, whereas audit partner rotation is prolonged through mandatory audit firm

rotation as suggested by Mohapatra et al. (2021).

### **Statement of the Problem**

The existing literature presents contradictory and inconclusive results regarding the independent and dependent relationship between these audit attributes and financial reporting quality, thus prompting the current study to look deeper into this relationship and explore it further. This particular issue has been extensively investigated by a multitude of scholars, showcasing the depth of research dedicated to this topic. A significant gap in knowledge exists regarding the influence of audit attributes on FRQ, highlighting the need for further exploration in this area. consequently The results of this study, which support the audit regulations 2020 in terms of variables like audit report lag and audit type that encourage ethical and unethical practices capable of promoting and lowering financial reporting quality, provide a timely and long-term benefit to professional bodies like the International Auditing and Assurance Standards Board (IAASB) and regulatory agencies like the Securities and Exchange Commission (SEC), Companies and Allied Matters Act (CAMA). Furthermore, the financial reporting council (FRC) and CAMA can review audit reports in a matter of days, and consumer goods companies will be able to use the services of the most effective audit firms that can accurately examine the financial statements to demonstrate the company's genuine going concern. Shorter days are more significant and effective on FRQ .Moreso This study has made an empirical contribution to the body of literature on the impact of audit attributes on the financial reporting quality of Nigerian listed consumer goods firms. This literature provides up-to-date information on the relationship between audit attributes proxies, such as audit type,

audit tenure, audit fee, audit report lag, and audit rotation, and financial reporting quality.

### **Objective of the study**

1. To examine the effect of audit type on the financial reporting quality of listed consumer goods firms in Nigeria.
2. To examine the effect of audit tenure on the financial reporting quality of listed consumer goods firms in Nigeria.
3. To examine the effect of audit fees on the financial reporting quality of listed consumer goods firms in Nigeria.
4. To examine the effect of audit lag on the financial reporting quality of listed consumer goods firms in Nigeria.
5. To examine the effect of audit rotation on the financial reporting quality of listed consumer goods firms in Nigeria.

### **Hypotheses of the study**

This study developed its research hypotheses from its research objectives and are formulated in this study in a null form as follows:

H<sub>1</sub>: Audit type has no significant effect on the financial reporting quality of listed consumer goods firms in Nigeria.

H<sub>2</sub>: Audit tenure has no significant effect on the financial reporting quality of listed consumer goods firms in Nigeria.

H<sub>3</sub>: Audit fees have no significant effect on the financial reporting quality of listed consumer goods firms in Nigeria.

H<sub>4</sub>: Audit report lag has no significant effect on the financial reporting quality of listed consumer goods firms in Nigeria.

H<sub>5</sub>: Audit rotation has no significant effect on the financial reporting quality of listed consumer goods firms in Nigeria.

## **2. Literature Review**

### **2.1 Conceptual Review**

#### **Concept of Financial Reporting Quality**

Saturday et al. (2023). Quality of financial reporting can be defined as the

accuracy of the data that is reported through the financial reporting procedure. According to Bala et al. (2020) the quality of financial reporting refers to how accurate and unbiased the information in financial reports is regarding the fundamental financial situations and financial performance of the company. In order to inform shareholders about the company's operations, management may also describe the quality of financial reporting as the precise way in which information about a business activity is presented in relation to its expected cash flows.

(IASB, 2018) (Institute of Chartered Accountants of Nigeria, n.d.) stated that users can assess the financial report's value by looking at the information quality disclosed in the company's financial report.

#### **Audit Type**

Audit type means the audit firm that conducts audit procedure based on audit quality, portfolio and market perception and the audit type is either big4 (Deloitte, PricewaterhouseCoopers, Ernst & Young, and KPMG) or non big4 firms Abubakar and Abbas. (2019) gave a concept that the audit type as a criterion that indicates the auditing firm as a Big4 category or not. This is because Big4 audit firms offer more comprehensive audit services due to numerous variables such as having a more seasoned workforce and having more financial resources that enable them to provide higher audit quality.

#### **Audit Tenure**

According to Abubakar et al. (2023), audit firm tenure is the duration of time an audit firm has continuously audited and issued audit reports to a corporation. This tenure is mostly of two categories i.e lengthy duration and short tenure. The short audit tenure is when the audit firm has served the same client for the period of 3 years or less while the lengthy audit

tenure is when the audit company has served the same client for the period of more than 3 years.

#### **Audit Fee**

Audit fees, as described by Verma et al. (2024), were a financial remuneration made to auditors for the audit services they delivered, which is normally referred to as agency fee under some standards. These charges cover the aggregate costs incurred at the time of the audit

#### **Audit Report Lag**

Audit report lag Sahi et al. (2022) Financial reporting lag financial reporting lag is the time between the end of a company's fiscal year and the date of publication of its audited annual report. The main aim of financial reporting is to provide information to external users to help them in decision making. Understanding the delay in audit reports.

#### **Audit Rotation**

Audit rotation is a common practice among listed companies, which involves reappointment of the audit firm for a certain period of time before replacing it with a new one after a cooling-off period, while audit partner rotation is extended through mandatory audit firm rotation as suggested by Mohapatra et al. (2021).

### **2.2 Empirical Review**

#### **2.2.1 Audit Type and Financial Reporting Quality**

Dijeh et al. (2022) conducted a study to look at how audit characteristics affect Nigerian insurance companies' financial reporting quality. The study examined the effects of five proxies audit type, audit tenure, joint audit, industry-specialized audit, and audit fee on the quality of financial reporting as determined by measuring discretionary accruals using the modified Jones model. 22 chosen insurance companies from the fiscal years 2011 through 2020 made up the population. the study's empirical results showed that the sampled enterprises'

financial reporting quality was positively but statistically insignificantly impacted by audit type. Their study did not take audit report lag and audit rotation into account as study independent variables.

Esezobor and Esther (2020) investigated the relationship between audit quality features and financial reporting quality in a number of Nigerian listed commercial banks. The audit committee report, audit type, auditor's compensation, audit committee's report, and audit report are some of the proxies that the researchers used to represent audit qualities. Ten banks made up the population between 2015 and 2018. The study's findings showed that audit type had a statistically significant effect on the quality of financial reporting in the Nigerian banks that were sampled. The study's focus is listed commercial banks, and its conclusions may not apply to Nigerian listed consumer goods companies.

#### **2.2.2 Audit Tenure and Financial Reporting Quality**

Ogboi and Okolie. (2024) This study examined at how audit attributes affected the quality of financial reporting by firms in Nigeria's financial services industry. During the fiscal years 2012 through 2021, 36 companies were chosen for the study. The study's regression analysis showed that the firms' financial reporting quality is negatively impacted by audit tenure but not significantly. Although the study was carried out in consumer goods companies, the entire population was sampled using a census sampling technique; however, because Unidicson was suspended during the study time, the current study used a non-probability sampling technique.

In a study conducted by Soroushyar (2023) that examined the relationship between auditor qualities and the quality of financial reporting: the moderating effect of client business strategy; the researcher used tenure and industry

expertise as indicators of auditor characteristics. The study's sample consisted of 1,450 firm-year data from 145 companies that were listed on the Tehran Stock Exchange (TSE) between 2011 and 2020. The findings show that auditor tenure and the quality of financial reporting are positively and not significantly correlated. This study was carried out in the Iranian capital of Tehran and discovered that audit tenure was positive because of the discretionary accrual model. However, this study was carried out in Nigeria using the Collins et al. (2017) discretionary accruals model, whose interpretation differs from the standard interpretation of the coefficient. Olowookere et al. (2023) carried out a study from 2009 to 2017 that examined different audit variables and how they affected the quality of reporting in particular Nigerian deposit money institutions. The study's objective was to determine the impact of variables such as audit firm independence, auditor tenure, and audit fees on the general quality of financial reporting in the chosen Nigerian deposit money institutions. The study showed that the financial reporting quality of Nigerian deposit money institutions was significantly impacted by audit firm independence, auditor tenure, and audit fees. The results of the current study in the consumer products company may differ from those of the earlier study, which was carried out in a deposit money bank.

### **2.2.3 Audit Fee and Financial Reporting Quality**

Daferighe and George, (2021) examined the relationships between audit firm attributes and the quality of financial reporting of Nigerian listed manufacturing companies during the 2011–2015 fiscal year. The independent factors that were investigated were audit fee, audit delay, and audit firm size; the dependent variable was represented by

discretionary accruals, which were computed using the modified Jones model. The population and the sample for analysis consisted of sixteen manufacturing workers. The audit charges have a statistically significant effect on FRQ, according to regression analysis. The typical interpretation of the coefficient of discretionary accruals differs slightly from the Collins et al. (2017) model used in this work.

Abubakar et al, (2023). Examined the relationship between audit fees and the quality of financial reporting of Nigerian listed non-financial services companies is examined in this study, along with the moderating effect of audit committee independence. While audit fees were measured using logarithms of audit fees, the quality of financial reporting was evaluated using discretionary accruals. The study used thirty non-financial services firms listed on the Nigerian Exchange Group over an 11-year period, from 2011 to 2021. The data was manually chosen from the annual financial reports of the testing companies. The data analysis used descriptive statistics and multiple regression analysis techniques. The findings demonstrated that audit fees were not significant on the quality of financial reporting by Nigerian listed non-financial services firms.

### **2.2.4 Audit Report Lag and Financial Reporting Quality**

Daferighe and George, (2021) examined the relationships between audit firm attributes and the quality of financial reporting of Nigerian listed manufacturing companies during the 2011–2015 fiscal year. The independent factors that were investigated were audit fee, audit report lag, and audit type; the dependent variable was represented by discretionary accruals, which were computed using the modified Jones model. The population and the sample for analysis consisted of sixteen

manufacturing workers. according to regression analysis audit report lag has no significant effect on FRQ.

Agyei-Mensah, (2022) examine how audit committee traits affect Ghanaian listed businesses' timely and high-quality financial reporting. The study uses ninety firm-year observations for companies listed on the Ghana Stock Exchange between 2013 and 2015. A descriptive analysis was performed to give background statistics for the variables being studied. The descriptive statistics show that the average timeliness was 86 days and the average quality of financial reporting during the four years was 42%. Regression study results show that financial reporting quality is statistically positively correlated with audit committee size and financial expertise, whereas audit report lag is statistically negatively correlated with audit committee independence and financial competence.

### **2.2.5 Audit Rotation and Financial Reporting Quality**

A study by Mohapatra et al. (2021) examined how audit quality is affected by cogent economic and audit partner turnover. According to data gathered between 2011 and 2017, 242 samples of the 500 listed corporations analysed showed no discernible effects from audit partner rotation. The study examined the impact of audit partner rotation on audit quality in India using a variety of audit quality indicators. It focused on 1,694 firm years between 2011 and 2017, when the institutional framework for audit partner rotation was optional. The study's statistical results indicate that audit partner rotation had no appreciable impact on FRQ.

Lamido et al., (2023) This study looked at how audit firm features affected Nigerian listed consumer goods companies' financial reporting quality. While discretionary accrual was used to measure

the quality of financial reporting, auditor opinion, independence, tenure, audit quality, and audit rotation were used to measure the attributes of audit firms (Kothari, 2005). 12 of the 21 consumer products companies listed on the Nigerian Exchange Group as of December 2020 were sampled using purposive sampling and a correlational study approach. 15 years of data were gathered (2006 to 2020). The analysis's findings showed that the quality of financial reporting is significantly improved by auditor opinion, audit tenure, and audit rotation.

## **2.3 Theoretical Review**

### **2.3.1 Agency Theory**

The variables of this study are anchored on Agency theory introduced by Stephen Ross and Barry Mitnick in 1975. Agency theory is concerned with the conflicts between managers (agents) and shareholders (principals) where managers may be tempted to distort financial reports for their own benefit. This dynamic is also influenced by the type of audit company. Reputable audit firms have greater credibility resulting in reduced information asymmetry and improved financial reporting quality. Auditor independence is an important issue with respect to the auditor's tenure. The longer the term, the weaker the independence and the higher the agency risk; the shorter the tenure, the less the auditor's insight. Audit fees might be indicative of either extensive audit effort or potential management influence which can damage auditor independence. When audit findings are reported in a timely manner, it helps to decrease information gaps and increases openness. Finally, auditor rotation serves to ensure auditor independence by limiting unduly tight connections between the auditor and management, and so contributes to higher quality financial reporting. Olagunju and Owolabi. (2020) Agency theory posits a separation of ownership from control,

leading to a situation where parties involved in the relationship aim to maximize their own benefits. Each of these strands has a distinct focus and aims to explain different aspects.

**3. Methodology**

This research employed an expo factor research design. the research population encompassed a total of 21 companies listed on the Nigerian stock exchange during the time frame spanning from 2018 to 2022, This study used the purposive or judgemental sampling measure to scrutinize the population of twenty-one (21) listed consumer goods companies in Nigeria, a sample consisting of seventeen (17) firms was selected for the purpose of the study. The sample size for this study are based on certain criteria that must qualify the companies under this study for sample which are listed below:

- i. The firm must be listed on the NSE before the period this study commenced its research for instance BUA foods was listed in year 2022, as a result of the year of listing it failed to be selected as a sample leaving us with 20 consumer goods firms. The firm must remain listed within the period of the study from 2018-2022. Golden Guinea Breweries plc, Multi-Trex integrated foods and Union Discon were suspended by NSE in year 2018 due to non-compliance with listing requirements specifically the failure to file financial statement and also hold AGM, Golden Guinea Breweries suspension was lifted in year 2019. On this note we are left with 17 consumer goods firms qualified for this study sample.

Variable name	Acronym	Variable type	Measurement	Source	Apriori expectation
Financial reporting quality	Frq	Dependent variable	Proxied by Discretionary accrual was computed using Collins et.al 2017	(Collins et al., 2017) (Hribar & Collins, 2002)	
Audit type	Audty	Independent variable	1, if the auditor is one of the Big 4 auditing firms and 0 otherwise;	(Ogunbade et al., 2021) (Saturday et al., 2023)	+ significant
Audit tenure	Audte	Independent variable	the length of the auditor-client relationship period and includes the period (measured in years) that the audit firm issued audit reports on the entity	(Joseph Utile et al., 2024) (Ogunbade et al., 2021)	- Insignificant
Audit fee	Audfe	Independent	The total	(Mohapatra et	+

		variable	amount of remuneration paid to the audit firm for audit work done as reported in the financial statement.	al. 2021) (Dijeh et al., 2022)	significant
Audit report lag	Audrl	Independent variable	The difference in the number of days from the end of the financial year to the day that the external auditor signs the audit report	(Daferighe & George, 2021) (Reid et al., 2019)	- insignificant
Audit rotation	Audrt	Independent variable	1 if there is a rotation in the audit firm/audit partner and 0 if there is not any rotation in the audit firm	(Verma et al., 2024) (Martani et al., 2021)	+ significant

**Model Specification**

$$FRQ_{it} = \beta_0 + \beta_1AUDTY_{it} + \beta_2AUDTE_{it} + \beta_3AUDFE_{it} + \beta_4AUDRL_{it} + \beta_5AUDRT_{it} + \epsilon_{it}$$

Where

$\beta_1 - \beta_5$  = coefficient of variables

$i, t$  = cross-sectional  $i$ , time series  $t$

"FRQ<sub>it</sub>" stands for Financial Reports Quality.

Audit type (AUDTY)

Audit tenure is AUDTE.

Audit fee is AUDFE

Audit report lag is AUDRL

Audit rotation is AUDRT.

$\epsilon$  = error term

**4. Results and Discussion**

**Table 2: Descriptive Statistics**

Variables	Obs	Mean	Standard deviation	Min	Max
Frq	85	0.5090051	0.553558	0.002884	5.04
Audty	85	0.8235294	0.3834825	0	1
Audte	85	2.788235	1.406567	1	5
Audfe	85	18.07937	1.222476	15.42495	20.50012
Audrl	85	87.09412	31.2599	28	208
Audrt	85	0.1529412	0.3620669	0	1

Source: Stata Output

The descriptive statistics output is related to the measurement of variables in the study. It presents the measure for FRQ which is the absolute value of residuals

Collins et al (2017) discretionary accruals model, with minimum value 0.002884 and maximum value 5.04. The standard deviation value is 0.553558 which is

greater than the mean value indicating high variation in unethical practice and FRQ among firms during the period of this study. The mean value of FRQ is 0.5090051 which indicates high unethical practices indicating a low financial reporting quality of the listed consumer goods firms in Nigeria. Again audit type showed mean of 0.8235294 which is around 1 and standard deviation of 0.3834825 which means that on an average 82.4% of the consumer goods firms sampled utilised the services of the Big4. Furthermore, audit tenure had a minimum value of 1 and a maximum value of 5 with a mean of 2.788235 and a standard deviation of 1.406567 showing that some of the external auditors have maintained a short audit tenure. Similarly, the mean of audit fee is 18.07937, indicating that the audit fee is N18M on average, and a standard deviation of

1.222476, with a minimum value of 15.42495 inversely proportional to N5M and a maximum value of 20.50012 inversely proportional to N799,998,171. Moreover, the audit report lag showed a mean of 87.09412 and a standard deviation of 31.2599 with a minimum value of 28 and a maximum value of 208, indicating that on average 87% of external auditors have exceeded the 90 days as stipulated by CAMA (2020). Similarly the mean value of audit rotation is 0.1529412 which means that the audit rotation was low with the client firm for the during the period of the study and the standard deviation is 0.3620669 with the minimum value of 0 and the maximum value of 1 indicating that on an average of 15.3% the audit rotation has taken place between the audit firms and within the consumer goods firm during this study for the 5 years study period.

**Table 2 Convergent Validity of Measurement Model**

**4.1 Normality Test Result**

**Table 3 Breusch Pagan Skewness/Kurtosis Test for Normality**

Variable	Obs	Pr(skewness)	Pr(kurtosis)	Adj chi2	Pro>chi2	
Frq	85	0.0000	0.0000	.	0.0000	Normally distributed
Audty	85	0.0000	0.0896	22.04	0.0000	Normally distributed
Audte	85	0.3668	0.0000	22.72	0.000	Normally distributed
Audfe	85	0.8158	0.9922	0.05	0.9732	Not Normally distributed
Audrl	85	0.0000	0.0012	23.23	0.0000	Normally distributed
Audrt	85	0.0000	0.0123	27.41	0.0000	Normally distributed

Source: Stata Output

**4.2 Correlation Analysis.**

**Table 4 Correlation Matrix**

	Frq	Audty	Audte	Audfe	Audrl	Audrt
Frq	1.0000					
Audty	0.1490	1.0000				
Audte	0.0796	0.0623	1.0000			
Audfe	-0.0167	0.1303	0.0268	1.0000		
Audrl	-0.1646	-0.0522	0.0755	0.0118	1.0000	
Audrt	-0.0613	0.0252	-0.4499	-0.0146	0.0166	1.0000

Therefore, the correlation matrix table above shows that Frq has a perfect relationship with itself, similarly audit type, and audit tenure has a weak relationship and positive relationship with financial reporting quality. Furthermore,

audit fee, audit report lag and audit rotation have a negative weak relationship with financial reporting quality. However, audit rotation has a moderate and negative relationship with audit tenure.

**Table 5** Multicollinearity Test Using Variance Inflation Factor (VIF)

Variable	VIF	1/VIF
<b>Audty</b>	1.27	0.784501
<b>Audte</b>	1.26	0.791719
<b>Audfe</b>	1.03	0.972122
<b>Audrl</b>	1.02	0.982227
<b>Audrt</b>	1.01	0.987118
<b>Mean VIF</b>	<b>1.12</b>	

Source: Stata Output

Above is the Breusch-Pagan/Cook-Weisberg test for the Variance Inflation Factor (VIF) and 1/VIF. The computed values for the VIF for the corresponding independent variables did not exceed the generally accepted VIF threshold of 10, meaning  $1.01:1.27 < 10.00$ . In particular,

the computed mean VIF of 1.12 is less than 10, indicating that multicollinearity concerns are not present in the data for the independent variables. This, nevertheless, supports the fit of the models used in the study.

**4.4 Regression Analysis**

**Feasible Generalised Least Square Model Result**

Cross-sectional time series FGLS regression

**Table 6** Regression Result

Frq	Coef.	Std.Err	Z	P- values
Audty	0.1433391	0.0424285	3.38	0.001
Audte	0.0014847	0.0136449	0.11	0.913
Audfe	-0.0096843	0.011298	-0.86	0.391
Audrl	-0.0015801	0.0005219	-3.03	0.002
Audrt	-0.1153686	0.0657757	-1.75	0.079
-con	0.06791239	0.2016529	3.37	0.001

Source: Stata Output

No of obs = 85, No of groups = 17, Time period = 5

Wald chi2 = 25.94, Pro>chi2 = 0.0001

The result presented in the above table 6 indicates that waldchi2 is 25.94 with corresponding p-value of 0.0001 which is lower than 5% threshold value and implies that the model is valid and can be reliable for inference. Additionally, the waldchi2 value of 25.94 shows the goodness of fit of the model. It implies that the variables of the model explains 26% of changes on the financial reporting quality of listed consumer goods firms and 74% is outside the model.

**Discussion**

The hypotheses were tested based on the regression model of this study and the output of the regression statistics.

Hypothesis one: Audit type has no significant effect on the financial reporting quality of listed consumer goods firms in Nigeria.

The regression result shows that audit type has a significant effect on FRQ with a coef= 0.1433391, which shows positive effect indicating that a unit increase will

cause an increase in discretionary accruals and decrease the financial reporting quality. Which was also explained by the agency theory. whereas ( $p < 0.5$ ,  $p = 0.001$  and  $z = 3.38$ ) therefore we fail to accept the null hypotheses which stated that audit type has no significant effect on the financial reporting quality of listed consumer goods firms in Nigeria, This findings supports the analysis of Ogbeifun and Adeniran, (2020) result which showed that audit type is significant on FRQ of listed commercial banks in Nigeria but contradictory to Dijeh et al (2022) whose findings showed that audit type is not significant on FRQ of Nigerian insurance companies.

Hypothesis Two: Audit tenure has no significant impact on the financial reporting quality of listed consumer goods firms in Nigeria

The regression table 6 above shows that audit tenure has no significant effect on FRQ with a coef=0.0014847 the value indicates that a unit increase in the audit tenure will cause 0.0014847 increase to the discretionary accruals and reduce FRQ of the listed consumer goods firms in Nigeria. ( $p > 0.5$ ,  $p = 0.913$  and  $z = 0.11$ ) therefore the study fail to reject the null hypothesis that stated that audit tenure has no significant effect on the financial reporting quality of listed consumer goods firms in Nigeria. This findings supports Joseph Utile et al. (2024) whose findings showed that audit tenure is not significant on FRQ but contradicts the result of Olowookere et al. (2023) findings showed that audit tenure is statistically significant on FRQ of listed consumer goods firms in Nigeria

Hypothesis three: Audit fees have no significant impact on the financial reporting quality of listed consumer goods firms in Nigeria

The regression result indicates that audit fee have no significant effect on FRQ with a coef= -0.0096843 which means that audit fee has a negative effect which means that

it will decrease discretionary accruals and increase FRQ of consumer goods firms in Nigeria . This implies that the lower the audit fee received by audit firms the lower the discretionary accruals that leads to a high financial reporting quality.  $p > 0.5$ ,  $p = 0.391$   $z = -0.86$ ) on this note we fail to reject the hypothesis that stated that audit fee have no significant effect on the financial reporting quality of listed consumer goods firms in Nigeria. This finding is contradictory to the findings of Daferighe & George, (2021) their findings showed that audit fee is significant on FRQ of manufacturing companies in Nigeria but supports the findings of Abubakar et al. (2023) result showed that audit fee is not significant on FRQ of listed non-financial firms in Nigeria.

Hypothesis four: Audit report lag has no significant effect on the financial reporting quality of listed consumer goods firms in Nigeria

The regression table above shows a significant effect of audit report lag on FRQ with a coef= -0.0015801, the value implies that audit report lag is averagely 52days of 90days stipulated period of submission of signed financial report the value showed it is reducing discretionary accrual present in in financial statement which invariably improves the FRQ as explained by the Agency theory. ( $p < 0.5$ ,  $p = 0.002$  and  $z = -3.03$ ) as per the P-value we therefore fail to accept the null hypothesis that stated that audit report lag has no significant effect on FRQ of listed consumer goods firms in Nigeria. This finding supports the findings of Agyei-Mensah, (2022) their finding showed that audit report lag was significant on FRQ but contradicts the result of Daferighe and George, (2021) result states that audit report lag is not significant on FRQ of listed manufacturing companies in Nigeria. Hypothesis five: Audit rotation has no significant impact on the financial

reporting quality of listed consumer goods firms in Nigeria

The result indicates that audit rotation has an insignificant effect on FRQ with a coef = -0.1153686. The analysis provides that a unit decrease in audit rotation may cause -0.01153686 unit decrease in the discretionary accruals which translate to increase in the financial reporting quality ( $p > 0.5$ ,  $p = 0.079$ ,  $z = -1.75$ ) on this note we fail to reject the null hypothesis that says audit rotation has no significant effect on financial reporting quality of listed consumer goods firms in Nigeria. This finding is contradictory to Lamido et al., (2023) findings showed that audit rotation is significant on FRQ in the listed consumer goods firms in Nigeria. But supports the findings of Mohapatra et al. (2021) result states that audit rotation is not significant on FRQ.

## 5. Conclusion and Recommendations

### Conclusion

This study examined the effect of audit attributes on financial reporting quality of listed consumer goods firms in Nigeria. The audit attributes proxied and tested in this study includes; audit type, audit tenure, audit fee, audit report lag and audit rotation to be certain of which audit attribute that can reduce discretionary accruals to the lowest and cause a change that can improve the financial reporting quality in the consumer goods sector where FRQ was measured by discretionary accruals using the Collins et al (2017) model, data was extracted from 2018 to 2022 annual financial report, The empirical findings of

this study reveals that only 25% of the independent variable could explain the dependent variable. Audit report lag was statistically significant on financial reporting quality. Audit type was positive and significant on FRQ and audit report lag was negative and significant on FRQ. On this note this study therefore proved that audit type and audit report lag are the determinants of FRQ. So therefore the audit regulation of 2020 by financial reporting council should be duly observed in order to reduce unethical practices that compromises the financial reporting quality and embrace ethical practices that improves audited financial report.

### 5.3 Recommendations

This study recommends that:

- i. Based on the findings of this study the service of the big 4 such as PricewaterhouseCoopers (PwC), Klynveld Peat Marwick Goerdeler (KPMG) and Ernst & Young, and Deloitte should be employed as proven significant on FRQ but also should discourage activities that increases discretionary accrual in financial statement and improve quality of financial report with their expertise.
- ii. The regulatory agencies and listed consumer goods firms should ensure that the audited report should be ready on or before the stipulated 90 days stated by CAMA 20 for the submission of financial reports by audit firms as lesser days helps to reduce discretionary accruals and improves financial reporting quality in the consumer goods firms.

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