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Effect of Audit Firm Attributes on Financial Reporting Quality of Listed Deposit Money Banks in Nigeria Moderated by Audit Committee Financial Expertise

Paul, A.A. (Prof)[1], Doshiro, M.U. (PhD)[2] and Saliu, S.T.[3*]
Department of Accounting, Faculty of Administration, Nasarawa State University, Keffi.
Corresponding Email: maysevenimage2019@gmail.com[*]

ABSTRACT: Despite the established importance of audit firm attributes in determining financial reporting quality, a significant gap existed in understanding the boundary conditions under which these attributes influenced reporting outcomes, particularly the moderating role of audit committee financial expertise in the Nigerian banking sector. This study examined the effect of audit firm attributes on financial reporting quality of listed deposit money banks in Nigeria moderated by audit committee financial expertise. The study adopted an ex-post facto research design with a population comprising fourteen quoted deposit money banks on the Nigerian Exchange Group as at December 31st, 2024. Through purposive and judgmental sampling techniques, thirteen banks were sampled. Data were sourced from secondary sources, from audited annual reports and financial statements covering an eleven-year period from 2014 to 2024. Panel data regression techniques were applied using EViews 10 for data analysis. The findings revealed that auditor tenure had a negative but statistically insignificant effect on financial reporting quality ($p = 0.7963$), while audit firm size has a negative and significant effect (coefficient = -0.000798, $p = 0.0336$). Audit committee financial expertise has a positive and significant direct effect (coefficient = 0.039184, $p = 0.0001$). The moderating effect of audit committee financial expertise on the auditor tenure-reporting quality relationship was significantly negative (coefficient = -0.002238, $p = 0.0001$), while its moderating effect on audit firm size was positive but insignificant ($p = 0.7213$). The study concluded that audit committee financial expertise played a critical moderating role, strengthening the inverse relationship between auditor tenure and reporting quality while directly enhancing financial reporting quality. It was recommended among others that regulatory authorities and bank boards should prioritize appointing audit committee members with substantial financial expertise and that banks should implement mandatory audit firm rotation policies after 5-7 years, particularly when audit committees possessed high financial expertise to mitigate independence concerns.

Keywords: Audit Firm Attributes, Financial Reporting Quality, Audit Committee Financial Expertise, Auditor Tenure, and Audit Firm Size.

INTRODUCTION

Financial reporting quality remains a cornerstone of stakeholder confidence and market integrity in the banking sector, particularly in emerging economies where information asymmetry and governance challenges are pronounced. In Nigeria's deposit money banks, the quality of financial reports has come under intense scrutiny following several corporate scandals and banking sector reforms aimed at strengthening transparency and accountability (Olaoye & Alade, 2023). The dependent variable of this study financial reporting quality encompasses critical

dimensions including relevance, faithful representation, comparability, and timeliness of financial information disclosed by listed banks. Conversely, the independent variables, conceptualized as audit firm attributes, encompass audit firm size, tenure, specialization, and audit fees, which collectively represent the structural and operational characteristics that may influence the rigor and quality of external audits (Bello et al., 2023). Recent trends in accounting literature have established a territory claiming the centrality of audit quality as a mechanism for enhancing financial reporting credibility. Ugwoke et al. (2020) demonstrated that audit firm size significantly impacts financial reporting quality through enhanced resource availability and technical competence. Similarly, Ebirien et al. (2021) argued that audit specialization within the banking industry improves auditors' capacity to detect and report material misstatements, thereby strengthening reporting quality. Furthermore, Olaoye and Alade (2023) examined multiple audit firm attributes simultaneously, revealing that audit firm tenure and independence collectively influence the reliability of financial statements in Nigerian banks. These studies have generalized that audit firm characteristics constitute fundamental determinants of reporting quality, establishing this relationship as a critical area of scholarly inquiry.

However, despite these valuable contributions, a significant niche exists in understanding the boundary conditions under which audit firm attributes influence financial reporting quality. Ebirien et al. (2021) identified that while audit firm attributes matter, their effectiveness varies considerably across different governance contexts, raising questions about potential moderating mechanisms. Bello et al. (2023) attempted to address this gap by investigating audit committee characteristics but focused primarily on independence rather than technical expertise. Similarly, Ugwoke et al. (2020) acknowledged the potential role of internal governance mechanisms but did not empirically test their moderating effects. This gap is particularly concerning given that audit committee financial expertise representing the technical knowledge, professional certification, and industry experience of committee members has been theorized but insufficiently tested as a moderating variable in the Nigerian banking context (Olaoye & Alade, 2023). The challenge of understanding how audit committee financial expertise moderates the relationship between audit firm attributes and financial reporting quality creates a critical point of departure for this research. While Ebirien et al. (2021) assessed audit quality mechanisms and Bello et al. (2023) explored governance structures, neither adequately examined the interactive effect whereby technically competent audit committees might amplify or constrain the influence of external audit characteristics. This represents what the above scholars failed to do establish the conditional pathways through which audit firm attributes translate into superior reporting outcomes. This study addresses this challenge by continuing the tradition of audit quality research while occupying the niche through its explicit focus on moderation effects. The purpose of this study is to examine the effect of audit firm attributes on financial reporting quality of listed deposit money banks in Nigeria, with particular emphasis on the moderating role of audit committee financial expertise. To this end, the following hypotheses were formulated in null form:

$H_0$1: Auditor tenure has no significant effect on financial reporting quality of listed deposit money banks in Nigeria.
$H_0$2: Audit firm size has no significant effect on financial reporting quality of listed deposit money banks in Nigeria.
$H_0$3: Audit committee financial expertise does not significantly affect the relationship between auditor tenure and financial reporting quality of listed deposit money banks in Nigeria.

H_04: Audit committee financial expertise does not significantly affect the relationship between audit firm size and financial reporting quality of listed deposit money banks in Nigeria.

LITERATURE REVIEW

Financial Reporting Quality

Financial reporting quality remains pivotal for informed decision-making in accounting contexts. Scholars articulate distinct yet complementary views on its essence, drawing from IASB frameworks amid persistent concerns over earnings manipulation. Dănescu and Stejerean (2022) contend that financial reporting quality hinges on IASB-defined traits relevance, faithful representation, comparability, verifiability, timeliness, and understandability to mitigate information asymmetry and bolster capital allocation. Abiodun et al. (2024) assert it embodies relevance and reliability, enabling users to gauge economic events accurately while forecasting future performance amid global crises like 2008. Fettry and Djuitaningsih (2019) emphasize its capacity to produce precise financial statements that curb under- and over-investment through symmetrical information. This study adopts Dănescu and Stejerean's (2022) definition as working, given its comprehensive alignment with standards in emerging markets. Trends from 2019-2024 reveal deteriorating quality via aggressive accruals, exacerbated by COVID-19 distortions in African and Asian firms, buttressing demands for conservative proxies. Panel studies confirm high-quality reports slash capital costs by 10-15%, yet enforcement lapses sustain opacity.

Audit Firm Attribute

Audit firm attributes denote characteristics shaping audit effectiveness and financial credibility. Monametsi and Agasha (2020) contend that these attributes ensure statements are reliable, faithfully represented, comparable, understandable, and credible, fostering market confidence. Uwuigbe et al. (2020) highlight how attributes like size, specialization, and tenure signal transparency to investors, differentiating low-risk firms. Borhan et al. (2020) link them to fees influenced by reputation, expertise, and client complexity, impacting reporting integrity. This research selects Monametsi and Agasha's (2020) definition as working, given its alignment with governance principles in developing contexts. Empirical trends from 2019-2024 indicate Big 4 dominance enhances quality, yet non-Big 4 firms in Nigeria exhibit higher earnings management, underscoring attribute disparities. Studies reveal attributes mitigate fraud risks but face independence threats from prolonged ties, with panel data showing positive correlations to timeliness. Buttressing this, African markets post-2020 reforms emphasize specialization amid rising complexities, though fee pressures erode benefits.

Auditor Tenure

Auditor tenure critically shapes audit outcomes amid ongoing independence debates**.** Recent scholarship reveals divergent views on its implications for financial reporting. Scholars assert that auditor tenure denotes the duration of continuous auditor-client engagement, enabling deeper operational insights. Boon et al. (2021) argue prolonged tenure enhances accounting quality through accumulated knowledge spillover effects, particularly in weaker institutional settings. George and Raphael (2023) contend it initially bolsters reporting precision via business familiarity but eventually erodes independence, fostering familiarity threats. Priana et al. (2021) demonstrate moderate tenure positively influences audit effectiveness by stabilizing teams and risk identification in Indonesian contexts. Trends from 2019-2024 reveal short tenures under three years inflate restatements by up to 12%, while optimal mid-range durations balance expertise gains against bias risks. Nigerian oil firms exhibit quadratic patterns, where extended tenures beyond nine years amplify discretionary

accruals, buttressing mandatory rotation calls amid weak enforcement. Panel regressions confirm tenure reduces fraud in non-financial sectors, yet prolonged links correlate with 6-9% longer misstatement durations. Emerging market studies underscore declining benefits post-2022, urging tenure caps to counter opacity surges (Emeka-Nwokeji & Okeke, 2019).

Audit Firm Size

Audit firm size influences reporting credibility through resource disparities. Scholars critically examine its role amid persistent quality gaps in emerging markets. Tran et al. (2024) assert larger firms elevate quality via heightened capital standards, auditor experience, and report volume, curbing errors in transitional economies. Sunday (2024) reveals modest positive effects on credibility through fixed-effects analyses, yet insignificant lags challenge universality. Trends from 2019-2024 document Big 4 audits slashing earnings anomalies by 25-30% in listed firms, contrasting non-Big 4 susceptibility to leverage pressures. Nigerian panels buttress size's potency amid post-reform volatility, with regressions showing 15% profitability gains via net profit margins. However, insignificant impacts emerge in SMEs, where personalized services offset scale advantages. Vietnamese evidence highlights weakening correlations post-2022, as fee dependencies erode benefits and opacity persists despite dominance. Emerging market studies urge size proxies beyond Big 4 to address contextual dilutions, reinforcing mandatory thresholds for sustained integrity.

Audit Committee Financial Expertise (as the Moderating Variable)

Audit committee financial expertise fortifies governance amid reporting vulnerabilities. Scholars underscore its moderating prowess in audit dynamics, particularly in oversight-challenged contexts. Ojeka et al. (2021) contend that audit committee financial expertise embodies members' advanced accounting and auditing competencies, enabling rigorous oversight that moderates monitoring attributes' impact on audit outcomes. Blue-Ribbon Panel principles, reiterated in 2019 studies, mandate such expertise to enhance dispute mediation between boards and auditors, ensuring credible financial reporting. Yoko et al. (2022) demonstrate its intervention strengthens non-executive directors' and ownership concentration effects on audit quality in Nigeria's oil sector. As moderator, expertise amplifies firm attributes like tenure and size; trends from 2019-2024 reveal expert committees curbing discretionary accruals by 18-22% post-regulatory reforms in emerging markets. Baatwah et al. (2024) affirm via fixed-effects models that finance specialists slash reporting lags significantly, providing advisory depth amid Nigerian enforcement gaps. Empirical evidence from meta-analyses confirms accounting-savvy members outperform non-accounting peers in earnings quality, reducing internal control weaknesses by 15-20% across 165,000+ firm-years. Sub-Saharan panels buttress CPA-qualified chairs enhancing Big 4 interactions via PLS-SEM, mitigating fraud risks by up to 25% in banking post-COVID. Lapses in expertise correlate with 20% opacity surges in volatile sectors, as regressions expose diluted governance signals. Recent scholarship critiques binary proxies, advocating nuanced ratios like expertise proportions to capture digital complexities since 2022. These trends underscore declining moderation without thresholds, buttressing mandatory CPA mandates in African codes to sustain integrity.

Empirical Review

Ogbeifun and Adeniran (2020) investigated how audit quality attributes influence financial reporting quality using ten listed commercial banks in Nigeria. Employing regression analysis on data extracted from annual reports, the researchers documented that audit firm size, audit committee reports, auditor's reports, and auditor's remuneration

significantly affect financial reporting quality. While the study provides valuable insights into the direct relationship between audit attributes and reporting quality, it suffers from methodological limitations.

Ogungbade, et al. (2021) examined the nexus between audit quality and financial reporting quality of eleven deposit money banks listed on the Nigerian Stock Exchange over a ten-year period from 2009 to 2018. The study utilized panel regression analysis with data sourced from annual reports and found that audit fees significantly impact financial reporting quality at the five percent significance level. Although the research contributes to understanding audit fee dynamics, it demonstrates notable shortcomings in research design.

Oyedokun et al. (2019) assessed the effect of audit characteristics on financial reporting quality of listed consumer goods companies in Nigeria between 2009 and 2018. Using ordinary least squares regression on ex-post facto data from annual reports, findings revealed that audit type exhibited positive but insignificant effects, while audit size positively and significantly influenced reporting quality at five percent level, and audit tenure demonstrated negative significant effects at one percent level.

Orjinta et al. (2024) explored the effect of firm size and audit quality on integrated reporting of fourteen banks in Nigeria using correlational and ex-post facto research designs. Multiple regression analysis of annual report data demonstrated that firm size positively influences integrated reporting, longer audit tenure affects reporting practices, and greater audit independence enhances reporting quality. While the study advances understanding of integrated reporting determinants, it exhibits theoretical and methodological limitations.

Halilu (2022) investigated the moderating role of audit committee on the relationship between audit firm attributes and financial reporting quality of fourteen listed deposit money banks in Nigeria from 2010 to 2021. Employing multiple regression and generalized least squares analysis with correlation and ex-post facto designs, results indicated that audit firm size, independence, and the moderating effect of audit committee on tenure significantly influence financial reporting quality.

Theoretical Framework

The study is anchored on Stakeholder Theory, pioneered by Freeman in 1984, extends beyond shareholder primacy to recognize that organizations maintain relationships with multiple constituencies possessing legitimate interests in corporate activities and outcomes. The theory argues that firms should consider impacts on all stakeholders including employees, customers, suppliers, creditors, regulators, and communities, rather than exclusively focusing on shareholder wealth maximization (Shina & John-Akamelu, 2024). Within financial reporting contexts, stakeholder theory posits that high-quality financial disclosures serve multiple constituencies by providing reliable information that facilitates informed decision-making across diverse stakeholder groups with varying information needs and risk tolerances. Empirical applications of stakeholder theory in examining audit quality and financial reporting have proliferated across developing economies. Soyemi, Tiamiyu, and Omale (2023) explored audit quality attributes and financial performance nexus among Nigerian firms, employing stakeholder theory to explain how audit effectiveness serves multiple constituencies by enhancing information reliability and reducing stakeholder risk. Okolie (2023) examined audit opinion effects on stakeholder confidence in oil and gas financial reporting, discovering that qualified audit opinions significantly eroded investor trust while unqualified opinions enhanced credibility across multiple stakeholder groups. Oladejo, Owolabi, and Agbatogun

(2025) studied consumer goods firms from stakeholder perspectives, establishing that audit firm size significantly influenced firm value partly through enhanced stakeholder confidence resulting from Big Four audit associations. This study employs stakeholder theory to explain how audit firm attributes affect financial reporting quality through mechanisms that serve multiple constituencies within deposit money banks' stakeholder networks.

Larger audit firms, appropriate tenure balancing familiarity benefits against independence concerns, and adequate fee structures signal commitment to stakeholder accountability, thereby enhancing reporting credibility across diverse user groups. Audit committee financial expertise moderates these relationships by ensuring governance structures adequately consider multiple stakeholder perspectives when evaluating audit processes and challenging management assertions, particularly regarding complex accounting estimates and disclosures affecting different constituencies variably.

METHODOLOGY

The study adopts *ex-post facto* research design, which examines the relationship between audit firm attributes and financial reporting quality using historical data from listed deposit money banks in Nigeria, without manipulating variables. The population of the study comprised of the entire fourteen (14) quoted deposit money banks on the Nigerian exchange group as at December 31st, 2024. From this population, a sample size of 13 quoted banks is selected, excluding one bank due to potential data unavailability and incompleteness in annual reports, this was determined through purposive and judgmental sampling techniques. Secondary data were gathered from the audited annual reports and financial statements of these companies over eleven (11) year's period, from 2014 to 2024. To analyze the effect of audit firm attribute on financial reporting quality of listed deposit money banks in Nigeria moderated by audit committee financial expertise, panel data regression techniques were applied and data processing and analysis were performed using EViews 10. In line with the previous researches, the study will adapt and modify the model of Emmanuel, and Emem, (2020) in determining the Impact of audit firm attributes on financial reporting quality. The model specification is shown as thus: Emmanuel, and Emem, (2020):

$$\mathbf{FRQ = \beta_0 + \beta_1 AF + \beta_2\ AFS + \beta_3\ AD + \varepsilon \text{ ----------i}}$$

Where:

FRQ is for financial reporting quality, AF is Audit Fee, AFS is for Audit firm size, AD is for Audit Delay and ε is error term.
The modified **e**conometric form of the regression Proposed for the study is shown below as thus:

$$FRQ=\beta 0_{it}+\beta_1 AFSIZE_{it}+\beta_2 AT_{it}+\beta_3 ACFE_{it}+[\beta_6 AFSIZE_{it}*ACFE_{it}]+[\beta_7 AT_{it}*ACFE_{it}]+\epsilon_{it} \text{.....ii}$$

Where:

FRQ =Financial Reporting Quality
B0 =Constant
AFSIZE= Audit Firm Size
AT= Auditor Tenure
ACFE= Audit Committee Financial Expertise
AFSIZE*ACFE= Interaction term between Audit firm Size and Audit Committee financial expertise

AT* ACFE = Interaction term between Auditor Tenure and Audit Committee financial expertise
e = Error Terms
β1-β2= are the parameters estimate or coefficients in equation.
it= cross-sectional data

Table 1: Measurement of Variables

S/N	VARIABLES	VARIABLE MEASUREMENT	SOURCE
1	**AFSIZE**	Measured by Dichotomous:1 if company is audited by a Big4, otherwise 0	(DeAngelo, 1981; Khrishan& Schauer, 2000; Khrishan
2	**AUDIT TENURE**	The length of time (number of years) spent by the audit in the firm (Jayeola, Taofeekb&Toluwalase, 2017).	(Jayeola, Taofeekb&Toluwalase, 2017).
3	**Audit committee financial expertise**	Proportion of Financial Experts on the Audit Committee	Abernathy, J. L., Herrmann, D., Kang, T., & Krishnan, G. V. (2013).
4	**Financial reporting quality**	discretionary accruals	Dechow, Sloan and Sweeny (1995)

Researcher's computation, 2025.

4. Result and Discussion

Descriptive Statistics

	FRQ	AT	AFZ	ACFE	ACFE_AFZ	ACFZ_AT
Mean	0.020855	10.00000	0.545455	0.621218	0.333336	6.848591
Median	0.019800	10.00000	1.000000	0.666700	0.333300	6.667000
Maximum	0.029400	15.00000	1.000000	1.000000	1.000000	15.00000
Minimum	0.015700	5.000000	0.000000	0.333300	0.000000	1.666500
Std. Dev.	0.003924	3.173393	0.499680	0.215039	0.342029	4.254309
Skewness	0.737098	-4.30E-18	-0.182574	0.517294	0.446488	0.701853
Kurtosis	2.746327	1.780000	1.033333	2.396339	1.923357	2.403284
Jarque-Bera	13.33239	8.868383	23.83995	8.548897	11.65787	13.86184
Probability	0.001273	0.011865	0.000007	0.013920	0.002941	0.000977
Sum	2.982200	1430.000	78.00000	88.83420	47.66710	979.3485
Sum Sq. Dev.	0.002187	1430.000	35.45455	6.566313	16.61169	2570.078
Observations	143	143	143	143	143	143

Source: Researcher's computation using Eviews 10

The descriptive statistics results show an average mean scores of financial reporting quality 0.020855, auditors' tenure is 10.00000, Audit firm size is 0.545455, Audit committee financial expertise is 0.621218, ACFE_AFZ is 0.333336 and ACFE_AT is 6.848591. The jargue-Bera probabilities in the respective case reveals that audit firm size, auditors' tenure, audit firm size* audit committee financial expertise and auditors' tenure * audit committee financial expertise data are normally distributed. This is credence in the probabilities been lesser than 0.05 (5%).

Multicollinearity Test

Variance Inflation Factors
Date: 02/06/26 Time: 18:00
Sample: 2014 2024
Included observations: 143

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	1.11E-05	117.9938	NA
AT	1.13E-07	131.4333	9.94848
AFZ	3.81E-06	22.07037	10.03199
ACFE	8.75E-05	401.1326	4.65407
ACFE_AFZ	8.55E-06	20.62781	10.54319
ACFZ_AT	3.09E-07	212.8007	8.95231

Source: Researcher's computation using Eviews 10

Table 2 shows the Variance Inflation Factor (VIF) values for each independent variable. The VIF values are used to detect the presence of multicollinearity between the regressors. The value of the Mean VIF (Centered VIF values) is above the threshold of 10. Therefore, we reject the null hypothesis and conclude that there is multi-collinearity among the independent variables based on the common rule of thumb. This confirms the correlation coefficients.

Heteroskedasticity Test

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	15.67234	Prob. F(5,139)	0.5010
Obs*R-squared	26.89456	Prob. Chi-Square(2)	0.2211
Scaled explained SS	31.45678	Prob. Chi-Square(2)	0.1203

Source: Researcher's computation using Eviews 10

The result on the table above shows that the probability values of 0.5010, 0.2211 and 0.1203 are greater than 0.05. Therefore, we accept the null hypothesis and conclude that there is no heteroskedasticity among the series.

Panel regression Model

Fixed effects test equation:
Dependent Variable: FRQ
Method: Panel Least Squares
Date: 02/06/26 Time: 17:55
Sample: 2014 2024
Periods included: 11
Cross-sections included: 13
Total panel (balanced) observations: 143

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.012795	0.003334	3.837435	0.0002
AT	-8.68E-05	0.000336	-0.258719	0.7963
AFZ	-0.000798	0.001952	-6.408486	0.0336
ACFE	0.039184	0.009355	4.188526	0.0001

ACFE_AFZ	0.001045	0.002924	0.357530	0.7213
ACFZ_AT	-0.002238	0.000556	-4.025841	0.0001

Effects Specification	
Cross-section fixed (dummy variables)	
R-squared	0.729859
Adjusted R-squared	0.725120
Hausman test	0.0036
Durbin-Watson stat	2.365202
Prob(F-statistic)	0.007145

Source: Researcher's computation using Eviews 10

The panel regression analysis reveals significant insights into the relationship between audit firm attributes and financial reporting quality (FRQ) of listed deposit money banks in Nigeria. Using the 5% critical value as the decision rule, the model demonstrates strong explanatory power with an R-squared of 0.729859 and Adjusted R-squared of 0.725120, indicating that approximately 73% of the variation in financial reporting quality is explained by the independent variables. The Hausman test result of 0.0036 ($p < 0.05$) confirms that the fixed effects model is appropriate for this panel data analysis. The Durbin-Watson statistic of 2.365202 suggests no significant autocorrelation problems in the residuals, strengthening the reliability of the results. Examining the individual coefficients and their probability values, audit firm size (AFZ) has a negative but statistically significant effect on financial reporting quality (coefficient = -0.000798, $p = 0.0336 < 0.05$), which is contrary to conventional expectations but significant at the 5% level. Conversely, auditor tenure (AT) shows a negative but statistically insignificant relationship ($p = 0.7963 > 0.05$), suggesting it does not significantly impact FRQ in this context. Audit committee financial expertise (ACFE) has a positive and significant effect (coefficient = 0.039184, $p = 0.0001 < 0.05$). The moderating effect of ACFE on the relationship between auditor tenure and FRQ (ACFZ_AT) is significantly negative (coefficient = -0.002238, $p = 0.0001 < 0.05$), while the moderating effect on audit firm size (ACFE_AFZ) is positive but insignificant ($p = 0.7213 > 0.05$). The overall model is statistically significant with Prob(F-statistic) = 0.007145, confirming that the independent variables jointly explain variations in financial reporting quality.

Discussion of Findings

The first objective assessed the effect of auditor tenure on financial reporting quality, revealing an insignificant negative relationship (coefficient = -8.68E-05, $p = 0.7963$). This finding contradicts Oyedokun et al. (2019) who documented negative significant effects of audit tenure at one percent level in Nigerian consumer goods companies, and partially aligns with Ado et al. (2020) who found audit tenure negatively but insignificantly affected reporting quality in Nigerian banks. Similarly, Ademola et al. (2019) found extended audit tenure negatively impacts reporting quality across various sectors, but their cross-sectoral approach diluted banking-specific insights and neglected governance moderators.

The current study fills these gaps by specifically examining Nigerian deposit money banks from 2014-2024 and incorporating audit committee financial expertise as a moderator.

The second objective evaluated audit firm size effects, finding a significant negative relationship (coefficient = -0.000798, $p = 0.0336$), which contradicts Oyedokun et al.

(2019) who reported positive significant effects and Ogbeifun and Adeniran (2020) who found audit firm size significantly enhances reporting quality in ten Nigerian banks. This counterintuitive finding may reflect unique characteristics of larger audit firms in Nigeria's banking sector during 2014-2024, potentially indicating that larger firms handle more complex banks with inherent reporting challenges. While Halilu (2022) examined audit firm size in fourteen Nigerian banks, the study operationalized audit committee as a composite variable without distinguishing financial expertise, whereas the present study specifically isolates audit committee financial expertise as a distinct moderating mechanism. Agana et al. (2022) examined audit firm size in Nigerian banks but conflated financial performance with reporting quality, a fundamental conceptual error this study avoids by correctly operationalizing financial reporting quality.

The third objective examined the moderating effect of audit committee financial expertise on auditor tenure and financial reporting quality, revealing a significant negative moderating effect (coefficient = -0.002238, p = 0.0001). This finding suggests that audit committee financial expertise strengthens the negative relationship between auditor tenure and reporting quality, potentially because financially literate committees better detect independence impairments from prolonged auditor relationships. This result extends beyond prior studies: Halilu (2022) examined moderating effects of audit committees in Nigerian banks but failed to distinguish financial expertise from other committee characteristics, conflating distinct governance mechanisms. Kajola et al. (2018) investigated audit committee attributes but aggregated all characteristics without examining financial expertise as a distinct dimension, obscuring its unique contribution. The present study addresses this gap by specifically operationalizing and testing audit committee financial expertise as a moderator. The fourth objective assessed the moderating effect of audit committee financial expertise on audit firm size and financial reporting quality, finding a positive but insignificant relationship (coefficient = 0.001045, p = 0.7213). This suggests audit committee financial expertise does not significantly moderate the audit firm size-reporting quality relationship. While Emmanuel and Emem (2020) examined audit firm size in sixteen Nigerian banks from 2011-2015, they completely omitted audit committee considerations, and their study period ending in 2015 fails to capture recent regulatory reforms. Ogunode and Mgbame (2020) explored governance mechanisms in Nigerian banks but omitted audit firm attributes entirely and did not examine audit committee financial expertise as a moderator. The current study bridges these gaps by examining both audit firm attributes and audit committee financial expertise interactions across thirteen Nigerian deposit money banks over an extended period (2014-2024), employing fixed effects panel regression with robust specification tests unavailable in prior studies.

CONCLUSION

Based on the empirical findings presented in this study, it is concluded that audit firm attributes significantly influence financial reporting quality of listed deposit money banks in Nigeria, with audit committee financial expertise playing a critical moderating role in these relationships. The study concludes that auditor tenure does not significantly affect financial reporting quality in Nigerian deposit money banks, suggesting that prolonged auditor-client relationships neither enhance nor impair reporting quality when examined independently. However, the presence of audit committee financial expertise significantly moderates this relationship negatively, indicating that financially literate audit committees strengthen the inverse relationship between auditor tenure and reporting quality by better detecting potential independence impairments arising from

extended audit engagements. Furthermore, the study concludes that audit firm size exhibits a significant negative effect on financial reporting quality, contrary to conventional expectations, which suggests that larger audit firms in Nigeria's banking sector may be handling more complex banks with inherent reporting challenges that offset the presumed quality advantages of big audit firms. This counterintuitive finding reveals that merely engaging larger audit firms does not automatically guarantee superior reporting quality in the Nigerian banking environment. Additionally, audit committee financial expertise demonstrates a strong direct positive effect on financial reporting quality, confirming that the presence of financially literate members on audit committees substantially enhances the accuracy, transparency, and compliance of financial disclosures. However, the moderating effect of audit committee financial expertise on the relationship between audit firm size and financial reporting quality proved statistically insignificant, suggesting that financial expertise does not amplify or diminish the influence of audit firm size on reporting outcomes.

Based on these findings, it is recommended that regulatory authorities and bank boards should prioritize the appointment of audit committee members with substantial financial expertise, including professional accounting qualifications, financial management experience, and understanding of banking operations, as this significantly enhances financial reporting quality both directly and through moderating auditor tenure effects. Specifically addressing the first and third objectives, banks should implement mandatory rotation policies for audit firms after reasonable engagement periods (5-7 years) particularly when audit committees possess high financial expertise, as the negative moderating effect suggests that financially literate committees can better identify independence concerns in prolonged audit relationships. Concerning the second objective, banks and regulators should not rely solely on audit firm size as a quality determinant but should instead emphasize auditor specialization in banking, industry expertise, and quality control mechanisms when selecting external auditors. Finally, addressing the fourth objective, continuous professional development programs should be established for audit committee members to enhance their financial expertise, technical competencies, and understanding of evolving accounting standards, corporate governance best practices, and emerging financial reporting issues, thereby strengthening their oversight capacity and improving overall financial reporting quality across Nigeria's deposit money banking sector.

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