Iosr Journal Of Economics And Finance (Iosr-Jef)
E-Issn: 2321-5933,P-Issn: 2321-5925.Volume 14, Issue 6 Ser. 4 (Nov. – Dec. 2023),Pp 22-36
www.Iosrjournals.Org

Effect Of Audit Regulations On Audit Quality In Nigerian Oil And Gas Companies.

Mbatuegwu Christopher David. *Ph.D., CNA*
Center For Financial And Accounting Research (Cefar)
Nigerian College Of Accountancy, Kwall, Near Jos Plateau State;

Dr. Friday F. Akpan. *FCNA*
Director General Nigerian College Of Accountancy Kwall,
Near Jos Plateau State;

And

Prof. Tamunonimim A. Ngerebo-a. *FCNA*
ANAN University, Kwall,
Plateau State, Nigeria
onimimfari@gmail.com

Abstract
The audit regulation act of 2020 attempted to regulate the widespread corporate scandals of the late 1990s and early 2000s, which culminated in the failures of Enron Corp, WorldCom, and a number of international companies.The 2008/2009 financial crisis shook global trust and led to the failure of Arthur Andersen and the fall of many companies in Nigeria. The Sarbanes-Oxley Act of 2002 established the Public Company Accounting Oversight Board (PCAOB)and forces the profession to rethink principles and practices. In Nigeria, the Financial Reporting Council (FRC) Act No. 6 of 2011 was enacted to amend the lope-whole and make audits more reliable and trusted.Agency theory connection is a contract between a principal and an agent to delegate decision-making authority.The study sample consisted of 12 and 11 oil and gas companies, with Afroil PLC delisted. Secondary data was extracted from annual reports and accounts. Logistic regression was used to predict when the dependent variable is a dichotomy and the independent variables are continuous or discrete.The study found that the audit committee has a positive impact on the audit reporting quality in Nigeria. Increased audit committee rotation can lead to higher-quality financial reporting, as it provides an incentive to oversee management and reduces management fraud. This is in line with stakeholder and policing ideas. Also, the financial knowledge of the audit committee had a negative but significant impact on the audit quality of Nigerian-listed oil and gas companies. It looked at the combined effects of the Audit regulation, Audit Committee Rotation, and Audit Committee Financial Expertise on the quality of the audit reporting for publicly traded companies. Businesses should rotate their auditors and hire audit committees with greater financial understanding to improve audit reporting quality.

Date of Submission: 13-12-2023 Date of acceptance: 23-12-2023

I. INTRODUCTION

TheAudit Regulation Act of 2020 which is a very bold effort to regulate auditing practices, resulted from the level of corporate accounting and auditing scandals involving audit firm including the Big-4.The scandals led to corporate failures, liquidations, bankruptcy, heavy fines, or change of top managements of firms like Enron Corporate (2001), WorldCom (2002), Lehman Brothers (2008), Carillion (2018), Kraft Heinz Company (2021), Luckin Coffee a Chinese firm in the USA (2022), and Weber Shandwick (2022). In these examples, auditors and accountants were found culpable for not reporting these frauds, leading to the liquidation of one of the hitherto Big-5 (Arthur Andersen) and heavy penalties levied on others like PwC. These audit scandals and corporate governance failures aggravated the effect of 2008/2009 financial crisis, globally. Nigeria was not insulated from the global corporate failures, with the collapse of Cadbury Nigeria plc, Unilever PLC, African Petroleum (now Fort Oil), and financial institutions in Nigeria such as Oceanic Bank, intercontinental bank (Mbatuegwu and Hassan 2021;Mbatuegwu, Uwaleke, and Azah 2019;andWilson,et al, 2016).Consequent on the international accounting scandals, the United States of America (USA) enact the Sarbanes-Oxley Act of 2002, which established the Public Company Accounting Oversight Board (PCAOB). Nigeria, like many other

countries, have replicated PCAOB by establishing the Financial Reporting Council (FRC) via the Financial Reporting Council (FRC) Act No. 6 of 2011, for the issuance of the Nigerian Code of Corporate Governance in 2018, in order to block the loopholes and to make audits more reliable and trusted.

The oil and gas sector in Nigeria generates the bulk of the revenue needed for economic growth and development. It is acclaimedto be the regulated, monitored, and supervised sector after the banking sector. In reality, the reverse is the case, especially considering the suspected siphoning of $6.8 billion worth of crude oil and gas by Trafigura and Vitol oil and gas companies (Premium Times Nigeria, 2013). The inability of auditors of oil and gas firms in Nigeria to report corrupt practices, including corrupt payments to officials of NNPC and its subsidiary (NAPIMS); before The Department of Justice (2004 and 2008) indicted Willbros Group Inc, ABB Vetco Gray, Trafigura, and Vitol; of frauds (including non-remittance of oil proceeds to the Federal Government) ranging from $1 million to $6.3 million (Vanguard, 2017; Premium Time, 2018; and Sanusi, 2013) speaks volumes. This is in addition to the indictment and banning of CEO of Oando Plc in 2018; and the conviction and imprisonment ofthe Director of Ontario Oil and Gas Limited to10-year jail term for defrauding the Federal Government of Nigeria to the sum of N754 million with respect to oil and gas subsidy fraud between 2012 and 2014 (Udo, 2019).

Extensive empirical studies have examined Audit regulation and financial reporting quality in third-world countries (Ojeka, Iyoha, &Asaolu, (2015);Edesiri (2013)Ajibolade&Uwuigbe, 2013; Ojeka, Iyoha&Obigbemi, 2014; Ojeka, Iyoha&Asaolu, 2015; Omobong and Ibanichuka, 2017; Salau, Okpanachi, Yahaya &Dikki, 2017; but none of the studies considered the effect of audit committee characteristics like financial expertise, size, independence, meetings, age and gender mix, specified in the audit regulations in 2020 on financial reporting quality by quoted oil and gas companies in Nigeria. This gap forms the basis for this current study.

The broad objective of this study is to examine the effect of Audit Regulation Act 2020 on the auditquality of listed oil and gas companies in Nigeria. The specific objectives are to:

i. Determine the effect of Audit Regulations 2020 on the audit Quality of listed oil and gascompanies in Nigeria.
ii. Ascertain the effect of the Regulation on audit committee rotation of listed oil and gas companies in Nigeria.
iii. Assess the effect of the 2020 Regulations on audit committee financial expertise, on the audit quality of listed oil and gas companies in Nigeria.

II. LITERATURE REVIEW

Conceptual and Empirical Review

The audit regulation 2020, and audit reporting quality in Nigeria in accordance with the Sarbanes-Oxley Act, the Financial Reporting Council Act, and the Nigerian Code of Corporate Governance (CG) as well as the future of the accountancy profession, are the focus of the literature review.

The acceptance of this recipe globally is evident in the number of corporate governance (CG) codes and reports that have been issued by several countries (Rossouw, 2005). CG refers to the way companies are directed and controlled. A primary concern is the likelihood of a deviation in the objectives of corporate managers from those of the Board of Directors(representing shareholders) due to the costs involved in monitoring managerial behavior (Ghafran, & O'Sullivan, 2013). The board of directors is a key component of the CG mechanism of any firm, that monitors the conduct of the firm's business (Fama, & Jensen,1983). The board of directors is particularly important in developing economies, characterized by relatively weak governance mechanisms and institutions, such as witnessed in financial markets, and inregulatory monitoring, and legal systems (Ujunwa, Salami, & Umar, 2013). The effective deployment of CG tools has resulted in recorded improvements in the management of business ventures in most climes.

Since its inception, audit reportshave been the veritable and reliable basis for judging the credibility, authenticity, and reliability of financial reports. However, recent auditing and financial reporting scandals, exacerbated by the floppy nature SEC's regulations, have made audited reports lose their integrity, hencethe advocacy for the institution of mechanisms to ensure strict compliance with the tenets of high audit quality (DeAngelo, 1981). This was why DeAngelo (1981) defined quality audit as the market-assessed joint probability assessment of the ability of an auditor to detect material misstatements in the client's financial statement and report the material misstatements; based on the exhibition of factors like objectivity, due professionalism, and non-conflict of interest (Mgbame, Eragbhe, & Osazuwa, 2012). Audit reports are a means of reducing information asymmetry in accounting numbers and minimizing the residual loss resulting from the manager's opportunism in the financial reporting process (Adeyemi & Fagbemi, 2010). The Sarbanes-Oxley Act (also known as SOX Act or the Corporate Responsibility Act) of 2002 was enacted as a direct response to the audit and corporate governance failures

There are four main stipulations of the Sarbanes-Oxley Act (SOX) namely:

i. Corporate officers must personally certify in writing that the company's financial statements comply with SEC disclosure requirements and fairly present all material aspects of the issuer's operations and financial condition. Officers who sign off on financial statements that they know are false face criminal charges, which could include prison time (Section 302).
ii. Management and auditors must establish internal controls and reporting methods to ensure the adequacy of those controls (Section 404)
iii. Section 802 contains the three rules affecting record-keeping, record destruction, and falsification. It states that anyone who knowingly alters destroys, mutilates, conceals, conceals, covers up, falsifies, or makes a false entry in any record, document, or tangible object with the intent to obstruct, impede, or influence the investigation or proper administration of any matter within the jurisdiction of any department or agency of the United States, or any case filed under title 11, or in relation to or contemplation of any such matter or case, shall be fined under this title.
iv. Section 802 of the Sarbanes-Oxley Act: Penalties for Altering Documents In general, Chapter 73 of Title 18, United States Code, is amended by adding at the end the following: "Sec. 1519.

In addition, SOX (2002) empowers the Securities and Exchange Commission shall promulgate, within 180 days, after adequate noticeandopportunity orcomment, such rules and regulationsasare reasonably necessary, relating totheretentionof relevant records such as work papers, documents that form thebasis of an audit or review, memoranda, correspondence, communications, other documents, and records (including electronic records) which are created, sent, or received in connection with an audit or review and contain conclusions, opinions, analyses, or financial data relating to such an auditorreview, Companies can be differentiated from each other based on certain characteristics they possess.

Some Aspects of the Nigerian Audit Regulations, 2020
Part iii. Section 9 (Mandatory Audit Firm Rotation for Auditors of PIEs)
(i). To safeguard the integrity of the external audit process and guarantee the independence of the External Auditors, entities shall rotate both the Audit Firms and Engagement Partners.
(ii). Audit firms shall be retained for no longer than ten years continuously.
(iii). Audit firms shall disengage after continuous service to a company for ten (10) years while a joint Audit arrangement shall be for a maximum period of 15 years.
(iv). A seven (7) year cooling-off period shall elapse before an audit firm or any member in its network can be re-appointment as the statutory auditor.
(v). Where Auditor’s tenure has already exceeded ten years at the date of commencement of these Regulations, such Auditor shall cease to hold office as an Auditor of the company at the end of the financial year that these Regulations come into force.
(vi). Companies shall require External Audit firms to rotate the Engagement Partners assigned to undertake the External Audit of the company after a maximum of five years.

Part VI. Section 25 & 26 (Audit Committee)

Without prejudice to the extant provisions of the Nigeria Code of Corporate Governance 2018, activities of the Statutory Audit and Board Audit Committees shall be directly regulated by the Council through this Regulation.

Qualification of Audit Committee Member:
(i). Every public-interest entity shall have an Audit Committee and shall be either a stand-alone committee or a committee of the administrative body or supervisory body of the audited entity.
(ii). All members of the Audit Committee shall be financially literate, and at least one member shall be a member of a professional accounting body in Nigeria established by an Act of the National Assembly.
(iii). Pursuant to Section 8(1) (f) of the FRC Act that empowered the Council to maintain a register of professional accountants and other professionals engaged in the financial reporting process, all Audit Committee members shall register with the Council.

Part VI Section 27 (Appointment and Composition of the Committee)

The appointment and composition of both Statutory Audit and Board Audit committee members shall be in line with the provisions of the Companies and Allied Matters Act, 2020(as amended) and Nigeria Code of Corporate Governance, 2018 as may be revised.

Part VI Section 28 (Duties and Responsibilities of the Audit Committee)
(i). Duties and responsibilities of the Audit Committee shall be consistent with section 404(7) of the Companies and Allied Matters Act, 2020 (as amended).

(ii). The Statutory and Board Audit Committees, either independently, jointly or where they co-exist, shall have the primary responsibility for making a recommendation to the board on the appointment, reappointment, and removal of external Auditors.
(iii). Without prejudice to the provision of the Companies and Allied Matters Act,2020 (as amended) entities may have Board Audit Committee in addition to a Statutory Audit Committee.
(iv). Where an entity has a Board Audit Committee, it shall have the following additional oversight functions-
(a). monitoring the process of the audit of statutory or consolidated financial statements, mainly covering the planning, findings, and conclusions;
(b). reviewing and monitoring the independence of the Statutory Auditor, including the annual report from the Auditor, discussing key issues and mitigate with the Auditor;
(c) being responsible for the procedure for the selection of the statutory Auditor or Audit firms;
(d). overseeing the Statutory Auditor's compliance with additional reporting requirements in the Audit Report and then reporting to the Audit Committee;
(e). pre-approving permissible non-audit services following an assessment of the threats to independence and safeguards that the Statutory Auditor will apply to mitigate or eliminate those threats;
(f). overseeing the Statutory Auditor's management and calculation of the 80% cap on permissible services provided to the audited entity, its parent, and controlled undertakings;
(g). development of an appropriate policy regarding the provision of specified prohibited services (where permitted by the Council or as allowed by IESBA's Code of Ethics for Professional Accountants including International Independence Standards as revised/amended; and
(h). oversight of the Statutory Auditor's assessment regarding the provision of the prohibited services to ensure that-
(i). They have no effect separately or in aggregate on the audited financial statements, or
(ii). the estimation of the effect on the audited financial statements is comprehensively documented and explained in the additional report to the audit committee.

Part VI Section 29 (Sanctions for Audit Committee Members)
(i). Audit Committee member that acts in violation of these Regulations or fails to comply with any of the duties imposed by these Regulations and having been determined by the Enforcement Committee/TOC to be guilty of misconduct, shall be subjected to the following-
(a) suspend and have the name of the audit committee member deleted from the
Council's register for a period not exceeding 12 months;
(b). direct the Audit Committee to comply with whatever sanction imposed by the Council before the expiration of the period of suspension;
(c). the decision of the Council may be published in any two-national daily newspapers and electronic media.
(d). the Council may at the expiration of any suspension order imposed and where it is certified that the Audit Committee has satisfactorily complied with requirements of these Regulations, re-enter the name of the audit committee member into the Register of professionals, lift the Suspension Order and may publish same.
(e). in the event of gross or persistent negligence of duties, a recommendation shall be made to the primary regulator of the entity where the Audit Committee Member serves that the person be suspended from being a member of one or more of the following company bodies in public-interest entities for up to three years, the –
(i). Board of Directors,
(ii). Executive Board, and
iii). Audit Committee.
(f). where the entity the Audit Committee Member serves does not belong to any primary regulator, it shall be the responsibility of the Council to enforce sub- regulation (1) (e) of this Regulation.
(ii). The Council may also institute legal action against any of the Audit Committee Members who fail to comply with the provisions of these Regulations.

Part VI Section 30 (Internal Audit Function)
(i). All companies shall have an effective risk–based Internal Audit function.
(ii). Where the Board decides not to establish such a function, sufficient reasons must be disclosed in the company's annual report with an explanation as to how assurance of effective internal processes and systems such as risk management and internal controls will be obtained.
(iii). The purpose, authority and responsibility of the Internal Auditing activity shall be clearly and formally defined in an Internal Audit Charter approved by the Board, and shall also be consistent with the definition of Internal Auditing by the Institute of Internal Auditors.

(iv). The Internal Audit Unit shall be headed by a professional with the relevant qualifications who has registered with the Council /Regulator, and the unit shall be adequately resourced to enable it to effectively discharge its responsibilities

The above aspects form critical components of firm attributes. Shehu and Farouk (2014) defined firm attributes as variables at the firm level that affect the decisions of the firm both internally and externally over time. Such variables include size, audit committee financial expertise, audit committee qualifications levels, leverage, growth, value, profitability, capital structure, and others. Those attributes of the firm are usually unique to companies and showcase the identity, and operational performance of firms from the users of such information. Some of these attributes are discussed hereunder.

Firm Size

Firm size is one of the first empirically documented firm characteristics associated with realizedstock returns (Banz 1981; Keim 1983). Fama and French (1992) consider thesize effect the most prominent. Investors can see the level of the company's stock return through the size of the company, because the larger the size of the company, the greater the rate of stock return to investors. A large company indicates that the company has a lot of assets that can be used to provide a return to investors. This is consistent with the studies conducted by Ernayani and Robiyanto (2016) and Sudarsono and Sudiyatno (2016) that firm size affects stock return in contradiction to the Capital Asset Pricing Model (CAPM). Furthermore, Small companies are riskier than big companies. For example, some types of risk associated with small businesses canbe thought of difficult to approach financing sources, lower market share, or less reputable brandnames. According to CAPM, small companies will get higher returns. Investments in these companies can be considered to be at the highest level of risk and are deserved to earn higher returns. However, there is an assumption that needs to be made in this study. The risk levels of firms also depend on the risks of the industry as well as the projects that the companies are undertaking. Hence, big companies can also bear a higher risk if they are in a risky industry.

Firm size is one of the most acknowledged determinants of stock return. It is commonly measured by either the natural logarithm of assets or sales or employees. Larger firms are associated with having more diversification capabilities, the ability to exploit economies of scale and scope, and also being highly formalized in terms of procedures. Shaheen and Malik (2012) described firm size as the quantity and array of production capability and potential a firm possesses or the quantity and diversity of services a firm can concurrently make available to its clients. Firm size plays a significant and crucial role in explaining the kind of relationships the firm has within and outside its operating environment. Babalola (2013) argued that the larger a firm is, the more influence it has on its stakeholders, and so large firms tend to outperform small firms.

Firm Age

The length of time of existence of the company is the age of the company. According to Ofuan andIzien (2016), the time interval during which a being or thing has existed is age. Shumway(2001) revealed that some are of believing that listing age, should define the age of the company,however, he is of the view that a firm's age should be defined as the number of years ofincorporation of the company. Shumway (2001) argues that listing is a defining moment in acompany's life, hence, age listing has become more economical. His argument is set straightfrom the viewpoint of the company as a legal personality. This is based on the belief that as alegal person, a company is born through incorporation.

Again, firm age is widely added as a determinant of stock returns (e.g., Custódio & Metzger,2014). Firm age is an important factor in determining stock returns. This is because as firms grow older, they are characterized by a lower rate of failure and low costs to obtain capital and they have the experience to negotiatefavorable debt capital to increase returns. The reverse is true for young firms in the birth stage(Stepanyan, 2012). The fact is as listed firms become older and closer to the maturity stage intheir firm life cycle, they acquire more business experience to make effective capital structuredecisions and do utilize debt to increase returns. Firm age plays an important role in the firm decisions to seek debt capital. Specifically, most older companies use more debt in their capitalstructure to take advantage of the benefits of an interest tax shield to maximize shareholdersreturns.

fewer taxes mean more shareholders' returns. We assume that as firms grow older, they seek external finance via debt. In line with this reasoning, Custódio and Metzger (2014) link firm age to stock returns. More specifically, they use firm age as a proxy for firm life cycle, and their results confirm a direct and positive relationship between firm age andreturn measures.

Audit Committee Financial Expertise

Researchers have defined audit committees in a variety of ways. According to Cadbury (1992), the audit committee is a formal institution used by corporate owners to discipline organisations. Morrin and Jarrell

(2001) argued that an audit committee is a special group of experts, which controls and safeguards the interests of the capital market investors, corporate owners, managers, employees, suppliers, and creditors.

An audit committee is not only a group of persons but also a set of processes, policies, laws, and institutions affecting the way a corporation is directed, administrated, or controlled. A perfect audit committee can strengthen intra-company control and can reduce opportunistic behaviours and lower the asymmetry of information, so it has a positive impact on the high quality of disclosed information.

Many studies have discussed the importance of audit committees, for instance; Wild (1996), stated that forming an audit committee enhances investors' expectancy of receiving improved financial reports. As a result, the firm will more likely experience an increase in its earnings response coefficients. Similarly, McMullen (1996) found that companies with an audit committee are less likely to experience errors, irregularities, and other indicators of unreliable financial reporting. The Audit committee thus is considered to be an additional internal governance mechanism whose impact is to improve the quality of financial management of a company and enhance its performance. Based on the literature, it would seem that the audit committee serves primarily to reduce stakeholder costs and thereby improve the net performance of the firm.

Audit Fees

Audit fees can be explained to be the amount charged by the auditor for an audit assignment carried out. That is the amount charged by the auditor for any work done to express an opinion on the true and fair view of thestate of affairs or position of the client's enterprise. Iskak (1999 in Suharli&Nurlaelah, 2008) described the audit fee as, the fee charged by a public accountant to the client for the financial audit services. This is by the opinion of The Securities and Exchange Commission Final Rule (Yuniarti, 2011) that, the audit fee is the fee paid for annual audits and reviews of financial statements for the most recent fiscal year. The amount of audit fee can vary depending on the complexity of services, assignment, risk, the cost structure of the audit Firm, the required level of expertise, and other professional considerations.

Auditors Industry Specialization

Solomon, et al (1999) found that industry specialist auditors have more accurate non-error frequency knowledge than non-industry specialists. However, Owhoso, Messier, and Lynch (2002) suggested that industry specialists can more effectively detect seeded errors in staff work papers during the audit review process. Low (2004) found that auditors' industry specialization improves their audit risk assessments. Hammersley (2006) found that matched specialists (i.e., specialists working in their industry) develop more complete problem representations about the seeded misstatement when they receive partial- or full-cue patterns than when they receive no-cue patterns, whereas mismatched specialists are not able to develop more complete

Concept of Audit ReportingQuality

There have been several attempts to define the concept of audit quality either on professional,organizational, or academic level. On the professional organizations level: for example, the International Federation of Accountants (IFAC, 2009) pointed to the concept of auditing quality in the international standard on quality control. It stated that the objective of the audit firm is to establish and maintain a system of quality control to provide it with reasonable assurance that: (a) The firm and its personnel comply with professional standards and applicable legal and regulatory requirements, and (b) Reports issued by the firm or engagement partners are appropriate in the circumstances; (IFAC, 2009). This means that the concept of quality from the perspective of (IFAC) lies in compliance with professional standards and legal and regulatory requirements.

In the same context, International Auditing and Assurance Standards Board (IAASB, 2010) in its framework for audit quality mentioned that the purpose of an audit is to enhance the degree of confidence of intended users in the financial statements. This can be achieved by gathering sufficient appropriate audit evidence to express an opinion on whether the financial statements are prepared, in all material respects, by the applicable financial reporting framework. This indicates that IAASB is linked between auditing quality and audit evidence that is used to express an opinion about firms' financial statements according to financial reporting standards.

Furthermore, the Public Company Accounting Oversight Board (PCAOB, 2009) in auditing standard no. 7 - engagement quality review and conforming amendment to the board& interim quality control standards stated that (1) the engagement team failed to obtain sufficient appropriate evidence by the standards of the PCAOB; (2) the engagement team reached an inappropriate overall conclusion on the subject matter of the engagement; (3) the engagement report is not appropriate in the circumstances; or (4) the firm is not independent of its client (PCAOB, 2009). Based on PCAOB factors, affecting the quality of well-performed audit engagement, audit quality can be seen as a process of gathering sufficient evidence based on professional

standards to achieve an appropriate overall conclusion about firm conformance with applicable reporting standards.

Moreover, the Supreme Audit Institutions of the European Union (2004) proposed instructions and guidance about auditing quality, pointing out that the concept of auditing quality lies in the audit faculty achieving the following: high levels of quality in the effectiveness of the planning and execution of auditing and other related works, clear demonstration of audit reports, objectivity and fairness of the given estimates and opinions basis, the issuance of audit reports promptly to the needs of potential users, authenticity and reliability of the views or results, and appropriateness of the recommendations and other matters included in the audit reports (SAIs of European Union, 2004).

ICAEW (2002) suggested a definition for audit quality by stating that, at its heart, audit quality is about delivering an appropriate professional opinion supported by the necessary evidence and objective judgments. As long as the auditors provide an independent audit opinion that is supported by adequate audit evidence, the regulator assumes that such auditors have performed a quality auditing service. Even though technical qualities, such as an auditor's ability to detect and report errors, have been argued as the defining aspects of audit quality, Duff (2004) suggested that audit quality is made up of both technical quality and service quality (the levels of clients‟ satisfaction and expectations). Technical quality consists of reputation capital, capability, expertise, experience, and independence scales.

For Besacier, Hottegindre, and Fine-Falcy (2011), audit quality is the core of the latest regulatory movements. For them, from a practical point of view, the financial scandals of the early century, particularly involving Arthur Andersen, have demonstrated the inadequacy of the conceptual parameters that underpin audit quality based on the assumptions of independence and competence. For this reason, according to the authors, the regulations expanded the perception of audit quality, covering issues such as the auditor's responsibility level, restrictions on consulting services, and characteristics and concentration of the audit market.

Mbatuegwu (2021) defined audit quality as the ability of the audit process to detect and report significant financial statement falsifications and to minimize conflict between managers and stakeholders that is relevant to the quality of financial statement information.

Measures of Audit ReportingQuality

Currently, there appears to be no agreed-upon metric for the measurement of audit qualityconstruct (Gerayli, Yanesari, and Maatoofi, 2011; Knechel, 2009, and IAASB, 2011). DeAngelo(1981) developed a two-dimensional definition of audit quality that set the standard foraddressing the issue. First, a material misstatement must be detected, and second, the materialmisstatement must be reported. Audit quality is influenced by many other factors. Since 1981, accounting studies have attempted to define, measure, and study multiple dimensions ofaudit quality. DeAngelo (1981) theorizes that larger firms perform better audits because theyhave a greater reputation at stake. In addition, because larger firms have more resources at theirdisposal, they can attract more highly skilled employees. Others have theorized that largeauditors attract a fee premium because their greater wealth reduces clients'exposureto litigation (the deep pockets theory). Others have theorized that there is no real audit quality difference, but the perception exists because large firms are well-known and have gained a reputation for highquality. On the whole, the evidence is mixed, but it appears that there is some relationshipbetween audit firm size and audit quality. What is unclear is whether this difference is actual orperceived.

Summing up, DeAngelo (1981); Krishnan and Schauer (2000); Kim, et al (2003); and Mbatuegwu, (2021) agree on audit quality as a function of audit firm size; and demonstrate that larger(Big 8, Big 6, Big 5 or Big 4) audit firms possess a greater capacity to measure Audit Quality. Wooten (2003) found that detecting material misstatements is influenced by how well the auditteam performs the audit, which in turn is influenced by the quality control system and management resources of the audit firm.

Mbatuegwu (2020)examined the influence of institutional shareholders, independent directors, and audit committees on the reliability of audit quality of listed oil and gas companies in Nigeria. The ex-post-facto research design was adopted. Data was collected from the annual financial reports of the oil sample and the companies for the period from 2010 to 2019. With the aid of STATA, the logistic regression method was used to evaluate data and test hypotheses. The findings show that institutional owners, independent directors, and the audit committee have a significant impact on the efficiency of the audit. The audit quality of listed oil and gas companies in Nigeria is influenced by institutional shareholding, independent directors, and the audit committee, according to the study. According to the findings, oil and gas companies in Nigeria take advantage of this monitoring attribute's positive effect on audit quality by maintaining a higher ratio of institutional ownership, independent directors, and the audit committee to improve their monitoring and provide high-quality financial reports. This COVID-19 era, it also opens up a new perspective on investment protection and guidelines.

Mbatuegwu (2022) studiedand examined the audit committee’s financial expertise, audit report quality, financial reporting accuracy, and corporate governance are under increased scrutiny. The audit committee, which is responsible for credible financial reporting, can play a significant role in overseeing the audit process. The study covered the period of 2015–2919, and the population consisted of ten listed oil and gas companies on the Nigerian Stock Exchange (NSE). Since Afroil Plc was delisted in 2009, it was excluded from the study population. Data were extracted from the companies' published annual reports and accounts, which wereanalyzed with the aid of the Stata 13 version in order to obtain a result. Financial literacy appears to be more effective in diversified firms and in firms with mandatorily established audit committees. Independent directors serve a governance role that improves financial reporting quality, audit quality, and earnings quality. The study found that the audit committee's interaction with the audit committee has a strong statistical influence on the association between audit quality and non-executive directors. Audit committee financial expertise, audit report quality, financial reporting accuracy, and corporate governance are under increased scrutiny. The audit committee, which is responsible for credible financial reporting, can play a significant role in overseeing the audit process.

Mbatuegwu (2021) examined the effect of COVID-19 on institutional shareholders, independent directors, audit committees,and audit quality of listed oil and gas companies in Nigeria. The ex-post-facto research design he adopted. Data were collected from the annual financial reports of the oil and gas companies for the period from 2010 to 2019. The logistic regression method was used to evaluate data and test hypotheses with the aid of STATA. The findings indicate a strong and important impact on the efficiency of the audit by institutional owners, independent directors, and the audit committee. The study concluded that institutional shareholding, independent directors, and audit committees are significant determinants of the audit quality of listed oil and gas companies listed in Nigeria. The research suggests that oil and gas companies in Nigeria take advantage of the positive effect of this monitoring attribute on audit quality by maintaining a higher ratio of institutional ownership, independent directors as well as the audit committee, in order to enhance their monitoring and provide high-quality financial reports, the work was done on a critical period of Covid-19 and we are now on post covid-19.

Audit Committee financial expertise and Audit Quality

Ojeka, Fakile, Iyoha, Adegboye, and Olokoyo (2019) examined the impact of the audit committeeobjectivity (contingent on CEO Power) on the quality of financial reporting in the Nigerian Banking Sector. The studies adopted a survey research approach and secondary data extractedfrom the financial statement. The OLS and LSDV analyses were used to investigate the impact ofAudit Committee objectivity on the quality of financial reporting with or without CEO powerand influence. The findings showed that, while audit committee independence impact positivelythe relevance and reliability of the financial report, the same cannot be said when there was CEOpower. CEO power in the audit committee mitigated the benefits of independence and caused itsoverall effects on financial reporting quality of no significance in terms of relevance andreliability. This study adopted a survey research approach while this current study will adopt adescriptive approach extracting secondary data from annual reports of oil and gas companiesfrom 2009 to 2018. The work was done before the pandemic called covid-19 and we are now on post covid-19.

Khudhari, Al-Zubadi, and Ali (2018) explored the impact of internal and external governancemechanisms such as board size, audit committee independence, audit committee expertise, andaudit committee meetings on the quality of audits in selected firms. The study is carried out on asample of Iraqi non-financial firms. The dependent variable is the audit quality measured as adummy variable and it receives 1 if a firm receives audit services of big four auditing firms andzero, otherwise. To achieve the research objectives, the study uses a logit regression technique.

The results indicate that there was a positive relationship between audit quality and thepercentage of non-executive directors on the audit committee.This study employed the use of Big4 to measure audit quality like the current study wasdone in a foreign country with a difference in economic variables which accounts for themeasure difference in this study.

Asiriuwa, Aronmwan, Uwuigbe, and Uwuigbe (2018) examined audit committee attributes andaudit quality with an emphasis on the specific requirements of the 2011 SEC code. The studyapplied the deductive approach via the ex post facto research design and the Binary probitregression model in analyzing the various hypotheses put forward in the study. Data used for thestudy were gathered from 150 firm-year observations from the annual reports of quoted companieson the floor of the Nigerian Stock Exchange.Findings from the study revealed that audit committee size, frequency of meetings, number ofexperts, and overall effectiveness all have a positive relationship with audit quality. However,only size and overall effectiveness were significant in their relationship.

Ghafran and O’Sullivan (2017) investigate the impact of audit committee expertise on onemeasure of audit quality - audit fees paid by FTSE350 companies. Our analysis finds that auditcommittees possessing

greater levels of financial expertise are associated with higher audit fees.When we segregate financial expertise between accounting and non-accounting, we find that thepositive impact identified is driven by non-accounting expertise. Furthermore, when we separateFTSE100 and FTSE250 firms we find the impact of financial expertise is confined to FTSE250firms. Our findings are important as they highlight the usefulness of segregating financialexpertise between specialists and non-specialists, something which regulators in the UK and theUSA currently do not do. Our findings also highlight the potential value of audit committeeexpertise in smaller as opposed to larger listed firms, suggesting that the value of expertise toaudit quality depends on the specific financial reporting challenges firms face. This study wascarried out in thetwo economic powers in the world and given the level of our economy theiroutcome cannot be used to make decisions.

Salawu, Okpanachi, Yahaya, and Dikki (2017) explored the effects of audit committee expertiseand meeting on the audit quality of listed consumer-goods companies in Nigeria covering a period ofeleven (11) years (2006 – 2016). The longitudinal panel research design was adopted for thestudy. The population of the study consists of twenty-three (23) listed consumer goodscompanies on the floor of the Nigerian Stock Exchange as of 31st December 2016. The censussample size consists of fifteen (15) companies. Eight (8) companies were filtered out of whichfive (5) companies were listed outside the period of study and three (3) companies were withoutcomplete data. Secondary data from published annual financial statements of the sampledcompanies in Nigeria were used. Descriptive statistics (mean, standard deviation, minimum andmaximum) and inferential statistics (correlation and multiple regression) were used for the study.

The results show that audit committee expertise and meetings have positive and non-significanteffects on the audit quality of listed consumer goods companies in Nigeria. This study is similarto the current study concerning this particular variable since it measured audit quality using thesize and also used multiple regression as a statistical technique. However, the study in sectorialpeculiarity calls for a major difference in the world.

Control Variables

Industry Specialist

Auditors like Owhoso et al. (2002) examined the effectiveness of industry specialist auditors in detecting errors during the audit review process for two specific industries, namely banking and health care. Their findings suggest that the auditors‟ experience in the specific industry enables them to detect errors more effectively than non-specialist auditors. Auditors without specific industry experience perform below the nominal benchmark for error detection.

Leverage Firms with greater leverage tend to have higher bankruptcy risk. According to Grossman and Hart (1982) also, in that situation, companies tend to appoint a better-quality auditor to avoid a decrease in the company's value.

III. THEORETICAL FRAMEWORK

Agency Theory

Agency theory connection is defined as a contract under which one or more persons (the principal) engage another person (the agent) to perform some service on their behalf that involves delegating some decision-making authority. Jensen and Meckling, (1976) essentially describe the relationship between two parties: the owner as a principal and management as an agent.

Corporate governance has drawn huge attention from different fields such as accounting, law, business, education, and bankin in both developed and developing countries because it has a direct effect on corporate power- which influences the decisions made by managers when there is a separation of ownership and control (i.e., agency problem). The move from individual ownership to collective ownership raised new problems in the field of financial resources management, so that (Berle & Means, 1932) considered the same as an agency problem (Morey, Gottesman, Baker &Godridge 2008). However, Watts & Zimmerman,(1986) argue that the demand for higher quality audits increases as agency costs rise. Meanwhile, the effective institutional and block-holder structures helped to prevent conflict between the directors and shareholders by making information conformity and balance.

Stakeholder Theory: Freeman and Reed 1984 proposed the stakeholder hypothesis in 1984. The stakeholder theory is, at its core, a theory about how, and how it might operate, business. This philosophy focuses on value creation, commerce, and efficient business management. According to the stakeholder hypothesis, there are more people who are important, including clients, creditors, employees, lenders, and communities.

Policeman Theory: Up until the 1940s, this was the auditing theory that was most frequently accepted. According to the policeman theory, an auditor plays the role of a policeman, concentrating on mathematical precision as well as the prevention and detection of fraud. The hypothesis appears to have lost much of its explanatory power, nevertheless, as a result of its capacity to explain the shift in auditing as well as "verification

of truth and fairness of the financial accounts." According to the policeman hypothesis, an auditor's duties are limited to fraud detection and prevention. According to the notion, the stakeholders expect the auditors to safeguard them from fraud, forewarn them of impending insolvency, and generally reassure them of their financial stability.

Theoretical Framework

The stakeholder and policeman theories are regarded as the main guiding theories for this research because the stakeholder is the interested parties and the audit regulation 2020 is Police to guard or the security to protect the business. The research's findings would be based on this idea, and conclusions would be made as a result.

IV. METHODOLOGY

The study employed an ex-post facto research design. The population of the research comprises the twelve (12) downstream oil and gas companies listed on the Nigerian Stock Exchange (NSE) as of 31st December 2020.

Table 1: The list of the elevendownstream oil and gas companies in Nigeria.

1. Forte Oil Plc
2. MRS Oil Nigeria Plc
3. Total Nigeria Plc
4. Mobil Oil Nigeria Plc
5. Conoil Plc
6. Oando Plc
7. Eterna Oil & Gas Plc
8. Japaul Oil & Maritime Services Plc
9. Beco Petroleum Products Plc
10. Seplat oil and gas Plc
11. Capoil Plc

The entire working population of eleven (11) oil and gas companies was used as the study sample considering the fact that the data required for the study is readily available from the published financial reports of the companies, and the NSE factbook for the relevant years. Secondary data were extracted from the published annual reports and accounts of the companies and the NSE factbook for the relevant years. The logistic regression technique was adopted. Logistic regression is a technique for making predictions when the dependent variable is a dichotomy, and the independent variables are continuous or discrete.

Model Specification and Variable Measurement

The logistic regression is used to examine the effect of audit regulations act 2020 and audit quality of listed downstream oil and gas firms in Nigeria. Thus, the statistical analysis for this study will be rooted in stakeholder theory and policing theory.

The model is for testing the hypothesized link between anaudit regulation act 2020, audit committee rotation, audit committee financial expertise, and auditquality in quoted downstream oil and gas companies in Nigeria.

The model is presented below:

$AQit = \beta 0 + \beta_1 AR_{it} + \beta_2 ACR_{it} + \beta_3 ACFE_{it} eit$………………………………. (i)

Where;

AQ= Audit Quality

AR = Audit Regulation 2020

ACR = Audit Committee Rotation

ACFE= Audit Committee financial expertise

β1-β3 = are the parameters estimate or coefficients in the equation

β0 = is the intercept

eit=error term

Measurement of Variables

Dependent variable

Many researchers measure the concept of audit reporting quality by using different proxies. For example, Manry et al., (2008) used an estimated discretionary accrual to measure audit quality, Li and Lin (2005) used non-audit fees to examine audit quality. Kilgore (2007) and Chang et al. (2008, cited in Zureigat, 2011) pointed out that the most commonly used proxy for audit quality is the size of the audit firm because large

audit firms may provide higher audit quality. Some authors found that clients audited by larger audit firms are willing to disclose more information voluntarily (Chan & Gray 2002, cited in Zureigat, 2011). For the current study, the dependent variable AR will be measured using a proxy of audit firm size, and define the larger audit firms as quality auditors, so the audit quality is considered as the dependent variable and coded (1) when the company rotate the auditing firms, and (0) otherwise (Abdullah, 2008).

Justification of Methods

The goal of the investigation will determine the correlational research strategy to be used. because the study aims to investigate the link between relevant variables. The investigation will therefore rely on past information. Since multiple regression is the most appropriate technique for determining the extent of the impact of independent variables on the dependent variable, the study will use it to determine the impact of independent variables on the dependent variable in accordance with the objectives and hypotheses formulated. Additionally, the Stata Statistical Package will be utilized because it enables the determination of the influence of the independent variables on the dependent variable as well as robustness testing using the heteroscedasticity test, fixed and random effect test, and multicollinearity test.

Data Presentationand Data Analysis

Descriptive Statistics

This section contains a description of the properties of the variables ranging from the mean of each variable, minimum, maximum, and standard deviation.

Table 4.1: Descriptive Statistics

Variables	Mean	Std. Dev.	Min	Max
AQ	.6777778	.4699457	0	1
AR	.4195917	.0842103	.2727273	.5454546
ACR	.2880464	.1844096	.105876	.775131
ACFE	.2054614	.1043533	.002352	.394008

Source: STATA OUTPUT 2022

As shown by the results in Table 4.1, the degree of audit regulation (AR), which is determined by the size of the audit firm used by oil and gas companies, has an average value of.6777778, a standard deviation of.4699457, and lowest and maximum values of.0 and 1, respectively. The sample firms' utilization of rotation among the main 4 audit firms has a mean of 67% and a standard deviation of 46%. This showed that there is a relatively minimal amount of variation among the organizations, which meant that 67% of the companies rotate between the main 4 auditing firms.

The table also showed that the sample firms' average percentage of audit committee members on the board was 41%, while the percentages for the sampled oil and gas companies' boards were 27% and 54%, respectively. According to the descriptive data in Table 4.1, the mean number of ACR across the study's duration was 28%, as indicated by the mean value of.2880464 and the associated standard deviation of 1844096. This demonstrates that the majority of the sampled oil and gas companies due rotate the audit firm/Audit Committee membership. According to Table 4.1's descriptive data, the mean of ACFE is.2054614, meaning that on average 20% of ACFE in Nigerian oil and gas companies are required to comply with Audit Regulation 2020.

Test for Normality

Since normal data is a key premise in parametric testing, determining the data's normality is necessary for many statistical observations. The Shapiro-Wilk W test for normality is typically the most reliable. It is the ratio of two variance estimates from the normal distribution that were calculated using a random sample of n observations. The results of the Shapiro-Wilk W test for normality are displayed and explained below for this inquiry.

.

Table 4.2: Normality Test

Variables	Obs	W	V	Z	p-values
AQ	90	0.98641	1.028	0.060	0.47604
AR	90	0.95149	3.669	2.867	0.00207
ACR	90	0.76752	17.585	6.323	0.00000
ACFE	90	0.92165	5.927	3.925	0.00004

Source: STATA Output, 2022.

Table 2 shows that there were 90 total observations, with the W values for the audit committee's financial expertise, audit committee rotation, and audit regulation standing at 0.98641, 0.95149, 0.76752, and 0.92165, respectively. The outcome as stated demonstrated that the data are regularly distributed across all factors. Based on the argument that the test statistic W can be expressed as the square of the Pearson correlation coefficient between the ordered observations and a set of weights that are used to determine the numerator, this statement is made. W is roughly a measurement of how straight the normal quantile-quantile plot is because these weights are asymptotically proportional to the associated expected normal order statistics. Consequently, the closer W is to 1, the more normal the sample is.

V. Regression Results

The logistics regression model's findings and the outcomes of the hypothesis test are shown below.

Table 4.5 Logistic Regression Result

AQ	Coefficient	Z	p-value	Remark
AR	5.688247	1.87	0.061	Not significant
ACR	-.1014958	-10.34	0.000	Significant
ACFE	.0459029	2.44	0.015	Significant
R-Square	0.4338			
LR chi2(4)	45.13			
Prob. of chi2	0.0001			

Source: STATA Output, 2022.

The degree to which the explanatory variables explained the dependent variable was shown by the R-square value. The R-square was calculated using Table 4.5 and is 0.4338. This meant that 43% of the audit Quality (AQ) could be explained by the monitoring variables in the study. The f-statistic value is 45.13, and the probability is chi2 = 0.0001. The model is fit since the likelihood of chi2 is substantial at 1%. This provides strong support for the conclusion that the dependent variable in the study's study area can be predicted using the audit regulation2020 that was chosen.

VI. Discussion of Findings

Audit regulation 2020on Audit Quality

Finding out how audit regulation affects the caliber of audit reporting for listed oil and gas companies in Nigeria is the initial goal of this. The hypothesis in line with the objective under test was that the 2020 audit regulations act will not significantly affect the audit quality of Nigeria'soil and gas companies. According to the study, audit Quality helps to assure high-quality audit reporting by having a favorable, statistically significant impact on the audit reporting quality of listed oil and gas businesses.

While the decrease in stakeholder expenses anticipated through considerable operations to managerial ownership leads to a reduced requirement for thorough auditing, audit Quality promotes more intensive audits as a complement to their monitoring role.

As a result, it is anticipated that having more audit Quality from audit committees on boards will improve the audit regulations act 2020 function, which will ultimately result in higher-quality financial reporting. The findings of Olatunji and Stephen (2011), Akhidime (2015), Ibrahim and Jehu (2018), and

Abdulmalik (2015) that the audit committee has a considerable impact on audit reporting quality are corroborated by this research. indicating that, as expected by the stakeholder theory and policing theories, an increase in the number of audit committees does improve the quality of the audit reporting.

Audit committee rotation and Audit reporting Quality

The second hypothesis claimed that the audit reporting quality of listed oil and gas companies in Nigeria has no discernible impact on the audit committee rotation. According to the study, ACR significantly and negatively affects the audit reporting quality of Nigerian listed oil and gas businesses. Thus, a change in the Audit Committee will result in higher-quality audit reporting. The significance of this finding is that it shows how the Audit committee's rotation affects a reporting system favorably. Increased Audit committee rotation is said to provide a sufficient incentive to oversee management, which will ultimately lower management fraud, according to various types of literature. This result is in line with ideas of stakeholders and policing. The finding is also in line with Mbatuegwu, Uwaleke, and Azah (2019) Alzeaideen and Al-Rawash (2018), Adam and Bala (2015), Rad, Salehi, and Pour (2016).

Audit committee financial expertise and audit reporting Quality

Determining the impact of the audit committee's financial knowledge on the audit quality of Nigeria's publicly traded oil and gas businesses is the third study goal. The assumption was that the financial knowledge of the audit committee has no appreciable impact on the accuracy of the audit reports of Nigerian listed oil and gas companies. The study discovered that the financial knowledge of the audit committee had a negative but significant impact on the audit quality of Nigerian-listed oil and gas companies. Nigerian companies. This indicates that the quality of audit reporting will rise according to the amount of financial competence of the audit committee.This outcome is consistent with the stakeholder and policing notion, which implies that financial competence in the audit committee monitoring might be a key regulation instrument. Financial knowledge of the audit committee can enable active reporting quality that is challenging for smaller, more passive, or less knowledgeable investors. As a result, effective regulation shows that the financial knowledge of the audit committee is linked to greater monitoring of management actions, which lowers managers' ability to opportunistically manipulate earnings.

These relationships are guided by stakeholder theory. The finding is in line with the findings of Musa and David (2020), David, Uche, and Azah (2019) Ojeka, Fakile, Iyoha, Adegboye and Olokoyo (2019), Mohamed and Ozkhan (2010), Akhidime (2015), Khudhari, Al-Zubadi and Ali (2018), Ghafran and O'Sullivan (2017).

VII. SUMMARY, CONCLUSION, AND RECOMMENDATIONS

Summary

Improving the caliber of financial reporting, which in turn affects investors' confidence, requires an efficient audit regulations system. The effectiveness of an effective audit regulation act 2020 system decreases the detrimental consequences of earnings management as well as the risk of fraudulent and mistaken financial reporting. Unfortunately, the inherent flaws in business monitoring systems have been blamed for a number of corporate reporting failures throughout the years. However, as poor audit reporting quality has the potential to mislead companies and investors, high-quality external auditing is a crucial component of healthy capital markets. Given the re-regulation 2020 in the governance framework for most countries including Nigeria occasioned by capital market crises, this examined the effect of audit regulation 2020 attributes on audit reporting quality of quoted oil and gas companies in Nigeria

The study specifically looked at the combined effects of AR, ACR, and ACFE on the quality of the audit reporting for Nigerian oil and gas businesses that are publicly traded.

It also drew attention to the paucity of literature and the rising level of subpar governance and supervision functions that lead to subpar financial statement audit reporting quality. In accordance with the unique characteristics of the study, certain fundamental research questions, research objectives, and hypotheses were formulated to examine the effect of audit regulation 2020 qualities on audit reporting quality. The study's time frame is 2014 to 2022. The importance of the study within the context of numerous stakeholders was also stressed in the chapter.

A conceptual framework, a review of empirical studies, and a theoretical framework were also discussed in the literature. Basic ideas including audit reporting quality, audit Regulation, audit rotation, and audit committee financial expertise served as the study's driving forces. The dependent variable was thoroughly understood in relation to these variables. An examination of the empirical data was also conducted to determine the gaps that the study aimed to fill. The stakeholder theory, agency theory, andpoliceman theorywere among the theories covered in the study. However, the study's foundation was stakeholder theory and policeman theory.

The methodology was also given in the paper. The research method used was correlational. eleven of the twelveoil and gas companies listed on the Nigerian stock exchange were chosen for data collection from the population of all 11 oil and gas companies. To analyze the data, the study used the logistic regression method.

Finally, STATA 13 was used to statistically describe, present, evaluate, and interpret the results of the logistic regression that were obtained. The outcome of the regression analysis demonstrated that monitoring characteristics might be utilized to forecast the accuracy of the financial reports being audited by Nigerian oil and gas corporations.

Conclusion

The overall findings of this study indicate that, when regulated by audit committee financial knowledge, there is a strong positive connection between audit regulation 2020 act and audit reporting quality of listed oil and gas businesses in Nigeria. The study came to the conclusion that the Audit regulations do not significantly contribute to raising the level of financial statement/audit reporting quality, based on the individual explanatory variables.

The study's conclusion that audits committee rotation has a significant impact on audit regulating quality is supported by statistical data once more. These perceptions provide additional support for the claim that ACR can be used to forecast a company's audit reporting quality.

The study also found that audit committee financial expertiseinfluencesthe audit reporting quality of listed oil and gas companies in Nigeria. The study concluded that audit committee financial expertiseprovides the necessary policing mechanism for higher audit reporting quality in financial reports.

On the other hand, as anaudit regulation 2020, the fundamental role of audit regulation, as well as audit reporting quality and audit committees, is to reduce asymmetric information between managers and shareholders. It is expected that effective control exercised by these governance mechanisms is associated with lower levels of earnings management and higher audit reporting quality.

The study's final finding was that the audit reporting quality is significantly influenced by the audit regulation, audit committees, audit rotation, and audit committee financial expertise. Financially knowledgeable audit committees reduce extortion in company financial reporting. With the passage of the SOX (2002), which mandates that every public recorded organization disclose regardless of whether it has a financial master in the audit group, this demand was lately made formally acknowledged in the U.S. Since the audit committee is in charge of the financial reporting procedure and the caliber of the audit reporting, the committee's financial expertise is crucial. Stakeholder theory serves as a guide for these connections.

Recommendations

These suggestions were made in light of the data and conclusions:

The study makes the suggestion that, in order to increase the caliber of audit reporting quality, the audit regulation act 2020 need to maintained and improved by the auditors.

The study also suggested that businesses rotate their auditors because doing so could improve the organization by enhancing oversight and getting rid of false financial reporting.

However, by hiring audit committees with greater financial understanding, this can be reduced.

References

[1]. Ajibolade, S. O., &Uwuigbe, U. (2013). Effects Of Corporate Governance On Corporate SocialAnd Environmental Disclosure Among Listed Firms In Nigeria. European Journal Of Business And Social Sciences, 2, 76-92.

[2]. Atawodi, O. W., &Ojeka, S. A. (2019). Do Ethics Matter? Tax Compliance And Morality. JournalOf BusinessEthics, 101(4), 635-651. Bilgin, C. (2019). Determinants Of Tax Morale In Spain And Turkey: An Empirical Analysis. A Comparison Of Tax Moral Between Spain And Turkey. MPRA Paper No.57204.

[3]. Barua, A., D. Rama, And V. Sharma. 2010. Audit Committee Characteristics And Investment In Internal Auditing. Journal Of Accounting And Public Policy29: 501-513.

[4]. Beasley, M., J. Carcello, D. Hermanson, And T. Neal. 2009. The Audit Committee Oversight Process. Contemporary Accounting Research26 (1): 65–122.

[5]. Custódio, Cláudia &Metzger, Daniel, 2014. "Financial Expert Ceos: CEO′S Work Experience And Firm Financial Policies," Journal Of Financial Economics, Elsevier, Vol. 114(1), Pages 125-154

[6]. CAMA, (2004), Federal Republic Of Nigeria. Companies And Allied Matters Act, Captc20, LawsOf FederationOf Nigeria.

[7]. Dechow, P.M., Sloan, R.G. And Sweeney, A. (1996) Causes And Consequences Of EarningsManipulation: An Analysis Of Firms Subject To Enforcement Actions By The SEC. Contemporary Accounting Research, 13, L-36.

[8]. Edesiri G. Okoro (2013) ''Accounting Profession And IFRS Adoption In Nigeria: Benefits And Demerits Connected With IFRS Implementation'' Journal Of Social And ManagementSciences.

[9]. Ernayani, R And Robiyanto, R., (2016) The Effect Of The Cash Flows, Gross Profit And Company Size On Indonesian Stock Returns (A Study On The Chemical And BasicIndustry Companies During The Periods Of 2009-2014) International Journal Of Applied Business And Economic Research, Vol. 14(3),

[10]. Fama, E. F. &Jensen, M. C. (1983). "Separation Of Ownership And Control". Journal Of Law And Economics, Vol. 26, Pp.301-325.

[11]. Freeman, R. And N. Reed, 1984. The Association Between Accounting Earnings And Security Returns For Large And Small Firms. Journal Of Accounting &Economics, 9: 195-228.

[12]. Ghafran, C., &O'Sullivan, N. (2013). "The Governance Role Of Audit Committees: Reviewing A DecadeOf Evidence. "International Journal Of Management Reviews,Vol.15No.4,Pp. 381-07.
[13]. Ghafran, C., And O'Sullivan, N. (2017) The Impact Of Audit Committee Expertise On Audit Quality: Evidence From UK Audit Fees. The British Accounting Reviewvolume 49, Issue6, November 2017, Pages 578-593
[14]. Jensen, M.C. And W.H. Meckling, 1976. Theory Of The Firm: Managerial Behavior, Agency Costs,
[15]. And Ownership Structure. Journal Of Financial Economics, 3(4): 305-360.Available At: Https://Doi.Org/10.1016/0304-405x(76)90026-X
[16]. Mbatuegwu C.D., (2021) Effect Of Post-Covid-19 On Audit QualityAnd Cosmetic Accounting Of
[17]. Quoted Consumers Companies In Nigeria. International Journal Business, Marketing, And Management Vol 6 Issue3
[18]. Mbatuegwu, C.D., And Hassan, I. 2021. The Effects Of Audit Committee Characteristics And
[19]. Financial Reporting Quality Of Quoted Consumer Goods Companies In Nigeria. Journal Of Accounting Vol. 10 (2) Page 142 –
[20]. Mbatuegwu, C.D. (2021) Effect Of Independent Directors And Audit Committee On Audit Reporting Of Listed Oil And Gas Companies In Nigeria, Bingham Journal Of Accounting And Business(BUJAB) Vol.6 Number1 40-51
[21]. Mbatuegwu, C.D., Lawal, S., &Egberi E. O., (2022) ImpactOf Environmental Accounting Disclosure On Financial Statements World Wide Journal Of Multidisciplinary ResearchAnd Development Vol8.Issue 1
[22]. Mbatuegwu, C. D., Uwaleke, J. U. &Aza, M. (2019) Effect Of Institutional Shareholding And
[23]. Ownership Concentration On Audit Quality Of Listed Oil And Gas Companies. Journal Of Accounting(JOA)Vol.8 Issue1
[24]. Mbatuegwu, D. C., Uwaleke, J. U. &Aza, M. (2020) Effect Of Non-Executive Director And
[25]. Independent Directors On Audit Quality Of Listed Oil And Gas Companies. Journal Of Forensic Accounting And Fraud Investigation (JFAFI) VOL.5, Issue 1 16)
[26]. Mbatuegwu, D. C., &Musa M.A. (2020) COVID-19 Pandemic And Economic Recession:
[27]. Implication For Insttitutional Shareholding And Allied Matters. International Journal Of Sustainable Development Vol.1. No.7 17)
[28]. Mgbame, C. O., Eragbhe, E., &Osazuwa, N. P. (2012). Audit Partner Tenure And Audit Quality: An Empirical Analysis. European Journal Of Business And Management, 4, 154-162.
[29]. Ofuan. J. Ilaboya&Izien. F. Ohiokha, 2016. "Firm Age, Size And Profitability Dynamics: A TestOf Learning By Doing And Structural Inertia Hypotheses," Business And ManagementResearch, Business And Management Research, Sciedu Press, Vol. 5(1), Pages 29-39,
[30]. Ojeka, S. A., Iyoha, F. O., &Asaolu, T. (2015). Audit Committee Financial Expertise: AntidoteFor Financial Reporting Quality In Nigeria?. Mediterranean Journal Of SocialSciences, 6(1),136.
[31]. Retrieved From Https://Www.Richtmann.Org/Journal/Index.Php/Mjss/Article/View/5447
[32]. Ojeka, S. A., Kanu, C., &Owalabi, F. (2013). IFRS – Based Results And The Readiness Of NigeriaAudit Committee: The Professional Academic Standpoint. European Journal Of AccountingAnd Finance Research, 1(4), 1- 11.
[33]. Omobong And Ibanichuka, 2017 Audit Committee Attributes And Financial Reporting Quality Of Food And Beverage Firms In Nigeria International Journal Of Innovative Social Sciences &Humanities Research 5(2):1-13,
[34]. Salawu MO, Okpanachi J, Yahaya A, Dikki A. (2017) Effects Of Auditcommittee Expertise And Meeting On Audit Quality Of Listedconsumer-Goods Companies In Nigeria. Euro JournalAccounting, Audit Financeres.;5(10):61–79.
[35]. Shumway, T. (2001) Forecasting Bankruptcy More Accurately: A Simple Hazard Model. JournalOf Business, 74,101-124.
[36]. Stepanyan, Gohar G., (2012), Revisiting Firm Life Cycle Theory For New Directions In Finance. AvailableAt SSRN: Https://Ssrn.Com/Abstract=2126479 Or Http://Dx.Doi.Org/10.2139/Ssrn.2126479
[37]. Shaheen S, Malik QA (2012). The Impact Of Capitalintensity, Size Of Firm And Profitability On Debtfinancing In The Textile Industry In Pakistan. Interdisciplinary Journal Of ContemporaryResearch In Business, 3(10):1061-1066
[38]. Sudarsono, B., &Sudiyatno, B. (2016). The Effect Of Financial Ratio And Firm Size On StockReturn In Property And Real Estate Companies Listed On The Indonesia Stock Exchange. The Indonesian Accounting Review Vol. 8, No. 1, January– July 2018, Pages 96 – 108
[39]. Udo, B. (2019). SEC Bars Tinubu, Five Directors Of Oando From Public Company Positions. Premium Times, Https://Www.Premiumtimesng.Com/News/Headlines/332751
[40]. Ujunwa, A., Salami, P. O., &Umar, A. H. (2013). CEO Duality And Firm Performance: An Integration Of Institutional Perceptive With Agency Theory. International Journal Of
[41]. Social, Management, Economics And Business
[42]. Ujunwa, A., Salami, P. O., &Umar, A. H. (2013). CEO Duality And Firm Performance: An Integration Of Institutional Perceptive With Agency Theory. International Journal Of Social, Management, Economics And Business Engineering, 7, 97-103.
[43]. Wilson E. H., Iheanyi O. A., Eunice N. O., Francis O, (2016) Financial Reporting Council Of Nigeria And The Future Of Accounting Profession In Nigeria, International Journal OfFinance And Accounting5(3): 146-157

.