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CORPORATE GOVERNANCE AND AUDIT QUALITY OF LISTED DEPOSIT MONEY BANKS IN NIGERIA.

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ABSTRACT

Corporate governance refers to the structural mechanisms put in place to regulate the financial and non financial activities of the firms towards effective and efficient performance. Corporate governance, as a concept, can be viewed from at least two perspectives: a narrow one in which it is viewed merely as being concerned with the structures within which a corporate entity or enterprise receives its basic orientation and direction; and a broad perspective. The study focused on corporate governance and audit quality of listed deposit money banks in Nigeria. The independent variables for this study are; board size, board meetings, audit committee size while the dependent variable is audit fee. To achieve the objectives of the study, ex-post facto research design was adopted. The source of data collection is secondary data. Data were generated from annual reports and accounts of the selected commercial banks. The data collected were analyzed using multiple regression analysis. The finding revealed that (i) Board size has no significant effect on audit fee of listed deposit money banks in Nigeria (ii) Board committee meeting has no significant effect on audit fee of listed deposit money banks in Nigeria (iii) Audit committee size has no significant effect on audit fee of listed deposit money banks in Nigeria. The study recommends that regulatory bodies in Nigeria should ensure that all the board representatives are independent. The study also recommends that corporate organizations should ensure they have the actual number of board of committee required by the regulatory authority. That would enhance Corporate governance, Board size, Board meeting, Audit committee size, Audit fee audit quality of corporate firms.

Keywords: *Corporate governance, Board size, Board meetings, Audit committee size, Audit fee.*

1.0 INTRODUCTION

Corporate governance in most countries functions differently. In Japan and most of the South East Asian countries, business groups with their pyramidal and cross-ownership structures are common governance devices (Zureigat, 2011). In these countries legal requirements for management and part of the controlling family, are rather weak (Adane and Wudu, 2014). In continental Europe a concentrated ownership structure is the distinguishing feature and the corporate law again plays a role in determining the effectiveness of corporate governance mechanisms (Bhagat& Bolton, 2009). Here, large shareholders have ample incentives and ability to control management, therefore, the classic manager– shareholder conflict does not appear predominant. Due to the reduction of the free-rider problem of monitoring and/or the increased alignment of incentives, large shareholders potentially add value which serves as a attribute of corporate governance.

Corporate governance is enhanced in Nigeria with the promulgation of the investment securities act 1999, as well as the capital market and ease of obtaining redress in the law courts for corporate abuses (Abdullah, Ismail & Jamaluddin, 2008; Adeyemi, Akhalumeh, Agweda & Ogunkuade, 2017). As stated in Adane and Wudu (2014); Augustine, Chijioke, Adeyemi, Obehioye and Ehi (2017), the presence of institutional infrastructures aid shareholder rights, dividend payment demand to reduce cash flows, reduces agency problems. Best practices expected of firms though not responded according to expectations in Nigeria have brought to the knowledge of managers what is expected of them to promote good corporate governance. The proposed adoption of the International Financial Reporting Standards (IFRS) and International Public Sector Accounting Standards (IPSAS) by Nigeria is a drive towards enthroning corporate disclosures and governance as operated in major advanced countries (Garba and Abubakar, 2014). In Nigeria, Saleh (2016) noted increases in transparency in corporate governance and ease of comparability of firms by investors prior to the proposed introduction of IFRS and IPSAS. The companies and allied matters Act 1999 states the minimum disclosures of firms above the statement of accounting standards (SAS). This disclosures are likely enhanced by audit quality which Otuya, Donwa and Egware (2017) posited that audit quality is greatly influenced by the corporate governance mechanism of firms. In Europe Sunday and Godwin (2017) observed a growing rate of corporate governance in firms, increase in investment and development of

acceptable dividend policies which he argued has influence on audit quality. The Central Bank of Nigeria has also put in place strategies to remove family ownership of banks, protect minority shareholders, and improve dividends payment and corporate governance. The control of firms by a clique of shareholders, impedes the independence of the board of directors, creating potential avenues for expropriation and establishing the conditions for weak audit quality (Adane and Wudu, 2014)

The failure of companies over the world has remained a risk to sustained world economic growth (Garba & Abubakar, 2014). Considering the current world business activities that are managed by people with diverse gender, nationality, culture, and academic experience, the issue of these diversities of a board member who manages companies comes into focus. (Onyekwere, Wesiahh and Danbatta, 2019). Monks and Minow (2004), noted that notwithstanding the diversity of board members coupled with the evolution of corporate governance practices and different strategic management, the failure of companies to meet preferred corporate goals still lingers. Saleh (2016), has reiterated the imposing challenge of managing companies to meet set goals in emerging economies and had prescribed a reflection of the cultural circumstance, board diversity as central to the failure of corporate boards and consequently firm performance. Owing to the financial consequences of these failures, which are of long-term effects, different strategic efforts like enhancing the composition of board members have also been put in place to ensure the survival and growth of companies (Sunday & Godwin, 2017). Although, the issue of board diversity is multi-faceted, also, attempts at understanding the dynamics of board diversity have attracted a multi-disciplinary approach.

Governance in most countries functions differently. In Japan and most of the South East Asian countries, business groups with their pyramidal and cross-ownership structures are common governance devices. In these countries legal requirements for management and part of the controlling family, are rather weak (Claessens Djankov, & Lang, 2000). In Continental Europe a concentrated ownership structure is the distinguishing feature and the corporate law again plays a minor role. Here, large shareholders have ample incentives and ability to control management, therefore, the classic manager– shareholder conflict does not appear predominant. Due to the reduction of the free-rider problem of monitoring and/or the increased alignment of incentives, large shareholders potentially add value.

Ineffectiveness of board members which in recent times has led to corporate collapse is a major issue for concern in the corporate world. Notably, the increase in corporate failures in Nigeria calls for concern amongst academics and practitioners.

The Nigerian business environment has been perceived in some quarters as not too conducive to investors; both local and foreign (Bebeji, Mohamed and Tanko, 2015). Adjudged reasons for this assertion include the inability of financial reports to meet the needs of this group of users (Bebeji, Mohamed and Tanko, 2015). The prevalence of fraud, excessive earnings management and other financial crimes in the country has reduced the level of confidence reposed in these financial statements; and inability of these statements to perform their requisite functions as such adjudged to be of no value relevant for investment decision making (Hillman, Cannella and Harris, 2002). In the light of the cost of frauds to the business and the offender, it is important to develop strategies to prevent or detect business fraud, taking a cursory look at the risk factors associated with business, giving due attention to the motives attached with it and establishing how to effectively manage it on a daily basis (Ujunwa, Okoyeuzu and Nwakoby, 2012). Hence, the auditors are looked upon as 'messiahs' in correcting this anomaly, and thereby directly, or indirectly reposing the confidence of investors in the financial reports (Wang, 2009). But no auditor can function effectively without independence and the corporate governance of firms likely affects the independence as determinant of audit quality in an organization (Wang, 2009).

Research Hypotheses

$H0_1$: Board size has no significant effect on audit fee of listed deposit money banks in Nigeria.

$H0_2$: Board committee meeting has no significant effect on audit fee of listed deposit money banks in Nigeria.

$H0_3$: Audit committee size has no significant effect on audit fee of listed deposit money banks in Nigeria.

LITERATURE REVIEW

Concept of corporate governance

Corporate governance refers to the structural mechanisms put in place to regulate the financial and non financial activities of the firms towards effective and efficient performance. Corporate governance, as a concept, can be viewed from at least two perspectives: a narrow one in which it is viewed merely as being concerned with the structures within which a corporate entity or

enterprise receives its basic orientation and direction (Al-Ajmi, 2009); and a broad perspective in which it is regarded as being the heart of both a market economy and a democratic society (Saleh, 2016). The narrow view perceives corporate governance in terms of issues relating to shareholder protection, management control and the popular principal-agency problems of economic theory. In contrast, Arens, Elder and Beasley (2010), a proponent of the broader perspective uses the examples of the resultant problems of the privatization crusade that has been sweeping through developing countries since the 1980s, and the transition economies of the former communist countries in the 1990s, that issues of institutional, legal and capacity building as well as the rule of law, are at the very heart of corporate governance. Besides, the bitter experience of African financial crisis of the 1990s underscores the importance of effective corporate governance procedures to the survival of the businesses. This crisis demonstrated in no unmistakable terms that "even strong economies, lacking transparent control, responsible corporate boards, and shareholder rights can collapse quite quickly as investor's confidence collapse" and emphasizing the need for mutual cooperation between the public and the private sector through audit quality in developing the capacity to ensure effective corporate governance with a view to ensuring the development of market-based economies and democratic societies based on the rule of law (Bebeji, Mohamed and Tanko, 2015).

The adoption of various economic reform programmes in Africa over the past decades, in which 5 privatization of government-owned enterprises has heightened the corporate governance debate in the continent (Arens, Elder and Beasley, 2010). The bitter experience of massive governance in some countries of Eastern Europe like Czech Republic and Russia that rushed into large-scale privatization without the necessary corporate governance mechanism suggests that Africa needs to take stock of its corporate governance capacity and how it affects other aspects of firm functionality like audit quality which reposes the confidence of investors (Securities and Exchange Commission, 2000).

According to the Consultative Council of Accountancy Body (CCAB), audit quality is defined as an independent examination of, and expression of opinion on the financial statement of an enterprise by an appointed auditor, in pursuance of that appointment and in compliance with any relevant statutory obligation (Sutton, 2013). To this end, audit quality is expected to improve the value of information presented in the financial statements (Wati & Bambang, 2003) and as a result of this, audit quality has to do with a display of professionalism, diligence and care by

auditor in audit process which should lead to a true and fair view of financial statement (Ahmadu, 2017). Although audit quality does not have a universally accepted definition, different scholars in their studies explain the term audit quality. To mention but a few, Al-Ajmi (2009); Adeyemi and Fagbemi (2010) defines the quality of the audit to mean how well an audit detects and report material misstatements in financial statements, the detection aspects are a reflection of auditor competence, while reporting is a reflection of ethics or auditor integrity, particularly independence

One key element of corporate governance is the role of board of directors in overseeing management. Managerial oversight is needed because managers have their own preferences and may not always act on behalf of the shareholders. Shirking, excessive perks, and non-optimal investments are examples of abusive actions by managers (Jensen and Meckling, 1976). The board of directors can reduce agency conflicts by exercising its power to monitor and control management (Fama and Jensen, 1983). Independent outside directors are presumed to carry out the monitoring function on behalf of shareholders to ensure that management is in place and to maximize shareholders' interests because share holders themselves would find it difficult to exercise control due to the wide dispersion of ownership of common stock (John and Senbet, 1998). A key contention is that outside board members should be independent of the executive management and free from any business or other relations with the company that could compromise their autonomy. Fama (1980) and Fama and Jensen (1983) argue that including outside directors as professional referees not only enhances the viability of the board but also reduces the probability of top management colluding to expropriate shareholder wealth. The generalization of this effective monitoring argument is that the more independent the outside directors serving on the board, the higher the firm performance.

According to Bebeji, Mohammed, and Tanko (2015), the overall performance of the board is influenced utilizing the effectiveness of the board members owing to factors as; board composition, size of the board, gender diversity, ethnic diversity, and foreign board members. The board of directors is one of the most influential decision-making bodies. Its responsibilities cut across making key monetary to strategic decisions, such as approving modifications in capital structure and mergers and acquisitions, to the challenging task of selecting the company's top executive management (Carter, D'Souza, Simkins & Simpson, 2008). According to Matanda, Luke, and Lishernga (2015), the key duties of board members are to: reveal and control

managers, provide information and guidance to managers, monitor compliance with relevant laws and regulations, and linking the company to the external environment. From time to time, the modifications and reviews of corporate governance codes are geared towards the need to constantly inspect traits of boards that will improve performance and minimize company risk and scandals. The Security and Exchange Commission (SEC) in 2003, but argued that, the financial sector attracted under-performing corporate governance because, about 40% of quoted companies, along with banks had diagnosed codes of corporate governance in the region (Otuya, Donna & Edgware, 2017). Consequently, in 2003, a Code of Best Practices on Corporate Governance for public quoted firms was once launched by the Nigerian Securities and Exchange Commission (SEC).

The code of corporate governance in Nigeria additionally gives credence to the need for diversity of board members. There is no limit of persons from any religion, cultural background, educational qualification nor nationality to be on the board of directors of any listed company in Nigeria. Hence, companies in Nigeria hire directors that are not limited to any culture, religion, gender, academic qualification, or nationality as long as such directors as the personnel resource needed by the company (Ujunwa, et al., 2012). This is the bedrock of board diversity in Nigeria. Carter, D'Souza, Simkins, and Simpson (2010), define board diversity as the inherent traits of board members in terms of gender and ethnicity. Otuya, Donwa and Egware, (2017) looked at board diversity in regards to the difference in the nationality of board members. Hilman Cannella Jr, and Harris, (2002) considered board diversity to be gender and race whilst authors like Akinwumi Dada, Oluto, &Jayeoba (2019), and Ahmadu (2017) posit board diversity to be the composition of board members with a diverse academic qualification, gender, and culture. Thus, board diversity is a combination of inherent diverse features; in terms of gender, educational qualification, and nationality which make up the composition of board members

Determinant of audit quality

Since Wallace (1987) developed a model to determine the process by which the audit qualities are determined through adequate payment for audit service, other researches arose in the context of determining audit quality in same regards. The empirical studies on the audit fees subject showed that audit fee pay, as well as the companies' corporate governance and the sector complexity have a positive influence on the audit quality (Yuniarti, 2011). It is predicted that large companies have more data to examine, so the fees charged to large companies are higher

(Arens, Elder & Beasley, 2010). The results of Augustine et al., (2017) on the determinants of audit quality also confirm the positive association of the audit fees as a major determinant of audit quality. This result taken together indicates that audit fee is an extremely critical explanatory variable for any model of audit quality. The audited client's various attributes that influence the level of work and the respective fee, which the literature investigates, are the client's dimension, complexity, risk, profitability, governance, internal control and leverage (Augustine et al.,2017). If an auditor wishes to decrease the issuing risk of a positive opinion when there are materially relevant distortions in the client's financial statements, he generally acts on the nature, the extension and timing of the audit procedures, which naturally influence the fee charged (Bebeji, Mohamed and Tanko, 2015).

Prior research also demonstrates a link between corporate governance and audit fees. Frankel et al., (2009) studied the relation between the board of directors and audit fees characteristics and found a positive relationship between audit fees and the board of directors' independence, competence and diligence. The auditors tend to assign a low risk inherent and risk control to companies characterized with a better internal corporate governance performance. To governance performance factors affect the audit plan, the auditor should first recognize and properly assess the corporate governance and second properly use this evidence to develop the audit plan. The literature indicates that when governance structure is strong, the auditor can reduce the sample size and then reduce the extent of an expensive substantive analysis (Abdullah, et al., 2008).

Theoretical Framework

This study is anchored on the Agency theory but the bird in hand theory is also discussed as it is relevant to corporate governance of the firm.

1 Agency theory

The agency theory as defined by Jensen (1986) is a relationship that takes place when the principles engage the agents to perform some of their duties on their behalf which then give rise to Agency cost because of conflicting interests of the managers and owners. A lot of research study has been carried out on the agency theory, in regards to how it operates. The two major types of agency relationship in a business organisation is, one exists between shareholders and the managers while the second exists between the shareholders and the debt-holders or lenders to the business. Most of the time, these relationships are not usually in accordance with the

expectations of both parties hence there are always conflict of interests in these kind of relationships. These conflicts normally give rise to implications for both the principal and the agent, and it is in an attempt to resolve the conflict that the concept of institutional business ethics and corporate governance came into existence. In the views ofFama and Jensen (1982) this agency problem is controlled by decision systems which separate the management and control of important decisions at all levels of the organization. In other words where ownership and control of an entity is separated, there normally exists some friction between the owners and those controlling the business entity.

The principal-agent framework is used by Jensen and Meckling (1976) to explain the conflict of interests between managers and shareholders. The agency problem (developed by Coarse (1960), Jensen and Meckling (1976) and Fama and Jensen (1983) is an essential part of the contractual view of the firm. Managing agency conflict normally give rise to agency costs which according to Jensen and Meckling (1976) can be define as the sum of the out-of-pocket costs of structuring, administering, and enforcing contracts which could be formal or informal including any residual loss. The enforcement costs usually include the monitoring and bonding costs, which are, the cost incurred by the shareholders and the managers respectively, to enforce the contract, however, this cost must be limited to the point where any increase in the enforcement cost will be equal to the loss from non compliance of either party to the terms of the contract. The residual loss is defined as the opportunity loss remaining when contracts are optimally but not perfectly enforced. Agency costs therefore include all costs that are normally referred to as contracting costs, transactions costs, moral-hazard costs, and information costs.

2 Signalling Theory

As propounded by Miller and Rock (1985) Signalling theory refers to the idea that the agents send information to the principal in order to create credible relationship. Managers have more firsthand information about the firm than firm's investors do but they are always reluctant to provide transparent information to the shareholders. So, to ensure the credibility of such information the professional advice of auditors is highly needed thus explains the need of auditors in this context. Li and Zhao (2008) argued that dividend payout plays a leading role because it can be used to convey information to the shareholders about the firm's value and performance. Along with dividend, Audit opinions can also be viewed as more powerful signal

because they are more influential in monitoring the firm performance (Zeckhauser and Pound 1990).

Empirical Review

Akinwumi *et al*. (2019) examined audit committee characteristics on audit quality in Nigeria, for 10 years spanning from 2009-2018. Specifically, they assessed the effect of audit committee size on audit quality in the oil and gas sector and examined the effect of audit committee meetings on audit quality in the oil and gas sector. Their study adopted an expo-facto research design using logistic regression. It was discovered that audit committee size exerted a positive significant effect on audit quality of firms in the oil and gas sector in Nigeria and that audit committee meeting exerts a positive but insignificant effect on audit quality of firms in the oil and gas sector in Nigeria.

Al-Ajmi (2009) appraised the extent to which audit committee attributes influence the reporting timeliness of listed Nigerian firms using regression analysis. The results indicated that audit committee attributes (measured by size, independence and diligence) had a significant relationship with financial reporting timeliness among firms in Nigeria.

Carter *et al*. (2008) investigated the effect of the characteristics of audit committee on timeliness of corporate financial reporting in the Nigerian insurance industry using ordinary least square method. Results revealed a significantly negative relationship between audit committee meeting frequency and timeliness of corporate financial reporting. Also, there was a negative but insignificant association between audit committee gender, as well as audit committee independence, and corporate financial reporting. Finally, the results showed that audit committee size was positively and statistically, insignificantly related to timelines in corporate financial reporting.

Adeyemi, Akhalumeh, Agweda, Ogunkuade (2017) carried out research in order to investigate the factors affecting audit quality in Nigeria. A Combination of archival method and survey research methods was used. The study finding revealed that, multiple directorships are the most significant in affecting audit quality in Nigeria. However, the study did not find audit firm rotation to be a significant factor for enhancing audit quality in Nigeria.

Similarly Augustine, Chijioke ,Adeyemi, Obehionye and Ehi (2017) examined determinants of audit quality in Nigerians business environment. The study used primary data. A regression model was used to analyze the existence of significant relationships between audit quality and

the audit firm related characteristics. The result indicates that Audit firm size, board independence (measured by percentage of nonexecutive directors) and ownership structure were found to be positively related to audit quality; however, only board independence exhibited a significant relationship with audit quality. Audit tenure exhibited a negative relationship with audit quality which was also not significant.

Al-Thuneibat, Al-Issa and Ata-Baker (2017) carried out research on factors affecting audit quality in the case of Jordan commercial banks. The purpose of the study was to identify the most important factors affecting audit quality in Jordanian Commercial Banks (JCBs). The study implemented quantitative method of research design. The results revealed that audit fee indicate a positive and significant correlation between audit quality and audit efficiency, the reputation of auditing office, auditing fees, the size of audit firm, and the proficiency of auditor.

Ujunwa et al (2012) conducted a study that focused on corporate governance factors and audit quality relationship in Nigeria. The audit quality variable was dichotomous by size of audit firm (big 4 and non-big 4). Independent variables in the study were; board independence, and chief executive officer (CEO) duality. Study data were analyzed using both descriptive, inferential statistics and regression analysis. The study result suggested that, board independence and chief executive officers duality have no significant correlation with audit quality although there is a positive correlation of board independence but negative for chief executive officers duality with audit quality.

Ahmadu (2017) investigated the effects of board diversity on the financial performance of quoted deposit money banks in Nigeria with secondary data over the period of 2010- 2014. He used descriptive statistics to describe the data set, whilst panel regressions were used to analyze the results of board diversity on firms' financial performance. They discovered that gender diversity affects positively financial performance whilst ethnic diversity and board composition affects negatively on firms' financial performance represented by return on equity. The study additionally found that foreign directorship and board size did not affect the return on equity. Ahmadu (2017) made claims that gender diversity influences positively firms' financial overall performance whilst ethnic diversity and board composition are negatively affected firms' financial performance. Also, he stated that the presence of foreigners on a board of banks in Nigeria will not add any value to return on equity and that quoted banks maintained sub-optimal board size.

Adane and Wudu (2014) examined the effect of board diversity on the financial performance of banks in Nigeria using profit margin as a proxy for financial performance whilst the proxies for board diversity and board independence are the ratio of women directors to total board size and ratio of non-executive directors to total board size, respectively. They sourced the data for their study from the annual reports of 10 listed, banks in Nigeria from 2008 to 2017. Also, data were analyzed using pooled Ordinary Least Square regression. They discovered that both gender diversity and board independence positively affect the financial overall performance of, banks in Nigeria.

Onyekwere et al. (2019) investigated the nature of the relationship between board diversity and financial performance of, Banks quoted on the Nigerian stock exchange using three board diversity variables; the percentage of female in the boardroom, the share of non-executive directors that make up the boardroom and board size. Using the fixed effects Panel regression model they discovered that gender diversity has a statistically significant influence on banks' financial performance. On the other hand, the study additionally indicated that non-executive administrators and board dimensions do no longer have a sizeable impact on bank performance.

3.0 METHODOLOGY

Research Design

The study adopted ex-post facto research design. Ex-post facto research design involves ascertaining the impact of past factors on the present happening or event.

The population of any study is the total number of elements under investigation. For the purpose of this study, the population comprises of the 14 deposit money banks that are listed on the Nigerian stock exchange as at 2021. The judgmental sampling method was used in selecting the sample for the study. The sample selected is deemed to satisfy the predetermined criteria for selection. This study has made use of this method to select 12 deposit money banks that are listed on the Nigerian stock exchange.

The research work adopts the secondary source of data in obtaining all the data needed for the study. Extracted data from the audited financial statements of the sampled companies will be meticulously examined and relevant data extracted from the period 2017-2021 for analysis.

Data Analysis Technique

The multiple regression technique using ordinary least square regression (OLS) method is adopted in investigating the relationship between the dependent and independent variables.

Model Specification

The study adapts the model used by Adeyemi et al., (2017), which is stated as;

Audit firm size = f (Board size + Audit committee size+ Audit committee meetings)

Thus, the model for this study is specified as;

Audit fee= f (Board size + Board committee meetings + Audit committee size)

This is written in econometric form as;

$$AF_{it} = \alpha + \beta_1 BS_{it} + \beta_2 BCM_{it} + \beta_3 ACS_{it} + U_{it}$$

Where;

α = Constant

AF = Audit fee

BS = Board size.

BCM = Board committee meetings

ACS= Audit committee size

it= Cross-section(i) at time (t)

U = Error term used in the model.

$\beta_1 - \beta_3$= Beta coefficient of the independent variables.

Decision Rule: Accept the null hypothesis if the calculated value is greater than the significant level of 0.05.

4.0 RESULT AND DISCUSSION

The data extracted were estimated based on the panel data regression analysis to determine the effect of the variables. Board size (BS), Board committee meetings (BCM) and Audit committee independence (ACI), were used as the independent variables while audit fee was used as the dependent variable. The adjusted R square which is the coefficient of determination and the F statistic was used to ascertain the significance of the overall model. Specifically, the probability of the F-statistic test was used to test the hypotheses of the study to determine the relationship between the variables.

Data Analysis

Dependent Variable: AF

Method: Least Squares

Date: 09/27/22 Time: 18:29

Sample: 1 60

Included observations: 60

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	8.248425	0.356979	23.10620	0.0000
BS	-0.062033	0.198499	-0.312509	0.7558
BCM	-0.005688	0.279249	-0.020367	0.9838
ACI	-0.055660	0.380527	-0.146272	0.8842

R-squared	0.004966	Mean dependent var	8.135036
Adjusted R-squared	-0.048339	S.D. dependent var	0.446041
S.E. of regression	0.456694	Akaike info criterion	1.334735
Sum squared resid	11.67990	Schwarz criterion	1.474358
Log likelihood	-36.04205	Hannan-Quinn criter.	1.389349
F-statistic	0.093164	Durbin-Watson stat	0.542081
Prob(F-statistic)	0.963512		

The regression results showed the effect of corporate governance (ACI, BS and BM) on audit quality proxied by audit fee (AF). The coefficient of determination R-square of 0.005 implied that 0.5% of the sample variation in the dependent variable audit fee is explained or caused by the explanatory variable (ACI, BS and BCM) while 99.5% is unexplained. This remaining 99.5% could be caused by other factors or variables not built into the model. The value of R-square shows that there is very low relationship between audit fee and ACI, BS and BCM. Consequently, the value of the adjusted R^2 is -0.048. This shows that the regression line which captures -4.8 per cent of the total variation in AF is caused by variation in the explanatory variable specified in the model. The F-statistic was also used to test the overall significant of the model. The F-value of 0.093164 with p-value of 0.9635 is an indication that the model is statistically insignificant at 5 percent level of significant. Finally, the test of autocorrelation using Durbin-watson shows that the Durbin-watson value of 0.542081 falls inside the conclusive

region of Durbin-watson partition curve. Hence, we can clearly say that there is no sign of autocorrelation.

Hypothesis one

$H0_1$: Board size has no significant effect on audit fee of listed deposit money banks in Nigeria.

The F statistic with 0.093164 has probability of 0.7558 level of significance. Since the probability of the F statistics is greater than 5% level of significance, we would conclude that board size has no significant effect on audit fee of listed deposit money banks in Nigeria.

Hypothesis two

$H0_2$: Board committee meeting has no significant effect on audit fee of listed deposit money banks in Nigeria.

The F statistic with 0.093164 has probability of 0.9838 level of significance. Since the probability of the F statistics is greater than 5% level of significance, we would conclude that board committee meeting has no significant effect on audit fee of listed deposit money banks in Nigeria.

Hypothesis three

$H0_3$: Audit committee size has no significant effect on audit fee of listed deposit money banks in Nigeria.

The F statistic with 0.093164 has probability of 0.8842 level of significance. Since the probability of the F statistics is greater than 5% level of significance, we would conclude that audit committee size has no significant effect on audit fee of listed deposit money banks in Nigeria.

Discussions on Findings

The findings in objective one revealed that board size has no significant effect on audit fee of listed deposit money banks in Nigeria. This findings is consistent to the findings of Abdullah (2008) who carried out a study on corporate governance and audit quality. The empirical results confirm that corporate governance had no significant effect on audit quality of quoted Nigerian banks.

The findings in objective two showed that board committee meeting has no significant effect on audit fee of listed deposit money banks in Nigeria. The finding is consistent to the findings of Adeyemi et al., (2017) who conducted a study on the effect of board committee meeting on audit quality. Their findings revealed board meeting has insignificant effect on audit quality of firms.

The findings in objective three revealed that audit committee size has no significant effect on audit fee of listed deposit money banks in Nigeria. The finding is consistent to the findings of Ahmadu (2017) who carried out a study on audit committee characteristics and audit quality of quoted Nigerian banks. The empirical results confirm that audit committee size had no significant effect on audit quality of quoted Nigerian banks.

5.0 CONCLUSION AND RECOMMENDATIONS

Conclusion

Corporate governance in most countries functions differently. In Japan and most of the South East Asian countries, business groups with their pyramidal and cross-ownership structures are common governance devices. In these countries legal requirements for management and part of the controlling family, are rather weak. Corporate governance is enhanced in Nigeria with the promulgation of the investment securities act 1999, as well as the capital market and ease of obtaining redress in the law courts for corporate abuses. Based on the results, the study concludes that;

1) Board size has insignificant effect on audit fee of listed deposit money banks in Nigeria.
2) Board committee meeting has insignificant effect on audit fee of listed deposit money banks in Nigeria.
3) Audit committee size has insignificant effect on audit fee of listed deposit money banks in Nigeria.

Recommendations

Based on our findings, the following recommendations were made:

(i) Regulatory bodies in Nigeria should ensure that all the board representatives are independent.

(ii) Corporate organizations should ensure they have the actual number of board of committee required by the regulatory authority. That would enhance audit quality of corporate firms.

(iii) Furthermore, financial literacy is not enough, but a combination of financial and industrial expertise would further improve the quality of financial reports. Even though owning equity in Nigerian listed firms is not a requirement for board members, such ownership has been proven to be a good motivator for board committee members because of the resultant benefits accruable to firms. Members holding shares would be more vigilant, enthusiastic and active in their monitoring responsibilities.

(iv) Board of committees should adhere to the rules governing corporate governance for effectiveness in the discharge of their duties. Such would help in enhancing audit quality andthe quality of financial statement.

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