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Audit Committee Attributes and Qualitative Financial Reporting: Implication for Nigerian Banking Sector

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ABSTRACT

The main objective of this work is to study the effect of audit committee attributes on financial reporting quality of listed banks in Nigeria from 2009-2018. Expost facto research design is used and the data for analysis are obtained from annual reports of the sampled banks. 12 out of 13 banks is selected using Taro Yamani formula for determining sample size. Data is analyzed using descriptive statistics, , correlation and ordinary least square technique. The findings reveal that a well constituted as well as independent audit committee significantly influence financial reporting quality of listed Nigerian banks. The study also reveals that audit committee frequency of meeting may not influence financial reporting quality. Thus, we recommend among that Nigerian banks should ensure that their audit committee as a matter of necessity updates their functionality through regular training in order to meet up world class benchmark as what is obtainable in more advanced economies

Keywords: Audit, committee, attributes, qualitative, financial reporting, Banking sector, Nigeria.

INTRODUCTION

Every organization be it business oriented or not is expected to issuefinancial reports at the end of the financial year. The basic aim of these financial reports is to summarize key information about the financial health and cash flows of such entity. Information so disclosed should possess both fundamental and enhancing qualitative characteristics according to International Accounting Standard Board (IASB) framework for preparation and presentation of financial statements. These qualitative characteristics are relevance, faithful representation (fundamental), comparability, verifiability, timeliness, understandability (enhancing). Qualitative characteristics distinguish useful financial reporting information from information that are not fraudulent or misleading. Therefore, the directors of the companies are saddled with this responsibility and it is expected that they make transparent and timely disclosures. The need for transparent disclosures in the financial statements is recognized in codes and statement of principles on corporate governance such as the UK corporate governance code, organization for economic corporation and development (OECD), International Corporate Governance Network (ICGN) principles (ICAN, 2014).

However, the main body charged with the responsibility of overseeing companies' financial statements and disclosures as well as audit processes is the audit committee. The audit committee is a key board committee that liaises with the internal and external auditors and thus provide forum for both to express their issues and concern. To achieve these goals, the audit committee should be well staffed. According to UK Cadbury report audit committee should consist entirely of independent non-executive directors and should not be less than 3 members. They are also required to meet regularly and should include at least one member with significant and recent financial experience (ACCA, 2014). Effective audit committee can boost the investors' confidence in the capital market as well

as safeguard shareholders' wealth. If they operate effectively, audit committee can bring tremendous and significant benefits to the organization. Such benefits include improving quality financial reporting by reviewing financial statements on behalf of the board, creating a climate of discipline and control which reduces the opportunity of fraud, strengthening the position of external auditors by providing a channel of communication and forum for issues of concern, providing framework within which the external auditor can assert his independence in the event of management dispute, strengthening the internal audit function, increasing public confidence in the credibility and objectivity of financial statements (ICAN, 2015). In Nigeria, the Securities and Exchange Commission (SEC) issued code of best practices of corporate governance (2011) which provides for the establishment of audit committee in all listed firms. SEC requires a letter from the audit committee explain the quality of the accounting principles and polices applied by the organization. Also CAMA (2014) requires the establishment of audit committee in all public companies. Thus, their roles in enhancing quality in financial reporting cannot be over emphasized.

However, there have been cases of corporate fraud arising from financial impropriety and misleading financial reporting all over the world, despite the existence of audit committees in these organizations. The most recent and prominent in recent times in Nigeria is that of Oceanic Bank plc that overstated its gross earnings in 2008 annual reports instead of reporting its net loss. This evidence shows that the audit committee of the bank did not carry out their over sight functions. There are some researches on the subject matter and most of them studied the effects of audit committee attributes on corporate performance, and other used different audit committee characteristics different fromthe onesused in thin this study. Also, most work on audit committee attribute and qualitative financial reporting are carried out outside Nigeria and in more developed economies with different legal background and government mechanism from Nigeria. More so there have been divergent relationships from the outcome of these researches ranging from mixed result [1]; [2]; positive [3]; [4]; [5]; no relationship [6]; to negative relationship [7]. Thus, this research was carried out to ascertain if audit committees actually enhance and improve qualitative financial reporting of listed banks in Nigeria using discretionary accrual as a measure of financial reporting quality.

LITERATURE REVIEW

This work was backed up by two major theories and these are agency theory and stewardship theory. This agency theory states that a company consists of a set of linked contracts between the owners of economic resources (the principals) and managers (the agents) who are charged with using and controlling these resources. [8], states that in agency theory, agents have more information than principals and this information asymmetry adversely affects the principals' ability to monitor whether or not their interests are being properly served by the agents. [9] opines that an assumption of agency theory is that principals and agents act rationally and use contract to maximize their wealth. A consequence of this is the moral hazard issue. Since principals do not have access to all available information at the time a decision is being made by an agent, they are unable to determine whether the agent's actions are in the best interest of the firm.The principal-agent relationship as depicted in agency theory is important to understanding how the role of audit committee and how the engender qualitative financial statements. Principals appoint agents and delegate some decision making authority to them. In so doing, the principals place their trust in their agents to act in the principals' best interests. However, as a result of information asymmetries between principals and agents differing motives, principals may lack trust in their agents and may therefore need to put in place mechanisms, such as the audit committee, to reinforce this trust.

Stewardship theory on the other has its roots from psychology and sociology. According to [10] as a steward protects and maximizes shareholders' wealth through firm performance, because by so doing, the steward's utility functions are maximized. In this perspective, stewards are company executives and managers working for the shareholders, protects and make profits for the shareholders. Unlike agency theory, stewardship theory stresses not on the perspective of individualism, but rather on the role of top management being as stewards, integrate their goals as part of the organization. The stewardship perspective suggests that stewards are satisfied and motivated when organizational success is attained .

Moreover, stewardship theory suggests unifying the role of the audit committee so as to reduce agency costs and to have greater role as stewards in the organization. It was evident that there would be better safeguarding of the interest of the shareholders.

Audit committee size

It has been revealed that the size of an audit committee measured as a figure has a positive effect on the audit committee effectiveness. This is because the number of the audit committee members of sufficient size is better than a small committee size [11]. However, it is likely that audit committee effectiveness may be experiencing problems if the committee too large. Therefore, the previous studies have shown that the right size of the audit committee will provide a high quality of monitoring financial reporting. Accordingly, UK Code of Corporate Governance (2000) also requires the audit committee to comprise of at least three members. However, [12] raised question whether larger audit committee can result in effective monitoring or not. There are number of studies reporting positive relationship between board size and firm performance. [13] found a positive association between size and monitoring process of the board that result in higher performance, whereas [14] asserted that audit committee with more members are likely to possess diverse skills and knowledge which is likely to enhance monitoring. [15] argued that the size of audit committee increases the number of meetings. This increase in meeting frequency is argued to provide more effective monitoring and hence better financial reporting . In contrast, [16] claimed that size is unlikely to have any effect on lead to inefficient governance, because of yielding frequent meetings which leads to increased expenses. Hence, larger audit committee size can negatively affect financial reporting .

Audit committee meeting

Studies of [17] [18] shows that the number of committee meetings has an effect on audit committee effectiveness. It is expected to increase the frequency of committee meetings. To become more effective, committee members ought to be willing to devote more of their time for auditing [19]. Previous studies also found that the frequency of meetings of audit committees is associated with increased quality of earnings. However, researches from Australia found that no significant evidence of association between the frequency of meetings and qualitative financial reporting [20]. Thus, the total number of meetings depends on the company's terms of reference and the complexity of the company's operation. On the other hand, Malaysian Code on Corporate Governance (2000) suggests that at least three or four meetings should be planned to correspond to the audit cycle and the timing of published annual reports in addition to other meetings in response to circumstances that arise during the accounting year. Another study found that audit committee meeting frequency is another significant mechanism, which affects qualitative financial reporting [21]; [22]. The main functions during the audit committee meeting is overseeing the firms' financial reports, internal accounting control, the audit process and more recently, its risk management practices. In order to pursue these functions, audit committee is to meet regularly with the external and internal auditors to review the financial statements, audit process and internal controls of the firm.

Audit committee independence

An indispensable attribute of an effective audit committee is independence from management. By providing an independent source of counsel to the board, Audit Committees play a key character in an organization's governance configuration. An independent audit committee member is a person who is not employed by or providing any services to, the organisation beyond his or her duties as a committee member. Independence of Audit Committee helps to ensure that management is transparent and will be held answerable to stakeholders [23]; [24]. The expectation is that independent Audit Committee members will be more objective and less likely to ignore possible deficiencies in the misappropriation and manipulation of financial reporting. [25] found evidence to sustain this interpretation within the perspective of financial reporting misstatements.

Qualitative financial reporting

The global increase in accounting scandals has pointed to weaknesses in financial reporting quality. Extreme lapses in financial reporting quality lead to loss of investment as well as loss of investors' confidence in financial reporting systems of companies. Based on these crises, there have been convergence and harmonization of accounting standards in order to ensure high quality disclosures in the financial statements of companies. Thus it is of paramount importance that qualitative financial information is provided to users as this influences investment decisions as well as enhances market efficiency. Thus, this is in consonance with the report of IASB (2008) that high quality financial reporting information positively influences capital providers and other stakeholders in making investment, credit and similar resource allocation decisions which enhances market efficiency. Therefore, the quality of financial reporting depends to a large extent on the effectiveness and efficiency of accounting standards.

According to IASB (2008), the essential principle of assessing the financial reporting quality is related to the faithfulness of the objectives and quality of disclosed information in the companies' financial statements. As it is defined in IASB conceptual framework, there are agreed upon qualitative characteristics of financial reporting. These qualitative characteristics are subdivided in fundamental- relevance and faithful representation, and enhancing – understandability, comparability, verifiability and timeliness. These qualitative characteristics facilitate assessment of the useful of financial information as well as distil element of misleading information. Thus the emphasis is on transparent financial reports and not misleading financial information; not to mention the importance of preciseness and predictability as indicators of high financial reporting quality [25].

Although both FASB and IASB stress the importance of quality financial reporting, one of the key problems found in prior literature is how to operationalize and measure financial reporting quality. Some studies measure the quality through influences on financial reports. Most of those influences include earnings management, corporate governance practices, capital markets, internal reporting systems, accounting standards, company reputation, accounting conservation, financial restatements etc [26]. However, this study measured financial reporting quality using discretionary accruals derived from modified [27] model bearing in mind that financial reporting comprises both financial and non-financial reporting information. Previous researches revealed that Jones model is frequently used to measure discretionary accruals as a proxy for financial reporting quality [7]; [8]; [9]. In a situation where managers apply judgment in financial reporting, discretionary accruals model as a measurement tool for reporting quality becomes desirable [12].

Empirical review

[17] examined the influence of audit committee attributes on the quality of financial reporting. They adopted content analysis methodology using the researcher constructed measurement checklist to extract data from audited

annual reports of the selected banks for the period 2006-2013. They employed correlations and regression analysis to analyze the data as well as test the hypotheses. They found out that audit committee independence, audit committee size and existence of written charter significantly influence quality of financial reporting of banks in Nigeria .

Similarly, [19] evaluated the impact of audit committee attributes on financial reporting quality of Nigerian quoted companies. Data were derived from annual reports of 131 quoted Nigerian companies over the period of 2006-2012. Data were analyzed using descriptive correlation and ordinary least square regression. The findings showed that each of the audit committee attributes, namely; audit committee frequency of meetings, audit committee financial literacy, audit committee independence, audit committee size and audit committee meeting attendance had positive and significant effect on financial reporting quality. They recommended that in order to strengthen the impact of financial literacy on financial reporting quality, training and seminar should be arranged for audit committee members. They also recommended that Securities and Exchange Commission should put in place a regulation which ensures that audit committee members maintain at least an attendance level of 85% for them to be retained for the following financial year .

[1] also investigated the effect of audit committee characteristics on the quality of financial reporting of Nigerian listed firms. They employed multivariate regression analysis with a sample size of 101 companies for the period 2010-2014. The adopted [8] model to examine the monitoring mechanisms on the quality of financial reporting. The result showed that audit committee share ownership and financial experts are positively and statistically significant indicating that audit committee mechanisms influence financial reporting quality in Nigeria. They recommended that regulatory bodies in Nigeria should mandate all the board of directors' representatives in audit committees to be non-executives, while making a combination of financial and industrial expertise replace financial literacy to further improve the quality of financial reporting .

In the same vein [24] evaluated the impact of audit committee on financial reporting quality in Nigeria quoted companies. Data for the study were derived from annual reports 0f 131 companies in quoted on the Nigeria Stock exchange for the period 2006-2012. Data were analyzed using descriptive statistics as well as OLS regression. The multivariate regression technique was utilized to estimate the model. The findings revealed that audit attributes which are frequency of meetings, financial literacy, audit committee size and attendance at meetings have positive effect on reporting quality

[26] conducted a study on the audit committee characteristics and financial reporting quality in Nigerian listed companies. The study employed multivariate regression analysis with a sample size of 101 and firms-year longitudinal panels of 505 observations of non-financial listed companies on Nigerian Stock Exchange for the period 2010 to 2014. The results showed that control variables; company age and company size are statistically significant. Audit committee share ownership, and financial expertise are positive and statistically significant, indicating that audit committee monitoring mechanisms influence the financial reporting quality of listed nonfinancial firms in Nigeria. Regulatory bodies in Nigeria should mandate all the three board representatives on audit committee to be non-executive directors, while making a combination of financial and industrial expertise replace financial literacy to further improve the quality of the financial reporting. [11] on the other hand, focused on audit committees and how they affect financial reporting in Nigerian companies. The study examined whether audit committees are associated with improved financial reporting quality for a sample of Nigerian listed companies prior to and after a corporate governance code mandated new regulations for audit committees in 2003.. The results indicated that formation of audit

committees was positively associated with improved financial reporting quality. It was also found that audit committees having an independent chairman and audit committee expertise were positively associated with financial reporting quality. Other audit committee characteristics examined were found to be insignificantly related to financial reporting quality .

[27] further conducted a study on audit committees and financial reporting quality. The study examined the impact of audit committee characteristics on financial reporting quality in the context of a large sample of UK companies over the period 2007-2010. The notion of financial reporting quality was assessed by looking at the audit quality and earnings quality of the firms. This study utilized the audit fee and non-audit fee ratio as its proxies for audit quality and accruals based earnings management models as its proxies for earnings quality. The findings from the multivariate analysis showed that that audit committees meeting three or more times per year and fully independent audit committees exert a significant positive impact on the quality of reported earnings. [27] study focused on the impact of audit committee characteristics on financial reporting quality in the context of a large sample of UK companies over the period 2007-2010. The current study focused on effect of audit committees on quality of financial reporting of quoted banks in Nigeria

[4], on the other hand, focused on audit committees and how they affect financial reporting in Nigerian companies. The study examined whether audit committee is associated with improved financial reporting for a sample of Nigerian listed companies prior to and after corporate governance code new regulation for audit committees in 2003. Using a sample of 70 companies listed on the floor of Nigerian stock exchange, the study used archival data in the form of annual reports to measure the association between audit committees and improved financial reporting quality. The results indicate that foremation of audit committees is positively associated with improved financial reporting quality .

[10] focused on the audit committee characteristics and financial reporting quality. The study employed multivariate regression analysis with a sample size of 125 and firms-year longitudinal panels of 725 observations of non-financial listed companies on Nigerian Stock Exchange for the period 2010 to 2014. The study adopted [4] model to examine the monitoring mechanisms on the quality of financial reporting. The results showed that control variables; company age and company size are statistically significant. Financial expertise was found to have a positive and statistically significant effect, indicating that audit committee monitoring mechanisms influences the financial reporting quality of listed nonfinancial firms in Nigeria .

METHODOLOGY

The adopted study ex post facto research design as the data used in the study had already existed and the researcher had no control over the variables. Data used in the analysis were secondary data obtained from the financial statements of the sampled banks for the period of 2009 – 2018. The population of the study consisted of 13 listed commercial banks on the Nigerian stock exchange and these are First bank Nigeria Plc, Zenith bank Plc, Access bank Plc, Union bank Plc, United bank for Africa Plc, Ecobank Plc Stanbic IBTC bank Plc, Sterling bank Plc, Unity bank Plc, First city monument bank Plc, Fidelity bank Plc, Guaranty trust bank Plc, Wema bank Plc. The sample size was determined using Taro Yamane formula and this is given as;

$$n = \frac{N}{1+N(e)^2}$$

Where n = Sample Size
N = Population
e = Level of Significance
1 = Constant

$$n = \frac{13}{1+13(0.05)^2}$$

$$= \frac{13}{1+13(0.0025)}$$

$$= \frac{13}{1+0.0325}$$

$$= 13$$

$$\frac{1.0325}{\therefore n = 12}$$

The sampling technique adopted in order to select the 12 banks was simple random sampling technique. The technique was chosen because all the banks had equal chances of being selected.

The methods of data analysis used in this research work were descriptive statistics, correlation analysis and ordinary least square regression technique. The statistical software employed for the data analysis was STATA V.13.

Model specification

The relationship between the variables of the study is represented in the model below;

FRQ =f(ACAt)

$Dac = a_o + b_i acs_{it} + b_2 ac_{it} + b_3 aci_{it} + e_o$

Where;

FRQ = Financial reporting quality

ACAt = Audit committee attributes

Dac = discretionary accruals (proxy for financial reporting quality)

a_o = constant

acs = audit committee size

acm = audit committee frequency of meetings

aci= audit committee independence

b_1-b_3 = unknown coeffiecient of the variables. It is expected that b_1-b_3<0

e_0 = stochastic error

Discretionary accrual was adopted from modified Jones (1991). It is determined as the residual difference between TAC(total accruals) and NDAC(non-discretionary accruals)

Table 1: Operationalization of variables

Variable	Measurement	Source
Dependent		
Quality Financial Report	Discretionary Accruals	Zhou and Chen (2004)
Independent Variable		
Audit Committee Size	Number of members of the audit committee	Ali et al., (2012)
Audit Committee Frequency of meetings	Meeting frequency is measured as number of meetings held annually by the audit committee.	Zhou and Chen (2004)
Audit Committee Independence	Audit committee independence is measured as the number of non-executive directors on the audit committee.	Zhou and Chen (2004)

DATA PRESENTATION

The data used in the study are presented below:

Table 2: Descriptive statistics

summarizeacsaciacm qua

Variable	Obs	Mean	Std. Dev.	Min	Max
acs	153	6.045752	.4029475	4	9
aci	153	.4996732	.0535259	.33	1
acm	153	4.248366	.912494	1	7
dac	142	-.0743732	.1460888	-.664	.72

From the table above, it is observed that the quality of financial reporting measured in term of discretionary accruals of listed commercial banks in Nigeria has a mean of -0.0744 with standard deviation of 0.1461, signifying

that the quality of financial reporting as measured by discretionary accruals (DAC) is 7% on average and thus deviate from both sides of the mean value by 15%. The minimum and maximum values of quality financial reporting during the period are -0.664 and 0.72 respectively. Also observed, the tables shows that on the average audit committee meeting (ACM) during the period of the study is 4.2484 times with standard deviation of 0.9125. This implies that the deviation from the mean is 91.25%; the minimum and maximum meetings during the period are 1 and 7 times respectively. The table also indicate that the minimum and maximum values of the audit committee size (ACS) are 4 and 9 members respectively, with the mean value of 6.0458 and standard deviation of 0.4029. This indicates that the (ACS) of the sampled banks deviate from both sides of the mean by 40.29%. Audit Committee independence (ACI) on the average is 0.4997, and the standard deviation is 0.0535. The minimum and maximum values are 0.33 and 1 respectively.

Table 3: Data normality test

swilkroaacmacs mown fsize

Shapiro-Wilk W test for normal data

Variable	Obs	W	V	z	Prob>z
acs	153	0.91046	10.597	5.357	0.00000
aci	153	0.72829	32.157	7.876	0.00000
acm	153	0.97068	3.470	2.823	0.00238
qua	142	0.83453	18.371	6.580	0.00000

Table 3 reveals results for normalcy of distribution of response variables. Shapiro technique tests the null hypothesis (that the data is normal), that is, the variables came from a normally distributed population. The results from table above indicate that the data from response variables are not normally distributed, because the P-values are statistically significant at 5% and below.

Table 4: Variance inflation factor (VIF) test

. estatvif

Variable	VIF	1/VIF
aci	1.19	0.841456
acs	1.19	0.841525
acm	1.00	0.999527
Mean VIF	1.13	

The variance inflation factor was carried out as a robust test for the existence of multi-collinearity among the explanatory variables under consideration. As observed form the table the mean of the variance inflation factor is 1.13 suggesting that there was no unacceptable level of multi-collinearity in the data set. This is in consonance with Gujarati (2003), who stated that there is no consequence of multi-collinearity if the mean VIF is less than 10.

Table 5: Test for heteroscedasticity

```
. estathettest
Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
        Ho: Constant variance
        Variables: fitted values of qua
chi2(1)      =     0.03
Prob>chi2  =   0.8693
```

From table 5. It is observed that the Chi2 value of 0.8693 is greater than 0.05. This suggest that there is the presence of Heteroscedasticity.

Analysis of data

This section analyzed the data generated for this study. As noted earlier, Correlation matrix and Regression analysis were carried out as presented below:

Table 6: Correlational matrix

```
correlateacsaciacm qua
(obs=142)
             |   acsaciacmdac
-------------+---------------------------------
acs |   1.0000
aci|  -0.3980   1.0000
acm |   0.0170  -0.0192   1.0000
dac |   0.0981   0.0892  -0.1554   1.0000
```

Table 6 indicates a significant positive relationship between the audit committee size (ACS) and the quality of financial reporting of the sample banks, from the correlation coefficient of 0.0981, which is statistically significant at 5% level of significance. The result indicates that the quality of financial report increases as the size of the audit committee increases during the period of the study. Additionally, the table indicates that there is a significant positive relationship between quality of financial report and the frequency of audit committee meetings (ACM), from the correlation coefficient of 0.0170 which is statistically significant at 1% level of significance. This suggests that quality of financial report increases as holding meetings by the audit committee increases during the period under review. Audit committee independence is found to be negatively correlated to Quality of Financial report measured in terms of Discretionary Accruals (DAC) with a coefficient of -0.3980. This is statistically significant at 5%.

Table 7: Regression analysis

```
. regressdacacsaciacm
      Source |       SS         df       MS      Number of obs   =       142
-------------+------------------------------   F(3, 138)       =      2.59
       Model |  .160310149       3  .053436716   Prob> F         =    0.0555
    Residual |  2.8489011      138  .020644211   R-squared       =    0.0533
-------------+------------------------------   Adj R-squared   =    0.0327
       Total |  3.00921125     141  .021341924   Root MSE        =    .14368
------------------------------------------------------------------------------
         dac |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
         acs |   .0573763   .0322758     1.78   0.003    -.0064427    .1211953
         aci |   .4296456   .2583966     1.66   0.002     -.081283    .9405741
         acm|  -.0242469   .0129395    -1.87   0.063    -.0498321    .0013384
       _cons |  -.5339558   .2798155    -1.91   0.058    -1.087236    .0193244
```

Findings

From the regression results, the size of the audit committee (ACS) of the sample banks in Nigeria has significant positive effect on the quality of financial report (DAC), from the coefficient of 0.0574 with t-value of 1.78 which is statistically significant at 5% level of significance (p-value of 0.003). This implies that an increase in the size of audit committee by one member increases quality of financial report, suggesting that the larger the size of the committee, the better the quality of financial report. The results of the model imply that the size of the audit committee significantly improves the financial reporting quality of the banks during the period of the study. Based on these outcome, the study rejected the null hypothesis and accepted the alternative which states that audit committee size has effect on qualitative financial reporting.This result supports the findings of [9]; [10]; [11], but inconsistent with findings of [5].

Similarly, the regression results above show that Audit Committee Independence (ACI) of the sample banks in Nigeria has significant positive effect on the quality of financial report.This is viewed from the coefficient of 0.4296 with t-value of 0.166 which is statistically significant at 5% level of significance (p-value of 0.002). Based on these evidences, the study rejected the null hypothesis and accepted the alternative which states thatwhich states there is a relationship between audit committee independence and qualitative financial reporting. The study infers that audit committee independence has a significant positive influence on the quality of financial reporting in Nigeria. This is in agreement with the studies of [23]; [24]; [25], but does not support the findings of [26].

In the same vein, audit committee frequency of meeting (ACM) of the sample banks in Nigeria has negative effect on the quality of financial report (DAC), from the coefficient of -0.2425 with t-value of -1.87 which is statistically insignificant at 5% level of significance (p-value of 0.063). This suggests that the frequency of audit committee meeting does not significantly improve the quality of financial reporting. Based on these evidence, the study rejected the alternative hypothesis and accepted the null hypothesis, which states that there is no relationship between frequency of audit committee meeting and qualitative financial reporting. This is in agreement with the studies [11] but contradicts the findings of [14]; [15]; [16].

CONCLUSION AND RECOMMENDATIONS

Investors most at times monitor the progress and performance of their investments through the disclosures made in the companies' financial statements. Thus, the quality and credibility of financial reports and disclosures made by the directors is of paramount importance especially to banks who are the major custodian of peoples' funds. In order to protect the investors and restore confidence in financial reporting, both national and international regulatory agencies in their corporate governance code, require the formation of audit committees to oversee companies financial reporting as well as monitor audit processes. On the whole, the findings of this study reveal that well constituted as well as independent audit committees significantly influence financial reporting quality. Though audit committee frequency of meeting in this work seem not to have at on qualitative financial reporting, but this does not mean that regular meeting by the audit committee members should not be encouraged.Hence, based on these findings, this study concludes that audit committee attributes significantly influence qualitative financial reporting of Nigerian banks.

Therefore, based on the foregoing the study recommends that in order to elicit the best in terms of effectiveness and efficiency, management should not meddle into the affairs of the audit committees so that they can achieve independent and unbiased judgement in their operations. In addition to this, Nigerian banks should ensure that their audit committee members comply with all the provisions of Securities and Exchange

Commission Code as well as provisions of CAMA concerning their workability. More so, audit committee members should as a matter of necessity, update their functionality through regular trainings in order to meet up world class benchmark as what is obtainable in more developed economies. However, this work has some limitations, and thus other researches should focus on other sectors other than banks.Also effects of other attributes of audit committee other than the ones used in this study should be investigated.

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