http://www.inosr.net/inosr-arts-and-humanities/
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INOSR ARTS AND HUMANITIES 6(1):180-204, 2020

International Network Organization for Scientific Research ISSN: 2705-1676

Determinants of Disclosure of Key Audit Matters: Post Period of IAS 701 in Nigeria

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ABSTRACT

The study is on the determinant of disclosure of key audit matters in post period of ISA 701 in Nigeria. This study applied firm size, firm age, leverage, and auditors' gender to see if they are the determinant of disclosure of Key Audit Matters KAM. To achieve this, the study utilized a pooled research design which is a combination of both cross-sectional and time-series design properties. The secondary data was sourced from annual reports from the Nigerian Stock Exchange (NSE). The population of this study consists of all listed quoted on the Nigeria stock exchange as at 2018, and a sample size of fifty six (56) companies that disclosed the key audit matters in their annual published reports for the period (2017-2018) was randomly selected and used for the study. Methods of Data Analyses were Descriptive Statistics, Correlation Analysis and Multiple Regression. The result found that the R-Squared value shows that about 34% of the systematic variations in the dependent variable in the pooled companies over the post period of IAS 701 in Nigeria were jointly explained by the independent variables. Other findings also show that the explanatory variables of the study: Firm size and audit gender have a negative insignificant relationship with KAM; while Firm age and leverage has a positive significant relationship with the disclosure of KAM. The study concludes that firm size and audit gender are not contributing to the level of the disclosure of KAM, while firm age and leverage contribute to the disclosure of KAM in the pooled companies in the post period of ISA, 701 in Nigeria. The study recommends that firm size and leverage contribute to the disclosure of KAM for proper decision making.
Keywords: Audit Matters, Firm Size, Audit Gender, Leverage, Firm Age

INTRODUCTION

[1] stated that accounting profession has been hit by two major crises at the turn of the 21st century. He continued that the first hit was in 2001 after the collapse of Enron and WorldCom2; while the second, which followed suit was Global Financial Crises (GFC) of 2008-2009. This crisis [2], observed that it was risk management failure that was the determining character of the global financial crisis. That financial crisis has brought with it a number of challenges for global economies. The impact of the crisis on the survival of regional blocks has attracted much attention in international circles [3].

One can rightly observe that the financial crisis has its root from the failure of the sub-prime mortgage market as a result of improper fraud management in the USA. Fraud and other key operating factors contributed to the economic crises of 2008 which includes the existence of a highly innovative and deregulated global financial system, rising assets prices and readily available credit. Many opinions attribute the main cause of the global financial crisis to the lack of appropriate and effective regulatory framework in developed countries. Others have suggested ethical failings of highly powered bankers and business persons'

insensitivity in fraud in the USA [4]; [5]; [6]. This problem was complicated by the existence of an integrated and interconnected global community which reflected the vulnerability and openness of world economies to contagious risks and shocks today [7].

This was viewed as dramatic accounting frauds that had been revealed in the crisis and the work of international audit firms involved in the scandal was strongly criticized. Upon this crisis, these companies were at first given an unqualified audit report or known as "clean audit report" but finally they were found to have bad financial condition until bankruptcy was inescapable. The public were questioning to the auditor the extent of what had happened, the main cause of the crisis and also the role auditor had played in the collapse of world markets, and what was going to be done to solve the problem. These audit failures of companies in various countries since the early 21st century and the financial crisis in 2008 have further urged financial statement users, also regulators and national standard setters to address the auditor's role in early warning signaling and in the provision of additional insights into audited financial statements.

Several efforts have been made both internationally and locally to curtail corporate financial failures by improving accounting and auditing standards. Official Anti-Fraud and regulatory bodies have been formed and recognized internationally to regulate, supervise and investigate organizations and their financial activities [8] In Nigeria alone, several legislations were put in place to reduce and to alleviate and if possible to eradicate the occurrence and incidences of financial fraud and audit failures in the industry [9].

Many researches in auditing have been focused more on audit quality and audit reporting. [10] was of the view that audit quality and audit reporting have a long history because audit quality is the core of the audit market. The audit report purpose has no value if the public has no confidence in it [11]. In another way, audit quality is crucial for regulating bodies, stakeholders and also an evidence that a trustworthy financial reporting is essential for a reliable operation of the stock market. Many stakeholders' opinions have been that audit report provides little informational value and hence they want the existing standards to be revised.

In other to address the stakeholders' dissatisfaction as regards to the current auditor report, in January 2015, the International Auditing and Assurance Standards Board (IAASB) released its most significant standard, a new International Standard on Auditing (ISA) 701 (1). After three years of development through interactions between auditors, policymakers and users worldwide, IAASB in January 2015, released the new audit report, which includes a set of standards that are likely to be game changing for stakeholders and the auditing profession (PWC, 2015). The new ISA, 701 intends to highlight the most significant entity-specific issues based on the auditor's evidence and work carried throughout the audit process in order to provide more relevant information to the users of the report (IAASB, 2015a). The Standard is considered to be at the heart of the enhancements to reduce the existing audit gaps.

It was the standard that requires auditors of listed companies to list key audit matters (KAMs) in the audit report. Key audit matters KAM are those matters that, in the auditor's professional judgment, are significant and requires auditors' attention in carrying their assigned audit work. KAMs are selected from matters communicated with those charged with governance and are determined by taking into account areas of higher risk; significant auditor judgments; and the effect on the audit of significant events or transactions [12]. The recent inclusion of the KAMs in the auditors' report is expected by regulators to enhance the

value of the audit and be useful to the stakeholders.

It has been observed that the IAASB established an Auditor Reporting Implementation Working Group to promote awareness and aid understanding and support. The board has performed extensive outreach across numerous jurisdictions to encourage its stakeholders adopt and support effective implementation of the standards. The Working Group has been monitoring activities globally regarding the adoption of the standards, including early adoption. There are also some jurisdictions that are encouraging, or mandating, more extensive application of ISA 701, i.e., the inclusion of KAM for entities other than listed entities. In a country like South Africa it is required the communication of KAM for entities in certain industries such as medical schemes, collective investment schemes, and managers of collective investment schemes, as well as for entities in the public sector, and a place like New Zealand has extended the requirement to entities with higher public accountability. Also, the EU 2014 Regulation, Specific Requirements Regarding Statutory Audit of Public-Interest Entities, has taken effect for June 2017 year ends and applies to audits of public interest entities. It requires a description of the most significant assessed risks of material misstatement as well as a summary of the auditor's response to those risks and, where relevant, key observations arising from those risks and reference to the disclosure in the financial statements, [13].

These changes in the audit report are aimed to reduce information asymmetry - the gap between the information the investors want to obtain from the audit report and the disclosure of the company and the audit report.

Statement of the Research Problems

The adoption of Key Audit Matters in Nigeria was made known to Nigeria Stock Exchange as thus, "Please be advised that the Financial Reporting Council of Nigeria (FRC) has announced 15 December 2016 as the effective date for the implementation of ISA 701 – "Auditor's Responsibility to Communicate Key Audit Matters in the Auditor's Report" for all companies listed on The Nigerian Stock Exchange ("The Exchange"). The purpose of this Circular is to provide listed companies with information about International Standard in Auditing, ISA 701. The ISA 701 deals with an auditor's responsibility to communicate key audit matters in the Auditor's report. It is intended to address the following matters: (a) Auditor's judgment as to what to communicate in the Auditor's report; (b) The form of such communication; and (c) The content of the communication, (FRC, 2016)

The new implementation of KAMs provides a needful academic search to investigate and verify whether the disclosures of KAMs are as anticipated by regulators and standard setters. Several works have been done in KAMs, but to the best of our search, we did not find any evidence of work done on this theme KAMS in Nigeria setting. Our work is centered on the determinant of key audit matters KAMs in Nigeria perspective.

Therefore, this study aimed to investigate the determinant of the implementation of ISA, 701 (KAMS) and the usefulness to investors in line with the regulators' expectation. This study is expected to make significant contributions to the existing auditing theoretical development and auditing practice.

Objective of the Study

The main objective of this study is the determinant of the disclosure of Key Audit Matters KAMS in Nigeria perspective. The specific objectives of this study are to know whether:

Firm Size is a determinant of disclosure of key audit matters in Nigeria perspective;

Auditors' gender is a determinant of disclosure of key audit matters in Nigeria perspective;

Firms' age is a determinant of the disclosure of key audit matters in Nigeria

perspective; Leverage is a determinant of disclosure of key audit matters in Nigeria perspective.

Research Questions

The following research questions were asked to guide this work:

Is firm size a determinant of disclosure of key audit matters in Nigeria perspective?;

Is auditors' gender a determinant of disclosure of key audit matters in Nigeria perspective?;

Is Firm age a determinant of disclosure of key audit matters in Nigeria perspective?;

Is Leverage a determinant of disclosure of key audit matters in Nigeria perspective?

Hypotheses of the Study

Firm size is not a determinant of disclosure of key audit matters;

Auditors' gender is not a determinant of disclosure of key audit matters;

Firm age is not a determinant of disclosure of key audit matters; and

Leverage is not a determinant of key audit matters

Significance of the Study

This study will be beneficial to investors because it will help them to know the values of their investment in firms; Policy makers will have more confidence in the reported financial statement as it will be more reliable based on the disclosure; the study will increase management financial reporting standard possibly assist to restore investors trust on companies' published financial reports; and finally, the rich literature reviews and the findings will be useful to researchers.

CONCEPTUAL FRAMEWORK

Key Audit Matters KAM

The International Standards on Auditing (ISA), 701 stated the Auditor's Responsibility to Communicate Key Audit Matters (KAM) in the Auditor's Report. The Financial Reporting Council of Nigeria (FRC) announced 15 December 2016 as the effective date for the implementation of ISA 701 – "Auditor's Responsibility to Communicate Key Audit Matters in the Auditor's Report" for all companies listed on The Nigerian Stock Exchange. The purpose is to provide listed companies with information about ISA 701.

What then is ISA 701? ISA 701 deals with an auditor's responsibility to communicate key audit matters in the Auditor's report. It is intended to address the following matters: a. Auditor's judgment as to what to communicate in the Auditor's report; b. the form of such communication; and c. The content of the communication.

What does ISA 701 apply to? ISA 701 is applicable in three situations, as follows: a. The first is audits of complete sets of general purpose financial statements of listed entities such as year-end audits of companies; b. The second part is when the Auditor otherwise decides to communicate key audit matters in the Auditor's report; c. The third is when the Auditor is required by law or regulation to communicate key audit matters in the Auditor's report.

Are there any exceptions to applicability of ISA 701? Yes. ISA 705 (Revised) prohibits the Auditor from communicating key audit matters when the Auditor disclaims an opinion on the financial statements, unless such reporting is required by law or regulation, (Listings Regulation Department, 2016)

Key Audit Matters (KAM) are defined as "Those matters that, in the auditor's professional judgment, were of most significance in the audit of the financial statements of the current period. Key audit matters are selected from matters communicated with those charged with governance." [14] said that Key auditing matters refer to those matters that the certified public accountant considers to be the most important for the audit of the current financial statements according to professional judgment. Key audit matters are selected from matters communicated with governance. [15] said that "Key Audit Matter refers to the matter that certified public accountants consider to be the most important matter of the current financial statements based on professional judgment, and the key auditing matters are selected from the

matters communicated between certified public accountants and managers." (Certified Public Accountants Auditing Standards No. 1504 - Communicating key audit matters in the audit report).

In simple words, Key audit matters are those matters that, in the auditor's professional judgment, were of most significance in the audit of the financial statements of the current period. The significant matters are communicated to those charged with governance by auditors on quarterly/six monthly basis in the audit committee meetings during limited reviews. However, most significant matters out of those matters can be Key audit matter. The need to communicate Key audit matter has aroused to get rid of the uninteresting audit report format. The inclusion of Key audit matter will make the audit report more interesting, transparent and will capture the attention of the readers of the financial statements towards the matters that were significantly important in the professional judgment of the statutory auditor of the company, (Fiona Campbell, ACCA).

[16], observed in auditor reporting standards implementation key matters that One significant change with the Auditor Reporting standards is the new International Standard on Auditing (ISA) ISA 701, Communicating Key Audit Matters in the Independent Auditor's Report. The ISA applies both to audits of financial statements of listed entities and in circumstances when the auditor otherwise decides to communicate key audit matters in the auditor's report. This ISA also applies when the auditor is required by law or regulation to communicate key audit matters in the auditor's report. It may therefore be relevant to different sized entities and all practitioners, including small- and medium-sized practices. The standard is intended to address both the auditor's judgment as to what to communicate in the auditor's report and the form and content of such communication. The purpose of communicating key audit matters is to enhance the communicative value of the auditor's report by providing greater transparency about the audit that was performed.

The major aim of KAM is to improve the information asymmetry of value of audit report. There are many literature studies on whether the reform of audit report and the disclosure of key audit matters can improve the incremental value of information. For instance, [17] investigated listed companies that disclosed key audit items in 2015-2016 as the main research object, and found that the cumulative excess return of companies that disclosed key audit items before and after disclosure was significantly higher than that of companies that did not disclose. This thus indicates that key audit items improved the communication value of audit reports. But there are, some literature studies that have found that disclosure of key audit matters does not necessarily improve communication value and incremental information. [18] understudied the disclosure of material misstatement risk required by the UK as the background, and found that since most of the risks had been known by investors through other channels before disclosure, investors could not find the information increment of the disclosure of material misstatement risk in both short and long window periods. This study found that the disclosure of material misstatement risk failed to improve the information value. Again, [19] found that the pilot results of China's audit report met expectations. The new audit report helps to increase information content and improve audit transparency, and also embodies practical innovation in the form and method of disclosure.

In relation to KAMs, questionnaire study was used. Through questionnaire surveys, [20] argued that the possibility to change investment decisions should be higher when an audit report including key audit matters is presented compared to when the existing audit report is presented, and that the possibility to change investment

decisions would be higher when some contents are disclosed as key audit matters, compared to when the same contents are disclosed as notes on financial statements.

There are other literatures that support that the audit report reform or key audit matters can bring incremental information value and research Analysis on the impact of disclosure on audit quality and audit cost. [21] studied the reform of audit report in the UK, and found that the reform of audit report improves the quality of financial report, but does not cause the increase of audit cost, and affirms the significance of the reform of audit report. [22] was of the view that disclosure of risks alone will not lead to the improvement of audit quality or audit fees, but this conclusion may be because the long-term impact of audit report changes has not been captured. [23] applied 2015-2016 listed A-share companies and found that the audit quality of A-share listed companies sharing auditors with A + H-share companies improved significantly after the issuance of the audit reporting standards for key issues, and the positive impact mainly came from the spillover effect of the common auditors rather than the common accounting firms. [24] found that after the reform of audit report on key audit matters, the level of accrued earnings management decreased significantly and the audit quality improved.

More studies on the impact of disclosure of key audit matters on investors, company managers and other subjects: [25] found that, compared with companies that did not disclose key audit matters, A + H-share companies' earnings value relevance decreased significantly after disclosing key audit matters, indicating that the incremental risk information provided by key audit matters attracted investors' attention, enhanced investors' perception of earnings uncertainty, and reduced investors' dependence on earnings in decision-making [26] found that disclosure of key audit matters would make nonprofessional investors give up their investment in the company. [27] discovered that when the audit reporting standards require auditors to disclose key accounting estimates of enterprises, the experimenters (managers) are not willing to share their private information with the auditors. However, when they only discuss the disclosure of audit procedures, they will not have a negative impact on communication. [28] studied the method of eye movement tracking to find that the disclosure of key audit matters will play a guiding role, making the users of audit reports pay more attention to the matters disclosed by key audit matters, but may also ignore other important matters. Further, [29] found that when an experienced audit committee member is faced with inexperienced shareholders, they would ask more challenging questions to the management. When key audit matters were disclosed in the audit report, this phenomenon was more significant and this indicating that the disclosure of key audit matters affected the behavior of the audit committee. While [30] confirmed the informational value of KAM disclosure with an online survey of corporate on loan officers, [31] did not find that bank directors' perceptions change as a result of KAM disclosures.

Determinant of Key Audit Matters

[32], stated that in determining KAM, the auditor takes into account the followings:

(a) Areas of higher assessed risk of material misstatement, or significant risks identified in accordance with ISA 315 (Revised), Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment;

(b) Significant auditor judgments relating to areas in the financial statements that involved significant management judgment, including accounting estimates that have been identified as having high estimation uncertainty; and

(c) The effect on the audit of significant events or transactions that occurred during the period.
The description of each KAM in the auditor's report shall include a reference to the related disclosure(s), if any, in the financial statements and will address:
(a) Why the matter was considered to be one of most significance in the audit and, therefore, determined to be a key audit matter; and
(b) How the matter was addressed in the audit.
On the other opinion Campbell said that the determination of Key Audit Matters includes the diligent application of professional judgment by the auditor. The auditor presents few matters in front of the members of the audit committee on a quarterly/six monthly basis. As prescribed by the standard itself, Key audit matters are to be selected from the matters communicated/presented to audit committee throughout the current audit year. The auditor shall determine/select, out of all the matters communicated during the year, those matters that required significant auditor attention in performing the current year audit. The determination of KAM is to be limited to the significant matter of the current year audit even when the auditor's opinion refers to comparative numbers presented in the financial statements. Further, this does not require the auditor to update the KAM included in prior period auditor's report in the current period auditor's report unless the matter is continuing in the current period as well and determined as key matter again in the current year. Following are some matters that usually requires significant audit attention –
a. The significant risk areas i.e. area in which the auditor assesses higher risk at audit planning stage.
b. The matters which poses challenge to auditor in forming an opinion of financial statements.
c. Areas where significant management as well as auditor's judgment is involved like, specialized areas of accounting and auditing where auditor's expert is used.
d. Areas which includes related party transactions and other complex transactions.
e. Areas where audit partner concludes to consult with others on significant technical matter and areas where significant matter arises on review by internal quality control reviewer.
f. Significant event or transactions that occurred during the year and had impacted the auditor's overall audit strategy.
Auditor needs to develop preliminary view on matters that are likely to be significant which would require significant attention and eventually be determined as KAM at planning stage. These potential KAM's to be communicated and be discussed with audit committee and in advance. This study seeks to find out the determinant of KAM.

Firm Size and Key Audit Matters

[33] said that Audit Firm Size is considered the most important determinants of audit choice. The impact is that auditing large clients requires more resources (human and technical), which are usually provided by large audit firms. Another literature pointed out that auditing theories suggest that audit-fee premiums charged by large audit firms can be attributed to their brand name or stronger reputations due to providing distinguished quality services to their clients, [34].
The size of the audit firm is an important factor related to auditor's independence. Audit firm size may give a competitive advantage to big and nationally known audit firms, seeking new clients, [35]. Also, a big audit firm is expected to have resources and ability to give audit service to the large companies listed on the stock exchange [36]. But, a small audit firm is believed to be unable to meet the requirements of the large companies. In other literature pointed out that a small audit firm size dependent more on the client compared with a large audit firm and for small audit firm one client makes a significant contribution to the firm's

total income on one side, and further, small audit firm tends to engages in close relationship with client, and this will tend to mar auditors' independence.

Some scholars have theorized that big audit firms are perceived to have gained tremendous experience for audit quality [37]. Big audit firm like the Big 4 have the incentive to provide uniform level of audit quality in different market segments and thus are inclined to supplying high quality audits. Further, they are also inclined to be less lenient to publicly listed firms due to higher risk of litigation. The main fact is that listed firms' financial statements are usually subjected to more scrutiny by investors, financial analysts and stock market regulators as the probability for audit failure, detection of errors and litigation risks is higher [38]. [39] said that Big 4 auditors are likely to provide significant constraint on earnings management by listed firms; while [40] argued that auditors that are large tend to have more incentives to ensure accuracy of their reports otherwise they are more likely to lose specific rents.

[41] found that a higher number of business segments (complexity) and more precise accounting standards lead to the disclosure of a higher number of KAMs. They also found that a positive association exists between the audit fee and the number of KAMs disclosed. [42] reported that companies employing auditors that tend to provide more detailed audit reports have more significant reductions in information asymmetry. [43] reported that auditor and client characteristics are determinants of the number of KAMs disclosed and, moreover, determine the type of KAMs disclosed in the audit reports. [44] found that the mean value of BIG4, which is 0.5446, shows that about 54.4% of the final samples are audited by BIG 4 auditors. The mean value of MK, which is 0.5379, shows that about 53.7% of the final samples are firms listed on the KOSDAQ market of the Korean Exchange report key audit matters.

Auditors' Gender and Determinant of Disclosure of Key Audit Matters

[45] find that male and female-managed funds do not differ significantly in terms of performance, risk, and other fund characteristics. They also found evidence that gender influences the decision making of mutual fund investors. The research about gender difference has become a debate into auditing field. [46] found that firms with female audit committee representation have significantly lower audit fees. From the audit demand perspective, these findings may indicate that female representation on audit committees reduces the need for assurance provided by external auditors. Alternatively, from the supply-side perspective, female representation may decrease audit fees by affecting the auditor's assessment of audit risk.

[47] indicate that there is no difference in industry expertise between female and male audit partners. [48] tested their hypotheses on the basis of a laboratory experiment in which it analyzes the final written exams of 20 female and 20 male future auditors. The findings suggest that women auditors discover more potential misstatements than male auditors, though they analyze the misstatements in a less accurate manner than male auditors. The findings also indicate that women auditors are more risk-averse than male auditors. In gender composition, [49] illustrate how male-dominated teams may, in some contexts, constitute the worst gender composition. They also stated that as the percentage of males on a team increased, there was an exponential increase in the tendency for making decisions that were overaggressive. Then, [50] found that female and male performance differ most in mixed teams with revenue sharing between the team members, as men put in significantly more effort than women. Their data also indicate that women perform best when competing in pure female teams against male teams whereas men perform best when women are present or in a competitive environment.

[51] also found that gender composition has no relation with performance outcomes of the group. This they did by examining the performances of mixed and same-sex dyads on a group assignment for a course 'Financial Statement Analysis and Auditing', [52] confirmed the effectiveness of groups by showing that students performed both better than the mean of their members and than their best member. Comparing dyads' performances (in relationship to their cognitive abilities) they found all-female dyads underperforming vis-à-vis all-male and mixed dyads. It is suggested that the smaller gains for individuals working in all-female dyads resulted as a consequence of the prescriptive nature of gender stereotypes activated in all-female groups working in a traditionally male domain. Auditor gender and audit quality, was found by [53] showing that the auditor gender significantly affects audit quality. More precisely, the empirical analyses demonstrate that the client firms of female auditors' report the higher magnitude of income decreasing accruals indicating that female auditors are more conservative than their male colleagues.

There are literatures that show the differences in brain and physiological structures inherent in men and women that result in significant differences in thinking, psychology, behavior patterns, emotional cognition, and expression. They show differences in the social gender roles between men and women as found by [54], [55], [56]; and differences in management decisions and behaviors such as financing, investment, mergers, acquisitions, and financial fraud as stated by [57], [58], [59], [60]. These studies found that company decision-making by female executives differs significantly from that of male executives, but the conclusions were inconsistent. However some other studies found that female executives can lower financing costs as in [61], improve corporate governance as in (Adams et al., 2009), restrain overinvestment [62], [63], reduce financial fraud, and possibly promote accounting information conservatism [64], [65], [66], . While other studies found no significant gender differences in the decision and risk preferences of tax avoidance and earning management [67].

Prior studies of gender differences in the audit showed inconsistent conclusions. For instance it was found that female auditors were more prudent in audit work and they provided higher-quality audits than male auditors, see [68], [69], [70], [71]; [71] there are also others who found no significant differences between female and male auditors [5], [6], [7]. More studies also found that the audit quality of male auditors was higher than that of female auditors as in, [14], [15], [16], [17], [18], [19].

The work of [24] showed that female audit partners processed information more efficiently than male audit partners in a complex audit task and further found that male audit partners showed more accurate audit judgment than their female partners. In the same manner, [5] found that female auditors processed information more efficiently under a highly complex analytical procedure task and that male auditors processed information more efficiently under a less complex procedure task. Another research by [11] on whether the client's gender and the auditor's gender affected the auditor's judgment. The result indicated that male auditors' judgments were more accurate than those of female auditors; but as compared with female clients, male and female auditors are more interested in male clients, but female auditors were more prominently affected by male clients. Male clients were more likely than female clients to persuade auditors to adjust their original accounting entries. [20] noted that female auditors can discover more misreporting and that male auditors show greater accuracy in judging misreporting. [35] found that the financial statements audited by female auditors had less absolute abnormal accrual and that female auditors could

constrain the clients' earning management upward and downward. These findings indicate that female auditors may be the constraint mechanism for earning management. [33] found that female auditors were more likely than male auditors to publish Going Concern Opinions, and this significant gender difference exists even with important and high-risk clients. However, the findings of [28] were exactly the opposite; they found that female auditors were less likely to publish Going Concern Opinions for companies facing financial distress.
Women usually pay more attention to democratic decision-making and interpersonal relationships, but they can show hesitance and are more susceptible to outside interference. These factors lead women to be less efficient in practice [21], [23], [25]. Finally, [32] found that the auditor gender significantly affects audit quality. More precisely, the empirical analyses demonstrate that the client firms of female auditors' report the higher magnitude of income decreasing accruals indicating that female auditors are more conservative than their male colleagues. [45] stated that gender has a significant influence on the manner in which information is collected and processed. Gender also appears to have a significant effect on the risk profile. The findings suggest that women auditors discover more potential misstatements than male auditors, though they analyze the misstatements in a less accurate manner than male auditors. The findings also indicate that women auditors are more risk-averse than male auditors.

Firm Age as Disclosure of Key Audit Matters

Company age is based on the length of the company already listed on Stock Exchange. In Nigeria company age is the date it was registered in Nigeria Stock Exchange as required by the law and published in the list of Stock Exchange. Age is the length of time during which a being or thing has existed. Firm age is the number of years of incorporation of the company; even though some believe that listing age, should define the age of the company [42]. According to Shumway, listing age is more economical since listing is a defining moment in the company' life. The author's argument was debunked from the perspective of the company as a legal personality [43]. Hence as a legal person, a company is born through incorporation [48]; [49]. Therefore the preference for the year of incorporation is the definition of the age of the company.
According to [57] the positive association is based on the premise that older, experienced and well-established companies are likely to disclose more information because they have established and cost effective reporting systems whereas the negative association on the contrary, signifies that younger companies disclose more information to boost investor confidence and reduce skepticism. [55] investigated the impact of size and age on firm- level performance of 1020 Indian firms. It was discovered that Indian older firms are more productive but less profitable. In the same vein, [59] focused on 200 companies listed on the Istanbul Stock Exchange from 2008 to 2011. The study found a negative relationship between age and profitability. [61] using a sample of Spanish firms from 1998 to 2006 found that firm performance improve with the age of the firm and that older firms have a lower level of productivity. The negative relationship between firm age and profitability may be ascribed to the [63] organismic life cycle analogy that: "like people and plants, organisations have a life cycle…a time of flourishing strength and a gnarled old age when exit becomes almost inevitable". Even though, [67] warned against the rigid application of the organismic life cycle analogy since the life cycle of the organisation cannot be predetermined or predicted with reasonable certainty.
The negative relationship can also be viewed from the perspective of liability of obsolescence in which organizational

performance declines with age (Barnet 1990). The decline has been attributed to environmental drift, resulting from rivalry and competition [8] and organisational inertia – the syndrome of too big or too old to change. Liabilities of obsolescence arise from growing external mismatch with the environment. In the same vein, the liability of senescence may help to explain the negative relationship between age and profitability. Liability of senescence describes the internal inefficiency arising from organisational aging [23].

Some studies have reported a positive relationship between firm age and profitability. [45] used a sample of Spanish firms from 1998-2006 and found that performance increases with age. [70] found a positive relationship between age and profitability. The theory of learning by doing, explains the positive relationship, which posits that as the age of the firm increases, there is the likelihood of improvement in their productive efficiency over time by learning from their experience [63]. [67], stated that "New firms are hampered by their need to make search processes in the prelude to every new problem they counter. As learning occurs, benefits can be obtained from the introduction of a repertoire of problem-solving procedures...eliminating open search from the problem-solving response greatly reduces the labour and time required to address recruitment problem".

The result is consistent with the findings of [6]; [7]; and conforms to the [15] [16] positions on learning by doing hypothesis. The result is at variance with the findings of [21]; [22] who found a negative relationship between firm age.

Prior studies have analyzed the persistence of firm growth. The early studies on firm age and growth like [10]; [11], using mostly data on large manufacturing firms, found that the process of firm growth was characterized by positive autocorrelation. However, results from recent studies have shown ambiguous, with some finding that firm growth is characterized by positive autocorrelation rates [7] and others negative autocorrelation [52]. Some studies like [53], [54] [55] have attempted to clear the confusion on the role played by firm size using quantile regression techniques. Their studies' found that autocorrelation in general is negative for small firms, whereas large firms show positive or no persistence in growth rates. The highest negative autocorrelation was found among the 10% fastest growing firms, making sustained high growth rates a very unlikely growth process. This finding is also supported by [23], [24] [25], who have found that high-growth firms are essentially one hit wonders. However, very few studies have previously investigated whether growth autocorrelation is related to firm age. One exception is [43], who analyzed whether autocorrelation coefficients changed when firms grow older using a panel of Spanish manufacturing firms during 1998-2006. Their results showed that sales growth autocorrelation was positive for firms that were less than 5 years old, but then turned and stayed negative for older firms. However, these authors caution that survivor bias and selection bias could be driving these results, such that young firms with relatively high growth rates were over-represented in their data. [53] investigate the effect of audit firm size and age on the quality of audit work. The sample of the study consists of 201 firms listed in Tehran Security Exchange whose data has been analyzed during 2006 to 2010. The results of regression tests showed that an increase in age and size of audit firms causes a reduction in the use of Accruals items, consequently, increases audit quality. Results suggest that two factors of establishing audit institutions and the number of auditing staffs to separate effects of each factor have significant effect on audit quality.

Leverage as a Determinant of Disclosure of Key Audit Matters

Leverage reflects the company's ability to pay all of its obligations, both in the form of short-term and long-term debt. Financial leverage is the use of certain sources of funds that will result in fixed costs in the form of interest costs. Leverage is the proportion of total debt used to provide an overview of the capital structure of the company so that it can be seen the level of risk of uncollectible debt. Leverage shows the proportion of funding companies that are financed by debt. The higher the leverage of a company means the higher the dependence of the company to its creditors. The source of these funds can be in the form of debt bonds, credit and banks and so on. Financial leverage arises if a company uses long-term debt with fixed interest to finance its investment. Companies with high levels of leverage will have greater financial risk than companies with low levels of leverage [1]. A high degree of leverage brings strong pressure from the debtor to immediately submit financial statements on time [5] as a result the company will present financial statements on time. On the other hand, it is possible that companies with higher leverage ratios will disguise the level of risk, thereby delaying publishing their company's annual report by or extending the period of audit work [71].

The financial leverage measures the level of return sensitivity for each share. due to changes in income before interest and taxes. Leverage ratio is the company's ability to meet its liability. If the company has a high leverage ratio, the risk of loss will increase. Therefore, to gain confidence in the company's financial statements, the auditor will include KAM and prudence in the audit report. This is consistent with agency theory, namely the agency relationship between the principal and the agent. The company will try to provide a large information and KAM about the condition of the company for the understanding of the creditors for credit decision making process. [57] stated that the existence of debt is measured by financial ratios, namely leverage. Companies with a high level of leverage will negatively affect the level of integrity of financial statements due to increased risk associated with debt agreements.

[67] studied factor that affect audit lag using company size, profitability and corporate leverage. The results showed that company size and profitability are variables that can shorten Audit Report Lag. Meanwhile, leverage has not empirically proven to have a significant effect. The findings implies that large companies have better information and technology systems compared to smaller companies so as to strengthen internal control and speed of presentation of financial statements and the disclosure of key audit matters.

THEORETICAL FRAMEWORK

Agency and Signaling Theory and KAM

Agency theory is the agency relationship between one or more people or 'principal' asking another party 'agent' to do some work on behalf of the principal which involves the delegation of some decision making authority to the agent [4]; [5]. Every arising information about companies are likely to be more owned by agents than principals, so that this information imbalance can lead to information asymmetry and cause agency problems. There are situations where shareholders want high profits or increased investment; while management wants adequate compensation in the form of income as a reward. As a result of these differences in interests, a third party is required to function as a mediator between the principal and the agent. Auditors are parties who are considered to be able to mediate between the interests of principals and agents in managing company finances so that the auditors have the function of monitoring the work performed by company management through inclusion of KAM in the financial statements reports and

considering the viability of the company's business. The auditor will evaluate the financial statements made by the agent and the reasonableness of the financial statements. The audit opinion provided by the auditor has been mandated by (ISA 701, 2015) to include KAM and the report can be a measure or consideration for interested parties in assessing the performance of agents in managing the company.

Further, the Signaling theory is based on the assumption that the information received by each party is not the same. This theory is related to information asymmetry which shows information asymmetry between company management with parties concerned with information. This very Theory serves as a signal to reduce information asymmetry between agents and principals, because of this information asymmetry problem, all the company stakeholders require an independent auditors to function as intermediaries in providing information in the form of periodic audit reports. Auditors are the most important part of signal theory because their opinions in the form of audit reports are very important for users of financial statements [71]; [72]. Auditors are the independent professionals who provide opinions about the company's financial statements. The development as regarding the issuance of opinions by independent auditors have been mandated from by {ISA 701 (1), 2015} to include KAM in every period audit opinions, as the opinions will provide a signal for investors to make an investment decisions.

Empirical Reviews

[12] investigate the effect of (KAM) in the auditor's report as required by the new ISA 701. The study considered investment professionals and non-professional investors in the experiments, and tested the communicative value of a KAM section relating to goodwill impairment. The results show that in the condition in which the KAM section suggests that already small changes in the key assumptions could eventually lead to a goodwill impairment (KAM negative condition), investment professionals assess the economic situation of the company to be significantly better as compared to the condition in which the KAM section suggests that only large changes in the key assumptions could eventually lead to a goodwill impairment (KAM positive condition). Finally the study showed that a KAM section has no communicative value, implying that non-professional investors have difficulties with processing the information conveyed with KAM.

[19] investigated if users of audit reports agree with IAASB's proposal to include a new section, Key Audit Matters (KAMs), in the audit report in order to include more information regarding the audit mission, with the aim of improving audit communication. This was achieved by examining comment letters received by the IAASB at the 2013 Exposure Draft and invitation to comment, send by respondents from the European Union. The research found that most of the replies are in agreement with the regulating body's proposals. But, several respondents raised legitimate concerns regarding the implementation process of KAMs, and the effect KAMs will have on audit reporting. The conclusions were that KAMs are an important concept and that their introduction and applicability will have a positive effect in the audit reporting process.

[25] studied the effects of the justification of assessments (JOA), in France since 2003, which are similar to KAM that might be disclosed by auditors around the world in a near future, in order to enhance the informative value of auditors' reports. The results show that the disclosure of additional information by French auditors has very limited effects. Also, the financial market does not react significantly to these JOA. On the other hand, the quality of the audit (proxied by a measure of earnings management), the cost of the audit (proxied by audit fees) and the efficiency of the audit (proxied by

the audit report lag) are not significantly affected by the JOA. Finally, the results confirm the idea that the disclosure of additional information by the auditors rather has a symbolic value than an informative value.

[29] examined whether and how the addition of mandatory paragraphs that highlight Key/(KAMs) in the auditor's report affects users' information acquisition process using eye-tracking technology. They experimentally manipulated the presence of KAMs, their number (one or three KAMs), and their format with the inclusion of an overview of audit procedures performed to address each KAM. They found that KAMs have attention directing impact, in that participants access KAM-related disclosures more rapidly and pay relatively more attention to them when KAMs are communicated in the auditor's report. However, when exposed to an auditor's report with several KAMs, participants devote less attention to the remaining parts of the financial statements, depending on the relevance of the information for the decision task users are less attentive

[32] investigate whether the key audit matters (KAMs) contained in the annual standardized financial statements (SFSs) of Brazilian listed companies have contributed with informational relevance for investors. The analysis, used the event study methodology, which consists of evaluating how information influences the market in a particular period associated with the occurrence of a disclosure event and variation in the sum of the daily abnormal returns of each company on the days that form part of the information disclosure window. They found the consistency of the informative content of the financial statements with KAMs, insofar as the variation in the cumulative abnormal return of the companies analyzed is positively associated with the cumulative returns in the information disclosure window for the SFSs following the adoption of the new independent auditor's report.

[36] examined key audit matters (KAMs), The results of analysis of companies to which KAMs are applied indicated that auditors carried out audits more conservatively for such companies. More so, the result can be interpreted as indicating that, due to the introduction of KAMs, auditors evaluate their risk highly and carry out audits more conservatively in order to reduce the risk.

[39] studied (KAM) and analysed whether auditors perceive that the recent requirement for auditors of listed companies to report KAMs has enhanced the transparency of audit reports or not. The methodology applied detailed interviews with some of South Africa's leading audit experts to highlight their perspective of the impact of KAM on audit reporting and the audit environment. The result found various perceptions of what makes a matter "key", and vary from materiality, to subjectivity and difficulty, as well as incorporating a time-based consideration and found a significant increase in cost and an increase in potential liability, triggering the need for thorough internal risk management policies; and also conclude that KAM has ultimately failed to achieve its goal of greater transparency, with clients virtually ignoring KAM reports.

[43] presents a literature review of 49 empirical studies on key audit matter (KAM) disclosure in audit reports. Five major streams that analyze the impact of KAM disclosure on stakeholders' reactions are focused. Although there are some indications of decreased earnings management behavior, most studies find no significant changes in auditor behavior and there are many insignificant results with regard to shareholders' reaction.

[44] studied an empirical analysis of KAM in the Financial Industry. The study used previous literature and few academic studies following working paper focuses on KAM within European Banks. Basis of the sample are those significant supervised European Banks that are governed by the European Central Bank (ECB), disclosed by the list of supervised

entities published by the ECB as of 1st of January 2018. Reported KAM topics are tested on influential factors for KAM such as bank size and complexity, success, earnings management, region or audit company. The findings provides a deep insight into both, the most relevant topics auditors are dealing with in European Banks and bank specific dependencies and their influence on KAM.

[53] investigated the Impact Generated by KAM on the Application of Audit Procedures. The study used documentary analysis of 16 audit reports related to 8 financial statements without KAM (2015) and 8 financial statements with KAM (2016), as well as the respective working papers, letters of external circulation and workbooks prepared by the audit teams, obtained together with a certain relevant external audit company in the Brazilian domestic market. The study used comparative method and t-Test: two samples in pair for averages was identified strong and positive correlation between the variables tested. The results suggest that the disclosure of the KAM paragraph caused an increase in the procedures performed when comparing the reports between 2015 and 2016.

[51] research on disclosure status and influencing factors of KAM The article used data from listed companies that have disclosed KAM from 2016 to 2018, and uses mean testing and regression research methods to analyze how the characteristics of firms and auditors will affect the disclosure of KAM. The study found that: 1) the number of key audit matters, the length of the text, the length and proportion of digital figures, and industry-specific key audit matters fluctuated significantly from 2016 to 2017 and stabilized from 2017 to 2018; 2) The size of the firm, the audit term, the firm's industry expertise, and the auditor's gender, years of practice, and industry expertise will significantly affect the disclosure of KAM.

[57] made a report on international disclosure of "KAM" This study conducted by the ACCA reports on the results of a year of international reporting of "KAM," the IAASB's analog to "critical audit matters" in the U.S. The study looked at 560 audit reports across 11 countries. According to the study, financial reporting improved following the adoption of KAMs in 2016. Not only did the disclosures themselves provide better information, but the study saw improvements in governance, audit quality and corporate reporting.

[58] examined the investors reaction to the disclosure of (KAMs) as mandated by ISA701, the study's sample consisted of all the (195) public shareholding companies listed in Amman Stock Exchange (ASE) Jodan as at the end of 2017, using a manual content analysis to tracing the auditor practices in reporting KAMs, the final sample consisted of (128) public shareholding companies using the event study test to examine the study hypothesis. The results revealed that the disclosure of KAMs has significantly affected the investors' decisions measured by the abnormal trading volume.

[31] studied the determinants of the magnitude of entity-level risk and account-level risk KAM: The case of the United Kingdom, using 100 companies in the UK during the period 2013–2016. The results showed that Deloitte, EY and KPMG tend to report fewer entity-level-risk KAM (ELRKAM) than PwC, while KPMG and BDO report fewer account-level-risk KAM (ALRKAM) than PwC. In general, the result also shows that auditors of companies that pay higher audit services fees present more ELRKAM and fewer ALRKAM and that client characteristics are relevant to the number and type of KAM included in the audit report; that auditor and client characteristics are determinants of the number of KAM disclosed and, moreover, determine the type of KAM disclosed in the audit reports.

[38] investigated on impact assessment of the introduction of ISA 701 and KAM on the audits of Maltese listed companies. The design used literature and semi-structured interviews and Big Four audit

firms and five listed entities. Findings indicated that the introduction of KAMs adds credibility and informational value to the AR. The auditor's role has been clarified, with the information and expectation gap being minimised significantly through the revised AR and KAMs. The wording used to describe KAMs is essential for the understanding of users, and boilerplate wording is avoided to retain the informational value of such KAMs. Further result were that the majority of the work related to the KAMs was previously being done, however the level of documentation has increased and the concepts of Emphasis of Matter and Other Matter paragraphs should be retained, even though users may not be knowledgeable enough to distinguish between them.

[5] studdied KAMs: A research on listed firms in CEE countries and Turkey. Three CEE countries were chosen according to their economic development levels (Romania, Poland and the Czech Republic) and analyzed for the year ended in 2017 by frequency and cross-table analysis. Result showed that when the manufacturing sector is considered as a whole, both (KAMs) sub-headings and the average number of KAMs showed the most similarity in Turkey and Poland. In a more specific assessment, Turkey bears a resemblance to both Poland and Romania in the "fabricated metal production" sub-sector. The most notable difference in terms of KAMs sub-headings between Turkey and two of the CEE countries (Poland and Romania) is "going concern."

[27] investigates the relationship between the percentage of women on audit committees (WOAC) in UK firms and auditors' disclosures on (KAM) from 2014 to 2015. The results show that firms with a higher percentage of WOAC have higher readability of KAM disclosures as measured by the Flesch reading ease index. The result after modifying the dependent and independent variables, sensitivity tests (Blau index and Fog readability index) also corroborate the expectation that WOAC will lead to greater readability of KAM disclosures, with stricter monitoring activities and greater risk avoidance in the audit committee.

[43] examined the effects of (KAM) disclosures in auditors' reports on auditor liability in cases of fraud and error misstatements using evaluators with audit experience. Result show that the participating auditors assess higher auditor liability when misstatements are related to errors rather than when they are related to fraud. In addition, the results also demonstrate that KAM disclosures reduce auditor liability only in cases of fraud and not in cases of errors. Finally the results support the view that KAM reduces the negative affective reactions of evaluators, which in turn, reduce the assessed auditor liability.

[49] studied to find out whether and how auditor gender affects audit quality. The study sample consists of 2508 firm-year observations and covers a 5-year time period between the years 2008 and 2012. The key finding is that the auditor gender significantly affects audit quality. More precisely, the empirical analyses demonstrate that the client firms of female auditors' report the higher magnitude of income decreasing accruals indicating that female auditors are more conservative than their male colleagues. Further, tests provided novel evidence that auditor experience is a restraining factor of earnings management and finally the results are both statistically and economically significant.

[50] investigated "the Effects of Auditor Gender on Audit Quality. The paper tested the hypotheses on the basis of a laboratory experiment in which it analyzes the final written exams of 20 female and 20 male future auditors. The findings suggested that women auditors discover more potential misstatements than male auditors, though they analyze the misstatements in a less accurate manner than male auditors. The findings also indicated that women auditors are more risk-averse than male auditors.

[54] investigated by asking, Is the quality of female auditors really better? The

study used a large sample of 9861 auditor-firm-year observations from Chinese A-share–listed companies from 2011 to 2015 and found that the audit quality of signed auditors shows significant gender differences: these significant gender differences differ from the findings of previous studies that female auditors could provide a higher-quality audit than male auditors; that is the audit quality of the male auditors exceeds that of the female auditors. But after distinguishing the positive and negative directions of the Discretionary Accrual, the study found no significant gender differences in audit quality between male and female auditors when the earnings had been adjusted upward by the client; that is, female and male auditors had the same audit risk perception. But, the client adjusted earnings downward and result indicates a lower audit risk for the auditor, the audit quality of female auditors was significantly lower than that of the male auditors. Further after, controlling for the age and position of the auditors, result shows that the gender differences in the auditors' audit quality decreased significantly or even or even disappeared when the auditor's age exceeded 45 years and/or their position was manager or above.

[57] examined whether the implementation of (KAMs) in auditors' reports affects managers' reporting behavior. The research argued that greater transparency through KAMs leads to higher accountability pressure as managers may expect their judgments to be scrutinized more strongly in the presence of KAMs and improvement of financial reporting quality and also whether informational precision (firm-specific versus non firm-specific information) in a KAM section moderates the effect of KAM presence on reporting behavior. Results show that managers' tendency to make an aggressive financial reporting decision is reduced in the presence of KAMs (compared to the absence of KAMs). This effect remains even when the description of the KAM is of low informational precision.

RESEARCH METHODOLOGY

Research Design

The study utilized a pooled research design which is a combination of both cross-sectional and time-series design properties.

Data, Population and Sampling Technique

The study used secondary data which was sourced from annual reports from the Nigerian Stock Exchange (NSE) publications Fact Book. The population of this study consists of all listed quoted on the Nigeria stock exchange as at 31st December, 2018. Due to the in exhaustiveness of the entire quoted in the Nigeria Stock Exchange, a sample size of fifty six (56) companies was selected randomly and their annual published report for 2017 and 2018 were used for the study.

Method of Data Analysis

Data was collected from (56) companies that disclosed the key audit matters for the period of our study (2017-2018). The data collected were analyzed with Descriptive Statistics, Correlation Analysis and Multiple Regression.

Measurement of the Study Variables

KAM = KAM = an indicator variable, for which the value is
1 for the disclosure of KAM and 0 otherwise; as measured in [34]; [35].

Firm Size = FMSZ= Natural Logarithms of Total Assets.

Auditors Gender = AUDG= Auditors gender, if female group GEN =1 and if Male, group GEN=0.

Firm Age = FAGE= Year of listing in years is the year of initial public offer (IPO) or listing of a company shares in the country of registration stock exchange.

Leverage = LEVG= Leverage, calculated as total liabilities divided by total assets.

Model Specification

The study adopted the model of [7]
KAMs = f(Auditor + Audit Firm + Client + Country + Year) [7] as is modified as thus to fit the study model.

KAM= boit+b1FMSZu+b2AUDG+b3FAGE+b4LEVG +u:

KAM=Key Audit Matters; FMSZ=Firm Size; AUDG= Audit Gender; FAGE=Firm Age; LEVG= Leverage; u=Error Term; bo= Intercept; and b1-b4= Explanatory variables co-efficient of the study.

DATA ANALYSES AND PRESENTATION

Descriptive Statistics

This study conducted a preliminary analysis using the descriptive statistics. The result of the analysis is presented below.

Table 1

Items	KAM	FAGE	LEVG	AUDG	FMSZ
Mean	0.682723	26.34545	0.383207	0.253874	21.26762
Median	1.000000	27.40000	0.364000	0.265000	20.14000
Maximum	2.000000	50.20001	0.713000	0.636000	30.18000
Minimum	0.000000	9.300004	0.180000	-0.01200	11.44000
Std dev.	0.692146	11.60800	0.120055	0.127241	4.605864
Skewness	0.531565	0.138200	0.743961	0.502406	0.231380
Kurtosis	2.187149	1.867293	3.063502	2.736901	2.179336
Jarque-bera	8.208628	6.462925	10.16557	4.944820	4.437084
Prob.	0.016501	0.039500	0.006203	0.084381	0.1088768
No. obsev.	112	112	112	112	112

Authors Computation, 2020

The above analysis shows the mean value of KAM as (0.67), FAGE as (26), LEVG as (0.383), AUDG as (0.25) and FMSZ as (21). These are the mean values that determine the disclosure of KAM. The median values shows FAGE as (27), FMSZ as 20, and the maximum FAGE is (50), minimum is (9) as the determinant of KAM. The skewness values for KAM shows a positive Skewness distribution with a long right tail that is skewed to the right, FAGE and FMSZ show a positive but almost zero normal skewness which implies a symmetric distribution, LEVG and AUDG has positive (1) value approximately showing a clear long right tailed skewness distribution to the right. Both the KAM and its explanatory variables except LEVG has a normal (Kurtosis=3) approximately, others have (kurtosis<3) which is said to be a platykurtic distribution. The Jarque-bera indicated that the skewness almost has a zero value that shows it a normal distribution that is symmetric around its mean on the variables and it also shows has normal distribution on the (kurtosis=3) or approximately (3).

Correlation Analysis

Table 2

Items	KAM	FAGE	AUDG	LEVG	FMSZ
KAM	1.0000				
FAGE	0.0933	1.0000			
AUDG	0.2289	0.0280	1.0000		
LEVG	0.3146	0.3616	0.1270	1.0000	
FMSZ	0.434S2	0.3009	0.2472	0.2202	1.0000

Authors Computation, (2020)

The correlation table above shows that there exists a positive but is a weak relationship among all the independent variables: FAGE has (0.09), AUDG has (0.23), LEVG has (0.32), FMSZ has (0.43). The correlation of the independent variables among one another indicated a positive but a weak relationship. There is no figure that shows a strong perfectly correlation and multi-co linearity to mar any of the variables in being used to test the hypotheses.

Table 3: Presentation of Regression Analysis

Variables	Coeffi.	Std Error	z-statistic	probability
FAGE	0.0021	0.0217	0.0504	0.9821
AUDG	-1.2816	1.8688	-0.6635	0.4665
LEVG	4.2332	2.1716	1.7513	0.0734
FMSZ	-0.4363	0.0741	-5.4240	0.0000
Limit points				
Limit_1: c "5"	-7.6116	1.6644	-4.5737	0.0000
Limit_2: c "6"	-4.0656	1.5030	-2.7048	0.0068
Pseudo R-squared	0.3398	Alk info criterion		1.4494
Schwarz criterion	1.5967	Log likelihood		-73.7305
Hannan-Quinn crit	1.5092	Restriction log likelihood		-108.386
LR statistic	68.332	Average log likelihood		-0.670
Prob. (LR statistic)	0.0000			

Authors Computation, (2020); Note: statistically significant @ 1% level.

The above model focused on the determinant of disclosure of Key Audit Matters KAM in the sampled companies. The dependent variable is KAM, while the independent variables are Firm age FAGE, Audit gender AUDG, Leverage LEVG and Firm Size FMSZ. The regression model has the R-Squared value (0.34) and that shows that about 34% of the systematic variations in the dependent variable in the pooled companies over the post period of IAS 701 were jointly explained by the determinant independent variables of KAM. This, suggest that the disclosure of the dependent variable KAM in Nigeria cannot be 100% explained (determined) by all the variables applied in this study. Thus the unexplained dependent variable can be attributed to exclusion of very important independent variables that can determine the disclosure of KAM, but are outside the scope of this study. The LR-statistic value of 68% and a corresponding value of probability (0.0000) shows that regression model on the overall is statistically significant at 1% level and also shows that the study model is valid and can be used for statistical inference.

Testing of the Hypotheses

Firm size is not a determinant of disclosure of key audit matters, KAM in Nigeria.

The regression model result above shows the coefficient value of (-0.4363) with z-statistic value of (-5.4240) and a corresponding probability value of (0.000). This shows that FMSZ has a negative and insignificant effect on the disclosure of KAM. The study therefore, rejects the alternate hypothesis, and accepts the null hypothesis that FMSZ is not a statistically significant determinant of disclosure of key audit matters, KAM in Nigeria.

Auditors' gender is not a determinant of disclosure of key audit matters KAM.

The model result coefficient value for AUDG is (1.287) and z-statistic value is (0.6635) with a corresponding probability value of (0.4665). The test result shows that a negative and insignificant relationship exists between KAM and AUDG. The study therefore rejects the alternate hypothesis and accepts the null hypothesis that AUDG is not a statistically

significant determinant of disclosure of key audit matters.

Firm age FAGE is not a determinant of the disclosure of key audit matters KAM.

The above model result shows that the FAGE coefficient value is (0.0021) and the z-statistic value is (0.050), while the corresponding probability value is (0.982). This indicates that FAGE has a positive significant relationship on KAM of the pooled companies in post adoption of ISA 701. On this evidence, the study rejects the null hypothesis and accepts the alternate hypothesis that FAGE is a determinant of the disclosure of KAM in Nigeria.

Leverage LEVG is not a determinant of the disclosure of key audit matters KAM

The study test model above shows that the coefficient value of LEVG is (4.2332) and the z-statistics value is (1.7513), while the corresponding probability value is (0.0734). The figures of LEVG show that there is a positive relationship between LEVG and disclosure of KAM. Therefore we conclude the study hypothesis decision by rejecting the null hypothesis and accepting the alternate hypothesis that LEVG is a determinant of the disclosure of KAM in the pooled companies within the period under study.

DISCUSSION OF THE FINDINGS

The study findings showed that both firm size and auditor gender have a negative insignificant relationship with key audit matters KAM. This result disagreed with the several other findings in relation to the subject matter that audit gender supports audit quality and the disclosure of KAM: [61]; [62]; [63]; [64]; [65]; [66] [67]; while the result in audit gender agrees AUDG with the followings: [5]; [6]; [7]; [8]. Also, the study found that Leverage LEVG and firm age FAGE have a positive significant determinant disclosure of KAM in the pooled companies within the period under studied, and thus did agreed with the finding of [14], but disagrees with other findings of the same nature. But, [23] found that there are proxies that are significant but rather a symbolic value; while [33], concluded that KAM has failed to achieve its goal of greater transparency, with clients ignoring KAM report. However in overall, two variables of this study showed significant as the applied (proxies) on the determinant of disclosure of KAM as found by [32].

Summary of Findings

The study applied firm size, firm age, leverage, and audit gender to determine the disclosure of KAM. The summary of the findings are as follows:

The R-Squared value shows that about 34% of the systematic variations in the dependent variable in the pooled companies over the post period of IAS 701 in Nigeria were jointly explained by the independent variables of KAM.

Firm size and audit gender has a negative and insignificant relationship with the disclosure of key audit matters KAM; while Firm age and leverage has a positive and significant relationship with the disclosure of key audit matters KAM.

CONCLUSION

The study concludes that firm size and audit gender is not contributing to the level of the disclosure of key audit matters KAM, because the tested model of the two explanatory variables indicated negative and insignificant in the disclosure of KAM; while firm age and leverage contribute to the disclosure of key audit matters of the pooled companies for the studied period, by being positively significant on the tested hypotheses. Further, the overall variables showed a positive significant relationship and a 34% systematic variation in the dependent variable indicating a significant determinant disclosure of the explanatory variables on KAM in the pooled companies in the post period of ISA 701 in Nigeria.

RECOMMENDATIONS

The study recommends that companies and stakeholders in decision making should be aware that: firm size and leverage contribute to the disclosure of KAM; while firm size and audit age do not induce the disclosure of KAM; and the four variables contribute 34% to the disclosure of KAM in Nigeria.

SUGGESTIONS FOR FURTHER STUDY

More grounds are opened for further research on KAM especially in the developing economies of Africa and Nigeria in particular. Few works that were x-rayed in the topic during this study were mostly from the developed world and a few were from Africa, and the study did not find any evidence of the studied topic in Nigeria: possibly it was based on a restricted information or that non is available.

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