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Original Article

Audit Firm Attributesand Financial Reporting Quality of Quoted Manufacturing Firmsin Nigeria

Emmanuel Emeakponuzo Daferighe[1], Emem Monday George[2]

[1,2]*Department of Accounting, Faculty of Business Administration, University of Uyo, Nigeria*

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Abstract - *The need to ensure accurate and reliable financial reports has been a topical issue due to the continuous corporate scandals witnessed in developed and developing countries. Despite regulators' and stakeholders' concernsabout ensuring financial reporting quality, corporate financial scandals are still on the rise in Nigeria and other countries of the world. This study examined the impact of audit firm attributes on the financial reporting quality of quoted manufacturing firms in Nigeria from 2011 to 2015. The ex-post facto research design was adopted in the study. Data were obtained from the published annual reports and accounts, notes to the financial statements of the sixteen firms that represent the sample of the study. Multiple regression analysis was employed in analyzing the data and testing the stated hypotheses. The findings showed that auditor fees havea significant influence on the financial reporting quality of quoted manufacturing firms in Nigeria. However, it was discovered that audit firm size and audit delayhavean insignificant impact on the financial reporting quality of manufacturing firms in Nigeria. Therefore, it was recommended that the manufacturing firms create an enabling environment that will ensure the conduct of proper audits by the auditors and for a timely release of their reports to users, thus promoting quality decision making.*

Keywords - *Audit attributes, Financial reporting quality, Manufacturing firms, Audit fees, Audit firm size, Audit delay*

I. INTRODUCTION

The essence of financial reporting quality isinmaking prudentbusiness decisions by the users of accounting information cannot be overemphasized. The continuing research on financial reporting quality springs mainly from the fact that corporate entities audited by independent auditors suddenly failed immediately after such audits with associated negative consequences on the economy. The failure of these corporate entities threatens thecredibility of the accounting profession, such that the users of financial statements have almost lost confidence in the profession. Financial reporting quality provides a medium through which corporate entities reveal their performance to the public for evaluation. These financial reports must be of high quality to command the trust of the investors, shareholders, regulators, and every other person interested in the accounting information. The importance of quality financial reports has been stressed in the accounting and auditing profession worldwide because it is the cornerstone of financial accounting. The lack of quality in financial reports prepared by companies eventually led to the collapse of corporate entities.High-quality financial reporting aids investors, and other stakeholders make business decisions [43].

Some corporate entities such as Tycocollapsed in 2002, World com collapsed in 2002, Enron collapsed in 2003, Adelphia collapsed in 2005, Cadbury Nig. Plc., which failed in 2006, ThomasCook in 2019,and so on, obviously brings to the fore the lack of quality in financial reporting of these collapsed entities. Financial reporting quality is assumed to increase when accounting standards are strictly adhered to by the preparers of accounts. However, to achievequality in the financial reports of quoted manufacturing companies in Nigeria, accounting regulatory and supervisory bodies have been set up to help monitor the activities of these companies to ensure their total compliance with the reporting benchmarks. Audit firm attributes (audit fee, audit firm size, and audit delay) as used by the researcher in this study are factors/ elements assumed to consolidate the quality of financial reports [32]. Audited financial statements protect the various shareholders against the risk of losing their investments in the company since managers may be pursuing their interests instead of that of the shareholders. In this wise, audit serves as a tool for reviewing the work of the managers by ensuring that the financial statements are prepared by them and ensuring that they are accurate and represent a genuine picture of the economic activities of the reporting entities.

The expectation of the society regarding the role of auditors is to carry out audits capable of proving that the investments of the absentees' owners in quoted manufacturing companies are safeguarded and showing evidence that the financial reports are not misstated and that such reports are prepared in conformity with the applicable laws and standards. Audit of the financial Statement is a means to an end that enables an organization's activities tobe accessed, monitored, and evaluated to know whether those activities, financial and non-financial, are in line with the acceptable and

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prescribed standards[76] [42]. The adoption of auditing standards during audit engagement enhances financial reports quality, which eventually makes reporting entities the relevant accounting standards possible. Accurately audited financial reports bring about market efficiency and ultimately affirm that accounting data show authentic conditions of the underlying economic performance of a given entity. This undoubtedly promotes corporate governance structure and risk management.

Extant literature argued that the expected reliance on audited financial data has dwindled due to many firms' sudden failure, while the relevance of financial reports is increasingly demanded by users forprudent business decision-making [32]. The consideration of audit firm attributes (audit fee, audit firm size, and audit delay) during audits by auditors has recently received attention from regulators and stakeholders to ensure reliability and accuracy in financial reporting. Studies such as [13]and[22]have argued that audit firm attributes have a connection with the financial reports quality of quoted manufacturingcompanies though the results are both consistent and inconsistent. Despite the interventions of the regulatory authorities in both developed and developing countries to ensure financial reporting quality, the issues of assuring quality in financial reports are still frequent. It, therefore, becomes germane to research some of these acclaimed factors that can affect financial reporting quality to enrich the materiality ofaudit objectives in Nigeria. Manufacturing firms are considered in this study because they are the bedrock of any economy, and the financial reporting quality of manufacturing firms will enhance economic growth and development.

A. Statement of the Problem

Audited companies' financial statements are required by accounting and auditing regulatory and supervisory bodies to ensure quality financial reports and protect the interest of investors and other stakeholders of the reporting entities. Existing empirical studies on audit firm attributes and financial reporting quality of quoted manufacturing firms in Nigeriasuch as [73] (on building material firms)used audit fee,firm audit size, and audit delay respectively proxy audit firm attributes though with mixed conclusions, which make the various findings on the subject matter inconsistent.Therefore, there are inconsistencies in the weights given to each attribute, such as audit fee, audit firm size, and audit delay,which call for in-depth research on the subject matter.

The study by[17] on Audit Quality and Financial Performance of Quoted CementFirms in Nigeriaused Auditors Independence, Auditors' Tenure and Audit Firm Size inNigeriaand proved that audit firm attributes (audit fee, audit firm size, and audit delay) connect with the quality of financial reports in Nigeria. Few other studies have mixed conclusions, but none considered the joint implication of audit firm attributes on the financial reporting quality of quoted manufacturing firms in Nigeria.

Financial reporting quality is meant to provide an underlying economic performance of an entity. Lack of relevant, accurate, and reliable financial reports will hamper wise business decisions forshareholders and prospective investors. The need to promote efficient financial management by reporting entities has been emphasized in the last two decades. Financial scandals that rocked some corporate entities in both developed and developing countries havepointed fingers at the auditing and accountancy firms worldwide. Extreme financial scandals witnessed in Enron, WorldCom, Barings, Parmalat, Cadbury Nigeria Plc., and recently Thomas Cook; have questioned the essence of audits performed by auditors of these entities mentioned above.

These call to question the competence of auditors who audited these failed entities. Despite the efforts made and concerns shown by both the regulatory and supervisory bodies through the issuance of acts such as Banks and Other Financial Institutions Act BOFIA[6]Companies and Allied Matters Act CAMA [21]to ensure quality financial reports, the issue of lagged financial reports quality is yet to be resolved. The issue even becomes more disturbing and worrisome when firms audited by independent auditing firms suddenly fail after such an audit. In such circumstances, the technical competence of such auditors is strongly challenged.Hence, the need for research on audit firm attributes and financial reporting quality of quoted Manufacturing firms.

This work is carried out only to determine the effects of audit firm attributes on the financial reporting quality of listed manufacturing firms in Nigeria. The study covered a period of five years (2011-2015). Analyses for this study were restricted to values captured from the annual reports of Nigerian manufacturing firms.

B. Objectives of the study

This work is principally carried out to explore the effect of audit firms' attributeson financial reports' quality of quoted manufacturingfirms. The distinct objectives of this work set out to;

- determine the effect of audit fees on thefinancial reporting quality of quoted manufacturing firms in Nigeria.
- Assess the effect of audit delay on the financial reporting quality of quoted manufacturing firms in Nigeria.
- Assess the influence of audit firm size on the financial reporting quality of quoted manufacturing firms in Nigeria.
- Examine the joint influence of audit fees, audit delay, and audit firm size on the financial reporting quality of quoted manufacturing firms in Nigeria.

C. Hypotheses of the Study

These hypotheses stated in the null form are as follows:

H_{O1}: Audit fee does not significantly influence the financial reporting quality of quoted manufacturing firms in Nigeria.

H_{O2}: Audit firm delay does not significantly affect the financial reporting quality of quoted manufacturing firms in Nigeria.

H_{O3}: Audit firm size does not significantly affect the financial reporting quality of quoted manufacturing firms in Nigeria.

H_{04}: There is no significant joint influence of audit fees, audit delay, and audit firm size on the financial reporting quality of quoted manufacturing firms in Nigeria.

II. LITERATURE REVIEW and THEORETICAL FRAMEWORK

The focus isto specifically present the review of the related literature on audit firm attributes and financial reporting quality. It is structured into the following sub-heads: conceptual literature, theoretical framework, and empiricalliterature.

A. Conceptual Review

The following concepts are discussed in this section:The Concept of Financial Reporting Quality, the Proxies of Financial Reporting Quality, the Concept of Audit Quality, Attributes, and the Proxies of Audit Firm Attributes.

a) Financial Reporting Quality

The integrity of accounting information hinges on its quality to achieve the intended purpose [61]. Without quality, the content of financial statements will lack relevance and be incapable of aiding the users' decision-making. This makes [30] assert that financial reports' quality shows the degree to which the reports reveal the totality of company activities at the measurement date. In the same thinking, [68] maintained that financial reporting quality is the truthfulness of the information reported. The idea about what constitutes financial reporting quality is much more encompassing as it entails taking business decisions based on both quantitative and non-quantitative components of the annual reports [69].

Financial reporting quality describes the capability of the quantitative data factored in financial reports to convey the right facts of the company to the users without bias. The reports should reveal the financial standing of the reporting entity concerning net earnings, resources held for income generation, liabilities, among others [1]. The information provided in the financial reports should reflect the underlying economic performance of the reporting entity on examination by users of financial statements. The Statement, having checked by the independent auditors, should reveal areas in which the company is making progress and those areas it is not making progress to assist in accurate decision making [7]. Financial reports that are not misstated place the reporting entity on the right footing because it will have a better rating from the investors ready to stake their resources in the company [7].

In an investment portfolio, quality financial reports are a sine qua non. This is because long-term assets acquisition, finance, and dividend to be paid out or retained depend to a large extent on the quality of the financial reports [59]. A firm's ability to effectively manage its working capital to meet up current obligations equally hinges on accurate financial reports since it entails decision-making [7]. Also,[56]emphasized that a firm's capital and dividend decisions draw their strength from the accuracy of financial information.

Owing to the financial crisis witnessed in corporate entities, the financial reporting quality has raised urgent concerns among the various stakeholders, and various steps are taken to ensure quality in financial reporting [16]. Furthermore, the various stakeholders view the meaning of quality in accounting because of their varied perceptions and interpretations, which eventually constitutes a serious contention [16]. However, what is quality in financial reporting, as argued by accountancy bodies, includes the following characteristics: relevance, understandability, comparability, reliability, completeness, objectivity, timeliness [44].

Interestingly, the need to have financial reporting free from bias by reporting entities has been stressed by Financial Accounting Standard Board(FASB) and International Accounting Standard Board (IASB), respectively.However, the contention overtime has been its measurement[12]. However, sustaining the integrity in the reports and satisfying the need of different users of financial data should be the focal point as their information needs vary [25]; [63]; [15];[23]. Some of the determining variables of sound financial reports like earnings management, financial statements rewording, and timeliness are used by researchers to explore the relevancy of financial reporting quality because of its measurement difficulty [8]; [63]. The different methodologies and approaches employed by researchers to explore the relevanceof companies' annual reports are geared towards generally analyzing quality. According to [47], financial reporting is encompassing as it has constituent parts. These parts put together and presented correctly (quantitative and non-quantitative) constitute the quality of the report. They further argued that a firm's annual reports should clearly state the company's economic activities, estimates, benchmarks, and accounting measurements employed in the reports. Reference [49] saw audit quality as the capability of an auditor to perform two major functions: (1) identify the misstatements and (2) rectify observed or discovered fraud or attempted fraud, errors, or mistakes in the financial reports.

Reference [14] described financial reporting quality as representing an entity's economic activities and events with total correctness and accuracy. Financial reporting quality in its totality should present the right information capable of influencing the user's decision-making. It is argued that different persons' financial statements prepared according to acceptable standards will have differing qualities[19].

b) Proxies of Financial Reporting Quality

The determinants of financial reporting quality can be summarized into three dimensions according to [26]. These dimensions include: Firstly, properties of earnings which consist of earnings continuity and accretion, income manipulation, reporting low earnings beforehand, immediate recognition of unprofitable projects and meeting income benchmarks,and so on; and where expected income deviates from the budgeted, this will indicate a sign of earnings management. In this sense, they argued that earnings management dampens earnings quality. Secondly, investor responsiveness to earnings has to do with the use of an Earnings Response Coefficient (ERC), which describes the connection between the returns on equity and what the entities publish as their earnings. Therefore, ERC has been used as a metric of firms' income quality and is connected further to measure financial reporting quality like auditor's attribute. Thirdly, external factors of earnings misreporting, which consists of laws made by Accountancy and Allied bodies, restatements, and organization's control inadequacies, are all pointers of misstatements inherent in financial reports.

c) Audit Quality

According to [24], audit quality is defined as a situation whereby an auditor notices a financial misconduct in an accounting report and reports the same. Reference [46] defined audit quality as de facto and an observed quality. They maintain that de facto quality is the threat of material inaccuracies inherent in accounting records that can be minimized if an auditor applies technical skills. The de facto quality addresses the level of risk in a company's financial Statement, which auditors are ultimately expected to reduce.At the same time, observed quality captures the level of trust the users of financial statementshave in the audited reports produced by the auditors. Accounting information users expect the auditors to exhibit the attribute of independence and objectivity during the audit exercise so as not to betray their trust [46]. The correctness of the accounting data produced by the auditors enhances audit quality [71]. However, DeAngelo's description of audit value quickly suggests the expected attributes of an auditor, including the ability to identify a misconduct in an accounting book and report it exactly with competence and independence, which can drive financial statement value. The determinants of audit value have been enumerated to involve: the belief system of a given auditor(s), mastery of audit principles, high level of value and excellence possessed by the auditors, achieving the purpose of the audit engagement, and dependability of audit output [34]. Audit quality shows the auditor's capability to carefully and logically examine the financial data of a company and ascertain their appropriateness or otherwise [74]. Audit quality entails the auditor's ability to issuean unqualified opinion for entities with misstated financial statements. When auditors are perceived to lack competence and independence during an audit engagement, they are less likely to discover a breach and report the sameaccordingly[53].

Reference [52] argued that the auditing profession and its code of ethics should be judiciously followed since they add great value to financial statements audits,enhancing financial reporting quality. This suggests that auditvalue improves financial statements quality.

d) Proxies of Audit Firm Attributes

The following are some proxies of Audit firm attributes:

1) Audit firm size

Empirical works on financial reporting quality used audit firm size as a proxy. This springs mainly from the belief that large firms are assumed to record audit excellence because ofgreater resources at their disposal to conduct better audits, while small firms, by their nature, are assumed to associate with lower levels of audit quality. The problem faced with audit excellence measurement is using a firm's size as its measurement basis [24]. Therefore, massive firms are assumed to conduct reliable audits than their smaller counterparts [71]; [9].

Empirical research pointed out that a firm's status and audit quality are positively related. Larger firms can withstand the pressures from the client's company and not compromise quality because they are economically strong, while small firms, by their very nature, may compromise quality when they are financially stressed [24]. Massive firms possess the needed wherewithal to perform the audits, following guiding principles to ensure that effective audit is performed [27]. Similarly, larger firms do not depend on their clients for economic gain and, as a result, stand a better chance to have quality audits than smaller firms [33]; [28]; [20].'

Observing from the existing works on the subject, audit quality is associated with massive firms, but the contention has been that different audit firms have a different level of quality and agency cost; and basing audit quality in terms of size is shallow if the professional standard is upheld in the auditing industry [3]; [13].

2) Auditor's fees

Audit fees are monies expended on audit engagement by the company's management. These monies are agreed upon between the management of a company and the auditors appointed by the Board of Directors for the company. These fees are given to the auditors on completing the engagement or otherwise. The totality of the cost of activities carried out during the audit to ensure audit quality is factored in the fee [50]. They further argued that monies paid to auditors dampen the auditor's independence and bring about a compromise, and can eventually erode the value of financial statements. The connection of audit quality with monies received by auditor have been researched. For example, [36] observed that in a free market economy that is highly competitive and products differentiated fees paid reflect the quality.

In explaining the implication of auditor remuneration on the quality of financial reports, two schools of thought emerged which center on auditor independence. Firstly, an audit fee can mar the independence of the auditor as it makes him depend on the client for economic wellbeing, which eventually results in a compromise and translates into deficient financial reports [64]; [10]. This is in line with the users' beliefin financial statements, which erode thequality of financial reports. Secondly, auditor fees can improve financial reporting quality and increase his economic wellbeing and image that he is not intended to soilto meet the need of given a customer, thereby improving the quality of financial reporting [4].

3) Audit Delay

Audit report timeliness means the time frame the company closes its accounting records for the year and when the auditor submits his reports for the issue. In other words, audit delay is the period between the company accounting yearend and when the auditor gives his report to the company, measured by several days [5]. Fundamentally, the provision of accounting information to the users quickly is sanctioned by Financial Accounting Standard Board (FASB) and International Accounting Standard Board (IASB).This stems from the fact that accounting information made available at the passage of time lacks relevance and, if used, will negatively affect decision-making. Any business decision will be meaningful when the information is made available to users at the right time.

Timeliness of financial reports is believed to assist users of accounting information in making various business decisions and,when delayed, hampers decision making [65]. Timeliness is broadly defined as the duration of the end of the firm's accounting period and the delivery of financial reports by the auditors to the company [38]. The time interval between the company's yearend and the auditor's report submission date is considered the timeliness of the financial report [60]. The prolonged delay in releasing the accounting information hampers business investment decisions [62]. In the same vein, there are two facets of timeliness of financial reporting: supplying accounting information quickly for taking actionand the report made available later than it should be[31]. The type of timeliness considered in the present work is the later element of timeliness: the reports submitted later than they should be that ultimately weakens the value of accounting information.

According to [72], most firms in Nigeria fail to comply with the Security and Exchange Commission (S.E.C.) regulatory provision that corporate entities should submit their reports to the agency 90 days after the end of the fiscal year. This non-compliance affects market efficiency and primarily the quality of the report. One of the fundamental essentials of an entity's accounting information is to make sufficient data available to users to help them make decisions regarding their businesses. This information should be made handy where and when necessary for users to aid them in making business decisions. Where the reverse is the case, financial data ultimately become obsolete. Thus, adherence to the period for which financial reports should be submitted will improve the value of firms' annual reports. Various accounting frameworks and accounting bodies have strongly emphasized that timeliness is the primary attribute of financial accounting information [65].

B. Theoretical Review

The following theories are relevant to this study; agency theory, stakeholder theory, positive accounting theory, and signaling theory. These theories are explained below:

a) Agency Theory

Meckling and Jensen propounded agency theory in 1976. The theory is used to examine the relationship between principals (shareholders) who are the owners of the company and agents (managers) whom they employ to work on their behalf to achieve a common goal [58]. According to [59], the principals employ the managers and assign duties to them, and these duties are to be performed to protect the principals' interests[59]. However, the delegation of duties by the principals to the managers eventually gives managers discretion to make decisions and can result in increased costs [58]. In financial reporting, where quality and accuracy are expected, managers with discretion can disclose information that will benefit them but is detrimental to the shareholders and the entity. This kind of disclosure will amount to a breach of contract between the principals and the managers since such disclosure favors the managers and not the principals, resulting in a conflict of interest between parties and the firm and its creditors [59]. The firm's annual reports state the following: auditor's reports, directors' reports,and risk control and management reports, among others[7]. Many factors influence corporate disclosures of a firm which erode the quality of financial reporting. Corporate disclosures are affected by compulsory disclosure requirements and financial regulations [59].This theory is important in the context of this work as it sees auditing as a control mechanism to reinforce trust in agents and secure the owners' investment through quality financial reporting. In this context, it assists in making information available to the owners of the company that their resources committed to the managers are reasonably managed or otherwise. It provides the basics that the statements prepared by managers (agents) present the economic realities of the entity faithfully.

b) Stakeholder's Theory

The stakeholder's theory emphasizes that an organization can only achieve effectiveness by satisfying the need of every stakeholder,that is, both the agents and shareholders [54]. In this circumstance, the agents (managers) who are employed by the principals (shareholders) are expected to live to their expectations by harnessing the resources to maximize the wealth of the shareholders [59]. The stakeholder's theory thus seeks to

explain the hierarchy and affairs of an entity concerning producing financial data that would satisfy the curiosity of every shareholder [1].

The shareholder's theory tries to assess the content of information disclosed, type of information disclosed, timeliness of information disclosed,provision of information by the top managers [48]. The decisions and choices made by managers regarding the company's accounting system affect the shareholders or contractual outcomes [54]. Stakeholder's theory stresses the need to manage an organization to meet the need of all. This includes internal and external parties to the organization. It defines business ethics and its importance to its success [29]. This theory was carefully expounded by[29] in his book entitled Strategic Management: A stakeholder approach.

This theory is relevant within the confines of this work as it explainsthe importance of every person in an organization and how they help the organization achieve effectiveness in meeting the needs of all. Also, stakeholder theory is crucial to this study because achieving quality in financial reporting in a company demands the concerted effort of everybody.

c) Positive Accounting Theory (PAT)

Positive Accounting Theory was propounded by [75] and [76],respectively. It examined reasons why managers prefer one accounting method to the other [66]. The PAT centers on the meaning of accounting, accountants' behaviours and the impacts on the business community and economy [57].Reference [1] maintained that the selection of accounting principles, procedures, and policies is affected by PAT. The various contracts entered into by the organization and their respective associated cost are described by PAT and reduce the costs, which eventually result in an organization's accounting system[57].

The fact that managers have more information about the organization than the shareholders may lead to misstatements in the financial reports and, eventually, acrimony between business owners and managers. Because of this, PAT observes that this affects the choice of accounting methods adopted by managers who are self-seeking individualswho intentionally choose accounting methods that will increase the net earnings of their firms to boost their bonus entitlements. Also, PAT argues that when a firm is largely committed to financial obligation, it can decide to use an accounting method that will raise its earnings to meet up the obligation [1]; [57]; [59]. The theory is pertinent in this work as it sheds light on why top management of the study population sometimes manipulates financial statements.

d) Signalling Theory

Michael Spence proposed the signaling theory in 1973.This theory explains the behavior of two different individual parties having access to different information. The theory explains that the information sent by one individual to the other needs to be interpreted by the receiver. The sender chooses how to send it to aid interpretation by the receiver [48]. Firms with outstanding performance in their financial reports can use it to attract investors, whileadopting international accounting standards may portray good management [59].

The theory is applicable in the context that manufacturing firms' top management may manipulate financial statements to project a positive image of the company.

C. Empirical Review

The extant empirical literature on the connection between audit firm attributes and financial reporting quality from different parts of the world provides mixed results. Although the studies used different methodologies in different environments, this study is designed to provide evidence from Nigeria, using three audit firms' attributes; audit fee, audit delay, and audit firm size. This section reviews empirical worksabout audit firm attributes and financial reporting quality.

Reference [41]researched the connection between auditors' remuneration and discretionary accruals using some firms in Australia; their results confirmed that there exists a complementary connection between financial reporting value and auditors'remunerations. Nevertheless, they disagreed that auditors' remuneration does notimpair auditor's objectivity.

Reference [39] found a complimentary connection between auditors' remuneration and good audit opinions. This means that much fees paid to the auditors can double their efforts to have good and accurate audit work. Therefore, it is observed from the empirical studies that high auditors' remuneration enhances the quality of audits.

Reference [37], in their study on the effect of auditors' compensation and total accruals, found no connection between auditors' compensation and the level of accruals. They argued that auditors should remain independent and objective to retain their reputation. Their study equally revealed that auditors with larger clients with large auditors' remuneration are more likely to have a good audit report.

Reference [35] evaluated the effect of the audit committee and its attributes and the application of internal audit on auditors' remuneration in Australian firms and found that high auditors'remuneration drives agood audit quality.

Primarily, empirical works have confirmed that financial reports presented timely are not merely a good determinant of financial reporting in theory. However, there is an existence of a complementary connection with share prices. This is being demonstrated by a series of empirical works carried out in the developed countries which have documented soaring share prices; when an

entity publishes its returns statistics soonest, and it reduces if the statistics of the return is published afterward than usual [18]; [40] ; [51].

Reference [45] in his work on the timing of financial reporting used a cross-section of 61 Nigerian joint-stock companies for the period 1999-2008. The study revealed that period of the firm impact significantly on the financial report quality such that long-standing firms release their reports late.

Reference [55], in the same vein, studied the connection of audit firm size with audit delay in the emerging market, Nigeria. They used a cross-section of 20 firms, with the study periods covering 2009 to 2011. Their findings indicated minimum audit delays of 30 days while a maximum audit delay was 276 days. The study further revealed the non-existence of a significant connection of firm size with audit delay while the approximated audit delay was two months.

Reference [2]studiedthe measures of audit delay of 85 joint-stock companies inCairo for the year 2007. The study's findings showed the least period of 19 days and the highest period of 115 days before auditors submit their reports. The study also indicated an average period of 67.21 days. This proves that many firms meet the financial reports publication date. Another finding was that audit firm size did not affect the period auditors submitted the reports.

Reference [70]in studying the connectionbetween audit firm size and the quality of financial statements revealed that large accounting seems to report non-compliance of companies with financial reporting regulations of government and questioned costs than smaller audit firms. However, the study further revealed that large auditing firms seem to report on the defects of the whole control deficiencies of the organization than small-size auditors.

Reference [10] investigated the effect of audit quality on earnings management. The result of the study revealed lower accruals in firms whose auditors are Big 6 and more accruals in companies whose auditors are not Big 6. However, the study only centered on the accrual's capability to increase net earnings without further analyzing its ability to reduce them. Empirical researches on audit quality revealed a positive association with audit firm size.

Therefore, this relates financial reporting quality to audit quality as it drives quality reports that can reveal inaccuracies and misstatements in the financial reports.

III. METHODOLOGY

The research design, study population and sample size, method and sources of data, data analysis technique, description of research variables, and model specification are presented in this section.

Ex-post facto research design is adopted in this study. This research designis used primarily to investigate the relationships and the effects of the audit firm attribute on the financial reporting quality of quoted manufacturing firms in Nigeria. This design is chosen because of its effectiveness in assessing the relationships and effects of two or more variables (the dependent and independent variables). Thus, the design is consistent with the main objective of this research.

The population of this study was twenty-two (22)listed manufacturing firms producing consumer goods in Nigeria. The following companies had incomplete data and are reported accordingly: Union Salt reported no revenue from 2011 – 2015 as well as a retirement benefit for 2015; Dangote Sugar Plc reported no retirement benefit for 2013; Multi-TrexPlc reported no depreciation and retirement benefit for 2011 and also reported no retirement benefit for 2012; Flour Mill Nigeria had no annual reports for 2011, it reported no depreciation and retirement benefit for 2012 – 2014; Honey Well Plc reported no retirement benefits for 2012 and 2013 respectively and also reported no depreciation for 2015. Nestle NigPlc reported no retirement benefits for 2011 and 2012, respectively.

The population of this study was twenty-two (22) listed manufacturing firms producing consumer goods in Nigeria. Six quoted companies out of twenty-two whose annual reports were not found were dropped, which, as a result, brought the sample size of the study to sixteen (16).

The type of data used for this work is secondary data,while the sources of the data collection included the financial statements (Statement of comprehensive income, Statement of financial position, Statement of cash flows) of the sampled manufacturing firms producing consumer goods for the period 2011 to 2015. The financial statements were analyzed to get the relevant data.

A. Model Specification

In specifying the model for this work,the multiple regression model was formulated to examine the associationbetween the dependent and independentvariables in the study. The equation is given thus:

$$FRQ_{it} = \beta_0 + \beta_1 AF_{it} + \beta_2 AUDLY_{it} + \beta_3 FS_{it} + \varepsilon$$

Where;

B1-β3 = coefficient of the variables

i,t = firm i, time t

FRQ_{it} = Financial Reports Quality.

AF_{it} = Audit fees

$AUDLY_{it}$ = Audit delay

$FS4_{it}$ = Firm Size

ε = error term

The modified Jones Model was modified by Yoon, Miller &Jiraporn(2006).

$$DA = \frac{TA}{REV} - [b_o + \frac{b_1(REV - REC)}{REV} + \frac{b_2(EXP - PAY)}{REV} + \frac{b_3(DEP + RET)}{REV}]$$

T.A. = Total Accruals = Accounting Earnings less Cashflow from Operating Activities
REV = Revenue
REC = Receivables
EXP = Total Expenses except known cash expenses
PAY = Payables
DEP = Depreciation Expenses
RET = Retirement benefits expenses
DA = Discretionary Accruals

B. Identification of Variables

The explanations and measurements of the variables used in this study are presented in Table 1.

Table 1. Variables Definitions and Measurements

Variables	Description	Apiori Expectation
Financial Reports Quality	Proxied by Discretionary accrualscomputed using modified Jones Model prepared by Yoon, Miller &Jiraporn (2006). The model is stated in section 3.6	
Audit fee	Measured as total audit fees paid for the audits engagement.	Positive
Audit Delay	The period from which a firm ends its accounts and when the auditor issues the report. This is measured by the number of days between these two periods.	Negative
Audit Firm Size	Defined as total assets of the firm.	Positive

Source: Authors'compilation, 2019.

C. Method of Data Analysis

In line with the objective of this work, multiple Regressionanalyses and Descriptive Statistics wereemployed for data analysis.The decision rule for the test of hypotheses is stated thus;
Reject Ho if p> 0.05 and $T_{cal}>T_{tab}$, $F_{cal}>F_{tab}$
Accept Ho if p< 0.05 and $T_{cal}<T_{tab}$, $F_{cal}<F_{tab}$

IV. DATA ANALYSIS and RESULTS

In this segment, the variables computed for the study are presented. The variables are total accruals, audit fees, auditor size, and audit delay. The computations were based on the figures acquired from the financial statements ofthe manufacturingfirms from 2011 to 2015. This period was chosen because companies in Nigeria underwent both structural and operational reforms, which impacted the audits of quoted manufacturing firms. The details of the computed variables for the relevant years are explained as follows:Audit firm size was measured as total firm assets. Audit fees represented the monies paid for the audit work. Discretionary accrual wascomputed using the modified Jones model. Audit delay is measured as the time frame (periods) from when the company closes its books and when the auditor issues the reports.

Table 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
AUDIT FEE	80	₦2,300,000	₦600,000,000	₦49,774,140	99283.626
AUDIT DELAY(DAYS)	80	42(DAYS)	597(DAYS)	94.05(DAYS)	67.274
FIRM SIZE	80	₦68,477,000	₦420,149,791,000	₦93,827,762.45	106,834,122.180
DISCRETIONARY ACCRUALS	80	-912.2750	435.0359	-2.367180	121.2458826
Valid N (listwise)	80				

Source: Authors' Computation, 2019.

The descriptive statistics, which describedata features and variables in work, are presented in Table 2. The Statistics are minimum, maximum, mean, and standard deviation. The mean shows the average, and the standard deviation represents the degree of dispersion. Discretionary Accruals was the proxy for financial reports quality, and it had a minimum value of -912.2750 and a maximum of 435.0359. The audit fees paid were₦2, 300,000minimum and ₦600, 000,000maximum and an average of₦49, 774,140. The minimum audit delay period was 42days, while the maximum was

597 days. Firm size measured by total assets was ₦68,477(millions) minimum and ₦420,149,791(millions) maximum and an average of ₦93,827,762.45(millions).

A. Test of Hypotheses

Model Adopted for this study is stated below and used for hypothesis testing.

$FRQ_{it} = \beta_0 + \beta_1 AF_{it} + \beta_2 AUDLY_{it} + \beta_3 FS_{it} + e$

Table 3. Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	290.101	281.297		1.031	.306
	Audit delay(days)	-.224	.403	-.124	-.555	.581
	Audit Firm Size	38.314	140.624	.061	.272	.786
	Audit Fees	-79.244	28.143	-.323	-2.816	.006
a. Dependent Variable: DISCRETIONARY ACCRUALS						

Source: Authors' computation, 2019.

Test of Hypothesis One

H_{O1}: Audit fee does not significantly impact the financial reporting quality of listed manufacturing firms in Nigeria.

The result in Table 3 shows that Audit Fees has significant influence on Financial Reporting Quality (Beta = -.323 or 32.3%, p=0.006, p<0.05, t= -2.816). Thus, the null hypothesis one, which states that the Audit fee has no significant impact onthe financial reporting quality of quoted manufacturingfirms in Nigeria, is rejected.

Test of Hypothesis Two

H_{O2}: Audit delay has no significant impact on the financial reporting quality of quoted manufacturing firms in Nigeria.

With the result in Table 3, Audit Delay has a significant influence on Financial Reporting Quality (Beta = -0.124 or 12.4%, p=0.581, p>0.05, t = -0.555). Thus, null hypothesis two, which states that audit delay does not positively affect the financial reporting quality of quoted manufacturing firms in Nigeria,is confirmed.

Test of Hypothesis Three

H_{O3}: Audit firm size does not significantly impact the financial reporting quality of quoted manufacturing firms in Nigeria.

The result in Table 3 indicates that audit firm size exerted an insignificant impact on Financial Reports Quality (Beta = 0.061 or 6.1%, p=0.786, p<0.05, t = 0.272). Therefore, null hypothesis three, which states that Audit firm size has no direct association withthe financial reporting quality of listed manufacturing firms in Nigeria,is confirmed.

Test of Hypothesis Four

H_{04}: There is no composite influence of audit fees, audit delay, and audit firm size on the financial reporting quality of quoted manufacturing firms in Nigeria.

The regression output is presented in Tables 4 and 5.

Table 4. Model Summary

Model	R	R Square	Adjusted R Square	Std. An error of the Estimate	Durbin-Watson
1	.314[a]	.098	.063	117.3767639	1.799
a. Predictors: (Constant), Audit Firm Size, Audit Fees, Audit delay					
b. Dependent Variable: DISCRETIONARY ACCRUALS					

Source: Authors' Computation, 2019.

The model summary used to explain the conflate effect of audit fees, audit delay, and audit firm size on the Financial Reports Quality of quoted manufacturing firms in Nigeria is presented in Table 4. The adjusted r- square of 0.063 obtained above depicts that 6.3% of the variation in financial Reports Quality resulted from audit fees, audit delay, and audit firm size, respectively.

Table 5. ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	114269.402	3	38089.801	2.765	.048[a]
	Residual	1047075.157	76	13777.305		
	Total	1161344.559	79			
a. Predictors: (Constant), Audit Firm Size, Audit Fees, Audit Delay						
b. Dependent Variable: DISCRETIONARY ACCRUALS						

The result in Table 5 shows that the F calculated value of 2.765 exceeds the value obtained from the ANOVA table of 2.724 at 0.05 level of significance, anda p-value of 0.000 was obtained. This means that audit fees, audit delay, audit firm size correlate with the Financial Reporting Quality ofquoted manufacturing firms in Nigeria.Thus, null hypothesis four is re-rejected.

D. Discussion of the Findings

The estimated model is:

FRQ_{it} = 290.101 -0.323(AF) – 0.124(AUDLY) + 0.061(FIRM SIZE) + 281.297

The constant of 290.101 is the value that financial reporting quality takes when all the independent variables are zero. The coefficient of audit fees is -0.323 and negative, which means that a unit increase in audit fees will result in the dependent variable, financial reporting quality, decreasing by 0.323 units. The coefficient of audit delay is -0.124 and negative, which means that a unit increase in audit delay will result in the dependent variable, audit report quality, decreasing by 0.124 units. The coefficient of audit firm size is 0.61 and negative, which means that a unit increase in audit firm size will result in the dependent variable, financial reporting quality, decreasing by 0.061 units.

Table 4presents the model summary, which is used to explain the composite impact of audit fees, audit delay, and audit firm size type on the Financial Reporting Quality of listed manufacturing firms in Nigeria. The adjusted R-square of 0.063 was gotten, meaning that 6.3% of the change in financial Reports Quality resulted from audit fees, audit delay, and audit firm size, respectively. This finding supports the previous findings of [39].

The result shows that Audit Fees has significant influence on Financial Reports Quality (Beta = -.323 or 32.3%, p=0.006, p<0.05, t= -2.816). Thus, the null hypothesis that the Audit fee never positively affected the financial reporting quality of listed manufacturing firms in Nigeria is rejected. This is confirmed by the work carried out by [73], who found out that audit compensation (audit fees) and rendering of other specialized services by auditors in the quoted manufacturing firms in Nigeria have improved the value of their financial reports during the period he did the study. Reference [73] also established that auditor size, audit delay, and auditor remuneration (audit fees) are potential elementsaffecting the financial reporting quality of the sample firms strongly.

Audit delay has asignificant influence on Financial Reporting Quality ((Beta = -0.124 or 12.4%, p=0.581, p>0.05, t = -0.555). Thus, null hypothesis two states that Audit delay never related to the financial reporting quality of quoted manufacturing firms in Nigeriawill be accepted. This discovery is consistent with the finding of [73],who asserted that auditor size, audit delay, and auditor remuneration have complementary connections with the quality of financial reports.

Auditor firm size disclosed an insignificant correlation with Financial Reporting Qualitylisted manufacturingfirms in Nigeria (Beta = 0.061 or 6.1%, p=0.786, p<0.05, t = 0.272). Therefore, the null hypothesis three, which states that the Audit type of listed manufacturing firms in Nigeria is never connected with the financial reporting quality of listed manufacturing firms in Nigeria, will be accepted. These findings mean that audit firm size hasan insignificant influence on the financial reporting quality of quoted manufacturing firms in Nigeria. The present research's findings agree with the study of [67], but this does not agree with the previous research carried out on some listed firms by [24]that discovered that audit firm size affectsfinancial reporting quality positively.

V. CONCLUSION AND RECOMMENDATIONS

This study examined the impact of audit firm attributes on the financial reporting quality of quoted manufacturing firms in Nigeria. The study covers audit fees, audit delay, and audit firm size as a proxy for audit firm attributes. At the same time, accruals are used to proxy financial reporting quality. The study employs data from the financial statements for five years (2011–2015). The analysis of data was carried out using multiple regression analysis. In summary, the study revealed the following findings:

- Auditor fees significantly influence the financial reporting quoted manufacturing firms in Nigeria.
- Audit delay showedaninsignificant influence on the financial reporting quality of quoted manufacturing firms in Nigeria.
- Audit firm size exerted an insignificant effect on the Financial Reporting Quality of quoted manufacturing firms in Nigeria.

A. Conclusion

This study concluded that audit fees, audit delay, and audit firm size greatly influencedthe financial reporting qualityof quoted manufacturing firms in Nigeria. Specifically, audit fees arethe most significant factor that affectedthe financial reports quality of the studied firms, while audit firm size and audit delay have no significant impact on the financial reporting quality of listed manufacturing firms in Nigeria.

B. Recommendations

From the results of this work,these recommendations were suggested:

- As a matter of necessity, the management of the manufacturing firms in Nigeria shouldcreate an enabling environment during audits. Availability of sufficientfinancial resources needed for audit to facilitate the conduct of proper audit that will eventually discover misstatements in the reportsis necessary. This will improve the financial reporting quality of manufacturing firms in Nigeria.
- The auditors of the selected manufacturing companies should plan their audits properly to reduce the lag time between yearend and the date that the annual report is released.
- Audit firms should employ qualified personnel to audit manufacturing firms in Nigeria.

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