

The Nexus Between Audit Committee Attributes and Audit Quality in Listed Industrial Goods Companies in Nigeria

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Abstract: This study was inspired by the growing number of audit failures worldwide, particularly in Nigeria, which have discouraged users of financial reports. The interaction between audit committee attributes and audit quality in Nigerian-listed consumer goods businesses was experimentally investigated in this study. The study specifically examined how audit committee meetings, size, and audit financial expertise impacted audit quality in Nigerian-listed consumer goods companies between 2014 and 2023. Stakeholder theory served as the foundation for this research. This study employed a panel research approach, and secondary data were collected from the yearly financial publications of the selected firms listed on the Nigerian Exchange Group as of December 31, 2023. Panel data regression was the method of data estimate used in this investigation. The study outcomes demonstrated that the explanatory variables significantly influence the audit quality of the companies under investigation. The study found that the qualities of the audit committee had both favourable and adverse effects on the quality of the audits performed by these companies. Consequently, attaining a high standard of audit quality depends on all of the audit committee characteristics parameters assessed in this paper. The study recommends that entities

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should uphold a more extensive and equitable audit committee, with members who possess a variety of relevant skills that align with the company's activities.

Keywords: Audit committee financial expertise, audit committee size, audit committee meeting, audit quality

1. INTRODUCTION

Corporate governance is vital for maintaining audit quality and addressing increasing audit failures that worry stakeholders worldwide, including those in Nigeria. This research emphasises the importance of corporate governance in Nigerian-listed consumer goods companies by examining the audit committee's characteristics, such as meeting frequency, size, and financial expertise, as crucial elements of improving audit quality (Bako, 2024). Audit characteristics are essential for supervision and ensuring that financial statements are precise, trustworthy, and in line with regulations, ultimately enhancing stakeholder confidence. Nevertheless, the research also highlights possible threats that auditors may face due to deficiencies in corporate governance. Insufficient size of the audit committee, sporadic meetings, or absence of financial expertise may diminish oversight effectiveness, resulting in compromised audits and low-quality financial reports (Bawuah, 2024; Agyemang, 2020). This elevates the likelihood of audit failures, leading to tarnished auditors' reputations and decreased stakeholder trust. Auditors might encounter self-interest threats, when insufficient supervision might push them to produce positive reports, or familiarity risks, when intimate connections between auditors and committee members impede impartiality (Afenya *et al.*, 2022).

Furthermore, the auditor's assurance of a superior financial reporting is contingent upon the financial reporting system and intrinsic qualities of the organisation. A high-quality audit is anticipated to yield a high-quality business financial report, as several stakeholders, including suppliers and shareholders, require accounting records for decision-making. Quality audited financial accounts are necessary to make decisions that satisfy creditors and investors. Therefore, it is imperative that excellent audit quality would result in excellent financial reporting. This demonstrates how crucial and pressing audit quality is for a business (Biswas *et al.*, 2023; Chemingui *et al.*, 2023). The worldwide economic meltdown has highlighted the significance of reliable and excellent financial information. As such, independent auditors' function in guaranteeing

financial disclosure's credibility is crucial to accomplishing better audit quality (Cheung & Chung, 2022). One of the most significant problems facing audit practice today is audit quality. The quality of the accounting records that has been audited is of significance to several people and groups, both internal and external. The purpose of an accounting audit is to provide sufficient confidence that management financial records are accessible and free from significant errors, thereby reducing information inconsistency and safeguarding the economic interests of different stakeholders (Chowdhury & Eliwa, 2021).

As part of their social responsibility, auditors perform a noteworthy function in refining the standard of companies' audits by lowering the likelihood of substantial financial errors and confirming that the accounting records comply with established guidelines. Reduced financial misstatement risks boost investor's trust in the capital market, which decreases businesses' cost of capital (Endrawes *et al.*, 2020; Chowdhury & Eliwa, 2021). In the past, major failures had been experienced by companies such as Enron Corporation in 2021, Parmalat in 2021, Cadbury Nigeria Plc in 2018 and Afribank Nigeria Plc in 2019, ever since then, there have been worries over the quality of audit report (Ibrahim *et al.*, 2024). The reliability of financial disclosures by companies worldwide and the trust of shareholders have been severely undermined by these well reported accounting scandals (Fariha *et al.*, 2022). Many steps have been taken to change corporate behaviour to win back investors' trust. Investors and authorities in other emerging economies have indirectly become interested in the cases of fiscal misconduct involving major, multinational corporations. The organisation of audit committees, whose job it is to supervise both the financial reporting process and the audit of financial statements, has been a significant focus of the search for methods to assure consistent, excellent financial disclosure (Hassan *et al.*, 2020; Kalia *et al.*, 2023).

According to Fariha *et al.* (2022), a company's extensive financial issues can be attributed to ineffective audit committee procedures. Good corporate management encourages the development of a transparency framework. The two components of transparency that form the foundation of the audit committee are the boards' responsibility to the investors and executives' responsibility to the board. The board's supervision role closely influences the audit committee's job, supervising the firm's auditing processes (Farooq *et al.*, 2022; Fernandez-Mendez & Pathan, 2023). The rise in audit failures worldwide, particularly in

Nigeria, has disappointed readers and users of accounting documents. The root of the issue has been connected to ineffective audit committee supervision, and window dressing of financial information. The problem of audit committee and audit quality reporting in the Nigerian audit environment is yet to draw many empirical investigations beyond merely subjective assessments (Adebiyi *et al.*, 2024; Abu, 2024).

1.1. Research Objectives

Based on the inconclusive nature of previous findings, this study primarily aims to assess whether audit committee characteristics can significantly influence audit quality in industrial goods companies in Nigeria. Specifically, the study was intended to:

- (i) Examine the influence of audit committee board size on the audit quality of listed industrial goods companies in Nigeria
- (ii) Investigate the effect of audit committee financial expertise on the audit quality of listed industrial goods companies in Nigeria
- (iii) Ascertain the extent to which audit committee meeting frequency influences audit quality of listed industrial goods companies in Nigeria

The study is restricted to listed industrial goods companies from 2014 to 2023 (10 years). The curiosity of the public in the integrity of audits was increasing prior to 2014 as a result of many high-profile company failures and errors in reporting in Nigeria, especially in the financial services and manufacturing industries. The audit committees' level of scrutiny and their ability to impact the calibre of external audits were heightened as a result. Therefore, the study selected 2014 as the base year to bridge time gap in previous studies, ascertain that the research outcomes are up to date and reflect current developments in the manufacturing firms in relation to audit committee and audit quality in Nigeria.

2. THEORETICAL FRAMEWORK

Stakeholder theory was used in this study to explain the dynamism of connections between the entity and its participants. The fundamental goal of business action is to serve relevant stakeholders in addition to investors (Freeman, 1984). Stakeholders contend that impartial and objective supervision of the audit

process rest on the audit board's independence. Since they are more concerned with protecting all parties' interests and ensuring that accounting records are accurate and fair, autonomous members are less inclined to have conflicting interests (Becker *et al.*, 1998; Irwansyah & Zega, 2023). Higher audit quality is frequently linked to more independent audit committees because they can closely supervise the auditors and ensure the audit procedure complies with strict guidelines, benefiting all parties involved who rely upon reliable financial data (Juwita *et al.*, 2020).

Moreover, the audit board's capacity to represent a range of stakeholder interests may be impacted by its size, according to the stakeholder paradigm. A more extensive committee could be better able to handle the requirements of many stakeholders and have a more comprehensive range of opinions. A larger committee may have a wider diversity of ideas and abilities but may also present coordination issues. However, if administered properly, a well-sized audit committee may improve audit quality by guaranteeing thorough monitoring (Kaawaase *et al.*, 2021; Kanapathippillai *et al.*, 2024).

2.1. Review of Empirical Studies

Bawuah (2024) investigated the effect of Audit Committee Effectiveness (ACE) on Earnings Management (EM) and consequently examines whether audit quality (Big4) can moderate the link between ACE and EM in Ghana. First, the study uses panel data from 25 non-financial firms in Ghana, and employs the fixed-effect (FE) and Two-stage Least-squares (2SLS) regression methods. Second, the evidence shows that ACE (AC independence, AC size and AC meetings) constrain EM with the effect being stronger for AC independence. Thus, firms with ACE tend to report lower earnings management. Third, further analysis reveals that the combined effects of Big4 and ACE (AC independence and AC meetings) on EM are stronger than ACE alone.

Khan *et al.* (2022) investigated how audit committee attributes affected audit quality in Pakistani industrial companies. Information from corporate governance reports and financial statements was used to analyse a sample of 60 listed firms from 2016 to 2020. The investigation concentrated on the size, independence, and experience of the audit committee. The findings showed that audit quality and committee size were positively correlated.

Ogunleye *et al.* (2022) aimed to determine the impact of gender diversity in audit committees on audit quality in Nigerian industrial companies. 40 industrial goods companies listed on the NSE from 2016 to 2021 were selected and used in the study. Secondary data were obtained from the annual reports, to specifically examine the gender composition of audit committees. Logit regression analysis was employed to examine the relationship between gender diversity and audit quality. Gender-diverse audit committees were found to be associated with higher audit quality, as diverse perspectives led to more comprehensive oversight.

Osazuwa *et al.* (2021) studied *audit committee independence and audit quality in Nigerian industrial goods companies*. This study investigated the relationship between audit committee independence and audit quality in Nigerian industrial goods companies. 75 selected industrial goods companies listed on the Nigerian Stock Exchange (NSE) from 2015 to 2020 were used. Secondary data were extracted from the companies' audited financial reports and corporate governance disclosures. Multiple regression analysis was employed to examine the relationship between audit committee independence and audit quality. It was found that independent audit committees significantly enhance audit quality by reducing management influence on financial reporting.

Elijah and Musa (2021) assessed how the frequency of audit committee meetings impacts audit quality in Kenyan industrial goods companies. 50 industrial goods companies listed on the Nairobi Securities Exchange from 2015 to 2020 were selected. Data were collected from the chosen companies' annual reports, focusing on the number of audit committee meetings per year. Panel data regression models were used to account for company-specific heterogeneity. Outcomes revealed that audit committees that met more frequently (at least four times a year) had better oversight of the audit process, leading to higher audit quality.

While prior studies have been conducted in specific regions such as Ghana, Kenya, South Africa, Middle East (Kahn *et al.* 2022; Elijah & Musa, 2021), there are limited studies with analysis in Nigeria (Ogunleye *et al.*, 2022; Osazuwa *et al.*, 2021) to examine how audit committee characteristics influence audit quality. The industrial goods sector has unique complexities and there is a need for more industry-specific studies that explore how audit committee characteristics interact with the operational dynamics of industrial

goods companies. In addition, most of the Nigerian studies ended their period of study in 2020. As a result, this study seeks to extend the period covered to 2023. This will not only help to bridge the time and knowledge gap in previous studies, but will also ascertain that the research outcomes are up to date, and as well reflect current developments in the industrial goods firms in relation to audit committee and audit quality in Nigeria.

2.2. Hypotheses Development

Scholars have studied the function of audit committee size as a useful tool for observing and regulating fiscal disclosure. Mnif and Tahri (2023) asserted that a small board increases the company's value. According to Karikari-Appiah *et al.* (2023), an audit committee's monitoring and supervision is more effective when there are fewer board members. Conversely, according to Nguyen (2022), a big board has greater resources to keep an eye on the internal procedures and how finances are reported. It means a larger size allows independent persons to divide the job and devote their full attention to keeping an eye on the corporate leaders while looking for fraudulent activity. While Altin (2023) noted that administrative problems are linked to big board sizes; other researchers indicated that administrative issues would not hamper smaller boards. According to findings by Okoye and Cletus (2020) and Owolabi and Ogbechia (2020), an audit committee's size impact is determined by its level of commitment and operations. A big audit committee may not always work more effectively since having more executives may cause needless discussions and delays in making decisions (Hassan *et al.*, 2025). Based on the above, the study formulates hypothesis one as follows:

H₀1: Audit committee size has no significant effect on audit quality

The committee's accounting knowledge can oversee its function in combating financial fraud. Members with proficiency in finance and accounting help the business function better and guard against corruption and economic problems (Musah *et al.*, 2021). Furthermore, there is less chance of fraudulent misstatements if the audit committee of the firm includes many financially knowledgeable members (Wibawaningsih & Surbakti, 2020). According to Sterin (2020), there is no correlation between the committee's financial knowledge and false reporting. Financial competence on a company's audit committee during the post-SOX era won't stop adjusting earnings.

Shamsuddin and Alshahri (2022) asserted that board members include a minimum of one personnel with expertise in accounting or finance, ideally, an experienced accounting professional, to improve the efficacy, trustworthiness, and integrity of board oversight and to ensure alertness in protecting the controlling interests. Such an expert makes an extensive assessment of the business's accounting methods, audit processes, and financial reporting (Lufti *et al.*, 2022). The market views companies more favourably when they have financial experts on their audit committees, which is in line with (Ibrahim *et al.*, 2023; Fariha *et al.*, 2022) who found a negative link between the practice of profit smoothing and the participation of financial professionals on audit committees. Thus, the second hypothesis is stated below:

H₂: Audit committee financial expertise has no significant effect on audit quality

The ability of the committee members to address problems presented by businesses and enhance their oversight function of their operations determines how effective the committee is (Dakhlallah *et al.*, 2020). An audit committee with more excellent activity is anticipated to offer a helpful monitoring system. The board exhibit better chances to deliberate on the entity's current problems the more often they meet (Azam & Wang, 2021). Good governance is reflected in the board's activity, which should improve the performance of the supervisory function and, consequently, the audit quality. Audit committee meetings should take place once a year, ideally without executives from the board present. However, the company's object clause and the intricacy of its operations determine the overall number of meetings. Numerous academics have acknowledged the significance of audit committee meetings (Adams *et al.*, 2024; Jibril *et al.*, 2024). Meetings of the audit committee are not just formalities that hold no significance for managers and auditors (Chukwu *et al.*, 2024; Obeitoh *et al.*, 2024), instead, purposeful and significant gatherings align with an agency viewpoint (Bawuah, 2024). According to Afenya *et al.* (2022), the regularity of audit board meetings is a crucial component of governance framework; thus, the frequency and duration of meetings need to be specified in authoritative pronouncements on corporate governance, and the lack of statutory requirements in this regard gives audit committees a great deal of latitude (Ekaruwe, 2024). The third hypothesis then states that:

H₃: Audit committee meeting frequency has no significant effect on audit quality

3. RESEARCH DESIGN AND METHOD

The study employed the ex-post facto and descriptive research designs as confirmed by previous research that has proved the validity of the approach (Salawu *et al.*, 2017; Ogoro & Simiyu, 2018). This paper acquired secondary data from the audited annual reports and financial statements of 23 industrial goods companies listed on the Nigerian Exchange Group as at 31st December 2023. The data estimation technique adopted was the panel data regression.

3.1. Model Specification

The models focused on identifying audit committee features and audit quality of listed firms in Nigeria using a robust data set from the selected companies.

This study developed the following model to test the hypotheses.
 $AUDQUAL = \alpha + \beta_1 FEXAC + \beta_2 FACMEET + \beta_3 ACSIZE + \varepsilon$

Where: AUDQUAL = Audit quality

FEXAC = Financial expertise of audit committee

FACMEET = Frequency of audit committee meetings

ACSIZE = Audit committee size

$\beta_1 \dots \beta_4$ = Coefficients

ε = Error term

A-priori Sign: $\beta_1 > 0$, $\beta_2 > 0$, $\beta_3 > 0$, $\beta_4 > 0$.

Table 1: Operationalization of variables and measurement

S/N	Variables	Type	Measurement	Source
1.	Audit quality	Dependent	Proxy using audit fees as present in the audited financial statements	Aromwan <i>et al.</i> (2021)
2.	Financial expertise	Independent	1 if the audit board members have expertise in accounting or finance and 0 if not	Salawu, <i>et al.</i> (2017)
3.	Frequency of audit committee meeting	Independent	Number of audit committee meetings	Al-Khaddash <i>et al.</i> (2021)
4.	Audit committee size	Independent	This is the total number of membership on the audit board	Akpa (2024)

Source: Researcher's Compilation (2025).

4. RESULTS

4.1. Descriptive Statistics

Table 2: Results from Descriptive Findings

	<i>FEXAC</i>	<i>FACMEET</i>	<i>ACSIZE</i>	<i>AUDQUAL</i>
Mean	5.704082	4.091837	5.744898	0.013907
Maximum	8.000000	7.000000	8.000000	0.678600
Minimum	3.000000	1.000000	4.000000	0.086000
Std. Dev.	0.735116	1.113060	0.678252	0.441518
Skewness	-0.102405	0.043697	0.357908	8.208945
Kurtosis	4.424795	4.103960	3.354578	77.56295
Jarque-Bera	8.460621	5.007663	2.605646	23802.49
Probability	0.014548	0.081771	0.271764	0.000000
Observations	230	230	230	230

Source: Researcher's Result (2025)

The maximum membership in the audit board with accounting and finance-related qualifications is 8, while the minimum number of members is 3. This is a reflection that accounting and finance experts are well represented in the audit committees of banks in Nigeria. The table reported a minimum value of 1 for the regularity of consultations held by the audit board; the highest value was 7. Table 2 shows the lowest and highest values for the audit committee size to be 4 and 8, respectively.

Table 2 further demonstrated that all the variables were skewed to the right, except audit committee financial literacy (-0.1024), given the associated positive skewness statistics of 0.043, 0.357, and 8.209 for frequency of meetings, audit committee size, and audit quality, respectively. The kurtosis data showed that every series was leptokurtic, meaning that positive kurtosis values exceeded 3. Given that the other variables have matching probability values of 0.0146, 0.0818, and 0.2718, respectively, there is evidence that they are typically distributed; nevertheless, the normality hypothesis does not hold for audit quality, according to the Jarque-Bera statistics. It is also evident that there are 230 observations for each variable. This is explained by the information that is readily available about the study's variables.

4.2. Correlation Analysis

Table 3: Results from Correlation Matrix

	FEXAC	FACMEET	ACSIZE	AUDQUAL
FEXAC	1.000000			
FACMEET	0.146952	1.000000		
ACSIZE	0.942900	0.167911	1.000000	
AUDQUAL	0.136693	-0.084156	-0.000503	1.000000

Source: Researcher's Results, (2025)

The table displays the correlated values among the parameters under investigation. The association between two variables is displayed in each cell of the table. This makes it easier to determine which pairs are most correlated. Table 3 provides a quick overview of the relationships between the variables. Financial literacy in the audit committee correlates favourably with audit quality (0.137). This indicates that an increase in the explanatory variable will raise the audit quality by 0.137 percent. The size and frequency of meetings of the audit committee exhibit inverse relationship pairs, and the corresponding values for audit quality are -0.000503 and -0.0842, respectively. Because multicollinearity is typically linked with longitudinal data, the table indicates that interactions between explanatory parameters are generally not large.

4.3. Hausman Specification Test

Table 3: Results of Hausman Correlated Test

<i>Test Summary</i>	<i>Statistic</i>	<i>d.f.</i>	<i>Prob.</i>
Period random	0.673243	3	0.8795

Source: Researcher's Results (2025)

The suggested model is thought to have random effects, whereas an alternate theory is that the framework has fixed outcomes. Thus, the tests essentially tend to confirm a relationship between the model's coefficients and the unique errors. As per the null theory, there is no correlation between the two. Thus, if the p-value is low (less than 0.05), the evaluation criterion is to disregard the null hypothesis.

4.4. Regression Analysis

Table 4: Result of Panel Random Effect Test

<i>Series</i>	<i>Coefficient</i>	<i>Std. Error</i>	<i>t-Statistic</i>	<i>Prob.</i>
FEXAC	0.739983	0.170850	4.331177	0.0000
FACMEET	-0.028312	0.038093	-0.743224	0.4592
ACSIZE	-0.742937	0.185605	-4.002794	0.0001
C	0.176929	0.377578	0.468589	0.6404

R-squared: 0.17565, Prob (F-statistic): 0.000390

Source: Researcher's Results (2025)

Regression analysis outcomes using a random effect model for *consumer goods* enterprises are displayed in table 4, and the R-squared of the variables was 0.1756. This indicates the percentage of the explained parameter's fluctuation that the exogenous parameters collectively account for and serves as a gauge for how well a linear regression model fits the data. The R-squared statistic served as a gauge for the model's overall fitness, showing that it accounts for about 18% of the systematic variation in the predictive series value that could be linked to the explanatory factors.

Hypothesis One

H_{01} : *Financial expertise of audit committee does not significantly influence audit quality of listed industrial goods companies in Nigeria.*

Table 4 demonstrated a strong and favourable interaction between audit quality and accounting expertise of the committee members. The fact that the P-value (0.000) and associated statistic (0.740) were below the 5% cut-off point established for this study served as evidence for this. This deduction practically implied that modification of one unit in the accounting expertise of firms' audit committees enhances the audit quality assuming all other parameters remain constant. As a result, the null hypothesis which states that the audit committee's financial knowledge has no significant influence on the audit quality of Nigerian listed industrial goods companies was rejected.

Hypothesis Two

H_{02} : *Audit committee frequency of meetings has no significant effect on the audit quality of listed industrial goods companies in Nigeria.*

The frequency of meetings held by the committee members and the audit quality were negatively correlated in Table 4. The associated negative coefficient (-0.0283) and P-value (0.4592) below the 5% threshold established for this study served as evidence for this. This implication basically stated that the audit quality is not improved by the number of meetings held by board of audit members of quoted *consumer goods* companies. Therefore, the null hypothesis, which states that the frequency of meetings of the audit committee has no substantial influence on the audit quality of listed industrial goods companies in Nigeria, was accepted.

Hypothesis Three

H_{03} : *Audit committee size has no significant effect on the audit quality of listed industrial goods companies in Nigeria.*

Table 4 showed that the size of the audit committee and the audit quality were significantly and favourably correlated, as shown by the P-value (0.000) and associated coefficient (0.640), which were below the 5% benchmark established for this study. This deduction implied that an increase or modification of one unit in the size of the audit committee of quoted manufacturing businesses enhances the audit quality, provided that all other criteria are held constant. The outcome led to rejecting the null hypothesis, stating, “audit committee size has no significant effect on the audit quality of listed industrial goods companies in Nigeria”.

4.5. Discussion of Findings

Hypothesis one revealed a significant and favourable linkage between audit committee financial literacy and audit quality. The findings agree with the outcomes of Emovon and Ogbonmwan (2024), and Midad *et al.* (2024) which suggests that entities with audit committees that are more financially literate can achieve better audit outcomes; individuals with robust business understanding are better equipped to supervise and assess financial reporting procedures, guaranteeing more precision and openness in the examinations. The finding emphasises how crucial it is to nominate financially educated people to the audit committee, as their expertise may strengthen internal controls, increase regulatory compliance, and improve the identification of financial irregularities or misstatements (Ibrahim & Hussaini, 2025). It

suggests a lower possibility of financial manipulation for stakeholders, resulting in increased trust in the business's financial stability. Additionally, regulators and legislators should emphasise financial literacy as a crucial prerequisite in corporate governance rules for audit committees.

Hypothesis two showed that there was a slight but adverse interaction between audit committee frequency of meetings and audit quality. The outcome is in tandem with (Eluyela *et al.*, 2018; Iliya *et al.*, 2024). It implies that higher-quality audits sometimes result from more audit committee sessions. In actuality, holding numerous meetings could have a detrimental effect, which might point to operational inefficiencies within the committee. This finding suggests that improving audit quality requires more than just scheduling additional sessions. Rather, the success of the meetings, the agenda that was addressed, and the participants' skill levels could be more critical variables. It may also imply that too many meetings could result in a committee that meets a lot but needs to debate or act upon important topics, which would lead to a lessened focus on leadership (Essien, 2024). This underscores the need for businesses to ensure audit committee meetings are regular but also focused and effective. The research indicates that when establishing governance norms, audit committee participation quantity and quality should take precedence over meeting frequency for regulators and corporate governance advisers.

Hypothesis three revealed a substantial and favourable correlation between audit committee size and audit quality. This finding is in line with Ifeoma and Chioma (2024) and Agada and Lazarus (2024). The outcome implies that higher audit outcomes are correlated with more prominent audit committees. Increasing the number of members on the committee might result in better supervision, broader viewpoints, and a more thorough examination of the business's financial reporting procedures. Greater diversity of experience from a more comprehensive committee might result in more efficient checks and balances (Amara *et al.*, 2025). Additionally, it could lighten each member's burden, allowing for more in-depth analyses and decision-making. However, this positive link also suggests that an audit committee's efficacy might be increased by enlisting new members who can provide pertinent expertise and experience (Alomair & Al-Naim, 2025). According to this research, firms may benefit from larger audit committees with more qualified members to improve governance and audit quality. It might bolster suggestions made by regulators

and politicians to establish ideal or minimum audit committee sizes to enhance financial responsibility and corporate monitoring.

5. CONCLUSION AND RECOMMENDATIONS

The study's outcomes about the qualities of audit committees and how they affect the quality of audits allow for the formulation of several policy suggestions to enhance corporate responsibility and supervision of finances, especially in Nigerian industrial products businesses:

The strong and favourable connection between audit committee financial literacy and audit quality shows the necessity of having informed members who can accurately evaluate accounting records and audit procedures. Minimum requirement for the number of individuals with formal financial and accounting competence on audit committees should be imposed by regulators. To guarantee better monitoring, businesses should be urged to appoint members with relevant experience in accounting, auditing, or financial management.

The negative relationship between meeting frequency and audit quality indicates that merely increasing meetings would not yield better results. Instead, strategic concentration, as well as efficiency, should be prioritised. Governance norms should emphasize the calibre and efficacy of each audit committee meeting rather than imposing a high number of sessions. Every meeting should have a defined agenda, concentrate on important problems, and guarantee tangible results for the companies involved.

More prominent committees provide more efficient supervision and responsibility allocation, improving financial governance, according to the positive relation between audit committee size and audit quality. Businesses should establish a broader and more diverse audit committee composed of members who possess a variety of relevant skills that align with the company's operations. The ideal size of audit committees may be determined by corporate governance rules, which consider the complexity of the business and industry norms.

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