

Effect of audit quality on financial reporting transparency

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Abstract

The study examined the effect of audit quality on the financial reporting transparency of quoted insurance firms in Nigeria. Audit quality were proxied using key determinants of audit quality like; audit committee size, audit committee independence, audit fees, audit committee expertise and audit timeliness, while financial reporting transparency was proxied using discretionary accruals measured using modified Jones Model. The study adopted post facto research and longitudinal research design. The panel data collected from the annual reports of insurance firms quoted on the Nigerian Exchange Group between 2015 and 2024. Data collected were analysed using ordinary least square regression analysis. Preliminary analysis like descriptive statistics, correlation analysis and the Hausman effect test. The findings revealed that audit attributes variables jointly drive 55% of the financial reporting transparency among insurance firms. The findings from the specific objectives reveals that audit committee expertise, audit committee independence, and Audit fees has positive but insignificant effects on financial reporting transparency, while audit committee size and audit timeliness showed a positive but insignificant effect on the financial reporting transparency of insurance firms in Nigeria. The results indicate that audit committee variables positively affect the level of financial reporting transparency. The study recommends among other that insurance firms strengthen their audit committee variable like audit committee expertise, audit committee size, and audit committee independence, as these would significantly affect the reporting quality, enhance transparency, and accountability thereby reducing agency crisis.

Keywords: Audit Committee Expertise, Audit Committee Size, Audit Committee Independence, Audit Quality, Financial Reporting Transparency.

INTRODUCTION

Financial reporting has been acknowledged as one of the main fundamental pillars for investment decision making, effective corporate governance and corporate accountability (Olojede, Erin, & Asiriwuwa, 2020). Financial reporting remains a veritable means of preparing and presenting financial and non-financial information about an organization's activities, financial performance, position, and cash flows to its stakeholders. The transparency of financial reporting therefore reflects the degree to which financial report faithfully represents the economic reality of an organisation, thereby enabling stakeholders to make informed decisions. The recurrent financial scandals across the globe such as that of Enron, Wells Fargo, and Lehman Brothers in USA, Wirecard and Volkswagen in Germany (Olubusola, Falaiye, Mhlongo, & Daraojimba 2024). Back home in Nigeria, the case of Cadbury Nigeria Plc, Afribank Nigeria Plc, Oceanic Bank & Intercontinental Bank, and the First Bank of Nigeria Holdings Plc in 2021 (Umoh, 2025). These fraud incidents have

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revealed the critical need of transparency in financial reporting (Olojede, Erin, & Asiriwa, 2020).

Audit quality embodies the extent to which audits adhere to professional standards and effectively uncover material misstatements in financial statements. It encompasses various dimensions, including auditor independence, competence, objectivity, and ethical conduct, all of which contribute to the reliability and credibility of audit outcomes. To achieve audit quality, the auditor's independence, competence, professional skepticism, and adherence to International Standards on Auditing (ISA) are important factors the stakeholders consider (Francis, 2011). Beside independence of the auditor, other factors have been empirically attributed to the audit quality. Attributes like Audit fees and audit firm size are considered important attributes in driving the level of audit quality.

In emerging economies like Nigeria, the role of audit quality in improving financial reporting transparency becomes even more critical. With weak institutional frameworks limited regulatory enforcement, and the close relationship between auditors and clients can compromise audit quality (Fodio, Ibikunle, & Oba, 2013). Therefore, assessing how audit quality influences transparency in financial reporting provides valuable insights into the effectiveness of the audit function in safeguarding stakeholder interests and promoting accountability within the corporate sector.

Statement of the Problem

In Nigeria, the insurance sector is considered as an integral part of the financial system contributing to the employment, stability, economic growth and provides essential risk management services, enabling both individuals and businesses to mitigate potential financial losses. However, the financial reporting transparency of insurance companies in Nigeria has been a cause for concern, marked by issues of claims, inadequate disclosure and lack of investor confidence (Akinadewo et al., 2020). Hence, one of the critical factors that potentially influences the financial reporting transparency of these firms is the quality of their audits. High-quality audits have been associated with reliability and transparency, which are critical for stakeholder trust and decision-making. Which of the aspect of audit quality that contribute more to the financial report transparency.

While prior studies that have investigated the nexus between audit quality and financial report transparency focus on external audit quality variables like audit size, audit fee, audit timeliness (Huckleberry & Nathaniel 2023; Christensen, Hail, & Leuz, 2019; Aliya 2023) other studies focused on the internal audit quality variables like audit committee expertise, audit committee independence (Trinandari, Eko, Mega & Loso 2023). This study, therefore, seeks to fill this gap by combining the external and internal audit quality variables to examine how each drive financial reporting transparency.

Research Objectives

The main objective of this study is to examine the effect of audit quality on financial reporting transparency among listed insurance firms in Nigeria. While the specific objectives are to:

1. Determine the effect of audit fees on financial reporting transparency in Nigeria.
2. Evaluate how audit size influences financial reporting transparency in Nigeria.
3. Assess the relationship between audit committee expertise and financial reporting transparency in Nigeria.
4. Investigate the effect of audit committee independence on Financial Reporting Transparency in Nigeria.
5. Examine the extent of effect audit timeliness on financial reporting transparency in Nigeria.

Given these gaps, there is a need for empirical evidence that examines the nexus between financial reporting transparency and audit quality in emerging economies, particularly in the

context of Nigeria. This study extended the literature in the area using current data of ten years spanning from 2015 to 2024 and combined both external and internal audit quality factors. However, this study is limited in scope as it used only publicly listed insurance firms in Nigeria between 2015 to 2024.

The remaining part of this paper is subdivided into four series together with this introduction. Section 2 covers the review of some related literature; section 3 concentrates on the methodology adopted while section 4 deals with the discussion of the analysis results, conclude and proffer our recommendation for policy implementation.

CONCEPTUAL AND THEORETICAL CONSTRUCTS

Audit Committees

Section 330 of the amended CAMA 2020 states that audit committee is a working committee of the audit committee of directors responsible for the oversight function of audit reporting and disclosure. Audit committee is a sub-committee of the corporate governance structure which plays a significant role in monitoring the audit reporting process as delegated by the audit committee of directors (Puasa, Salleh & Ahmad, 2021). Atu, Atu, Atu, and Abusomwan (2020) described Audit committee as a body established by and amongst the audit committee of directors of an issuer saddled with the role of overseeing the accounting and audit reporting process of the issuer as well as audit of the issuer and audits of the financial statement of the financial sector.

Audit Committee Size

The Blue-Ribbon Committee (1999) stipulates that three directors form a minimum size of audit committee. Companies listed on the New York Stock Exchange and NASDAQ, are required to have an audit committee comprising entirely of independent directors (Sarbanes-Oxley Act, 2002). In Nigeria, Audit committee comprises of an equal number of directors and shareholders which enables it to check the powers of the executive directors in an effective manner, with particular reference to the accounting and audit reporting functions (Atu, et al 2020, Enofe, et al 2013). Ilaboya and Iyafekhe (2014) posit that larger Audit committee size increases the availability of resources and leads to improvement of the quality of oversight.

Audit Committee Expertise

Given the nature of financial statement and the financial intricacies involved, it is very pertinent that audit committee members are well grounded in accounting and finance expertise. Aronmwan, Uwuigbe and Uwuigbe (2018) opined that persons with financial expertise can denote any of the following (1) certified public accountant, auditor, financial officers, or controllers (2) anyone that has worked in a supervisory role that involves financial statement preparation, so expertise can be technical or supervisory in nature. Audit committee members must be knowledgeable of financial matters, and they must have the ability to read and understand the basic financial statements (Rani, 2011).

Audit Fees

Audit fees are the compensation paid to the external auditors for their services rendered. According to Li and Liu (2024), audit fees are considered a proxy for audit quality as higher fees are believed to be associated with auditor's effort, expertise, and time devoted to an audit. Higher audit fees are often associated with more comprehensive audit procedures and greater auditor effort, leading to higher perceived audit quality (Olowookere & Adebisi, 2013). However, the relationship between audit fees and audit quality is not always straightforward, as higher fees may also reflect factors such as increased audit risk or the complexity of the audit engagement. Moreover, the pursuit of higher fees may incentivize auditors to prioritize client interests over audit quality, raising concerns about auditor independence and objectivity.

Audit Committee Independence

Audit committee independence variable is determined by the ratio of number of independent audit committee members to the total number of audit committee members and Audit committee independence refers to the majority of non-executive directors in the total number of audit committee members (Rani 2011). There is a general expectation that the independent directors of the audit committee can improve the corporate governance environment and effectively assist in the supervision of the company's audit reporting process (Mbobu & Umoren 2016). Audit committee characteristics, such as its independence, are seen as essential attributes that could enhance an audit committee's ability to discharge its responsibilities (Larasati et al 2019). Al-Sayani, Nor and Amran (2020) opined that Audit committee independence affects both companies' earnings management as well as investors' perceptions. It is advisable, that in the audit committee, most members should be independent directors.

Audit Reporting Timeliness

According to Aktas and Kargin (2011) the audit reporting timeliness as known as audit reporting timeliness is the number of days between the accounting year end and the day that, listed companies must publish audit reporting in conformity with the law. Timeliness of audit reporting is an important qualitative characteristic of financial information. Sharinah et al (2014) argued that audit reporting timeliness is all about ensuring that financial information reaches the target financial statement users in a timely manner to provide the users with relevant and useful information for decision-making process. Aktas and Kargin (2011) argued that timely reporting is essential for a healthy financial market while delay in disclosing it may increase information asymmetry and can create uncertainty in investor's decision-making process which would lead the shareholders to postpone their transaction on shares. Moreover, untimely reporting would result in market inefficiency (Sharinah et al., 2014).

Audit Reporting Transparency

According to Biddle, Gilles, and Verdi (2009), Audit reporting transparency, shows the degree which financial statements accurately reflect an organisations performance and position, within a given period, providing the needed information to stakeholders for decision-making.

According to Akgun et al. (2017), audit reporting transparency serves as a tool for increasing the standard of employees' responsibility for preparing monetary statements. The quality of report are predetermined by several factors which include faithful represented, comparable, verifiable, timely, and understandable.

Relevance is connected to the usefulness and materiality of information. It demonstrates the ability of information to impact user decision-making (Cheung, Evans, & Wright, 2010). However, quality of faithful representation is also influenced by how business organizations are controlled and directed (Beest, Braam, & Boelens, 2009).

Signaling Theory

This study was anchored on the signalling theory. However, there are other theories that may be relevant to the study, like the agency theory, competence-based theory, etc.

The theory believes that the signal is credible only if the bad firm is unable to mimic the good firm by sending the same signal. If the cost of the signal is higher for the bad type than that of the good type of firm, the bad type may not find it worthwhile to mimic, and so the signal could be credible. In this way, a good firm can separate itself by attracting scrutiny while the bad firm will not mimic because the bad firm will not want to be discovered. A signal is considered costly if its production can consume more resources or if the signal is associated with a loss in welfare generated by deviations from allocation or distribution of claims in perfect markets (Clarkson, Li, Richardson & Vasvari, 2008).

Theoretical Exposition

The variables used – dependent and independence variables used is depicted in figure 1 below

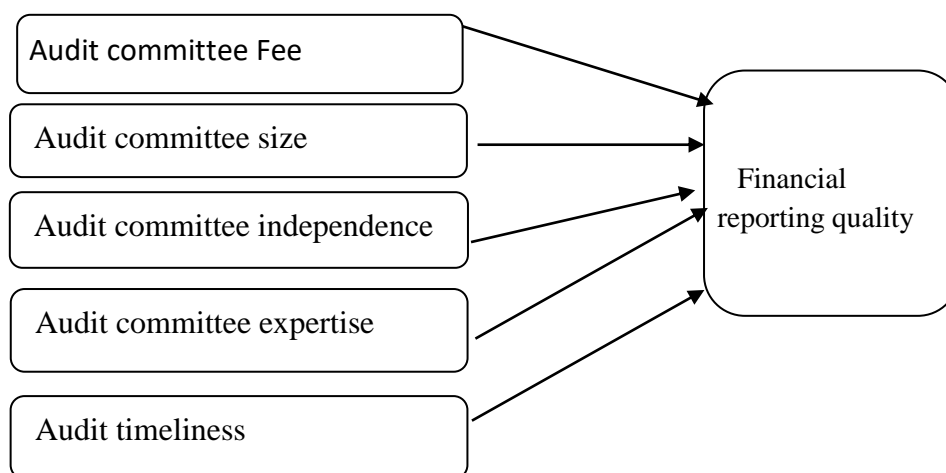


Figure 1: Theoretical Model

Source: Mike, 2025

Audit Committee Size and Financial Reporting Transparency

According to the resource dependency theory, larger Audit Committees are prepared to commit more resources and power to fulfill their duties (Bello & Yero, 2024). To provide effective oversight, more directors on the audit committee are more likely to bring a diversity of perspectives, knowledge, experiences, and skills (Amanamah 2024). This suggests that the size of the audit committee is a crucial consideration for the audit committee to effectively monitor corporate disclosure standards. Aryan (2015) found that a large Audit Committee spends a lot of time and resources observing the audit committee's internal control procedures and financial reporting practices. This is because substantial Audit Committee members may offer valuable expertise and experience in improving corporate reporting disclosure. It is reported that, the sufficient size of audit committee could handle companies' issues in a more effective way Sultana et al., (2015). However, some studies have found that large committee size increases the variety of experience and sufficient resources, as well as improves the overseeing quality (Hayes, 2014). However, studies such as Beuren, Santos, and Theiss (2021), and Baatwah et al. (2015) found an insignificant Audit Committee size and financial reporting transparency.

Audit Committee Expertise and Financial Reporting Transparency

Members of the Audit Committee should be financially educated in order to evaluate financial statements and supervise the corporate reporting process efficiently (Badolato, Donelson, & Ege, 2014). Members of the Audit Committee with financial knowledge are better able to recognise and pose informed queries that raise concerns about the quality of financial reporting and challenge management and external audit to a higher extent Hayes (2014). Audit Committee has more members with financial competence, there are fewer fraudulent practises, and the internal control system is strengthened. In contrast, Hayes (2014) contends that decreased status has made Audit Committees less effective and impossible to reconcile with multiple decreases in misreporting. Musa and Olajide (2023) disagree with their findings. Additionally, Cohen et al. (2014) support the same conclusions made by Hayes (2014), but they also point out that status may not be a factor; rather, Audit Committee members with both accounting and industrial competence outperform those with solely accounting expertise.

The recent study of Buallay and AIDhaen (2018) associated larger audit committee with the level of its effectiveness which they attributes to members knowledge and expertise in handling various area of the responsibilities especially area relating to financial report processes and their ability to uncover and resolve matters and problems in company reporting practices.

Audit Committee Independence and Financial Reporting Transparency

Beuren, Santos, and Theiss (2021) argue that companies that have the incentive and ability to increase the strength of the audit committee will do it by including more outside directors in the committee than the minimum number as required by legislation. Klein (2002), Abbott et al (2004), Musa and Olajide (2023), and Amanamah (2024) show that audit committee independence reduces earnings management, the likelihood of financial reporting restatement and financial reporting fraud. Furthermore, the likelihood that companies receive a going concern opinion is influenced by the number of outside directors in the audit committee (Bello & Yero, 2024). Similarly, Beuren, Santos, and Theiss (2021) find that, when members of the audit committee hold shares in their firm, they are less effective in mitigating earnings management. Thus, the independence of the audit committee is a key factor in enhancing its role in preventing mis-statements in the financial reports.

Summary and Gap in Literature

From the various empirical works reviewed, the study observed that studies that evaluate the effect of audit committee attributes, and its effect on corporate financial reporting transparency in post-recession era in Nigeria is lacking. From the empirical, the study observed that some studies have examined some aspects of audit attributes but did not include external audit reporting timeliness hence they focus on only audit committee attributes associated with Board. The findings from these reviewed empirical studies are contradictory, some findings show that positive effect of Board audit committee while others show negative. The contradictory results made it difficult to draw policy implication from these findings. It was observed that the insurance firms on the Nigeria stock exchange have not been richly studied in relation to corporate reporting timeliness and the period covered in this study was hardly covered on this sector in Nigeria. Most studies focused on corporate board audit committee; most have not included external audit factors like audit reporting timeliness holistically.

METHODOLOGY

Research Design

An ex post facto research design was adopted, utilizing longitudinal data collected from the annual financial reports of insurance firms listed on the Nigerian Exchange Group. The data collated from 10 insurance firms between 2015 to 2024 were analysed using regression analysis and used the Husman effect test to choose between fixed and random effect models. A purposive sampling technique was employed in selecting the firms used in the study.

Data and Variable Description

The variables were operationalized as follow

| Variables | Measurement / Authority |
|---|---|
| <i>Dependent Variable</i> | |
| Financial reporting transparency | <i>Financial reporting transparency proxy by discretionary accrual. To estimate the discretionary accruals of the selected firms using the modified Jones Model. $DACC = TACC - NDACC$ $TACC = NI - CFO$ Where: FR = Financial Reporting Transparency; TACC = Total Accruals; DACC = Discretionary Accruals; NDACC = Non-Discretionary Accruals; NI = Net Income; CFO = Cash Flow Operating Activities for the Firm. This can include savings accounts, emergency funds, and liquid investments. inspiration drawn from prior studies like Salma and Maha (2022); Solomon and Clement (2024); and Korolo (2025).</i> |
| <i>Independent Variables</i> | |
| <i>Independent Variables – Audit committee variables</i> | |

| | |
|--|--|
| <i>Audit committee Expertise (AUCEX)</i> | <i>Percentage of Audit committee members with finance or accounting experience or membership in any professional accounting bodies. Inspiration drawn from prior studies like; Orjinta and Ikuze (2018).</i> |
| <i>Audit committee Size (AUCSIZ)</i> | <i>The total number of Audit committee member. Inspiration drawn from prior studies like; Orjinta and Ikuze (2018).</i> |
| <i>Audit committee Independence (AUCIND)</i> | <i>Percentage of Audit committee members who are not directly in the daily operation of the insurance firms. Inspiration drawn from prior studies like; Orjinta and Ikuze (2018).</i> |
| <i>Audit committee fees (AUCFEE)</i> | <i>Audit committee fees expressed as the percentage of total operating cost in accounting year. Inspiration drawn from prior studies like; Orjinta and Ikuze (2018).</i> |
| <i>Audit committee timeliness (EATIM)</i> | <i>This is the time period between the year end and when the financial reporting was signed by the external auditor. Inspiration drawn from prior studies like; Qi and Tian, (2014),</i> |

Model Specification

The model for the study was anchored on the sub-objective of the study. The study adopted the model of Namakavarani, Daryaei and Askarany, (2021) which examine the relationship between audit committee and financial reporting. The model was modified to suit the variables selected for this study, as follows:

$$DACC = \beta_0 + \beta_1 AUCSIZ_{it} + \beta_2 AUCEX_{it} + \beta_3 AUCIND_{it} + \beta_4 AUCFEE_{it} + \beta_5 EATIM_{it} + \dots$$

1

Where: DACC = Discretionary accruals; AUCSIZ = Audit Committee Size; AUDEX = Audit Committee Expertise; AUCIND = Audit Committee Independence; AUCFEE = Audit Committee Fees; EATIM = Audit Timeliness; $i = i$ stands for company while 't' for time β_0 = Intercept; $\beta_1, \beta_2, \beta_3, \& \beta_4$ = Coefficients of the independent variables

DATA ANALYSIS, INTERPRETATION AND RECOMMENDATION

Data Presentation

This study adopted multiple regressions analysis and conducted some preliminary analysis such as descriptive statistics result shows the average for each of the variables, their maximum values, minimum values, standard deviation and the Jarque-Bera (JB) statistics (normality test).

Table 1

Descriptive Statistics Result

| | DACC | AUCSIZ | AUCEX | AUCFEE | AUCIND | EATIM |
|--------------|----------|----------|----------|----------|----------|----------|
| Mean | 0.280089 | 4.114286 | 0.544777 | 5.227679 | 0.53625 | 118.2480 |
| Maximum | 0.330000 | 6.000000 | 0.710000 | 9.000000 | 0.630000 | 187.0000 |
| Minimum | 0.160000 | 3.000000 | 0.380000 | 4.000000 | 0.430000 | 81.00000 |
| Std. Dev. | 0.064904 | 0.835626 | 0.065687 | 0.654026 | 0.046184 | 52.27923 |
| Skewness | 0.016925 | 0.348970 | 0.135931 | 0.404880 | 0.338570 | 0.474603 |
| Kurtosis | 2.552716 | 2.627927 | 2.916055 | 3.391840 | 2.628655 | 3.276217 |
| Jarque-Bera | 11.87795 | 5.838550 | 0.755590 | 7.552991 | 5.566535 | 6.457614 |
| Probability | 0.001028 | 0.053973 | 0.685371 | 0.022903 | 0.061836 | 0.031391 |
| Observations | 98 | 98 | 98 | 98 | 98 | 98 |

Source: Summary of descriptive statistics result using E-view 10

The result provides some insight into the nature of the selected quoted Insurance firms that were used examined. Firstly, it was observed that over the period under review, the sampled Insurance firms have an average positive financial reporting quality of value of 0.28. This value indicates that insurance firms in Nigeria have relatively low reporting quality. Audit committee size has a mean value of 4, maximum of 6 members and minimum members of 3, indicates that the audit committee size of insurance firms in Nigeria is between 4 and 6 members.

Audit fees: the result shows on average the audit fees' value of 5 times, maximum value of 9 times and minimum value of 4 times. This indicates that the external auditor received between 4 to 9 percent of the operating cost as service fees. Audit committee independence has average value of 0.54, maximum value of 0.63 and minimum value of 0.43. These values show that between 63 to 43 percent of audit committee independence.

Audit timelines average between 118 to 81. This shows that on average, it takes 118 days from year end to the date the financial report is signed. Audit committee expertise shows the number of executive directors with financial expertise. Lastly, the Jarque -Bera (JB) shows that all variables are normally distributed at 1% to 10% significance level except for Audit committee expertise.

Correlation Analysis.

In examining the association among the variables, the study employed Pearson correlation analysis.

Table 2

Pearson Correlation Analysis

| | DACC | AUCSIZ | AUCEX | AUCFEE | AUCIND | EATIM |
|--------|----------|----------|----------|----------|----------|----------|
| DACC | 1.000000 | | | | | |
| AUCSIZ | 0.454532 | 1.000000 | | | | |
| AUCEX | 0.357768 | 0.124898 | 1.000000 | | | |
| AUCFEE | 0.234345 | 0.041588 | 0.131302 | 1.000000 | | |
| AUCIND | 0.323158 | 0.062002 | 0.021143 | 0.331900 | 1.000000 | |
| EATIM | 0.149071 | 0.239896 | 0.231134 | 0.025794 | 0.564403 | 1.000000 |

Source: Summary of Correlation Analysis Result Using E-View 10

The result of the correlation analysis shows that there is positive association between financial reporting transparency, audit committee independence (0.32), audit committee size (0.45), audit fees (0.23), audit committee expertise (0.36) and audit timeliness (0.15). The result reveals that audit committee variables and audit timeliness are positively associated with financial reporting transparency corporation. Audit committee size is positively associated with Audit committee members expertise (0.12), Audit fees (0.04), Audit committee independence (0.06) and Audit timeliness (0.23).

Thus, Audit committee attributes and audit timeliness positively drives the level of the financial reporting transparency. The study observed that no two variables were perfectly correlated. This reveals the absence of multi-colinearity problem in our model.

Regression Analysis

Fixed and Random Effect Test

The summary result of Hausman test result, details of the result is presented in table 4 under the appendix.

Table 3

Correlated Random Effects

| Correlated Random Effects - Hausman Test | | | |
|--|-------------------|--------------|--------|
| Equation: Untitled | | | |
| Test cross-section random effects | | | |
| Test Summary | Chi-Sq. Statistic | Chi-Sq. d.f. | Prob. |
| Cross-section random | 11.293839 | 7 | 0.0011 |

Source: Summary of the Hausman Effect Test Result (2025) using E-view 8

The Hausman test result shows a chi-square statistic 11.29, chi-square differential value of 7 and probability value 0.0011, the chi-square probability value is less than 10. Based on the result, the study accepts the fixed effect and rejects the random effect.

Financial Reporting Transparency

To evaluate the causal effect relationship that exists between Audit committee attributes and financial reporting transparency and to test our formulated hypotheses, the study used regression analysis. The result obtained is presented in table 4.

The analysis result shows R-sq (adj) 55%. The R-squared value indicate that Audit quality variables jointly explain about 55% of the variation in financial reporting transparency of the selected insurance firms. Thus, the level of the financial reporting transparency of insurance firms can be attributable to their Audit factors. The F-statistics value of 13.03 and its probability value of 0.00 show that model formulated is appropriate hence the model used for the analysis is appropriate and statistically significant at 1% levels

Table 4
Results

| Dependent Variable: DACC | | | | |
|--|-------------|--------------------|-------------|----------|
| Sample: 2015 2024 | | | | |
| Total panel (balanced) observations: 100 | | | | |
| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
| C | 1.243016 | 1.112049 | 1.117771 | 0.2651 |
| AUCSIZ | 0.166201 | 0.607141 | 0.652131 | 0.4731 |
| AUCEX | 0.113764 | 0.068742 | 1.654942 | 0.0719 |
| AUCFEE | 0.368812 | 0.054107 | 2.908156 | 0.0041 |
| EATIM | 0.128847 | 0.649274 | 0.198448 | 0.8429 |
| AUCIND | 2.934110 | 0.183082 | 2.709038 | 0.0074 |
| Adjusted R-squared | 0.546319 | S.D. dependent var | | 0.876229 |
| F-statistic | 13.03421 | Durbin-Watson stat | | 1.743523 |
| Prob(F-statistic) | 0.000000 | | | |

Source: summary of regression analysis from e-view 8

Discussion of Findings

Audit Committee Size and Financial Reporting Transparency: The result of the analysis shows that Audit committee size has positive (0.166) and probability value (0.473) indicates that Audit committee size can positively drive the level of financial reporting transparency among insurance firms in Nigeria. However, the positive impact is statistically insignificant. This finding is in line with the finding from the study of Ogullah and Sylva (2022) and Iseremeya and Evbota (2023), but contrary to the finding from the study of Veronica (2022) which was carried out using manufacturing insurance firms listed in Ghana Stock Exchange.

Audit Committee Expertise and Financial Reporting Transparency: The result of the analysis shows that Audit committee expertise has strong positive and significant effect on financial reporting transparency is statistically significant. This indicates that audit committee members' expertise positively and statistically significantly in driving a major change in financial reporting transparency. This finding is in line with the study of Veronica (2022), Nuyen, Le, Dao, and Pham, (2023) which found that audit committee expertise (nationality, education and gender diversity) positively affects the financial reporting transparency of firms.

Audit Committee Fees and Financial Reporting Transparency: The result shows that Audit fees have a positive effect of audit committee fees and the positive effect is statistically significant on the financial reporting transparency of insurance firms in Nigeria. This finding is in line with the finding from the study of Gupta and Sharma (2022) but contrary to the finding of Ogullah and Sylva (2022), carried out using manufacturing firms listed in Ghana Stock Exchange.

Audit Committee Independence and Financial Reporting Transparency: The study finds that Audit committee independence (2.93) and probability value (0.007) has strong positive effect of audit committee independence on the financial reporting transparency of insurance firms in Nigeria is statistically significant. This finding is in line with the finding of study done like, Seraj, Fazal, and Alshebami (2022) and that of Ogullah and Sylva (2022), and study of Hasan, Aly, and Hussainey (2022) but contrary to the finding of Gupta and Sharma (2022) carried out using manufacturing firms.

Audit Timeliness and Financial Reporting Transparency: The result shows that audit timeliness has positive effect on financial reporting transparency of insurance firms in Nigeria. This means completing the audit exercise within a reasonable time positively affects the financial reporting transparency. However, the probability value of 0.84 reveals that the positive effect of audit timeliness on financial reporting transparency has insignificant effect. This finding is contrary to the finding from the study of Olayikan (2019) and Seraj, Fazal, and Alshebami (2022) but in line with the findings from Ogullah and Sylva (2022).

CONCLUSION AND RECOMMENDATION

The audit committee's composition is important for matching management and shareholder interests, providing information for monitoring and counselling, and assuring effective decision-making. A well-formed audit committee increases the likelihood of matching the interests of both the manager and the shareholders, reducing information asymmetry to a bare minimum, and providing the necessary support for shareholders to accomplish the aim of monitoring maximization. The proper proportion of audit committee size, age, expertise, independence, nationality, ethnicity, educational background, and experience interact to achieve the aim in a well-composed audit committee. A well-balanced audit committee can aid the Board in making decisions by allowing them to evaluate a larger variety of options. The audit attribute fosters innovation and idea generation, which improves the firm's corporate reporting transparency. The purpose of this study was to see how the attribute of the audit affects the financial reporting transparency of Nigerian insurance firms. The study looked at audit committee size, audit fees, audit committee expertise, audit timeliness, and audit committee independence. The study finds audit attribute has effect on the financial reporting transparency among Nigerian listed insurance enterprises. The study recommend that insurance companies should consider their Audit committee size, fees, independence, and expertise (experience, education background, professional qualification) of Board members appointed into the audit committee as these contribute more to the level of financial reporting transparency among insurance firms.

Contribution to Knowledge

Other studies are encouraged in other sectors like the Agricultural sector. Also, a cross-country analysis could reveal unique pattern which would contribute to body of knowledge

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