AUDIT FIRM ATTRIBUTES AND AUDIT QUALITY IN NIGERIA

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Abstract

This paper explored audit firm attributes and audit quality in Nigeria. For the paper objective to be accomplished, the study fundamentally embrace the survey of panel data in other to properly scrutinize the concept of audit firm attributes as it relate to audit quality in Nigeria for the period of 5-years (2014-2018). Fifteen (15) companies from the banking industries were used in total. Due to the cross sectional nature of the study, the panel multiple regression was employed with the aid of Eview 8.0 econometric packages for the analysis of data. The result of the findings appears that the variable of Audit Independence (AUDI) and Audit Fees (AUDF) were observed to be significant and positively related with Audit Quality (AUDQ), Audit Firm Rotation (AUFR) was positively and insignificantly related with Audit Quality (AUDQ) while Audit Delay (AUDY) indicated a negative and a relationship that is insignificant with Audit Quality (AUDQ). In view of the findings, the study therefore strongly recommends that audit independence and audit fees should be given more attention in the course of considering the attributes of audit firm as well as the quality of audit in Nigeria.

Keywords: Audit independence, Audit firm rotation, Audit fee, Audit delay, Audit quality

INTRODUCTION

The concept of audit firm attributes as well as the quality of audit has really drawn the attention of several academic researchers all over the world. Literature on the quality of audit is increasing gradually as the time goes by (Asiriuwa, Aronmwan, Uwuigbe & Uwuigbe, 2018). The reason behind this may be as a result of the importance attached to it. The issue of audit quality is regarded by various interest groups in the company to be important (Babatolu & Aigienohuaw, 2016). In auditing profession, the quality of audit is regarded as one of the issue that is most important (Akhalumeh, Agweda & Ogunkua, 2017). Audit quality simply refers to the auditor's capability in discovering as well as reporting financial statement errors (Ndubuisi, Okeke & Chinyere, 2017). Audit quality "describes how well an audit detects and reports material misstatements (including intentional and unintentional errors) of financial statements, reduces information asymmetry between management and stockholders and help to protect the interests of stockholders" (Chen, Elder & Liu, 2005, p. 1). The quality of audit could be affected by a number of factors that can be noticed to be divided into the specifications of auditor and the attributes of auditing process (Hosseinniakani, Inacio & Mota, 2014). Audit firm attributes could have implications on audit quality. Audit firm attributes include auditor independence, audit firm rotation, audit fees, as well as audit tenure. Attributes of audit firms whether auditors with international affiliation or local can play crucial part on the report of audit quality. The auditor as umpire between management and dispersed owners are expected to report about the true position of the audited firm. The continuous discourse on the quality of audit is for the reason that the global financial reporting scandals which seem to have been a recurring decimal which has mostly affected the observation as well as accounting information reception by users to the services that is rendered by both the auditors and the accountant (Mgbame, Eragbhe & Osazuwa, 2012). The collapse and demise of companies with high profile like Enron, Cadbury PLC, WorldCom, Africa Petroleum and financial scandals among some Nigeria deposit money banks has shown the ugly side of poor audit (Hauwa, Ocheni & Muktar, 2017). For instance, in Nigeria, during the investigation process of Cadbury corporate fraud, Akintola Willian and Deloitte was indicted for poor audit and involvement in cooking of the financial statement. Poor audit can bring miss-information to stakeholders about the true financial position and will lead to conflicting of interests between the management and owners. Over the past few years, corporate failures observed in Nigeria have continue to raise burning question on the relevance as well as the reliability of the reports of audit, if shareholders interest is not protected (Egbunike, Egbunike & Okafor, 2017). A lot of companies suffered corporate collapse because of poor quality of audit. Poor quality of audit is due to audit evidence that is insufficient and inappropriate. Enron's auditors and Arthur Andersen happens to failed on their part for not

gathering enough audit evidence that is sufficient to using special purpose entities as well as their accounting treatment (Mallin, 2010). Could the poor work of the quality of audit of Arthur Andersen have been as a result of lack of auditor independence, audit firm rotation and audit fee? However, this study introduces variables like audit delay and audit rotation which to the best of the researcher's knowledge, studies from Nigeria have not given attention as it relates to the quality of audit. In this regard, there lies a knowledge gap that this study requires to fill.

Objectives of the study

1. To ascertain the influence of audit independence on audit quality among quoted firms in Nigeria;
2. To determine the effect of audit firm rotation on audit quality among quoted firms in Nigeria;
3. To examine the effect of audit fee on audit quality among quoted firms in Nigeria;
4. To investigate the effect of the delay in audit on audit quality among quoted firms in Nigeria.

LITERATURE REVIEW AND THE DEVELOPMENT OF HYPOTHESES

Audit Quality Concept

Audit refers to an examination and there are broadly, two kinds of audit. The independent audit which is an external audit; and the internal audit, which is provided by an employee who is usually a member of the firm and is usually part of management function. Note worthily, most mentions of audit refer to external audit. The usage of the term here is consistent with that pattern. The purpose of an audit, according to Akhalumeh, Agweda and Ogunkua (2017) is to make sure that assurance are provided on financial statements and the quality of the audit is therefore the degree of the promise that material misstatements are not found in such financial statements. The quality of audit is examined by the ability of the auditor to ascertain the standards of accounting breaches as well as their incentives for such breaches to be reported. That is to say that the quality of audit is a product of the competence of auditor as well as independence. Akhalumeh, et al., (2017) stated in their study that the quality of audit is considered to be one of the issues that are most vital of the auditing profession. The audit exercise ability is to find out material error as well as fraud that lead to those material misstatements of various financial statements and where such exist is what is considered to be audit quality. Audit quality definition, according to Davidson and Neu (1993), is said to be found on the ability of the auditor to find out and ensure material misstatements are eliminated as well as the manipulations that result in reported net income. Nyaboke and Omwenga (2016) sees audit quality in two ways: to start with, finding out misstatements and financial statement errors, secondly, ensuring that misstatements of these material and errors are reported. De Angelo

(1981, P.186) in his view sees "audit quality as the market assessed joint probability that a given auditor will both discover a breach in a client's accounting system, and report the breach". It is therefore reasonably logical to see it in the same light as Palmrose (1988) who sees the quality of audit as assurance level. External auditing that is of high quality is found to be of a component that is essential for capital markets to function well. According to Hennes, Leone and Miller (2012), auditors are likely to be changed by various corporations with the reputation for financial reporting that is credible when their quality of audit is questioned in other to avoid the consequences of capital market of unreliable financial reporting. Suyono (2012) explained in his study that the quality of an audit simultaneously depends on the characteristics of a number of audit firms such as auditor experience, auditor independence and auditor accountability. The quality of audit was also measured by using peer review result (Colbert & Murray, 1998).

Audit Independence and Audit Quality

Independence, according to Sweeney (1994) simply denotes the quality to be free from influence, bias or persuasion, the absence that will impair greatly the audit services value as well as the report of audit. Audit independent is one of the explanatory variables to be examined in audit firm attribute. Audit independence has to do with the absence of interests which leads to the creation of the risk of unacceptability of material bias with due respect to financial statements reliability. It might as well be seen as the auditor's unbiased intellectual attitude for decisions to be made throughout the process of auditing and reporting. The instantaneous role of audit independence is to ensure the audit is served. It brings about more effectiveness in the audit and make sure that the objectivity of the auditor is properly planned and executed. Dubuisi, Okeke and Chinyere (2017) posit that the independence of audit can be seen as auditor's unbiased intellectual attitude in decisions making all through the audit as well as the process of financial reporting. Previous studies have revealed that auditor independence have effects on audit quality (Enofe, Mgbame, Efayena & Edegware, 2014). Ndubusi, et al. (2017) examined audit quality determinants: Evidence from quoted health care companies in Nigeria and found a relationship that is positively and statistically significant with that of the independence of audit as well as the quality of audit. Likewise, positive relationship that is significant also existed between the independence of auditor and that of the quality of audit (Alim, Trisni & Lilik, 2007). It therefore follows that as auditor independence rises, the quality of audit rises likewise.

$H0_1$: *audit independence does not have any significant relationship with audit quality of quoted firms in Nigeria.*

Audit firm rotation and Audit Quality

The rotation of audit firm is often regarded as a way of bringing enhancement to the quality of audit due to the prevention of the auditors which depends on the connection with the management of corporate firms and distinguishing between the auditing of oriented capital market as well as oriented companies of non-capital market. Mohamed and Abir (2014) investigated audit firm rotation and audit quality and listed firms from Tunisian was used and no evidence was found that the voluntary audit firm rotation has negative effects on the quality of audit. Investigation was also carried out by Adeyemi, Okpala and Dabor (2012), on various determinants which affect the quality of audit of various firms in Nigeria. Revealed of the study established that non-audit service provision can possibly have an effect that is significant on the quality of audit in Nigeria. Omoye and Aronmwan (2013) conducted a study on the rotation of audit firm and the quality of audit in the Nigerian-banking sector. The study demonstrates that the rotation of audit firm significantly affects the quality of audit although the effect is negative. Though, audit firm rotation was not found in the study to be considered as a significant factor for improving audit quality in Nigeria.

$H0_2$: audit firm rotation does not have any significant effect with audit quality of quoted firms in Nigeria.

Audit Fee and Audit Quality

Audit fee is also regarded as one of the proxies that is adopted for the quality of audit to be measured. The amount that the auditor charged for the performance of audit process and for the accounts of a firm is what is regarded as audit fees (Walid, 2012). Audit fees that are high are reflected in higher costs which result from greater quality of audit (Okolie, 2014). According to Moizer (1997), audit fees are related with higher quality of audit resulting in higher reputation of auditors. A lot of studies have been done to look at the association which exists between fees of audit as well as the quality of audit. Audit fees and audit quality in Nigeria was examined by Onaolapo, Ajulo and Onifade (2017) and sample of cement corporations that are listed on the floor of Nigerian Stock Exchange was used. The result reveals that client size, audit fee, leverage ratio and audit tenure reveal a joint significant association with the quality of audit. Also, indicates that audit fee particularly has an impact that is significant and positively associated to the quality of audit. Aliu, Okpanachi & Mohammed (2018) investigates audit fees as well as audit quality of companies listed on the downstream sector of petroleum industry in Nigerian. The finding illustrates that audit fee as has insignificant and negative association with the quality of audit.

$H0_3$: audit fee does not have any significant relationship with audit quality of quoted firms in Nigeria.

Audit Delay and Audit Quality

Audit delay is another characteristic that can be considered to enhance the quality of auditing. Auditing brings about the transparency as well as the accuracy of published financial statements and the need to address the cause of auditing delay cannot be overemphasized. Audit around the world has been used in various ways to identify the time past between the close of the fiscal year as well as the field work of audit. Latter part of it is usually the date that the applicable tests of audit work are found to have been completed and the auditor leaves the place where the clients reside. Audit delay according to Zohreh and Azadeh (2011) is the number of days between the fiscal year-end of a company and the date of the audit report. It is defined as "the number of days between the date of the financial statements and the date of the auditor's report" (Sagin & Nikhil, 2019, P. 38). Audit delay is a challenge that is predominantly pernicious in most of the countries that are still developing where regulatory standards for auditing timeliness are found not to be properly enforced as well as where the entire culture of the business is not in agreement to detecting punctuality and matters efficiency such as financial reporting. Audit delay as it relates to the quality of audit can be seen in different perspective.

H0₄: audit delay does not have any significant effect with audit quality of quoted firms in Nigeria

THEORETICAL FRAMEWORK

Agency Theory

The focus of this paper is on agency theory. The introduction and the detail description of this theory were given by individuals known as Jensen and Meckling in 1976. Clarke (2004) explained that the managers (directors) are the once that managed the firm and act on behalf of the principal (owners) as agent. By so doing, principal have handed over the power to managers to perform on their behalf. The implication of this is that the owners at the end will be expected to be given profit from their capital. But due to differences which may exist between the ownership from control, conflict of interest may come up. This is due to the owner 'side that the management can act for their interest as well as personal gain and not for that of the shareholders. Agency theory, according to Watts and Zimmerman (1978) put forward that the appointment of the auditor is for the interests of the third parties as well as that of the management. "This relationship, as is observed by analysts, creates information asymmetry with the managers having information advantage" (Akhalumeh, et al., 2017, P. 61). In this case, the necessity for accurate monitoring that has led to auditor for role is therefore needed to give an examination of independent of company affairs in other to give a good expression of a perception of the financial statements of the corporation. The essence for "faith" and "confidence" of this is due to the opinion expressly given by the auditor.

Table 1: Summary of the Empirical Studies

S/N	Authors (Year)	Title	Place	Methodology	Finding
1	Enofe, Mgbame, Efayena and Edegware (2014).	Audit firm characteristics and auditing quality: The Nigerian experience.	Nigeria	Regression	Result revealed that auditor independence and the accountability of auditor were established to be significantly associated with the quality of audit.
2	Okeke and Chinyere (2017).	Audit quality determinants: Evidence from quoted health care firms in Nigeria.	Nigeria	Regression	The findings revealed that audit firm size, audit tenure as well as audit independence have a significant and a relationship that is positive with audit quality of healthcare firms that are listed on the floor of Stock Exchange of Nigeria at the level of 5% significance.
3	Bahaaeddin (2019).	The associations between audit firm attributes and audit quality-specific indicators.	USA	The method of Meta-analysis.	The findings of the study shows a relationship which is positively significant between all audit firm attributes and the quality of audit.
4	Elew (2019).	The effect of audit quality on firm performance: A panel data approach.	Egypt	Regression	The findings indicate that the Random Effect Model result and that of the ROT as well as the BIG 4 were found to have an impact that is insignificant on ROA and ROE of the firm.

METHODOLOGY

In other to accomplish the aim of this paper, the study predominantly embrace the panel survey so as to properly find out about the attributes of audit firm as well as audit quality in Nigeria for the period of 5-years (2014-2018), as it connect to the various companies that are found to be quoted on the Stock Exchange of Nigeria as at December 31st, 2018. The study population is made up of all the quoted companies that are listed as at 31st December, 2018. The secondary data are obtained from the corporate annual report of the sampled companies on the Nigeria

Stock Exchange for the period 2014-2018 financial year. The researcher utilizes only corporate annual reports because they are readily available and accessible. The sample of this study is basically made up of 15 companies from the banking sector of the economy.

The proposed analytical framework in figure 1 below shows the schematic diagram of the causal relations with that of the dependent variable that is represented by audit quality and explanatory variables (audit firm attributes) which consists of audit independence, audit firm rotation, audit fee and audit delay for this study. We anchored this study onthe theory of agency. The theory of agency, according to Watts and Zimmerman (1978) is that the appointment of auditor is done for third parties interests and that of the interest of the management.
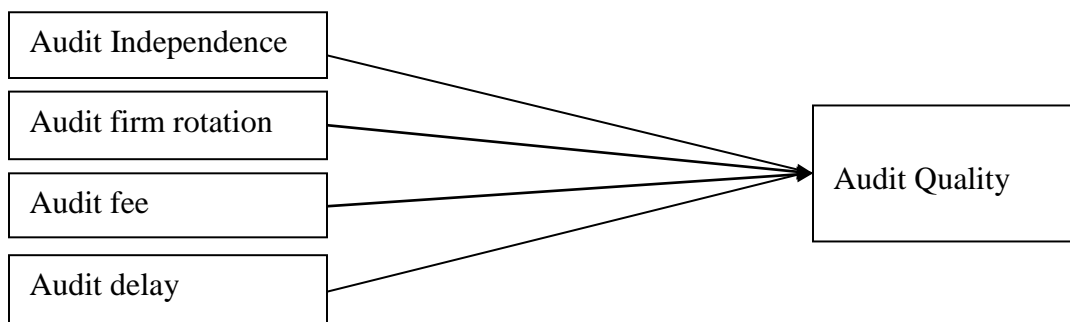

Figure 1: Proposed Analytical Framework

Also, the schematic framework culminates into the required model specifications. The study will adapt the model specified by Akhalumeh, et al. (2017) with six variables used in the model specification as below:

$$AUDQ = \beta_0 + \beta_1 FSZ + \beta_2 BDIN + \beta_3 BDSZ + \beta_4 FINL + \beta_5 FPR + e \dots\dots\dots\dots \text{Equ 1}$$

Where,

AUDQ = Audit quality - dependent   FSZ = Firm size - independent

BDIN = Board independence - independent   BDSZ = Board size - independent

FINL = Financial leverage - independent   FPR = Firm profitability - independent

e = Error term.

For the aim of this study, our model is stated as:

$$AUDQ = f (AUDI, AUFR, AUDF, AUDY) \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\text{Equ 2}$$

While the explicit model is given as;

$$AUDQ_{it} = K_0 + K_1 AUDI_{it} + K_2 AUFR_{it} + K_3 AUDF_{it} + K_4 AUDY_{it} + e \dots\dots\dots\dots\text{Equ 3}$$

Where;

K_0 = Constant or intercept $K_1, K_2, K_3,$ and K_4 = Coefficients

it = "i" for firm and "t" for time   AUDQ = Audit quality

AUDI = Audit independence   AUFR = Audit firm rotation

AUDF = Audit fees   AUDY = Audit delay

e = Error term

Our apriori expectations are as follows: $\mathcal{K}_1>0$, $\mathcal{K}_2>0$, $\mathcal{K}_3>0$ and $\mathcal{K}_4>0$ which means that:

$\mathcal{K}_1>0$: suggests that a unit rise in the audit independence will lead to an increase in audit quality;

$\mathcal{K}_2>0$: suggests that a unit rise in audit firm rotation will lead to an increase in audit quality;

$\mathcal{K}_3>0$: suggests that a unit rise in audit fees will lead to an increase in audit quality;

$\mathcal{K}_4>0$: suggests that a unit rise in audit delay will lead to an increase in audit quality.

Table 2: Operationalisation of Variables

S/N	Variables	Definitions	Type	Measurement	Source	Apriori Indication
1	AUDQ	Audit quality	Dependent	The number of days that elapse from the closure of the period of financial accounting, until the day the report of the auditor is signed	Alfraih (2016)	
2	AUDI	Audit independence	Independent	Ratio of audit fee to company's revenue.	Adeniyi and Mieseigha (2013)	+
3	AUFR	Audit firm rotation fees	Independent	Auditor rotation measured by frequency of auditor change in a firm. If one of the big four remains with the company for more than 3 years, place 1 but if otherwise 0.	Imegi and Oladutire (2018).	+
4	AUDF	Audit fees	Independent	Audit fee natural log	Velte and Azibi (2015)	+
5	AUDY	Audit delay	Independent	Number of days between firm's fiscal year-end as well as the date the audit was reported.	Zohreh andAzadeh (2011).	+

Source: Researcher's compilation (2019)

ANALYSIS AND RESULTS

Table 3: Descriptive Statistics

	AUDQ	AUDI	AUFR	AUDF	AUDY
Mean	0.190000	71.98957	44.87000	0.199140	33.05714
Median	0.180000	75.52000	41.85000	0.164700	34.00000
Maximum	0.350000	87.58000	87.40000	0.852000	65.00000
Minimum	0.060000	53.05000	13.20000	0.002000	12.00000
Std. Dev.	0.085364	9.250364	17.82083	0.198064	10.67557
Skewness	0.053786	-0.527344	0.510618	1.674914	0.831233
Kurtosis	2.056507	2.182116	2.847067	6.241242	4.748419
Jarque-Bera	2.630104	5.195463	3.110072	63.37040	16.97721
Probability	0.268460	0.074442	0.211182	0.000000	0.000206
Sum	13.30000	5039.270	3140.900	13.93980	2314.000
Sum Sq. Dev.	0.502800	5904.277	21913.15	2.706823	7863.771
Observations	70	70	70	70	70

The above table 3 confirms the descriptive statistics of different variables studied with an emphasis on Mean, Maximum, Minimum, standard deviation and the test of jarque-Bera result. The result revealed that the mean has audit quality (AUDQ) value of 0.190000, audit independence (AUDI) stood at 71.98957, audit firm rotation (AUFR) indicated 44.87000, audit fees (AUDF) reflected 0.199140 while audit delay (AUDY) was 33.05714.

Table 4: Correlation Matrix

	AUDQ	AUDI	AUFR	AUDF	AUDY
AUDQ	1.000000				
AUDI	0.320346	1.000000			
AUFR	0.136501	0.067660	1.000000		
AUDF	0.240741	0.085819	0.117213	1.000000	
AUDY	-0.137086	-0.047247	0.152579	0.127652	1.000000

Table 4 above indicates diverse coefficient of both positive as well as negative numbers of correlation matrix between (AUDQ) which is represented by the dependent variable and that of the explanatory variables (AUDI, AUFR, AUDF and AUDY). The coefficient of correlation between the dependent variable of audit quality and explanatory variables of audit independence, audit firm rotation, audit fees as well as audit delay indicate values of 0.320346,

0.136501, 0.240741 and -0.047247. The values of tolerance are constantly smaller than 1.00. This further demonstrates overall absence of multicolliniarity between the independent variables.

Table 5: Variance Inflation Factors

	Coefficient	Uncentered	Centered
Variance Inflation Factors
Date: 12/04/19   Time: 08:18
Sample: 1 15
Included observations: 15

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.030679	128.8327	NA
AUDI	5.19E-06	114.0689	1.154289
AUFR	1.08E-06	8.998217	1.918074
AUDF	4.006174	5.757336	1.514865
AUDY	3.09E-06	14.62136	1.441312

Table 5 above revealed that the various variables as indicated in the regression model are significant to the study as the variance inflation factors are noticed to have a benchmark that is below 10. It further revealed the nonappearance of the multicollinearity problem in regression model.

Table 6: Panel Least Squares Regression Result

Dependent Variable: AUDQ
Method: Panel Least Squares
Date: 12/04/19   Time: 07:57
Sample: 2014 2018
Periods included: 5
Cross-sections included: 14
Total panel (balanced) observations: 70

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.001151	0.083247	0.013823	0.9890
AUDI	0.002631	0.001042	2.526457	0.0140
AUFR	0.000560	0.000547	1.023773	0.3097
AUDF	0.096663	0.049095	1.968902	0.0432
AUDY	-0.001360	0.000914	-1.487874	0.1416
R-squared	0.184610	Mean dependent var		0.190000

Table 6…

Adjusted R-squared	0.134432	S.D. dependent var	0.085364
S.E. of regression	0.079419	Akaike info criterion	-2.159412
Sum squared resid	0.409978	Schwarz criterion	-1.998805
Log likelihood	80.57942	Hannan-Quinn criter.	-2.095617
F-statistic	3.679104	Durbin-Watson stat	1.141510
Prob(F-statistic)	0.009214		

The panel least square (PLS) regression outcome above, ascertained that audit independence (AUDI), audit firm rotation (AUFR), audit fees (AUDF), and audit delay (AUDY) were able to explain 18% of total variation in audit quality (AUDQ) and after adjustment the variable explained about 13% of the systematic variation in AUDQ while about 87% of the systematic variation in AUDQ were left unexplained by the model. The estimation shows that there are other variables that also explain the way audit quality behave. It can also be ascertained that the model remained statistically significant as the calculated F-value of 3.679104 was noticed to be higher than that of the critical f-value at the level of 5% significance. It therefore means that our model is statistically significant. Considering the result of the analyses, the Durbin Watson of Statistic 1.141510 specified the presence of serial correlation in the model. The result shows that audit independence (AUDI) and audit firm rotation (AUDF) had significant positive relationship with audit quality (AUDQ). Since their probability value of 0.0140 and 0.0432 are less than that of the absolute critical t-value at 5% level of significant. The result shows further that firm rotation (AUFR) and audit delay (AUDY) do not have any significant affiliation with audit quality (AUDQ) considering the fact that the probability values of 0.3097 and 0.1416 are found to be higher than the absolute t-values at 5% significant level. In the same vein, the result further shows that audit independence (AUDI) and audit firm rotation (AUFR) agreed with our a priori expectation from the model.

DISCUSSION OF FINDINGS

First, audit independence being one of the independent variables was positively and statistically found to be significant at the level of 5%. The result therefore agreed with our a priori expectation. The result further report a t-value of 2.526457 with the probability value of 0.014 which is significant. The outcome further implied a relationship that is significant between audit independence as well as that of the quality of audit in Nigeria. The outcome of the result is in line with Enofe, Mgbame, Efayena and Edegware (2014) who demonstrated that the independence of audit has a relationship that is found to be significant with the quality of audit. Second, the independent variable (audit firm rotation) revealed a relationship that is insignificant

with audit quality with a relationship that is positive which is not in alliance with our apriori anticipation. The result shows that audit firm rotation has an insignificant relationship with the quality of audit in Nigeria. The finding is consistent with Omri and Abdennebi (2014) who does not find any evidence of voluntary audit firm rotation having any effects on the quality of audit. The independent variable of audit fees also shows a relationship that is significant with that of the audit quality with a relationship that is positively in alliance with our a priori expectation. The outcome of the result shows that audit fees was found to have a relationship that is significant with the quality of audit in Nigeria. The finding is consistent with Aliu, Okpanachi and Mohammed (2018) who finds audit fee to be significantly related with the quality of audit. Finally, the explanatory variable of audit delay revealed an insignificant influence and negatively related with the quality audit. The result is not in agreement with our a priori anticipation in the model. The result shows a t-value of -1.487874 as well as the probability value of 0.1416 that are not significant. The outcome further revealed a relationship that is insignificant with audit delay as well as the quality of audit in Nigeria.

CONCLUSION AND RECOMMENDATIONS

This study investigated the attributes of audit firm and the quality of audit in Nigeria. The concept of audit firm attributes as it relates to audit quality has continued to attract considerable attention to various countries around the world and Nigeria inclusive. The quality of audit is determined by the ability of an auditor in other to discover the breaches of accounting standards as well as their incentives for such breaches to be reported. That is to say that audit quality can be said to be a product of auditor competence as well as independence. The aim of this study remained to assess the literature on the subject of the attribute of audit firm and audit quality. The panel data pertaining to the corporations that are quoted on the Nigeria stock exchange over the period of 2014-2018 was used. The study has chosen audit quality (AUDQ) (to represent the dependent variable) while audit independence (AUDI), audit firm rotation (AUFR), audit fees (AUDF), and audit delay (AUDY) (represented the independent variables) and they serve as audit firm attributes in this study. The outcomes revealed that the variables of audit independence, audit fees were noticed to be positively associated with audit quality while audit firm rotation and audit delay were found to be insignificant with the quality of audit. Audit firm rotation was seen to be negatively related. Therefore, since audit independence and audit fees are observed to be significantly associated with audit quality, the need to critically examine the concept cannot be overemphasized. In view of the findings, the study therefore strongly recommends that audit independence and audit fees should be given more attention in the course of considering the attribute of audit firm and the quality of audit in Nigeria. This study

presently covered a time period of five years (2014-2018) and the selected samples consist of firms from the banking industries in Nigeria. Thus, the study therefore suggested that further validation should be expanded to longer period and more samples.

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