

Impact of Disclosure of Audit Fees on Going-Concern Opinion of Deposit Money Banks in Nigeria

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Abstract

This study examined the Impact of Disclosure of Audit Fees on Going-Concern Opinion of Deposit Money Banks (DMBs) in Nigeria. The time-frame of the study is five (5) years from (2010-2014). Secondary data was used for the research and was generated through content analysis design. The secondary data was generated from annual reports and accounts of the selected DMBs in Nigeria for the relevant years (2010-2014) which included data on Disclosure of Audit Fees (DAF) and Going-Concern Opinion (GCO). Fifteen (15) Deposits Money Banks (DMBs) listed on the Nigerian Stock Exchange was selected for the study. The techniques applied for data analyses were Pearson's Correlation and Multiple Linear Regression (MLS). Findings were made that Disclosure of Audit Fees do significantly affect Going-Concern Opinion (GCO) of DMBs in Nigeria. This was clearly evidenced from the strength of the regression co-efficient at 100%, it can be agreed that Disclosure of Audit Fees do significantly affect Going-Concern Opinion (GCO) of DMBs. Based on the findings of the study, recommendation is made that to enhance the impact of the Disclosure of Audit Fees on the financial reports of the DMBs and also to enhance its impact on Going-Concern Opinion (GCO), regulatory authorities like the Financial Reporting Council of Nigeria (FRCN), the Securities and Exchange Commission (SEC) and the Corporate Affairs Commission should make Disclosure of Audit Fees paid to the Audit Firms and also Going Concern Opinion (GCO) report in order to enable investors (both existing and potential) to predict the future and prospects of companies through the analysis of their annual financial statements.

Keywords: Disclosure of Audit Fees, Going-Concern Opinion, Auditors Opinion, Audit fee, Audit Quality, Deposit Money Banks.

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Background to the Study

Over the year's major organizational collapses have been attributed to non-disclosure of audit fees leading to perceived lack of auditor's independence. These alleged audit failures were deemed to have occurred because auditors failed to disclose audit fees and comment indiscriminately on the going-concern opinion of companies. Mandatory auditor rotation frequently has been suggested as a means of strengthening independence and reducing the incidence of audit failure (Walker, 1999). US congressman Shelby is typical of this view; how can an auditing firm remain independent when it has established long term personal and professional relationships with a company by auditing same company for many years, some 10, 20, 30 years? The audit independence is a corporate governance mechanism and its effectiveness in financial reporting processes has been a cause of concern to scandals regulators and investors. This followed the worldwide corporate organization such as Enron, WorldCom, Parmalat that have been victims of accounting frauds and scandals (sanchez) Jose and Ruboi,2012), perhaps, the greatest audit failure that has occurred in Nigeria in recent time is that associated with Cadbury(Nig) Plc. Accounting scandal which came to in 2006. Okoro and Okafor (2013) reveals that Nigeria investors have lost several billions of dollars as a result of companies that falsified and deliberately overstated their accounts and consequently failed got into serious trouble.

Objective of the Study

This study therefore, examined the Impact of Disclosure of Audit Fees on Going-Concern Opinion of DMBs in Nigeria. The credibility of the audit report and the integrity of auditors is perceived to be affected by disclosure of audit fees, it is on this perception that this study seek to determine the relationship between Disclosure of Audit Fees and Going-Concern Opinion of DMBs in Nigeria. Based on this objective, a research question was formulated, thus; what is the impact of disclosure of Audit Fees on Going-Concern Opinion (GCO) of DMBs in Nigeria?

Scope of Study

This study was carried out to determine the relationship between Disclosure of Audit Fees and Going-Concern Opinion of DMBs in Nigeria; it is limited to 10 Deposit Money Banks (DMBs) in Nigeria selected as sample, where the annual reports of these banks were analyzed to extract data on the dependent and independent variables. The study covered a period of five (5) years from (2010-2014), which is considered relevant for the study.

Conceptual Framework

This section reviewed existing empirical studies related to the title and dealt with the concept of auditing, concept of audit fee, audit quality in DMBs and also the review of empirical studies and theoretical framework.

Concept of Auditing

According to Denigi (2004) "auditing is described as the independent examination of an expression of an opinion on, the financial statements of and enterprise by an appointed auditor in pursuance of their appointment and in compliance with any relevant statutory

obligation, according to Lawrence R. Dicksee, "an auditing is an examination of accounting records undertaken with a view to establishing whether they correctly and completely reflect the transactions to which they relate. In some instances, it may be necessary to ascertain whether the transactions themselves are supported by Authority (2010), Mautz (2011) conceived auditing as being "concerned with the verification of accounting data, with determining the accuracy and reliability accounting statement and reports. Linberg and Berk (2004) define audit independence as the independence of the auditor from parties that have an interest in the financial statement of an entity such as director, shareholder, creditor, investors, etc." The Chinese Institute of Certified Accountants (CICPA) is responsible for developing Independent Auditing Standards. In 1994, CICPA started drafting the independent auditing standards. The first and second sets of independent auditing standards were promulgated in 1995 and 1996, respectively. Auditor's Independent auditors play a vital role in enhancing the reliability of financial information by attesting to the trustworthiness of the financial statements. The study of Ghosh and Moon (2005). Independent auditors are considered the "gatekeepers" of the public securities markets (SEC 2000). From the above, one can deduce that auditing is an independent examination of, and expression of opinions, on accounts of a firm either sole proprietorship, partnerships, company or public enterprises in making sure that the relevant affairs of the business is a true and fair view of the state of the firm or business Auditing,

Concept of Audit Fee

Audit fee as an important factor of audit quality has been used in several studies, specifically in examining the link between audit quality and the size (e.g., DeAngelo, 1981; Francis, 2004; Hay & Davis, 2004). Greater audit fees are also associated with the choice of qualified auditors (Hay & Davis, 2004). In spite of higher audit fee, some clients are more interested in using large audit firms. Clients are confident that large audit firms have greater monitoring and bonding in order to capture higher audit quality (Hay & Davis, 2004).

Review of Empirical Studies

There is evidence that mandatory audit firm rotation will improve audit quality in Nigerian Banks. Walker, Lewis and Casterella (2001), Knechel and Vanstrael (2007), have also argued that auditor rotation may not necessarily improve audit quality and the effect of tenure does not have either an increasing or decreasing effect on audit quality and at best the effect is weak. However, the study finding is at variance with the conclusions made by Barbadillo and Aguilar (2000) which found the relationship between the auditor tenure and audit quality to be negative and concluded that the shorter tenure, the more they behave in a dependent fashion. Masoyi, Usman and Peter (2015), absed on the data analysis conducted and the analysis of the research hypotheses, that study concludes that Audit Quality has significant impact on the Earnings Management of Listed Deposit Money Banks in Nigeria. The researcher also concludes that Audit Firm Size and Joint Audit Services have significant negative effect on the Earnings Management of listed deposit money banks in Nigeria during the period covered by the study. Similarly, the study concludes that auditor financial dependence has significant positive impact on Earnings Management of listed deposit money banks in Nigeria.

Arens, Elder and Beasley (2010), independence is an expected audit behavior such that auditors do not have personal interests in the course of doing their jobs since it will be contrary to the principles of integrity and objectivity. It follows therefore that where public accountants are not independent of their clients, their audit opinion may become useless because the purpose of independence itself is to enhance the credibility of financial statements (DeAngelo, 1981; Dang, 2004; Alim, Trisni & Lilik, 2007; Xu & Wang, 2008; Adeyemi & Akinniyi, 2011; Oladipupo & Izedonmi, 2011 & Suyono, 2012). However, revealed that independence of statutory auditors goes a long way in determining the credibility of financial and audit reports respectively. This is why Lindberg and Beck (2004) argued that auditor independence is the cornerstone of the auditing profession since it is believed to be the foundation of the public's trust in the accounting profession. Healy and Kim (2013) and Carcello & Nagy (2004), have also argued that rotation of audit firms is a way of improving audit quality.

We find that audit quality is not negatively affected by audit firm tenure. Mandatory audit firm rotation is perceived as an unnecessary procedure without any actual evidence of fulfillment of intended purposes. Mandatory audit firm rotation would have an adverse effect on the quality of audits and on the long term sustainability of the auditing profession. Brooks, Cheng and Reichelt (2012), revealed that public company accounting oversight board (PCAOB) recently solicited comments on a 10-year mandatory audit firm rotation for the largest 100 S & P firm. They propose that audit quality is likely to increase with audit firm tenure due to a dominant learning effect in earlier years and decrease with audit firm tenure due to a dominant bonding effect years. Adopting a quadratic model to empirically estimate the firm tenure year when audit quality is likely decline, they find that the average point when audit quality optimizes is 12 years for large sample of U.S. firms.

Onwuchekwa, Erah and Izedonmi (2012) examined mandatory audit rotation and audit quality: survey of southern Nigeria. Mandatory rotation of external auditor requires audit to be rotated after a specified number of years despite the quality, independence of audit firm, the willingness of the shareholders and management to keep the audit firm. The study was designed to determine the relationship between mandatory audit rotation and audit quality. The data used was collected through the distribution of questionnaires to investors, lecturers, consultants, accountants and auditors in southern Nigeria. Olowokure and Adebayo (2013) investigated the effect audit firm mandatory rotation rule have on Nigeria deposit money banks quality of audit. In order to estimate the date obtained from primary and secondary sources the binary model technique of estimation was used in determining the relationship existing between audit firm mandatory rules.

Table 1: Summary of the Audit Factors based on the results of previous theoretical and empirical

Factor	Observed Relationship		
	Positive	Negative	No-effect
Size	(Colbert & Murray, 1995; DeAngelo, 1981; Francis, 2004; O'Keefe & Westort, 1992)	Not Observed	(Bauwhede & Willekens, 2004; Jackson <i>et al.</i> , 2008; Jeong & Rho, 2004; Larn & Chang, 1994)
Industry Expertise	(Francis, 2004; Lowensohn <i>et al.</i> , 2007)	Not Observed	Not Observed
Auditor Tenure	(Chi <i>et al.</i> , 2009)z	(Carey & Simnett, 2006; C.-Y. Chen <i>et al.</i> , 2008; Choi & Doogar, 2005; F. a. Gul <i>et al.</i> , 2009; F. A. Gulet <i>et al.</i> , 2007; Johnson <i>et al.</i> , 2002)	Not Observed
Audit Fee	(Eshleman & Guo, 2014)	Not Observed	(Lindberg, 2001)
Non-Audit Service	(Houghton & Jubb, 1999)	Not Observed	(Francis, 2004)
Auditor Reputation	(Teoh & Wong, 1993)	Not Observed	Not Observed

Source: Adopted from Masoyi, Usman & Peter (2015)

Theoretical Framework

Theories are required to guide an empirical study of this nature and assist in the interpretation of results and findings. It is on the basis of this that this sub section presents two theories which are found to provide the framework for this study, these theories are briefly elaborated in the following paragraphs.

The Agency theory: this theory states that the auditor is appointed in the interest of both third parties as well as the management. According to Al-Khaddash, *et al.* (2013) audit quality as an agency relationship arises when one or more principals engage another person as their agent to perform a service on their behalf. Under this theory, auditors are appointed not only in the interest of third parties, but also in the interest of management. The relationship between the auditors and the board of directors is a good determinant of audit report credibility. The theory of inspired confidence, this theory addresses the demand and supply for audit activities or services. The demand for audit services as noted by Ajide (2014) is the direct consequence of the participation of third parties in the company.

The theory therefore, stressed that the function of an auditor is anchored on the confidence that society places in the effectiveness of the audit in addition to the confidence that is also placed on the opinion of the accountant or auditor. This confidence is consequently a condition for the existence of that function. It follows therefore that where this confidence is betrayed; the auditors' function is automatically destroyed and becomes useless. The

auditors' theory of inspired confidence also offers a linkage between the users' requirement for credible financial reports and the capacity of the audit processes to meet those needs. Developed by the Limperg Institute in Netherlands in 1985, the theory of inspired confidence posits that the auditor, as a confidential agent, derives his broad function from the need for expert and independent assessment plus the need for an expert and independent judgment supported by evidence.

This study is however anchored on the 'agency theory' since it is the most important theory explaining the demand for audit. Similarly, the theory explains the purpose of audit services in communication between a company and its environment.

Research Methodology

This section captured the materials and methods used in the study, it dealt specifically with the method of data collection, population of the study, sample size of the study, sampling technique of the study, variables of the study and their measurements and the techniques for data analysis.

Method of Data Collection

The study made use of secondary source of data. The secondary data was generated from annual reports and accounts of the selected DMBs in Nigeria for the relevant years (2010-2014) included data on Disclosure of Audit Fees (DAF) and Going-Concern Opinion (GCO).

Population and Sample Size of the Study

A total number of 15 Deposits Money Banks (DMBs) duly incorporated in Nigeria and listed on the Nigerian Stock Exchange constituted the population of the study. The population is shown on Table 2 below:

Table 2: Population of the Study

S/N	Banks names	Year of Incorporation	Year of listing
1.	Access Bank Plc.	1989	1998
2	Diamond Bank Plc.	1990	2005
3.	Eco bank Nigeria Plc.	1985	2006
4.	Fidelity Bank Plc.	1999	2005
5.	First Bank of Nigeria Plc.	1894	1971
6.	First City Monument Bank Plc.	1982	2004
7.	Guaranty Trust Bank	1990	1996
8.	Skye Bank Plc.	1989	2005
9.	Zenith Bank Plc.	2004	2004
10.	Wema Bank Plc.	1960	1992
11.	Union Bank Plc.	1969	1971
12.	United Bank for Africa	1961	1961
13.	Stanbic IBTC Bank	1992	2012
14.	Unity Bank Plc.	2006	2005
15.	Sterling Bank Plc.	1960	1993

Source: Generated by the Researcher from N.S.E Fact Book (2015)

A sample of Ten (10) Deposit Money Banks (DMBs) operating in Nigeria which are listed in the Nigeria Stock Exchange from the year 1971-2005 were selected. The sample is depicted on Table 3 below:

Table 3: Sample Size of the Study

S/N	Banks names	Year of Incorporation	Year of listing
1.	Access Bank Plc.	1989	1998
2	Diamond Bank Plc.	1990	2005
3.	Fidelity Bank Plc.	1999	2005
4.	First City Monument Bank Plc.	1982	2004
5.	Guaranty Trust Bank	1990	1996
6.	Skye Bank Plc.	1989	2005
7.	Zenith Bank Plc	2004	2004
8.	Wema Bank Plc.	1960	1992
9.	Union Bank Plc.	1969	1971
10.	Sterling Bank Plc	1960	1992

Source: Generated by the Researcher from N.S.E (Table 1 above)

The researcher used judgmental sampling technique to arrive at the sample size and the reason for the adoption of this technique is that judgment sampling is a non-probability sampling method which occurs when element selected for the sample are chosen by the judgment of the researcher. The researcher selected only banks whose year of listing in the Nigeria stock exchange market from the year 1971-2005

Study variables and their measurement

This study has two (2) set of variable i.e. the dependent variable and the independent variable, the variable is explained in detail below.

a. Dependent variable

Going-Concern Opinion (GCO) is the dependent variable which is given by whether the External Auditors gives a going-concern report on the financial Statements which spells out there is any challenge that may hamper the perpetual existence of the bank. The audit opinion gives a high level of assurance to the users of financial statements and thereby enhances Audit quality.

The 5-scale measurement was used for rating GCO as follows:

A five-point measurement scale was developed thus: 1=No Going-Concern Report (NGCO), 2 = Doubtful Going-Concern Report (DGCO), 3 = Unsatisfactory Going-Concern Report (UGCO), 4= Satisfactory Going-Concern Report (SGCO) 5= Guaranteed Going-Concern Report (GGCO).

NGCO: This is where there is No Going-Concern Opinion at all.

DGCO: This is where there is Going-Concern Opinion is very sketchy and not informative about the future of the bank.

UGCO: This is where the Going-Concern Opinion is detailed but not informative about the future of the bank.

SGCO: This is where the Going-Concern Opinion is detailed and informative about the future of the bank.

GGCO: This is where the Going-Concern Opinion is detailed and gives full informative which guarantees the future of the bank.

Note: A benchmark of 4 was provided as a cut-off to indicate whether the Annual Reports & Accounts met the criteria used a proxy or not.

(b) Independent variable

Disclosure of Audit Fees (DAF) constitutes the independent variable, which is measured by a 5-point scale as provided on Table 4 below:

Table 4: Scale Measurement of Disclosure of Audit Fees (DAF)

Does the Annual Reports of the Bank make disclosure of Audit fees?	1 = No information on Audit Fees? 2= Information on Audit Fees very sketchy 3 = Information on Audit Fees a Separate subsection 4 = Information on Audit Fees in det ail 5 = Information on Audit Fees in detail & Extensive for Users decision making
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Source: Generated by the Researcher from Boelens (2011)

Note: The use of DAF is as opined by Boelens (2011) that disclosure of audit fees also determines the level of independence of the External Auditors.

Note also that: A benchmark of 4 was provided as a cut-off to indicate whether the Annual Reports & Accounts met the criteria used a proxy or not.

Technique of Data Analysis

The statistical techniques used are Pearson's Correlation Co-efficient and Multiple Linear Regression (MLS). The techniques are discussed briefly below:

b. Pearson's Correlation Model

The Pearson Correlation was used to determine if a significant correlation exists between the dependent and independent variables. Pearson Correlation was adopted because it is a more powerful correlation statistic that examines relationships (Buba, 2006). The Pearson Correlation (r) formula is given as (Agburu, 2001):

$$r = \frac{n\sum xy - \sum x \sum y}{\sqrt{[n\sum y^2 - (\sum y)^2][n\sum x^2 - (\sum x)^2]}}$$

Where: r = Pearson Correlation results xy = Auditors Independence.

Note: The summary correlation matrix between the variables will be generated automatic using SPSS and will be tabulated in chapter four.

c. Multiple Linear Regression

To determine the impact of Auditors Independence on Audit quality of DMBs in Nigeria, multiple linear regressions was used. The multiple linear regressions were used to determine the degree of variation in the dependent variable (Going-Concern Opinion) due to variations in the independent variable (Disclosure of Audit Fees).

The multiple linear regression was therefore be used to test the degree of relationship between Going-Concern Opinion and Disclosure of Audit Fees.

Data Analysis and Discussion

This section presented the results of the Pearson Correlation and multiple regression of the study. The data relating to each of the statistical hypotheses of the study were presented and analyzed. The data used for measuring both the dependent and independent variables were collected from the annual reports, records and accounts of the selected Deposit Money Banks (DMBs) in Nigeria.

Measurement of Dependent Variable (Going-Concern Opinion)

As mentioned earlier, the dependent variable: Going-Concern Opinion (GCO) is measured by a five-point scale, thus: 1=No Going-Concern Report (NGCO), 2 = Doubtful Going-Concern Report (DGCO), 3 = Unsatisfactory Going-Concern Report (UGCO), 4= Satisfactory Going-Concern Report (SGCO) 5= Guaranteed Going-Concern Report (GGCO).

NGCO: This is where there is No Going-Concern Opinion at all. DGCO: This is where there is Going-Concern Opinion is very sketchy and not informative about the future of the bank. UGCO: This is where the Going-Concern Opinion is detailed but not informative about the future of the bank.

SGCO: This is where the Going-Concern Opinion is detailed and informative about the future of the bank.

GGCO: This is where the Going-Concern Opinion is detailed and gives full informative which guarantees the future of the bank.

Appendix one provides the measurement scale and Appendix Two provides the data extracted from the annual reports and accounts of the ten (10) selected Deposit Money Banks (DMBs) in Nigeria.

Measurement of Independent Variable (Disclosure of Audit Fees)

As mentioned earlier in chapter three (3), the independent variable: Disclosure of Audit Fees (DAF) is given by a 5-scale measurement was used for rating DAF as earlier provided on Table 4.

Appendix three (3) provides the measurement scale and Appendix four (4) provides the data extracted from the annual reports and accounts of the ten (10) selected Deposit Money Banks (DMBs) in Nigeria.

After the qualitative measurement of the dependent and independent variables on Appendices One to Four, the summary scores of GCO and DAF for the relevant years (2010 –2014) were obtained and provided on the table (5) below:

Table 5: Summary Statistics on Dependent and Independent Variables

YEAR	GCO	DAF
	2010	3.80
2011	3.70	2.70
2012	4.00	3.00
2013	4.10	3.10
2014	4.30	3.30

Note: This table shows the Summary Scores of GCO and DAF for the relevant years (2010 –2014) generated from the Annual Reports & Accounts of the ten (10) selected Deposit Money Banks (DMBs) in Nigeria. This table is generated from Appendices 1 to 4.

Table 5 indicates that the average score for GCO during the study period fluctuated between 3.70 and 4.30, with a maximum of 4.30 recorded in 2014, 4.10 in 2013, 4.00 in 2012, 3.80 in 2010 and a minimum of 3.70 recorded in 2011. The scores for 2010 and 2011 are all lower than the benchmark of 4; this shows that the going-concern opinion indicated during those periods (2010 & 2011) were less the required benchmark. Table 5 also indicates that the average score for DAF during the study period fluctuated between 2.70 and 3.30, with a maximum of 3.30 recorded in 2014, 3.10 in 2013, 3.00 in 2012, 2.80 in 2010 and a minimum of 2.70 recorded in 2011. The scores for years during the study period were all lower than the benchmark of 4; this shows that the financial statements of Deposit Money Banks (DMBs) in Nigeria do not mostly make full disclosure of audit fees paid to External Auditors who are engaged to Audit their Annual Reports and Accounts.

However, to determine the impact of DAF on GCO of the selected Deposit Money Banks (DMBs) in Nigeria, the results of the data extracted on the GCO were regressed against the mean scores of the proxies of the independent variable (DAF).

Correlation and Regression Results

The relationship between these variables was examined here using the Pearson's correlation statistics. The summary correlation matrix between the variables of the study is presented in the table 6. The full correlation result is shown in Appendix 5.

Table 6: Correlation Matrix between the Dependent and Independent Variables

	GCO	DAF
GCO	1	
DAF	1.000**	1

*, **: Correlation is significant at 0.05 and 0.01 percent level (2-tailed) respectively.

Source: Generated from Annual Reports and Accounts of the selected Deposit Money Banks (DMBs) in Nigeria (2010-2014).

The Correlation was run using SPSS .20.

Table 6 shows that Going-Concern Opinion (GCO) is constantly correlated with Disclosure of Audit Fees (DAF) at 1.000 and the degree of correlation between them is statistically significant and very strong at 100% at 0.05 level of significance. The relationship between Disclosure of Audit Fees and Going-Concern Opinion (GCO) of DMBs in Nigeria was tested and the result depicts that does DAF not significantly affect Going-Concern Opinion (GCO) of DMBs in Nigeria. The data used in testing the relationship was generated by operational measurement of Disclosure of Audit Fees (DAF) and Going-Concern Opinion (GCO). The summary regression result between the variables of the study is presented in the table 7.

Table 7: Summary of Regression Results on Impact of DAF on GCO

DAF _i	= 1.000	+	1.000 GCO
SE	= (0.000)		(0.000)
t*	= (0.000)		(0.000)
P-Value	= (0.000)		(0.000)
<hr/>			
R = 1.000	R ² = 1.000	Adjusted R ² = 1.000	F*-Statistic = 0.000

Note: This table presents the summary regression result of the impact of Disclosure of Audit Fees (DAF) on Going Concern Opinion (GCO) of Deposit Money Banks (DMBs) in Nigeria. The table is generated from Appendix Five using SPSS 20.

Source: Generated from Appendix 6 (D)

The MLS regression results in Table 7 show R of 1.000. This means that there is a constant (100%) relationship between the dependent and independent variable and the relationship is however very strong at 100%. The adjusted R-square (R²), also known as the coefficient of determination however reveals a value of 1.000 further indicates that about all (100%) of the dependent variable (Going Concern Opinion (GCO) is enhanced for by the independent variable (Disclosure of Audit Fees (DAF). This is clear evidence that the model is a good fit. The MLS estimates of the regression coefficient of the individual dependent variable of β_1 reveals that one percent increase in the independent variable Disclosure of Audit Fees (DAF) will result to a 100% increase in Going Concern Opinion (GCO).

A consideration of the P-value in Table 7 shows 0.00 for Going Concern Opinion (GCO) which is less than 0.05 level of significance. On the strength of the t-value of 0.000 and P-value of 0.000, it can be concluded that Disclosure of Audit Fees significantly affects Going-Concern Opinion (GCO) of DMBs in Nigeria. On the strength of the regression co-efficient at 100%, it can be agreed that Disclosure of Audit Fees do significantly affect Going-Concern Opinion (GCO) of DMBs in Nigeria.

Conclusion

From the discussion of results and findings of the study, conclusion is made that Disclosure of Audit Fees does significantly affect Going-Concern Opinion (GCO) of DMBs in Nigeria. This clearly evidence from the strength of the regression co-efficient at 100%, it can be agreed that Disclosure of Audit Fees do significantly affect Going-Concern Opinion (GCO) of DMBs in Nigeria. Perhaps, because the Audit Fees paid to the Audit Firms are a major determinant of Auditors independence, it affects the Going-Concern Opinion (GCO) of DMBs in Nigeria.

Recommendations

Based on the findings and conclusions of the study, the study recommends that to enhance the impact of the Disclosure of Audit Fees on the financial reports of the DMBs in Nigeria and also to enhance its impact on Going-Concern Opinion (GCO), regulatory authorities like the Financial Reporting Council of Nigeria (FRCN), the Securities and Exchange Commission and the Corporate Affairs Commission should make Disclosure of Audit Fees paid to the Audit Firms and also Going Concern Opinion (GCO) report to predict the future and prospect of the companies a mandatory requirement. This would go a long way in strengthening the relationship between Disclosure of Audit Fees (an indicator of Auditors Independence) and Going-Concern Opinion (GCO) Report of DMBs in Nigeria

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Appendix One

a. Criteria used to Measure the Dependent Variable: Going-Concern Opinion (GCO)

	Question	Operationalization
GCO	What is the nature of the Going-Concern Opinion indicated by the External Auditor/or Audit Committee in the Annual Report?	1 = NGCO (No Going-Concern Report) 2 = DGCO (Doubtful Going-Concern Report) 3 = UGCO (Unsatisfactory Going-Concern Report) 4 = SGCO (Satisfactory Going-Concern Report) 5 = GGCO (Guaranteed Going-Concern Report)

Note: This Appendix shows the criterion used to measure the dependent variable. This criterion was adopted and modified from Boelens (2011).

b. Measurement of Dependent Variable: Going-Concern Opinion (GCO)

S/NO	Bank	2010	2011	2012	2013	2014
1.	Access Bank Plc.	3	4	5	4	5
2.	Diamond Bank Plc.	3	3	3	4	4
3.	Fidelity Bank Plc.	4	3	3	5	5
4.	First City Monument Bank Plc.	3	4	4	4	3
5.	Guaranty Trust Bank	5	4	4	4	5
6.	Skye Bank Plc.	4	4	3	4	4
7.	Zenith Bank Plc	5	4	5	5	5
8.	Wema Bank Plc.	4	3	4	4	4
9.	Union Bank Plc.	4	4	4	4	4
10.	Sterling Bank Plc	3	4	5	3	4
	Total	38	37	40	41	43
	Average	3.8	3.7	4.0	4.1	4.3

Note: This Appendix shows the scores of Going-Concern Opinion (GCO) as a second proxy of the dependent variable (Audit Quality). This Appendix is generated from the Annual Reports & Accounts of the selected Deposit Money Banks (DMBs) for the period of Five years (2010 – 2014).

Appendix Two:

a. **Criteria used to Measure the Independent Variable: Disclosure of Audit Fees (DAF)**

	Question	Operationalization
DAF	Is the Audit Fees paid to the External Auditor disclosed in the Annual Report & Accounts of the Bank?	1 = No information on Audit Fees? 2= Information on Audit Fees very sketchy 3 = Information on Audit Fees a Separate subsection 4 = Information on Audit Fees in detail 5 = Information on Audit Fees in detail & Extensive for Users decision making

Note: This Appendix shows the criteria used to measure the proxies of the Independent Variable This criteria was adopted and modified from Boelens (2011).

b. **Measurement of Proxies of Independent Variable: Disclosure of Audit Fees (DAF)**

S/NO:	Bank	2010	2011	2012	2013	2014
1.	Access Bank Plc.	2	3	4	3	4
2.	Diamond Bank Plc.	2	2	2	3	3
3.	Fidelity Bank Plc.	3	2	2	4	4
4.	First City Monument Bank Plc.	2	3	3	3	2
5.	Guaranty Trust Bank	4	3	3	3	4
6.	Skye Bank Plc.	3	3	2	3	3
7.	Zenith Bank Plc	4	3	4	4	4
8.	Wema Bank Plc.	3	2	3	3	3
9.	Union Bank Plc.	3	3	3	3	3
10.	Sterling Bank Plc	2	3	4	2	3
	Total	28	27	30	31	33
	Average	2.8	2.7	3.0	3.1	3.3

Note: This Appendix shows the scores of Disclosure of Audit Fees (DAF) as a second proxy of the Independent variable. This Appendix is generated from the Annual Reports & Accounts of the selected Deposit Money Banks (DMBs) for the period of Five years (2010 – 2014).

Appendix Three:

a. Results of Pearson's Correlation between the Dependent and Independent Variables

		GCO	DAF
GCO	Pearson Correlation	1	1.000**
	Sig. (2-tailed)		.000
	N	5	5
DAF	Pearson Correlation	1.000**	1
	Sig. (2-tailed)	.000	
	N	5	5

Appendix Four:

Regression Results on Disclosure of Audit Fees (DAF) & Going Concern Opinion (GCO)

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	DAF ^b	.	Enter

a. Dependent Variable: GCO

a. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	1.000 ^a	1.000	1.000	.00000

a. Predictors: (Constant), DAF

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.228	1	.228	.	. ^b
	Residual	.000	3	.000		
	Total	.228	4			

a. Dependent Variable: GCO

b. Predictors: (Constant), DAF

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.000	.000		.	.
	DAF	1.000	.000	1.000	.	.

a. Dependent Variable: GCO

Source: Multiple Regression of DAF with GCO Using SPSS Statistics