

Audit Committee Characteristics and the Quality of Corporate Financial Reporting in Nigeria

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Abstract

Corporate financial reporting quality is fundamental to accountability, investor confidence and the efficient allocation of financial resources. Audit committees are expected to strengthen reporting credibility through independent oversight, financial expertise and effective engagement with internal and external auditors. However, empirical evidence from Nigeria indicates that the relationship between audit committee characteristics and reporting quality is not uniform across firms and sectors. This paper examines the relationship between audit committee independence, financial expertise, committee size, meeting frequency and gender diversity and the quality of corporate financial reporting in Nigeria. It adopts a secondary-data approach based on a thematic review of published empirical studies, accounting literature and corporate governance theory, with emphasis on recent Nigerian research. The literature indicates that financial expertise can strengthen reporting oversight, although its effectiveness depends on how members exercise their knowledge and independence. Evidence concerning committee independence, size and meeting frequency is mixed, while gender diversity may be more beneficial when accompanied by professional competence and meaningful participation. The paper argues that the effectiveness of an audit committee cannot be determined solely by its formal composition; it also depends on the quality of deliberations, access to information, relationships with auditors and enforcement of reporting requirements. It recommends strengthening financial expertise, promoting substantive independence, improving the quality of committee meetings and enhancing transparency in the disclosure of committee activities. The paper contributes to the corporate governance literature by synthesising recent Nigerian evidence and identifying the conditions under which audit committee characteristics may improve financial reporting quality.

Keywords: *Audit committee characteristics, Corporate governance, Financial reporting quality, Financial expertise, Audit committee independence*

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Background to the Study

Corporate financial reporting is a major mechanism through which organisations communicate their financial position, performance, cash flows and stewardship of resources to shareholders, creditors, regulators and other stakeholders. The usefulness of these reports depends on the relevance, credibility, completeness and timeliness of the information disclosed. High-quality financial reporting reduces information asymmetry, supports investment decisions and enables stakeholders to evaluate management's performance. Conversely, misleading accounting information, earnings manipulation and inadequate disclosure may weaken market confidence and impair the efficient allocation of capital (International Accounting Standards Board [IASB], 2018; Khadija & Auwal, 2024).

The audit committee is an important corporate governance mechanism for strengthening the credibility of financial reporting. Its responsibilities commonly include reviewing financial statements, monitoring internal controls, engaging with internal and external auditors, and overseeing compliance with applicable accounting and regulatory requirements. An effective audit committee can challenge management's accounting judgements, scrutinise unusual transactions and encourage the timely resolution of audit findings. Nevertheless, the existence of an audit committee does not automatically guarantee high-quality financial reporting. Its effectiveness depends on the competence, independence, diligence and practical influence of its members (Obeitoh et al., 2024; Ologun, 2025).

In Nigeria, recent research has increasingly examined how audit committee characteristics relate to earnings quality, financial statement credibility and disclosure practices. Obeitoh et al. (2024), for instance, investigated audit committee attributes and earnings quality among listed financial-services firms, finding positive relationships involving committee independence, accounting expertise, the expertise of women members and meeting frequency. Ologun (2025), studying listed deposit money banks, found that financial expertise was positively associated with financial reporting quality, while committee independence was statistically insignificant and committee size had a marginally significant negative relationship. These findings illustrate both the importance of audit committee composition and the need to examine the specific characteristics separately.

Further evidence reinforces the mixed nature of the relationship. Umasabor and Okonkwo (2025) examined audit committee characteristics among Nigerian deposit money banks over 2010–2023 and reported that independence and meeting frequency did not have statistically significant positive effects on financial reporting quality. Their findings also indicated a negative and statistically significant relationship involving committee expertise, while committee size had a positive but statistically insignificant effect. Ekeh and Ironkwe (2025), examining voluntary financial information disclosure among Nigerian deposit money banks, found that committee expertise was significantly related to disclosure, whereas independence was not statistically significant. Taken together, these studies suggest that formal committee attributes may not translate into consistent reporting benefits unless members can exercise effective oversight.

These differences raise important questions about the conditions under which audit committee characteristics improve corporate financial reporting quality in Nigeria. Financial expertise may improve the ability to detect problematic accounting treatments, but technical knowledge alone may not ensure that members challenge management. Independence may be ineffective where members lack access to information or the authority to act, while frequent meetings may not improve reporting if discussions are procedural rather than substantive. Similarly, committee size and gender diversity may influence reporting outcomes depending on the skills, participation and accountability of individual members (Obeitoh et al., 2024; Ologun, 2025; Umasabor & Okonkwo, 2025).

In furtherance of this, this paper examines the relationship between audit committee characteristics and the quality of corporate financial reporting in Nigeria. It focuses on five characteristics: independence, financial expertise, committee size, meeting frequency and gender diversity. Drawing on recent Nigerian empirical evidence and established corporate governance theories, the paper synthesises the principal findings, explains areas of convergence and disagreement, and identifies implications for corporate governance practice and future research.

Statement of the Problem

The quality of corporate financial reporting remains a critical concern because stakeholders depend on published financial statements to evaluate corporate performance, assess risk and make economic decisions. Although accounting standards and corporate governance frameworks establish requirements for credible reporting and oversight, formal compliance does not necessarily eliminate earnings management, incomplete disclosure or questionable accounting judgements. The continuing research interest in audit committee characteristics reflects the need to determine whether these governance structures provide effective monitoring in practice (IASB, 2018; Khadija & Auwal, 2024).

A central problem is that audit committee effectiveness is often assessed through observable structural attributes, including independence, financial expertise, size, meeting frequency and gender composition. However, these attributes may not have uniform effects. A financially knowledgeable member may be unable or unwilling to challenge management, an independent member may lack relevant accounting knowledge, and frequent meetings may reflect unresolved reporting difficulties rather than effective oversight. Consequently, the relationship between committee characteristics and reporting quality cannot be adequately explained by committee structure alone (Ologun, 2025; Umasabor & Okonkwo, 2025).

Recent Nigerian studies provide useful but sometimes contradictory evidence. Obeitoh et al. (2024) reported that several audit committee attributes were associated with improved earnings quality among listed financial-services firms. By contrast, Ologun (2025) found no statistically significant effect of independence and a negative relationship between committee size and reporting quality among listed deposit money banks. Umasabor and Okonkwo (2025) likewise reported mixed results for committee independence, expertise, meetings and size. These differences underscore the need to synthesise the evidence carefully, distinguish

financial reporting quality from related outcomes such as voluntary disclosure and earnings quality, and identify the institutional and organisational conditions that may explain divergent findings.

Research Objectives

The main objective of this paper is to examine the relationship between audit committee characteristics and the quality of corporate financial reporting in Nigeria. The specific objectives are to:

1. Examine the relationship between audit committee independence and corporate financial reporting quality.
2. Assess the relationship between audit committee financial expertise and corporate financial reporting quality.
3. Examine the relationship between audit committee size and corporate financial reporting quality.
4. Evaluate the relationship between audit committee meeting frequency and corporate financial reporting quality.
5. Examine the relationship between audit committee gender diversity and corporate financial reporting quality.

Research Questions

1. How does audit committee independence relate to corporate financial reporting quality in Nigeria?
2. What relationship exists between audit committee financial expertise and corporate financial reporting quality?
3. How does audit committee size relate to corporate financial reporting quality?
4. What relationship exists between audit committee meeting frequency and corporate financial reporting quality?
5. How does audit committee gender diversity relate to corporate financial reporting quality?

Scope of the Paper

The paper focuses on audit committee characteristics and corporate financial reporting quality in Nigeria, with particular attention to listed companies and recent evidence from the banking, financial-services and non-financial sectors. The independent concepts are audit committee independence, financial expertise, size, meeting frequency and gender diversity. Financial reporting quality is considered in terms of earnings quality, the credibility of financial statements, disclosure quality and the reliability of published accounting information. These outcomes are related but distinct; therefore, findings based on one measure are not assumed to apply equally to all dimensions of reporting quality (Obeitoh et al., 2024; Ekeh & Ironkwe, 2025).

Methodology

The paper adopts a secondary-data research approach based on a thematic review of published empirical studies, corporate governance literature and relevant accounting frameworks. The

literature is organised around the five research objectives, with emphasis on recent studies of Nigerian listed companies. The analysis compares the reported findings, considers methodological and contextual differences, and interprets the evidence using agency theory, stakeholder theory and resource dependence theory. As the paper does not estimate a new statistical model using firm-level observations, its conclusions represent a synthesis of published research rather than new causal estimates.

Conceptual Literature

Audit Committee Characteristics

An audit committee is a board-level mechanism responsible for overseeing financial reporting, internal controls, audit activities and compliance with relevant requirements. Its purpose is to strengthen the integrity of financial statements and support accountability between corporate management, the board and shareholders. The effectiveness of this mechanism depends on whether members possess the independence, expertise and authority needed to scrutinise financial information and question management's judgements. Recent Nigerian research has therefore examined audit committee attributes as potential determinants of earnings quality and financial reporting credibility (Obeitoh et al., 2024; Ologun, 2025).

Audit committee characteristics are commonly assessed through structural and behavioural indicators. Structural characteristics include independence, financial expertise, size and gender composition, while behavioural indicators include meeting frequency, attendance, engagement with auditors and follow-up of identified reporting problems. These attributes may complement one another: expertise strengthens members' ability to understand accounting issues, independence supports objective scrutiny, and effective meetings provide opportunities for members to exercise oversight. However, the existence of these attributes does not necessarily mean that the committee performs its responsibilities effectively (Umasabor & Okonkwo, 2025; Ekeh & Ironkwe, 2025).

Recent Nigerian studies illustrate the multidimensional nature of audit committee effectiveness. Obeitoh et al. (2024) found that independence, accounting expertise, the expertise of women members and committee meetings were associated with improved earnings quality among listed financial-services firms. In contrast, Umasabor and Okonkwo (2025) reported mixed results for independence, expertise, meeting frequency and size among deposit money banks. These differences indicate that the effectiveness of audit committees depends not only on formal composition but also on the operating environment, the nature of the reporting outcome and how committee members perform their oversight responsibilities.

Quality of Corporate Financial Reporting

Corporate financial reporting quality refers to the extent to which published financial statements provide relevant, faithfully represented, understandable, comparable and timely information about an organisation's financial position and performance. High-quality reporting helps stakeholders evaluate profitability, liquidity, solvency, cash-generating capacity and management stewardship. The IASB (2018) identifies relevance and faithful representation as fundamental qualitative characteristics of useful financial information, supported by comparability, verifiability, timeliness and understandability.

Financial reporting quality is multidimensional and may be assessed using earnings quality, discretionary accruals, earnings persistence, disclosure completeness, reporting timeliness and the credibility of financial statements. These measures capture different aspects of reporting and should not be treated as interchangeable. For instance, a company may publish financial statements on time but still use aggressive accounting estimates, while extensive disclosures may remain difficult to interpret. Recent Nigerian studies have used discretionary accruals to measure reporting quality and earnings-based indicators to assess earnings quality, producing evidence that varies according to the selected proxy and sample (Ologun, 2025; Obeitoh et al., 2024).

For this paper, corporate financial reporting quality is conceptualised as the credibility, transparency, completeness and decision-usefulness of published financial information. Earnings quality and discretionary accruals are treated as possible empirical indicators, while voluntary disclosure and reporting timeliness provide complementary evidence about the wider reporting environment. This distinction is necessary because a relationship between audit committee characteristics and disclosure does not automatically establish a similar relationship with earnings manipulation or the overall credibility of financial statements (Ekeh & Ironkwe, 2025; Etuk et al., 2025).

Audit Committee Independence

Audit committee independence refers to the ability of members to exercise objective judgement without undue influence from management or other parties whose interests may conflict with credible financial reporting. Independent members are expected to question accounting policies, scrutinise related-party transactions, challenge unsupported estimates and support auditors when reporting concerns arise. Independence may therefore reduce the risk that management dominates financial reporting decisions or suppresses unfavourable information (Obeitoh et al., 2024; Umasabor & Okonkwo, 2025).

Nevertheless, formal independence does not automatically translate into effective monitoring. Committee members may meet independence requirements but lack relevant information, sufficient time or the willingness to challenge management. Obeitoh et al. (2024) reported a positive relationship between audit committee independence and earnings quality among listed financial-services firms. By contrast, Ologun (2025) found no statistically significant relationship between committee independence and financial reporting quality among listed deposit money banks. Umasabor and Okonkwo (2025) also reported a negative but statistically insignificant relationship in their banking-sector sample.

These mixed findings suggest that independence should be evaluated in terms of its practical exercise rather than membership classification alone. Members need access to internal and external auditors, sufficient time to examine financial information and the authority to raise concerns without retaliation. Ekeh and Ironkwe (2025) similarly found that audit committee independence was not significantly associated with voluntary financial information disclosure among Nigerian deposit money banks, further indicating that formal independence may not be sufficient to improve every reporting outcome. The effectiveness of independence is therefore

likely to depend on the wider governance environment and the committee's ability to challenge management in practice.

Audit Committee Financial Expertise

Audit committee financial expertise refers to the accounting, auditing, financial management or related knowledge required to assess complex financial statements and evaluate management's reporting judgements. Members with appropriate expertise may be better positioned to identify unusual accruals, question accounting estimates, interpret audit findings and examine inconsistencies between reported earnings and operating cash flows. Expertise can therefore improve the committee's ability to identify reporting risks and engage meaningfully with external auditors (Obeitoh et al., 2024; Ologun, 2025).

Recent Nigerian evidence provides support for the importance of financial expertise, although the findings are not entirely consistent. Ologun (2025) reported a significant positive relationship between committee financial expertise and reporting quality among listed deposit money banks. Khadija and Auwal (2024) also found a positive and statistically significant relationship between audit committee expertise and financial reporting quality in their study of Nigerian deposit money banks. Ekeh and Ironkwe (2025) found that expertise was significantly related to voluntary financial information disclosure, suggesting that technical competence may improve the quality or extent of information communicated to stakeholders.

However, Umasabor and Okonkwo (2025) reported a negative and statistically significant relationship between committee expertise and financial reporting quality in their sample of deposit money banks. This result cautions against assuming that technical qualifications alone guarantee effective oversight. Expertise may be less effective where members are influenced by management, lack relevant information or are unable to translate technical knowledge into corrective action. Financial expertise should therefore be considered alongside independence, participation and the committee's relationship with auditors.

Audit Committee Size

Audit committee size refers to the number of members serving on the committee. A larger committee may offer a broader range of professional knowledge and experience, enabling more comprehensive scrutiny of financial statements and audit findings. It may also distribute responsibilities across members with different specialisations. However, additional members may increase coordination costs, slow decision-making or weaken individual accountability if roles are not clearly defined (Ologun, 2025; Umasabor & Okonkwo, 2025).

Empirical evidence from Nigeria is mixed. Ologun (2025) reported a negative relationship between committee size and financial reporting quality, with marginal statistical significance, among listed deposit money banks. Umasabor and Okonkwo (2025), by contrast, found a positive but statistically insignificant relationship between committee size and reporting quality. These findings suggest that increasing committee membership does not necessarily improve financial reporting and that the contribution of size may depend on members' competence, participation and the complexity of the company's reporting responsibilities.

Consequently, committee size should be determined by the organisation's reporting needs and the skills required for effective oversight. A committee with an appropriate number of engaged and competent members may be more effective than a larger committee whose members have limited involvement in deliberations. The relationship between size and reporting quality should therefore be assessed in conjunction with expertise, independence and the effectiveness of committee procedures rather than treated as a stand-alone governance measure (Ologun, 2025; Umasabor & Okonkwo, 2025).

Audit Committee Meeting Frequency

Audit committee meeting frequency refers to the number of formal meetings held during a financial year. Meetings provide opportunities to review draft financial statements, examine audit findings, evaluate internal controls and monitor management's responses to identified weaknesses. Regular meetings may enable members to address reporting concerns before financial statements are approved. However, meeting frequency alone does not establish the quality of oversight because meetings differ in preparation, participation, agenda content and follow-up (Obeitoh et al., 2024; Umasabor & Okonkwo, 2025).

Recent Nigerian evidence again presents contrasting findings. Obeitoh et al. (2024) reported that audit committee meetings were associated with improved earnings quality among listed financial-services firms. Umasabor and Okonkwo (2025), however, found a negative but statistically insignificant relationship between meeting frequency and reporting quality among deposit money banks. These differences suggest that the number of meetings may be less important than the extent to which meetings facilitate meaningful scrutiny and lead to corrective action.

Meeting effectiveness depends on whether members receive financial reports and audit findings in advance, question unusual transactions, discuss unresolved control weaknesses and monitor the implementation of recommendations. Frequent meetings may also be called in response to existing reporting difficulties, creating a relationship in which more meetings coincide with poorer reporting rather than cause it. Future studies should therefore examine attendance, the substance of deliberations and the follow-up of audit recommendations where such information is available (Obeitoh et al., 2024; Umasabor & Okonkwo, 2025).

Audit Committee Gender Diversity

Audit committee gender diversity refers to the representation of different genders within the committee. A diverse committee may benefit from a broader range of experiences, perspectives and approaches to financial reporting oversight. Diversity may encourage more thorough deliberation and help challenge established assumptions. Nevertheless, gender representation should not be treated as a substitute for financial competence, independence or meaningful participation in committee decisions (Obeitoh et al., 2024).

Obeitoh et al. (2024) reported that the expertise of women audit committee members was associated with improved earnings quality among Nigerian listed financial-services firms. This finding suggests that the contribution of gender diversity may depend partly on the knowledge

and professional experience of members rather than numerical representation alone. Etuk et al. (2025), in their study of audit committee attributes and financial reporting quality among listed deposit money banks, also examined gender and financial expertise as relevant committee characteristics, reflecting the increasing interest in committee composition as a factor in reporting oversight.

The potential contribution of gender diversity depends on whether all members can participate meaningfully in discussions and influence decisions. Representation may have limited effect if members are excluded from substantive deliberations or lack access to relevant financial information. Consequently, gender diversity should be examined alongside expertise, independence and committee engagement. Further Nigerian research should distinguish the proportion of women on the committee from the financial expertise and actual participation of individual members (Obeitoh et al., 2024; Etuk et al., 2025).

Theoretical Framework

Agency Theory

Agency theory explains the relationship between principals, such as shareholders, and agents, such as company managers, who are entrusted with managing corporate resources. Because managers generally possess more information about the company's activities than shareholders, information asymmetry can arise. Managers may also have incentives to present financial performance in ways that advance their own interests rather than provide a fully balanced account of corporate performance. Monitoring mechanisms are therefore needed to promote accountability and reduce the possibility of misleading reporting (Jensen & Meckling, 1976).

The audit committee can be understood through agency theory as a monitoring mechanism that scrutinises management's financial reporting decisions and supports the independence of internal and external auditing. Independent members may be better positioned to challenge management, while financially knowledgeable members may be more capable of identifying questionable accounting treatments. Recent Nigerian studies examining committee independence and financial expertise in relation to earnings quality and reporting quality provide a basis for evaluating the audit committee's role in reducing reporting-related agency problems (Obeitoh et al., 2024; Ologun, 2025).

However, the mixed findings in Nigerian studies indicate that the monitoring role cannot be assumed to operate effectively in every organisation. Where members lack the necessary authority, expertise or independence, the committee may be unable to constrain managerial discretion. Agency theory therefore supports examining not only whether an audit committee exists, but also whether its characteristics enable it to challenge management and improve the credibility of financial statements (Umasabor & Okonkwo, 2025).

Stakeholder Theory

Stakeholder theory holds that companies have responsibilities to a broad range of parties, including shareholders, creditors, employees, regulators, customers and the communities in

which they operate. These stakeholders require reliable information to assess corporate performance, financial stability, accountability and compliance. High-quality financial reporting therefore serves a wider purpose than satisfying shareholders alone; it also supports transparency and trust in corporate institutions (Freeman, 1984; IASB, 2018).

An effective audit committee can support stakeholder interests by scrutinising financial statements, monitoring compliance and encouraging adequate disclosure. Where committee members question incomplete information or questionable accounting judgements, the resulting financial statements may provide a more dependable basis for decisions. Recent Nigerian evidence concerning voluntary financial information disclosure and financial statement credibility reinforces the relevance of audit committee oversight to stakeholders who rely on corporate reports (Ekeh & Ironkwe, 2025; Khadija & Auwal, 2024).

Resource Dependence Theory

Resource dependence theory emphasises the resources, knowledge and professional networks that directors and committee members bring to an organisation. From this perspective, audit committee members contribute not only monitoring but also specialised knowledge that can help companies respond to complex accounting and regulatory challenges. Financial expertise is particularly important where reporting requires significant judgement, complex estimates or specialised knowledge of financial instruments and industry practices (Hillman et al., 2009).

The theory suggests that audit committee composition may influence reporting quality by determining the range of skills and experience available for oversight. Members with accounting and auditing backgrounds may be better able to evaluate financial statements and engage with external auditors. Nigerian findings linking financial expertise with reporting quality and voluntary disclosure support the relevance of this perspective, although the contradictory findings of Umasabor and Okonkwo (2025) indicate that expertise must be supported by effective participation and independence to produce consistent benefits (Ologun, 2025; Ekeh & Ironkwe, 2025).

Agency theory provides the principal explanation for why audit committees may improve financial reporting quality: they monitor management and help reduce opportunities for biased reporting. Stakeholder theory extends this argument by emphasising the importance of credible financial information to a broad range of stakeholders, while resource dependence theory explains how members' expertise and experience can strengthen the committee's monitoring capacity. Together, these perspectives suggest that audit committee effectiveness depends on both the willingness to challenge management and the competence to assess reporting judgements (Jensen & Meckling, 1976; Freeman, 1984; Hillman et al., 2009).

The combined framework also helps explain why empirical findings differ across Nigerian companies. Independence may have limited value where members lack access to information; expertise may be ineffective where members cannot exercise independent judgement; and frequent meetings may not improve reporting if they do not lead to corrective action. The mixed findings from Nigerian listed banks and financial-services firms therefore support a

multidimensional approach to examining audit committee characteristics and financial reporting quality (Obeitoh et al., 2024; Ologun, 2025; Umasabor & Okonkwo, 2025).

Empirical Literature Review

Audit Committee Independence and Financial Reporting Quality

Audit committee independence has been examined extensively because independent members are expected to provide objective oversight of management's financial reporting decisions. In Nigeria, Obeitoh et al. (2024) examined 41 listed financial-services firms using 11 years of panel data and found that audit committee independence was associated with improved earnings quality. Their findings support the argument that independent oversight may constrain reporting practices that reduce the credibility of financial information.

However, evidence from Nigerian deposit money banks presents a different picture. Ologun (2025), using data from 12 listed deposit money banks and the Jones discretionary accrual model, found that audit committee independence did not have a statistically significant effect on financial reporting quality. Umasabor and Okonkwo (2025), analysing 13 listed financial institutions over 2010–2023, also reported a negative but statistically insignificant relationship between independence and reporting quality. These findings indicate that formal independence may not be sufficient to ensure effective monitoring in every corporate setting.

Related evidence comes from Ekeh and Ironkwe (2025), who examined audit committee independence and expertise in relation to voluntary financial information disclosure among Nigerian deposit money banks. They found no statistically significant relationship between independence and voluntary disclosure, while expertise was significant. Although voluntary disclosure is not identical to overall financial reporting quality, the finding reinforces the possibility that independence alone may have limited influence on some reporting outcomes.

The findings collectively suggest that the relationship between independence and reporting quality may depend on the committee's actual authority, access to information, professional competence and willingness to challenge management. Differences in industry, measurement and sample period may also explain the mixed results. Further research should therefore distinguish formal independence from substantive monitoring and examine its interaction with financial expertise and external audit quality.

Audit Committee Financial Expertise and Financial Reporting Quality

Financial expertise is important because the assessment of corporate financial statements often involves technical accounting judgements, estimates and complex disclosures. Members with accounting or auditing knowledge may be better equipped to identify unusual accruals, assess the appropriateness of accounting treatments and question inconsistencies between reported earnings and cash flows. Nigerian studies have consequently examined financial expertise as a potential determinant of reporting quality and earnings quality (Obeitoh et al., 2024; Ologun, 2025).

Ologun (2025) reported a significant positive relationship between audit committee financial expertise and reporting quality among listed deposit money banks. Khadija and Auwal (2024) similarly found that audit committee expertise had a positive and statistically significant effect on financial reporting quality in their study of Nigerian deposit money banks. Ekeh and Ironkwe (2025) also found that committee expertise was significantly related to voluntary financial information disclosure. Together, these studies suggest that technical competence can strengthen the committee's ability to evaluate accounting information and oversee corporate disclosures.

Nevertheless, Umasabor and Okonkwo (2025) reported a negative and statistically significant relationship between committee expertise and reporting quality in their sample of deposit money banks. This finding differs from the positive relationships reported in other studies and cautions against assuming that financial expertise automatically improves reporting. The result may reflect differences in how expertise was measured, the effectiveness of committee members' participation or the influence of the institutional environment. It may also indicate that technical knowledge does not guarantee independent action or effective enforcement of reporting standards. The evidence supports treating financial expertise as a potentially important governance resource, while recognising that its effectiveness depends on how it is exercised. Future studies should distinguish formal qualifications from relevant professional experience, assess the extent of members' participation and consider whether expertise interacts with independence, committee diligence and external audit quality.

Audit Committee Size and Financial Reporting Quality

Audit committee size may affect reporting quality by determining the range of skills and experience available for financial reporting oversight. A larger committee may distribute responsibilities and provide access to a broader range of professional knowledge. However, increasing membership can also make coordination more difficult, weaken individual accountability and reduce the efficiency of deliberations. The relationship between committee size and reporting quality is therefore not necessarily linear or uniformly positive (Ologun, 2025; Umasabor & Okonkwo, 2025).

Ologun (2025) reported a negative relationship between audit committee size and financial reporting quality, with marginal statistical significance, among listed deposit money banks. The study suggested that a larger committee may experience coordination difficulties that weaken oversight. In contrast, Umasabor and Okonkwo (2025) reported a positive but statistically insignificant relationship between committee size and reporting quality. These results do not provide consistent evidence that increasing the number of committee members necessarily improves financial reporting.

The divergent findings suggest that the contribution of committee size depends on whether the membership is appropriate for the organisation's reporting needs. A committee must be large enough to provide the necessary skills but sufficiently manageable to support effective discussion and clear accountability. Future research should therefore examine committee size alongside financial expertise, independence and the quality of deliberations rather than treating membership numbers as a sufficient indicator of effectiveness.

Audit Committee Meeting Frequency and Financial Reporting Quality

Audit committee meeting frequency is commonly used as an indicator of committee diligence because meetings provide opportunities to review financial statements, discuss audit findings and monitor the resolution of internal-control weaknesses. Regular meetings may help committee members identify reporting problems early and follow up on corrective actions. However, meeting frequency does not by itself demonstrate that meetings are substantive or that recommendations are implemented (Obeitoh et al., 2024; Umasabor & Okonkwo, 2025).

Obeitoh et al. (2024) found that audit committee meetings were associated with improved earnings quality among Nigerian listed financial-services firms. In contrast, Umasabor and Okonkwo (2025) reported a negative but statistically insignificant relationship between meeting frequency and financial reporting quality among listed deposit money banks. These differences suggest that the value of meetings may depend on the quality of deliberations, the information considered and

A further implication is that frequent meetings may sometimes be a response to existing reporting difficulties rather than a direct cause of poor reporting. Committees facing unresolved audit issues may meet more often than committees whose reporting systems are functioning effectively. Future research should therefore examine attendance, meeting agendas, the involvement of external auditors and follow-up of committee recommendations, where these details can be obtained from annual reports.

Audit Committee Gender Diversity and Financial Reporting Quality

Gender diversity has become an increasingly relevant dimension of corporate governance because committee composition may influence the range of perspectives and experiences available for oversight. In audit committees, diversity may support more thorough deliberation and broaden the consideration of financial reporting risks. Nevertheless, representation alone does not guarantee influence; members must have relevant competence, access to information and opportunities to participate meaningfully in decisions (Obeitoh et al., 2024).

Obeitoh et al. (2024) reported that the expertise of women on audit committees was associated with improved earnings quality among listed financial-services firms in Nigeria. Their analysis is particularly relevant because it considers not only the representation of women but also their accounting expertise. The finding suggests that the relationship between gender diversity and reporting quality may depend on the skills and substantive contribution of members rather than on numerical representation alone.

Etuk et al. (2025) also examined audit committee financial expertise and gender in relation to financial reporting quality among Nigerian listed deposit money banks. Their study reflects the growing interest in committee composition as a potential determinant of reporting outcomes. However, gender diversity should be assessed in conjunction with other characteristics, and evidence about earnings management should not automatically be interpreted as evidence of improvements in every dimension of financial reporting quality.

The available evidence supports further investigation of gender diversity, particularly in relation to professional competence, participation and committee influence. Future Nigerian studies should distinguish between the proportion of women on the committee, the presence of women with relevant financial expertise and their participation in substantive oversight activities. This would provide a clearer understanding of whether diversity contributes independently to reporting quality or operates through other committee characteristics.

The reviewed studies demonstrate that audit committee characteristics are relevant to financial reporting quality, but the direction and significance of their relationships vary. Independence is positively associated with earnings quality in the study by Obeitoh et al. (2024), but statistically insignificant in the banking-sector studies by Ologun (2025) and Umasabor and Okonkwo (2025). Financial expertise is positively associated with reporting quality in Ologun (2025) and Khadija and Auwal (2024), but Umasabor and Okonkwo (2025) reported a negative significant relationship. These differences indicate that the effectiveness of committee attributes is context-dependent rather than universal.

The evidence on committee size and meeting frequency is similarly mixed. Larger committees do not consistently demonstrate superior reporting outcomes, while frequent meetings may be beneficial when they support substantive oversight but ineffective when they are largely procedural. Gender diversity appears promising, especially when members bring relevant financial expertise, although more evidence is required to establish its independent effect across sectors. Collectively, these findings support examining audit committee characteristics as an interacting set of governance mechanisms rather than isolated determinants of reporting quality.

A further issue concerns the measurement of the dependent variable. Some studies assess financial reporting quality through discretionary accruals, others examine earnings quality, and some focus on voluntary disclosure or financial statement credibility. Although these outcomes are related, they capture different aspects of corporate reporting. This variation may partly explain why studies examining apparently similar committee characteristics reach different conclusions. More consistent measurement, broader sectoral coverage and explicit consideration of firm-level characteristics would strengthen the comparability of future Nigerian research.

Discussion of Findings

The literature reviewed indicates that audit committee characteristics can contribute to financial reporting quality, but their effects depend on the broader governance environment and the way each characteristic operates. The evidence does not support the assumption that formal compliance with committee composition requirements automatically produces more credible reporting. Instead, the effectiveness of audit committees appears to depend on the combination of competence, independence, active participation and the capacity to ensure that identified problems are addressed.

Financial expertise emerges as an important attribute because it enables committee members to understand complex accounting treatments and engage meaningfully with auditors. The positive findings reported by Ologun (2025) and Khadija and Auwal (2024) support this position. However, the negative result reported by Umasabor and Okonkwo (2025) shows that expertise is not sufficient on its own. Financially knowledgeable members may still be ineffective where they cannot exercise independent judgement, lack access to relevant information or fail to ensure that recommendations are implemented. The implication is that professional competence should be combined with accountability and substantive engagement.

The evidence concerning independence highlights the distinction between formal status and practical influence. Independent members may strengthen oversight, but their presence alone does not guarantee that management will be challenged effectively. The positive association reported by Obeitoh et al. (2024) contrasts with the statistically insignificant findings of Ologun (2025) and Umasabor and Okonkwo (2025). This divergence may reflect differences in industry, sample periods, measurement or governance practices. It also suggests that the practical authority of independent members deserves closer attention in Nigerian corporate governance research.

Committee size and meeting frequency appear to be less reliable when used as isolated measures of effectiveness. Larger committees may bring additional expertise, but they can also create coordination problems. More frequent meetings may improve monitoring, but they can also reflect the existence of reporting difficulties. The mixed results in the reviewed studies therefore suggest that committee size should be appropriate to the company's needs and that meetings should be evaluated by their substance, participation and follow-up rather than their number alone.

Gender diversity may strengthen committee deliberations by broadening the range of experiences and perspectives represented. However, the finding by Obeitoh et al. (2024) concerning the expertise of women committee members suggests that the quality of participation may be as important as numerical representation. Companies should therefore promote inclusive committee composition while ensuring that all members have the competence, information and authority required to contribute meaningfully to oversight.

Finally, the mixed findings must be interpreted in light of methodological differences. Studies using discretionary accruals, earnings quality and voluntary disclosure do not measure precisely the same outcome. Differences in sample composition, industry characteristics, observation periods and statistical methods can also influence results. Consequently, the literature supports a cautious conclusion: audit committee characteristics are important governance mechanisms, but their contribution to financial reporting quality depends on their interaction and the institutional conditions under which they operate.

Conclusion

This paper examined the relationship between audit committee characteristics and the quality of corporate financial reporting in Nigeria, focusing on independence, financial expertise,

committee size, meeting frequency and gender diversity. The reviewed literature indicates that audit committees can strengthen reporting oversight, but their effectiveness depends on more than formal composition. Competence, independence, meaningful participation and the implementation of corrective actions are important considerations in determining whether committees contribute to credible financial reporting (Obeitoh et al., 2024; Ologun, 2025).

Financial expertise appears to be an important attribute because it enables committee members to assess accounting judgements and engage effectively with auditors. Nevertheless, the contradictory findings across Nigerian studies demonstrate that expertise does not automatically guarantee better reporting. The effects of independence, committee size and meeting frequency are also inconsistent, while gender diversity may contribute more effectively when members possess relevant expertise and can participate fully in oversight activities (Umasabor & Okonkwo, 2025; Ekeh & Ironkwe, 2025).

The central conclusion is that audit committee effectiveness should be understood as the product of interacting governance characteristics rather than any single structural attribute. For Nigerian companies, improving financial reporting quality requires competent and independent oversight, substantive engagement with auditors, effective internal controls and consistent enforcement of reporting requirements. Because this paper synthesises published literature rather than analysing a new firm-level dataset, its conclusions should be interpreted as evidence-informed assessments rather than new causal estimates.

Recommendations

1. Strengthen financial expertise. Companies should appoint audit committee members with demonstrable accounting, auditing or financial management competence. Continuous professional development should cover changes in accounting standards, complex estimates, internal controls and emerging disclosure requirements. This recommendation reflects evidence linking financial expertise with reporting quality and disclosure outcomes, while recognising that expertise must be accompanied by effective oversight (Ologun, 2025; Khadija & Auwal, 2024).
2. Promote substantive independence. Companies should ensure that independent members have access to relevant financial information, internal auditors and external auditors, and can challenge management without undue influence. Independence should be assessed through actual oversight practices and the handling of reporting concerns, rather than formal membership classification alone (Obeitoh et al., 2024; Umasabor & Okonkwo, 2025).
3. Improve the effectiveness of committee meetings. Audit committees should use structured agendas, receive financial reports in advance, document substantive deliberations and monitor the implementation of recommendations. The emphasis should be on the quality and outcomes of meetings rather than the number held during a financial year (Obeitoh et al., 2024; Umasabor & Okonkwo, 2025).
4. Determine committee size according to organisational needs. Companies should establish committees that are sufficiently large to provide the required range of expertise but manageable enough to support effective discussion and clear

accountability. Membership decisions should consider the complexity of financial reporting, the skills required and the level of participation expected from each member (Ologun, 2025).

5. Promote meaningful gender diversity. Companies should encourage inclusive committee composition while ensuring that all members have equal opportunities to participate in deliberations. Appointments should consider professional competence, relevant experience and the ability to contribute to financial oversight. Gender diversity should be treated as a complement to, rather than a substitute for, expertise and independence (Obeitoh et al., 2024).
6. Strengthen disclosure of audit committee activities. Annual reports should clearly disclose committee membership, relevant qualifications, meeting attendance, key oversight activities and the follow-up of significant audit findings. More informative disclosures would help shareholders evaluate whether audit committees are performing their responsibilities substantively and would support future empirical research (IASB, 2018; Ekeh & Ironkwe, 2025).
7. Improve regulatory monitoring and enforcement. Relevant regulators should strengthen monitoring of corporate governance requirements and promote periodic assessment of audit committee effectiveness. The focus should extend beyond formal compliance to the adequacy of reporting oversight, internal controls and the resolution of significant audit concerns.
8. Encourage further empirical research. Future studies should examine a broader range of Nigerian listed companies and distinguish between earnings quality, discretionary accruals, reporting timeliness, disclosure quality and financial statement credibility. Researchers should also examine interactions among committee characteristics and account for differences across industries, observation periods and measurement approaches (Ologun, 2025; Umasabor & Okonkwo, 2025).

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