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Audit Committee Meeting, Expertise and Financial Reporting Quality of Listed Deposit Money Banks in Nigeria

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Abstract: *This study examines the effect of audit committee meeting and expertise on financial reporting quality of listed deposit money banks (DMB's) in Nigeria. The study uses panel data obtained from the Nigerian Stock Exchange fact books and the financial statements of fifteen (15) listed deposit money banks over a period of ten years (2007-2016). The study uses cross sectional and time series research design. The modified Jones (1991) model was adopted to measure financial reporting quality. The data was analyzed using STATA. The study reveals and concludes that the effect of audit committee meeting on the financial reporting quality of listed deposit money banks in Nigeria in model 1 is positive and insignificant while it is negative and insignificant in model 2. Also, the study reveals that the effect of audit committee expertise on the financial reporting quality of listed deposit money banks in Nigeria is negative and insignificant in model 1 while in model 2 it is negative and insignificant. Based on the conclusion, the study recommends that the management of DMB's should ensure audit committee members are encouraged to attend meetings regularly. It is evident that in some instances meetings are sparsely attended by members which has tendency of affecting the quality of contributions that would have been made if most or all members were to be in attendance. Management of DMB's should consider the regulation on audit committee expertise to ensure reliable financial reporting of high quality. This will increase the overall credibility of the accounting profession as well.*

Keywords:*Audit Committee Meeting, Expertise, Financial Reporting Quality, Discretionary accrual, Change in working capital*

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I. Introduction

Financial reporting is aimed at giving information to guide stakeholders' decisions. Financial reporting in banks is essentially the responsibility of directors and this is carried out by accountants and verified by auditors. It is targeted at producing reliable in addition accurate information to assist users in taking a good stand. Financial statements should be capable of revealing relevant, reliable, comparable and comprehensive information and this primarily possible by the effective and efficient working of audit committee. Hence, Audit committee is the organic to quality financial reporting. An audit committee is an operating committee of the board of directors charged with oversight of financial reporting and disclosure. Committee members are drawn from members of the company's board of directors, with a Chairperson selected from among the committee members. Audit committee guarantees the protection of the stockholders welfares by way of ensuring quality financial reporting. (Krishnan 2005).

Basically, audit committee monitors the procedures involved in financial reporting and to check the likelihood of managers to control earnings. Recently, audit committee has become obligatory for listed companies particularly, banks. Audit committee supervises operations in large firms in capital market. This makes the audit committee a system of respectable structure of procedures, practices and methods by which a company is directed and well-ordered.

The search for mechanism to ensure reliable, high quality financial reporting has largely focused on the structure of audit committee, whose function is to oversee the financial reporting process as well as the audit of financial statements. Quite understandably, expectations will be high on the audit committees to be more active and participative in ensuring the proper management of the companies. Audit committees are expected to resolve the agency conflicts between the managers and the fund providers and thus enhance the quality of financial reporting.

However, several corporate collapses such as Enron and Arthur Anderson as well as fluctuating economic climate propelled the development of good corporate governance for disciplining listed companies

(Barrier, 2002). The Cadbury Report (1992) concerned with corporate governance mechanisms being compromised by reduced Financial Reporting Quality. Yusoff (2010) argues that the credibility and the reliability on financial report lies on integrity of those involved in its preparation (like directors and auditors). The prevailing weak internal control and fraudulent activities among others that are visible within deposit money banks have posited an inimical cordiality to the general public.

The crises that bedeviled the financial sector post publication of audited financial reports have called for the concern of indigenous researchers. Some have argued that the lack of formidable audit committee is responsible for this abysmal reporting quality. Though audit committees have been argued to improve a firm's financial reporting processes, as only few countries, Nigeria inclusive have actually incorporated audit committee formation in their Companies Act. Section 359(3) of CAMA 1990 provides for the establishment of audit committee in public companies in Nigeria. Section 359(4) CAMA elaborates this provision further by providing that membership of the committee be comprised of equal number of directors and shareholders' representatives and that the maximum members of the committee shall not exceed six. In 2003, the Nigerian security and exchange commission (SEC) issued a code of Best Practices of Corporate Governance and this code in S. 11(a) provides for the establishment of audit committee in public companies in Nigeria. It specifies further that directors' representatives in the audit committee should mainly be Non-Executive Directors (NED) with not more than one executive member S. 12(a) SEC code (2003), (Gabriel, 2012).

The central bank of Nigeria (CBN) also a regulatory agency of the banking sector issued a Code of Corporate Governance for Banks in Nigeria Post Consolidation effective from 3rd April, 2006. In S. 5.3.12, this code provides for the establishment of an audit committee as one of the board committees for all banks operating in Nigeria. It is important to state that in S. 8.1.4 of this code, it provides that audit committee be comprised of Non-Executive Directors (NED) and ordinary shareholders' representatives appointed at Annual General Meeting (AGM). This code does not specify the maximum members that a committee must have.

Prior studies argue that financial reporting issues involve the highest level of technical details among audit committee effective areas, and ideal audit committee members should have knowledge of accounting concepts and the auditing process to enhance their understanding of the financial reporting process, recognize problems, ask probing questions of the management and auditor and make leadership contributions to audit committees (McDaniel, Martin &Maines, 2002;Lipman, 2004; Scarpati, 2003). Evidence suggests that audit committee accounting expertise and meeting is negatively associated with SEC enforcements and restatements (Agrawal & Chadha, 2005; Archambeault&DeZoort, 2001), and positively associated with firm credit ratings (Ashbaugh-Skaife et al., 2006) and the likelihood of supporting auditors in financial reporting disputes with management (DeZoort&Salterio, 2001).

This study investigates whether audit committee meeting and expertise influencefinancial reporting quality (FRQ) of DMBs in Nigeria. Based on previous studies, availability of data and its relevance to the socio-economic environment of Nigeria, two independent variables are selected as proxies for audit committee. These variables are audit committee meeting and audit committee expertise.In the light of the above, the following hypothesis will guide the study:

H_1: Audit committee meeting has no significant effect on financial reporting quality of listed deposit money banks in Nigeria.

H_2: Audit committee expertise has no significant effect on financial reporting quality of listed deposit money banks in Nigeria.

The remaining part of the study consists of concepts, theoretical framework, empirical review, methodology, results, conclusion and recommendations.

II. Literature Review

This section presents the conceptual, empirical and theoretical review in a relation to the effect of audit committee meeting and expertise on financial reporting quality.

Financial reports is broad several definitions of the term financial reporting quality have been expressed, based on the objectives of each research. For instance Baxter (2007), defines financial reporting quality as "the precision with which financial reports convey information about the firm's operations, in particular its cash flows, in order to inform equity investors". Other researchers define financial reporting quality as "the extent to which the financial statements provide true and fair information about the underlying performance and financial position", (Zubair, 2016). However, a commonly accepted definition is provided by Jonas & Blanchet (2000), who state that "quality financial reporting is full and transparent financial information that is not designed to obfuscate or mislead users". IASB (2006 &2008), states that "the objective of financial reporting is to provide financial information about the reporting entity that is useful to present and potential equity investors, lenders and other creditors in making decisions in their capacity as capital providers".

Also, there is no agreed definition of 'financial expertise' so far, empirical research suggests a variety of measures to operationalize financial expertise. Krishnan (2005), using SEC's broad definition of financial

expertise, reported that fraudulent firms have fewer financial experts on their audit committees. Similarly Xie, Davidson &Dadalt(2003), Abbott, Parker, Peters &Raghunandan(2003); Abbott, Parker &Peters(2004) note that the presence of financial expertise on the audit committee has a significant positive association with financial reporting quality measures. Yet, Carcello& Neale (2000) and Zaman, Hudaib&Haniffa(2011) did not report any benefit of such expertise. Other than examining the mere presence of financial expertise on the audit committee regardless of the nature of expertise, the literature examining the association of different dimensions of financial expertise with financial reporting quality has often used the definition provided by the SEC. According to the definition an audit committee member is deemed a financial expert if the member has: (*a) accounting expertise*, from work experience as a certified public accountant, auditor, chief financial officer, financial controller, or accounting officer; *(b) finance expertise*, from work experience as an investment banker, financial analyst, or any other financial management role; or *(c) supervisory expertise*, from supervising the preparation of financial statements (e.g., chief executive officer or company president).

Empirically, Jonas and Blanchet (2000) describe two general perspectives that are widely used in the assessment of financial reporting quality. The first perspective relies on the needs of users. Under this perspective, quality of financial reporting is determined on the basis of the usefulness of the financial information to its users, (Baxter 2007). The second perspective of financial reporting quality is focused on the notion of shareholder/investor protection. The user needs perspective is mainly concerned with the provision of relevant information to users for making decisions, whereas the shareholder/investor protection perspective aims to ensure that the information provided to users is sufficient for their needs, transparent and competent, (Jonas & Blanchet 2000)

Ruzaidah and Takiah (2004) findout that good reporting companies meet more often than the poor reporting companies. The more frequent audit committees meet, the better the quality of financial reporting because they can monitor the management activities more promptly and effectively in the meeting (Ruzaidah&Takiah, 2004). These studies regard the frequency of meeting as a proxy for audit committee activity. Although the number of meetings may not provide any indication about the extent of work accomplished during the meeting, it is noted that audit committee without any meeting or with small number of meetings is less likely to be a good monitor.

DeFond, Hann and Hu (2005) note that the market views the appointment of accounting financial experts (SEC definition) in a positive manner. Krishnan (2005) show that accounting financial expertise are associated with less earnings management. Similarly, Krishnan and Visvanathan (2008) provide evidence of a strong positive association between accounting financial expertise and earnings quality. Baxter & Cotter (2009) document a significant negative association between the audit committee accounting expertise variable (members with accounting qualification) and earnings management, hence improving financial reporting quality and also providing support for the Smith Report (2003) recommendations for the audit committee financial expert having a professional accounting qualification.

Vafeas and Waegelein (2007) argue that governance expertise are important in maintaining audit quality and documented a positive and significant association between governance expertise and audit fee. They define audit committee governance expertise as the audit committee members' experience of serving on another audit committee.

Bedard, CoulombeandCourteau(2008) state that "having the 'right people' as audit committee members is an important input to audit committee effectiveness". Empirical research or regulatory initiatives has paid little or no attention to the general or domain specific expertise of audit committee members and the subsequent impact of this type of expertise on financial reporting quality. Experience and expertise of audit committee members is an important aspect of audit committee effectiveness in overseeing the financial reporting process. It has also been argued that audit committee members with financial expertise are more likely to be able to deal with complexities of financial reporting than members without such expertise and demand better monitoring of the financial reporting process (Samuel, 2012).

Due to the complex nature of financial reporting, governance regulators have also shown a considerable interest in the financial expertise of audit committee members. In the United States, the Sarbanes-Oxley Act (2002) mandates audit committees to include at least one financial expert and requires the rest of the members to be financially literate. In the United Kingdom, the Combined Code (2008) recommends that 'at least one member of the audit committee should have significant, recent and relevant financial experience', for example as an auditor or a finance director of a listed company. It is highly desirable for this member to have a professional qualification from one of the professional accountancy bodies, however the right mix of skills and qualifications is even more important (Smith Report 2003). The Sarbanes-Oxley Act avoids a requirement for a qualification but demands an extensive list of accounting knowledge and skills. The Smith Report has found this to be unduly prescriptive as they believe individual businesses will have different requirements. Complex businesses will find members with an accounting qualification to be essential, however smaller businesses may

not require this. Therefore, the Smith report suggests that it would be wrong for the guidance to also require it, rather adding this as a highly desirable recommendation.

However, accounting expertise may be more important for audit committee members than any other expertise, since banks Code of Best Practices (2006) suggest that audit committee members are responsible for tasks that require high degrees of accounting sophistication.

DeFond et al. (2005) document positive market reactions to the appointment of new auditcommittee members with accounting expertise, but no reactions to the appointment of audit committee members with non-accounting expertise. It is therefore likely that accounting expertise, relative to other expertise, can contribute more to the effectiveness of audit committees which in turn improve the quality of financial information.

III. Methodology

This study adopts correlational research design to investigate the relationships as well as the effects of the audit committee meeting and expertise on the financial reporting quality of listed deposit money banks in Nigeria. This design is chosen because of its effectiveness in assessing relationships and effects of two or more variables (that is, the dependent and independent variables). The data used in this study were extracted from the Nigerian Stock Exchange fact book, the internet and websites of the fifteen (15) listed deposit money banks. In line with the research paradigm underpinning this study and in consistent with the objectives, the choice of regression as the tool of analysis in this study is informed by the fact that the technique is effective in estimating the effect of one variable on another.

Below is the model specification, variablesdefinition and measurement:

$$DACC_{it} = \beta_0 + \beta_1 ACMT_{it} + \beta_2 ACEX_{it} + \beta_3 TobQ_{it} + \beta_4 LEVG_{it} + \beta_5 ROTA_{it} + \beta_6 GROW_{it} + \beta_7 SIZE_{it} + \beta_8 RISK_{it} + e_{it} \quad \ldots\ldots 1$$

$$\Delta WC_{it} = \beta_0 + \beta_1 ACMT_{it} + \beta_2 ACEX_{it} + \beta_3 TobQ_{it} + \beta_4 LEVG_{it} + \beta_5 ROTA_{it} + \beta_6 GROW_{it} + \beta_7 SIZE_{it} + \beta_8 RISK_{it} + e_{it} \quad \ldots\ldots 2$$

Whereas:

B_0 = is the intercept

$\beta_1 - \beta_8$ = are the parameters to be estimated in the equation

DACC=Financial reporting quality, measured using the absolute value of residuals in discretionary accrual model based on modified Jones (1991) model as used by Dechow&Dichev (2002), and Yahaya (2016).

ΔWC= Financial reporting quality, measured using changes in working capital accruals as residuals from the modified Dechow and Dechev (2002) as used by Lai and Ritan (2006), and Shehu, (2012).

ACMT = Audit committee meeting, measured by the number of meetings held by the audit committee of the firm (Song &Windram, 2004; and Vafeas, 2005).

ACEX = Audit committee expertise, measured as a percentage of audit committee members with accounting financial experts that are classified as audit committee members who are certified by accounting professional bodies in Nigeria. (Vafeas&Waegelein, 2007 and Dezoort&Salterio, 2001).

TobQ = Market value to book value of equity, measured by market value of equity divided by book value of equity (Skinner & Sloan, 2002).

LEVG = Leverage is measured as the ratio of debt to equity (DeFond&Jiambalvo, 1994; Sweeney, 1994 and Beatty &Weber, 2002).

ROTA = Return on Total Asset is measured as earnings before interest and taxes divided by total asset (Adeniyi&Mieseigha, 2013).

GROW = Growth is measured as relative change in total asset (Blokdijk et al. (2003)).

SIZE = Firm size is measured by natural logarithm of Total Asset (Skinner and Sloan, 2002)

RISK – Risk is measured as non-performing loan divided total loan (Bell 2002 and Peecher& Solomon, 2002).

i = Firm intercept (in this case 15)

t = Time intercept (in this case 10 years)

e = Stochastic error term

IV. ResultsAnd Discussions

This section presents the analysis of data using STATA 13 as well as the interpretation and discussion of findings.

Table 1 Descriptive Statistics

Variable	OBS	Min	Max	Mean	SD
DACC	150	.01	.91	.3402667	..3255907
ΔWC	150	.01	1.92	.1549333	.2212829
ACMT	150	.00	7.00	4.22	.947409
ACEX	150	2.00	5.00	3.0000	.20067

TobQ	150	-7.59	5.88	1.220267	1.452456
LEVG	150	.01	.37	.1796	.1244525
ROTA	150	-29.64	11.52	1.434133	4.066552
GROW	150	-.33645	4.403849	.2883199	.5026892
SIZE	150	8.947092	.3629037	8.108934	9.675762
RISK	150	.000491	.457702	.0428137	.0628219

***Source: STATA 13 Output based on study data (see Appendix B1*)**

As shown in the table above for all the 140 observation the average of DACC is 0.352 with a minimum value of 0.01, maximum 0.91 with a standard deviation of 0.332. This shows that on the average, the listed deposit money banks had a positive DACC the majority of the banks are in the right distribution of DACC. Similarly the ΔWCwith a mean value of -.0075, minimum of -.193 and maximum of 0.136 with a standard deviation of 0.028. Also the average of ACTE is 0.499 with a minimum value of 0.333, maximum value of 0.6 with a standard deviation of 0.025. This shows that on the average, the listed deposit money banks had a negative ACTE the majority of the banks are not in the right distribution of ACTE.

Furthermore, LEVG average statistic value is 0.175 with a minimum value of 0.01, maximum value of 0.37 and a standard deviation of 0.127. This shows that though on the average, the listed deposit money banks had a positive LEVG, the majority of the banks are to the right distribution of LEVG. Also, RISK average statistics is 0.045 with a minimum value of 0.001, maximum value of 0.458 with a standard deviation of 0.374. This shows that on the average, the listed deposit money banks had a positive RISK the majority of the banks are in the right distribution of RISK.

Meanwhile, SIZE average statistics is 8.94, with a minimum value of 8.946, maximum value of 9.676 with a standard deviation of 0.065. This shows that on the average, the listed deposit money banks had a positive SIZE the majority of the banks are in the right distribution of RISK. Finally, PRO average statistics is 1.057, with a minimum value of -29.64, maximum value of 9.54 with a standard deviation of 3.872.This shows that on the average, the listed deposit money banks had a positive PRO, the majority of the banks are in the right distribution of PRO.

Table 2 Correlation Results

Variable	OBS	Min	Max	Mean	SD
DACC	150	.01	.91	.3402667	..3255907
ΔWC	150	.01	1.92	.1549333	.2212829
ACMT	150	.00	7.00	4.22	.947409
ACEX	150	2.00	5.00	3.0000	.20067
TobQ	150	-7.59	5.88	1.220267	1.452456
LEVG	150	.01	.37	.1796	.1244525
ROTA	150	-29.64	11.52	1.434133	4.066552
GROW	150	-.33645	4.403849	.2883199	.5026892
SIZE	150	8.947092	.3629037	8.108934	9.675762
RISK	150	.000491	.457702	.0428137	.0628219

Source: STATA 13 Output based on study data (see Appendix B1)

As shown in table 2the correlation coefficients was calculated to ascertain the pairwise association between the dependent variables and explanatory and identify both the direction and quantum of the relationship. It should be noted that correlation greater than 0.80 indicate multicollinearity problem. In table 2, result shows a correlation coefficient of 0.0855 between DACC and ACTE; -0.1841* between ΔWC and ACTE; -0.0856between LEVG and DACC; -0.0640 between LEVG and ΔWC; 0.1088 between LEVG and ACTE. In the three cases the result suggest good relation except LEVG and ΔWCthat is negative. Also RISK and DACC shows 0.3523*; RISK and ΔWCshows -0.127; RISK and ACTE shows 0.0146; RISK and LEVG shows 0.3326*. In the four cases the result suggest good relationship except RISK and ACTE with negative relationship. Similarly, SIZE and DACC shows -0.2769*; SIZE and ΔWCshows -0.1775*; SIZE and ACTE shows 0.1683*; SIZE and LEVG shows 0.1683*; SIZE and RISK shows -0.3590*; SIZE and SIZE shows 0.2028*. In the five cases the result suggest good correlation. Also PRO and DACC shows -0.1770*; PRO and

ΔWCshows 0.5299*; PRO and ACTE shows 0.0189; PRO and LEVG shows 0.1762*; PRO and RISK shows -0.2659*; PRO and SIZE shows 0.2028*. In the six cases the result suggest good correlation. Table 2 also shows that there is no presence of multicollinearity among the independent variables since none of the correlation coefficients is equal to 0.80.

Table 3 Shapiro-Wilk W Test for Normal Data

Variables	OBS	W	V	Z	Pro>Z
DACC	150	0.86239	16.012	6.287	0.00000
ΔWC	150	0.60634	45.804	8.670	0.00000
ACMT	150	0.95701	5.003	3.650	0.00013
ACEX	150	0.75218	28.835	7.621	0.00000
TobQ	150	0.77255	26.465	7.426	0.00000
LEVG	150	0.92599	8.612	4.881	0.00000
ROTA	150	0.63797	42.124	8.480	0.00000
GROW	150	0.62851	43.225	8.539	0.00000
SIZE	150	0.98471	1.779	1.306	0.09585
RISK	150	0.60297	46.197	8.689	0.00000

Sources; STATA 13 Output based on Study Data (See Appendix B3)

Table 3 shows the result of normality test using Shapiro-Wilk W test. As shown in table 3, the Shapiro Wilk test for all the variables show p-values less than 0.05 except SIZE that is above 0.05. This indicate that at 5% level of significant, the residual are not normally distributed except SIZE that is normally distributed.

Table 4 Heteroscedasticity Test

Models	Chi^2 (1)	Prob> Chi^2
DACC	18.42	0.0000
ΔWC	136.77	0.0000

Sources; STATA 13 Output based on Study Data (See Appendix B5 1&2).

As shown in table 4, the p-value for model DACC and ΔWCare significant meaning they are less than 0.05 which suggests that there is heteroscedasticity problem in their data set. Therefore the solution to the normality and heteroscedasticity problem is to use to robust standard error in their regression analysis.

Table 5 Regression Result for the models

Model	**FRQ1**			**FRQ2**			
Variable	**Coeff.**	**T**	**P>t**	**Variable**	**Coeff.**	**t**	**P>t**
ACMT	.0002183	0.02	0.986	**ACMT**	-.0045671	-0.28	0.781
ACEX	-.0672441	-1.17	0.241	**ACEX**	-.0689424	-0.90	0.369
TobQ	.0112192	1.01	0.313	**TobQ**	.0044027	0.33	0.738
LEVG	2.257028	21.65	0.000	**LEVG**	.0557441	0.40	0.686
ROTA	-.0104448	-3.03	0.002	**ROTA**	-.0225229	-5.18	0.000
GROW	.0050526	0.17	0.866	**GROW**	-.0518925	-1.55	0.122
SIZE	-.0357453	-0.90	0.367	**SIZE**	.0635425	1.29	0.195
RISK	.3463682	1.44	0.149	**RISK**	1.236093	4.29	0.000
Cons	.4405347	1.14	0.254	**Cons**	-.2085297	-0.43	0.668
F(5)	=686.06			**F(5,121)**	= 73.82		
Prob>F	=0.0000			**Prob>F**	=0.0000		
R^2	= 0.8334			**R^2**	= 0.3660		
Adjusted R^2	=0.8132			**Adjusted R^2**	=0.3436		

Sources; STATA 13 Output based on Study Data (See Appendix B7, B8, B9 & B10).

Table 4 shows the regression results for the two models, the prob>F in the two cases is 0.0000, which suggest strong overall fitness of the two models. Also, R2 which shows the amount of variance in the dependent variables explained by the explanatory variables in the two cases are DACC (83%) and ΔWC(36%). However, the adjusted R-square which is a better predictor of variations in the dependent variables since it takes care of the errors in the model shows DACC (81%) and ΔWC (34%).

Also the regression table shows mixed results: ACMT is positive and insignificant on DACC (β = .0002183, t-value = 0.02, p-value = 0.986, negative and insignificant effect on ΔWC(β = -.0045671, t-value = -0.28, p-value 0.781). Similarly, table 4 shows that TobQ is positive and insignificant on DACC (β = .0112192, t-value = 1.01, p-value 0.313; but positive and insignificant effect on ΔWC(β = .0044027, t-value = 0.33, p-value = 0.738. Also LEVG has a positive and significant on DACC (β = 2.257028, t-value = 21.65 p-value 0.000, but positive and insignificant effect on ΔWC(β = .0557441, t-value = 0.40, p-value = 0.686. Negative and significant effect of ROTA on DACC.(β = -.0104448, t-value = -3.03, p-value=0.002); negative and significant effect on ΔWC(β = -.0225229, t-value = -5.18, p-value =0.0000

Furthermore, positive and insignificant of GROW on DACC (β = .0050526, t-value = 0.17, p-value = 0.866), and negative and insignificant effect on ΔWC(β = -.0518925 t-value = -1.55, p-value = 0.122). Also, negative and insignificant of SIZE on DACC (β = -.0357453, t-value = -0.90, p-value = 0.367), and positive and insignificant effect on ΔWC(β = .0635425, t-value = 1.29, p-value = 0.195). Positive and insignificant of RISK

on DACC (β =.3463682, t-value = 1.44, p-value = 0.149); positive and significant on ΔWC(β = 1.236093, t-value = 4.29, p-value = 0.000). Also, the t-value test the hypothesis that the coefficient is different from 0. To reject this, there is need for a t-value of ± 0.95 at 0.05confidence interval. In addition the two tail p-value tests the hypothesis that each coefficient is different from 0. To reject this the p-value has to be ≤0.05. In view of the above results and the discussions that follows:

H1, which state that audit committee tenure have no significant effect on financial reporting quality of listed deposit money banks in Nigeria (ACTE) is hereby accepted under DACC and ΔWC respectively. The constant (alpha) in the model means that if the independent variables (ACTE, LEVG, RISK, SIZE and PRO assume 0, on the average DACC score will be .5894463; and ΔWCscore would be.2201757. the constant is simply where the regression line cross the axis the dependent variable axis the minimum score of audit committee tenure effectiveness. The result is inconsistent with Leong, Wang, Suwardy&Kusnadi, (2015); and Ndubuisi1&Ezechukwu, 2017.

V. Conclusion And Recommendations

This studyinvestigateshow the two audit committee characteristics (meeting and expertise) affect financial reporting quality of listed deposit money banks in Nigeria for the period from 2007-2016. The study concludes that audit committee meeting has a negative and insignificant impact on the quality of financial reporting of listed DMBs in Nigeria. Based on the conclusion of the study, the audit committee members should be encouraged to attend meetings regularly because it has the tendency of affecting the quality of contributions that would have been made if most or all members were to be in attendance. Management of DMB's should consider the regulation on audit committee expertise to ensure reliable financial reporting of high quality. This will increase overall credibility of the accounting profession as well.

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