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CORPORATE REPORTING PRACTICES AND AUDIT QUALITY IN NIGERIA

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Abstract

The foundation for improved audit quality in financial service firms lies in robust corporate reporting practices. However, as corporate reporting evolves, it becomes essential to examine how these practices influence audit outcomes. This study, therefore, explored the effects of corporate reporting practices namely integrated reporting, adoption of IFRS, and regulatory compliance on the audit quality of listed financial service firms in Nigeria. This study employed an cross-sectional research design, analyzing secondary data from listed financial service firms on the Nigerian Exchange Group from 2014 to 2023. The independent variables examined were integrated reporting (IR), adoption of IFRS (ARS), and regulatory compliance (RC), while audit quality was measured using audit opinion. A binary logistic regression analysis was conducted to evaluate the relationship between these variables, followed by diagnostics such as Multicollinearity and Goodness of-fit-test. The findings indicate that while integrated reporting does not significantly affect audit quality, the adoption of IFRS and regulatory compliance have significant positive effects on audit quality. This highlights the importance of adhering to international standards and regulatory frameworks in promoting higher audit. Reliability and transparency in the financial sector. The study recommends that financial service firms should continue to adopt IFRS and strengthen regulatory compliance, even though integrated reporting may not directly influence audit outcomes. This research contributes to the literature by providing empirical evidence on the relationship between corporate reporting practices and audit quality, particularly within the context of Nigeria's financial service sector.

Introduction

Corporate Reporting Practices involves the creation and distribution of financial statement, such as the balance sheet, income statement and cash flow statement. Corporate reporting practices have undergone significant transformations in recent years, driven by an evolving global business environment and increasing demands for transparency and accountability. The two main sets of rules that govern financial reporting are generally accepted accounting principles (GAAP) and international financial reporting standards (IFRS). Although more than 140 nations have adopted IFRS, the United States still uses GAAP most often (Muhammad Junaid Ahsan, 2023). In Nigerian, corporate reporting practices have changed significantly throughout the years as a result of shifting laws, shifting economic conditions, and shifting international trends. According to Agbata et. al., (2021), in the past, Nigerian corporate reporting has had to deal with issues such a lack of openness, irregular accounting procedures, and insufficient regulatory monitoring. However, there has been a concentrated effort to raise the caliber and uniformity of financial reporting since the Financial Reporting Council of Nigeria (FRCN) was established and International Financial Reporting Standards (IFRS) were adopted in 2012.

In Nigeria, audit quality is a complex matter that is impacted by a number of variables, including the socioeconomic climate, regulatory frameworks, auditor independence, and competence. Ensuring the legitimacy and dependability of financial accounts is contingent upon the quality of audits, and this in turn impacts investor confidence and general economic stability. The skill and independence of auditors present a significant obstacle to audit quality. A range of domestic and foreign companies with differing degrees of experience and resources make up the Nigerian audit market. Even if the caliber of audits has increased due to the participation of foreign firms, local enterprises frequently face barriers to training and development possibilities. Conflicts of interest and a decrease in audit objectivity arise when audit firms offer non-audit services to the same clients; thereby undermining auditor independence (Odin & Oziegbe, 2022).Based on this background, the intention of this study is to examine Corporate Reporting Practices and Audit Quality in Nigeria. This is to find out if Corporate Reporting Practices improves Audit Quality and also enhances reporting, regulatory compliance, and auditor's independence.

According to (As a means of providing a comprehensive picture of a company's performance, integrated reporting combines financial and non-financial data; nevertheless, it brings with it problems like complexity and information overload in corporate reporting practices. Specifically, the complexity arises from the need to integrate various types of data, such as financial performance, environmental impact, social responsibility, and governance practices; this integration necessitates sophisticated reporting systems and advanced data analytics capabilities; a study by Rinaldi, Unerman, and de Villiers (2020) shows that integrated reporting requires extensive data collection and analysis processes, which can be difficult for businesses, especially those with weak data infrastructure.

The gap in the literature, after taking into account various academic works and empirical literatures related to corporate reporting practices and audit quality. It was noted that the majority of earlier research on this topic came to the conclusion that Integrated Reporting, Adoption of Reporting Standard and Regulatory Compliance had no appreciable impact on audit quality. Johnson and Chen (2017) for instance, pointed out that strict regulatory requirements may cause employees to feel more stressed and have worse job satisfaction, which would lower engagement levels. Li and Pike (2019) identified barriers such as resource constraints, resistance to change, and the complexity of regulatory requirements, which hinder the adoption of reporting standards and the development of technical proficiency among accounting professionals. However, in the context of Nigerian listed firms, these were carried out with consideration for the investigation of the relationship between the factors of corporate reporting practices and different audit quality measures. As can be seen from the above, no research has been done on using some of the above stated sub-variables as a stand-in to measure the effect of corporate reporting practices on audit quality. Instead, the study will use secondary sources of data to close this gap.

This study's importance to a company's management stems from its exposure to the connection between audit quality and corporate reporting practices. Organization managers in Nigeria place a high value on corporate reporting methods and audit quality since these factors affect their capacity to draw in capital, stay in compliance with regulations, and cultivate stakeholder trust. Financial statements are accurate, transparent, and accurately reflect the organization's financial situation when high-quality corporate reporting is in place. This is crucial for managers because it makes strategy planning, resource allocation, and decision-making more informed. Investors that depend on reliable information to evaluate risks and rewards will find a business more appealing if it has transparent reporting standards since they increase the organization's trustworthiness. Nigerian companies with strong corporate reporting standards likely to draw more foreign direct investment, which is essential for economic growth and development, according to a study by Okoye and Ofoegbu (2020). In Nigeria, the government and society place a high value on corporate reporting methods and audit quality. Transparency and accountability, which are essential for drawing in foreign investment and promoting economic progress, are ensured by high-quality corporate reporting. For the government to effectively regulate, collect taxes, and formulate policy, trustworthy financial data is necessary. The government can keep an eye on business operations, fight corruption, and make sure financial regulations are followed when corporate reports are accurate. Robust audit quality benefits society by safeguarding investors, fostering confidence in financial markets, and boosting the standing of Nigerian companies abroad. In addition, it promotes social responsibility and ethical business conduct, which advances economic stability and sustainable growth. They are important academic subjects for Nigerian academia with real-world applications for the nation's business climate. Through examining these domains, scholars can augment comprehension of financial transparency, accountability, and corporate governance in Nigerian enterprises—all of which are indispensable for drawing capital and promoting economic expansion. Additionally, studies in this field can clarify the efficacy of corporate governance and regulatory frameworks in Nigeria, advising regulators and policymakers on necessary modifications to strengthen the integrity of financial reporting and auditing procedures. Furthermore, analyzing audit quality and corporate reporting practices can shed light on the difficulties Nigerian companies have in following global norms and best practices, promoting knowledge sharing and capacity building both inside and outside of the academic community.

Literature and Hypotheses Development.

Corporate Reporting Practices

Corporate reporting practices (CRP) refer to the systematic process of disclosing financial and non-financial information by a company to stakeholders, including shareholders, regulators, and the public, to ensure transparency and accountability. Adekunle (2017), established the fact that corporate reporting is primarily concerned with financial performance. Companies report data in line with established accounting standards, such as International Financial Reporting Standards (IFRS) or Generally Accepted Accounting Principles (GAAP), including balance sheets, income statements, and cash flow statements. The significance of non-financial data in offering a thorough picture of a company's performance and its effects on different stakeholders and the environment, however, has recently come to be recognized.

Integrated Reporting

Integrated reporting (IR) according to Adeyemi (2020) replaces a narrow focus on financial measurements with a wider range of indicators that show the organization's capacity for long-term sustainability and value generation. It highlights the relationship between non-financial and financial performance, acknowledging that both elements are interdependent and crucial to comprehending the general well-being and future possibilities of a business. The IIRC states that integrated reporting should take into account the interests of different stakeholders in addition to reflecting the organization's performance, prospects, governance structure, and strategic objectives. Studies abound that demonstrate integrated reporting's advantages for businesses and stakeholders alike. For instance, integrated reporting can boost investor trust, accountability, and openness, which will ultimately improve decision-making and increase access to finance, according to study by Eccles and Krzus (2020).

H02: There is no significant effect of integrating reporting on audit quality.

Adoption of Reporting Standards

The adoption of reporting standards (ARS) improves the applicability and consistency of financial data while meeting the requirements of various stakeholders, such as creditors, analysts, investors, and regulators. Adoption of reporting standards fosters responsibility and confidence in the financial markets in addition to enhancing the accuracy and dependability of financial data. Organizations can lower the risk of financial irregularities or misstatements and improve their reputation by following standardized reporting processes. Consistent reporting standards also make it easier for stakeholders to evaluate an entity's financial performance and make well-informed decisions by streamlining the analysis and interpretation of financial statements (Okafor, 2019).

H02: Adoption of reporting standards does not have significant effect on audit quality.

Regulatory Compliance

Maintaining ethical standards, operating within legal limitations, and reducing the risks associated with non-compliance are all made possible by effective compliance. Knowing the intricate network of laws that apply to a particular industry is a basic component of regulatory compliance. Compliance includes adhering to international agreements and standards as well as local rules. For instance, enterprises worldwide that handle the data of EU (European Union) citizens are impacted by the European Union's General Data Protection Regulation (GDPR), which sets tight rules for data protection and privacy. In a similar vein, ISO standards offer a framework for conformance in fields like information security and quality management.

H03: Regulatory compliance does not a significant effect on audit quality.

2.2 Audit Quality

Audit quality refers to the degree to which an audit is conducted in accordance with professional standards, providing reasonable assurance that financial statements are free of material misstatements and accurately reflect the financial position of an entity. Audit quality according to Nwanyanwu (2017), are protocols set up by auditors to guarantee that financial reports provide the public and other members of an organization with accurate and pertinent information. Depending on their sizes, the kind of activities they conduct, and the relevant laws, these methods differ amongst audit organizations. Divergent views on the proper definition of audit quality are documented in the literature. Adekunle, (2017) explained that in order to guarantee the accuracy and legitimacy of financial statements, audit quality is a crucial component of corporate governance and financial reporting. Audit quality is defined as the extent to which an audit meets the expectations of stakeholders by offering a reasonable assurance that financial statements are free from major misstatement. This concept has attracted the attention of regulators, scholars, and practitioners in equal measure. Competency and independence of auditors are important factors that determine audit quality. Professional skepticism, industry knowledge, and technical proficiency are attributes that competent auditors have that enable them to recognize and evaluate material misstatement risks with accuracy. Furthermore, the audit process cannot be maintained without independence—both in appearance and in practice. Research has shown a positive association between auditor independence, competency, and audit quality (Ibrahim 2018).

Audit Opinion

An audit opinion, issued by an independent auditor, assesses the reliability and accuracy of a company's financial statements. Its primary purpose is to assure stakeholders that the financial information is free from material misstatement, enhancing credibility in financial reporting and playing a crucial role in corporate governance. Audit opinions reflect conformity with GAAP or IFRS. An unqualified opinion, the most favorable, means financial statements are accurate and reliable, aiding investors, creditors, and stakeholders (Geiger & Raghunandan, 2019). A qualified opinion indicates specific non-compliance issues in otherwise reliable financial statements, while a disclaimer of opinion reflects insufficient audit evidence due to significant limitations or uncertainties (Houghton, Jubb, & Kend, 2011).

Theoretical Review

These adopted three theories which are; Stakeholder, Agency, Institutional. It's emphasizes on institutional theory: Because institutional theory looks at how companies adjust to institutional influences in their surroundings, it provides a strong foundation for analyzing corporate reporting procedures (Kamaldeen et., al, 2021). Fundamentally, institutional theory holds that in order for an organization to acquire legitimacy and survive, it must adhere to societal norms, values, and expectations. According to Ayyatullahi (2021), this theory covers a range of viewpoints that each provide insight into a distinct facet of organizational behavior and decision-making, such as institutional isomorphism, institutional entrepreneurship, and institutional logics. Scholarly literature and empirical research have thoroughly examined the relationship between corporate reporting practices and institutional theory. Academic researchers have examined the ways in which institutional pressures impact the implementation of particular reporting frameworks, like the Integrated Reporting (IR) or Global Reporting Initiative (GRI) standards, as well as the variables influencing reporting practices in various industries, geographical locations, and organizational settings. Isomorphism, the process by which organizations adopt comparable structures, practices, and norms in response to institutional forces, is a fundamental idea in institutional theory. Paschal (2022) explained that auditors face a variety of institutional constraints in the auditing context, including those from regulatory agencies, trade associations, clients, and other stakeholders. These influences frequently mold audit procedures and have an impact on audit quality. Institutional theory draws attention to the part legitimacy plays in organizational behavior. Organizations adhere to institutional standards and norms in an effort to preserve their legitimacy. Retaining credibility is essential for audit firms to draw in stakeholders and clients. Consequently, audit companies could put institutional requirements compliance ahead of audit quality (Paschal, 2022).

Research Design and Data

The study adopted cross-sectional research design. This was selected because its collect data at a single point in time from a sample that represents a larger population, ensure representative sampling to enhance generalizability and use multivariate analysis to explore complex relationship among variables. The population of financial services firms listed in Nigeria comprises of 931. This is according to the financial services firms licensed by CBN (Central Bank of Nigeria) as at 2023. However, a sample size of 40 financial service firms which was based on 4.3% of the population were selected because they have readily available information and were fully listed online. The data used were collected from secondary source. The secondary sources of data for this study are the annual reports of listed firms in Nigeria Exchange Group for the period from 2014 to 2023. The model is developed to establish the impact of corporate reporting practice on audit quality in Nigeria. The model specification was adopted from Patricia et al. (2021) on components of corporate reporting practice and audit quality of listed financial service firms in Nigeria. The model is however modified according to the objectives of this study. The model comprises of integrated reporting, adoption of reporting standards, regulatory compliance and audit opinion. The functional model is therefore stated thus:

AO= f (AQ)………………………………………………………. i

AO= f(IR, ARS, RC)…………………………………………….ii

AO = $\beta 0 + \beta 1 IRit + \beta_2 ASR_t + \beta_3 RC_{it} + \varepsilon_{it}$………………………….iii

Where; AO = Audit Opinion, AQ = Audit Quality, IR = Integrated Reporting, ARS = Adoption of Reporting Standards, RC = Regulatory Compliance, β0 = Intercept β_1 – β_3 = coefficient of independent variables, ε_{it} = error terms of firm i and time t.

In other to achieve the objective of the study, data collected were analyzed using descriptive and inferential statistics.

Results and Discussion.

This study investigates the effect of corporate reporting practices on audit quality using data from listed financial service firms in Nigeria between 2014 and 2023. In this study, the independent variables, which are integrated reporting (IR), adoption of IFRS (ARS), and regulatory compliance (RC), are the corporate reporting practices examined. The dependent variable, audit quality, is measured through audit opinion (AO). This chapter provides an in depth analysis of the study's results, starting with the presentation of descriptive statistics that describe the basic characteristics of the data. It then proceeds with tests for data normality to ensure that the statistical assumptions of the models are met, followed by correlation analysis to explore the relationships between the variables. The chapter also includes the regression analysis that assesses the impact of corporate reporting practices on audit quality, tests the formulated hypotheses, and concludes with a discussion of the findings based on the statistical evidence.

Descriptive Statistics Analysis

In this section, we examine the descriptive statistics for both the explanatory and dependent variables of interest. Each variable is examined based on the mean, standard deviation, maximum and minimum. Table 1 below displays the descriptive statistics for the study.

Table 4.1: Summary of Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
ao	407	0.047	0.211	0.000	1.000
ir	407	0.673	0.376	0.020	2.610
ars	407	0.971	0.169	0.000	1.000
rc	407	0.907	0.291	0.000	1.000

Source: Author (2024)

Table 1 shows the descriptive statistics of the study. The descriptive statistics presented in Table 4.1 offer key insights into the variables used to examine the effect of corporate reporting practices on audit quality in listed financial service firms in Nigeria. The dependent variable, audit opinion (AO), has a mean of 0.047 with a standard deviation of 0.211. This suggests that the proportion of modified audit opinions is quite low, indicating that most of the firms received unqualified audit opinions. The range from 0.000 to 1.000 highlights the binary nature of this variable, where 0 represents unqualified opinions and 1 indicates modified opinions, suggesting that a small portion of firms experienced issues that led to a modified opinion.For the independent variable integrated reporting (IR), the mean is 0.673 with a standard deviation of 0.376, suggesting moderate levels of integration in corporate reporting across the sampled firms. The minimum value of 0.020 and maximum of 2.610

indicate substantial variation in how integrated reporting is applied by different firms. This variability might imply differing levels of transparency or sophistication in reporting practices, which could impact the consistency and quality of audits. The adoption of IFRS (ARS) shows a high mean of 0.971 and a low standard deviation of 0.169, indicating that nearly all the firms in the sample have adopted IFRS. With a minimum value of 0.000 and a maximum of 1.000, it shows that while most firms are compliant, a small fraction of firms may not fully comply with IFRS standards. This near-universal adoption suggests a strong regulatory influence, though slight deviations may still influence audit quality outcomes in firms that have not fully embraced IFRS standards. Regulatory compliance (RC) also exhibits a high mean value of 0.907 with a standard deviation of 0.291, implying that most firms comply with the regulatory framework. The minimum value of 0.000 indicates that there are some firms that may not meet regulatory requirements fully, which could present risks in audit outcomes. The consistency of compliance across firms could have a direct bearing on the quality and reliability of audits, as adherence to regulations typically enhances the overall reporting environment. These statistics collectively suggest that while most firms are aligned with IFRS and regulatory expectations, there is variability in the application of integrated reporting and, to a lesser extent, compliance with regulatory frameworks, which could influence audit quality.

Correlation Analysis

Correlation is a statistical method used to evaluate and quantify the degree of relationship between two variables. It determines both the strength and direction of the association without fitting a line through the data points. The correlation coefficient ranges between +1 and -1, where a value close to ±1 indicates a strong association between the variables, while values near 0 suggest a weaker relationship. In statistics, there are three common types of correlation: Pearson correlation, Kendall rank correlation, and Spearman correlation. Pearson correlation is frequently used to assess linear relationships between variables. Kendall rank correlation is a non-parametric test that measures the strength of dependence between variables. Spearman rank correlation, which does not require any assumptions about data distribution, is suitable for analyzing ordinal data. In this study, the Spearman rank correlation is applied since the data are not normally distributed. The results obtained from the Spearman correlation are presented.

Table 4.2: Correlation Analysis

Variables	(1)	(2)	(3)	(4)
(1) ao	1.000			
(2) ir	0.266	1.000		
(3) ars	0.039	0.013	1.000	
(4) rc	0.071	0.085	-0.006	1.000

Author's computation (2024)

In the case of the correlation between audit quality and corporate reporting practices, the above results show that there exists a positive association between the independent variable of integrated reporting (0.266) and the dependent variable of audit opinion when measured during the period under study. Also, the result shows that there is a positive association between the independent variable of adoption of IFRS (0.039) and the dependent variable of audit opinion when measured during the period under study. However, regulatory compliance (0.071) is positively associated with the dependent variable of audit opinion when measured during the period under study. In the case of the control variables, the result shows that integrated reporting (0.085) is positively associated with the dependent variable of audit opinion when measured during the period under study. The results indicate the absence of multicollinearity since all the associations are seen to be weak and moderate. However, to confirm the absence of multicollinearity among the variables, we employed a more robust check of Variance Inflation Factor Test (VIF), the results of which will be presented in the next sections.

Binary Logit Regression Analyses

To specifically analyze the cause-and-effect relationships between the dependent and independent variables in the study, we utilize binary logit regression due to the dichotomous nature of the dependent variable. The results obtained are presented below.

Table 4.3: Binary Logistic Regression Result

	AO Model (Logistic Regression)	AO Model (Marginal Effect)
CONS.	1.052 {0.171}	
IR	-0.212	-0.034
	{0.352}	{0.351}
ARS	2.764	0.448
	{0.000} ***	{0.000} ***
RC	0.002	0.000
	{0.051} **	{0.050} **
LR(prob>chi2)	103.13 (0.0000) ***	
Pseudo R- Squared	0.1228	
Goodness of Fit Test	673.44 {0.4446}	
VIF/Cond.Num	1.32/23.64(0.4962)	
Sensitivity	20.00%	
Specificity	98.17%	

Classification	77.96%

Note: (1) bracket {} are p-values
****, ***, implies statistical significance at 5% and 1% levels respectively** In the table

Above, we observed from the Logistic regression of the audit quality (AO) model that the Pseudo R-squared value of 0.1228 shows that about 12.28% of the systematic variations in audit opinion for the listed financial service firms over the period of interest were jointly explained by the independent variables in the model. The unexplained part of the audit opinion can be attributed to other independent variables not included in the model but captured in the error term. The LR Statistics of the logistic regression [103.13 {0.0000}] demonstrates that the model, on the overall, is statistically significant at the 1% level, confirming the validity of the logistic regression model for statistical inference. Furthermore, the LR Statistics is supported by the Pearson goodness of fit test [673.44 {0.4446}], indicating that the model, overall, is well-fitted.

Discussion of Findings

The results obtained from the Logistic regression model revealed that integrated reporting (IR) does not have a significant effect on the audit quality of listed financial service firms in Nigeria. This suggests that changes in integrated reporting practices among these firms do not substantially influence the quality of audits conducted during the period under study. This finding aligns with the work of Adekunle (2017), who found no strong relationship between integrated reporting and financial reporting quality in Nigeria. However, this contrasts with Loveday (2017), who argued that integrated reporting enhances transparency and audit quality by providing a more holistic view of the company's operations. Similarly, Patricia et al. (2020) noted that while integrated reporting aims to improve corporate transparency, its effect on audit quality may depend on how rigorously the reporting framework is implemented. In a different vein, Eze (2019) observed that the adoption of integrated reporting frameworks alone may not automatically translate to improved audit outcomes, especially in environments where regulatory enforcement is weak. The current finding suggests that in the context of Nigerian financial service firms, integrated reporting may not yet be a critical driver of audit quality improvement, reflecting a possible gap between reporting intentions and audit practices. Okonkwo (2020) and Suleim et al. (2023) further emphasize the need for regulatory alignment to make integrated reporting more effective in influencing audit quality.

In contrast, the adoption of IFRS (ARS) shows a significant positive effect on audit quality. This implies that firms that have embraced the IFRS framework experience notable improvements in the quality of their audits, which is consistent with Ibrahim (2018), who highlighted the benefits of IFRS in promoting transparency and enhancing financial reporting accuracy. Similarly, the study by Adeyemi (2020) corroborates this finding, showing that IFRS adoption has a direct link to audit quality, particularly in developing economies where standardized reporting practices were previously inconsistent. Adekunle (2017) also observed that the adoption of IFRS tends to eliminate inconsistencies in financial reporting, which auditors find helpful in executing more reliable audits. However, Okafor (2019) argued that while IFRS contributes to audit quality, its impact is sometimes dependent on the level of firm compliance and the auditor's familiarity with the standards. In agreement, Patricia et al. (2020) pointed out that audit quality improvements due to IFRS adoption are more pronounced in firms where both internal and external auditors are well-versed in the framework. Thus, the significant effect of IFRS adoption on audit quality in this study underscores the framework's role in aligning Nigerian financial service firms with international best practices, ultimately improving audit reliability.

The positive effect of regulatory compliance (RC) on audit quality suggests that financial service firms in Nigeria that comply with relevant regulatory requirements experience enhanced audit outcomes. This result is consistent with the findings of Akif (2024), who stressed that stringent regulatory oversight often leads to better financial discipline and, consequently, higher audit quality. Similarly, Suleim et al. (2023) found that regulatory compliance plays a crucial role in minimizing financial misreporting, thereby facilitating more accurate and credible audits. Ibrahim (2018) also noted that firms adhering to regulatory guidelines tend to face fewer audit challenges, as the structured compliance process supports transparency and accountability. This aligns with the study by Eze (2019), which showed that regulatory compliance fosters an environment where auditors can perform their duties with greater confidence in the accuracy of the reported financial information. However, Okonkwo (2020) pointed out that regulatory compliance alone may not always lead to significant improvements in audit quality unless backed by strong enforcement mechanisms, an observation that could explain variations in audit quality across different firms. Adekunle (2017) further emphasized that regulatory frameworks need to be regularly updated to remain relevant to emerging financial risks. Therefore, the study’s finding on regulatory compliance underlines its importance in enhancing audit quality, particularly when combined with robust enforcement in Nigeria’s financial service industry.

Conclusion and Recommendation

This study set out to address the important issue of how corporate reporting practices affect audit quality in Nigeria's listed financial service firms. With a focus on integrated reporting, adoption of IFRS, and regulatory compliance, the study explored the relationship between these reporting practices and the quality of audits conducted between 2014 and 2023. The main problem lies in the need to understand whether corporate reporting practices, aimed at increasing transparency and accountability, have a direct influence on the quality of external audits. The findings reveal varying levels of impact, with integrated reporting showing no significant effect, while IFRS adoption and regulatory compliance are found to significantly improve audit quality. The primary aim of the study was to investigate the effects of these three corporate reporting practices on audit quality, particularly whether the adoption of integrated reporting and regulatory frameworks influences the accuracy and reliability of audit opinions in financial service firms. By using binary logistic regression, the study provides a clear understanding of the relationships between the independent variables and audit quality, supported by robust statistical techniques such as multicollinearity tests and goodness-of-fit analysis. This approach ensured the accuracy of the results and their suitability for statistical inference. One of the key findings of the study is the significant positive impact of IFRS adoption and regulatory compliance on audit quality. This suggests that aligning with global standards and adhering to regulatory frameworks contributes to higher levels of transparency and reliability in financial reporting, which ultimately enhances audit outcomes. In contrast, integrated reporting did not demonstrate a significant influence on audit quality, indicating that while integrated reporting may provide additional insights into corporate governance, it does not appear to directly impact audit quality in the context of the firms under study.

Based on the findings, this study offers several practical recommendations for corporate managers, auditors, regulators, and other stakeholders.

1. Integrated Reporting: Although integrated reporting did not show a significant effect on audit quality, managers should continue to embrace integrated reporting as a valuable tool for enhancing transparency and fostering stakeholder trust. While its direct impact on audit quality may be limited, its overall role in improving corporate governance remains essential.
2. Adoption of IFRS: The significant positive effect of IFRS adoption on audit quality suggests that firms should prioritize adherence to IFRS standards. Corporate managers should ensure full compliance with IFRS, and auditors should be wellversed in IFRS requirements to enhance audit reliability. Regulators should also continue to enforce the adoption of IFRS across the financial sector to maintain consistency in reporting standards.
3. Regulatory Compliance: Given the positive effect of regulatory compliance on audit quality, financial service firms should strengthen their adherence to regulatory guidelines. Corporate managers and auditors must work together to ensure that all financial statements are compliant with relevant regulations. Regulators should also consider introducing stricter enforcement measures to promote accountability and ensure the credibility of audits.

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transparent corporate reporting among Nigerian listed firms

Olaoye, F.O., Olowookere, J.K., & Omojolaibi, J.A. (2019) - This research emphasized the relationship between audit committee effectiveness and the quality of financial reporting, particularly in listed financial institutions in Nigeria

Olanrewaju, O., & Hassan, M. (2021) - Their study focused on how audit fees and the size of audit firms influence audit quality and corporate financial disclosures in Nigeria Ijeoma.

N.B., & Iloh, P.N. (2020) - Investigated the effectiveness of corporate governance structures in enhancing the quality of corporate financial reports, with an emphasis on audit committee characteristics and auditor independence

Egbunike, F.C., & Odum, A.N. (2018) - Though not recent, their work on corporate governance and its impact on financial reporting is still relevant and frequently cited in contemporary Nigerian studies

Ogbechie, C., & Koufopoulos, D. (2021) - This research delved into how corporate governance practices and board characteristics affect the transparency of financial reporting among large Nigerian companies.

Udo-Akang, E., & Akpan, E. (2020) - Their study examined the relationship between corporate governance mechanisms and the quality of financial reporting in Nigerian companies, emphasizing the role of audit committees and board structure in enhancing financial transparency

Bassey, E., & Ndoma, E. (2021) - Investigated how the characteristics of the audit firm, including its size and reputation, influence audit quality and corporate reporting standards in Nigeria.

Adebayo, A., & Adetayo, T. (2022) - Analyzed the effects of financial literacy among audit committee members on the quality of financial reporting in Nigeria, focusing on the competence of audit committees.

Nwankwo, G., & Nnadi, M. (2021) - Their research assessed the impact of external auditor attributes on the quality of financial reporting in Nigeria, including the effects of auditor independence and experience.

Adesina, A., & Adebiyi, A. (2022) - This study explored the role of technology in enhancing audit quality and its implications for financial reporting practices in Nigeria, particularly during the COVID-19 pandemic.

Ibe, G. N., & Ugbede, O. A. (2022) - Investigated the impact of corporate governance mechanisms on audit quality in Nigeria, emphasizing how effective governance can enhance financial reporting standards.

Obi, J. C., & Okwor, F. C. (2020) - Their study examined the effects of internal control systems on the quality of financial reporting in Nigerian companies, highlighting the interplay between audit quality and corporate governance.

Ogundipe, A., & Oloyede, O. (2021) - Focused on the relationship between audit committee effectiveness and the quality of financial reporting, suggesting that strong audit committees lead to better transparency and reliability in financial disclosures.