

AN APPRAISAL OF THE ROLES OF REGULATORY AUTHORITIES ON EXTERNAL AUDIT QUALITY IN THE NIGERIAN DEPOSIT MONEY BANKS

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ABSTRACT

Evidence from literature shows that different studies have been carried out on regulatory authorities' role in audit quality and user confidence on the financial statement of corporate organizations in which financial institution is not excluded in the developed countries but empirical evidence from developing countries contexts like Nigeria is inadequate. In light of this, this research paper evaluates regulatory authorities' roles at improving external audit quality and Users Confidence in financial information in the Nigerian Deposit Money Banks. The study used primary data obtained through a structured questionnaire administered on sampled banks investor in the stock exchange market. A total of two hundred and ten (210) copies of the questionnaire were distributed. One hundred and sixty (160) were returned and found useful for study representing 76% of the total questionnaire distributed. Data collected was analyzed using descriptive statistics like table, frequency, percentage, and mean ranking. Findings from the result of analysis (86;403;3.86;4.03) indicate that the imperatives of regulatory environments at improving audit quality except that FRCN had not been most effective in discharging those responsibilities expected to improve audit quality assurance in the Nigerian Deposits Money Banks. The study concludes that regulatory authorities exert influence on audit quality and the major regulatory environmental variables of audit quality include mandatory rotation of audit tenure, compliance with IFRS, and restriction of non-audit services. The study suggests that regulatory authorities in Nigeria be made to discharge their duties of enforcing and monitoring compliance with regulatory framework and policy guidelines that promote audit ethical conduct.

Keywords: Regulatory Authorities, Users Confidence, External Audit Quality, Nigeria Money Deposits Banks.

INTRODUCTION

Evidence from the literature in recent times, calls for reliable financial reporting that has gained prominence in Nigeria and the global economy at large. The competence or incapacity of banks to efficiently accomplish the transitional directive has been the core of many financial disasters. The need for reliable reports has led to a statutory audit that provides independent authentication of financial statements prepared by banks as could be seen from the works of Jayeola, Taofeek, and Toluwalase, 2017; Dandago and Rufai, 2014. Further is the argument of Al-Bawab, (2012) that audit must ensure the accuracy and reliability of financial information relied upon by users of financial statements in the rational decision-making, and because the audit lends confidence and authority toward the financial statements.

Studies have shown that ensuring the consistency of financial information published by firms requires that the statements are certified by an auditor thus lending credence to financial statements and instill users' confidence. Dantas and Otavio, (2015) believed that the performance of independent auditors has a direct relationship with the purpose of ensuring the credibility of the financial reporting process and the reliability of financial reporting is an essential condition for the functioning of the banking system. Also, Alim (2007) found empirical evidence that auditor's independence had a significant effect on audit quality. Therefore, as put by Suyono (2012) without audit service by an independent party, the reliability of financial statements could not be assured.

Sulaiman, (2011) recognizes numerous concepts that give significance to audit quality in practice like auditors' characteristics, firm's characteristics, obedience responsibilities, the content and control of audit procedures, financial statement quality, and client service orientation, asking stimulating questions, specialized presence, the quality of interaction between auditor and audit client, discussion and exercise, and matters such as documents and records as essential in denoting audit quality in practice.

Investment decisions are based partly on reported financial statement information. Issues toward the quality of audited financial statements continue to be a major interest to accounting researchers, practitioners, and policymakers. For instance, the Enron scandal has led US policymakers to confront issues related to development in audit quality. Meanwhile, the International Federation of Accountant (IFAC) commissioned the task force on rebuilding public confidence in financial reporting (Credibility Task Force) in October 2002 to look at ways of restoring the credibility of financial reporting. undependable firm-specific information in the financial statements could position a shred of non-diversifiable evidence to investors. (Francis et al, 2004).

Current report establishments in most countries seek to increase the consistency of information in the financial statement by a combination of mechanisms. In the

current study, the researcher shall explore the various qualities that make audited financial statements acceptable in the Nigerian Money Deposit Banking industry.

Despite the development of studies that place greater emphasis on understanding audit practice in its context little evidence is available about how to audit practitioners translate the general concept of audit quality into behaviour that affects the actual conduct of the audit in practice in the Nigerian banking sector.

Investors precisely, according to Arebu, (2016) incline to place better reliance on financial statements that are audited since the expected independence of the auditor increases the assurance that important investment decisions can be made on the thrust of those statements. The increased confidence of these sets of financial statement users tends to attract the inflow of capital which has the long-run effect of creating growth and development in the business environment as corroborated by Adeyemi and Fagbemi, (2010). Financial statement users make long-term decisions based on the financial statement and desire to have fairly presented figures. This implies that credible financial statements are those free from fraud and errors and thus crucial for smooth capital flow and wealthy economic development as concluded in the extant literature. However, in some circumstances, inefficiency on the part of management could lead to what could be regarded as structured financial statements which of course could mar the quality and produce misleading results for investment decisions. This calls for an empirical study of this nature that evaluates how investors assess their confidence in audited financial reports of banks in Nigeria. The global financial crisis has seen policymakers once again focus attention on the importance of an effective audit function as a key component in effective capital markets and attempt to identify key drivers of audit quality. For example, in the US the Advisory Committee on the Auditing Profession (2008) was established to provide advice to the US Treasury Department on the auditing profession. Similarly, in the UK the Financial Reporting Council released The Audit Quality Framework (2008), also in Australia; the Treasury released Audit Quality in Australia, a Strategic Review (2010). These investigations and regulatory changes make it clear that there has been considerable dissatisfaction with the effectiveness of the quality of the audit process and the roles of auditors and auditing, a situation that call for further investigation on the causes of dissatisfaction with the audit process in the Nigerian banking sector.

In response, regulators and the accounting profession have taken some policy measures to improve audit quality in both fact and appearance. Recent examples include the SEC's proposed ban on audit firms undertaking non-audit services (NAS) in 2000 (SEC 2000) and the rapid adoption of SOX following Enron's collapse (Francis 2011). However, these policy decisions have been made even though the empirical evidence regarding factors that can enhance or impair audit quality is inconclusive and uncertain. Research into perceptions of audit quality is important because it determines the credibility of the audit report, and that has the potential

to erode public confidence in the integrity of the financial reporting system as observed by Pany and Reckers (1988).

It is in line with these submissions from the extant literature that the present study attempts to evaluate the regulatory authorities' roles at improving external audit quality and Users Confidence in the Nigerian Deposit Money Banks for investment decision making.

Research Hypothesis

Ho1: Regulatory authorities have no significant role to play at improving external audit quality

LITERATURE REVIEW AND CONCEPTUAL EXPLANATION

Concept of Audit and Audit Quality Attributes

Wallace (1980, 2002) revealed that audit quality is a measure of the auditor's ability to reduce noise and improve fitness in accounting data. Lee, Leu, and Wang (1999) regard audit quality as the probability that an auditor will not issue an unqualified report for statements containing errors, intentional and otherwise. Titman and Trueman (1986) see audit quality as the accuracy of the information reported by auditors. Therefore, audit quality combines the ability of an auditor to detect a breach (auditor competence) and the willingness to report such a breach (auditor independence). Additionally, if auditors appear to lack independence, this increases the perception that they are less objective and therefore less likely to report a discovered misstatement (Lowe & Pany, 1995).

The financial reports in the context of the audit include a statement of financial position, an income statement, a statement of changes in equity, a cash flow statement, and notes comprising a summary of significant accounting policies and other explanatory notes. According to the Institute of Chartered Accountant's of Nigeria (2010), an audit refers to a systematic process of objectively obtaining and evaluating evidence in respect of certain assertion about economic actions and events to ascertain the degree of correspondence between those assertions and established criteria and reporting the results to interested parties over a particular period. External auditor in this regard refers to the independent auditor who is not subject to management control and linked him to an independent audit, which refers to the provision of reasonable assurance that published audited financial statements are free from material misstatements and are following legislation and relevant accounting standards (ICAN, 2010).

Riley (2001) observed that audit quality is multidimensional and inherently unobservable, and that there is no single auditor characteristic that can be used as a proxy for it. In the absence of direct measures for quality, audit consumers must assess the quality by using surrogates, or the overall reputation of an auditor.

According to Stanley and Perelayefa (2016), audit quality simply underscores the extent to which the output of the process serves the decision-useful function of the accounting information system

Measurement of Audit Quality

Audit process according to Manita (2009), is complex (non-uniform) and not observable by third parties and that the report (opinion) is standardized, with few possibilities for differentiation hamper the identification of a quality audit. Pae and Yoo (2001) identified four situations when auditors could be under fire as when:

- (i) The statement prepared by management is distorted;
- (ii) The auditor provides a positive opinion on this distorted information;
- (iii) the investor, relying on this information, decides to invest in the company;
- (iv) the expected return is not confirmed.

With this objective difficulty (or even impossibility) of simultaneously measuring and verifying audit quality, studies evaluating this issue need to use proxies according to Dantas and Otavio (2015), based on some information from the audit process for market variables and accounting information. Dang (2004) classifies the proxies for audit quality metrics into two groups as those that seek to reflect the actual audit quality and those summarizing the audit quality perceived by the market.

It should be emphasized as put by Dantas and Otavio (2015) that actual quality cannot be understood as an absolute. The term is used because the quality is measured from ex-post information, indicative of problems concerning statements such as restatement determinations by the regulator, as in Dang (2004) and (Gyllengahm & Mårtensson, 2012). voluntary restatement as in Dang (2004); litigation against the auditor arising from lawsuits or administrative penalties, as in Palmrose (1988) and Braunbeck (2010); and finding material distortions in financial statements without a modified opinion in the auditor's report, as in Geiger and Raghunandan (2002).

Kinney and Libby, (2002) suggested that the threat to auditor independence could be as strong when the audit fee is large. Several studies that have empirically examined the relationship between audit quality and audit fee; Francis and Simon, (1987) assume that audit services are quality-differentiated and that in a competitive market, quality differences are reflected in fees. However, since audit fees have several determinants, they are a noisy proxy for quality. A previous study that examines whether, in an Australian setting, the existence of an audit committee, audit committee characteristics, and the use of internal audit are associated with a higher level of audit fees concludes that a higher audit fee implies higher audit quality Francis, (2004). Despite the large number of studies with these proxies, particularly those that use the dichotomous variable big-N, the debate continues on their ability to capture the actual audit quality. Dang (2004) argues that audit failures

revealed in cases such as those of Enron, Waste Management, and WorldCom- cast doubt on the positive relationship between audit firm size and quality. Another problem is that, by using dichotomous variables as proxies for audit quality, according to Dang (2004), two problematic assumptions are made: the first one is that the audit firm would perform audits for different clients and at different periods, with the same quality level; the second is that the quality of a group of auditors - big-N or non-big-N, for example - would be homogeneous.

In this regard, a measure widely used as a benchmark for audit quality is to identify the practice of earnings management more specifically, through discretionary accruals. It integrates the set of the most listed measures in the literature on audit quality, along with the auditor's size and expertise (Gul, Fung & Bikki, 2009). According to Braunbeck (2010), studies examining the quality of audits based on the quality of accounting information consider an intuitive reasoning: the better the quality of the audit, the higher the quality of the information disclosed.

Evidence of the association between these phenomena can be inferred from the finding that auditors intensify efforts and increase the price charged for their services when they identify evidence of accounting manipulation risk (Bedard and Johnstone, 2004). Heninger (2001), without classifying earnings management as fraud, notes that this practice is a direct intervention in financial disclosure, with the intent of gaining an advantage for specific agents, rather than a neutral mechanism of the disclosure. In this sense, agents interested in accounting information expect auditors to limit this practice and reinforce fair and true financial disclosure. If the manager inflates the results to hide unfavorable information, and the auditor does not mitigate this manipulation, then the financial reports do not provide warning of potential problems.

Studies using measures such as the size of the audit company (big-N) or auditor specialization as proxies of quality adopt a standard procedure to test the relationship between these measures and the level of discretionary accruals when they need to confirm the validity of these metrics. This was the case, for example, for Kanagaretnam, Krishnan et al. (2009, 2010) and Martinez and Reis (2010), among others. Dang (2004) summarizes the relationship between audit and earnings management by stating that the role of the auditor is to mitigate the information asymmetry between the parties, which is why audit quality should be related to lower levels of asymmetry and uncertainty regarding the performance of the entity. Thus, the author concludes, audit quality should be negatively related to earnings management.

Auditor Quality versus Audit Quality

The issue concerning how to address quality proxies leads to another discussion in the literature on discussion based on the quality of audit firms versus the quality of audit service when DeAngelo (1981) defines audit quality as the probability

perceived by the market that a given auditor will detect material distortions (technical expertise) in the client's statements and that the auditor will report such problems (independence to give an opinion), the focus is obviously on the auditor. The problem is that this assumption ignores that each audit has its reality, being influenced by the characteristics of the business, management profile, governance structure, economic conditions, and auditor-client relationship, among other factors. Lam and Chang (1994), for example, argue that audit quality must be defined at each service, given that a firm cannot carry out all of its audits to the same quality level. According to this understanding, auditor quality is distinguished from the quality of the audit services; in the present study, this second criterion will be adopted.

Dantas and Otavio (2015) argued that if there is no consensus in the literature regarding the measure used as a proxy for audit quality, it is reasonable to state that audit quality should be linked to the quality of the statements. Their argument is based on the fact that any material distortions in the information produced by management would be previously fixed by the action of auditors as such that measures of the quality of accounting information also reflects the quality of the audit.

Regulatory Environments Roles on Audit Quality

Studies exist on the roles of regulatory environments on improving audit quality of firms mostly in developed economies. According to a report from Hines, (2013) in early 2009, the International Auditing and Assurance Standards Board (IAASB) completed its five years-long projects which were to make clarifications on 'ISAs.2'. The EU issued the revised 8th Statutory Audit Directive and ethical standards for auditors were amended to ensure that they would be consistent with changes in the laws which were to arise from the implementation of this Directive in 2008. The decisions to extend the use of IFRS to other company accounts were left to member states to decide. In the UK entities were permitted to choose either UK GAAP or IFRS. The extent to which these could be extended to the audit regulations in Nigeria is worthy of exploration as one of the objectives of this current study by examining the roles of regulatory environments on audit quality.

Evidence from the United Kingdom shows that the UK market regulator, the Financial Services Authority, requires listed companies to provide a 'comply or explain' statement in their annual report which sets out how the Combined Code has been applied by the company. Also, the Financial Reporting Council (FRC, 2006) Code provision C3.1 of UK states that 'The board should establish an audit committee of at least three or in the case of smaller companies two, members, who shall all be independent non-executive directors. The board should satisfy itself that at least one member of the audit committee has recent and relevant financial experience.' The responsibilities of the audit committee include monitoring 'the integrity of the financial statements of the company...reviewing significant financial reporting judgments contained in them' (provision C3.2). The auditor's responsibilities with

communication with those charged with governance are contained in ISA (the UK and Ireland) 260 (APB, 2004c). Timely communication with the relevant parties in the company is required for audit matters.

In the financial arena, regulation encompasses the regulation of both rules (standards and guidelines) and the groups subject to the rules (e.g. share dealers, accountants, and auditors). Hirschleifer (2008), a behavioural financial economist, proposes a psychological, rather than an economic, theory of financial regulation. He argues that 'certain beliefs about regulation are especially good at exploiting psychological biases to attract attention and support. This irrationality, especially of the proponents of regulation, pervades the political discourse of regulation, and strengthens the case for laissez-faire. Several underlying social and psychological processes in financial regulation are identified. Salience and vividness effects (i.e. events that draw attention), the violation of fairness and reciprocity norms, scapegoating, the availability heuristic amplified by media attention are all illustrated by the Enron scandal.

There also exists inherent overconfidence that a useful regulatory solution exists. Hirschleifer (2008) recommends that regulatory inertia should be built into the system to counteract the detrimental effect of these biases at the societal level. Accounting and auditing regulation involve, *prima facie*, professional accountancy associations, standard-setting bodies, and regulatory agencies. Additionally, however, the professional firms (especially the global Big Four) are an increasingly important 'node in the network of institutions through which regulatory and professional processes operate' (Cooper and Robson, 2005). Adopting a political science perspective, Cooper and Robson (2005) argue that regulation has been used to restore trust, a view which resonates with Hirschleifer's (2007) scapegoat bias

The most puzzling issue is how to cause rules, codes, and regulations on audit practice to be followed by the auditors in the process of carrying out their duties. For instance, the deterrence approach tends to be more direct and tougher with prosecutions used to deter future infractions. In contrast, the compliance approach is more flexible, usually cheaper, and less confrontational, and encourages compliance. Baldwin, Cave, and Lodge (2010) note however that compliance theories have been further refined by researchers from other traditions. For example, Gunningham and Grabosky (1999) believe that a wider range of measures should be engaged such as education and information-based strategies to deliver the desired results in the least troublesome tactic.

Theoretical Underpinning

Several theories may form the bedrock upon which this study may be based. the construct of this study will be based on three major theories which include policeman theory, Lending Credibility Theory, Agency Theory. This is based on the act of an auditor as a policeman focusing on arithmetical accuracy and on prevention

and detection of fraud due to its inability to explain the shift of auditing to verification of truth and fairness of the financial statements. Recent financial statements have resulted in careful reconsideration of this theory. More so, the adoption of lending credibility theory is centered on suggests that the primary function of the audit is to add credibility to the financial statements. In this view the service that the auditors are selling to the clients is credibility. Audited financial statements are seen to have elements that increase the financial statement users' confidence in the figures presented by the management (in the financial statement). Lastly, the agency theory is a useful economic theory of accountability that helps to explain the development of the audit. Agency theory is based on this relationship between investors (principals) and managers (agents).

Empirical Review

Dopuch, King, and Schwartz (2001) also examine the impact of auditor tenure on audit quality. The result is consistent with the hypothesis that the auditor compromises his independence most often in a long term auditor contract and suggests that after all auditor tenure may have a significant effect on the audit quality. Kabiru and Abdullahi (2012), they carried out an empirical investigation into the quality of audited financial statements of deposit money banks in Nigeria, using both primary and secondary data and from the population of 21 banks, they select a sample of 5 banks comprises of First Bank, Zenith Bank, Union Bank, United Bank for Africa and Access Bank, all publicly quoted companies in Nigeria. They found that the Independence of an auditor does significantly improve the quality of audited financial statements of money deposit banks in Nigeria. Compliance with auditing guidelines has a positive and significant effect on the quality of the audited financial statement of money deposit banks in Nigeria. Material misstatement does significantly affect the quality of audited financial statements of money deposit banks in Nigeria. They also found that audited financial statements of Nigerian money deposit banks, if re-audited by other independent auditors, will give the same result and conclusion.

Vanstraelen (2000) examines the effect of long-term audit client relationships on audit quality. The external user's perception of the audit report was used as an indicator of quality. Utilizing the logistic regression model, the study findings show that long-term auditor client relationships are positively related to the increased likelihood of the auditor issuing an unqualified opinion. A significant difference was also found between the auditor's reporting behaviour in the first two years versus the last year of the audit mandate. This implies that auditors are more willing to issue an unqualified audit report in the first two years of their official mandate than in the last year of their mandate. The policy implications of Vanstraelen (2000) support mandatory auditor rotation to maintain the value of an audit for external users.

Oladejo, Yinus and Olowookere (2020) examined the influence of external audit

quality on Users Confidence in financial Reports of Nigerian Deposit Money Banks. Taking a cue the Inspired Confidence Theory the study makes use of secondary data, which was obtained from the financial statements of seven (7) out the fifteen listed Deposit Money Banks in Nigeria from 2010 to 2017. The study concludes that external audit quality positively influenced user confidence in financial report of sampled Deposit Money Banks in Nigeria.

Adeniyi and Mieseigha (2013) examined the effect of audit tenure on Audit Quality in Nigeria. A dummy value of 1 was used if a firm employs the services of any of the big 4 auditors and 0 if otherwise, tenure measured in terms of the number of years spent as an auditor for Sample company. If greater than 3, we assign 1, else 0, size measure as the natural logarithm of total assets, return on Assets Calculated by dividing a company's annual earnings by its total assets, board Independence measured as the proportion of external directors on the board, board Size measured as the number of directors on the board, directors' ownership measured as the percentage of ownership by directors. Their study revealed that the relationship between tenure and audit quality was observed to be inverse and this could stimulate the discourse on the sensibleness of changing auditors after a while as it may be effective at increasing the level of audit quality. The other variables examined alongside tenures such as board size, board independence, and director ownership which are all proxy of the corporate governance were found to be inversely related to audit quality. Their study further reveals that return on assets has also be seen to be in line t with prior studies while that of company size is at variance with the prior study.

METHODOLOGY

The research population comprises all the twenty-two Deposit Money banks currently operating in Nigeria based on the CBN report (2018). This study focuses on the identified Quoted banks Fifteen (15) Deposit Money banks in Nigeria as of 2016 were quoted on the Nigerian stock exchange out of which seven (7) were selected for the study in Lagos state Nigeria. These 7 banks are expected to have fulfilled the listing requirement and thus disclosure of relevant information for the study as is expected from all quoted banks using the floor of the Nigeria Stock Exchange (NSE). Lagos state was chosen based on the fact that all the banks established their head office in Lagos and the city is known to be at the forefront of economic and commercial activities. The sample size for this study is seven (7) banks sampled over 9 years from 2010-2018. These banks comprise of Access, UBA, Fidelity, GTB, FBN, Eco Bank, and Zenith Bank. The purposive sampling procedure was adopted in the selection of these banks. These are banks found to have prepared and made their annual reports and accounts available publicly for this study. Primary data were adopted. The Primary data were obtained through a structured questionnaire administered on sampled banks investor in the stock exchange market using homogeneous purposive sampling techniques. A total of two hundred (210) copies of the questionnaire were distributed to the selected investor using random sampling.

One hundred and sixty (160) were returned and found useful for study representing 76% of the total questionnaire distributed. Data collected was analyzed using Descriptive statistics such as table, frequency, percentage, and mean ranking.

RESULTS AND DISCUSSION

Data Presentation

To process the data collected for this research, the questionnaire returned by the respondents were numbered and sorted to reflect the banking institution covered in the study. Data analyses were achieved using Statistical Package STATA11. A total of two hundred (200) copies of the questionnaire were distributed. One hundred and sixty (160) were returned and found useful for the study. Representing 80% of the total questionnaire distributed as shown in Table1.

Table 1: Analysis of Questionnaire Responses

Questionnaire	Responses	Percentage (%)
Returned	160	80
Not returned	40	20
Total	200	100

Source: Source: Field Survey, (2019)

Respondents highest education level

Results presented in table 2, it was revealed that the level of education tends to be a strong factor in human resources development. For this reason, 41.88% have BSC/HND, 43.75% have MBA/ MSC and finally, 13.78 % are chartered Accountant This indicated that most of the respondents are still in their productive age

Table 2: Respondents highest education level

Variable	Frequency	Percentage (%)	Cumulative Percentage (%)
HND/BSC	67	41.88	41.88
Msc/MBA	70	43.75	85.63
Professionals	23	14.34	100
Total	160		

Source: Field Survey, (2019)

Respondents' marital status

Table 3 showed the respondents' marital status. More than half of the respondents (57.50%) are married while only 28.13 % are single. This indicated that most of the respondents are still in their sensitive age.

Table 3: Respondents marital status

Variable	Frequency	Percentage (%)	Cumulative Percentage (%)
Single	37	23.13	23.13
Married	123	76.88	85.63
Total	160		100

Source: Researchers compilation, (2019)

Respondents length of service

Analysis from table 4 showed that a higher percentage of the respondents (45.63%) fall within the length of service range 1-6 years while only 30.61% of the respondents fall within 11-15 years length of service. This indicated that most of these respondents are still within a reasonable length of service years.

Table 4: Respondents length of service

Variable	Frequency	Percentage (%)	Cumulative Percentage (%)
1-5	15	9.38	9.38
6-10	73	45.63	55.01
11-15	49	30.63	85.64
Above 15 years	23	14.36	100
Total	160		

Source: Researchers compilation, (2019)

Responses on Bankers' Perception of regulatory environmental variables, Audit Quality Attributes, and Users Confidence

The questionnaire was designed in a 5-point Likert scale format. The five-point Likert scale was used for the analysis. The agreed and disagreed response patterns were employed, and weights were assigned to responses as shown in table 4.10 below. The decision rule was to accept any element with a mean score of 3.5 above and reject those with less than 3.5. From the results presented in table 4.10 items that had mean value 3.5 and above were accepted the highest of which were the mandatory rotation of auditor's tenure (4.33), Need for FRCN compliance enforcement (4.03), Compliance with IFRS (4.03) and restrictions of non-audit services (3.86). The following responses were weak and rejected: Financial Reporting Council monitors compliance with IFRS in Nigeria 2.47; One of the roles of Financial Reporting Council is to maintain the Combined Code for Corporate Governance; 2.45 Financial Reporting Council responsibilities were extended to include control of the Auditing Practices Board (APB) 2.47;

In addition to its existing duties of setting auditing standards, Auditing Practices Board (APB) took responsibility for setting ethical standards for auditors 2.45. All of these were related to the effectiveness with which the FRCN has discharged its expected roles on monitoring and enforcing compliance with rules and code of practice as well as the implementation of IFRS that were significant to improving

audit quality in Deposits Money Banks in Nigeria. The implication is that while the regulatory roles were imperative the body to implement and monitor had not been effective in Nigeria.

Table 5: Descriptive Analysis of Stakeholders Perception on regulatory environmental variables, Audit Quality Attribute, and Users Confidence

Variable	No of Respondents					No of Respondents	Total score	Mean (x)	Decisions
	SA	A	U	D	SD				
	5	4	3	2	1				
I am aware of the establishment of the Financial Reporting Council of Nigeria	43	64	4	17	22	160	600	3.75	Accepted
Corporate Governance practices are forms regulatory tool can ensure audit quality	45	56	38	16	56	160	543	3.39	Accepted
Greater restrictions on the provision of non-audit services will ensure audit quality	68	56	2	14	20	160	618	3.86	Accepted
Financial Reporting Council enforce compliance with standards by Companies independence	62	52	12	19	15	160	645	4.03	Accepted
One of the roles of the Financial Reporting Council is to maintain the Combined Code for Corporate Governance	24	16	28	36	56	160	396	2.47	Rejected
Financial Reporting Council monitors compliance with IFRS in Nigeria	24	18	24	34	60	160	392	2.45	Rejected
Monitoring Compliance with IFRS is a welcome regulatory control on audit quality	68	56	2	14	20	160	618	3.86	Accepted

IFRS contribute to the high standard of audit quality in the banking sector	62	52	12	19	15	160	645	4.03	Accepted
Financial Reporting Council responsibilities were extended to include control of the Auditing Practices Board (APB)	24	16	28	36	6	160	693	2.47	Rejected
Mandatory Rotatory Auditors Tenure ensures audit quality	78	71	3	2	56	160	693	4.33	Accepted
In addition to its existing duties of setting auditing standards, Auditing Practices Board (APB) took responsibility for setting ethical standards for auditors	24	18	24	34	60	160	392	2.45	Rejected
Adoption of International Standards on Auditing (ISAs) will greatly promote audit quality in Banks	68	56	2	14	20	160	618	3.86	Accepted

Source: Researchers compilation, (2019)

CONCLUSION AND RECOMMENDATIONS

Findings from the analysis revealed that the imperatives of regulatory environments at improving audit quality except that FRCN had not been most effective discharging those responsibilities expected to improve audit quality in the Nigerian Deposits Money Banks. Based on findings it can be concluded that the regulatory environment exerts influence on audit quality and the major regulatory Authority include mandatory rotation of audit tenure, compliance with IFRS, and restriction of non-audit services. Given the above finding, it was recommended that regulatory authorities in Nigeria should be made to discharge their duties of enforcing and monitoring compliance with regulatory framework and policy guidelines that promotes audit ethical conduct.

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