

Audit Quality and the Value of Listed Deposit Money Banks in Nigeria

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Abstract

The study assessed the impact of audit quality on the value of listed deposit money banks in Nigeria. The study used ex-post facto research design and data for the study were obtained from annual reports and accounts of the listed deposit money banks from 2006 to 2016, and were analyzed using descriptive and regression. Fourteen out of the fifteen deposit money banks were taken for the study. The study found that audit opinion and accruals have negative and significant impact on the value of listed deposit money banks in Nigeria. The study recommends strict adherence to professional ethics and regulations by the auditors and preparers of the financial statements to ensure reporting quality so as to sustain the confidence of investors and other stakeholders.

Keywords: Audit Quality, Price to Book Value and Deposits Money Banks

Introduction

Audit is a veritable tool for shareholders and other stakeholders to monitor the opportunistic tendencies of directors/management to manipulate earnings. Audit is conducted to enable auditors express their opinion on the fairness of the financial statements in order to douse stakeholders' skepticism on the reliability of the financial statements prepared by the management. This opinion is an important assurance that the

information being reported are properly measured and fairly presented. It is in this regard that Auditors are expected to rise up to the challenge of balancing the information needs of the stakeholders by raising their skills in order to increase the probability to rely more on their reports and the audited financial statements by unsuspected stakeholders who supposedly assume that the financial statements are

relevant, unbiased and accurate for their decision-making.

Many definitions have emerged on audit quality. DeAngelo (1981) defines audit quality as ‘the market-assessed joint probability that a given auditor will both discover a breach in the client’s accounting system and report the breach.’ This definition has provided a basis for the definition of audit quality by most researchers. However, there is no universally accepted definition of audit quality (Hussein and Hanefah, 2013) and measuring technique (Abdel-Ghany, 2012). Sutton (1993) in Hussein and Hanefah (2013) opines that the cause for the absence of consensus of a single definition of audit quality is due to the apparent conflicting roles of participants in the audit market (regulatory agencies, professional bodies, external users, the clients and the auditors). This is apparent because of the groups’ varied interest(s) in the audited financial statements.

However, audit quality role describes audit planning, process and procedures carried out in a way and manner that material misstatements in the financial statements are detected and reported; information asymmetry between management and stakeholders is reduced; interests of stakeholders are protected; and investors’ confidence and reliance on the auditing profession is upheld. Implicitly, audit quality is associated with information quality of the client’s financial statements since financial statements audited using

robust audit plans, processes and procedures are presumed to be of quality that contains no material misstatements. This information quality drives investors to invest more of their resources in the bank and invariably translates into the bank value.

The collapse of companies like Enron (Tobi, Osasrere & Emmanuel, 2016), Cadbury Plc (Farouk & Hassan, 2014) and Afribank, Finbank, Intercontinental Bank and Oceanic Bank (Musa, Success & Iyaji, 2014), remind parties of the need for audit quality and considerable attention to the various factors that affect audit quality. According to Adeyemi and Akinniyi (2011), the spate of corporate failure in the developed and developing countries has stirred the quest to ascertain if the failures are associated with the independence required of the statutory auditors. This assertion depicts the importance of audit quality not only to management of the banks but to all stakeholders who have interests in such firms.

The concept of auditor independence depends, to a greater extent, on the auditor’s personal traits of honesty and objectivity that make one look independent in appearance and have independence of the mind. However, these elements (appearance and mind) of audit quality are not observable; hence, most researches approach audit quality using the perceived variables approach to determine the quality of

audit through the assessment of audit quality proxies. Market participants believe that these variables, among which are fees and audit firm tenure, are indicators of the quality of audit services the auditors provide.

Studies have indicated that higher fees translate to stronger commitment, more competent services and higher audit quality while lower audit fees means lower quality of audit. Others argued that higher fees can cause the auditor to lose independence, resulting in more biased audit findings. However, higher fees do not necessarily mean more commitment to quality audit because it depends to a greater extent upon the personal traits of the auditors.

Meanwhile, Onwuchekwa, Erah and Izedonmi (2012) posit that the presence of audit failures in the world has brought a great deal of disappointment to stakeholders and investors and that longevity of audit firm tenure has been linked to fraudulent financial reporting which reduces audit quality, noting that the recent financial crisis in the banking sector in Nigeria is the singular reason behind the imposition of mandatory audit rotation of ten (10) years. Audit firm tenure can affect the quality of audit services that auditors render because they can become more familiar with managers/directors and other personnel of the banks and become less critical to accounting practices (Martinez and Moraes, 2015).

Similarly, Putu, Moeljadi, Djumahir and Djazuli (2014) defined firm value as the investors' perception of firms associated with share price. Hence, firm value may simply be referred to as the worth of a firm for a financial year period. However, what constitutes an audit quality and the measurement still form the concern of most studies carried out on the impact of audit quality on the value of firms.

Therefore, the financial crises that engrossed Money Deposit Banks between 2006 and 2009 that left some banks' chief executives jobless leave more to be desired in the financial sector. Though banks in Nigeria are regulated and seemingly closely monitored, these crises were still recorded after the consolidation policy and the introduction of corporate governance by the apex bank (Central Bank of Nigeria) in 2005 and 2006, respectively. Therefore, the activities of Money Deposit Banks, as major players in the sustainability of Nigeria economy with resources worth billions of naira belonging to households, individuals and corporate entities, need to be verified to arouse the confidence of investors that has been eroded.

Therefore, the objectives of the study are to determine the impact of:

- a. Auditor opinion (AO) on the value of listed Deposit Money Banks in Nigeria; and
- b. Joint audit (JA) on the value of listed Deposit Money Banks in Nigeria;

- c. Big 4 (B4) on the value of listed Deposit Money Banks in Nigeria;
- d. Accruals management on the value of listed Deposit Money Banks in Nigeria.

In line with the stated objectives, the following null hypotheses (H_0) have been formulated:

H_{01} : Auditor opinion (AO) have no significant impact on the value of listed Deposit Money Banks in Nigeria;

H_{02} : Joint audit (JO) has no significant impact on the value of listed Deposit Money Banks in Nigeria;

H_{03} : Big 4 (B4) has no significant impact on the value of listed Deposit Money Banks in Nigeria; and

H_{04} : Accruals management does not significantly impact on the value of listed Deposit Money Banks in Nigeria.

The study covers listed deposit money banks in Nigeria and will cover a period of 2006 to 2016. The study excludes Micro Finance Banks, Merchant Banks and other financial institutions in Nigeria.

Literature Review

Quality itself may be seen as a distinctive characteristic of compliance with certain criteria perceived as a standard. Therefore, the quality of audit can simply be defined

as the probability that an auditor will comply with all necessary legal and professional frameworks to ensure that material errors, misrepresentations or omissions in the client's accounting system are identified and reported. According to DeAngelo (1981), audit quality is the market-assessed joint probability that a given auditor will both discover a breach in the client's accounting system and report the breach.

Different definitions have emerged of audit quality that range from auditors' personal traits to compliance with statutory laws and regulations. The certainty of the auditors' information to users; the certainty of the audit procedures used to gather and evaluate audit evidence so as to recognize misstatements in the clients' accounting system; the incentive for the auditor to comply with auditing standards or to satisfy the audit professional obligation to find material misstatements through the execution of the audit process lies upon the auditor's integrity and his level of objectivity. The probability that a given auditor will discover a breach depends on the auditor's technological capacity and capability, the audit procedures employed in a given audit process, the extent of sampling and most importantly, the personality of the auditor in question. Hence, the probability of reporting a discovered breach is a measure of the auditor's independence of the client. Therefore, audit quality in the context of this

study, is regarded as the process through which the auditor's personal and professional qualities of integrity and objectivity become his guiding principles before, during and after audit exercise. Consequently, audit quality becomes imperative because information is power and such information gives investors reasonable assurance that their interests are being protected.

Measuring audit quality has been a debatable issue among researchers since the accounting profession began to receive criticisms as businesses failed despite clean bill of health issued them by their auditors (Musa, Success & Iyaji, 2014). Different researchers have used different attributes to measure audit quality. Kilgore (2007) in Hussein and Hanefah (2013) stressed that to measure audit quality, researchers have taken one of the following approaches: direct (actual) approach based on assumption that reporting of contract breaches such as abuse of ethical conduct(s) and errors made by auditors (restatements) and the probability of discovering frauds reflect in the features of the audit; the indirect (perceived) approach which is by examining the correlates or proxies of audit quality. Since direct method is unobservable before and during audit performance, correlates like audit size, audit firm tenure, industry expertise or specialization, audit fees, economic dependence, auditor reputation among others are needed when investigating

audit quality in relation to other variables.

Audit firm size is often viewed by researchers in the perspective of big 4 and non big 4. The big 4 audit firms are synonymous with multinational companies and the blue chips while the non big 4 are associated with companies other than the multinationals and the blue chips. Analytical research has suggested that audit firm size and audit quality are positively related. For example, DeAngelo (1981) argued that larger firms provide higher quality audit than smaller firms because larger audit firms have fewer motivations to compromise their standards to ensure retention of clients in comparison with small firms because reputation is expensive to sacrifice, therefore, they do not tend to really depend on specific client. This implies that firm size is not independent of audit quality.

Conducting a study to find out the situation in Lithuania, Vaicekauskas (2014) examined the competition among the international and local audit firms. The study analysed reviews carried out by the Lithuanian Chamber of Auditors of the country's audit service market from 2008 to 2012 and reported that the four biggest international audit firms which together formed only two (2) per cent of all the providers of audit services in Lithuania, have the greatest part of the audit market. Despite the fact that the big firms form the minimum part of

service providers in the audit market, according to the author, the big audit firms still provide audit services for almost the entire sector of public interest companies. Vaicekauskas' (2014) study also found that only one of the ten public interest companies chose a small audit firm. Similarly, Okolie and Izedonmi (2014) opined that if audit firm size and audit quality are positively related, one would expect to find larger differences between forecasted and reported incomes of companies audited by large audit firms than incomes of those companies audited by small audit firms after controlling for client characteristics such as leverage, risk and others.

However, DeAngelo's (1981) article triggered off a number of studies that investigated the impact of audit firm size and the value of firms. The results of these studies are positive and significant. In Taiwan, Wang and Huang (2014) examined the relationship that existed between audit supply chain (the audit firm size) and the firm value of the listed electronic companies from 2002 to 2010. Annual files of the one thousand and eighty-one (1081) of the sampled companies were collected through their database and the study used descriptive statistics and Pearson correlation matrix to analyse the data collected. The result revealed that the value of the listed electronic companies increased with big 4 supply chain auditors.

In Indonesia, Ardiana (2014), investigated the effect of external audit on the firm value of the Indonesian listed companies for 2007 to 2013. The study used audit firm size to proxy external audit and Price to earnings (P/E), Price to Book value (P/B) and Tobin's Q (TQ) to measure firm value. The population of the study was the two thousand nine hundred and eighty-two (2982) listed companies from which two thousand two hundred and forty (2240) were taken as sample size for the study. The study used descriptive statistics and multiple linear regression techniques to analyse the data collected from the annual reports and accounts of the sampled companies. The result revealed that audit firm size positively and significantly affected the firm value (P/E, P/B and TQ) of the listed companies in Indonesia during the period of the study.

Similarly, Jusoh and Ahmad (2014) also conducted a study in Malaysia to ascertain the effect of audit quality on company performance. The study measured audit quality by the use of audit firm size and firm value was measured by Tobin's Q (TQ). Data were collected from secondary source through database on the seven hundred and thirty (730) companies that were sampled. The study adopted descriptive statistics and multivariate regression techniques to analyse the data collected for the study. The study period covered 2007 to 2009. The study found that audit firm size

exhibited positive and significant relationship with Tobin's Q (TQ).

In Nigeria, Okolie (2014) conducted study on the audit firm size and Market value per share (MVPS) of the listed non-financial companies on the Nigerian Stock Exchange. Data were collected from secondary source through annual reports and accounts of the sampled listed non-financial companies on the Nigerian Stock Exchange from 2006 to 2011 study period. The work used descriptive statistics and linear regression technique to analyse the data collected. The study found that audit firm size exerted significant influence on the market value per share of the non-financial companies listed on the Nigerian Stock Exchange for the period.

Accordingly, Jusoh, Ahmad and Omar (2013) investigated the effect of audit quality on the firm performance of listed non-financial companies in Malaysia. The study collected data of the seven hundred and thirty (730) sampled listed non-financial companies from the Osiris database for a period of 3 years from 2007 to 2009. The study used audit firm size to represent audit quality and measured firm performance using Tobin's Q (TQ). Hausman test, chow test, Generalized Least Square (GLS) fix, F-test and multivariate regression were the statistical tools used to analyse the data collected. The result revealed that audit quality (audit firm size) had

positive and significant effect on the performance (TQ) of the listed non-financial companies in Malaysia.

In Pakistan, Afza and Nazir (2014) conducted their research on the listed companies to examine the influence of audit quality on the value of the companies. The study used audit firm size to represent audit quality and Tobin's Q to measure firm value. The annual reports and accounts of one hundred and twenty-four (124) sampled firms were collected for the data that totaled nine hundred and ninety-two (992) observations for the eight (8) years of the study. The research adopted descriptive statistics and multiple regression techniques to analyse the data collected over a period of eight (8) from 2004 to 2011. The study found that audit quality, audit by the big 4 audit firms, was strong and had significantly positive impact on the value of the listed companies in Pakistan.

Meanwhile, in Nigeria, Okolie and Izedonmi (2014) conducted their study to determine whether audit quality had significant impact on the market value per share of the non-financially publicly listed companies on the Nigerian Stock Exchange for a period of 2006 to 2011. In the study, audit quality as the independent variable, is proxied by the audit firm size and the market value per share is the dependent variable of the study. Annual reports and accounts of the fifty-seven (57) publicly listed non-

financial companies on the Nigerian Stock Exchange were collected and analysed using the descriptive statistics and multiple regression techniques. Their study reported that audit firm size exerted a significant influence on the market value per share of the listed non-financial companies in Nigeria.

Auditor's opinion may be defined as the attestation or position taken by the auditor to the fact that the financial statements audited were prepared, in all material respect, in accordance with the Generally Accepted Accounting standards and other regulatory laws. It is the report drawn by the auditor upon the financial statements so audited. The report is the document through which the auditor communicates his findings on the audited financial statements to the shareholders of the client companies.

To support this assertion, Salehi and Abedini (2008) cited in Moradi, Salehi, Rigi and Moeinizade (2011), stressed that if the product of audit is a communication medium through which the auditor in pursuance of his appointment by shareholders relates his opinion on the financial statements laid before him to the shareholders and other stakeholders, it is evident that the quality of audit will affect investment decisions of investors. It holds then that the favourable decisions by the investors on a company's shares will anchor on this report and translate to increased investment that may invariably increase the firm value. It is

assumed therefore that clients and stakeholders will prefer to receive and appreciate unqualified audit opinion that suggests free financial statements from material misstatements prepared and presented in accordance with accounting standards.

Consequently, market will respond positively to a company that receives unqualified opinion and will respond negatively to the company that receives qualified or modified opinion. Market responses to companies' activities or corporate actions are reflected in the share price changes. Market share prices will continue to fluctuate as an indication of the dynamism of market reaction or behaviour to companies' performance.

In Indonesia, Ardiana (2014) investigated the effect of external audit on the firm value of the Indonesian listed companies from 2007 to 2013. The study used unqualified auditors' opinion to proxy external audit and Price to earnings (P/E), Price to Book value (P/B) and Tobin's Q (TQ) to measure the value of the listed companies in Indonesia. The population of the study was two thousand nine hundred and eighty-two (2982) listed companies, out of which two thousand two hundred and forty (2240) were taken as sample size for the study. Descriptive statistics and multiple linear regression techniques were adopted to analyse the data collected from the annual reports of the sampled companies. The result

showed that unqualified auditors' opinion positively and significantly affected the value (P/E, P/B and TQ) of the listed companies in Indonesia during the study period.

In a contribution in Tunisia, Ghorbel (2012) conducted a study to analyse the reaction of share prices to the financial statements disclosures of the financial and non-financial companies on the Tunis stock Exchange from 2003 to 2007 year period. The study used auditors' opinion as the independent variable and the market share price as the dependent variable. The study sampled forty-eight (48) of the listed companies and their annual financial statements were collected through their database. The study employed the technique of event study analysis to analyse the data collected on the forty-eight (48) listed companies in Tunisia. The result revealed that auditors' opinion had impact on the changes in share prices of companies on the Tunis Stock Exchange during the study period.

In Iran, Moradi, Salehi, Rigi and Moeinizade (2011) examined companies in all the sectors of the Iranian economy to find out the relationship existing between qualified auditors' report and share prices and returns. The study examined the correlation between qualified auditors' report and share prices and their returns through collection of annual reports of the companies. The data collected were then regressed. The

result of the study showed that qualified audit report had no effect on the share prices and returns of the Iranian companies considered in 2005 to 2009.

In consideration of joint audit, it may be defined as an audit assignment carried out by two or more independent auditors at any particular time period. Zerni et al. (2012) described joint audit as a situation in which two practicing auditors are collectively assigned to plan and perform the audit, including the interpretation of the results of audit procedures, complete the engagement and issue an audit opinion.

There is a strong debate by proponents and opponents of the joint audit. Proponents of joint audit argue that the practice of joint audit can increase audit quality for the reason that the type of audit report issued by the two auditors seems to be more precise than the type issued by a single auditor (Baldauf & Steckel, 2012; Zerni et al., 2012; Lobo et al., 2013). This perhaps follows the adage that four eyes obtained audit evidence could increase the precision of audit opinion that will be issued based on this evidence.

Literature review has revealed that joint audit could improve the auditor's ability to detect material misstatements because it allows each auditor to check the work done by the other to make sure that the other auditor has taken the appropriate audit procedures to obtain

the appropriate and sufficient audit evidence. It can improve auditor independence by weakening the economic dependency of the auditor on the client because joint auditors share audit fees between themselves. In addition, it is capable of weakening the economic relationship between the auditor and the management because it might be more difficult for management to manipulate two or more auditors as it will do if a single auditor is to undertake the audit. Additionally, joint Audit can improve auditors' competence through preservation of knowledge that results from auditors' meetings. Joint audit can as well reduce audit market concentration by reducing the domination of big audit firms and allowing small audit firms to collaborate with big audit firms, resulting in the emergence of new generation of big audit firms.

On the other hand, opponents of joint audit argued that the practice of joint audit could reduce audit quality for reasons that it could result in free riding problem because the small audit firm has little resources than the big audit firm so it will have an incentive to withhold its limited resources and free-ride the big audit firm's effort. Joint audit can result in opinion shopping problem because management may offer to purchase the audit opinion of the small audit firm and such firm may accept this offer because the big audit firm will bear the reputation costs alone. Joint audit may

also result in insufficient information exchange resulting in compromising audit quality because auditors from competitive audit firms may not have an incentive to cooperate while conducting the audit.

Another stream of researchers concluded that the effect of joint audit on audit quality is dependent on the type of joint audit regime, that is, the voluntary and mandatory joint audit regimes or the effect by the mixture of the auditors appointed, that is, two big 4 auditors; two non-big 4 auditors; or one Big 4 auditor paired with one non-big 4 auditor (Paugam & Casta, 2012; El-Assy, 2015).

However, Khatab's (2013) study was conducted on the effect of joint audit on the firm value of listed companies in Egypt. The study covered a period from 2005 to 2009. The researcher utilized general linear model, F-test, ANOVA and multiple regression to analyse the data collected from thirty-four (34) companies in fourteen (14) sectors of the Egyptian economy. The result showed that joint audit had no significant effect on the value of the thirty-four (34) sampled firms.

Methodology

The research adopted the ex-post facto design as used by Farouk and Hassan (2014). The study is quantitative in nature and will align with the positivist paradigm because of its objectivism. The fifteen (15) Deposit Money Banks listed on the

Nigerian Stock Exchange which survived the banking consolidation of 2005 and are in operation without interruption in service delivery for the period of eleven (11) years, 1st January, 2006 to 31st December, 2016, will serve as the study population. The banks consist of Access Bank Plc, Diamond Bank Plc, Ecobank Transnational Corporation Plc, Fidelity Bank Plc, First Bank Nigeria Plc, First City Monumental Bank Plc, Guaranty Trust Bank Plc, Skye Bank Plc, Stanbic IBTC Bank Plc, Sterling Bank Plc, United Bank For Africa Plc, Union Bank Nigeria Plc, Unity Bank Plc, WEMA bank Plc and Zenith international bank Plc. Fourteen (14) out of the fifteen (15) listed Deposit Money Banks in Nigeria as at 31st December, 2016 were used for the study. Ecobank Plc, was excluded from the study because it was acquired by Ecobank Transnational Corporation Plc during the study period.

Data were generated from their annual reports and accounts for the eleven (11) years period spanning from 1st January, 2006 to 31st December, 2016. The data on the explanatory variables auditor opinion, joint audit, big 4 and accruals, asset tangibility ratio and debt to total assets; and firm value variable, price to book value, were extracted from the annual report. The use of secondary source of data is considered appropriate by the researcher because it is consistent with studies by Serenjianeh and Takhtaei

(2013), Sulong et al (2013) and Sayyar et al (2015).

The variables of the study are measured as follows:

Price to book value in numbers is computed as annual average monthly closing share price divided by book value per shares.

Big 4 Auditors in Dummy (1,0) is computed as "1" for Companies that use PWC, Delotte, E&Y and KPMG as external auditors and "0" otherwise

Joint Auditors in Dummy (1,0) is computed as "1" for Companies that use more than one external auditor in a particular year and "0" otherwise

Audit Opinion in Dummy (1,0) is computed as "1" for Companies that the external auditor used qualified opinion statement or modified it going concern opinion on the audit report and "0" otherwise

Asset Tangibility in percentage is computed as non-current asset divided by Total asset

Debt to Total Asset in percentage is computed as total liabilities divided by Total asset

Descriptive statistics, correlation and the multiple regressions were used as a technique for data analysis via STATA Software version 13. The use of multiple regression technique for data analysis is consistent with the study of Jusoh, Ahmad and Omar (2013).

The regression model is stated as:

$$FV_{it} = f(AQ_{it}) \\ PBV_{it} = \alpha_{it} + \beta_1 AO_{it} + \beta_2 JA_{it} + \beta_3 B_{4it} + \beta_4 ATR_{it} + \beta_5 ACCR_{it} + \beta_6 DTA_{it} + C_{it}$$

Where: PBV_{it} = Price to Book Value of Bank i in period t.

AO_{it} = Audit opinion for Bank i in period t.

JA_{it} = Joint audit for Bank i in period t.

B_{4it} = Bank size for Bank i in period t.

ATR_{it} = Asset Tangibility Ratio for Bank i in period t.

$ACCR_{it}$ = Accruals for Bank i in period t.

DTA_{it} = Bank Leverage for Bank i in period t.

C_{it} = Error Term for Bank i in period t.

α_{it} = Alpha (Constant) for Bank i in period t.

β_{it} = Beta (Coefficient of the Independent Variables) for Bank i in period t.

Results and Discussion

Under this heading, the analysis and interpretation of the data generated from the annual reports and accounts of the deposit money banks in Nigeria are presented. The descriptive, correlation and random effect regression results are also explained in this section.

Table 1 (see appendix) shows the descriptive statistics of the dependent and explanatory variables of the study. The mean of price to book value which represent value of the listed deposit

money banks in Nigeria is 1.36 which suggests high value of the banks during the study period. The maximum value is 7.45 while the minimum is - 0.96.

On average, 75% of the banks are audited by the Big four firms in Nigeria. Meaning that most listed banks are audited by high ranked audit firms in Nigeria which in turn is expected to impact on the quality of audit report and consequently the firm value. The least and highest value are 0 and 1. The asset tangibility ratio is on average 3.92 which implies that tangible assets are almost four times the assets.

Further, audit opinion is 0.02 on average only 2% of listed banks have qualified opinion statement or modified going concern statement. This means that clean reports are mostly issued with respect to listed deposit money banks in Nigeria. As a dichotomous variable also the maximum value is 1 while the minimum is 0.

Joint audit which is considered as a situation where two or more audit firms jointly audit is on average 0.16. This means that most banks in Nigeria are not jointly audited. As a dichotomous variable, the maximum value is 1 while the minimum is 0.

Finally, the debt to total assets ratio is 85%. This is expected in view of the nature of the banks. Banks generally

are expected to have more debt in their statement of financial position. The minimum ratio is 69% while the maximum is 123% for the listed deposit money banks in Nigeria.

The variance inflation factor (VIF) for all the explanatory variables ranges

from 1.06 to 3.44. This indicates the absence of collinearity or multicollinearity among the explanatory variables as VIF of 5.00 is still accepted as proof of absence of multicollinearity (Samaila, 2014). Other robustness conducted also indicated favorable results.

Table 1: RE Regression Result

Variables	Coefficient	Std error	T	P>/t/
CONSTANT	-4.2539	16,238	-2.61	0.009
AO	-4.1937	.08227	-5.1	0.000***
JA	0.6617	0.5101	1.3	0.195
B4	0.5973	0.476	1.25	0.21
ATR	0.2095	0.6681	3.14	0.002***
ACCR	-2.8588	0.4254	-6.72	0.000***
DTA	0.0477	0.1696	2.82	0.005***
Overall R-square	0.3329			

Source: Generated from the annual reports and accounts of Nigerian cement companies

***, **, * indicate 1% , 5%, and 10% Significant level

Table 1 presents the random effect result for the dependent and explanatory variables. The probability of F-statistics is 11.09 with a P-value of 0.0000. This suggests that the model is fit for the study as the p value is less than 1%. Overall R² of 0.33 indicates that 33% of the variation in the dependent variable Firm Value (FV) is jointly explained by the changes in the explanatory variables: audit opinion, joint audit, Big 4, asset tangibility ratio, accruals and debt to total assets.

The t-value of -5.1 of the regression results indicates that audit opinion has a negative and significant impact at 1% on the value of listed banks in Nigeria. The implication of this is that an increase in qualified opinion statement or modified going concern statement decreases the value of listed deposit money banks in Nigeria. This is because investors will be discouraged investing in a company whose report is qualified as it has a negative impact on the decisions taken

by users. Clients expect to receive unqualified audit opinion and stakeholders appreciate unqualified audit opinion because it suggests that financial statements are free from material misstatements and are prepared and presented in accordance with accounting standards. This is in line with Ardiana, (2014). With this expectation by clients and the requirement of the stakeholders, market participants or investors are supposed to respond more positively to companies receiving unqualified opinions than those companies receiving modified opinions. Market responses to announcements or corporate actions are reflected on share price changes. Therefore, share market prices will continue to change as an indication of the share market dynamism or reactions or sensitivity to changes in companies' information disclosures (Moradi, Salehi, Rigi and Moeinizade 2011).

Similarly, the t- value of 1.3.indicates that joint audit has positive and insignificant impact on the value of listed deposit money banks in Nigeria. The implication of this is that an increase in the number of joint audit by banks increases the value of listed banks in Nigeria. This is because investors will be more confident if the banks are audited by joint auditor which in turn increases the value of the banks. This finding is confirmed by Deng, Lu, Simunic and Ye (2012); Zerni et al., 2012 and El Assy, 2015; that found joint audit having positive

impact on audit quality and value. The effect, however, is dependent on the pair regime (whether the joint audit is a combination of big 4 and big 4 audit firms, big 4 and non-big 4 or non-big 4 and non-big 4.

The big 4 has positive but insignificant impact on the value of listed deposit money banks in Nigeria as given by the t-value of 1.25. This suggests that Big 4 increases the value of listed banks in Nigeria as they have the expertise to improve the audit quality which in turn will translate to higher firm value. Thus, big 4 audit firms are perceived or assumed to perform more robust tests and are synonymous with high quality of audit than their counterpart small audit firms.

The findings are in line with those of Enofe, Mgbame, Aderin and Ehi-Oshio (2013); Sawan and Al Saqqa (2013); Rezaei and Shabani (2014); and DeAngelo (1981) that found audit firm size having positive impact on audit quality. But these contradict the findings of Ilaboya and Ohiokha (2014) which uncovered that audit firm size negatively impact on audit quality.

Asset tangibility ratio has positive and significant impact on value of listed deposit money banks in Nigeria at 1% level of significance. This means that as tangibility (non-current asset to total asset) increases, the value of listed banks increases. Accruals are temporary adjustments that resolve timing and mismatching problems in

the underlying cash flows at the cost of making assumptions and estimate. High precision of estimation in the accrual process implies a good match between current accruals and past, present and future cashflow realizations. However, imprecise or erroneous estimates are essentially noise in accruals reducing its beneficial role. Therefore accrual quality is the extent to which accruals map into cash flow realization. The regression results in table 1 showed that accruals have negative and significant impact on value of listed deposit money banks in Nigeria. Meaning that increase in accruals decreases the value of banks in Nigeria.

Finally, debt to total asset which was used as control variable has positive and significant impact on the value of listed deposit money banks in Nigeria. This means that an increase in debt ratio increases the value of listed deposit money banks in Nigeria. This is in line with Sulong et al., (2013); Sayyar et al., (2015). Leverage, therefore, needs to be controlled through monitoring of the company's activities by the debt holders since financial leverage influences firm performance and value.

Conclusion and Recommendations

The study is on audit quality and the value of listed deposit money banks in Nigeria between 2006 and 2016. The study found that audit opinion and accruals have negative and

significant impact on the value of listed deposit money banks in Nigeria. Favorable decisions by the investors on a bank's shares will translate to increased investment that may invariably increase the bank's value. Therefore clients and stakeholders will prefer to receive and appreciate unqualified audit opinion which suggests that financial statements are free from material misstatements and are prepared and presented in accordance with accounting standards. Consequently, market will respond positively to a bank that receives unqualified opinion and will respond negatively to the bank that receives qualified or modified opinion. The study, therefore, recommends strict adherence to professional ethics and the regulations by auditors and the preparers of the financial statements, to ensure reporting quality so as to sustain the confidence of investors and other stakeholders. This in turn will increase the value of banks in Nigeria.

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APPENDIX **Descriptive Statistics**

Variables	Obs	Mean	Min	Max
PBV	154	1.36	-0.96	7.45
B4	154	0.75	0	1
ATR	154	3.92	1.35	10.35
ACCR	154	0.54	1.36	0.33
DTA	154	85.66	68.9	123.3
JA	154	0.16	0	1
AO	154	0.02	0	1

Correlation

Variables	PBV	B4	ATR	ACCR	DTA	JA	AO	VIF
PBV	1							
B4	-0.0052	1						3.36
ATR	0.0663	-0.1113	1					1.26
ACCR	-0.4532	0.0491	0.1111	1				1.06
DTA	-0.0511	-0.0286	0.053	-0.105	1			1.75
JA	0.0472	0.8088	0.0983	-0.1586	0.0286	1		3.44
AO	-0.2446	-0.0383	0.1763	-0.0811	0.623	0.0704	1	1.82