Audit Committee Mechanism and Audit Quality of Quoted Insurance Firms in Nigeria.

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Abstract

Audit quality is a critical concern in the insurance sector, impacting financial transparency and stakeholder trust. The persistent issue of audit committee effectiveness in ensuring reliable financial reporting has raised questions about their mechanisms. This study examined the relationship between audit committee mechanisms and audit quality of the sampled insurance firms in Nigeria for the period of 2014 to 2022. The study employed the Panel data analysis (Fixed Effect and Random Effect methods). Based on the Hausman test and decision rules, the random effect regression result was adopted. Generally, the regression result revealed that two out of the four audit committee mechanism variables (ACGR and ACIND) met the *a-priori* sign and as such it was found to be positively related to AQ, while the other two, ACD and ACSZ did not meet the expected signs. It rather showed an inverse relationship between them and AQ. It was however not statistically significant, a situation that could be attributed to gender imbalance, possibility of some level of audit dependence as seen from the dataset, emphasis on audit size and not expertise, diverse efficiency and effective decision making. This thereby shows that insurance firms' internal factors tend to promote audit quality than the audit committee attribute. The lag dependent variable which is AQ (-1) was found to be positive and statistically significant in promoting audit quality. The study thereby recommended among others that insurance companies should emphasize and increase their drive for gender balance or diversity, embrace more of or higher level of independence as this will reduce undue interference from the board and further help to boost the decisions, depth and quality of the audit committees.

Keywords: Audit Committee Mechanism, Audit Quality, Insurance Firms, Gender Diversity, Financial Reporting

1.0 Introduction

The significance of audit quality extends to various stakeholders such as insurance companies, institutional investors, capital providers, employees, government, and researchers, all of whom rely on accounting information for decision-making (Ahmed, Maysam, & Naim, 2018). Financial statements serve the purpose of providing comprehensive information regarding an

enterprise's financial position, performance, and changes in financial position, aiding a diverse array of users
in making informed economic decisions. This study is motivated by the necessity to ensure the reliability and credibility of financial information through external audits, aimed at bolstering confidence among investors and stakeholders (Financial Reporting Council, 2022).

Legislation, such as section 359 (3/4) of the Companies and Allied Matters Act (CAMA), 2020 as amended, mandates the establishment of audit committees for listed companies on the Nigeria Exchange Group (NGX), underscoring their role in enhancing the quality of accounting information (Enofe, Aronnwam, & Abadua, 2013). Consequently, regulatory reforms have been instituted across various jurisdictions to strengthen managerial oversight, emphasizing the importance of robust board and audit committee structures (Hassan, 2015). Research suggests that factors such as audit committee size play a pivotal role in improving audit quality, potentially reducing the likelihood of receiving modified audit opinions (Alkilani, Wan Hussin, & Salim, 2019).

The presence of an effective audit mechanism is crucial for ensuring the reliability, comparability, and credibility of financial statements for quoted companies, thereby bolstering market confidence and audit quality (Monametsi & Agasha, 2020). Moreover, insurance serves as a risk management tool for governments, corporate entities, small businesses, and individuals, facilitating economic stability through effective risk transfer mechanisms (Akpan et al., 2020).

In this context, audit committee characteristics, including gender diversity, diligence, size, and independence, are pivotal factors influencing firm reporting quality and oversight effectiveness. Gender diversity within audit committees can contribute to better decision-making processes, while diligence reflects the efficiency of audit committee activities. Additionally, the size and independence of audit committees are instrumental in fulfilling their oversight responsibilities and ensuring the integrity of the audit reporting process.

The audit committee plays a critical role in overseeing the financial reporting process within a company, ensuring the timely disclosure of financial statements to users of accounting information. In the Nigerian insurance service sector, operational challenges stemming from intense competition, regulatory requirements, evolving customer preferences, fraudulent financial practices, and stakeholder expectations have created a turbulent environment (Syder & Miebaka, 2022). According to the Nigeria Securities and Exchange Commission, companies are mandated to release audited financial statements for public consumption within ninety (90) days (Alabi, Sanni & Abdulrasaq, 2022). When auditors require additional time to complete their tasks, it may signal underlying issues with the accuracy of the financial position as presented by management (Zendrato & Hutabarat, 2020). Members of the audit committee (AC) are expected to possess financial acumen to effectively contribute to discussions concerning the financial health of the firm. Their lack of financial expertise renders the committee ineffective in advising the board on financial matters. The AC is tasked with supervising a firm's financial reporting and audit processes to ensure the timely release of financial statements (Afenya et al., 2022).

Previous studies have demonstrated that gender diversity on the board positively influences audit quality (AQ) and board effectiveness (Eguavoen, Ugbogbo & Kadiri, 2022; Kabiru & Usman, 2021; Olowookere, Oyewole, & Lamidi, 2021; Oziegbe & Ogbodo, 2021; Umoh-Daniel & Urhoghide, 2018; Urhoghide & Omolaye, 2017). Kabiru and Usman (2021) found that AC gender diversity and diligence significantly enhance AQ in deposit money banks (DMBs) in Nigeria. Olowookere et al. (2021) observed a positive relationship between AC gender diversity and financial reporting quality (FRQ) in quoted consumer goods companies on the NGX.

However, studies on AC gender diversity and AQ in the Nigerian insurance sector are scarce, representing a notable research gap. Similarly, research on AC mechanisms and AQ within the insurance industry in Nigeria is limited. This study seeks to address these gaps by examining the relationship between AC gender diversity and AQ within the Nigerian insurance sector, thereby contributing to the existing body of knowledge in this field. Therefore, this paper investigates effect of the audit committee and audit quality by examining effect of audit committee gender diversity and diligence on audit quality among quoted insurance companies in Nigeria.

2.0 Literature Review

2.1 Audit Quality

Various authors have offered different conceptual frameworks to define audit quality. DeAngelo (1981) characterizes audit quality as the market's expectation that an auditor can detect and highlight material breaches (misstatements) within financial statements, subsequently reporting them to the relevant authorities. This definition emphasizes two key aspects: the auditor's detection capability and their intention to report any identified issues. However, it is important to note that this definition is more of an assumption regarding the auditor's role and performance, rather than a factual representation. Clients also expect auditors to fulfill their professional obligations without compromising audit quality (Fontaine & Pilote, 2012; Francis, 2011), although these expectations may not always align with the realities of audit engagements. The reporting process is another crucial element of audit quality definitions. While it is assumed that auditors will report their findings to the relevant authorities, these definitions often do not specify the completeness or accuracy of such reporting. Auditors must maintain independence and impartiality while reporting, even if some audit assertions remain unsatisfied or procedures incomplete (Gul, 1989).

In the literature, various proxies are used to measure audit quality, including output-based measures (e.g., discretionary accruals), input-based measures (e.g., audit fees), and others (DeFond & Zhang, 2022). However, the descriptive accuracy and construct validity of these proxies remain uncertain. In this study, audit quality is measured as the ratio of total accruals to assets (Kothari, Leone & Wasley, 2005; Koh, Rajgopal & Srinivasan, 2013).

2.2 Audit Committee Mechanism

The Audit Committee Mechanism, as mandated by The Sarbanes-Oxley Act (SOX, 2002), is a crucial component of corporate governance, tasked with overseeing a company's accounting and financial reporting processes, as well as audits of financial statements. The roles of the audit committee, as outlined by SOX, encompass reviewing financial statements, evaluating the effectiveness of internal control systems, making recommendations on auditor findings, and appointing external auditors (SOX, 2002). In practice, the primary responsibility of the audit committee is to ensure the relevance and consistency of accounting policies adopted for consolidated financial statements, along with verifying internal procedures for information collection and monitoring (Chen & Zhou, 2007). Additionally, the audit committee serves as a bridge between corporate management and statutory auditors, reducing conflicts of interest and agency costs (Chen & Zhou, 2007). Attributes such as committee size, independence, expertise, and meeting frequency have been identified as crucial for the effectiveness of the audit committee in fulfilling its monitoring and control responsibilities (De Zoort et al., 2002). Corporate governance literature emphasizes the need for independent and financially literate audit committee members to positively impact firm financial health (Abbott, Parker, & Peters, 2004). The composition and character of the audit committee significantly influence

organizational performance and financial reporting credibility (Cadbury, 1995; Qeshtaa, & Ali, 2020). It is imperative for audit committee members to possess backgrounds in finance and accounting to effectively interpret financial statements and detect inconsistencies that may pose audit risks (Weber, 2020; Qeshtaa, & Ali, 2020). The emergence of the audit committee helps mitigate conflicts of interest between corporate managers and shareholders by ensuring accuracy, transparency, and consistency in financial reporting (Koutoupis, & Bekiaris, 2019). Moreover, the effectiveness and size of the audit committee can significantly impact firm performance, particularly in sectors such as the Bahrain insurance industry (Abdeljawad, Oweidat, & Saleh, 2020; Al Farooque, Buachoom, & Sun, 2019; Qeshtaa & Ali, 2020).

2.2.1 Audit Committee Gender Diversity

The presence of female board members has been associated with improved decision-making processes that influence firm reporting quality, offering diverse perspectives and demanding different information compared to their male counterparts (Alqatamin, Ali & Arun, 2017). Gender diversity within the audit committee (AC) composition has gained favorable recognition in Nigeria, aligning with global movements to increase women's representation on corporate boards (Adebayo, Olagunju & Ibrahim, 2022). The concept of AC gender diversity is defined as the equitable representation of both men and women within the board of a corporate organization. Theoretical literature, particularly from the agency theory perspective, underscores the importance of diversified boards in ensuring balanced decision-making processes within the AC (Fauzi & Locke, 2012). Gender differences manifest in various aspects of organizational dynamics, influencing roles, relationships, and identities. The presence of women within the AC not only provides additional resources but also offers fair representation for diverse stakeholders, enhancing the stakeholder perspective (Chancharat & Chancharat, 2019).

The role of the AC extends to overseeing the financial reporting process, ensuring the timely disclosure of financial statements to users of accounting information (Dogan, Coskun & Celik, 2007). AC gender diversity is crucial in enhancing the transparency and integrity of financial reporting, thereby contributing to improved audit quality (Gavious, Segev & Yosef, 2012). Research indicates that the presence of female directors on the board and AC is associated with reduced earnings management and higher quality reported earnings (Srinidhi, Gul & Tsui, 2011). The significance of AC gender diversity in financial reporting quality has garnered attention in accounting research, providing valuable information for shareholders and policymakers in investment decision-making processes (Aldamen, Hollindale, & Ziegelmayer, 2016). Studies examining the influence of female AC members on financial reporting quality have shown positive but insignificant relationships, as measured by proxies such as audit fees (Aldamen, Hollindale, & Ziegelmayer, 2016).

Flowing from the foregoing, we hypothesize that:

Audit committee gender diversity has no significant effect on audit quality. ($H0_1$).

2.2.2 Audit Committee Diligence

Audit committee diligence, as defined by Alabi et al. (2022), reflects the frequency of meetings held by the audit committee (AC) and its members' commitment to fulfilling their responsibilities within the corporate organization. It serves as a crucial aspect of effective corporate governance, enhancing oversight and decision-making processes (Vafeas, 1999). The frequency of AC meetings is indicative of its effectiveness, with guidelines such as those from the Central Bank of Nigeria recommending a minimum of three meetings annually (Central Bank of Nigeria, 2003).

Zhou and Chen (2004) highlight the role of AC meetings in improving corporate governance, potentially reducing financial fraud when diligently conducted (Stewart & Munro, 2007). Additionally, Salawu et al. (2017) suggest that frequent AC meetings keep members informed about business challenges, enabling proactive discharge of responsibilities.

Audit committee diligence is often measured by the number of meetings held per year, indicating the effort and engagement of committee members (Raghunandan & Rama, 2007). A more active AC is expected to provide effective monitoring, as discussed by Bajuri and Damagum (2023), thereby contributing to the organization's overall goals. The significance of AC diligence is underscored by regulatory requirements such as the Sarbanes-Oxley Act, 2002, emphasizing the importance of a systematic forum for external auditors to address critical issues (Sarbanes-Oxley Act, 2002). Studies examining the relationship between audit committee characteristics and audit quality reveal mixed results. While Ghafran and O'Sullivan (2017) found a positive impact of meeting frequency on audit quality, Mwangi (2018) observed a positive effect of frequent AC meetings on the quality of financial reporting in public secondary schools. DeFond and Zhang (2014) recommend incorporating a variety of proxies to measure audit quality comprehensively, acknowledging the positive influence of AC characteristics on audit quality.

Ungwanunu (2022) did a study in Nigeria on the effect of the AC characteristics on FRQ of listed DMBs. The aim of the study was to examine the effect of AC independence, AC diversity, AC financial expertise, AC meeting and AC size on FRQ. The study made use of secondary data collected from listed DMBs for the period of 2010 to 2021 while descriptive statistics, correlation analysis and multiple panel regression technique employed in the analysis of data. The results revealed that AC diversity, AC expertise, AC meetings and AC size had insignificant effect on FRQ while AC independence had a significant effect on FRQ.

Orife, Orjinta and Ofor (2022) used ex-post facto and longitudinal research design to sample 10 oil and gas firms for the period of 2011 to 2020 to examine the effect of AC characteristics on FRQ. The aim of the study is to examine the AC size, AC business, AC gender diversity and AC independence. The data were analyzed using descriptive analysis, correlation analysis and variance inflation factor and panel multiple regression technique. The results showed AC gender diversity, AC busyness and had no significant negative effect on FRQ while AC size had no significant and positive effect on FRQ.

Afenya et al (2022) examined the influence of audit characteristics on audit reporting lag in Ghana publicly quoted companies. Though the study amongst other findings stated that a negative relationship exists between audit committee frequency of meeting and audit reporting time lag, concluded that audit committee characteristics promote efficiency in the timely reporting of financial statements.

Ogbaisi and Ezuem (2021) employed *ex-post facto* research design to sample 42 quoted firms in Nigeria Exchange Group for the period of 2016 to 2020 to investigate the relationship between audit committee characteristics and financial reporting quality (FRQ) in Nigeria. The study aim is to investigate the effect of AC meetings proxied by AC diligence, board size and board independence on FRQ. The multiple ordinary least square results showed that AC diligence and board independence exert a significant positive relationship with FRQ while board size exerts insignificant positive relationship with FRQ.

In the same vein, Madugba, *et al.* (2021) used a descriptive research design to assess the effect of AC quality on AQ of deposit money banks in Nigeria. The aim of the study is to assess the effect of AC diligence, AC size and AC expertise on AQ. They made use of descriptive statistics, normality test, multicollinearity test and regression analysis to verify the formulated

hypotheses. The results revealed that AC diligence had a significant positive effect on AQ while AC size and AC expertise had insignificant effect on AQ.

Raweh, Abdullah, Kamardin and Malek (2021) conducted a study on the relationship between AC financial expertise and audit report timeliness in Jordan. The study sampled 119 companies for the period of 2013 to 2017 and analyzed using descriptive statistics, correlation matrix and panel regression analysis. They found out that AC financial expertise and audit report timeliness negatively and insignificantly related.

2.3 Theoretical Underpinning

The examination of the relationship between agents (management) and owners (shareholders) of a corporation is frequently conducted through the lens of agency theory. It provides an analysis of possible conflicts of interest that may arise between the two parties, along with the tactics utilized to harmonize their interests. The theory implies entrusting resources to the auditors (agents) and in turn these agents must usually produce a quality report taking regarding the skeptical use of resources both in quantitative and qualitative manner. In the market for professional services, high quality services involving the disclosure of critical audit matters are normally associated with higher costs. Generally, the increased audit costs may be due to the amount of effort that has been devoted to the audit procedure (more audit hours) or greater audit experience (higher price per hour). Often assumed is that large audit firms provide a higher level of quality audits than smaller audit firms. The theory is relevant to the study because it helps to resolve the conflicts that arise as a result of the separation of ownership and control for the aim of improving AQ. There is considerable information asymmetry between the agent and the principal. Auditors serve to reduce agency costs by reducing this information asymmetry.

3.0 Methodology

The study employed *ex post facto* research design. A total of thirty-five (35) quoted insurance companies in the Nigerian Exchange Group (NGX, 2022) from 2014–2022 were used as the population and sample size, employing the census sampling technique. The use of a census sample technique was determined by a number of characteristics that improve the study's thoroughness, applicability, and viability. A significant opportunity for gathering pertinent financial data and identifying probable trends or patterns in audit committee mechanism exists from 2014 to 2022. This period of time spans numerous economic cycles and enables a thorough examination of potential changes in fraudulent activity over the years.

The study employed the panel least squares for data analysis as it uses the same assumptions as other least square methods. This method is used to avoid multicollinearity and maximize forecast accuracy. Panel least squares allow more data utilization than conventional least squares. The study adopted a multiple regression model to explain change or variation in the value of the dependent variable on the basis of changes in the independent or explanatory variables. The model employed for this study was adopted from multiple Regression Model of Hussaini and Benjamin (2015) where the dependent variable (QFR) while ACS, ACID, ACD, ACGD were the audit committee variables to test their hypotheses. The linearly/econometrically form of the model for this study is expressed below:

$QFR = \beta_0 + \beta_1 ACS + \beta_2 ACID + \beta_3 ACD + \beta_4 ACGD + e_t$……..……... (3.1)

Where:

QFR = Quality of Financial reporting

ACS = Audit committee size
ACID= Audit committee independence
ACD = Audit committee diligence
ACGR = Audit committee gender
The regressions model of Hussaini and Benjamin (2015) was re-specified and extended by including other variables and use of discretionary accruals as a measure of audit quality measure in this research as represented in econometric form below:

$$AQ1_{it} = \beta_0 + \beta_1 ACGR_{it} + \beta_2 ACD_{it} + \beta_3 ACSZ_{it} + \epsilon_{it} \text{----------(3.2)}$$

Where:
AQ = Audit quality
ACGR=Audit committee gender diversity
ACD = Audit committee diligence
ACS =Audit committee size
β_0 = Constant
e_{it}= Error term

Panel Co integration

$$\text{FSF}_{it} = a_1 + a_2 \sum_{t-1}^{n} \Delta \text{FSF}_{it-1} + a_3 \sum_{t-1}^{n} \Delta \text{BEF}_{it-1} + a_4 \sum_{t-1}^{n} \Delta \text{BAC}_{it-1} + a_5 \sum_{t-1}^{n} \Delta \text{BAC}_{it-1} + a_6 \sum_{t-1}^{n} \Delta \text{FSIZE}_{it-1} + \varepsilon \text{---} (ii)$$

Operationalisation of Variables

Table 1. Definition and measurement of variables

S/N	Variables	Definition	Type	Measurement	Source	Apriori sign
1.	AQ	Audit quality	Dependent Variable	It was measured by calculating signed and the absolute value of performance-matched discretionary accruals, that is: Total Accruals/Assets	Kothari, Leone & Wasley, (2005) and Koh, Rajgopal, & Srinivasan (2013).	Nil
2	ACGR	Audit committee gender diversity	Independent Variable	It was measured by of female as a ratio of the total AC members.	Berger, Kick &Schaeck (2012), Ungwanunu(2022).	+
3	ACD	Audit committee diligence	Independent Variable	It was measured by the frequency (number) of AC meeting in the financial year.	Akhor&Oseghale (2017), Sijabat&Renata (2021);Alabi, *et al.* (2022).	+
4	ACSZ	Audit committee size	Independent Variable	It was measured by the ratio of total number of people on the AC to total	Ilaboya&Iyafekhe (2014), Abdel-Hafeez	+

				board size	& Salah (2022)	

Source: Researchers' compilation (2024)

4. Results and Discussion of Findings

Descriptive Statistics

Table 2. Descriptive Statistics

	AQ	ACGR	ACD	ACSZ
Mean	0.408973	17.10921	4.134831	5.466292
Median	0.245859	16.67000	4.000000	6.000000
Maximum	3.137198	80.00000	8.000000	8.000000
Minimum	0.036585	0.000000	0.000000	4.000000
Std. Dev.	0.454444	16.24854	0.859523	0.927599
Skewness	2.731665	0.875569	-0.208154	-0.327188
Kurtosis	12.63873	3.638538	7.747615	2.470108
Jarque-Bera	910.4192	25.76711	168.4559	5.258377
Probability	0.000000	0.000003	0.000000	0.072137
Sum	72.79725	3045.440	736.0000	973.0000
SumSq. dev.	36.55397	46730.67	130.7640	152.2978
Observations	178	178	178	178

Source: Authors compilation (2024) extracted from E-views 10 output.

Table 2 outlines the characteristics of variables observed in the selected insurance companies that constitute the sample for this study. The average audit quality stands at 41% indicating that insurance firms in Nigeria with total accruals exceeding 304% are considered to exhibit high audit quality (Wu & Abeysekera, 2023). Regarding audit committee gender diversity, assessed by the proportion of female committee members to the total audit committee members among the sampled Nigerian insurance firms showed an average value of 17.10921 indicating that Nigerian listed insurance firms with a ratio of female audit committee members exceeding 17.1 are deemed to possess high audit committee diversity or gender balance. Audit committee diligence, as indicated by the frequency of audit committee meetings in the financial year, has an average value of 4.135 indicating insurance firms holding more than 4.1 meetings per year are regarded as highly diligent in their audit duties, whereas those meeting less frequently are considered less diligent. In terms of audit committee size, calculated by the ratio of the total number of members on the audit committee to the total board size, the mean value is 5.4662 indicating that insurance firms with a ratio of audit committee size exceeding 5.4662 are classified as having oversized audit committee boards, while those below this threshold are categorized as possessing undersized audit committee boards.

Table 3 Correlation Matrix

	AQ	ACGR	ACD	ACSZ
AQ1	1.000000			
ACGR	0.022186			
ACD	-0.018673	-0.073674	1.000000	
ACSZ	-0.280477	-0.167468	0.062422	1.000000

Source: Authors compilation (2024) as extracted from E-views 10 output.

The correlation coefficient results as presented in Table 3 showed that all the variables except for audit committee gender diversity has weak and negative correlation with the audit quality as measured by the ratio of total accruals to total assets. Going by the values of -0.0186, -0.2804, and -0.3878 respectively for ACD, ACSZ, and ROA (Madugba et al., 2021). Whereas, the result showed that ACGR had weak and positive correlation with the audit quality of the sampled insurance firms. Judging from the correlation results between the independent variables as presented suffice to say that there is no present of multicollinearity since none of the independent variable had a correlation coefficient of about 0.90 and above.

Table 4: Panel Regression Results with Audit Quality as Dependent Variable

Variables	**FIXED EFFECT MODEL**	**RANDOM EFFECT MODEL**
C	0.205090 (0.3300)	0.209899 (0.2103)
ACGR	0.000314 (0.8556)	0.000621 (0.5940)
ACD	-0.021009 (0.4565)	-0.008782 (0.7019)
ACSZ	-0.002633 (0.9286)	-0.020522 (0.3475)
ROA	-0.007597* (0.0112)	-0.0093358* (0.0002)
AQ(-1)	0.641848* (0.0000)	0.745716* (0.0000)
R-squared	0.799377	0.770126
Adjusted R-squared	0.757710	0.757784
Durbin-Watson stat	2.044771	2.034477
F-statistic/Prob.	19.18 (0.0000)	62.39(0.0000)
(B-P LM) test:	221.7136(0.0573)	
Hausman Test:		9.956425 (0.2681)

Source: Authors compilation (2023) extracted from E-views 10 output.

Results of the regression analysis indicated that audit committee gender diversity (ACGR) was found to have a positive yet insignificant relationship with audit quality suggesting that, when other variables are held constant, a more diversified audit committee may lead to improved audit report quality (Ungwanunu 2022). However, the lack of significance in the relationship may be attributed to factors such as gender imbalance or a lack of emphasis on other qualitative aspects of audit committee composition, such as effective auditing skills and strategic decision-making. The non-significance of the AC gender diversity variable was found to corroborate the results of (Orife *et al.* 2022; Ungwanunu 2022). However, this study is in contrast with some previous

studies' findings (Hussaini & Benjamin 2015; Olabode&Wasiu 2021; Olowookere, *et al.,* 2021) who find AC gender to be positive and statistically significant in driving audit quality or quality financial reporting from auditors.

Similarly, the analysis revealed that audit committee diligence (ACD), measured by meeting frequency, had a negative and statistically insignificant impact on audit quality. This suggests that, all else being equal, more frequent meetings may result in lower audit quality, possibly due to distractions or a lack of focus on core audit tasks. The insignificance of ACD in driving audit quality aligns with some previous studies but contradicts others. The insignificance of the ACD variable was found to corroborate the results of (Alkilani, *et al*. 2019; Masmoudi, 2021; Ofor,*et al.,* 2022) but it negates some previous studies' findings as follows: (Adamu, 2021; Hussaini & Benjamin 2015; Kabiru & Usman 2021; Madugba, *et al.,* 2021). The implication for the non-significant effect of ACD on audit quality might be attributed to overemphasis on the frequent meetings and attendance to meetings with little or no emphasis on quality, depth and strategic decision making during the meetings. ACD was also found to be insignificant in driving audit quality.

Furthermore, audit committee size (ACSZ) was found to have an inverse and insignificant relationship with audit quality. This indicates that larger audit committees may be associated with lower audit quality, potentially due to an excessive number of committee members. The lack of significance in the relationship suggests that the focus should shift from numerical attributes to qualitative attributes for achieving quality audit reports. The insignificance of the ACSZ variable was found to be in tandem with the results of (Adamu, 2021; Alkilani, *et al.* 2019; Madugba, *et al.,* 2021) and negates the findings of (Hussaini & Benjamin 2015).

5 Conclusion and Recommendations

The findings of this investigation contribute significantly to the existing literature concerning "audit committee mechanism and audit quality of samples insurance companies in Nigeria". The results of the analysis suggest that insurance firms' internal factors tend to promote audit quality than the audit committee attribute. The lag dependent variable which is AQ (-1) was found to be positive and statistically significant in promoting audit quality. The study thereby recommended among others that insurance companies should emphasize and increase their drive for gender balance or diversity, embrace more of or higher level of independence as this will reduce undue interference from the board and further help to boost the decisions, depth and quality of the audit committees.

The study suggests the following recommendations based on the obtained results:

1. The positive relationship between audit committee gender (ACGR) and audit quality implies that when firms incorporate diversity in their audit committee they are likely to have better decision and quality audit outcomes. As such we recommend that insurance companies should emphasize and increase their drive for gender balance if possible as more of this will drive qualitative audit process. This can be visible by deliberately increasing the number of women and not just women but female experts in their audit committee because from the dataset generated it was observed that most firms had far below a balanced gender in their audit committee, thus its impact was seen to be statistically insignificant.
2. The negative and significant relationship that was found between ACD and AQ as well as ACSZ and AQ are pointers to the fact that excess meetings and oversized audit

committee will lead to poor audit quality and as such we therefore recommend for firms to stick with the approved number of audit board and all audit committee should ensure they cut down any form of unnecessary and unproductive meetings. They should emphasize on qualitative factors rather than numerical metric alone if they must produce quality audit reports

3. Going by the positive and significant result of the one period lag of the dependent variable being one of the independent variables, we therefore recommend that firms should ensure that they pay the audit firms well as it has high implication for boosting that of the current years' audit quality.

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