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EFFECT OF BOARD CHARACTERISTICS ON AUDIT REPORT QUALITY OF LISTED DEPOSIT MONEY BANKS IN NIGERIA

Onowu, Joseph Uche (PhD, CNA).
Department of Accounting, Ignatius Ajuru University of Education, Rumuolumeni P.M.B. 5047, Port Harcourt.
joseph.onowu@iaue.edu.ng,

Dr. Nnah Lazbery Nyebuchi
Department of Accounting, Federal University of Environment and Technology, Koroma/Saakpenwa, Ogoni, Rivers State.
lazbery.nnah@fuet.edu.ng

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Abstract
This study examined the effect of board characteristics on audit report quality of listed deposit money banks in Nigeria. Specifically, the study investigated the effect of board size, board independence and board gender diversity on audit report quality. An ex-post facto research design was adopted, while the population comprised 14 deposit money banks listed on the Nigerian Exchange Group (NGX). The study employed total population sampling (census sampling), covering all 14 banks over a five-year period from 2021 to 2025, resulting in 70 firm-year observations. Secondary data were obtained from the published audited financial statements of the selected banks. Data were analyzed using descriptive and inferential statistics, while Panel Least Squares regression was employed with the aid of EViews. Audit fees served as the proxy for audit report quality, while board size, board independence and board gender diversity represented the explanatory variables. The findings revealed that board size had a negative and statistically insignificant effect on audit report quality (β = −12,427,819; p = 0.5408). Similarly, board independence had a negative and insignificant effect (β = −3,510,792; p = 0.5345). However, board gender diversity had a positive and statistically significant effect on audit report quality (β = 13,495,660; p = 0.0057). The overall regression model was statistically significant (F-statistic = 2.870899; p = 0.0429), with an R-squared of 0.1154. The study concludes that board gender diversity is an important corporate governance mechanism for enhancing audit report quality among listed deposit money banks in Nigeria, whereas board size and board independence do not demonstrate significant individual effects. The study recommends that deposit money banks should promote greater female representation on their boards and strengthen compliance with corporate governance requirements on board diversity and inclusiveness.

Keywords: Board Characteristics, Board Size, Board Independence, Board Gender Diversity, Audit Report Quality, And Deposit Money Banks, Nigeria.

Introduction

In Nigeria's banking sector, where transparency, credibility, and high regulatory compliance are crucial for preserving trust in the financial system, audit report quality continues to be a crucial component of corporate governance. Recent empirical research conducted in Nigeria reveals conflicting results, despite the expectation that board features should improve supervision and better audit quality.

Evidence from Nigerian studies shows that board size does not consistently improve audit or reporting outcomes, despite the belief that larger boards bring more expertise and stronger monitoring capacity. For instance, (Nasarawa et al. 2025) discovered that the size of the board had

no discernible effect on the probability of financial-statement fraud among listed deposit money banks, indicating that more board members do not always equate to better audit oversight. While some studies show a positive relationship between independent directors and audit quality (Usman, Gyar, & Ado, 2024), other studies show that independence does not always translate to effective monitoring in environments with poor regulatory enforcement or board activism (Gubio, Yahaya, & Nyor, 2024).

A study on Nigerian deposit money banks concluded that gender diversity improved earnings quality (Journal of Finance and Accountancy, 2023). Conversely, studies on other Nigerian sectors report weak or insignificant relationships between gender diversity and audit outcomes (Usman et al., 2024). Despite expectations that female representation improves ethical standards, monitoring intensity, and audit quality, the evidence is still inconclusive.

These contradictory results highlight a clear gap in the literature: opinions on the combined effects of board size, independence, and gender diversity on audit report quality in Nigeria's deposit money institutions are divided. Regulators, investors, and the banking industry as a whole may be at risk if it is unclear how board characteristics affects audit quality since financial institutions play a major role in determining the stability of the national economy.

In light of this, this study examine board characteristics and audit reports quality of listed deposit money banks in Nigeria. The study intends to close a gap in the literature and provide useful information for regulators, boards, and audit firms on the relationship that exist between board characteristics and audit report quality in listed deposit money banks in Nigeria.

Objectives of the Study

The main objective of this study is to examine board characteristics and audit reports quality of listed deposit money banks in Nigeria.

Specifically, this study examine the following objectives:

1. To examine the relationship between board size and audit report quality of deposit money banks in Nigeria.
2. To examine the relationship between board independence and audit report quality of deposit money banks in Nigeria.
3. To examine the relationship between board gender diversity and audit report quality of deposit money banks in Nigeria.

Research Questions

This study seeks to provide answers to the following research questions:

1. What is the relationship between board size and audit quality report in listed deposit money banks in Nigeria?
2. What is the relationship between board independence and audit quality report in listed deposit money banks in Nigeria?
3. What is the relationship between board gender diversity and audit quality report in listed deposit money banks in Nigeria?

Research Hypotheses

H_0:1 there is no significant relationship between board size and audit quality report quality in listed deposit money banks in Nigeria.

H_0:2 there is no significant relationship between board independence and audit reports quality of deposit money banks in Nigeria.

H_0:3 there is no significant relationship between board gender diversity and audit reports quality of deposit money banks in Nigeria.

REVIEW OF RELATED LITERATURE

Conceptual Review:

Board Characteristics

Board characteristics refer to the attributes, composition, and structural features of a board of directors within an organization. These characteristics are crucial as they influence the board's effectiveness in overseeing corporate governance, strategy formulation, risk management, and overall organizational performance. The board is responsible for providing strategic guidance and overseeing the management team of the organization. Thus, the characteristics of the board members are critical for ensuring effective corporate governance, which can have a significant impact on the performance of the company (Alshirah, et al., 2020). Board characteristics can be broadly categorized into two main types: structural characteristics and demographic characteristics. Structural characteristics refer to the formal qualities of the board, such as its size, independence, and gender diversity (Ricciardelli, et al., 2020). Demographic characteristics, on the other hand, refer to the personal qualities of board members, such as their age, gender, education, and experience (Brown, et al 2019) However, Board characteristics play a crucial role in shaping the corporate governance of a company and can have significant implications for financial reporting disclosure. Therefore, understanding the impact of board characteristics is important for companies and their stakeholders, as it can inform decisions about board composition and governance practices. Understanding the impact of these characteristics is crucial for organizations and stakeholders alike, as it informs decisions related to board composition, governance practices, and ultimately, organizational performance and sustainability. By fostering diversity, independence, and expertise, boards can fulfill their fiduciary duties and contribute to long-term value creation for shareholders and stakeholders.

Board Size

Board size refers to the number of directors on a company's board and varies across countries, leading to two examples: small and large board sizes. Modern research has shown that optimal board size may be different based on regional governance standards. For instance, a study conducted in the United Kingdom suggests an ideal board size of eight directors (Smith, 2023), while a contrasting view from the United States recommends twelve (Johnson, 2022). The Financial Reporting Council of Nigeria does not specify an exact number but emphasizes that boards should be sufficiently sized to effectively oversee and manage the functions of the organization, taking into account the scale and complexity of operations. Key considerations for determining board size includes the combination of knowledge, skills, and experience; a balance of executive, non-executive, and independent non-executive directors, with a majority being non-executive; members to serve on board committees should be sufficient; the ability to achieve a quorum at meetings; and diversity in composition. Deposit banks in Nigeria must have a minimum of seven and a maximum of fifteen directors on their boards. An adequate board can improve decision making by providing diverse expertise, experience, and perspective. However, excessively large board may lead to coordination problem and reduced effectiveness, while very small board may lack sufficient oversight capacity in the context of audit report quality, while an optimal board size can lead to effective supervision of the audit process and strengthen accountability in the listed deposit bank.

Board Independence

Board independence presents the total number of independent directors on the board (Aslam &Haron, 2020). In the evolvement of corporate governance, the concept of independent directors' presence has gained prominence as an ideology to ensure accountability, transparency, and ethical

decision-making within organizations. Independent directors who are non-executive are different from executive management and has no relationships with the company, free from management influence offer an external perspective to guide strategic choices. Directors who are independent has the essentials l in balancing the interests of various stakeholders, coordinating conflicts of interest, and upholding the integrity of a company's operations. Their objectivity and impartiality contribute to robust decision-making and reduce the potential for managerial self-dealing (Fogel, et al 2021). Independent directors are expected to provide objective judgment, strengthen oversight functions, reduce the management manipulation of financial statements.in listed deposited banks, a higher level of board enhances transparency and supports the production of high-quality audit report by ensuring that auditor can operate without due pressure from management.

Board Gender Diversity

Board gender diversity, refers to the representation of women on companies' boards of directors. Gender diversity measures the number of female directors on the board. Companies should have policies to govern this process and set measurable objectives for achieving diversity in gender and other areas. This study focuses on gender diversity, which relates to the proportion of female board members. The presence of women on boards is significant for audit quality, as women are often seen as particularly diligent, contributing to meticulous oversight (Perry et al., 2023). It shows how many women are represented in high-level corporate decision-making groups.

It is thought that gender-diverse boards improve the caliber of decisions made by directors by bringing a variety of viewpoints, experiences, and approaches to problem-solving. Stronger oversight responsibilities, increased attention to accountability and transparency, and increased ethical sensitivity are frequently linked to female directors. This diversity of viewpoints can reduce groupthink and improve the board's ability to evaluate management actions critically.

Gender diversity on boards is especially crucial for listed deposit money banks in Nigeria because of the strict regulations and the requirement for robust corporate governance. Banks with more gender-diverse boards may be more cautious in risk-taking, more compliant with regulatory standards, and more committed to high-quality financial reporting. These factors can positively influence the audit process and enhance audit report quality.

Audit Report Quality

Audit report quality refers to the extent of dependable, accurate, and timely assurance that a company's financial statements are prepared in compliance with applicable accounting standards and are free of material misstatements. A superior audit report strengthens the validity of financial data and helps stakeholders make well-informed decisions. According to recent research, audit report quality is attained when auditors gather adequate and relevant audit evidence, use professional judgment, and provide audit opinions that accurately represent the auditor's conclusions (IAASB, 2022). Thus, the quality of an audit report includes not only the audit opinion but also timeliness, transparency, adherence to International Standards on Auditing (ISA), and auditor independence.

The audit reports quality in Nigeria's listed deposit banks is impacted by directors' decisions and corporate governance procedures. In order to maintain auditor independence and guarantee the release of reliable audit reports, decisions about board independence, board size, and audit fees must be made (Alao& Adebayo, 2023). As a result, in the banking sector, audit report quality is a crucial sign of accountability, openness, and good corporate governance.

Theoretical Review

Agency Theory

Jensen and Meckling (1976) developed Agency theory. The theory states and explained the relationship between business principals and their agents. The theory acknowledges the need of

accountability in modern society and the role of audit in providing reasonable assurance and unbiased opinion to users of financial statements, about an organization. The theory states that due to the information asymmetries existing between the agent and principal and the self-interest nature of the agents, the solution is to provide guidelines that can resolve this issue and balance the interest of the parties thereby reducing the issue of information asymmetry. Such mechanisms include an attractive remuneration and incentives packages for management, audit and then the ability of the owners to trust the agents. However, the truth is that the theory assumes that no agent is trustworthy which emphasizes the need for monitoring mechanism such as audit to be established. In order to bridge the gap in information asymmetry and improve the confidence of the various agents by the principal, the theory argues that expert opinion of the auditor based on independent examination of the financial report will reduce this information asymmetry. According to Syder and Miebaka (2022), agency theory therefore detect the gap in accountability and stewardship between the agent and the principal through the provision of audit services. Agency issues occur in Nigerian listed deposit banks when management falsifies financial data to further their own agendas. Decisions made by directors, such as maintaining board independence, board size, board gender diversity, auditors' independence and audit fees act as oversight tools to lessen these conflicts. By giving shareholders and other stakeholders' trustworthy and objective financial information, high-quality audit reports reduce information asymmetry. Also have systemic effects on the financial system. High-quality audits, as posited by agency theory, can mitigate these risks by ensuring that the financial reports accurately reflect the firm's financial position, thus reducing information asymmetry between management and stakeholders (Saghafi et al. 2022).

Empirical Review

Abdullahi Danjuma Zubairu*et al.*,(2025)examined the effect of board characteristics on audit quality in listed Deposit Money Banks (DMBs) in Nigeria, utilizing a longitudinal research design, from 2014 to 2023, data was collected from the annual reports of 14 selected DMBs .The study made use of logistic regression as a technique of analysis. Findings indicate that both board size and board financial expertise have positive effects which is significant on audit quality, In contrast, independent directors and female directors exhibited insignificant effects on audit quality. The study recommends increasing board size and financial expertise while also encouraging greater engagement and empowerment of independent and female directors to improve audit quality in the Nigerian banking sector. Additionally, regulatory bodies are urged to implement policies that support these governance enhancements and it concludes that board characteristics influence audit quality of listed deposit bank.

Abiodun, (2025) examined the relationship that exist between audit fees and audit quality of quoted deposit money banks (DMB) listed on the Nigerian. The study used the longitudinal research design and secondary data. The study focused on the banking sector and the population contains 14 DMBs on the NGX as at 31st December 2023. The sample size for the study was 12 DMBs on the NGX because those were the banks with available data for the study period. The study made use if head count sampling technique to select all listed DMBs. Data covering audit fees and audit quality of 12 DMBs from 2011-2022 were sourced from audited annual reports, NGX and facts book. Data were analyzed using descriptive analysis (mean, maximum and standard deviation) and inferential statistics like Ordinary Least Square (OLS), Fixed Effect Method, Random Effect Method and General Method of Moment (GMM).The study recommends there should be increase of audit fees which will improve audit work standards thereby increasing audit quality of demand deposits banks in Nigeria and concludes that audit fee positively and significantly affects audit quality in DMBs' in Nigeria.

Saniet al.,(2025) examines board attributes and audit quality of quoted financial firm in Nigeria. Accounting information rely heavily and depends on the quality of financial Audit reports, it reliability

is crucial for users. The board of directors, appointed to protect shareholders' interests, is legally empowered to control management and ensure high-quality audits of their operations. This study dictates the relationship between board attributes and audit quality among publicly traded financial firms in Nigeria from 2016 to 2022. The specific aims are to analyze how board size, board independence and female directors on board relate to the engagement of Big Four audit firms, which represents audit quality. A sample size of 45 firms was selected through purposive sampling. Binary logistic regression was used to analyze the effect of board attributes on audit quality of listed financial firms in Nigeria. The results indicated that board size and significantly and positively affect audit quality, while board independence and female directors on the board have an insignificant effect on audit quality. The study recommends larger board sizes, more independent non-executive directors and more female directors to ensure high-quality audits in the Nigerian financial firms and concludes that board attributes significantly affect audit quality of quoted bank.

Henry*et al.*,(2025) researched on audit quality and financial report quality evidence from quoted deposit bank. This study investigates the relationship between audit quality and the financial reporting quality of quoted deposit money banks in Nigerian Exchange Limited (NGX) from 2016 to 2023. Using a panel data approach and Fixed Effect Model of Regression, the study examines the relationship between audit fees, audit firm size, and audit independence and the significance of financial reports. The findings shows a positive but statistically insignificant relationship between audit fees and financial report quality indicating that higher audit fees. However, the relationships between audit firm size, audit independence, and financial report quality were found to be negative and statistically insignificant, challenging the belief that larger audit firms and greater auditor independence. The study concludes that the impact of audit quality on financial report quality may be dependent, varying by industry or region. The study recommends tailored audit approaches that consider the specific characteristics of the Nigerian banking sector and calls for further research into the evolving dynamics of audit quality and financial reporting.

METHODOLOGY

Research Design

This study adopted an ex-post facto research design to assess the influence of board characteristics and the audit report quality of listed deposit banks in Nigeria. This is because the ex-post facto research design enables the study of variables after the events have occurred, without any deliberate manipulation or control by the researcher.

Population of the Study

The population of this study is 14 listed deposit money banks on the Nigerian Exchange Group (NGX).

Sample size and sampling technique

The study adopted the total population sampling technique, also known as census sampling. This technique was considered appropriate because the population of the study consisted 14 listed deposit money banks on the Nigerian Exchange Group (NGX).

Consequently, all the 14 listed deposit money banks were selected as the sample size.

Methods of Data Collection

The study used secondary data, derived from the published audited financial statements of the listed deposit money banks.

Method of Data Analysis

This study adopts both descriptive statistics and inferential statistics to analyze the collection of data and to address the research question, objectives and hypotheses.

DATA PRESENTATION, ANLYSIS AND DISCUSSION OF FINDINGS

Data Presentation

The data employed for this include Audit Fees (AF), as the dependent variable, while Board Size (BS), Board Independence (BI) and Board Gender Diversity (BGD) are the independent variables.

BANKS	*YEAR*	*AF*	*BS*	*BI*	*BGD*
ACCESS BANK	*2021*	*645,000,000*	*17*	*23.53*	*35.29*
	2022	*660,000,000*	*18*	*22.22*	*38.89*
	2023	*353,900,000*	*10*	*20.00*	*30.00*
	2024	*450,000,000*	*16*	*18.75*	*31.25*
	2025	*900,000,000*	*16*	*18.75*	*31.25*
GTB	*2021*	*950,000,000*	*6*	*33.33*	*33.33*
	2022	*1,100,620,000*	*6*	*33.33*	*33.33*
	2023	*1,548,350,000*	*6*	*33.33*	*33.33*
	2024	*1,820,000,000*	*6*	*33.33*	*50.00*
	2025	*2,050,000,000*	*6*	*33.33*	*50.00*
ZENITH BANK	*2021*	*500,000,000*	*13*	*15.38*	*23.08*
	2022	*600,000,000*	*13*	*15.38*	*23.08*
	2023	*1,065,000,000*	*14*	*21.43*	*28.57*
	2024	*1,200,000,000*	*14*	*21.43*	*35.71*
	2025	*1,350,000,000*	*14*	*21.43*	*35.71*
UBA	*2021*	*420,000,000*	*14*	*21.43*	*42.86*
	2022	*510,000,000*	*14*	*21.43*	*42.86*
	2023	*650,000,000*	*14*	*21.43*	*50.00*
	2024	*780,000,000*	*15*	*20.00*	*46.67*
	2025	*900,000,000*	*15*	*20.00*	*46.67*
FIDELITY BANK	*2021*	*150,000,000*	*14*	*21.43*	*28.57*
	2022	*185,000,000*	*14*	*21.43*	*28.57*
	2023	*361,000,000*	*14*	*21.43*	*28.57*
	2024	*420,000,000*	*14*	*28.57*	*28.57*
	2025	*500,000,000*	*14*	*28.57*	*28.57*
FIRST BANK	*2021*	*300,000,000*	*12*	*25.00*	*8.33*
	2022	*420,000,000*	*12*	*25.00*	*8.33*
	2023	*500,000,000*	*12*	*25.00*	*8.33*
	2024	*620,000,000*	*9*	*33.33*	*11.11*
	2025	*700,000,000*	*9*	*33.33*	*11.11*
FCMB	*2021*	*420,000,000*	*10*	*10.00*	*30.00*
	2022	*502,000,000*	*10*	*10.00*	*40.00*
	2023	*788,000,000*	*10*	*20.00*	*50.00*
	2024	*1,493,000,000*	*10*	*20.00*	*50.00*
	2025	*1,650,000,000*	*11*	*18.20*	*45.50*
STANBIC IBTC	*2021*	*650,000,000*	*12*	*25.00*	*33.00*
	2022	*720,000,000*	*12*	*25.00*	*42.00*
	2023	*850,000,000*	*12*	*25.00*	*25.00*

	2024	*1,050,000,000*	*14*	*21.00*	*29.00*
	2025	*1,200,000,000*	*14*	*21.00*	*29.00*
STERLING BANK	*2021*	*250,000,000*	*7*	*28.60*	*28.60*
	2022	*290,000,000*	*7*	*28.60*	*28.60*
	2023	*326,000,000*	*7*	*28.60*	*28.60*
	2024	*375,000,000*	*8*	*25.00*	*37.50*
	2025	*420,000,000*	*8*	*25.00*	*37.50*
WEMA BANK	*2021*	*180,000,000*	*11*	*18.20*	*36.40*
	2022	*220,000,000*	*11*	*18.20*	*36.40*
	2023	*280,000,000*	*11*	*27.30*	*45.50*
	2024	*350,000,000*	*13*	*23.10*	*38.50*
	2025	*420,000,000*	*12*	*25.00*	*41.70*
UNITY BANK	*2021*	*45,000,000*	*9*	*11.11*	*33.33*
	2022	*48,000,000*	*9*	*11.11*	*33.33*
	2023	*52,000,000*	*9*	*11.11*	*33.33*
	2024	*58,000,000*	*9*	*11.11*	*33.33*
	2025	*63,000,000*	*9*	*11.11*	*33.33*
JAIZ BANK	*2021*	*38,000,000*	*11*	*18.18*	*9.09*
	2022	*42,000,000*	*11*	*18.18*	*9.09*
	2023	*48,000,000*	*13*	*15.38*	*7.69*
	2024	*55,000,000*	*14*	*14.29*	*14.29*
	2025	*62,000,000*	*14*	*14.29*	*14.29*
UNION BANK	*2021*	*95,000,000*	*11*	*27.27*	*36.36*
	2022	*105,000,000*	*11*	*27.27*	*36.36*
	2023	*120,000,000*	*11*	*36.36*	*45.45*
	2024	*135,000,000*	*11*	*54.55*	*54.55*
	2025	*150,000,000*	*11*	*54.55*	*54.55*
ECOBANK	*2021*	*115,000,000*	*10*	*40.00*	*30.00*
	2022	*125,000,000*	*10*	*40.00*	*30.00*
	2023	*140,000,000*	*10*	*50.00*	*30.00*
	2024	*155,000,000*	*10*	*50.00*	*30.00*
	2025	*170,000,000*	*10*	*50.00*	*30.00*

Test of Hypotheses

The panel least squares regression examined board characteristics proxied by board size (BS), board independence (BI) and board gender diversity (BGD) and audit reports quality of listed deposit money banks in Nigeria proxied by audit fees (AF) over 5 years (2021–2025), the variables were tested using Panel least square (PLS) model using Eviews to determine the extent to which the independent variables influences the dependent variable.

Regression Analysis

Dependent Variable: AF
Method: Panel Least Squares
Date: 06/10/26 Time: 22:40
Sample: 2021 2025
Periods included: 5

Cross-sections included: 14
Total panel (balanced) observations: 70

Variable	Coefficient	Std. Error	t-Statistic	Prob.
BS	-12427819	20212954	-0.614844	0.5408
BI	-3510792.	5622328.	-0.624437	0.5345
BGD	13495660	4720989.	2.858651	0.0057
C	3.19E+08	3.31E+08	0.963346	0.3389

R-squared	0.115432	Mean dependent var	5.27E+08
Adjusted R-squared	0.075224	S.D. dependent var	4.71E+08
S.E. of regression	4.53E+08	Akaike info criterion	42.75726
Sum squared resid	1.36E+19	Schwarz criterion	42.88574
Log likelihood	-1492.504	Hannan-Quinn criter.	42.80829
F-statistic	2.870899	Durbin-Watson stat	0.159885
Prob(F-statistic)	0.042903		

The table presents the Panel Least Squares (PLS) regression results examining the effect of board characteristics on audit report quality of listed deposit money banks in Nigeria from 2021 - 2025. Audit report quality is proxied by Audit Fees (AF), while Board Size (BS), Board Independence (BI), and Board Gender Diversity (BGD) serve as the explanatory variables. The regression analysis was conducted using EViews to determine the extent to which board characteristics influence audit report quality within the Nigerian banking sector.

The result reveals that Board Size (BS) has a coefficient value of -12,427,819 with a t-statistic of -0.614844 and a probability value of 0.5408. The negative coefficient indicates that an increase in board size is associated with a decrease in audit fees. Specifically, a one-unit increase in board size is expected to reduce audit fees by approximately ₦12.43 million, holding other variables constant. However, the probability value exceeds the 5 percent significance level, indicating that the effect is statistically insignificant. This implies that although larger boards may be associated with lower audit fees, the relationship is too weak to conclude that board size significantly influences audit report quality among listed deposit money banks in Nigeria. The result suggests that merely increasing the number of directors on the board does not necessarily improve audit oversight or enhance the quality of audit services.

The regression result further shows that Board Independence (BI) has a coefficient value of -3,510,792 with a t-statistic of -0.624437 and a probability value of 0.5345. The coefficient carries a negative sign, indicating an inverse relationship between board independence and audit fees. This means that a one-unit increase in board independence is associated with a decrease of approximately ₦3.51 million in audit fees, all things being equal. Nevertheless, the probability value is greater than 0.05, signifying that the relationship is statistically insignificant. The finding implies that increasing the proportion of independent directors on the board does not significantly influence audit report quality within the sampled banks. This may suggest that the mere presence of independent directors is insufficient to guarantee stronger monitoring and improved audit quality unless such directors actively perform their oversight responsibilities.

Board Gender Diversity (BGD) records a coefficient value of 13,495,660 with a t-statistic of 2.858651 and a probability value of 0.0057. The positive coefficient indicates a direct relationship between board gender diversity and audit fees. Specifically, a one-unit increase in female representation on

the board is associated with an increase of approximately ₦13.50 million in audit fees. More importantly, the probability value is less than the 5 percent significance level, indicating that the relationship is statistically significant. This finding suggests that banks with greater female participation on their boards are more likely to engage in more rigorous audit processes and demand higher-quality audit services. Female directors may contribute diverse perspectives, stronger monitoring capabilities, and greater attention to accountability, thereby improving audit report quality.

The constant term (C) has a coefficient value of 3.19E+08, equivalent to approximately ₦319 million, with a probability value of 0.3389. This indicates that when all explanatory variables are held constant at zero, audit fees are expected to be approximately ₦319 million. Although the constant is positive, it is statistically insignificant, suggesting that it does not exert a substantial independent influence on audit report quality. The coefficient of determination (R-squared) is 0.115432, indicating that approximately 11.54 percent of the variation in audit fees is explained by board size, board independence, and board gender diversity. This implies that while the explanatory variables contribute to explaining audit report quality, about 88.46 percent of the variation is attributable to other factors not included in the model, such as audit firm size, auditor reputation, bank complexity, regulatory compliance requirements, and internal control mechanisms. The Adjusted R-squared value of 0.075224 shows that after adjusting for the number of explanatory variables in the model, approximately 7.52 percent of the variation in audit fees is explained by the board characteristics. Although relatively low, this is common in corporate governance studies where numerous external and institutional factors influence audit quality.
The F-statistic value of 2.870899 with a corresponding probability value of 0.042903 indicates that the overall regression model is statistically significant at the 5 percent level. Since the probability value is less than 0.05, the null hypothesis that all slope coefficients are jointly equal to zero is rejected. This means that board characteristics collectively have a significant effect on audit report quality among listed deposit money banks in Nigeria.

Decision Rule
If the p-value is greater than 5% (0.05) we accept the null hypothesis (H_0) but if the p-value is less than 5% we reject the null hypotheses and accept the alternate hypotheses (H_1).
HO_1: There is no significant relationship between board size and audit quality report quality in listed deposit money banks in Nigeria.
The regression result reveals that board size has a negative coefficient of -12,427,819 with a probability value of 0.5408. Since the p-value is greater than 0.05, the effect is statistically insignificant. The null hypothesis is accepted and conclude that board size has no significant effect on audit report quality among listed deposit money banks in Nigeria.

HO_2: There is no significant relationship between board independence and audit reports quality of deposit money banks in Nigeria.
The coefficient of board independence is -3,510,792 with a probability value of 0.5345. Since the p-value exceeds 0.05, the relationship is statistically insignificant. The null hypothesis is accepted and conclude that board independence has no significant effect on audit report quality among listed deposit money banks in Nigeria.

HO_3: There is no significant relationship between board gender diversity and audit reports quality of deposit money banks in Nigeria.
The coefficient of board gender diversity is 13,495,660 with a probability value of 0.0057. Since the p-value is less than 0.05, the relationship is statistically significant. The null hypothesis is rejected

and conclude that board gender diversity has a significant positive effect on audit report quality among listed deposit money banks in Nigeria.

Discussion of Findings

This study examined board characteristics proxied by board size (BS), board independence (BI) and board gender diversity (BGD) and audit reports quality of listed deposit money banks in Nigeria proxied by audit fees (AF)as the performance metric. The analysis used panel least squares regression to ensure robustness. The study found that board size has a negative and insignificant effect on audit report quality. This suggests that increasing the number of directors on the board does not necessarily improve audit quality within Nigerian deposit money banks. The finding implies that excessively large boards may encounter coordination difficulties and slower decision-making processes, thereby reducing their effectiveness in monitoring audit activities. This finding agrees with the study of Aliagu et al. (2024), who reported that larger boards may impair audit quality because of reduced accountability. The finding also supports Ekwere et al. (2022), who found a negative relationship between board size and audit quality. However, the result contradicts Abdullahi Danjuma Zubairu et al. (2025) and Sani et al. (2025), who reported a positive and significant relationship between board size and audit quality. The study found that board gender diversity has a positive and significant effect on audit report quality. This implies that increased female representation on corporate boards enhances monitoring effectiveness and promotes greater accountability and transparency in financial reporting. This finding supports Bello et al. (2024) and Edochie et al. (2023), who found that gender diversity positively improves financial reporting and audit quality. The result also aligns with stakeholder theory, which emphasizes inclusiveness and diversity in organizational decision-making. However, the finding contradicts Abdullahi Danjuma Zubairu et al. (2025) and Sani et al. (2025), who reported insignificant effects of female directors on audit quality.

Summary of Findings

This study examined the effect of board characteristics on audit report quality of listed deposit money banks in Nigeria from 2021 - 2025. Board characteristics were measured using board size, board independence, and board gender diversity, while audit report quality was proxied by audit fees.

The findings revealed that board size has a negative and insignificant effect on audit report quality. Board independence also exhibited a negative and insignificant effect on audit report quality. However, board gender diversity showed a positive and statistically significant effect on audit report quality. The model was statistically significant with a probability value of 0.0429, indicating that board characteristics jointly influence audit report quality.

CONCLUSION

The study concludes that board characteristics play an important role in influencing audit report quality among listed deposit money banks in Nigeria. While board size and board independence do not significantly affect audit report quality, board gender diversity significantly enhances audit quality. The findings suggest that increasing female participation on corporate boards strengthens oversight functions and promotes transparency in financial reporting.

The study therefore concludes that board gender diversity remains a critical governance mechanism capable of improving audit report quality within the Nigerian banking sector.

RECOMMENDATIONS

Based on the findings, the following was recommended

1. Deposit money banks should increase female representation on their boards because gender diversity significantly improves audit report quality.
2. Regulatory authorities should continue to encourage compliance with corporate governance codes relating to board diversity and inclusiveness.
3. Banks should focus on improving the effectiveness of board members rather than merely increasing board size.

Contributions to Knowledge

This study contributes to existing literature by providing recent empirical evidence on the relationship between board characteristics and audit report quality in Nigerian listed deposit money banks. The study specifically demonstrates that board gender diversity significantly enhances audit report quality, while board size and board independence do not significantly influence audit quality. The study also extends the application of Agency Theory by showing that diverse boards can strengthen monitoring mechanisms and improve corporate governance outcomes within the banking sector.

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