EFFECT OF AUDIT REPORT QUALITY ON THE INVESTORS' CONFIDENCE IN THE VALUE OF NIGERIAN BANKS

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Abstract

A number of the businesses concerned are forced out of business as an immediate or indirect result of the scandals, international organization of Securities Commissions. Together, these financial crises have led both professionals as well as scholars to wonder about the confidence of shareholders in the valuation of the company and the credibility of businesses. This study set out to pinpoint whether investors' confidence in the value of firms especially in banking industry is being affected in anyway by the audited report quality. The quality of an audit report depends simultaneously on several factors that influence it such as auditor type, board composition, and firm age. The study adopted expo facto research design. The population of this study captured all the deposit money banks listed on the Nigeria stock exchange as at 2022. The study used the twelve (12) listed banks as at 31st December 2018 as they are randomly selected using simple random techniques. The study will cover a (5) years period ranging from year 2014 -2018. Empirical findings revealed that board composition has a negative and significant effect on investors' confidence in the value of Nigerian Banks implying that the more the number of non-executives' members of the board, the less the investors' confidence in the value of Nigerian Banks. Likewise, audit type has a negative and significant influence on investors' confidence in the value of Nigerian Banks. In addition, firm age (AGE) revealed a negative but insignificant relationship with the share price of listed banks in Nigeria. This study concluded from the findings of this study that there is negative and significant relationship between audit report quality and investors' confidence in the value of Nigerian Banks. The study recommends banks in Nigeria should concentrate on using one audit firm in the evaluation of their financial statement and maintain a balance between their executives and non-executives board member in order optimum result from both ends.

Keywords: Audit Quality, Firm Age, Board Composition, Auditor's Type, Firm Value

Introduction

Different institutions have a responsibility to disclose business conduct to shareholders, prospective customers, decision makers, funding providers and other players through their administration. The audited annual reports, which cover economic, financial, environmental and social practices, are typically generated. These statements should be of good quality and show an accurate and equitable interpretation of dealings (John, Nkiru & Luka, 2017). The audited report of organizations would include the details that is useful in rational acquisition, financing, and related decisions to current and prospective owners, creditors and other users (Bita & Hamid (2016). No controversy as it is widely clear that one of the most important information required in making decision on investment, especially in private sectors, is the firm's audited report. This report must be relevant and of high quality (Seyed, Zaini, Norman & Romlah 2016). The necessity for requisition of excellence and high standard audit statement has developed to a worldwide occurrence. During the 1930's and 2008's global financial crises, an impartial audit report was required, not just without mistake, but also a true expression of the activity of a corporation during the reporting period (John, Nkiru & Luka, 2017).

The rapidly increasing and changing economic ties in the fields of trade, industry and investment contributed to intense competition. Based on this condition, investors make judiciously use of the firms report to take proper and timely investment related decisions and also to aid the survival and extending the operations of these firms in the markets (Bita & Hamid (2016). As stated by Bita & Hamid (2016,) audit reports, the required details for the evaluation of financial situation and economic efficiency, the assessment of efficiency and profitability capacity, the funding system and cash intake, the role of management stewardship and the performance of legal obligations, and the provision of additional information to better understand the financial information given and predicted. Thus, high quality audit reports play an important role in achieving mentioned goals, and increasing this quality can lead to more confidence in the investors as well as influencing the investment decisions of these investors. Okaro, Okafor and Ofoegbu (2015) posit that high quality of audit report promotes the credibility of financial statements.

The past few years have seen several well-known companies with significant international operations become mired in financial scandals such as Enron Corporation, Tyco International, WorldCom, Global Crossing, Arthur Anderson, Marconi, Parmalat, Oceanic bank plc, Wema bank plc, NAMPAK, Fin bank, Spring bank, Afribank, Intercontinental bank, Bank PHB and Cadbury PLC in Nigeria (Ogbonna & Ebimobowei, 2012). In each of these instances, hundreds of millions or even billions of dollars have been lost by investors (Zubair 2016). A number of the businesses concerned are forced out of business as an immediate or indirect result of the scandals, international organization of Securities Commissions (IOSCO, 2005). Together, these financial crises have led us to wonder about the confidence of shareholders in the valuation of the company and the credibility of businesses. (Zubair, 2016). Farouk and Hassan (2014) state that corporate accounting earnings can be far from significant, accurate and productive due to the financial crisis. Regulators and different stakeholders place a really high premium on the truthfulness of economic report. The authenticity of the financial statement relies on the validity of recorded earnings (John, Nkiru & Luka, 2017). The confidence of investors in the auditor's report has been found to diminish worldwide. This can be attributed to the rapid failure of businesses that have recently been or have been claimed to be fantastic (Daniel, Martins, & Agada 2018). Nevertheless, it is a well-established finding that investors who are more confident in the firm value invest more than investors who are less confident (Grinblatt & Keloharju 2009). However, this is because the investors have earned the trust of the firm through the quality report presented to them and tend to invest more fund since they are confident that their wealth are secure with such firm. Audit consistency can be differentiated in two dimensions, according to Matoken and Omwenga (2016), first by finding mistakes in financial reports and then by disclosing the content mistakes and mistakes.

Presentation of high-quality audit report has become an important policy issue following corporate scandals (Egbunike, & Abiahu, 2017) such as Enron, WorldCom, Global crossing, Cendant, Sunbeam (United States); BCCI, Independent Insurance, Equitable Life, Maxwell

(United Kingdom); Metallgesellscheft (Germany), and Lever Brothers, African Petroleum, Cadbury, Savanna Bank, Wema and Intercontinental Bank (Nigeria) (Ilaboya & Ohiokha, 2014). The core of the recent world financial crisis was Banks and other financial institutions (Ezejiofor, & Erhirhie 2018). This attracts the attention of public and investment firms, both in developed and in developing countries, to see the management as the key player responsible for corporate failure.

The penalties of this business catastrophe are excessively high in an emerging nation such as Nigeria. This impacts the degree of confidence of shareholders in the valuation of different business institutions (Anyadiegwu & Anichebe, 2016). The wave of audit failure in the world, especially in developing countries, has brought great disappointment the user of financial report out of which investors are not excluded (Ndubuisi & Ezechukwu, 2017). Weakened investor confidence in the audit report not only undermines the audit practice as a whole, but also constitutes an immediate crisis in the accounting industry. Ijeoma (2015) has demonstrated that certain audit reports converse nothing other than the fact that an audit has been carried out and that the reader is permitted to decipher specialized and prudent speech of opinion and even legislative auditor, because of the extent of his work it may not be dogmatic with any degree of intent that fraud has happened or otherwise.

Researchers also discovered that many listed corporations in Nigeria are auditors of major accounting firms suspected to be accomplices of collapsed enterprises (Daniel, Martins, & Agada 2018). This means that the type of audit firm has a long way in determining the audit report quality (Mihaela & Ioan, 2015; Ogbodo & Akabuogu, 2018; John, Nkiru, & Luka, 2017; Alireza & Kayhan, 2017; Egbunike & Abiahu, 2017). Since the findings of these research have produced differing and contradictory results, this suggests that the subject matter is inconclusive. However, none of these studies has pinpointed whether investors' confidence in the value of firms especially in banking industry is being affected in anyway by the audited report quality. The quality of an audit report depends simultaneously on several factors that influence it such as auditor type, board composition, and firm age. No previous study has examined the effect of the audit report quality on the investors' confidence in Nigeria which makes it first of its kind.

However, the specific objectives are to:

i. Ascertain if auditor's type affects the share price of Nigerian banks.
ii. Know the impact that firm age has on the share price of Nigerian banks.
iii. Investigate the impact of board composition on share price of Nigerian banks.

The remaining part of this study will be sub-divided into literature review, methodology, data analysis and interpretation and lastly conclusion and recommendation.

Literature Review and Hypotheses Development

Concept of Investors' Confidence

The English Living Dictionary describes confidence as the feeling or conviction that someone or someone may have faith in or depend on. Therefore, investors' confidence in the audit report ensures that users of a financial statement (investors) may have belief in the auditors or their report, or depend upon them, when making critical economic judgments. The concept of investor confidence is simply the extent to which investors accept the information from a firm and apply it in the investment decisions. This could not be possible unless there are effective mechanism of monitoring and control in place that would assure the investors the reliability of the firm operation with regard to performance and compliance with the relevant legislations (Zubair, 2016).

Studies have shown that public confidence in audit report is on the decline (Daniel, Martins, & Agada 2018)***.*** This is after an onset of organizational deficiencies related to corporate governance flaws with inaccurate financial reporting and misrepresentations, in accordance with the so-called "unrealist, unqualified" audit reports by Ogiriky and Oyadonghan (2017). They say that the association between favorable audit reports and corporate scandals in the business world is confounded by the bond market financial experts, corporate investors and others. Investor's confidence in the audit report is a serious matter, Osasu and Okunbor (2011) said that investors' confidence in its job rests on the auditor's importance and economic viability.

Additional considerations impacting investors' confidence as described by Faboyede and Mukoro (2012) include: Conflict of interest between the auditors (lacking of independence); 94% of public corporations participating in accounts have received a simple health bill for auditing firms. Widening the expectation gap refers to the disparity between people's perceptions of auditors' position and what auditors perceive their duties and obligations as established by statute and professional practice (Iyoha, 2011); economic reliance on users; organizational scandals doomed of corporate organizations that had "clean", unqualified audit opinion placed the audit report to question Securities industry financial commentators, company investors, and multiple stakeholders have challenged the link between favorable auditor's report and company deficiencies within the corporate world of window dressing or creative accounting, according to Ogiriki and Oyadonghan (2017).

Audit Report Quality

Audit report quality is one of the most important inputs in decision-making regarding capital allocation that is investments of various investors. Audit report quality can be defined as the precision in which reported financial information portrays the firm's operations to interested users (Seyed, Zaini, Norman & Romlah, 2016). ***Audit report quality is characterized as the integrity and autonomy of auditors in the identification and disclosure of substantive mistakes according to DeAngelo (1981). The consistency of the audit report viewed by users of financial statements is at least as critical as the successful quality of the audit.*** Auditing is one of the most control tools to deal with conflicts of interest and minimize agency costs conceptually, acknowledged by Agency theory (Adeyemi & Fagbemi, 2010). Zehri & Shabou (2011) have reported that high quality auditors would be more likely than the inferiority auditors to notice dubious accounting procedures by buyers and disclose material anomalies and mistakes. Because of this, a higher audit quality is in a position to higher constrain earnings management, and successively enhance the standard of financial reports.

Different measures have been utilized by previous studies in the relevant literature as proxies for the quality of the audit report. A better performing auditing has been shown to relieve accrual dependent earnings control (Soliman and Ragab, 2014; Gerayli, Yanesari and Ma'atoofi, 2011; Becker, DeFond, Jiambalvo, & Subramanyam, 1998; Okolie, 2014), according to several research findings.). This study used audit company size, audit remunration, and audit partnership as audit quality measures. Audit efficiency is assessed conceptually by the three fundamental dimensions of inputs, outputs and environmental variables. Excluding auditing standards, there are alternative inputs meant for the auditing quality. ***Each of these inputs is the auditor's distinctive attributes such as his knowledge, moral perceptions and inclinations (***Ogbodo & Akabuogu 2018)***. This study will measure audit report quality base on its influencers such as*** auditor's type, board composition and firm age.

Auditor's Type

The concept of auditor's type can be categorized into small audit firm size, medium audit firm and the 'BIG 4' audit firm. The directors of the firm may wish to appoint a big firm that is well known in the country or a small firm to carry out the verification of the firm's financial statements. Most board of directors of huge firms sometimes appoints the big Audit firms because of interferences. The firms in this instance are of the notion that the big firms cannot be influenced by the firms audit committee in presenting any misleading reports. in the other hand, they see the small firm as firms which will easily compromise to their client's request in manipulating the audit report to suit the clients interest. However, this might not be true considering the very fact that the small audit firms are bonded by the professional ethics of auditing. Form of auditors such as smaller firms and regulators has proposed that audit efficiency can not only be assessed depending on the size of big public accounting firms as laid down in the disclosure of audit standard on audit quality freedom from auditor company size (DeAngelo, 1981). DeAngelo (1981) rejected this allegation of little firms and disclosed that massive audit firms have a lot of independence and better quality in their audit work.

Large audit firms have a name to safeguard and so will ensure an independent quality audit service. Larger audit firms have better financial resources and research facilities, superior technology and a lot of proficient workers to undertake massive company audits than do smaller audit firms. (Ndubuisi & Ezechukwu, 2017). The credibility of an auditor is critical to audit partners in line with Francis and Wilson (1998). The Derieux report emphasizes that, while smaller businesses can offer high- or better-quality services, they are being substituted simply because they are less well- known. Based on this, decision maker investors cannot place confidence in accounting details reported and auditing reports (DeAngelo, 1981). DeAngelo has found out that big audit agencies are more independent of their audit earnings and, therefore, the eligible opinion is more likely. The bigger the audit business, the quicker and more effectively an audit job will be performed, as well as associates, audit staff, services and foreign affiliations are concerned, as would a smaller audit firm. For example, Ng and Tai (1994), and Iman, Ahmed and Khan (2001) claim that larger auditing firms are able to perform audits more rapidly than smaller businesses, owing to their expanded manpower and their audit expertise.

The big audit agencies are often required to be more comprehensive in their audit activities so far as the right staff and services calibre are available and thus spend less time on the audit assignment and provide the public with reliable and quality report. Based on this, the study proposed that:

H_{o1}: *there is no significant relationship between auditor's type and the share price of Nigerian banks.*

Board Composition

Boards of directors are commonly accepted as an important mechanism for checking the performance of managers and protecting shareholders' interests (Fama & Jensen, 1983).

Several competent and regulatory panels have discussed the issue of board success and a few recommend that businesses with a reasonable balance of expertise should select a group of directors with a plurality of independence directors. A higher level of board composition is a commonly recommended governance practice by codes of corporate governance (Zattoni & Cuomo. 2010). This recommendation is based on the commonly help view that higher board composition translate to better performance. Also, the agency theory supports the argument that a higher proportion of outsiders on the board will help to monitor and better control the behaviour of management and as a result minimize agency problem and maximize shareholder's wealth. Young (2003) suggests it is immediately appealing to the increased freedom of director that a director with connections to a company or his CEA considers it tougher to refuse a bundle of extreme compensation, question the justification behind a potential acquisition or to be cynical about the successful monitoring mechanism. Outside directors have been found to strongly resist certain actions that may have benefitted corporate executives at the expense of shareholders (Raymond *et al*., 2010). However, empirical findings on board composition have been in conclusive. Cheng, Lui and Shum, (2013) found a positive and substantial association between board composition and company performance. A conflicting view has also been expressed by several scholars (Ponnu & Karthigeyan, 2010; Raymond *et al*., 2010) as they all found a negative and insignificant association between board independence and company performance. Similarly, Hermalin and Weisbach (1991) and Bhagat and Black (2002) find no association between Board membership degree and four business efficiency proxies that govern a number of alternative management variables along with assets, company size and business. They discovered that ill performing organisations were more likely to have a rise in the independence of their directors. Based on this, the study proposed that:

H_{o2}: *there is no significant relationship between board composition and the share price of Nigerian banks.*

Firm Age

One of the main determinants of audit efficiency is the age of a company. Huang, Ena & Lee, (2012), said that an age-strengthened company's internal control mechanism ensures the consistency of the reporting process. a solid, well organized internal control system. As companies grow up, their management systems are strengthened and, as a result, government regulatory agencies track them more closely. This should translate to an improved financial management practice accordingly (Chalaki, Didar, & Riahnezhad, 2012). Olumide, Muhammad, and Terzungwe (2015) aimed at evaluating whether or not firm age is a determinant of audit quality of listed deposit money banks in Nigeria. The findings from this analysis reveal that the company's age is only favorably associated with audit reporting efficiency at 10% and not 5%. The audit quality is still positive, but the association is negligible. Maja, Ivica and Marijana (2017) demonstrate that age of businesses is a significant explanatory factor in deciding market success as opposed to Olumide et al (2015). In particular, on the Croatian food manufacturing sample age of the business with negative coefficient sign is statistically important, indicating a decline in company output with age. When businesses get older, they become very hierarchical and have little creativity and the capacity to adapt promptly. Based on this, the study proposed that:

H_{o3}: *there is no significant relationship between firm age and the share price of Nigerian banks.*

Theoretical Review

Auditors' Theory of Inspired Confidence

This study will be adopting the auditors' theory of inspired confidence as a theoretical background to develop an empirical framework for examining the effect of audit report quality on the investors' confidence in the value. ***The principle of inspired confidence of the auditors provides a connection between the need of the users for convincingly audited financial reporting and the ability of the audit procedures to satisfy those needs. It was founded in 1985 in the Netherlands by the Limperg Institute.*** The principle of inspired confidence stems from the need for informed and independent evaluation as a confidential agent and the need for an expert and independent evidence-backed appraisal. Mitigating the probability of unnoticed material errors ensures that the accountant is obliged to carry out his job in a manner that may not betray the confidence he enjoys before the reasonable individual, even if the accountant does not deliver what is greater than the general public's requirement (Limperg Institue, 1985).

The auditor's general position in communities is focused on the need for an expert and objective judgment based on the review, Limberg argued. The audit role is focused on the confirmation of the auditors' performance by the public or community. Therefore, confidence of the public (investors) is a prerequisite for an audit function to occur. Therefore, if the trust is violated, the purpose too, because it is worthless, is lost. He also argued that two situations could betray investor confidence: (i) if the expectations of the company are inflated, i.e. if the auditor's ability to do so is surpassed (ii) if the auditor is underperformed. He agreed that the demands of people alter understanding and environmental shifts. The key field of practice of Limperg is the social duty of the independent auditor and achievable measures to ensure that these audits address the needs of community. The theory of inspired confidence is that the roles of the auditors stem from the public's trust in the performance of the auditing process and guarantees that the accountant's opinions are expressed. Since the trust defines how the system exists, a trust betrayal logically implies that the method or function is terminated.\

Carmichael (2004) addressed the social meaning of the audit and asserted the importance significance of this audit is destroyed by misguided trust of stakeholders in the audit process performance and audit report. The audit offers dependence on the audited report and on the capital markets for shareholders, executives, investors and other stakeholders in a business. In this concept, the need for audit roles must be thoroughly endorsed in accordance with the fixed template provided for by legislation and technical auditing standards.

Empirical Review

Ezejiofor, and Erhirhie (2018) investigated the effect of audit quality on the financial performance of deposit money banks in Nigeria. The analysis carried out ex post facto research method, data from annual reports and accounts by cited Nigerian money banks were gathered for the study. For the verification of the formulated hypothesis the regression analysis and coefficient correlation is used. Results revealed that the financial performance of Nigerian deposit money banks has a considerable influence between audit efficiency. Also, Egbunike and

Abiahu (2017) look at the effect of audit firm characteristics on financial performance of money deposit banks in Nigeria. Exactly, the study determined the effect of audit quality, audit fee, and audit report lag on return on assets of Nigerian banks. Following, determine the effect of audit quality, audit fee, and audit report lag on earnings per share of Nigerian banks. And lastly, scrutinize the impact of audit quality, audit fee, and audit report lag on net profit margin of Nigerian banks. The study approved the ex post facto and correlational research design. The sample population comprised all established money deposit banks in 2015. Auditing fees and the audit report lag have no substantial impact on Nigerian banks' return on investment, earnings per share and profit margin of Nigerian banks. The audit quality had a big impact on their return on assets.

Alireza and Kayhan (2017) discoursed that investors fund in order to access to more wealth. Furthermore, financial details for businesses is one of the main facets of investors' decision-making. They specified that numerous features influence financial information provided by companies and that one of these features can be audit reports. The influence on financial details published in the Tehran Stock Exchange was then investigated by the audit results. The analysis methodology was realistic and descriptive in kind. As independent variable and as a dependent variable, auditor and auditor evaluations (or audit agencies or institutions) is envisaged as financial variables and stock return data. For these studies 117 well-known companies were selected as a statistical sample in Tehran Stock Exchange during 2009-2014. Hypotheses for analysis have been checked through the adaptation of combined data linear regression models. The findings suggest that the kind of auditors' appraisal is substantially related to inventory returns (financial information).

The relationship of financial knowledge quality and investment performance between firms in Malaysia was observed by Seyed, Zaini, Norman and Romlah (2016). This research sample is composed of 558 companies listed on the Board from 2001 to 2011. Investment skill is calculated on the basis of business non-conformities at the planned stage of investment. The accuracy of financial details is calculated on the basis of four separate measuring systems. The findings support a substantial positive connection to investment performance in the consistency of financial details. There is clear finding that there are many business level control variables and alternate methods are used for calculating investment performance. The findings of this analysis offer additional perspective and analytical data for the accuracy of financial information and the productivity of investment.

In Okoye, Okaro and Okafor (2015) corporate governance variables were taken into consideration that impact audit efficiency, and some of them would help to cut the tide of audit failures if tackled. The study used secondary data from surveys of 104 businesses picked at random among 134 non-bank firms listed on the Nigerian Bursary, which showed that smaller board sizes and higher diligence had a positive effect on the audit quality.

Methodology

This study evaluates the effect of audit report quality on the investors' confidence in the value of Nigerian Banks. However, this study will be focusing on listed deposit money banks (commercial banks) in Nigerian financial sectors. The study adopted expo facto research design. The population of this study captured all the deposit money banks listed on the Nigeria stock exchange as at 2018. The study will be making use of the twelve (12) listed banks as at 31st

December 2018 to ascertain the effect of audit report quality on the investors' confidence in the value as they are randomly selected using simple random techniques. The study will cover a (5) years period ranging from year 2014 -2018. The choice of 2014 as a base year is due to the fact that firms have fully adopted IFRS accounting standards in the presentation and preparation of their financial report. This is because a firm that abide by this standard to the latter tends to have a high quality audit report and by so doing enhancing the value of the firm.

Model specification

With respect to the main objective of this study, which was to assess the predictive influence of audit report quality on the investors' confidence in the value of Nigerian Banks, the study will adopt the model of Egbunike, & Abiahu, (2017), John, Nkiru, and Luka (2017), Ogbodo and Akabuogu (2018), Hope and Kemebradikemor (2019) and Zubair (2016) which will be presented below;

Y = f (X)……………………………………………(i)

$Yit = \beta\ \boldsymbol{0} + \beta_1 \boldsymbol{X_1}it + \beta_2 \boldsymbol{X_2}it + \beta_3\boldsymbol{X_3}it + \ldots\ \beta_n \boldsymbol{X_n}it + Eit$ …………………………… (ii)

This is model will be modified in this study as thus;

VAL = f (AUREQ)……………………………………………(i)

Introduced the measured / observed variables

VAL-SHARE) = f (AUREQ- AT, BC, and AGE) ………………(ii)

Therefore;

$SPit = \beta\ \boldsymbol{0} + \beta_1\ AUTYP\ it + \beta_2\ BODCOM\ it + \beta_3\ Age\ it + Eit$ … (iii)

Where;

SP represents share price
AUTYP represents audit type
BODCOM represents board composition
AGE represents firm age
β ***0 is the constant or*** intercept
β_1 ***to*** β_4 is the coefficients of the variables
E is the error term

Operational Measure of Variable

The selection of variables considered in this study is in consonance with those of previous empirical studies on this topic. In this study, bank value was used as the dependent variable while quality of audit report was used as the independent variable. In this study, bank value was measured using share price of the firm. These have been collected from the annual accounts and financial statements of the respective companies. Likewise, Audit type was measured using dummy variables, that is, if audited by Big four and another professional firm 1, if otherwise 0. Also, board composition was proxy using Proportion of independent members (non-executive) over total members and firm age was proxy with number of years of a firm since its incorporation.

Method of data analysis

Due to the set objectives of this study, both descriptive and inferential statistics will be used for the presentation and the analysis of data and test of research questions. Descriptive statistics such as mean distribution, standard deviation, and Inferential statistics such as ordinary least square regression and correlation analysis will be used for the test research hypothesis.

Data Analysis, Interpretation and Presentation

Descriptive statistics

Table 1

	AUDIT_TYPE	BODCOM	FIRM_AGE	SP
Mean	0.416667	0.585617	28.13333	9.496396
Median	0.000000	0.571429	23.50000	6.700000
Maximum	1.000000	0.900000	73.00000	47.95000
Minimum	0.000000	0.300000	2.000000	0.725492
Std. Dev.	0.497167	0.130277	19.40598	9.703786
Skewness	0.338062	0.781137	0.790127	1.963494
Kurtosis	1.114286	4.483912	2.637689	7.317796
Jarque-Bera	10.03265	11.60674	6.571185	85.16149
Probability	0.006629	0.003017	0.037418	0.000000
Sum	25.00000	35.13704	1688.000	569.7838
Sum Sq. Dev.	14.58333	1.001361	22218.93	5555.644
Observations	60	60	60	60

Source: Researcher compilation 2023

The descriptive statistics of variables used in this estimation is presented in Table 1, from the table, it is evident that on average 42% of the listed banks are audited by one of the Big Four and one professional body as represented by the (AUTYP). Furthermore, board composition (BODCOM) revealed an average of 0.5856. This indicated that listed banks have over 58% of the board member to be non-executive members. The firm age (AGE) shows that on average, listed commercial banks is 28 years old which has matured enough in building investor's confidence in it and majority of the listed banks are closed to this age as indicated by the standard deviation of 19.4060. The share price SP of banks showed an average value 9 naira while the distribution is widely dispersed and far from the mean value as revealed by the standard deviation. Table 1 also revealed that the distribution is not normally distributed as revealed by the Jarque-Bera statistics probability value lower than 5% which implies that there is no normality for each of them.and supported by skewness and Kurtosis respectively.

Table 2

Correlation Matrix

	AUDIT_TYPE	BODCOM	FIRM_AGE	SP
AUDIT_TYPE	1.000000	-0.254318	0.125900	-0.245908
BODCOM	-0.254318	1.000000	-0.038727	-0.161110
FIRM_AGE	0.125900	-0.038727	1.000000	-0.172218
SP	-0.245908	-0.161110	-0.172218	1.000000

Source: Researcher compilation 2023

The result of the correlation matrix table shows that, each of the variables has a very strong positive correlation to itself. AUTYP and AGE has the highest correlation of 12%. All the independent variables have a weak and negative correlation with the share price at 24%, 16% and 17% respectively. This indicating an inverse relationship between the variables. That is, increase in one variable will leads to a decrease in another variable. Also, there is the absence of multicollinearity among these variables as revealed by the correlation table obtained for this study since there is no relationship between two independent variables that is above 0.80, therefore this study has scientific measure of reliability.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.367[a]	.135	.088	9.2653	1.505

a. Predictors: (Constant), FIRM AGE, BODCOM, AUDIT TYPE

b. Dependent Variable: SP

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	748.277	3	249.426	2.906	.043[a]
	Residual	4807.368	56	85.846		
	Total	5555.644	59			

a. Predictors: (Constant), FIRM AGE, BODCOM, AUDIT TYPE

b. Dependent Variable: SP

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	24.362	6.304		3.864	.000
	BODCOM	-17.888	9.574	-.240	-1.868	.067
	AUDIT TYPE	-5.635	2.527	-.289	-2.230	.030
	FIRM AGE	-.073	.063	-.145	-1.159	.252

a. Dependent Variable: SP

From the model summary table of the observed variables, the R value shows the extent all the predictive influence the determined variable and the extend of relationship between the independent variable on the dependent variable. Therefore, the coefficient of determination of 0.367 indicated that 37% of the variance of value of Nigeria banks can be explained by the quality of audit report strengthened by the value of R-square explaining how fit the model is.

The coefficient table shows that both BODCOM and AUDIT TYPE has a negative and significant relationship at 10% significant level while AGE has a negative but insignificant relationship with the share price of listed banks in Nigeria. Therefore, there is enough evidence to reject the null hypothesis of Ho1 and Ho2 stating that there is no significant relationship between auditor's type, board composition and the share price of Nigerian banks and accept that of Ho3 stating that there is no significant relationship between firm age and the share price of Nigerian banks. The ANOVA table shows the significant of the predictive variable as a whole against the dependent variable. This table above shows that there is negative and significant relationship between audit report quality and investors' confidence in the value of Nigerian Banks. With F-statistic value of 2.906 and a probability value of 0.043 which is less than 0.05 significant level.

Conclusion and Recommendation

The authenticity of the financial statements is very well compensated by regulators and other stakeholders as the report's authenticity depends on whether the recorded revenues are accurate. Even though the confidence of investors in the auditor's report has been found to decline globally. This can be attributed to the rapid failure of businesses that have recently been or have been claimed to be outstanding. Nevertheless, it is a well-established finding that investors who are more confident in the firm value invest more than investors who are less confident. This study focuses on determining the effect of audit report quality on the investors' confidence in the value of Nigerian Banks. Empirical findings revealed that board composition has a negative and significant effect on investors' confidence in the value of Nigerian Banks implying that the more the number of non-executives members of the board, the less the investors' confidence in the value of Nigerian Banks. This might be due to the fact that large board member that are non-executives tends not to perform as expected by the investors as a result of their indirect control therefore making investors to lose confidence in them and lead to decrease in the value of the firm.

Likewise, AUDIT TYPE has a negative and significant influence on investors' confidence in the value of Nigerian Banks. This means that increase in audit type reduces the value of bank. This might be due to the fact that using two audit firms to audit and appraise firm financial report is like a bait just to lure investors and not necessary means that the report is of high quality and this makes investors to back out from such firm leading to decrease in the investors' confidence in the value of Nigerian Banks. In addition, firm age (AGE) revealed a negative but insignificant relationship with the share price of listed banks in Nigeria. Meaning that, the maturity of banks has little or no influence on the investors' confidence in the value of Nigerian Banks. This study concluded from the findings of this study that there is negative and significant relationship between audit report quality and investors' confidence in the value of Nigerian Banks. The study recommends banks in Nigeria should concentrate on using one audit firm in the evaluation of their financial statement and maintain a balance between their executives and non-executives board member in order optimum result from both ends.

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