Empirical Investigation of the Determinants of Audit Rotation in Nigeria

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Abstract: This work empirically examined the determinants of audit rotation in Nigeria. Specifically, the study examined the effect of audit fee, audit firm size, audit tenure, on audit rotation of quoted companies in Nigeria. A multiple regression estimation approach was employed on information extracted from a sample consisting of one hundred and nineteen (119) quoted companies in Nigerian Stock Exchange between the years 2015 to 2020. Panel Least Square (PLS) regression technique was employed in estimating the data and testing the formulated hypotheses. The findings revealed that there is a significant relationship between audit tenure, audit delay, company size, change in management and audit rotation. The results also show that there is a negative and insignificant relationship between audit fee, a rotation among Nigeria quoted companies. In line with the findings, the study recommends that auditor who engages in the act of frequent audit delay should be disengaged. And there should be stiffer penalty for any audit firms found wanting.

Keywords: Audit Rotation, Audit fee, firm size, audit tenure

INTRODUCTION

Background to the Study

Audit service is pivotal to the quest of increasing the public confidence of financial report. The service is meant to give added value to the financial statement, in which users apply this information for decision making. However, some corporate scandals have decreased users' trust in the auditors of public accounting firms (Suyono, 2012). In these disappointing cases, the resulting question has been around the role of the Auditors. Nigeria is also not exempted from these incidences of audit failure. The case of five banks that failed the Central Bank of Nigeria (CBN) distress test in 2009, Union Bank, Afri-bank, Oceanic bank Fin Bank, intercontinental bank all points to this direction. Another great audit failure in Nigeria was that of the Cadbury Nigeria Plc. With accounting scandal which came to the fore in 2006 which have also helped to redesign the monitoring processes (Okaro & Okafor, 2013). These corporate scandals have cast doubts over traditional accounting practices. Consequently, there is a concern that audits firms are gradually maintaining close ties with companies and therefore, their independence are being affected. The latter brought to the fold the need to switch auditors after a certain period.

The birth of the Sarbanes Oxley Act (SOX) in 2002, which was triggered by the collapse of Arthur Anderson accounting firm and Enron scandal of 2001 in the United States, has prompted many countries in the world such as the United States and some European Union countries to improve the structure oversight of the firm by applying audit rotation (Khasanah & Nahumury, 2013). Similarly, Susanto (2018) affirmed that the requirement of audit rotation was the result after Enron's case in 2000. This led to Sarbaney Oxley Act (SOX) in 2002 which aims to maintain the independence of auditor and restore investors' confidence.

Chadegani, Mohamed & Jari, (2011) explained that different factors may have impact on audit rotation such as disagreement about content of financial reports, disagreement about auditor opinion, change of management and auditor fees. These factors may cause audit rotation and they may reduce the auditor's independence as well.

There are two factors that influence audit rotation (Khasanah & Nahumury, 2013). These factors are client-related factors, namely: financial difficulties, failed management, ownership change, initial public offering (IPO) and auditor-related factors, i.e. audit fees and audit quality. In the light of the foregoing, this study investigates the determinants of audit rotation among companies quoted on the Nigerian Stock Exchange.

This study moves to respond to the rising concerns for audit rotation in Nigeria quoted firms ranging from the cases of Cadbury, Afribank, Intercontinental Bank, Oceanic Bank and so on. Onwuchekwa, Erah and Izedonmi (2012) observed that the audit failure in the banking segment in Nigeria is the essential method of reasoning why the Central Bank of Nigeria chose to guarantee audit rotation is done each ten (10) years. In addition, CAMA (2018) came to reaffirm the position of CBN but only reduce the tenure of audit rotation to only five (5) years and it covers all public quoted firms in the Nigerian Stock Exchange.

Theoretically, mixed reactions abound in the issues surrounding the determinants of audit rotation. Eyenubo, Mohamed and Ali (2017) alluded to this by stating that the closeness that exists between the auditors and their clients as a result of long audit tenure encourages failure in auditor's independence, hence a call for audit rotation so as to guarantee independence. Khasharmeh (2015) argued that audit rotation may be affected by different factors such as audit fee, audit firm size, audit tenure, audit delay, company size, change in management, which may cause audit rotation and they may reduce the auditor's independence as well.

Empirically, different results exist on the determinants of audit rotation. For example, Yunita and Azwardi (2018), Gharibi and Geraeely (2016), Khasharmeh (2015) and Chadegani et al. (2011) found a significant link between audit fee, company size, audit delay, audit firm size, and audit rotation. On the contrary, the studies of Susanto (2018), Yunita and Azwardi (2018), Aroh, Odum and Odum (2017), Gharibi and Geraeely (2016), Khasharmeh (2015), Khasanah and Nahumury (2013) found that change in management, audit delay, audit firm size, company size has no relationship with audit rotation.

Audit rotation may indicate an accounting dispute between the client company and the auditor that causes the client to search for another auditor who agrees with the client, while the literature is agog with finding evidence to establish the determinants of audit rotation in Nigerian quoted firms. This study observed that the likes of Inua and Urhoghide (2018), Eniola and Ajayi (2018), Olowookere and Inneh (2016) and so on use between three to five variables (such as audit fee, firm age, profit after tax, firm size, corporate governance) to proxy audit rotation in Nigeria. This study intends to cover the gap by using up six variables to proxy audit rotation.

Therefore, this study seeks to answer the following research questions;
1. What is audit fee's impact on audit rotation?
2. What is the extent to which audit firm size influence audit rotation?
3. What is the effect of audit tenure on audit rotation?

Objectives of the Study
The main objective of this study is to examine the determinants of audit rotation among companies quoted on the Nigerian Stock Exchange, while the specific objectives are to;
1. Determine audit fee's impact on audit rotation;
2. investigate the extent to which audit firm size influence audit rotation;
3. find out the effect of audit tenure on audit rotation;

Research Hypotheses
1. Audit fee has no significant impact on audit rotation
2. Audit firm size has no significant influence on audit rotation.
3. There is no significant effect of audit tenure on audit rotation.

LITERATURE REVIEW

Concept of Audit Rotation
Audit rotation has to do with the resignation, outright removal and the selection of a new auditor for the firm. Though audit rotation decision definitely involves the changing of the existing auditor due to the need to choose quality differentiated audit firms which properly align with the growing need of clients under changing circumstances (Huson, Joher, Shamsher & Annuar, 2000). Chandegani, *et al.* (2011) argued that selecting a new auditor is an economical decision in itself. Aroh, *et al.* (2017) opined that audit rotation is an end product of a bargaining process which started with a firm (client) requesting an auditor to perform an audit service.

Al-Khoury, Ali, Al-Sharif, Hanania, and Jallad (2015) opined that audit rotation is motivated by public as one of the important tools to improve and increase the audit quality and the validity of corporate financial statement, which is recommended to be five to seven years then the firm change the audit firm, the main purpose of it is to limit the client-auditor relationships, in which the auditor loyalties may become divided, and thus reduce the auditor's independence.

Audit rotation is a public accounting firm changes which are made by the client company (Khasanah & Nahumury, 2013). This change can be either mandatory (compulsory) and can also be voluntary. Mandatory (compulsory) is done because there are regulations governing audit rotation obligations. If the audit rotation is voluntary, then the causal factors can be derived from the client side (e.g. financial distress, failed management, ownership changes, Initial Public Offering, and so on) and of the auditor (for example, audit fees, audit quality and so on).

Eyenubo, et al. (2017) believed that the familiarity that exists between the auditors and their clients as a result of long audit tenure encourages failure in auditor's independence, hence a call for audit rotation so as to guarantee independence and as a result enhanced audit quality.

Audit Fees and Audit Rotation
The external audit services and audit fees paid by companies to their auditors are obviously of interest to both companies and auditors.

According to Ilaboya, Izevbekhai, and Ohiokha (2017), Normal fees are usually determined by factors that are common across different clients such as client size, client complexity, and client-specific risk.

Audit Firm Size and Audit Rotation
According to Aronmwan, Ashafoke, and Mgbame (2013), the big 4 audit firms have more reputation than non big-four. Reputation in this context refers to the corporate image built over time by auditing firms. It may be as a result of the array of auditors the firm possesses, the brand name, the perceived audit quality resulting from little or no litigations, the fees charged. Mgbame, Eragbhe and Osazuwa (2012) opined that most companies in the face of scandals switch to high reputation firms (Big Four), because

of their perceptions that high reputation firms produce quality reports since they face more loss of public image when compared with firms having little reputation status.

Adeniyi and Mieseigha (2013) posited that there were two key motives why big audit firms are more independent than the small ones, which they outline as segregation of unit where audit services are provided from units where non-audit services are provided, also that revenues received by an accounting firm is usually influenced by more than one client. Also, larger audit firms mean greater resources and the ability to serve larger clients. As a result, this increases the likelihood of discovery the breaches, compared to small audit firms (Alsmairat, Yusoff, Ali & Ghazalat, 2019).

Choosing an audit firm that is suited to a company or managers' needs may be is a function of many factors but audit firm size is known to be an important determinant of audit rotation in developed markets (Chadegani et al, 2011). There is substantial evidence internationally that the large companies are more likely to be audited by the large audit firms. Auditing large clients requires more resources (human and technical), which are usually provided by large audit firms (Chadegani, et al, 2011).

The results of the descriptive statistics indicate that the most important section of determinants is Competition among public auditing firm, followed by size of public auditing firm, followed by audit fees. The T-test results indicated that there are significant mean differences between audit rotation of the factors – financial conditions of the client, audit fees, change in management, and qualified audit opinion. It also shows that there is a positive relationship between change in management, financial conditions of the client, audit fees and to a certain extent to competition among public auditing firm and audit rotation. However, there was no significant relationship between size of public auditing firm and audit rotation. Multiple logistic regression analysis is employed to measure the association between a single dependent variable (audit rotation) and multiple independent variables. Audit fees, competition among public auditing firm and qualified audit opinion respectively have positive relationships with audit rotation as predicted.

Aroh, Odum and Odum (2017) identify the determinants of audit rotation in quoted companies in Nigeria. The study employed secondary data obtained from annual reports of companies quoted on the Nigerian Stock Exchange spanning from 2011 to 2015. Descriptive statistics, Ordinary Least Squares Regression, Pearson Correlation Coefficient, Jarque-Bera (JB) Statistics (normality test) were employed to summarize, test the association among the variables, as well as establish the impact of explanatory variables employed (financial distress, industry type, audit firm size and ownership concentration) on audit rotation variable. Empirical results obtained showed that audit rotation is significantly impacted by only the Industry Type variable.

Andreas (2019) conducted a study on companies that meet criteria of LQ45 index. Data analysis used logistic regression analysis. The results of the study indicated that size of the public accounting firm was evidently influenced by the decisions of the public companies' management to implement audit rotation.

Audit Tenure and Audit Rotation

Audit tenure is the number of years an auditor audits a client or the number of years a company employs the same auditor (Qwaqzeh, Endut, Rashid, Johari, Hamid, & Rasit, 2018).

Once the auditor expresses his opinion about the reliability and truthfulness of the financial statement, the confidence level of the users of financial statement upsurges, whether the credibility of the financial statement increases or not depends on how independent the auditors are (Malik, Arshed, Hassan, Kazmi & Gulzar, 2017).

In mirroring the above issues, the Agency theory provided a base for reasoning and analysis. Agency theory establishes a separation between managers and the shareholders (Fama & Jensen, 1983) Further, Eisenhardt (1989) explained that agency theory is concerned with resolving two problems that can occur in agency relationships.

METHODOLOGY

The research design that was adopted for this study is a cross-sequential research design covering a time period of six (6) years that is 2015 – 2020 (six financial years). The choice of this design is based on the nature of the study which entails the collection of data from all sectors of the Nigerian Stock Exchange and over a long period of time. With this design, the researcher collected data that had occurred already and in which no further manipulation was required to examine the determinants of audit rotation among Nigerian quoted firms.

The population of the study consists of the entire one hundred and seventy (170) quoted companies on the Nigerian Stock Exchange as at 31st December, 2020 (NSE, 2020). These companies represent different industrial sectors on the Nigerian Stock Exchange (NSE). These are: Financial Services, Conglomerates, Oil and Gas, Services, Natural Resources, Construction/Real Estate, Industrial Goods, Consumer Goods, ICT, Healthcare and Agriculture.

The sample size was calculated using the formula provided by Yamane (1967).

$$n = \frac{N}{(1+Ne^2)}$$

Where:
n= sample size

N= population
e= margin of error (0.05)

Accordingly, the sample size that is subject to the investigation is 119 companies listed on the Nigerian Stock Exchange (NSE) as at 31st December 2020 for a period of six (6) years (2015 – 2020), where N= 170 (total number of quoted companies on the Nigerian Stock Exchange (NSE).

For the purpose of this study, the secondary data was used and the data were obtained from the annual report available in the Nigerian Stock Exchange for six years (2013-2018). The data generated from these sources where on Audit Fee (ADFEE), Audit Firm Size (ADFIZ), Audit Tenure (ADTEN),

Analytical Framework and Model Specification

Figure 3.1: Analytical Framework
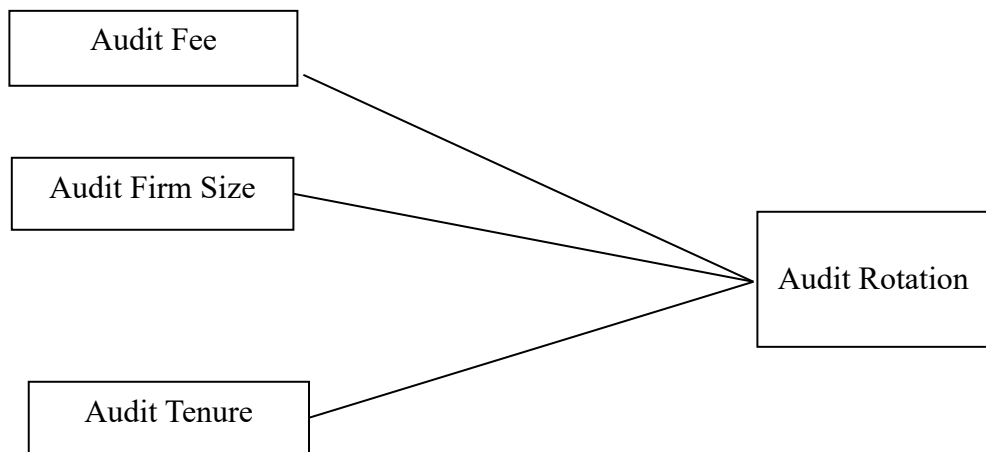
Source: Authors' Analytical Framework (2022)

There are various theories used to explain the reasons for audit rotation. For the purpose of this work, the focus was on the agency theory. The agency theory is used when the rationale for audit rotation is associated with agency-related incentives for higher quality audit (Tan, Ong, Chong & Samuel, 2016). Banimahd and Vafaei (2012) stated that the rotation of an auditor by hirer firms was because of the primary operator issue in partition of possession from controlling of firm. Auditing statutory can diminish agency costs which are made by irreconcilable circumstance between managers and shareholders. This is ascribed to the ability of auditing to build the credibility of financial statement. Credible financial statements decrease information asymmetry amongst shareholders and managers.

Model Specification

In line with the empirical and theoretical review of the study, audit fee, audit firm size, audit tenure, audit delay, company size, change in management are seen to likely have impact on the determinants of audit rotation. In order to validate the empiricism of the proposed research framework, the study developed a multiple regression econometric model which seeks to explain variations in the value of the dependent variable (audit rotation) on the basis of changes in the independent variables (audit fee, audit firm size, audit tenure, audit delay, company size and change in management).

Expressing equation in econometric form, we have
AUROT = f(ADFEE, ADFSIZ, ADTEN,)

Econometrically,
$AURoT = \beta_0 + \beta_1 ADFEE_{it} + \beta_2 ADFSIZE_{it} + \beta_3 ADTEN_{it} + U_{it}$
Where:
AUROT =   Audit Rotation
ADFEE =   Audit Fee
ADFSIZ=   Audit Firm Size
ADTEN =   Audit Tenure

DATA ANALYSIS AND INTERPRETATION

The study comprises of one regression model with a panel of 833 observations in a six-year period, 2015 to 2020. The study model has Audit Rotation (AUROT) as the dependent variable and Audit Fee (ADFEE), Audit Firm Size (ADFSIZE), Audit Tenure (ADTEN) as the independent variables. The data were analyzed using descriptive statistics, correlations analysis, while the hypotheses were tested using the Panel least square (PLS) regression technique. This was achieved through the use of E-views 9.0 econometric software.

The presentation of the results is as follows; firstly, the descriptive statistics result is presented. Secondly, the correlation result and analysis is also presented. Next, the ordinary least squares regression result is presented and analyzed.
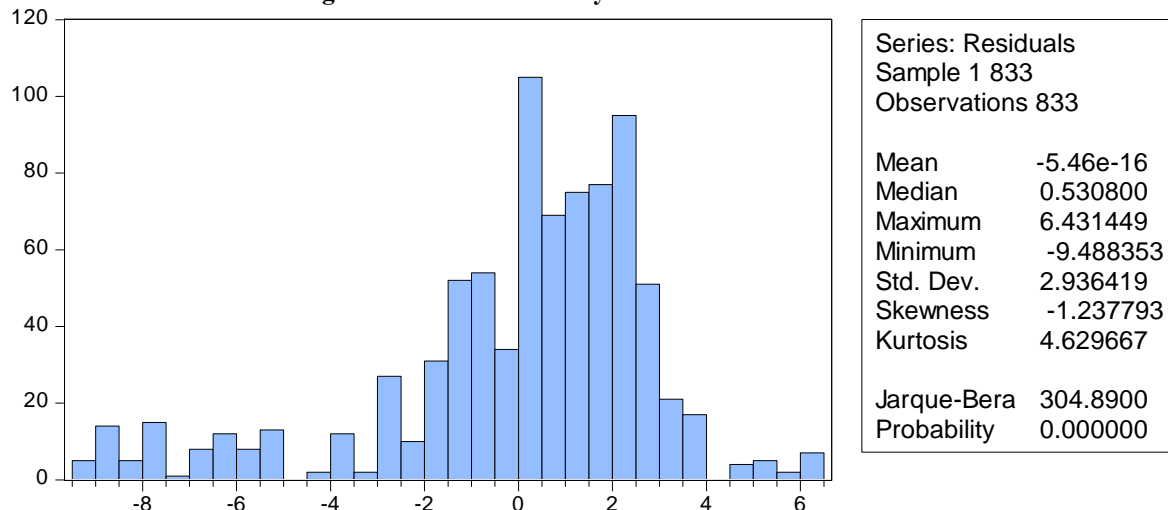
4.1 Presentation of Descriptive Statistics
Table 4.1: Descriptive Statistics

	AUROT	**ADFEE**	**ADFSIZE**	**ADTEN**
Mean	7.806723	9.599040	0.599499	0.454982
Median	8.000000	9.000000	0.600000	0.000000
Maximum	15.00000	21.00000	1.660000	1.000000
Minimum	0.000000	3.000000	0.100000	0.000000
Std. Dev.	3.064978	3.379107	0.146301	0.498268
Skewness	-1.303075	0.708771	0.276783	0.180806
Kurtosis	4.648633	3.129393	6.085323	1.032691
Jarque-Bera	330.0766	70.32498	341.0321	138.8704
Probability	0.000000	0.000000	0.000000	0.000000
Sum	6503.000	7996.000	499.3830	379.0000
Sum Sq. Dev.	7815.882	9500.079	17.80812	206.5618
Observations	833	833	833	833

Source: E-view 9.0 Output, 2022

The descriptive statistics in table 4.1 shows the characteristics of the variables from the one hundred and nineteen (119) selected companies that formed the overall sample of the study. As observed, the mean value of the dependent variable Audit Rotation (AUROT) showed negative and positive values ranging from 0.000000 to 15.00000 suggesting that Audit Rotation (AUROT) of the selected companies for the period under review skewed towards the positive. The mean values of all the other independent variables [Audit Firm Size (ADFSIZ), Audit Tenure (ADTEN), showed positive values with mean values of 9.599040, 0.599499, 0.454982, respectively. The standard deviations of each of the variables showed minimal dispersion (±) from the mean values which are highly desirable. More so, the probability values of the Jargue Bera test for all factors are significantly lower than the 0.05 indicating that the series are uniformly distributed.

Figure 4.1   Normality Test

Series: Residuals
Sample 1 833
Observations 833

Mean	-5.46e-16
Median	0.530800
Maximum	6.431449
Minimum	-9.488353
Std. Dev.	2.936419
Skewness	-1.237793
Kurtosis	4.629667

| Jarque-Bera | 304.8900 |
| Probability | 0.000000 |

Source: Researchers Computation, (2022)

The histogram normality and other descriptive statistics of the regression variables are revealed in the normality test above.

The result showed a mean Jarque-Bera test of 304.8900 and associated probability value of 0.000000 which is significantly lower than the 5% level indicating that not all the series are evenly distributed. Thus, the issue of endogeneity arising from the heterogeneous nature of the data are likely evident.

Table 4.2: Correlation Analysis

Covariance Analysis: Ordinary
Date: 14/4/22   Time: 09:06
Sample: 1 833
Included observations: 833

Correlation t-Statistic Probability	AUROT	ADFEE	ADFSIZE	ADTEN
AUROT	1.000000			

ADFEE	0.088946	1.000000		
	2.574269	-----		
	0.0102	-----		
ADFSIZE	-0.023426	0.106527	1.000000	
	-0.675481	3.088423	-----	
	0.4996	0.0021	-----	
ADTEN	0.018300	0.194857	0.084743	1.000000
	0.527620	5.726942	2.451724	-----
	0.5979	0.0000	0.0144	-----

Source: Eviews 9 (2022)

Table 4.2 presents the correlation matrix of variables adopted in the study. The aim is to show how the variables are related among themselves and to also check for possible high correlations which could lead to multicollinearity problem. As observed from the result, a significant positive correlation exists between the dependent variable Audit Rotation (AUROT) and the variables of Audit Fee (ADFEE) and Audit Tenure (ADTEN), while a significant negative correlation exists between the dependent variable Audit Rotation (AUROT) and the variable of Audit Firm Size (ADFSIZ) was -0.023426;. However, all the variables that have significant association with the dependent variable of Audit Rotation (AUROT) passed the scale at 1% level of confidence. This suggests that all the independent variables move in the same direction with the dependent variable. It is also observable that the issue of high-correlation is not evident among the variables as none of the correlation coefficients is above 0.90.

Diagnostic Tests

To ensure reliability and validity of the empirical results, some diagnostic tests were conducted. In order to test for the presence of multicollinearity in the model, the Variance Inflation Factor (VIF) was carried out, the Hereroskedasticity test was conducted using Breusch-pagan-Godfrey test.

Table 4.3: Variance Inflation Factors

Variance Inflation Factors
Date: 14/4/22   Time: 09:09
Sample: 1 833
Included observations: 833

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
ADFEE	0.001613	16.01831	1.764269
ADFSIZE	0.496706	18.13998	1.018447
ADTEN	0.044419	1.938325	1.056422
C	0.621773	59.63450	NA

Source: Eviews 9 (2021)

The result of the variance inflation factor in Table 3 shows the absence of multicolinearity. The centered VIF values of the explanatory variables are far below the benchmark of 10. The explanatory variables of Audit Fee (ADFEE) reported a centered VIF of 1.764269; Audit Firm Size (ADFSIZ) 1.018447, Audit Tenure (ADTEN) 1.056422, Audit. All the variables of the model recorded a centered VIFs that are not substantially different from 1.00 and are not indicative of the problem of multicollinearity.

Table 4.4: Heteroskedasticity Test: Breusch-Pagan-Godfrey

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	8.335948	Prob. F(6,826)	0.0000
Obs*R-squared	47.55973	Prob. Chi-Square(6)	0.0000
Scaled explained SS	84.86845	Prob. Chi-Square(6)	0.0000

Source: Researcher's Compilation (2022)

The test for Heteroskedasticity is presented in Table 4.4. It checks for the presence of non-constant variable leading to the breakdown of the BLUE properties in which the efficiency and consistency property may be lost. The decision rule is to conclude that there is no Heteroskedasticity if the F-statistic values are respectively greater than the critical values at 5% level. In the absence of this (i.e. if the critical values at 5% is greater than the F-statistic and observed R-square value), we conclude that there is Heteroskedasticity. As shown in Table 4.4, the p-value (6.82%) of the corresponding observed chi-square value is greater than 5%. Hence, we accept the null hypothesis of heteroskedasitic error term which is desirable. The implication of this is that the regression results can be applied reliably.

Estimation Results

This sub-section presents the regression results conducted using E-views version 9 econometrics software. The Pooled PLS data estimation procedure was employed due to the nature of the data (see appendix) in order to provide a comprehensive overview of the results.

The results of the initial output of the Panel Least Square (PLS) was not interpreted, reason being that, the results showed a low value of Durbin Watson (D.W.) statistic of 0.25 suggesting the presence of autocorrelation (see Appendix for details). In order to correct the autocorrelation, the equation was re-estimated by adjusting for autoregressive one AR(1). The final output estimate of the equation is shown in Table 4.5 below.

Table 4.5:

Dependent Variable: AUROT
Method: Least Squares
Date: 14/4/22 Time: 09:19
Sample (adjusted): 2 833
Included observations: 832 after adjustments
Convergence achieved after 6 iterations

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ADFEE	-0.041107	0.029688	-1.384637	0.1665
ADFSIZE	-0.193330	0.448349	-0.431206	0.6664
ADTEN	0.455348	0.203402	2.238661	0.0254
C	1.420194	0.804152	1.766076	0.0778
AR(1)	0.879072	0.016636	52.84194	0.0000

R-squared	0.785462	Mean dependent var	7.805288
Adjusted R-squared	0.773640	S.D. dependent var	3.066542
S.E. of regression	1.426388	Akaike info criterion	3.557736
Sum squared resid	1676.495	Schwarz criterion	3.603158
Log likelihood	-1472.018	Hannan-Quinn criter.	3.575153
F-statistic	430.9739	Durbin-Watson stat	1.917532
Prob(F-statistic)	0.000000		

Inverted AR Roots	.88

Source: Researcher's Computation via Eviews 9 (2022)

As shown in the above table, the R-squared coefficient of determination stood at 0.78 which indicates that the model explains about 78% of the systematic variations in the dependent variable Audit Rotation (AUROT). The Adjusted R^2 which controls

for the effect of inclusion of successive explanatory variables on the degrees of freedom was 77% meaning that about 23% of the systematic variations in Audit Rotation (AUROT) were not explained by the model after adjusting for the degree of freedom. However, the proportion of the variation not captured by the model has been addressed by the error term. The f-statistics value and the associated p-value stood at 430.9739 and 0.000000 respectively indicating that the hypothesis of a joint statistical significance of the model cannot be rejected as 5% level of significance and the linearized specification of the model can be assumed as appropriate.

The evaluation of the slope coefficients of the independent variables revealed the existence of negative relationship between Audit Fee (ADFEE), Audit Firm Size (ADFSIZ) and Company Size (CSIZE) and the dependent variable Audit Rotation (AUROT) as depicted by the slope coefficient of -0.041107, -0.193330 and -0.298309 respectively. On the other hand, the other independent variable of Audit Tenure (ADTEN was 0.455348, respectively with the dependent variable Audit Rotation (AUROT) as shown in the table. It is worthy to note that only the variables of Audit Tenure (ADTEN), passed the significance test at 5% and 1% level respectively, while the other two independent variables of Audit Fee (ADFEE) and Audit Firm Size (ADFSIZ) were not statistically significant meaning they did not significantly influence Audit Rotation (AUROT) during the period under review as depicted by the findings of this study. Thus, a positive change in Audit Tenure (ADTEN), will likely influence Audit Rotation (AUROT) significantly by up to 0.02.

Test of Hypotheses

The employed hypotheses are statistically tested below as shown in their null form. The study sets its decision rule for the acceptance of the hypothesis at 5% level of significance; hence, the null hypothesis would be rejected if the probability value is less than 5% (0.05). The following are the results of the tested hypothesis:

Hypothesis One:

H_{01}:   There is no significant impact of audit fee on audit rotation.

The first hypothesis of the study seeks to justify if there is significant relationship between Audit Fee (ADFEE) and Audit Rotation (AUROT). Utilizing the regression output in the previous table, and judging by the significance level of 0.1665 which is greater than the 0.05 significance level as depicted in the regression Table 4.5, the study therefore accept the null hypothesis and reject the alternative. This can be concluded that there is no significant impact of audit fee on audit rotation among selected companies in Nigeria during the period of the study.

Hypothesis Two:

H_{O2}:   Audit firm size has no significant influence on audit rotation.

In the second hypothesis, the study seeks to clarify whether or not if there is a significant relationship between Audit Firm Size (ADFSIZ) and Audit Rotation (AUROT). Based on the regression result in table 4.5, Audit Firm Size (ADFSIZ) was negatively and insignificantly related to Audit Rotation (AUROT). It had a p-value of 0.6664 which is far greater than the critical value of 0.05. Hence, the null hypothesis as stated is accepted. This means that audit firm size has no significant influence on audit rotation.

Hypothesis Three

H_{03}:   There is no significant effect of audit tenure on audit rotation.

The third hypothesis of the study seeks to determine whether or not a significant relationship exists between Audit Tenure (ADTEN) and Audit Rotation (AUROT). Based on the regression output in the previous table 4.5, and judging by the significance level of 0.0254 which is far less than the 0.05 significance level as depicted in the regression. The study therefore rejects the null hypothesis and concludes that there is a significant effect of audit tenure on audit rotation during the period of the study.

Discussion of Findings

Hypothesis H_1 predicts that there is no significant impact of audit fee on audit rotation in Nigeria. In line with expectations, table 4.5 shows that the Audit Fee (ADFEE) coefficient is negative and is not statistically significant in explaining the variations in Audit Rotation (AUROT). This prediction by the regression model implies that Audit Rotation (AUROT) among Nigerian Stock Exchange (NSE) listed firms does not influence by Audit Fee (ADFEE). This is not consistent with the findings of Yunita and Azwardi (2018) and Inua and Urhoghide (2018) who study revealed that audit fee influences audit rotation.

Hypothesis H2 seeks to clarify whether or not there is a significant relationship exists between Audit Firm Size (ADFSIZE) and Audit Rotation (AUROT). In line with expectations, Table 4.4 shows that Audit Rotation (AUROT) among Nigeria quoted companies is negatively and insignificantly influence by Audit Firm Size (ADFSIZE)). This finding is consistent with Khasharmeh (2015); Aroh, Odum and Odum (2017) who found no significant association between audit firm size and audit rotation. On the other hand, Khasanah and Nahumury (2013) found that size of audit firm influence audit rotation.

Hypothesis H3 seeks to clarify whether or not there is a significant relationship between Audit Tenure (AUDTEN) and Audit Rotation (AUROT). Contrary to expectations, table 4.5 shows that Audit Tenure (AUDTEN) coefficient is positive and significant in explaining the variations in Audit Rotation (AUROT). This prediction by the regression model implies that any positive change that affects Audit Tenure (AUDTEN) of companies in Nigeria could necessarily influence Audit Rotation (AUROT). This is consistent with the findings of Olowookere and Inneh (2016) who found significant association between audit tenure and audit rotation.

SUMMARY OF FINDING, CONCLUSION AND RECOMMENDATION

Summary of Findings

Sequel to the data collected from the financial statement of some selected quoted companies, and the analysis made using the Panel Least Squares regression techniques was utilized in testing the formulated hypotheses. One model was built in this study, which has Audit Rotation (AUROT) as the dependent variable and Audit Fee (ADFEE), Audit Firm Size (ADFSIZ), Audit Tenure (ADTEN), as the independent variables. Based on the analysis, the following findings were achieved from the model, that;

1. there is no significant impact of audit fee on audit rotation
2. audit firm size has no significant influence on audit rotation
3. there is a significant effect of audit tenure on audit rotation

Conclusion

The study recorded results that have an important insight into the determinants of audit rotation among companies quoted on the Nigerian Stock Exchange. A sample of one hundred and nineteen (119) companies quoted on the Nigeria Stock Exchange were used for a period of six (6) years (2013 – 2018) with Audit Rotation (AUROT) captured as the dependent variable, while the independent variables include Audit Fee (ADFEE), Audit Firm Size (ADFSIZE), Audit Tenure (ADTEN), The findings as we gathered through the analysis show that the variables of audit tenure, has significant influence on Audit Rotation (AUROT) among quoted companies in Nigeria, while audit fee and audit firm size exhibited insignificant relationship with Audit Rotation (AUROT) of quoted companies in Nigeria for the period under review, hence we can conclude that a unit change in audit tenure, audit delay, influences Audit Rotation by 0.02%, 0.00, respectively while a unit change in audit fee and audit firm size decreases audit rotation by 0.16% and 0.66%

Recommendations

1. Although the study revealed a negative and insignificant connection between audit fee and audit rotation, this study therefore recommend that firms in Nigeria should not take the issue of audit fee for granted. They should ensure that their auditors are adequately paid as this is likely to enhance audit quality as well as auditor independence.
2. The study recommends that the mergers of the asset structure of non-Big-Four audit firms should be considered in order to increase the size of the Big Four and non-Big-Four audit firms.
3. Since the study revealed a significant association between audit tenure and audit rotation. This study therefore recommended that the three years professional requirement for auditors in Nigeria should be backed up by law and enforced. Considering the positive effects audit tenure have on audit rotation and in line with global trends, professional accounting bodies, Financial Reporting Council of Nigeria, and the National Assembly should issue a codified and authoritative framework, guideline or standard for auditors' tenure in Nigeria

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