International Journal of Academic Accounting, Finance & Management Research(IJAAFMR)
ISSN: 2643-976X
Vol. 10 Issue 4 April - 2026, Pages: 73-82

Audit Attributes And Earnings Quality Of Quoted Oil And Gas Firms In Nigeria

Andrew E.O Erhijakpor, FCA1, UYO, Elohor2

1Professor of Finance and Development, DELSU Business School, Asaba, Delta State University, Abraka, Nigeria, Email: aeoerhijakpor@gmail.com
2DELSU Business School, Asaba, Delta State University, Abraka, Nigeria, Email: elohoruyo076@gmail.com
Corresponding author: Uyo Elohor

Abstract: *The oil and gas sector of the Nigerian economy is a major source of revenue for the nation, thus financial statement disclosed in this sector is crucial to retain investors' confidence. However, there have been growing concern as the sector has been reporting cases of earnings manipulations despite the regulatory reforms. The study was motivated by the persistent cases of audit failures, earnings manipulation and financial misreporting in the oil and gas sector in Nigeria which has eroded investors' confidence and credibility of financial disclosures. It is on this basis that the study examined the effect of audit attributes on earnings quality of quoted oil and gas firms in Nigeria from 2014 to 2024. The study was anchored on agency, signaling and stakeholder theory. Secondary data were extracted from the audited annual reports of quoted oil and gas firms in Nigeria. Earnings quality being the dependent variable was measured by discretionary accruals derived using the modified Jones model, while audit attributes, the independent variable was measured by audit firm fees (AFS), audit firm size (AFZ), audit firm rotation (AFR), audit report timeliness (ART) and audit committee financial expertise (ACX) with firm size as control variable. Panel data were analyzed using the generalized linear model (GLM) estimation technique. The findings revealed that AFS exert positive significant effect on earnings quality. AFZ and ACX had positive but statistically insignificant effect on earnings quality. Conversely, AFR and ART displayed negative but insignificant effect on earnings quality of quoted oil and gas firms in Nigeria. The study concludes that audit attributes influences earnings quality of quoted oil and gas firms in Nigeria but their influence varies in direction and magnitude. The study recommends that Financial Reporting Council of Nigeria (FRCN) should collaborate with professional bodies such as ICAN, ANAN, etc. to develop a standardized benchmark audit fees charged by external auditors so as to discourage charging of fees that threatens auditor objectivity in order to ensure transparency. Also, SEC should set deadlines for publication of audited reports to enhance investors' confidence and timeliness of information.*

Key Words: oil and gas, audit attributes, earnings quality, audit fees, audit size, audit report, investors.

Introduction

The quality of financial information disclosed by organizations in their financial reports has become a subject of interest to investors, regulators and researchers in recent times. This is because the information disclosed is used as a basis for making decisions and promoting the level of investors' confidence in the organization. Okoughenu and Odunsi (2023) noted that the earnings quality is a true reflection of a firms' performance. Thus, firms saddle auditorswith the responsibilities of helping them ensure useful and quality information needed by investors and other stakeholders are being disclosed in their financial statements. The importance of quality audits for organizations cannot be undermined. It is no coincidence that Awad and Ghanem (2023) posit that many accounting scandals and worldwide failures in corporate governance have occurred in the past few decades, affecting stakeholders and taking a heavy toll on national and global economies. It is pertinent that financial reports are of high quality to remain competitive and a firm of integrity before investors as poor earning quality could be misleading and its resultant effect being liquidation of such firms. Therefore, financial reports should always provide reliable, relevant understandable and comparable information to assist users in decision-making (Ombugu, & Udeh, 2023).

Audit of financial statements reduces information asymmetry in a firm and protects stakeholders' interests by assuring the correctness, truthfulness and fairness of the financial statements prepared by management. This is because the high-quality audit is expected to detect material misstatements, errors, and losses which result from managerial opportunism in the quest to increase their economic largesse at the expense of other stakeholders of the firm (Tyokoso, et al., 2016). Moreover, audit quality is the joint probability that the auditor detects and reports questionable accounting practices of the firm (Tyokoso&Tsegba, 2015). Audit quality is capable of influencing the performances of firms and managing any form of risk at any moment in time. This is why many firms do not undermine the importance of their audit quality.

Earnings quality is fundamental in accounting, yet there are deep disagreements about how to define earnings quality and how to measure it. Oladejo et al (2021), state that the quality of a firm's earnings serves as a guide to investment and such should be taken seriously by accountants, preparers of financial statements, auditors and other players in commerce. Earnings quality is described as the inverse of earnings management (EM) which indicates that increased earnings management results in decreased earnings quality. Earnings management describes an account of manipulation that usually occurs because of the management's ability to deceive investors into reaping some advantages (Olagunju et al, 2024). Therefore, the ability of the audit report to reveal and detect the extent of such manipulations indicates the quality of the firm audit.

The Nigerian oil and gas sector is a crucial sector of the economy as a large portion of government revenue is generated from this sector (Mbatuegwu, et al, 2023). Thus, credibility of financial reports of this sector is important as stakeholders and investors rely on the information reported in the financial statements of this firms. However, there have been major economic challenges that has caused a drop in the contribution of the oil and gas sector to the economy in recent times. Some of such are the Covid-19 pandemic which cause distortion in business activities, fluctuating oil prices, decline in oil production and the energy transition toward ensuring a safer environment as the emission of greenhouse gas has caused depletion in the ozone layer resulting to climate change. As reported by Statista (2025), at the beginning of 2020, Nigeria oil production exceeded two million barrels per day but experienced a decline of 1.35 million barrels per day in 2023.

Despite the importance of audit in ensuring transparency and reliability of information presented in financial statements of organizations, there has been several cases of audit inefficiencies in the financial information disclosed by oil and gas firms in Nigeria. The oil and gas sector contribute significantly to government revenue and the total gross domestic product (GDP) of the nation yet it is plagued with cases of misreported financial information and earnings manipulations making the information disclosed unreliable for making informed financial decisions. The oil and gas sector being the second most regulated sector in Nigeria reported a case of suspected transfer of $6.8 billion worth of crude oil and gas by Trafigura and Vitol oil and gas companies (Mbatuegwu, et al, 2023; Premium Times Nigeria, 2013).Auditors' inability to report the corruption and accounting manipulations evident in the oil and gas sector calls for researchers' attention.Orbunde, et al (2021) noted that the operations of the Nigerian oil and gas sector is grossly associated with scandals and allegations. The failure of auditors in the oil and gas sector has resulted to loss of confidence in the sector by investors and other stakeholders as the information reported in their financial statements are questionable. As such, the information are not reliable for investment decision making.

Rijal et al. (2023) highlighted the influence of audit traits on audit quality. These audit characteristics encompass various factors, including education, experience, professional qualifications, auditors' independence, audit tenure, switching of audit firms, audit fees, timeliness of audit reports, audit opinions, joint audits, and rotation of audit firms. In addition, most empirical studies reviewed reported mixed findings. For instance; Adekanmi, et al (2024); Bako (2024); Orjinta and Abazu (2023); Eniola (2023) reported positive significant effect; Olagunju, et al (2024); Adeusi (2023); Awad and Ghanem (2023); and Ripiye, et al (2021) reported negative significant effect; Umoru, et al (2024); Okoughenu and Odunsi (2023); and Shamsuddin and Alshahri (2022) reported negative insignificant effect.

Therefore, it is imperative for a study of this nature to be conducted to capture recent happening in the oil and gas sector and the role of auditors in ensuring confidence in the financial statements reported by quoted oil and gas firms in Nigeria from 2014 to 2024.

Review of Related Literature

Conceptual Review

Audit Quality Attributes

According to Soyemi, et al (2020), audit quality refers to the dual possibilities of auditors detecting material misrepresentations during the audit engagement and reporting them through an audit report. It is the probability that auditors will be able to detect misstatements in the financial statements of the organization whose financial records are being audited and also be able to report such misrepresentations. Bako (2024) noted that audit quality depicts a level of assurance and the independence of the auditors to report any form of misstatements noticed in the financial reports of an organization. Audit quality is concerned mainly about the quality of people, their training and ethical standards of the auditors.

Measures of Audit Attributes

Audit Fee

Audit fee can be explained to be the payment made by a client organization to an audit firm for an audit assignment carried out.It is the amount charged by the external audit firm for any work done in order to express opinion on the true and fair state of affairs or position of the client's enterprise(Adeusi, 2023). Amahalu and Obi (2020) opined that audit fee is the compensation for the auditors time, expertise and resources put into ensuring the financial statement of an organization is in accordance with global accounting practices.

Audit Firm Size

Adeusi (2023) opined that the Big4 audit firms project better audit quality. The size of an audit firm is a pivotal to determining the quality of services and the independence of the services rendered. Adekanmi, et al. (2024) reported that, the Big4 help in maintaining accounting standards as they reprimand clients who do not adhere to financial reporting standards and expose them to potential legal consequences. The Big 4 accounting firms are; Akintola Williams Deloitte, Ernest and Young Nigeria, KPMG Nigeria and Price Water House Coopers. Auditing done by Big 4 audit firm is assumed to be of a better quality than that done by the non-Big 4 firms. The study made use of dichotomous values. To obtain the values for audit firm size the study assumes value of "1" if company is audited by any of the Big 4 and "0" if otherwise.

Audit Rotation

Cheng, Chen and Chen (2018) define audit rotation as the length of the audit firm-client relationship as of the fiscal year end covered by the audited financial statements. It is the period for which an audit firm services has been engaged by an organization. Therefore, audit tenure for a medium term can be within four to eight years (Sayyar, et al., 2018). The Securities and Exchange Commission (SEC) and Central Bank of Nigeria (CBN) code of corporate governance require that an audit firm serve a company for a maximum of ten (10) years. Audit rotation is said to improve earnings quality of an organization.

Audit Report Timeliness

Timeliness of corporate annual financial reports is considered to be the period between the end of an organization financial year and the period the audit report is issued. Auditor's quality adds a significant value to investors in capital markets because they often use audited financial statements by auditors as the main basis for investment decisions (Amahalu, et al., 2017). It therefore, seems appropriate to understand the effect of control as provided by certain governance structures, and the requirement for a distinct external auditor's characteristics on timeliness.

Audit Committee Financial Expertise

Audit committee financial or accounting expertise refers to the presence of individuals in an organization's audit committee who possesses needed financial knowledge and reporting standards. The provision of Companies and Allied Matters Act (CAMA) Section 359 (3) and (4) required that at least one board member of the audit committee should be financially literate. This is because, without knowledge in finance and other related courses, its oversight role is likely to be discounted by the auditor and management. Amahalu, and Ezechukwu (2017) reported that, audit committee financial expertise is a critical factor which influences firm's financial performance as measured by return on assets.

Earnings Quality and its Measure

Orjinta and Abazu (2023) opined that earnings quality is the ability of present reported earnings to depict the future cash flow and earnings. The degree to which reported earnings indicates the operations of an entity is referred to as earnings quality. Earnings quality is defined as the extent to which reported earnings reflects the economic activities and financial performance of an entity in order for effective decision making by stakeholders. For the purpose of this study, discretionary accruals is used as the proxy for earnings quality.

Shuaibu and Mohammed (2023), defined discretionary accruals as the portion of a company's accrual-based accounting that management can influence or adjust at their discretion. It is the portion of total accruals that are influenced by managers'choice of accounting method and judgment rather than actual cash transactions. They do not reflect the firms' economic reality but are rather a result of the discretions of the managers.

Theoretical Framework

Agency Theory

The agency theory was developed by Jensen and Meckling (1976). The agency theory provides a detailed explanation of the relationship that exists between principals (shareholders) and agent (management). The agency theory was adopted to depict the effect of audit attributes on earnings quality of quoted oil and gas firms in Nigeria. Audit committees are established to help in monitoring the activity of the agent with the intention of safeguarding the shareholders' interests and smoothening the principal-agent relationship. The agency theory lay emphasis on controlling the activities of the agent so as to reduce conflict of interest between the principal and the agents while increasing transparency of transactions. Audit mainly instills confidence in financial statement information of an organization. According to Adekanmi, et al. (2024), the agency theory is a key economic framework used in comprehending accountability of the agents and its influence of earnings quality.

Signaling Theory

The signaling theory was propounded by Michael Spence in 1973. The theory suggests that information can be conveyed to stakeholders using signals. It explains how information can be sent to both the internal and external users of the information disclosed by the organization using signals. By auditing the financial statements of an organization, the credibility and quality of the firms' reports is being revealed to stakeholders of the firm. Auditors have a responsibility to protect the interest of the various stakeholders by ensuring that, the published financial statement is free of the director's influence and any material misstatement (Nwoye, et al, 2021). Financially healthy firms send signals to the market by disclosing financial information of their firms. Auditing is a credible signal relied on by investors to communicate transparency, accountability and reliability of the financial information disclosed in the financial statements of firms. It is believed that audit firm size is a precondition to higher quality audit. Financial reports disclosed by firms audited by the Big 4 (Deloitte, PWC, EY & KPMG) is more credible and can be used as a basis for making investment decisions by investors. Employing the services of the Big 4 audit firms by quoted oil and gas firms in Nigeria will be seen as a sign of commitment to transparency by the oil and gas firms in Nigeria, making investors to invest in such a sector (Ripiye, et al, 2021).

Empirical Review

Previous studies have examined how audit attributes influences earnings quality of firms. Evidence from empirical studies showed mixed findings of the impact of audit attribute on earnings quality of firms.
Obeitoh, et al (2024) found that audit committee accounting expertise, independence, and meeting frequency significantly improve earnings quality among financial service firms in Nigeria. Eniola and Adebiyi (2023) found that audit committee meetings significantly enhance earnings per share (EPS) among listed firms in Nigeria. Ayinla, et al. (2022) reported that audit committee independence and expertise positively influence financial reporting quality among Nigerian deposit money banks.

Bako (2024) found that audit committee independence contributes significantly to the improvement ofEPS among Nigerian oil and gas firms, while audit quality strengthens the relationship between audit committee attributes and performance. Umoru, et al. (2024) reported that audit committee financial expertise positively and significantly influences return on assets.

Muhammed et al. (2024) found that audit committee independence, size, and involvement of shareholders significantly enhance financial reporting quality of listed consumer goods firms in Nigeria. Okeke (2021) reported that while audit committee size and meeting frequency positively contributes to corporate performance, audit committee independence shows a negative relationship with performance among manufacturing firms in Nigeria.

Studies conducted outside Nigeria, shows that audit committee helps in quality financial reporting of earnings. Bawuah (2024) found that audit committee independence, size, and meetings significantly constrain earnings management in Ghanaian firms.Abeygunasekera, et al. (2021) reported that audit committee size and audit committee meeting frequency positively affect firm performance in Sri Lanka.

Shamsuddin and Alshahri (2022) reported that most audit committee attributes have insignificant effects on firm performance in Oman. Similarly, Awad and Ghanem (2023) found no significant relationship between audit committee characteristics and firm performance in Egyptian companies.

Adekanmi et al. (2024) reported that audit fees, audit tenure, joint auditors, audit firm size, and auditor independence significantly enhance financial reporting quality of listed non-financial firms in Nigeria. Ripiye, et al. (2021) found that auditor tenure and industry specialization significantly reduce real earnings management in food and beverage companies. Similarly, Adeusi (2023) found that audit firm size, joint audits, audit tenure, and audit fees negatively affect discretionary accruals.

Olagunju et al. (2024) revealed that audit opinion, audit switching, and audit tenure have negative significant relationships with discretionary accruals among Nigerian manufacturing firms.Okoughenu and Odunsi (2023) found that the moderating effect of audit committee size on the relationship between audit quality and earnings quality reporting of listed Nigerian oil and gas firms is negative and statistically insignificant.

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RESEARCH METHODOLOGY

The study adopted the ex-post facto research design as it is most appropriate for identifying the causal relationship between audit attributes and earnings quality of quoted oil and gas firms in Nigeria. This is because the variables under consideration arehistorical data (time-series) and they were collected over a period of time (cross-sectional characteristics). Thus, the researchers has no control over the variables and cannot manipulate the data as they are gotten from verifiable sources.The population of the study consist ofthe nine (9) listed oil and gas firms in the floor of the Nigerian Exchange Group (NGX) as of 31st December, 2024. Usingpurposive sampling technique,seven (7) out of the nine (9) listed oil and gas firms in the Nigerian Exchange Group Limited as of 31st December, 2024 were selected as sample for the study. The sample of seven out of nine (9) was as a result of availability of data in the firms' official website for the period under review (2014-2024). This period was selected as it captures recent trends in the Nigerian oil and gas sector. It is a period that captures significant economic events, regulatory changes, decline in global oil price, the 2016 recession, the Covid-19 pandemic of 2020, and the post Covid-19 pandemic recovery period. The studyutilized secondary data which were gleaned from the annual financial statements of the sampled listed oil and gas firms in Nigeria. Secondary data were adopted because of their reliability, objectivity and availability. The annual financial statement of firms is a statutory document that firms are required by regulatory body (CAMA, 2019) to produce which depicts firms' social imagery.

The study adopted the panel data methodology. Panel data methodology is established on the fact that the study variables combined time-series and cross-sectional data attributes. Meanwhile, the various preliminary tests carried out were descriptive statistic, correlation analysis, normality test, multi-collinearity test, heteroskedasticity test. The generalized linear model (GLM) estimate was adopted for the study since it caters for endogeneity and exogeneity problem in the data.

In order to examine the effect of audit attributes on earnings quality of quoted oil and gas firms in Nigeria, the modified model of Ayinla, et al. (2022) wasadopted to test the relationship among the dependent, independent variables, and control variables. The modified model for this study is stated as:

$DAC_{it} = \beta_0 + \beta_1 AFS_{it} + \beta_2 AFZ_{it} + \beta_3 AFR_{it} + \beta_4 ART_{it} + \beta_5 ACX_{it} + \beta_6 FSZ_{it} + \varepsilon it$ --------equation (2)

Where:

DAC = Discretionary Accruals
AFS = Audit Fees
AFZ = Audit Firm Size
AFR = Audit Firm Rotations
ART = Audit Report Timeliness
ACX = Audit Committee Financial Expertise
FSZ = Firm Size

Table 1: Variables Measurement

S/N	Variable	Symbol	Description of Variable	Measurement Source	Apriori Expectation
1.	Discretionary Accruals	DAC	Discretionary accruals of company i for year t derived from modified Jones model a proxy for earnings quality	Orjinta and Abazu (2023).	Nil
2.	Audit Fees	AFS	Sum of all audit fees paid to the auditor	Soyemi, et al. (2023)	Positive (+)
3.	Audit Firm Rotation	AFR	Dummy variable is used. If audit firm rotation happens in the current year, it will equal 1 and if it does not happen, it will be 0	Sayyar, et al. (2024)	Positive (+)

4.	Audit Firm Size	AFZ	Big 4 versus Non-Big 4 dichotomy. AFZ is coded 1 if the audit of the issued financial statements was performed by a Big 4 audit firm, otherwise, AFZ is coded 0	Adekanmi et al. (2024)	Positive (+)
5.	Audit Report Timeliness	ART	If the audit is reported within the specified period, it is coded as 1, otherwise it is coded as 0	Amahalu, et al. (2017)	Negative (-)
6.	Audit Committee Financial Expertise	ACX	Numbers of audit committee members with experience in finance and other related courses.	Soyemi, et al. (2023)	Positive (+)
7.	Firm Size	FSZ	Natural Logarithm of Total Assets	Eyamu, et al. (2024)	Positive (+)

Source: Author's Compilation (2025)

RESULTS AND DISCUSSION

Table 2 presents the result for the descriptive statistics for the variables. The descriptive statistics took into consideration the mean value, standard deviation value, maximum values and minimum values respectively.

Table 2: Summary of Descriptive Statistics

Variables	Mean	Maximum	Minimum	Std. Dev.	Observations
DAC	0.247671	27.08797	-1.080956	3.146410	77
AFS	36008.21	131671.0	132.0000	35007.75	77
AFZ	0.649351	1.000000	0.000000	0.480302	77
AFR	0.168831	1.000000	0.000000	0.377059	77
ART	0.545455	1.000000	0.000000	0.501195	77
ACX	0.792208	1.000000	0.000000	0.408388	77
FSZ	7.636402	8.617943	5.647408	0.661425	77

Source: Author's Computation Using E-views 9.0 (2025)

Table 2 presents the descriptive statistics of the study variables. Discretionary accruals (DAC), has a mean value of 0.247671, maximum value of 27.08797, minimum value of -1.080956and a standard deviation of 3.146410, indicating that DAC deviated far from the mean value.

Audit firm fees (AFS) reported mean value of 36008.21, standard deviation of 35007.75, suggesting that audit firm fees are relatively stable and clusters around the mean value.Audit firm size (AFZ) reported mean value of 0.649351, standard deviation of 0.480302, indicating that about 65% of the sampled firms are audited by the Big 4 audit firms during the period of the study.

Audit firm rotation (AFR) reported mean value of 0.168831, standard deviation of 0.377059, showsthat only about 17% of quoted oil and gas firms in Nigeria engaged in audit rotation during the sampled period with a majority of them retaining audit firms earlier engaged.Audit report timeliness (ART)had mean value of 0.545455, standard deviation of 0.501195, implying that 55% of the sampled firms were able to meet up with the deadline for submission of their audited financial statementswhile about 45% could not meet the set date of three months after the end of the firms accounting year.

Audit committee financial expertise (ACX) has mean value of 0.792208, standard deviation of 0.408388, indicating that ACX 79% members of audit committees of quoted oil and gas firms are financial experts.

Firm size (FSZ)recorded mean value of 7.636402, standard deviation value of 0.661425 suggesting that though the sampled companies differed in size, they were relatively comparable with no extreme outliers.

Correlation Analysis

The correlation coefficient among discretionary accruals, audit attributes and firm size is presented in table 3:

Table 3: Summary of Correlation Matrix

	DAC	AFS	AFZ	AFR	ART	ACX	FSZ
DAC	1.000000						
AFS	-0.085882	1.000000					
AFZ	0.111373	-0.048910	1.000000				
AFR	-0.032943	-0.020186	0.113228	1.000000			
ART	-0.114994	-0.129069	0.367709	-0.006330	1.000000		
ACX	0.040759	-0.211608	-0.040945	-0.025524	0.046752	1.000000	
FSZ	-0.162397	0.751540	-0.117184	-0.002721	-0.260104	-0.035397	1.000000

Source: Author's Computation Using E-views 9.0 (2025)

The pairwise correlation matrix presented in table 3shows the relationships between DAC, audit attributes and firm size. The correlation analysis reveal that DAC has weak correlation with the explanatory variables. Specifically, DAC is negatively correlated with AFS, AFR, ART and FSZ with correlation values of -0.085882, -0.032943, -0.114994 and -0.162397 respectively. DAC has a weak positive correlation with AFZ and ACX having correlation values of 0.111373 and 0.040759 respectively. AFSshows a strong positive correlation with firm size having correlation value of 0.751540.Other correlations among the independent variables are relatively low as their correlation values range between 2% and 36%.

Normality Test

The result of the normality test shows that the study variables deviated from normality. The Jarque-Bera test statistics showed 12729.37 with a p-value of 0.0000000 which is less than 5% level of significance. This means that the variables deviated from normality (not normally distributed). The violation of the normality assumption necessitated the adoption of Generalized Linear Model (GLM), which allows for reliable estimation even in the presence of non-normality (Hardin &Hilbe, 2018).

Diagnostic tests

Prior to regression estimation, some diagnostic tests were conducted to ensure that the data satisfied the assumptions required for reliable econometric analysis.

The Variance Inflation Factor (VIF) results revealed that all explanatory variables recorded VIF values below 3 which is below the conventional threshold of 10, indicating the absence of multicollinearity among the regressors.

The Breusch–Pagan–Godfrey heteroskedasticity test reported F-statistics of 0.757067 with P-value of (6,70) of 0.6060 and Obs R-squared value of 4.692161 with p-value of 0.5839 which are both statistically insignificant indicating that the residuals are not serially correlated (homoscedastic).

Furthermore, the result of the Breusch–Godfrey serial correlation test showed F-statistic value of 0.281159 with p-value of 0.7558 and Obs R-squared value of 0.631521 with p-value of 0.7292 were statistically insignificant indicating that the residuals are not serially correlated. These results confirm that the dataset is suitable for regression analysis and policy formulation.

Regression Analysis

Arising from the various diagnostic tests above, the study adopted the Generalized Linear Model (GLM) to test the research hypotheses as it is a more suitable inferential statistics with normality issues than the fixed effect model. The regression result is presented in table 4:

Table 4. Generalized Linear Model

Dependent Variable: DAC

Method: Generalized Linear Model (Newton-Raphson / Marquardt steps)
Sample: 2014 2024
Included observations: 77
Family: Normal
Link: Identity
Dispersion computed using Pearson Chi-Square
Convergence achieved after 0 iterations

Coefficient covariance computed using observed Hessian

Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	19.15560	7.425713	2.579631	0.0099
AFS	2.597008	1.312476	1.978709	0.0478
AFZ	1.346063	0.795270	1.692587	0.0905
AFR	-0.385155	0.936894	-0.411098	0.6810
ART	-1.211927	0.788032	-1.537915	0.1241
ACX	0.217194	0.865124	0.251055	0.8018
FSZ	-3.938756	1.604080	-2.455461	0.0141
Mean dependent var	0.247671	S.D. dependent var		3.146410
Sum squared resid	652.5164	Log likelihood		-191.7034
Akaike info criterion	5.161127	Schwarz criterion		5.374200
Hannan-Quinn criter.	5.246355	Deviance		652.5164
Deviance statistic	9.321663	Restr. Deviance		752.3922
LR statistic	10.71438	Prob(LR statistic)		0.097615
Pearson SSR	652.5164	Pearson statistic		9.321663
Dispersion	9.321663			

Source: Author's Computation Using E-views 9.0 (2025)

The Generalized Linear Model (GLM) result in Table 4 reported an LR statistics value of 10.71438 with p-value of 0.097615. This suggests that all the regressors do not have a statistically significant effect on the regressed at 5% level of significance.

From the GLM result, AFSexerted a positiveand statistically significant effect on earnings quality ($\beta = 2.597$, $p < 0.05$).This suggests that higher audit fees compromises audit independence thus making financial information discloses incredible for investment decisions.The result corroborates the empirical viewpoint of Adekanmi, et al. (2024), but contradicts the works ofOkoughenu and Odunsi (2023) who found a negative significanteffect, Alu, et al (2022) who found positive insignificant effect.

AFZhad a coefficient of 1.346063, p-value of 0.0905 depicting that AFZ exerted a positive but statistically insignificant effect on earnings quality. The policy implication of the positive result is that, companies audited by the Big 4 audit firms has slightly higher discretionary accruals. This findings alignswith the empirical findings of Adeusi (2023) but contradicts the works of Ozegbe and Jeroh (2022) who found positive significant effect.

Findings reported that AFR has a negative insignificant effect on earnings quality of quoted oil and gas firms in Nigeria(coeff. = -0.385155 and P>0.6810). By implication, firms that rotate their auditors tend to record lower discretionary accruals though such rotation do not have strong influence on the the earnings quality of the firms considered.Empirically, contradicts the works of Olagunju, et al (2024), and Nwoye, et al. (2021) who reported negative significant effect on earnings quality.

ART had a negative but insignificant effect on earnings quality($\beta = -1.212$, $p > 0.05$).The implication of the negative result is that, shorter audit completion periods are associated with lower discretionary accruals that is better earnings quality disclosure.

ACX has a positive but insignificant effect on earnings quality ($\beta = 0.217$, $p > 0.05$).This suggest that presence of financial experts in the audit committee board does not significantly improve earnings quality of oil and gas firms in Nigeria. The findings support the studies of Eniola and Adebiyi (2023), but contradicts the works of Muhammed, et al (2024) and Umoru, et al (2024),

Conclusion and Recommendations

The study examined the effect of audit attributes on earnings quality of quoted oil and gas firms in Nigeria from 2014 to 2024, focusing on audit firm fees, audit firm size, audit firm rotation, audit report timeliness and audit committee financial expertise as the explanatory variables. The study concludes that audit attributes influences earnings quality of quoted oil and gas firms in Nigeria but their influence varies in direction and magnitude.

Based on the findings of the study, we make the following recommendations:

i. Financial Reporting Council of Nigeria(FRCN) should collaborate with professional bodies such as ICAN, ANAN, etc. to develop a standardized benchmark audit fees charged by external auditors so as to discourage charging of fees that threatens auditor objectivity in order to ensure transparency.

ii. Regulators (FRCN and SEC) should implement annual quality audit assurance reviews for the Big 4 audit firms to ensure adherence and compliance to ethical codes and professional standards.

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