

AUDITOR INDEPENDENCE AND STOCK RETURNS: THE MODERATING ROLE OF AUDIT COMMITTEE INDEPENDENCE IN NIGERIA

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Abstract

This study examines the moderating role of audit committee independence on the relationship between auditor independence and stock returns of listed consumer goods firms in Nigeria. Secondary data were collected from the annual financial statements of the companies chosen for this study covering from 2008-2019. Panel data regression was also used for the purpose of analysis. It was found that auditor independence has no significant relationship with stock returns, that, audit committee independence has no moderating effect on the relationship existing between auditor independence and stock returns. The paper therefore recommends to investors and other capital market participants that, engagement of any auditor should be based on the competence of the auditor and not just the independence. When this happens the quality of their audit report will be assured. Further to this, the Financial Reporting Council of Nigeria, (FRC) Securities and Exchange Commission (SEC) is advised to provide in their codes that, audit committee members must be experts in Accounting and finance who will be familiar with financial reporting practices of firms so that the financial reporting quality is upheld.

Keywords: Audit committee Independence, Auditor Independence, Stock Return.

Introduction

An auditor is expected to play the role of evaluating financial information quality for the end users. Investors, credit providers, government, regulatory authorities and other users of financial information need it for informed decision making such as; granting credit facilities, making purchases, making supplies and maintenance of stock decisions. All investors in stock take decisions to invest in Stocks that yield higher returns than Stocks with lower returns. Stock returns are therefore, an important element which drive the decisions of financial statement users (Arab, Mazar, Yazdi & Karani, 2001). Given the importance of earnings, it is required that, these statements are credible and reliable for end users. These statements are perceived to be credible when they are audited by external auditors that are independent of management. An

independent external auditor is expected to be free from the influence of management. DeAngelo (1981) posits that, the possibility of an auditor to detect errors and report such errors is related to Auditor independence. When auditors act independently, they validate and assure those relying on these financial statements that such financial statements are credible and reliable. If this principle is not maintained, then the auditor's opinion on financial statements will be of no value. In addition to the external auditors the board of a firm selects some of its members and also some shareholders to form what is referred to as the audit committee. Such an audit committees is expected to do the monitoring and oversight functions of managers' discretion over accounting choices (Omotosho, Okpanachi, Yahaya, & Aniette 2017). There are two main ways audit committee members are supposed to

contribute to the quality of the audit process. He is first of all expected to supervise the financial reporting process and to also examine the major accounting choices to enable it to mitigate earnings management practices. Secondly, he is also expected to coordinate the internal audit function and also the external auditors, at the same time ensuring the independence of external auditors from the influence and pressure from management so that the irregularities, biases and financial misstatements that are identified by external auditors are properly documented and reported (McMullen 1996). According to Bedard, Chtourou and Courteau (2004) there is a possibility that, earnings management will decrease with an increase in stock returns if the audit committee is composed of financial experts made up of wholly independent directors. Unfortunately in Nigeria currently, there are not many works that are focusing on audit committee towards improving stock returns. There are no research studies that have considered the moderating role of audit committee independence on the relationship existing between auditor independence and stock returns. The main aim of this paper therefore is to investigate the effect of audit committee independence as a moderating variable on the relationship between auditor independence and stock

returns using the consumer goods firms listed on the Nigerian Stock Exchange. The findings of this paper will assist firms to improve on their financial reporting quality thereby improving on their quality of audit. The findings of this work will also help in enhancing the understanding of the influence of audit committee members who are supposed to play a monitoring role and at the same time performing its oversight functions. The findings will also add to the existing literature on the moderating role of audit committee independence on the improvement of stock returns of firms in Nigeria. The rest of the paper is arranged as follows: 2.Literature review, 3.Methodology, 4. Results and discussion. 5. Conclusion and recommendations.

2 Literature Review

Extant literature in this area covers auditor independence, stock returns, audit committee independence and the perceived moderating role of audit committee independence on the relationship between auditor independence and Stock Returns.

2.1 Conceptual clarifications

Figure 2.1 shows the framework of the current paper within the existing research and also explaining how Auditor Independence affects Stock Returns.

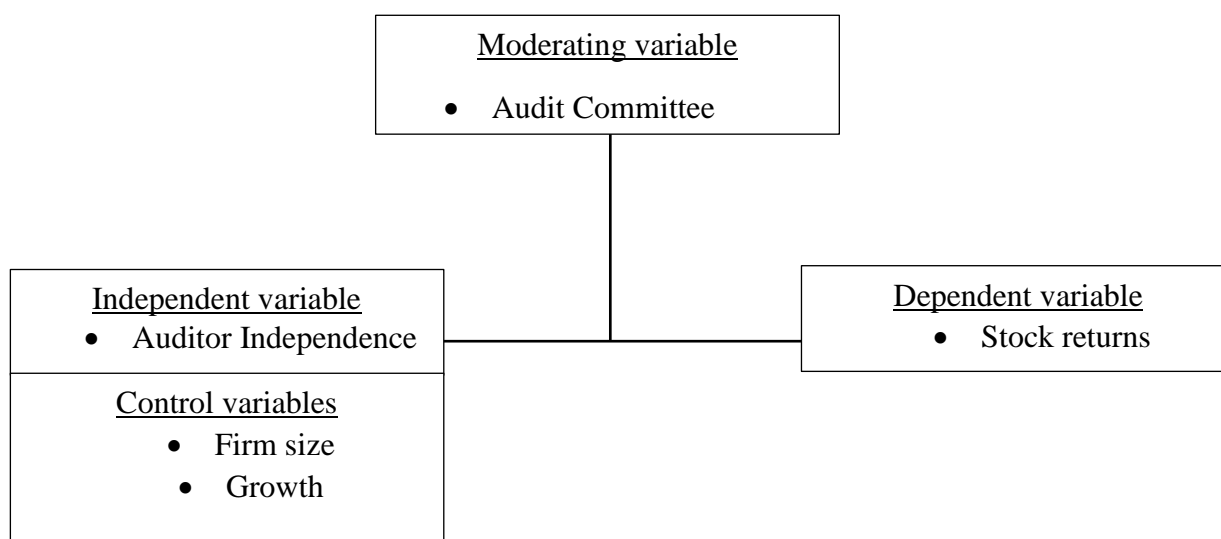


Fig. 2.1: The conceptual framework of the study

Fig. 2.1 showing the expected relationship between auditor independence and stock returns is divided into four parts, auditor independence (independent variable) stock returns (dependent variable), audit committee independence (moderating variable), firm size and growth (control variables)

Auditor Independence

This is the auditors' disposition in maintaining an unbiased position when taking decisions throughout the auditing and financial reporting process. (Bala, Amran, & Shaari, 2021) Auditor independence implies been free from management persuasion, influence or the absence of bias. The impaired independence of an auditor is considered as being bias. According to Pharm, Vu and Nguyen (2020) and Wright, (1997) the independence of an auditor is considered to be at the centre of the perceived integrity of the audit process. The standards of the accounting profession require that the clients and auditors should endeavour to maintain a high level of integrity and independence of the audit function when they are negotiating issues about financial reporting, (Halim, 2017). Extant literature maintain that, the high audit fees collected by audit firms from their clients is capable of creating an economic bond between the client and the auditor which may impair the independence of the auditor who is collecting such high audit fee. (Ji & Yoon 2020; Bala, 2019; Frankel, Johnson & Nelson, 2002, Lam & Chang, 1994). The impaired independence is capable of negatively affecting audit quality which may allow for poor earnings manipulation resulting to low stock returns.

2.2 Stock Returns

The income investors generate from the capital market is referred to as stock returns. These returns could be in form of dividend been paid to shareholders by the firms normally at the end of a trading period (Nelly & Apandi, 2018). Stock returns are variable income that are exposed to market

risk fluctuations which could be positive or negative income. They are heterogeneous across investors as it changes from one investor to another depending in each case the amount of risk an investor is willing to take and the quantity of stock involved. In contrast to the bonds that their incomes are not variable, Stock returns are variable in nature and there is risk associated with this type of returns where an investor can also see negative returns on his investment (Maggina, 2018). Financial statements, as it is well documented in extant literature, provide information for investors and other market participants. However, market characteristics and the firm-specific information content influence the level that market participants are able to build new information of accounting nature in the prices of stock (Jorjani & Gerayeli, 2018). The dynamism that is experienced between changes in reported earnings and stock return is usually measured as the linear relationship between unexpected earnings and stock returns.

2.3 Auditor Committee Independence

Audit committee is made up of some members that are chosen from a firm's board of directors who are responsible for helping auditors to maintain their independent status from management. They are expected to play the crucial role of providing oversight functions and also ensuring that there is balancing on the firm's financial reporting system (Bala, 2019; Ojeaga, & Okoye 2021)

Auditor Independence and Stock Returns

Auditor independence is one of the variables of audit quality identified by extant literature to impact on stock returns of firms (Pharm, Vu and Nguyen, 2020; Halim, 2017; Ji & Yoon 2020). An independent external auditor shows that, he is not influenced by management. Extant literature maintain that, the high audit fee collected by external auditors from their clients is capable of creating an economic bond between them (Maggina, 2018; Halim

2017). Such a bond created can impair on the independence of the external auditor which has implications for audit quality which may lead to poor earnings manipulations resulting to low stock returns. Some empirical works in this area include the works of Pharm, Vu and Nguyen (2020) who investigated the relationship existing between the audit quality and stock returns in Vietnam. Regression model was employed using stock returns and audit quality as the dependent and independent variables. The results reviewed that, audit quality is positively related with stock returns. Halim (2017) investigate the effect of price earnings ratio, dividend yield and book to market ratio on stock returns predictability using audit quality as a moderating variable. The study used 35 banking firms in 2015 at IDX and 35 public accountants. The results show that price to earnings ratio, dividends yield and book to market ratio partially affect stock returns predictability and audit quality. We therefore propose the following hypothesis

H₀₁: Auditor Independence has no significant effect on stock returns of consumer goods firms in Nigeria

Moderating Role of Audit Committee

Audit committee is a committee that is chosen by the board of directors that its effectiveness is expected to moderate the existing relationship between auditor independence and stock returns. The effectiveness of the committee is expected to improve the quality of an auditing process. An independent audit committee has the responsibility of mitigating agency problems between the firm and its shareholders. This is done through the monitoring of the firm's financial reporting system and the auditing process. They also mediate between external auditors who are expected to be independent from the management of the firm. An audit committee is expected to engage in more monitoring activities which are expected to cover a larger audit scope (Zaman, Hudaib & Haniffa, 2011). The diligence and

commitment of audit committee is key to the production of high quality financial statements that are capable of creating real economic value and profitability to firms (Kapoor & Goel, 2019). When this happens, agency cost will be reduced by reducing external reporting thereby increasing the quality of audit with the resultant effect on the stock returns (Ji & Yoon 2020). An Audit committee is also capable of influencing voluntary disclosure quality as one of their oversight functions. When such information voluntarily disclosed in the annual financial statements contain some quality information, it will help in enhancing very high efficient and transparent Stock Market (Talpur, Lizman & Zabri, 2018). We therefore propose the following hypothesis:

H₀₂: Audit committee independence does not significantly moderate the relationship between auditor independence and stock returns of listed consumer goods firms in Nigeria

3.0 Methodology

Descriptive research approach is used for this study. The population for this paper comprises of the consumer goods firms that are listed on the Nigerian Stock Exchange from 2008-2019 covering 21 firms. From this population, 16 firms were chosen as the sample for this study based on the following criteria. The firms must have complete financial statements for the period under review, they must not have ceased operations during the period under review and the firms must have been listed on the Nigeria Stock Exchange as at the beginning of the study period.

3.1 Variables of the Study and their Measurements.

The study uses four sets of variables, namely, Dependent variable, Independent variable, the Moderating variable and the control variables in order to study the hypothesised moderating role of audit committee independence on the relationship existing between auditor independence and stock returns.

3.1.1 Dependent Variable

The dependent variable used for this paper is stock returns. Stock returns is the appreciation in the price of stock plus any dividend by the original price of the stock. It is measured using the following equation:

$$RET = \frac{(P_{1it} - P_{0it}) + D_{it}}{P_{0it}}$$

Where: RET = Stock Returns

P_{0it} = Initial Stock Price at the beginning of the year.

P_{1it} = Ending Stock price at the end of the year

D_{it} = Dividend paid

Table 3. 1 Summary of Variables and their Measurements

Symbol	Variable	Measurement	Source
Dependent variable			
RET	Stock Returns	Price of Stock at the end of the year minus price stock at the beginning of the year plus dividend divide by price of stock at the beginning of the year	Bhattacharya, (2011); Perotti and Wagenhofer (2014)
Independent variables			
AUI	Auditor Independence	Measured as log of audit fee.	Eshleman and Guo(2014); Babatolu, Obabrere and Uniamikogbo, (2016)
Moderating variable			
ACI	Audit Committee Independence	Measured by the proportion of independent directors on the audit committee	Omotosho, Okpanachi, Yahaha and Aniette, (2017); Reid, Carcello, Li and Neal, (2017)
Control variables (Firm characteristics)			
FSZ	Firm Size	Measured using the log of total assets of the company.	Khostinant & Barari, (2006); Chaney & Jeter, (1992)
GRT	Growth Opportunities	Measured using market value of equity to book value of equity	Bolo & Mirzaeei, (2011);Collins & Kothari,(1989);

Source: Authors compilation, 2021

3.2 Model for the Study

A multiple regression model is used to evaluate the moderating effect of audit committee independence on the relationship between auditor independence and stock returns. This model is structured as follows:

$$RET_{it} = \beta_0 + \beta_1 AUI_{it} + \beta_2 ACI_{it} + \beta_3 AUI_{it} * ACI_{it} + \beta_4 FSZ_{it} + \beta_5 GRT_{it} + e_{it}$$

Where: RET_{it} = Stock Returns of firm 'i' in year 't'

AUI_{it} = Auditor Independence of firm 'i' in year 't'

ACI_{it} = Auditor Committee Independence of firm 'i' in year 't'

FSZ = Firm size of firm 'i' in year 't'

GRT = Growth Opportunities of firm 'i' in year 't'

$\beta_0 - \beta_5$ = Regression model coefficient of Independent Variables

*

= Interaction between Independent and moderating variable

e_{it} = error term of firm 'i' in year 't'

4. Results and discussion

4.1 Descriptive statistics

The descriptive statistics is presented in table 4.1

Table 4.1 Descriptive Statistics

Variable	No.	Min.	Max.	Mean	Std. Dev.
RET	192	-1	1,435	115.28	172.11
AUI	192	5.85	8.32	7.3183	.3492
ACI	192	.1666	0.5714	0.3852	0.1062
AUIACI	192	5.07	7.84	6.8845	.3903
FSZ	192	9.09	11.59	10.5332	.6262
GRT	192	-16.92	27.48	4.8895	6.2103

Source; STATA output results

Table 4.1 shows a minimum of -1 and a maximum of 1.435 for RET which means that the minimum annual returns on stock prices of firms under study is negative (-1), and the maximum stock returns for the same period for the same set of firms is ₦ 1,435 with a mean value of ₦115.28 and a standard deviation of ₦172.11. Auditor independence has a minimum audit fee of 5.85 which translates to N0.7M with a maximum audit fee of 8.32 which translates to N209M paid by clients to their auditors from the firms under review. The mean audit fee paid by the clients to their auditors stands at 7.3183 which translates to N28.4M while the standard deviation of the audit fee paid by the firms to their auditors stands at 0.3492 which translates to N28.4M. Audit committee independence has a minimum value of 0.1666 representing 16.66% and a maximum value of 0.5714 representing 57.14%. This shows that some of the sampled companies have about 16.66% of the composition of their audit committee members to be independent directors while some of the sampled companies have about 57.14% composition of their audit committee members to be independent directors. The mean value of the audit committee independence is 0.3852 representing 38.52%. This means that the sampled companies have an average of 38.52% of the composition of their audit committee members to be Independent

directors whereas the rest of the members of the committee i.e. 61.48% are made up of shareholders and executive directors with a standard deviation of .1062 representing 10.62%. From table 4.1, the minimum value of the firm represented by the firm size is 9.09 which stands at N1.24b and a maximum value of 11.59 which stands at N3.89b. The mean value of the firm size is 10.5332 which stands at N7.07b. It is therefore observed that, firms selected for this study are relatively large. Firm size determines the level of investor confidence, the larger the firm, the easier for investors to get information about the firm. This also influences the perception of the quality of the audit report of a firm. . From table 4.1, the minimum value of -16.92 and the maximum value of 27.48 represents -1,692% and 2,748% growth rate respectively. The firms also have a mean value of 4.89 representing an average growth rate of 489% and a standard deviation of 6.21 representing 621%.

4.2 Correlation matrix of the study variables

Table 4.2 presents the Pearson correlation matrix results showing the relationship between the dependent and the independent variables. It also shows the relationship among all pairs of variables in the regression model.

Table 4.2 Correlation of the Dependent Independent and Control Variables

Variable	RET	AUI	ACI	FSZ	GRT
RET	1.0000				
AUI	0.2050	1.0000			
ACI	-0.0608	-0.0905	1.0000		
FSZ	0.2881	0.7309	0.0449	10000	
GRT	0.4610	0.1236	-0.0583	0.2506	1.0000

Source: STATA output results

From table 4.2 the highest correlation coefficient is 0.7309 between Auditor Independence and Firm Size, the coefficients of the rest of the variables are below .7 meaning that, the variables have no correlation problems.

Here the results of regression analysis on the dependent, the independent variables and the moderating role of the audit committee independence on the relationship existing between Auditor independence and Stock returns will be discussed.

4.3 Multiple Regression Tests

Table 4.3 Breusch-Pagan/cook Wersberg Test for Heteroscedasticity

Chi2(1)	Prob>chi2	Null(Ho)
214.79	0.0000	Rejected

Table 4.3 Shows a P Value of less than five (P<0.05) meaning that the data used for this study has heteroscedasticity issues. Panel

Corrected Standard Error (PCSE) was used to correct the heteroscedasticity presence in the data (Beck & Katz, 1995).

Table 4.4 VIF and TV for Multicollinearity test

Variable	VIF	TV ($\frac{1}{vif}$)
FSZ	2.27	0.439561
AUI	2.18	0.459093
GRT	1.08	0.925696
ACI	1.01	0.986685
MEAN VIF	1.64	

Table 4.4 shows the (VIF) with Tolerance values. The independent variables for the model are all below the bench mark of

“10” considered to be harmful for regression analysis. The VIF mean of 1.64 supports this position.

Table 4.5 Wooldridge Test for Autocorrelation

F (1.15)	Prob> f	Null Ho
25.072	0.0002	Rejected

In table 4.5 the Wooldridge Test for Autocorrelation show the result of P value of less than 0.05 (P<0.05) meaning that the data set used for this study has

autocorrelation issues. Panel Corrected Standard Error (PCSE) regression as suggested by Beck and Katz (1995) was used to correct the autocorrelation issue.

Table 4.6 Hausman Specification Test

Chi2 (5)	Prob>chi2	Null Ho
5.06	0.2812	Accepted

Source: STATA output results

The Hausman specification test suggests a Random effect model as can be seen in table 4.6 for Hausman specification test. Further

tests using Lagrangian multiplier tests therefore have to be conducted to choose between OLS and Random effect

Table 4.7: Breusch and pagan Lagrangian multiplier test for random effects

Model	Chibar2(01)	Prob > Chi ²	Null (Ho)
Model	62.16	0.0000	Rejected

Source: STATA output results

Table 4.7 presents the result of Breuch and pagan Lagrangian multiplier tests for random effects. The results suggests the use of Random effect model, the study however cannot use the random effect model for the analysis of this work because the data set contains heteroscedasticity and autocorrelation. To be able to solve this

problem, the study used panel corrected standard error (PCSE) as recommended by Beck and Katz (1995). According to Moundigbaye, Rea and Reed, (2018) Panel Corrected Standard Error was established as a superior tool for Panel data with the problems of heteroscedasticity and autocorrelation.

4.8 Summary of the Panel corrected Standard Error Regression

Variable	Coef.	Z Values	Prob> z
AUI	-23.0142	-0.05	0.961
ACI	-133.6577	-0.22	0.823
AUIACI	44.6248	0.10	0.921
FSZ	42.5721	3.03	0.002**
GRT	11.4544	3.37	0.001***
R ²			0.2474
Prob.>f			0.0000***

NOTE: The *** indicates significance at 1 percent (P<0.01) ** indicates significance at 5 percent (P<0.05)

4.3.1 Regression Summary

From Table 4.8, the results show that the coefficient of determination R² stands at 0.2474 meaning that 24.74% of the systematic variations in the dependent variable Stock Returns over the period under study was explained by the independent variables. The unexplained part of the dependent variable which is 75.26% cannot be explained due to the exclusion of some other independent variables that can also explain the changes in the dependent variable but are not included in this paper. The P Value of

0.0000 shows that the PCSE regression model overall is statistically significant at 1% level. From the table AUIACI is insignificantly related to the dependent variable ($\beta = 44.62, P = 0.921$) On the other hand the coefficient of AUI ($\beta = -23.01, P = 0.961$) is negative and insignificantly associated with Stock Returns. Audit Committee Independence also have a negative insignificant relationship with Stock Returns ($\beta = -133.65, P = 0.823$). The Firm Size and Growth have a positive and significant impact on Stock Returns ($\beta =$

42.57, $P = 0.002$; $\beta = 11.45$, $P = 0.001$ respectively)

4.4 Discussion of findings

Under this section, the hypotheses that were earlier formulated in this study will be tested with the results and findings discussed.

4.4.1 Hypotheses Testing

From table 4.8, the results show that Auditor Independence has no significant effect on the Stock Returns for the firms under study ($\beta = 23.01$, $P = 0.961$). Therefore, Hypothesis H_{01} , is accepted meaning that Auditor Independence has no significant effect on Stock Returns. This implies that, the independence of an Auditor does not improve the Stock Returns of firms for this study. This result agrees with the works of Chen, Srinthi and Su (2014); Halim (2017). However, the works of Ji and Yoon (2020); Pham, Vu Nguyen and Nguyen (2020) reported a significant relationship existing between Auditor Independence and Stock Returns.

From table 4.8 the results show that the Audit Committee Independence does not significantly moderate the relationship between Auditor Independence and Stock Returns ($\beta = 44.62$, $P = 0.921$), therefore hypothesis H_{02} is accepted. The implication of this result is that, Audit Committee Independence cannot effectively moderate the relationship between Auditor Independence and Stock returns. This insignificant outcome of the moderating result negates the prediction of Agency theory which suggests that auditors should serve as external control mechanisms and should therefore have a significant effect on the quality of the audit report.

4.5 Implications of the findings of the study

The study documents evidence that, Audit Committee Independence cannot effectively moderate the relationship between Auditor Independence and Stock Returns of consumer goods firms listed on the Nigeria Stock Exchange. The study has

several policy implications. In Nigeria, at least at the time of presenting this study, researchers have not considered investigating the moderating role of Audit committee Independence on the existing relationship between Auditor independence and Stock Returns. The moderating role of the Audit committee independence is expected to improve the quality of financial reporting resulting into the production of high quality audit reports which is expected to impact positively on Stock Returns. Auditor Independence has a negative and an insignificant effect on Stock Returns. The implication of this scenario is that, such an auditor is not likely to report a mistake, bias or misstatement. In this study, audit fee paid by clients to their auditors was used as a measure of independence. The results show that the amount of fee paid by clients to their auditors has impaired the independence of the auditors that are auditing the firms selected for this study. Without independence, the value of the audit service is not credible. This is because the impaired independence of an auditor increases the probability of looking at an audit report as not been objective and lacking in quality. In agreement to the above, Sweeney, (1994) maintain that higher audit fee received by an external auditor increases the possibility of creating an economic bond between the client and the external auditor. The findings therefore suggest that the auditors engaged by the firms selected for this study might have compromised their independence because of high audit fee received by them, therefore their audit reports may not be very highly accurate and reliable. The results also revealed an insignificant effect of the moderating role of Audit committee independence on the existing relationship between auditor independence and Stock Returns of the firms selected for this study. This is not consistent with the apriori expectation that the moderating role of Audit committee independence on the relationship existing between Auditor independence and Stock Returns will ensure high quality audit reports. We expect that internal corporate governance

mechanisms should work together to complement each other and not to substitute each other. One of the possible reasons for this kind of result is that, the audit committee itself may not be truly independent as the result of their stand-alone indicated a negative and insignificant relationship with Stock Returns.

Another reason could be that, the Audit Committee members may not have the accounting and financial expertise for them to be conversant with financial reporting practices of companies and so may not easily detect accounting irregularities or mistakes. In addition, the descriptive statistics show an average of 38% of the members of the audit committee that are Independent directors. The low number of independent directors in the audit committee could also be the reason for the inability of the audit committee to truly act independently in detecting errors, mistakes and misstatement in the financial statements thereby lowering the quality of audit reports. It is believed that, low quality audit report affect Stock Returns negatively.

5. Conclusion and Recommendations

From the findings of this paper, we conclude that, when an external auditor is not independent, he is no longer free from management persuasion, influence or bias. What this means is that, the auditors no longer maintain an independent attitude to take decisions throughout the period of the audit. This usually allows for poor audit reports resulting into earnings manipulations with the attendant consequences of low Stock Returns. Also that, the audit committee members are not efficient in their oversight functions of effectively monitoring the management of firms. This could be because the members of the audit committee may not possess the pre-requisite experience in financial matters and may not be truly independent from management. An Audit committee has to be truly independent to be able to complement each other to bring out an audit report that is of high quality.

The study therefore recommends to investors and other capital market participants that, at the time of selecting an auditor, the issue of competence and the independence of the auditor should be a yard stick for selecting an auditor so that later at any point during the audit tenure, they may not turn round to develop any bilateral monopoly and in a way lower the audit quality of the financial reports produced. The regulatory bodies in Nigeria such as the Financial Reporting Council (FRC) of Nigeria, and SEC should also come out with provisions in their codes that will make it mandatory for Nigerian firms to disclose both the audit and non-audit fee paid to their auditors in the published accounts. The current practice where the disclosure of non-audit fee paid to auditors by Nigerian companies is voluntary should be discarded. The disclosure of audit and non-audit fee by the Nigerian firms will provide information to audited financial statement users in Nigeria so as to ascertain the level of auditor client importance and consequently, the reliance which users could place on the auditor's report. We also recommend that, Financial Reporting Council (FRC) of Nigeria, and SEC should provide in their codes that, all Audit committee members should be Accounting and financial experts for them to be familiar with financial reporting policies of firms so that they could easily detect accounting irregularities so that the financial reporting quality is upheld. They should periodically conduct checks on the firms to ensure that the power of the audit committee, resources, diligence and the independence of the committee is not compromised by management so as to carry out their responsibility of enhanced internal control procedures, reducing information asymmetry, protecting investors and overseeing the firm's financial reporting process. Thus such independence of the members of the audit committee can help the shareholders to monitor the activities of management and thus the rate of withholding information by management. It is also suggested here that meetings'

attendance, issues discussed and members' participation at meetings should be included in future codes and the disclosure requirements of SEC so as to improve the effectiveness of the audit committees of the consumer goods firms as well as other firms operating in Nigeria.

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