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AUDIT EFFECTIVENESS AND THE QUALITY OF FINANCIAL REPORTING: EVIDENCE FROM AFRICA'S LISTED NON-FINANCIAL COMPANIES

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Abstract: Within the framework of listed non-financial enterprises in Sub-Saharan Africa, this study looked at the impact of audit committee effectiveness on the quality of financial reporting. The study used the Generalised Method of Moments (GMM) step and Stepwise Regression Techniques to analyse data, using samples from 235 listed non-financial enterprises in Nigeria, South Africa, and Kenya between 2013 and 2022 (2022). Using Jones Discretionary Accrual as a proxy for financial report quality, the study's main goal was to determine how effective audit committees are in terms of size, diligence, and financial knowledge. The research goes beyond this goal by looking at how board independence influences the association between audit committee characteristics and the calibre of financial reporting. Increased audit committee diligence is likely to result in better financial reporting quality, as the results showed that audit committee diligence [coef. = 0.041 (0.002)] has a positive and substantial effect on financial reporting quality. The quality of financial reporting was not significantly impacted by the audit committee's size (coef. = 0.011 (0.236)) or financial expertise (coef. = 0.003 (0.990)). Furthermore, a key mediator that enhances the influence of audit committee scrutiny on financial report quality is board independence [coef. = 0.022 (0.001)], according to the study. In order to improve audit committee efficacy and financial reporting quality in SubSaharan Africa, the study's suggestions were based on these findings. These include making sure there is a majority of independent directors to increase audit committee effectiveness, encouraging collaboration between audit committees and boards, and encouraging active audit committee monitoring through frequent meetings. The study also emphasised the significance of ongoing assessment and monitoring of audit committee efficacy in order to tackle new issues and encourage accountability and transparency in financial reporting. The paper offers insights into the efficacy of audit committees in improving the quality of financial reporting in Sub-Saharan Africa through empirical analysis. The results offer significant contributions for both academic study and real-world applications, deepening our understanding of audit committee efficacy and its impact on the calibre of financial reporting in the area.
Keywords: Financial reporting quality, Audit committee effectiveness, Audit committee diligence

1.0 INTRODUCTION

The main purpose of the financial report is to aid in decision-making. It has a major influence on how managerial decisions are framed. The term "financial reporting quality" relates to how well a company's financial reports represent its operating performance and how helpful they are in projecting future cash flows. However, because due diligence on the contents of such prepared financial statements is being compromised, the legitimacy and trustworthiness of the primary goal of financial reporting are being called into doubt.

Because companies have collapsed soon after publishing substantial profits, since the start of the last decade, the quality of financial reports has been questioned (Udisifan & Akeem, 2019). This made adjustments to corporate governance procedures and the strengthening of rules and standards necessary. The audit committee is one tool regulators have at their disposal to guarantee accurate and superior financial reporting. This project is now well-known throughout the world. Because audit committees are so important, the firms and Allied Matters Act 2020 (as amended) mandates that listed firms in Nigeria establish an audit committee, which is anticipated to monitor a company's accounting system's efficacy and aid in ensuring the overall integrity and dependability of the financial statements of the company. While audit committee makeup, roles, and technical proficiency vary by nation, addressing the shortcomings of subpar financial reporting and averting company collapses are universal objectives.

The audit committee will be more effective and efficient if board oversight is implemented, which would guarantee the quality of financial reports. Diverse company restructuring initiatives have demonstrated that adding independent directors and audit committee members will improve the audit procedure and financial reporting quality (Chen & Liu, 2010). Yet, well-known accounting scandals like those involving Cadbury Nigeria Plc (2007), Worldcom (2002), and Enron (2001) raised questions about the efficacy of the audit committee. Financial crises have been caused by accounting irregularities resulting from inadequate oversight procedures by the audit committee in both established and emerging nations. Several firms faced financial disaster as a result of the lack of an operational audit committee (Kabiru & Usman, 2021). Because the stakeholders believe that the current control measures are insufficient to prevent mistakes, they currently have doubts about management's ability to produce accurate and trustworthy financial reports. As a result, a rush of fresh enquiries was sparked by regulators and other interested parties expressing concern about the possible causes of poor financial reporting quality.

The necessity for the board's independence to play a moderating role in the audit process stems from concerns raised about the effectiveness of audit committees. Based on this, this study examines, under the auspices of the board independence's moderating role, the impact of audit committee effectiveness on the quality of financial reporting of listed nonfinancial firms in Sub-Saharan Africa.

1.2 STATEMENT OF THE PROBLEM

Regulators and scholars studying capital markets have focused on the audit committee as one of the most significant parts of corporate governance in recent years. The audit committee's main duty is to keep an eye on financial reporting practices to make sure managers' performance is fairly reported. Recent corporate accounting scandals, company failures after declaring enormous profits, opportunistic financial reporting or misrepresenting a company's financial statement, as well as violations of pertinent financial statement qualities, have put the effectiveness of audit committees in ensuring high-quality financial reporting in jeopardy. These unfavourable patterns worsen information asymmetry, which raises capital costs, and have disastrous effects on the capital market. When it is established that data in a financial report is inaccurate, Investors begin to question the veracity of the financial statement, which puts a corporation in a challenging position.

The efficacy of an audit committee is crucial to a company's overall financial reporting process, as highlighted by the Security and Exchange Commission (SEC) and the Blue-Ribbon Commission, given the circumstances mentioned above, which have undermined investors' confidence in the accuracy of financial reports.

Nonetheless, research on the efficacy of audit committees and the calibre of financial reporting for non-financial enterprises in sub-Saharan Africa is scarce. Therefore, unlike prior studies that have focused on a single nation, this study adopts a different strategy by concentrating on listed non-financial enterprises in Sub-Saharan Africa. Four separate sets of explanatory variables—audit committee size, diligence, financial knowledge, and board independence—were identified by this study. Based on the aforementioned, this study investigated the moderating function of board independence while examining the impact of audit committee effectiveness on the quality of financial reporting of listed non-financial enterprises in Sub-Saharan Africa.

1.3 OBJECTIVES OF THE STUDY

In light of the moderating function of board independence, the primary goal of this study is to investigate the impact of audit committee effectiveness on the quality of financial reports for listed non-financial enterprises in Sub-Saharan Africa. Nonetheless, this study's particular goals are to:

1. examine the effect of audit committee diligence on the financial reporting quality of listed non-financial firms in Kenya, Nigeria and South Africa.
2. investigate the effect of audit committee size on the financial reporting quality of listed non-financial firms in Kenya, Nigeria and South Africa.
3. ascertain the effect of audit committee financial expertise on the financial reporting quality of listed non-financial firms in Kenya, Nigeria and South Africa.
4. explore the moderating role of board independence on the effect of audit committee effectiveness on financial reporting quality of listed non-financial firms in Kenya, Nigeria and South Africa.

1.4 RESEARCH HYPOTHESES

The following hypotheses of the study will be tested in their null forms.

H01: Audit committee diligence has no significant effect on the financial reporting quality of listed non-financial firms in Kenya, Nigeria and South Africa.

H02: Audit committee size has no significant effect on the financial reporting quality of listed non-financial firms in Kenya, Nigeria and South Africa.

H03: Audit committee financial expertise has no significant effect on the financial reporting quality of listed non-financial firms in Kenya, Nigeria and South Africa.

H04: Board independence has no significant moderating effect on the effect of audit committee effectiveness on financial reporting quality of listed non-financial firms in Kenya, Nigeria and South Africa.

1.5 SIGNIFICANCE OF THE STUDY

The firm is of interest to lenders, tax authorities, creditors, shareholders, and financial specialists. These parties typically rely on top-notch financial reports to make wise financial selections. Those in need of financial data for business choices depend on the information provided in yearly reports. Directors' reports need to be reputable, trustworthy, up to date, and accepted in order to help stakeholders and investors make educated decisions regarding the organisation.

Researchers/Students: Future researchers and students who wish to pursue related research projects can benefit from the study. Researchers could assess the effectiveness of audit committees on financial reporting, for instance, by using a larger sample.

Policymakers: Policymakers would greatly benefit from the study since it will accurately direct future reforms pertaining to audit committee composition in relation to financial report quality.

SECTION TWO REVIEW OF RELATED LITERATURE

2.1 CONCEPTUAL REVIEW

According to Mendee and Pala (2003), the conceptual review serves as a guide that helps the researcher accomplish the objectives of the investigation.

2.1.1 FINANCIAL REPORTING QUALITY

Financial reporting quality was defined by Tang Chen et al. (2008) as the degree to which financial statements give accurate and fair information about the underlying performance and financial condition. The quality of financial reporting, according to Jonas and Blanchet (2000), is demonstrated by transparent financial data that isn't intended to deceive readers. The notion of quality in financial reporting is comprehensive and encompasses both non-financial data that is helpful in making decisions and financial disclosures (Aktas & Kargin, 2011).

Financial statements need to satisfy a number of qualitative requirements in order to be considered high quality. In their conceptual frameworks, the boards of the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) outlined these requirements and came to the conclusion that adhering to the goal and the qualitative aspects of financial reporting information is the key to achieving high quality (IASB, 2008). The quality of financial reporting is essential to the accounting system's usefulness and efficient operation. To fulfil their main goal of aiding in the process of making economic decisions, financial reports ought to exhibit qualitative attributes. However, reporting quality is the degree to which a company's financial report conveys its success during the measuring period and its underlying economic position (Afify, 2009).

2.1.2 AUDIT COMMITTEE EFFECTIVENESS

There are differences in perceptions of audit committees according to their roles, goals, and duties. Al-Thuneibat (2006) described the audit committee as the group that was made up of the organization's non-executive directors. The main goal of the audit committee's establishment is to raise the calibre of audits. According to Arens (2009), the board of directors' audit committee is made up of individuals tasked with upholding the auditor's independence. As per Ayinde (2002), the audit committee is a permanent committee that was instituted to augment corporate accountability through cooperation with internal auditors and management to fortify and refine an organization's financial reporting procedures and guarantee the appropriate handling of corporate matters in compliance with Generally Accepted Ethical and Legal Standards (GAELS).

2.1.3 AUDIT COMMITTEE DILIGENCE

A good indicator of the audit committee's level of attention is how often it meets. The efficacy of the audit committee is impacted by the quantity of committee sessions, according to Dechew et al. (2010). According to Habbash (2010), the committee meets frequently with the auditors to discuss the financial statements, audit procedures, internal accounting systems, and controls. The audit committee's goal is to guarantee constant communication between the board, internal auditors, and external auditors. According to Abbott et al. (2004), the committee's regularity of meetings shows that its members are actively addressing any relevant subjects for ongoing work. Poor monitoring practices are indicated, according to Sharinah et al. (2014), by a low number of audit committee meetings or by none at all.

Higher levels of audit committee participation, according to Abbot et al. (2004) and Persons (2009), are substantially linked to lower rates of financial restatement, reporting a small increase in earnings, and dishonest financial reporting. The quantity of audit committee meetings serves as a proxy for audit committee activity (Xie et al., 2003). As a result, it is assumed that audit committees with more frequent meetings with internal auditors have a greater understanding of auditing and accounting issues. The probability of financial misconduct can be reduced by an audit committee that meets regularly (Abbot et al., 2004). According to Bryan et al.'s (2004) theory, audit committees that meet regularly are expected to carry out monitoring tasks more effectively than those that don't.

2.1.4 AUDIT COMMITTEE SIZE

The entire count of people who hold audit committee positions for a specified duration is the definition of audit committee size in accounting. To effectively carry out and coordinate the enormous responsibilities entrusted to the audit committee, a suitable number of individuals should be included on the committee. Audit reports are more likely to be delivered on time by companies with a sizable audit committee membership. Umobong and Ibanichuka (2017) examined Nigerian food and beverage industries, examining the influence of audit committee attributes on the quality of financial reporting from 2011 to 2015. In the chosen organisations, the size of the audit committee was found to have a negative and marginal effect on the quality of financial reporting.

According to a related study conducted in 2016 by Osarumwense and Aderemi, the size of the audit committee had a negative and negligible impact on the sample companies' financial reporting quality. The study focused on the audit committee attribute and what Nigerian listed companies reported financially. According to Kamolsakulchai's (2015) research, there is a slight but favourable correlation between the size of the audit committee and the calibre of financial reporting, which is in contradiction to earlier findings. The size of the audit committee has a significant negative influence on financial reporting, according to Ojeka et al. (2015)'s evidence.

2.1.5 AUDIT COMMITTEE FINANCIAL EXPERTISE

Assessing financial information and monitoring current affairs management's behaviour are two of the audit committee's primary duties. It is also thought of as a control technique intended to lessen knowledge asymmetry between members of the internal and external boards of managers. According to Takhtayi et al. (2011), the creation of an audit committee ensures that authorities' compliance with reporting and disclosure requirements is overseen and recorded from an accounting standpoint, hence enhancing the calibre and precision of financial data. The presence of knowledgeable individuals from the accounting or finance sector on the audit committee increases the likelihood that false claims in financial statements will be disclosed, as these professionals are required to uphold an ethical code to protect their image. Consequently, more effective corporate oversight may arise from the audit committee's membership of professionals. Thus, we expect a clear relationship between voluntary moral disclosure and the audit committee members' backgrounds in finance, accounting, and auditing (Othman et al., 2014).

Still, committee members ought to be qualified to ask the right questions. Once more, improving performance quality and efficiency is a speciality of at least one member of the accounting or financial management committee. This member must also be up to date on all events, including modifications to reporting requirements and laws.

2.1.6 BOARD MONITORING

A board's function in overseeing the organization's management is referred to as the corporate monitoring mechanism by Daoud et al. (2015). The shareholders appoint the board of directors, which is responsible for overseeing the corporation and plays a crucial role in corporate governance. As a result, corporate governance and the corporate monitoring mechanism are seen as the board of directors' assigned responsibilities in overseeing the organisation and making sure that investors can get a return on their capital. In this regard, the board's legal responsibility is to safeguard both shareholders' and investors' interests. According to Daryaei and Yasin (2020), corporate governance refers to the procedures that guarantee the return on investment for business finance providers.

Following an encompassing definition as put forward by OCED (1999), corporate governance "relates to the internal means by which corporations are operated and controlled". The distribution of rights and responsibilities among different stakeholders in the corporation such as: the board, managers, shareholders, customers, employees, among others, is specified by governance structures which also spell out the rules and procedures for making decisions on corporate affairs.

According to Du et al. (2020), corporate governance is seen as a framework that helps businesses identify their goals and offers the tools to help them be achieved while keeping an eye on their performance. However, as per Naseem et al. (2017), the term "Corporate Governance" is intimately linked to the agency theory, which regards the firm's management as 'agents' of shareholders, whose actions may not necessarily align with owners' expectations. Corporate governance is known to be a "factor that impacts on performance and reliability of financial reports of firms, which is effective on accounting data and market value of companies" in the majority of relevant studies.

Ebere & Ibanichuka (2016) considers corporate governance as a resource that improves performance and value of shareholders and not only in compliance to law, order, standard, and code. However, Ebirien et al. (2018) noted that the basic principle of good corporate governance as a management tool covers fairness, transparency, accountability, and responsibility.

2.2 THEORETICAL REVIEW

2.2.1 STEWARDSHIP THEORY BY DONALDSON AND DAVIES, 1991

Stewardship theory has its roots from psychology and sociology and it stresses on the role of top management being as stewards, integrating their goals as part of the organization as opposed to the agency theory perspective (Ayinde, 2002). The stewardship perspective suggests that stewards are satisfied and motivated when organizational success is attained. The theory assumes a strong relationship between organizational success and a principal's satisfaction. Hence, a steward overcomes the trade-off by believing that working towards organizational, collective ends meet personal needs as well (Huang & Thiruvadi, 2010). The theory recognizes the importance of structures that empower the steward and offers maximum autonomy built on trust (Huse & Solberg, 2006). Stewardship theory postulates that a steward protects and maximizes shareholder wealth through firm performance because by doing so, the steward's utility functions are maximized. The steward derives greater utility from satisfying organizational goals than through self-serving behavior.

The stewardship theory essentially holds that directors act as stewards and are not concerned with promoting their own economic interests, as agency theory holds, but will act in the best interests of their company, and they will act in a way that leads to collectivist/organizational utility rather than self-serving benefits. Personal needs of directors are met while working toward organizational goals (Leventis & Dimitropoulos, 2012). Thus, directors functioning as stewards are concerned with performing honorably and correctly (Maarufah & Muhammad, 2011). Stewardship philosophy is distinguished by the concept of service to others rather than self-interest. According to some observers, the theory "assumes a commitment to the welfare, growth, and wholeness of others" (Mangena & Tauringana, 2008)

Individuals such as directors and audit committees, according to stewardship theory, are often motivated by considerations of fairness, justice, and concern for the interests of others, and directors frequently see themselves as stewards of the company's affairs who can be trusted to do a good, professional job, and they are so connected to the company's goals that these take precedence over their own (Mansell, 2013). As professionals, they will make some personal sacrifices and act honestly and diligently; this is not unusual behavior (Menon & Deahl, 1994).

They seek intrinsic benefits such as reciprocity and satisfaction from seeing organizational achievement rather than, as traditionally described, attempting to earn extrinsic rewards, which are predominantly economic in nature (Miles, 2012).

Therefore, the theory helps in explaining the relationship between audit committees and quality of financial reporting in that if the audit committee fails to put the steward (management) at check, self-interests will overrun organization interests hence fraudulent financial reporting.

2.3 EMPIRICAL STUDIES

Baccouche et al. (2013) conducted a study on the impact of audit committee multiple- directorships on earnings management in France. They examined the relationship between Audit Committee Multiple-Directorships and earnings management. Precisely, investigated the effect of the multiple directorships held by audit committee directors on the level of earnings management of listed French companies. Their results suggested that the accumulation of several outside directorships by audit committee members may lead to a higher degree of earnings management, as measured by the magnitude of discretionary accruals. The investigation was achieved on a sample of 88 non-financial French listed firms that belong to the SBF 120 index, for the financial year 2008.The study found that audit committee can't provide effective monitoring of earnings management when its members held many additional outside directorships.

Mwangi (2018) studied the effect of audit committee characteristics on quality of financial reporting among non-commercial state corporations in Kenya. The aim of their study was to establish the effect of audit committee independence, diversity, financial competence and meetings on quality of financial reporting. Their study used census on all 72 state corporations. The findings from both correlation and regression analysis revealed that audit committee independence, audit committee diversity, audit committee financial competence and audit committee meetings had statistically significant relationship with the quality of financial reporting. The results revealed that audit committee independence, audit committee diversity, audit committee financial competence and audit committee meetings reduced the ratio of queried transactions to annual budget of non-commercial state corporations in Kenya.

Rabab'ah et al. (2017) studied the impact of the audit committees' properties on the quality of the information in the banking financial reports of Saudi commercial banks. Their study aimed to identify the impact of the audit committees' properties on the quality of the information of the banking financial reports in the Saudi commercial banks by identifying the effect of identifying tasks and duties, independence, accounting and banking experience and efficiency of the audit committee on achieving the quality of the Saudi banking and financial reports. 105 questionnaires were analyzed and found that the availability of the audit committees' properties affect increasing the quality of the financial reports in the Saudi banking. That is, the functions and duties of the audit committee, the committee's independence in banks, the availability of the accounting and banking experience for the members of the audit committee and the efficiency of the audit committees at banks.

Ofor et al. (2022) have investigated the effect of audit committee features on auditor efficiency in all conglomerate firms listed on the Nigerian Exchange Group (NGX). For the ten-year period from 2011 to 2020, a sample of five publicly traded companies was used. Auditors' efficiency was our dependent variable, measured as a dummy variable 1 if the firm is audited by any of the BIG4 audit firms and 0 otherwise, while audit committee characteristics were our independent variable, proxied by audit committee independence, audit committee gender diversity, audit committee financial expertise, and audit committee diligence. The study was based on an ex post facto research design and analyzed secondary data. Secondary data were gathered from annual reports of the selected conglomerate firms, and four (4) specific objectives and hypotheses were subjected to preliminary data tests such as descriptive statistics and Variance inflation factor, and were analyzed using panel regression analysis with hausman effects tests in mind. The findings revealed a significant positive relationship between audit committee independence, audit committee financial expertise, and auditors efficiency, which was statistically significant at 5% levels of significance, while audit committee diligence and auditors efficiency had an insignificant effect. In general, the data revealed that 59 percent of variations in the auditors' efficiency of conglomerate organizations may be attributed to audit committee characteristics, with the remaining 41 percent unaccounted for and so captured by the stochastic error factor.

Oliver and Ofoegbu (2017) investigated the association between several audit committee qualities and corporate success in Bahrain. The impact of audit committee independence, size, and meeting frequency on corporate performance (using ROE, ROA, and Tobin's Q) is investigated in this research. From 2005 to 2019, data from all 14 non-financial publicly traded companies on the Bahrain Bourse were used. The findings revealed that organizations with independent audit committees and large audit committees perform poorly. It is also demonstrated that the number of audit committee sessions has no impact on corporate performance. Furthermore, no link was found between the number of audit committee meetings and corporate performance in this study. According to the research, shareholders may be unaware of the significance of corporate governance procedures. The study's findings should be of interest to a variety of stakeholders, including regulators, investors, and auditors, as they work to improve firm performance and monitoring procedures in emerging economies.

Raghunadan et al. (2021) sought to investigate the impact of audit committee characteristics such as audit committee size, audit committee meetings, audit committee independence, and audit committee financial expertise on the quality of financial reporting in Iraqi non-financial firms. Furthermore, the study investigates the direct and moderating influence of regulatory changes at the nexus between audit committee features and financial reporting quality in the context of non-financial enterprises in Iraq. The study focuses on the ramifications of the Sarbanes-Oxley Act in Iraq. The author chooses 170 organizations as the study sample for this purpose, totaling 850 firm-year observations. Only 575 organizationalyear observations are included for further analysis. This data is analyzed using the multiple regression model. According to the resource dependence hypothesis, the qualities of an Audit Committee are extremely resourceful, which leads to improved financial reporting quality due to expertise, increased skills, and shared experiences. The regulatory changes appear to be a significant direct and intervening influence in the association between Audit Committee features and reporting quality in Iraqi non-financial enterprises.

Temple (2019) examined the influence of Audit Committee characteristics on financial reporting quality in Iraqi firms. Data were collected using a questionnaire and personally administered at random to collect the data from 125 respondents in the study area. For analysis purpose, Partial Least Squared Structural Equation Model (Smart PLS-3.0) was used, and the results show that audit committee size, audit committee independence and audit committee expertise positively and significantly relate to financial reporting quality. The results of the research contributed significantly to the body of existing literature, provided a guide to managers and policies makers, and proffered suggestion for future research based on limitation of the study.

SECTION THREE RESEARCH METHODOLOGY

This study adopted Ex-post facto adopted research design to investigate the causal relationship between the independent and dependent variables. Specifically, it aims to determine the impact of audit committee effectiveness on the financial reporting quality of listed non-financial firms in Sub-Saharan Africa.The population of the study comprised all the listed non-finance companies in Nigeria, South Africa, and Kenya. As at 31st December 2022, there were a total of 109 non-finance companies listed on the Nigerian Exchange Group (NGX), 243 non-finance companies listed on the Johannesburg Stock Exchange (JSE), and 45 nonfinance companies listed on the Nairobi Stock Exchange (NSE). Based on the information provided, the study encompassed a total population of 397 non-finance firms that are listed in Nigeria, South Africa, and Kenya. Specifically, this study utilized data from publicly traded non-financial companies in Sub-Saharan Africa spanning from 2013 to 2022.

MODEL SPECIFICATION

In order to test the hypotheses formulated in the study and to achieve the objectives of the research, the study adopted and modified the model of Umobong and Ibanichuka, (2017).

Hence, the econometric model of the study is expressed as;

Unmoderated Regression Model (1) Moderated Regression Model (2) Where:

FRQT	=	Financial Reporting Quality
AUCD	=	Audit Committee Diligence
AUCS	=	Audit Committee Size
AUFX	=	Audit Committee Financial Expertise
BODI	=	Board Independence
β_1- β_4	=	Slope Coefficient
μ	=	Stochastic disturbance
i	=	ith firm
t	=	time period

SECTION FOUR DATA ANALYSIS 4.1 DATA PRESENTATION

In order to achieve the objectives of this study, the pool least square regression was conducted before proceeding to check for inconsistencies with the basic assumptions of the OLS regression. Succinctly, these diagnostics tests include test for multicollinearity as well as test for heteroscedasticity. The researcher also performed preliminary pre-regression analysis such as descriptive statistics and normality test, the raw data is as contained in Appendix B.

4.1.1 DESCRIPTIVE ANALYSIS

In this section, the researcher examined the descriptive statistics for both the independent and dependent variables of interest. Each variable is examined based on the mean, standard deviation, maximum and minimum. Table 4.1 below displayed the descriptive statistics for the study.

Table 4.1: Descriptive statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Frqt	2350	-.392	2.833	-51.15	83.81
Aucd	2350	3.995	1.253	1	15
Aucs	2350	4.807	1.634	2	16
Aufx	2350	.894	.878	0	5
Bodi	2350	71.494	12.566	16.67	100

Cfoa	2350	.065	.396	-17.98	1.48

Source: Authors Computation (2024).

In Sub-Saharan Africa, where non-financial firms operate amidst unique economic and regulatory landscapes, understanding the descriptive statistics offers valuable insights into audit committee practices and financial reporting quality. The result from the descriptive statistics presented in table 4.1 shows that the mean financial reporting quality (FRQT) of 0.392 suggests on average, a slight negative discretionary accrual, indicating that firms tend to slightly underestimate their performance thus impairing their financial reporting quality. However, the wide standard deviation of 2.833 indicates considerable variability in financial reporting quality across firms, highlighting potential discrepancies in transparency and reliability. In the case of the independent variables, the result shows that the mean audit committee diligence (AUCD) of 3.995 signifies that, on average, audit committees exhibit moderate to high levels of diligence in terms of meetings. This suggests a generally robust oversight mechanism in place, which could contribute to enhanced financial reporting accuracy and integrity. This would imply that firms with more diligent audit committees are more proactive in their financial oversight. Similarly, the mean audit committee size (AUCS) of 4.807 indicates a moderate to large audit committee size on average. This suggests that firms recognize the importance of diverse perspectives and expertise in their audit committees, which can enhance the effectiveness of financial oversight.

However, the minimum value of 2 implies instances where firms may have inadequately sized audit committees, potentially compromising their ability to ensure accurate financial reporting. Also, the mean value of audit committee financial expertise (AUFX) of 0.894 suggests that, on average, audit committees possess some degree of financial expertise. While this indicates a positive trend towards informed financial oversight, the relatively low maximum value of 5 implies that there is room for improvement in enhancing the financial acumen of audit committees across firms. Moreover, the mean board independence (BODI) as the measure of board monitoring of 71.494 indicates a high level of board independence on average. This suggests that boards of directors are generally capable of making impartial decisions, which is crucial for effective corporate governance since they are independent. However, the wide standard deviation suggests variability in board independence levels across firms, highlighting the need for consistent adherence to independence principles throughout the region. However, the wide standard deviation suggests significant variability in cashflow performance, which could reflect diverse economic conditions and operational challenges across firms in Sub-Saharan Africa.

4.1.2 TEST OF REGRESSION ASSUMPTIONS

DATA NORMALITY TEST

Least squares regression is a statistical method commonly used to estimate the relationship between independent variables and a dependent variable. In linear regression, it is assumed that the data follow a Gaussian (normal) distribution. This assumption is crucial for making accurate predictions and interpreting the results of the regression analysis. A Gaussian distribution, also called a normal distribution, is characterized by a symmetric bell-shaped curve. Many natural phenomena and statistical processes tend to follow this distribution, where most data points cluster around the mean, and fewer data points are located farther away from the mean. Hence, when conducting statistical analysis, including regression analysis, it is often assumed that the data being studied is a sample from a larger population. The assumption of normality is about the distribution of this population. If the population follows a normal distribution, it is more likely that the sample data will also approximate a normal distribution. In statistical hypothesis testing, the null hypothesis (H0) is a statement that there is no significant difference or effect.

In this case, the null hypothesis is that the sample data is drawn from a population that follows a normal distribution. To assess whether the sample data follows a normal distribution, statistical tests such as the Shapiro-Wilk test or the Kolmogorov-Smirnov test can be used. If these tests indicate that the sample significantly deviates from a normal distribution (i.e., rejecting the null hypothesis), it suggests that the data may not conform to the assumptions of least squares regression. However, it is essential to note that statistical significance alone does not necessarily imply practical significance. Even if a large sample size leads to a statistically significant result, the deviation from normality may be minor and inconsequential for practical purposes. In such cases, alternative regression techniques or transformations of the data may be considered to address any violations of the normality assumption.

Table 4.2: Test for data normality

Variable	Obs	Pr(Skewness)	Pr(Kurtosis)	adj_chi2(2)	Prob>chi2
frqt	2,350	0.000	0.000	.	0.000
aucd	2,350	0.000	0.000	.	0.000
aucs	2,350	0.000	0.000	.	0.000
aufx	2,350	0.000	0.000	.	0.000
bodi	2,350	0.000	0.365	.	0.000
cfoa	2,350	0.000	0.000	.	0.000

Source: Authors Computation (2024).

The result of Table 4.2 shows that the dependent variable of financial reporting quality when measured in terms of Jones Discretionary Accrual (prob>z = 0.000) does not follow a normal distribution. This conclusion arises from the significant probability values of the zstatistics obtained from the Shapiro-Wilk test, which is conducted at a 5% significance level. Similarly, the independent variables, including audit committee diligence (prob>z = 0.000), audit committee size (prob>z = 0.000), audit committee financial expertise (prob>z = 0.000), as well as the moderating variable of board independence (prob>z = 0.000) and the control variable of cashflow from operations ratio (prob>z = 0.000) all exhibit non-normal distributions. This inference is drawn from the significant probability values of the z-statistics obtained from the Shapiro-Wilk test, which is conducted at a 1% significance level. However, the study proceeds with the ordinary least square regression but carefully interpreting the probability statistics against the t-statistics in line with the recommendation of Guajarati(2004).

TEST FOR MULTICOLLINEARITY

Multicollinearity, a common issue in regression analysis, arises when independent variables in a model are highly correlated with each other. This can complicate the interpretation of coefficients and undermine the reliability of regression results. One method to detect multicollinearity is by examining the tolerance and its reciprocal, known as the variance inflation factor (VIF). Tolerance measures the proportion of variance in an independent variable that is not explained by the other independent variables, while VIF quantifies the extent to which the variance of an estimated regression coefficient is inflated due to multicollinearity. In the present analysis, the mean VIF of the model is reported as 1.04. This value is well below the commonly accepted threshold of 10, as suggested by Gujurati (2004) and other statistical guidelines. A mean VIF below 10 indicates that multicollinearity is not a significant concern in the model under consideration. Specifically, the mean VIF being within the benchmark of 10 suggests that the independent variables included in the regressions are not highly correlated with each other. Consequently, there is no evidence to suggest that multicollinearity is distorting the estimation of coefficients or compromising the validity of the regression results.

TEST FOR HETEROSCEDASTICITY

The assumption of homoscedasticity, which is essential for the validity of Ordinary Least Squares (OLS) regression, posits that the variance of the error terms is constant across all levels of the independent variables. When this assumption is violated, a phenomenon known as heteroscedasticity occurs, where the variability of the errors differs across observations. This can lead to inaccurate estimation of standard errors, resulting in confidence intervals that are either too narrow or too wide, ultimately affecting the reliability of the regression results. In the context of the study, the assumption of homoscedasticity is tested using the Breusch-Pagan module in Stata 14. This test assesses whether there is evidence of heteroscedasticity in the errors of the OLS regression model. The significant p-values obtained, particularly on the variable representing financial reporting quality, indicate that the assumption of homoscedasticity has been violated. This suggests that the variability of errors is not consistent across different levels of total assets, potentially compromising the reliability of the standard errors and, consequently, the accuracy of the regression estimates. In response to this violation, the study opts to re-specify the model to address the issue of heteroscedasticity. One recommended approach to mitigate heteroscedasticity in panel data analysis is to employ panel dynamic regression, as advocated by Greene (2003). Panel dynamic regression models allow for the incorporation of both time-series and cross-sectional variations in the data, providing a more robust framework for analyzing dynamic relationships while accounting for heteroscedasticity.

TEST FOR ENDOGENEITY

This study test for the endogeneity by generating the error term, and then regressing the error term against the dependent variables only and the results return a 1% significant level indicting the violation of the endogeneity assumption which also implies that there is a strong correlation between the error terms and the dependent variables. In lieu of conventional methodologies, the study implemented a sophisticated technique of dynamic panel data estimation by means of the two-step system GMM with robust standard errors to control for the endogeneity bias in the results. The GMM employed in this study addresses various statistical concerns, including the temporal correlation of errors, heteroscedasticity across firms, simultaneity, and measurement errors.

4.2 DATA ANALYSIS

In this section the study conducts the regression analysis. The results are presented in the tables that follows.

4.2.1 REGRESSION ANALYSIS

Specifically, to examine the cause-effect relationships between the dependent variables and independent variables as well as to test the formulated hypotheses, the study used a panel dynamic regression analysis since the result revealed the presence of heteroscedasticity and endogeneity across.

Table 4.3: Regression results

Variables	(1) OLS-FRQT	(2) GMM I-FRQT	(3) GMM II-FRQT	(4) AUCDBODI	(5) AUCSBODI	(6) AUFXBODI
Aucd	-0.092**	0.087	0.041***	-1.005***	-0.092**	-0.097**
	(0.042)	(0.088)	(0.002)	(0.000)	(0.042)	(0.033)
Aucs	-0.066	0.008	0.011	-0.058	-0.273	-0.062

	(0.054)	(0.837)	(0.236)	(0.088)	(0.119)	(0.072)
Aufx	-0.129**	-0.069	0.000	-0.134**	-0.128**	-0.733
	(0.046)	(0.381)	(0.990)	(0.038)	(0.047)	(0.052)
Bodi	-0.010**	-0.002	-0.002	-0.058***	-0.024	-0.017***
	(0.024)	(0.661)	(0.262)	(0.000)	(0.054)	(0.006)
Cfoa	2.401***	3.487***	3.421***	2.399***	2.398***	2.398***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
L.frqt		0.499***	0.499***			
		(0.000)	(0.000)			
aucdbodi				0.012***		
				(0.001)		
aucsbodi					0.003	
					(0.228)	
aufxbodi						0.008
						(0.103)
Intercept	0.973***	-0.597	-0.547***	4.516***	1.958**	1.448***
	(0.009)	(0.187)	(0.000)	(0.000)	(0.029)	(0.002)
Observations	2350	1878	1878	2350	2350	2350
R2	0.121			0.125	0.121	0.122
F-stat	64.13{0.000}	1940.12{0.000}	816173.26{0.000}	55.82{0.000}	53.94{0.000}	54.17{0.000}
VIF	1.04					
Hettes:	368.76{0.0000}					
endo:	1{0.000}					
Sargen Test			chi2: 1.39{0.322}			

*Notes: p-values are in parentheses. *** p<.01, ** p<.05*

Source: Authors Computation (2024)

The Table 4.3 represents the results obtained from the estimation of the models of this study. The results show that the dependent variable of financial reporting quality has an RSquare value of 0.121 when measured in terms of Jones Discretionary Accrual. This implies that the independent and control variables of the study could explain about 12% of the systematic change in the dependent variable of financial reporting quality when measured in terms of Jones Discretionary Accrual. However, the unexplained part of the changes in financial report quality has been captured by the error term. The result of the F-statistics of the pool OLS regression model for the sample non-financial firms in Sub-Sahara Africa with the associated p-value of 0.000 indicates that the pool OLS regression model on the overall is statistically fit at 1% level of significance and can be employed for statistical inferences. However, to further validate the estimates of the pool OLS results for the combined regression results, this study also tests for multicollinearity, heteroscedasticity, and endogeneity.

4.3 TEST OF HYPOTHESES

Following the above, the discussion of GMM step II regression became imperative in testing the study's hypotheses. Below is a specific analysis for each of the independent variables using GMM step II regression.

HYPOTHESIS ONE

Ho_1: Audit committee diligence has no significant effect on the financial reporting quality of listed non-finance firms in Sub-Sahara Africa.

The results obtained from the GMM Step-II regression model presented in Table 4.3 revealed that audit committee diligence [coef. = 0.041 (0.002)] has a positive significant effect at 5% on the financial report quality of listed non-financial firms when measured in terms of Jones Discretionary Accrual. The result implies that an increase in audit committee meetings will significantly increase the financial report quality when measured in terms of Jones Discretionary Accrual during the period under investigation. Hence, the null hypothesis that audit committee diligence has no significant effect on the financial reporting quality of listed non-finance firms in Sub-Sahara Africa is rejected.

HYPOTHESIS TWO

$H0_2$: Audit committee size has no significant effect on the financial reporting quality of listed non-finance firms in Sub-Sahara Africa.

The results obtained from the GMM Step-II regression model presented in Table 4.3 revealed that audit committee size [coef. = 0.011 (0.236)] has a positive insignificant effect at 5% on the financial report quality of listed non-financial firms when measured in terms of Jones Discretionary Accrual. The result implies that an increase in audit committee size will insignificantly increase the financial report quality when measured in terms of Jones Discretionary Accrual during the period under investigation. Hence, the null hypothesis that audit committee size has no significant effect on the financial reporting quality of listed nonfinance firms in Sub-Sahara Africa is accepted.

HYPOTHESIS THREE

$H0_3$: Audit committee financial expertise has no significant effect on the financial reporting quality of listed non-finance firms in Sub-Sahara Africa.

The results obtained from the GMM Step-II regression model presented in Table 4.3 revealed that audit committee financial expertise [coef. = 0.000 (0.990)] has a positive insignificant effect at 5% on the financial report quality of listed non-financial firms when measured in terms of Jones Discretionary Accrual. The result implies that an increase in audit committee financial expertise will insignificantly increase the financial report quality when measured in terms of Jones Discretionary Accrual during the period under investigation. Hence, the null hypothesis that audit committee financial expertise has no significant effect on the financial reporting quality of listed non-finance firms in Sub-Sahara Africa is accepted.

HYPOTHESIS FOUR

$H0_4$: Board independence has no significant moderating effect on the relationship between audit committee effectiveness and financial reporting quality of listed non-finance firms in Sub-Sahara Africa.

The results obtained from the stepwise regression model also presented in Table 4.3 revealed that board independence has a positive significant moderating effect on the relationship between audit committee effectiveness when measured in terms of audit committee diligence [coef. = 0.012 (0.001)] and the financial reporting quality of listed non-financial firms when measured in terms of Jones Discretionary Accrual. However, board independence has a positive insignificant moderating effect on the relationship between audit committee effectiveness when measured in terms of audit committee size [coef. = 0.003 (0.228)] and financial reporting quality of listed non-financial firms when measured in terms of Jones Discretionary Accrual. Finally, board independence has a positive insignificant moderating effect on the relationship between audit committee effectiveness when measured in terms of audit committee financial expertise [coef. = 0.008 (0.103)] and financial reporting quality of listed non-financial firms when measured in terms of Jones Discretionary Accrual. The result implies that an increase in independent directors in relation to total number of directors on the board together with an increase in the number of audit committee meeting will significantly improve financial report quality when measured in terms of Jones Discretionary Accrual during the period under investigation. However, an increase in independent directors in relation to total number of directors on the board together with an increase in the number of audit committee members and audit committee financial expertise will insignificantly improve financial report quality when measured in terms of Jones Discretionary Accrual during the period under investigation. Hence, the null hypothesis that board independence has no significant moderating effect on the relationship between audit committee effectiveness and financial reporting quality of listed non-finance firms in Sub-Sahara Africa is rejected.

4.4 DISCUSSION OF FINDINGS AUDIT COMMITTEE DILIGENCE AND FINANCIAL REPORTING QUALITY

According to Jones Discretionary Accrual, the results demonstrate that audit committee scrutiny significantly and favourably affects the quality of financial reports for listed nonfinancial companies. This result, which is significant at the 5% level, indicates that throughout the period under review, there was a considerable improvement in the quality of financial reports that is correlated with an increase in audit committee meetings. The results highlight the critical role that audit committee scrutiny plays in promoting integrity, dependability, and transparency in financial reporting procedures. The results are in line with research by Alawaqleh and Ali (2021), which emphasises the need of strong governance procedures in guaranteeing the veracity and accuracy of financial disclosures. Chukwu and Nwabochi (2019) similarly highlight the benefits of efficient audit committee supervision on stakeholder trust and financial performance.Moreover, the findings resonate with the assertions of Choi et al. (2004) who underscored the critical role of audit committees in upholding corporate governance standards and mitigating agency conflicts.

Furthermore, the association that has been identified is consistent with the findings of Daryaei and Yasin (2020), who highlight the significance of governance systems in augmenting business value and reducing information asymmetry. Moreover, the results validate the claims made by Dare et al. (2021) concerning the favourable correlation between the efficacy of the audit committee and the calibre of financial reporting. Similar to this, Du et al. (2020) emphasise how important audit committee thoroughness is in encouraging responsibility and openness in company disclosures. The findings have wider ramifications for stakeholders, such as investors, regulators, and politicians, beyond what is covered in the governance literature. The correlation that exists between financial report quality and audit committee diligence is positive, which emphasises how important strong governance systems are for protecting investor interests, improving market efficiency, and building trust in the financial markets. Moreover, the findings underscore the imperative for regulatory authorities to promote best practices in corporate governance and ensure adequate oversight of audit committee activities to uphold financial reporting standards.

AUDIT COMMITTEE SIZE AND FINANCIAL REPORTING QUALITY

The study found a significant but statistically insignificant association between the size of the audit committee and the listed non-financial enterprises' financial report quality, as judged by Jones Discretionary Accrual. In particular, the results show a positive but negligible effect at the 5% level, indicating that, in the environment under study, variations in the size of the audit committee have little effect on the quality of financial reporting. This suggests that the influence on the quality of financial reports may not be significant or discernible within the parameters of the investigation, even in spite of certain advantages linked to larger audit committees, such as a diversity of viewpoints and experience. The results contradict the research by Kabinus and Usman (2021), which emphasised the complexity of the relationship between the traits of the audit committee and the results of financial reporting, emphasizing the need for nuanced analysis and consideration of contextual factors. Similarly, Suprianto et al. (2017) and Hewage and Amarasekara (2022) underscored the importance of examining the effectiveness of governance structures in different organizational contexts to understand their impact on financial reporting quality accurately.

Furthermore, the results align with the deductions made by Anderson et al. (20040), who highlight the complexity of corporate governance and the difficulties in separating the impacts of particular governance characteristics from financial reporting results. Furthermore, contextual factors including industry dynamics and the regulatory environment play a significant influence in determining the relationship between financial reporting quality and governance features (Ehigie and Isenmilia, 2022; Ofor et al., 2022). The findings have broader implications for corporate governance procedures and legal frameworks, extending beyond the immediate topic of the study. The lack of correlation between audit committee size and financial report quality highlights the necessity for a nuanced approach to governance reforms that prioritises effectiveness above size. Moreover, the findings underscore the importance of considering contextual factors and industry-specific dynamics in evaluating the impact of governance mechanisms on financial reporting outcomes.

AUDIT COMMITTEE FINANCIAL EXPERTISE AND FINANCIAL REPORTING QUALITY

Additionally, the results of the nexus of audit committee financial report quality provide insights into the relationship between the financial knowledge of the audit committee and the Jones Discretionary Accrual financial report quality of listed non-financial enterprises in SubSaharan Africa. The findings show a positive but statistically insignificant effect at the 5% level, suggesting that within the examined environment, increases in audit committee financial knowledge had no discernible impact on the quality of financial reports. This suggests that even if having a financial expert on the audit committee could be advantageous for financial supervision and decision-making, the quality of financial reporting throughout the investigation period might not be significantly affected by the expert's knowledge alone.These results run counter to those of Abdullah (2006), who highlights the value of audit committee knowledge in improving the quality of financial reporting and governance, and they point to a link between financial knowledge and improved business performance. Adams and Ferreira (2009) infer a possible improvement in the quality of financial reports by highlighting the importance of expertise in reducing agency conflicts and guaranteeing the accuracy of financial disclosures.

Nevertheless, the results of Abdullah et al. (2018), who indicate a strong positive correlation between financial competence and governance effectiveness, are at odds with the found insignificance of audit committee financial experience in impacting financial report quality. Chukwu and Nwabochi (2019) also highlight the need for the audit committee to have specific expertise and abilities in order to handle the regulatory frameworks and complicated financial reporting standards, which may have a good effect on the quality of financial reporting.

The findings have wider ramifications for corporate governance procedures and regulatory frameworks than just the study's specific field of investigation.

The lack of significance of audit committee financial competence highlights the need for a more all-encompassing approach to governance changes that prioritises the efficacy and cooperation of governance structures in addition to expertise. Furthermore, the results highlight how crucial it is to take into account contextual elements, such industry dynamics and the legal framework, when assessing how governance measures affect the results of financial reporting.

BOARD INDEPENDENCE AND FINANCIAL REPORTING QUALITY

The results showed a negative but statistically insignificant link between board independence and the quality of financial reports of listed non-financial corporations as assessed by Jones Discretionary Accrual. The findings imply that variations in the percentage of independent directors to all directors on the board did not have a major effect on the calibre of financial reporting over the study period. This suggests that while though board independence is frequently cited as a necessary component of sound corporate governance, in the setting under study, its existence might not be enough to guarantee superior standards of financial reporting. This goes against the findings of Cohen et al. (2017), who highlight the beneficial effects of board independence on the quality of financial reporting and governance effectiveness and who raise the possibility of a positive correlation between independence and corporate performance outcomes.

Similarly, Bryan et al. (2004) emphasizes the role of independent directors in enhancing board oversight and accountability, thereby implying a potential positive impact on financial report quality. However, the observed insignificance of board independence in influencing financial report quality contradicts the findings of Agyei-Mensah (2022), Ehigie and Isenmilia (2022), and Ofor et al. (2022), who suggest a significant positive relationship between board independence and governance effectiveness. Moreover, these studies underscore the importance of independent oversight in mitigating agency conflicts and ensuring the integrity of financial disclosures, hinting at a potential positive impact on financial reporting quality. The implications of the finding extend beyond the immediate scope of the study to encompass broader considerations for corporate governance practices and regulatory frameworks. The insignificance of board independence underscores the need for a more nuanced approach to governance reforms, emphasizing not only independence but also the effectiveness and collaboration of governance structures. Moreover, the findings underscore the importance of considering contextual factors, such as industry dynamics and regulatory environment, in evaluating the impact of governance mechanisms on financial reporting outcomes.

AUDIT COMMITTEE EFFECTIVENESS AND FINANCIAL REPORTING QUALITY; THE ROLE OF BOARD INDEPENDENCE

The study's findings regarding the moderating effect of board independence on the relationship between audit committee effectiveness and financial reporting quality offer valuable insights into the intricate dynamics of corporate governance within listed nonfinancial firms in Sub-Saharan Africa. Firstly, the results indicate a positive and significant moderating effect of board independence on the relationship between audit committee diligence and financial reporting quality. This suggests that an increase in the proportion of independent directors on the board, coupled with effective audit committee oversight in terms of meeting frequency, significantly enhances financial report quality as measured by Jones Discretionary Accrual. This findingresonates with the assertions of CArcello and Naal (2001). Dabor and Adeyemi (2009), who emphasize the complementary role of independent oversight and audit committee effectiveness in ensuring robust financial reporting practices.

However, the study also reveals a positive but insignificant moderating effect of board independence on the relationship between audit committee effectiveness, measured in terms of both committee size and financial expertise, and financial reporting quality. This suggests that while board independence may enhance the effectiveness of audit committees to some extent, its impact on financial reporting quality is not statistically significant in the context of the studied firms. This finding contradicts the assertions of Agyei-Mensah (2022), Ehigie and Isenmilia (2022), and Ofor, Orjinta, and Maya (2022), who suggest a more significant role for board independence in moderating the relationship between audit committee effectiveness and financial reporting outcomes.

These findings have ramifications for corporate governance procedures and legal frameworks that go beyond the specific parameters of the study. Fostering a culture of independence and oversight within corporate boards is crucial, especially in boosting the efficacy of audit committees, as evidenced by the notable moderating effect of board independence on the relationship between audit committee diligence and financial reporting quality. A more comprehensive knowledge of governance dynamics and their implications on financial reporting outcomes is necessary, as evidenced by the negligible moderating effects seen in connection to audit committee size and financial expertise.

SECTION FIVE SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY OF FINDINGS

Regarding each particular study objective, the following are the outcomes of the empirical findings:

1. Measuring the financial report quality of listed non-financial corporations in terms of Jones Discretionary Accrual, audit committee diligence [coef. = 0.041 (0.002)] shows a positive significant effect at 5%.
2. According to Jones Discretionary Accrual, audit committee size (coef. = 0.011 (0.236)) positively and insignificantly affects the financial report quality of listed non-financial enterprises at a rate of 5%.
3. When assessed in terms of Jones Discretionary Accrual, audit committee financial knowledge [coef. = 0.003 (0.990)] has a positive, minimal impact at 5% on the financial report quality of listed non-financial enterprises.
4. The study found that board independence significantly moderates the relationship between the financial reporting quality of listed non-financial firms, as measured by Jones Discretionary Accrual, and the effectiveness of the audit committee, as measured by audit committee diligence (coef. = 0.022 (0.001)]. The relationship between the financial reporting quality of listed non-financial firms measured in terms of Jones Discretionary Accrual and the effectiveness of the audit committee, as measured by audit committee size (coef. = 0.003 (0.228)], is moderately influenced by board independence. Ultimately, when evaluating audit committee competence in terms of financial expertise, board independence has a positive but negligible moderating influence [coef. = 0.008 (0.103)]. Furthermore, when evaluated using Jones Discretionary Accrual, the financial reporting quality of listed non-financial enterprises

5.2 CONCLUSION

The research results provide insight into the complex interplay between financial reporting standards and corporate governance practices in listed non-financial companies in Sub-Saharan Africa. This research offers important insights into the variables affecting financial reporting results in the area by thoroughly examining audit committee attributes and how they interact with board independence. First, as the study shows, the accuracy and dependability of financial disclosures are positively impacted by more frequent meetings, which further highlights the important role audit committee vigilance plays in improving financial reporting quality. In order to maintain integrity and transparency in financial reporting procedures, this emphasises how crucial active audit committees are.

Furthermore, the research indicates that although audit committee size and financial knowledge might impact financial reporting quality, their impacts do not reach statistical significance. This implies that merely expanding the audit committee's size or improving its financial reporting proficiency could not result in appreciable gains in financial reporting results in the scenario under study.

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