

# DOES AUDIT COMMITTEE EFFECTIVENESS AFFECT EXTERNAL AUDIT FEES? EVIDENCE FROM LISTED HEALTHCARE COMPANIES IN NIGERIA.

By

<sup>1</sup>FASUA, Kayode Olushola, <sup>2</sup>MAMMAN, Suleiman & <sup>3</sup>OJO, Lukman Olatunji

<sup>1</sup>Nigerian College of Accountancy, Kwall, Jos, <sup>2</sup>Department of Accounting, Nasarawa State University, Keffi, <sup>3</sup>Department of Accounting, Nasarawa State University, Keffi

<sup>1</sup>kalovick1@gmail.com, <sup>2</sup>[mammansuleiman68@gmail.com](mailto:mammansuleiman68@gmail.com), <sup>3</sup>adisa286@gmail.com

By

## Abstract

*This paper investigated the effect of audit committee effectiveness on external audit fees of listed healthcare firms in Nigeria. The paper adopted ex post facto design. The source of data was secondary which were collected from the published annual reports of the studied healthcare firms in Nigeria. The study covered nine (9) of the healthcare firms in Nigeria for a period of eight years, ranging from 2012 to 2019. Multiple regression technique of data analysis was employed. The findings revealed that audit committee expertise and gender diversity of audit committee has negative significant effects on external audit fees of listed healthcare firms in Nigeria. While audit committee diligence and independence non-executive on audit committee as positive insignificant effect on external audit fees of listed healthcare firms in Nigeria. Hence the study concludes that expertise and gender diversity of audit committee reduces external audit fees. While independence non-executive directors on audit committee and total numbers of meeting held in a year increases external audit fees. Based on the results and conclusion, the paper recommends that the policy-makers on audit committee in Nigeria should focus on the specific attributes of accounting expertise and women representations on the board of audit committee. This is because accounting expertise and gender diversity on the board of audit committee are effective to reduces agency cost by audit fees in a healthcare firm like Nigeria*

**Keywords:** Audit committee, Audit Fee, External Auditor, DMBs

## INTRODUCTION

Of late, increasing interest has been given to the auditing services provided by the auditing firm. Watts and Zimmerman (1986) maintained that external auditors are monitoring instrument that decreases communication gap, moderate the scope for managers misleading conduct and provides the principals with reliable and reasonable assurance that the financial figures are free from material errors. As such, in offering such quality assurance services, the external auditor needs

some phenomena which can be observed, audit fees are one among the indicators. Audit fees are the sum paid to external auditor for the assurance of financial reports.

However, there is growing attention on factors affecting audit fees by accounting scholars (Choi, Kim & Zang, 2010; Al-Malki & Jallad, 2015; Ertan & Banu, 2017) on the total audit fees and the causal effect of such fees on audit quality. The need for this paper rises from the fact that very limited studies have studied the external audit fees issues from the viewpoint of audit committee effectiveness in the framework of agency theory. Therefore, this is an important issue that needs to be studied for theoretical clarification.

Audit committee is a sub-committee of the supervisory board that is reliable to review the company annual financial reports. Furthermore, audit committee provides a relation between company's directors and external auditors. Besides, the major underlining aim for establishing the audit committee is to increase auditing quality by selecting auditors with industry knowledge (Abbott & Parker 2001). Moreover, DeZoort (1997), bring to mind that effectiveness of audit committee members impact the level of audit reporting. Therefore, Abbott and Raghunandan, (2003) concluded that audit committee increases external audit fees. Because of degree of audit coverage.

However, prior studies in advanced and some part of Asian economies exist on audit committee characteristics and audit fees (Abbott et al. 2003; Stewart, 2006; Hamdan & Mushtaha, 2011; Feng, Simon., Wanli & Huaili, 2012 Hassan, 2014) Nevertheless, there is nearly absence of empirical studies that have dealt with the audit committee effectiveness (expertise, female audit members, independence and diligence) in relation to external audit fees of listed health companies in Nigerian thus far. For instance, Ohidoa and Omokhudu, (2018) studied the connection between profitability and size on audit fees of listed firm Nigeria. Urhoghide and Izedonmi (2015) also empirically examined corporate governance variables of board diligence, board expertise, board size, board independence); Audit client characteristics and audit client characteristics on audit fees in Nigeria. However, till date no extensive study has been made to examine the causal factors of audit committee effectiveness (audit committee expertise, female audit committee members, independent and diligence) affecting the audit fees in the Health sector of Nigeria. The current study fills this gap by empirically examining the relationship between audit committee effectiveness and audit fees of listed health firm in Nigeria.

The following null hypotheses have been formulated:

**H<sub>01</sub>:** Audit committee expertise as no significant effect on audit fees of listed health companies in Nigeria

**H<sub>02</sub>:** Audit committee independence as no significant effect on audit fees of listed health companies in Nigeria

**H<sub>03</sub>:** Audit committee diligence as no significant effect on audit fees of listed health companies in Nigeria

**H<sub>04</sub>:** Female audit committee members as no significant effect on audit fees of listed health companies in Nigeria

## LITERATURE REVIEW

### *Concept of audit committee*

An audit committee can be defined as a sub-committee in the management body that will make procedure for internal audit and enable the achievement of external audit. Sarbanes-Oxley Act (SOX, 2002) refers to audit committee as “a committee instituted by and between the board of directors of an issuer for the aim of supervision the annual financial statement processes and audits of the financial statements. Dezort, Archambeault, and Reed, (2002) described an effective audit committee as one that has capable members with the specialist and resources to protect shareholders interests by certifying reliable financial reportage via its diligent oversight efforts. However, the structure of audit committee in Nigeria is specifically denoted in Company and Allied Matters Act of 1990 (CAMA 1990; 2004). These responsibilities have further been extended by the Nigerian Security and Exchange Commission (SEC) 2011 2018 Code of Corporate Governance. Precisely, the code requires that companies should establish audit committees consisting of directors and shareholders. Under the code, audit committee is saddled with the responsibility of reviewing the scope and result of audit, the independence and objectivity of the auditor, among others.

The effectiveness of audit committee in exercising its supervising role is connected with their characteristics of expertise, independence, diligence and diversity ( Carcello & Neal, 2000; Klein, 2002; Rui & Meng, 2015; Farissha, & Anuar, 2018).

#### *Audit Committee Financial Expertise*

Financial expertise is the most significant quality of audit committee effectiveness. Because accounting expertise is connected with a greater capability to resolve complex accounting issues. More so, audit committee members with specialized accounting knowledges have greater ability in handling grey areas and will not just irrationally follow Generally Accepted Accounting Principle (Krishnamoorthy, Wright & Cohen, 2002). Such knowledge possesses the necessary acquaintance about technical accounting matters; hence they are inclined to invest more effort in areas critical to financial reporting quality to detect potential accounting issues. Agreeing with Dezoort and Salteerio (2001), audit committee members with aforementioned understandings and expertise in accounting and auditing are more likely to make expert judgments and ensure audit quality assurance.

#### *Audit Committee Independence*

Members of audit committee that is independent from management enhances the quality of financial reporting oversight, and hence expanding its characteristic (Abbott et al. 2003; Piot & Janin 2007). Hossain, (2004) concluded that audit committee members should be comprised of independent non-executive directors who are not employee of the company. Such a committee should act as an interaction linkage between management, auditors, and the supervisory body.

#### *Audit Committee Diligence*

The effectiveness of the audit committee in carrying out its oversight functions cannot be guaranteed without greater diligence from its members (Collier & Gregory 2009). Audit committee diligence signifies total number of meetings held in a year (Dabor & Dabor, 2015; Armstrong & Awinbugri1, 2019). Moreover, PricewaterhouseCoopers (2003) recommends that audit committee meetings of at least three to four times a year are preferable. However the annually total of meetings is an inexact signal of the effectiveness and scope of the work performed, a committee

that meets less frequently has little chance of improving the work of the managers (Menon & Williams 1994; Collier and Gregory 1999) and similarly exposes the corporation to a greater risk of accounting fraud (Farber 2005). Compennolle (2009) concluded that audit committee diligence abridges the communication gap to stakeholders about the quality of the company's annual reports, mostly when agency costs are significant (Dey 2008). On the other side of the coin, it can be debated that frequent audit meetings add cost to the corporation. Payment of meeting allowances institute expense which often times can be evaded. Managers even use such opportunities to misappropriate organizational resources and hence agency problem.

### ***Female Directors of Audit Committee***

Globally, female directors have drawn substantial consideration from supervisory bodies. However, Norway was the pioneer nation in the world to instigate female quotas, therefore, required all companies to have forty percent of the board characterized by females (Marquardt & Weidman, 2016; Terjesen, Aguilera, & Lorez, 2015). Then, other nations have similarly followed the policy of mandating the presence of female directors (Adams, 2016). However, Hermanson, Archambeault, and Reed (2002) maintain that the effectiveness of audit committee is affected by how it is established. Thus, the effectiveness of the audit committee depends on the quality of directors characterized on it. As female directors are not likely to be part of all-male associations (Zalata et al., 2018), they are likely to be more effective in monitoring (Lai et al., 2017). Hence, women, in contrast to men, are more likely to be ethically perceptive and therefore show a more considerate and empathetic nature (Bampton & MacLagan, 2009; Eweje & Brunton, 2010). Further, keeping in mind of the significance of audit committees as mentioned in section 359(4), of Company Allied Matter Act, 2004, the supervisory body attempts to increase female directors also suggest that regulators expect female directors to act as better monitors. As a result, Thiruvadi, (2012) maintained that female directors are more thorough in comparison than their male counterpart and hence reduces agency cost.

### **Concept of Audit Fees**

Audit fee refers to the market price of audit service. Soltani (2007), defined audit fees as the total fees connected with an auditor carrying out a task to express an opinion on the client's financial reports in accordance with accounting standards. However, American International Certified Public Accountant, (2009). views audit fees as fees due to accounting firm for the audit service assurance offered to the client. Moreover, audit fees are the specific fee that clients willing to pay for the assurance services. Besides, the audit fees depend on the volume of auditor's effort and working hours. More so, the dissimilar audit fees of diverse firms are due to diverse workload

### **EMPIRICAL STUDIES ON AUDIT COMMITTEE EFFECTIVENESS AND AUDIT FEES**

Audit fees determinants are the outcome of negotiation between audit supply side and audit demand side (Abbott, et al 2003; Goddard & Masters, 2000; Goodwin-Stewart & Kent, 2006). From the demand side outlook, demonstrated that audit committee may increase audit fees by guaranteeing that audit efforts are not reduced to a level that compromises the quality assurances services (Abbott,et al.2003). On the contrary, supply-side fails to establish any positive nexus amid audit committee and audit fees. Implying that the more effectual the audit committee, the more trustworthy and healthier the company's accounting and internal control systems (Hossain & Deis, 2007; Tsui, Jaggi& Gul,2001). Moreover, the auditor's dependence on the firm's internal controls system should result to less audit workload and thus a lower audit fees (Collier & Gregory, 1996).

Stewart and Pamela (2006) examined the association between audit committee effectiveness and audit fees in Australian setting. The employ multiple regression. Findings reveals a significant positive association between the level of audit quality proxy audit fees and the existence of an audit committee expertise

Hassan, (2014) studied the relationship between and audit fees of non-financial firms in Jordan for the period of 2010 to 2012. Using ordinary least squares regression technique of data analysis. The findings show that audit committee expertise increases audit fees.

Abbott and Raghunandan, (2003) studied the connection between audit committee characteristics and audit fees for the period of 2001. With the aid of cross-sectional regression the study reveals that independence of audit committee increases audit fees.

Cindy (2007) assessed the association between corporate governance characteristics and audit fees for the period of 2005. Results show a positive, important association between audit committee independence and audit fees.

Yasin and Nelson, (2012) examined the association of audit committee meeting and audit quality, proxy by audit fee. For the period 2009 to 2010. Evidenced from regression analysis shows that board meeting increase audit fees.

Muhammad, Irfan and Ijaz (2018) examined the effect of board and audit committee quality on the audit fees in the setting of emerging country of Pakistan. Using the Partial Least Square regression. Finding submits that, audit committee diligence lower audit fees.

Rui (2015) studied nexus between audit committee gender diversity and audit fees in china listed companies for the period 2004 to 2007. The regression analysis result shows that female directors on audit committee reduces audit fees.

Farissha and Anuar (2018) examined the effect of the presence of female board directors on agency cost for the duration 2010 to 2013 of 150 listed Malaysia firms. Data was analysed using regression. The result reveals that female board directors have a significantly negative relationship with agency cost.

Aldamen, Hollindale and Ziegelmayr, (2018) examined the relationship between female audit committee members and audit fees for the period of 2011 to 2017. The regression analysis signifies tat female audit committee members reduces audit fees.

Kaleemullah, (2019) Used ordinary least-squares regression in United Kingdom for the period of 2009 to 2017. Finding shows a positive link between female directors on audit committees and audit quality.

## **THEORETICAL FRAMEWORK**

The theory that underpins this study is agency theory. Agency theory theorizes an inherent moral hazard in principal-agent relationships that gives rise to agency costs. Moreover, agency problems are associated with monitoring cost that the principal incur. Monitoring costs arise because agency problems put the principal at a disadvantage of being unable to control the desired actions of the agent (Mallin, 2007). The principal incurs monitoring costs by setting appropriate incentives for the agent and establishing audit committee to limit the deviant activities of the agent (Jensen & Meckling, 1976). However, audit committees provide a mechanism in which these agency costs

can be moderated, given that audit committees are tasked with the responsibility to monitor financial reports (Aldamen, Hollindale, & Ziegelmayer, 2018), an effective audit committee may improve monitoring and safeguard the credibility of financial reports, and thereby reduce these agency costs (Dhaliwal et al., 2010). Similarly, Lai, Srinidhi, Gul and Tsui, (2017) supports the argument relating to effectiveness of audit committee to decrease agency costs by performing effective oversight of financial statements.

## METHODOLOGY

The paper adopted the ex post facto design. This because the researcher has no direct control over the variables being studied. The population consists of all the ten healthcare firms listed on the first-tier market of the Nigerian Stock Exchange for the period 8 years (2012 to 2019)

TABLE 1: Lists of Listed Healthcare Firms in Nigeria

s/n	Name of Company
1	Afrik healthcare Plc
2	Evans Plc
3	Ekocorp pharmaceuticals Plc
4	GlaxoSmithkline Nig. Plc
5	Juli pharmaceuticals Plc
6	May & Baker Plc
7	Nigerian-German Pharmaceutical Plc
8	Neimeth Int. Pharm. Plc
9	Pharma-Deco Plc
10	Union Diagnostic Clinical services Plc.

Source: Author's Compilation from NSE Factbook

Consequently, the number of companies was reduced to a working population of nine (9). Afrik pharmaceuticals PLC was excluded from the study population because it was delisted in 2018. The entire working population of nine (9) healthcare companies was used as the study sample considering the fact that the data required for the study is readily available from the published financial reports of the companies, and the NSE factbook for the relevant years. Data collected for this study comes solely from secondary source. Multiple regression technique was employed as a technique of data analysis.

### Model Design

$$AUFEE_{it} = \alpha + \beta_1 ACEXP_{it} + \beta_2 ACIND_{it} + \beta_3 ACD_{it} + \beta_4 GDAC_{it} + \beta_5 FZ_{it} + \mu_{it}$$

Where;

AUFEE= Audit Fee

$\alpha$  = Intercept

$\beta_1 - \beta_6$  = Slope Coefficient

ACEXP= Audit Committee Expertise

ACIND= Audit Committee Independence



ACD= Audit Committee Diligence

GDAC= Gender Diversity of Audit committee

FZ= Firm Size

it= cross- section i time series t

$\mu$  = error terms

Variable Measurement

Type	Variable	Proxies	Symbol	Measurements
Independent Variable	Audit committee	Audit committee Expertise	ACEXP	A dummy variable with a value of 1 if the audit committee has at least one member with accounting or finance and 0 otherwise
		Audit committee Independence	ACIND	
		Audit committee Diligence	ACD	The number of meetings held by the audit committee during the year.
		Gender diversity of audit committee	GDAC	variable The number of women in audit committee divided by the total number of audit committee members.
Dependent Variable		Audit Fees	AUFEE	natural log of audit fees.
Control size		Firm Size		The natural log of firm's total assets

## RESULT AND DISCUSSIONS

Table 1: Descriptive Statistics of the Variables

Variable	Mean	SD	Min	Max
AUFEE	4.035471	.3949531	3.30103	5.095012
ACEXP	.7222222	.4510464	0	1
ACIND	.0490741	.0808256	0	.25
ACD	3.875 1	.112509	2	6
GDAC	.1226852	.146271	0	.333333
FZ	5.495141	.9235249	3.820858	7.657694

Source: STATA output

Table 1 displays the descriptive statistics on the dependent and independent variables used in this study. Viewed in table 1, the minimum and maximum of audit fees in the financial reports are 3.30103 and 5.095012 million, and the standard deviation .3949531 of audit

fees is lower than the mean 4.035471. Indicating that on average listed healthcare companies audit fees stood at N4.035 million naira.

Relating to the percentage of audit committee expertise (ACEXP), the mean is .7222222. On average, 72% audit committee members on the audit committee is accounted for by financial specialists. Moreover, the mean of independent non-executive directors on audit committee is .0490741. implying that on average, approximately 5% of audit committee members are independent non-executive directors in healthcare firms in Nigeria. Furthermore, audit committee meetings have a minimum value of 2 and a maximum value of 6, which indicates that the lowest and highest numbers of times meetings were held is two times and six times respectively. While on average, the entire audit committee members in the healthcare firms held meetings for at least three times within the year. For gender diversity of audit of audit committee (GDAC) , the minimum value is 0 which means that within the audit committee there could be certain years in which there are no women on the committee, however, their maximum value stood at .3333 which implies that in the audit committee within the healthcare sector, women occupies about 33% of the population of the audit committee in a certain year. The mean value suggests that about 12% of women are represented in the audit committee of sampled firms within the study period. However, the standard deviation of .14.6% describes a wide variation around the mean. Lastly, the mean of firm size was N5.495141 billion with the standard deviation of .9235249 indicating a very low variability among the variables. The minimum and the maximum firm size are N3.82 billion and N7.65 billion respectively.

**Table 2 Correlation Matrix**

Variables	AUFEE	ACEXP	ACIND	ACDIR	ACMT	FSZ
AUFEE	1.0000					
ACEXP	-0.0536	1.0000				
ACIND	0.1122	-0.0200	1.0000			
ACD	0.0600	0.4070	0.0379	1.0000		
GDAC	-0.4080	0.1396	-0.1875	-0.0083	1.0000	
FSZ	-0.0290	0.0604	0.1873	0.3274	-0.2381	1.0000

Source: STATA output, 2019

Table 2 indicates that audit fees is about -0.0536% and -0.4080 negatively correlated with audit committee expertise and gender diversity of audit committee. This implies that the affiliation between them is inverse and at a reasonable level. However, audit committee independence and meeting is 0.1122% and 0.0600 positively correlated with audit fees of



listed healthcare firms in Nigeria. This signifies that the variables moved in the direction with fees. While firm size and audit fees is negatively related audit fees -0.0290.

Table 3. Regression diagnostics of multicollinearity test and cook-weisberg test for heteroskedasticity

Variable	VIF	1/VIF
ACEXP	1.23	0.812086
ACIND	1.06	0.943073
ACD	1.35	0.742138
GDAC	1.11	0.899669
FSZ	1.22	0.817878
Mean VIF	1.19	
Ho: Constant variance	chi2(1) = 2.54	0.1110

Source: STATA output, 2019

The tolerance values for all the study variables are greater than 0.1 and the values of VIF are less than 10. This illustrates suitability of fitting the model of the study with the independent variables. However, the result Breusch-Pagan/Cook-Weisberg test for heteroscedasticity indicates chi-square value of 2.54 with p-value of 0.1110 which is insignificant at 5%. This bring to mind the absence of heteroscedasticity in the model

Table 4. Regression Result

Variable	Coef.	Std. Err.	t	P> t
ACEXP	-.5742555	.2576559	-2.23	0.031
ACIND	.1110322	.1005254	1.10	0.269
ACD	.0101581	.095374	0.11	0.915
GDAC	-.1788281	.0828512	-2.16	0.033
FSZ	-.0386536	.0508929	-0.76	0.450
R-squared = 0.4355				
Wald Chi2=103.49				0.0001
Hausman specification test	chi2(5) = (b-B)'[(V_b-V_B)^(-1)](b-B) = 0.87			0.9722
Breusch and Pagan Lagrangian multiplier test for random effects	chibar2(01) = 11.65			Prob > chibar2 = 0.0003

Source: STATA output, 2019

The study employed random effect regression for the panel regression analysis as proposed by the Hausman test. The basis behind random effects regression is that, unlike the fixed effects, the discrepancy across entities is presumed to be random and unrelated with the regressors contained within in the model. More so, Lagrangian multiplier test, indicated that random effect regression

is the suitable model for this study. This is evidenced by  $\text{prob} > \chi^2 = 0.0003$  which is significant at 1% level of significant.

The results from table 4 indicates that the expertise, independence, diligence, gender diversity of audit committee and firm size explained 24% of the total variation in the audit fees, of listed healthcare firms in Nigeria. Furthermore, the result of the Wald  $\chi^2$  (103.49) shows that the model is well fitted and that the variables used as proxies for audit committee effectiveness in the study are well designated and utilized as confirmed by the  $\text{Prob} > \chi^2$  (0.0000) which is statistically significant at 1%.

The investigation of results shows a meaningful negative interaction between audit committee expertise and audit fees of listed healthcare firms in Nigeria. This is because, the coefficient of AUFEE is -.5742555 with probability of 0.031 which is significant at 5%. Indicating that the presence of accounting knowhow in audit committee members of Nigerian listed healthcare firms decrease audit fees. The result is consistent with the agency theory viewpoint, signifying that the effectiveness of an audit committee increases as the knowledge increases, because accounting expertise is accompanying with a greater competence in reviewing the financial reports and correspondingly resolve the complex accounting areas where managerial discretions are involved and hence reduced agency costs borne by the management. This result is paradoxical with those of Stewart and Pamela (2006); Hassan, (2014) who found that audit committee expertise increase audit fees. Consequently, hypothesis one (**H01**) was rejected.

Independence non-executive directors on audit committee exhibited a positive insignificant relationship with audit fees of listed healthcare firms in Nigeria. As table.4 shows the coefficient of .1110322 with p-value of 0.269 which is insignificant at 5%. This suggests that independence non-executive directors on audit committee positively but not meaningfully influencing audit fees in the context of healthcare firms in Nigeria. That is independent non-executive director on audit committee increase audit fees and thereby, increase agency cost of listed healthcare firms in Nigeria. The outcome conflicted with the agency theory which stated that presence of non-executive on audit committee is effective in performing its oversight function. The findings also supported the views of Abbott and Raghunandan, (2003), Cindy (2007). That independence non-executive director increase fees charged by external auditors. Thus, hypothesis two (**H02**) was accepted.

The regression results further revealed that audit committee diligence proxy by meeting as shown in table 4 has a coefficient value of .0101581 which is insignificant at 0.915 (5%). This indicates that frequency of meeting does not significantly influence audit fees of listed healthcare firms in Nigeria. That is audit committee meetings increase audit fees and agency cost. The findings are in line with the of finding Yasin and Nelson, (2012) but contradicted the finding of Muhammad, Irfan and Ijaz (2018). Therefore, hypothesis three (**H03**) was accepted.

Table 4 also shows that gender diversity of audit committee has negatively and meaningfully effect audit fees of listed healthcare firms in Nigeria. As evidence from the coefficient of -.1788281 with the significant level of 0.033. This signifies that as the proportion of female members increases in audit committee fees charged by external audit reduces. The result also supports agency theory that monitoring ability of female directors on audit committee reduce agency costs by carrying out effective oversight of financial information and significantly increase the effectiveness of internal control system. This is consistent with the results of Rui (2015),

Farissha and Anuar (2018); Aldamen, Hollindale and Ziegelmayr, (2018). Thus, hypothesis four (**H04**) was rejected.

## CONCLUSION AND RECOMMENDATION

This study examined the relationship amongst audit committee effectiveness and audit fees in the context of agency theory. The results of the study show that audit committee expertise and gender diversity of audit committee reduces the fees charged by external auditors of listed healthcare firms in Nigeria. Therefore, the study concludes that expertise and gender diversity of audit committee are significant component in controlling the agency cost of a firm. Whereas, audit committee diligence and independence indicated positive but not meaningful relation with audit fees of listed healthcare firms in Nigeria. In conclusion, the increased proportion of non-executive directors on audit committee and total numbers of meeting held in a year does not meaningfully mitigate the agency cost such as fees charged by external auditor. However, in order for audit committee members to perform its oversight role effectively and mitigate the agency cost of a company. The policy-makers on audit committee in Nigeria should focus on the specific attributes of accounting expertise and increased the proportion of women representations on the board of audit committee. This is because accounting expertise and gender diversity on the board of audit committee are effective to reduce agency cost by audit fees in a healthcare firm like Nigeria.

## References

- Abbott, L., Parker, S., Peters, G., & Raghunandan, K. (2003). The association between audit committee characteristics and audit fees. *Auditing: A Journal of Practice and Theory*, 22(2), 17–32. <http://dx.doi.org/10.2308/aud.2003.22.2.17>
- AICPA, (2012). AU section 312 audit risk and materiality in conducting an audit. <http://www.aicpa.org/researchstandards/auditattest/downloadabledocument/AU00312>.
- Aldamen, H., Hollindale, J., & Ziegelmayr, J. L. (2018). Female audit committee members and their influence on audit fees. *Accounting and Finance*, 58(1), 57–89.
- Al-Khoury, A.F., M. Al-Sharif, J. Hanania, I.A. Al-Malki and M. Jallad, 2015. Auditor independence and mandatory auditor rotation in Jordan. *International Business Research*, 8(4): 73-82. View at Google Scholar | View at Publisher.
- Armstrong, E., & Awinbugri, P. (2019). The Impact of Audit Committees' Meetings and Audit Fees on the Financial Performance of Listed Banks in Ghana. *International Journal of Research and Innovation in Social Science (IJRISS)* | Vol 3, Issue V, ISSN 2454.
- Choi, J.H., J.B. Kim and Y. Zang, (2010). Do abnormally high audit fees impair audit quality? *Auditing: A Journal of Practice and Theory*, 29(2): 115-140. View at Google Scholar | View at Publisher.
- Choi, Jong-Hag, Kim, Chansog, Kim, Jeong-Bon, & Zang, Y. (2010). Audit Office Size, Audit Quality, and Audit Pricing. *Auditing: A Journal of Practice and Theory*, American Accounting Association. 29(1), 73-97.
- Cindy K. (2007). The Association Between Corporate Governance and Audit Fees. *Business and economics facility publication*.

- Dabor, A.O. and Dabor, E. L. (2015). Audit committee characteristics, board characteristics and financial reporting quality in Nigeria. *International Journal of Economics, Commerce and Management*, 3(2), 1292-1304.
- Ertan, A., & Banu, E. (2017). The Determinants of Auditor Selection in Terms of Firm and IPO Characteristics: Evidence from BIST. *Journal of Accounting and Management. JAM* vol. 7, no. 1(
- Farber, D.B. (2005). Restoring Trust after fraud: Does corporate governance matter? *The Accounting Review* 80: 539-561.
- Farissha, A., & Anuar, S. (2018). Female Directors, Mechanisms for Corporate Governance and Agency Cost. *International Business Education Journal* Vol. 11 No. 1 (1-15.
- Farissha, A., & Anuar S. (2018). Female Directors, Mechanisms for Corporate Governance and Agency Cost. *International Business Education Journal* Vol. 11 1 1-15
- Feng, Y., Simon, G., Wanli L., & Huaili, L. (2012). Determinants of audit committee meeting frequency: evidence from Chinese listed companies. *Managerial Auditing Journal*, 27(4), 425–444. <http://dx.doi.org/10.1108/02686901211218003>.
- Hamdan, A., & Mushtaha, S. (2011). The Relationship between Audit Committee Characteristics and Type of Auditor's Report: An Empirical Study on the Public Shareholding Industrial Companies Listed at Amman Bourse. *The Arabian Journal of Accounting*, 14(1), 109–163.
- Hassan, Y.K. (2014). Board Characteristics, Audit Committee Characteristics, and Audit Fees: Evidence from Jordan. *International Business Research*; Vol. 7, No. 12;
- Kaleemullah, A. (2019). Female directors on audit committees and audit quality: *PHD thesis University of Salford Salford Business School*.
- Krishnamoorthy, G., Wright, A., & Cohen, J. (2002). Auditors' views on audit committees and financial reporting quality. *CPA Journal*, 72 (10), 56–57.
- Lai, K. M. Y., Srinidhi, B., Gul, F. A., & Tsui, J. S. L. (2017). Board gender diversity, auditor fees, and auditor choice. *Contemporary Accounting Research*, 34(3), 1681–1714.
- Miller, T., & del Carmen Triana, M. (2009). Demographic diversity in the boardroom: Mediators of the board diversity-firm performance relationship. *Journal of Management Studies*, 46, 755-786. <http://dx.doi.org/10.1111/j.1467-6486.2009.00839.x>.
- Muhammad, U.F., Irfan, K., & Ijaz L. (2018). Corporate Governance and Audit Fees: Evidence from a Developing Country. *Pakistan Journal of Commerce and Social Sciences*. , Vol. 12 (1), 94-110.
- Nielsen, S., & Huse, M. (2010). The contribution of women on boards of directors: Going beyond the surface. *Corporate Governance: An International Review*, 18, 136-148. <http://dx.doi.org/10.1111/j.1467-8683.2010.00784.x>.
- Ohidoa, T & Omokhudu, O (2018). Firms Attributes and Audit Fees in Nigeria Quoted Firms. *International Journal of Academic Research in Business and Social Sciences* Vol. 8, No.3, 687.

- Onaolapo, A., Ajulo O.B., & Onifade H.O. (2017). Effect of Audit Fees on Audit Quality: Evidence from Cement Manufacturing Companies in Nigeria. *European Journal of Accounting, Auditing and Finance Research*. Vol.5, No.1, pp. 6-17,
- Rui, X. (2015). Gender Diversity of Audit Committees and Audit Fees: Evidence from Chinese Listed Companies. *Asian Journal of Finance & Accounting* . Vol. 7, No. 2
- Rui, X., & Meng, Q. (2015). Gender Diversity of Audit Committees and Audit Fees: Evidence from Chinese Listed Companies. *Asian Journal of Finance & Accounting*. Vol. 7, No. 2
- Rustam, S., Rashid, Zaman, K. (2013).The relationship between audit committees, compensation incentives and corporate audit fees in Pakistan.*Economic Modeling*, 31, 697-716.
- Salleh, N. M. and Haat, M. H. (2013).Audit committee diversity - Malaysian evidence after the revision of MCC. *Malaysian Accounting Review*, 12(2), 91-113.
- Stewart, J. & Munro, L. (2007). The impact of audit committee existence and audit committee meeting frequency on the external audit: Perceptions of Australian auditors. *International Journal of Auditing*, 11, 51-69. <http://dx.doi.org/10.1111/j.1099-1123.2007.00356.x>.
- Zalailah, S., Hafiza, A.H., & Nor, R.M. (2012). Accrual quality: the presence of women directors on audit committee boards. *Corporate Ownership & Control* / Volume 10, Issue 1, 2012, Continued - 7

IJSER