

Relationship Between Auditors' Independence and The Quality of Financial Reporting in The Nigerian Public Sector

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ABSTRACT

This study is motivated by the persistent challenges of financial transparency and accountability within the Nigerian public sector, where the independence of auditors is frequently questioned. Specifically, the study analyzed the impact of auditors' independence on financial reporting quality, assess the effectiveness of the regulatory framework in promoting auditor independence, evaluate stakeholder perceptions regarding auditors' independence, and identify factors that threaten such independence. The research adopted an exploratory design, utilizing a purposive sample of 64 public sector auditors. Data were collected through structured questionnaires designed to capture auditors' perceptions and experiences related to independence and reporting quality. The methodology involved both descriptive and inferential statistical analyses, with regression analysis employed to determine the strength and significance of the relationship between various dimensions of auditor independence (investigative, reporting, and financial) and financial reporting quality indicators such as timeliness and faithful representation. The results revealed a strong positive relationship between auditors' independence—particularly investigative independence and the quality of financial reporting in the Nigerian public sector. Investigative independence was found to have a statistically significant impact on both the timeliness and faithful representation of financial reports, while reporting and financial independence, though important, did not show the same level of significance. The study also highlighted persistent challenges, including political interference and inadequate regulatory enforcement, which continue to undermine auditor independence. In conclusion, the study underscores the critical importance of strengthening investigative independence and enhancing the regulatory framework to improve financial reporting quality in the Nigerian public sector. Achieving these objectives is essential for fostering public trust and ensuring accountability in the management of public resources. The study recommends empowering regulatory bodies, increasing stakeholder awareness, and establishing robust mechanisms to protect auditors from undue influence as key steps toward achieving higher standards of financial report.

Keywords: Perception, Experience, Auditors' independence, Quality of financial reporting