

# Regulatory Compliance, Ethical Considerations, Audit Quality And Transparency In Modern Auditing And Assurance

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## Abstract

*This study is a conceptual review that investigates regulatory compliance, ethical considerations, audit quality and transparency on the dynamics of Auditing and Assurance in the Nigerian context in the modern world by studying the challenges hindering their effective implementations. With a methodology based on critical review of related literatures through content analysis to identify key areas of development, patterns, trends and problems facing significant concepts in the auditing profession, the research seeks to point out how technology and new discoveries have influence the auditing profession. Findings reveal that while integrity and objectivity are prioritized, external pressures, inadequate training, and resource constraints impede the full implementation of regulatory compliance, ethical consideration and transparent quality audit. The study therefore, endorsed increased auditor training, stronger enforcement of ethical guidelines, and improved resource allocation to enhance compliance, financial transparency and stakeholders' trust.*

Date of Submission: 10-12-2024

Date of Acceptance: 20-12-2024

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## I. Introduction

Regulatory compliance, ethics consideration, quality audit and transparency plays a pivotal role in determining the operational landscape of businesses and organizations worldwide. For an economic environment as diverse and dynamic as that of Nigeria, these forces holds paramount significance to ensure the integrity and stability in various industries; and fosters trust and confidence among stakeholders.

Regulatory compliance which includes a set of rules and regulations, is an essential aspect of corporate governance in Nigeria (Okike, 2007). In addition to the several statutory and ethical guidelines, the Companies and Allied Matters Act (CAMA2020 as amended) is the principal statute that governs corporate activities and stipulates regulations that must be complied with before the commencement of businesses and during their operations in Nigeria (Nigeria, 2020). Abiding by corporate rules, guidelines and regulations enhances stability and sustainable development in an economy (Utting, 2000).

Audit quality and transparency have become central concerns in the auditing profession due to high-profile cases of corporate failure and financial misreporting. Instances such as the Enron scandal, which led to the collapse of Arthur Andersen, and more recent cases like Guaranty Trust Bank in Nigeria (2024), have raised awareness of the need for rigorous audit standards and transparent practices. All these calls for new and advanced auditing techniques to be incorporated in the auditing practice. The increasing complication of financial crimes in both private and public organizations has necessitated advanced auditing techniques. However, the effectiveness of these techniques is often undermined by the lack of compliance with regulatory frameworks, ethical lapses brought about by factors such as conflicts of interest, confidentiality breaches, and non-compliance with professional standards.

This paper's main purpose is to delve into the juncture of regulatory reporting compliance, ethical issues, audit quality and transparency with respect to the advancement in auditing and assurance in Nigeria. Specifically, this study intends to evaluate through literature review the current state of these forces in the Nigerian economy by focusing on the challenges that hinder their effective implementation. The study hopes to conclude by proposing actionable recommendations to enhance auditing integrity with insights into regulatory compliance, ethical consideration, audit quality and transparency gaps in auditing practices in Nigeria to not only improve governance and transparency; but ultimately strengthening stakeholders' trust and ensure the long-term sustainability of the institution.

## **II. Review Of Relevant Literature**

### **Introduction**

A contemporary research of this nature demands thorough and critical assessment of basic concepts in relation to the subject matter under observation. Attempt has been made in this section to explore that. Not only has major concepts that governs modern auditing been reviewed, but empirical studies were also critically evaluated to find out the extent to which they impact on regulatory compliance, ethical professionalism, audit quality and transparency. Existing body of research on regulatory compliance and reporting in the Nigerian economy highlights several key themes.

### **The Concept of Regulatory Compliance**

Regulatory compliance refers to the process by which organizations ensure that they are towing the line of relevant laws, regulations, guidelines, and specifications applicable to their business processes. In Nigeria, these include CAMA 2020 as amended, Financial Reporting Council of Nigeria (FRCN) regulations, International Financial Reporting Standards (IFRS), the 1999 Constitution of the Federal Republic of Nigeria, amongst others (Haladu, 2018<sup>2</sup>). It encompasses how companies adhere to legal and regulatory standards and the disclosure of information to regulatory authorities and stakeholders. A major component of the external auditor's duty is to ascertain and express an opinion on whether or not these rules and regulations are being complied with by organizations both in the private and public sector.

The economic landscape of Nigeria boasts of multifaceted economy spanning various sectors, each subject to a complex web of regulations (Falola & Heaton, 2008; Fowler, 2019). Regulatory compliance and reporting are critical components of the auditing and assurance processes, particularly for large corporations. Researchers in Nigeria have called for the adoption, implementation and regulation of integrated reporting; emphasizing the need for comprehensive disclosure of a company's economic, environmental and social impact and commitment to both the physical and environmental protection of the community (Ofoegbu et al., 2018).

### **The Role of Technology in Compliance Automation and Streamlining**

As scientific discoveries are made and applied to other sectors of human endeavor, so also does it apply to auditing and assurance. One of the most significant contributions of technology to the auditing profession as it affects regulatory compliance is "automation". Automation tools and software streamline routine compliance tasks thereby reducing the burden of manual processes. Compliance management software can automate data collection, reporting, and document management, making it easier for organizations to comply with regulatory requirements (Hamdani et al., 2021). Data analytical and risk assessment tools are also important tools that helps to advanced auditing and assurance practices. Data analytics tools are instrumental in assessing compliance risks (Ayusha, Parmar, Chhangani, & Kamble, 2023). Organizations can process patterns and anomalies indicating potential compliance issues by analyzing vast datasets. Predictive analytics can help forecast regulatory changes and their potential impact on the business, enabling proactive risk mitigation.

Real-time monitoring and alerts are also modern technological tool of compliance that needs to be accepted in modern day auditing. Real-time monitoring systems provide organizations with a continuous view of their compliance status. These systems are capable of detecting deviations from regulatory norms in real-time and trigger alerts for immediate action (Schultz, 2011). It is a system that makes it possible for real-time fraud detection by flagging off suspicious transactions for investigation in the financial sector. In addition to this, Machine Learning and Predictive Models similarly greatly aided in advanced auditing. Again, Machine Learning algorithms has the capacity to develop predictive compliance models that become more accurate as they learn from data. These models can forecast compliance issues, enabling organizations to address them before they escalate. Furthermore, Machine Learning can predict equipment failures in manufacturing, helping companies adhere to safety regulations (McClendon & Meghanathan, 2015). The Role of Data in Compliance Data-Driven decision-makingserves as the foundation for informed decision-making in compliance efforts. Organizations can therefore, rely on data-driven insights to make strategic decisions about compliance strategies, risk management, and resource allocation. Analyzing historical data can inform decisions about allocating compliance resources to high-risk areas.

Data plays a crucial role in compliance auditing and documentation. Electronic records and data logs provide auditors with a comprehensive view of an organization's compliance history. This documentation helps organizations prove their adherence to regulations and standards during audits. Evidence of "compliance data" serves as evidence of compliance. By maintaining accurate and complete records, organizations can demonstrate their commitment to compliance in the event of regulatory inquiries or legal disputes. Proper data management ensures that evidence of compliance is readily available when needed. Key performance indicators (KPIs) are essential in compliance efforts. Data-driven KPIs provide organizations with measurable targets and benchmarks to assess compliance performance (Li, Hong, Lee, & Sofos, 2020). Tracking KPIs allows Regulatory Bodies and Technology Regulatory bodies to also embrace technology and data-driven approaches

to enhance oversight and enforcement capabilities. That is why **RegTech** (Regulatory Technology) solutions are gaining popularity among regulatory authorities (Arner, Barberis, & Buckley, 2018). Furthermore, regulators have also resort to the use of advanced analytics and AI (Artificial Intelligence) to monitor compliance across sectors. These solutions enable regulators to detect compliance issues more efficiently and take proactive measures to enforce regulations. In addition to this, Regulatory bodies increasingly share data and collaborate with the private sector (Micheli, 2022). Data sharing allows for a more holistic view of industry compliance and enables regulators to identify trends and emerging risks.

Online reporting portals, blockchain technology for audit trails, and data analytics tools are all modern devices used to streamline reporting processes and reduce fraud and noncompliance. Technology and data have become indispensable tools in compliance, revolutionizing how organizations and regulatory bodies approach regulatory adherence. In summary, it can be observed that automation, data analytics, real-time monitoring, and predictive modelling are just a few technological advancements that have empowered businesses to navigate complex regulatory landscapes more efficiently and proactively. It is therefore, feasible from these facts that audit units and regulators are increasingly adopting technology to improve reporting mechanisms and enhance transparency.

### **Business Regulatory Requirements for Compliance in Nigeria**

The guidelines of the FRCN were designed to oversee accounting standards and ensure that companies adhere to best practices in financial reporting. All registered companies must comply with FRCN regulations which mandates the preparation of annual reports that is a reflection of a true financial performance, oversees compliance with financial reporting standards as well as corporate governance codes. This compliance is essential for maintaining investor confidence and ensuring fair representation of financial performance (Haladu, 2018<sup>2</sup>).

The International Financial Reporting Standards (IFRS) is a standard that all registered companies in Nigeria must comply with to provide consistency in its financial reporting across different jurisdictions which came into effect in January 2012 with actual implementation in January 2013. This adherence not only facilitates comparability but also enhances credibility among international investors. Entity operating at both national and international levels, are equally required to prepare its financial statements according to IFRS. This ensures consistency and comparability across different markets and international boundaries thus, enhancing investor confidence.

In Nigeria, the Securities and Exchange Commission (SEC) requires compliance with financial and operational disclosures if a company is publicly listed or has large financial obligations. Similarly, the Standards Organisation of Nigeria (SON) mandates adherence to quality control standards in the production processes.

Under Nigerian law Corporate Affairs Commission (CAC) has the power to force all business entities registered with it to meet the statutory requirements for corporate filings and governance as per the CAMA 2020 as amended.

With regard to environmental issues, the National Environmental Standards and Regulations Enforcement Agency (NESREA) oversees environmental regulations and enforcement to promote sustainable practices across the Non-Oil and Gas sectors of the economy (Haladu, 2018<sup>1</sup>; Haladu, 2024; Ogunkan, 2022).

The term “Data-Driven Regulatory Compliance” denotes a novel approach to ensuring adherence to established laws, regulations, and standards. This architypmodificationcruxes on the premeditated utilization of Data Analytics, Artificial Intelligence (AI), and Advanced Technologies to enhance the compliance processes of efficiency, accuracy, and dexterity. At its core, Data-Driven Regulatory Compliance represents a departure from conventional compliance procedures.

### **Core Compliance Requirements:**

Companies in Nigeria must comply with International Financial Reporting Standards (IFRS), ensuring that financial reports accurately reflect the company's financial position and adhere to the transparency requirements of the FRCN. Key statements of accounts to be captured include the Statement of Financial Position, Comprehensive Income Statement, Cashflow Statement, Changes in Equity and Value Added Statement. Registered companies in Nigeria must equally follow Nigeria's Code of Corporate Governance (2018), which includes provisions on Board composition, Audit Committee responsibilities, and shareholder rights.

Compliance with National Foods and Drugs Enforcement Agency Act (NAFDAC), NESREA, Environmental Guidelines and Standards for the Petroleum Industry in Nigeria (EGASPIN), Petroleum Industry Bill (PIB 2021) and SON is a must for all registered businesses in all sectors of the Nigerian economy to ensure adherence to environmental regulations, product quality standards, and health and safety practices within the production processes.

CAMA2020 as amended serves as the primary legislation guiding corporate governance in Nigeria. It outlines the requirements for company registration, corporate management, financial disclosures, and audit obligations. For companies, compliance with CAMA 2020 as amended is not only a legal necessity but also a means to uphold its reputation among stakeholders.

### **The Concept of Ethical Considerations**

Ethical considerations in forward-thinking auditing include principles such as independence, objectivity, confidentiality, and professional scepticism. These principles are vital in maintaining the credibility of audit findings and mitigating conflicts of interest. At every point in time, auditors should be in a position to circumnavigate complex ethical sceneries where pressures from management, regulatory demands, conflict of interest and personal biases may compromise their independence. Additionally, the use of advanced technologies, such as data analytics and forensic tools, raises new ethical concerns, such as data privacy, algorithmic biases, and the misuse of sensitive information (Adelakun, 2022)

More so, ethical considerations in auditing are fundamental to ensure transparency, accountability, and trust in financial systems. In the case of the financial sector, these ethical standards are essential, given the role banks and other financial institutions play in promoting financial inclusiveness and supporting economic growth. The financial sector handles public and private financial resources, which requires a high level of integrity to maintain public trust and credibility (Ijuo et al., 2024).

However, despite the critical importance of ethical consideration in auditing, issues such as ethical lapses and audit misconduct have been raised, highlighting concerns about the integrity of auditing practices in Nigeria in general (Usaini & Manir, 2019). This presents a significant challenge for auditors, as any unethical auditing practices could damage their reputation, reduce stakeholders confidence, and jeopardize financial stability of the business.

Despite the global push for ethical auditing practices, the auditing process in Nigeria continue to face persistent issues such as conflicts of interest, lack of independence, and regulatory non-compliance. These challenges undermine the reliability of financial reporting and the overall governance framework of these institutions. As a result, stakeholders (including regulators and the public), tend to lose confidence which has negatively impacted auditing and assurance.

### **The Concept of Audit Quality and Transparency**

Audit quality generally refers to the degree to which an audit effectively identifies and reports financial misstatements or irregularities. The International Auditing and Assurance Standards Board (IAASB) defines high audit quality as one that consistently meets the demands of stakeholders and conforms to professional standards. Transparency on the other hand and in the context of auditing, involves openness and clarity regarding audit processes, findings, and auditor judgments. High transparency helps stakeholders understand the scope, limitations, and quality of the audit work performed.

According to Haladu (2018<sup>2</sup>) standards like the International Standards on Auditing (ISA) and standards set by the Public Company Accounting Oversight Board (PCAOB) help establish guidelines for maintaining audit quality. These standards emphasize auditor independence, competence, ethical standards, and objective reporting. Studies suggest that transparency significantly influences the perceived trustworthiness of audited financial statements. Transparent disclosures help mitigate information asymmetry between management and stakeholders, thereby enhancing the validity and reliability of the audit process. A transparent audit report has the power to pinpoint audit risks, procedures, and other challenges encountered, which can assure investors and regulators of the rigor involved in the audit process.

### **Modern Development in Auditing and Assurance**

As earlier mentioned, data-driven regulatory compliance equips organizations with the tools to proactively identify and mitigate compliance risks. In Nigeria, it can be time-consuming for companies to obtain permits, licenses and approvals. Such processes also requires extensive documentation. These delays may impede project timelines, increasing costs and could even disrupt or affect business operations (Morisset & Lumenga-Neso, 2002). As corruption remains a pervasive challenge in Nigeria's business environment (Amadi & Alapiki, 2012; Ibraheem, Umar, & Ajoke, 2013), delays could serve as good guise for some auditors to perpetrate corrupt practices. Businesses may encounter demands for bribes or kickbacks when dealing with regulatory authorities, customs, or law enforcement agencies. Refusing to engage in corrupt practices could further heighten delays or unfavorable treatment. At the same time, compliance with such demands could result in legal and reputational risks or damages.

Nigeria's taxation system, while necessary for government revenue generation, can pose business challenges to the compliance and auditing processes. Frequent changes in tax laws and regulations and complex compliance requirements can lead to tax disputes and back duty audits. Understanding and managing tax

obligations, including value-added tax (VAT) and corporate income tax, is a constant challenge for businesses (Olsen, Kasper, Kogler, Muehlbacher, & Kirchler, 2019). Similarly, inadequate infrastructure, including unreliable power supply, inadequate transportation networks, and limited access to technology, can hinder business operations and compliance efforts (Lawrence & Tar, 2010). Investment in backup power solutions to mitigate the effects of frequent power outages may prove to be costly financially. Currently, the Nigeria's political and regulatory environment is highly volatile. Changes in government policies and regulations can have significant impacts on businesses especially on their unsystematic risks agenda. This can disrupt long-term planning and investments (Apulu, Latham, & Moreton, 2011). Embracing RegTech solutions, fostering data-sharing platforms, and ensuring transparency could go a long way in curbing this. A study by DeAngelo (1981) highlighted the importance of auditor independence in enhancing audit quality. Similar studies argue that transparency, particularly through disclosures in the auditor's report, has become essential in helping stakeholders make informed decisions.

### **III. Methodology**

This study adopted an intangible design procedure, focusing on an in-depth and rational review of related literature to explore regulatory compliance, ethical issues, audit quality and transparency in auditing and assurance practices in the Nigerian economy. A review of literature and concepts was thoroughly conducted on the subject matter and analyzed through content analyses to identify patterns, challenges, and trends. Thus, offering a comprehensive understanding of auditing and assurance practices as it affects regulatory compliance, ethical considerations, audit quality and transparency.

Key audit quality indicators were examined in the literature as it affects variables like auditor independence, auditor rotation policies, and professional competence. For transparency, factors such as the level of detail in the audit report, the presence of key audit matters, and risk disclosures were also compared with international auditing standards, providing a comprehensive overview of auditing practices in Nigeria.

### **IV. Results Discussion**

#### **Overview of Regulatory Requirements in Nigeria**

In Nigeria, the regulatory landscape for business organizations registered with Corporate Affairs Commission (CAC), is governed by a complex web of laws and guidelines, including the International Financial Reporting Standards (IFRS), Guidelines from the Central Bank of Nigeria (CBN), National Environmental Standards and Regulations Enforcement Agency Act (NESREA) Act of 2007, the National Environmental Policy, and individual company's "Code of Ethical Practice". These regulations mandates (even though in cases of social and environmental disclosure it is voluntary), companies to report on their economic and financial performance, environmental impact, energy consumption, and waste management practices, among other factors. However, the implementation and enforcement of these regulations have been a subject of ongoing debate, with concerns raised about the adequacy of auditing and assurance mechanisms to validate the accuracy and completeness of the reported information. At this time, only companies in the Oil and Gas sector are mandated to report on the environmental and social impact of their operations.

#### **Compliance Reporting Process and Challenges for Companies**

Nigeria's regulatory environment is very complex and rapidly changing. Compliance teams at companies face challenges of staying updated on regulatory amendments and aligning with new standards. Regulatory requirements in Nigeria are frequently updated, and companies must continuously adapt to new laws, which can be resource-intensive. The Central Bank of Nigeria (CBN) in particular, is notorious for coming up with untimely and frequent guideline in its regulation of the financial sector in particular and the economy in general.

Ensuring data accuracy in compliance reporting is critical to avoid misinformation, which could lead to penalties. Companies handles vast amounts of data that must be accurately captured and reported to avoid regulatory penalties. Ensuring data integrity across sectors and industries is a significant challenge, especially in high-volume production industries. Allocating sufficient resources to monitor compliance and improve the audit quality can be a very big challenge, especially with rising operational costs. Meeting quality audit requirements often demands dedicated resources including personnel, technology, and operational budgets. For most companies, balancing resource allocation with compliance needs, ethical consideration, quality audit and transparency while remaining competitive poses a big hinderance and challenge to sustainable growth and development.

#### **The Role of Modern Auditing and Assurance in Companies**

Auditing and assurance involves a thorough assessment of companies' internal controls, including how well the company identifies and mitigates compliance risks. Auditors play a crucial role in verifying companies'

compliance by examining financial statements, compliance reports, and internal controls. This includes testing controls over financial reporting, operational audits, fraud detection and prevention, and assurance services for all stakeholders.

In modern times, auditors examine companies' internal controls around financial reporting by ensuring they lack misstatements and help detect anomalies effectively. They also assess companies' operational processes to ensure that they meet regulatory standards, focused on production safety, waste management, and quality assurance controls. In situation where it is absolutely necessary, auditors apply forensic accounting techniques to identify fraud risks. This includes investigating potential discrepancies in transactions, expense claims, cash handling, detail financial document analysis, standard audit techniques, interviews, and interrogations to obtain information. Forensic accounting which has come to stay, also rely on advanced technology, using financial analysis software and digital forensics to examine and analyze data. By auditing internal controls and processes, auditors has been able to identify red flags or areas vulnerable to fraud or non-compliance. Advanced auditing has today gone beyond traditional auditing to provide assurance on companies' compliance with sector regulations, governance codes, and risk management practices. Modern auditors in Nigeria correspondingly provide third-party assurance to stakeholders, reinforcing trust in companies' governance and operational transparency. They offer through quality audit, stakeholders assurance that companies reporting is accurate and unbiased. This includes verifying the integrity of financial disclosures, compliance with IFRS, and adherence to environmental, social and governance (ESG) standards. External auditors in Nigeria these days assess how well companies aligns with regulations, such as those of NAFDAC and SON, providing an independent evaluation of compliance risks.

### **Integrity and Objectivity in Ethical Considerations**

A major aim of this study is to assess ethical considerations in auditing focusing on principles like integrity and objectivity, which is highly being given priority in the auditing profession. This supports the idea of evaluation ethical practices and set a groundwork for assessing their efficacy in preserving high standards. External pressures, inadequate training, and resource constraints are key barriers to obtaining ethical rationality by Nigerian auditors. This insight signifies the problems of identifying obstacles to fully implementing ethical auditing, and helping to pinpoint areas that need improvement to enhance audit quality and reliability.

From the above discussions, it is clear that the analyses reviews the importance of ethical auditing in Nigeria, where integrity and objectivity are prioritized. However, challenges such as external pressures, insufficient training, conflict of interests and resource constraints hinder the full implementation of ethical standards, affecting financial transparency and stakeholder trust.

### **Audit Quality**

This is built around auditors' independence, competence and tenure. The analysis considers the policies that firms have in place to maintain auditor independence, such as auditor rotation and restrictions on non-audit services. Independence is a key factor because it reduces potential bias, ensuring that the audit opinion is not influenced by any undue pressures from the client. Moreover, The level of auditor expertise, as indicated by certifications and continuing education requirements, plays a significant role in ensuring quality. Most companies audit team qualifications in Nigeria, as disclosed in company filings, suggest a high level of technical proficiency. An evaluation of the relationship duration between a business organization and its audit firm posit that while longer tenures can lead to familiarity and potential independence risks, they can also increase the auditor's understanding of the client's business, which may enhance audit quality.

### **Transparency Evaluation**

An in-depth audit report that explains significant audit risks and findings is a hallmark of transparency. The report for most companies in Nigeria includes detailed key audit matters, showing transparency in how the audit team addressed high-risk areas. This has been made stronger by the adoption of the IFRS in 2013 for disclosure by companies especially in the financial sector. Furthermore, in analyzing the degree of disclosure regarding financial and operational risks in the audit reports of most registered companies in Nigeria, it was discovered that auditors provide comprehensive risk disclosures, demonstrating a commitment to transparency by ensuring stakeholders understand possible challenges. Transparency in audit methodology, particularly through the disclosure of sampling techniques and materiality verges, helps stakeholders understand the rigor of the audit. Most company's report include detailed explanations of practices and methods used, which supports the prerogative of high transparency.

## **V. Summary, Conclusions And Recommendations**

### **Summary**

This conceptual work is based on assessing the level of advancement made in auditing and assurance in Nigeria. Technically it is aimed at highlighting the level of development and improvements with regard to modern technology that the auditing profession in Nigeria has adopted. The study have discussed important concepts like regulatory compliance, ethical considerations, quality audit and transparency in auditing and assurance. Through critical empirical reviews, it was discovered that auditors in Nigeria today, apply modern techniques like forensic auditing, data analytics, data-driven regulatory compliance equipment, etc. to efficiently carryout their duties. A critical evaluation of regulatory compliance, ethical considerations, audit quality and transparency by Nigerian firms gives some interesting results.

### **Conclusions and Main Findings**

This theoretical study concludes that the high rate of regulatory compliance, ethical standards, audit quality and transparency are crucial for financial statement authenticity, dependability, investor decision-making, stakeholder's confidence and the integrity of the capital market (Nigeran Exchange Group – NGX). This work has illuminated the way forward in Nigeria's regulatory compliance landscape, ethical considerations, audit quality and transparency. Companies should embrace data-driven approaches stand to not only navigate complex regulations more efficiently but to also proactively manage risks, contribute to business growth and sustainability in an ever-evolving environment. Simultaneously, regulators with data-driven tools can enhance oversight and enforcement, fostering a more transparent and compliant business environment. Collectively, these endeavors pave the path toward a future where compliance is not just a regulatory requirement but a strategic advantage in Nigeria's vibrant and dynamic economy, ultimately benefiting businesses, regulatory bodies, and society at large. Basically, the analysis reveals that:

1. Business organizations in Nigeria, demonstrates strong audit quality and transparency standards, particularly through its adherence to auditing standards and detailed audit reporting. Such practices contribute positively to stakeholder confidence and the company's reputation.
2. Firms in Nigeria meets high standards of audit practice, especially regarding auditor independence and competence.
3. Policies such as mandatory auditor rotation and limited non-audit services help maintain auditor independence.
4. A high and favorable correlation exists between audit quality and factors such as auditor independence, expertise, and ethical commitment.
5. Businesses' transparent practices, such as comprehensive key audit matters in the audit report, which indicate a strong commitment to openness.

### **Recommendations**

Companies' regulatory and compliance framework serves as a crucial element in maintaining corporate integrity, mitigating risks, and ensuring sustainable growth. Advancement in auditing practices and comprehensive compliance reporting provide both companies and stakeholders with confidence in the company's adherence to Nigerian and global regulatory standards. The evolving nature of regulations and rising stakeholder expectations in the areas of financial, economic, environmental, social and governance practices requires companies to continuously adapt their compliance approach, leveraging technology and adopting proactive risk management strategies. A well-structured regulatory and compliance reporting framework within companies is essential for maintaining legal compliance, managing risks, and building stakeholder confidence. Modern auditing and assurance practices in Nigeria has provided a comprehensive evaluation of companies' adherence to new developments in auditing and assurance and support companies in proactively addressing modern challenges. To further strengthened this, the following endorsements must be fully observed.

1. A culture of compliance should be embedded through regular employee training, clear communication, and ethical guidelines in order to support business organizations in maintaining high compliance standards.
2. Companies can also invest in advanced compliance technologies such as Governance, Risk and Compliance (GRC) software so that they can improve data accuracy, streamline reporting, and provide real-time compliance monitoring.
3. Companies audit committee could increase its oversight on compliance issues, setting up frequent audits, and focusing on high-risk areas such as regulatory changes and ESG commitments to improve the quality of audit.
4. Firms should likewise reinforce internal compliance assessments. They could benefit from engaging third-party compliance experts to perform periodic assessments and ensure an unbiased evaluation of its regulatory adherence.
5. To strengthen transparency, organizations should consider including non-financial audit matters, such as sustainability and environmental risks, in their audit reports.
6. Implementing more frequent rotation of key audit partners could further strengthen independence of auditors.

7. Businesses should increase auditor training, enforce ethical guidelines more rigorously, and allocate better resources to enhance financial reporting reliability, strengthen governance, and rebuild stakeholder confidence thereby ensuring the organization's long-term sustainability.
8. Integrating advanced data analytics into the audit process can also help improve both audit quality and transparency by allowing for deeper insights into large data sets, which would enhance accuracy and timeliness.
9. Greater auditor independence should be embarked upon to advance auditing integrity.

These suggestions could help in providing practical solutions to strengthen governance, transparency, and regulatory compliance, ultimately ensuring long-term sustainability.

### **Potential Areas for Future Research**

Despite the positive findings, there is room for improvement in how companies disclose non-financial risks. While the financial audit is thorough, greater transparency regarding environmental and social risks could provide stakeholders with a more holistic view of the company's potential vulnerabilities. The decision by the FRCN to embark on mandatory social and environmental reporting by 2027 is a step in the right direction.

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