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EFFECT OF AUDITORS ROTATION ON THE PERFORMANCE OF BANKS IN NIGERIA; (STUDY OF GUARANTEE TRUST BANK PLC, ZENITH BANK PLC. & FIRST BANK PLC)

OFOR TN (PhD), ORJINTA IFEOMA HOPE (PhD) & OMZIRI IFEANYI (FCA)

Abstract

This study assessed the effect of auditors rotation on the performance of banks in Nigeria; a study of Guaranteed Trust Bank (GTB), Zenith Bank Nigeria PLC and First Bank Nigeria PLC, from 2001-2020. Specifically, this study examined the effect of auditor's tenure on the performance of Guaranteed Trust Bank (GTB), Zenith Bank Nigeria PLC and First Bank Nigeria PLC, in Nigeria. Multiple regression analysis and ex-post facto research design were utilized to test the hypotheses of this study. Based on the analysis conducted this present study concludes that audit tenure has a positive and insignificant effect on the performance of Guarantee Trust Bank (GTB) PLC in Nigeria. While audit fees has a positive and significant effect on the performance of Guarantee Trust Bank (GTB) PLC in Nigeria; Audit tenure has negative insignificant effect on the performance of Zenith Bank PLC in Nigeria; Audit fee has positive significant effect on the performance of Zenith Bank PLC in Nigeria; Audit tenure has negative insignificant effect on the performance of First Bank of Nigeria PLC; Audit fee has positive insignificant effect on the performance of First Bank of Nigeria PLC. The above results are based of 5% level of significance. It was recommended that, banks, should always employ the services of one of the big audit firms since it results to improved audit quality; and auditors firm relationship with the bank should exceed 3 years, by so doing the auditor may develop good strategies of improving the financial quality of the bank.

(Keywords: Mandatory Auditors Rotation, Auditors Tenure, Auditors Fees, Bank Performance)

1.1 Introduction

The spate of audit failures in Nigeria and elsewhere has elicited the search for effective ways of enhancing audit quality. Experts believe that at the heart of audit failures lie the issues of auditor independence, objectivity and professional skepticism. Many factors may tempt an auditor to issue an unqualified report when the appropriate report would have been a qualified one. These factors include familiarity, threat of replacement of an auditor and provision of book- keeping services by the auditor (Adeyemi & Okpala, 2011). An audit is an examination of the financial statements of an organization by an independent person (the auditor) with a view to attesting that such financial report(in his opinion) show a true and fair view of the state of the affairs of that enterprise for the period under review. An audit adds value to financial statements by adding credibility to reported information and thus enables interested stakeholders to make economic decisions using the information. Following, disenchantment with the state of corporate governance in Nigerian banks, the Central Bank of Nigeria (CBN) in 2006 introduced a ten year tenure for audit firms that audit banks in Nigeria (Nworji et al., 2011).

However, Audit rotation plays an important role in maintaining an efficient market environment; an Audit rotation underpins confidence in the credibility and integrity of financial statements which is essential for well functioning markets and enhanced financial sector performance. Audit rotation performed in accordance with high quality auditing standards can promote the implementation of accounting standards by reporting entities and help ensure that their financial statements are reliable, transparent and useful. Sound Audit rotation can help reinforce strong corporate governance, risk management and internal control at firms, thus contributing to deposit money banks performance. The statutory Audit rotation can reinforce confidence because auditors are expected to provide an external, objective opinion on the preparation and presentation of financial statements. Auditors need to be independent in the opinions they express, while the work they have to do to form their opinions is highly dependent on and rooted in the real world and may become challenging in some business environments such as the conglomerates in Nigeria.. It is against this background that this research work was carried out. The purpose of this study therefore is to determine the effect of Audit rotation on banks performance in Nigeria.

However, Audit firm rotation policy is very important for the increase in the performance in the banking sector especially the deposit money banks. However the frequency of rotation may have effect on the audit quality of the deposit money banks because auditors were not given much time to adjust. Conversely, other studies (Defond and Francis,2005; Jenkins and Velury,2008) also argue that longer auditor rotation improves audit quality as auditors may need time to gain expertise in the business they audit and acquire client-specific knowledge over time. In the Nigerian audit setting, the challenge of auditor rotation and client relationship though still budding has not attracted much analytical attention and empirical studies beyond mere anecdotal opinions. Consequently, there has been a dearth of research in this area and inadequate empirical evidence from Nigeria on the effect of audit rotation on deposit money banks in Nigeria. most of the previous studies looked at audit rotation and audit quality of firms in Nigeria; audit rotation and audit independence of firms in Nigeria. Thus, the study provides empirical evidence from Nigeria on the existence or otherwise of a relationship between pre-rotation of auditor and post-rotation of auditor and its efssfect on deposit money banks in Nigeria.

In any case, the broad objective of the study is to examine the effect of auditors rotation on the performance of banks in Nigeria; a study of Guarantee Trust Bank (GTB) PLC; specifically,
1. It examined the effect of auditor’s tenure on the performance of Guaranteed Trust Bank (GTB), Zenith Bank Nigeria PLC and First Bank Nigeria PLC in Nigeria,
2. It examined the effect of auditor fees on the performance of Guaranteed Trust Bank (GTB), Zenith Bank Nigeria PLC and First Bank Nigeria PLC in Nigeria.

2.0 Conceptual Literature Review

Mandatory Rotation of Audit Firms

Mandatory rotation of auditors involves rotation of audit firms after a fixed period of tenure (Carrera et al. 2007).Independence is the cornerstone of accountability. The challenge is that corporate management hires, fires and pays both their internal and external auditors. Auditors, therefore, often develop harmonious relationships with management to retain the job of the client (Adeyemi & Okpala, 2011). Those who argue for mandatory rotation of auditors believe that the idea has a lot to commend it. A major argument in favour of mandatory rotation of auditors is that it ensures that employees of the client firm and the audit firm will not get too acquainted (Baron, 2002; Asien, 2007; & Oscar et al, 2012). Other arguments in favour of mandatory rotation of auditors include:

i. Economy in implementation compared with other quality control measures.
ii. Results in “periodic fresh look at the institution” from an audit perspective to the benefit of investors, regulators and the public.
iii. Its implementation in Nigeria may avert a full blown regulatory interference in the affairs of the accounting profession in Nigeria.
iv. It increases the chances that errors of a previous firm will be detected and corrected.
v. It will increase competition between audit firms.

The major plank of the argument against mandatory rotation of audit firms is that it will result in increased cost to the audit firm and its client and consequently the public. Another major argument is that it will compromise quality if audit firms are changed rather frequently as the “learning effect will be lost”(Welch, 2011& EU, 2011). Other arguments against mandatory rotation of auditors include:

i. Choice of auditors should be a function of performance rather than on the need to satisfy a legal requirement.
ii. Loss of trust which rotation engenders
iii. The field of auditors to choose from is limited especially for the big Public limited companies in Nigeria that usually engage only the big four

iv. Natural turnover of Management also serves the purpose of rotation by ending lengthy auditor-client relationships.
v. Many countries all over the world are yet to embrace the idea of mandatory rotation of auditors
vi. There is no guarantee that weak auditors will still not make foolish decisions even with mandatory rotation of auditors in place
vii. It may have a negative impact on provision of non- audit services which are often assigned as a result of the brand name of firms involved in the audit.

Audit Fee

A fee a company pays an external auditor in exchange for performing an audit. A fee charged by an auditor for auditing a company's accounts. Audit fees means fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year. This category should include only fees for financial statement audit and review services performed by the auditor that are customary under generally accepted auditing standards or that are customary for the purpose of rendering an opinion or review report on the financial statements.

Audit Tenure

An audit firm’s tenure, which is the length of time it has been fulfilling the audit needs of a given client. It has been mentioned as having an influence on the risk of losing an auditor’s independence. A long association between a company and an accounting firm may lead to such close identification of the accounting firm with the interests of its client’s management that truly independent action by the accounting firm becomes difficult pointed out that complacency, lack of innovation, less rigorous audit procedures and a learned confidence in the client may arise after a long association. Rotation ensures that the auditor remains independent since tenure will be limited and any vested interest will no longer be relevant (Amahalu, Okeke & Obi, 2017).

Theoretical Framework

Agency Theory

Agency theory originated from the work of Berle and Means (1932). They explored the concept of agency and the applications toward the development of large corporations. They found out how the interest of the directors and managers differ from the owners of the firm, thereby using the concepts of agency- principal to explain the genesis of those conflicts. Jensen and Meckling (1976), further on the work of Berle and Means (1932), to develop agency theory as a formal concept. They also formed a school of thought arguing that corporations are structured to minimize the costs of getting agents (agency costs) to follow the direction and interests of the principals. The theory essentially acknowledges that different parties involved in a given situation with same given goal will have different motivations, and these differences can manifest in divergent ways. This means that there will always be partial goal conflict among parties, because efficiency is inseparable from effectiveness, and thus information will always be somewhat asymmetric between principal and agent. It is a concept that explains why behavior or decisions vary when exhibited by members of a group. Specifically it describes the relationship between one party, called the principal that delegates work to another, called the agent.

Empirical Literature Review

Liu (2017) conducted an empirical study on the nexus between auditors’ characteristics and audit fee. The study used the data of listed companies in China from 2010 to 2015; the study constructed the regression model of the audit fees at individual auditor level and found that age, gender, educational background, industry specialization, position and busyness all have significantly correlations with the audit fees. The results illustrated that audit client considers at individual auditor level when choosing audit services and pays different level of audit fees, which provide empirical evidences to selection and cultivation of auditors.

Türel, Taş, Genç and Özden (2017) examined the association between audit firm tenure and audit quality in Turkey between 2009-2016. The study used three measures to proxy audit quality such as propensity to issue modified audit reports and discretionary accruals determined by two models. It was found that that audit quality does not increase with limited audit firm tenure. Given the additional costs associated with audit switch, it was concluded that there are minimal benefits of mandatory firm rotation. The results of the study will be useful for the regulators who are in charge to improve the audit quality.

Cheng, Chen and Chen (2018) examined the association between auditor size and performance. Empirical data of the study were obtained from the 1989–2006 census report of audit firms in Taiwan. In terms of market segment, audit firms were divided into public company audit market firms (PCAMFs) and non-public company audit market firms (NCAMFs). Based on path analysis, the study found that auditor size has direct effect on performance and indirect effect through auditor quality. Auditor quality associates with both auditor size and performance positively. Furthermore, auditor size has more contribution to performance of PCAMFs than that of NCAMFs. Auditor quality of PCAMFs explained more variation of financial performance than do NCAMFs. The results indicated that PCAMFs earned more financial performance through the upgrade of auditor quality.

Sayyar, Basiruddin, Abdul-Rasid and Elhabib (2018) examined the impact of audit quality on firm performance for Malaysian listed companies for the period of 2003 to 2016 using Pearson correlation and pooled regression analysis. The study used audit fees and audit firm rotation as proxies for audit quality. Return on assets and Tobin's q were used as measures for firm performance. The study found that there is insignificant relationship between audit quality proxies (audit fees and audit firm rotation) and ROA. The study also found that an audit fee is significantly and positively related to Tobin's Q. However, audit firm rotation is insignificantly related to Tobin's Q.

Amahalu and Obi, (2020), ascertained the effect of audit quality on the financial performance of quoted conglomerates in Nigeria from 2010-2019. Specifically, this study determined the effect of audit committee size, audit committee independence, and audit committee financial expertise on return on assets. Panel data were used in this study, which was obtained from the annual reports and accounts of six (6) sampled quoted conglomerates for the periods 2010-2019. Ex-Post Facto research design was employed. Inferential statistics using the Pearson correlation coefficient and Panel least square regression analysis were applied to test the hypotheses of the study. The results showed that audit committee size, audit committee independence, and audit committee financial expertise have a significant positive effect on return on assets at 5% level of significance respectively. The study recommended amongst others that conglomerates in Nigeria should ensure strict compliance with the provisions of Companies and Allied Matters act (CAMA) of having six members of equal representation; three shareholders and three directors.
Eneisik and Akani, (2021**),** empirically investigated the relationship between audit quality and market value of quoted banks in Nigeria. To achieve this objective, theoretical, conceptual and empirical literatures on audit quality and market value were reviewed. Audit quality was proxied by audit fees, audit tenure and audit firm size while market value was proxied by market price per share. The population of this study consists of fourteen quoted banks in Nigeria. The study adopts judgmental sampling techniques to select twelve banks as sample size. Secondary data were obtained from audited annual financial report of quoted banks in Nigeria from 2006-2019. Hypotheses were tested using panel least squares regression through pooled effect, fixed effect and random effect determined by Hausman test, fixed effect was accepted, with the aid of E-views 10 econometric statistical software. Findings shows that audit fees have negative and insignificant impact on market price per shares. Empirical evidence indicates that audit tenure had negative and significant impact on market price per shares. Empirical evidence suggests that audit firm size had negative and insignificant impact on market price per shares. The study concludes that audit quality improved market value of quoted banks in Nigeria. The study recommends among others that banks management should adopt audit fees, audit tenure and audit firm size as audit quality strategies and optimally utilize the best option that improve market value. Banks management should ensure sound audit

quality through corporate governance, audit committee's oversight, strengthen accountability to reinforce trust and confidence in financial reports, reduce agency cost and information asymmetry leading to improve market value.

Akanni, Olabisi and Olawale, (2021), examined the impact of audit quality on the performance of Deposit Money Banks (DMBs) in Nigeria using both accounting and market measures of assessing performance. We employed 9 sampled banks out of 16 listed on Nigerian Stock Exchange (NSE) market for a period of eight financial years between 2012 and 2019 based on panel data approach. Furthermore, data were sourced from the annual reports and financial statements of the sampled banks. This study employs correlation multiple regression techniques to analyse the observed variables in the model. The results revealed that both audit fee and auditor size show a positive and significant relationship with accounting measure of bank's performance (ROA). Conversely, the audit fees and size have positive but not significant effect on market measure of performance, Tobin's Q. The study therefore, recommends that the executives should engage the services provided by audit firms whose integrity and character is unquestionable in order to improve the performance of deposit money banks in Nigeria.

Mahdi, Grzegorz, Hossein, and Javad, (2022), investigate the effects of mandatory requirements of audit firm rotation on earnings management among companies listed on the Tehran Stock Exchange (TSE). The study population consists of 1030 observations and 103 companies listed on the TSE during the years 2003–2012; moreover, the statistical technique used to test the hypotheses is panel data and pooled data. The results showed that the rule of mandatory audit firm rotation increased accruals-based earnings management (AEM) significantly. In addition, outcomes demonstrated that mandatory requirements of audit firm rotation did not have a significant influence on real earnings management (REM) and audit fees. Overall, our findings proved that the mandatory requirements of audit firm rotation in Iran have not been able to prevent the opportunistic actions of management at a time when they were faced with severe financial problems because of economic sanctions and auditors taking standardized systems-based auditing approaches. This research will make investors and others aware of the fact that mandatory audit firm rotation might be not effective in stopping managers wishing to manipulate the accounting figures. This paper actually suggests that when firms have financial distress, regulatory mechanisms such as audit firm rotation may not have a deterrent role. Our findings give lawgivers a stark warning that the length of an audit firm's tenure should be based on the features of the audit market structure of each country.

3.0 Methodology

Research Design

This study adopted ex-post facto research design. *Ex-post facto* research design was used to establish a cause and effect relationship among the variables that correlate.

Population of the Study

The population of this study comprised all the quoted fifteen (15) deposit money banks in Nigeria as at 31st December, 2021. However, due to the largeness of the population, Guaranteed Trust Bank (GTB), Zenith Bank Nigeria PLC and First Bank Nigeria PLC was used as a case study. This study covered a twenty year period from 2001 to 2020.

Sample Size and Sampling Method

This research adopted purposive sampling technique based on the availability and up-to-date annual financial statements. In view of this, three quoted deposit money bank Guaranteed Trust Bank (GTB), Zenith Bank Nigeria PLC and First Bank Nigeria PLC was purposively selected as the sample size of this study. The one quoted deposit money bank represent the sample size for this study, for a twenty (20) year period spanning from 2001-2020. The twenty (20) year period was chosen in order to have a fairly, reasonably, reliable and up-to-date available financial data.

Source of Data

This study made use of secondary data precisely. The data were sourced from publication of the Nigeria Stock Exchange (NSE) and the annual report and accounts of the listed deposit money banks especially Guaranteed Trust Bank (GTB), Zenith Bank Nigeria PLC and First Bank Nigeria PLC as well as their respective notes to the accounts and auditors reports of various years from 2001 to 2020.

Method of Data analysis

The model used multiple regression analysis in analyzing the data. It compares the pre and post mandatory auditor's rotations.

Decision Rule

The decision will be based on 5% (0.05) level of significance. The null hypothesis (Ho) will be accepted, if probability value (ie. Pvalue or Sig.) Calculated is greater than or equals to (≥) the stated 5% level of significance, otherwise accept H1.

The model is formulated thus:

$PAT = f\ (AT, AF))$ ……………………………………………………………….3.1

Where:

PAT = Profit after Tax

AT = Audit Tenure measured in terms of number of years spent as auditor for sample bank. If greater than 3, we assign 1, else 0.

AF = Audit Fees

It can be noted that, rotation of auditors for Nigerian banks was introduced by CBN for the first time in 2006 following its policy of bank consolidation introduced in 2004, which saw the number of banks plummeting from 89 to 24 post- consolidations and becomes mandatory from 2010. Therefore, we formulate a model for the two time periods namely; pre-mandatory rotation of auditor (i.e. pre-2001 to 2010 and post mandatory rotation of auditor -2011 to 2020).

Pre-Mandatory Rotation of Auditor (2001 to 2010)

$PAT = f\ (AT, AF))$ …………………………………………………………….. 3.2

Post-Mandatory Rotation of Auditor (2011 to 2020)

$PAT = f\ (AT, AF))$ …………………………………………………………….. 3.3

Furthermore, given the two periods we obtain three possible linear regression specifications thus:

Pre-Mandatory Rotation of Auditor (2001 to 2010)

The justification of 1986:Q2 is precedent on the time SAP was adopted which is June 1986.

$PAT_t = \beta_0 + \beta_1 AT_t + \beta_2 AF_t + U_{1t}$ …………………………………………….3.4

Post-Mandatory Rotation of Auditor (2011 to 2020)

$PAT_t = \beta_0 + \beta_1 AT_t + \beta_2 AF_t + U_{1t}$ …………………………………………….3.5

Entire Period (2001 – 2020)

$PAT_t = \beta_0 + \beta_1 AT_t + \beta_2 AF_t + U_{1t}$ …………………………………………….3.6

Where $\beta_0 - \beta_2$ are the unknown parameters of the model to be estimated, "U_t" is the stochastic error term at time "t".

The apriori expectation is: $\beta_1 > 0$ and $\beta_2 < 0$ i.e. the coefficients are expected to have positive and negative significant effect on profit after tax before and after mandatory rotation period

3.5.1 Guarantee Trust Bank Auditors Tenure 2001 to 2020

2001 to 2002 = Arthur Anderson

2003 to 2010 = KPMG

2011 to 2020 = PWC

2021 = Ernest and Young

3.5.2 Zenith Bank Auditors Tenure 2001 to 2020
2001 to 2010 = PWC
2011 to 2017 = KPMG
2018 to 2020 = PWC

3.5.3 First Bank Auditors Tenure 2001 to 2020
2001 to 2010 = AWD & PKF
2011 to 2013 = PWC & PKF
2014 to 2014 = KPMG
2015 to 2018 = PWC
2019 to 2020 = KPMG

4.0 Data Analysis and Interpretation

The regression results obtained from the annual reports and accounts of selected GTB in Nigeria from 2001 to 2020 were analyzed below:

Table 4.1 Entire Period Regression Result (2001 – 2020)

Dependent Variable: PAT				
Method: Least Squares				
Date: 05/27/22 Time: 07:13				
Sample: 2001 2020				
Included observations: 20				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-5304540.	9896843.	-0.535983	0.5989
AT	6350491.	11059366	0.574218	0.5733
AF	203.9851	12.09276	16.86837	0.0000
R-squared	0.948656	Mean dependent var		67021261
Adjusted R-squared	0.942616	S.D. dependent var		70864436
S.E. of regression	16975539	Akaike info criterion		36.26993
Sum squared resid	4.90E+15	Schwarz criterion		36.41929
Log likelihood	-359.6993	Hannan-Quinn criter.		36.29908
F-statistic	157.0515	Durbin-Watson stat		1.414630
Prob(F-statistic)	0.000000			

Source: Researcher analysis (2022)

In summary, the estimated regression equation line for the entire periods can be summarized thus:

PAT = -5304540 + 6350491AT +203.9851AF

Table 4.2 Pre-Mandatory Rotation of Auditor (2001 to 2010)

Dependent Variable: PAT				
Method: Least Squares				
Date: 05/27/22 Time: 06:58				
Sample: 2001 2010				
Included observations: 10				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	447645.6	2764896.	0.161903	0.8760
AT	3145862.	3331075.	0.944399	0.3764

AF	120.6976	14.33113	8.422058	0.0001
R-squared	0.928363	Mean dependent var		12874334
Adjusted R-squared	0.907895	S.D. dependent var		12859110
S.E. of regression	3902582.	Akaike info criterion		33.43550
Sum squared resid	1.07E+14	Schwarz criterion		33.52628
Log likelihood	-164.1775	Hannan-Quinn criter.		33.33592
F-statistic	45.35738	Durbin-Watson stat		1.416367
Prob(F-statistic)	0.000098			

Source: Researcher analysis (2022)

In summary, the estimated regression equation line for the pre-mandatory rotation periods can be summarized thus:

PAT = 447645.6 + 3145862AT + 120.6976AF

Table 4.3 Post-Mandatory Rotation of Auditor (2011 to 2020)

Dependent Variable: PAT				
Method: Least Squares				
Date: 05/27/22 Time: 07:10				
Sample: 2011 2020				
Included observations: 10				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-8961797.	23389542	-0.383154	0.7130
AT	26231616	24262618	1.081154	0.3155
AF	185.5460	25.17303	7.370826	0.0002
R-squared	0.904122	Mean dependent var		1.21E+08
Adjusted R-squared	0.876729	S.D. dependent var		62616640
S.E. of regression	21984693	Akaike info criterion		36.89292
Sum squared resid	3.38E+15	Schwarz criterion		36.98369
Log likelihood	-181.4646	Hannan-Quinn criter.		36.79334
F-statistic	33.00490	Durbin-Watson stat		1.498250
Prob(F-statistic)	0.000273			

Source: Researcher analysis (2022)

In summary, the estimated regression equation line for the post-mandatory rotation periods can be summarized thus:

PAT = -8961797 + 26231616AT + 185.5460AF

Interpretation of the Model Estimates:

The intercept (C) of the models were estimated at **-5304540**, **447645.6** and **-8961797**; indicating that bank performance will amount to **-5304540**, **447645.6** and **-8961797** units for entire period, pre-mandatory auditors rotation, and post- mandatory auditors rotation; respectively, if the explanatory variables were held constant at zero.

Interpretation of the Entire Regression Estimates:

The entire period of the study had Auditors tenure coefficient of **6350491**, entailing that from 2001-2020, Auditors tenure had a positively insignificant impact on bank performance (PAT). Hence as Audit tenure increases by a unit within the period, bank performance increased by **6350491** units.

In the same vein, Auditors fees coefficient of the entire period indicates **203.9851**, entailing that from 2001-2020, Auditors fees had a positively significant impact on bank performance (PAT); Hence as Auditors fees increases by a unit within the period, bank performance increased by **203.9851** units.

Furthermore, the result from Durbin Watson statistics (D.W) was 1.414630. This indicated that there was slight presence of autocorrelation in the model, premised on the fact that the D.W statistics value was closer to 0 than 2.
The adjusted R-squared value of 0.942616 indicates that the model has a high explanatory power. This means that during the entire period, auditor's rotation accounted for up to 94% of changes in bank performance; this shows that, the coefficients of determination represent very good fitness. In conclusion for the entire period, it was deduced from Prob(F-statistic) of 0.000000, that the joint effect of the independent variables were adequate

Interpretation of the Pre-Mandatory Rotation of Auditor (2001 to 2010)
Regression Estimates:
The Pre-Mandatory Rotation of Auditor of the study had Auditors tenure coefficient of **3145862**, entailing that from 2001-2010, Auditors tenure had a positively insignificant impact on bank performance (PAT). Hence as Audit tenure increases by a unit within the period, bank performance increased by **3145862** units.
In the same vein, Auditors fees coefficient of the entire period indicates **120.6976**, entailing that from 2001-2020, Auditors fees had a positively significant impact on bank performance (PAT); Hence as Auditors fees increases by a unit within the period, bank performance increased by **120.6976** units.
Furthermore, the result from Durbin Watson statistics (D.W) was 1.416367. This indicated that there was slight presence of autocorrelation in the model, premised on the fact that the D.W statistics value was closer to 0 than 2.
The adjusted R-squared value of 0.907895 indicates that the model has a high explanatory power. This means that during the entire period, auditor's rotation accounted for up to 91% of changes in bank performance; this shows that, the coefficients of determination represent very good fitness. In conclusion for the entire period, it was deduced from Prob(F-statistic) of 0.000098, that the joint effect of the independent variables were adequate

Interpretation of the Post-Mandatory Rotation of Auditor (2011 to 2020)
Regression Estimates:
The Post-Mandatory Rotation of Auditor of the study had Auditors tenure coefficient of **26231616**, entailing that from 2011-2020, Auditors tenure had a positively insignificant impact on bank performance (PAT). Hence as Audit tenure increases by a unit within the period, bank performance increased by **26231616** units.
In the same vein, Auditors fees coefficient of the entire period indicates **185.5460**, entailing that from 2011-2020, Auditors fees had a positively significant impact on bank performance (PAT); Hence as Auditors fees increases by a unit within the period, bank performance increased by **185.5460** units.
Furthermore, the result from Durbin Watson statistics (D.W) was 1.498250. This indicated that there was no presence of autocorrelation in the model, premised on the fact that the D.W statistics value was closer to 2 than 0.
The adjusted R-squared value of 0.876729 indicates that the model has a high explanatory power. This means that during the entire period, auditor's rotation accounted for up to 88% of changes in bank performance; this shows that, the coefficients of determination represent very good fitness. In conclusion for the entire period, it was deduced from Prob(F-statistic) of 0.000273, that the joint effect of the independent variables were adequate

Zenith Bank Nigeria PLC
The regression results obtained from the annual reports and accounts of selected Zenith Bank Nigeria PLC in Nigeria from 2001 to 2020 were analyzed below:

Table 4.4 Entire Period Regression Result (2001 – 2020)

Dependent Variable: PAT
Method: Least Squares
Date: 07/06/22 Time: 05:13
Sample: 2001 2020
Included observations: 20

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	8686.321	25911.99	0.335224	0.7416
AT	-16676.54	22239.72	-0.749854	0.4636
AF	320.1989	45.04149	7.108976	0.0000

R-squared	0.806706	Mean dependent var	72000.70
Adjusted R-squared	0.783965	S.D. dependent var	76040.08
S.E. of regression	35343.07	Akaike info criterion	23.92107
Sum squared resid	2.12E+10	Schwarz criterion	24.07043
Log likelihood	-236.2107	F-statistic	35.47443
Durbin-Watson stat	1.953128	Prob(F-statistic)	0.000001

Source: Researcher analysis (2022)

In summary, the estimated regression equation line for the entire periods can be summarized thus:

PAT = 8686.321 - 16676.54AT + 320.1989AF

Table 4.5 Pre-Mandatory Rotation of Auditor (2001 to 2010)

Dependent Variable: PAT
Method: Least Squares
Date: 07/06/22 Time: 05:12
Sample: 2001 2010
Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	12433.74	4017.232	3.095101	0.0174
AT	-8520.963	3538.775	-2.407885	0.0469
AF	110.3959	16.46268	6.705828	0.0003

R-squared	0.938555	Mean dependent var	12051.00
Adjusted R-squared	0.920999	S.D. dependent var	9650.216
S.E. of regression	2712.399	Akaike info criterion	18.89238
Sum squared resid	51499740	Schwarz criterion	18.98315
Log likelihood	-91.46190	F-statistic	53.46126
Durbin-Watson stat	1.347105	Prob(F-statistic)	0.000058

Source: Researcher analysis (2022)

In summary, the estimated regression equation line for the pre-mandatory rotation periods can be summarized thus:

PAT = 12433.74 - 8520.963AT + 110.3959AF

Table 4.6 Post-Mandatory Rotation of Auditor (2011 to 2020)

Dependent Variable: PAT
Method: Least Squares
Date: 07/06/22 Time: 05:17
Sample: 2011 2020

Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	35258.57	84874.03	0.415422	0.6903
AT	-32764.05	40595.30	-0.807090	0.4462
AF	289.7933	158.8087	1.824795	0.1108

R-squared	0.506238	Mean dependent var	131950.4
Adjusted R-squared	0.365163	S.D. dependent var	64241.14
S.E. of regression	51185.19	Akaike info criterion	24.76761
Sum squared resid	1.83E+10	Schwarz criterion	24.85839
Log likelihood	-120.8381	F-statistic	3.588435
Durbin-Watson stat	2.364486	Prob(F-statistic)	0.084589

Source: Researcher analysis (2022)

In summary, the estimated regression equation line for the post-mandatory rotation periods can be summarized thus:

PAT = 35258.57 - 32764.05AT + 289.7933AF

Interpretation of the Model Estimates:

The intercept (C) of the models were estimated at **8686.321**, **12433.74** and **35258.57**; indicating that bank performance will amount to **8686.321**, **12433.74** and **35258.57** units for entire period, pre-mandatory auditors rotation, and post- mandatory auditors rotation; respectively, if the explanatory variables were held constant at zero.

Interpretation of the Entire Regression Estimates:

The entire period of the study had Auditors tenure coefficient of **- 16676.54**, entailing that from 2001-2020, Auditors tenure had a negative insignificant impact on Zenith bank performance (PAT). Hence as Audit tenure increases by a unit within the period, bank performance decreased by **- 16676.54 units**.

In the same vein, Auditors fees coefficient of the entire period indicates **320.1989**, entailing that from 2001-2020, Auditors fees had a positively significant impact on bank performance (PAT); Hence as Auditors fees increases by a unit within the period, bank performance increased by **320.1989** units.

Interpretation of the Pre-Mandatory Rotation of Auditor (2001 to 2010) Regression Estimates:

The Pre-Mandatory Rotation of Auditor of the study had Auditors tenure coefficient of **- 8520.963**, entailing that from 2001-2010, Auditors tenure had a negative insignificant impact on bank performance (PAT). Hence as Audit tenure increases by a unit within the period, bank performance decreased by **- 8520.963** units.

In the same vein, Auditors fees coefficient of the entire period indicates **110.3959**, entailing that from 2001-2010, Auditors fees had a positively significant impact on bank performance (PAT); Hence as Auditors fees increases by a unit within the period, bank performance increased by **110.3959** units.

Interpretation of the Post-Mandatory Rotation of Auditor (2011 to 2020) Regression Estimates:

The Post-Mandatory Rotation of Auditor of the study had Auditors tenure coefficient of **- 32764.05**, entailing that from 2011-2020, Auditors tenure had a negative insignificant impact on bank performance (PAT). Hence as Audit tenure increases by a unit within the period, bank performance decreased by **- 32764.05 units**.

In the same vein, Auditors fees coefficient of the entire period indicates **289.7933**, entailing that from 2011-2020, Auditors fees had a positively insignificant impact on bank performance (PAT); Hence as Auditors fees increases by a unit within the period, bank performance increased by **289.7933AF** units.

However, in the entire result only auditor fee was positively significant to zenith bank performance while audit tenure was negatively insignificant. This was contradictory to GTB result were in the entire result, Audit tenure has positive insignificant on the performance but Audit fees conform to the result of GTB which have positive significant effect on the performance.

First Bank Nigeria PLC
The regression results obtained from the annual reports and accounts of selected Zenith Bank Nigeria PLC in Nigeria from 2001 to 2020 were analyzed below:

Table 4.7 Entire Period Regression Result (2001 – 2020)
Dependent Variable: PAT
Method: Least Squares
Date: 07/06/22 Time: 05:22
Sample: 2001 2020
Included observations: 20

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	22541.60	14954.05	1.507391	0.1501
AT	-10313.72	12382.61	-0.832920	0.4164
AF	77.99956	48.01543	1.624469	0.1227

R-squared	0.213831	Mean dependent var	26536.55
Adjusted R-squared	0.121340	S.D. dependent var	22455.58
S.E. of regression	21049.15	Akaike info criterion	22.88459
Sum squared resid	7.53E+09	Schwarz criterion	23.03395
Log likelihood	-225.8459	F-statistic	2.311921
Durbin-Watson stat	0.640882	Prob(F-statistic)	0.129386

Source: Researcher analysis (2022)
In summary, the estimated regression equation line for the entire periods can be summarized thus:
PAT = 22541.60 – 10313.72AT + 77.99956AF

Table 4.8 Pre-Mandatory Rotation of Auditor (2001 to 2010)
Dependent Variable: PAT
Method: Least Squares
Date: 07/06/22 Time: 05:27
Sample: 2001 2010
Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-8337.771	8130.381	-1.025508	0.3393
AT	6685.349	6244.124	1.070662	0.3198
AF	299.7094	49.41134	6.065600	0.0005

R-squared	0.873956	Mean dependent var	17010.30
Adjusted R-squared	0.837944	S.D. dependent var	11546.90
S.E. of regression	4648.344	Akaike info criterion	19.96973
Sum squared resid	1.51E+08	Schwarz criterion	20.06051
Log likelihood	-96.84867	F-statistic	24.26814
Durbin-Watson stat	2.202920	Prob(F-statistic)	0.000711

Source: Researcher analysis (2022)
In summary, the estimated regression equation line for the pre-mandatory rotation periods can be summarized thus:

PAT = - 8337.771 + 6685.349AT + 299.7094AF

Table 4.9 Post-Mandatory Rotation of Auditor (2011 to 2020)

Dependent Variable: PAT
Method: Least Squares
Date: 07/06/22 Time: 05:37
Sample: 2011 2020
Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	62697.15	48239.64	1.299702	0.2349
AT	-9050.779	20562.52	-0.440159	0.6731
AF	-81.35793	180.2710	-0.451309	0.6654

R-squared	0.053408	Mean dependent var	36062.80
Adjusted R-squared	-0.217047	S.D. dependent var	27009.96
S.E. of regression	29797.35	Akaike info criterion	23.68555
Sum squared resid	6.22E+09	Schwarz criterion	23.77633
Log likelihood	-115.4278	F-statistic	0.197474
Durbin-Watson stat	0.539421	Prob(F-statistic)	0.825221

Source: Researcher analysis (2022)

In summary, the estimated regression equation line for the post-mandatory rotation periods can be summarized thus:

PAT = 62697.15 – 9050.779AT – 81.35793AF

Interpretation of the Model Estimates:

The intercept (C) of the models were estimated at **22541.60**, **- 8337.771** and **62697.15**; indicating that bank performance will amount to **22541.60**, **- 8337.771** and **62697.15** units for entire period, pre-mandatory auditors rotation, and post- mandatory auditors rotation; respectively, if the explanatory variables were held constant at zero.

Interpretation of the Entire Regression Estimates:

The entire period of the study had Auditors tenure coefficient of **– 10313.72**, entailing that from 2001-2020, Auditors tenure had a negative insignificant impact on First bank performance (PAT). Hence as Audit tenure increases by a unit within the period, bank performance decreased by **– 10313.72 units**.

In the same vein, Auditors fees coefficient of the entire period indicates **77.99956**, entailing that from 2001-2020, Auditors fees had a positively insignificant impact on bank performance (PAT); Hence as Auditors fees increases by a unit within the period, bank performance increased by **77.99956** units.

Interpretation of the Pre-Mandatory Rotation of Auditor (2001 to 2010) Regression Estimates:

The Pre-Mandatory Rotation of Auditor of the study had Auditors tenure coefficient of **6685.349**, entailing that from 2001-2010, Auditors tenure had a positive insignificant impact on bank performance (PAT). Hence as Audit tenure increases by a unit within the period, bank performance increased by **6685.349** units.

In the same vein, Auditors fees coefficient of the entire period indicates **299.7094**, entailing that from 2001-2010, Auditors fees had a positively significant impact on bank performance (PAT); Hence as Auditors fees increases by a unit within the period, bank performance increased by **299.7094** units.

Interpretation of the Post-Mandatory Rotation of Auditor (2011 to 2020) Regression Estimates:

The Post-Mandatory Rotation of Auditor of the study had Auditors tenure coefficient of **– 9050.779**, entailing that from 2011-2020, Auditors tenure had a negative insignificant impact on bank performance (PAT). Hence as Audit tenure increases by a unit within the period, bank performance decreased by **– 9050.779 units**.

In the same vein, Auditors fees coefficient of the entire period indicates **– 81.35793**, entailing that from 2011-2020, Auditors fees had a negative insignificant impact on bank performance (PAT); Hence as Auditors fees increases by a unit within the period, bank performance decreased by **– 81.35793** units.

However, in the entire result it, was seen that non of the variables that is auditors tenure and auditors fee for First Bank Nigeria PLC was significant as compare to the two other banks used in this study. In Zenith Bank Nigeria PLC, Auditor fee during the period was positively significant to bank performance while audit tenure was negatively insignificant; and in GTB result, Audit tenure has positive insignificant relationship with bank performance but Audit fees have positive significant effect on bank performance. In conclusion, Zenith Bank and GTB, results correlate to an extent in that they were not frequently changing their respective auditors' as First Bank PLC did during the period.

5.0 Findings, Conclusion and Recommendations

The findings of the study include:

i. Audit tenure has positive insignificant effect on the performance of Guarantee Trust Bank (GTB) PLC in Nigeria.

ii. Audit fees have positive significant effect on the performance of Guarantee Trust Bank (GTB) PLC in Nigeria

iii Audit tenure has negative insignificant effect on the performance of Zenith Bank PLC in Nigeria

iv Audit fee has positive significant effect on the performance of Zenith Bank PLC in Nigeria

v Audit tenure has negative insignificant effect on the performance of First Bank of Nigeria PLC

vi Audit fee has positive insignificant effect on the performance of First Bank of Nigeria PLC

Conclusion

This study assessed the effect of auditors rotation on the performance of banks in Nigeria; a study of Guaranteed Trust Bank (GTB), Zenith Bank Nigeria PLC and First Bank Nigeria PLC from 2001-2020. Specifically, this study examined the effect of auditor's tenure on the performance of Guaranteed Trust Bank (GTB), Zenith Bank Nigeria PLC and First Bank Nigeria PLC; it examined the effect of auditor fees on the performance of Guaranteed Trust Bank (GTB), Zenith Bank Nigeria PLC and First Bank Nigeria PLC. Multiple regression analysis and ex-post facto research design were utilized to test the hypotheses of this study. Based on the analysis conducted this present study concludes that audit tenure has a positive and insignificant effect on the performance of Guarantee Trust Bank (GTB) PLC in Nigeria. While audit fees has a positive and significant effect on the performance of Guarantee Trust Bank (GTB) PLC in Nigeria; Audit tenure has negative insignificant effect on the performance of Zenith Bank PLC in Nigeria; Audit fee has positive significant effect on the performance of Zenith Bank PLC in Nigeria; Audit tenure has negative insignificant effect on the performance of First Bank of Nigeria PLC; Audit fee has positive insignificant effect on the performance of First Bank of Nigeria PLC.

Recommendations

i. since audit fees is significant to bank performance, banks, should always employ the services of one of the big audit firms since it results to improved audit quality, allows for greater earnings quality and lower earnings management.

ii. Since audit tenure is not significant to bank performance, auditors firm relationship with the bank should exceed 3 years, by so doing the auditor may develop good strategies of improving the financial quality of the bank.

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