# EFFECT OF BOARD ATTRIBUTES ON AUDIT REPORT OF LISTED DEPOSIT MONEY BANKS IN NIGERIA

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***Abstract***

*This study examined the effect of board attributes on audit report outcomes for listed Deposit Money Banks (DMBs) in Nigeria from 2014 to 2023. The study used an ex-post facto research design primarily, using secondary data from annual reports of 13 publicly listed DMBs as the sample, which was obtained from Nigerian Exchange Group (NGX). The data analysis technique that was used was logistic regression and revealed that board size, board independence, and financial expertise significantly impact audit reports, while gender diversity has a positive, but no statistically significant effect on audit reports. These results provide support for Agency Theory and indicate that recognized governance structures can limit information asymmetry, which is associated with financial reporting and accountability. The study recommended that Nigerian DMBs give prominence to board independence, financial expertise and, while keeping to the appropriate number of board size, thereby improving audit reports and also assuring investors.*

**Keywords:** Audit report, Board independence, Board expertise, Board size, Board gender diversity,

## Introduction

High-profile accounting scandals rocked global financial markets and highlighted weaknesses in corporate accounting and governance as the early 21st century unfolded. These events diminished investor trust and raised awareness about the importance of high-quality, stringent financial statements supported by an active audit process (Meidawati & Dwitama, 2023. Moving forward, regulators, investors, and researchers became increasingly focused on the reliability and transparency of financial reporting, and the importance of confirming that an audit report provides assurance about the reliability and integrity of corporate financial disclosures (Simões & Carvalho, 2024).

Corporate governance is critical for business organizations today. Corporate governance plays a crucial role in ensuring a level of transparency, accountability, and ethical behavior (Sulaiman, et al , 2023). The audit report is an essential piece of meeting corporate governance standards, providing independent assurance on the reliability of the financial statements, and improving stakeholder confidence in the reliability of corporate financial disclosures (Ria, et al 2023).

The Board of Directors is often considered an integral internal corporate governance mechanism in addressing agency issues between managers and shareholders. A central goal of the board is to help reduce the probability of receiving a qualified audit report, which is an important signal of financial integrity that widely influences stakeholders (Amanamakh et al., 2024). In this respect, the board is crucial to monitoring and mitigating the risks that surround corporate financial viability and ensuring significant corporate decisions align with shareholder values and regulatory obligations (Wijaya & Wijaya, 2025). The board characteristics and the audit report relationship are pivotal. Board characteristics, board composition, structure, qualifications, and independence represent significant aspects of how to determine the degree of quality in financial reporting, consequently framing the audit report. When there are independent directors on a board, the board is less likely to be faced with a conflict of interest and hence can question managements decisions objectively, lessening the chance of biased financial reporting causing a qualification from the external auditor (Almaqtari, 2023). Boards which had a variety of expertise included financial, industry-specific and risk management knowledge were more likely to be able to interpret financial complexities, decreasing the likelihood of material misstatements occurring within the financial statements to the point of causing a qualified audit report (Rahman, et al 2023). In addition, boards that meet frequently and have a lot of interaction with management are able to raise potential risks or issues sooner than later, removing the likelihood of financial misstatements occurring that might cause a qualified audit (Ud 2025).

Numerous studies have examined the relationship between corporate governance mechanisms and audit reports, primarily focusing on regions outside Nigeria (Dimitropoulos, 2025; Chairani et al., 2024; Chairunisa, 2024). For instance, Dimitropoulos (2025) investigated the influence of audit committee independence on corporate sustainability performance and qualified audit opinions within the European Union, revealing a critical link between governance structures and audit quality. Similarly, Chairani et al. (2024) explored the effects of audit quality, company size, and leverage on going concern audit opinions in financial sector companies, while Chairunisa (2024) analyzed the role of audit committees in moderating the impact of audit opinions on earnings management in Sharia commercial banks in Indonesia. Despite the extensive body of research in other contexts, there is limited empirical evidence on the effect of board attributes on audit report quality within the Nigerian financial sector. While studies like Adekunle et al. (2023) and Onaolapo and Oyeleye (2022) have touched on external audit opinions and financial performance in Nigeria, they have not explicitly addressed the role of board attributes, such as board independence, size, financial expertise, and gender diversity, in shaping audit outcomes. Additionally, there is a practical knowledge gap regarding how these board characteristics influence audit report outcomes in the unique regulatory and operational environment of Nigeria, where corporate governance practices may differ significantly from those in more developed markets. It is against the backdrop that this study examined the effect of board of board attributes on audit report of listed DMBs in Nigeria.

## Literature Review

### Audit Reports

Audit reports are critical components of corporate financial disclosure, serving as formal, independent assessments of a company's financial statements. They assure investors, creditors, regulators, and other stakeholders about the accuracy and reliability of the financial information presented by the company (Gray,2011; Simões & Carvalho, 2024). An audit report typically includes the auditor's opinion on whether the financial statements fairly represent the company's financial position, performance, and cash flows by applicable accounting standards (Dimitropoulos, 2025).

The importance of audit reports extends beyond mere financial verification. They play a vital role in maintaining market confidence, enhancing corporate accountability, and reducing information asymmetry (Almasria, 2022). According to Surya et al. (2023), the quality of an audit report can significantly influence investor perceptions and corporate reputation, particularly in contexts where financial transparency is critical for sustaining stakeholder trust.

Audit opinions can, in general, be categorized into four main types: unqualified (clean) opinion, qualified opinion, adverse opinion and disclaimers of opinion (Crucean, 2019; Chairani et al., 2024; de Carvalho, et al, 2023). Unqualified opinion means the financial statements are free from material misstatements and conformity with the financial reporting framework, thus accounting quality is extremely high (Habib, 2013). Qualified opinion means that financial statements were mostly accurate but contains material misstatements or limitations of the financial statements that are either not fully compliant with the relevant accounting framework (Qiong & Rahmat, 2024).

An adverse opinion means that the financial reports have major misstatements overall and does not present a true and fair view of a company's financial position, representing an extreme failure in financial reporting and potentially harming a firm's credibility (Bayo et al 2024). Lastly, a disclaimer of opinion is issued when an auditor cannot obtain appropriate audit evidence in order to make an opinion, often because of significant uncertainties or scope limitations that make it impossible to provide a reliable audit assessment (Fang, 2018).

Board Size

The board size of a company represents the total number of directors who hold positions on the board including both executive leadership and independent members. Board size functions as a fundamental component of corporate governance because board size directly affects the board's operational abilities to supervise management and develop strategic direction and execute corporate accountability (Vecco, et al, 2021). A recommended board size exists at the balance point, which provides adequate skill diversity alongside expert knowledge and multiple perspectives but prevents excessive communication difficulties experienced by large boards (Kamarudin et al, 2022). The effect of board size on corporate performance and financial reporting quality has received extensive examination from multiple research projects. Large corporate boards demonstrate better financial oversight through wider expertise and experience, as shown by the research of Hasan and Hussainey (2022), which results in lower financial misreporting risks. The research conducted by Oladapo et al. (2024) contends that large boards experience difficulties in effective coordination, which leads to slower decision-making and diminished accountability.

In audit evaluations, research demonstrates that board size directly impacts the probability of obtaining unqualified audit opinions. The capability of large boards to perform financial reporting supervision and accounting standards compliance activities decreases the possibility of material misstatements, according to Moradi et al 2024. Excessive board size creates communication issues and leads to "free-rider" dynamics that allow directors to depend on their colleagues for essential oversight responsibilities and thus risk damaging financial disclosure quality according to Munifah, S., & Suryandari, 2024; Hassan et al, 2024. The examination of board size alongside its potential effect on audit report results leads to the establishment of the following null hypotheses:

$H_{01}$: Board size has no significant effect on audit reports among listed Deposit Money Banks (DMBs) in Nigeria.

Board Independence

Board independence describes the number of non-executive independent directors on a board who maintain distance from significant financial, familial, or professional associations with the company which might affect their ability to oversee (Krishna & Nadya, 2020). Agency conflict mitigation through independent director oversight and accountability protection for minority shareholders depends on independent directors, according to Guizani & Abdalkrim (2022).

Effective corporate governance consists of independent directors as one of its fundamental pillars. Wu and Li (2015) describe how independent directors enhance board monitoring quality through their professional skepticism and independent management distance, which in turn reduces financial statement misstatement risks. The authors Guizani and Abdalkrim (2021) explain that audit quality improvement depends on board independence because it limits managerial control over financial report processing.

Multiple research projects establish that board independence directly affects the results of financial audits. The study by Moradi et al. (2024) demonstrated that businesses with a high percentage of independent directors experience fewer audit opinion modifications because these board members maintain close supervision of financial processes and ensure that accounting standards remain compliant. Independent directors represent a fundamental element in the implementation of whistle-blowing policies, which drive better financial transparency and accountability, according to Bala et al. (2023).

The effectiveness of board independence depends on different contextual elements, which include both the governance structure and the regulatory environment, and the financial knowledge of board members, according to Krishna & Nadya (2020). The Nigerian business environment requires independent board members because of its complicated regulatory system and financial transparency issues, according to Bala et al. (2023). The research on board independence and its expected impact on audit results generates the following null hypotheses:

$H_{02}$: Board independence has no significant effect on audit reports among listed Deposit Money Banks (DMBs) in Nigeria.

Board Financial Expertise

Board financial expertise refers to the presence of directors with significant accounting, financial, or auditing knowledge and experience on a company's board. These financially savvy directors play a crucial role in overseeing financial reporting processes, ensuring compliance with accounting standards, and enhancing the overall quality of corporate disclosures (Tanyi & Smith, 2015). The presence of financial experts on the board is particularly important for effective risk management, accurate financial reporting, and the prevention of financial misstatements.

The academic community has reached conflicting conclusions about the relationship between board members' financial expertise and financial statement quality and audit results. Scientific research shows that directors who possess financial expertise play an essential role in increasing financial transparency during audits, yet additional studies reveal specific obstacles that prevent their effectiveness. Research by Tanyi and Smith (2015) demonstrated that financial expertise among audit committee chairs leads to better financial reporting quality and lower earnings management. The main reason behind this effect lies in the ability of experienced financial directors to recognise intricate accounting problems while questioning management actions. Khudhair and colleagues in 2019 established that companies which maintain finance-savvy board members achieve better audit quality through their enhanced financial statement assessment and evaluation of financial records. Some experiments showed unfavourable results. In 2024, Bansal discovered that financial experts can raise earnings quality in specific board conditions, yet their effect decreases when boards lack independent and diverse leadership. When board members with financial expertise fail to modify their decisions, it reduces their ability to manage financial reports when the board environment fails to support their oversight practices (Khudhair et al., 2019). The research findings lead to the formulation of these null hypotheses:

$H_{03}$: Board financial expertise has no significant effect on audit report among listed Deposit Money Banks (DMBs) in Nigeria.

Board Gender Diversity

Board gender diversity involves the appointment and inclusion of both male and female directors on corporate boards, signifying an effort toward inclusive corporate governance with varying viewpoints and backgrounds. Recently, gender diversity on boards has garnered considerable interest due to regulatory changes, social pressure, and increasing evidence of board gender diversity impacting both corporate governance and financial performance (Bansal, 2024). Studies suggest that gender-diverse boards improve corporate monitoring, reduce group think, and improve board effectiveness in general. For example, Bansal (2024) found evidence that having female directors improved earnings quality (especially female directors with financial expertise), as having women improved the boards monitoring and oversee capabilities. The academic community has reached conflicting conclusions about the relationship between board members' financial expertise and financial statement quality and audit results. Scientific research shows that directors who possess financial expertise play an essential role in increasing financial transparency during audits yet additional studies reveal specific obstacles that prevent their effectiveness. Research by Tanyi and Smith (2015) demonstrated that financial expertise among audit committee chairs leads to better financial reporting quality and lower earnings management. The main reason behind this effect lies in the ability of experienced financial directors to recognize intricate accounting problems while questioning management actions. Khudhair and colleagues in 2019 established that companies which maintain finance-savvy board members achieve better audit quality through their enhanced financial statement assessment and evaluation of financial records. Some experiments showed unfavorable results. In 2024, Bansal discovered that financial experts can raise earnings quality in specific board conditions yet their effect decreases when boards lack independent and diverse leadership. When board members with financial expertise fail to modify their decisions it reduces their ability to manage financial reports when the board environment fails to support their oversight practices (Khudhair et al., 2019). The research findings lead to the formulation of these null hypotheses:

$H_{04}$: Board gender diversity has no significant effect on audit report among listed Deposit Money Banks (DMBs) in Nigeria.

## Theoretical Framework

### Agency Theory

Jensen and Meckling (1976) established agency theory as the foundational framework that explains shareholder-manager relationships. This theory focuses on understanding why potential conflicts of interest emerge between corporate management teams and their shareholders who serve as principals. Agency theory bases its argument on the idea that agents have the capability to favor their personal interests instead of those of their principals, which results in agency costs. Agency theory in corporate governance highlights the necessity of effective monitoring through board structures and audit functions to prevent conflicts of interest and maintain managers' actions that serve shareholder interests (Fama & Jensen, 1983).

Board attributes, including board size together with independence and financial expertise, as well as gender diversity according to agency theory, demonstrate their ability to predict audit outcomes. These board attributes play a vital role because they determine how effectively the board can monitor management while preventing financial errors. Board independence stands as a fundamental requirement for objective oversight since independent directors show the highest probability of questioning management choices, which lowers the chance of accounting discrepancies (Guizani & Abdalkrim, 2022).

Further, gender diversity at the board level can result in more balanced decision-making, which decreases groupthink and improves board effectiveness, ultimately enhancing audit outcomes (Bansal, 2024). This is especially relevant in the context of Nigerian Deposit Money Banks (DMBs), where complex financial transactions compounded by regulatory pressures can exacerbate the agency problem, while also creating significant information asymmetry. In this scenario, and particularly with issues of regulatory oversight, the incidence of agency costs and how board attributes support enhanced audit quality is paramount to investor confidence and financial stability.

**Methodology**

This study adopted an ex-post facto research design. This design is appropriate because it allows for the analysis of existing data to identify the relationships between board attributes and audit outcomes without manipulating the study variables. The population of the study comprises 13 Deposit Money Banks (DMBs) listed on the Nigerian Exchange Group (NGX) as of 31st December 2023. Given the relatively small size of this population, the study employed a census approach, analyzing data from all 13 listed DMBs to ensure comprehensive coverage and accurate insights.

This study used secondary sources of data collection. Data were obtained from the published annual reports and financial statements of the 13 listed Deposit Money Banks (DMBs) on the Nigerian Exchange Group (NGX) for the period from 2014 to 2023.

This study adopted logistic regression as the primary technique of data analysis. This statistical approach is effective in estimating the probability of a particular audit outcome based on various board attributes, including board size, independence, financial expertise, and gender diversity.

The logistic regression model for this study is specified as follows:

$$\text{Logit (AR)}=\beta 0+\beta_1 BS+\beta_2 BIND+\beta_3 BEF+\beta_4 BGD+\beta_5 FS+\beta_6 ROA+\epsilon$$

Where:

AR = Audit Report

BS = Board Size

BIND = Board Independence

BFE = Board Financial Expertise

BGD = Board Gender Diversity

FS = Firm Size

ROA = Return on Assets

β0 = Intercept (constant term)

ϵ= is the error term,

Table 1 Variables Measurement

| Variables | Measurement | Source |
|---|---|---|
| dependent Variable | | |
| Audit Report | Classified as 1 if the audit report includes disclosures on key audit matters, indicating areas of high audit risk or significant auditor judgment, and 0 if no KAMs are reported. | Pinto & Morais, (2019) |
| Board Size | Total number of directors serving on the board. | Yermack (1996); Bala et al. (2023) |
| Board independence | Proportion of independent non-executive directors | Liu, et al 2015; Neville, et al 2019. |
| Board Expertise | Proportion of directors with financial expertise on the board. | Bansal (2024) |
| Board Gender | Proportion of female directors on the board. | Bansal (2024); Adams & Ferreira (2009 |
| Firm Size | the natural logarithm of total assets | Kurshev & Strebulaev (2015) |
| Profitability | Net Income / Total Assets. Jensen & | Meckling (1976); Tanyi & Smith (2015) |

Source: Researcher's computation 2025

**Result and Discussion**

The section reveals the study's data analyses and findings, including statistics on the influence of board characteristics on audit reports of listed Deposit Money Banks (DMBs) in Nigeria.

Table 1 Descriptive Statistic

| Variable | Obs | Mean | Std. dev. | Min | Max |
|---|---|---|---|---|---|
| AR | 130 | .7583333 | .4298883 | 0 | 1 |
| BS | 130 | 13.95 | 3.294635 | 10 | 19 |
| BIND | 130 | .5222435 | .062019 | .3684211 | .6363636 |
| BFE | 130 | .3654296 | .079869 | 0 | .6 |
| BGD | 130 | .2245489 | .0886971 | .0769231 | .4 |
| FS | 130 | 7.588309 | 1.154911 | 4.388385 | 10.07753 |
| ROA | 130 | .0355239 | .023385 | .0025118 | .0956964 |

Source: Extracted from STATA output 2025

Based on 130 observations, the descriptive statistics shown in Table 1 offer understanding of the central tendencies and variability of the main variables applied in the study. With a mean of 0.7583, the binary variable Audit Report (AR) indicates that over 75.8% of the studied banks had audit reports including Key Audit Matters (KAMs), therefore reflecting a high degree of audit complexity or significant judgement needed throughout the audit process. This implies that most of the banks under sample had heavy audit inspection, most likely in response to complicated financial structures or high operational risk.

With a mean of 13.95 and a standard deviation of 3.2946, Board Size (BS) indicates that the average board consists almost of 14 people. This diversity reflects different corporate governance models across the investigated institutions; some choose bigger boards to improve control and strategic decision-making.

Measuring as the percentage of independent directors on the board, Board Independence (BIND) has a mean of 0.5222 and a standard deviation of 0.0620, indicating that roughly 52.2% of the board members are independent on average. This shows a great focus on keeping a balanced and independent board structure, which is essential to reducing conflicts of interest and improving board supervision.

With a mean of 0.3654 and a standard deviation of 0.0799, Board Financial Expertise (BFE) indicates that 36.5% of the board members on average possess financial knowledge. This somewhat low percentage points to a possible weakness in financial monitoring capacity, which could affect risk management and financial decision-making quality.

With a mean of 0.2245 and a standard deviation of 0.0887, Board Gender Diversity (BGD) indicates that female directors comprise around 22.5% of board members on average. Though with space for development, this degree of gender diversity reflects modest female representation and reflects continuous attempts to support gender inclusion in corporate governance.

Measuring as the natural logarithm of total assets, Firm Size (FS) has a mean of 7.5883 and a standard deviation of 1.1549, therefore showing considerable variation in the operational scale, financial resources, and market reach of the studied banks.

Key indicator of profitability, return on assets (ROA) has a mean of 0.0355 and a standard deviation of 0.0234, indicating modest average profitability with some institutions attaining much higher returns reflecting variations in operational efficiency and financial performance.

Table 2 Correlation Matrix

| | AR | BS | BIND | BFE | BGD | FS | ROA |
|---|---|---|---|---|---|---|---|
| AR | 1.0000 | | | | | | |
| BS | 0.1029 | 1.0000 | | | | | |
| BIND | 0.0133 | -0.6675 | 1.0000 | | | | |
| BFE | -0.1359 | -0.5626 | 0.3286 | 1.0000 | | | |
| BGD | 0.0729 | 0.2192 | -0.1427 | -0.0077 | 1.0000 | | |
| FS | 0.0467 | 0.2314 | -0.2339 | 0.1070 | 0.3363 | 1.0000 | |
| ROA | -0.0901 | -0.1656 | 0.0374 | 0.0627 | -0.0468 | -0.0331 | 1.0000 |

Source: Extracted from STATA output 2025

The Audit Report (AR) indicates a weak positive correlation with Board Size (BS) at 0.1029 and Board Gender Diversity (BGD) at 0.0729. This suggests that larger boards and those exhibiting greater gender diversity are marginally more likely to receive audit reports containing Key Audit Matters (KAMs). The relationship between Board Financial Expertise (BFE) and the likelihood of receiving a KAMs-inclusive audit report is weakly negative (-0.1359), suggesting that increased financial expertise on the board may correlate with a lower probability of such audit reports. Return on Assets (ROA) exhibits a weak negative correlation (-0.0901), indicating that banks with higher profitability may be less prone to receiving qualified or modified audit reports.

Table 3 Logistic model for goodness-of-fit test

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Goodness-of-fit test after logistic model
Variable: AR

      Number of observations =     119
Number of covariate patterns =     119
           Pearson chi2(112) =  116.40
                 Prob > chi2 =  0.3690
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Source: Extracted from STATA output 2025

Considering the p-value of 0.3690, which significantly above the conventional significance level of 0.05, we do not reject the null hypothesis. This indicates that the logistic regression model fits the data well, suggesting that its predictions correspond adequately with the observed audit report results.

Table 4 Logistic Regression

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Logistic regression                                     Number of obs =    130
                                                        LR chi2(6)    =   64.99
                                                        Prob > chi2   = 0.0002
Log likelihood = -63.586586                             Pseudo R2     = 0.3378

------------------------------------------------------------------------------
          AR | Odds ratio   Std. err.      z    P>|z|     [95% conf. interval]
-------------+----------------------------------------------------------------
          BS |   4.425597    1.74174     2.54   0.011     1.011848    7.839345
        BIND |   5.073451    2.21002     2.30   0.023     .6962254    9.450674
         BFE |   8.522716   1.389862     6.13   0.000    -11.28016    -5.76527
         BGD |   3.748987   9.594693     0.52   0.606     .0248573    565.4235
          FS |   1.051104   .1191499     0.44   0.660      .841698    1.312609
         ROA |   3.707013     1.0448     3.55   0.001     1.635596     5.77843
       _cons |   .1991352   .8929484    -0.36   0.719     .0000304    1306.317
------------------------------------------------------------------------------
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Source: Extracted from STATA output 2025

The model, which included 130 observations, achieved a significant overall fit with an LR chi² value of 64.99 (p-value = 0.0002) and a Pseudo $R^2$ of 0.3378, indicating that approximately 33.78% of the variation in audit outcomes is explained by the independent variables. This level of explanatory power is reasonable for a logistic model, suggesting that the selected board and control variables are meaningful predictors of audit outcomes.

The significant positive impact of Board Size (BS), with an odds ratio of 4.426 ($p = 0.011$), supports the argument that larger boards provide broader oversight and reduce the risk of managerial opportunism. Larger boards typically bring a diverse set of skills, experiences, and perspectives, which enhances their ability to challenge management and scrutinize financial reporting processes, thus aligning management actions more closely with shareholder interests.

Board Independence (BIND), with an odds ratio of 5.073 ($p = 0.023$), further supports Agency Theory, as independent directors are less likely to have conflicts of interest and can exercise unbiased judgment in financial oversight. This independence reduces the risk of agency problems by providing more effective monitoring, increasing the likelihood of identifying and reporting financial risks and irregularities through KAM disclosures.

Board Financial Expertise (BFE), which shows a significant positive relationship (odds ratio = 8.523, $p < 0.001$), also aligns well with Agency Theory. Financially literate board members are better equipped to assess complex financial information and detect potential misstatements, thus reinforcing their role as effective monitors of managerial actions. This finding underscores the importance of expertise in mitigating agency risks, as financially skilled directors are more capable of understanding and addressing potential agency conflicts.

However, Board Gender Diversity (BGD), while positive (odds ratio = 3.749), is not statistically significant (p = 0.606), suggesting that gender diversity alone may not strongly influence audit outcomes in this context. This may indicate that gender diversity, while valuable for broader governance benefits, may not directly address agency conflicts as effectively as financial expertise and independence.

Among the control variables, Return on Assets (ROA) is significant (odds ratio = 3.707, p = 0.001), indicating that more profitable firms are more likely to receive KAM disclosures. This finding aligns with Agency Theory as highly profitable firms often face greater scrutiny from auditors due to the higher risks associated with complex financial transactions, which can exacerbate agency conflicts. In contrast, Firm Size (FS), despite being positively associated, is not statistically significant (p = 0.660), suggesting that size alone does not necessarily reduce agency conflicts without effective board oversight.

## Conclusion and Recommendations

This research analyzed the interaction between board characteristics and audit reports for quoted Deposit Money Banks (DMBs) in Nigeria from 2014 to 2023. Based on the findings of this study, it was concluded that certain board attributes significantly influence audit report outcomes among listed Deposit Money Banks (DMBs) in Nigeria. Specifically, board independence and board financial expertise demonstrated a statistically significant effect on the likelihood of receiving audit reports with key audit matters (KAMs), suggesting that stronger oversight and professional competence on the board can enhance audit reporting quality. Conversely, board size and board gender diversity did not show a significant impact, implying that the mere expansion or gender diversification of the board may not independently guarantee better audit outcomes unless supported by other governance mechanisms. Given the findings, the study recommends that regulators and banks should prioritize the appointment of independent board directors with relevant financial skills, which will more effectively strengthen the boards and their ability to supervise management and identify financial irregularities, thereby minimizing the risks associated with negative audit findings. In addition, DMBs may consider a balanced board size that supports adequate oversight, and avoids being overly complex or inefficient, as larger boards were found to positively influence audit outcomes. While board gender diversity had no statistically detectible influence, improving diversity on the board continues to create better boards from a governance perspective, because a diverse board brings distinct ranges of experience and perspectives to help make timely and effective decisions and aid in more creative and innovative problem solving.

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