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CORPORATE ATTRIBUTES AND AUDIT FEE OF LISTED DEPOSIT MONEY BANKS IN NIGERIA

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Abstract
The objective of the study is to examine the effect of firm characteristics on audit fee of listed Deposit Money Banks (DMBs) in Nigeria. Correlational research design was used for this study with an extensive reliance on secondary data. The population of the study consists of all DMBs listed on the Nigerian Stock Exchange. However, the study utilizes a sample of 10 DMBs in Nigeria selected using certain criteria. Multiple Regression Analysis using the Ordinary Least Square (OLS) technique was employed as the method of data analysis. Diagnostic analysis indicated that the regression assumptions tests such as heteroskedasticity, hausman and the Lagrangian Multiplier (LM) test for the higher order autocorrelation and the study showed that the model satisfied the OLS criterion. The findings indicated that; firstly, there is positive and significant relationship between profitability and audit fees. Secondly, there is no significant relationship between complexity and audit fees. Thirdly, study reveals that there is positive and significant relationship between audit size and audit fees. Fourthly, the study also shows that there no significant relationship between audit risk and audit fees. This shows that bank with higher performance is expected to pay higher audit remuneration. Also, bank with higher capital base is expected to pay less audit fee. The study recommends that there is need for the government to regulate audit fees within DMBs in Nigeria

Keyword: *Firm, characteristics, audit fees, banks*

1. Introduction

Audit fee determination has further become a fundamental issue of audit research in recent times especially following after the classical cases of audit failure experiences as a result of massive corporate scandals; these brought a lot of pressure on auditors for ensuring standard and reliable audit exercise to the shareholders. Companies are statutorily required to have their financial statements audited and want the audit fees they pay to be reasonable, auditors provide such service and want to ensure that fees they charge are sufficient to enable a satisfactory service to be provided (Gist & Gist, 2012). Furthermore, the amount of audit fees and how they are determined are significant matters to both national and international. Professional accounting bodies to indicate the basis on which audit fees should be determined the cost which should be recovered by an audit fees, and the factors which should be taken into consideration when determining audit fees. In addition, these statements were also designed to restrict auditors from charging their fees on a basis which might be incompatible with ethical value associated with the audit profession. Consequently, they seek to protect the auditors from losing their objectivity and effectiveness as independent auditors. Although audit fee is not clearly defined in any of the recognized professional accounting body, but aspects regarding audit fees are extensively analyzed from the point of view of their effects on auditor's independence. The audit fees can thus be simply described as the sums payable paid to the auditors for the audit services offered to the audit (client). The methodology for arriving at an appropriate audit fees is still ongoing, especially in the developing countries where researchers in this area are very scanty and mostly in the financial sector such as Banks. Moreover, Simunic (1980) explicitly saw the audit pricing as the determination of fees and initiated the use of the demand and supply functions to identify the determinants of audit pricing and hence the audit fees. This market theory covers both the demand side and supply side determinants such determinants representing features from clients that demand audit and from auditors that supply audit service. Following the audit fees literature, several determinants of audit fees has been identified by different researchers around the world, each with divergent and inconsistent result. However, this study focuses on the effect of corporate profitability, complexity, size and risk on audit fees in listed deposit money Banks in Nigeria.

Divergent views concerning the factors that determine the amount of audit fee create a serious debate in developed and developing economy as there are

differences in technology, economic system, market condition, the type of industries, production, the environment as well as the government policies. And these factors may have impact on firm's characteristics. However, the argument raised above indicates that, there is need to empirically examine the impact of firm's characteristics on the audit fee of listed deposit money Bank in Nigeria. Also, a number of researches have argued that among the profitability, complexity, audit size and audit risk which one is the most important determinant of audit fees of listed deposit money Banks in Nigeria. Urhoghide & Izedonmi (2015), Otemu (2019) opined that profitability is considered as the major determinant of audit fee. Does profitability affect audit fee of listed deposit money Banks in Nigeria? Likewise, Hasan (2017), and Immanuel & Nur (2014) argued and examined that complexity is the most important determinant of audit fee of an entity. How does complexity impact on audit fee of listed deposit money Banks in Nigeria? Also, Aronmwan & Okafor (2014), Haque, Afroze & Fatema-Tuz-Zohra (2019) are of the view that audit size is considered as the vital determinant of audit fee. How can audit size affect audit fee of listed deposit money Banks in Nigeria? While in the study of Santhosh & Ganesh (2020), Indira & Mutiara (2018) considered audit risk as a major determinant of audit fee of a firm. To what extent can the audit risk affect audit fee of listed deposit Money Banks in Nigeria? Finally, most of the study had been focused on the market for audit profession and services in developed and developing countries. But few studies have been conducted in UK and Arabic world and they provided an evidence of presence of mixed and inconsistencies of findings in the literature which suggest the issue of auditor remuneration are far from been settle empirically. The current study extended previous studies by presenting new evidence such as inclusion of other variables, environment and area of the study.

In line with the research questions above, the main objective of this study is to examine the impact of firm characteristics and audit fee of listed Deposit Money Banks in Nigeria. Other specific objectives are to;

i. Examine the influence of profitability on audit fee of listed Deposit Money Banks in Nigeria.
ii. Determine the effect of complexity on audit fee of listed Deposit Money Banks in Nigeria.
iii. Evaluate the impact of audit size on audit fee of listed Deposit Money Banks in Nigeria.

vi. Access the bearing of audit risk on audit fee of listed Deposit Money Banks in Nigeria.

Furthermore, various parties including shareholders, audit firms, financial regulatory bodies, deposit money banks, potential researchers in this field are expected to benefit from this study in one way or the other. In order to examine the impact of firm characteristics on audit fee of listed Deposit Money Banks in Nigeria, the study will cover a period of 6 years (2014 to 2019). The dependent variable of the study is audit fee and the independent variables of the study are; profitability, complexity, audit size and audit risk.

2. Literature Review and Theoretical Framework

Audit fee determination refers to the determination of auditor's remuneration. The audit fee has in extent literature been divided into two categories; audit fees and non-audit fees. While audit fee refers directly to payments made to the auditor that relates directly to the audit function, non-audit fees is concerned with payments for other non-audit service rendered by the auditor. Generally, the audit fees should cover audit costs and provide a reasonable profit. Therefore, the audit fees can be seen as a combination of two items: audit cost and profit or auditor's reward. One of the first theories regarding the determinants of the audit fees was developed by Simunic (1980). He proves that the level of the audit fee depends firstly on the auditor's effort. The connection between the "price" of the audit and the effort for its accomplishing is a natural one, because any audit mission is carried out according to some compulsory standards and rules established by professional audit organizations. Simunic (1980) also proved the direct connection between the level of audit fees and the subsequent litigation risk. Referring to this statement, pratt and Stice (1994) underlined that the auditor's evaluation in terms of possible losses in future litigations may result in an increase of the audit effort in order to reduce this litigation risk, and consequently to a raise of the audit fee. In more contemporary literature (Aronmwan & Okafor, 2014; Haque et al 2019; Gist & Gist, 2012; Otemu, 2019) several factors have been identified as important considerations in the audit pricing process. Among the factors mentioned are the following; the audit's size, and the geographical dispersion, financial performance of the client, audit's risk among others. Moreover, it has been argued that the impact of these factors on the level of audit fees is quite contradictory (Shiyi & Jeyaraj (2017), Akpom (2016).

Prior researches Aronmwan & Okafor (2014), and Haque, Afroze & Fatema-Tuz-Zohra (2019) documented empirical results indicating that audit fees are significantly influence on the level of the audit client's complexity. Hypothetically, we would expect that as the audit client becomes more complex, more time and effort are needed to apply in performing the audit work. This is true because a more complex audit client means a more diverse organizational structure, and harder to review transactions. This increase in audit effort is expected to lead to an increase in the level of audit fee. (Ahmed & Goyal, 2005; Otemu, 2019 and Olutokunbo, Yisa & Abdullahi, 2020) concluded that complexity has positive and significant effect on audit fees. Olutokunbo, Yisa & Abdullahi (2020) researched on the relationship between corporate characteristics, audit fees and the Nigerian corporate environment. The findings of their study revealed that, firm size, profitability, board independence, and audit firm are positive and significant in influencing audit fee while leverage and board size were found to be negative and significantly influencing audit fee.

Indira & Mutiara (2018) in their research studied the relationship between Size, Profitability, Risk, Complexity, and Independent Audit Committee on Audit Fee. The results showed that the size of the company, profitability, complexity of the company has a positive n significant effect on audit fees. While, Company risk and independent audit committee have no effect on audit fees. Otemu (2019) found that while profitability and complexity were found to be significant determinants of Auditor pricing, Client size, Leverage, and Fiscal year end date were found to be insignificant. In Brazil, Walther, Ivam, & Glauco (2015) found that client size, risk and complexity positively and significantly impact on audit fee. As for the relationship between corporate governance and audit fees, they found an insignificant relationship with respect to small companies and a significant and positive relationship with respect to large firms in Brazil.

However, Ohidoa & Omokhudu (2018) found that, auditor type, client's firm size, client's complexity, client's firm risk and audit committee independence have significant effect on audit fees, while firm's profitability has no significant effect on audit fees.

2.1.1 Profitability and Audit Fees

Corporate profitability is seen as an indicator of management performance and its efficiency in allocating available resources. Hence the direction of the relationship

between audit fee and profitability can be positive or negative. Some might argue that companies reporting high levels of profit will be rigorous audit testing to relate revenues and expenses and this entails more audit fees (Santhosh & Ganesh (2020). Others make the point that under-performing companies are more likely to control their over-heads and this would result in less audit work Chan et al (1993). In practice, difference variables have been used in previous researches to proxy corporate performance (profitability). A number of studies used profit or loss figures e.g. Olutokunbo et al. (2020), Urhoghide & Izedonmi (2015), Santhosh & Ganesh (2020). Other studies like; Aronmwan & Okafor (2014), Otemu (2019), Indira & Mutiara (2018) have used different profitability ratios such as: Return on Assets (ROA), Return on Equity (ROE), and Return on Capital Employed (ROCE). However, this study used ROA as a proxy of profitability. Furthermore, these studies (Urhoghide & Izedonmi, 2015; Santhosh & Ganesh, 2020; Otemu, 2019; Indira & Mutiara, 2018) found a significant relationship between profitability and audit fee. In line with the findings of prior studies, we state the hypothesis of this study as follows:

H_{01} Profitability has no significant influence on audit fee

2.1.2 Complexity and audit fee

Firm complexity has been defined differently by researchers in the field of firm characteristics and audit fee determination. Prior studies proxied complexity as the number branches or subsidiaries a company has both within and outside the country the parent company is located, the number of industries the company operates in, the total remuneration of the board of directors and asset composition. It can be assumed that the quantum of audit work will increase as the complexity of the client firm increases. Therefore, audit fee depends on time spent by auditors in examining the books of its client, the volume for an audit engagement and the number of audit staff the audit firm assigns to the auditee company. This means that the complexity of a firm determines the audit fee to be charged. However, Loughran & McDonald (2019) sees complexity as the list of words produced by examining actual word usage in U.S. annual reports. They believe that any word most likely to imply business or information complexity is placed on the word list. Some of these words includes: subsidiaries, lease, acquisition, foreign, impairment, contracts etc

The research conducted by Indira & Mutiara (2018), Otemu (2019), Hasan (2017), Immanuel & Nur (2014), and Hassan & Naser (2013) shows that

complexity is one of the factors that influence the determination of audit fee. Therefore, we hypothesize that;

H_{02} Complexity has no significant impact on audit fee of DMBs in Nigeria

2.1.3 Audit Size and Audit fee

Audit size is considered an important factor in determining the audit fee. It refers to how big or small the audit firm is. The number of hours needed to complete the audit work mainly determines the amount of external audit fee. According to Steward and Munro (2017), auditing large firms requires the spending of time and effort than auditing small firms. Generally, it can be hypothesized that the larger the company size, the longer the audit process, and consequently the higher the audit cost. In other word, large client will have more transactions, therefore, requires the auditor to perform more detailed audit processes and procedures, and thus the auditors have to be more attentive and diligent to audit and review their clients business, which results in higher audit fees Simunic (1980). Generally, company size can be measured by the balance sheet items, which give certain dimensions of size, such as, total assets, stocks, debtors, creditors, etc. These measures of size might indicate the items where the auditing work load is heaviest, and which major efforts could be expended. Size can also be measured by the profit and loss account items, such as turnover, profit, and total employment costs. The size of total assets was the factor most often used in previous studies to represent company size (Otemu, 2019; Aronmwan & Okafor, 2014; Urhoghide and Izedonmi, 2015). This study however, measures audit size as the natural logarithm of the auditee total asset. Based on the above discussion, this study suggests the following hypothesis;

H_{03} Audit size has no significant effect on audit fee of DMBs in Nigeria

2.1.4 Audit risk and Audit fee

The degree of the risk involved in the audit work could be a consideration when determining the audit fee, as it could affect the auditor's responsibility. Audit risk as used by prior studies (Simunic, 1980; Sun & Liu, 2011; Indira & Mutiara, 2018; Olutokunbo, Yisa & Abdullahi, 2020) can take different forms. It could be the risk associated with the audit responsibility assigned to the auditor or the risk associated with a client failing which will consequently expose the auditor to some losses. Therefore, the more risk involved in the audit work the greater the responsibility which deserves a higher fee to compensate the external auditor for

taking such risk. In general, the degree of risk involved in the audit work differs depending on the nature of the company's business. However, the higher audit risk, obviously, causes more efforts exerted by auditors to lower future litigation risks. A study conducted Aronmwan & Okafor (2014) pointed out that the more the client risk, the more the audit fees paid. Also, an increase in audit effort gives birth to high audit fees because auditors will have to either spend more time, staff and effort or will have to insure against possible litigations in the future. Moreover, a risky company is expected to run the risk of audit failure; this would require an intensive audit testing which result in increase in audit fees Simunic (1980).

However, the following hypothesis has been developed to test this association.

H_{04} Audit risk has no significant impact on audit fee of DMBs in Nigeria

The theoretical explanation of this study is agency theory which deals with the contractual relationship between the agent (manager) and the principal (shareholders) under which shareholders delegate responsibilities to the manager to run their business. This theory argues that when both parties are expected to maximize their utility, there is a good reason to believe that the agent may engage in opportunistic behaviour at the expense of the principal's interest. Jensen and Mecklin (1976) modeled this condition as an agency relationship where the ability of the principal to directly observe the agent's action could lead to moral hazard, thus increasing agency cost. How does the determination of audit pricing fall within the context of the agency theory? This question is answered when we consider clearly the contributions of Jensen Mecklin (1976) a component of the agency cost is represented by the monitoring costs supported by shareholders for the monitoring of the manager's actions. The audit fees are an important component of these costs, as long as auditors have to make sure that managers act according to the shareholders' interests, while also auditors have the required task to inspect the accounts of the company. It may hence be supposed that auditors will spend more time inspecting the managers' activity if the agency problems are big. Consequently, (Gist & Gist, 2012) suggest that, in the case of the companies whose capital is mainly owned by managers, the agency costs are low, because it is more probable that the managers' interest coincide with the shareholders; when managers are also majority shareholders. Therefore, the monitoring costs,

including the audit fees, will be higher in the case of the companies whose managers own an insignificant part of the capital.

3. Methods and Models

The study empirically examines the impact of firm's characteristics on audit fee using multiple regression analysis due to the fact that it is correlation in nature. The population of the study comprise of all deposit money Banks listed in the Nigerian Stock Exchange as at 2019 Annual fact Book. The basis for sampling size is justified where by certain criterion was used in selecting the 10 out of 15 listed Deposit Money Banks in Nigeria for the period of 2014 through 2019. The study utilized secondary source of data extensively. However, the study employed a ordinary least square regression analysis as the technique of data analysis. The deterring factors considered are: profitability, complexity, Audit size, and Audit risk as the independent variables while the dependent variable is Audit fee. OLS regression model will be estimated using STATA 11 as the tool of analysis. Other test will be conducted ranging from multicollinearity test, normality test, heterokedasticity test and other test if possible. These techniques and tools are more informative. The data used will be analyzed using multiple regression technique.

Table 1: Variable measurement and definition

Dependent variable:	Measurement	Source
Audit fee (AUDF)	Actual fee recorded in the financial statement	Olutokunbo, Yisa & Abdullahi (2020)
Independent variables:		
Profitability (PROF)	PAT/total assets	Hassan, (2014)
Complexity (COMPL)	Number of branches	Otemu (2019)
Audit size (AUDSZ)	Natural log of total Assets	Urhoghide & Izedonmi (2015)
Audit Risk (AUDRSK)	Total debt / Total Assets	Otemu (2019)

Computed by the Author, 2020

The model that test the hypotheses of the study is specified as follows:

$AUDF_{it} = \alpha + \beta_1 PROF_{it} + \beta_2 COMPL_{it} + \beta_3 AUDSZ_{it} + \beta_4 AUDRSK_{it} + \varepsilon_{jt}$

Where

AUDF = Audit fee
α =constant
PROF = profitability
COMPL = complexity
AUDSZ = Auditee size
AUDRSK = Audit risk
ε_{jt} = error term
β_1- β_4= coefficient of independent variables
i=firms
t=time

4. Result and Discussion

This section presents the Descriptive Statistics describing the trends of the variables within the period covered by the study, followed by the correlation matrix which analyzes the association between dependent and each independent variable individually and cumulatively. Furthermore, the regression result which examine the model that capture the dependent variable (AUDIT FEE) and all the independent variables of the study (Profitability, Complexity, Audit size and Audit risk).

Table 2: Descriptive Statistics

Statistics	**AUDF**	**PROF**	**COMPL**	**AUDSZ**	**AUDRSK**
Mean	134.0972	5.4746	371.8611	7.7011	10.2048
Std. Dev	54.9371	21.8451	226.0932	1.2831	37.9395
Minimum	46.001	-5.4315	145.010	5.6375	-43.6936
Maximum	391.010	179.5268	880.001	9.3276	215.0311
Skewness	1.8174	7.2124	0.9556	-0.2110	4.0921
Kurtosis	10.0468	57.6095	2.6087	1.2826	19.9914

Source: Stata 11 Outputs

Table 1 show that audit fee of the Nigerian Deposit Money Banks has a mean value of 134.0972 with standard deviation of 54.9371, and minimum and maximum values of 46 and 391 respectively. This implies that the average efficiency of Deposit Money Banks is 134.09 to 391, and the deviation from both sides of the mean is 54.937. This suggests that the model is fit because the standard deviation is lower than the mean value. The peak of the data is indicated by the kurtosis value of 10.0468, suggesting that some of the values are higher than mean, hence the data do meet a normal distribution assumption. The coefficient of Skewness of 1.8174 implies that the data is positively skewed (that is, most of the data are on the right side of the normal curve). The Table indicates that the average profitability is 5.4746 with a standard deviation of 21.845, and minimum and maximum of -5.4315 and 197.52 respectively. This suggests a wide dispersion of the data from the mean because the standard deviation is higher than the mean value. The peak of the profitability data is indicated by the kurtosis value of 7.2124, suggesting that most of the values are higher than mean, and the data did not meet a normal distribution assumption. The coefficient of skewness of 57.6095 implies that the data is positively skewed (that is, most of the data are on the right side of the normal curve). The Table also indicates an average complexity of 371.86 with standard deviation of 226.09, with minimum and maximum of 145 and 880 respectively. This also suggests that the data is normal because the standard deviation is less than the mean value. The peak of the complexity data is indicated by the kurtosis value of 2.6087, suggesting that most of the values are closer to mean, and the data did not meet a normal distribution assumption. The coefficient of Skewness of 0.9556 implies that the data is positively skewed (that is, most of the data are on the left side of the normal curve). Moreover, an average audit size of 7.7011 with standard deviation of 1.2834 and minimum and maximum of 5.6375 and 9.3276 respectively. The result also indicates that the audit risk has a mean of 10.204 with standard deviation of 37.9395, minimum and maximum of -43.6936 and 255.0311 respectively.

Table 3: Correlation Matrix

	AUDF	PROF	COMPL	AUDSZ	AUDRSK
AUDF	1.0000				
PROF	0.2696	1.0000			
COMPL	0.0157	(0.0892)	1.0000		
AUDSZ	(0.3053)	(0.2669)	(0.1294)	1.0000	
AUDRSK	0.0543	0.1621	(0.0878)	(0.3100)	1.0000

Source: STATA 11 Outputs

Table 2 is a correlation matrix table, which shows the relationship between all pairs of variables in the regression model. The result reveals a positive correlation between audit fee (AUDF), profitability (PROF), complexity (COMPL), and audit risk (AUDRSK), while is negatively correlated with audit size (AUDSZ). More so, to further check for collinearity another robustness test was conducted. The test for multicollinearity using the variance inflation factor (VIF) and tolerance value (TV) reveals the absence of multicollinearity as all VIF Values above 1.0 and tolerance values are below 1.0, see the appendix.

Table 4: Summary of regression result:

Variables	**Coefficient**	**t-values**	**p-values**	**Tolerance Values**	**VIF**
Constant	227.9551	4.97	0.000		
PROF	0.5728	1.89	0.063	0.9086	1.10
COMPL	-0.0047	-0.17	0.865	0.9513	1.05
AUDSZ	-12.1485	-2.27	0.027	0.8252	1.21
AUDRSK	-0.1634	-0.92	0.362	0.8828	1.31
Hettest					6.24 (0.0125)
R^2					0.1330
Adjusted R^2					0.0376
F-Stat					2.91
F-Sig					0.0284

Source: STATA 11 Outputs

The result in table 3 shows that there is no presence of heteroskedasticity in the panel as indicated by the Breuch Pagan/Cook-Weisberg test for heteroskedasticity Chi2 of 6.24 with p-value of 0.0125. These suggest that the panel data are homogenous. Considering the relationship between PROF and AUDF of DMBs in Nigeria, the regression result in table 3 indicates that PROF has positive influence on the AUDF of listed DMBs in Nigeria. This was proved by the coefficient value of 0.573 which is significant at 10%. This result did not contradict researchers expectation and it may be as a result of the expectation that the larger the PROF the higher the AUDF. The result forms the basis for the rejection of the first null hypothesis which states that there is no significance relationship between profitability and firm audit fee. The finding supports the findings of Olutokunbo, Yisa & Abdullahi (2020), Santhosh & Ganesh (2020), and Ndukwe (2014).

In order to test the hypothesis that says complexity has no significant impact on the audit fee of listed DMBs in Nigeria. The regression result gives a t-value of -0.17 with a coefficient of -0.0047556 which is not significant. This signifies that complexity is negatively and insignificantly influencing the audit fee paid by listed DMBs in Nigeria. This further indicates that the higher the ratio of audit fee, the lower the complexity. This result is surprising as the researcher expect that complexity is one of the most important determine of Audit fee as the higher the number of firms branches the higher the Audit fee expected to be paid. Base on this result, the second null hypothesis which said that complexity has no significant impact on audit fee is hereby failed to reject. This result is confirming the work of Ahmed and Goyal (2005) and is in contrary to the studies of Simunic (1980), Walther, Ivam, & Glauco (2015), Aronmwan & Okafor (2014), Otemu (2019) and Olutokunbo, Yisa & Abdullahi (2020).

Regarding audit size and audit fee, a negative and strongly significant relationship was established between them with a coefficient of -12.15 and a p-value of 0.027. This study also goes in anchor with the study of Simunic (1980). It is however contrary to the findings of Otemu (2019), Olutokunbo, Yisa & Abdullahi (2020) and Aronmwan & Okafor (2014) who found a positive and significant relationship between the audit size and audit fee. This is also surprising because the researcher's prior expectation was that audit size should have positive contribution to audit fee.

Finally, in examining the impact of audit risk and audit fee of DMBs in Nigeria, t-value of -0.92 and a -0.1634 coefficient was given by the regression result and is statistically not significant. This signifies that the more the audit risk in a given financial year will have less impact on the audit fee of the selected banks. This result is highly surprising as it contradicts the researcher expectations but this result was in line with the studies of Otemu (2019), Santhosh & Ganesh (2020) and Walther, Ivam, & Glauco (2015) but contrary to the study of Indira & Mutiara (2018). This result serves as an evidence to failed to reject the fourth hypothesis which states as audit risk has no impact on audit fee of listed deposit money banks in Nigeria.

The cumulative adjusted R^2 (0.13) which is the multiple coefficient of determination gives the proportion or percentage of the total variation in the dependent variable as explained by the explanatory variables jointly. Hence, it

signifies that 13% of the total variation in Audit fee of DMBs in Nigeria is caused by the proxies of firm's characteristics used in this study. This indicates that the model is fit and the explanatory variables are properly selected, combined and used, as proved by the F-statistics of 2.61 at 5% significance level.

The findings have several theoretical, practical and regulatory implications. These implications represent the contributions of the study which are expected to benefit the existing body of knowledge within the accounting research, regulators and providers of accounting services. The findings have important policy implications since they suggest the need to encourage applying corporate governance principles in deposit money banks. This suggests that similar efforts in other sectors especially food and beverages would be rewarding in controlling the management of reported financial manipulations, to enhance the reliability and transparency of reported financial statement in order to promote economic efficiency.

5. Conclusion and Recommendations

Conclusively, the study has provided both statistical as well as empirical evidence on the contribution of profitability, complexity, audit size and audit risk proxies from 12 deposit money banks in explaining and predicting audit fee of Nigerian listed deposit money banks. Thus, firm characteristics as proxies by profitability, complexity, audit size, and audit risk are predicting the audit fee of DMBs in Nigeria. The study revealed that profitability has positive and significant influence on audit fee while audit size has negative and significant impact on audit fee of listed deposit money banks in Nigeria. This implies that an increase in the financial performance of the bank will result in higher audit price and also an increase in capital base will lead to decrease in audit fee. While complexity and audit risk has negative and insignificant relationship with audit fee of listed deposit money banks in Nigeria. Based on these findings that Auditors will prefer to audit banks with higher profitability and discourage to audit banks with high capital base. Consequently, there is need for the regulatory body to regulate audit prices of DMBs in Nigeria.

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