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INTERNAL AUDIT PRACTICE AND FINANCIAL REPORTING QUALITY: PERSPECTIVE FROM NIGERIAN QUOTED FOODS AND BEVERAGES FIRMS

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ABSTRACT

The corporate failures and other related downfalls which occurred around the globe and Nigeria have raised fears about confidence in financial reporting practices by the listed firm in Nigeria. In recent times, financial crime has become more pervasive, and the probability of corporate fraud occurring in Nigeria has become more severe. These aspects of business failure have put greater responsibility on financial experts particularly auditors. Therefore, this study evaluated the attributes of internal audit practice and its influence on reporting quality of selected firms. Secondary data of nine (9) years range (2010 to 2019) were obtained from the financial reports of (4) four food and beverages firms purposively selected out of the twenty-three (23) listed on the Nigeria Stock Exchange as of December 2020. The internal Audit practice is the independent variable in this study and it is measured by three factors (Internal Audit fee, Technical Proficiency of internal auditor, and Firm Size). The dependent variable is the financial reporting quality. Mean ranking analysis was used to evaluate determinants of Internal Audit attributes in the selected firms while regression analysis was employed to measure the influence of internal audit quality on the financial reporting quality of sampled firms at 95% confidence level. The overall results (R2 0.8481; F-values = 21.51= and P-Value = 0.000) revealed that all the identified internal quality attributes (Internal Audit fee, Technical Training Proficiency, and Firm Size) were significantly related to internal audit practice and positively influence the financial reporting quality and performance of selected sampled food and beverages firms in Nigeria.

Keywords: Audit Quality, Internal Audit, Internal Audit Attributes, Financial Reporting Quality

INTRODUCTION

The attributes of internal audit practice are very central to the internal control system of both public and private organizations. Internal auditors play a vital role in promoting ethical business principles, based on the best practices of an internal control system. In most cases, external auditors put more reliance on the internal control system of firms to be audited the absence or weakness of which put the auditor into inquiry. Therefore internal audit is a powerful internal control mechanism that must be well established by an organization for a better financial reporting quality. For instance, Soh and Martinov (2011) argued that the management and the external auditor should assess the quality of internal control, which includes evaluation of the quality of the internal audit function, as the internal control in its wider sense, including the internal audit function.

The prominence and reliance on internal audit practice (IAP) have increased due to greater emphasis on sound corporate governance as observed by Soh and Martinov (2011). The internal audit practice (IAP) provides stakeholders with information on a range of important issues and plays a vital role in monitoring the risk profile of an organization as averred Nwaobia, Ogundajo, and Theogene, (2016).Moreover, it identifies areas that will enhance the risk management procedures. An internal audit is helpful for entities in identifying and evaluating risks and putting the profession at the front line of risk management (Kwanbo, 2009). The internal audit function plays a role in managing the control environment of the entity. This is because it is a reflection of the attitude and the policies of management concerning the importance of internal audit in the economic unit (Pickett, 2005). In another study, Oyewumi, Ahmad and Popoola, (2016) view internal audit practice from a global perspective stressing that internal audit is a necessity and adds value to the organization. Poltak, Sudarma, and Purwanti, (2019) observed that the established effectiveness of internal audits is a control function for management in achieving the goals and targets of the organization.The internal audit practice is expected to enhance the value relevance of any establishment's published financial information, which will eventually trigger the organizational financial performance.

Nigeria’s food, beverages firms is a major component of the manufacturing sector and contributed majorly to the sector. The food & beverage industry has a unique role in expanding economic opportunity because it is universal to human life and health. The manufacturing sector and particularly the food and beverage sub-sector remain crucial to every economy of the world and the realities in Nigeria are not different. In recent years, the performance and contribution of these category players to the Nigerian economy have grown in value and relevance. Data from the World Trade Organisation states that Nigeria ranks as the largest food market in

Africa, with significant investment in the local industry and a high level of imports. The food and beverage sector is estimated to contribute 22.5 percent of the manufacturing industry value, and 4.6 percent of the country's GDP (Nigeria Food Processing Ingredients Market Report, 2013). It was buttress further buttress by Ishau (2017) that food and beverages are among the sectors that have recorded tremendous growth and pave way for local investment over the years. Despite all these contributions, there is a paucity of research focus on the industry from the perspective of internal audit practice for better performance. The current study appraised the determinants of internal audit practice and how these have influenced the reporting quality and performance of quoted foods and beverages firms in Nigeria.

Statement of the problem

The corporate failures and other related downfalls which occurred around the globe and Nigeria have raised fears about confidence in financial reporting practices by the listed firm in Nigeria. In recent times, financial crime has become more pervasive, and the probability of corporate fraud occurring in Nigeria has become more severe. These aspects of business failure have put greater responsibility on financial experts particularly auditors. Evidence from the literature shows that the perpetuation of financial irregularities are becoming the specialty of both private and public sector in Nigeria as individual perpetrates fraud and corrupt practice according to the capacity of their office. The extent to which internal audit practice curb this worthy of exploration. Furthermore, the observation of Ettredge et al. (2006) that audit failures of the early 2000s had raised concerns regarding the timeliness and reliability of accounting reports is a question for informed empirical research on financial reporting quality. Internal audit skills are now critical at resolving the mitigated confidence in audited financial statements. The internal audit practice shows the quality of financial reports maintained by an organization to create confidence among shareholders.

However, Al-Matari, Al-Swidi, Faudziah, and Al-Matari, (2012) observed a notable lack of research in developed and developing nations regarding the direct association of internal audit functions and firm performance. Authors like (Demakis, 2011; Lianne, 2011) noted that insincerity in financial reporting raises serious concern not only in USA, Italy, and New Zealand but also in Nigeria where the world over witnessed the celebrated collapse of giant companies such as WorldCom, Enron (USA), Parmalat (Italy), Nationwide finance (New Zealand), Cadbury, Afribankplc, Intercontinental Bank plc (Nigeria). To address this issue, countries around the world have set out a code of best practice as a guideline. Despite all these measures the challenges for determining credible financial and non-financial reporting in both private and public sectors are still prevalent clear from extant literature of accounting and auditing. However empirical evidence of internal audit practice impact on financial reporting quality of foods and beverages firms in Nigeria is doubtful despite increasing debate on audit quality in accounting, auditing, and value relevance literature. In the light of these, the study attempts to examine internal audit practice attributes and their influence on financial reporting quality in selected foods and beverages listed firms in Nigeria.

Hypothesis

H0: Financial reporting quality is not significantly influenced by attributes of internal audit practice.

REVIEW OF RELATED LITERATURE

Internal Audit Practice

Auditing is a process of collecting and evaluating evidence about the information that can be measured, on an economic entity that is performed by a competent and independent to determine the suitability of the information and reporting, with the criteria set (Arenset.al, 2010; Boynton, 2006). According to Unegbu and Obi (2012), internal audit is part of the internal control system put in place by management of an organization to ensure adherence to stipulated work procedure and as aid to management. This implies that internal audit is an integral part of a complex system designed by the management of any organization to ensure orderly conduct of its business and prevent abuse of assets. The attributes of internal audit practice is a specific function which involves a continuous and critical appraisal of the functioning of an entity with a view to suggest improvements thereto and add value to and strengthen the overall governance mechanism of the entity, including the entity's strategic risk management and internal control systems (Soh and Bennie, 2011). Internal audit is a function of highly experienced, knowledgeable and expertized staff; reasonable size of audit staff; independence and objectivity in the audit process and ability to communicate audit findings and recommendations through the regular and acceptable reporting pattern (Enofe et al, 2013). Recent IAP quality research according to Trotman, (2013), emphasize the importance of high IAF quality (Prawitt et al., 2012; Prawitt et al., 2009) at increased external auditor reliance (Desai et al., 2011; Pizzini et al., 2012). Most reviewed literature identified internal auditor competence, management support, internal auditor fees, independence, objectivity and size of internal audit department as influencing internal audit quality. A high quality IAP can provide greater transparency in the organization through monitoring, make it more likely that bias in management's judgments will be detected, and, in short, function in a manner similar to the external auditor but on a year-round basis. Thus, a high quality IAP focused on improving financial reporting.

Technical Proficiency of Internal Auditor

The internal auditor is expected to be competent and posses the required professional skills. According to Nwanyanwu, (2017) possession of relevant professional skill is vital for quality audit service delivery. This is achieved by ensuring that audit personnel have the required educational qualification, skills and proficiency for audit assignments. Possession of relevant academic degrees and professional certificates in accounting and finance, participating in continuing professional education programmes and seminars to update personnel on current developments in accounting, auditing and finance are evidences of technical competence. For example, recent developments in global accounting practice, such as the adoption of International Financial Reporting Standards (IFRSs) and International Public Sector Accounting Standards (IPSASs) became full components of accounting and auditing practices through incorporation into tertiary institution's syllabi and attendance at continuing education programmes. Auditor's technical skill and proficiency impact on a variety of issues embedded in the audit process. For instance the technical capability of an auditor measured by the level of education, working experience and certification type increases his/her remuneration (Al–khaddash et al. 2013). More so, Hameed (1995) reported auditor's experience and knowledge in accounting and auditing as prime factors that affect auditing quality.

Management Support, Internal Auditor fees and Independence

Management support has been widely established as influencing internal audit effectiveness. For example Della and Omri, (2016) argued that top management support is crucial to the acceptance and appreciation of the IAF within an organization. Also, Cohen and Sayag (2010) studied effectiveness of internal auditing in Israeli organization using of questionnaire and mail survey of 292 organizations and identified management support, especially in relation to provision of proficient internal audit staff, career development and independence of internal auditors as vital to the effectiveness of internal audit. In another study, Bello. Ahmad, and Yusof, (2018), examined the moderating effects of top management support in the relationship between internal quality dimensions and organizational performance in Nigerian federal universities and found interaction of internal audit competence, internal audit independence, and internal audit size, with top management support significantly and positively influencing organization performance of Nigerian federal universities. Independence of auditors either internal or external is mostly linked to freedom from dependence on, or influence or control by, another person, organization, or state (Appah, 2008).

The current study proxies management support and independence with internal auditor fees in line with extant literature like in a survey of Ghanaian internal auditors by Onumah & Yao Krah (2012) that IA effectiveness was mainly hindered by the absence of management support and insufficient resources for the internal audit department. Felix, Gramling. and Maletta, (2001), using a cross-sectional regression model based on prior audit fee research, analyzed the extent to which internal audit contribution measure affects the external audit fee and found that the extent to which internal audit contributes to the financial statement audit is a significant determinant of external audit fees.

Firms Size as internal audit variables

The size and complexity of a business firm is expected to affect its internal audit effectiveness. For example the internal audit requirements for a small and medium enterprises will be different from big firms audit. The size of the firm will determine the internal audit size and exert influence on the internal audit quality. The literature on firm size according to Sawan, and Alsaqqa, (2013) has clearly highlighted that whilst different samples and methods have been used by different researchers, there is a positive relationship between firm size and audit quality. Specifically, large audit firms have more resources which they can direct to the recruitment and training process, thereby providing them with the human capability to detect and correct errors in financial statements. In another study, Carey et al. (2000) investigated the voluntary demand for both internal and external auditing in 186 family businesses in Australia but found no association between the demand for audit, either internal or external, and firm size.

Financial reporting

Financial reporting is concerned with the presentation of financial statements in a form for comprehension by users of financial information (Nwanyanwu, 2013). It is essentially a process of communication of financial information and also represents an instrument of identifiable stewardship (Obazee, 2005). In another dimension, financial reporting is the medium of communicating information about the financial affairs of both profit and non - profit organisations and constitutes an important service that is so special which the accounting profession extends to societies of economic and social systems. It is by no means, the only avenue by which managers of organisations (public and private) give account of their stewardship to their owners and other stakeholders (Adebayo, 2005). According to the Financial Reporting Council of Nigeria (2011), financial reports are the building blocks of valuation and investment decisions. They are formal records of business economic activities. In other words, they involve all the relevant financial information of a business enterprise, presented in a structured manner and in a form easy to understand. The purpose of accounting information is to provide decision makers like investors, creditors, and managers with information to support their decisions (Ahmad, 2011). Literature on financial accounting as observed by Jacob and Madu (2009); Higson(2003) revealed that financial information stated in financial statements is an avenue for the corporate firm to communicate their internal and external users on financial position the firm, financial information should be presented completely and free from error (Kuye and Sulaimon, 2012)

According to Nwanyanwu (2013), financial reporting objectives vary from one organisation to the other depending on the nature of activities. In his opinion, whereas in a public sector, the objective may be to identify how taxpayers' resources were utilized in the provision of social and infrastructural facilities, in a private sector, the purpose may be to report how owners' resources were applied to generate income and whether such application increased or decreased their wealth. Specifically, Adebayo (2005) documents some objectives of financial reporting as including the provision of useful information for making economic decisions for resource allocation; the provision of information for evaluating the stability and liquidity of organisations as well as about performance generally; the provision of information especially for government and non- profit making organisations for evaluation of effectiveness of management of resources in achieving set societal goals, the provision of information for predicting, comparing and evaluating the status of an organisation in the industry and economy as a whole and the provision of relevant statements of financial activities of an organisation.

Aside the objective of providing information for informed decision making, financial reports are expected to convey information which are relevant, understandable, reliable and complete in content to provide full picture of financial events. The extent to which internal audit practice influence the reporting quality and performance of food and beverages firm is a gap intend to fill by this study.

Contribution of Foods and Beverages to the Economy

Foods and Beverages Sector play an important role in Nigerian Economy. The manufacturing sector and particularly the food and beverage sub-sector remain crucial to every economy of the world and the realities in Nigeria are not different. In recent years, the performance and contribution of these category players to the Nigerian economy has grown in value and relevance. According to Ishau, (2017) Nigeria’s food, beverages & tobacco (FBT) industry is a component of the manufacturing sector, which contributed 13 percent or N4.2 trillion to the country’s gross domestic product (GDP in current prices) in 2014 (2013: 11 percent or N3.8 trillion). Several manufacturing sectors like the Food and Beverage, Textile sector, Paper and Paper Products, Chemical and Pharmaceutical products, Plastic and Rubber Products, Weed and Wood Products grew as more indigenous and foreign players invested to meet local demand. Amongst the sectors that have witnessed tremendous growth since then has been the Food and Beverage sector. Companies like Coca Cola, Nestle, Seven-Up Bottling, UAC of Nigeria, etc. have expanded and churned out new products to excite consumers. Data from the World Trade Organisation states that Nigeria ranks as the largest food market in Africa, with significant investment in the local industry and a high level of imports. The food and beverage sector is estimated to contribute 22.5 percent of the manufacturing industry value, and 4.6 per cent of the country's GDP According to Akpan, Ikon, Chukwunonye and Momoh (2016), the Foods and Beverages Sector manufacturing sector is very central to economic growth. Nigerian economic environment is characterized by great opportunities for investment buttressed by efficient cost of production, export and import of goods, surplus food production, low interest rate, stable inflation rate, exchange rate stability, demographic variable and other macroeconomic ingredients.

As a result of insecurity and risk in some parts of Nigeria, manufacturing sector including food and beverage manufacturing sub-sector have lost substantial portion of their sales as it becomes problematic to penetrate some parts of the country. Moser (2005) argue that manufacturing firms of which food and beverage sub-sector is associated with and their output in the country have fallen below their counterparts in developing countries due to harsh environments. In the same vein, Akpan, Ikon, Chukwunonye and Momoh, (2016), observe the harsh environment makes food and beverage sub-sector to contribute very little to the Gross Domestic Product (GDP) of the nation. In 2008, this sector contributed only 4.2 per cent to the nation’s GDP and 4.19 percent in 2010. This explains most developing nations attention to this sector relation to the economic environment. This is not unconnected with the pertinent role of trade, investment and finance in a developmental process. The global network existence during the pre-twentieth century era was that the developing nations were affected by anti-developmental vices; import substitution and export-oriented industrialization process never offered expected outcome.

Despite the crisis and in contrast to the national manufacturing industry, the national food and beverage industry grew between 2013 and 2016 in terms of number of companies and Gross Value Added.

Users' Confidence in Financial Information

Published Financial information of any establishment are expected to be credible and guide the users who rely on them in their economic decisions. Literatures (Dandago and Rufa, 2014: Oladejo, Yinus and Olwookere, 2020,) revealed that users demand financial Information because of their value as information sources about a firm's performance, financial condition, and stewardship of its resources. Consequently, auditors add credibility to corporate financial reports by giving an opinion about the true and fair representation; however, only through that will the users of financial statements perceive that the opinion is valuable. The Internal financial information users such as Management, Audit Committees, and Board of directors have an interest in quality audits to help reduce the cost of capital (Miettinen, 2011). The attributes of audit practice underpins confidence in the credibility and integrity of financial information, which is essential for well-functioning organisation and enhanced financial performance (Farouk & Hassan, 2014). The major attributes of internal audit practice and influence on confidence in the reliability of financial information based on financial reporting quality in food and beverages firms formed a basis for this study.

Empirical review on the Influence of Internal Audit variables on Financial Reporting Quality

A high-quality Internal Audit Practice (IAP) focused on improving financial reporting can serve to detect and deter opportunistic or biased choices. Based on these arguments, our expectation is that attributes of internal audit practice like firm size, technical proficiency and remuneration benefit are associated with financial reporting quality and organizational performance. More so, financial performance of an organization is considered to be an outcome of internal audit function of internal control, risk management, and governance.

Previous studies like Baharud-din et al, (2014) focus on the factors that contribute to the effectiveness of internal audit in public sector, after employing cross-sectional survey to analyze the variables of internal audit competency, internal audit independence and management support concluded a positive and significant relationship. It was concluded that successful internal audit department generally depends on management support strength. Management style and organizational structure determine the independent internal audit which provides the assurance services and consultations to the organization for effective and efficient utilization of organizational resources. Mustika, (2015) examined the factors that influence the internal audit effectiveness, including internal auditor competencies, internal auditor independence, auditee support to internal audit activity, and the internal and external auditor relationship. Using the internal auditor inspectorate in Java Province, Indonesia, they found that the internal audit effectiveness can be attained through increase internal audit competence, independence and strong relationship between internal and external auditor.

Goodwin-Stewart and Kent (2006) examined Australian publicly listed companies, using data from a survey of 450 listed companies and information from corporate annual reports. The results indicated that only one-third of the sample had an IAF. While size appeared to be the dominant driver, there was also a strong association between the use of an IAF and the existence of a risk committee, the existence of a designated risk manager and the proportion of receivables and inventories. Another study by Carey et al. (2000) investigated the voluntary demand for both internal and external auditing in 186 family businesses in Australia. They used survey data to investigate the impact of four variables: firm size, debt, proportion of non-family management in the firm and proportion of non-family representation on the board of directors and showed that internal auditing was more prevalent than external auditing. It found no association between the demand for audit, either internal or external, and firm size. The other three variables were associated with the demand for external auditing but did not explain the demand for internal auditing. Further, the results from the study of Mihret, and Admassu (2011) indicate internal audit work performance is the most important factor that determines the extent of external auditors' reliance on internal audit work.

Hikmayah and Aswar,.(2019) investigated the effect of professional accounting ethics, auditor competence and professional integrity and commitment to audit quality. The population in this study is Badan Pengawasan Keuangan dan Pembangunan (BPKP) of DKI Jakarta Province. Sampling was done by purposive sampling method with the criteria of government internal auditors who have taken study and training the JFA (Functional Auditor Functional) and has a minimum of 2 years work experience. The number of samples used in this study amounted to 62 samples of auditors working in Badan Pengawasan Keuangan dan Pembangunan (BPKP) of DKI Jakarta Province. They used Structural Equation Modeling (SEM) the application Smart Partial Least Square version 3.0. They found that professional accounting ethics and integrity have a significant effect on audit quality. Auditor competency and professional commitment are not significant to audit quality. Professional commitment moderates the influence of the relationship between integrity and audit quality and influences the negative effect. Professional commitment does not moderate the effect of the relationship between auditor competence and audit quality.

The current study anchors on agency and organisation theory because audit fills a crucial need in advancing certainty and strengthening trust in financial information and agency theory is based on the fact that audit of a company's accounts is a monitoring or control mechanism that diminishes information asymmetry and protects the interests of the principal. Specifically, the existing and potential stockholders, by providing reasonable assurance that management's financial statements are free from material misstatements as averred by Umaru, 2(014).

METHODOLOGY

The study area covers all twenty three (23) foods and beverages companies currently listed on the Nigerian Stock Exchange as at 31 December 2019 (NSE Fact book, 2019). Out of the twenty three (23) foods and beverages companies four (4) were purposively selected for the purpose of the study over a 10-year period from 2010 to 2019.These four (4) food and beverages (Nestle food beverages, UTC, Leventis Food and beverages and Chi food and drink plc) were chosen based on the fact that most of the companies established their head office in Lagos and had their financial reports available. Data were extracted from annual reports and accounts of the selected firms. Data collected were analyzed using descriptive statistics like table while the formulated hypothesis tested through the use of Regression Analysis at 95% confidence level.

Model Specification

IAP = f (FS, RB,TP) Equation (1)

FRQ= X0 +X1 (FS) + X2 (IAFEE) + X3 (TPIA) Equation (2)

The model showed the independent and dependent variables. The internal audit practice were hypothesized based on audit attributes such Firm size (FS); Internal audit fee (IAFEE), and Technical proficiency of Internal Auditor (TPIA). Financial reporting quality is proxy with value relevance of published financial information of selected firms. According to Kadri (2018) one way of measuring the quality of published accounting information is by applying value relevance methodology as buttress by landman (1986), Ohlson (1995) and Schibel (2006). Based on this fact financial reporting quality were measured based on Book values of selected firms.

Table 3.1: Measurement of Variables and expected signs apriori

S/N	Variables	Variable Labels	Measurements	Expected Sign
(a)	Firm Size	FS	Log of Asset	+
(b)	Internal audit Fee	IAFEE	Remuneration Benefit	+
(c)	Technical proficiency of Internal Auditor	TPIA	Staff Training Cost	+
(d)	Financial Reporting Quality	FRQ	Book value of selected deposit money banks	+

Source: Authors compilation, (2021)

RESULTS AND DISCUSSION

As stated earlier in our methodology, data for the study were gathered through secondary sources. The research hypothesis for the study was tested at 95% confidence level (0.05). The results of the analysis were presented in table 4.1 to 4. 3.

Descriptive Statistics of Firms Variables used for the study

Descriptive analysis of this study presents a summary of the characteristics of all variables used in the study. Statistical variables reported under this section include mean, standard deviation, minimum and maximum of the pooled observations of all variables across unit and time period, i.e. four (4) Nigerian food and beverages firms over 9 years period covering 2010 to 2019. Summary of the descriptive statistics is presented in table 4.1.

A comparison of the mean value (67195.25, 3822262 and 5.147088) of the identified variables of Internal audit practice such as Internal Audit Fee (IAFEE), Technical proficiency of Internal Auditor, and Firm Size (FS) with the maximum values for each of the variables indicated that all occur as a determinant factors of effective internal audit practice. Furthermore, the low value standard error (62796.71, 21566731, 1.970887 and 20.69625) of all the variables (Internal Audit Fee (IAFEE), Technical proficiency of Internal Auditor, and Firm Size (FS and book value incorporated into the model buttress the significance of model.

Table 4.1: Descriptive Statistics of Firms Variables used for the study

VARIABLES	N	Minimum	Maximum	Mean	Std. Deviation
BVPS	40	.25	127	28.90058	20.69625
AUDTFEE	40	12523	207872	67195.25	62796.71
TECHNICAL Prof.	40	30900	3.92e+07	38222624	21566731
Firm Size FS	40	2.7646	8.286378	5.147088	1.970887

Source: computed by researcher using data extracted from Selected Firm annual reports (2021)

Effect of Internal Audit Practice on Financial Reporting Quality

Regression analysis was used to examine the extent to which Internal Audit Practice (IAP) influence Financial Reporting Quality (FRQ). The result presented in table 4.2 showed the estimates of explanatory variables including Internal audit Fee, Technical proficiency of staff in internal audit units, andfirm size with specific coefficient estimates value of 2.111581, 1.653410, and 2.950504.The analyses indicated that all identified attributes of internal audit practice is positively and significantly related to financial reporting quality at 0.004, 0.000 and 0.003percent respectively. Furthermore, the results presented, given the coefficient of determination (R2) of 0.8481 (approximately 85%) and also supported by high value of Adjusted (R2) significant at 0.8252 (approximately 83%), indicates that internal audit practice positively influence financial reporting quality. The F-Value (21.51) and P-Value (0.0000) also confirmed the significance of the model. Due to this result the null hypothesis earlier stated that financial reporting quality is not significantly influenced by attribute of internal audit practice is rejected while the alternative hypothesis is accepted.

Table 4.3 Regression Analysis.

Variables	Coefficient	Std.Err	T	P>{T}
Firm Size (FS)	2.111581	.0004857	2.51	0.004
Audit Fee (AudF)	1.653410	.0519704	3.7	0.000
Technical Training	2.950504	.0545320	2.71	0.003
Constant	45.67157	.18.94837	2.82	0.411
F (3,36) = (21.51)	**Prob>F= 0.000**	**R-squared= 0.8481**	**AdjRsquared=0.8252**	**Root MSE = 3.2877**

Source: Authors Computations, (2021)

DISCUSSION OF FINDINGS

The aim of this study was to assess the effect of internal audit practice on financial reporting quality of listed foods and beverages firms in Lagos State, Nigeria from 2009 to 2019. The results of the analysis indicated that all the identified variables of internal audit practice like technical proficiency of staff of internal audit unit, firm size and internal audit staff remuneration positively influenced the financial reporting quality of selected food and beverages firm, lagos state, Nigeria .The results implies that an increase in identified attributes of internal audit practice increased financial reporting quality which will trigger user confidence in financial information of the sampled firms. This results is in line with outcomes of scholars like (Baharud-din et al, (2014), concluded that successful internal audit department generally depends on management support strength ;Mustika, (2015) found that the internal audit effectiveness can be attained through increase internal audit competence, independence and Azizi, Yeganeh and Azinfar, (2010) with opinion that attributes of technical proficiency of an auditor, audit remuneration benefit and auditor independence will facilitate financial report and enhance investment efficiency. The result is however negates the study of Hikmayah and Aswar (2019) who argued that auditor competency and professional commitment were not significant to audit quality

CONCLUSIONS AND RECOMMENDATIONS

Based on the findings of the study, it can be concluded that the identified internal quality attributes such as internal audit staff remuneration benefit, Technical Proficiency of internal auditors and Firm Size were significant related to internal audit practice and positively influence the financial reporting quality and performance of selected sampled food and beverages companies in Lagos State, Nigeria. Given the above findings, it is recommended that:

- Internal Audit Units of foods and beverages firms should recognize that technical proficiency of a professional includes a continual awareness of developments taking place in operational activities, this gives opportunity to professional to study, understand, and apply new development on auditing procedures and dissemination of relevant financial information which will enhance reporting quality
- Auditors should be motivated financially as this might give them adequate resources to conduct a thorough audit capable of uncovering material misstatements and errors in the financial proclamations.

THE IMPLICATION OF THE STUDY

- Centered on the outcome of this study, attention to the entire key attributes of internal audit practices will serve as quality assurance toward auditing practice and investigation.
- The study will contribute to the existing knowledge in the area auditing practice and financial reporting quality literature.
- It will also form the basis for further research in the area of audit quality assurance, quality of the financial report, and users' confidence in published financial information of corporate entity.

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