ETHICAL ISSUES IN CORPORATE FINANCIAL REPORTING AND LIABILITIES OF STATUTORY AUDITORS IN LISTED COMPANIES

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Abstract: People do business with nameless, faceless organizations on a regular basis in market cultures. Auditors and external auditing are marketed in these cultures as a trust-building watchdog with the power to develop a specific social structure. Investors and depositors in numerous Nigerian banks and corporations lost several billions of Naira as a result of unethical accounting and auditing practices, causing problems for a number of organizations and businesses. The study looked into the relationship between ethical difficulties in corporate reporting and statutory auditor liability. The survey Research Design was used in the study. A intentional sampling technique was used to choose the five largest audit firms and five medium-sized audit firms in Nigeria. Data was analysed using descriptive and inferential statistic. Findings reveal that Ethical issues in Corporate Reporting had a significant effect on Audit fee of Auditors (Adj R^2= 0.28, $F(3, 9)$= 9.156, $p <0.005$); Ethical issues in Corporate Reporting had a significant effect on Audit Tenure of Auditors (Adj R^2= 0.220, $F(3, 9)$= 11.399, $p <0.005$) and Ethical issues in Corporate Reporting had a significant effect on Non Audit Service of Auditors (Adj R^2= 0.457, $F(3, 9)$= 8.756, $p <0.005$). The study revealed that there is a significant relationship between ethical concerns in corporate financial reporting and statutory auditor liability. It was suggested that statutory auditors ensure that a modest percentage of their overall income came from a single client company in order to prevent being harassed or intimidated while conducting their audit obligations.

Keywords: Auditors' Liabilities, Audit Fee, Audit Tenure, Ethical Issues, Non Audit Service, Statutory Auditors

Word Count: 246

1.0 Introduction

Claims for professional liability against accountants and auditors have been filed on a global scale as a result of corporate failures during the global financial crisis (Rajapakse, 2015). Some of the causes of corporate failures and bankruptcies include moral flaws, contract violations, professional negligence, financial advisors breaching their legal obligations, and auditors failing to offer an accurate and fair assessment of a company's financial situation. For example, Bear Sterns Asset Management, a well-known US hedge fund, went bankrupt in 2007. Lehman Brothers, the fourth-largest US investment bank, declared bankruptcy and went out of business in 2008 due to dramatic drops in share price. After numerous failed takeover attempts and the discovery of fraud in the acquisition of another subsidiary by a subsidiary, Texas-based Dynegy Inc. filed for bankruptcy in 2012 (Rajapakse, 2015).

Nigerian violations from these rules were made obvious by recent banking crises and collapses. Due to the scandals and crises, there is a growing perception that the banking system is inherently defective (John, Fernandes, Misra & Maxwell, 2018). The problem is caused by the incontrovertible fact that the financial sector is changing, making it more difficult to distinguish between legitimate and illegal activity.

Many industries, including telecommunications, banking and finance, insurance, healthcare, online retailers, brokerage, and securities, among others, continue to face serious threats from fraud losses despite major advancements in fraud detection technologies (Wesley, 2004). A systemic crisis happens when a sizable number of institutions within the system become insolvent or illiquid due to flaws in their managerial, operational, and financial structures, making them unable to meet their financial obligations to clients, owners, and the economy. It is well known that the bulk of bank crises are often caused by the reckless activity, which is consistent with unethical behavior, of their managing directors (Akintola, 2010). This is made obvious by Adedeji (2012), who said that other egregious managing director practices, such as the removal and replacement of some managing directors of various institutions, are validated by the current banking crisis. In Nigeria, the banking industry has had very significant setbacks and an acute systemic degradation that have contributed to the distress syndrome and an almost total loss of public confidence in the system, according to Alawiye (2015).

The primary objectives of financial reports and financial statements are to provide information about an organization's assets, performance, and economic forecasts (Hasanaj & Kuqi, 2019). This information is intended to assist customers in making knowledgeable credit, financial, and investment decisions on providing funding to the business (Arowoshegbe, Uniamikogbo, & Atu, 2017). As a result, stakeholders perceive the financial statement preparers and auditors as doing a good job since their reports are seen as being accurate.It is critical for firms to provide high-quality financial information so that investors and other users of financial information may make better judgments.

There has been a lot of discussion about how the banking crisis has affected accountants and auditors. By encouraging openness and accountability and creating instruments for fraud detection, accountants and auditors may be expected to alert management of financial abnormalities in business accounting. However, a rising body of evidence suggests that accountants have increasingly used their knowledge to cover up and justify unethical behavior (Udeme, 2017). For instance, Akintola Williams and Deloitte (AWD) was charged with aiding in the fabrication of Afribank Plc's records and willfully inflating Cadbury Nigeria Plc's profits. Between 1990 and 1994, there were apparently losses to the Nigerian economy of over N6 billion ($42.9 million). (Bakre, 2007).

Although the cost of the banking crisis to society is unknown, massive amounts of public funds are being used to save failing institutions (Sikka, 2009). In 2008, practically every Reserve Bank in the globe was forced to work with finance ministries and take unprecedented measures in order to halt the collapse of financial institutions and regain the public's trust in the banking sector. Some countries, including the UK, undertook short-term direct share purchases in their banks to guarantee that they would continue to lend. While the US government unveiled the Emergency Economic Stabilization Act, allowing the US Treasury Department to spend up to $700 billion to buy distressed assets from sick banks and to directly inject capital into those institutions, the governments of Germany and France offered to guarantee interbank deposits (The Guardian, 30 August 2009).

The CBN analyzed the 2009 operations of the 24 registered banks and uncovered major financial concerns. In August 2009, the Central Bank of Nigeria (CBN) handed N420 billion ($2.8 billion) to the first five bankrupt banks (Afribank, Finbank, Intercontinental Bank, Oceanic Bank, and Union Bank). Two months later, four more banks (Bank PHB, Equatorial Trust Bank, Spring Bank, and Wema Bank) received N200 billion ($1.33 billion) to improve their liquidity (Nigerian Tribune, 8 December 2009; This Day, 12 December 2009). This financial injection was undertaken to stabilize the banks and ensure that they would continue to operate as going concerns after their previous managers were removed for reckless lending and poor corporate governance, which had resulted in the institutions' undercapitalization.

Regarding audit quality, the reputation of the accounting profession, the cost to the industry, and the hurdles it erects to completion in the audit market, auditors' liabilities are a growing source of worry. There hasn't been much research on the role of auditing firms in allowing the improper handling of an organization's assets, liabilities, and depositors' money in the case of a bank in a developing country, even though policymakers and researchers have focused on the global financial and banking crises. This serves as the study's foundation.

As a result of the aforementioned the main objective for the study was to explore ethical issues in corporate financial reporting and liabilities of statutory auditors in listed companies**,** while the specific ones are to:

i. ascertain the effect of ethical issues in corporate reporting and Audit fee of auditors;
ii. evaluate the effect of ethical issues in corporate reporting and Audit tenure of auditors;
iii. determine the effect of ethical issues in corporate reporting and Non Audit service of auditors.

2.0 Literature Review

2.1 Ethics

The terms ethics and morality are frequently used interchangeably. However, there are occasions when they can be distinguished by the fact that ethics refers to the study of morality while morality is referred to as a complex system of laws, principles, and standards that either regulate or are intended to govern people's behavior. Another way to put it is to say that standards, principles, and objective assessments are more crucial to ethics than values and subjective judgments (Bartneck et al, 2021).

Because it is defined in the International Financial Reporting Standards, ethics is extremely important in the accounting sector (IFRS). To be considered a professional, an accountant must have ethics, according to IFRS. Accountants must be moral, which includes being objective, frank, skeptical, and honest (Youssef & Rachid, 2015). In response to the Enron scandal, international accounting professional organisations are working to strengthen professional conduct and ethics in order to prevent a repetition of the situation. The Nigerian Institute of Chartered Accountants and the Association of National Accountants of Nigeria are not an exception. Professional accountants' disregard for the restrictions of the By-Laws is the primary cause of their unethical behavior. Qualified accountants in Nigeria are expected to understand that the accounting data they produce is relied upon and trusted by decision-makers. The information they produce must therefore adhere to standards and be impartial (Yarahmadi & Bohloli, 2015).

Accountants, according to Yarahmadi et al. (2015), must be intellectually qualified as well as have a strong ethical foundation. In truth, the professional and ethical behavior framework for accountants is an important component of today's research and study papers (Auditor). Accounting professionals must be versatile and flexible, making it difficult for professional organizations to teach ethical ideals in them. However, it is still possible to foster moral behavior among aspiring accountants at the academic level. The ethical standards and behavior of accountants should be compatible with and relevant to their technical expertise.

2.1.1 Ethical Issues in Nigerian Deposit Money Banks

Banks and other financial institutions are often required to carry out their tasks in a way that promotes confidence and stability due to their primary responsibility of connecting lenders and borrowers (Asikhia, 2016). Deposits are the banks' main source of funding, and maintaining the depositors' trust in them by minimizing any risks linked with their investment is their top responsibility. As a result, companies need to act in a way that promotes philanthropic trust, confidence, and a good reputation by incorporating values like integrity, trust, responsibilities, accountability, respect, and fairness into all of their relationships.

Banking crises and failures, though, have drawn attention to variations from these predictions. The perception that there is a fundamental issue with the banking system is growing as a result of these scandals and crises (John, Fernandes, Misra & Maxwell, 2018). The issue stems from the undeniable reality that the banking industry is evolving, making it harder to distinguish between legal and criminal activity. It is coming to light that the banking sector still does not have established ethical and professional standards that are adhered to. Many banks are prone to accepting bribes in exchange for loans, financing powerful individuals, bending the rules for personal gain, defrauding customers, and engaging in fraudulent financial practices and reporting because it is ingrained in their cultures.

2.1.2 The Liabilities that May Crop Up in the Process of the Auditors' Performance of their Duties

1. Civil Liabilities

According to Gray and Manson's 2008 work on the audit process, auditors' liabilities to third parties have been their top concern in recent years when faced with liability problems. The Companies and Allied Matters Act of 1990 reflects the auditor's civil legal obligation, according to Olugbenga (2010) in his work on Auditing and inquiry. Civil liabilities may develop when two parties cannot agree on a loss one party sustained as a result of the other's conduct. The court has ruled that the auditor in this case pay the damages. The following civil liability categories were highlighted by him:

a) **Negligence Liability**: Failure to investigate invoice adjustments at year's end was ruled irresponsible by the court in the 1967 case of Thomas Gerrard & Sons. Negligence is described by Olugbenga (2010) as acting irresponsibly or failing to complete a duty that is expected of a person. An auditor must fulfill his duties as the shareholders' agent by using caution and diligence in the application of statutory requirements for the maintenance and presentation of the financial statement. He went on to add that in order to figure out what was going on, the auditor needed to undertake a fair probe.

b) **Liability for Libel:** Anyone may receive criticism from the auditor in the audit report. If it is founded on facts, the auditor is not held accountable. On the other hand, if it is not backed up by facts, the auditor is responsible. In order to avoid this responsibility, the auditor should take the appropriate precautions, make sure that his report is based on facts, and write it with good intents.

c) **Third Party Liability:** The auditor is informed about how to analyze the books of accounts and is excellent at discovering frauds and errors. Numerous other parties, including the shareholders, investors, tax authorities, creditors, and government, rely on his conclusions. Therefore, he is liable for paying for any mistakes or fraud he does.

2. Criminal Responsibility

An auditor commits a crime if they do any of the following with the aim to profit themselves or others, in accordance with the Larceny Act of 1968 (commonly known as the English Law of Theft):

Falsification of Books of Accounts: The auditor faces criminal culpability if he destroys, mutilates, modifies, or falsifies any books, papers, or securities.

b). He deliberately disseminates inaccurate and misleading information
c) He performs the duties of an auditor while being aware that he is ineligible.
d) He approves the dissemination by a business of any inaccurate or deceptive information.
e). He withholds information from the parent company's auditors while serving as a subsidiary auditor.
f). He neglects to deposit a statement outlining the circumstances as a person ceasing to hold office as auditor.
g). He participates in conducting a company's operations while acting fraudulently or with the goal to cheat creditors.

iii. In addition to the foregoing, The Prevention of Fraud Investment Act of 1958 specifies that an auditor commits a criminal offense if he dishonestly or recklessly makes any false statement, promise, or forecast in order to persuade someone to buy or subscribe for securities or business, such as a misstated prospectus. iv. Under Section 465 of the Criminal Code, the auditor is subject to criminal liability for the following:

a) Forgery is the deliberate creation of a fake document or piece of writing with the goal that it be used against someone or that someone may be persuaded to desist from acting in any way because they believe the document to be true, whether in Nigeria or elsewhere.

b). Issuing a prospectus that is incorrect or inaccurate (section 70)

v. Additionally, CAMA 1990 states that an auditor is subject to criminal liability in the following situations:

a) The auditor is subject to imprisonment, a fine, or both as prescribed if he knowingly makes a materially false statement in any return, certification, balance sheet, or other document for the purposes of the CAMA provision.
vi. The Banks and Other Financial Institution Act No. 25 of 1991 (BOFIA section 29) stipulates that an auditor who neglects to submit a special report with statements and other information as required by the act, as well as a report to shareholders of banks on the annual accounts, is guilty of an offense and subject to a fine of at least N50,000 as well as other suitable sanctions.

2.1.3 Professional Misconduct

Historically, regulators, investors, and financial analysts depended on business financial statements to assess bank liabilities, risk, and economic susceptibility. This, however, has proven to be extremely tough (Aruna, 2021). The accuracy of financial statements provided by directors of limited liability companies and audited by external auditors remains the primary method of educating shareholders and other stakeholders about the company's financial performance, advancement, and position (Aruna, 2021). The essential issue in the field of auditing and assurance is realizing that auditing may be even more effective if it goes beyond traditional financial concerns and focuses on issues that are important to a wide range of stakeholders and the general public.

The audit approach may not be sufficient for the information technology era, where markets are worldwide, trade is electronic, and the velocity of change is ever-increasing, yet being appropriate for the industrial era (Aruna, 2021). It seems that credibility problems are a problem for auditors as well. The accuracy of audits is questioned, for instance, since the general public believes that auditors are not independent from business management.

2.1.4 Records of Cases in Nigeria

Studies have shown that the involvement of accountants and auditors in unethical behavior and other professional misconduct has an impact on both the public and private sectors of Nigeria's economy (Olayemi & Adeosun, 2022, Bakre, 2007). According to research by Bakre, there have been several instances of accountants and external auditors altering and purposefully overstating corporate accounts in conjunction with management and directors of businesses. When Afribank's financial report was examined, it was discovered that Akintola Williams & Deloitte had assisted the bank's management in inflating the bank's account. According to their professional assertions that they were acting in the public interest, numerous professional accounting firms in Nigeria have been charged with antisocial behavior. These incidents have been documented. It was indicated that these cases needed to be looked into more thoroughly (Bakre, 2007).

The causes of audit failure have been adduced to poor audit reporting resulting from careless accounting, insufficient laws and regulation, crony capitalism, excessive regulations, and economic and political factors affecting the objectives of management and auditors (Olayemi & Adeosun, 2022).

The impacts of insufficient regulatory oversight, avarice, and greed on bank management have been clearly shown by the Nigerian financial crisis. Some allege that the regulator at the Apex Bank grew too close to some banks at the conclusion of former CBN Governor Soludo's tenure there and that "the harm it did to trust was enormous because at a point it became difficult to discern what was going on between the banks and the CBN." On this day in 2009, August 18,

2.1.5 Professionalism and a Profit-Driven Approach

It has been claimed that professional monopolies and claims necessitate charter status or official recognition (Bakre, 2007). Accounting professional bodies can self-regulate with government approval through charter status, and accounting firms have power over auditing public businesses. The guaranteed charter status and self-regulation of accountancy benefit the Institute of Chartered Accountants of Nigeria (ICAN) and the Association of National Accountants of Nigeria (ANAN) (ANAN). ICAN and ANAN have said that they are committed to encouraging the highest standards of knowledge, practice, and ethical conduct among members in order to maintain the Nigerian government's backing through their charter status, self-regulation, and client support. Therefore, professional associations (such as those for accounting) may defend any charter status and monopoly power they have received from the government by citing their claims of professional expertise.

Professional accountants who represent the public interest sometimes find themselves in a precarious situation, which only makes the problem worse. In a culture where financial fraud and corruption are pervasive, the right to better financial reporting cannot be taken for granted. This is due to the possibility of challenges to the accuracy of accounting systems, the data they generate, and the information shown in audited financial reports in a corrupt society (ICAN, 2021). Therefore, some auditors' independence in fulfilling their statutory obligations may be questioned in a society like Nigeria where corruption, a lack of checks and balances, and a lack of a national integrity system are pervasive and all but institutionalized (Bakre, 2007).

Professional accounting groups emphasize personal gain and individualism in a competitive market, while stressing client retention, customer happiness, and the development of business virtues that improve profitability (Cooper and Greenwood, 2007). Auditing firms have allegedly taken over neighboring businesses by advertising consultancy services to auditing clients while maintaining control over auditing markets. Furthermore, it has been stated that the dynamics of accounting firms are driven by a desire for profit (Sikka at al, 2009). The auditing model typically depicts auditors as the guardians at the gate, watching over firms with the public interest in mind, despite Sikka et al. (2009)'s claim that "the success of both corporate watchdog and protector of public interest is measured by revenues, profits and market shares rather than by pursuit of any broader social goals" (p. 139). According to Mitchell and Sikka (2002, p. 10), the entrepreneurial environment in which accountants work has not traditionally supported morally upright conduct.

2.2 Theoretical Framework

2.2.1 Stewardship Theory

The stewardship hypothesis was proposed by Donaldson and Davis (1991;1993). Stewardship theory has been regarded as an alternative to rational action theories of management (Donaldson and Davis, 1991;1993). According to this theory, there is no conflict of interest between managers and owners, and the goal of governance is to find the structures and procedures that will allow the two sides to cooperate as much as possible (Donaldson, 1990). This article contrasts stewardship theory and agency theory.

2.2.2 Agency Theory

Jensen and Meckling were the ones who initially proposed the concept of agency (1976). The agency hypothesis holds that because of unreliable information and conflicting objectives, the principal (owner) has no reason to trust the agents (directors). This exemplifies the conflict between the agent and the principal. The study of decisions made when one party has better or more knowledge than the other party or parties is known as information asymmetry. In an effort to mediate between the interests of agents and principals, external auditors give principals the authority to oversee and control the acts of their agents while also helping to build confidence. There are threats to objectivity and independence brought on by this new perception of auditors as agents.

2.2.3 Stakeholder Theory

Freeman and Reed were the first to propose the stakeholder theory (1984). The stakeholder theory is, at its core, a concept about how company might operate. This school of thinking places a strong emphasis on trade, value creation, and efficient company management. According to the stakeholder hypothesis, there are more important people, such as clients, debtors, workers, lenders, and communities. Up until the 1940s, the auditing policeman idea was the one that was most commonly used. According to the "policeman" theory, an auditor behaves like a policeman by emphasizing mathematical precision as well as the prevention and detection of fraud. However, it appears that much of the theory's explanatory usefulness has been lost as a result of the theory's capacity to describe how auditing evolved into "verification of correctness and fairness of the financial accounts." The policeman theory states that an auditor's responsibilities are confined to fraud prevention and detection.

2.2.4 Theoretical Framework

The agency theory was used to underpin the study and is regarded as the main guiding theory for this investigation. The research's findings would be based on this idea, and conclusions would be made as a result.

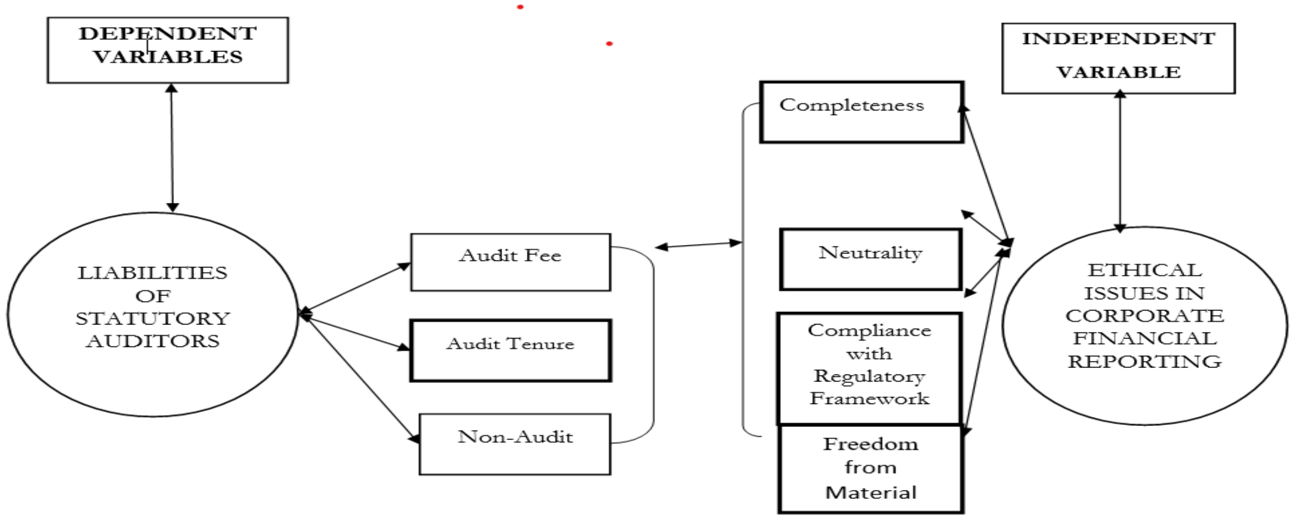
2.3 Empirical Review

Adeosun and Olayemi (2022) investigated the liability of auditors and creative accounting in Nigeria. It intended to ascertain the relationship between the auditor's ethical judgments and liability to Nigerian financial statement users, as well as the relationship between the auditor's opinion on creative accounting and liability to financial statement users. The investigation used both primary and secondary sources of data. The five largest audit firms in Nigeria and four medium-sized audit firms were chosen using an intended sample technique. The findings revealed no substantial relationship between auditors' ethical judgments and their responsibilities to those who use financial statements, as well as other findings that could lead to liability for both auditors and users of financial accounts. There is also a statistically significant correlation between these two variables, according to research on the association between auditors' perspectives on creative accounting and their responsibility to users of financial statements in Nigeria.

The obligations of auditors and potential liabilities that might occur while an auditor is carrying out their responsibilities were assessed by Aruna (2021). The Owo Branch crew of JOF IDEAL Family Farms makes up the study's population. The population as a whole was then separated into strata. Accounts, Administration, Environmental, and Security units made up the stratum. There were two main tools employed, a questionnaire and an individual interview. A, B, and C were the three sections of the questionnaire. Each member of the JOF IDEAL Family's departments of Accounts, Administration, Environmental, and Security was given a questionnaire to complete. Five employees who participated completely in the auditing processes were interrogated. The study's hypotheses were tested using the Chi-square statistical method, which involved comparing the "observed frequency" with the "anticipated frequency" to determine whether or not the hypotheses were valid. The analysis of the auditors' liabilities led to the following broad conclusions: The general public, including shareholders, believe that a statutory auditor's main duties are to catch crooks, spot frauds, and stop mistakes. However, the investigation revealed that the Company and Allied Matters Act (CAMA) and many contemporary authors on auditing had maintained that the principal duty of the auditor is to reassure the owners that the management of their businesses is being done honestly and effectively. It was determined, among other things, that management should be in charge of organizing and presenting all accounting records to auditors.

Olaoye, Aguguom, Safiriyu, and Abiola (2019) investigated the effect of the statutory auditor's independence on the accuracy of the financial statements of Nigerian manufacturing enterprises. The study used a survey research design and data gathered through a structured online survey given to Nigerian listed company shareholders. All shareholders in Nigerian publicly traded companies made up the study's population. 150 structured questionnaires were issued at random, and 137 of them were returned by respondents. With the aid of descriptive and inferential statistics, the acquired data were examined. The instrument's dependability was examined using the Cronbach alpha to ensure constant quality.The study discovered that the statutory auditors' independence had a substantial favorable impact on the accuracy of the financial statements (RFS) ($F= 9.018$, Adj. $R2 = 0.191$, p 0.05). Additionally, $AdjR2 = 0.195$; F-Stat. = 9.255; $P = 0.000$ showed that non-financial interest (NFI) had a favorable but negligible impact on RFS. Additionally, audit tenure (AT) showed a substantial beneficial impact on RFS, with $AdjR2 = 0.078$, F-Stat. = 3.877, and Pvalue = 0.005. Non-audit services (NAS) had a considerable beneficial impact on RFS, with $AdjR2 = 0.118$, F-Stat. = 5.568, and P-value = 0.000. Based on its findings, the study advised audit firms to limit the quantity and duration of nonaudit services provided to businesses for which they act as external auditors and to regularly review financial statements in which their clients have an interest in order to minimize the risk of self-review and self-interest.

Figure 1: Conceptual Framework



Source: Author's Design (2022)

3.0 Methodology

This study used a structured questionnaire that was modified from Adeosun and Olayemi (2022) to fit the needs of the survey research design that was used. In order to analyze the questionnaire that was retrieved from the respondent, both descriptive and inferential statistics were used. The population of this study included all shareholders of companies that were listed on the Nigerian Exchange Group. The five largest audit companies and five medium-sized audit firms in Nigeria were chosen using a purposeful sampling technique. In the 10 audit firms, 100 structured questionnaires were distributed, and 77 replies from the respondents were collected.

Model Specification

$Y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + \mu_i$
$AF = \beta_0 + \beta_1COMP_i + \beta_2NEU_i + \beta_3COM_i + \beta_4FME_i + \mu_i$---------------------------i
$AT = \beta_0 + \beta_1COMP_i + \beta_2NEU_i + \beta_3COM_i + \beta_4FME_i + \mu_i$---------------------------ii
$NAS = \beta_0 + \beta_1COMP_i + \beta_2NEU_i + \beta_3COM_i + \beta_4FME_i + \mu_i$---------------------------iii
Where AF = Audit Fee,
AT = Audit Tenure,
NAS = Non Audit Service
COMP = Completeness
NEU = Neutrality
COM = Compliance
FME = Freedom from Material Error

4.0 Data Analysis and Results

Hypothesis One

$H0_1$: There is no significant effect between ethical issues in corporate reporting and Audit Fee of Auditors

Table 4.1 Model Summary One

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.530[a]	.280	.278	.42477

a. Predictors: (Constant), Ethical Issues in Corporate Reporting

Table 4.1 displays the findings of the study demonstrating the existence of a relationship between the independent and dependent variables. The methodology was important because it connected moral concerns with corporate reporting to statutory auditor liability. The independent variable—ethical issues in corporate reporting as evaluated by completeness, neutrality, compliance, and absence from substantial error explained 28 percent of the changes in the liability of statutory auditors, according to the coefficient of determination (R^2) of 0.280. As a result, it is found that for Hypothesis 1, there is a significant effect between ethical issues of corporate reporting and the auditors' audit fee.

Table 4.2 Regression Result for Model One

Model		Un-standardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.061	0.225		9.156	0.000
	Completeness	0.529	0.051	0.530	10.352	0.000
	Neutrality	0.329	0.045	0.430	9.153	0.002
	Compliance	0.207	0.034	0.230	7.542	0.000
	Freedom from material error	0.165	0.025	0.130	8.654	0.003

a. Dependent Variable: Liability of Statutory Auditors

$AF = \beta_0 + \beta_1 COMP_i + \beta_2 NEU_i + \beta_3 COM_i + \beta_4 FME_i + \mu_i$--------------------------i
$AF = 2.061 + 0.529COMP + 0.329NEU + 0.207COM + 0.165FME + \mu_e$

Interpretation of Results

The constant in table 4.2 above, which is the intercept, produced a value of 2.061, which is positive, establishing a positive association because the row contains the Independent Variable (Ethical issues in corporate reporting), which denotes the slope. The independent variable is aware of the relative relevance of each variable in the model, and the table also displays the t statistics that assisted in determining this. The independent variable's value is statistically significant, which also explains why a relationship between the independent and dependent variables was established. The independent variable (ethical issues in corporate reporting) had a significant value of 0.000 which is lower than the level of significance of 0.05 ($p<0.05$) and this explains for the strong relationship that existed among the variables. Therefore, it is concluded that there is significant effect between ethical issues in corporate reporting and Audit fee of Auditors. Based on this, the null hypothesis is rejected and the alternative hypothesis accepted.

Hypothesis Two

$H0_2$: There is no significant effect between ethical issues in corporate reporting Audit Tenure of Auditors

Table 4.3 Model Summary Two

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.469^a	0.220	0.217	0.57006

a. Predictors: (Constant), Ethical Issues in Corporate Reporting

The analysis's finding that there is a link between the independent variable and the dependent variable is displayed in Table 4.3. The methodology was important because it connected moral concerns with corporate reporting to statutory auditor liability. As shown by the coefficient of determination (R^2) of 0.220, which means that ethical difficulties in corporate reporting as evaluated by completeness, neutrality, compliance, and independence from substantial error, accounted for 22% of the variances in the liability of statutory auditors. Therefore, it is concluded that for Hypothesis two that there is a significant effect between ethical issues in corporate reporting and Audit Tenure of Auditors.

Table 4.4 Regression Result for Model Two

Model		Un-standardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.294	0.201		11.399	0.000
	Completeness	0.435	0.049	0.469	8.805	0.000
	Neutrality	0.335	0.067	0.679	7.705	0.001
	Compliance	0.223	0.056	0.543	5.673	0.002
	Freedom from Material Error	0.123	0.037	0.230	6.530	0.000

a. Dependent Variable: Liability of Statutory Auditors

$AT = \beta_0 + \beta_1 COMP_i + \beta_2 NEU_i + \beta_3 COM_i + \beta_4 FME_i + \mu_i$---------------------------ii
$AT = 2.294 + 0.435COMP + 0.335NEU + 0.223COM + 0.123FME + \mu_e$

From table 4.4 above, the constant produced a value of 2.294, which is the intercept. Because of the positive value and the Independent Variable (Ethical difficulties in corporate reporting), which is present in the row and represents the slope, the connection is established as being positive. The independent variable is aware of the relative relevance of each variable in the model, and the table also displays the t statistics that assisted in determining this. The independent variable's value is statistically significant, which also explains why a relationship between the independent and dependent variables was established. The independent variable (ethical issues in corporate reporting) had a significant value of 0.000 which is lower than the level of significance of 0.05 ($p<0.05$) and this explains for the strong relationship that existed among the variables. Therefore, it is concluded that there is significant effect between ethical issues in corporate reporting and Audit tenure of Auditors. Based on this, the null hypothesis is rejected and the alternative hypothesis accepted.

Hypothesis Three

$H0_3$: There is no significant effect between ethical issues in corporate reporting and Non Audit Service of Auditors

Table 4.5 Model Summary Three

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.676[a]	.457	.451	.53540

a. Predictors: (Constant), Quality of Corporate Reporting

Table 4.5 displays the findings of the analysis that demonstrate a link between the independent and dependent variables. The methodology was important because it connected moral concerns with corporate reporting to statutory auditor liability. As shown by the coefficient of determination (R2) of 0.457, which denotes those ethical difficulties in corporate reporting as measured by completeness, neutrality, compliance, and independence from substantial error, accounted for 46% of the differences in the liability of statutory auditors. Therefore, it is concluded that for Hypothesis three that there is a significant effect between ethical issues in corporate reporting and Non Audit Service of Auditors.

Table 4.6 Regression Result for Model Three

Model		Un-standardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		

1	(Constant)	2.632	0.301		8.756	0.000
	Compliance	0.584	0.072	0.676	8.110	0.000
	Neutrality	0.684	0.006	0.767	6.145	0.004
	Compliance	0.542	0.143	0.678	10.456	0.000
	Freedom from material error	0.232	0.345	0.476	9.745	0.002

a. Dependent Variable: Liability of Statutory Auditors

$NAS = \beta_0 + \beta_1 COMP_i + \beta_2 NEU_i + \beta_3 COM_i + \beta_4 FME_i + \mu_i$--------------------------iii
$NAS = 2.632 + 0.584COMP + 0.684NEU + 0.542COM + 0.232FME + \mu_e$

From table 4.6 above, the constant produced a value of 2.632, which is the intercept. Because of the positive value and the Independent Variable (Ethical difficulties in corporate reporting), which is present in the row and represents the slope, the connection is established as being positive. The independent variable is aware of the relative relevance of each variable in the model, and the table also displays the t statistics that assisted in determining this. The independent variable's value is statistically significant, which also explains why a relationship between the independent and dependent variables was established. The independent variable (ethical issues in corporate reporting) had a significant value of 0.000 which is lower than the level of significance of 0.05 ($p<0.05$) and this explains for the strong relationship that existed among the variables. Therefore, it is concluded that there is significant effect between ethical issues in corporate reporting and Non Audit Service of Auditors. Based on this, the null hypothesis is rejected and the alternative hypothesis accepted.

5.0 Conclusion and Recommendations

This study examined the duties of statutory auditors in publicly traded companies and ethical issues with corporate financial reporting. The study's findings can be used to draw the conclusion that, even though statutory auditors are important for assessing the free and fair view of financial reporting, it is critical for them to maintain their independence throughout an audit engagement because doing so enhances the accuracy and objectivity of financial statements. Additionally, if the independence of statutory auditors is maintained throughout an audit exercise, it will be assumed that the financial statements of companies comply with all applicable legal requirements, which will have an impact on the degree of freedom from material misstatement of the financial statements. However, it is advised that:

i. In order to avoid being threatened or intimidated while performing their audit duties, statutory auditors should make sure that a small percentage of their overall pay comes from a single client company.
ii. Audit firms and businesses should put the required auditor rotation plan into effect. This would ensure the financial statements are reliable for shareholders by reducing or eliminating the threat of familiarity.
iii. Audit firms should limit the quantity and duration of non-audit services they provide to the businesses they act as external auditors for in order to promote the independence of statutory auditors. This would eliminate the fear of a self-review and allow the statutory auditor to work without undue stress.

6.0 Contribution to Future Research

This study contributes to the current conversation regarding the importance of auditing and the requirement that accounting professionals continue to play a crucial role in protecting the trust of investors in the capital market as well as depositors in banks.

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