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Audit Committee and Financial Reporting Quality of Listed Consumer Goods Firms in Nigeria: Moderating Role of Managerial Shareholdings

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ABSTRACT

The quality of a firm's financial report is crucial for assessing its wellbeing and boosting investor's confidence. The number of financial scandals in recent years has increased questions about the financial reporting quality being presented for shareholder's decision-making. This study examines audit committee and financial reporting quality of listed consumer goods firms in Nigeria: moderating role of managerial shareholding. Secondary data covering a period of 15 years from 2007 – 2021 were extracted from the sample of 16 firms chosen from the population of 21 consumer goods firms that were listed on the Nigerian Exchange Group as at December 31, 2022. Multiple regression analysis results show that audit committee size and financial accounting expertise significantly impact the quality of financial reporting. Additionally, managerial shareholding is a significant factor in the relationship between the audit committee and financial reporting quality.

To protect shareholder interest and stakeholders at large, the study recommends increasing managerial shareholding and maintaining the inclusion of financial experts in the audit committee. should be increased to help reduce opportunistic behavior by managers. Adhering to a minimum audit committee size of five members is recommended to ensure high-quality financial reporting, and provide relevant and useful information to shareholders and other stakeholders.

Keywords: Audit Committee, Financial Reporting Quality, Consumer Goods Firms, Nigeria, Managerial Shareholdings

INTRODUCTION

The last two decade saw a number of accounting scandals with prominent companies across the globe collapsing or declaring bankruptcy due to financial manipulations and financial misstatement in their financial statements. This has prompted government and regulators worldwide to put in place regulatory policies and corporate governance measures to prevent a repeat of these accounting scandals. These accounting scandals has pointed to weaknesses in financial reporting quality and this has increased the focus on financial reporting quality by researchers (Herath & Albarqi, 2017). The demand has gone out for providing a clear and full definition of financial reporting quality across the world and also ideal methods for assessing the quality of the financial reports.

The quality of the financial report of a firm remains one of the major routes of assessing its wellbeing and boosting investor's confidence and this is vital to the functioning of capital markets; consequently, determining the economic development of a nation (Herbert 2013; Uwulomwa et al., 2016). it reveals financial indicators that inform investor' financial decisions (Nassar et al., 2014).

The financial scandals that led to the collapse of big companies across the globe and in Nigeria also raised doubts and concern on the quality of the financial report being presented and its reliability for investor's

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decision is been questioned. The quality of financial reports published by listed firms are crucial for an efficient and viable stock market (Rashid, 2019; Sabir, 2021). Regrettably, financial market misconduct and accounting fraud are prevalent in the global market, and the Nigerian space as well and government around the world have implemented a series of reforms to strengthen internal and external corporate governance mechanisms (Mustafa et al., 2021).

According to Mohammed (2021), ownership separation can result in the manager as the agent executing the company can act in accordance with his/her own interest which is contrary to the owner's/principal's interest. Moral hazards occurs when managers act to gain personal interest at the cost of shareholders, e.g., by manipulating or misreporting financial statements. A major task of shareholders is to implement effective corporate governance mechanisms to monitor managerial activities or grant management incentives to align their interest with those of shareholders (Rashid, 2020). Managerial shareholding refers to the quantity of share ownership held by management in relation to total shareholdings in the company. Managerial shareholding has the potential to restrict departure from corporate policy. A method that can be used to enhance the integrity of financial statements is managerial shareholding (Sormin, 2021). Managerial shareholdings align managers interest with that of the investors and help reduce the conflict of interest that typically results from separating ownership from management (Jensen & Meckling, 1976; Ramli et al., 2013; Irom et al., 2021). Business managers who own this proportion of the company, on one hand, are more likely to take more responsibility in carrying out their responsibilities and to make the best choices (Supratiningrum, 2019).

Major irregularities in the way entities have reported financial information in their annual reports calls for a concern and this is evident in global company scandal such as Turning Pharmaceuticals (2015), Saytam (2009), Lehman Brothers (2008), Bernie Madoff (2008), American International Group (2003), Worldcom (2002), Dynegy (2002), Adelphia, Tyco (USA), Pamalat (Italy), Carrian Group (Hong Kong), HIH Insurance One Tel (Australia), Savannah Bank, Societe General Bank, International Bank, Enron (USA), collapsed in 2002.

The main objective of this study is to examine the effect of audit committee and financial reporting of listed consumer goods firms in Nigeria with a moderating role of managerial shareholdings. In a bid to achieve the stated objective, the following hypothesis were formulated:

H_{01}: Audit committee size has no significant effect on financial reporting quality of listed consumer goods firms in Nigeria.

H_{02}: Audit committee expertise has no significant effect on financial reporting quality of listed consumer goods firms in Nigeria.

H_{03}: Moderating effect of Managerial shareholding has no significant effect on audit committee size and financial reporting quality of listed consumer goods firms in Nigeria.

H_{04}: Moderating effect of Managerial shareholding has no significant effect on audit committee expertise and financial reporting quality of listed consumer goods firms in Nigeria.

The findings of this study will be relevant to researchers and students in the areas of Finance, Accounting and Audit. The study would help to improve the understanding of the relationship between audit committee and financial reporting amongst citizens and help restore the loss of confidence in the financial report.

The study will be an addition to existing literature on audit committee in Nigeria as well as give comparison to similar past studies conducted in developed and developing economies. The government and regulatory agencies such as Company and Allied Matter Act and Security and Exchange Commission among others would find the outcome of this study relevant and useful, thereby, improving policies already put in place.

This study covered a period of 15 years, 2007 to 2021with a population of 21 consumer goods firms listed on the Nigerian Exchange Group as of 31 December 2021 from which a sample of 16 companies were selected as the sample of the study based on the availability of the data required for the study. The rest of the work is structured as follows; literature review was discussed in section two, which entails the conceptual review of the study, the empirical review, and the theoretical underpinnings of the study. Section three described the methodology of the study while section four presented data analysis and interpretations and section five highlighted the summary, conclusions, as well as the recommendations of the study.

LITERATURE REVIEW

Financial Reporting Quality relates to the quality of the information that is contained in the financial report, Including note disclosures (IASB, 2008). The financial reports are considered to be a useful method of communicating financial information for accurate decision making by users of the report. Due to information asymmetry and agency disagreements between managers' interest and outside consumers, auditors are tasked to audit financial reports. This is a monitoring tool to enhance financial reporting which will in turn boost the confidence of the investors about the firm's performance and traded securities that reflect the company's image. This study will focus on earnings management as a component of financial reporting quality. High-quality reporting provides relevant, decision-useful information which objective represents the economic reality of a company's activities during the reporting period (Johl et al., 2015).

The quality of financial reporting was related to two main aspects. To ensure that the quality of the test itself is high and that the quality of the reported results is accepted as an accepted criterion.

Accounting standards convergence, accounting standards harmonization, economic crises, growth in disclosure requirements, and other factors have created excessive focus on financial reporting (Albarqi &Herath, 2017).

The Sarbanes Oxley Act (2002) defines audit committee as a committee established by the board of directors to oversee the processes involved in accounting and auditing of company financials. The audit committee can be used as an effective corporate governance tool to ensure quality reporting process but if this must be achieved, audit committees must possess some characteristics such as independence, frequency of meetings, the size of the committee, the gender diversity and financial expert as resource persons. One of the functions of the Audit committee is to supervise the financial reporting process, by overseeing the internal controls of the company to ensure its compliance with the laws and regulations (Abdul Rahman & Ali, 2016). It is an arm of the board of directors tasked with the responsibility of ensuring quality reporting by performing oversight functions of the activities of management and external auditors as well as help mitigate the agency problem between management and owners (Shahanif et al. 2020). The Audit Committee is responsible for recruiting, assessing performance, and remuneration of external auditors for the company. In addition, the Audit Committee oversees corporate financial reporting and disclosure by overseeing policy and accounting policy choices and the internal controls used by management (Jakpar, 2019). This is consistent with Ekumankama and Uche (2009), who stated that the audit committee examines the financial statements to ensure that the financial statements are free of misstatement and whether the financial reporting comply with agreed legal and ethical requirements.

Governance issues arising from the separation of ownership and control has posed no surprise to the form of the relation between managerial ownership and the performance of the firm. This has sparked a lot of empirical investigation all around the world. According to Thenatawee (2014), managerial shareholding namely: "Shareholder who also mean in the case as owners in the company and owner managers actively participating in decision making in a company concerned". Safari, et al. (2018) posits that managerial shareholding is the shareholder of management who is active in making company decisions (directors and commissioners). Managerial ownership is share ownership by company management. Managerial shareholding can align the interests of shareholders and managers because managers can directly benefit from the decisions taken and bear the risk if there are losses that arise of any consequence of making wrong decision. The relationship of ownership structure and firm performance is an important area of study in the broader field of Corporate Governance from last two decades (Wahla, Alishan & Hussain, 2012).

Theoretical Review

Due to the separation of management from the owners, agency theory posits that there exists conflict of interest between the management and the owners of corporate organizations. This conflict of interest regarded as agency problem according to agency theory can be resolved using corporate governance. Audit committee as a tool of corporate governance serves as a means of checking the excesses of management as the owners of an organization (Alade & Odugbemi, 2021). Consistent with agency theory, quality financial reporting is achieved when conflicts of interest are resolved promptly, a role the audit committee can effectively perform. Based on the above evidences, this study is anchored on agency theory and is in consonance with the research of Shahanif et al., (2020) among others.

Empirical Review

Akanbi et al. (2021) examined the effect of audit committee attributes and financial reporting quality of selected quoted consumer goods firms in Nigeria. The study used a selected 15 quoted consumer goods firms out of a population of 180 firms in the Nigerian Stock Exchange (NSE) as the sample size and it covered the period of 2008 -2019. The study adopted correlation analysis and ex-post facto design to evaluate the effect of audit committee attributes measured by audit committee independence, financial expertise, meetings, size, audit fees with external auditor tenure and firm size as control variable on the quality of financial reporting of quoted consumer goods firms in Nigeria. The decision on whether the random effects (RE) model or fixed effect (FE) model was an appropriate model for this study. Hausman test was conducted to check which model is appropriate between fixed effects and random effects. The study concluded that audit committee expertise is statistically insignificant on the quality of financial reporting. The study recommended that audit committee should consist of members with knowledge of accounting and finance which provides a good basis for audit committee members to examine and analyze financial information.

Akpan and Nsentip, (2020) studied the effect of audit committee attributes on financial reporting quality of listed banks in Nigeria from 2009-2018. Ex-post facto research design is used and the data for analysis are obtained from annuals reports of the sampled banks. 12 banks out of the population of 13 banks were selected as the sample size using the Taro Yamani formula. Data is analyzed using descriptive statistics, correlation and ordinary least square (OLS) technique. the findings revealed that a well constituted as well as independent audit committee significantly influence financial reporting quality of listed Nigerian banks. The study also reveals that audit committee frequency of meeting may not influence financial reporting quality. It was recommended that Nigerian banks should ensure that their audit committee as a matter of necessity update their functionality through regular training in order to meet up world class benchmark as what is obtainable in more advanced economies.

Ismail et al. (2021) studied ownership structure and financial reporting quality in listed non-financial firms in Nigeria. The study used data from 41 non-financial firms listed on the Nigerian Stock Exchange (NSE) for the period of 2011 – 2019 and the generalized method of moments (GMM) technique was adopted. the finding revealed that managerial ownership has an insignificant negative relationship with earnings management and that institutional and foreign ownership has a significant negative relationship with earnings management thereby improving the reporting quality. The study recommends that firms should ensure that the shareholding of the insider managers is not too high in such a way that the proportion of their

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METHODOLOGY

The research design of this study is the correlational research design, which seeks to investigate the relationship between independent variables and the outcome variables without influence of the researcher. The model has been chosen because it helps in achieving the specific objectives of this study and in testing hypotheses earlier formulated in the introduction. Hence, secondary data covering a period of 15 years, 2007 to 2021 were extracted from a sample of 16 consumer goods firms selected from a population of 21 listed consumer goods firms on the Nigerian Exchange as of December 2022 (see Appendix 2). The sample size was selected based on the availability of the required data of independent variable, dependent variable and moderating variable on the annual reports of consumer goods firms listed on the NGX during the period of the study. The study employed multiple regression analysis to analyze data and based on the results of the panel effect test, random effect model was interpreted for the study. The sampled firms are put on asterisk sign on the table.

Model Specification

In line with the work of Abdul-Kareem, 2016; Akanbi et. al., 2021, this study adapts the modified Jones model. The model of the study is specified below:

$$\mathbf{FRQ_{it}} = \beta_{0it} + \beta_1 ACSIZE_{it} + \beta_2 ACEXP_{it} + \beta_3 SIZE_{it} + \varepsilon_{it} \ldots\ldots\ldots\ldots\ldots\ldots (1)$$

$$\mathbf{FRQ_{it}} = \beta_{0it} + \beta_1 ACSIZE_{it} + \beta_2 ACEXP_{it} + \beta_3 ACSIZE_{it} \times MSH_{it} + \beta_4 ACEPT_{it} \times MSH_{it} + \beta_5 SIZE_{it} + \varepsilon_{it} \ldots\ldots\ldots\ldots\ldots (2)$$

From the model, ACSIZE represents audit committee size, ACEXP represent audit committee expertise, SIZE represent firm size as a control variable, while MSH depicts managerial shareholding. Likewise, i represents company subscript, t denotes time script, β_0 connotes constant while β_1 - β_5 implies coefficient of intercept and ε signifies error term.

Table 1 Variables, Definition and Measurement

Variables	***Definition***	***Measurement***	***Sources***
<u>Dependent variable</u> FRQ	Financial Reporting Quality.	Jones Model: Earning Management: $\mathbf{ACCR_{it} / TA_{it-1} = \beta_0(1/TA_{it-1}) + \beta_1(\Delta REV_{it} - \Delta AR_{it})/TA_{it-1} + \beta_2(PPE_{it}/TA_{it-1})} + \varepsilon_{it}$ Where: ACCR =Total Accruals TA=Total Assets ΔREV=Change in Revenues ΔAR=ChangeinAccount Receivables PPE =Property, Plant and Equipment	Cohen et al. (2008), and Cohen and Zarowin (2010), Hamza etal. (2019).
<u>Independent variable</u> ACSIZE	Audit Committee Size	Absolute terms where audit committee contains six or more members	SEC (2011) S359 (4)
ACEXP	Audit Committee Expertise	Percentage of audit committee members serving on the audit committee who have accounting/finance-based knowledge to the board membership.	and Omoye & Aronmwam (2013)

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Moderating variable MSH	Managerial Shareholding	Percentage of corporate ownership by managers.	Muryanti&Subowo, (2017), Raimo et al. (2020)
Control variable FSIZE	Firm Size	Natural Log of Total Asset	AbdulRahman and Alsayegh (2021)

Source: Authors compilation 2023.

RESULTS AND DISCUSIONS

Descriptive Statistics: The descriptive statistics of this study is given in Table 2. It is a representation of the calculated mean, minimum, maximum and standard deviation of the study.

Table 2 ***Descriptive Statistics***

Variable	Obs	Mean	Std. Dev.	Min	Max
FRQ	240	0.012	0.029	0	0.36
ACSIZE	240	5.718	0.685	4	8
ACEXP	240	0.278	0.193	0	1
MSH	240	0.002	0.003	0	0.016
SIZE	240	21.647	3.704	9.015	26.335

Source: STATA 14.2

From Table 2, the number of observations is 240, which was derived from the product of the number of firms (16) and the number of years (15). Furthermore, FRQ (Financial reporting quality) averages 0.012 with a standard deviation of 0.029, which is higher than the mean suggesting that there is a high level of volatility in financial reporting quality, which provides the basis to be treated in this study as the dependent variable. In addition, the minimum mean is 0 and the maximum mean is 0.36. Also, ACSIZE (Audit committee size) approximately averages 6 members with a standard deviation of 0.685 members and a minimum mean of 4 members and a maximum mean of 8 members. Furthermore, ACEXP (Audit committee expertise) averages 0.278, with a standard deviation of 0.193 and a minimum mean of 0 and maximum mean of 1. The mean value of managerial shareholding (MSH) of listed consumer goods firms in Nigeria stood at 0.002 within the study period, with a standard deviation of 0.003, 0 on the minimum and 0.016 on the maximum. Similarly, the minimum log of firm size stood at 9.015, with an average 21.647 and maximum log of 26.335 indicating that within the period of the study majority of consumer goods firms are large firms.

Correlation Analysis: The correlation value of the dependent variable (Financial reporting quality), the independent variable (Audit committee), and the moderating variable (Managerial shareholding) is displayed in Table 3. It shows the relationship between dependent variable and the independent variables and the inter relationship amid the independent variables of the study.

Table 3 ***Correlation Matrix***

Variables	(1)	(2)	(3)	(4)	(5)
(1) FRQ	1.000				
(2)ACSIZE	-0.078	1.000			

(3) ACEXP	-0.079	-0.281	1.000		
(4) MSH	0.343	-0.210	0.073	1.000	
(5) SIZE	-0.451	0.226	-0.189	-0.467	1.000

Source: STATA 14.2

The correlation coefficient is presented in Table 3. The Pearson correlation of 0.073 – 0.343 is less than 0.7, suggesting no multicollinearity problem. Further multicollinearity check was conducted using VIF, which is a more stringent test of multicollinearity. The mean VIF 1.222 is less than 5 and no individual VIF value is more than 10. The VIF values range from 1.108 to 1.335 as shown in Table 5.

Table 4 ***Variance inflation factor***

	VIF	**1/VIF**
SIZE	1.335	0.749
MSH	1.302	0.768
ACSIZE	1.143	0.875
ACEXP	1.108	0.902
Mean VIF	1.222	

Source: STATA 14.2

Diagnostic Tests: In order to ascertain the reliability and validity of the results of this study, this study conducted diagnostics test and hereby presents it in this section. In addition, the mean VIF of 1.222 (see Appendix C) connotes the absence of multicollinearity within the variables of the study during the period under review. Also, the Chi^2 of 1228.17 and *p*-value of 0.0000 gotten from the Breusch-Pagan test was significant indicating that the data has panel effect. Thus, making it difficult to interpret the ordinary least square regression result and necessitating further tests. The Hausman test for fixed and random effect test for model one and model two reveal a Chi^2 value of 9.28 with a *p*-value 0.0544 which is statistically insignificant at 5% level of significance. This implies that random effect model is more appropriate in this case. To check the suitable model between random effect model and ordinary least square (OLS) model for model one and model two, the Breusch-Pagan Lagrangian Multiplier test was conducted and the result revealed a Chi^2 value of 0.00 and p-value of 1.0000 which indicates that pooled OLS model is more appropriate.

Results of Regression Analysis: A multiple regression analysis was carried out to see whether audit committee significantly have an effect on financial reporting quality of listed consumer goods firms in Nigeria and to test the hypotheses. The analysis investigates whether managerial shareholding moderates the effect of audit committee on financial reporting quality. Results from the analysis of models 1 and 2 are shown in Table 5 and 6 respectively, while Appendix C contains detailed results.

Table 5 ***Multiple regression (without moderation) Model 1***

FRQ	**Coef.**	**St.Err.**	**t-value**	**p-value**	**[95% Conf**	**Interval]**	**Sig**
ACSIZE	-0.001	0.003	-0.31	0.754	-0.006	0.004	
ACEXP	-0.026	0.009	-2.91	0.004	-0.043	-0.008	***
SIZE	-0.004	0	-8.11	0	-0.0005	-0.003	***
Constant	0.104	0.017	6.15	0	0.07	0.137	***

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Mean dependent var	0.012	SD dependent var	0.029
R-squared	0.231	Number of obs	240
F-test	23.687	Prob > F	0.000
Akaike crit. (AIC)	-1082.8	Bayesian crit. (BIC)	-1068.914

*** p<.01, ** p<.05, * p<.1

Source: STATA 14.2

With an R^2 of 0.231, the model's prediction of audit committee size and audit committee expertise's effect on financial reporting quality suggests that audit committee and other control variables predicts or otherwise account for around 23% of the variation in financial reporting quality of listed consumer goods firms in Nigeria. At 5% significant level, the effect of ACSIZE on FRQ is negative and statistically insignificant (β = -0.001, t= -0.31, p = 0.754). Thereby accepting the null hypotheses which state that H_{01}: Audit committee size has no significant effect on financial reporting quality of listed consumer goods firms in Nigeria. The result implies that increase in audit committee size will lead to an insignificant reduction in financial reporting quality of listed consumer goods firms in Nigeria. The result agrees with the findings of Shahanif et al. (2020) and Hasan et al (2019) which states that audit committee size has an insignificant effect on financial reporting quality (FRQ). However, the result of this study is contrary to Eriabe (2016) and Mohammed et al. (2017) who found a positive significant effect of audit committee size on FRQ.

Audit committee expertise (ACEXP) was found to have a negative significant (β= -0.026, t= -2.91, p = 0.004) effect on financial reporting quality (FRQ) of listed consumer goods firms in Nigeria. The result implies that audit committee expertise significantly has an effect on financial reporting quality. Based on the result, H_{02}: which shows that Audit committee expertise has no significant effect on financial reporting quality of listed consumer goods firms in Nigeria, is rejected.

The output of model 2 was used to examine audit committee and financial reporting quality of listed consumer goods firms in Nigeria: Moderating role of Managerial Shareholdings.

Table 6 ***Multiple regression (with moderation) model 2***

FRQ	**Coef.**	**St.Err.**	**t-value**	**p-value**	**[95% Conf**	**Interval]**	**Sig**
ACSIZE	0.004	0.003	1.59	0.114	-0.001	0.01	
ACEXP	0.01	0.011	0.92	0.357	-0.012	0.033	
MSH	28.165	6.294	4.47	0.000	15.764	40.566	***
c.ACSIZE*MSH	-4.132	1.06	-3.9	0.000	-6.221	-2.043	***
c.ACEXP*MSH	-12.212	2.385	-5.12	0.000	-16.911	-7.513	***
	-0.002	0.001	-4.07	0.000	-0.003	-0.001	***
Constant	0.027	0.021	1.26	0.209	-0.015	0.068	

Mean dependent var	0.012	SD dependent var	0.029
R-squared	0.328	Number of obs	240
F-test	SIZE	Prob > F	0.000
Akaike crit. (AIC)	-1109.2	Bayesian crit. (BIC)	-1084.870

*** p<.01, ** p<.05, * p<.1

Source: STATA 14.2

Results from Tables 7 reveal the R^2 is 0.328, this suggest that model 2 accounts for almost 33% of variance in FRQ. The variable of ACSIZE after moderation exhibits a negative and statistically significant effect on FRQ at 5% (β= -4.132, t= -3.90, p = 0). The negative effect obtained is consistent with the agency theory of Jensen and Mecklings (1976), which posits that managerial shareholding helps align the interest of the managers with that of the firm, since they have the capability of influencing who is on the audit committee. Base on this result, H_{03}: Moderating effect of Managerial shareholding has no significant effect on audit committee size and financial reporting quality of listed consumer goods firms in Nigeria is rejected. The result also shows the variable (ACEXP) audit committee expertise as moderated by (MSH) managerial shareholding. After moderation, (β= -12.212, t= -5.12, p = 0) exhibits a negative and significant effect on financial reporting quality (FRQ). Based on the result, H_{04}: Moderating effect of Managerial shareholding has no significant effect on audit committee expertise and financial reporting quality of listed consumer goods firms in Nigeria is rejected. This result is expected since managerial shareholding increases the supervisory role of audit committee and consequently reduces earnings management.

CONCLUSION AND RECOMMENDATIONS

This study examined audit committee and financial reporting quality of listed consumer goods firms in Nigeria: moderating role of managerial shareholding. Audit committee was proxied by audit committee size, and audit committee expertise, dependent variable was proxied by financial reporting quality, firm size was the control variable while managerial shareholding is the moderating variable. The study was conducted from 2007 to 2021. Secondary data covering 15 years, from 2007 to 2021 were extracted from the annual reports of sampled firms. The result of the multiple regression analysis conducted revealed a significant moderating effect of managerial shareholding on the audit committee size and financial reporting quality of listed consumer goods firms in Nigeria. It also revealed a significant moderating effect of managerial shareholding on the audit committee expertise and financial reporting quality of listed consumer goods firms in Nigeria. The study, therefore, shows that managerial shareholding is a significant factor in the nexus between audit committee and financial reporting quality. Thus, it can be concluded that the presence of audit committee in listed consumer goods firms has an effect in the quality of financial reporting.

From the foregoing, this study recommends that in order to protect the interest of other shareholders and the stakeholders at large, managerial shareholding should be increased to help reduce opportunistic behavior by managers. It also recommends that consumer goods firms should maintain the minimum acceptable audit committee size of five (5) members as stipulated by relevant laws as this has shown that diversity in skills and opinion has proved to improve the quality of financial reporting.

Similarly, consumer goods firms should increase the number of audit committee expertise on the audit committee to improve financial reporting quality.

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