**External Audit Quality and Quality of Accounting Information Within Limited Company in Cameroon**

**Abstract:**

The main objective of this paper isto examine the influence of external audit quality on the quality of accounting information within companies having an operational statutory auditor in Cameroon. In other to achieve this objective, data was collected through a questionnaire from 62 companies operating in the Littoral and Northwest Regions of Cameroon. Therefore, the Binary Logistic Regression enables to highlight that the quality of accounting information decreases with the duration of audit mandate and audit fee while it increases with the presence of audit committee. We also found that the quality of accounting information is not explained by the reputation of the audit firm. Base on the result, we recommend that company directors and other shareholders should pay attention about the duration of audit mandate and criteria for the choice of their auditor. Moreover, they should make sure having an audit committee in other to guarantee the quality of accounting information that will be produced by the management.

**Keywords:** Quality of Accounting Information, Duration of Audit Mandate, Reputation of Auditor, Audit Fee, and Limited Company.

**Introduction**

A series of financial wrongdoings had occurred dawn the 21st century, thereby increasing the occurrence of other large deals such as Batam, Parmalat, Woldcom, and, Vivendi, justify the confidence crisis observed by the users of accounting information. Many international entities have developed numerous frameworks for ensuring audit quality. The importance of external auditing was underlined by the United Kingdom’s Financial Reporting Council and the Australian Treasury, the International Auditing and Assurance Standards Board (IAASB). It was pointed that there is need for the development of the profession of external auditing and improving the quality of its services to protect the public interest and restore the confidence of investors in the financial markets. Kang et al. (2019) focused on the importance of appointing a group of non-executive members and their guest to appoint an external auditor and determine its fees to increase independence when expressing an opinion on the financial statements issued by companies. Audit may charge and supply higher audit fees when there is an increased liability and in addition, companies with low risk assessment incur lower audit fees.

In 2018 there was a spectacular collapse of Getback S.A in Poland (currently Getback S.A in restructuring). Moreover, in its 2018 report, its legal successor showed a loss of PLN-1.56 billion, negative capital of PLN-2.2 billion and a position that was particularly surprising because revenues were negative and amounted to PLN-730 billion. When examining the financial statements for 2017, the auditor finally issued a disclaimer opinion, and the entire issue became extremely popular in the media due to the many irregularities. The largest companies paid millions of Zlotys for an audit (WSE–listed polish companies, 2019) and millions of Zlotys for an audit (WSE –listed polish companies, 2019), but this does not protect investors from losses. Getback S.A paid PLN-6.9 million to its auditors in 2018, where more than PLN-5 million was remuneration for assistance at the initial public offering.

According to Kermiche & Piot (2016), the audit market dominated by Big 4 firm has been under the monitoring of some regulatory bodies, especially after the collapse of Arthur Anderson in 2002. As some of the scholars suggest that, this concentration result could negatively affect audit quality (Huang et al. 2016). Potential threats as noted by Kermiche & Piot, (2016) can affect both supply and demand sides of audit market such as lack of choice on the demand side and lack of competition on the supply side, and overall lack of international supervision. Grossi et al. (2015) explained that the concept of quality of external audit is closely linked to trust in the financial statements free of Creative accounting practices by companies following corporate governance principles. The study on the auditor's competence to understand the quality of the audit focused on the size of the firm, the auditor's membership in a large international audit firm, and the importance of the auditor's fees (De Angelo, 1981; Djoutsa & Foka, 2014). Some authors highlight incompetent signals from listeners. For them, an auditor would be incompetent if he lacks experience if he uses unsuitable audit methods and procedures. Going in the same direction, it appears from the work of (Djoutsa & Foka 2014) that an auditor would be incompetent if he does not respect the steps of the audit process as well as the chronogram of intervention during the various missions.

The Centre for Audit Quality (2017) started that, audit quality highly depends on the individuals who coordinate and carryout the function of auditing.

Foka et al. (2017) found that, 45% of auditors who meet the criteria of competence in Cameroon are those whose audit firms belong to the "Big Four" network. Let’s recall with Sangue (2015), that the duration of the auditor's mandate in the OHADA region which is six years renewable once, seems to be long enough. Okere & al. (2017) assert that an audited financial statement serves as a tool of information to the stakeholders and shareholders. However, the satisfaction of an audit service depends upon the quality of the audit, which in turn determines the price paid/payable. According to De Angelo (1981) cited in Soyemi et al. (2020), audit quality is described as the ability to detect misstatement and the willingness to report the irregularities uncovered during an audit engagement.

According to the national institute of statistics, in 2016, the Littoral region had 37% of the companies in Cameroon; the Centre region had 27.1% and the North-West region 6.3%. They also discredit audit firm that guarantee its integrity (Kueda, et al., 2020, Kueda & Feudjo, 2019, Mballa & Feudjo, 2016). Okere et al. (2017) assert that an audited financial statement serves as a tool of information to the stakeholders and shareholders. Regarding the case of SODECOTON, attendance fees of one million per auditor at each meeting seemed to have compromised their independence and objectivity. They could no longer identify or report the irregular keeping of accounts. Undoubtedly, this act affected audit quality within the organisation and auditors also provided non-audit services, which affected audit fees superior sate control (Consupe, 2013).

Enron, an energy company that traded extensively in energy derivatives markets, caused one of the major scandals which shook the auditing profession and the world. In 2000, Anderson earned 25 million USD in audit fees and 27 million USD in consulting fees. This amount accounted for roughly 27% of audit fees of public clients for the Andersons Houston office. Yet, Anderson did not fulfill its professional responsibilities in connection with auditing Enron's financial statement. The accounting scandal of Enron in 2001 puts to question the independence of certified public accountants serving as auditors. In 2002 Arthur Anderson was also implicated in the collapse of WorldCom, one of the biggest telecommunications companies in the United States. Arthur Andersen, as auditor, was found to have failed in taking proper steps to detect accounting irregularities.

The numerous financial scandals and the evolution of accounting standards, with the coming of the International Financial Reporting Standards (IFRS), have raised a question on the reliability of the financial data on which a large portion of the capital markets activities is evolves. The outcome of these scandals is the development of audit firms and therefore the number of statutory auditors (Mouhamed, 2016). Although with the continued growth of the professional’s figure, the issue of the reliability of financial information is still a topic of debates for several financial experts and economic agents. The Institute of Chartered Accountants of Cameroon ("ONECCA") has a registered membership of 208 as at 2018. But this number stands far below in countries like Kenya and Nigeria, one may be tempted to conclude that, is as a result of the limited number of accountants in Cameroon which has led to the limitation in the accurately of financial information and not the disrespect of professional ethics.

Accounting scandals in Cameroon, we have the case of SODECOTON, CAMAIR Co, CONFINEST and recently (in 2016), the BICEC case were over fifty (50) billion FCFA was swindled from BICEC. In 2000, the Douala Stock Exchange (DSX) only registered till 2014 three companies, namely SAFACAM, SOCAPLAM, and SEMC. Ose Hanko (2016) used a qualitative approach to suggest that the auditor’s knowledge of the company, the relevance of the identified zone of risks and the degree of communication with the board of directors would improve the quality of audited financial statements of Cameroonian companies. This study therefore, assesses external audit quality and quality of accounting information in Limited liability companies in Cameroon.

1. **Literature review** 
   1. **External audit quality and the quality of accounting information: what a debate!**

Explaining the quality of accounting information with the external audit quality is complex. This in the sense that the characteristics of external audit quality will differently influence the accounting information.

The relationship between the duration of the audit mandate and the quality of accounting information has been area of research to many researchers. Zgarni et al. (2012) found out that, there is a negative relationship between audit mandate and the quality of financial and accounting information, which is in line with that, of Meyer et al. (2007) who justify that the duration of audit mandate creates a bond between the auditor and the client. He concluded by saying that, it will lead the auditor report financial statement in favor of his client. Omri et al. (2009), in the Tunisian context, show there is a positive linear relationship between the duration of the audit tenure and the quality of the accounting and financial information. This result is consistent or validates the previous finding, in the same country (Tunisia), by Zehri (2006) that shows a positive correlation between the duration of the audit mandate and the management of the published accounting result. A similar study in neighboring Nigeria by Jayeola et al. (2017) found that shorter audit mandates could result in decreased earnings management in Nigerian listed deposit money banks.

On the other hand, studies by Mayangsari (2006) and Chen et al. (2007), started the length of auditor mandate positively affects investors perception on the quality of accounting and financial information published. Auditing the same clients over many years makes it possible for the auditor to better understands his client business environment, and the risk associated in the business. As a result, the pervious auditor adds more value to the auditee business. Consequence, he is less dependent and is able to put and cope with pressures (Bennecib, 2004). Studies by Dogui & Boiral (2013) and Fossung & Magang (2019) are in the same line. According to these auditors, duration of mandate relationship promotes a better understanding of the client system by the auditor. This will add in obtaining better and good quality information.

One can assume that the reputation of the auditor will be high if he/she comes from one of the big firms and that the higher the reputation, the higher the audit quality. It can also be said that auditors belonging to large (reputable) international firms are more conservative vis-à-vis discretionary accruals, therefore more likely to deliver high-quality audit. The study of Lin & Hwang (2011) highlighted the positive impact of large audit firms on the quality of information. In their studies, the authors were interested in the changes of auditors in China, and they selected ten large firms and came to the conclusion that the size of the audit firm provides high-quality audit than those small firms. Cameroon has many of the big firms that are contracted to perform an audit of mostly bigger companies in the country. Very few domestic and small audit firms perform an audit for large firms. The fact that the large imported firms[[1]](#footnote-1) share the audit market of medium and large firms in the country is an indication that these companies prefer them to smaller indigenous firms. The question is whether their preference is as a result of quality, prestige or they are being imposed on these firms by their boards. To support their choice of large firms, De Fond & Jiambalvo (1993) argue that the occurrence of conflicts between the auditor and the client concerning the accounting practices to inflate the result is less likely if the auditor belongs to a large firm, they also show their exceptional ability to withstand the pressures of their clients while maintaining independent judgment.

The study by Lawrence et al. (2011) did not show any significant difference between the audit quality of a large firm and a non-Big firm. This corroborates with the work of Zgarni et al. (2012) which revealed a negative relationship in the Tunisian context between the management of the result and the size of the firms. Similarly, Yasser & Soliman (2018) found that firms audited by a Big4 reported same levels of discretionary accruals like those who are audited by Non-big 4, contradicting the concepts by earlier research of Becker et al. (1998) and DeAngelo (1981), and questioning the wide use of audit firm size as a measure of audit quality in the accounting literature. According to Fossung & Magang (2019) on external audit and quality of accounting and financial information; reputation of the external auditor influences the quality of the accounting and financial information produced within Cameroonian companies.

Prior literature consistently agreed that manufacturing companies must disclose more compulsory or voluntary information than others (Hossain & Sobhan, 2019). Therefore, the involved complexity in the control of financial statements for manufacturing companies requires higher audit fees. This result goes in line with research carried out by Abdullah & Kamal (2017) and Edosa & Chinwuba (2015). Thus, it can be argued that industry type is considered as an important dominant determinant of audit fees. However, Elkana, (2016) did not detect this significance. Gonthier-Besacier & Schatt (2007) found that, when client size is small, the audit fees will be low. This result also agrees with those of the research carried out by Xu (2011). However, it contradicts some previous studies, such as Read (2020), and Merve & Rafet (2019) since they concluded that firm size is a major determinant of audit fees.

* 1. **Empirical literature review**

Tepalagul & Lin, (2015) provided a comprehensive review on the most important academic research on auditor independence and audit quality. Through the study of nine leading journals, this study was conducted using published articles from 1976 to 2013. The four main dimensions such as client importance, non-audit services, auditor tenure, and client affiliation with audit that pose as threat were examined in the study. Tepalagul & Lin, (2015) concluded that these four dimensions affect the quality of the audit and the independence of the auditor. Vanstraelen, (2000), aimed to determine the impact of the following factors on audit quality, customer retention period, size of firm, audit fees and financial cost of the customer. The study found that the longer the period of customer retention, the lower the probability of issuing a clean report, which negatively affects the quality of the audit.

A study of Hastuti, et al., (2017) investigating the influence of Competency, independency, accountability, time budget pressure and due Professional care to the audit quality. The respondents were auditor staffs from Junior to manager position who worked at Public Accountant Office in Surabaya and Sidoarjo. The results of the research had proven that; the competency has positive influence on the audit quality. It means that the qualified audit is obtained from the high competency of auditors; the independency has positive influence on the audit quality, it means that when the independency of an auditors is better than the audit quality; accountability has positive influence on the audit quality, it means that when the auditors have high responsibility on their jobs, it will generate high audit quality; time budget pressure has positive influence on the audit quality, it means that the time budget can encourage the auditors to maximize the existing time and to generate qualified audit; due professional care has positive influence on the audit quality, it means that when the careful and thoroughly professionalism of an auditor is high, the audit quality is high as well.

Kong et al. (2018) the study explored the factors influencing the quality of accounting information in the banking sector of Senegal using a simple linear regression to estimate the relationship between 5 independent variables and 1 dependent variable. The study made use of structured questionnaires, administered to 320 bank employees in Dakar Senegal on the basis of non-probability sampling technique. Subsequently, 290 valid answered questionnaires were received and form a good representation of the study population. The outcome of this research adds to existing literature, particularly where the results suggest that internal control, internal audit , channels of communication, compliance and risk assessment are good determinants of quality accounting information.

Vanstraelen (2000), university of Maastraricht conducted a study entitled “The impact of renewable long-term audit mandates on audit quality”, which aimed to determine the impact of the following factors on audit quality, customer retention period, size of firm, audit fees and financial cost of the customer. The study found that the longer the period of customer retention, the lower the probability of issuing a clean report, which negatively affects the quality of the audit. Januart et al, (2020), examines the relationship between the effectiveness of an audit committee and the amount of audit fees. The sample consists of 130 manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2016–2017. Results shows, that the size of the independent audit committee has a positive effect on audit fees. Also, an increase in the number of independent audit committee members produces a higher quality of reporting, and so they tend to choose a reputable public accountant.

Fossung & Magang, (2019) on External audit and quality of accounting and financial information in Cameroonian companies. In this study, primary data that was collected from a sample of seventy (70) employees of Public Limited and Private limited companies all over Cameroon using structured questionnaires. The target participants were General Managers, Assistant General Managers, Chief Accountants, and Finance Managers. Result reveals that the sector of specialisation of the external auditor has a negative influence on the quality of accounting and financial information and that its duration of collaboration with the audited company and its reputation has a positive and significant impact on the quality of accounting and financial information.

Fossung et al. (2022) adopted a new approach in investigating the contribution of external audit in improving the value creation by unlisted companies in Cameroon. The audit quality was captured by the competence and the independence of the auditor. The creation of value is measured by the evolution of turnover and net income. Using the logistic regression analysis on data collected on a sample of 97 public limited companies in Cameroon, it is proved that audit quality has a positive and significant influence on value creation. Companies belonging to the Big Four, providing services other than external audit and the evolution of audit fees have no significant impact on value creation. As control variables, the company’s size does not explain value creation, but the firm’s age does.

Kueda et al. (2020) adopted an approach to measure the effect of the interaction between external audit and institutional ownership on the quality of the accounting information. It was proved that, the probability of having quality accounting and financial information from companies depends on the auditor’s membership in an international network, the duration relationship of the audit and the presence of institutional investors in the company. The research concluded that, only a cross effect of sonority of the audit-auditee relationship and institutional ownership has a positive but statically insignificant influence on the probability of having quality information.

**Figure 1:** **Conceptual Framework**

Duration of mandate

Reputation

Audit Fee

Quality of accounting information

Presence of Audit Committee

Source: author

1. **Methodology**
   1. **From sampling technique to data collection**

The research employed a causal research design, aiming to investigate the relationship between external audit quality and quality of accounting information. The population for this study included companies having an operational statutory auditor, operating in the Littoral and Northwest regions of Cameroon. Following a convenient sampling technique, data was collected from 62 companies, with the use a structured questionnaire.

* 1. **The model specification and measurement of variables**

Below is the regression equation that was used in analysing the relationship between external audit quality and quality of accounting information. The general function for this study is presented as follow:

(1)

QUAL\_ACCINFO = β0 +β1DuMa +β3ReAu + β4AudF+ β5PAC + ε (2)

Where QUAL\_ACCINFO is Quality of Accounting Information, β0, the constant term, Βi, the he Regression Coefficients, the various independent variables and the error term.

Specifically in this research, we have 3 models’ specifications. These 3 models derived from the fact that the dependent variable (quality of accounting information) was measured using 3 indicators: correction received from auditors, respect of publication datelines and correction from tax administration.

CorrAudi = β0 +β1DuMa +β3ReAu + β4AudF+ β5PAC + ε **(4)**

DatLine = β0 +β1DuMa +β3ReAu + β4AudF+ β5PAC + e **(5)**

TaxAdj = β0 +β1DuMa +β3ReAu + β4AudF+ β5PAC + e **(6)**

Where, CorrAudi is correction received from auditors; DatLine is respect of publication datelines; TaxAdj is correction from tax administration. DuMAis Duration of audit Mandate; ReAu is Reputation of auditor; AudF is Audit Fee and PAC is Present of Audit Committee.

## Measurements of variables

**Quality of accounting information:** According to Kueda et al (2020), Fossung & Magang (2019), Foka et al (2018), quality of accounting information was captured by the respondent’s perception of financial statement for the past 2 years, respecting the deadlines for the publication of financial statement over the past 2 years and facing tax adjustment for the past 2 years.

**Duration of audit Mandate:** In Cameroon and OHADA member states, the auditor mandate is six years renewable. This duration gives room for the auditor to master and better mitigate his client's business and audit risks over time thereby minimizing material cost and misstatements in audited financial statements. According to Kueda et al (2020), Fossung & Magang (2019), Foka et al (2018), duration of mandate is better captured by the respondent’s perception of the number of years the auditor has worked with the auditee.

**Reputation of auditor:** the reputation of the auditor will be high if he/she comes from one of the big firms and that the higher the reputation, the higher the audit quality as to the quality of accounting information. It can also be said that auditors belonging to big reputable international firms are more conservative, therefore more likely to deliver high-quality audit. According to Kueda et al (2020), Fossung & Magang (2019), Foka et al (2018), reputation of auditor was captured by the belonging of their auditor to the Big 4 network.

**Audit Fee:** this issum of the money paid to the auditor for an audit process that had been performed. There are several factors which impact the audit fees. For example: time spending in auditing process, service required, and the number of employees involved in the audit process (Hassan, 2018). According to Fossung et al. (2022), Ngoc et al (2017), Kuntari et al (2017) Audit fees was captured by the respondent’s perception on the evolution of audit fees taking into consideration the 2 previous years.

**Presence of Audit Committee:** audit committee is responsible for helping independent auditors oversee the corporation in financial reporting system in a process independent of management**.** The Jordanian Companies’ Act (No. 197), require that the auditcommittee must be independent from the board of directors. According to Raed & Al-Balqa (2020), audit committee was measured by taking assessing the presence of an audit committee in the organization.

Table 1: Summary of variables and their measurement

|  |  |  |
| --- | --- | --- |
| **Variables** | **Measurement** | **Authors** |
| **Quality of accounting information** | Re-correction of financial statements during the past years, tax relief during the past years and respecting deadline for publication of financial statement. | Kueda et al (2020) ; Fossung & Magang (2019) ; Foka et al (2018) |
| **Duration of Mandate** | Measured by the numbers of years the auditor has worked with the auditee. | Foka et al. (2018) ; Kueda et al. (2020)  Chen et al (2007) |
| **Reputation of auditor** | Measured by taking the value 1 if the firm is audited by a Big 4 auditor, 0 otherwise. | Foka et al., (2018) ; Kueda et al. (2020) ; Fossung (2019) |
| **Audit fees** | Measured by the evolution of audit fees taking into consideration the 3 previous years. | Fossung et al. (2022) ; Ngoc et al (2017) |
| **Presence of Audit Committee** | This was measured by taking the value 1 presence of audit committee and 0 otherwise. | Raed & Al-Balqa (2020) |

Source: author

1. **Presentation and discussion of results** 
   1. **Presentation of descriptive Statistics**
      1. **Presentation of demographic data on companies**

The statistics indicate that in 41.9% of the sample LC, the number of employees range between [2-100 [, 45.2% have between [100-200[, 6.5% had employees in the organisation between [200-300[, and above 300. Moreover, 12.9% have been operating for less than 5 years, 25.8% operating for [5-10years[, 40.3% existing for [10-15years and 21% operating above 15 years.

* + 1. **Presentation of descriptive statistics on external auditing**

From the analysis, 67.7% acknowledged that their auditors belong to a big 4 audit firms, while against 32.3%. also, 11.3% have been working with their auditors for less than 3years, 22.6% between 3 and 6years, 6.5% between 6 and 9 years, 14.5% between 9 and 12 years and 45.2% are of 12years and above. As far as audit fee is concerned, the analysis reveals that for the 3 past years, audit fee increases in 14.5% of the sample LC, it remains constant in 61.3% and decrease in 24.2% of limited companies. Moreover, audit committee is available in 74.2% of those limited companies against 25.8%.

* + 1. **Descriptive statistics on the quality of accounting information**

The analysis indicates that 69.4% of sample companies received corrections from their auditors against 30.6%. Moreover, 71% received adjustment from tax authorities against 29%. Finally, 72.6% acknowledge respecting datelines of publication. We understand that globally, the quality of accounting information seems poor.

* 1. **Presentation of results: the binary logistic regression**

In other to present the result of the binary logistic regression, it’s fertile to first of all present the correlation analysis.

Table 2: Correlation Analysis

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | CorrAudi | DatLines | TaxAdj | ReAu | DuMa | AudF | PAC |
| CorrAudi | 1 |  |  |  |  |  |  |
| DatLines | .062 | 1 |  |  |  |  |  |
| TaxAdj | .114 | .324\* | 1 |  |  |  |  |
| ReAu | -.010 | -.192 | .167 | 1 |  |  |  |
| DuMa | -.062 | -.284\* | -.006 | .433\*\* | 1 |  |  |
| AudF | -.351\*\* | -.433\*\* | -.131 | .109 | .025 | 1 |  |
| PAC | .248 | .299\* | .272\* | -.013 | .013 | -.327\*\* | 1 |
| CorrAudi is correction received from auditors; DatLine is respect of publication datelines; TaxAdj is correction from tax administration. DuMAis Duration of audit Mandate; ReAu is Reputation of auditor; AudF is Audit Fee and PAC is Present of Audit Committee | | | | | | | |

\*\*, \* Correlation is significant at the 1% and 5% respectively

From the results gotten from the correlation analysis, we realised that there is perfect correlation when variables are correlated against each other. Also, none coefficient is above .8 meaning there is no problem of multicollinearity. The absence of multi-collinearity lead to the calculation of Variance Inflation Factor (VIF). The values obtained are presented in the Table below:

Table 3: Multi Collinearity Statistics

|  |  |  |  |
| --- | --- | --- | --- |
| Model | | Collinearity Statistics | |
| Tolerance | VIF |
|  | (Constant) |  |  |
| Duration of Audit Mandate | .798 | 1.253 |
| Auditor reputation | .802 | 1.247 |
| Auditor fees | .775 | 1.291 |
| Presence of Audit committee | .886 | 1.129 |

Source:

From the above table, the VIF is less than 10 implying all the variables are correlated with low level multi-collinearity. All variance inflation factors are greater than 1 showing general correlation with low level multi-collinearity. And following Hair et al (1995) the VIF value less than 10 indicates that multi-collinearity is not a serious concern in the interpretation of the findings. Hence all the variables can be included in the model. As the correlation test and VIF test showed no multicollinearity among the variables. The Binary Logistic model is used as the method of data analysis.

Table 4.: Binary logistic regression

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Quality of Accounting Information** | | | | | | |
|  | **CorrAudit** | | **Datlines** | | **TaxAdj** | |
|  | Coef | Std Err | Coef | Std Err | Coef | Std Err |
| DuMA | -.146 | .218 | -.625\*\* | .287 | -.161 | .216 |
| ReAu | .439 | .71 | -.148 | .845 | 1.123 | .699 |
| AudF | -1.325\*\* | .58 | -1.883\*\*\* | .699 | -.326 | .543 |
| PAC | .732 | .652 | 1.143 | .738 | 1.224\* | .668 |
| constant | 3.449\*\* | 1.624 | 6.95\*\*\* | 2.213 | .593 | 1.549 |
|  | SD dependent var: 0.465  Number of obs: 62  Prob > chi2: 0.041  Pseudo r-squared : 0.130  Chi-square: 9.949 | | SD dependent var: 0.450  Number of obs: 62  Prob > chi2: 0.000  Pseudo r-squared: 0.293  Chi-square: 21.355 | | SD dependent var: 0.458  Number of obs: 62  Prob > chi2 0.129  Pseudo r-squared: 0.096  Chi-square: 7.143 | |

Source: author compilation

From the table above, we can understand that the Chi-square and the constant are significant only when the quality of accounting information is measure by corrections received from auditors and respect of datelines of publication. Also, the quality of accounting information can be explain by external audit quality at 13% is it’s measure by correction received from auditors, at 29% is being measured by respect of datelines of publication and at 9% if by correction from tax administration.

Concerning the duration of auditor mandate, we observed is negative and significant effect on the quality of accounting information when it’s measure by respect of datelines of publication. The result of this study is in line with that of Fossung and Magang (2019), and Mukah et al. (2022). The result contradicts the research of Kueda et al. (2020), Omri et al (2009), Chen et al (2007) and Mayangsari (2006). The effect of duration of audit mandate on the quality of accounting information is insignificant when it’s measured by correction received from auditors and correction from tax administration. Also, we noticed that Reputation of Auditor indicates do not a significant effect on the quality of accounting information no matter the indicator. The result contradicts the research work of Kueda et al (2020) who found a positive and significant effect of audit reputation on the quality of accounting information. It also opposes Hassan & Naser (2018) and Fossung and Magang (2019).

The effect of audit fees on the quality of accounting information is negative and significant when it’s measure through correction received from auditors and respect of datelines of publication. The research of Fossung & Verges (2022) is in line with this result while the findings of Ngoc et al. (2017) contradict it. Finally, looking at the presence of an audit committee, it’s observed that it has a positive and significant effect on the quality of accounting information when being measured by correction from tax administration.

**Conclusions**

The main objective of this research was, to examine the influences of external audit quality on the quality of accounting information within limited companies in Cameroon. The study adopted a causal research design and data was collected from 62 limited companies with the used of a structured questionnaire. Taking into consideration of the nature of the dependent variable, which was binary, the binary logistic regression enables us to verify the effect of external audit quality and the quality of accounting information. The results indicated that the duration of audit mandate and audit fee have a negative and significant influence on the quality of accounting information. While the effect of the presence of audit committee was positive and significant, we found that the quality of accounting information is not explain by the reputation of the audit firm. With respect to the results obtained from this research, Company directors and other shareholders should take a care attention on the duration of audit mandate and audit fee and evaluate the criterial use for the choice of their auditors. Also, they should make sure having an audit committee in other to guarantee the quality of accounting information that will be produced by the management. These results can be due to the sample size which seem small taking into consideration the total number of limited companies in Cameroon in general and in the Littoral and center regions of Cameroon in particular. Many other factors that can explain the quality of accounting information were taken into consideration such a ownership structure, the characteristics of audit committee, the board of director and even the internal audit. Therefore, for the upcoming research, these factors can be used in other to keep enriching the literature.

**References**

Abdullah, A. M. & Kamal, N. (2017). An Empirical Investigation of Factors Affecting Audit Fees: Evidence from Kuwait. Management Science Journal, 1(23): 333-347.

Bennecib, J. (2004). Proposing a Model for the Effectiveness of Joint Audit in French Listed Public Limited Companies. Information Technology and Management: Issues and Impacts in Accounting, Control, and Auditing, 1-24.

Chen, G., Firth, M., Gao, D.N. & Rui, O.M. (2007). Ownership Structure, Corporate Governance, and Fraud: Evidence from China. Journal of Corporate Finance, 12(3), 424-448.

Controle Supieur de l’Etat (Consupe), (2013). Douala City Council in Quest of Efficiency in Internal Audit. Business in cameroon.com.

DeAngelo, L. (1981) Auditor size and audit quality. Journal of Accounting and Economics, 3(3), 183-199.

Defond, M.L. & Jimbalvo, J., (1993). Factors Related to Auditor-client Disagreements over Income-Increasing Accounting Methods. Contemporary Accounting Research, 9(2), 415-431. DOI:10.1111/J.1911-3846.1993.TB00889.X

Djoutsa, W.L., Foka, T.A.G (2014).The Behavior of the Auditees: What Effect on The Quality of Service Rendered by Audit Firms in Cameroon, The Management and Organization Review, 6(1), 93-103.

Dogui, K., & Boiral, O. (2013). Auditor Permanence and ISO 14001 Audit Independence: An Exploratory Study. Vertigo - The Electronic Journal of Environmental Sciences, 13(2), 1-24.

Edosa, A. & Chinwuba, A.O. (2015). Auditee Characteristics and Audit Fees. An Analysis of Nigerian Quoted Companies. International Journal of Research, 4(13): 65-100.

Elkana, K. K. (2016). Determinants of Audit Fees Pricing. International Journal of Research, 6(15): 23-35.

Finance Committee on Corporate Governance (FCCG). Malaysian Code on Corporate Governance. March (2001).

Foka, T., Ndassi, V., & David, K. (2017). Incentive Fees at the Heart of a Reflection on Audit Quality in French-speaking Sub-Saharan Africa. Journal of Academic Finance, 8(2): 12-34.

Foka, T. A. G., Hikouatcha, K. P. D., Mbaduet, J. F., & Ndassi Y. J. (2018). Audit Quality, Ownership Concentration, and Financial Reporting: A Study of Account Preparers in Cameroon. Journal of Academic Finance, 9(1), 29-39.

Fossung, M. & Verges, V. D. (2022). External Audit Quality and Value Creation: What Relationship in the Cameroonian Context. Open Journal of Accounting, 11, 21-41. doi: 10.4236/ojacct.2022.111002.

Fossung, M., F., & Magang, W. S. (2019). External audit and quality of accounting and financial information in Cameroonian companies, European Journal of Accounting, Auditing and Finance Research, 3, 55-72. https://doi.org/10.2139/ssrn.3433410.

Gonthier, B. & Schatt, A. (2007). Determinants of Audit Fees for French quoted Firms. Managerial Auditing Journal, 22(2): 139-160.

Grossi, G., Papenfuß, U., & Tremblay, M.-S. (2015). Corporate governance and accountability of state-owned enterprises. International Journal of Public Sector Management, 28(4/5), 274-285. https://doi.org/10.1108/IJPSM-09-2015-0166.

Hassan, Y. (2018). Factors influencing external audit fees of companies listed on Dubai financial market. Available at SSRN 3144631.

Hassan, Y. M. & Naser, K. (2018). Determinants of Audit Fees. Evidence from an Emerging Economy. International Business Research, 6(8):13-40.

Hossain, M. N. & Sobhan, R. (2019). Determinants of Audit Fees. Evidence from Pharmaceutical and Chemical Industry of Bangladesh. International Journal of Trends in Scientific Research and Development, 4(1): 815-821.

Januarti I., Darsono D. & Anis C. (2020). The Relationship between Audit Committee Effectiveness and Audit Fees: Insights from Indonesia. Journal of Asian Finance, Economics and Business 7(7) 179 – 185. doi:10.13106/jafeb.2020.7.7.179.

Kang, S. M., Hwang, I. T., & Hur, K. S. (2019). Non-audit services and auditor independence depending on client performance. Australian Accounting Review, 29(3), 485-501. https://doi.org/10.1111/auar.12243.

Kueda W.B., Ngassa M., & Omenguele G.R., (2020). External Audit, Institutional Ownership and Quality of Accounting Information in Cameroon. Journal of Economics and Management Sciences. 2(1), 189-211.

Kueda, W.B. (2018). Relationship between auditors and business managers in the context of Cameroon. Doctorate/PhD thesis in Management Science, University of Dschang.

Kueda,W. B. & Feudjo, J.R. (2019).The problem of audit quality: An evaluation of the criteria for choosing legal audit firm in Cameroon. Internal journal of Innovation and Applied Studies. 26(3): 777-789.

Kueda,W. B. & Ngassa, M. (2019). The auditor-auditee relationship and the independence of auditors in the context of Cameroon. International journal of management science. (2):463-467.

Lawrence, A., Minutti-Meza, M., & Zhang, P. (2011). Can big 4 versus non-Big 4 differences in audit-quality proxies be attributed to client characteristics? The Accounting Review, 86(1): 259-286.

Lin, J.W. & Hwang, M.I., (201 1). Audit Quality, Corporate Governance and Earnings Management: A Meta‐analysis. International Journal of Auditing, 14(1), 57-77.

Mayangsari, S. (2006). The auditor tenure and the quality of earning: Is mandatory auditor rotation useful? Unhas Makassar, 26(28), 1-25.

Mballa, A. Y. V., & Feudjo, J. R. (2016). Peut-on faire confiance aux états financiers ? Le cas de 8 entreprises camerounaises. 1ère journée d’étude africaine en comptabilité et contrôle.

Merve, A. & Rafet, A. (2019). Effect of Auditor Characteristics on Audit Fees. The Journal of Applied Business Research, 2(10): 120-183.

Meyer, M. J., Rigsby, J. T. & Boone, J. (2007). The impact of auditor-client relationships on the reversal of first-time audit qualifications. Managerial Auditing Journal, 22(1), 53-79.

Mouhamed, El. M. D. (2016). The Function of External Audit on The Quality of Financial Information in Companies in Senegal: Assessment and Prospects. Thesis project.

Ngoc K. P., Hung N. D., & Tin P. Q., (2017). Audit Firm Size, Audit Fee, Audit Reputation and Audit Quality: The Case of Listed Companies in Vietnam. Asian Journal of Finance & Accounting, 9(1): 429-447. doi.org/10.5296/ajfa.v9i1.10074

Niskanen M., Karjalainen J. and Niskanen, J. (2011). Demand for Audit Quality in Private Firms: Evidence on Ownership Effects. International Journal of Auditing, 15(1), 43-65

Okere, W., Ogundana, O., Adetula, D., Adesanmi, D. & Lawal, Q. O. (2017). Auditors’ report and Investment Decisions in Nigeria: The Standpoint of Accounting Academics. Journal of Management & Administration, 1(1)182-191.

Omri, A., Hakim, F.G, & Triki, F.B (2009). Impact de l’audit externe sur la qualité du résultat comptable : cas des entreprises tunisiennes cotées. Revue Gouvernance Automne, 2-8.

Ose Hanko, (2016). The Quality of External Audit in OHADA Space: A Qualitative Study with Board of Director‟s Members‟ Perception as Understanding Variable. Applied Finance and Accounting, Redfame Publishing, 2(2), URL: http://afa.redfame.com

Raed K. & Al-Balqa, (2020) Model to determine main factors used to measure audit fee. Academy of Accounting and Financial Studies Journal, 24 (2): 6-24.

Read, K. (2020). Model to Determine Main Factors used to Measure Audit Fees. Academy of Accounting and Financial Studies Journal, 24(1): 359-400.

Sangue, F. R. (2015). Qualité de l’audit et réduction des scandales financiers en contexte camerounais. Revue de Management et de Stratégie, 2(1), 1-17.

Siheng, L. (2019). An Empirical Study. Auditors Characteristics and Audit Fee. Open Journal of Accounting, 6(1): 52-70.

Soyemi, K. A., Olufemi, O. A., Adeyemi, S. B. 2020. External audit(or) quality and accrual earnings management: Further evidence from Nigeria. Malaysian Management Journal 24: 31 – 56.

Tepalagul, N., & Lin, L. (2015). Auditor independence and audit quality: A literature review. Journal of Accounting, Auditing and Finance. 2015, 30(1) 101–121. DOI: 10.1177/0148558X14544505.

Vanstraelen, A., (2000). Impact of renewal long-term audit mandates on audit quality, The European accounting Review. 9 (3): 419 - 442.DOI: 10.1080/0963818002001714 0

Xu, Y. (2011). The Determinants of Audit Fees. An Empirical Study of ' 'China's Listed Companies. Journal of International Accounting and Auditing, 1(17): 45-60.

Yasser, S., & Soliman, M., (2019). The effect of Audit Quality on Earnings Management in Developing Countries: The Case of Egypt. International Research Journal of Applied Finance 9(4): 216-231, ISSN 2229 –.6891.

Zgarni, I., Hlioui, K., & Zehri, F. (2012). Audit Quality and Earnings Management in the Tunisian Context. International Journal of Accounting and Financial Reporting, 2(2), 17-33.

1. PricewaterhouseCoopers, Deloitte, KPMG, Ernst & Yong [↑](#footnote-ref-1)