

## **CORPORATE GOVERNANCE AND DISCLOSURE OF DIRECTORS' REMUNERATION IN NIGERIA: THE ROLE OF AUDITORS**

**Chinazor Queen Umeobika\***  
**Linda Amarachi Oti-Onyema\*\***

### **Abstract**

*In every economy, directors' remuneration is a critical aspect of corporate governance, influencing company performance, investor confidence, and regulatory compliance. This paper addressed the disclosure policy in the corporate governance of directors' remuneration and the role of auditors in ensuring that the policy is complied with. The work evaluated the key components of directors' remuneration, such as salaries, bonuses, stock options, and other benefits among others sectoral variations and variables. The paper found that while some companies are reluctant to disclose information about their directors' remuneration, for the reason that such disclosure could harm their competitive position or tamper with the privacy of individual directors, non-disclosure has aided directors to feed fat on their collapsing companies through their perceived excessive and unmonitored remuneration. A doctrinal research methodology was adopted and the paper concluded that laws such as the Companies and Allied Matters Act, 2020 and the Corporate Governance Codes have laid down rules to regulate the fixing of the director's remuneration to ensure transparency in the financial dealings of the company, particularly the law on*

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\* Associate Professor Chinazor Queen Umeobika, PhD (Reader and Head, Private and Property Law Department, Faculty of Law, Nnamdi Azikiwe University, Awka, Anambra State), [cq.umeobika@unizik.ng](mailto:cq.umeobika@unizik.ng)

\*\* Linda Amarachi Oti-Onyema, PhD., Senior Lecturer, Faculty of Law, Nnamdi Azikiwe University, Awka [la.otionyema@unizik.ng](mailto:la.otionyema@unizik.ng)

*mandatory auditing. It was recommended that while auditing a company's account is a good way of monitoring the financial well-being of a company to enhance transparency, accountability, and fairness in Nigeria's corporate sector, the auditors must be independent, external and if possible, undisclosed.*

**Keywords:** Auditing, Corporate governance, Directors, Remuneration

## 1.0 INTRODUCTION

Directors' remuneration has become a crucial aspect of corporate governance, influencing organizational performance, executive motivation, and shareholder confidence. In Nigeria, as in many other economies, the issue of directors' pay has generated significant debate due to concerns about fairness, corporate accountability, and regulatory compliance.<sup>1</sup> The determination of directors' compensation involves several factors, including company size, financial performance, industry standards, and legal frameworks. With the increasing globalization of business and evolving corporate governance regulations, understanding the trends in directors' remuneration has become more important than ever.<sup>2</sup> The Nigerian corporate landscape is shaped by various factors, including regulatory frameworks, economic conditions, and corporate governance codes set by institutions such as the Financial Reporting Council of Nigeria (FRCN) and the Securities and Exchange Commission (SEC), which provide guidelines aimed at ensuring fair, transparent, and performance-linked remuneration structures.

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<sup>1</sup> Renee Adams & Daniel Ferreira, "Women in Boardroom and Their Impact on Governance and Performance" (2019) 94(2) *Journal of Financial Economics*, 291

<sup>2</sup> Olubukola Uwuigbe, "Directors' Pay and Corporate Performance: Evidence from Nigerian Banks" (2020) 18(3) *Journal of Corporate Governance*, 210.

In Nigeria, the issue of directors' remuneration has not been left to chance or conjecture—the Companies and Allied Matters Act,<sup>3</sup> the Nigerian Code of Corporate Governance, 2018<sup>4</sup> and other industry-specific regulations<sup>5</sup> contain provisions on directors' and senior management compensation arrangements and remuneration. However, despite these regulations, discrepancies in pay scales, inadequate disclosure, conflicts of interest in remuneration decisions, corporate malfeasance, including excessive remuneration of key stakeholders, mismanagement, manipulation of share prices for profit, and deliberate misstatement in financial statements persist.<sup>6</sup> While the benefits of director remuneration are many, the likelihood of abuse is inevitable.

These internal corporate challenges<sup>7</sup> underscore the necessity for periodic audits of companies' financial activities, which informs the focus of this article. In acknowledging the plethora of literature on directors'

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<sup>3</sup> 2020

<sup>4</sup> (the NCCG)

<sup>5</sup> They include: the Code of Corporate Governance for Banks and Discount Houses, 2014 (the CBN Code)<sup>11</sup>, which applies to banks and discount houses in Nigeria; the Code of Corporate Governance for Public Companies in Nigeria, 2011 (the SEC Code)<sup>12</sup>, which applies to public companies and companies seeking to raise funds on the capital market through the issuance of securities or seeking listing by introduction; the Code of Corporate Governance for the Insurance Industry in Nigeria, 2021 (the NAICOM Code)<sup>13</sup>, which applies to all insurance and reinsurance companies; the Code of Corporate Governance for licensed pension operators, 2008 (the PENCOM Code)<sup>14</sup>, which applies to pension fund administrators and pension fund custodians.

<sup>6</sup> Elewechi N.M. Okike, "Corporate Governance and Executive Pay Disclosures in Nigeria: A Critical Review" (2021) 15(2) *African Journal of Business Ethics* p.85

<sup>7</sup> Victor Atang, 'An Examination of the Critical Role of Auditors in Corporate Governance', <<https://omaplex.com.ng/an-examination-of-the-critical-role-of-auditors-in-corporate-governance/>> accessed on 9/11/2025

remuneration, it must be noted that, the role of auditors in the corporate governance of directors' remuneration has not been adequately explored.

## **2.0. WHO IS A COMPANY DIRECTOR?**

The knowledge of who the directors of a company is, is the threshold for determining their qualification and entitlement to remuneration in the company. A director of a company is an individual appointed to manage and oversee the affairs of the company. Under the Nigerian law, a company director is defined primarily by the Companies and Allied Matters Act<sup>8</sup> as “a person duly appointed by the company to direct and manage the business of the company”<sup>9</sup>. This definition establishes that a director holds a formal appointment and is responsible for the governance and operation of the company. The Act went further to state that a “director” includes any person occupying the position of director by whatever name called; and includes any person in accordance with whose directions or instructions the directors of the company are accustomed to act otherwise known as shadow directors.”<sup>10</sup> The Act has equally provided for a lifetime director. Specifically, section 255 provides that: a person may be appointed a director for life. Directors have been categorised into: Executive Directors (involved in daily operations), Non-Executive Directors (who provide oversight without managing daily operations), and Independent Directors (who do not have financial or personal ties to the company).

Directors act as fiduciary agents, meaning they are entrusted with the responsibility to act in the best interests of the company and its

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<sup>8</sup> 2020

<sup>9</sup> CAMA 2020, s 269(1)

<sup>10</sup> Section 567 of the Act. Section 245 defines a Shadow director as any person on whose instructions and directions the directors are accustomed to act.

shareholders. Directors are tasked with making strategic decisions, ensuring compliance with legal obligations, and safeguarding the company's assets. Section 305 of *CAMA* imposes fiduciary duties on directors, stating that a director shall act in good faith; in what he believes to be in the best interest of the company as a whole. The Nigerian courts have clarified the role, responsibilities, and liabilities of directors in various cases. In *Longe v First Bank of Nigeria Plc.*<sup>11</sup>, the Supreme Court of Nigeria emphasized that directors are trustees of the company's assets and are obligated to act in good faith. The court held that a director is an agent of the company but stands in a fiduciary relationship with the company and must not use his position for personal gain. In *Okeowo v Migliore*<sup>12</sup> the Supreme Court stated that directors must exercise their powers for the benefit of the company and not for an improper purpose.

### **3.0 CONCEPT AND COMPONENTS OF DIRECTORS' REMUNERATION**

In simple terms, remuneration means something given in exchange for goods or services rendered which can be in any form. It is a reward for responsibility discharged in the interest of the company by the directors. Directors' remuneration refers to the total financial and non-financial compensation that company directors receive for their roles in managing a company. It refers to the total compensation package awarded to company directors in exchange for their services. Directors' remuneration serves as an incentive for effective corporate governance and performance, aligning directors' interests with those of shareholders<sup>13</sup>.

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<sup>11</sup> (2010) 6 NWLR (Pt 1189) 1 (SC)

<sup>12</sup> (1979) 11 SC 138

<sup>13</sup> Michael C. Jensen and Kelvin J. Murphy, 'Performance Pay and Top-Management Incentives' (1990) 98(2) *Journal of Political Economy*, 225

Directors' remuneration is a crucial factor in corporate success, influencing leadership quality, company performance, and investor confidence. A balanced approach, considering both financial rewards and governance principles, ensures directors are motivated while maintaining fairness and accountability.

Directors' remuneration typically includes both fixed and variable components, structured to align with corporate governance standards, statutory requirements, and shareholder interests. The components of directors' remuneration are: salaries, bonuses, stock options<sup>14</sup>, allowances, commission, participation in profit<sup>15</sup>, *quantum merit* payment<sup>16</sup>, pension and retirement benefits, severance pay (Compensation for Loss of Office), etc.

#### **4.0 BRIEF ORIGIN OF AUDITING**

Auditing is as old as accounting, and there are signs of its existence in all ancient cultures such as Mesopotamia, Greece, Egypt, Rome, UK, and India. Systems of checks and counter checks were implemented to maintain public accounts as early as the days of ancient Egyptians, Greeks and Romans. The last decade of the 15th century was a crucial period during which a great impetus was given to trade and commerce by Renaissance in Italy, and the principles of double-entry bookkeeping were evolved and published in 1494 at Venice in Italy by Luca Paciolo. In England, audits were required by law as early as 1845 to protect shareholders from "improper actions by promoters and directors." But there was no organized profession of accountants or auditors, no uniform auditing standards or

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<sup>14</sup> NCCG Principle 16(9)

<sup>15</sup> Companies and Allied Matters Act, s 294 (2)

<sup>16</sup> *Ibid*, s 294 (3)

rules, and no established training or other qualifications for auditors, and they had no professional status. Interestingly, however, auditors were required under British law to be stockholders in order to have a stake in the audit client entity, a common interest with those that they were engaged to protect, but be independent in other significant respects<sup>17</sup>. So prior to the 1930s, the direction and scope of auditing was solely determined at the discretion of the auditor; until the enactment of the federal securities laws, it was clearly focused primarily on the detection of fraud, a subject that continues to receive a great deal of attention.

Auditing, as a formal profession, began to take shape in Nigeria during the colonial era. In the early years, the primary focus of auditing was on government accounts, particularly those of the colonial administration. British auditors were appointed to review and verify the financial records of colonial governments and trading companies operating in Nigeria. The role of these auditors was primarily to ensure that government funds were properly accounted for and not misappropriated. With Nigeria gaining independence in 1960, the role of auditing expanded beyond government entities to encompass private businesses, banks, and other financial institutions. The establishment of the Institute of Chartered Accountants of Nigeria (ICAN) in 1965 marked a significant milestone. ICAN, as a professional body, has been instrumental in regulating and developing auditing standards and practices in the country. The 1970s and 1980s were characterized by significant regulatory changes in Nigeria's auditing landscape. The Companies and Allied Matters Act (CAMA) of 1990, for example, introduced stringent requirements for companies' annual financial

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<sup>17</sup> Carey & John Lansing, *The Rise of the Accounting Profession: From Technician to Professional, 1896–1936*, (AICPA, New York, N.Y., 1969), 17–18.

audits. These legal changes were aimed at enhancing financial transparency, corporate governance, and investor protection. In the 21st century, Nigeria embraced the need to align its auditing practices with international standards. This shift led to the adoption of the International Financial Reporting Standards (IFRS) for financial reporting and the International Standards on Auditing (ISA) for audit procedures. By doing so, Nigeria aimed to promote comparability, consistency, and credibility in financial reporting and auditing practices.

In olden days the key purpose of audits was to gain information about the financial system and records of the business. However, recently auditing has begun to include non-financial subject areas such as safety, security, information system performance and environmental concerns. With the non-profit organization and government agencies, there has been an increasing need for performing an audit, examining their success in satisfying mission objectives of the business.<sup>18</sup>

## **5.0 CORPORATE GOVERNANCE OF DIRECTORS' REMUNERATION THROUGH AUDITING**

Corporate governance refers to the framework of rules, practices, and processes by which organisations are directed and controlled. It governs the relationships among the board of directors, shareholders, and other stakeholders, and influences corporate strategy, performance, and sustainability. The significance of corporate governance lies in its focus on how decision-makers exercise their powers, the mechanisms through which their conduct is monitored, and the means by which they are held

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<sup>18</sup> 'Auditing Origin and Evolution – History of Auditing/, <<https://www.rcvacademy.com/auditing-origin-evolution/>>, accessed on 17 August 2025

accountable for their decisions and actions in the management of corporate affairs. Auditing has been widely recognised as a veritable instrument of corporate governance, owing to its critical role in promoting transparency, accountability, and compliance within corporate organisations.

Auditing plays a vital role in promoting the integrity, reliability, and credibility of financial information within an organization. By enhancing the accuracy and transparency of financial reporting, auditing builds confidence among investors, creditors, and other stakeholders. It serves as an important mechanism for detecting fraud, errors, and irregularities, thereby helping to prevent financial losses and reputational damage. Auditing also involves the evaluation of internal control and risk management systems, enabling organizations to identify weaknesses and improve operational efficiency. Through independent assurance, auditing safeguards the interests of stakeholders by ensuring ethical conduct and compliance with legal and regulatory requirements. Furthermore, audited financial information supports informed managerial decision-making and ensures adherence to applicable accounting standards and statutory obligations.

#### **6.0 DIRECTORS' REMUNERATION AND DISCLOSURE REQUIREMENTS UNDER THE NIGERIAN LAW**

There is no gainsaying the fact that directors' remuneration is crucial in attracting and retaining the best brains to manage the affairs of the company. It also helps to retain experienced and skilled directors who contribute valuable insights and expertise to the company. However, where it is unregulated, directors' remuneration will be an avenue to amass undue wealth at the expense of the company's growth.

It is noteworthy that in Nigeria, the decision to remunerate directors of a company is solely at the discretion of the company. Although it is advisable, no company is under a legal duty to pay for the services offered by its directors. Where a company undertakes to pay its directors, a contract is established which gives the director the right to recover the remuneration as a debt under the law. Section 294(1) explicitly provides that “the company is not bound to pay remuneration to directors, but where the company agrees to pay, the directors shall be paid such remuneration out of the fund of the company.” The Act further provides that “the amount of remuneration is a debt from the company so that if directors take office on the basis of the articles, they shall be able to sue the company on account of the debt or prove it in liquidation.”

To ensure transparency, the remuneration must be determined by the company in a general meeting and such remuneration is deemed to accrue from day to day.<sup>19</sup>The remuneration includes travelling, hotel and other expenses properly incurred by the directors in attending and returning from meetings of the directors, committee of the directors, general meetings of the company or in connection with the business of the company.<sup>20</sup> The remunerations of directors is apportionable. A managing director is entitled to remuneration as determinable by the directors.<sup>21</sup>Where he performs some services without a contract, he is entitled to payment on a *quantum merit* (pro-rated/partial) basis.

Nigerian companies are required to disclose various information, including financial statements, directors' remuneration, related party transactions,

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<sup>19</sup> CAMA, s 294(1)

<sup>20</sup> S 294(2)

<sup>21</sup> S 294

ownership structure, significant events, and risks in their annual reports and other regulatory filings. The objective is to ensure transparency, accountability, and informed decision-making by stakeholders.<sup>22</sup>

It is unlawful and prohibited for a director to receive remuneration in excess of what has been duly contracted and approved by the company. The Act specifically provides that “a director who receives more money than he is entitled to, is guilty of misfeasance and is accountable to the company for such money.

## **7.0 AUDITORS AND DIRECTORS’ REMUNERATION UNDER THE COMPANIES AND ALLIED MATTERS ACT (CAMA)**

### **7.1 Appointment**

It is the mandatory duty of every company to appoint an auditor at each annual general meeting to audit the financial statements of the company. Where at an annual general meeting, no auditors are appointed or re-appointed, the directors may appoint a person to fill the vacancy.<sup>23</sup> The first auditors of a company may be appointed by the directors at any time before the company is entitled to commence business and auditors so appointed hold office until the conclusion of the next annual general meeting, provided that the company may at a general meeting remove any such auditors and appoint in their place any other person. If the directors fail to exercise their powers under this subsection, the company may, in a general meeting convened for that purpose, appoint the first auditors and thereupon the said powers of the directors cease. The directors may fill any

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<sup>22</sup> ‘Corporate Governance’, <<https://ciodnigeria.org/information-disclosure-and-transparency-in-corporate-governance-in-nigeria>>, accessed on 9 November 2025

<sup>23</sup> Subsection 3

casual vacancy in the office of auditor but while any such vacancy continues, the surviving or continuing auditor or auditors, if any, may act.<sup>24</sup>

Although the Act does not specify the qualification criteria for appointment as an auditor, it disqualifies the following persons from appointment:<sup>25</sup> an officer or servant of the company<sup>26</sup>, a person who is a partner of or in the employment of an officer or servant of the company, or a body corporate. Where the prospective auditor is a body corporate which is that company's subsidiary or holding company or a subsidiary of that company's holding company, or a debtor to the company or to a company that is deemed to be related to the company by virtue of interest in shares, in an amount exceeding N500,000; (c) a shareholder or spouse of a shareholder of a company whose employee is an officer of the company; (d) a person who is or whose partner, employee or employer is responsible for the keeping of the register of holders of debentures of the company; (e) an employee of or consultant to the company who has been engaged for more than one year in the maintenance of any of the company's financial records or preparation of any of its financial statements; or (f) under subsection (6), disqualified for appointment as auditor of any other body corporate which is that company's subsidiary or holding company or a subsidiary of that company's holding company, or would be so disqualified if the body corporate were a company.

## **7.2 Duties of an Auditor**

The auditors of a company shall examine the accounts of the company and make a report to its members on them, and on every balance sheet and

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<sup>24</sup> Subsection 4

<sup>25</sup> s 403

<sup>26</sup> The disqualification extends and applies to persons who in respect of any period of an audit, were in the employment of the company or were connected therewith in any manner

profit and loss account, and on all group financial statements, copies of which are to be laid before the company in a general meeting during the auditors' tenure of office.<sup>27</sup> The company's auditors shall, in preparing their report to carry out such investigations as may enable them to form an opinion whether proper accounting records have been kept by the company or the company's balance sheet and (if not consolidated) its profit and loss account are in agreement with the accounting records and returns.<sup>28</sup> If the auditors are of the opinion that proper accounting records have not been received from branches not visited by them, or if the balance sheet is not in agreement with the accounting records and returns, the auditors shall state that fact in their report.<sup>29</sup>

To aid the auditor in his duties, the company must allow the auditor unfettered and undeterred access at all times to the company's books, accounts and vouchers, and the auditor shall be entitled to require from the company's office such information and explanations as he thinks necessary for the performance of the auditor's duties.<sup>30</sup> The auditor is under a duty to report any non-compliance of the accounts with the Act.<sup>31</sup>

The auditors shall consider whether the information given in the directors' report for the year for which the accounts are prepared is consistent with those accounts, and if they are of the opinion that it is not, they shall state that fact in their report.<sup>32</sup>

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<sup>27</sup> s 404(1)

<sup>28</sup> s 407

<sup>29</sup> Subsection 2

<sup>30</sup> Subsection 3

<sup>31</sup> Subsection 4

<sup>32</sup> Subsection 5

At the end of their financial investigations and report, the auditor shall, in the case of a public company, make a report to an audit committee established by the public company. (3) The audit committee referred to in subsection (2) shall consist of five members comprising of three members and two non-executive directors, the members of the audit committee are not entitled to remuneration, and are subject to election annually. (4) The audit committee shall examine the auditors' report and make recommendations thereon to the annual general meeting as it may deem fit.

The external auditor by law, shares a special fiduciary relationship with the company that it audits its accounts. As a result, the law requires the auditor to exercise all due diligence and skills in at a reasonable auditor will deem necessary to exercise in the performance of his statutory duties, but does not guarantee the accuracy of his report, but guarantees his fairness and integrity. The duty of an external auditor is more succinctly stated in the decision of the court in *Re: London & Gender Bank*<sup>33</sup> where the court said

It is the duty of an auditor to bear on the work he had to perform that skills, call and caution which a reasonably competent, careful, and cautious auditor would use. What are reasonable skills care and caution must depend on the particular circumstances of each case. An auditor is not bound to do more than exercise reasonable care and skill in making inquiries.... He is not an insurer; he does not guarantee that the books do correctly show the true position of the company's affairs. He must be honest i.e he must not certify what he does not believe to be true and the must take reasonable care and skill before he believes that what he

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<sup>33</sup> (No. 2)48

certified is true.... Where there is nothing to excite suspicion, very little inquiry will be reasonably sufficient..... where suspicion is aroused more care is obviously necessary, but still an auditor is no bound to exercise more than reasonable care and skill, even in a case of suspicion....

It is an offence for any officer, insider, director of a company, or any other person acting under the direction of such officer, insider or director, to take any action to influence, coerce, manipulate or mislead any external auditor engaged in the performance of an audit of the financial statements of that company for the purpose of rendering such financial statements misleading. A person who commits an offence under subsection is liable on conviction to a penalty as the Commission shall specify in its regulations.<sup>34</sup>

### **7.3 The Audit Committee**

Pursuant to the Companies and Allied Matters Act (CAMA), the establishment of audit committees is mandated as an additional mechanism instituted to reinforce the probity, reliability, and authoritative credibility of the annual financial statements of public corporations. Subject to any additional functions and powers that the company's articles of association may confer, the objectives and functions of the audit committee are to ensure robust oversight of the company's financial and operational integrity. These include:

- i. Ascertaining whether the company's accounting and reporting policies comply with statutory requirements and adhere to established ethical standards;

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<sup>34</sup> S 406

- ii. Reviewing the scope, planning, and adequacy of audit requirements;
- iii. Examining findings on management matters in consultation with the external auditor, and evaluating departmental responses thereto;
- iv. Monitoring and assessing the effectiveness of the company's accounting systems and internal control mechanisms;
- v. Making recommendations to the board regarding the appointment, removal, and remuneration of the company's external auditors; and
- vi. Authorising the internal auditor to investigate any company activities that may warrant the committee's attention or concern.

To further main transparency in the financial dealings of the company, The Chief Executive Officer and Chief Financial Officer of a company, other than a small company, or persons performing equivalent functions, shall certify in each audited financial statement that the officer who signed the statements has reviewed them and, to the best of the officer's knowledge: (i) the audited financial statements do not contain any untrue statement of a material fact, nor omit any material fact, in a manner that would render the statements misleading given the circumstances in which they were prepared; and (ii) the audited financial statements, together with all other financial information included therein, fairly present, in all material respects, the financial condition and results of operations of the company as of, and for, the periods covered by the statements.<sup>35</sup>

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<sup>35</sup> S 405

#### **7.4 Auditor's Remuneration**

The remuneration of a company's auditors shall be determined as follows: where an auditor is appointed by the directors, the remuneration may be fixed by the directors; otherwise, the remuneration shall be fixed by the company at a general meeting or in such manner as the company, at a general meeting, may direct.<sup>36</sup>

### **8.0 CORPORATE GOVERNANCE AND DISCLOSURE OF DIRECTORS' REMUNERATION IN NIGERIA: THE ROLE OF AUDITORS**

One of the most critical facets of corporate governance is executive or directors' compensation, as it directly concerns the alignment of the interests of management with those of the shareholders. The Nigerian corporate environment has historically been characterized by weak investor protection rights, inadequate compliance, and ineffective enforcement mechanisms, which have collectively undermined the effectiveness of the corporate governance. In response to developments in the global business community and in an effort to formalize corporate governance practices in Nigerian listed companies, the Corporate Governance Code for Public Companies in Nigeria (CG Code) 2003 was published. Among its recommendations, the Code specifically mandated the disclosure of directors' emoluments, including those of the chairman and the highest-paid director, in the company's annual report. However, the CG Code 2003 fell short in several critical areas. Companies were not required to explain non-compliance, nor were they obliged to disclose their remuneration policies to shareholders. Enforcement of the Code was largely left to the

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<sup>36</sup> s 408

press, which, unlike its counterpart in the United States, has not been particularly active in reporting on directors' remuneration in Nigeria.

Prior to the CG Code 2003, disclosure of directors' emoluments was generally resisted by companies, as such information was considered confidential. It is against this backdrop that it was argued for the establishment of a legal corporate governance regulatory framework in Nigeria, emphasizing the need for stronger statutory provisions to ensure transparency, accountability, and effective oversight of directors' remuneration. However, the introduction of the role of auditors into the CAMA can go long way in the actualization of effective oversight to ensure directors' remuneration is what it should be. Nevertheless, the existing provisions on the appointment of auditors do not sufficiently safeguard their independence, thereby constraining their ability to fully achieve the transparency and accountability necessary for effective corporate governance.<sup>37</sup>

The external auditors are required to maintain arms-length relationship with the company they audit. It was suggested that in order to perform efficient monitoring and deter opportunistic management behaviour, the auditor or audit committee should be independent from management.<sup>38</sup> The involvement of directors in the appointment and remuneration of the auditor

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<sup>37</sup> Johnson Kolawole Olowookere, "Influence of Remuneration and Tenure on Auditors' Independence" (2014), Volume 16, Issue 5, IOSR Journal of Business and Management, 6.

<sup>38</sup> Chinedu Uchenna Okerekeot, "Effect of Audit Committee Independence on Directors' Remuneration in Manufacturing Companies in Nigeria" (2022) 1(3) Scholarly Journal of Social Sciences Research, 9-16.

and the audit committee as seen above is a threat to the disclosure principle. he who pays the piper dictates the tune.

## **9.0 CONCLUSION AND RECOMMENDATIONS**

The primary focus of this paper is to examine the role of auditors in regulating directors' remuneration in Nigeria. The study reviewed the relevant legal provisions and found that, while a legal framework exists to facilitate the use of auditing in promoting transparency in directors' compensation, its effectiveness remains limited in practice. To strengthen the role of auditors and ensure greater accountability, several recommendations are proposed. First, the appointment and determination of auditors' remuneration should be removed from the control of directors, and a neutral, independent platform should be established to oversee these processes. Second, members of the audit committee should not be drawn from the board of directors; rather, truly independent persons should constitute the committee to ensure impartial oversight and reinforce transparency in the administration of directors' remuneration.