CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The study examined how audit characteristics affected a firm's performance in some few selected Nigerian deposit money institutions. By improving a company's financial performance, quality audits can promote effective risk management internal control, and corporate governance. Because auditors are required to offer an independent, unbiased view on the creation and presentation of financial accounts, the statutory audit can boost confidence. Auditors must be objective in their judgments, but the research they must conduct to do so might be difficult in some company environments, such as money institutions in Nigeria, where deposits are made.

Therefore, from an accounting perspective, audit quality and its relationship to corporate performance are of significant importance to researchers. Given that many Nigerian companies are striving to regain trust with both domestic and foreign investors, a study of the relationship between audit quality and the performance of listed firms in Nigeria is vital (Farouk & Hassan, 2014). The recent research discussion on the link between audit quality and firm performance in Nigeria has benefited from this requirement. Despite the abundance of research in the literature, the majority of those from Nigeria and other countries reported contradictory or inconsistent evidence between audit quality and firm performance (Farouk & Hassan, 2014; Ching, Teh, San & Hoe, 2016; Smii, 2016). The board has many monitoring systems in place to guarantee the integrity of management's decisions. The audit committee is one of the committees. Because of the accounting crises that struck well-known firms like Enron in 2001, WorldCom in 2002, and Cadbury Nigeria PLC in 2007, to name a few, the need for an audit committee has become abundantly clear.

Furthermore, some recent research in Nigeria have examined the connection between audit quality and firm performance, such as Farouk and Hassan's (2014) use of ROA as a measure of a company's performance. However, the conclusions of earlier studies on audit quality and firm performance are ambiguous since accounting-based measures of firm performance were used, which are imprecise. This is so because, in accordance with audit theory, audit quality has no direct impact on listed companies' accounting-based performance, only their capital market-based

performance. As a result, the current study used capital-based performance as a measurement of the chosen DMBs' financial success.

1.2 Statement of the Problem

Given that DMBs have been involved in incidents of corporate scandal in Nigeria, the validity of audited financial statements in the banking industry is called into question. Therefore, it is crucial to investigate how audit quality affects the performance of Nigerian banks (as measured by the market-based performance metric Tobins Q) in order to regain lost investor confidence in public companies' financial statements, which has the potential to have a negative impact on the market performance of banks and Nigerian companies in general.

In both rich and emerging nations, particularly in Nigeria where this study is based, directors are criticized for being accountable for the reduction in shareholders' wealth. Directors are frequently the main cause of fraud cases that have led to the end of large organizations. Enron Corporation, Tyco International, WorldCom, Global Crossing, Arthur Anderson, Marconi, Parmalat, Oceanic Bank plc, Wema Bank plc, NAMPAK, Fin Bank, Spring Bank, Afribank, Intercontinental Bank, Bank PHB, and Cadbury PLC (Adeyemi & Fagbemi 2011) in Nigeria are a few examples. This research examines the effect of audit characteristics on the financial performance of Nigerian deposit money banks.

1.3 Research Objectives

Deposit Money Banks (DMBs) are generally driven to achieve strong financial performance in order to draw in more investors. The promoters of audit quality are of the opinion that efficient and effective resource management is crucial for firms to attain since it can quickly improve a firm's financial performance. Depending on the quality of their work and their firm, an audit's quality can either positively or negatively impact financial performance. Investigating the impact of audit quality on the financial performance of Nigeria's listed DMBs is the objective of this research. However, the specific objectives are:

i. To investigate the effect of auditors’ fees on the performance of some selected deposit money banks in Nigeria.

ii. To investigate the effect of audit firms' size on the performance of selected deposit money banks in Nigeria.

iii. To show the influence of firm size on the performance of selected quoted banks in Nigeria.

iv. To show the influence of audit independence on the performance of selected quoted banks in Nigeria.

1.4 Research Questions

i. How does the audit fee affect the performance of some selected deposit money banks in Nigeria?

ii. How does audit firm size affect the performance of some selected deposit money banks in Nigeria?

iii. How does firm size influence the performance of some selected money banks in Nigeria?

iv. How does audit independence influence the performance of some selected money banks in Nigeria?

1.5 Research Hypotheses

In this analysis, the following hypothesis checked.

i. H01: Audit fee has no significant effect on performance of selected deposit money banks in Nigeria.

ii. H02: Audit firm size has no significant effect on the performance of selected deposit money banks in Nigeria.

iii. H03: Firm Size has no significant influence on the performance of selected deposit money bank in Nigeria.

iv. H04: Audit Independence has no significant influence on the performance of selected deposit money bank in Nigeria.

1.6 Significance of the Study

The major goal of every study is to advance the frontier of knowledge while publishing back the frontiers of ignorance, it is believed that the findings of this study will be useful to the government, academic generals, regulatory agencies and,corporate management.

1.7 Scope of the Study

The findings of this research will be beneficial to a wide range of stakeholders, including end users, researchers, managers, potential directors, shareholders, the regulators, investors, executives, and firm owners. Furthermore, research will broaden our understanding of how auditing affects monetary banks' overall performance. Therefore, a study on audit characteristics is required to determine how it influences business performance in Nigeria's banking industry.

1.8 Limitations of the Study

Out of the 22 deposit money banks in Nigeria, ten are the focus of this study. According to the study, several audit criteria had an impact on how well Nigeria's deposit money banks performed. The study was restricted to 10 specifically designed deposit money banks in Nigeria from 2011 to 2020.

Time, money, access to epileptic network services, and power supply during study are among other constraints.

1.9 Operational Definition of Terms

Audit

To undertake an impartial evaluation and examination of system records and activities in order to verify compliance with existing policy and operational processes, to assess the sufficiency and

effectiveness of data security and data integrity procedures, and to recommend any necessary improvements.

Auditing

These audits make sure that laws, regulations, and the timely and accurate preparation of financial statements and data processing were all followed.

Audit fee

Is the payment made to auditors who perform audit services an agency fee that covers the full cost of the audit, including risk compensation, the scope of the audit, and the profit demand?

Audit Independence

This refers to the internal or external auditor's independence from stakeholders that might have a financial stake in the firm being audited.

Executive

Are in charge of law enforcement within an organization. They are a group of individuals or individuals who are in positions of authority inside organizations or within governmental agencies.

Non-Executive

Are board members of the company ,they provide guidance but are not in charge of creating or enforcing laws.

Firm size

Is the market worth of the company's equity, total assets (TA), total sales (TS), number of employees (NE), and total revenue (TR)? The profitability and efficiency of an organization are significantly impacted by its size.

Profit After Tax

A financial measure is used to detect changes in a company's retained earnings after income taxes are subtracted at a 30% tax rate. It is an anticipated payment made to the government at a certain time or date after all profits have been made by an individual or business; failure to do so will result in penalties.

$$\textbf{Profit After Tax} = \frac{\textbf{Profit Before Tax} - \textbf{Tax rate}}{\textbf{Total Assets}}$$

The value of the property a person or organization has is used to represent its value after taking into account all assets and liabilities. It helps in financial decision-making, the creation of new investments, and the use of increased cash flow, to mention a few.

Audit Firm Size

It is calculated as a continuous variable. It has a positive relationship with the level of engagement, audit fees, accruals, and modified opinions. The number of offices, professional headcounts, and audit firm revenues are used to calculate it.

Return on Assets

It measures how effectively a business makes use of its resources to generate a profit. It is computed by multiplying the results of the company's total assets by 10 and dividing its earnings after taxes.

CHAPTR TWO

LITERATURE REVIEW

2.0 Preamble

This chapter is about Literature Review consists of the following: Conceptual Review, Theoretical Review, and Empirical Review

2.1 Conceptual Review

The validity and reliability of financial statements are backed by an independent quality audit, which is essential for the effective operation of markets and better financial performance. Audit quality therefore is necessary for preserving an efficient market environment (Farouk & Hassan, 2014).

In this section, Audit Fee, Audit Firm Size, Firm Size and Audit Independence was reviewed

2.1.1 Audit Fee

Theoretically, the amount of audit service fees a client company pays to its audit firm should, in principle, indicate the scope of audit work required of the latter during the auditing process. The auditor's assessment of the process' complexity and desired risk levels is reflected in the definition of the level of work. That is, after taking into consideration all other factors, if an auditor wishes to reduce the probability of issuing a clean opinion when the client's financial statements consist materially relevant distortions, he or she usually takes action on the type, scope, and timing of audit procedures, which, nationally, affect the total amount of required fees (Moutinho, 2012). Since audit fees reflect higher audit work, which leads to a higher degree of audit quality, they were also used as a gauge of audit quality (Carcello, Hermanson, Neal & Riley 2002).

The research of audit pricing is discussed in a specific area of literature. Simunic developed a model that is representative of the methodology used to determine audit fees in 1980, and since then, numerous writers have continued to present research evidences that demonstrate the factors that influence the setting of audit fees. Some of the contributions that are relevant to this study are reviewed in this section (Moutinho, 2012).

2.1.2 Audit Independence

The value of auditing services depends on the fundamental assumption that certified public accountants are independent of their clients, according to Shockley (1981). What is independence of the auditor? It may be characterized as maintaining an objective perspective while carrying out audit work, evaluating the results, and validating the audit report.

Therefore, the phrase "auditor independence" refers to the external auditor's ability to act honourably and independently while executing his auditing responsibilities (Akpom & Dimkpah, 2013).

The independence of the auditors "ensures that the auditor plans and performs the audit objectively, increasing the effectiveness of the audit" (Chepkorir, 2013). According to researchers, auditing has three distinct objectives: to keep a close watch on managers' judgments, to enhance the information environment, and to act as a source of insurance against corporate failure (Fernando, Abdel-Meguid, and Elder, 2010). Auditor independence was compromised as a result of company failures like Enron and WorldCom. It is believed that when auditors fail to disclose or spot inaccurate information on financial accounts, this could bring into doubt the reliability of the audit and potentially destroy the professional image (Fearnley, Beattie and Brandt, 2005). This analysis will look at whether factors including the size of the audit firm, the audit fees, the length of time the auditor worked with the client, the competition between the other companies, and the availability of non-audit services may undermine the independence of the auditor.

2.1.3 Audit Firm Size

Researchers conducted a study to examine the effects of auditor company size. It was made up of national and local businesses as well as bigger companies like the Big 4. Everything was calculated using DeAngelo's "collateral bond" Naslmosavi, Sofian, & Saat, (2013). The study's findings

demonstrated that, despite being vague and insignificant, the relationship between audit company size and independence could be moderated by moral reasoning. The manner in which large and small businesses decided to record their disclosure in financial statements varied as well. For instance, while small businesses preferred a footnote, national businesses would leave comments for any changes that affected the disclosure.

The size of the audit firm has a favorable impact on the financial performance of the organization because so many stakeholders feel more confident investing more of their money in organizations audited by the Big Four because they are believed to be free of significant misstatement. Which of the "Big 4" audit firms an audit firm belongs to is the most recognized and carefully researched indicator of audit quality attributes (DeFond & Francis, 2005).

2.1.4 Firm Size

According to Uwuigbe (2019), one of the organisational strategy used by firms to obtain a competitive advantage over their rivals is firm size. The major four audit firms' scale is one of the primary contributing factors to their global relevance (Uwuigbe 2019). It has been suggested that a company's capacity for profit is influenced by its size (Mulyono, & Khairurizka, 2009; Jafari, Gord, & Beerhouse, 2014) Otekunrin, Nwanji, Agba, Olowookere, Fakile,Ajayi, and Oladiran 2018).

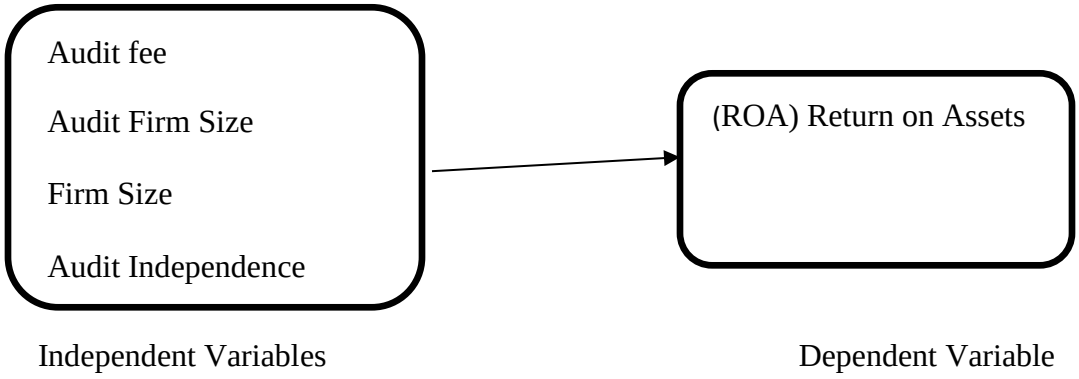
2.1.5 Measure of Bank Financial Performance

The traditional metrics for measuring a bank's financial performance are similar to those used in other sectors; the most popular ones are return on assets (ROA), return on equity (ROE), and net interest margin. Furthermore, net interest margin was monitor quality despite the relevance of the intermediation function for banks. In this study, the measurement of certain banks was done using return on asset (ROA). The entire assets, divide the net income for the year often the average value over the year, to get the return on assets (ROA).

ROA is a significant number that shows a company's profitability. It serves as a gauge of a company's profitability in relation to its overall asset base. It measures the income relative to total assets. It measures the management team's capacity to turn a profit by making use of available resources.

It also indicates how well a company's management produces net income using all of the resources that it has. A greater ROA demonstrates the company's improved resource utilization. Return on Assets was display as a percentage and it calculated as **Return on Assets (ROA) = Net Income or Profit / Total Assets**. The conceptual model for the study is shown below.

Figure 2.1:



Source: Researcher's Design (2022)

2.2 Theoretical Review

2.2.1 Agency Theory

Berle and Means in year 1932 agency theory served as the foundation. They established a school of thinking that claimed businesses were set up to reduce the price of persuading employees to act in the principals' best interests. They conducted the essential research on the agency concept and its applicability to the growth of major organizations. It is a theory that explains why group members display different behaviour or make different decisions. It describes the relationship between one entity, known as the principal, who allocates tasks to another, known as the agent, in particular. By setting limits around his areas of interest, the principle can elect to keep divergences to a minimum if the agent does not follow his instructions when making decisions. Aliyu, Musa, and Zachariah(2015).

2.2.2 Stakeholder's Theory

A stakeholder is a person or group that has an impact on or has the potential to have an impact on the goals of an entity. According to Freeman's (1984) stakeholder theory, a firm has a variety of stakeholders who are interested in its operations. Due to the fact that these various stakeholders rely on the auditor's evaluation of the financial statements when making decisions, the auditor is expected to report to them.

Stakeholder theory has received appreciation for challenging the constrained belief that a company's only goal is to maximize economic value for its shareholders (Eshitemi and Omwenga 2016). Since stakeholders can influence an organization's performance directly or indirectly, audit quality can show how effectively the interests of stakeholders were adequately represented.

As a result, the decisions made by these stakeholders based on the caliber of the audit supplied have a significant impact on the operation of the company.2.2.3 Auditors' Theory of Inspired Confidence

The major significance of this idea is that it asserts that the public's faith and trust in the audit's performance and the auditor's own certainty were the sources of the obligations and responsibilities of the auditors. Carmichael (2004) argues that when audit procedures don't take into account societal expectations, even the audit itself loses value and the society's confidence in audited financial statements is misplaced.

As a result, auditors must organize and execute their audit in a way that minimizes the possibility of major misstatements going undetected. The auditor is required to conduct his task in a way that does not jeopardize his confidence. (Limperg Institute, 1985).

2.3 Empirical Review

There have been countless studies on the impact of audit quality on financial performance. Several of which were examined are as follows. Eshitemi and Omwenga (2016) examined the connections between the financial performance of listed parastatals in the NSE and the independence of the auditor, the size of the audit firm, the qualities of the audit team, and the

auditor's expertise. With the aid of a semi-structured questionnaire, primary data was gathered. The study employed multiple linear regression analyses. Results showed a favorable correlation between financial performance indicators of Return on Assets (ROA) and Return on Equity and audit quality proxies (audit firm size, independence, qualification of the audit team, and auditor's experience) (ROE). Yassin and Nelson (2012) evaluated audit quality using the audit fee.

Nzewi (2020) investigated the impact of auditor tenure, audit fees, and audit quality on deposit money banks in Nigeria. For the study, an ex-post facto research design was used. For the study, a sample of all the quoted deposit money banks was used. Information was taken from annual reports. Accounts from the sampling banks, etc. The analysis revealed, according to the study that audit. The audit quality of quoted Nigerian deposit money banks is impacted by committee independence. In addition, audit fees have influenced audit quality of quoted Nigerian deposit money banks.

The auditor will be encouraged to complete the assurance engagement assignment with the high level of standardization anticipated if an acceptable audit fee is paid The effect of audit quality on the financial performance of listed companies in Nigeria was studied by (Farouk and Hassan 2014). The data were analysed using multiple regression analysis, which was then used to test the proposed hypotheses. The findings showed that the financial performance of Nigerian cement companies that are publicly traded is significantly impacted by the size and independence of the auditors. As a result, auditor independence has a greater impact on financial performance than auditor size.

Riccardi (2019) looked at the relationship between changes in financial reporting quality brought on by the required adoption of International Financial Reporting Standards and audit firm tenure. According to the study's findings, compared to audit firms with a median length of tenure, short tenure was linked to a drop in quality. In general, there are no appreciable differences between clients with medium and long tenure. According to other findings, compared to smaller audit clients, organizations with large audit firms experienced bigger improvements in or smaller losses in the quality of their reporting.

Cheng, Chen, and Cheng (2018) looked at the relationship between auditor size and performance. The study's empirical data came from the 1989–2006 Taiwan audit firms census report, which covered a period of less than 18 years. Public company audit market companies (PCAMFs) and

non-public company audit market firms were the market segments into which audit firms fell (NCAMFs). The study indicated that auditor size has a direct impact on performance and an indirect impact through auditor quality based on path analysis.

According to Ndubuisi and Ezechukwu (2017), the goal of their study is to identify the factors that affect audit quality with a particular emphasis on a few Deposit Money Banks between the years of 2010 and 2015 (a period of five years). Secondary data from collected act books, annual reports, and accounts of particular banks under study were used in this study. Statistic evaluation For this investigation, the Granger causality, Ordinary Least Squares (OLS), and Pearson coefficient of correlation were used. According to the study's findings, there is a correlation between audit fees, audit tenure, audit firm size, and audit quality that is both positive and statistically significant.

The goal of this study, conducted). by Ado, Rashid Mustapha, & Ademola, (2020) is to determine the precise impact of audit quality on the financial performance of Nigerian listed firms. The study included 756 samples from 84 companies listed on the NSE over a nine-year span, from 2010 to 2018. Multiple regression is utilized in the research's secondary strategy to obtain data and analyze the model. The study demonstrates that audit fee has a small but positive association with ROA.

In their study, Ezejiofor and Erhirhie (2018) looked into how Nigerian deposit money banks' financial performance was impacted by the quality of their audits. Data for the study came from annual reports and accounts of listed Nigerian deposit money institutions. The study used an ex post facto research design. To test the proposed hypotheses, regression analysis and coefficient correlation were performed. The results showed a substantial relationship between the financial performance of deposit money banks in Nigeria and the quality of the audit. Based on this, the study suggests, among other things, that the management of deposit money banks in Nigeria should expand the number of foreign directors who have the necessary qualifications, experience, and desire to safeguard their professional competence, integrity, and reputation.

To ascertain the impact of audit firm characteristics on the financial performance of money deposit banks in Nigeria, Egbunike and Abiahu (2017) analyze the audit firm report and the financial performance of money deposit banks in Nigeria. The study used an ex post facto and correlational research design, and its study population consisted of all money deposit banks operating as of the

end of the 2015 fiscal year, which covered the five years from 2010 to 2014. According to the study, audit quality significantly affects the return on assets of Nigerian banks. Audit fee and audit report lag, however, have no significant influence on these banks' profitability, earnings per share, or net profit margin. This study is relevant, but its findings would have either been different or better and more accurate if it had combined market and financial measures of performance.

This study by Ugwu, Lilian, and Aikpitanyi (2020) examines the effect of audit quality on the financial performance of all 15 listed DMBs in Nigeria (during a seven-year period, from 2011 to 2017). Audit firm size, joint audit, and audit fee are employed as independent variables, and ROA, a proxied measure of financial performance, is used as the dependent variable. The financial accounts of the listed DMBs served as the source of the secondary data. Ex-post facto and correlational research designs were used in the study, and multiple regressions were used to analyze the data. The study found a strong and positive correlation between audit firm size and ROA, a significant and negative correlation between joint audit and ROA, and a significant and negative correlation between audit fee and ROA, relationship between audit fee and ROA.

According to Abdullahi and Lawal's (2019) study, which examined the financial statements and annual report of listed Deposit Money Banks in Nigeria, the impact of audit quality on financial performance was examined. From 2007 to 2017, secondary information from 14 money deposit banks was extracted. To calculate the effect of audit quality on the financial performance of listed DMBs in Nigeria, generalized least square regression was utilized. The findings of this research indicate a significant and favorable correlation between the financial performance of Nigerian listed DBMs and the audit report.

CHAPTER THREE

METHODOLOGY

3.0 Preamble

In order to evaluate the impact of audit committee features on the financial performance of listed deposit money banks in Nigeria, this research used a correlational research design. The analysis utilized data from the sampled banks' financial statements for the ten-year period (2011-2020).

3.1 Research Design

According to Kazdin (1992, 2003a), the strategy utilized to investigate the subject question is referred to as research design. The term "research design" describes the various ways that research might be carried out to address the posed question.

The ex post facto was used in the study. Ex post facto research is systematic empirical investigation where the independent variables are not within the direct control of the scientist because they have already manifested or because they are intrinsically unmanageable. According to Kerlinger and Rint (1986), Ex post facto investigation, according to explanation, aims to identify potential linkages by analysing a current condition or state of things and looking back in time for conceivable contributory variables.

Secondary information from selected Nigerian deposit money banks' audited financial statements for the years 2011 through 2020 The audited financial statements of a sample of randomly chosen deposit money institutions contain information that can be used to evaluate the independent variable, internal auditing, as well as the dependent variable, organizational performance.

3.2 Population of the Study

The population focused on banking sector specifically the deposit money banks in Nigeria. At the time the research was carried out, the deposit money banks were 22 in number as at 31st December 2020.

3.3 Sample Size and Sampling Techniques

From the population of 22 deposit money banks in Nigeria as of the research date, this study used a sample of 10 listed deposit money banks, which could be regarded as a fair representation of the population under study (Appendix I). According to Ezejuele and Ogwo (1990), sampling should include at least 10% of the population.

Because their audited financial statements was current and easily accessible on the website for the Nigerian banking sector at the time of the research, the samples for this study were purposely selected from the general population.

Table 3.3: List of Listed DBMs in Nigeria

1	ACCESS BANK PLC
2	POLARIS BANK LIMITED
3	FIDELITY BANK PLC
4	GUARANTY TRUST BANK (GTB) PIC
5	FIRST CITY MONUMENT BANK PLC
6	KEYSTONE BANK LIMITED
7	WEMA BANK PLC
8	PROVIDUS BANK PLC
9	JAZ BANK PLC
10	STERLING BANK PLC
11.	SUNTRUST BANK NIGERIAN LIMITED
12	ECOBANK NIGERIA PLC
13	ZENITH BANK PLC

14	GLOBUS BANK LIMITED
15	STANDARD CHARTERED BANK LIMITED
16	CITIBANK NIGERIA
17	UNTIED BANK FOR AFRICA (UBA) PLC
18	FIRST BANK NIGERIA LIMITED
19	UNION BANK OF NIGERIAN PLC
20	TITAN TRUST BANK LIMITED
21	UNITY BANK PLC
22	HERITAGE BANK LIMITED

3.4 Sources of Data and Method of Data Collection

The audited financial statements and annual reports of the selected listed companies in deposit money banks served as the source of the data for both the dependent and independent variables in this study. Appendix I: List of the DMBs Sampled.

Secondary data collection method was used in which the study was used in sourcing out its data. The Annual Financial reports of listed banking sector in Nigeria was source from the internet. The data on return on asset, total asset, profit after tax, audit independence, and audit fee.

3.5 Model of Specification

The quality of the audit had an impact on financial performance. From Abdullahi, Norfadzilah Umar, and Lateef, this was modified (2020)

$$Y = F(X) + Ɛ$$

$ROA = \alpha + \beta_1 AF + \beta_2 AFZ + \beta_3 FZ + \beta_4 AI$

Where;

ROA = Return on Asset measures as the ratio of profit after tax to total asset

AF= AUDIT FEE measures as the ratio of natural log of audit fee paid

AI= AUDIT INDEPENDENCE measures as the ratio of audit fee to revenue

AFZ=AUDIT FIRM SIZE was peroxided by the log of revenue

FZ=FIRM SIZE measures as the ratio of natural log of total asset

Ɛ= ERROR TERM (Stochastic Term)

3.6 Measurement of Variables

The dependent variable in this study is ROA; the dependent variables are Audit Fee, Audit Firm Size, Firm Size, and Audit Independence, which are summarised in the table below:

Table 3.1: Measurement of Variable

TYPES OF VARIABLES	VARIABLES	ABBREVIATION	MEASUREMENT
Dependent	Return of Asset	ROA	Net Profit After Tax / Total Assets
Independent	Audit Fee	AF	Measured as the natural log of actual audit fee paid
Independent	Audit Independence	AI	Measured as the ratio of Audit fee to revenues
Independent	Audit Firm Size	AFZ	Measured as firm was audited by the big 4or others
Independent	Firm Size	FZ	Measured as the ratio of natural log of total asset

3.7 Method of Data Analysis

The relationship between audit characteristics and deposit money bank performance was the main topic of this study. The study used banking performance as a benchmark for measuring performance. The independent criteria included audit tenure, audit independence, audit frequency, and firm size. The data was examined using the SPSS (Statistical Package for Social Sciences) tool. Both quantitative analysis and multiple regression analysis were used as data analysis techniques in this research.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION OF FINDINGS

4.0 Preamble

This chapter presents the results of the analysis in line with the research questions put forward in the study in order to make a valid conclusion on the stated problems in the research. The study findings were presented to examine the effect of audit characteristics on firms' performance among selected deposit money banks (DMBs) in Nigeria.

To generate data, annual reports of ten selected DMBs over a period of 10 years spanning from 2011 to 2020 were used for acquiring secondary data. Other sections of the data analysis were done in congruence with the research objectives and hypothesis.

The statistical analysis was done using both descriptive and inferential analysis. The descriptive analysis involves the use of mean, standard deviation, minimum and maximum, which were presented in a descriptive table. This inferential statistics was presented with the aids of correlation matrix table and regression table using model summary table, ANOVA table, multiple regression and coefficient table.

4.1 Data Presentation, Analysis and Interpretation

4.1.1 Descriptive Analysis

The descriptive table above Table 4.1 above shows the mean (average), standard deviation, the maximum values, and minimum values of the major variables. The results expressed helps to provide some insight into the nature of DMBs in Nigerian, which were selected for this study. Firstly, return on asset (ROA) of the sampled DMBs used for this study was characterized by positive ROA, 8.283±102.00 (Min -10.035%, max 59.052%). Average Audit Fees (AF) was found to be approximately 5.52±0.630 (min 4.301, max 5.520). Also, the average Audit Firm' Size (AFZ) was found to be 0.92±0.273 (min 0, max 1). Furthermore, average firm size (FZ) was found to be 7.28±1.335 (Min 5.328, Max 9.939). Finally, average audit independent (AI) was 2.237±1.994 (min 0.556, max 11.000).

Table 4.1: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Return on Asset	100	-10.1035	59.6052	8.282523	19.97228
Audit Fees	100	4.301	7.370	5.51971	.629269
Audit Firm size	100	.000	1.000	.92000	.272660
Firm Size (Total Asset)	100	5.328	9.939	7.27565	1.334896
Audit Independent	100	.556	11.000	2.23667	1.994348
Valid N (listwise)	100				

Source: Researcher's Computation (2022)

4.2 Test of Multicolinearity

Table 4.2: Correlations

**. Correlation is significant at the 0.01 level (2-tailed).

The occurrence of a linear relationship among explanatory variables is referred to as multi-co-linearity. The correlation matrix was used to conduct the test. According to Barry and Feldman (1985), "multi-co-linearity is not an issue if no correlation co-efficiencies surpass 0.80," but multi-co-linearity exists if the correlation co-efficiencies exceed 0.80. The absence of multicollinearity among the independent variables is depicted in table 4.2 below

		Return on Asset	Audit Fees	Audit Firm size	Firm Size	Audit Independent
Return on Asset	Pearson Correlation	1	-.304**	-.021	.196	.338**
	Sig. (2-tailed)		.002	.840	.050	.001
	N	100	100	100	100	100
Audit Fees	Pearson Correlation	-.304**	1	.049	.388**	-.607**
	Sig. (2-tailed)	.002		.625	.000	.000
	N	100	100	100	100	100
Audit Firm size	Pearson Correlation	-.021	.049	1	-.280**	.066
	Sig. (2-tailed)	.840	.625		.005	.514
	N	100	100	100	100	100
Firm Size (Total Asset)	Pearson Correlation	.196	.388**	-.280**	1	-.109
	Sig. (2-tailed)	.050	.000	.005		.282
	N	100	100	100	100	100
Audit Independent	Pearson Correlation	.338**	-.607**	.066	-.109	1
	Sig. (2-tailed)	.001	.000	.514	.282	
	N	100	100	100	100	100

4.3 Hypotheses Testing

4.3.1 Explanation of Results

In regression analysis, the model summary indicates the predictive power of the model. R is the correlation coefficient between the dependent variable (observed) and the independent variable(s), also known as the predictor (s). The sign of R indicates the direction of the relationship (positive or negative), with values ranging from -1 to 1. The absolute value of R indicates the strength of a relationship, with a larger absolute value indicating a strong correlation. The R squared (coefficient of determination) in regression analysis reveals the degree of linear-correlation of variables (fitness of fit). This is the proportion of variation in the dependent variable explained by the regression model. In other words, it shows how much of the variation in the dependent variable can be explained by the independent variable (s). The sample R squared is a conservative estimate of the model's population fit. In the updated R square, just the number of variables in the regression model was changed. The standard deviation of the residuals shows the estimate's standard error.

It attempts to correct R squared in order to better reflect the model's goodness of fit. It is the R squared value adjusted for the number of variables in the regression model. The standard error of estimates is the difference between the standard deviation of the residuals and the standard error of the estimates. The standard error of the estimate decreases as R squared increases. In other words, a better match results in less estimation error. It's an excellent indicator of how close the sample statistic's estimate of the population parameter is to the mark. The ANOVA table displays the overall significance of the model. The t-test is used when the population characteristics (mean and standard deviation) are unknown.

The T-test, which is based on the t-distribution, is regarded an appropriate test for detecting the significance of a difference between the means of two samples when sample size is restricted and population variance is unknown. The F-statistic is obtained by dividing the MSR of the regression by the MSR of the residual. F-statistics use the model's significance level to determine whether it is a good fit for the data. F-statistics with a significant value suggest that the model predicts the dependent variable's outcome value better than the average. If the F-statistics significance value is less than 0.05, the independent variable(s) is/are significant in explaining the variance in the independent variable, then the null hypothesis is accepted.

The beta co-efficient or standard co-efficient is an attempt to make the regression co-efficient more similar. It is a handy tool for determining the effect of modifying the explanatory variable by one standard deviation on the independent variable. It is usually equal to the correlation coefficient of the variables.

Based on the research objectives, the following hypotheses was expressed in both null and alternative versions and tested;

4.3.2 Hypothesis 1

H01: Audit fee has no significant effect on performance of selected deposit money banks in Nigeria.

Table 4.3a: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.304[a]	.093	.083	97.659526

a. Predictors: (Constant), Audit Fees

b. Dependent Variable: Return on Asset

Table 4.3b: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	95276.467	1	95276.467	9.990	.002[b]
	Residual	934663.541	98	9537.383		
	Total	1029940.009	99			

a. Dependent Variable: Return on Asset

b. Predictors: (Constant), Audit Fees

Table 4.3c: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	354.942	86.647		4.096	.000
	Audit Fees	-49.299	15.598	-.304	-3.161	.002

a. Dependent Variable: Return on Asset

From the regression tables above (Tables 4.3a-4.3c), results imply that audit fee (AF) has a significant negative effect on ROA (proxy for performance). This is reflected in the value of the co-efficient of the correlation (R) which is 0.304. This value indicates that the strength of the relationship between the two variables under study is 30.4% while holding other independent variables constant. The co-efficient of determination (R^2) showed a value of 0.093 which indicates about 9.3%. This result implies that on the average about 9.3% variations in ROA of DMBs within the period under review is systematically explained by changes in AF. Thus, not more than 91.7% variations in the ROA remain unexplained by this explanatory variable. The value for the

coefficient is -49.299 with a corresponding high F-value of 9.99, and p-value of 0.002, which is less than the 0.05 (5%) significance level (at 95% Confidence Interval). This depicts a statistically significant inverse relationship between audit fee (AF) and return on asset (ROA). We, therefore, reject the null hypothesis of no significant relationship between AF and ROA in Nigeria deposit money banks.

4.3.3 Hypothesis 2

H02: Audit firm size has no significant effect on the performance of selected deposit money banks in Nigeria

Table 4.4a: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.021[a]	.000	-.010	102.494741

a. Predictors: (Constant), Audit Firm size

b. Dependent Variable: Return on Asset

Table 4.4b: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	433.154	1	433.154	.041	.840[b]
	Residual	1029506.855	98	10505.172		
	Total	1029940.009	99			

a. Dependent Variable: Return on Asset

b. Predictors: (Constant), Audit Firm size

Table 4.4c: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	89.883	36.237		2.480	.015
	Audit Firm size	-7.672	37.780	-.021	-.203	.840

a. Dependent Variable: Return on Asset

From the regression tables above (Tables 4.4a-4.4c), results imply that audit firm size (AFZ) has insignificant negative effect on ROA (proxy for performance). This is reflected in the value of the co-efficient of the correlation (R) which is 0.021. This value indicates that the strength of the relationship between the two variables under study is 2.1% while holding other independent variables constant. The co-efficient of determination (R2) was 0.000, indicating a zero chance. This conclusion shows that changes in AFZ explain approximately zero percent of the variation in ROA of DMBs across the study period. Thus, no variations observed in the ROA of the selected DMBs can be associated with this explanatory variable. The coefficient value is -7.672, with small F-value of 0.041 and p-value of 0.840, which is greater than the 0.05 (5%) level of significance (at 95 percent Confidence Interval). This illustrates a statistically no significant relationship between audit firm fee (AFZ) and firm's performance (ROA). As a result, we do not reject the null hypothesis of no significant relationship between AFZ and ROA in the Nigerian DMBs.

4.3.4 Hypothesis 3

H03: Firm Size has no significant effect on the performance of selected deposit money bank in Nigeria.

Table 4.5a: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.200[a]	.040	.030	100.535378

a. Predictors: (Constant), Firm Size (Total Asset)

b. Dependent Variable: Return on Asset

Table 4.5b: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	39418.515	1	39418.515	3.400	.050[b]
	Residual	990521.494	98	10107.362		
	Total	1029940.009	99			

a. Dependent Variable: Return on Asset

b. Predictors: (Constant), Firm Size (Total Asset)

Table 4.5c: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-25.932	55.981		-.463	.644
	Firm Size (Total Asset)	14.960	7.569	.196	1.975	.051

a. Dependent Variable: Return on Asset

From the regression tables above (Tables 4.5a-4.5c), results imply that firm size (FZ) has a significant positive effect on ROA (proxy for performance). This is reflected in the value of the co-efficient of the correlation (R) which is 0.20. This value indicates that the strength of the relationship between the two variables under study is 20.0% while holding other independent variables constant. The co-efficient of determination (R^2) showed a value of 0.040 which indicates about 4%. This result implies that on the average about 4% variations in ROA of DMBs within the period under review is systematically explained by changes in FZ. Thus, not more than 96% variations in the ROA remain unexplained by this explanatory variable. The coefficient value is 14960 with a corresponding F-value of 3.400, and p-value of 0.05, which is equal 0.05 (5%) significance level (at 95% Confidence Interval). This depicts a statistically significant relationship between firm size (FZ) and return on asset (ROA). We, therefore, reject the null hypothesis of no significant relationship between FZ and ROA in Nigeria deposit money banks.

4.3.5 Hypothesis 4

H04: Audit Independence has no significant effect on the performance of selected deposit money bank in Nigeria.

Table 4.6a: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.338[a]	.114	.105	96.478563

a. Predictors: (Constant), Audit Independent

b. Dependent Variable: Return on Asset

Table 4.6b: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	117744.930	1	117744.930	12.650	.001[b]
	Residual	912195.078	98	9308.113		
	Total	1029940.009	99			

a. Dependent Variable: Return on Asset

b. Predictors: (Constant), Audit Independent

Table 4.6c:Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	44.148	14.537		3.037	.003
	Audit Independent	17.292	4.862	.338	3.557	.001

a. Dependent Variable: Return on Asset

From the regression tables above (Tables 4.6a-4.6c), results imply that audit independent (AI) has a significant positive correlation with ROA (proxy for performance). This is reflected in the value of the co-efficient of the correlation (R) which is 0.338. This value indicates that the strength of the relationship between the two variables under study is 33.8% while holding other independent variables constant. The co-efficient of determination (R^2) showed a value of 0.114 which indicates about 11.4%. This result implies that on the average about 11.4% variations in ROA of DMBs within the period under review is systematically explained by changes in AI. Thus, not more than 89.6% variations in the ROA remain unexplained by this explanatory variable. The value for the coefficient is 17.292 with a corresponding high F-value of 12.650, and p-value of 0.001, which is less than the 0.05 (5%) significance level (at 95% Confidence Interval). This depicts a statistically significant direct relationship between audit independent (AI) and return on asset (ROA). We, therefore, reject the null hypothesis of no significant relationship between AI and ROA in Nigeria deposit money banks.

4.3.6 Regression Matrix

Table 4.7a: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.484[a]	.235	.202	91.099210	1.559

a. Predictors: (Constant), Audit Independent, Audit Firm size, Firm Size (Total Asset), Audit Fees

b. Dependent Variable: Return on Asset

Table 4.7b: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	241528.729	4	60382.182	7.276	.000[b]
	Residual	788411.280	95	8299.066		
	Total	1029940.009	99			

a. Dependent Variable: Return on Asset

b. Predictors: (Constant), Audit Independent, Audit Firm size, Firm Size (Total Asset), Audit Fees

Table 4.7c: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	147.535	112.283		1.314	.192		
	Audit Fees	-58.981	20.761	-.364	-2.841	.006	.491	2.036
	Audit Firm size	35.106	36.218	.094	.969	.335	.860	1.163
	Firm Size	29.021	8.082	.380	3.591	.001	.720	1.389
	Audit Independent	7.783	5.978	.152	1.302	.196	.590	1.696

a. Dependent Variable: Return on Asset

From the overall regression matrix tables above (Tables 4.7a-4.7c), results indicates a significant effect of audit characteristics on the performance (proxy by ROA) of deposit money banks (DMBs) in the Nigeria. Co-efficient of the correlation (R-value) of 0.484 indicates that the strength of the relationship between the audit characteristics [proxy by audit fee (AF), audit firm's size (AFZ), firm size (FZ), and audit independent) and the performance (proxy by ROA) of selected DMBs in Nigeria for the period under study is 48.4%. This implies that a unit change in audit characteristics will cause 48.4% shift in ROA. The coefficient of determination (R2) showed a value of 0.235 which indicates about 23.5%. Thus, not more than 76.5% of variations in ROA of the selected DMBs can be attributed to other extraneous variables. Since the calculated F-value (7.276) with its corresponding p-value ($p<0.001$) which is less than the tabulated p-value (5% α-level), we know

there is a significant statistical relationship between the dependent and independent variables. Durbin Watson statistic of 1.559 is close to 2, pointing absence of auto-correlation. The average tolerance value is 0.555 (not less than 0.10) and the average Variance Inflation Factor (VIF) is 1.571 (less than 2.5), indicating and confirming absence of collinearity.

The overall regression line is as follows:

$Yt_i = \beta o + \beta 1X1t_i + \beta 2X2t_i + \beta 3X3t_i + \beta 4X4t_i + \mu t_i$

$ROA_{it} = 147.535 - 58.981(AF)_{it} + 35.106(AFZ)_{it} + 29.041(FZ)_{it} + 7.783\ (AI)_{it} + 112.283_{it}$

4.4 Discussion of results

This study examined the effect of audit characteristics on firms' performance among selected deposit money banks (DMBs) in Nigeria, using return on asset (ROA) as a proxy for performance. The generated data was subjected to descriptive and inferential statistics. The descriptive statistics revealed the individual features of the variables employed in this study, whilst the inferential statistics used simple linear regression analysis to evaluate the hypotheses. This section of the study discussed the result of the estimation in line with the objectives of the study. There are four specific objectives in this study.

Audit fees are amount payable to auditors in attesting to the assertion in the clients' financial statement. Fees paid to the auditors may influence firm's performance. The test of hypothesis one revealed the effect of audit fees (AF) on financial performance of deposit money banks (DMBs) listed in the Nigeria stock exchange. The finding returned a significant negative effect of audit fee (AF) on return on asset (ROA) of the selected DMBs ($p=0.002$, $r=-0.304$). This finding indicates that any change in audit fee will produce a significant effect in opposite direction on the performance of DMBs. This implies that increase in AF will produce significant decrease in ROA of the DMBs. This is at variance with the position of Choi, Kim, and Hoe (2010) who posited that audit fee is directly related with performance and that audit firms that provide high quality audit services which result in better profitability charge higher audit fees than those offer low quality services. Similarly, Adams and Ferreira (2009) who found that there is no significant relationship between firm performance and audit fee charged.

According to Obiyo and Lenee (2001), audit size is regarded to be one of the most important, if not the most important, element of audit committee characteristics. It is an important element used to improve the quality of fiscal reporting as well as performance. Findings of this study revealed a no significant negative effect of audit firm size on performance of deposit money bank in Nigeria (p=0.840, r=-0.021). Therefore, the study failed to reject the null hypothesis H_0. This implies that a further increase in AFZ will yield a no significant decrease in the performance of DMBs. This is contrary to the position of Sultana, Singh, Van derzZahn (2015) that a sufficiently sized audit committee could manage company difficulties more effectively which will lead to a better performance.

The researcher expected audit firm size to have a positive effect on firm financial performance because many stakeholders believe that firms that are audited by the Big Four are free from material misstatement, which encourages and boost their confidence to invest more of their money in such firms. According to DeFond and Francis (2005), the most common and well-researched indicator of audit quality characteristics is whether an audit firm is one of the "Big 4".

However, the study's finding is in line with that of Emeka and Alem (2016) who posited that audit committee size does not have positive relationship with return on assets of companies in Nigeria. On the contrary, Kyereboah (2007) revealed a positive relationship between audit committee size and firm performance. Zabojnikova (2016) also reported a significant positive relationship between the audit committee size, frequency of meetings and its financial performance of non-financial firms quoted on London Stock Exchange in UK from 2011 to 2015.

According to Uwuigbe (2019), firm size (proxy by total asset, TA) is one of the corporate approaches that establishments use to gain a reasonable edge over their contemporaries, and one main reason why the big 4 audit firms earned their global relevance is largely because of their size. Test of hypothesis three was conducted to ascertain the relationship between the firm size and the performance of selected quoted banks in Nigeria. The results of the findings revealed a significant positive correlation between firm size (TA) and financial performance (ROA) of the selected DMBs (p=0.005, r=0.20). This findings implies that a unit shift in TA will propel a significant shift in the same direction in ROA of DMBs. This is in line with the findings of Jafari, Gord & Beerhouse (2014) and Otekunrin *et al.,* (2018) that the size of a given firm has positively influence their ability to make profits.

Big firms have financial muscles and capacity to delve into several profitable investments to enhance their profitability and financial performance. The same cannot be said of small firms who are struggling to meet up with their routine obligations.

Audit independent is the auditor's unbiased mental attitude in making decisions throughout the audit and financial reporting process. Test of hypothesis four was conducted to ascertain whether a significant relationship exists between audit independent and the performance of DMBs in Nigeria. The findings reveal a significant positive relationship between audit independent and the performance of DMBs in Nigeria ($p=0.001$, $r=0.338$). Accordingly, the null hypothesis H_0 was rejected. This implies that an increase in audit independent will bring a significant increase in performance of DMBs. This is in line with researcher's expectation that the composition of independent non-executive directors in the audit committee is increased by one-member, financial performance should increase significantly, suggesting that the higher the composition of the non-executive directors, the higher the financial performance. This finding is also in line with the findings of Hassan (2011) who also reported significant positive relationship between audit independent and performance of selected companies.

However, the findings of Yadirichukwu and Ebimobowei (2013) and Priya & Nimalathasan (2013) reported that the independent of non-executive director is responsible for reduce firm performance and may affect firm performance negatively

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Preamble

In this section of the research work, the researcher provides a summary of the findings derived from the study, the conclusion of the study, and recommendation for the study.

5.1 Summary of the Study

The Nigerian Firms and Allied Matters Act (CAMA) of 2004 introduced a new need for the formation of audit committees as an additional level of oversight and certification in an effort to increase the acceptance and credibility of annual reports of publicly traded companies (as amended). The audit committee, a crucial component of the board of directors of a firm, is in charge of monitoring financial statements and liability. They are a group of non-executive administrators who are selected by and work under the direction of the board of directors of an organization. They may also be selected based on the adoption of best practices for good corporate governance or because of legal requirements established by the nation or jurisdiction in which the organization operates. Section 359 (3) of CAMA 2004 and (4).

Investigating how audit characteristics affect the financial performance of listed deposit money banks (DMBs) in Nigeria is the goal of this study. The specific objectives include:

1 To investigate the effect of auditors' fees on the performance of selected deposit money banks in Nigeria.

2 To investigate the effect of audit firms' size on the performance of selected deposit money banks in Nigeria.

3 To show the influence of firm size on the performance of selected quoted banks in Nigeria.

4 To show the influence of audit independence on the performance of selected quoted banks in Nigeria.

Three main categories—conceptual review, theoretical review, and empirical review—were used to organize the study's comprehensive reviews of relevant studies on the audit features and performance of deposit money banks (DMBs) in Nigeria. The agency theory, stakeholders' theory, and auditors' theory of inspired confidence served as the study's theoretical foundations. The primary theoretical foundation for understanding this research is agency theory. The principal-agent relationship can be analyzed with the aid of the agency theory. It looks at contracts designed to persuade a reasonable agent to operate in the principal's best interests when those interests may not coincide (Egbunike and Abiahu, 2017). The audit committee represents the DMBs by assuring Shareholders, Stakeholders, and the general public of the veracity of the Reports, Statements, and General Activities. This is relevant to audit committees and their effect on the performance of DMBs in Nigeria. Ten banks were chosen at random from among those that met the inclusion criteria for the study, which employed an ex-post facto research approach using only secondary data from the financial statements of all DMBs registered on the Nigerian Stock Exchange (NSE) between 2011 and 2020. The data generated performed descriptive and inferential analysis using the statistical program for social sciences (SPSS) Version 23. Furthermore, simple linear regression analysis was used to assess the four research hypotheses. The probability level's significance threshold was set at 0.05.

The results of the linear regression study show that the audit fee (AF) and financial performance (ROA) of DMBs in Nigeria have a significant inverse relationship ($p=0.002$, $r=-0.304$). In Nigeria, the size of the audit firm (AFZ) had no impact on DMB's financial performance ($p=0.840$, $r=-7.672$). The financial performance of DMB is significantly positively impacted by firm size (FZ) as a measure for total asset (TA) ($p=0.05$, $r=0.20$). Furthermore, there is a strong correlation between DMB performance in Nigeria and audit independence ($p=0.001$, $r=0.338$). The financial performance of DMB in Nigeria appears substantially connected with all independent variables (audit fee, audit firm size, firm size, and audit independent) (p0.001, r=0.484).

5.2 Conclusion

The relationship between audit characteristics and financial performance of selected deposit money banks (DMBs) in Nigeria from 2011 to 2020 was examined using data from the annual reports of the ten (10) DMBs that satisfied the inclusion requirements.

The findings reveal a significant positive correlation between firm size and financial success of a subset of DMBs listed on the Nigerian stock exchange, as measured by ROA. The study reached the conclusion that revenue that is detrimental to businesses will not be spent on auditing because the audit fee and audit firm size were found to be negatively connected with the financial performance of the selected DMBs. In addition, the study found that audit independence significantly improved DMB's financial performance. This suggests that auditors should include more non-executive members to provide the greatest possible objectivity and transparency, which will enhance DMB performance in Nigeria. The study concludes by demonstrating the direct and considerable positive benefit that the combined influence of audit characteristics proxies (audit firm size, audit fees, audit independent, and firm size) have on the financial performance of DMBs in Nigeria.

5.3 Recommendations

Because of the research findi1ngs, the following recommendations were made that will be useful to stakeholders:

i. Audit firm size should be one of the major determinant factors when choosing an audit firm for an auditing project, but DMBs should not pay a disproportionate amount of money for this purpose.

ii. Audit size should be maintained in order to adequately oversee the organizations' financial reporting and auditing operations. This would help to increase the market value of Nigeria's listed DMBs.

iii. The board's size should be raised, but not above the maximum number specified by the bank's corporate governance regulation.

iv. Banks should improve their internal audit activities and control systems in order to accomplish their corporate goal of increased performance.

5.4 Suggestion for Further Studies

In this study, the variables used are Audit Fee, Audit Firm Size, Firm Size, and Audit Independence other variables such as Audit Committee Size, Audit Tenure, Joint Audit, and Board Composition can be investigated in further study.

This study exploit Return on Assets as the dependent variable other study may consider Return on Capital Employed, Net Profit Margin.

Deposit money bank was investigated in this study; other Financial Instructions such as Micro Finance bank, Mortgage bank, Insurance companies can be investigated in further study.

This study made use of secondary data only other study may use both secondary data and primary data.

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APPENDIX I

LIST OF SELECTED DEPOSIT MONEY BANKS

1	ACCESS BANK
2	ZENITH BANK
3	WEMA BANK
4	UNITY BANK
6	UNITED BANK OF AFRICA
6	GUARANTY TRUST BANK
7	FIRST BANK OF NIGERIA
8	FIRST CITY MONUMENT BANK
9	STERLING BANK
10	FIDELITY BANK

APPENDIX II: Data Extracted for the Study

AI			FZ			
NON-EXECUTIVE	EXECUTIVE	ROA	LOG OF TA	AFZ	AI	LOG OF AF
8	6	ROA	8.975875804	1	1.333333333	5.80828796
8	7	42.32106	9.180628856	1	1.142857143	5.95139824
9	5	65.01237	9.23149355	1	1.8	6.28322861
9	7	49.62193	9.29709395	1	1.285714286	6.11603428
9	7	40.93262	9.382367231	1	1.285714286	6.35955661
8	7	48.33902	9.490655113	1	1.142857143	6.28076225
8	7	65.73556	9.544028829	1	1.142857143	7.36954778
8	7	52.15941	9.69496976	1	1.142857143	6.48568637
10	7	75.9453	9.853890201	1	1.428571429	6.77827537
9	8	81.87692	9.938507102	1	1.125	6.88477079
AI			FZ			
NON-EXECUTIVE	EXECUTIVE	ROA	LOG OF TA	AFZ	AI	LOG OF AF
5	6	52.51866	6.336274168	1	0.833333333	5.95951838
6	6	25.43643	6.386835213	1	1	6.17782497
6	5	34.51091	6.459195352	1	1.2	6.43743344
7	4	37.02266	6.534510798	1	1.75	6.37051309
5	4	37.96492	6.574069137	1	1.25	6.42258984

5	5	35.91177	6.631822698	1	1	6.53693702
6	6	40.52193	6.684275919	1	1	6.63558427
5	6	41.5429	6.69508266	1	0.833333333	6.61193563
6	6	45.56376	6.735205382	1	1	6.60390183
5	6	59.73079	6.852784076	1	0.833333333	6.61563447

AI			FZ			
NON-EXECUTIVE	EXECUTIVE	ROA	LOG OF TA	AFZ	AI	LOG OF AF
9	4	-0.19324	6.169739074	1	2.25	5.74942091
9	4	-48.7448	8.390413282	1	2.25	5.76410362
9	4	207.2446	8.51966064	1	2.25	5.48526418
8	6	161.2523	8.582702183	1	1.333333333	5.69802221
7	6	170.4755	8.598509617	1	1.166666667	5.68849012
7	5	162.5207	8.624510052	1	1.4	5.99697112
7	5	183.0474	8.624510052	1	1.4	5.90110617
7	4	142.2682	8.679351336	1	1.75	5.90958919
7	4	135.2888	8.848161767	1	1.75	6.0663002
7	5	210.9182	8.986136432	1	1.4	5.99167122

AI			FZ			
NON-EXECUTIVE	EXECUTIVE	ROA	LOG OF TA	AFZ	AI	LOG OF AF
11	5	138.7821	8.572708192	0	2.2	5.44679338
9	7	64.03176	8.597388198	0	1.285714286	5.23527335
12	6	-17.8737	8.605982674	0	2	5.00393851
5	9	38.65383	8.616270776	0	0.555555556	5.65266206
11	4	94.54173	8.646718316	0	2.75	5.70923094
10	5	225.6077	8.692566385	0	2	5.55227754
11	4	-10.4912	8.19453239	0	2.75	5.58767056
4	5	185.8121	8.372684104	0	0.8	5.12950621
6	3	86.62007	8.466944793	1	2	5.37315485
6	3	235.8234	8.691983047	1	2	5.56628543

AI			FZ			
NON-EXECUTIVE	EXECUTIVE	ROA	LOG OF TA	AFZ	AI	LOG OF AF
10	9	-101.035	6.218920003	1	1.111111111	5
10	8	40.80348	6.286246458	1	1.25	5.25285303
8	8	47.70383	6.345847373	1	1	5.25527251
9	7	58.35037	6.369003855	1	1.285714286	5.30103
10	6	46.52065	6.345635797	1	1.666666667	5.462398
10	9	53.41884	6.404762753	1	1.111111111	5.50379068
10	9	69.08492	6.467138192	1	1.111111111	5.50650503
10	9	87.49251	6.55525229	1	1.111111111	5.54406804
10	9	65.92021	6.616632294	1	1.111111111	5.5563025
9	7	16.22142	5.965284976	1	1.285714286	5.47712125

AI			FZ			
NON-EXECUTIVE	EXECUTIVE	ROA	LOG OF TA	AFZ	AI	LOG OF AF
8	6	0.031871	6.18285044	1	1.333333333	5.83422481
10	4	0.186909	6.209600257	1	2.5	5.40140054
8	6	0.211549	6.279750419	1	1.333333333	5.40823997
8	6	23.7244	9.345688957	1	1.333333333	5.47712125
5	3	0.024151	6.357482984	1	1.666666667	5.24898789
11	5	0.197561	6.417195916	1	2.2	5.60205999
9	5	0.016571	6.451007537	1	1.8	5.67669361
9	5	0.014691	6.433373109	1	1.8	5.69897
9	5	0.015734	6.490975981	1	1.8	5.74036269
9	5	0.020163	6.608691162	1	1.8	5.78354628

AI			FZ			
NON-EXECUTIVE	EXECUTIVE	ROA	LOG OF TA	AFZ	AI	LOG OF AF

11	5	51.90559	6.391560147	1	2.2	5.13033377
11	7	38.94459	6.442585429	1	1.571428571	5.32221929
6	1	4.414648	5.493891432	1	6	4.54406804
6	1	52.06784	6.616121948	1	6	5.39794001
7	1	129.739	5.451527009	1	7	4.39794001
12	4	35.55388	5.426353455	1	3	4.39794001
9	1	29.06965	5.430753715	1	9	4.39794001
10	2	596.0518	6.745723873	1	5	4.39794001
9	1	447.5203	6.792638607	1	9	4.39794001
11	1	227.0829	6.885871442	1	11	4.39794001

NON-EXECUTIVE	EXECUTIVE	ROA	LOG OF TA	AFZ	AI	LOG OF AF
10	5	-0.20834	6.382017043	1	2	5
10	5	66.11359	8.94954301	1	2	5.11394335
9	1	167.273	9.003581226	1	9	4.30103
9	1	59.53407	8.119157832	1	9	4.47712125
8	2	511.2654	8.111861309	1	4	4.47712125
8	2	237.8855	6.113321867	1	4	4.9404617
10	2	77.62348	6.139631657	1	5	4.55990663
6	4	75.01889	6.235498904	1	1.5	5.39794001
6	4	74.37245	6.325112584	1	1.5	5.39794001
8	6	103.4952	6.440617566	1	1.333333333	4.58109592

AI FZ

NON-EXECUTIVE	EXECUTIVE	ROA	LOG OF TA	AFZ	AI	LOG OF AF
10	4	108.6141	9	1	2.5	4.90308999
8	3	0.834211	6	1	2.666666667	5.07918125
9	4	85.53581	9	1	2.25	5.52736177
11	5	56.43819	9	1	2.2	5.7135779
/10	5	77.66943	9	1	2	6.03131271
10	5	160.9146	9	1	2	5.29776051

10	5	0.133691	6	1	2	5.33243846
9	3	0.119649	6	1	3	5.33243846
9	5	19.17192	5	1	1.8	5.3283796
8	6	24.59904	5	1	1.333333333	5.71096312

AI NON-EXECUTIVE	EXECUTIVE	ROA	FZ LOG OF TA	AFZ	AI	LOG OF AF
10	7	83.49606	5.696839349	1	1.428571429	4.87506126
10	5	51.01317	5.961117219	1	2	5.05307844
10	6	140.0359	6.033912866	1	1.666666667	5.09691001
8	7	86.04124	6.074459866	1	1.142857143	5.17609126
8	5	88.5876	6.090512699	1	1.6	5.17609126
8	6	237.8855	6.113321867	1	1.333333333	5.17609126
8	6	77.62348	6.139631657	1	1.333333333	5.30103
7	5	75.01889	6.235498904	1	1.4	5.30103
8	7	74.37245	6.325112584	1	1.142857143	5.30103
8	6	103.4952	6.440617566	1	1.333333333	5.30103