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AUDIT COMMITTEE ATTRIBUTES AND FINANCIAL PERFORMANCE OF LISTED CONSUMER GOODS FIRM IN NIGERIA

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Abstract

The study examined audit committee attributes and financial performance with reference to listed consumer goods firms in Nigerian. The main objective of this study is to examine the effect of audit committee on the financial performance of listed consumer goods companies in Nigeria. The research sample comprises of Ten (10) consumer goods companies and secondary data was generated from the annual accounts and reports which spanned from 2012 – 2021 financial years. In order to arrive at a better conclusion about the study, the study made use of some variables such as, return on asset (ROA) as a proxy for financial performance, audit committee financial expertise, audit committee meeting and audit Committee size for audit committee attribute. An ex-post Facto research design was used and the data obtained from the secondary source were analyzed using E-View version 7.0 and multiple linear regression statistical tools. The study concluded that the presence of audit committee is vital in companies. The study therefore recommended that compliance with respect to audit committee size, meetings and independence should be adequately checked to ensure conformity.

INTRODUCTION

Financial performance of a firm remains one of the major routes of assessing its wellbeing and to know whether it will be able to meet financial obligation of all interested parties. It is also an indication for possible payment of dividend. Firms owe commitment to their principal, which is maximization of wealth, and to other stakeholders who are also concerned with the financial health of firms (Farouk, 2019). The objective of financial statements is to provide useful and reliable financial information for different stakeholders and users to make quality decisions. Quality financial reporting is the result of a reliable corporate governance system that can guide creditors and investors to make investment decisions with minimal risk (Olayinka, 2019).

The audit committee establishes checks and balances in the internal control system through the engagement of the external and internal auditors to ensure that management adheres to the set rules (Buallay, 2018). The main functions of the audit committee are to improve the oversight function of the board of directors, improve the quality of financial reporting, enhance the independence of the auditors, and improve the quality of decision-making by the board of directors (Farouk, 2019). Additionally, the external auditor strengthens the oversight function of the audit committee by expressing an independent opinion on the company's annual accounts and reports. The auditor's opinion on the financial statements provides reasonable assurance about objectivity, bias and/or material misstatement that could mislead users of the financial statements (Olayinka, 2019).

The role of the audit committee in corporate governance is a topic of increasing public and regulatory interest. The audit committee is a subset of the board of directors. The audit committee acts as the correspondence between the entire board of directors, internal auditors, external auditors, managers and executive officers. Beasley (2019) identified few characteristics of an independent audit committee such as qualified individuals with authority, independent and honesty which ensure true and fair financial reporting so that stakeholders could make prudent, intelligent, and informed business decisions. An independent audit committee is important because it helps maintain transparency, supports the board of directors, prevents and controls improper business practices, and monitors the financial reporting process (Ahmed, 2018).

Furthermore, the Audit Committee play this role of ensuring sustainable financial performance of the company by overseeing the firm's financial reporting process, including the integrity of financial statements, the effectiveness of internal controls and the monitoring of both internal and external auditors. They also enhance the board of director's capacity to act as a monitor of management by providing more detailed knowledge and understanding of financial statements of the company (Mohammad, 2015). Audit Committee ensures judicious and prudent management of resources and the preservation of resources of the corporate organization. In the process of ensuring ethical and professional standards and the pursuit of corporate objectives, it seeks to ensure customer satisfaction, high employee morale and the maintenance of market discipline, which eventually results in corporate stability and improve financial performance (Ojeka et al., 2013; Okoi, et al., 2014).

In Nigeria, the audit committee is established under the Companies and Allied Matters Act (CAMA, 1990) as a subset of the board of directors. External auditors, in addition to providing audit reports to shareholders at the annual general meeting, for public companies, the auditors must also report to the audit committee appointed by the representative company. (section 359 (3), CAMA, 1990). The audit committee consists of an equal number of directors and representatives of the company's shareholders (with a maximum number of six members) and is responsible for reviewing the auditor's report and providing recommendations on this matter to the general assembly as it sees fit.

Audit committees have a critical role in helping companies evolve and thrive in this environment. To provide effective oversight and help company executives navigate these challenging times, audit committees need to ask direct, targeted questions of management to understand what alternatives were considered and chosen in addressing key issues. Audit committees should be aware of issues that may be [top of mind, trending, and ongoing](#), as well as the tension points, challenges, and alternative solutions associated with those issues (Laurie, 2019).

Considering instead the internal perspective, the vast majority of audit committees are facing a different set of challenges. While there is no question that financial reporting and oversight of the auditors are still dominant agenda items, audit committees are facing a growing list of new obligations on top of their core responsibilities. This presents a number of challenges, including: Workload and time commitment. Obligations are being added to their mandate, but nothing is being removed. .

The auditors provide another check and balance or line of defense. It is therefore in the audit committee's interest to ensure that the external auditors are properly and appropriately remunerated. Squeezing the audit fee and seeing the audit as a commodity risks reducing audit quality. The external perception of audit committees focuses on their role in oversight of financial reporting and of the auditors. But the reality is that only a small number of companies run into trouble because of issues with their financial reporting or audit.

Therefore, this study is intended to examine the effect or and it attributes on financial performance of listed consumer goods firms in Nigeria.

LITERATURE REVIEW

Audit Committee Attributes

Nigerian Corporate Governance Code (2018) stipulates that it is desirable for every company to have a board committee responsible for audit. The duties of the audit committee are to review the company's accounting policies, assess the internal control system, review external reporting systems and compliance and regulations (Putri et al., 2017). They carry these highlighted duties out via formal communication between management's board, external auditors, and internal auditors (Firnanti&Karmudiandri, 2020). The code explicitly spelt it out that all members of the audit committee should be financially literate and should be able to read and understand financial reports (Nigeria Corporate Governance Code, 2018). Flowing from the above specification, the attributes of the audit committee include size, independence, expertise, diversity (gender & nationality), and diligence.

According to CAMA 1990, the audit committee is a committee of shareholders and non-executive directors, responsible for communication between the external auditor and the board of directors, on the one hand, and between the management and the external auditor on the other hand. Audit Committees are the most important recent development in the corporate governance structure and are expected to contribute significantly in this respect (Modun et al., 2020). Shamsudden (2019) opines that members of the committee should possess qualities such as integrity, dedication, and a thorough understanding of the business of the company. Moreover, the composition of the Audit Committee (AC) and the manner in which they exercise their governance and oversight responsibilities have a major impact on the overall internal control mechanism of a company

Audit committee characteristics are discussed side by side with corporate governance mechanisms (Dakhlallh et al., 2020). As a concept, audit committee characteristics can be viewed from at least two perspectives: a narrow one in which it is viewed merely as being

concerned with the structures within which a corporate entity or enterprise receives its basic orientation and direction and a broad perspective in which it is regarded as being the heart of both a market economy and a democratic society (Enofe et al., 2015). The narrow view perceives audit committee characteristics as a corporate governance tool in terms of issues relating to shareholder protection, management control and the popular principal-agency problems of economic theory (Eginiwin et al., 2014), level of financial expertise of the committee to the number of people on the audit committee.

This crisis demonstrated in no unmistakable terms that even strong economies, lacking transparent control, responsible corporate boards, and shareholder rights can collapse quite quickly as investor's confidence collapse and emphasizing the need for a third party to assess the performance of those involved in running the affairs of the organization. To enhance a more credible report of the state of affairs of the organization and mutual cooperation between the public and the private sector in developing the capacity to ensure effective audit quality, there is need to put in place an effective audit committee with the right characteristics as enshrined in (Ezeokoli et al., 2021) as amended (Shehu et al., 2018). With a view to ensuring the development of market-based economies and democratic societies based on the rule of law and the only driver that can ensure the achievement of this vision is the audit committee that will serve to ensure trust in the affairs of such organizations (Sayyar et al., 2013)

Financial Performance

Financial performance has implications on organization's health and ultimately its survival. The Firms' management effectiveness and efficiency in making use of company's resources is highly reflected by high financial performance and this in turn contributes to the country's economy at large (Naser & Mokhtar, 2004). Company performance is very essential to management and other stakeholders such as shareholders, debt holders and the government as it is an outcome which has been achieved by an individual or a group of individuals in an organization related to its authority and responsibility in achieving the goal legally, not against the law and conforming to the morale and ethic (Iswatia&Anshoria, 2007).

Financial performance which assesses the fulfilment of a firm's economic goals has long being an issue of interest in managerial researches. Firm financial performance relates to the various subjective measures of how well a firm can use its given assets from primary mode of operation to generate profit. The return on assets (ROA) is a measure which shows the amount of earnings that have been generated from invested capital. It is an indication of the number of kobo earned on each naira worth of assets. It allows users, stakeholders and monitoring agencies to assess how well a firm's corporate governance mechanism is in securing and motivating efficient management of the firm (Chagbadari, 2011). The ROA is the ratio of annual net income to total assets of a business during a financial year. It is measured thus: $ROA = \text{Annual Net Income} / \text{Total Assets}$.

Audit Committee Meetings and Financial Performance

Regulators and others have expressed strong preference for an audit committee that meets frequently. Frequent audit committee meetings allow for better communication between audit committee members and auditors (both external and internal) and enable the audit committee to be more effective. The Public Oversight Board (1993), the Securities and Exchange Commission chairman, Levitt (1999) and the Blue-Ribbon Committee (BRC, 1999)]. The number of Audit Committee meetings is considered to be an important attribute for monitoring effectiveness (Lin Li & Lang, 2006). The number of Audit Committee meetings is taken as a proxy for audit committee activity (Xie et al., 2003). As a result, the Audit Committee that meets more frequently with the internal auditors is considered better informed

about auditing and accounting issues. Ojeka et al., (2014) conducted a study about the influence of Audit Committee effectiveness on firm's performance. The result of the analysis showed that meetings of Audit Committee had no significant relationship with ROA.

In another study, Maina and Oluoch (2018) examined the effect of corporate Audit Committee characteristics on financial performance of manufacturing firms in Kenya. This study focused on 766 manufacturing firms in Kenya for a period of 5 years, 2013-2017. The study revealed that there exists a significant relationship between Audit Committee meetings frequency and firms Financial Performance.

Audit Committee Size and Financial Performance

The Audit Committee size is the number of directors and shareholders that makeup the audit committees. The Blue-Ribbon Committee (BRC)'s report of 1990 released the usefulness of having an Audit Committee and recommended that an effective Audit Committee of listed companies should comprise of at least three directors. S. 359(4) of Companies and Allied Matters asserts that AC shall consist of an equal number of directors and representatives of the shareholders of the company subject to a maximum number of six members.

According to KMPG (2009) the size of the Audit Committee varies depending upon the needs and culture of the company and the extent of delegated responsibilities to the committee. The objective is to allow the committee to function efficiently and effectively. Most companies have no set policies for rotating committee members but depend on weighing a member's experience against the risk of complacency. Without a rotation policy, it is important for the board of directors to evaluate an Audit Committee member's performance to see that it meets both the board's and the committee's expectations (Mohammed, 2015). On the other hand rotation of Audit Committee members provides a practical way to refresh and introduce new perspectives to Audit Committee processes. Ojeka, Iyoha and Obigbemi (2014) carried out a study on the influence of Audit Committee effectiveness on firm's performance. Twenty-five (25) manufacturing firms were selected and from which data were collected for the period (2004-2011). Empirical analysis was carried out and the result of the analysis showed that Audit Committee size had no significant relationship with financial performance. In another study, Gabriela (2016) examined the impact Audit Committee characteristics on firm performance using evidence from non-financial firms listed on London Stock Exchange in UK from 2011 to 2015. The main findings of his study suggest that there is a significant positive relationship between the audit committee size and financial performance.

Audit Committee Independence and Financial Performance

The independence of the audit committee has been widely researched in a variety of prior studies. It has been widely argued as being one of the key characteristics associated with the effectiveness of the audit committee. Audit committee independence implies that its members are free from any relationship and independent from the company's management or having no relationship with any major shareholders, officers and executive directors. It is generally believed that an independent Audit Committee provides effective monitoring of the financial discretion of management and ensures the credibility of the financial statements (Kuang, 2007). Xie et al., (2003) state that the more independent Audit Committee is, the better governance compared to less independent audit committee. Independence of audit committee helps to ensure that management is transparent and will be held accountable to stakeholders (Treadway Commission, 1987; Cadbury Committee, 1992; Blue Ribbon Committee, 1999).

Theoretical Framework

The agency theory view directors as the agent of the shareholders and therefore there is a need for them to act in the best interest of the shareholders. In this situation, sometimes the agent may not act in the best interest of the shareholders which result in an agency loss situation. The agency theory emphasizes the separation of ownership (principal) and managers (agent) in an organization, therefore it is believed that managers may sometimes pursue opportunistic behaviour which may conflict with the goal of the owners (principals) and therefore the wealth of the shareholders. Advocates of the agency approach view the manager (directors) as an economic institution that will mitigate the problems and serves as the guardian to shareholders (Hermalin&Weisbach, 2000, Fama& Jensen, 1988).

Agency theory was originated in the early of 1970s and the first scholars to propose agency theory were Stephen Ross and Barry Mitnick (Mitnick, 2006). Agency theory had been highly applied in the companies in the year 1980's because companies had the assumption which the managers are agents work on behalf of shareholders who are so called principals (Zajac & Westphal, 2004). Accordingly, agency issue may occur due to separation of corporate management and ownership as the agents have control rights in the company and they may conduct opportunistic behaviors which are exploiting interests of principals (Jensen &Meckling 1976; Fama& Jensen 1983). Meanwhile, Fama& Jensen (1983) asserted that agency costs have basically reduced welfare of principal, resulting in the agency problem such as the incurrence of expenses due to the incentives or monitoring of agents. Agency theory also suggested Audit Committee can strengthen their monitoring effectiveness with advanced financial and accounting knowledge by preventing corporate fraud therefore alleviating agency issue between managers and shareholders and lead to a better firm performance (Zahirul et al., 2010).

Empirical Review

Eme et al. (2022) examines the audit attributes and performance of financial institutions in Nigeria. The study adopted the cross-section research design. Data were analysed using the ordinary least square technique. Findings from the study revealed that audit committee independence and size have no significant effect on return on assets. On the other hand, audit committee expertise has a significant effect on return on assets. Further findings revealed that audit committee independence, expertise and size have no significant effect on Tobin Q, return on equity, earnings per share and net profit margin.

Seiniand James (2021) examine audit committee characteristics and audit fees of listed consumer goods companies in Nigeria. 15 companies were selected out of 26 listed consumer goods companies on the Nigerian Stock Exchange as at 31st December 2018 using secondary data through the published audited financial statements. Ordinary least square (OLS) regression analysis was employed to analyze the data. The result reveals that only four variables (audit committee size, audit committee meeting, audit committee diversity, and audit committee share ownership) have a positive significant association with audit fees.

Abdullahi et al. (2020) assessed the effect of audit committee attributes on financial reporting timeliness of listed healthcare firms in Nigeria for period of 2008 to 2017 using population of ten firms. Audit committee attributes as independent variable of the study was proxied by audit committee independent, audit committee financial expertise and audit committee meeting while financial reporting timeliness is the dependent variable of the study. Panel robust ordinary least square regression is adopted for this study as a statistical tool of analyzing the secondary data obtained from financial statements of selected firms for the study. The result of analysis shows that audit committee financial expertise has negative significant impact on financial reporting timelines of the firms while audit committee independent, audit

committee meeting and firm size are positively and insignificantly influencing financial reporting timeliness of healthcare firms in Nigeria..

Dakhlallh et al. (2020) provided empirical evidence of the effect of the audit committee (AC) that are: size, independence, financial expertise, and stock owned by audit committee on firm performance measured by Tobin's Q among Jordanian companies. They explored the agency theory and resource dependence theory to achieve the aim of their study, wherein, the sample of 180 firms from the financial, industrial and service companies listed on ASE during the period from 2009 to 2017 were studied. They employed the use of panel data method. Their results demonstrated that the size of the audit committee, the independence of the audit committee, and the financial expertise of the audit committee have a positive and significant relationship with firm performance. While the relationship between stocks owned by the audit committee and firm performance is significantly negative..

Brant et al. (2019) Examined affiliated former partners on the audit committee influence on the auditor-client relationship and audit quality which is consistent with social identity theory. They found that companies with an affiliated partner on their audit committee are less likely to dismiss the member's former firm than companies without the affiliation. Further, they found that there is improved audit quality and increased effectiveness of auditor effort when affiliated partners serve on the audit committee. Finally, this quality improvement occurs contemporaneously with a reduction in audit fees and time spent on fieldwork, suggesting increased efficiency and better financial performance.

Temples (2019) investigated the relationship between audit committee composition, the board of directors' characteristics and the quality of financial reports of commercial banks in Nigeria. The data for the study was collected from the annual reports of fifteen (15) commercial banks using the method of contents analyses and covered a period of ten (10) years from 2009 to 2018. The Jones quality of accruals model and the ordinary least square method of regression were used to analyze the data for the study. The findings of the study showed that the audit committee composed more of independent members have a positive effect on financial reporting quality.

Ezeokoli et al. (2019) investigated the prediction of audit physiognomies on selected Nigerian banks' income smoothing as a result of alarming rate of corporate failure which culminates into the inability of organizations to meet the expectations of their various interested parties. Using Ex-Post Facto research design and multiple regressions technique, their findings revealed that audit committee characteristics have a significant effect on earnings management of listed deposit money banks (DMBs) but audit committee size and committees' financial expertise showed insignificant relationship with earnings management, committee's independence and frequency of meetings are positively and significantly related to earnings management.

Yusuf (2017) examines the effect of audit committee, auditor characteristic and financial performance of listed insurance companies in Nigeria for the period of 2006 to 2015. This study adopts expo facto and causal research design. The study population is twenty five listed insurance companies, purposive sampling technique was adopted to arrive at sample size of ten listed insurance companies that have their financial statement available in the Nigerian Stock Exchange for the period of 2006 to 2015. Panel regression analysis was used to analyze the hypotheses with reference to Hausman test to determine whether to use fixed or random effect. This study found that audit committee number of meetings has no significant effect on financial performance of listed insurance companies in Nigeria. This study also revealed that audit fee has a negative significant effect on financial performance of listed insurance companies in Nige.

METHODOLOGY

For the purpose of this study, an ex-post Facto research design was employed. The population of the study comprises of 20 listed consumer goods on the Nigerian Exchange Group. Purposive sampling technique was used to select sample size of ten consumer goods companies from 2012 to 2021. Secondary data derived from annual reports of the consumer goods. Data were analysed using descriptive statistics and panel data regression method.

$$\text{FINPERF} = f(\text{AUDCA}) \text{-----}(i)$$

Where FINPERF= Financial performance measured using Return on assets (ROA),

AUDCX= Audit Committee Attributes

Expanding the independent variables, we have;

$$ROA_{it} = \beta_0 + \beta_1 AUDFE_{it} + \beta_2 AUDCM_{it} + \beta_3 AUDCS_{it} + \varepsilon_{it}$$

Where; AUDFE= Audit Committee Financial Expertise, AUDCM= Audit Committee meeting, AUDCS=Audit Committee size

Measurement of Variables

Variables	Abbreviations	Measurements
Return on Assets	ROA	Profit after tax divided by total.
Audit Committee size	(AUDCS)	The number of individuals on the Audit Committee.
Audit Committee financial expertise	(AUDCFE)	The number of independent directors on the Audit Committee.
Audit Committee meetings	(AUDCM)	The number of times Audit Committee meets in a year.

Source: Researcher's Computation,2023

RESULT AND DISCUSSION

Descriptive Statistics

Table 4.1 Summary of Descriptive Statistics

	ROA	AUDCS	AUDCFE	AUDCM
Mean	0.156506	31.78421	1.562364	0.651965
Median	0.094510	32.09804	1.179320	0.585460
Maximum	1.246384	35.35181	13.73180	8.060153
Minimum	-0.281726	19.91139	0.058969	0.034195
Std. Dev.	0.217288	2.823945	1.385516	0.692562
Skewness	2.723434	-1.748766	4.481758	8.468091
Kurtosis	11.24116	6.477015	31.02702	82.64160
Jarque-Bera	1295.023	313.1505	11147.93	85356.33
Probability	0.000000	0.000000	0.000000	0.000000
Sum	48.36034	9821.320	482.7704	201.4573
Sum Sq. Dev.	14.54193	2456.197	591.2535	147.7300
Observations	100	100	100	100

Source: Researcher's Computation 2023

Table 4.1 above presents the summary of the descriptive statistics for the dependent and independent variables for 100 observations. For dependent variable, it was observed that return on assets has a mean value of 0.156506 and a standard deviation of 0.217288 among all variables. The maximum in financial performance is 1.246384 while the minimum is -0.281726.

For the independent variables, audit committee size, audit committee financial expertise, audit committee meetings are measured by the return on assets of the firms. Overall audit committee size has a mean value of 31.78421 and a standard deviation of 2.823945. Audit committee financial expertise has a mean value of 1.562364 and a standard deviation of 1.385516 while Audit Committee meetings have a mean value of 0.651965 and a standard deviation of 0.692562.

4.2 Correlation Matrix

Table 4.2 Correlation Matrix

Correlation	ROA	AUDCS	AUDCFE	AUDCM
ROA	1.000000			
AUDCS	0.139082	1.000000		
AUDCFE	0.265487	0.085659	1.000000	

AUDCM	0.012267	0.032158	-0.079892	1.000000
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Source: Researcher's Computation 2023

Table 4.2 shows that the measure of financial performance has a positive mixed correlation with the various explanatory variables used in the study. Audit committee size, audit committee financial expertise, audit committee meetings are positive. The coefficients of financial performance with other explanatory variables are relatively close except for audit committee meetings with a coefficient of 0.012267. The table shows that no two of the explanatory variables are perfectly correlated or nearly so. Thus, the problem of multicollinearity is absent in this model.

4.3 . Regression Results

Table 4.3 Regression Results

	Expected sign	Fixed Effect	Random Effect
C		C-v 2.2822 T-v (5.7102) P-v (0.0000)	0.6496 (2.7199) (0.0069)
AUDCS	+	C-v -0.0671 T-v (-5.3526) P-v (0.0000)	-0.0161 (-2.1533) (0.0321)
AUDCFE	+	C-v 0.0097 T-v (1.9425) P-v (0.0532)	0.0108 (2.1945) (0.0290)
AUDCM	+	C-v -0.0106 T-v (-1.6910) P-v (0.2467)	-0.0013 (-0.1424) (0.8869)
R-Squared		0.8477	0.0260
Adj-R-Squared		0.8153	0.0164
F-Statistics		26.1715 (0.000)	2.7145 (0.0450)
Durbin-Watson Stat		2.1829	1.7068
Hausman Test (Chi-Sq)		-	33.0323 (0.0000)
N(n)		100	100

Source: Researcher's Computation 2023

In testing for the relationship between the dependent and independent variables in the Return on Asset (ROA) – Financial Performance model, the two widely used panel data regression estimation techniques (fixed effect and random effect) were adopted.

The results revealed differences in the magnitudes of the coefficients, signs and number of insignificant variables. The estimation of the fixed effect panel regression was based on the assumption of no correlation between the error term and explanatory variables, while that of the random effect, considers that the error term and explanatory variables are correlated. In selecting from the two panel regression estimation results, the Hausman test was conducted and the test is based on the hypothesis that if the p-value is less than 0.05, the random effect model is preferred to fixed effect model. A look at the p-value of the Hausman test (0.0000) implies that the researcher should accept the hypothesis at 5% (0.05) level of significance. This implies that the researcher should adopt the random effect panel regression results in drawing our conclusion and recommendations.

With a coefficient of -0.016054 the results indicate that audit committee sizes negatively have impacts on financial performance, while the probability value of 0.0321 indicates that the negative impact is not significant. This leads to the acceptance of the alternative hypothesis, thus rejecting of the null hypothesis. The researcher accepts that audit committee size has a significant relationship with financial performance, and that such relationship is negative.

With a coefficient of 0.010847 the results indicate that audit committee financial expertises positively impacts financial performance, while the probability value of 0.0290 indicates that the positive impact is not significant. This leads to the acceptance of the alternative hypothesis, thus rejecting the null hypothesis that there is significant relationship between audit committee financial expertises and financial performance and that, such effect is positive.

With a coefficient of -0.001269 the results indicate that audit committee meetings negatively have impacts on financial performance, while the probability value of 0.8869 indicates that the negative impact is not significant. This leads to the acceptance of the null hypothesis, thus rejecting of the alternative hypothesis. The researcher accepts that audit committee meetings have no significant relationship with financial performance, and that such relationship is negative.

4.5 Discussion of Findings

The regression result from table 4.3 shows that audit committee size is negatively and significantly related with financial performance of listed consumer goods firm in Nigeria. This implies that the size of the audit committee does not improve the financial performance of their financial statement to their stakeholders. This can be confirmed from computed value of beta coefficient of -0.0160 with p-value of 0.0321 which is not significant. The empirical evidence derived from the fixed effect regression model indicates that Audit committee size of meetings has no significant effect on financial performance of listed consumer goods firms in Nigeria. The insignificant association between audit committee size and financial performance is consistent with prior findings of Abdullahi et al. (2020), Dakhallh et al. (2020), Hussaini and Gugong (2015). But contradicts Seini and James (2021), Laith (2015)

Table 4.3 above shows that audit committee financial expertise is positively and insignificantly related with financial performance of listed consumer goods firm in Nigeria. This can be observed from computed value of beta coefficient of 0.010847 with p-value of 0.290 which is significant at 0.05% level of significant. This means the presence of members of audit committee who are knowledgeable in accounting and finance in firms audit committee is reducing the delay in releasing the financial statements of the firms to the various users of accounting information. The significant association between audit committee financial expertise and financial performance is consistent with prior findings of Laith (2015). But contradicts Abdullahi et al. (2020), Dakhallh et al. (2020), Hussaini and Gugong (2015)

Also, audit committee meeting has negative significant relationship with financial performance of listed consumer goods firm in Nigeria. The beta coefficient of the study shows a value of -0.0012695 with p-value of 0.8869 which is not significant. This means the numbers of meeting held by members of audit committee of firms in Nigeria annually does not assist in performance of firms in Nigeria to their various stakeholders. This result supports the findings of Dakhallh et al. (2020), Yusuf (2017) but contradicts Seini and James (2021), Laith (2015), Hussaini and Gugong (2015).

Conclusion and Recommendations

In conclusion, the attributes of the audit committee play a significant role in ensuring the financial performance of an organization. A strong and effective audit committee that is independent, has the right level of expertise, and has an appropriate size can lead to better financial accounting information, transparency, and operational efficiency, ultimately improving financial performance.

Recommendations

Based on the conclusion that strong audit committee attributes can lead to improved financial performance, following are the recommendations:

- Organizations should regularly assess their audit committees to ensure that they remain effective in promoting financially stable operations, and fulfilling their oversight duties as risk management is dynamic.
- Audit committees should have members are expert with appropriate skills, experience, and diversity to ensure adequate oversight and performance management.
- Providing more resources to audit committees such as an increased budget, advanced training, and access to timely and reliable financial information may enhance their capacity to promote financial stability and performance.

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