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AUDIT REPORT CHARACTERISTICS AND FINANCIAL PERFORMANCE OF LISTED INTERNATIONAL STANDARD COMMERCIAL BANKS IN PORT-HARCOURT

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ABSTRACT

Audit report characteristics is a systematic process which involve 3rd parties (like company shareholders), the audit task focuses on a specific subject matter, evidence collected for the auditing task. This study investigated the relationship between audit report characteristics and financial performance of listed international standard commercial banks in Port-Harcourt. The study specifically investigated the relationship between professional opinion and return on assets and investigated the relationship between professional opinion and return on equity of listed international standard commercial banks in Port-Harcourt. The research design adopted in this study was ex-post facto research design. Secondary data of five (5) listed international standard commercial banks in Port-Harcourt for the period of ten (10) years (2012-2022) was used. Sample was obtained based on convenience sampling method. The statistical tools used were multiple regression analysis and Pearson's product moment correlation aided by statistical package for social science (SPSS) version 22. The finding showed that audit report characteristics had a significant positive relationship with financial performance. On the other hand, professional opinion competence had significant positive relationship with return on assets of listed international standard commercial banks in Port-Harcourt. This states that an adequate increase in the effectiveness of an audit report characteristics will boost return on assets. The study recommended that professional opinion of independent auditors should be taken into consideration to ensure that audit report characteristics are made up of more effective audit personnel.

Keywords: *Audit report characteristics, Financial performance, Professional opinion, Return on assets, and Return on equity*

INTRODUCTION

Most regulatory and supervisory organizations in accounting and auditing demand audited financial report of commercial banks in order to assure the quality of financial statements and defend the interests of investors. Audit report characteristics and financial performance have been studied empirically by researchers on listed commercial banks in Port-Harcourt, but the results were mixed. This leads to a wide range of findings on the subject area. Since audit opinion, audit firm size, and audit time are all inconsistently weighted, further research into the issue is needed, because of the inconsistency (Ningsih, and Agustina, 2019).

Over the years, recent decades have highlighted the necessity of encouraging financial reporting in commercial banks to improve their financial reporting practices. Audit report characteristics and financial accounting firms throughout the world have been blamed for the financial crises that have rocked several corporations especially the commercial banks in both developing and under-developing countries (Tiono and Jogi, 2018). In the wake of the financial crises at Enron, WorldCom, and Cadbury Nigeria Plc., and most recently, Thomas Cook, the auditors of these companies have been questioned about their audit report characteristics. These raise questions about the competency and integrity of the auditors who audited these companies that went bankrupt (Chikwemma, & Nwadialor, 2019).

However, financial reporting is one of the primary responsibilities of management which enables them give account of their stewardship. Managers of public companies as well as commercial banks are expected to prepare and present annual financial reports to shareholders, who are owners of the firm and other interested users such as creditors, analysts, government, and the general public to enable them assess the performance and financial position of the reporting entity (Major and Favour-Orluogwo, 2021). The main objective of financial reporting therefore is the provision of information on the financial performance and position of the reporting entity that is useful to different users, to enable them assess the stewardship of management and make informed economic decisions (Fitri et. al. 2020).

The auditor’s report characteristics should demonstrate an **impartial attitude**. It should be guided by an objective, independent and unbiased judgment. The report must not be influenced by any financial interest of the auditor in the company or its management. This is one of the most essential characteristics of a good audit report (Kurnia et al. 2014). This however, depends on the technical and competent skills of the auditor in order to detect misreporting and on his independence to report any observed miscalculations. Accountants, as described in the code of professional conduct, perform an essential role in society. In accordance with that role they are considered to exercise professional and moral judgments in their activities in order to maintain the public’s confidence. Therefore, the quality of audit report characteristics services is perceived as higher whenever the auditor is independent and possesses the capabilities to critically judge the financial reporting of client firms (Abdillah, 2019).

Audit report characteristics play an important role in maintaining an efficient market environment; an independent quality audit underpins confidence in the credibility and integrity of financial statements which is essential for well-functioning markets and enhanced financial performance (Hassan, 2016). External audits performed in accordance with high quality auditing standards can promote the implementation of accounting standards by reporting entities and help ensure that their financial statements are reliable, transparent and useful. Sound audit report characteristics can help reinforce strong corporate governance, risk management and internal control at firms, thus contributing to financial performance (Khansa et al. 2020).

The fact that financial performance is crucial for the survival of commercial banks in Port-Harcourt, the characteristics of their audit report should entail factual information, effective presentation, independent an unbiased approach (Murti amd Firmansyah, 2017). Financial performance has implications for the future of commercial banks whether it records success or failure. Although, in the commercial banking world, transactions and economic events are documented via assembling evidence by accountants and auditors; as well as recorded in the accounts. The results of transactions and economic events are available to interested parties out of extracted accounts and within framework of financial reports (Major, 2019).

However whether audit report characteristics influence financial performance is another question that the answer is not yet clear, without concurrence among researchers. Yet to the best of our knowledge, there has been little or no known work on audit report characteristics and financial performance of listed international standard commercial banks in Port-Harcourt. Hence there exist a gap that need to be filled. It is against this background that this study on audit report characteristics and financial performance of listed international standard commercial banks in Port-Harcourt is undertaken to actually find out whether audit report characteristics influence financial performance of listed international standard commercial banks in Port-Harcourt.

Statement of Problem

The role of the audit report characteristics in international standard commercial banks is the subject of increasing public and regulatory interest, particularly after financial reports. The audit report characteristics plays a correspondent role between the management board, internal auditor, external auditor, executive officers, and the general public. Jensen and Mackling (1976) claimed that separation of ownership from management creates many problems and agency conflict is one of the worst when managers start acting against the interests of owners. Authors suggested that this situation can be controlled and/or corrected through an independent audit report characteristic. It serves as trustees in a governance system that helps to decrease information asymmetry and mitigates agency issues (Ilechukwu, 2017).

However, Alali and Elder (2014) identified few characteristics of an independent audit report and its characteristics such as factual information, effective presentation, independent and unbiased approach, qualified auditors with authority, independent and honesty which ensure true and fair financial reporting so that stakeholders could make prudent, intelligent, and informed business decisions. The characteristics of an independent audit report is important because it helps to maintain transparency, assist the board of directors, prevent and control inadequate business practices, and oversight process of financial reporting (Alali and Elder, 2014).

Auditors' report on the process of decision-making by users of financial statements is considered as one of the most useful tools. When auditors is not to make an acceptable opinion on the information given in financial statements, his opinion validate the financial statements and information contained in the financial statements remain unchanged, or to be more precise, the registered information will be approved (Egbunike and Abiahu, 2017). If qualified opinion a failed or lacks of opinion without an impartial financial expert questions all or part of the information contained in the financial statements. The effect of the auditing profession's activities and its role in the stock returns of companies listed in Tehran Stock Exchange and the investment process relies on the information provided by companies' managers as an evaluator reference and it is judged by the auditor. Through this result potential and actual shareholders are reflected (Gerayli et al., 2011).

Auditing profession has effective role on improving informational system and inspiring confidence of each country's financial reports (Kwabena, 2017). With the increase in the number of users of the auditor's report as customers of public goods, has led the quality of auditors' work to be paid attention. Quality of auditors' work and their remark, can improve the country's financial informational system and finally making decision for an optimal economy (Hapsari et al 2016).

In the recent years the formation of CPAs, (Certified Public Accountants) a part of the activities of audit organization has been assigned to private institutions of its community. The content of accounting information and auditor's opinion and its role in decision-making of readers, especially investors in the stock exchange were the subjects that has been investigated and studied over the past four decades in the markets of Australia, Canada, England, France, Spain and the Islamic Republic of Iran (Habib et al 2018).

Therefore, the present study was being carried out on listed international standard commercial banks in Port-Harcourt where audit report characteristics and its possible implementation in commercial banks was in the early stage and provided an interesting insight for researchers. Previous studies such as Hapsari et al 2016); Hamdan et al. (2013); Gerayli et al., (2011), Matoke and Omwenga, (2016) invested the impact of audit committee characteristics either on earnings management or on financial performance but these studies focused on financial sector companies and non-financial sector remained ignored. Therefore, the intent of this study is to investigate the impact of audit report characteristics and financial performance of international standard commercial banks in Port-Harcourt.

Aim and objectives of the study:

The main aim and objectives of this study is to investigate the relationship between audit report characteristics and financial performance of international standard commercial banks in Port-Harcourt. The specific objectives are to:

1. ascertain the relationship between professional opinion and return on assets of listed international standard commercial banks in Port-Harcourt.
2. ascertain the relationship between professional opinion and return on equity of listed international standard commercial banks in Port-Harcourt.
3. ascertain the moderating effect of auditors competence on the relationship between audit report characteristics and financial performance of listed international standard commercial banks in Port-Harcourt.

Research hypotheses:

This research work is guided by the following hypotheses in line with the objectives of the study and research questions:

Ho_1: There is no significant relationship between audit report characteristics and return on assets of listed international standard commercial banks in Port-Harcourt.

Ho_2: There is no significant relationship between audit report characteristics and return on equity of listed international standard commercial banks in Port-Harcourt.

H_{03}: Auditors competence does not significantly moderate the relationship between audit report characteristics and financial performance of listed international standard commercial banks in Port-Harcourt.

LITERATURE REVIEW

Concept of audit report characteristics

An audit is defined as an objective and systematic examination of the financial accounts of an organization by an independent person (the Auditor) in order to express an opinion on the truth and fairness of the financial statement assertions in an accounting period. According to the Code (2018), an external auditor is appointed to provide an independent opinion on the true and fair view of the financial statements of the company in order to give assurance to stakeholders on the reliability of the financial statements.

Okaro et al., (2015) assert that audit characteristics is market-assessed joint probability that an auditor will both discover a breach in the client accounting system and also report the breach, this means that the auditor has both the technical competence to detect any material errors during the audit process, and the independence to ensure that material errors and omissions are corrected or disclosed in the auditor's report.

Audit characteristics plays a significant role in maintaining an efficient market environment and independent quality audit underpins confidence in the credibility and integrity of financial statements for well-functioning markets and enhanced financial performance (Hua et al, 2016).

Dimension of Independent Variable

Professional Opinion

A professional opinion or an audit opinion is a statement issued by a certified public accountant that certifies the financial statements are fair stated that the auditor's objective in auditing a company's financial report is to express the auditor's opinion on the prevalence of material matters within the company after Indonesian accounting standards are implemented. Companies that have received unqualified professional opinion or audit opinions, investors, more value than companies deserving of opinions and disclaimer opinions (Alam & Shakir, 2019).

Companies that receive unqualified opinions can submit financial reports on time. Meanwhile, companies that obtain unqualified opinions typically face a long delay in completing the audit report because the auditor may discover material errors in their financial statements (Aryan, 2015). As a result, the auditor takes longer to complete the audit process of the financial statements. Audit opinion comes from the professional opinion of the auditor which also affects the audit report and financial statements and, and research by indicates that audit professional opinion (Investopedia, 2022).

Also, a professional opinion or an auditor's opinion is a certification that accompanies financial statements. It is based on the professional opinion of an audit of the procedures and records used to produce the financial statements and deliver an opinion as to whether material misstatements exist in the financial statements. An auditor's opinion may also be called an accountant's opinion (Maherand, 2018).

An auditor's opinion is presented in an auditor’s report which shows the fairness of financial statement, thereby aiding the financial performance of commercial banks. The audit report begins with an introductory section outlining the responsibility of management and the responsibility of the audit firm (Adekunle and Aghedo, 2014). The second section identifies the financial statements on which the auditor's opinion is given. A third section outlines the auditor’s opinion on the financial statements. Although it is not found in all audit reports, a fourth section may be presented as a further explanation regarding a qualified opinion or an adverse opinion (Monametsi, & Agasha, 2020).

For professional opinion of audits of companies in the United States, the opinion may be an unqualified opinion in accordance with generally accepted accounting principles (GAAP), a qualified opinion, or an adverse opinion. The audit is performed by an accountant who is independent of the company being audited (Investopedia, 2022).

Measures of Financial Performance

Return on Assets

Assets are economic resources, which are owned by a business and are expected to benefit future operations. Assets may have definite physical form such as buildings, machinery or stocks (inventories) (Ohaka et al., 2008). Return on assets (ROA) is an indicator of how profitable a company is relative to its total assets. Return on assets gives an idea as to how efficient management is using its assets to generate earnings. It measures the amount of profit the company generates as a percentage of the value of its total assets.

$$\text{ROA} = \frac{NetProfit\ iiiafter\ iiitax}{TotalAsset}$$

A high ratio indicates that a company earns more net income, which is a sign of efficiency. A low ratio means a company makes less net income, which is a sign of inefficiency (Investropedia, 2022).

Return on assets is a very important ratio and provides a standard for determining how efficient financial management employs the average amount which is invested in the firm's assets, whether the amount comes from investor or creditors. A low level of return on assets shows that the profits are low for assets. The return on asset ratio calculates how efficiently profits are being from the assets employed. A low return on assets ratio is compared with industry average and indicates inefficient utilization of business assets (Adesanmi et al., 2018).

Return on equity

Return on equity (ROE) provides information on how efficiently the organization is using debt in its capital structure. For firm that borrows money return on equity should exceed return on asset. If return on asset is greater, it point to the fact that the organizational is not earning enough to pay interest cost on borrowed money.

Return on equity (ROE) is a measure of profitability that calculates how many dollar of profit a company generates with each dollar of shareholder equity. Return on Equity (ROE) is more than a measure of profit; it is a measure of efficiency. A rising Return on Equity (ROE) suggests that a company is increasing its ability to generate profit without needing as much capital. It also indicates how well a company's management is deploying the shareholders capital. It is important to note that if the value of shareholders equity goes down, return of equity goes up. Return on Equity is net income divided by shareholder equity (Investopedia, 2022). Return on equity is the ratio of net profit after tax to the total equity funds and it shows the efficiency with which the equity funds are employing. It is calculated as ROE = $\frac{NetProfitAfterTax}{Equity}$ (Sanni et al., 2008).

Auditors' Competence

According to Arens et al (2012), competency is knowledge and skills necessary to accomplish tasks that define one's job. In the internal audit area, competency consists on the development of specialized expertise that enhances the quality of internal auditing. It comprises of internal audit experience, skills, knowledge and professional proficiency. The auditor's competency has often been viewed as a guarantee of the auditor's ability of detection. It is also one of the most essential elements in determining internal audit quality. The institute of internal auditors (IIA), as a prominent standards setter of internal audit highlights the importance of having essential knowledge, skills, experience and professional qualification by internal auditors to operate more effectively (Bello et al. 2017).

Every auditor must meet specific requirements and qualifications to become a professional competent auditor. Competence can be acquired by education, training, exams, professional experience with continuous improvement of the knowledge and skills regarding career changes and developments and appropriate control systems in conformity with the principles and professional standards (Chinedu and Chidoziem, 2017). The overall knowledge, ability or skills, work attitude, personality, expertise obtained from knowledge and training are all essential attributes that auditors must acquire to gain competence. Auditor's professional competence relates to the auditor's ability to practically and skilfully apply gained knowledge and possessed experience in performing the auditing process objectively, carefully, and accurately (Zahmatkesh & Rezazadeh, 2017).

Dimension of Dependent Variable

Financial Performance

Finance performance refers to the degree to which financial objectives has been accomplished. It is the process of measuring the results of a firm's policies and operations in monetary terms. It is used to measure a firms overall financial health over a given period and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation (Major & Favour-Orluogwo, 2020).

Financial performance is an extent to which a company financial health over a period is measured in order to provide information to shareholders as well as stakeholders for effective decision-making. Managing risk and increasing profitability of an entity within the corporate governance compliance is an essence of making good decisions (Salisu & Nur Ashikin, 2016). Financial performances depict the ability of an organization to control and manage its resources. Measures of financial performance among others are return on assets, return on equity, liquidity ratio, earnings before interest and tax, net profit margin and current ratio, (Hamed et al., 2015).

Moreover, Bhattacharyya (2011) found that the organization's financial performance is the viable utilization of assets in an association in doing its everyday tasks and producing income. Monetary performance can similarly insinuate the overall flourishing of a firm the degree that asset is worried over a particular time period. Financial execution can likewise be used to check or gauge firms from a comparative industry or across over different undertakings for assessment purposes.

Financial performance, in summary, is a basic objective that associations especially the benefit arranged organization's hankering or go for to achieve (Yahaya & Lamidi, 2015).

Theoretical Review

Stakeholder Theory

Stakeholder theory as propounded by Freeman (1984) holds that, a firm has varying stakeholders who are interested in the activities of the firm. A Stakeholder is any individual or group of individuals who are affected or can affect the achievement of an entity's objectives. The main assumption of this theory is that, values are necessary and explicitly a part of doing business. It requires firms through their managers to articulate the shared sense of the value they create and what brings its core stakeholders together. It also tasks managers to be certain about how they want to do business, specifically what kind of relationships they want and need to create with their stakeholders to deliver on their purpose.

The proponents of stakeholder theory suggest that managers in organizations have a network of relationships to serve which include suppliers, employees, lenders and other business partners. Therefore, the auditor is obliged to be accountable to these varying stakeholders since they (stakeholders) rely on his opinion on financial statements for their decisions. Stakeholder theory has been praised for overcoming the narrow view that the company's sole purpose is to maximize economic value for shareholders (Eshitemi & Omwenga 2016). Since stakeholders directly or indirectly affect the performance of an organization, audit quality provides information about how well or not the interest of these stakeholders is represented. Therefore, the decisions made by these stakeholders basing on the characteristics of audit provided to some great extent affect firm performance.

Auditors' Theory of Inspired Confidence

Developed in Netherlands by the Limperg Institute in 1985, the theory of inspired confidence recognizes the auditor as a confidential agent who derives his function from the need for expert and independent examination as well as the need for an expert judgment supported by the audit work. This theory offers a connection between the users' needs for reliable financial reports and the ability of the audit work to meet those needs. Thus, auditors are required to know that the public expects a low rate of audit failure. Therefore, auditors are required to plan and perform their audit in a manner that will reduce to the barest minimum the risk of undetected material misstatements. The auditor is under obligation to conduct his work in a manner that does not betray his confidence (Limperg Institute, 1985).

The main importance of this theory is that, the duties and responsibilities of the auditors are derived from the confidence and trust that the public bestowed on the success of the audit and the assurance given by the auditor. According to Carmichael (2004), the confidence that the society has in audited financial statements is misplaced when the audit process fails to address the societal expectations giving rise to a loss in the value relevance of even the audit.

Therefore, for this study, the stakeholder theory is relevant because it gives an idea about how business really works. Since stakeholders directly or indirectly affect the performance of an organization, audit report quality provides information about how well or not the interest of these stakeholders is represented. Therefore, the decisions made by these stakeholders based on the characteristics of audit report provided to a great extent affect firm performance. Hence we suggest that the success of audit report characteristics depend on the creation of value to all stakeholders' interest in the organization as to the quality financial performance because each of these stakeholders has a role to play in achieving organizational goal.

Empirical studies

Major and Favour-Orluogwo (2021) examined the effect of corporate social responsibility reporting (CSRR) and financial performance of Nigerian pharmaceutical firms in Port-Harcourt. In specific terms, the paper examined the influence of one CSRR dimensions (employees) on Profitability and Return on Asset (RoA) of the sampled pharmaceutical firms in Port-Harcourt. The study utilized a random sample size of twelve (12) pharmaceutical firms in Obio/Akpor, drawn randomly from seven (52) pharmaceutical firms in Port-Harcourt metropolis. Secondary data for the study were collected from the financial statements of the sampled pharmaceutical firms and analysed with the aid of multiple regression analysis. Human resource (employees) disclosure has significant positive impact on Profitability. This implies that the level of the disclosure of employee related information has direct effect on ROA- the higher the reporting level, the higher the Profitability and vice versa. This means that the higher the level of experienced employees in pharmaceutical firms, the higher the profits.

Enekwe et al (2020) reviewed the effect of internal audit quality on the financial performance of listed manufacturing companies in Nigeria. In this study, the authors examined the effect of internal auditor and audit committee independence on return on assets (ROA). The results of the study showed that internal audit quality influenced positively and significantly the financial performance.

Hazaea et al (2020) conducted an empirical study on the impact of internal audit quality on the financial performance of Yemeni commercial banks. The authors measured internal audit quality by internal auditor independence, compliance with internal auditing standards, implementation of governance principles, size of the internal audit department, and frequency of audit committee meetings. The results of the study revealed that the quality of internal auditing has a positive and significant impact on financial performance.

Abba and Sadah (2020) examined the impact of audit quality on firm value of listed deposit money banks in Nigeria. Firm value was the dependent variable proxy by Tobin's Q and audit quality the independent variable proxy by audit size and industry specialized audit. The study adopted correlational research design and data were extracted from the published annual reports and accounts of the 13 banks that represent the sample of the study for the period of 6 years covering

2013 to 2018. The study employed pool multiple regression as a technique of data analysis. The result shows that industry specialized auditor has a significant positive influence on firm value of listed deposit money banks in Nigeria. Audit size has no significant influence on firm value of the banks. This finding implies that the more deposit money banks in Nigeria are audited by industry specialize auditor the higher the firm value of the banks.

Major (2019) examined the relationship between Financial Structure and return on equity of firms with particular reference to quoted consumer goods manufacturing firms in Nigeria from 2001 to 2016. The main objective of his study is to examine the effect of financial structure on the return of equity of these firms. Twenty-one listed firms listed in the capital market during this period were identified for the study. Quasi-experimental design was adopted as panel data obtained from Nigerian Stock Exchange Fact-Book was used for the study. Ordinary Least Square (OLS) technique was used to estimate relationship between financial structure and return on equity (ROE). T-test Statistics was used in testing the hypothesis formulated for the study. The test of the hypotheses revealed that there is no significant relationship between financial structure and return on equity (ROE). He also found that firm size has positive influence on ROE. The study concluded among others that financial structure decision is still relevant as debt ratio and equity ratio still influenced return on assets.

METHODOLOGY

The research adopted an ex-post facto research design. The study investigated five (5) listed international standard commercial banks in Port-Harcourt listed on Nigeria commercial banking group as at 31st December 2022, and have constantly prepared their annual financial reports from 2012 to 2022 in accordance with all stipulated laws and standards in Nigeria. The study sample size was five (5) firms out of eight (8) international standard commercial banks in Port-Harcourt. The instrument was secondary data. A multiple regression technique was employed.

DATA ANALYSIS

The analysis was carried out using the least square multiple regression technique, ANOVA and Pearson's product moment correlation analyses aided by SPSS version 22 were used to measure the relationship between the predictor variable and the criterion variable. Multiple regression analysis is statistical technique that is concerned with the estimation of the criterion variable using two or more predictor variable.

Descriptive Statistics

Table 1: Descriptive Statistics

	ROA	ROE	PO	AC
Mean	.094679	-.140178	.907847	6.584117
Std. Deviation	.212687	1.773432	1.081266	.8265481
Skewness	.363	-9.629	-.068	.956
Kurtosis	3.655	7.335	-.507	.549
Minimum	-.4998	-18.0447	.6990	5.4395
Maximum	.8458	.7570	1.1479	8.7179
Observation	131	131	131	131

Source: SPSS version 22 output, 2022

Table 4:2:2 Indicates the descriptive statistics on mean, standard deviation, skewness, kurtosis, minimum and maximum of all the variables of the study. The table showed 110 cases with no missing cases in all the variables. The mean of the data, which indicates the measures of central tendency, is displayed on the table for all variables. Likewise, the standard deviation which indicated the spread of the distribution as a measure of dispersion is also displayed. To determine asymmetry in distribution, skewness is computed, from the table 4:2:2, none of the skewness value is above one (1) meaning that the data assumes a normal distribution. The kurtosis shown positive and negative values, the kurtosis values that are greater than three indicates leptokurtosis (ROA, ROE) while the kurtosis that are less than three (3) indicates platykortic distribution (PO, AC). The minimum and maximum values of the entire variable are indicated in the table above.

Bivariate analyses

This section dealt with the regression of the predictor variable with the criterion variable to determine or evaluate if there exist any relationship between the two variables.

Table: 4.2.3.1 correlation analysis on audit committee attributes and financial performance.

Correlations

		ARC	FP
ARC	Pearson Correlation	1	.236*
	Sig. (2-tailed)		.025
	N	133	133
FP	Pearson Correlation	.236*	1
	Sig. (2-tailed)	.027	
	N	133	133

*. Correlation is significant at the 0.05 level (2-tailed).

Source: SPSS version 22 output 2022

The table 4.2.3.1 depicted positive correlation coefficient of .236* significant at .025< 0.05 level of significance. This value indicates a weak relationship between audit report characteristics and financial performance. The positive correlation coefficient observed highlight that increase in financial performance is associate with increase in audit report characteristics. Therefore the researcher concludes that there is significant association between audit report characteristics and financial performance of listed international standard banks in Port-Harcourt.

Test of Hypothesis 1

H_{01}: There is no significance relationship between audit report characteristics and return on assets of listed international standard banks in Port-Harcourt.

Table 4.2.4.1 delineated that Professional opinion (PO) had an observed significant t- value of 0.039<0.05 significant level. Therefore the researcher rejects the null hypothesis and concludes that professional opinion significantly influence return on assets of listed international standard banks in Port-Harcourt.

Test of hypothesis 2

H_{02}: There is no significant relationship between professional opinion and return on equity of listed international standard banks in Port-Harcourt.

Table 4.2.4.2 shown that professional opinion (PO) had a significant alpha t-value of 0.034<0.05 significance level. Hence the researcher rejects the Null hypothesis and affirms that professional opinion significantly influence return on equity of listed international standard banks in Port-Harcourt.

Partial correlation analysis on the impact of auditors' competence (AC) on the relationship between audit report characteristics (ARC) and financial performance (FP)

Correlations

Control Variables			ARC	FP	AC
-none-[a]	ARC	Correlation	1.000	.226	.099
		Significance (2-tailed)	.	.025	.281
		Df	0	119	119
	FP	Correlation	.226	1.000	.050
		Significance (2-tailed)	.025	.	.584
		Df	119	0	119
	AC	Correlation	.099	.050	1.000
		Significance (2-tailed)	.281	.584	.

		Df	119	119	0
AC	ARC	Correlation	1.000	.222	
		Significance (2-tailed)	.	.816	
		Df	0	118	
	FP	Correlation	.222	1.000	
		Significance (2-tailed)	.816	.	
		Df	118	0	

a. Cells contain zero-order (Pearson) correlations.

Table 4.2.4.4 depicted the partial correlation analysis on the impact of auditors' competence on the relationship between audit report characteristics on financial performance. The table shown a weak positive significant relationship between audit report characteristics and financial performance (r = 0.226, PV = 0.025<0.05).

The analysis in table 4.2.4.4 show that auditors' competence had an insignificant relationship with audit report characteristics (r = 0.099, PV = .281>0.05) and with financial performance (r = .050, PV =.584>0.05).

Conclusions

This study investigated audit report characteristics and financial performance of listed international standard banks in Port-Harcourt. The optimum success or failure recorded by commercial banks majorly lied in the adequate report techniques of audit report characteristics measures taken, therefore the commercial banking sector had to adapt to the inclusion of a good and detailed audit report characteristics mode of operation which will promote the attribute of transparency, accountability of the audit report, and as well, improve corporation among stakeholders thereby enhancing the overall performance of the corporation.

The following summarize empirical result are stated below:

1. Audit report characteristics has a significant positive relationship with financial performance which views that performance is improved by audit committee attributes of listed textile manufacturing firms in Nigeria.
2. Professional opinion had significant positive relationship with return on assets of listed international standard banks in Port-Harcourt. This states that an adequate increase in the effectiveness of an audit report characteristics will boost return on assets.
3. Auditors' opinion positively but insignificantly influence the relationship between audit report characteristics and financial performance implying that increase in total equity will improve financial performance.

Recommendations

Base on the findings, the following recommendations were proffered:

1. Audit report characteristics have a direct relationship with financial performance. This implies that audit report characteristics should be strongly encouraged as a major factor to improve financial performance thereby maximizing shareholder's and stakeholder's value.
2. Professional opinion of independent auditors should be taken into consideration to ensure that audit report characteristics are made up of more effective audit personnel. Also, ensure that more audit report personnel possess financial expertise especially accounting expertise so that they can be drafted into the audit report committee to improve the financial performance of international standard commercial banks.
3. The study depicted that auditors' opinion positively impact on return on equity of listed international standard commercial banks. This means that auditors' opinion should be increased with the aim of boasting the return on equity thereby encouraging efficient utilization of resources.

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