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AUDIT COMMITTEE ATTRIBUTES AND FINANCIAL SUSTAINABILITY OF QUOTED DEPOSIT MONEY BANKS IN NIGERIA.

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Abstract

This study examined the effect of audit committee attributes on the financial sustainability of quoted deposit money banks in Nigeria. The specific objectives were to determine the effect of audit committee size, audit committee independence, audit committee meeting frequency, audit committee financial expertise, and audit committee gender diversity on financial sustainability measured by operating profit. Five research questions and hypotheses were formulated for the study. The study adopted an ex post facto research design and covered a population of twenty-seven (27) licensed commercial banks in Nigeria, from which eleven (11) quoted deposit money banks were selected as the sample size. Secondary data were collected from the published annual reports and financial statements of the sampled banks covering the period 2014 to 2025. The hypotheses were tested using panel regression analysis, while descriptive statistics and other diagnostic tests were conducted using EViews. At the 5% level of significance, the findings revealed that audit committee size had a negative and significant effect on operating profit ($\beta = -4.705743$; $p = 0.0146$). Audit committee independence had a negative but non-significant effect on operating profit ($\beta = -0.414196$; $p = 0.7218$). Audit committee meeting frequency had a positive and significant effect on operating profit ($\beta = 0.232178$; $p = 0.0292$). Audit committee financial expertise had a positive and significant effect on operating profit ($\beta = 3.893899$; $p = 0.0313$), while audit committee gender diversity also had a positive and significant effect on operating profit ($\beta = 3.335385$; $p = 0.0402$). The study concluded that audit committee attributes have varying effects on the financial sustainability of quoted deposit money banks in Nigeria, as measured by operating profit. The study recommended that banks should maintain an optimal audit committee size, strengthen the practical independence of committee members, encourage regular and purposeful meetings, appoint members with relevant financial expertise, and promote gender diversity in audit committee composition.

Keywords: Audit Committee Attributes, Financial Sustainability, Operating Profit.

1.0 Introduction

Over the past few decades, the issue of corporate governance has gained significant prominence globally, especially in the financial sector, where banks are key financial intermediaries, whose stability affects the entire economy. Within corporate governance, the establishment and effectiveness of an audit committee have been widely regarded as critical for ensuring transparency, internal control, financial reporting quality, and ultimately the sustainability and performance of firms.

Despite the recognized importance of sound corporate governance in ensuring the sustainability of financial institution, the Nigeria banking sectors continues to experience recurring challenges such as financial misstatement, poor risk management, regulatory infractions and occasional bank failure, (IMF, 2013, Ijie et al., 2020, NDIC, 2020), many firms continue to experience financial distress, poor liquidity, weak internal controls, and declining financial sustainability (Umar et al., 2020). These issues raised concerns about the effectiveness of audit committees which are mandated to provide independent oversight to financial reporting and internal control processes as many financially distressed firms possess committees that meet these structural requirements, yet still fail in oversight effectiveness (Okolie & Ogbaragu, 2022).

Currently, scholars have begun to argue that structural attributes of audit committee alone do not fully capture what makes an audit committee effective. That the dynamics within the committee- including leadership effectiveness, member participation, decision making processes, and the manner in which meetings are conducted, are likely to influence how well the committee performs its oversight role (Irowa-Omoregie & Ohonba, 2025). However, empirical work on such "audit committee dynamics" remains limited, particularly in Nigeria's banking context. While external pro-market corporate governance research (e.g., in UK or other markets) examines board dynamics along with structural attributes, limited attention has been paid to audit committee dynamics as distinct variables in Nigeria (Alabi et al., 2022). Hence the need for this study, in which the researcher proposes to investigates audit committee dynamics as distinct variables, combined with audit committee attributes, to see their joint effect on financial stability of listed deposit money banks in Nigeria.

At the same time, firms globally face pressures to maintain financial sustainability, which refers to their ability to generate adequate revenue, manage expenses, maintain liquidity, and survive over the long term. Financial sustainability demands strong governance structures that promote transparency, prudent financial management, and early detection of financial risks. The financial sustainability of deposit money banks has become a critical subject of discourse in contemporary corporate governance and financial management literature, given the strategic role theses institution play in economic growth and financial stability. Effective governance structure is essential to ensure prudent

management of resources, reliable financial reporting, and the mitigation of risks inherent in banking operations.

Despite several studies on corporate governance mechanisms, there is limited empirical evidence on how the combination of audit committee attributes and internal committee dynamics jointly influence the financial sustainability of firms. This study therefore filled this gap by investigating the extent to which audit committee characteristics (attributes) and behavioral processes (dynamics) affect the financial sustainability of deposit money banks in Nigeria.

A more recent but growing strand of literature has extended the study of "governance" from mere compliance indicators to broader concepts such as sustainability, value creation, and long-term financial health. For example, studies done by Aanu et al.(2014) was on effectiveness of audit committee on firm performance, Ogunsola(2024) studied audit committee characteristics on earnings management, Alabi et al.,(2022) studied the nexus between corporate governance and financial performance, and Adegboye et al.,(2020), investigated audit committee characteristics and sustainability performance of Nigerian listed banks over 2014-2016, they found that audit committee independence and gender diversity have significant positive impacts on sustainability performance, though committee magnitude (size) negatively influenced sustainability performance. This indicates that some structural audit committee attributes support sustainable banking practices, and also that larger committee may impede rather than help.

Nevertheless, despite this progress, there remains latent gaps that warrant deeper investigation. First, much of existing empirical evidence emphasizes either audit committee structural attributes or their effects on reporting quality, disclosure or short-term performance. Fewer studies examine how those attributes influence financial sustainability which is a broader, long-term concept that encompasses profitability, risk resilience capital adequacy, and growth capacity of banks, which is what this study proposes to do. Second, very few studies- if any- have systematically incorporated audit committee dynamics (leadership effectiveness, member participation, and decision-making process) into the model, especially in the Nigerian deposit money bank (DMB) context. Third, findings regarding structural attributes themselves are often inconsistent or mixed: for example, while some studies found positive effects of committee expertise or gender diversity on performance or disclosure, others reported non-significant or even negative effects of meeting frequency or committee size on financial reporting quality (Umasabor & Okonkwo, 2025). This inconsistency suggests that structural attributes alone may not guarantee effective oversight, and may explain why many banks continue to struggle with weak governance, financial misstatements, or sustainability risks. Indeed, recent empirical evidence from Nigeria deposit money banks underscores this problem. A study by Umasabor and Okonkwo, (2025), covering 2010-2023 found that committee independence and meeting frequency had negative and non-significant effects on

financial reporting quality, and committee expertise- rather than improving oversight, showed a negative but significant effect. Committee size also did not appear to enhance financial reporting quality. Similarly, in the broader context of corporate enterprises, studies have highlighted that even with formerly qualified audit committee members, effective oversight often depends on how actively and effectively those members participate, make decisions, and engage with internal and external auditors (Irowa-Omoregie & Ohonba, 2025).

These mixed findings point to an important governance paradox: the mere existence of formal audit committee structures does not necessarily guarantee effective financial oversight, sound financial controls, or improved corporate sustainability. Although audit committees are established to strengthen monitoring, enhance the credibility of financial reporting, and protect stakeholders' interests, many banks continue to experience reporting irregularities, weak financial controls, and challenges in achieving long-term stability. This suggests that the presence of audit committees alone may be insufficient to ensure effective governance outcomes. However, the factors that explain these inconsistencies remain inadequately explored, particularly in empirical studies of Nigerian deposit money banks. Further investigation is therefore necessary to provide a better understanding of the role of audit committees in promoting financial sustainability and strengthening corporate governance practices within the banking sector. Another challenge observed in the extant literature is that many prior studies measure "performances" or "reporting quality" using short-term accounting metrics or disclosure indices. This approach risks overlooking the broader and long-run concept of sustainability that reflects a bank's ability to remain solvent, profitable, compliant, and resilient across economic cycles. For a sector as critical as banking, especially in emerging economies like Nigeria, focusing only on short-term performance is insufficient for policy makers, regulators, depositors, and investors. Addressing this challenge may offer deeper insights into how governance mechanisms contribute to long-term stability, investor confidence, and financial system resilience, hence the researcher's choice of financial sustainability as the dependent variable.

Furthermore, given the centrality of governance reforms to banking regulation in Nigeria, there have been regulatory and industry efforts to strengthen bank oversight: regulatory guidelines require banks to maintain audit committee with specified minimum attributes (e.g. independence, financial expertise). However, the recurrence of banking sector distress, financial misreporting, and collapse of some institutions indicates those reforms have not fully delivered the expected outcome. This suggests that compliance in form does not necessarily translate into effective oversight in substance. As such, a shift is needed, from formal compliance to functional effectiveness. That requires evaluating not just who sits on the audit committee, but how the committee operates internally and this is what this study did.

Therefore, this study is timely and important. By examining both audit committee attributes in relation to financial sustainability of listed deposit money banks in Nigeria, it filled a critical gap. It provided evidence on whether improving only structural attributes (as regulators currently emphasize) is sufficient or whether real gains come from improved internal functioning (leadership, participation in decision making). Hence the need for this study that investigated the effect of audit committee attributes, on financial sustainability of listed deposit money banks in Nigeria. Specifically, the study is carried out to:

Determine the effect of audit committee size on financial sustainability of quoted deposit money banks in Nigeria.

Investigate the effect of audit committee independence on in financial sustainability of quoted deposit money banks in Nigeria.

Examine the effect of audit committee meeting frequency on financial sustainability of quoted deposit money banks in Nigeria.

Evaluate the effect of audit committee financial expertise on financial sustainability of quoted deposit money banks in Nigeria

Assess the effect of audit committee gender diversity on financial sustainability of quoted deposit money banks in Nigeria.

Review of Related Literature

2.1 Conceptual Review

2.1.1 Audit Committee Attributes

Audit committee attributes are the key structural and behavioural features that determine how effective an audit committee is in carrying out its monitoring responsibilities. In other words, Audit committee attributes encompass a spectrum of characteristics that define the composition, responsibilities, and effectiveness of the audit committee within an organization's corporate governance framework (Wu et al., 2018). According to AI-Shaer and Zaman (2018), audit committee attributes encompass characteristics such as independence, size, financial literacy, gender mix, and meeting activity which determine the committee's ability to oversee financial reporting and ensure accountability. Similarly, DeZoort et al. (2020) argue that audit committee attributes reflect both capacity (expertise, size), autonomy(independence), and diligence (frequency of meetings, quality of participation).

These attributes typically include the size of the audit committee, which determines the breadth of expertise and diversity of perspectives available for financial oversight. A larger committee often allows for more comprehensive scrutiny of financial reporting processes and reduces the risk of oversight gaps (Garad et al., 2021). Moreover, the independence of audit committee members is paramount to ensuring impartial judgment and effective oversight. Independence safeguards against conflicts of interest and promotes objective decision-making, enhancing the credibility and integrity of the audit function (Asiriuwa et al., 2018).
Overall, audit committee attributes determine the effectiveness of the audit committee in promoting high-quality reporting, preventing earnings manipulation, improving audit processes, and sustaining financial performance.

2.1.1.1 Audit Committee Size

The audit committee size refers to the number of members that constitutes the audit committee of a company or financial institution. That is, the total number of members serving on the audit committee. It is a structural attribute that influences the committee's capacity to carry out its oversight duties. It is a key attribute in corporate governance because the number of members can influence the committee, effectiveness, independence and ability to monitor financial reporting and internal controls. Cadbury report (1992), the Uk Cadbury committee on corporate governance recommended that an audit committed should comprise at least there (3) non-executive directors, emphasizing that a balance size increases oversight and reduces the risk of dominance by management. Security and exchange commission (SEC, 2003) required public companies in the U.S to maintain an audit committee with no fewer than three members, each of whom must be independent to enhance financial oversight. Larger committees bring diverse skills and perspectives, which may strengthen monitoring capacity (Akhter et al., 2023).

In Nigeria, audit committee size refers to the number of members appointed to the audit committee of a bank or other public company as prescribed by Nigerian corporate governance laws and regulatory guidelines. The size of the committee is critical because it determine the capacity for effectiveness oversight of financial reporting, internal control and risk management within deposit money banks. Company and allied matter (CAMA,2020), section 404 (2) stipulates that every public company (including banks) must established an audit committee comprising six members. Three representatives of shareholders elected of the Annual General Meeting (AGM), and three representations of directors appointed by the board. CBN code of corporate governance for banks and discount houses (2014) reinforces CAMA'S Requirements, mandating that the statuary audit committee of deposit money banks shall consist of six members (3 shareholders & 3 directors). Security and Exchange Commission (SEC) code of Corporate Governance

(2011), similarly adopts the CAMA provision, requiring an audit committee of six members emphasizing that this composition promotes accountability and effective monitoring of financial statement.

2.1.1.2 Audit Committee Independence

Audit committee independence is defined as the situation where members of the audit committee are non-executive directors who are free from management influence and have no relationships that may impair their ability to make unbiased judgments. An independent audit committee member is one who has no relationship to the company that may interfere with the exercise of independent judgment. Independent directors tend to exercise greater objectivity and are better positioned to oversee financial reporting processes. The committee emphasized independence as the cornerstone for enhancing financial reporting integrity. Abeygunasekera et al., (2021) audit committee independence as the absence of any financial, familial, or employment ties between audit committee members and the firm or its executives that could compromise objectivity in monitoring the financial reporting process. Oussii et al., (2019) They describe independence in the audit committee as the ability of board members to make decisions without being influenced by management, stressing that outside directors are better positioned to monitor managers objectively. Anderson, et.al (2014) They define independence as the extent to which audit committee members are free from managerial influence and ownership interests that may align them with management rather than shareholders. Lin, et al. (2016) defines audit committee independence as requiring that the majority of members be independent non-executive directors, free from relationships that could materially interfere with exercising objective judgment.

2.1.1.3 Audit Committee Meeting Frequency

Audit committee meetings are described as the formal gatherings of the audit committee where members review financial reporting, internal controls, and audit-related matters, serving as an indicator of the committee's diligence and effectiveness (Bratten et al. 2022), while audit committee meeting frequency refers to how often the committee holds formal meetings to review financial reports, interact with auditors, and evaluate internal controls. Blue Ribbon Committee (BRC, 1999) defines audit committee meetings as structured sessions where independent directors, external auditors, and sometimes internal auditors convene to discuss the integrity of financial reporting, audit findings, and internal control processes.

Xie et al. (2013) describes audit committee meetings as scheduled interactions between committee members and auditors that provide a forum for monitoring management actions and ensuring transparent disclosure. Bryan, Liv, et al (2014) audit committee meetings are platforms where independent directors evaluate management decisions, external auditors' findings, and accounting policies, thereby influencing the quality of financial reporting. Lin et al. (2016) views audit committee meetings as an essential mechanism for board members to meet regularly with auditors, independent of management, to ensure accountability and reliability in financial statements. OECD (2004) defines audit committee meetings as periodic sessions where the audit committee exercises oversight of financial reporting, risk management, and audit functions, enhancing transparency and governance. Institute of Internal Auditors (IIA, 2012) defines audit committee meetings as formal gatherings where audit-related issues, including internal audit findings, compliance concerns, and risk assessment, are reviewed to strengthen governance practices.

2.1.1.4 Audit Committee Financial Expertise

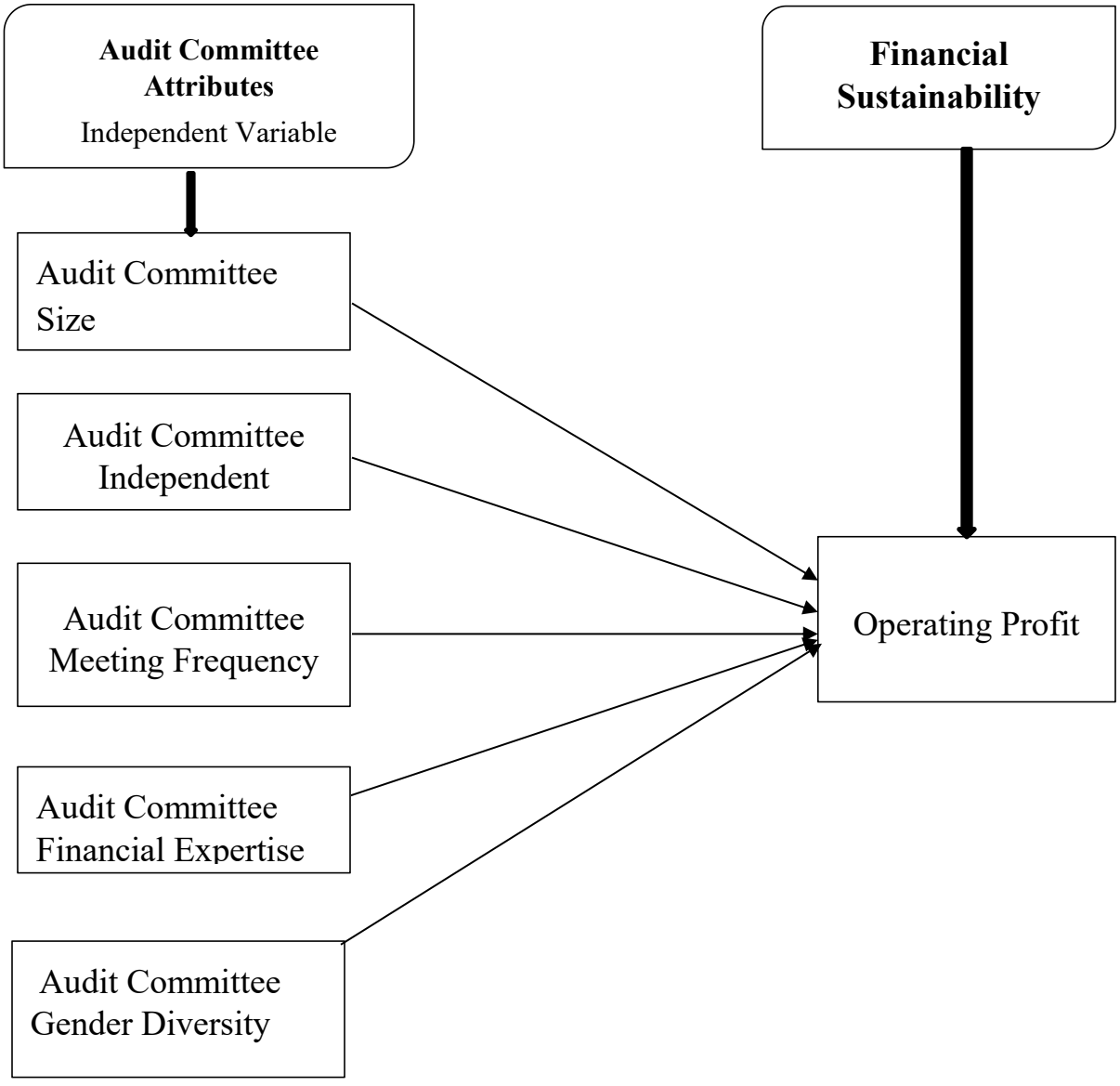
Audit committee expertise is defined as the presence of members with accounting or financial expertise, who possess the ability to understand financial statements, accounting standards, and audit processes, enabling effective monitoring. Financial expertise refers to the presence of members with accounting, auditing, financial management, or related professional qualifications. Expertise improves the ability to detect irregularities. Krishnan and Visvanathan (2008), described audit committee expertise as the knowledge and experience in accounting and finance that allows members to exercise professional judgment and improve the reliability of financial reporting. Securities and Exchange Commission (SEC, 2003) defines audit committee expertise as having at least one "financial expert" on the committee—someone with an understanding of GAAP, experience in preparing or auditing financial statements, and knowledge of internal controls. Krishnamoorthy, et al (2012), emphasizes that audit committee expertise refers to the financial literacy and accounting knowledge necessary for members to engage meaningfully in discussions with auditors and management on complex reporting issues. DeFond, et al (2015) define expertise in the audit committee as the ability of members to detect misstatements and evaluate the appropriateness of accounting treatments due to prior professional experience in auditing or finance.

2.1.1.5 Audit committee gender diversity

Gender diversity refers to the representation of female members on the audit committee. It is an important demographic attribute associated with ethical sensitivity, improved decision-making, and enhanced monitoring effectiveness (Terjesen et al., 2019). According to Akhor et al (2017), gender diversity refers to the inclusion of both men and women on the board, which results in a more diverse board. Because it brings new insights and views, the presence of gender diversity on audit committees is seen as a benefit to the organization's value and performance. Watson and Robinson (2003) suggest that female have a characteristic of being more prudent in financial matters and they naturally tend to avoid risk. The above assertions suggest that the feminine gender is endowed naturally with a peculiar psychological capability which enables her to coordinate her corporate responsibilities with utmost care and vigor. According to Etuk et al. (2025), gender diversity refers to the presence of women in the committee and has been shown to being a variety of perspectives, experiences, and problems solving approaches to the audit committee. This diversity can potentially enhance the effectiveness of the committee and lead to high-quality financial reporting.

Most studies in the past measure gender diversity using the percentage of female audit committee members while some used binary variable (1= at least one female member; 0= none). Kamarudin et al. (2023) in their study, found that gender-diverse committee improve sustainability reporting quality. Terjesen et al. (2019) documented that women on audit committees enhance ethical oversight and reduce aggressive financial reporting. Adegboye et al. (2022) show that gender diversity contributes positively to risk management and financial soundness in banks. Gull, et al., (2018) disclosed that audit committee with female directors tend to decrease the level of corporate earnings management, and that becomes more effective when balanced with financial expertise of the women in audit committee membership. Salleh, et al., (2012) noted that a several corporate finance and management literature are of the opinion that gender diversity has an impact on financial performance to some extent, and that gender diversification may lead to a larger pool of knowledge, which helps to gain a competitive edge over companies with a non-diversified board of directors. According to Salleh et al. (2012), women are more conservative, risk averse, morally superior, and trustworthy than males. In this study, audit committee gender diversity is measured as the number of female members in the audit committee composition.

Fig. 2.1 Conceptual Framework



Sources: Author's Compilation (2026)

2.2 Theoretical Framework

2.2.1 The Agency Theory

Agency theory was formerly developed by Michal. C. Jensen and William, H. Meckling in 1976 in their seminal work, "Theory of the Firm: Managerial Behaviour, Agency Costs and Ownership Structure". Earlier contributions to the concept of agency relationships can be traced to Alchian and Demsetz(1972). Agency theory explains the relationship between principals (shareholders) and agents(managers). The theory posits that because ownership and control are separated in modern corporations, managers may pursue personal interests rather than maximizing shareholders wealth. This divergence of interests leads to agency problems, such as earnings manipulation, excessive risk-taking, or inefficient use of resources. To minimize agency conflicts, firms establish monitoring mechanisms, including boards of directors, audit committees, external audits, and internal control systems. The relationship between the agent and principal is further strengthened by employing experts and systems such as audit and control environment (Jussie& Petri, 2014).

Further, the theory recognizes that any incomplete information about the relationship, interests or work performance of the agent described could lead to selection problem. Adverse selection and moral hazard impact on the output of the agent in two ways; not possessing the requisite knowledge about what should be done and not doing exactly what the agent is appointed to do respectively. The key assumptions of the theory include that (1) Individuals are self-interested and utility-maximizing. (2) Agents possess more information than principals (information asymmetry). (3) Monitoring is necessary but costly (agency costs). (4) Without controls, agents may not act in the best interests of principals.
Audit committees are a central monitoring mechanism in reducing agency problems. Specific attributes such as Meeting frequency improve continuous monitoring. Size and gender diversity strengthen collective judgement. further enhance the committee's monitoring effectiveness. Also, in deposit money banks, agency problems are particularly severe due to high leverage, public confidence reliance, and regulatory complexity. Effective audit committee reduces agency costs by improving financial reporting quality, risk management, and compliance, thereby enhancing long-term financial sustainability. Thus, Agency theory provides a strong foundation for examining how audit committee attributes and dynamics influence banks' sustainable financial performance. Agency theory suggests auditors act as monitors, mitigating information asymmetry and aligning management (agents)' goals with owners' (principals') interests, thereby protecting firm value.

2.3 Empirical Review

Erawati et al. (2025) in their study titled "The role of sustainable growth rate in mediating liquidity, profitability, and company size on financial performance" examined how liquidity, profitability, and company size affect sustainable growth rate (SGR) and how SGR, in turn, affects financial performance. Using purposive sampling of firms on Indonesian's stock exchange (2029-2023). Regression analysis over 2365 company observations was obtained. Results show that liquidity had a negative effect on SGR. Profitability and company size had positive effect on SGR. SGR showed a positive influence on overall financial performance. Meaning higher GR firms tended to have better outcome.

Shamem et al. (2025), The objectives of the study are to examine the relationship between audit committee (AC) attributes and firm value (FMV), as well as the moderating impact of audit report lag (ARL) on the relationship between audit committee attributes and firm value. The study has run random effect regression method and fixed effect regression method on a panel dataset using STATA software package to test the hypotheses and to make the estimations. The study has found that the interaction term ACM*ARL possesses a negative significant linkage to firm value. Moreover, we have found that ARL has moderating effect on the relationship between ACM and FMV in the context of listed corporations in Bangladesh. The study should be beneficial for business practitioners and policymakers.

Jinadu et al. (2025), in their study explored how audit committee attributes influence the quality of audit in Nigerian listed manufacturing companies. It focused on the effects of committee independence, financial expertise, meeting frequency, and size. Using a descriptive research design, the study analyzed secondary data from 2014 to 2023, sourced from company reports and websites. Panel data techniques, using pooled OLS, fixed effects, and random effects models, were used for analysis. The results showed that audit committee independence and size had a significant positive impact on audit quality, while financial expertise and meeting frequency had a positive but insignificant effect.

Wu et al. (2025) in another study titled 'Financial sustainability: Exploring the influence of the Triple Bottom Line Economic Dimension on Firm Performance. Regression analysis on medium and large enterprise separately, focusing on profitability measures (ROA) and financial ratio such as net profit-to-equity, current ratio, asset turnover, leverage ratios. Empirical results across medium enterprises, showed that current ratio had a strong impact on ROA (β= 0.415), while net profit-to-equity (β = 0.020), and leverage (β = 0.033) were significant. The study also showed that for large firms, all ratios positively predicted ROA (e.g. net profit-to-equity β= 0.080, asset turnover β=

0.032), indicating that profitability, liquidity, and leverage metrics continue to be important for performance. Although this study measure profitability, not sustainability per se, its results reinforce that strong profitability and solvency ratios are linked to healthier, more sustainable financial performance.

Aruwa, et al. (2025), This study examined the effect of audit committee characteristics on value of listed non-financial companies in Nigeria over the period 2014 to 2023. Utilizing an ex-post facto research design, the research analysed secondary data extracted from the annual reports of 107 companies listed on the Nigerian Exchange Group. Panel regression technique was used to assess the effect between audit committee attributes, such as size, independence, financial expertise, and gender diversity and value of listed nonfinancial companies in Nigeria. The findings indicated that audit committee independence has a positive and significant effect on firm value of listed nonfinancial companies in Nigeria. Conversely, audit committee size and financial expertise revealed negative but statistically insignificant relationships with value of listed nonfinancial companies in Nigeria. Gender diversity within the audit committee showed a positive but non-significant association with value of listed nonfinancial companies in Nigeria.

Etuk et al (2025), in audit committee attributes and financial reporting quality of listed deposit money bank in Nigeria, the study investigated the effect audit committee attributes on financial reporting quality of deposit money banks in Nigeria for the period of 2014 to 2023. The independent variables, audit committee attributes is proxied by audit committee financial expertise, audit committee gender, while the dependent variables was proxied by earning management, expo facto research design was adopted and secondary data were employed. The population of the study consisted of thirteen listed deposit money banks and purposive sampling techniques was employed to select 11 deposit money banks. The study employed robust regression techniques. It was found that audit committee independence had significant negative effect on Eckel's income smoothening index of listed deposit money bank in Nigeria. Audit committee financial expertise has a significant positive effect on Eckel;s income smoothing index of sampled deposit money banks in Nigeria. While audit committee gender diversity had no significant effect on Eckel;s income smoothing of sampled deposit money banks in Nigeria.

Onyenaju et al.(2025). The study examined the effect of audit committee expertise on firm value in Nigerian and Ghanaian listed firms. The study adopted ex post facto research design. The population of the study consists of twenty-one (21) listed consumer goods manufacturing companies in Nigeria and six (6) listed consumer goods manufacturing companies in Ghana. The study used equal sample size of six (6) consumer goods manufacturing companies from both countries. Secondary data was obtained from the audited annual financial reports of listed consumer goods manufacturing companies in Nigeria and Ghana from 2014-2023. Hypothesis formulated

was tested using panel least squares regression with the aid of E-views 12 econometric statistical software. Finding showed that audit committee expertise with a negative coefficient of (-3963.71) and a statistically significant p-value of (0.00), has a significant negative effect on firm value in Nigeria and with a positive beta coefficient of (0.31) and a statistically insignificant p-value of (0.31), has an insignificant positive effect on firm value in Ghana. Thus, the findings across Nigeria and Ghana suggested varying effects between audit committee expertise and firm value

Sadiq et al. (2024), this study examines the impact of audit committee attributes on compliance with disclosure requirements for loans and advances in Nigeria's listed deposit money banks. The study uses a population of 14 listed banks, applying a census sampling technique over a period of 11 years (2012-2022). Descriptive statistics, Spearman correlation, and a fixed-effects regression model are employed to analyze the relationship between the variables. The findings reveal that audit committee independence, meeting frequency, and financial expertise positively influence compliance, while audit committee size is negatively related to compliance. Additionally, firm size is positively correlated with compliance.

Muhammed et al. (2024), Confidence of the community in general and the investment community in particular in the accuracy of the Nigerian companies' financial reports has decreased due to the repeated documentation of accounting manipulations in financial statements. This has led to business takeovers and collapse. The prevalence of takeovers and or collapse has caused significant concern about how well corporate governance procedures guarantee the preparation and disclosure of more effective accounting records. Therefore, this study examined the effects of audit committees' attributes on the quality of financial reporting of listed consumer goods firms in Nigeria. The data for the study was obtained from the annual reports of the sample of sixteen.

consumer goods firms listed for the period 2009 to 2022. The data was analyzed using fixed effect regression analysis after conducting the Hausman test and the Breusch-Pagan test. The study found that audit committees independence (ACI), audit committees' size (ACS), and shareholders involvement in the committees (SIAC) have a considerable tendency to enhance the standard of published financial information of Nigerian consumer goods businesses that are listed.

Okeke et al (2023) examined the effect of auditors' independence on corporate survival; evidence from listed deposit money banks in Nigeria. Auditors' independence was proxy using audit tenure (AUDT), audit fees (AUDF), audit firm size (AUDFS) and audit firm rotation (AUDFRT) while corporate survival was measured using net assets per share (NAPS). The ex post facto design was adopted and the data for the study was collected from the annual reports and accounts of the 14 listed deposit money banks on Nigeria Exchange Group (NGX) as of December 31, 2022 for the period of 2015-2022. Panel

Least squares model was used in the data analysis and the results of the study show a significant and positive association between audit fees (AUDF), audit firm size (AUDFS), audit firm rotation (AUDFRT) and corporate survival (NAPS) at 1-5% significant level. Audit tenure (AUDT) on the hand was found to have negative and significant effect on corporate survival at 1% significant level. The study therefore concludes that auditors' independence ensure corporate survival. The study recommends that audit firms should ensure that the tenure or time of operation of audit firms is followed strictly and audit staff members to be constantly rotated to avoid familiarity threats to gaining independence and enhancing audit quality which ensures corporate survival. Banks should choose audit firm from any of the four big firms (KPMG, Ernst and Young, Deloitte and PWC) because the 4 big audit firms are not likely to succumb to management pressures than smaller ones, in addition, the payment of the adequate audit fee will encourage the auditor to do the assurance engagement assignment according to the high degree of standardization expected.

3.0 Methodology

This study adopted an ex-post facto design. *Ex-post facto* research design was used in the course of this study because the data collected are already existing, which the researcher has no power to control or manipulate it . The population of this study consisted of all licensed commercial banks that are in Nigeria which are twenty-seven (27). The sample size for this study consisted of eleven (11) out of the twenty-seven (27) commercial banks listed on the Nigerian Exchange Group during the period 2014 to 2025 and their shares are actively traded at the floor of the Nigeria exchange group limited. The eleven (11) commercial banks were selected using simple random sampling method. This study draws exclusively on secondary data hand collected from audited annual reports, corporate governance disclosures, and financial statements of listed deposit money banks for the twelve-year period 2014 to 2025. The data were sourced from the Nigerian Exchange Group database, the Central Bank of Nigeria Statistical Bulletin, sampled banks websites, and the NGX disclosure platform to ensure authenticity and completeness. Financial sustainability, proxied by operating profit, was extracted from financial statements and accompanying notes, while audit committee size, independence, meeting frequency, financial expertise and gender diversity sustainability report. The data for this study were analysed using descriptive statistics which provided information on the mean, minimum, maximum, standard deviations, Jaque-bera value and sum values of all the variables of interest. Correlation analysis was also carried out. Regression analysis, which involved the use of both fixed and random effect regression estimators together with the Hausman specification test, Hausman test was carried out to ascertain whether fixed or random effect is appropriate for the study.

Table 3. 1 Measurement and Operationalization of Variable

Variable	Measurement	Authorities	Aprori Expect.
Dependent Variable Financial sustainability FS_OPERTP)	Operating profit: Gross profit less expenses	Appah (2023)	
Independent Variable			
Audit Committee Size (ACZ)	the size of the audit committee is measured by the number of members/directors in the audit committee	Ejiofor, (2024)	+ve
Audit committee independence (ACI)	Number of independent audit committee member to the total number of audit committee members.	Omotoye et al. (2021)	+ve
Audit Committee meeting frequency (ACMF)	The number of meetings held per year	Okeke (2021)	+ve
Audit Committee financial expertise (ACFE)	The number of audit committee members that possess financial literacy or relevant professional skill	Appah (2023), OECD (2004)	+ve
Audit Committee gender diversity (ACGD)	female members / total members.	Ejiofor, (2024)	+ve

Source: Researcher's Compilation (2026)

Model Specification

To determine the effectiveness of audit committee attributes, committee dynamics on financial sustainability of the selected banks, this study developed an empirical model to ascertain the effects of the independent variables on the dependent variables. Specification of economic model is based on accounting theory and from prior empirical work on the variables. Multiple regression model that was used was adapted from the work of Ohwo and Audu (2023). The model was adapted because the authors did a closely related study. Their model is specified below as follows:

SR = β0 + β1SZ + β2MF + β3GR+ β4IC + e .....equi
Where SR = Sustainability Reporting Compliance (Dependent variable)
β0 = intercept when the independent variables is zero
β1SZ = Audit committee size (Independent variable)
β2MF = Meeting Frequency (Independent variable)
β3GR= Gender (Independent variable)
β4IC = Independence (Independence variable) e = Error term
This model is adapted and modified to suit our study as follows:
FS_OPERTP = F (ACZ, ACI, ACMF, ACFE, ACGD).....equii

Econometric form for Audit Committee Attributes

$$FS_OPERTP_{!t} = \beta_0 + \beta_1 ACZ_{!t} + \beta_2 ACI_{!t} + \beta_3 ACMF_{!t} + \beta_4 ACFE_{!t} + \beta_5 ACGD_{!t} + e \ldots\ldots equiii$$

Where

FS_OPERTP = Operating Profit (another proxy for financial sustainability)
ACZ= Audit Committee Size
ACI = Audit Committee Independence
ACM F= Audit Committee Meeting Frequency
ACFE= Audit Committee Financial Expertise
ACGD= Audit Committee Gender Diversity
e = Error term
β_0 = intercept when the independent variables is zero

β_1- β_3 = Coefficients

Decision Rule

When the probability value (p-value) is less than 5%, reject Ho and accepts Hi

When the probability value (p-value) is greater than 5%, accept Ho and rejects Hi

Data Presentation and Analysis

4.0 Analysis and Findings

4.1 Descriptive Analysis of Data

Table 4.1 below shows the descriptive analysis of the data.
Table 4.1 Descriptive Analysis

	FS_OPERTP	ACZ	ACI	ACMF	ACFE	ACGD
Mean	4.636641	5.587786	3.763359	4.648855	3.564885	1.366412
Median	1.340000	6.000000	3.000000	4.000000	4.000000	1.000000
Maximum	68.07000	8.000000	8.000000	13.00000	5.000000	4.000000
Minimum	-29.86000	3.000000	0.000000	1.000000	2.000000	0.000000
Std. Dev.	18.49792	0.893310	1.195067	1.518722	0.903831	1.016828
Skewness	0.700039	-0.785703	0.843963	2.154868	-0.162971	0.277667
Kurtosis	3.303711	4.295056	3.993265	11.66390	2.259744	2.160450
Jarque-Bera	11.20299	22.63292	20.93636	511.1018	3.570934	5.530607
Probability	0.003692	0.000012	0.000028	0.000000	0.167719	0.062957
Sum	607.4000	732.0000	493.0000	609.0000	467.0000	179.0000
Sum Sq. Dev.	44482.49	103.7405	185.6641	299.8473	106.1985	134.4122
Observations	131	131	131	131	131	131

Source: Researcher's Compilation (2026)

Table 4.1 presents the descriptive statistics of operating profit (FS_OPERTP), audit committee size (ACZ), audit committee independence (ACI), audit committee meeting frequency (ACMF), audit committee financial expertise (ACFE), and audit committee gender diversity (ACGD). The analysis is based on 131 observations for each variable.

The mean value of operating profit (FS_OPERTP) was 4.636641, while the standard deviation was 18.49792. This indicates considerable variation in operating profit among the sampled firms over the study period. The minimum value of −29.86000 and maximum value of 68.07000 suggest that some observations recorded operating losses,

whereas others achieved substantial operating profits. The median of 1.340000, which is lower than the mean, indicates that relatively high operating profit observations may have pulled the average upward.

Audit committee size (ACZ) had a mean of 5.587786 and a standard deviation of 0.893310, with values ranging from 3 to 8 members. This suggests that the sampled firms had, on average, approximately six audit committee members, although committee sizes differed across observations. The median of 6 indicates that the typical observation had six members.

Audit committee independence (ACI) recorded a mean of 3.763359 and a standard deviation of 1.195067. The values ranged from 0 to 8, with a median of 3. This indicates variation in the number of independent audit committee members across the sampled firms. The average value was approximately four members, although the actual proportion of independent members cannot be determined without knowing the total committee size for each observation.

Audit committee meeting frequency (ACMF) had a mean of 4.648855 and a standard deviation of 1.518722. The minimum was 1 meeting, while the maximum was 13 meetings, with a median of 4. This indicates that audit committees met approximately five times per year on average, although meeting frequency varied across the observations. The relatively high maximum suggests that some committees met considerably more frequently than others.

Audit committee financial expertise (ACFE) recorded a mean of 3.564885 and a standard deviation of 0.903831. The values ranged from 2 to 5, while the median was 4. This suggests that the sampled audit committees had, on average, approximately four members with financial expertise, subject to the study's measurement definition. The relatively small standard deviation indicates less variation in this variable compared with operating profit and meeting frequency.

Audit committee gender diversity (ACGD) had a mean of 1.366412 and a standard deviation of 1.016828. The minimum was 0 and the maximum was 4, with a median of 1. This indicates that the number of female members or the gender-diversity count, depending on the operational definition adopted, varied across the sampled observations. On average, the measure was approximately 1.37, suggesting that the typical committee had around one to two members represented by the measure.

The skewness statistics show that operating profit (0.700039), audit committee independence (0.843963), audit committee meeting frequency (2.154868), audit committee financial expertise (−0.162971), and gender diversity (0.277667) were positively skewed, except for audit committee size (−0.785703), which was negatively skewed. The particularly high positive skewness of meeting frequency indicates that a small number of observations with unusually high meeting counts may have influenced its distribution. The kurtosis values further indicate that operating profit, audit committee size, audit committee independence, and especially meeting frequency had distributions with relatively heavy tails or pronounced peaks compared with a normal distribution. In contrast, the kurtosis values for financial expertise and gender diversity were below 3, suggesting relatively flatter distributions.

Finally, the Jarque–Bera normality test shows that operating profit ($p = 0.003692$), audit committee size ($p = 0.000012$), audit committee independence ($p = 0.000028$), and audit committee meeting frequency ($p = 0.000000$) had probability values below the 5% significance level. Therefore, the null hypothesis of normality is rejected for these variables. However, audit committee financial expertise ($p = 0.167719$) and audit committee gender diversity ($p = 0.062957$) had probability values above 0.05, indicating that the null hypothesis of normality cannot be rejected for these variables at the 5% level.

4.2 Correlation Analysis

Table 4.2: Covariance Analysis: Spearman rank-order

Date: 10/23/26 Time: 21:19
Sample: 2014 2025
Included observations: 131

Correlation / Probability	FS_OPERTP	ACZ	ACI	ACMF	ACFE
FS_OPERTP	1.000000				

ACZ	-0.194667	1.000000			
	0.0259	-----			
ACI	0.001812	-0.343566	1.000000		
	0.9836	0.0001	-----		
ACMF	-0.145152	-0.079345	0.275690	1.000000	
	0.0981	0.3677	0.0014	-----	
ACFE	0.136665	0.451785	-0.044420	-0.199726	1.000000
	0.1196	0.0000	0.6144	0.0222	-----
ACGD	0.191543	-0.131591	0.177588	0.016813	0.067730
	0.0284	0.1341	0.0424	0.8488	0.4421

Source: Researcher's Compilation (2026)

Table 4.2 presents the Spearman rank-order correlation analysis examining the direction, strength, and statistical significance of the relationships between operating profit (FS_OPERTP) and the audit committee attributes: audit committee size (ACZ), audit committee independence (ACI), audit committee meeting frequency (ACMF), audit committee financial expertise (ACFE), and audit committee gender diversity (ACGD). The analysis is based on 131 observations, with statistical significance assessed at the 5% level.

The correlation between audit committee size (ACZ) and operating profit (FS_OPERTP) was negative and weak, with a coefficient of −0.194667 and a probability value of 0.0259. Since the probability value is less than 0.05, the relationship is statistically significant. This suggests that larger audit committee size tends to be associated with lower operating

profit among the sampled observations. However, the correlation does not establish that an increase in audit committee size causes operating profit to decline.

Audit committee independence (ACI) had a negligible positive correlation with operating profit, with a coefficient of 0.001812 and a probability value of 0.9836. Since the probability value exceeds 0.05, the relationship is statistically insignificant. This indicates that there is no statistically significant monotonic association between audit committee independence and operating profit in the sample.

Audit committee meeting frequency (ACMF) exhibited a weak negative correlation with operating profit, with a coefficient of −0.145152 and a probability value of 0.0981. Although the coefficient indicates an inverse relationship, the probability value is greater than 0.05. Therefore, the relationship is statistically insignificant at the 5% level, suggesting insufficient evidence of a significant association between audit committee meeting frequency and operating profit.

Audit committee financial expertise (ACFE) recorded a weak positive correlation with operating profit, with a coefficient of 0.136665 and a probability value of 0.1196. Since the probability value is greater than 0.05, the relationship is statistically insignificant. This suggests that, although financial expertise tends to be positively associated with operating profit, the observed relationship is not statistically significant at the conventional 5% level.

Audit committee gender diversity (ACGD) showed a weak positive correlation with operating profit, with a coefficient of 0.191543 and a probability value of 0.0284. Since the probability value is below 0.05, the relationship is statistically significant. This indicates that greater audit committee gender diversity tends to be associated with higher operating profit among the sampled observations. Nevertheless, this association does not establish a causal effect.

The correlation analysis also reveals relationships among the explanatory variables. Audit committee size was negatively and significantly correlated with audit committee independence ($r = -0.343566$, $p = 0.0001$) and positively and significantly correlated with audit committee financial expertise ($r = 0.451785$, $p = 0.0000$). Audit committee independence was positively and significantly correlated with meeting frequency ($r = 0.275690$, $p = 0.0014$) and gender diversity ($r = 0.177588$, $p = 0.0424$). In addition, audit committee meeting frequency was negatively and significantly correlated with financial

expertise (r = −0.199726, p = 0.0222). The other reported correlations among the explanatory variables were statistically insignificant at the 5% level.

4.3 Hausman Specification Test.

Table 4.3 Correlated Random Effects - Hausman Test

Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	7.783258	5	0.1686

Source: Researcher's Compilation (2026)

The Hausman specification test was conducted to determine the appropriate panel regression model for examining the relationship between audit committee characteristics and operating profit (FS_OPERTP). The test helps establish whether the Fixed Effects Model or the Random Effects Model is more appropriate for the analysis. The result shows a Chi-square statistic of 7.783258, with 5 degrees of freedom and a probability value of 0.1686. The null hypothesis of the Hausman test states that the Random Effects Model is appropriate, while the alternative hypothesis suggests that the Fixed Effects Model is more appropriate. Since the probability value of 0.1686 is greater than the 5% significance level (0.05), the null hypothesis is not rejected. This indicates that there is insufficient statistical evidence to conclude that the Random Effects Model estimates are inconsistent relative to the Fixed Effects Model estimates. Consequently, the Random Effects Model (REM) is selected as the more appropriate model for analysing the effect of audit committee characteristics on operating profit among the sampled firms. The selected model will be used for the subsequent regression analysis and hypothesis testing.

4.4 Test of Hypotheses

Table 4.4 Dependent Variable: FS_OPERTP
Method: Panel EGLS (Cross-section random effects)
Date: 10/23/26 Time: 21:29
Sample: 2014 2025
Periods included: 12
Cross-sections included: 12
Total panel (unbalanced) observations: 131
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ACZ	-4.705743	1.899999	-2.476708	0.0146
ACI	-0.414196	1.160763	-0.356831	0.7218
ACMF	0.232178	0.959655	0.241940	0.0292
ACFE	3.893899	2.140326	1.819302	0.0313
ACGD	3.335385	1.608517	2.073578	0.0402
C	13.57285	11.20380	1.211451	0.2280
	Effects Specification			
			S.D.	Rho
Cross-section random			9.020434	0.2772
Idiosyncratic random			14.56580	0.7228
	Weighted Statistics			
R-squared	0.079719		Mean dependent var	2.094710
Adjusted R-squared	0.042908		S.D. dependent var	15.07450
S.E. of regression	14.72948		Sum squared resid	27119.71
F-statistic	2.165625		Durbin-Watson stat	1.316247
Prob(F-statistic)	0.062062			
	Unweighted Statistics			
R-squared	0.119409		Mean dependent var	4.636641
Sum squared resid	39170.90		Durbin-Watson stat	0.911295

Source: Researcher's Compilation (2026)

The coefficient of determination (R^2) is 0.079719, indicating that the explanatory variables account for approximately 7.97% of the variation in operating profit. The

adjusted (R^2) of 0.042908 indicates that approximately 4.29% of the variation is explained after adjusting for the number of explanatory variables. The F-statistic of 2.165625, with a probability value of 0.062062, indicates that the model is not statistically significant overall at the 5% level, although it is significant at the 10% level. This suggests that the explanatory variables are not jointly significant at the conventional 5% threshold**.**

4.4.1 Test of Hypothesis I

Ho_1: Audit committee size has no significant effect on operating profit quoted deposit money banks in Nigeria

The regression result shows that audit committee size (ACZ) has a coefficient of −4.705743 with a probability value of 0.0146. The negative coefficient indicates that a one-unit increase in audit committee size is associated with an estimated decrease of 4.705743 units in operating profit, holding other explanatory variables constant. Since the probability value of 0.0146 is less than the 5% significance level, the negative effect is statistically significant. This suggests that audit committee size has a significant negative relationship with operating profit among the sampled firms. Consequently, the null hypothesis, Ho_1, is rejected.

4.4.2 Test of Hypothesis II

Ho_2: Audit committee independence has no significant effect on operating profit of quoted deposit money banks in Nigeria.

The regression result indicates that audit committee independence (ACI) has a coefficient of −0.414196 with a probability value of 0.7218. The negative coefficient suggests that a one-unit increase in audit committee independence is associated with an estimated decrease of 0.414196 units in operating profit, holding other variables constant. However, the probability value of 0.7218 is greater than the 5% significance level, indicating that the estimated negative effect is statistically insignificant. Therefore, there is insufficient evidence to conclude that audit committee independence significantly affects operating profit among the sampled firms. Consequently, the null hypothesis, Ho_2, is not rejected.

4.4.3 Test of Hypothesis III

Ho_3: Audit committee meeting frequency has no significant effect on operating profit of quoted deposit money banks in Nigeria

The regression result for audit committee meeting frequency (ACMF) shows a coefficient of 0.232178 with a reported probability value of 0.0292. The positive coefficient indicates that a one-unit increase in audit committee meeting frequency is associated with an estimated increase of 0.232178 units in operating profit, holding other explanatory variables constant. Since the reported probability value of 0.0292 is less than the 5% significance level, the result suggests that audit committee meeting frequency has a statistically significant positive relationship with operating profit. Therefore, based on the reported probability value, the null hypothesis, Ho_3, is rejected.

4.4.4 Test of Hypothesis IV

Ho_4: Audit committee financial expertise has no significant effect on operating profit of quoted deposit money banks in Nigeria

The regression result for audit committee financial expertise (ACFE) shows a coefficient of 3.893899 with a reported probability value of 0.0313. The positive coefficient indicates that a one-unit increase in audit committee financial expertise is associated with an estimated increase of 3.893899 units in operating profit, holding other explanatory variables constant. Since the reported probability value of 0.0313 is less than the 5% significance level, the result suggests that audit committee financial expertise has a statistically significant positive relationship with operating profit. Consequently, based on the reported probability value, the null hypothesis, Ho_4, is rejected.

4.4.5 Test of Hypothesis V

Ho_5: Audit committee gender diversity has no significant effect on operating profit of quoted deposit money banks in Nigeria

The regression result for audit committee gender diversity (ACGD) shows a coefficient of 3.335385 with a probability value of 0.0402. The positive coefficient indicates that a one-unit increase in audit committee gender diversity is associated with an estimated

increase of 3.335385 units in operating profit, holding other explanatory variables constant. Since the probability value of 0.0402 is less than the 5% significance level, the effect is statistically significant. This suggests that audit committee gender diversity has a significant positive relationship with operating profit among the sampled firms. Therefore, the null hypothesis, Ho_5, is rejected.

4.5 Discussion of Findings

Audit Committee Size and Operating Profit

The study found that audit committee size had a negative and statistically significant effect on operating profit (β =-4.705743, p=0.0146). The negative coefficient suggests that an increase in audit committee size is associated with a decrease in operating profit among the sampled firms. This may be because larger audit committees can increase coordination costs, make consensus more difficult to achieve, and slow down decision-making where members have overlapping responsibilities or do not contribute effectively. Consequently, increasing the number of audit committee members may not necessarily improve financial performance unless the additional members contribute relevant expertise and effective oversight. This finding disagrees with Adamu and Ugwudioha (2025), who found that audit committee size had a significant positive effect on the return on assets of listed industrial goods firms in Nigeria. Their result suggests that a larger audit committee may strengthen monitoring and contribute to improved financial performance. The present finding also differs from Ojeka et al. (2014), who found that audit committee size had no significant relationship with return on assets, return on equity, and return on capital employed among listed manufacturing firms in Nigeria.

Audit Committee Independence and Operating Profit

The study found that audit committee independence had a negative but statistically insignificant effect on operating profit (β =-0.414196, p=0.7218). The negative coefficient suggests that an increase in audit committee independence is associated with a slight decrease in operating profit, although the relationship is not statistically significant. One possible explanation is that the presence of independent members alone may not improve operating performance unless they possess the necessary expertise, access to relevant information, and authority to challenge management decisions. Furthermore, the benefits of independence may be reflected more directly in improved monitoring and

financial reporting quality than in immediate changes in operating profit. This finding disagrees with Ojeka et al. (2014), who reported a positive and statistically significant relationship between audit committee independence and financial performance measured by return on assets, return on equity, and return on capital employed. It also differs from Adamu and Ugwudioha (2025), who found that audit committee independence had a significant positive effect on the return on assets of listed industrial goods firms in Nigeria. The disagreement suggests that the contribution of audit committee independence to financial performance may depend on the extent to which independent members exercise effective oversight and on the performance measure employed.

Audit Committee Meeting Frequency and Operating Profit

Based on the reported probability value, the study found that audit committee meeting frequency had a positive and statistically significant effect on operating profit (β =0.232178, p=0.0292). The positive coefficient suggests that more frequent audit committee meetings are associated with higher operating profit. Regular meetings may enable committee members to review financial reports, monitor internal control systems, investigate irregularities, and address operational weaknesses promptly. Frequent meetings may also strengthen communication between the audit committee, management, and auditors, potentially supporting better financial oversight. This finding agrees with Obeitoh et al., (2023), who reported that audit committee meetings promoted earnings per share, a measure of firm performance, among firms listed on the Nigerian Exchange.

However, the finding differs from Ojeka et al. (2014), who found that audit committee meetings had no significant relationship with return on assets, return on equity, or return on capital employed. It also differs from Adamu and Ugwudioha (2025), who reported an insignificant effect of audit committee meetings on the financial performance of listed industrial goods firms in Nigeria. These differences may reflect variations in meeting quality, the commitment of committee members, and the extent to which meeting recommendations are implemented. Thus, frequent meetings may be beneficial when they focus on substantive financial and control issues rather than merely satisfying formal governance requirements.

Audit Committee Financial Expertise and Operating Profit

Based on the reported probability value, the study found that audit committee financial expertise had a positive and statistically significant effect on operating profit (β =3.893899, p=0.0313). The positive coefficient suggests that firms with greater financial expertise on their audit committees tend to record higher operating profit. Members with accounting, auditing, and financial management knowledge may be better equipped to scrutinize financial statements, identify control weaknesses, evaluate financial risks, and question questionable transactions. These capabilities may improve the quality of financial oversight and support more effective use of organizational resources. This finding agrees with Ojeka et al. (2014), who found a positive and statistically significant relationship between audit committee financial expertise and financial performance among listed manufacturing firms in Nigeria. It is also consistent with Adamu and Ugwudioha (2025), who reported that audit committee financial expertise significantly affected the financial performance of listed industrial goods firms in Nigeria. Furthermore, Awinbugri et al., (2026), in their comparative study of listed firms in Ghana and Nigeria, reported that financial expertise was positively associated with accounting-based performance in both countries. These studies support the argument that financial expertise can strengthen audit committee oversight and contribute to improved firm performance.

Audit Committee Gender Diversity and Operating Profit

The study found that audit committee gender diversity had a positive and statistically significant effect on operating profit (β =3.335385, p=0.0402). The positive coefficient indicates that greater gender diversity on the audit committee is associated with higher operating profit. One possible explanation is that gender-diverse committees may bring a wider range of experiences, perspectives, and approaches to decision-making. Such diversity may encourage more comprehensive discussions, stronger scrutiny of management decisions, and improved identification of financial and operational risks.

This finding agrees with Chijoke-Mgbame et al., (2020), who examined gender diversity, audit committees, and financial performance in Nigeria. Their study found that female representation on audit committees had a positive impact on firm financial performance. The finding is also consistent with Obeitoh et al. (2023), whose study reported that the presence of young women and the financial expertise of female audit committee members

promoted firm performance. However, the finding differs from Adamu and Ugwudioha (2025), who reported a negative effect of gender diversity on the financial performance of listed industrial goods firms in Nigeria. It also contrasts with Awinbugri et al. (2026), who found that the positive relationship between audit committee gender diversity and market-based performance was weaker and statistically insignificant in Nigeria. These differences suggest that the effect of gender diversity may depend on the representation and participation of female members, their financial expertise, the wider governance environment, and the performance measure used.

5.1 Conclusion

The study concluded that board attributes have mixed effects on the financial sustainability of quoted deposit money banks in Nigeria, as measured by operating profit. Audit committee size had a negative and significant effect, while audit committee independence had a negative but insignificant effect on operating profit. Conversely, audit committee meeting frequency, financial expertise, and gender diversity had positive and significant effects on operating profit. These findings suggest that financial sustainability is influenced not merely by the composition of the audit committee but also by its effectiveness, professional competence, level of engagement, and diversity. The study therefore concludes that strengthening the functional attributes of audit committees, particularly regular meetings, financial expertise, and gender diversity, can contribute to improved operating profitability and the long-term financial sustainability of quoted deposit money banks in Nigeria.

5.3 Recommendations

Based on the findings of the study on the effect of board attributes on financial sustainability, measured by operating profit, of quoted deposit money banks in Nigeria, the following recommendations are made:

Audit Committee Size: Listed Deposit Money Banks should maintain an optimal audit committee size that promotes efficient decision-making, effective monitoring, and cost control. Banks should avoid unnecessarily large committees that may increase administrative costs and delay decisions.

Audit Committee Independence: Banks should strengthen the practical independence of audit committee members while ensuring that they possess the competence and commitment required to monitor financial reporting, internal controls, and operational efficiency effectively.

Audit Committee Meeting Frequency: Banks should encourage regular and purposeful audit committee meetings. Such meetings should focus on reviewing financial performance, identifying operational risks, monitoring internal controls, and addressing financial irregularities promptly to improve operating profitability.

Audit Committee Financial Expertise: Considering the positive and significant effect of audit committee financial expertise on operating profit, banks should ensure that audit committees include members with relevant accounting, auditing, financial management, and banking experience. Their expertise should be applied to strengthen financial oversight, improve resource allocation, and enhance operational efficiency.

Audit Committee Gender Diversity: Given the positive and significant effect of audit committee gender diversity on operating profit, banks should promote appropriate gender representation in audit committee appointments. This should be accompanied by equal opportunities for participation and decision-making so that diverse perspectives can improve oversight, risk assessment, and financial performance.

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