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Audit Standards and Quality of Financial Reports of Selected Firms in AKWA IBOM State, Nigeria

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ABSTRACT

Several organizations have ended their operations because of false audit reports and the audit did not show the true and fair view of the financial statement of company at the particular time. This study examined the effect of audit standards and quality of financial reports on selected firms in AkwaIbom State. Survey research design was adopted for the study. The population of the study consist of 150 employees of firms in AkwaIbom State. The sample size of this study was determined using Taro Yamani formula and from the formula, the sample size of this study was 109. The sampling technique adopted for this study was convenience sampling techniques. Data were collected from primary source. Primary data were obtained through questionnaire and personal interviews..Tables and simple percentage were used as technique of analyzing the research questions while the hypotheses were tested using the Pearson Product Moment Correlation (PPMC). The hypotheses were tested at 0.05 level of significance.The following were the major findings of the study; the result showed that there is a positive relationship between general standard and quality of financial reports; the result showed that field work standard does not significantly relate to quality of financial reports selected companies in AkwaIbom State; and the result of shows that there is no significant relationship between standard of reporting and quality financial reports of selected companies in AkwaIbom State and the result showed that there is a positive relationship between standard of reporting and quality financial reports of selected companies in AkwaIbom State. From the above analysis, it was concluded thatthere is a positive relationship between general standard and quality financial reports of selected companies in AkwaIbom State, there is a negative relationship between field work standard and quality of financial reports in selected companies in AkwaIbom State and there is a positive relationship between standard of reporting and quality financial reports in selected companies in AkwaIbom State.The study recommend that; there is a need to improve on policies and ensure enforcement of these policies towards ensuring quality financial reporting through quality audits. For example, the NCCG which has provisions for audit committee independence, size, diligence and financial expertise should be mandated by law and penalty specified for non-compliance.

Keywords: *Audit Standards, Quality of Financial Reports, Auditors*.

I. Introduction

Audit standards are a set of guidelines and procedures that auditors must follow when conducting an audit of a company's financial statements. These standards ensure that the audit is conducted with integrity, objectivity, and independence(Akpan, et. al., 2022).The quality of financial reports refers to the accuracy, reliability, and completeness of the financial information presented in the company's financial statements. High-quality financial reports provide stakeholders with a true and fair view of the company's financial position and performance(Emenyi and Okpokpo, 2023).Auditors play a critical role in ensuring the quality of financial reports by following audit standards rigorously, conducting thorough testing and analysis, and providing an independent opinion on the accuracy of the financial statements.Auditing standards are important to the user of accounting reports and data such as host community, shareholders, government, labour union and creditors. The standards explain the responsibility and independence of the auditor from the point of view of management and shareholders. International standards have been formulated to harmonize auditing practices between different nations and are to be applied where there are no local standards. In Nigeria, the International Standards on Auditing (ISA) are mandatory for the companies quoted on the Nigeria Exchange Group. But due to the peculiarity of the Nigerian environment on July, 2006, Nigerian Standards on Auditing (NSA) were issued. These claimed priorities over the ISAs in the Nigeria context. The objective of the audit of financial statements is to enable the auditor to express an opinion on whether the financial statements were prepared, in all material respects, in accordance with an identified financial reporting framework (Akpan, et. al., 2022). The auditor's opinion is intended to enhance the credibility of thefinancial statements. To achieve these objectives there are requirements that should be satisfied according to the ISAs and NSAs.It has been asserted that many Nigerian auditors are not complying with the general auditing standards, field work standards and reporting standards and that there is a need for guidelines for applying the broad concept of these requirements to Nigerian circumstances.

Financial reporting is a process of providing information concerning organizations financially and non financially for useful decision making (Beest, Braam and Boelen,2009). Financial reports provide organizations financial and non-financial information on reducing harmful activities (pollutions) on the environment. This information is normally in the form of a financial statement (Emenyi and Okpokpo, 2023). These reports are subjected to scrutiny by external auditors to make it reliable and confident in the mind of the users. Therefore, audited financial reports is a useful guide for decision making by the various stakeholders (such as creditors suppliers, government agencies and regulators (IASB ,2010).

A financial report of an organization is an important instrument for communication between the firm and the stakeholders. For that reason, financial reporting serves as a vital tool within the corporate governance framework. Audited financial reports of a firm bring about the comparison of organization within the time periods (Hodge, 2001) and so help the various stakeholders to make informed decisions (Razman and Iskandar, 2003).

Several organizationshave ended their operations because of false audit reports and the audit did not show the true and fair view of the financial statement of company at the particular time(reference). Audit standards serves as an improvement and accountability on audit engagement, with these standards, auditors will know the duty required to do when carrying out an assignment and since part of the new standards is that the name of the person that carry out the audit should be written on the audit reports. Auditors would be more careful when carry out an audit because, they would lose their creditability and they might also lose their license.

Audit standard will help organisations to decide to imbibe the culture of having annual external audits to give them an independent opinion of their financial statement because this will help them to not only report their position correctly but to enable them realise their high-risk areas which might be oblivious to the management of the company (Akpan& Simeon, 2021).

Auditing standard contributes to the strategic purpose for preventing auditors and uncovering misstatements from financial accountability and statements that avoid consequences of professional failure to achieve goals. In the report of Knechel (2013), the audit process effectively mitigates information advantages that courses through auditors as a professional audit expert for motivating firm growth.

Therefore, other studies have been inconclusive; they have failed to identify corporate audit standards that lead to quality financial reports of the enterprises and specifically commercial banks. This study was therefore, necessary to examine the relationship between audit standards and quality financial reports of commercial banks in Nigeria.

The main objective of this study was to examine the effect ofaudit standards and quality of financial reports on selected firms in AkwaIbom State. However, the specific objectives of the study include:

i. to ascertain the relationship between general standards and quality of financial reports on selected commercial banks in Nigeria.

ii. to examine the relationship between field work standards and quality of financial reports on commercial banks in Nigeria.

iii. to determine the relationship between Standard of reporting and quality of financial reports on selected commercial banks in Nigeria.

Audit Standard and financial reports

Audit standards are used as a factor for mitigating possible misalignments of financial interest of auditors along with investors that restrict business exercise with professional judgement in terms of leading compliance mentality (Gao and Zhang, 2019). Auditing standard contributes to the strategic purpose for preventing auditors and uncovering misstatements from financial accountability and statements that avoid consequences of professional failure to achieve goals. In the report of Knechel (2013), the audit

process effectively mitigates information advantages that courses through auditors as a professional audit expert for motivating firm growth. However, audit standards are usually applicable for every auditing form that performs review of financial information and audits including assurance and service engagement. In addition, Standards on Auditing (SAs) refers to the objective of an independent auditor to perform audits with standard, audit engagement and in accordance with quality control of financial statements (Breger, Edmonds and Ortegren, 2019). Furthermore, auditing standards include documenting the auditor's responsibility to identify any fraud in financial statements through consideration of regulations and laws in an audit government and management regarding material planning performance evaluation on specific independent reports.
Therefore, according to the auditing profession, auditing standards offer the following benefits:
• A reduction in the difference, which currently exists between audit reports therefore enabling used to better understand the message the auditor wishes to convey.
• A set of principles which will help professional judgment, to choose the relevant audit tasks to perform.
• An aid in persuading clients that the procedures which the auditors wishes to carry out are necessary (Kell, Boynton & Ziegler, 1986). IAS, could increase the comparability of financial statements and greater harmonization of auditing standards. In addition, standards setters at the national level might also give consideration to these international standards in developing their own auditing standards (Rouseey, 2004).Harmonized standards is a common body of standards that could be used in preparing and auditing financial statements the world over, would simplify comparison of entities, financial positions, results of operations and cash flows. Currently, at least three international bodies are working towards harmonized auditing standards, viz: the International Federation of Accountants, the International Accounting Standards Committee and the International Organization of Securities Commissions (Roussey, 2004). That is, because the advantages of globalization, the auditing profession is receiving growing attention in the international community, hence there is an increasingly, important need to enhance our understanding of auditors diagnostic probability judgement in different cultures. Cultural diversity inhibits the establishment and enforcement of IASs. The general auditing standards relate to the qualifications of the auditors and the characteristics that the auditors should possess. General standards require that the auditor:
(1) be trained and proficient
(2) be independent in fact and appearance and
(3) exhibits due professional care during the audit (Harmanson, et al 1993). These standards provide general principles of an audit. The auditor should also comply with the code of ethics for professional accountants issued by the International Federation of Accountants and particularly the ethical principles governing an auditor’s professional responsibilities which are stated under the following headings (IFAC, 1997).
• Independence.
• Integrity
• Objectivity
• Professional competence and due care
• Confidentiality
• Professional behaivour and
• Technical standards These principles are imperative in maintaining public confidence in the work of the external auditor and this is an important issue for the ISAs. For example, if an auditor is not independent, a gap does exist between user’s expectations and auditors performance and the burden of narrowing the gap between performance and expectations falls primarily upon auditors (Arrigyon, Hillons& Williams, 1983). That is because audit beneficiaries thought that auditors should act as society’s corporate watch dog but auditors did not share that opinion.

Theoretical framework
Agency theory (Jensen and Meckling, 1976).
The agency theory expounds the agents (organisations management) principal (shareholders) relationship and was propounded by Jensen and Meckling (1976).Conflicts of interest between managers and stakeholders is created as a result of diffusion of ownership from control in modern business. The agent, in making decisions, may naturally act contrary to the principal's direction who could in turn establish an appropriate incentive for the agent thereby incurring monitoring costs (Aliyu, Musa and Zachariah, 2015). The limited information available to the shareholders makes it difficult to determine the (un) favourableness of decisions made by the management (Akther and Xu, 2020). This could induce the shareholders to establish a monitoring process such as auditing to control the action of the management in making some decisions for the

organization: Thus, the audit fee arises as a bonding cost paid by agent (s) to a third party to satisfy the principals' demand for accountability (Onatuyeh&Aniefor 2013) According to Adeleke (2016), auditing increases stakeholder's confidence in the financial statements as a result of the element of credibility it provides. Agency theory thus serves as a useful economic theory of accountability on the part of the management to the shareholders. Thus, quality audit could minimise information gap between these management and stakeholders and thus, serves as backbone of quality financial reporting.

Empirical framework

Aifuwaet. al., (2020) investigated Audit quality and Financial reporting quality: Evidence from Nigeria for the period 2011 to 2020. Expost facto research design using panel data was employed and the 25 companies in the consumer goods sector quoted on the Nigerian Exchange Group (NGX) constitute the population for this study. Applying purposive sampling technique, a sample of 21 companies were selected. Secondary data relating to the variables were gathered from sampled firms annual reports for the period and was analysed using descriptive statistics and multiple regression technique. Findings revealed that audit quality has a significantly positive effect on financial reporting quality (FRQ) It is concluded that audit quality significantly improves FRQ of listed companies in Nigeria. It was thus recommended that policy makers and regulatory authorities should ensure enforcement of policies towards ensuring quality financial reporting through quality audits

Johnson, (2017) examine the impact of audit standards on Financial Performance. This study focused on the use of secondary data to establish a relationship exist between audit standards and financial performance In terms of audit standards, key audit matters and relevant disclosures have been observed to see if there is an impact on financial performance. This study, adopted explorative research design. The population of the study consist of 169 listed companies and the sample size of the study is 20 listed companies and it was selected using judgemental sampling technique. The study discovered that the audit standards in Nigeria impact the financial performance of firms and other factors like key audit matters and relevant disclose can improve financial performance of firms. The study recommended thatcompanies should take addressingtheir key audit matters raised by the independent auditor because beyond transparency it improves the actual financial performance of firms.

Afesha, (2015) examined auditing Standards and Auditors Performance: The Nigerian Experience. The study involves firms in Nigeria. A 13item questionnaire constructs by the researchers, validated by two experts and which has an internal consistency coefficient of 23 percent served as the instrument of data collection. This study, empirically using ordinary least square (OLS), reveals that the external auditors to Nigeria are complying with standards and many criticisms were directed to International Auditing Standards. Consequently, the research suggests the need for more interpretations, clarifications and improvements to be more applicable and suitable for the Nigerian auditing environment.

Liu (2017) conducted an empirical study on the nexus between auditors' characteristics and audit fee. The study used the data of listed companies in China from 2010 to 2015. The study constructed the regression model of the audit fees at individual auditor level and found that age, gender, educational background, industry specialization, position and busyness all have significantly correlations with the audit fees. The results illustrated that audit client considers at individual auditor level when choosing audit services and pass different level of audit fees, which provide empirical evidences to selection und cultivation of auditors.

II. METHODOLOGY

In this study, survey research design was adopted. A survey is a systematic method for gathering information from (a sample of) entities for the purposes of constructing quantitative descriptors of the attributes of the larger population of which the entities are members. Survey design will be adopted because it will enable the researcher to gather information that reflects population's attitudes, behaviours, opinions and beliefs that cannot be observed directly.

A research population is generally a large collection of individuals or objects that is the main focus of a scientific query(Okpo, Umoren, and Simeon, 2024). It is for the benefit of the population that researches are done. A research population is also known as a well-defined collection of individuals or objects known to have similar characteristics(Emenyi and Effiong, 2020). All individuals or objects within a certain population usually have a common, binding characteristic(Okpo, and Emenyi, 2023).

The five (5) firms were selected for meeting the basic standards requirement by Corporate affairs commission (CAC).From the five (5) selected firms of the study, the population of the study consist of 150 employees of the firms in AkwaIbom State. Breakdown of the population include the following:

Table 3.1: Names of Firms and Number of Employees

S/N	Selected firms	Position	No of Employees
1.	De-Castle Luxury	Managing Director General Manager Unit Managers Supervisors Accountant	39
2.	Majesty Realm	Managing Director General Manager Unit Managers Supervisors Accountant	21
3.	D'AngeloResort	Managing Director General Manager Unit Managers Supervisors Accountant	30
4.	Monty Suite	Managing Director General Manager Unit Managers Supervisors Accountant	37
5.	Rosmohrsuite	Managing Director General Manager Unit Managers Supervisors Accountant.	23
	Total		**150**

3.4 Sample Size Determination

The sample size of this study was determined using Taro Yamani formula and this is given as

n = 150

$$n = \frac{N}{1+N(e)2}$$

Where: n= sample size required

From the formula above, the sample size of this study is computed as:

Where: n = sample size required

N = Population

e = significant level = 5%

$$n = \frac{150}{1+150(0.05)2}$$

$$n = \frac{150}{1+150(0.0025)}$$

$$n = \frac{150}{1.375} \qquad n = 109$$

From the formula above, the sample size of this study is 109.

The sampling technique adopted for this study was convenience sampling techniques. This method was adopted because all members of the population have equal right of being selected. Managing Director, General Managers, unit Managers, supervisors, and Accountants inputs were very important in the study. The money and time invested in the sampling methods are quite unique. It allows researchers to generate more samples with less or no investment and in a brief period (Simeon and Essien, 2021).

In convenience sampling technique, data collection is easy and accessible. Most convenience sampling considers the population at hand. Samples are readily available to the researcher. They do not have to move around too much for data collection.

Data were collected from primarysource. Primary data were obtained through questionnaire and personal interviews with both management and General Managers, unit Managers, supervisors, Accountants and Auditors of the selected firms in AkwaIbom State. This method was adopted to enable detailed and independent information not covered by the questionnaire to be expressed by the respondents.

Data were collected through questionnaire carefully designed and administered to the respondents, as well as through personal interviews. On the whole, the questionnaire constituted the major instrument for data collection. The questionnaire contains sections A and B. Section A contains personal information about the respondents. Section B is the main body of the questionnaire using a five (5) point scale instrument through which the opinions of the respondents were expressed. Their responses were measured by means of a five category rating system:

SA - Strongly Agree 5
A - Agree 4
U - Undecided 3

D - Disagree 2
SD - Strongly Disagree 1

The validity of the research instrument was assessed by the supervisor and other experts in the Department of Accounting. These experts assessed the relevance of each item in relation to the objectives of the study, the hypotheses to be tested as well as the comprehensibility of each item in relation to the cognitive level of the respondents. They validated the instrument by effecting necessary corrections, examining the contents and ascertaining clarification of ideas as well as appropriateness of the items.

Reliability in this context refers to the measure of consistency of the instrument used in eliciting relevant and desirable responses from respondents so that the objectives can be reliably and meaningfully achieved. In order to determine the reliability of the instrument used in the study, the corrected questionnaire was administered randomly on selected staff of the firms in AkwaIbom State. This approach was repeated with the same group after a two – month's period and the results obtained from the first and second pre-test were consistent, therefore, the instrument is reliable.

Dependent variable

The dependent variable in this study is financial reports. This is measure using faithful representation (FRE). Therefore, the financial Reports (FR), which is the dependent variable in this study, is measure using the Faithful representation (FRE) model. The model is stated as follows:

FR_{kt} = FRE_{kt}, ------------------------------ (1)

Where:

FP_{kt} = The Financial reports for selected companies k in year t
ROA_{kt} = Faithful representation for selected companies k in year t

Independent variable

The Independent variable in this study was audit standards which is being measure using; General standard (GES), Field work standard (FWS), and Reporting standard (RES) Thus, the other equation is stated as follows:

FRE_{kt} = $f(GES_{kt}, FWS_{kt}, RES_{kt},)$ -- (2)
FRE_{kt} = Financial reports for selected companyk in year t
GES_{kt} = General standard for selected company k in year t
FWS_{kt} = Field work standard forselected company k in year t
RES_{kt} = Reporting standard for selected company k in year t
e_t = Error term in year t.

Table 3.1 Measurement of variables and apriori expectation

S/N	Variable	Sources	Apriori sign
	Dependent Variable		
1.	Faithful representation (FRE)	Information on FRE	
	Independent variable		
2.	General standard	Information on general standard disclosure in the financial reports	+
3.	Field work standard	Information on field work standard disclosure in the financial reports	+

4.	Reporting standard	Information on reporting standard disclosure in the financial reports	+

Source: Researcher's Computation, (2024)

Multiple Linear Regressions

The linear models for multiple-regression is expressed as follows:

$FRE_{kt} = \beta_o + \beta_1 GES_{kt} + \beta_2 FWS_{kt} + \beta_3 RES_{kt} + e_t$

Where:

$\beta_1, \beta_2, \beta_3$ = coefficient.

β_o = Constant

FRE_{kt} = Financial reports for selected company k in year t

GES_{kt} = General standard for selected company k in year t

FWS_{kt} = Field work standard for selected company k in year t

RES_{kt} = Reporting standard for selected company k in year t

e_t = Error term in year t.

Tables and simple percentage were used as technique of analyzing the research questions while the hypotheses were tested using the Pearson Product Moment Correlation (PPMC). The hypotheses were tested at 0.05 level of significance. The null hypotheses will be rejected if the probability value (p-value) is less than 0.05 ($p<0.05$).

III. DATA PRESENTATION, ANALYSIS AND INTERPRETATION

The data set obtained from the field survey is presented and analyzed in this section of the study. This section also shows the test of hypotheses as well as the discussion of findings.

Data Presentation

The study had 109 respondents which warranted the issuance of 109 copies of the questionnaire. The filled and returned copies of the questionnaire was 105 which indicates 96.33% response rate.

Demographic Data

Table 4.1: Age of the Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 25 years	20	19.0	19.0	19.0
	26-34 years	35	33.3	33.3	52.4
	35-44 years	44	41.9	41.9	94.3
	45-50 years	6	5.7	5.7	100.0
	Total	105	100.0	100.0	

Source: Researcher's Computation (2024).

20 of the respondents indicating 19% of the total sample size were age below 20 years. Those aged between 26-34 years made up 33.3% of the respondents. The result of the analysis shows that those age between 35-44 years were 41.9% while 45-50 years were 5.9%. The statistics shows that the respondents that were age between 35-44 years were the highest participants.

Table 4.2: Educational Qualification of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Ph.D	10	9.5	9.5	9.5
	Masters	28	26.7	26.7	36.2
	B.Sc	49	46.7	46.7	82.9
	OND	18	17.1	17.1	100.0
	Total	105	100.0	100.0	

Source: Researcher's Computation (2024).

Table 4.2 shows that 10 (9.5%) of the respondents were Ph.D holders and 28 (26.7%) of the respondents were masters degree holders. B.Sc holders made up 46.7% of the respondents while 17.1% of the respondents were OND holders. The highest group of the respondents was B.Sc. holders.

Table 4.3: Gender of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	41	39.0	39.0	39.0
	Female	64	61.0	61.0	100.0
	Total	105	100.0	100.0	

Source: Researcher's Computation (2024).

The result of the analysis reveals that 61% of the respondents were female while 39% of the respondents were male.

Test of Hypotheses

The hypotheses were tested using the Pearson Product Moment Correlation (PPMC). The hypotheses were tested at 0.05 level of significance. The null hypotheses will be rejected if the probability value (p-value) is less than 0.05 ($p<0.05$).

Table 4.3: Pearson Product Moment Correlations Analysis

		General standard	Fieldwork standard	Reporting standard	Faithful Representation
General Standard	Pearson Correlation	1	.848**	.637**	.889**
	Sig. (2-tailed)		.000	.000	.000
	N	105	105	105	105
Fieldwork standard	Pearson Correlation	.848**	1	.758**	.772**
	Sig. (2-tailed)	.000		.000	.000
	N	105	105	105	105
Reporting standard	Pearson Correlation	.637**	.998**	1	.692**
	Sig. (2-tailed)	.000	.000		.000
	N	105	105	105	105
Faithful representation	Pearson Correlation	.889**	.772**	.692**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	105	105	105	105

**. Correlation is significant at the 0.01 level (2-tailed).
Source: Field Survey Data, (2024).

Test of Hypothesis One (H_{01})

There is no significant relationship between general standards and quality of financial reports of selected companies in AkwaIbom State. From the analysis, the correlation coefficient (R) for the first hypothesis (H_{01}) was $Rx_1 =0.889$, suggesting a strong positive correlation between general standard and quality of financial reports of selected companies in AkwaIbom State. The result was statistically significant ($Rx_1= 0.889$; $n= 105$; $p= 0.000$). Based on this, it is safe to assume that general standard will influence quality of financial reports. Since the p-value is less than 0.05($p=0.000<0.05$), the null hypothesis is rejected and the alternative hypothesis is accepted. Therefore, there is a significant positive relationship between general standard and quality of financial reports of selected companies in AkwaIbom State.

Test of Hypothesis Two ($H0_2$):.

Field workstandards does not significantly relate with quality of financial reports of selected companies in AkwaIbom State.From the analysis, the correlation coefficient (R) for the second hypothesis (H_{02}) was Rx_2 =0.772, suggesting a positive correlation between field works standards and quality of financial reports of selected companies in AkwaIbom State. The result was statistically significant (Rx_2= 0.772; n= 105; p= 0.000). Based on this, it is safe to assume that field works standards will influence quality financial reports. Since the p-value is less than 0.05(p=0.000<0.05), the null hypothesis is rejected and the alternative hypothesis is accepted. Therefore, there is a significant relationship between field work standards and quality of financial reports of selected companies in AkwaIbom State..

Test of Hypothesis Three ($H0_3$):

There is no significant relationship between standard of reporting and quality of financial reports of selected companies in AkwaIbom State. From the analysis, the correlation coefficient (R) for the third hypothesis ($H0_3$) was Rx_3 =0.692, suggesting a positive correlation between standard of reporting and quality of financial reports. The result was statistically significant (Rx_3= 0.692; n= 105; p= 0.000). Based on this, it is safe to assume that standard of reporting will influence quality of financial reports. Since the p-value is less than 0.05(p=0.000<0.05), the null hypothesis is rejected and the alternative hypothesis is accepted. Therefore, there is a significant relationship between standard of reporting and quality financial reports of selected companies in AkwaIbom State.

IV. Discussion of the Findings

The study showed a significant relationship between each of the three dimensions of Audit standard (General standard, field work standard and standard of reporting) and quality of financial reports. Based on the first objective of the study which was to examine the relationship between general standard and quality of financial reports. From the analysis, the correlation coefficient (R) for the first hypothesis (H_{01}) was Rx_1 =0.889, suggesting a strong positive correlation between general standard and quality of financial reports. The result was statistically significant (Rx_1= 0.889; n= 105; p= 0.000). Based on this, it is safe to assume that general standard will influence quality of financial reports. Since the p-value is less than 0.05(p=0.000<0.05), the null hypothesis is rejected and the alternative hypothesis is accepted. Therefore, there is a significant positive relationship between general standard and quality of financial reports of selected companies in AkwaIbomState .

Based on the second objective of the study which was to examine the relationship between field work standard and quality of financial reports. From the analysis, the correlation coefficient (R) for the second hypothesis (H_{02}) was Rx_2 =0.772, suggesting a positive correlation between field work standard and quality of financial reports. The result was statistically significant (Rx_2= 0.772; n= 105; p= 0.000). Based on this, it is safe to assume that field work standard will influence quality financial reports. Since the p-value is less than 0.05(p=0.000<0.05), the null hypothesis is rejected and the alternative hypothesis is accepted. Therefore, there is a significant relationship between field work standard and quality financial reports of selected companies in AkwaIbom State.

The third objective of the study which was to examine the relationship between standard of reporting and quality financial reports. From the analysis, the correlation coefficient (R) for the third hypothesis ($H0_3$) was Rx_3 =0.692, suggesting a positive correlation between standard of reporting and quality financial reports. The result was statistically significant (Rx_3= 0.692; n= 105; p= 0.000). Based on this, it is safe to assume that standard of reporting will influence quality financial reports. Since the p-value is less than 0.05(p=0.000<0.05), the null hypothesis is rejected and the alternative hypothesis is accepted. Therefore, there is a significant relationship between standard of reporting and quality financial reports of selected companies in AkwaIbom State.

V. SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

The following were the major findings of the study;
The result of the analysis presented in Table 4.9 shows that there is a significant relationship between general standard and quality of financial reports of selected companies in AkwaIbom State. The result showed that there is a positive relationship between general standard and quality of financial reports.
The result of the analysis presented in Table 4.10 shows that field work standard does not

significantly relate to quality of financial reports selected companies in AkwaIbom State..

The result of the analysis presented in Table 4.11 shows that there is no significant relationship between standard of reporting and quality financial reports of selected companies in AkwaIbom State. The result showed that there is a positive relationship between standard of reporting and quality financial reports of selected companies in AkwaIbom State.

From the above analysis, it was concluded that

(i) there is a positive relationship between general standard and quality financial reports of selected companies in AkwaIbom State.

(ii) there is a negative relationship between field work standard and quality of financial reports in selected companies in AkwaIbom State.

(iii) there is a positive relationship between standard of reporting and quality financial reports in selected companies in AkwaIbom State.

Thestudy recommendation that;there is a need to improve on policies and ensure enforcement of these policies towards ensuring quality financial reporting through quality audits.For example, the NCCG which has provisions for audit committee independence, size, diligence and financial expertise should be mandated by law and penalty specified for non-compliance.

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APPENDIX I

QUESTIONNAIRE

This questionnaire is designed to collect data which would be used to determine as well as analyse the relationship between Audit standard and quality of financial reports" The data shall be used for academic purpose only and will be accorded utmost confidentiality it deserves. Kindly tick the correct answer or supply the required information in the space provided against it.

SECTION A:

1. Sex: Male[] Female []
2. Highest academic qualification: Certificate/Diploma []

Undergraduate degree [ ] Masters [ ] PhD [ ]

- AGE: Below 25 [ ] 2634 [ ] 3544 [ ] 4550 [ ]
- Above 50 [ ]

SECTION B:

Please thick the appropriate option

Key:

5 – Strongly Agree
4 – Agree
3 – Disagree

2 – Strongly Disagree
1 – Undecided

General Standard	5	4	3	2	1
The auditor must have adequate technical training and proficiency to perform the audit.					
The auditor must maintain independence (in fact and appearance) in mental attitude in all matters related to the audit					
The auditor must exercise due professional care during the performance of the audit and the preparation of the report					
Standard of field work					
The auditor must adequately plan the work and must properly supervise any assistants.					
The auditor must obtain a sufficient understanding of the entity and its environment, including its internal control, to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures					
The auditor must obtain sufficient appropriate audit evidence by performing audit procedures to afford a reasonable basis for an opinion regarding the financial statements under audit					
Standard of Reporting					
The auditor must state in the auditor's report whether the financial statements are presented in accordance with generally accepted accounting principles					
The auditor must identify in the auditor's report those circumstances in which such principles have not been consistently observed in the current period in relation to the preceding period.					
The auditor must either express an opinion regarding the financial statements, taken as a whole, or state that an opinion cannot be expressed, in the auditor's report.					
Faithful Representation					
Faithful representation is the fundamental qualitative characteristic					
To faithfully represent economic phenomena that information purports to represent, annual reports must be complete, natural, and free from material error					
Consistent with prior literature, faithful representation is measured using five items referring to neutrality. completeness, freedom from material error, and verifiability.					