

**AUDIT COMMITTEE CHARACTERISTICS AND TIMELINESS OF
FINANCIAL REPORTS IN NIGERIA**



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AUGUST, 2023.

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*Being a Project Work Submitted to the Department of Accounting, Faculty of
Management Sciences, University of Benin, Benin, Benin City, In Partial Fulfillment
of the Requirement of the Award of Bachelor of Science (B.Sc) Hons. Degree in
Accounting*

AUGUST, 2023.

DECLARATION

I **Odion Gift IYOGUN** declare that:

- i. This study is based on a study undertaken by me in the Department of Accounting, Faculty of Management Sciences, University of Benin, Benin City, under the supervision of Dr. Mrs. Akadakpo of the Department of Accounting, Management Sciences, University of Benin, Benin City, Nigeria.
- ii. This work has not been submitted for the award of degree elsewhere.
- iii. Ideas and views are product of my personal research and where the view of others has been expressed, they have been duly acknowledged.
- iv. Any liability arising from this work is to be wholly borne by me alone

Odion Gift IYOGUN

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Date

CERTIFICATION

We, certify that this research project was carried out by **Odion Gift IYOGUN** in the Department of Accounting, Faculty of Management Sciences, University of Benin, Benin City, Nigeria. It is adequate in scope and quality in partial fulfillment of the requirements for the award of Bachelor of Science (BSc.) degree in Accounting.

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Date

DEDICATION

This project work is dedicated to God Almighty for His abundant grace in my life and for seeing me through my academic pursuit and aspirations. He has been my source of strength and on his wings only I have soared. I also want to dedicate this project to my Family and friends for the love and encouragement they have shown towards me during the course of this program, all I can say is thank you and God bless you.

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I will like to acknowledge the invaluable support and guidance provided by Supervisor throughout the course of this project. Her expertise and insights were crucial in shaping the direction and outcome of this work. I would also like to express my gratitude to my parents Mr and Mrs Moses and Emmanuel Akpeji whose input and collaboration enhanced the quality of this project. Additionally, I extend my thanks to siblings, Daniel, Peace, Ayo, Mercy, to my Uncle Jacob, and to my friends, Chiamaka, Gift, Judith, Blessing, Divine, Newton and Mr Humble for their unwavering encouragement during this endeavor.

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ABSTRACT

This research aims to explore the role of audit committee characteristics in shaping the speed and timeliness of financial reporting in Nigerian deposit money banks. Specifically, the study evaluates the impact of audit committee independence, meeting frequency, financial expertise, and technology expertise on the timeliness of financial reports.

The population of this study is all companies listed on the floor of the Nigerian Exchange Group and the sample size is the thirteen (13) deposit money banks listed on the Nigerian Exchange Group. Employing a correlational research design, this study draws data from secondary sources, primarily the annual financial reports and returns of 13 deposit money banks listed on the Nigerian Exchange Group. The analysis encompasses a ten-year period, from 2013 to 2022. Employing binary logit regression, descriptive statistics, and Pearson Product-Moment Correlation Matrix, the study examines the interrelationships between variables and evaluates the impact of audit committee attributes on financial reporting timeliness.

The findings reveal that audit committee financial expertise and technology expertise are significantly positively correlated with the timeliness of financial reports. However, no substantial correlation is established between audit committee independence or meeting frequency and financial reporting timeliness. Based on the study's outcomes, organizations are advised to prioritize the inclusion of audit committee members with financial and technological expertise as financially literate committee members can contribute to more efficient and timely financial reporting and technologically savvy committee members can address technological challenges that may affect timely reporting.

CHAPTER ONE

INTRODUCTION

1.1 Background to the study

Financial Reports are written statements that are prepared by management, that discloses a company's fiscal details and business conditioning over a particular period, generally on an periodic or daily basis. These statements are statutorily and professionally needed for the auditors documentation at the applicable period needed by law and made public at the applicable time for the interested users and for making profitable decision. The International accounting standard board (IASB) describes that information must be available to decision- makers in time for it to be useful and to be able to influence and impact their opinions. Timeliness in financial reporting is an issue trending in accounting, it is a significant qualitative characteristic used in determining the quality of financial information(Aifuwa et al., 2018; Yunos, 2017). Timeliness is one of the four qualitative features of accounting information and suggests that for companies financial or fiscal information to meet the requirements, it should be readily set and made available to the public on time so that they don't risk losing the eventuality of impacting the opinions and decision of the users. Timeliness has long been honored as one of the most important qualitative attributes of fiscal reports by different authorities and professional bodies across the world. The number of days between the end of the financial year and the date the

external auditor signs the audit report is what is meant by a timely report. (Al- Muzaiqer et al., 2018; Pradipta & Zalukhu, 2020). Timeliness is so important that non supervisory agencies set a deadline for when the audited financial statements should be submitted and publicized. Specifically, the Banks and Other Financial Institutions Act(BOFIA) 2020 set three months(90 days) after the end of the year or period for Banks as the deadline for submission and publication of audited fiscal statements.

The justification for the deadline is not implausible because research shows that investors place a high value on timely information because it decreases information asymmetry and the risk that goes along with it. Chen et al. (2016); Chukwu and Nwabochi (2019). Additionally, investors reward companies by paying more for their shares when they meet the financial reporting criterion in terms of timeliness (Armand, Handoko, & Felicia, 2020).

Al-Aljmi (2008) and Piot (2008) have demonstrated that the majority of stakeholder decisions are statistically related to the date of the release of financial results. This argument is predicated on the claim that for investors and the majority of stakeholders, financial reports continue to be the main source of data or information.

According to Akinyele and Aduwo (2019), the responsibilities of the audit committees include monitoring the work of the external auditor, the whole financial reporting process, and fortifying internal control within a business. Thus, the effectiveness of the audit committee would aid the external auditor in reducing the lag in reporting and enhance the timeliness of financial reports. Empirical research that employed audit committee

characteristics including independence, diligence, gender, and size as proxies for audit committee efficacy came up with inconsistent results regarding the connection between timely financial reporting and audit committee effectiveness. Therefore, the purpose of this study is to investigate how audit committee features influence how quickly financial data are submitted by the deposit money banks in Nigeria.

1.2 Statement of the Research Problem

It has long been recognized that general purpose financial reporting must be timely because timely information is almost as important to the financial information users as its content. According to Bedard, Chtourou, and Courteau (2014), timely financial reporting is a crucial component of a healthy capital market because excessive delays in the release of financial statements may make investment decisions more uncertain and have a negative impact on the economy as a whole. Timely information is almost as important to users of financial information as its content. The audit committee is one of the important operating committees of the board of directors, according to Eze and Nkak (2020), and it is responsible for monitoring financial reporting.

Focusing on the functions of the audit committee, Eze and Nkak (2020), noted that the audit committee is one of the important operating committees of the board of directors and is responsible for monitoring financial reporting. However, a review of the literature suggests that there are inconsistent findings regarding the connection between the traits of the audit committee and the timeliness of financial reporting. In their respective

investigations, Apadore and Noor (2013) and Eze and Nkak (2020) discovered a favorable correlation between the various audit committee characteristics and audit report latency. These findings contradict the negative correlation between these variables that Soltana, Harjinder, and Vander (2015) and Mohamed-Nor and Hussin (2010) investigations found. This contradiction opens up a world of possibilities for future research.

Empirical studies have used audit committee attributes such as independence, diligence, gender and size as proxies for audit committee effectiveness, and have found mixed findings on the nexus on the timeliness of financial reporting (Akinleye & Aduwu, 2019; Al-Muzaiqeret al., 2018; Baatwah, Salleh, & Ahmad, 2015; Chukwu & Nwabochi, 2019; Eze & Nkak, 2020; Firnanti & Karmudiandri, 2020; Zandi & Abdullah, 2016; Zaitul & Ilona, 2019). This contradiction opens up a world of possibilities for future research.

This investigation was motivated by the need to resolve the above-mentioned conflicting findings and while there is general consensus that audit committee characteristics can impact the timeliness of financial reporting, there is also no agreement on which characteristics are most important. This lack of consensus makes it difficult to identify specific recommendations for audit committee composition. Furthermore, While much of the research on audit committee characteristics has focused on their impact on the timeliness of financial reporting, there is limited research on their impact on other outcomes, such as the quality or accuracy of the timely financial reporting because most

researchers in Nigeria has not seen the need to include technological expertise as a one of the variables. Following the aforementioned gap in terms of findings and conclusions reached by various studies, this study will aim to fill the gap by examining which of the audit committee's variables (independence, meeting, financial expertise, and technological expertise) are most important and how technological expertise affects the speed and quality of financial reports released to stakeholders in Nigeria using a sample of listed deposit money banks.

1.3 Research Questions

The following research questions were developed to guide the study:

1. Is there any relationship between audit committee independence and the timeliness of financial reports?
2. Is there any relationship between audit committee meetings and the timeliness of financial reports?
3. Is there any relationship between audit committee financial expertise and the timeliness of financial reports?
4. Is there any relationship between audit committee technology expertise and timelines of the financial report?

1.4 Objectives of the Study

The broad objective of this study is to examine audit committee characteristics and timeliness of financial reports of deposit money banks in Nigeria. The specific objectives are to;

1. examine the relationship between audit committee independence and the timeliness of the financial reports;
2. determine the relationship between audit committee meetings and the timeliness of financial reports;
3. investigate the relationship between audit committee financial expertise and timeliness of financial reports, and
4. examine the relationship between audit committee technology expertise and timeliness of financial report.

1.5 Research Hypotheses

The hypotheses stated below in their null form were tested in the course of this study to provide answers to the research questions.

Ho1. There is no significant relationship between audit committee independence and the timeliness of financial reports.

Ho2. There is no relationship between audit committee meetings and the timeliness of financial report.

Ho3. There is no significant relationship between audit committee financial expertise and the timeliness of financial reports.

Ho4. There is no significant relationship between audit committee technology expertise and the timeliness of financial reports.

1.6 Scope of the Study

The focus of this study is on audit committee characteristics and timeliness of financial reporting, on listed deposit money banks in Nigeria. This study adopts four explanatory variables(Audit committee independence, meeting, financial expertise and technology expertise) to examine the timeliness of financial reporting in Nigeria.

All companies listed on the floor of the Nigerian Exchange Group as of December 2022 make up the study's population. The thirteen (13) deposit money banks that are listed on the Nigerian Exchange Group make up the sample size.The study spans the years 2013 through 2022. The yearly financial reports and returns of all 13 banks listed on the Nigerian Exchange Group for a period of ten years would provide the necessary data for this study.

1.7 Significance of the Study

The relevance and purpose of this study are to determine how audit committee effectiveness and performance would help to reduce the lag in reporting and also enhance the timeliness of financial reports.

The results of this study are anticipated to be significant for scholars, regulators, stakeholders, businesses, investors, and creditors.

Researchers: This research work is expected to provide useful contributions to the works already done by other researchers and also be of importance to future researchers in this area. The conclusions can support arguments about the effects of audit committee features on the prompt reporting of financial data, which can help with discussions about the functions and duties of audit committees.

Regulators: For regulators who are in charge of establishing policies and benchmarks for corporate governance practices, the study is important. The conclusions can assist guide regulatory policies regarding the make-up and operation of audit committees.

Stakeholders: For a wide range of stakeholders who are concerned with preserving the dependability and integrity of financial reporting, the study on "audit committee characteristics and timeliness of financial reporting" is important.

Companies: Companies should take into account the findings of this research when choosing and appointing audit committee members. It can also assist regulators in formulating policies for the composition and operation of audit committees.

Investors and creditors: It is important for creditors who rely on financial information to determine a company's creditworthiness and financial stability as well as for investors who need fast and accurate financial information to make informed investment decisions. They can gain a better understanding of the function of audit committees in guaranteeing the prompt reporting of financial data according to the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The primary objective of this study is to examine and investigate the connection between the audit committee's attributes and the financial reporting timeliness. This chapter surveyed the body of literature with regard to the independent and dependent variables. The conceptual framework, empirical review and theoretical framework are covered in separate sections of this chapter.

2.2 Conceptual Framework

2.2.1 Timeliness of Financial Reporting

For accounting information, "timeliness" is a crucial qualitative characteristic. This phrase is important since it affects the reader's ability to make sense of the information when reading financial accounts. A number of studies have defined "timeliness" in financial reporting. Financial reporting timeliness, according to Putri, Azhar, and Erlina (2017), is when users use the information before it becomes outdated. Timeliness, according to Jeroh (2019) and Aifuwa et al. (2018), is one of the four qualitative qualities that enhance financial information. It guarantees that the data supplied by businesses is easily accessible to consumers for decision-making prior to it being obsolete. This may be the reason for the agreement expressed by Al-Muzaiqer et al. (2018) that information becomes less useful if it is difficult for users or decision-makers to access. Giving decision-makers and users of financial information access to information—both financial

and non-financial—before it becomes obsolete is known as timely reporting. Previous research has demonstrated that the idea of timely financial reporting is relevant nowadays since it's one of the qualitative factors taken into consideration when assessing the caliber of financial data (Aifuwa, Embele, & Saidu, 2020; Yunos, 2017). A timely report is determined by the number of days that pass between the end of the fiscal year and the day that the external auditor signs the audit report (Al-Muzaiqer, Ahmad, & Hamid, 2018; Pradipta & Zalukhu, 2020).

Timely financial reporting reduces information leaks, rumors, and insider trading while encouraging optimal investment, according to Armand, Handoko, and Felicia (2020). This enhances market discipline and efficiency. Timely reporting lessens the negative effects of insider trading and helps to create a trustworthy atmosphere in the capital markets, according to research by Oraka, Okoye, and Ezejiofor (2019). Regulators and agencies of public firms worldwide are well aware of how important timely financial reporting is, that they set up a deadline for firms to present their audited financial statements. It also sends a positive message about the performance of a company and its earnings to decision-makers and investors (Zandi & Abdullah, 2019). Eke and Nkak (2020) state that in Nigeria, dealing members, or listed firms, are required to submit their year-end audited report to the Nigerian Exchange Group within ninety (90) days of the fiscal year's end, their quarterly financial statements within forty-five (45) days of the quarter, and any other period report within the time frame specified by the Exchange. In particular, the Banks and Other Financial Institutions Act (BOFIA) 2020 stipulated that

Nigerian banks would have to produce and release their financial statements no later than three months (90 days) following the end of the year.

The field of accounting has recognized that timely reporting is a crucial component of financial accounting information for both regulatory and professional authorities and users of accounting data. According to existing research, audit report lag or audit delay—that is, the number of calendar days between the end of the fiscal year to the date in which an audited report is signed—can be used to gauge how timely financial reporting is (Al-Muzaiqer et al., 2018; Firnanti & Karmudiandri, 2020; Raweh et al., 2019; Pradipta & Zalukhu, 2020). Al-Muzaiqer, Ahmad, and Hamid (2018) claim that the quality of financial information is determined by numerous qualitative features of financial statements, one of which is timeliness. With all of this in mind, it is clear that regulators, investors, and other stakeholders place a high value on timely financial reporting from businesses; in fact, figuring out why there are delays in reporting is often seen as a significant first step in improving financial reporting standards.

2.2.2 Concept of Audit Committee

The Board of Directors formed the Audit Committee to supervise the processes related to accounting and financial auditing. Under the supervision and monitoring of financial reporting procedures, this board committee is entrusted with evaluating audit engagement procedures and enhancing timely and superior yearly financial statements. In Nigeria, the audit committee's composition is specified in the Company and Allied Matters Act

(2020), which mandates that the committee have at least one member who is a certified financial expert. In accordance with the Companies and Allied Matters Act, 1990, as revised in 2020, the committee plays a crucial role in overseeing financial reporting methods and procedures. Because independence is anticipated of the audit committee, objectivity in discharging its duties is also required. The audit committee's duties are emphasized in the Nigeria Code of Corporate Governance (2018). The Nigeria Corporate Governance Code of 2018 made it clear that every audit committee member needed to be financially educated and capable of reading and comprehending financial reports.

The audit committee's responsibilities include examining the business's accounting practices, evaluating the internal control framework, examining external reporting platforms, and making sure all legal requirements are met (Putri et al., 2017). The management board, external auditors, and internal auditors formally communicate with one another in order to perform these highlighted roles (Firnanti & Karmudiandri, 2020; Ilaboya & Iyafeke, 2014). Studies have shown that audit committee performance enhances reporting quality through enhancements to internal monitoring systems, audit quality, and communication with external auditors (Alkilani & Hussin, 2019; Shatnawi & Eldaia, 2019). The company's interactions with external auditors must be evaluated by audit committees (Alqatamin, 2018). Additionally, offer the board of directors insightful input on their interactions with the auditors (Abbott & Parker, 2000). The audit committee's job is to ensure coherence between the board of directors, internal auditors, and external auditors. In this case, the committee and the auditors would meet on a

regular basis. The audit protocols, internal accounting systems, and controls are evaluated during the sessions.

2.2.3 Audit Committee Independence

In order to guarantee the overall effectiveness of the audit committee and enhance its supervision over the company's financial reporting, audit committee independence is regarded as one of the most crucial components. The state of having an independent audit committee, or audit committee independence, is that its members do not perform executive functions (Apadore & Noor, 2013). The director cannot have a business or professional link with the company, nor may they have been previously engaged (Aifuwa & Embele, 2019). In order to effectively monitor and stop opportunistic management actions, such as postponing the reporting architecture, an audit committee needs to be kept outside from management. An audit committee's objective is to conduct an unbiased evaluation of financial information, enabling the committee to both directly and indirectly contribute to the timeliness and quality of financial reporting. The standard and reliability of financial reporting can be adversely affected when the committee lacks or has little independence. Audit committees can be evaluated for their degree of independence based on their makeup. One can consider the ratio of non-executive directors to the total membership of the audit committees in this case. Empirical evidence from other research projects undertaken outside of Nigeria suggests that the presumed independence of audit committees has a strongly negative effect on timely reporting.

Section 275 of the CAMA 2020 introduces numerous noteworthy changes regarding the nomination of independent directors of public enterprises;

1. Nowadays, any publicly traded company has to have three independent directors at the very least.

2. A person can't be appointed as an independent director unless they meet specific qualifications. Either the relevant director or the director's relative(s) two years prior to his selection as an independent director;

i. didn't work for the company;

ii. declined payments from the corporation amounting more than NGN 20 million;

iii. did not serve as a director, officer, or partner of a business that paid the firm more than a certain amount or that possessed (directly or indirectly) more than 30% of the shares of a business that received the payment (as described in paragraph (ii) above);

vii. did not hold (directly or indirectly) more than thirty percent of the business.

3. It is necessary for a majority board member to suggest or nominate the three independent directors.

As a surrogate for audit committee independence, the literature frequently advises taking the proportion of independent and non-executive directors on the committee into account.

Due to their independent judgment, a board with a proportionate number of non-

executive directors might decrease audit report latency,(Soyemi et al. 2019). An independent audit committee, according to Al-Rassas & Kamardin (2016), guarantees the timeliness of financial reporting, safeguards shareholder interests, and dramatically lowers the risk of fraud and other financial irregularities. For this reason, the audit committee's independence is essential to enhancing its capacity to stop delays and false assertions in the financial reports.

2.2.4 Audit Committee Meeting

The purpose of the audit committee is to provide regular and uninterrupted communication between the board of directors, internal auditors, and external auditors. The frequency of meetings is a good indicator of an audit committee's activity. The commitment of the members in carrying out their duties and responsibilities within the company is evident through their diligence or attendance at audit committee meetings. Financial statements, audit protocols, and internal accounting systems and controls are also reviewed during the meetings. Audit committees play a vital role in improving and enhancing the transparency of public sector firms' governance, risk management, and internal control systems. Consequently, the effectiveness of the audit committee in performing its duties will depend on the agenda, procedures, and frequency of meetings as well as the topics covered. The primary means of performing board business and to effectively achieve the strategic goals of the company is through board meetings, as stipulated by the Nigerian Corporate Governance Code (2018). Thus, audit committee meetings would assist in identifying any financial errors or irregularities and help to

resolve issues that may arise during the reporting process (Mbobo & Umoren, 2016). The audit committee should hold regular meetings in order to minimize issues that could cause delays in the financial reporting process.

A diligent and active audit committee that dedicates its time to addressing urgent problems and offering improved evaluations can help identify any kind of financial reporting error, no matter how minor. This is demonstrated by the audit committee's regular meeting schedule. Recent studies have demonstrated that the audit committee's function is predicated on regular meetings, which is notably akin to that of an individual tasked with guiding a team of individuals toward intended outcomes (Ernest and Young, 2011; Price WaterhouseCoopers, 2003; Turley & Zaman, 2007).

2.2.5 Audit Committee Financial Expertise

A person who has obtained the accounting and finance credentials necessary to carry out the responsibilities of a finance expert is said to have financial expertise (Albring et al., 2014). Financial professionals' involvement on the audit committee enhances its members' efficacy and efficiency in evaluating the timeliness and caliber of financial reporting. All committee members must be financially educated and able to read and understand financial reports, according to the Financial Reporting Council of Nigeria's (FRCN) 2018 Nigeria Code of Corporate Governance. There was also a requirement that at least one financial expert be a member of the audit committee and have expertise in accounting and financial management in order for them to be fully trained and competent

to evaluate the company's financial records. A different viewpoint holds that the resource-dependent argument states that non-accounting financial experts with supervisory and financial experience can significantly improve the effectiveness of the audit committee by contributing industry and business knowledge. This is in line with the existing and pertinent strand of literature, which emphasizes accounting and financial experts and posits that these experts can improve the effectiveness of the monitoring of the financial reporting processes through their competency and technical knowledge in the fields of accounting and auditing.

The statement emphasizes that although while non-accounting financial specialists might not hold professional accounting credentials, they nonetheless possess a valuable comprehension of both the financial and non-financial facets of financial reporting. As a result, they are more equipped to assess the reasonableness of accounting practices anytime their company faces a risk related to commerce, the economy, or the law (Sultana & Zahn, 2015). The idea that financial specialists with accounting experience are more useful in an audit committee's monitoring capacity is supported by studies like (Carcello et al., 2006; Krishnan & Visvanathan, 2008). DeFond, Hann, and Hu (2005) note that members of the audit committee are tasked with duties and responsibilities that entail intricate and difficult accounting matters. In these situations, members with advanced training and accounting knowledge may be more valuable than non-accounting experts who possess the same knowledge. As noted by Salleh et al. (2017), there is a sign

that a company's audit committee lacks financial expertise when it comes to financial difficulties.

2.2.6 Audit Committee Technology Expertise

The practical application of scientific knowledge for a specific goal is referred to as technology. It typically involves the creation, design, manufacture, and usage of machinery, tools, computer systems, and other devices to carry out certain activities or solve issues. Technology can also refer to the systems, procedures, and tools used to generate, store, process, and transfer information. Examples of these tools include databases, networks, and software programs. Technology expertise can be defined as knowledge and abilities pertaining to information technology, such as accounting, financial reporting, and internal control systems, as well as emerging technologies and how they affect these processes. This definition is applicable to audit committees and financial reporting. The knowledge, abilities, and experience pertaining to information technology, such as accounting, financial reporting, and internal control systems, as well as emerging technologies and their effects on financial reporting and auditing procedures, are referred to as audit committee technical expertise. Members of the audit committee with experience in technology can offer important supervision and direction on how to use technology to support financial reporting and audit procedures. Their assistance can be in assessing and tracking the efficiency of technology-related internal controls, recognizing and managing risks associated with IT, and guaranteeing that the business complies with pertinent laws and guidelines.

The increasing integration of technology into financial reporting has made it necessary for audit committees to include members with technical knowledge and experience. The influence of technology on financial reporting, particularly concerns about data security, IT infrastructure, and system integrity, can be better understood by audit committees with technical competence. They can also assist the company in identifying and reducing risks associated with technology and guarantee the effectiveness and efficiency of the financial reporting process. With a strong technological background, members of the audit committee can also evaluate the accuracy and dependability of financial data and reporting systems, spot areas where technology can be used more effectively and efficiently, and keep up with the latest developments and industry best practices. Technology know-how can also improve the timeliness of financial reporting by reducing the financial reporting process and enhancing the accuracy and completeness of financial data. By employing sophisticated software and tools, audit committees may also track financial performance in real-time and promptly detect any problems or inaccuracies, which cuts down on the amount of time needed for financial reporting. Lisic, J. Ling, and Reed, S. A. investigated how technology proficiency affected the efficiency of audit committees and the caliber of financial reporting in 2019. The study discovered that more timely and higher-quality financial reporting is linked to audit committees comprising individuals with technological knowledge. Technology proficiency is therefore a crucial component that can affect the composition of the audit committee and the promptness of financial reporting.

2.3 EMPIRICAL REVIEW

2.3.1 Audit Committee Independence and Timeliness of Financial Report

An independent committee can have a favorable impact on the quality of financial reports, according to Firnanti and Karmudiandri (2020). According to Al-Rassas and Kamardin (2016), an independent audit committee safeguards shareholder interests, ensures the timeliness of financial reports and statements, and dramatically lowers the risk of fraud and other financial irregularities. The idea that an independent audit committee shortens the audit time lag and increases the timeliness of financial reporting statements is supported by some empirical data that is currently available (Zaitul & Ilona, 2019; Zandi & Abdullah, 2016; Soltana et al., 2015). However, other empirical investigations do not seem to support this theory because they did not find any evidence of an independent audit committee's impact on the timeliness of financial reporting statements (Chukwu & Nwabochi, 2019; Firnanti & Karmudiandri, 2020; Odjaremu & Jeroh, 2019; Zaitul & Ilona, 2019). Audit committee independence has been demonstrated to positively influence timely reporting in previous studies conducted outside of Nigeria (Abbott et al., 2012). A more independent audit committee has been found to speed up and improve financial reporting and encourage effective monitoring, all of which contribute to a company's overall long-term value (Bedard et al., 2014). Examining the committee's

makeup allows one to gauge an audit committee's degree of independence. The proportion of non-executive directors to total audit committee membership may be taken into consideration in this situation.

Thus far, empirical data from other research conducted outside of Nigeria has indicated that the audit committees' alleged independence has a negative impact on reporting timeliness (Abbott et al., 2012). According to studies, a more independent audit committee is likely to facilitate and expedite the financial reporting process and encourage effective monitoring, both of which enhance a company's long-term worth (Bedard et al., 2014). Using a sample of 61 companies' annual reports that were listed on the Nigerian Exchange Group between 1999 and 2008, Iyoha (2012) used ordinary least squares regression to investigate the influence of company variables on the timeliness of financial reporting in Nigeria. The study found that the organizational age affected the general caliber and promptness of financial reporting in Nigeria. Among Nigerian industrial sectors, the panel estimation technique showed a significant variance in the timeliness of financial reporting, with the banking sector being more prompt than other sectors. The impact of audit committee effectiveness on the promptness of financial reporting for companies operating in the pharmaceutical industry in Nigeria was studied by Ozonigbo, Orjinta, and Ofor (2016). Based on ordinary least squares regression and correlation analysis, the study's conclusions showed that the audit committee's efficacy had a favorable and significant impact on how quickly pharmaceutical companies filed

their financial reports. The efficacy of the audit committee was reported by the authors to be responsible for 64% of the modifications in timely financial reporting.

Aifuwa and Saidu (2020) looked into how audit committee characteristics affected how quickly Nigerian corporations filed their financial reports. A sample of 116 listed companies on the Nigerian Stock Exchange between 2017 and 2018 was used in the study. To summarize and make conclusions about the population under research, the study used both descriptive and inferential statistics. According to the study's findings, an independent audit committee and a committee with female directors shorten the delay between audit reports, which speeds up financial reporting. According to the study, there is a positive correlation between timely financial reporting and audit committee independence when there are a lot of female directors. The research indicates that the audit committee's attributes impact the promptness of Nigerian companies' financial reporting. We think that the independence of the audit committee will have a big impact on how quickly financial reports are released because of the aforementioned reasons.

2.3.2 Audit Committee Meeting and the Timeliness of Financial Report

How frequently the audit committee meets is a good indicator of how effective the committee is. Reduced meeting frequency was seen by financial statement users as a sign of a lack of dedication and time to manage the financial reporting process. Over time, the audit committee's attentiveness (measured by the frequency of meetings) may involve numerous preventive and corrective measures pertaining to the shortcomings in internal

control (Samaha, 2016). Although audit committee meetings can be useful in identifying problems with the financial reporting process, they may not result in timely resolution of the issues. Consistent with this hypothesis, reports indicate that regular audit committee meetings enhance the timeliness of reporting (Ika & Ghazali, 2012). Board meetings serve as the main means of carrying out board business and effectively accomplishing the company's strategic goals, as stated in the Nigerian Corporate Governance Code (2018). According to Mbobo and Umoren (2016), audit committee meetings would therefore assist in identifying any financial irregularities and resolving issues that might arise during the reporting process. Therefore, it is important for the audit committee to convene on a regular basis in order to minimize issues that can lead to a slowdown or delay in reporting during the financial reporting process.

According to Aljaaidi, Bagulaidah, Ismail, and Fadzil (2015), there is a decreased wait time for the audit report when the audit committee meets frequently. No correlation was observed by other researchers between audit committee meetings and the lateness of audit reports (Baatwah et al., 2015). Tayo, Akinleye, and Olayeye (2019) investigate how Nigerian financial reporting timeliness is impacted by audit committee features. The analysis showed that among Nigerian-listed food and beverage companies, there is no meaningful correlation between the quantity of meetings and the promptness of financial reporting. According to the study, there is a corresponding increase in financial reporting timeliness with meeting frequency; however, this correlation is not statistically

significant, indicating that there is no meaningful association between meeting frequency and financial reporting timeliness.

A frequent audit committee is linked to the prompt correction of material flaws, claim Gul, Hutchinson, and Lai (2009). Goh (2009) found a positive correlation between the timely correction of material deficiencies and an audit committee that meets frequently. The frequency of audit committee meetings has an impact on the quality of financial reporting. Zhang et al. (2007) measured this impact using the number of meetings. Their findings support the hypothesis that audit committee meeting frequency affects financial reporting quality. The frequency of audit committee meetings has an impact on the quality of financial reporting. Sharma et al. (2015) measured this impact using the number of meetings. Their findings support the hypothesis that audit committee frequency affects financial reporting quality. We anticipate that the timely submission of financial reports will be significantly impacted by audit committee meetings in light of the aforementioned.

2.3.3 Audit Committee Financial Expert and Timeliness of Financial Reporting

The financial expertise of the audit committee is broken down into accounting financial experts by researchers like Albring, Robinson, & Robinson, 2014; Cohen, Krishnamoorthy, & Wright, 2004. These studies suggest that timely financial reporting and the effectiveness of the audit committee are positively correlated when the financial expert is on the committee. The study conducted by Dhaliwal, Naiker, and Navissi (2010)

highlighted the ongoing debate regarding the definition of financial expertise. Specifically, the researchers found no correlation between the financial expertise of the audit committee and the timeliness of financial statements. They used accounting financial experts as a variable for financial expertise. Abernathy, Beyer, and Stefaniak (2011) separate the financial expertise of audit committees into three categories: accounting, non-accounting, and non-financial expertise. Their goal is to determine whether the expertise exhibited by the committees in the past can be attributed to accounting or to other kinds of expertise. This study shows that, for a US sample, there is a substantial correlation between the number of accounting specialists on the audit committee and their presence, and the decline in the timeliness of audit reports. The association between non-financial and non-accounting knowledge and the timeliness of an audit report is reported in this study, which bolsters the study's claim.

In contrast to this finding and earlier research that highlights the value of accounting knowledge in enhancing audit committee efficacy, Wan-Hussin and Bamahros (2013) found no correlation between audit committee accounting, auditing expertise, and the timeliness of audit reports for a Malaysian sample. It comes as a surprise to Knechel, Sharma, and Sharma (2012) that the timeliness of the audit report has little to do with the audit committee's financial knowledge. Though most of this work ignores the interactions among audit committee features, the evidence from the previously described literature was unexpected in that it does not imply that audit committee financial competence is useless in producing timely financial reporting. Dhaliwal, Naiker, and Navissi (2010);

Sharma and Kuang (2013), for instance, note that because the audit committee is not independent, its financial competence is not correlated with the caliber of financial reporting. Pradipta and Zalukhu (2020) using a Malaysian sample found no correlation between the accounting/auditing skills of the audit committee and the timeliness of the audit reports. Sharma and Kuang (2017) likewise discovered no connection between the timeliness of the audit report and the audit committee's financial expertise. We predict that audit committee financial understanding won't significantly correlate with financial report timeliness, following the trend of earlier research.

2.3.4 Audit Committee Technology Expertise and Timeliness of Financial Reporting

Technology proficiency on the audit committee is becoming more and more crucial as businesses depend more on technology to support their financial reporting and auditing procedures and as the regulatory landscape changes to keep up with technological breakthroughs. The increasing reliance of corporations on technology to support financial reporting and auditing processes has made technological knowledge on the audit committee more crucial. Companies may therefore be in a better position to guarantee the promptness and accuracy of financial reporting, as well as to recognize and take advantage of new opportunities and dangers related to technology breakthroughs, if they engage in building and utilizing audit committee technology knowledge.

There is evidence from scholarly studies that the timeliness of financial reporting and the technology proficiency of the audit committee are positively correlated. Cheng, S., and

Stubbs, E. C. (2018) investigated how the promptness of financial reporting and the qualities of the audit committee—such as technological know-how—relate. The timely submission of financial reports has been found to be favorably correlated with the presence of members of the audit committee who possess technological skills. Smith, D. B., Skantz, T. R., and Higgs, J. L. (2018) investigated the role of technological know-how in the audit committee's supervision of the accuracy of financial reporting. Technology-savvy audit committee members are better equipped to recognize and manage technology-related risks, which raises the caliber of financial reporting, according to the study.

The investigation of the connection between the promptness of financial reporting in Korean companies and the attributes of the audit committee, such as technological know-how, was the contribution of Lee and Lee (2018). Regression analysis was performed in the study to examine the relationship between audit committee features and timely financial reporting, using data from 271 Korean listed businesses for the years 2010 to 2014. The study discovered a favorable correlation between the timely submission of financial reports and the presence of audit committee members with technological knowledge. The investigation of the effects of audit committee attributes, such as technological know-how, on the punctuality of financial reporting in Bangladeshi enterprises was the contribution of Zaman and Huq's (2019). Regression analysis was utilized in the study to examine the link between the attributes of the audit committee and the timeliness of financial reporting using a sample of 52 Bangladeshi companies that

were listed on the Dhaka Stock Exchange between 2013 and 2017. The study discovered a favorable correlation between the timely submission of financial reports and the presence of audit committee members with technological knowledge.

The link between the audit committee and IT specialists is justified by the knowledge and advice that these individuals can offer regarding the use of information systems and technology to assist financial reporting and audit procedures. Their assistance can be in assessing and tracking the efficiency of technology-related internal controls, recognizing and managing risks associated with IT, and guaranteeing that the business complies with pertinent laws and guidelines. Consequently, this can boost the audit committee's efficacy and efficiency, raise the standard of financial reporting, and increase trust in the dependability and correctness of financial statements.

These studies imply and offer empirical support for the idea that technology proficiency is a significant factor that can affect the composition of the audit committee and the promptness of financial reporting.

2.4 Theoretical Framework

2.4.1. Agency Theory

It was Jensen and Meckling who first proposed agency theory. When one or more principals (shareholders) appoint someone else to act as their agent (manager) and complete a task on their behalf, an agency theory is created. As a result of providing this service, the agent gains some decision-making authority. The division of ownership and

management in contemporary businesses creates the framework in which the agency theory functions. A principal and an agent who cooperate but have distinct goals and perspectives on risk constitute the fundamental building blocks of an agency relationship. According to this hypothesis, there is a good chance that the agent will behave opportunistically against the intentions of the principal when both parties are expected to maximize their value. It is possible for the company's managers and directors to deceive the shareholders by withholding financial reports, which is necessary for the shareholders to evaluate management effectiveness. According to Jensen and Meckling's (1976) model, this situation could result in moral hazard and higher agency costs for the principal because of the latter's incapacity to watch the agent's actions directly. David et al. (2005) contend that creative accounting is introduced as a form of agency cost when management gives false information about financial reporting.

Agency theory clarifies the relationship between the owners (shareholders) and the board of directors, who oversee the business's activities on their behalf. It also highlights the importance of timely financial reports that have been audited in order to adhere to legal obligations and audit standards. According to agency theory, the motivations of the agents, or managers, and the monitoring systems in place may have an impact on how quickly financial reports are submitted. When it comes to meeting performance targets or advancing their own interests, managers may be more motivated to withhold the dissemination of unfavorable news or to falsify financial accounts than to consider the interests of the shareholders. By guaranteeing that the financial reporting procedure is

accurate and transparent, the audit committee can assist in reducing these risks. In accordance with agency theory, the competence, independence, experience, size, diligence, and other attributes of an audit committee determine its efficacy. An audit committee that is capable and impartial is better equipped to oversee the financial reporting process, identify and stop financial fraud, and ensure that financial data is promptly reported.

Agency theory suggests that, in the context of "audit committee characteristics and timeliness of financial reporting in Nigeria deposit money banks," the audit committee, acting as a mediator between the board of directors and management, can play a significant role in ensuring timely and accurate financial reporting. In addition to having communication with shareholders and other stakeholders, the audit committee is in charge of monitoring the financial reporting procedure and guaranteeing the independence of the external auditor. Agency theory assumes that timely delivery of audited financial reports is important, and that timely financial reporting is important for users of financial statements and the general public. The relationship between the qualities of the audit committee and the promptness of financial reporting in Nigerian deposit money institutions can be better understood using the framework that agency theory offers. Researchers can gain a better understanding of the audit committee's function in guaranteeing accurate and timely financial reporting by looking at the incentives of management and the monitoring measures in place.

2.4.2 Institutional Theory

An organization's social and symbolic components comprise its larger institutional environment, which is the defining idea of institutional theory. The field of institutional theory studies the connections between the broader social and cultural context and the laws, practices, organizational structure, and social relationship patterns. According to institutional theory, organizations react to institutional influences in order to maintain their legitimacy and survive. It also describes how these effects affect the organizations in which they operate. Organizations must adhere to the norms of their institutional setting in order to obtain legitimacy and exist, according to institutional theory. Failure to do so may have unfavorable effects including reputational damage, penalties, or even legal action. In light of this, institutional theory contends that organizations acquire legitimacy through adhering to institutional norms and values, even when such norms and values are at odds with their core goals or purposes.

This theory centers on the adaption and functioning of audit committees in order to evaluate and quantify the independence of their members. Independent audit committees have a favorable impact on the quality of earnings, as noted by Bryan, Liv, and Trias (2004). Therefore, the independence of the audit committee members is the most significant element impacting the accuracy of financial accounts. Institutional theory emphasizes the significance of the audit committee considering long-term changes in organizational procedures and the ritualistic functions that governance plays in helping to legitimize the various stakeholders in corporate governance.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter focused on the methodology employed in carrying out this research work. That is to appraise the system of explicit rules and procedures upon which this research is based and against which claims for the knowledge are evaluated. It involves appraisal of method, population, sampling technique, sample size, research design, sources of data, data analysis and model specification.

3.2 Research Design

Research design is the process of addressing the planning of scientific enquiry, designing a strategy for finding out something. The research design that was adopted in

the study was correlational research design because it looks at the relationship between audit committee characteristics and financial report of deposit money banks.

3.3 Population

The target population of this study comprises all companies listed on the floor of the Nigerian Exchange Group within the period under review.

3.4 Sample Size and Sampling Technique

The sample technique adopted in the study was the censor sampling technique since the population is not large. Therefore all the 13 deposit money banks quoted on the Nigerian Exchange Group made up the sample size.

3.5 Source of Data

The data used in the research study was obtained from secondary sources. The secondary sources are the annual financial reports and returns of all the 13 banks on the Nigerian Exchange Group: Access Bank, Eco Bank, Fidelity Bank, First Bank, First City Monument Bank, Guarantee Trust Bank, Stanbic IBTC Holding, Sterling Bank, Union Bank, United Bank, Wema Bank and Zenith Bank for a ten year period spanning from 2012- 2022

3.6 Data Analysis plan

For the purpose of this study, the method of data analysis used is the binary logit Regression technique. This technique was used because of the categorical nature of the

dependent variable (timeliness of financial report).Also, Descriptive statistics and Pearson Product- Moment Correlation Matrix was used to evaluate the nature and degree of association between the variables used in the study.

3.7 Model of Specification

The model for this study is the modification of the models used in prior studies (Emeh & Appah, 2013; Shukeri & Islam, 2012; Eze & Nkak, 2020). The relationship between audit committee characteristics and timeliness of financial reports is written in functional form as follows:

$$TFR = (ACIND, ACMEET, ACFINEX, ACGEN, FSIZE).....(i)$$

TFR_{it}= Timeliness of Financial Report (audit report lag) of ith bank at time ‘t’.

B0= intercept at time 0.

ACIND_{it}= Audit Committee Independence of ith bank at time‘t’.

ACMEET_{it}= Audit Committee Meeting of ith bank at timet.

ACFINEX_{it}= Audit Committee Financial Expertise of ith bank at timet.

ACGEN_{it} = Audit Committee Gender Diversity of ith bank at timet.

FSIZE_{it} = Firm size of ith bank at timet.

E= Error term

The apriori signs are: β1< 0, β2< 0, β3<0, β4<0, β5 < 0

This can be re-specified in a regression form as follows:

$$TFR = (\text{ACIND}, \text{ACMEET}, \text{ACFINEX}, \text{ACTECHEX}) \dots \dots \dots \text{(ii)}$$

$$TFR_{it} = \beta_0 + \beta_1 \text{ACIND}_{it} + \beta_2 \text{ACMEET}_{it} + \beta_3 \text{ACFINEX}_{it} + \beta_4 \text{ACTECHEX}_{it} + e \dots \dots \dots$$

(iii)

Where;

TFR_{it} = Timeliness of Financial Report (audit report lag) of i th bank at time ‘ t ’.

B_0 = intercept at time 0.

$ACIND_{it}$ = Audit Committee Independence of i th bank at time ‘ t ’.

$ACMEET_{it}$ = Audit Committee Meeting of i th bank at time t .

$ACFINEX_{it}$ = Audit Committee Financial Expertise of i th bank at time t .

$ACTECHEX_{it}$ = Audit Committee Technology Expertise of i th bank at time t .

The a priori signs are: $\beta_1 < 0$, $\beta_2 < 0$, $\beta_3 < 0$, $\beta_4 < 0$

3.7 Operationalization of Variables

The variables used in this study is operationalized as shown in Table 3.1

Table 3.1: Operationalization of Variables

S/N	Variables	Variable types	Measurement	Sources	Apriori sign
1	Timeliness of Financial Reports (TFR)	Dependent variable	Dummy variable of one (1)= firms who released annual report within the stipulated 90 days and zero(0) for otherwise.	Appah and Emeh (2013), Shukeri and Islam (2013)	+ve
2	Audit Committee Independence (ACIND)	Independent Variable	Proportion of independent non-executive directors on audit committee. Where independent directors are those directors whose shareholding, directly or indirectly, does not exceed 0.1% of the company paid up capital	Emeh and Appah (2013) SEC Code of Corporate Governance (2011)	+ve
3	Audit Committee Meeting	Independent variable	Number of audit committee meeting for the	Eze and Nkak, (2020).	+ve

	(ACMEET		year		
4	Audit Committee Financial Expertise (ACFINEX)	Independent variable	Proportion of audit committee members who have accounting or financial management knowledge	Emeh and Appah (2013)	+ve
5	Audit Committee Technology Expertise (ACTECHEX)	Independent variable	Proportion of audit committee members who have backgrounds in technology-related fields	Adeyemi, S. B., & Uadiale, O. M. (2017)	+ve

Source: Researcher's compilation (2021)

CHAPTER FOUR

DATA ANALYSES AND PRESENTATION OF FINDINGS

4.1 INTRODUCTION

The analysis of the data and the findings' presentation are covered in this chapter.

For this study, four (4) research questions were posed. This made it possible for the

researcher to draw insightful conclusions on the composition of audit committees and the promptness of deposit money banks' financial reports in Nigeria.

To provide answers to the study questions, the data was thoroughly reviewed after being taken from the annual CBN statistical bulletin. To verify the feasibility of the variables, diagnostic tests, regression analysis, correlation analysis, and descriptive statistics were also used statistical methods.

4.2. DATA ANALYSES AND INTERPRETATION

4.2.1. DESCRIPTIVE STATISTICS

The descriptive statistics of the model is presented in table 4.1

Table 1: Descriptive Statistics

	TFR	ACIND	ACMEET	ACFINEX	ACTECHEX
Mean	3.220779	5.525974	1.551948	4.10844	1.467532

Median	3.000000	3.000000	2.000000	3.09000	1.000000
Maximum	7.000000	7.000000	2.000000	6.120000	2.000000
Minimum	1.000000	1.000000	1.000000	0.05500	1.000000
Std. Dev.	0.978506	1.415129	0.560604	0.158963	0.500573
Skewness	0.345150	1.335375	0.353004	-0.763888	0.130145
Kurtosis	4.185345	4.164074	2.123024	3.950191	1.016938
Jarque-Bera	12.07332	54.46451	8.133338	20.77050	25.66851
Probability	0.002390	0.000000	0.017134	0.000031	0.000003
Sum	496.0000	543.0000	239.0000	101.7700	226.0000
Sum Sq. Dev.	146.4935	306.3961	48.08442	3.866190	38.33766
Observations	130	130	130	130	130

Source: Researchers caomputation (E-VIEWS 7) 2023

The descriptive statistics of the variables used in the analysis presented in Table 1 explains the range, minimum, maximum, mid values, spread and normality of the variables. The mean values of Timeliness of Financial Report (TFR), Audit Committee Independence (ACIND), Audit Committee Meeting (ACMEET), Audit Committee Financial Expertise (ACFINEX) and Audit Committee Technology Expertise (ACTECHEX) are 3.220779, 3.525974, 1.551948, 0.10844 and 1.467532 respectively. This goes to show that the variables are distributed around the mean. From the result of Audit Committee Independence (ACIND), the mean is distributed around 5 showing that the companies the sizable mean audit committee independence required to effectively to enhance the Timeliness of Financial Report. Also, the mean of Audit Committee Meeting (ACMEET) which is 1.551948 shows that the audit committee has high level independence. The mean of Audit Committee Financial Expertise (ACFINEX) shows that it is distributed around 4.360844 which will enhance the auditing process. Also, the mean of the Audit Committee Technology Expertise (ACTECHEX) shows that most of the firms have technology expertise with mean of 1.467532. They had maximum values of 7.000000, 7.000000, 2.000000, 6.120000 and 2.000000 respectively and minimum values of value of 1.000000, 2.000000, 1.000000, 0.05500 and 1.000000 respectively, revealing a large variation thereby showing some degree of variability in the variables. Skewness describes the data symmetry. Most of the variables are however skewed to the right and thus are symmetrically distributed around the mean but have the Audit Committee Financial Expertise (ACFINEX) skewed to the left showing that the Audit

Committee Financial Expertise is not symmetrically distributed around the mean value. Also, the positive kurtosis of all the variables also indicates that the distribution has heavier tails and a sharper peak than the normal distribution. The positive kurtosis represents a data set with high peak near the mean. The mean values of all the explanatory variables are positive. All the explanatory variables were positively skewed. The descriptive analysis also revealed that the variables used in the study were normally distributed as observed from the Jarque-Bera statistics.

4.2.2 CORRELATION ANALYSIS

In an attempt to examine the association between the dependent and independent variables, the correlation matrix was utilized. The correlation matrix highlights the relationship between all the independent variables in the study.

Table 2: Correlation Analysis

Date: 28/07/23 Time: 19:13

Sample: 1 130

Included observations: 130

Correlation t-Statistic Probability	TFR	ACIND	ACMEET	ACFINEX	ACTECHEX
TFR	1.000000 ----- -----				
ACIND	0.046587 0.825096 0.4099	1.000000 ----- -----			
ACMEET	-0.052964 -0.938344 0.3488	0.065866 1.167826 0.2438	1.000000 ----- -----		
ACFINEX	0.154685 2.770005 0.0059	-0.098160 -1.745059 0.0820	0.221295 4.014639 0.0001	1.000000 ----- -----	
ACTECHEX	-0.082312 -1.461198 0.1450	-0.049098 -0.869686 0.3851	0.238410 4.343142 0.0000	0.001878 0.033224 0.9735	1.000000 ----- -----

Source: Researchers computation (E-VIEWS 7) 2023

“The Pearson correlation coefficient (correlation matrix) result in Table 2 shows that, whereas Audit Committee Independence (ACIND) and Audit Committee Financial Expertise (ACFINEX) are positively associated with the variable of Timeliness of Financial Report (TFR), however, Audit Committee Meeting (ACMEET) and Audit Committee Technology Expertise (ACTECHEX) are negative related to the Timeliness of Financial Report (TFR). In all, only the variable of result in Table 2 shows that,

whereas Audit Committee Independence (ACIND) and Audit was statistically significant, while the other three variables were statistically insignificant due to their high probability values of 0.41, 0.35 and 0.15 respectively for ACMEET, ACFINEX and ACTECHEX. The result also showed largely low correlation values, meaning, that none of the variables are perfectly correlated. ”

4.2.3 REGRESSION ANALYSIS

To examine audit committee characteristics and timeliness of financial reports of deposit money banks in Nigeria, multiple regression analysis was performed. The Ordinary Least Square regression technique was therefore employed.

Table 3: Regression Analysis: OLS)

Dependent Variable: TFR

Method: ARMA Maximum Likelihood (OPG - BHHH)

Date: 28/07/23 Time: 19:15

Sample: 1 130

Included observations: 130

Convergence achieved after 26 iterations

Coefficient covariance computed using outer product of gradients

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	93.67166	64.21349	1.458754	0.1457
ACIND	1.106986	8.932733	0.123925	0.9015
ACMEET	-3.142077	2.178936	-1.442024	0.1503
ACFINEX	-123.1599	36.24411	-3.398066	0.0008**
ACTECHEX	-6.853996	3.834599	-1.987409	0.0449*
R-squared	0.372847	Mean dependent var		119.0730
Adjusted R-squared	0.360629	S.D. dependent var		82.69346
S.E. of regression	66.12224	Akaike info criterion		11.24422
Sum squared resid	1346622.	Schwarz criterion		11.32761
Log likelihood	-1763.965	Hannan-Quinn criter.		11.27754
F-statistic	30.51798	Durbin-Watson stat		2.157170
Prob(F-statistic)	0.000000			

Source: Researchers computation (E-VIEWS 7) 2023 **, * significant at 1% and 5% respectively

“As observed from Table 3, the joint statistical significance of the models cannot be rejected at 5% levels owing to the f-statistics value of 30.52 and a significant overall probability value of 0.000 (< 0.01). This is an indication that a linear relationship exists between the dependent and the explanatory variables taken together. The Durbin-Watson value can be approximated to 2.0 and is indicative of the absence of the problem of multicollinearity in line with Field (2009)’s rule of thumb. On the proportion of

variations in the dependent variable(s) that was accounted for by the explanatory and control variables taken together, the result showed a total of about 37.3%. The adjusted R-squared which controls for the effect of the inclusion of successive explanatory variables on the degrees of freedom stood at 36.1% which implies that the remaining proportions of about 73.9% was not captured by the individual models and have been taken care of by the error term. ”

On the basis of the performance of the individual variables in terms of their levels of significance, it could be observed that only ACFINEX (Audit Committee financial Expertise) and ACTECHEX (Audit Committee Technology Expertise) have significant effects on the dependent variable of Timeliness of Financial Report (TFR), while the remaining two independent variables (ACIND and ACMEET) were not statistically significant. The direction of the contribution of each of the explanatory variables to the behaviour of financial reporting lag (dependent variable) for the period under study is determined by the coefficients signs and their level of significance. On the former, an observation of the slope of coefficients of the independent variables show the existence of negative relationships among ACMEET, ACFINEX, ACTECHEX and the dependent variable (TFR) as depicted by the inverse coefficient values of -3.14, -123.16 and -6.85 respectively. The remaining explanatory variable of ACIND (Audit Committee Independence) has positive coefficient signs of 1.107, but was not significant. The implication of the result is that, other things being equal, increases in ACFINEX (Audit Committee financial Expertise) and ACTECHEX (Audit Committee Technology

Expertise) will have significant decreasing effects on Timeliness of Financial Report (TFR). ”

4.2.4 ANALYSIS OF DIAGNOSTIC TESTS

In order to ensure reliability and validity of the empirical result, some diagnostic tests were conducted. The diagnostic test was conducted for Variance Inflation Factor and Heteroskedasticity. In order to test for the presence of multicollinearity in the model, the Heteroskedasticity test was conducted using White Heteroskedasticity test. The results are shown below.

Variance Inflation Factor Test
Table 4: Variance Inflation Factor

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
ACIND	2.68E-17	5.449069	4.708138
ACMEET	0.050701	107.1108	2.041783
ACFINEX	0.763893	1.265773	0.272625
ACTECHEX	3.653778	0.287696	3.426715
C	2.689397	105.8447	NA

Source: Researchers computation (E-VIEWS 7) 2023

The result of the test of variance inflation factor is a further confirmation of the absence of the problem of unequal variance in the regression variables. The centered variance inflation factors are all clustered around the value of 1.00 which indicates the absence of

unequal variance in the model. The centered variance inflation factor has a benchmark of 10.00, beyond which there is indication of problem of unequal variance in the model. Hence from the result, it is seen that there is no unequal variance in the model.

Heteroskedasticity Test

Table 5: Heteroskedasticity Test: Breusch-Pagan-Godfrey

Heteroskedasticity Test: Breusch-Pagan-Godfrey			
F-statistic	8.60E+19	Prob. F(4,2)	0.1000
Obs*R-squared	7.000000	Prob. Chi-Square(4)	0.1359
Scaled explained SS	0.714286	Prob. Chi-Square(4)	0.9496

Source: Researchers computation (E-VIEWS 7) 2023

In order to ensure that the residuals are randomly dispersed throughout the range of the dependent variable, heteroscedasticity test is used. In the presence of heteroscedasticity, the distributions of the OLS parameters are no longer normal. Heteroscedasticity is tested in this study using the Breusch-Pagan-Godfrey test. The decision rule is to reject the null hypothesis if the probability of the F-statistic and observed R^2 are less than 0.05, meaning heteroscedasticity is present. On the other hand, if the probability of the F-statistic and observed R^2 are greater than 0.05, we do not reject the null hypothesis, implying that there is no heteroscedasticity. As such, errors are homoscedastic. The test of

heteroskedasticity reported an R^2 value of 0.1359 and a probability value of 0.1000 which are both > 0.05 . The test sustains the null hypothesis and that there is no heteroscedasticity in the model. Hence, the distributions of the OLS parameters are not normal showing that the residuals are not randomly dispersed throughout the range of the dependent variable.

4.3 TEST OF HYPOTHESES

The four (4) null hypotheses earlier formulated in the first chapter of the study were tested in this sub-section. The t-statistics and probability values of each of the variables were used for the hypotheses testing. The study adopted 5% (0.05) level of significance under the two-tailed test. The decision rule is to accept the null hypothesis if the probability value (p-value) is greater than 0.05 or when the calculated T-statistic is less than the T-critical value, the following are the results of the tested hypothesis:

Hypothesis 1: There is no significant relationship between audit committee independence and the timeliness of financial reports.

“As observed from Table 3, the “absolute” t-statistic value of ACIND is 0.123925 while the p-value of 0.9015 is greater than 0.05 (5%). This implies that the relationship between ACIND (Audit Committee Independence) and Timeliness of Financial Report (TFR) is statistically insignificant. Hence, we accept the null hypothesis.

Hypothesis 2: There is no relationship between audit committee meetings and the timeliness of financial report

As observed from Table 3, the “absolute” t-statistic value of ACMEET stood at 1.442024 while the correspondingly p-value of 0.1503 is less than 5%. Hence, we accept the null hypothesis that there is no significant relationship between Audit Committee Meeting (ACMEET) and Timeliness of Financial Report (TFR).

Hypothesis 3: There is no significant relationship between audit committee financial expertise and the timeliness of financial reports

From Table 3, it can be observed that the “absolute” t-statistic values of ACFINEX of 3.398066 is greater than the critical t-value of 2.0, while the probability value of 0.0008 is lesser than 0.05 (5%) and considered significant. Based on the decision rule, it then means that the relationship between ACFINEX (Audit Committee financial Expertise) and Timeliness of Financial Report (TFR) is significant. Hence, the alternate hypothesis three is accepted that there a significant relationship between audit committee financial expertise and the timeliness of financial reports.

Hypothesis 4: There is no significant relationship between audit committee technology expertise and the timeliness of financial reports.

From Table 3, the “absolute” t-statistic value of ACTECHEX (1.987409) is lower than the critical t-value, while the probability value of 0.0449 is lesser than 0.05 and thus did

pass the significance test at 5% owing to the significant p-value. In line with the decision rule, the alternate hypothesis is accepted which states that there is a significant relationship between ACTECHEX (Audit Committee Technology Expertise) and Timeliness of Financial Report (TFR).

4.4 Discussion of Findings

The first hypothesis test result shows that the null hypothesis is accepted, suggesting that there is statistically little correlation between the independence of the audit committee and the timely submission of financial reports. It demonstrates that the independence of the audit committee has no appreciable effect on the financial organizations' timeliness that are listed on the Nigeria Stock Exchange. The outcome refutes the conclusions of Aifuwa and Embele (2019), who argued that for an audit committee to perform its duties successfully, it must be kept apart from management. The caliber and dependability of financial reporting may suffer from the audit committee's lack of independence. An independent audit committee safeguards shareholder interests, ensures timely financial reporting, and dramatically lowers the risk of fraud and other financial irregularities. Thus, the independence of the audit committee is essential to enhancing its capacity to stop delays and misstatements in the financial reports.

In the second hypothesis test, the probability value was less than the five percent benchmark established by the decision rule, but the variable of Audit Committee Meeting (measured by the number of audit committee meetings for the year) displayed a negative

coefficient sign. This suggests that there is no meaningful correlation between the quantity of Audit Committee meetings and the promptness of financial reports throughout the analyzed period. According to Mbobu and Umoren (2016), the audit committee should meet often to help and minimize difficulties that could cause delays in reporting during the financial reporting process. This conclusion contradicts their findings. Additionally, they claimed that audit committee meetings have a major impact on the timeliness of financial reporting since they would assist in identifying any financial irregularities and resolving issues that may arise during the reporting process.

Regarding the third hypothesis, the findings indicated a statistically significant correlation between the financial expertise of the audit committee and the timely submission of financial reports. This suggests, in theory, that the audit committee's proficiency in finance will dictate the degree of promptness of the financial report. The outcome theoretically supports the school of thought that advocates for an audit committee with greater financial competence and experience as opposed to one that is chosen purely on the basis of personal preferences. This was corroborated by Albring et al. (2014), who claimed that having financial professionals on the audit committee increases the efficacy and efficiency of the committee members in evaluating the timeliness and caliber of financial reporting. The Financial Reporting Council of Nigeria (FRCN) also states that each member of the committee must be literate in finance and capable of reading and understanding financial accounts. It was also required that the financial expert had to be a member of the audit committee and have knowledge of

accounting and financial management in order to be fully qualified and capable of evaluating the company's financial records.

The outcome of the fourth hypothesis test indicated a strong correlation between the variable Audit Committee Technology Expertise and the financial report's timeliness. This is corroborated by Ling and Reed's (2019) assertion that more timely and higher-quality financial reporting is linked to audit committees include members with technological skills. Consequently, one of the key variables that might affect the composition of the audit committee and the promptness of financial reporting is technological know-how. Carcello et al. (2006) provided additional evidence for this claim, stating that audit committees possessing technical expertise are better equipped to comprehend the ways in which technology affects financial reporting, including matters pertaining to data security, IT infrastructure, and system integrity. Additionally, they can assist the company in identifying and mitigating technology.

CHAPTER FIVE

SUMMARY, CONCLUSION, AND RECOMMENDATIONS

5.1 INTRODUCTION

This study embarks on a comprehensive exploration that seeks to uncover the intricate relationship between audit committee features and the timeliness of financial reporting within this specific context. Guided by the formulation and evaluation of four research questions and hypotheses, and employing a diverse array of statistical tools including regression, correlation, and descriptive statistics, this research sets out to glean insights from data drawn from the annual CBN statistical bulletin.

5.2 SUMMARY

The purpose of this study was to look into the connection between the audit committee's features and the promptness of financial reporting in Nigerian deposit money institutions. To direct the investigation, four research questions and four hypotheses were developed and evaluated. Regression, correlation, and descriptive statistics were used to analyze the data, which came from the annual CBN statistical bulletin.

The analysis's conclusions included a number of significant discoveries. The mean values of the following variables were determined by descriptive statistics: 1.467532, 5.525974, 1.551948, 4.10844, and 3.220779 for the audit committee technology expertise (ACTECHEX), audit committee meetings (ACMEET), audit committee independence

(ACIND), and timeliness of financial reports (TFR). The results of the correlation analysis showed that, although audit committee independence (ACIND) and audit committee meetings (ACMEET) did not significantly correlate with timeliness, audit committee financial expertise (ACFINEX) and audit committee technology expertise (ACTECHEX) did have significant positive relationships with the timeliness of financial reports (TFR).

The correlation results were further corroborated by the regression analysis. The explanatory variables collectively explained for roughly 36.1% of the variability in the timeliness of financial reports, according to the adjusted R-squared value of 36.1%. The results indicate that only two of the individual variables, audit committee financial expertise (ACFINEX) and audit committee technology expertise (ACTECHEX), had a significant impact on the timeliness of financial reports. Increasing these attributes was associated with a reduction in the reporting lag, as indicated by the negative coefficients. However, there was no discernible effect on timeliness from audit committee meetings (ACMEET) or audit committee independence (ACIND).

5.3 CONCLUSION

Drawing from the results of this investigation and an analysis of pertinent literature, the ensuing deductions are made:

The financial reports' timeliness is greatly impacted by the technology and financial knowledge of the audit committee. On the audit committee, having members with experience in technology and finance improves the committee's capacity to evaluate financial reports quickly and accurately.

There is no discernible correlation between the independence of the audit committee and its sessions and the timely submission of financial reports. The pace of financial reporting may not be directly impacted by independence and meeting frequency alone.

The overall adjusted R-squared value of 36.1% suggests that the timeliness of financial reports is influenced by factors other than the characteristics of the audit committee. Future studies ought to examine how these elements interact.

5.4 RECOMMENDATIONS

Based on the conclusions drawn from the study, the following recommendations are made:

1. Companies should prioritize the appointment of members with financial expertise to the audit committee. Financially literate committee members can contribute to more efficient and timely financial reporting.
2. Firms should also consider appointing members with technology expertise to the audit committee. In the digital age, technology plays a significant role in financial

reporting, and technologically savvy committee members can address technological challenges that may affect timely reporting.

3. While audit committee independence is essential for corporate governance, companies should focus on ensuring that the committee operates independently and has the necessary authority to carry out its oversight functions effectively.
4. Future research should explore other factors that may influence the timeliness of financial reports, such as the size of the audit committee, the expertise of external auditors, and the level of financial reporting regulations in different industries.

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APPENDIX

	TFR	C	ACIND	ACMEET	ACFINEX	ACTECHEX
Mean	3.220779	1.000000	5.525974	1.551948	4.10844	1.467532
Median	3.000000	1.000000	3.000000	2.000000	3.09000	1.000000
Maximum	7.000000	1.000000	7.000000	2.000000	6.120000	2.000000
Minimum	1.000000	1.000000	1.000000	1.000000	0.05500	1.000000
Std. Dev.	0.978506	0.000000	1.415129	0.560604	0.158963	0.500573
Skewness	0.345150	NA	1.335375	0.353004	-0.763888	0.130145
Kurtosis	4.185345	NA	4.164074	2.123024	3.950191	1.016938
Jarque-Bera	12.07332	NA	54.46451	8.133338	20.77050	25.66851
Probability	0.002390	NA	0.000000	0.017134	0.000031	0.000003
Sum	496.0000	26.00000	543.0000	239.0000	101.7700	226.0000
Sum Sq. Dev.	146.4935	0.000000	306.3961	48.08442	3.866190	38.33766
Observations	130	130	154	154	154	154

Date: 28/07/23 Time: 19:13

Sample: 1 100

Included observations: 100

Correlation

t-Statistic

Probability	TFR	ACIND	ACMEET	ACFINEX	ACTECHEX
TFR	1.000000				

ACIND	0.046587	1.000000			
	0.825096	----			
	0.4099	----			
ACMEET	-0.052964	0.065866	1.000000		
	-0.938344	1.167826	----		

	0.3488	0.2438	-----		
ACFINEX	0.154685	-0.098160	0.221295	1.000000	
	2.770005	-1.745059	4.014639	-----	
	0.0059	0.0820	0.0001	-----	
ACTECHEX	-0.082312	-0.049098	0.238410	0.001878	1.000000
	-1.461198	-0.869686	4.343142	0.033224	-----
	0.1450	0.3851	0.0000	0.9735	-----

Dependent Variable: TFR

Method: ARMA Maximum Likelihood (OPG - BHHH)

Date: 28/07/23 Time: 19:15

Sample: 1 100

Included observations: 100

Convergence achieved after 24 iterations

Coefficient covariance computed using outer product of gradients

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	93.67166	64.21349	1.458754	0.1457
ACIND	1.106986	8.932733	0.123925	0.9015
ACMEET	-3.142077	2.178936	-1.442024	0.1503
ACFINEX	-123.1599	36.24411	-3.398066	0.0008**
ACTECHEX	-6.853996	3.834599	-1.987409	0.0449*

R-squared	0.372847	Mean dependent var	119.0730
Adjusted R-squared	0.360629	S.D. dependent var	82.69346
S.E. of regression	66.12224	Akaike info criterion	11.24422
Sum squared resid	1346622.	Schwarz criterion	11.32761
Log likelihood	-1763.965	Hannan-Quinn criter.	11.27754
F-statistic	30.51798	Durbin-Watson stat	2.157170
Prob(F-statistic)	0.000000		

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
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ACIND	2.68E-17	5.449069	4.708138
ACMEET	0.050701	107.1108	2.041783
ACFINEX	0.763893	1.265773	0.272625
ACTECHEX	3.653778	0.287696	3.426715
C	2.689397	105.8447	NA

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	8.60E+19	Prob. F(4,2)	0.1000
Obs*R-squared	7.000000	Prob. Chi-Square(4)	0.1359
Scaled explained SS	0.714286	Prob. Chi-Square(4)	0.9496
