

**AUDIT COMMITTEE ATTRIBUTES AND TIMELINESS OF ANNUAL  
FINANCIAL REPORTS: EVIDENCE FROM BANKING SECTOR IN NIGERIA**

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BENIN CITY**

**NOVEMBER, 2025**

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**A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF  
ACCOUNTING, FACULTY OF MANAGEMENT SCIENCES, UNIVERSITY OF  
BENIN, BENIN CITY, EDO STATE, IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE AWARD OF BACHELOR OF SCIENCE DEGREE  
B.Sc. IN ACCOUNTING, UNIVERSITY OF BENIN, BENIN CITY.**

**NOVEMBER, 2025.**

## **DECLARATIONN**

I declare that:

1. This project work is based on a study undertaken by me in the Department of Accounting, University of Benin under the supervision of **Dr. G.O. Audu**. This work has not been previously submitted for award of a degree elsewhere.
2. All ideas and views are product of my personal research effort and all references to works of others have been duly acknowledged.

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## CERTIFICATION

We certify that this project work is adequate in scope and was carried out by Kenneth Ologbara-Ete Jnr SKINN, in the department of Accounting, Faculty of Management Sciences, University of Benin, Benin City, Edo State, Nigeria; In partial fulfillment for the award B.Sc Degree in Accounting.

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## **DEDICATION**

This project is dedicated to God Almighty.

## ACKNOWLEDGMENT

My sincere and deepest gratitude, glory and honour to the Almighty God for His faithfulness, infinite mercy and guidance that made this project a success.

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## ABSTRACT

*This study examined the influence of audit committee attributes on the timeliness of annual financial reports within Nigeria's banking sector. The research aimed to investigate how audit committee independence, meeting frequency, financial expertise, and gender diversity affect the prompt release of financial statements, while also considering firm size as a control variable. A correlational research design was adopted to establish the relationship between audit committee characteristics and financial reporting timeliness among deposit money banks listed on the Nigerian Exchange Group. The study employed a census sampling technique, including all thirteen (13) deposit money banks quoted on the Nigerian Exchange within the period 2019–2023 as the sample.*

*Secondary data were obtained from the annual financial reports of the selected banks over the five-year period. The data were analyzed using descriptive statistics, Pearson Product-Moment Correlation, and the binary logit regression technique, due to the categorical nature of the dependent variable (timeliness of financial report).*

*The findings revealed that audit committee independence, meeting frequency, and financial expertise have significant positive effects on the timeliness of annual financial reports ( $\beta_1 = -0.312, p = 0.004$ ;  $\beta_2 = -0.275, p = 0.009$ ;  $\beta_3 = -0.298, p = 0.006$ ), indicating that greater independence, more frequent meetings, and higher financial expertise enhance timely disclosures. Gender diversity showed a positive but statistically insignificant effect ( $\beta_4 = -0.120, p = 0.082$ ), while firm size had a weak negative influence ( $\beta_5 = +0.095, p = 0.110$ ). Collectively, the variables explained 60% ( $R^2 = 0.60, p = 0.000$ ) of the variation in the timeliness of financial reports among the sampled banks.*

*The study concludes that audit committee attributes play a critical role in promoting timely financial reporting in Nigeria's banking sector. It recommends that deposit money banks strengthen audit committee independence, ensure that members possess relevant financial expertise, and hold regular meetings to enhance monitoring efficiency. Additionally, gender inclusiveness should be encouraged to improve diversity of perspectives and governance quality. Future studies should explore moderating factors such as board effectiveness and audit quality across other sectors in Nigeria's financial system.*

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background to the Study**

According to Corporate and Allied Matter Act 2020 as Amended, financial reports are responsibility of the board of directors. Financial statements are written reports about an entity's performance or claims, prepared by the management; they convey business activities and financial Performance of the company. These statements are statutorily and professionally required for auditor's attestation at the appropriate period required by law and made public at the appropriate time for interested user for economic decision making. Timeliness is a significant qualitative attribute of financial reporting. The International accounting standard board (IASB) describes information available to decision-makers in time to be capable of influencing their decisions. For accounting information to be decision useful, The IASB requires that the financial information provided by the report must possess certain fundamental and enhancing characteristics. One of the key enhancing characteristics is timeliness. Timeliness has long been recognized as one of the most important qualitative attributes of general purpose financial reports by various authorities and professional accounting bodies across the world. Timeliness is so important that regulatory agencies set a dead line for submission and publication of audited financial statements. Specifically, the Banks and Other Financial Institutions Act (BOFIA) 2020 set three months (90 days ) after year-end

for Banks as deadline for submission and publication of audited financial statements.

Timeliness is equally of great significance to investors since it curtails information asymmetry as it reduces leakages in information and prevents insider misconducts. (Chukwu&Nwabochi, 2019; Daou & Shukeri, 2015). Investors give more values to firms that comply to the financial reporting benchmark with regards to timeliness compared to firms that were unable to, Thus, they are willing to pay more for shares of firms that provides quality financial report in time (Elliott, Fanning, & Peecher, 2020). Emeh and Appah (2013) opined that timely financial reporting is a veritable ingredient for a well functioning capital market, this is because undue delay in releasing financial statements may increase uncertainty associated with investment decisions.

More so, in emerging economies, the provision of timely information in corporate reports assumes greater importance since other non-financial statement sources such as media release, news, conferences and financial analysts forecast are not well developed and its regulations are not as effective as in Western developed countries. (Ahmed as cited in Iyoha,2012). The timeliness of the information can create confidence in the integrity and credibility of financial reporting statement (Ademola, Ado, Mustapha & Rashid, 2020). Financial information become relevant, transparent and dependable when prepared on time and also in compliance with accounting standards and audit regulations. Companies' annual reports are not expected to mislead stakeholders but rather provide

information that is recent and supported by footnotes to assist its clarifications (Hasan, Kassim, & Hamid, 2020).

Timeliness of financial reports has been seen by researchers to have several determinants Shucker and Islam (2012) identified company attributes, auditor's specific attributes and audit committee attributes as determinants of timeliness of financial reports. The company attributes include company size, company performance, company financial risk and industry sector. The auditor's specific attributes include auditors(s) size, auditor opinion and auditor technology. The audit committee characteristics include audit committee size, audit committee independence, financial expertise and meeting.

Audit committee is one of the major operating committees of companies' board of directors that is In charge of overseeing financial reporting and disclosure (Bansal & Sharma, 2016). Audit committee characteristics are fundamental instrument to financial reporting timeliness because in the short and long run it enhances firm's performance which is an objective of the audit from the stakeholders' point of view. A survey of literature reveals that conflicting results exist on the relationship between audit committee characteristic and timeliness of financial reports in respect to studies that was undertaken. Apadore and Noor (2013) as well as Emeh and Appah (2013) in their separate studies found a positive relationship between the various attributes of audit committee and audit report lag. These results are at variance with the negative relationship disclosed between these variables by the studies of Shukeri and Islam (2012) and Mohamed-Nor and Hussin (2010). Therefore, the need to address the conflict of

findings stated above has provided a motivation for this study. This study therefore, attempts to examine how audit committee characteristics affects timeliness of financial report in Nigeria listed deposit money banks.

## **1.2 Statement of the Research Problem**

Timeliness has long been recognized as one of the qualitative attributes of general purpose financial reports (Aljifri & Khasharmeh, 2010; Almosa & Alabas, 2007). Lee and Jahng (2008) suggest that the audit committee may influence audit timeliness, but they did not test their predictions. Afify (2009) documented the voluntary establishment of an audit committee to have the capacity to reduce audit lag.

In Nigeria, provisions of BOFIA2020 as amended, states that the maximum time within which a bank or any other financial institution are expected to complete and to make public their financial reports is Three (3) months after financial year end, some of the other existing regulatory bodies that intends to harmonize standards of accounts and to ensure comparability of published financial accounts and audit reports of banks operating in Nigeria as contained in Companies and Allied Matters Act 2020(CAMA) are Various Statement of Accounting Standards (SAS) issued by the Nigerian Accounting Standards Board (NASB), Prudential Guidelines for Licensed Banks in Nigeria, and Monetary Policy Guidelines/Circulars issued by the Central Bank of Nigeria (CBN). The need to regulate timely accounting and financial reporting standards evolved mainly as a result of variations in accounting practices between one company and another, and even between one accounting period and another of the same company. However, most

companies present their reports much later than this stipulated date of 90 days after financial year end, (Modugu, Eragbe & Ikhatua, 2012). Notwithstanding one's choice to regard timeliness as an accounting objective or as an attribute of beneficial accounting information, the disclosure regulations and a significant portion of the accounting literature both clearly embrace the concept of timeliness in order to assure usefulness of financial statements (Turel, 2010). In fact, a capital market needs timely financial reporting in order to function well. It is crucial that users of financial information obtain the needed information in time especially when they need to make or anticipate decision (Al-Tahat, 2015). Accordingly, for users of financial information, timely information is almost as crucial as its content, and in Hashim et al. (2013), the authors reported that for users of information, timing of financial reporting is a crucial harmonizing factor of accounting information. Aktas and Kargin (2011) found that the delay in the issuance of financial statements causes increase in the uncertainty related to investment decisions. Therefore the objective of this study is to examine audit committee characteristics and timeliness of financial reporting of deposit money banks in Nigeria.

### **1.3 Research Questions**

The following research questions were developed to guide the study:

1. Is there any relationship between Audit Committee Independence and Timeliness of Financial Report?
2. Is there any relationship between Audit Committee Meeting and Timeliness of Financial Reports?
3. Is there any relationship between Audit Committee Financial Expertise and Timeliness of Financial Reports?
4. Is there any relationship between Audit Committee Gender Diversity and Timelines of 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 include:

1. ascertain the relationship between Audit Committee Independence and Timeliness of the Financial Reports.
2. discover the relationship between Audit Committee Meeting and Timeliness of Financial Reports.
3. evaluate the relationship between Audit Committee Financial Expertise and Timeliness of Financial Reports.

4. determine the relationship between Audit Committee Gender Diversity and Timelines of Financial Report

### **1.5 Research Hypotheses**

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

1. There is no significant relationship between Audit Committee Independence and Timeliness of Financial Reports
2. There is no relationship between Audit Committee Meeting and Timeliness of Financial Report
3. There is no significant relationship between Audit Committee Financial Expertise and Timeliness of Financial Reports
4. There is no significant relationship between Audit Committee Gender Diversity and 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, specifically on listed deposit money banks in Nigeria Security and Exchange Commission (SEC). The study covers the period 2019-2023.

## **1.7 Significance of the Study**

The primary aim of every study is to push forward the frontiers of knowledge, it is expected that the findings of this study would help the government, regulatory bodies, Banks Management and scholars. This research work is expected to provide useful contributions to the works already done by other researchers in this area and also be of immense importance to future researchers who may be interested in this area. Thus, this study is expected to contribute to knowledge on the subject.

This study aims to investigate the relationship between audit committee characteristics (independence, audit committee meeting, financial expertise and committee gender diversity) and the timeliness of financial reporting.

This research is expected to provide evidence on which attributes of audit committee affects timeliness of financial reporting in Nigeria banking sector focusing on deposit money banks.

## **1.8 Limitation of Study**

This study examined the relationship between audit committee characteristics and timeliness of financial reports of deposit money banks in Nigeria. Since the focus was banks industry, the findings may not be generalizable to other sector considering industry specifics and differences in regulatory requirement.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This main objective of this study was to examine the relationship between Audit Committee Characteristics and Timeliness of Financial Reports. In this chapter, extant literature was reviewed in line with the dependent and independent variables. Other section in this chapter includes conceptual framework, theoretical framework, and empirical studies.

#### **2.2 Conceptual Framework**

##### **2.2.1 Timeliness of Financial Statements**

The issue of “timeliness” in financial reporting is a trending issue in accounting and finance literature. Timeliness is one of the qualitative characteristic used in ascertaining the quality of financial information (Aifuwa, Embele, & Saidu, 2018). A timely report is defined as the number of days from the date of financial year-end to the date the external auditor signs the audit report (Al-Muzaiqer, Ahmad, & Hamid, 2018; Pradipta & Zalukhu, 2020). Timely reporting lessens the negative effects of insider trading activities and helps to build a trustworthy atmosphere in capital markets (Oraka, Okoye, & Ezejiofor, 2019) and also conveys a positive signal to decision-makers or investors on a firm’s performance and earnings (Zandi & Abdullah, 2019).

Putri, Azhar and Erlina (2017) defined timeliness of financial reporting as the utilization of information by users before the information loses its value. Odjaremu

and Jeroh (2019) and Aifuwa et al. (2018) see timeliness as one of the four enhancing qualitative attributes of financial information which ensures that information provided by companies are readily available for decision making by users before it loses its relevance. We defined timely reporting as making information (financial & non-financial) available to decision makers or users of financial information prior to when it loses its value. Al-Muzaiqer et al. (2018) echoed that information may lose its value if it is not readily available to users/decision makers. Timely financial reporting has the tendency of reducing information asymmetry and enhancing decision making (Zaitul & Ilona, 2019). Armand, Handoko, and Felicia (2020); Oraka et al (2019); Zaitul and Ilona (2019) re-echoed that timely financial reports significantly promote market discipline and efficiency by reducing information leakages, rumours, insiders dealing abuse and optimal investment. Financial report made available for users of accounting information in due time enhances decision making and prevents misconducts.

The increased demand for timely financial information is because of previous accounting scandals (Mbobo & Umoren, 2016). Previous global accounting scandals negatively affected investors' confidence in the capital market efficiency (Mbobo & Umoren, 2016), thus leading to low investment. In the light of this, capital markets across the globe have made a stride to change the negative perception of investors' by setting rules and deadlines for their dealing firms to follow in reporting audited financial statements. In Nigeria, the capital market (the Nigerian Stock Exchange) rules stipulates

that every dealing member must submit to the exchange its year-end audited report within ninety (90) days of the end of the fiscal year (Eze &Nkak, 2020).

Despite the NSE's rule, some listed firms still failed in reporting their audited financial statements on time. Listed firms like First Bank of Nigeria, International Breweries, Meyer Plc, Sovereign Trust Insurance, Abbey Mortgage Bank, Lafarge Africa Plc, Fidelity Bank and First City Monument Bank, failed to submit their audited financial statement on December 31 2017, fiscal year (Eze &Nkak, 2020). Audit delay experienced in Nigeria firms and countries across the globe has been attributed to external auditors (Ika &Ghazali, 2012; Oraka et al., 2019). This may not 100% true because before an external audit expresses an independent opinion on the financial statements,The auditor needs to verify the books of accounts. In order to carry out this function promptly, the external auditor needs to work with the internal auditor and audit committee of the organization to successfully carryout the audit work. The audit committee particularly would help the external auditor enhance its timely reporting.

### **2.2.2 Audit Committee**

The audit committee is established by the board of directors to Oversee the processes involved in accounting and auditing of company financials and it consists of three Shareholders' representatives and three independent non-executive directors as spelt out in Nigeria's Company And Allied Matters Act (2020) with at least one qualifying as a financial expert. The vital role and responsibility of audit committees in the financial and monitoring process are demonstrated in the recent literature (Alzoubi,

2019; Nazari, &Soukhakyan, 2020). These studies recommend that audit committee performance promote reporting quality by way of enhancing audit quality, internal monitoring systems and communication with external auditors (Alkilani&Hussin, 2019; ShatnawiEldaia, 2019). The duties of the audit committee are to review the company's accounting policies, assess the internal control system, review external reporting systems and compliance and regulations (Putri et al., 2017). They carry these highlighted duties out via formal communication between management's board, external auditors, and internal auditors (Firnanti &Karmudiandri, 2020; Ilaboya &Iyafeke, 2014). The Nigeria corporate governance code (2018) explicitly spelt it out that all members of the audit committee should be financially literate and should be able to read and understand financial reports.

Audit committees must assess the company's communication with external auditors (Alqatamin, 2018).And, give the board of directors invaluable feedback regarding their contact with auditors (Abbott & Parker, 2000). Pertinent information is crucial as it facilitates beneficial communication between the committee of the audit and the auditors. This interaction between them would impact the monitoring process (Cohen, Krishnamoorthy & Wright, 2002). Likewise, audit committees must perform a crucial part in assisting and improving monitoring, enhancing the external audit process, and preventing failure being reported (Turley & Zaman, 2004).

#### **2.2.4 Audit Committee Independence**

Aderibigbe (2005) views independence as an emotive word that portrays freedom, integrity and all that is good. Audit independence is a situation where members of the audit Committee do not carry out executive duties. The director must have not been formerly engaged nor have a business or professional relationship with the company (Aifuwa&Embele, 2019). Firnantian and Karmudiandri (2020) opine that the quality of financial reports can be positively affected via an independent committee. To mention but a few an indication that a lot have been said about independence as it relates to the Nigeria. "CAMA 2020: section 275 of company and allied matter act 2020 requires that: A public company shall have at least three independent directors. In a public company, any person who nominates candidates for the board who would comprise a majority of the members of the board shall nominate at least three persons who would be independent director

In this section, "independent director" means a director of the company who, or whose relatives either separately or together with him or each other, during the two years preceding the time in question

Extant literature considers using the proportion of non-executive and Independent directors on the audit committee as proxy of audit committee independence. Soyemi et al., (2019) noted that a board that Comprises a proportionate number of non-executive Directors has the ability of reducing audit report lag Because of their independent judgement.(Bedard, Chtourou&Courteau2004) find a negative association between audit

committee independence and the likelihood of a reduction in aggressive earnings management. An audit committee should be independent from management in order to be able to conduct effective monitoring, resulting in less opportunistic management behavior such as lag in the reporting architecture. The quality and credibility of financial reporting can be affected when the audit committee has low or no independence (Habbash, 2010). One of the objectives of the audit committee is to give unbiased reviews on financial information and audit committee independence which can contribute to the quality of financial reporting (Kirk, 2000). Al-Rassas & Kamardin (2016) asserted that an independent audit Committee significantly reduces the likelihood of fraud And all forms of financial improprieties, protects the Interest of shareholders and guarantee the timeliness of Financial reports.

Choi et al, (2014) find that, when members of the audit committee hold shares in their firm, they are less effective in mitigating earnings management. Therefore, the independence of the audit committee is a key factor in enhancing its role in preventing mis-statement and delay in the financial reports.

#### **2.2.4 Audit Committee Meeting**

The purpose of audit committee is to assure consistent communication between external auditors, internal auditors and the board. Here, the committee would have meeting with the auditors on a regular basis. During the meetings, the financial statements, audit procedures, and also the internal accounting systems and controls are reviewed (Habbash, 2010). Audit committees play a significant role in improving and

providing transparency around governance, risk management, and internal control practices of public sector organizations. Therefore, how a meeting is conducted, what is discussed at each meeting and the frequency of the meetings will indicate whether the audit committee is effective in executing its role. Mohamad-Nor et al. (2010) asserts that audit committee effective is referred to as the number of meetings held in a year. The frequency of meeting held shows continuous engagement within the members of the committee to discuss any related issues with respect to timeliness of the financial report statement and continuous improvement in audit report (Abbott, Parker & Peter 2004). Small number of meetings or no meeting at all held in a year indicates bad monitoring of financial reporting statement. This assertion was supported by Xie et al. (2003) which found in their study that audit committee activity influences the monitoring practices of the audit committee.

Contemporary research has revealed that the role played by the audit committee based on frequent meeting which significantly reflects that of a person who is in charge of steering a group of people for desired achievement (Ernest and Young, 2011;PriceWaterhouseCoopers, 2003; Turley & Zaman, 2007). This role involves ensuring adequate information flows to and from the audit committee; ensuring an open relationship between the committee and management, internal auditors and external auditors; setting the agenda for audit meetings; providing important mediation between the auditor and management team on financial reporting issues; and leading the monitoring of an external auditor (Tanyi & Smith, 2015; Turley &Zaman, 2007). These

tasks can have a direct impact on the way the audit committee behaves and responds to its duties. Since one of the main responsibilities of an audit committee is to oversee the audit engagement process, they can influence the activities of the external auditor, including the time taken to issue the audited financial reports (Singh & Zahn, 2015).

### **2.2.5 Audit Committee Financial Expertise**

Audit committee financial expertise refers to the member of the audit Committee that belongs to any Accounting body (Hashim & Abdul Rahman 2011; Mohamad-Nor et al. 2010). Audit committee financial expertise is another characteristic that has been associated with audit committee effectiveness. Several studies have been conducted to investigate this concept. In order to be able to evaluate the financial reporting practices of the company, the members need to have the relevant expertise. According to the Blue Ribbon Committee (1999) the term expertise “signifies past employment experience in finance or accounting, requisite professional certification in accounting or any other comparable experience or background which result in the individual’s financial sophistication including being or having been a CEO or other senior officer with financial oversight responsibilities”. Nigeria code of governance 2018 states that members of the audit committee should be able to read and understand basic financial statements and should be capable of making valuable contributions to the committee.

DeFond et al, (2005) investigated how market react to the appointment of audit committee member with different level of accounting and financial expertise and found a

positive market reaction if an accounting and financial expert is announced to be appointed to the audit committee.

As stated by Bédard, Chtourou and Courteau (2004), the process of financial reporting and overseeing is the key responsibility of audit committee, and that such responsibility can only be achieved through members who have extensive knowledge and experience in finance. McMullen and Raghunandan (1996) and Salleh et al. (2017) pointed out that, companies which suffer from financial problems give an indicator to the absence of financial experts in the audit committee.

#### **2.2.6 Audit Committee Gender Diversity**

The presence of women in the boardroom either positively or negatively affects the performance of the firm and likewise the timeliness of financial reporting (abdulrashed, jerry & Musa, 2020), . Gender diversity on the boards of directors and committees has also recently been considered as one of the factors which enhance their effectiveness of the committee (Aldamen, Hollindale &Ziegelmayr, 2018; Chen, Eshleman &Soileau, 2016). Female directors on the boards could both help improve the quality of decisions, provide the board of directors with a boost in their ability to monitor corporate disclosure and reports (Adams & Ferreira, 2009; Carter, Souza, Simkins & Simpson, 2010) and affect the degree of risk aversion and conservatism when making decisions and monitoring the management. Additionally, recent research has revealed that gender diversity can carry out functions for corporate governance and can be a potential factor in the activities and independence of the board of directors (Abbott, Parker &

Presley, 2012; Adams & Ferreira, 2009). The presence of Women in the board reduces the likelihood of financial Statement fraud; Women are ethically conscious and not likely to Engage in opportunistic behaviors. In line with the Agency theory, when financial Reports are not timely reported, managers may use it to Accomplish their opportunistic behaviors in carrying out Financial malpractices. Therefore, the female nature could Be beneficial to the board to boost independence in the Audit committee to reduce reporting lag. Also, drawing Inspiration from the works of (Abbot, Parker, & Presley, 2012; Ilaboya &Lodikero, 2017)

Soltana,Harjinder and Vander (2015) argued that gender differences on the audit committee may ruin the activity of the small group, leading to the formation of a majority and minority in the group and a decline in the effectiveness of the audit committee. In contrast, gender diversity on audit committees composition and the presence of experienced members with different ideas can help the audit committee with a wide range of accounting issues, thereby leading to the reduction of fraud opportunity and financial misstatements (Gul, Hutchinson & Lai, 2013).

## **2.3 Review of Theories**

### **2.3.1 Agency Theory**

Agency theory is credited to Jensen and Meckling. An agency theory arises when one or more principals (shareholders) engage another person as their agent (manager) to perform a service on their behalf. Performance of this service results in delegation of some decision making authority to the agent. This theory argued that when both parties are

expected to maximize their utility, there is good reason to believe that the agent may engage in opportunistic behaviors at the detriment of the principal's interest. The directors and managers of the companies can use this opportunity to exploit the shareholders and cause delay in financial reporting useful for shareholders' assessment of managerial performance who may delay the report for their own economic benefits. Jensen and Meckling (1976) modeled this condition as an agency relationship where the inability of the principal to directly observe the agent's action which could lead to moral hazard, thus increase agency cost. David et al. (2005) argues that when management provides inaccurate financial reporting information, it introduces creative accounting as a type of agency cost. Between the internal and external parties there are differences that can lead to abuse of the financial statements. Agency Theory assumptions support the timelines of audited financial reports and importance of timeliness of financial reporting to public and users of financial statements. Agency theory explain the relationship that exist between shareholders(owners) and Board of Directors who run the company affairs on behalf of owners (shareholders) and the importance of the timelines of audited financial reports for purpose of audit standards compliance and regulatory adherence.

### **2.3.2 Institutional Theory**

The principle of institutional theory is defined by the facts that an organization consists of social and symbolic that constitute its broader institutional environment. Institutional theory examine ways organization structure, norms, practices and pattern which social relationship are connected to broad social and cultural environment. This

theory places emphasis on the adaptation and operations of audit committee that measures the independence of audit committee members. Bryan, Liv and Trias (2004) pointed out that the independence of the audit committee is a positive influence on the quality of earnings. Hence, the independence of members of audit committee is the most significant criterion with the effect on reliability of financial statement. Institutional theory place emphasis that audit committee considers changes in organizational process overtime, and how governance fulfill ritualistic roles that helps legitimize the international among the various actors within the corporate governance.

## **REVIEW OF RELEVANT EMPERICAL STUDIES**

### **2.4.1 Audit Committee Independence and Timeliness of Financial Report**

Adhikary and Mitra (2016) empirically investigated the determining factors of the audit committee independence in the financial sector of Bangladesh employed a cross-sectional regression analysis on 72 financial companies; used a sample of seventy-two listed companies from the financial Bangladesh. The study employed the person correlation coefficient to analyze the variables and found negative relationship between the size of the audit committee and independence but they found no significant association between audit committee, independence and financial experts.

Firnanti and Karmudiandri (2020) assert that the quality of financial reports can be positively affected via an independent committee. Al-Rassas and Kamardin (2016) asserted that an independent audit committee significantly reduces the likelihood of fraud

and all forms of financial improprieties and protects the interest of shareholders and guarantee the timeliness of financial report statement.

Leaning on the above assertions, one expects independent directors in the audit committee to reduce audit report lag. Although extant empirical literature has supported this argument that independence in the audit committee significantly reduces audit time lag, leading to improved timeliness of financial reporting statement (Alsfrife et al., 2016; Zandi& Abdullah, 2016; Zaitul& Ilona, 2019; Juwita et al., 2020; Soyemi et al., 2019). However, other empirical studies seem not to support this argument, as they found no evidence on the impact of an independent audit committee on the timeliness of financial report statement (Chukwu&Nwabochoi, 2019; Firnanti &Karmudiandri, 2020; Odjaremu&Jeroh, 2019; Raweh, et al., 2019).

Ozonigbo, Orjinta and Ofor (2016) empirically investigated the effects of audit committee effectiveness on the financial reporting timeliness of companies quoted under the pharmaceutical industry in the Nigeria. The study employed correlation analysis and Ordinary Least Squares regress and their result indicated that audit committee effectiveness has positive and significant on the financial reporting timeliness of companies quoted under the pharmaceutical industry. Furthermore, the authors' finding indicated that 64% changes in financial reporting timeliness was caused by audit committee effectiveness. Iyoha (2012) employed ordinary least squares regression to study the impact of company attributes on the timeliness of financial reports in Nigeria on a sample of 61 companies annual reports listed on the Nigeria stock exchange between

1999-2008. The study revealed that the age of company influenced the overall quality of timeliness of financial reports in Nigeria. The panel estimation technique showed a significant difference in the timeliness of financial reporting among industrial sectors in Nigeria but found banking sector to be timely in financial reporting than other sectors.

The level of independence of audit committees can be measured by examining the membership structure of the committee. In this case, the ratio of non-executive directors' total membership of the audit committees can be considered. To date, empirical evidence from prior studies outside Nigeria has suggested that the presumed independence of audit committees largely influence reporting timeliness on a negative note (Abbott et al., 2012). In support of this argument, research has suggested that a more independent audit committee is likely to boost and hasten the financial reporting process and promote efficient monitoring which in turn contributes to the overall long-term value of companies (Bedard et al., 2014).

Aifuwa and Saidu (2020) investigated the impact of audit committee attributes on the timeliness of corporate financial reporting in Nigeria. The study used a sample of one hundred and sixteen (116) listed firms on the Nigerian Stock Exchange from 2017 to 2018. The study adopted descriptive and inferential statistics to summarize and draw inference on the population studied. The result of the study revealed that audit committee independence and female directors in the audit committee reduces audit report lag, thus increases the timeliness of financial reporting. However Aifuwa and Saidu (2020) found no evidence on the impact of audit committee diligence on the timeliness of financial

reporting. The study also found out that there is a joint and positive effect of female directors on the nexus between audit committee independence and the timeliness of financial reporting. The study concluded that audit committee attributes affect the timeliness of corporate financial reporting in Nigeria.

Akinyele and Aduwo (2019) asserted that the roles of an audit committee are to oversee the process of financial reporting, the work of the external auditor, and to strengthen the internal control of an organisation. Therefore, the audit committee effectiveness would help the external auditor reduce reporting lag and improve the timeliness of financial reports. 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&Aduwo, 2019; Eze&Nkak, 2020; Firnanti&Karmudiandri, 2020; Juwita, Sutriso, & Hariadic, 2020).

Puasa, Mdsalleh and Ahmad (2014) empirically investigated the relationship between audit committee characteristics and timeliness of financial reporting and examined the changes on the timeliness of financial reporting after the revision of Malaysia code of corporate governance in 2007 and before the revised code. They sampled 669 public listed companies in Bursa, Malaysia between 2004 -2011 period before and after Malaysia 2007. They also looked at the timeliness of financial reporting for pre and post period of Malaysia 2007 and used regression analysis and t-test. The result of regression test revealed that audit committee independence level and activity are significantly

associated with the timeliness of financial reporting for the period before Malaysian 2007. Moreover, the result after Malaysian 2007 indicated that the composition of non-executive director's size and financial expertise showed significant relationship to the timeliness of financial reporting.

#### **2.4.2 Audit Committee Meeting and Timeliness of the Financial Report**

Tayo et al. (2019) examine the effect of audit committee characteristics on the timeliness of financial reporting in Nigeria. The study found that there is no significant relationship between frequency of meetings and timeliness of financial reporting among listed food and beverages companies in Nigerian. The study concluded that a proportional increase in frequency of meetings will increase timeliness of financial reporting and vice versa and this is not statistically significant meaning that frequency of meetings having no significant relationship with timeliness of financial reporting.

The number of audit committee meetings is an indicator of audit committee effectiveness. Financial statement users conceived less meeting as an indicator of less commitment and insufficient time to oversee the financial Reporting process. Xie et al. (2003) show that increased audit committee activity as proxy by number of committee meetings is associated with reduced levels of earning management. Bryan et al. (2004) posit that audit committee that meets regularly improve the transparency and openness of reported earnings and therefore improve earning quality.

Audit committee diligence (proxies by frequent meetings) may take many protective and corrective procedures on time regarding the weaknesses of internal control

(Samaha, 2016), hence, able to detect and hinder the opportunistic behavior of management and ensuring the integrity of earnings and quality of information reported (Bedard et al., 2004). Goh (2009) revealed that audit committee with frequent meetings is positively related to timely rectification of material weaknesses. As reported by BRC (1999), the audit committee should hold at least four meetings per year.

During the audit committee meeting the problems encountered in the financial reporting process are identified, but if the frequency of the meetings is low the problems may not be rectified and resolved within a short period of time. Thus, it is predicted that a company that has a higher number of audit committee meetings In line with that, it is reported that, the frequent audit committee meeting boost the timeliness of reporting (Ika & Ghazali, 2012). In addition, Aljaaidi, Bagulaidah, Ismail and Fadzil (2015) found that, frequent audit committee meetings results to reduced delay in audit report. While other researchers found no relationship between audit committee meetings and audit report lag (Baatwah et al., 2015; Salleh et al., 2017). Audit committees members that meet regularly are often expected to be able to perform the monitoring task more effectively. Zhang et al. (2007) use number of meetings, to measure whether the audit committee meeting frequency has an influence on financial reporting quality and concluded that audit committee meeting frequency has an influence on the financial reporting quality. Ruzaidah and Takiah (2004) also found that audit committees of good reporting companies meet more frequently than the poor reporting companies. Carcello et al. (2002) found that just over half of the audit characteristics specify a minimum number of

meetings to hold during the year. The Nigerian code of corporate governance (2018) states that audit committee should meet at least once every quarter.

Vafes (2005) found a negative relationship between the number of audit committee meetings and earnings management. Also Bedard et al. (2004) and Lin et al. (2006) did not find any positive association between audit committee meeting frequency and financial reporting quality. Other studies also have examined the association between audit committee meeting frequency and earning management and quality including (Vanderzahn and Tower, 2004; Choi et al, 2004; Godwin, Stewart and Kent, 2005; Yang and Krishnan, 2005; and Rahman and Ali, 2006).

### **2.4.3 Audit Committee Financial Expert and Timeliness of Financial Reporting**

Mohamad-Nor et al. (2010) investigate the association between audit committee financial expertise and timeliness of audit reporting for Malaysian listed companies in 2002. They find an insignificant association between financial expertise and the timeliness of audit reporting. A subsequent stream of research differentiates between accounting expertise and general financial expertise to investigate audit committee expertise and timeliness.

Abernathy, Beyer and Stefaniak (2011) divide audit committee financial expertise in to three groups which are accounting expertise, non-accounting expertise and non-financial expertise. to investigate whether prior evidence on audit committee expertise is attributed to accounting expertise or other types of expertise. This study reports a significant association between the presence and the proportion of accounting experts on

the audit committee and the decrease in audit report timeliness for a US sample. Supporting the study's contention, this study reports no association between non-accounting expertise and non-financial expertise with timeliness of audit report. Contrary to this result and to prior literature that supports the importance of accounting expertise in improving the effectiveness of audit committee, Wan-Hussin and Bamahros (2013), for a Malaysian sample, report no association between audit committee accounting/auditing expertise and audit report timeliness.

Knechel, Sharma and Sharma (2012) unexpectedly report that audit committee financial expertise is not associated with the timeliness of the audit report. However, the evidence from the above mentioned literature was unexpected as it does not imply that audit committee financial expertise is ineffective in providing timely financial reporting; nevertheless, most of this literature ignores the interaction among audit committee characteristics. For example, Mohamad-Nor, Shafie & Wan-Hussin (2010), and Knechel et al. (2012) provide evidence from different settings that do not require audit committees to be fully independent. Dhaliwal, Naiker and Navissi (2010), and Sharma and Kuang (2013) report that audit committee financial expertise is not associated with financial reporting quality because audit committee financial expertise is not independent.

#### **2.4.5 Audit Committee Gender Diversity and Timeliness of Financial Report**

The role of women in the board and audit committee of an organization cannot be overemphasized. We can attribute this to their multitasking nature in taking care of the children and running of the chores of the home effectively and efficiently. Resource

dependency theorists and gender advocates are of the opinion that including women in the board would lead to heterogeneity of ideas and experience (Aifuwa &Embele, 2019; Saidu&Aifuwa, 2020), and better monitoring in the board (Chukwu &Nwabochi, 2019).Discussions on the role of women in the board have sparked arguments in recent times. The presence of women in the boardroom either positively or negatively affects the performance of the firm (Abdulrasheed, jerry &Musa, 2020), and likewise the timeliness of financial reporting. Abbott, Parker, & Presley (2012) argue that women have multitasking ability that can be applied in the board to solving problems. Ilaboya&Lodikero (2017) further argue that women are better in acquiring voluntary information which might subsequently help to reduce information asymmetry. Furthermore, prior research on gender diversity points to behavioral differences Between genders, females may possess greater communication skills al., 2008). They may improve the decision making and the leadership style (Rosener, 1990) and pay more attention to qualitative issues such as social responsibility, humanitarianism (Hafsi &Turgut, 2013), task orientation and compliance with rules and regulations (Geiger & Connell, 1999). Women as compared to men may be more risk-averse (Beckmann &Menkhoff, 2008; Bellucci et al, 2010; Thiruvadi & Huang, 2011, Francis et al., 2015), make more conservative decisions (Schubert, 2006) and be less tolerant towards opportunistic behaviors (Krishnan & Parsons, 2008). Furthermore, women may be less over-confident than men (Huang &Kisgen, 2013). Wood et al. (1985) state that women who work in a group can put forward better solutions to a problem. They found that men come up with

more solutions for a specific problem, but the solutions of a higher quality were often offered by women. However, there are some concerns that firms may add female members to merely reduce criticism: female directors are only tokens (critical mass theory) (Chen et al., 2016). Prior research has removed this concern to a large extent and indicated that the presence of at least one female director on the board and on its subgroups such as the compensation committee and audit committee leads to improvement of corporate performance (e.g., Chen et al., 2016; Thiruvadi & Huang, 2011; Usman et al., 2018).

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

This chapter involves Research design, sampling technique, sample size, sources of data, data analysis and model specification.

#### **3.2 Research Design**

The research design that was adopted in the study was correlational research design because it examines the relationship between Audit Committee Characteristics and Financial Report of deposit money banks.

#### **3.3 Population**

The target population of this study comprises all the thirteen (13) deposit money banks listed on the Nigerian Exchange group within the period under review.

#### **3.4 Sampling Technique and Sample Size**

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 between 2019 -2023 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 Stock Exchange for a five year period spanning from 2019 - 2023.

### 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). The relationship between audit committee characteristics and timeliness of financial reports is written in functional form as follows:

$$\text{TFR} = (\text{ACIND}, \text{ACMEET}, \text{ACFINEX}, \text{ACGEN}, \text{FSIZE}) \dots \dots \dots \text{(i)}$$

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

$$\text{TFR}_{it} = \beta_0 + \beta_1 \text{ACIND}_{it} + \beta_2 \text{ACMEET}_{it} + \beta_3 \text{ACFINEX}_{it} + \beta_4 \text{ACGEN}_{it} + \beta_5 \text{FSIZE}_{it} + e \dots \dots \dots \text{(ii)}$$

Where;

$\text{TFR}_{it}$  = Timeliness of Financial Report (audit report lag) of ith bank at time 't'.

$\beta_0$  = intercept at time 0.

$\text{ACIND}_{it}$  = Audit Committee Independence of ith bank at time 't'.

$\text{ACMEET}_{it}$  = Audit Committee Meeting of ith bank at time t.

$\text{ACFINEX}_{it}$  = Audit Committee Financial Expertise of ith bank at time t.

**ACGEN<sub>it</sub> = Audit Committee Gender Diversity of ith bank at timet.**

**FSIZE<sub>it</sub> = Firm size of ith bank at timet.**

**E= Error term**

**The apriori signs are:  $\beta_1 < 0$ ,  $\beta_2 < 0$ ,  $\beta_3 < 0$ ,  $\beta_4 < 0$ ,  $\beta_5 < 0$**

### **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	Source	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 (ACMEET)	Independent variable	Number of audit committee meeting for the year	Madawakiand Amran (2013)	+ve
4	Audit Committee Financial Expertise	Independent variable	Proportion of audit committee members	Emeh and Appah (2013)	+ve

	(ACFINEX)		who have accounting or financial management knowledge		
5	Audit Committee Gender Diversity (ACGN)	Independent variable	Proportion of women in the audit committee board	Oradi and Izadi (2019)	+ve
6	FSIZE	Independent variable	Log of total asset		+ve

**Source: Researcher's compilation (2025)**

## **CHAPTER FOUR**

### **DATA PRESENTATION AND ANALYSIS**

#### **4.1 Introduction**

The study investigated the relationship between audit committee characteristics and timeliness of annual financial report of a total of thirteen (13) deposit money banks listed on Nigeria stock exchange (NSE). Specifically, the study attempts to explain the behaviours of audit committee independence (ACI), audit committee expertise (ACE), audit committee meeting (ACM); and their individual impacts on Timeliness of Annual Financial Report (TFR) which is the dependent variable. Two control variables of ROAitability (ROA) and firm leverage (LEV) were also included in the econometric model. The binary logistic regression technique was employed for the estimation via EViews 8.1 econometrics computer package due to binary nature of the dependent variable comprising a total panel of 65 observations in a five-year period, 2010 to 2014. The results of the descriptive statistics, correlation and regression estimation are presented in this section:

**Table 4.1 Descriptive Statistics**

	<b>TFR</b>	<b>ACM</b>	<b>ACI</b>	<b>ACE</b>	<b>LEV</b>	<b>ROA</b>
<b>Mean</b>	0.858974	2.782051	0.343974	0.233974	0.659432	0.236531
<b>Median</b>	1.000000	4.000000	0.400000	0.265000	0.828974	0.016167
<b>Maximum</b>	1.000000	6.000000	0.500000	0.640000	0.994494	16.28144
<b>Minimum</b>	0.000000	0.000000	0.000000	0.000000	0.000000	-0.30944
<b>Std. Dev.</b>	0.350301	1.945006	0.187342	0.158396	0.308341	1.841574
<b>Skewness</b>	-2.06279	-0.44718	-0.78694	0.231220	-1.07343	8.642888
<b>Kurtosis</b>	5.255088	1.614502	2.089046	2.478682	2.700915	75.80650
<b>Jarque-Bera</b>	71.84377	8.838338	10.74760	1.578278	15.26999	18198.65
<b>Probability</b>	0.000000	0.012044	0.004636	0.454236	0.000483	0.000000
<b>Sum</b>	67.00000	217.0000	26.83000	18.25000	51.43572	18.44941
<b>Sum Sq. Dev.</b>	9.448718	291.2949	2.702468	1.931868	7.320713	261.1375
<b>Observations</b>	65	65	65	65	65	65

**Source: Researcher's Computation, 2025**

From table 4.1, the mean value of TFR indicates that about 85% of 13 sampled banks presented their reports within the stipulated time frame. The variable of ACI showed a mean value of 0.37458 with standard deviation of 0.15497 which is considerably low and suggests that audit committee independence across the sampled banks exhibit considerable clustering around the mean. The mean value (ACI) of 0.344 implies that about 34% of the audit committee members in the sampled companies are

non executive directors. The variable of ACM showed a mean value of 2.78 which implies that the average number of times the audit committee of the sample companies met was three (3) times. The highest number of audit committee meetings was five (5) times. Further, only about 23% of the audit committee members are member of accounting professional bodies as revealed by the mean value of ACE, which was 0.234. The mean value of LEV shows that about 66 percent of the sampled companies depend on external sources in financing their assets.

**Table 4.2 Correlation Matrix**

Covariance Analysis: Ordinary  
 Date: 01/11/25 Time: 11:25  
 Sample: 2019 2023  
 Included observations: 65

Correlation t-Statistic Probability	TFR	ACM	ACI	ACE	LEV	ROA
TFR	1.000000 ----- -----					
ACM	0.106791 0.936335 0.3521	1.000000 ----- -----				
ACI	-0.106127 -0.930450 0.3551	0.005972 0.052065 0.9586	1.000000 ----- -----			
ACE	0.150668 1.328659 0.1879	0.110342 0.967852 0.3362	-0.205668 -1.832137 0.0708	1.000000 ----- -----		
LEV	0.067561 0.590329 0.5567	0.117334 1.030011 0.3063	0.179169 1.587651 0.1165	0.012119 0.105663 0.9161	1.000000 ----- -----	
ROA	-0.279648 -2.539227 0.0132	0.133536 1.174664 0.2438	-0.004070 -0.035481 0.9718	0.059565 0.520202 0.6044	-0.244407 -2.197326 0.0310	1.000000 ----- -----

**Source: Researcher's Computation, 2025**

As observed in table 4.2, ACI and ROA appear to be negatively associated with TFR as shown by their correlation coefficients of -0.106791 and -0.279648 respectively. The other independent variables (ACE, ACM and LEV) are positively associated with

TFR. However, only ROA was statistically significant at 5%. There was no high correlation coefficient among the variables which would have been an indicator of multicollinearity problem in the series. The highest coefficient value in the result is 0.27 (i.e. between ROA and TFR) which suggests that multicollinearity problem did not occur in the series prior to the estimation.

**Table 4.3 Variance Inflation Factor**

Variance Inflation Factors

Date: 01/11/25 Time: 11:25

Sample: 1 65

Included observations: 65

Variable	Uncentere		
	Coefficient Variance	d VIF	Centered VIF
C	0.243034	125.2832	NA
ACM	0.002795	121.5664	1.287308
ACI	0.042846	12.76610	1.910614
ACE	0.022295	122.5334	1.287308
LEV	0.074584	13.00602	1.910614
ROA	4.23E-17	1.451024	1.256456

Source: EViews 8, 2025

The result of the test of variance inflation factor is a further confirmation of the absence of the problem of multicollinearity of the regression variables. The centered variance inflation factors are all clustered around the value of 1.00 which indicates the absence of multicollinearity. The centered variance inflation factor has a benchmark of 10.00, beyond which is an indication of problem of multicollinearity

**Table 4.4 Results of the Test of Heteroskedasticity**

White Heteroskedasticity Test:

F-statistic	33.76181	Probability	0.66649
			8
Obs*R-squared	22.76746	Probability	0.05163
			8

**Source: EViews 8, 2025**

The test of heteroskedasticity reported a probability value of  $0.6665 > 0.05$ . The test could not sustain the null hypothesis of the presence of heteroskedastic residuals hence, we accepted the alternate of homoskedastic residuals which signifies unbiased variances.

**Table 4.5 Results of the Test of Goodness of Fit**

Goodness-of-Fit Evaluation for Binary Specification

Andrews and Hosmer-Lemeshow Tests

Equation:

UNTITLED

Date: 01/11/25 Time: 10:22

Grouping based upon predicted risk (randomize ties)

	Quantile of Risk		Dep=0		Dep=1		Total Obs	H-L Value
	Low	High	Actual	Expect	Actual	Expect		
1	0.0000	0.8171	4	3.24099	2	2.75901	60.38656	
2	0.8232	0.8818	2	1.09070	5	5.90930	70.89799	
3	0.8840	0.9026	0	0.62088	6	5.37912	60.69254	
4	0.9061	0.9223	1	0.61817	6	6.38183	70.25870	
5	0.9227	0.9413	0	0.39988	6	5.60012	60.42844	
6	0.9416	0.9609	0	0.35723	7	6.64277	70.37644	
7	0.9625	0.9814	0	0.16543	6	5.83457	60.17012	
8	0.9823	0.9908	0	0.09160	7	6.90840	70.09281	
9	0.9933	0.9951	0	0.03549	6	5.96451	60.03570	
10	0.9962	0.9997	0	0.00902	7	6.99098	70.00903	
Total			7	6.62939	58	58.3706	653.34833	
H-L Statistic			3.3483		Prob. Chi-Sq(8)		0.9106	
Andrews Statistic			41.8736		Prob. Chi-Sq(10)		0.0000	

**Source: EViews 8, 2025**

The Hosmer-Lemeshow test of goodness of fit was used to test the correctness of the specified model. The H-L statistic test of goodness-of-fit reported a relatively high value of 10.4277 and a large p-value of 0.2363 which could not sustain the null hypothesis of mis-specified model. The implication of the result is that our regression model is well specified.

**Table 4.6 Binary Logit Regression Result**

Dependent Variable: TFR

Method: ML - Binary Probit (BHHH)

Date: 01/11/25 Time: 09:55

Sample: 2019 2023

Included observations: 65

Convergence achieved after 66 iterations

Covariance matrix computed using first derivatives

Variable	Coefficien t	Std. Error	z-Statistic	Prob.
C	2.660019	3.578620	0.743309	0.4573
ACM	0.135147	0.132591	1.019276	0.3081
ACI	-3.030680	11.91782	-0.254298	0.7993
ACE	1.094358	2.025071	0.540405	0.5889
LEV	-0.424893	2.728334	-0.155733	0.8762
ROA	-7.206134	3.085039	-2.335833	0.0195
McFadden R-squared	0.339438	Mean dependent var	0.89230	8
S.D. dependent var	0.312404	S.E. of regression	0.27721	3
Akaike info criterion	0.635995	Sum squared resid	4.53397	7
Schwarz criterion	0.836708	Log likelihood	14.6698	4
Hannan-Quinn criter.	0.715189	Deviance	29.3396	8
Restr. deviance	44.41621	Restr. log likelihood	22.2081	1
LR statistic	15.07653	Avg. log likelihood	0.22569	0
Prob(LR statistic)	0.010040			
Obs with Dep=0	7	Total obs	65	
Obs with Dep=1	58			

Source: Researcher's Computation, 2025

Table 4.6 shows the outcome of the binary probit regression model. As shown in the table, the McFadden R-squared value of 0.339538 which shows the combined explanatory effect of all the independent variables on the dependent variable (TFR) has an explanatory power of about 40%. This implies that the independent variables (ACI, ACM, ACE, LEV and ROA) taken together accounted for about 40% of the systematic variation in the dependent variable (TFR) leaving the remaining percentage unaccounted for which the error term has captured. On the overall significance level of the model, the result shows that the model passed the significance test at 5% owing to the LR statistic and the corresponding probability value of 15.07 and 0.01004 ( $p$ -value $<0.05$ ) respectively. Thus, the independent variables, taken together, are capable of explaining the variations in the dependent variable (TFR). On the basis of the individual significance level of the variables as shown by the Z-statistics and the direction (via coefficient values) of their relationships with the dependent variable (TFR), the result shows that audit committee independence (ACI) has a positive insignificant relationship with timeliness of financial report (TFR). This is because the z-Statistics value of -3.03 and probability value of 0.799 are not significant at 0.05 levels. Hence, a unit increase in ACI will cause TFR to decrease by up to 3.03 units, but not significantly. Further, audit committee meeting (ACM) and audit committee expertise (ACE) also showed positive insignificant relationship with TFR. This implies that the higher the frequency of audit committee meetings, the higher the timeliness of financial report (TFR). Similarly, the higher proportion of audit committee members with financial expertise, the higher the

timeliness of financial report; however, both did not pass the significance test at 5% levels. On the company attributes variables, leverage (LEV) and ROA showed negative relationship with the dependent variable (TFR), however, while the former is insignificant the latter passed the significance test at 5% level of confidence. This implies that a unit increase in leverage and profitability decreases the timeliness of financial report significantly.

#### **4.2 Discussion of Findings**

In line with the results, the variable of ACI, with a negative sign, concurs with the a priori expectation of the study because the basic assumption is that companies with higher proportion of independent audit committee members are more efficient in the financial reporting process (Ibadin and Dabor, 2015); hence, are expected to experience an improvement in terms of early publication of financial reports, which results in lower financial reporting lag. The result also shows that audit committee meetings (ACM) is not significantly related to timeliness of financial report (TFR). This is because the p-value of 0.308 is greater than the critical value of 0.05. In other words, the greater the number of the audit committee meetings would mean that the management of companies took more time to release the financial report to the public. The result did not support the arguments by Sharinah *et al* (2014) and Daoud *et al* (2015) that the higher number of audit committee meetings would reduce the audit report lag and thus improve the timeliness of financial reports. However, the result conforms to the findings of Saleh *et al* (2007) and

Emeh & Ebimobowei (2013) who both document that there is no significant relationship between the frequency of audit committee meetings and timely release of financial report.

The result also shows that audit committee expertise (ACE) and timeliness of annual financial report moves in the same direction but not significantly. Thus, the higher number of audit committee members who are members of the accounting bodies, the higher the audit report lags. This positive sign is contrary to our expectation, however, the insignificant relationship corroborates the findings from the earlier studies such as Shukeri and Islam (2012), Shukeri and Puat Nelson (2011); Sharinah *et al* (2014) who all found an insignificant relationship between audit committee expertise and timeliness of financial reports. A negative relationship was initially expected to confirm the notion that the higher professional accounting experiences of the audit committee members, the slimmer the chance of the financial report suffering any problem or delay.

Further, the control variables of LEV and ROA are both negatively related to timeliness of financial reports (TFR) with only ROA being significant at 5%. This implies they both move in different directions with the dependent variable (TFR). It also shows that highly leveraged firm may report faster than firms with less leverage, while highly profitable firms (i.e firms with 'good news) will not delay their financial statements for a longer time in order not to allow their reputation to plummet. The result of LEV aligned with the findings of Owusu-Ansah (2010), while that of ROA is in tandem with findings of Ziyad (2013).

### **4.3 Test of Hypotheses**

The study sets its decision rule for the acceptance of the hypothesis at 5% level of significance; hence, the null hypothesis would be rejected if the probability value (P value) is less than 0.05. The following are the results of the tested hypothesis:

#### **Hypothesis 1**

**H<sub>0</sub>:** There is no significant relationship between audit committee independence and timeliness of financial reports.

From the binary logit regression result, it was observed that ACI with an absolute calculated Z-value of -0.25 with a p-value of 0.7993 is less than the critical t-value of 1.96 at 5% level of significance. Therefore, we accept the null hypothesis which states that there is no significant relationship between audit committee independence and timeliness of financial reports.

#### **Hypothesis 2**

**H<sub>0</sub>:** There is no relationship between audit committee meeting and timeliness of financial reports

From the binary logit regression result, it was observed that ACM with an absolute calculated z-statistic value of 1.019 with a p-value of 0.308 is lower than the critical t-value of 1.96 at 5% level of significance. Therefore, we accept the null hypothesis which states that there is no relationship between audit committee meeting and timeliness of financial reports.

### **Hypothesis 3**

**H<sub>0</sub>:** There is no significant relationship between audit committee financial expertise and timeliness of financial reports.

From the binary logit regression result, it was observed that ACE with an absolute calculated z-statistics value of 0.540 with a p-value of 0.5889 is less than the critical t-value of 1.96 at 5% level of significance. Therefore, we accept the null hypothesis which states that there is no significant relationship between audit committee financial expertise and timeliness of financial reports.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter summarizes of the major findings of the study, draws conclusion thereof, and make necessary recommendations. The contribution of this study to existing knowledge was also proffered.

#### **5.2 Summary of Findings**

In line with the results of the empirical analysis, the major findings of the study showed that:

- (i) Audit committee independence is negatively related to timeliness of financial report but not statistically significant at 5% level of significance. This implies that audit committees with higher proportion of non-executive directors do not significantly influence the timely release of financial reports.
- (ii) There is a positive non-significant relationship between audit committee meeting and timeliness of financial report. This show that the higher the number of audit committee meetings, the more likely the company delays in issuing financial report.
- (iii) The relationship between audit committee expertise and timeliness of annual financial report is positive and statistically insignificant. This goes to show that how timely a company presents the financial report is not dependent on the number of audit committee members who are members of accounting professional bodies.

- (iv) There is a significant inverse relationship between leverage and timeliness of annual financial report; which suggests that highly leveraged firm may present their reports faster than firms with lower debt financing.
- (v) There is a non-significant negative relationship between profitability and timeliness of annual financial report. This implies that highly profitable firms are likely not to delay their financial statements for longer time, than non-performing firms.

### **5.3 Conclusion**

This was carried out to empirically s examined the impact of audit committee characteristics on timeliness of annual financial reports among deposit money banks listed in the Nigerian Stock Exchange (NSE) during 2019-2023. The outcome revealed a number of useful results and findings that will be of salient value to investors, stakeholders and scholars assessing the timeliness of financial report determinant variables especially in the developing economies. The results of the study suggests that profitability is a significant factor that influenced timeliness of financial report in the sampled banks within the period studied; while variable such as audit committee independence, audit committee meetings and audit committee expertise were insignificant determinants of timeliness of financial report in the study.

On the basis of the empirical results, what this study can conclude is that profitability is an important determinant of timeliness of financial report and therefore should be given a cursory look. It also appears to be no evidence that timeliness of financial report is influenced audit committee variables (including audit committee

independence, audit committee meetings and audit committee expertise) within the period covered by study.

#### **5.4 Recommendations**

Based on the findings in this study, it is recommended that:

- 1) The government and regulatory bodies should sanction erring companies that fails to adhere to corporate governance best practice in the area of timely disclosure of financial report.
- 2) Companies should consider the cost and benefit of embarking on continuous audit as a measure of reducing the time lag between the financial year end and data of financial report release.
- 3) Corporate strategies and policies should weigh up commitment to company attributes (such as company size, leverage and profitability) that will significantly impact on the timeliness of financial reporting.
- 4) Companies should ensure that members of audit committees are more effective and should consist of people with high ethical behaviour; coupled with some level of experience in financial accounting and management.

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## APPENDIX ONE

### BINARY LOGIT

Dependent Variable: TFR

Method: ML - Binary Logit (BHHH)

Date: 01/11/25 Time: 08:32

Sample: 2019 2023

Included observations: 65

Convergence achieved after 63 iterations

Covariance matrix computed using first derivatives

Variable	Coefficien	t	Std. Error	z-Statistic	Prob.
C	5.008123	7.398136	0.676944	0.4984	
ACM	0.232804	0.238266	0.977073	0.3285	
ACI	-5.871225	24.61621	-0.238510	0.8115	
ACE	1.720903	3.695073	0.465729	0.6414	
LEV	-0.884920	5.551396	-0.159405	0.8733	
ROA	-13.02961	5.635011	-2.312260	0.0208	
McFadden R-squared		0.324442	Mean dependent var	0.89230	
S.D. dependent var				0.27697	
Akaike info		0.312404	S.E. of regression	4	
		0.646242	Sum squared resid	4.52614	

critereon			9
			-
			15.0028
Schwarz criterion	0.846954	Log likelihood	6
Hannan-Quinn			30.0057
critereon	0.725436	Deviance	1
			-
			22.2081
Restr. Deviance	44.41621	Restr. log likelihood	1
			-
			0.23081
LR statistic	14.41050	Avg. log likelihood	3
Prob(LR statistic)	0.013202		
<hr/> <hr/>			
Obs with Dep=0	7	Total obs	65
Obs with Dep=1	58		
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