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EFFECT OF AUDIT COMMITTEE ATTRIBUTES ON AUDIT REPORTING LAG OF LISTED INDUSTRIAL GOODS FIRMS IN NIGERIA

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Abstract

This study investigated the effect of audit committee attributes on audit report lag of listed industrial goods firms in Nigeria. The population of the study consists of the 13 listed industrial goods firms in the Nigeria Exchange Group (NGX) and 11 firms were used as the sample size of the study. The study adopted the correlational research design. The secondary data was collected from the audited financial reports published by selected listed firms covering ten (10) years from (2013- 2022). Multiple regression techniques was adopted to analyze the data of the study. From the random effect robust regression result it was found that audit committee size, audit committee meetings and audit committee expertise insignificantly influence audit report lag of the listed industrial goods firms in Nigeria. The study concluded that audit committee attributes does not influence audit report lag or listed industrial goods firms in Nigeria. The study recommends that audit committees of the industrial goods industry should increase the frequency of meetings to allow the directors who are members of the audit committee to be more thoughtful on issues that will arise late submission and publication of financial reports. Also, the board may consider increasing the number of financial experts on the audit committee, without compromising its independence, perhaps for improved effectiveness of the committee.

Keywords: audit committee attributes, audit reporting lag, listed industrial goods firms, Nigeria

1. Introduction

Recent governance changes have placed a particular burden on audit committees and their members (Ghafran & Yasmin, 2018). Users of financial statements essentially focus on the timeliness of financial reports which enhance their reliability to make decisions. The timely delivery of financial statements to the public is critical to maintaining the financial statements' relevance (Alabi, Issa & Usman, 2022). The availability of financial statements on a timely basis boosts investors' confidence. However, presenting financial statements within a reasonable time as required by prevailing regulations is sometimes challenging due to several factors.

One of which is the financial statements should go through the process of auditing before it is published. The slowness of the independent public accountants to complete auditing process will make the financial statements are delivered overdue. Audit report lag has been a variable of interest in many studies, not only due to its usefulness to serve as a proxy for the occurrence of auditor-client management negotiations and audit efficiency,

but also its tendency to postpone the release of earnings information to the market (Durand, 2019).

In developing environment like Nigeria for example, the availability of timely financial information remains the crucial avenue that shareholders are informed of the value of their investments. However, the provisions of the Companies and Allied Matters Act (CAMA, 2004) in Nigeria, as amended, stipulate the maximum of three (3) months within which listed companies are expected to complete and make their audited financial report available to the users of the financial reports. Empirical evidence proves that the existence of a competent audit committee reduces audit report lag. For instance, Sultana, Singh and Zahn (2015) in Australia; Salleh, Baatwah and Ahmad (2017) in Malaysia; Akhor and Oseghale (2017), Eyenubo et al. (2017) and Ogoun et al. (2020) in Nigeria; Abdillah et al. (2019) in Indonesia.

The continuous collapsing of companies globally including Nigeria gives investors, potential investors, creditors, financial analysts, professionals, financial statement users and the general public concern. The existences of an effective audit committee as a compliance committee indicate higher quality monitoring and should reduce the audit report lag. However, despite the presence of audit committees on the board of listed companies, there have been several cases of delay in filing financial statements in Nigeria. For example, the Nigerian Stock Exchange (NSE) boosted its revenue with ₦143.6 million fines imposed on listed companies across banks, manufacturing, insurance sectors, among others between January and November 2019. Hence the effectiveness of the audit committees of listed companies in Nigeria is in doubt, and therefore the present study sought to investigate this weakness as its practical gap.

Furthermore, due to a scarcity of research in the industrial goods firms in Nigeria, the study concentrates on companies belonging to the industrial goods firms. Prior research has often excluded the sector. The industrial goods firms sector has traditionally been said to have particular reporting obligations. The industrial goods firms sub-sector is critical to Nigeria's economic growth. Nonetheless, industrial goods firms fail to file yearly reports on schedule, and investors have a negative view of the Nigerian industrial goods firms business (Agabi 2013).

Investor impression may be improved if financial reports are made available on time. In 2003, the Securities and Exchange Commission (SEC) issued the Nigeria Code of Corporate Governance to allow companies listed on the Nigerian Stock Exchange to establish an audit committee to strengthen the board of directors' monitoring role and establish public confidence in the integrity of financial reporting.

As a result, audit committee attributes such as independence, diligence, gender and size was explored by previous empirical studies as proxies for effectiveness of audit committee, and revealed mixed findings on the link to corporate audit report lag (Maranjory & Tajani, 2022; Ezat et al., 2021; Ovbiebo 2021; Al-Qublami et al., 2020, Malasia; Rusmanto & Herlina 2020; Ishaku et al., 2020; Chukwu & Nwabochi, 2019; Eze & Nkak, 2020; Firnanti & Karmudiandri, 2020; Juwita et al., 2020; Kaaroud et al., 2020; Pradipta & Zalukhu, 2020; Soyemi et al., 2019, and Raweh et al., 2019). This contradictions in the results of these studies opens up world of possibilities for future investigations.

Hence, this study adds three new contributions to the body of knowledge. First, the outcome broadens our knowledge of the unique avenue via which the audit committee

influences the timeliness of corporate financial reporting. Even though there are several literatures on audit committee attributes and corporate governance mechanisms, most research was conducted in the setting of developed countries and the conclusions of this study may not apply to other economies with different contextual circumstances like Nigeria. Second, it provides industrial goods companies with data on whether audit committee effectiveness impact financial reporting timeliness. Third, it helps to alleviate the scarcity of literature in the sub-sector.

2. Literature Review

The relationship between audit committee attributes and audit report lag has been the concern of studies across the world. From the studies on the subject matter, the researcher presented some of the studies in this subject.

Conceptual Issues

The researcher conceptualizes the variables used in the study. The audit committee attributes proxies includes audit committee independence, audit committee size, audit committee meetings and audit committee expertise as well as the concept of audit report lag, the dependent variable.

Concept of Report Audit Lag

Audit lag is identified as the number of days from the end of company's fiscal year to the date of audit report (Swanson & Zhang, 2018). Audit report lag determines the timely or otherwise release of financial reports to users; and the audit committee plays a significant role in ensuring good corporate governance and timely arrival of financial reports to users (Ologun, 2022). Similarly, the number of days from the end of the accounting year-end to the day the independent auditor signs the audit report is characterized as a timely report (Al-Muzaiqer, Ahmad, & Hamid, 2018; Pradipta & Zalukhu, 2020).

Audit report lag refers to the length of time between the fiscal year-end of a company and the date of the auditor's report. According to Sultana, Singh & Zahn (2015), the period is categorized into management audit report lag and auditors audit report lag. The management audit report lag represents the time management took to prepare and present the financial statements of the firm to its auditors for audit purposes.

The auditors' audit report lag represents the time taken to gather and complete the audit process which is the time between the management's submission of the prepared financial statement to the external auditors and the starting of the audit process and issuance of the audit report. Audit report lag is the number of days between the end date of the financial statement and the audit report issuance date (Ryu & Roh, 2007), whereas, based on (Lee & Jahng, 2008), audit report lag is a time period between the end of the company's fiscal year and the audit report date. A possibility of delay of the issued opinion is because there are times when the auditor test the validity of management's assertions, some problems are found and the management need to clarify those problems.

Concept of Audit Committee

An audit committee is a sub-committee of the board that specializes in and responsible for ensuring the accuracy and reliability of the financial statements provided by management (Majiyebo et al., 2018; Dare et al., l2021)). Abu and Okpe (2021) defined an audit committee as a committee of an organization's board of directors which is

responsible for oversight of the financial reporting process, selection of independent auditor and receipt of both internal and external audit results.

According to Ahmed (2018), audit committee referred to a group of people selected from members of the board of directors who are responsible for retraining the independence of auditors. Also, Bala (2014) viewed audit committee to compose of non-executive directors in an establishment. From the definitions above, it can be deduced that the main purpose of audit committee is the improvement of audit work thereby increasing the quality of financial reporting.

The audit committee is a committee of the organization, whose primary responsibility is to assist both the company and board of directors in carrying out their fiduciary responsibilities in the areas of oversight financial reporting and disclosure process, company's system of internal controls and compliance with relevant laws and regulations (Abu et al., 2018). This committee is one of the instrument or mechanisms used by the board of directors of most companies channeling delegated responsibility of supervisory, monitoring and overseeing financial and non-financial reporting and disclosure of information (Abu et al., 2018).

Concept of Audit Committee Size

Abu et al., (2018) defined audit committee size as a chosen member of a company's board of directors whose main functions are to ensuring that auditors remain independent of management. It also connotes approximately six individuals usually selected from outside the firm and saddled with the responsibility of providing an objective and unbiased opinion of the company's practices (Abu et al., 2018). An audit committee is a sub-committee of the board that specializes in and responsible for ensuring the accuracy and reliability of the financial statements provided by management (Majiyebo et al., 2018).

Size of audit committee determines the effectiveness of committee's ability to discharge its responsibilities (Al-Matari et al., 2012). According to the New York Stock Exchange three members should be an ideal size of this committee (NYSE, 2002). However, in Nigeria, the Security and Exchange Commission (SEC) required that there should be six members on audit committee, which comprise three directors and three shareholders (SEC, 2011). Kim and Yoon (2005) find positive and significant relationship between audit committee size and earning management in Korean listed firm. Other study by Hamdam et al. (2009) revealed negative relationship between audit committee size and earning management in Jordanian companies.

Concept of Audit Committee Meetings

In Nigeria, the audit committee is considered as a committee of representatives of both directors and shareholders charged with the responsibility to review the annual statements before being submitted to the board of directors (Enofe et al., 2013). Audit committee meetings is a meeting of a subgroup selected by the board of directors and shareholders whose members are majorly independent with the specific function of assessing, reviewing and evaluating the annual financial statements prepared and presented to the external auditors before submission to the board of directors (Abu et al., 2018).

Audit committee meetings refer to the diligence of audit committee members in performing their responsibilities and duties through the number of meetings held during the year (Ezat, 2019). An active audit committee is expected to provide a monitoring mechanism that can improve the reliability and financial reporting of the company (Gabriella, 2016). To achieve this, the audit committee must meet frequently. According

to Ibrahim et al. (2019), every member of the audit committee is expected to attend board meetings, as such attendance gives them the opportunity of knowing the issues being faced by the company and empowers them to effectively perform their functions. The audit committee meeting ensures that there are intensity and effectiveness to incorporate monitoring of the operation of the management (Araoye & Olatunji, 2019).

Concept of Audit Committee Expertise

The presence of expert members in the accounting or financial area among members of the audit committee increases the likelihood of the disclosure of inaccurate statements in financial statements because these individuals are required to observe the ethical code to maintain their reputation. Therefore, the presence of expert members in the audit committee can lead to more effective monitoring of companies. As a result, we expect a direct relationship between the expertise of the audit committee members in the fields of finance, accounting, auditing, and voluntary moral disclosure (Othman et al., 2014).

Financial expertise refers to the extent to which members of the audit committee have financial experience or education (Emiaso & Efenyumi, 2021). Again, audit committee financial expertise refers to the number of members who have financial and accounting experience in the committee (Ezata et al., 2021). The importance of existing financial expertise members attributed to the number of complicated and sophisticated accounting and auditing issues that require technical solutions. Due to the aim of monitoring the financial reporting process of an organization, it is important for audit committee members to comprise of directors who are competent and experienced in financial aspects. The study by Krishnan and Visvanathan, (2008), shows that audit committee members with accounting expertise within boards that are characterized by strong governance are likely to contribute to greater monitoring, which may enhanced conservatism.

Empirical Review

Maranjory and Tajani (2022) examine the effect of audit committee independence, size, expertise, and gender on audit report lag in firms listed on the Tehran Stock Exchange (TSE). Using unique data from Iran for a 5-year period between 2016 and 2020. The results showed that financial expertise and independence of the audit committee have a significant negative effect on audit report lag. The results also showed the significant positive effect of audit committee gender on audit report lag, while there was no significant relationship between the size of the audit committee and audit report lag, indicating that the quality of the audit committee is more important than its quantity. The study recommended that firms should assign reliable and independence members to the audit committee. These members should also have sufficient financial knowledge and expertise to provide more effective internal controls, comprehend audit judgments, and understand and mediate disagreements between auditors and corporate management.

Ologun (2022) examine audit committee attributes, international financial reporting (IFRS) adoption and audit report lag among Nigerian listed firms. The study employed ex-post facto research design and uses a panel data report of fifty-seven firms listed on the Nigerian Stock Exchange for 2006-2011 and 2013- 2018. The study uses multivariate regression analysis of panel generalized least square to analyzed the data. The study reveals that audit committee attributes significantly influence audit report lag upon IFRS-adoption. Besides, audit committee meeting and audit committee independence increased the amount of time auditors spend on their audit work. The study concludes that audit committee

meeting and audit committee independence significantly influence ARL of firms in the post-IFRS adoption period; and recommends that boards and managers should consider audit committee meeting and audit committee independence as important audit committee attributes that reduce ARL. The study also recommends the inclusion of more financial experts on audit committees which may translate to fewer meetings without compromising committee independence.

Ebrati et al. (2022) investigated the effect of corporate governance measures on audit report lag of companies listed on the Tehran Stock Exchange. The research method is applied correlational. Data for the study was collected from the 148 listed companies in the time period of 2011 to 2019, and was analyzed using STATA 12, SPSS and Smart-PLS. The data was analyze using the multivariate linear regression test and structural equations. The results shows that audit committee experience, audit committee size, audit committee independence, ownership concentration, ownership concentration and board independence have a significant effect on audit report lag; however, the variables of audit committee financial expertise, audit committee gender, ownership structure, board size and CEO duality don't have any significant effect on audit report lag. The study recommended that additional control and care are applied to companies listed on the Tehran Stock Exchange with lower reporting speed. It is suggested that the Securities and Exchange Organization should require companies to more completely disclose their governance status, by providing conditions.

Alabi et al. (2022) investigated the impact of audit committee effectiveness on financial reporting timeliness in the Nigerian insurance industry. The study employed secondary data for the years 2012 - 2020. Hypotheses were tested using the Ordinary Least Square (OLS) method. The results revealed a significant relationship between timely financial reporting and audit committee size, expertise, and diligence. There was a negative but insignificant association between audit committee independence and financial reporting. The study concluded and recommended that audit committee effectiveness affects financial reporting timeliness in the insurance industry and that firms should increase the size and meeting frequency of the committee.

Widjaja and Feliana (2022) examined the effect of corporate governance practices on the length of time for the annual financial statement audit that called audit report lag (ARL). The research used quantitative approach with a multiple linear regression models through ordinary least square. The sample size of 250 was selected using purposive sampling method, from financial sector company in Indonesia Stock Exchange for the period 2018 – 2020. It was found that board size, audit committee meeting and audit opinion have negative effect on ARL. Besides, audit committee size gives positive effect on audit report lag. It recommended that firms should increase the number of members of the board of commissioners within reasonable limits and obtain an unqualified opinion to make the company's financial condition stable, so as to increase the trust of third parties.

Ehigie and Isenmilia (2022) examines the relevance of the audit committee financial expertise on financial reporting timeliness of a firm. The methodology adopted in this study is library research whereby relevant and extant literature related to the audit committee financial expertise and financial reporting timeliness. It was revealed that the presence of accounting financial experts in an audit committee is an important element that reduces financial reporting timeliness. The study recommends that financial experts in the audit committee should be given more power to enable them discharge their duty

effectively and efficiently, the definition of audit committee financial expertise should not relegate other relevant profession to the background, and the impact of the audit committee financial expertise on audit expectation gap should be considered when appointing members of the audit committee.

Ovbiebo (2021) examines the nexus between audit committee characteristics and audit report lag among Nigeria insurance companies. The study used panel data of five (5) listed Insurance companies covering the period 2016-2020. Results of the Panel Least Square regression estimation technique shows that audit committee financial expertise has a significant negative relationship with audit report lag, while audit committee independence audit committee size and audit committee effectiveness on the average has insignificant positive relationships with audit report lag in the insurance. The study recommended that companies should include board members who have in-depth knowledge of accounting and finance on their audit committee make-up, as this could assist in reducing the delay in the review of audited financial reports, hence ensure quick presentation of the audited financial information to users.

Abu and Okpe (2021) examines audit committee characteristics and audit fees of listed consumer goods companies in Nigeria. A sample size of 15 companies was selected out of the 26 listed consumer goods companies on the floor of Nigerian Stock Exchange. Secondary data was extracted from the published audited financial statements. Ordinary least square (OLS) regression analysis was employed to analyze the data. The result reveals that audit committee size, audit committee meeting and audit committee diversity have a positive significant association with audit fees. The study recommends that audit committee size should be increase to the minimum of 5 and maximum of 7 members, audit committee meeting should be increased to the minimum of 4 and maximum of 6 meetings, audit committee diversity (women directors) should be increase to the maximum of 3 members, and audit committee share ownership should be increase to the minimum of 2 and maximum of 3 members for all consumer goods companies operating in Nigeria.

Emiaso and Efenyumi (2021) examine the relationship between audit committee characteristics and financial reporting lag in Nigeria. The population of the study consists of the top 20 performing firms in the Nigeria Stock Exchange for a period of ten years from 2010 to 2019. The data was analyzed using descriptive statistics, regression and correlation analysis through E-view 9. The findings of the study show a significant relationship between audit committee meeting and audit committee independence with financial reporting lag, while an insignificant relationship exists between audit committee gender diversity and financial reporting lag. The study recommended that only executive directors that are independent should be appointed as audit committee members and that they should meet more often than not as this will significantly affect the financial reporting lag of the firm.

Syofyan, et al. (2021) examine the characteristics of the audit committee affecting timeliness of the audit report in Indonesia. The study used 48 manufacturing companies from 2014 to 2019 as samples. A logit regression analysis was used to analyze the data of the study. The findings revealed that audit committee size and financial expertise did not significantly influence audit report timeliness, whereas frequent meeting of the committee has a significant effect audit report timeliness. The result conclude that audit committee is insignificantly influencing audit report lag of the firms. Despite results made by studies on the AC in developed economies such as the US and UK, conditions and factors affecting

the AC effectiveness in developing countries such as Indonesia may differ. Hence, the findings of these studies may not apply to other contextual environments.

Gbalam and Enwongo (2020) determined the impact of corporate governance on the timeliness of audited reports of quoted companies in Nigeria. Secondary data was extracted from published financial statements of the companies; data were analyzed using regression analysis. The findings revealed that board composition has a significant effect on the timeliness of the audited reports. The findings indicate that late filers companies are likely to have boards with significantly lower numbers of independent non-executive directors and audit committee members' financial expertise than the early filers companies. The findings further showed that board independent non-executive directors and audit committee financial experts have a significant positive effect on the timeliness of companies' audited reports.

Ogoun et al. (2020) examined the effect of audit committee attributes on audit report lag of listed industrial firms in Nigeria. Ex-post facto design was adopted in which secondary data were extracted from the NSE factbook and financial reports published by selected listed companies covering eight years 2012-2019). Ordinary Least Square (OLS) were adopted for the data analysis. The findings revealed that audit committee does not necessarily facilitate speed in the release of audited certified annual report of firms in this sector. However, decomposing the analysis via a variable silos model reveals that the number of financial experts on the committee and non-executive directors contributes considerably to ensuring the timeliness of audited certified annual financial returns. Therefore, it can be inferred that the compositional characteristics of the audit committee has significant influence on audit report lag of listed industrial firms in Nigeria.

Firnanti and Karmudiandri (2020) investigate corporate governance and financial ratios effect on audit report lag of companies in Indonesia. The research uses purposive sampling to select a sample size of 204 companies. Multiple regression is used with non-financial firms listed on the Indonesian Stock Exchange from 2015 - 2017. The result of this research show that board size, board meetings, board independence, audit committee size, firm size and profitability all have an influence on audit report lag. Meanwhile, audit committee independence, audit committee expertise, and leverage have no influence on audit report lag. The study recommended that companies should minimize audit report lag to maximize the benefits of financial statements to stakeholders.

Ishaku, et al, (2020) examined the relationship between audit committee effectiveness and audit report lag of listed non-financial companies in Nigeria. The secondary data was extracted from annual reports and accounts of the thirty-one listed non-financial companies for six years (2013-2018). Data were analyzed using robust regression analysis. The findings revealed a negative but insignificant relationship between audit committee effectiveness and audit report lag of the firms in Nigeria. The study concludes that delay in the release of financial statements has severe consequences and will erode public confidence. The study also recommended that an effective audit committee is necessary to oversee organization's external audit process and improve financial reporting practices of non-financial companies in Nigeria.

Theoretical Review

Agency theory is considered to give the theoretical basis for understanding the dynamics of audit committee effectiveness and its influence in minimizing audit report lag of listed non-financial companies in Nigeria; it underpins the present study because of

agency conflict. This is because the existence of a conflict of interest between the management and the shareholders will result in information asymmetry since the management has more detailed information about the company than owners. However, an effective audit committee as a board compliance committee is expected to ensure compliance with all regulatory requirements and align the interest of management with the interest of the shareholders, hence reducing agency conflict. It is, therefore, adopted to guide this study.

3. Methodology

The study adopted the correlational research design. This design is considered suitable for the study because of its ability to describe the statistical associations between two or more variables and allows for making predictions by testing of expected relationship between variables and the data used for the study.

The population of the study consists of the thirteen (13) industrial goods firms listed in Nigeria Exchange Group as at 31st December, 2021. And census sampling technique is considered suitable for the study where all the population will be considered to provide adequate observations for generalization of the study findings. However, using the filter of, that a company must be listed and remain listed from 2013-2022 and have a full financial information for the study, resulted in four companies (BUA Cement Plc. and Notore Chemicals Ind. Plc.) being dropped from the population. The sample size of the study is therefore consists of eleven (11) listed industrial goods firms that has met the research requirement.

The study used secondary data which was extracted from the audited financial reports of the sample industrial goods firms listed on the Nigerian Stock Exchange (NSE) for the periods of ten years (2013-2022). The data was extracted from the audited financial reports of the sample firms. The study employed a multiple regression technique to analyze the data and to establish the relationship between the dependent and independent variables. Multiple regression model is considered appropriate in view of the fact that it helps in establishing relationship between variables and also the effect cause and relationship between the variables. The study also conducted a diagnostic and post estimation test of multicollinearity, heteroscedasticity, normality and hausman test in order to improve the validity of all the statistical inferences for the study.

Variable Measurement

The table 2 below presents a compilation of the different measurements of the variables adopted for this study.

Table 2

Variable Measurement

SN	Variables	Measurements	Sources
Dependent Variable			
1	Audit Report Lag	Number of days between firm's financial year-end and auditor's report date	Ologun, Isenmila, Okuns & Alade (2020); Ologun (2021); Efrizal, Dovi, Sany & Mutia R. (2021) Mohammed (2020).
Independent Variables			
1	Audit Committee Size **(AUDCSZ)**	No of audit committee members in a financial year	Chukwu & Nwabochi (2019); Ogoun, Edoumiekumo & Nkak (2020).
2	Audit Committee Meetings **(AUDCM)**	No of meeting held by audit committee in a financial year	Bala et al. (2018) Chukwu & Nwabochi (2019); Ogoun, Edoumiekumo & Nkak (2020).
3	Audit Committee Expertise **(AUDCXP)**	Measured as dividing audit committee members with financial expertise by the number of audit committee members	Syofyan, et al., 2021; Al-Ebel et al., 2020; Salehi et al., 2016

Source: Researcher Compilation 2024

Model Specification

In a bid to ascertain the effect of audit committee attributes and audit report lag listed industrial goods firms in Nigeria, a multiple linear regression mode was built.

$$\mathbf{ARL_{it} = \beta_0 + \beta_1 AUDCSZ_{it} + \beta_2 AUDCM_{it} + \beta_3 AUDCXP_{it} + \varepsilon_{it}}$$

Where: ARL = Audit Report Lag, AUDCSZ = Audit Committee Size, AUDCM = Audit Committee Meetings, AUDCXP = Audit Committee Expertise, β_0 = Constant Term, β_1 – β_3 = Coefficients of independent variables, ε = Error Term, i = Firms (Industrial Goods Firms) and t = Period (2013-2023).

4. Results and Discussions

Descriptive Statistics

The descriptive statistics is presented in table 2 where the mean, standard deviation, minimum, maximum, kurtosis and skewness of the variables employed are described.

Table 2
Descriptive Statistics Result

Variables	Obs.	Min.	Max.	Mean	Std. Dev.	Skewness	Kurtosis
ARL	110	12	180	88.3816	29.0210	0.2519	4.246778
AUDCSZ	110	3	7	5.2091	0.8469	-0.0463	2.46189
AUDCM	110	2	6	3.8364	0.6709	0.2004	3.306651
AUDCXP	110	0.2	0.8333	0.5325	0.1243	-0.0338	2.842908

Source: STATA Output, 2024

The table 2 above revealed that the number of days between firm's financial year-end and auditor's report date of listed industrial goods firms in Nigeria has an average value of 88.38 days and a standard deviation value of 29.0210. Meanwhile, the minimum and maximum days of ARL stood at 12 and 180 days respectively. This implies that the average alteration of number of days between firm's financial year-end and auditor's report date of listed industrial goods firms in Nigeria is 12 and 180 days.

For audit committee size, the table shows a minimum and maximum values of 3 and 7 respectively. This implies that the smallest proportion of members of the audit committee of the listed industrial goods firms 3 and the largest proportion is 7. Again, the audit committee size is averaging 5.2091 with a standard deviation coefficient of 0.8469 indicate that the data is widely dispersed from the mean.

Table 2 also reveals that the average meetings held by the audit committee members is 83.64% with standard deviation being 0.6709; which means, for the many times the committee meets reporting is timely during the period of the study. Hence, implying that there is no dispersion of data from the mean. However, the study revealed a minimum and maximum numbers of meetings of the audit committee as 2 and 6 respectively.

Nevertheless, table 2 reveals that the average of value of audit committee expertise is 53.25% with a standard deviation of 0.1243. The standard deviation indicates a wide dispersion of the data from the mean. This implies that members of the audit committee with financial expertise by the listed industrial goods firms in Nigeria greatly influence the timeliness of the financial statement of the firms. The minimum number of the committee members with financial knowledge is 2% and the maximum number is 83.33%.

Correlation Matrix

The correlation matrix explains the degree of relationship between the dependent and independent variables of the study as well as the independent variables among themselves. The summary of the associations among the variables of the study is presented in table 3.

Table 3

Correlation Matrix Result

VARS	ARL	AUDCSZ	AUDCM	AUDCXP
ARL	1.0000			
AUDCSZ	0.2169*	1.0000		
	0.0228			
AUDCM	-0.3229*	0.3245*	1.0000	
	0.0006	0.0005		
AUDCXP	-0.0794	0.1890*	-0.0101	1.0000
	0.4097	0.0480	0.9163	

Source: STATA Output, 2024

The result in Table 3 shows audit committee size is insignificantly but positively associated with audit report lag. The table shows a moderate coefficient of 0.2169 with an insignificant p-value of 0.0.0228 implying that ARL will increase with increase on size of the audit committee members.

Furthermore, there is a significant and a moderate negative association between audit committee meetings and audit report lag of the listed industrial goods firms in Nigeria as indicated by a coefficient value of -0.3229 at a p-value of 0.0006 which is at 5% level of significance. This means that audit report lag will change in opposite direction with audit committee meetings. Audit committee expertise and audit report lag are insignificantly and negatively correlated. The correlation coefficient between them is -0.0794 and the p-value of 0.4097 suggesting that audit report lag decreases as the numbers of audit committee members with financial expertise increases.

Diagnostic and Reliability Test

To make better the validity of all statistical inferences to be drawn from the study, this section discusses the robustness test conducted. The robustness test included multicollinearity test, heteroscedasticity test, Hausman specification test and normality test. Table 4 below report the tests.

Table 4

Diagnostic Test

Variables	VIF	Tolerance	
AUDCSZ	1.06	0.940568	
AUDCM	1.13	0.887160	
AUDCXP	1.04	0.958693	
Mean VIF			**1.11**
Hettest Sig.			**0.5449**
Hausman			**0.7203**
Lagr. M. Test			**0.0000**

Source: Extracted from STATA 13 Output

The Swilk statistics show that all the independent variable (AUDCSZ, AUDCM and AUDCXP) are insignificant; hence, the residuals of the study are not normal and further parametric test should not hold. However, the Gaoshen theory of (1959) posited

that the abnormality of the study data will not distort the statistical inference of the study, hence the study proceeds with the other test.

A multicollinearity test was carried out to check whether there is a strong or perfect correlation between the study's independent variables. Variance Inflation Factor (VIF) was employed. The test indicated that there is absence of extreme association among the variables as all the tolerance values of the variables are smaller than 1.0 and all the factors are below 10. The VIF mean stood at 1.11 which signifies there was no multicollinearity problem. (Tobachnick & Fidell, 1996; Cassey & Anderson, 1999).

The result obtained from the heteroscedasticity test shows chi-square value of 0.37 and the p-value of 0.5449 which indicate an absence of heteroscedasticity in the data necessitating no further test after the hausman test decision. The result obtained from the Hausman specification test conducted indicates, that p-value 0.7203 and as such the random effect model should be used in favor of the fixed effect model. A further test of Lagrangian Multiplier (LM test) to confirm the choice between the random effect model and the original Ordinary Least Square Model (OLS), revealed a significant value p-value 0.0000 confirming that the random effect model is appropriate for this study and thus the robust random effect model was used for the study.

Regression Analysis

This section presents and discusses the results of the robust random effect regression analysis. It also draws conclusions in line with the research hypotheses formulated. Thus, the summary of the results attained from the regression models of the study is presented in table 5 below.

Table 5

Robust Random Effect Model Results

Variables	Coefficient	Z-Value	P-Value	Hypotheses
ARL	106.9617	4.56	0.000	Reject
AUDCSZ	1.1894	0.44	0.657	Accept
AUDCM	-4.0121	-1.45	0.148	Accept
AUDCXP	-5.7277	-0.40	0.689	Accept
R^2			**0.1813**	**-**
Wald Chi2			**4.11**	**-**
Prob. Chi2			**0.3913**	**-**

Source: STATA Output, 2024

Table 5 shows that the functional relationship between the dependent and independent variables is: **ARL = 106.9617 + 1.1894AUDCSZ - 4.0121AUDCM - 5.7277AUDCXP.** The result shows that R^2 which is the combined coefficient of determination indicates the extent to which the independent variables jointly explain the total variation in the dependent variable and remaining. Thus, it signifies that 18.13% (0.1813) of the total variation in audit reporting quality of listed industrial goods firms in Nigeria is caused by audit committee independence, audit committee size, audit committee meetings and audit committee expertise while the remaining 81.87% is explain by other factors not captured in this model. This indicates that the explanatory variables are well selected and combined because the R^2 is positive and satisfies the minimum rule of thumb. The Wald chi2 of 4.11 signifies that the model of the study is fit.

Discussions and Hypotheses

The analysis revealed that audit committee size revealed a statistical positive but insignificant impact on audit report lag of listed industrial goods firms in Nigeria with coefficient value of -1.1894 and a p-value of 0.657 respectively. This signifies that an increase by one member of the audit committee, audit report lag will also increase. Hence, audit committee size does not influence the delay of financial statements of the listed industrial goods firms in Nigeria.

Based on the result of the variable, the study therefore accepts the null hypothesis which states that, audit committee size has no significant effect on audit report lag of listed industrial goods firms in Nigeria. The study finding is only in tandem with study of Ovbiebo (2021); Ogoun et al. (2020); Khani et al. (2020); Akinleye and Aduwo (2019); and Al-Muzaiqe et al. (2018). But a contrary result was found with that of Alabi et al. (2022); Ogoun et al. (2020).

Similarly, audit committee meetings revealed a negative and insignificant effect on audit report lag of the sample listed industrial goods firms in Nigeria. Audit committee meeting has a coefficient value of 0121 and p-value of 0.148. The result implies that as the number of the audit committee meetings increase by one, it reduces audit report lag also. Therefore, the study fails to reject the null hypothesis of the study that states that audit committee meeting has no significant effect on audit report lag of listed industrial goods firms in Nigeria. This finding also agreed with the studies of Dare et al. (2021); Ishaku et al. (2020); Raweh et al. (2019). But a contrary result was found with that of Ologun (2022); Widjaja and Feliana (2022); Emiaso and Efenyumi (2021) and Ogoun et al. (2020).

Audit committee expertise has a negative coefficient value of -5.7277 and an insignificant p-value of 0.689. This implies that as the number of the audit committee members with financial knowledge increase by one, audit report lag decreases as well. This means audit committee expertise is a significant variable influencing audit report lag of the sampled listed industrial goods firms in Nigeria. Therefore, the study fails to reject the null hypothesis of the study that states audit committee expertise has no significant effect on audit report lag of listed industrial goods firms in Nigeria. The result agreed with the studies of Syofyan, et al. (2021) and Ishaku, et al, (2020). However, the result did not agree with the finding of Maranjory and Tajani (2022); Alabi et al. (2022); Alabi et al. (2022); Ehigie and Isenmilia (2022); and Al-Qublani et al. (2020).

5. Conclusions and Recommendations

In line with the findings of the study, it is concluded thus: First, the study revealed a positive but insignificant effect of audit committee size and audit report lag of listed industrial goods firms in Nigeria. Thus, the study concludes that size of the audit committee of the firms does not change the delay faced in the release of financial statements of listed industrial goods firms in Nigeria. Second, the study reveals a negative and statistical insignificant association between audit committee meetings and audit report lag. It is therefore concluded that the number of meetings of the audit committee does not contributes in hastening the release of financial reports of the listed industrial goods firms in Nigeria. Third, the study also reveals a negative and insignificant effect on the relationship between audit committee expertise and audit report lag of listed industrial

goods firms in Nigeria. Thus, concludes that audit committee expertise does not influence the audit report lag of listed industrial goods firms in Nigeria.

The study recommended thus: Nigerian industrial goods firms should continue to sustain the size of the audit committee to promote timely financial reporting, the study also recommends that audit committees of the industrial goods industry should increase the frequency of meetings to allow the directors who are members of the audit committee to be more thoughtful on issues that will arise late submission and publication of financial reports and also, the board may consider increasing the number of financial experts on the audit committee, without compromising its independence, perhaps for improved effectiveness of the committee.

Limitations and Area for Further Research

Like any other research, the result of the study is subject to some limitation as follows: This study focused on audit committee attributes that influences audit report lag of listed industrial goods firms in Nigeria. As such the study is only limited to a particular sector, this made the findings and recommendations only applicable to industrial goods firms in Nigeria. There are still other audit committee components which the study did not cover. This study only examined the industrial goods industry of the Nigerian economy. However, future research could evaluate other sectors of the Nigerian economy adopting similar methodology. Similarly, other variables not used in this study should be explored in future studies.

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