

DETERMINANT OF AUDITORS REPORTING LAG OF QUOTED HEALTH CARE FIRMS IN NIGERIA

Okpuzor, Jude Ogwali

Department of Accountancy, Faculty of Management Sciences, Chukwuemeka Odumegwu Ojukwu University, Igbariam Campus

Abstract

The study evaluates the determinants of auditors' reporting lag among quoted Health Care companies in Nigeria between 2010 and 2019(10 years). The study adopted an ex-post facto research design and used longitudinal data collected from the financial report of the companies in the Nigeria Stock Exchange, for the various years covered by the study. The study used: firm size, firm performance, audit committee effectiveness, and type of audit firm as explanatory variables while auditors' reporting lag was used as response variable. The data collected were analysed using descriptive statistics, correlation, regression analysis. The study finds that the determinants variables selected for the study positively influence about 52.5 percent of the level of auditors' reporting lag among health care companies in Nigeria. The specific finding shows that firm size, and firm performance has positive significant influence on auditors' reporting lag. Audit type has positive but insignificant influence on auditors' reporting lag among quoted health care companies in Nigeria, while Audit Committee effectiveness has negative but insignificant influence on auditors reporting lag of Health Care firms in Nigeria. The study recommends among others that board of directors of health care companies should appoint directors with the relevant experience and educational background such that will be available to make valid contributions to the firm's audit process. Their contributions will enhance the accounting process and the auditors reliance on the financial records.

Keywords: Auditors reporting lag, firm performance, firm size, Audit Committee effectiveness, audit type

1.1 Introduction

One of the attributes of modern corporations is the separation of ownership from control. This makes the owners/principals' role become passive while management have free hand to pursue goals that may not necessarily correspond with those of the owners/principals'

The manager sends information to the owners using the annual report, which the owners use for decision making. One of the objectives of the financial reporting is to provide high quality financial information concerning the economic and operational activities of firms to the various stakeholders to enable them make informed decision regarding the operation and viability of the firm within the period under consideration. Thus, the provision of financial statements and the auditing of the same can be considered as a monitoring tool that helps narrow information gap between the owners and the management and assure owners that the financial statements prepared by management are free from material misstatements (Fagbemi & Uadiale 2011).

The preparation of the financial report and the release of same, pass through various stages. The delay at each of those stages contributes to the total time delay before the final release of the financial report. The delay can be attributable to management inability to complete the preparation of the report, auditors delay in completing the audit work, and the firms delay in

convening the annual general meeting where members will be presented the financial report (Ezelibe, Nwosu & Orazulike 2017). After the preparation of the financial report, the auditor carries out its auditing function on the report in order to make its opinion as to the true and fair presentation of the information disclosed in the financial report. However, there are some factors that can cause delay to the completion of the auditors work.

There are two schools of thought on the relationship auditor reporting timeliness/lag and quality of financial report. First, some authors believe that the longer time it takes auditor to complete the audit exercise the more reliable the financial report would be (Eames & Glover, 2003). While the second school of thought believes that longer audit exercise is a signal that conflicts of opinion exist between external auditors and managers; in this situation, accounting information may lack transparency, and investor may feel the reports are compromised. This conflicting is one of the motive of this study

Most previous studies on focused on impact of reporting lag, (Ng & Tai 1994, Ezelibe, Nwosu & Orazulike 2017), its effect on investors decision, (Akhor & Oseghale 2017, Lehtinen2013) on performance, on stock market value (Akhor & Oseghale, 2017, Adebayo 2016). While studies that examine the determinants of auditors reporting lag in Nigeria context are scarce.

The few studies that have attempted to investigate the factors responsible for the delay of auditors' report were based on panel analysis without adequately controlling for sectorial heterogeneity, time invariant factors etc. (Afolabi, 2007; Fagbemi and Uadiale, 2011; Iyoha, 2012). The above constitute the gap in literature which this study has filled.

1.2 Objectives of the study

The main objective of this study is to evaluate the determinants of auditors' reporting lag of quoted firms in health care sector in Nigeria.

1. Ascertain whether firm size influences Auditors' reporting lag in quoted health care firms in Nigeria.
2. Ascertain whether firm performance influences Auditors' reporting lag in quoted health care firms in Nigeria.
3. Evaluate whether audit committee effectiveness influences Auditors' reporting lag in quoted Health care firms in Nigeria.
4. Determine the direction of influence that audit firm type has on auditors' reporting lag in quoted Health care firms in Nigeria.

The findings of this study can be of great importance to various stakeholders which include regulatory agency, investors, audit firms, researchers and academicians.

The paper is structured into four sections. Following the introduction, section two: reviews related literature. Section three: the methodology. Section four: data analyses, conclusion and recommendations.

2.0 REVIEW OF RELATED LITERATURE

2.1.1 Concept of Auditors Reporting Lag

Auditors Reporting Lag (ARL) is the length of time from a company's fiscal year-end to the auditors reporting date, and is often viewed as the most important financial reporting timeliness determinant. Weetman and Leventis, (2004) defined auditors reporting lag as the period it takes the auditor to complete the audit work and release their report to the relevant committee of management. Auditors Reporting Lag has been used as a proxy for the timeliness of accounting information in many previous studies (Givoly & Palmon, 1982). Karim, Ahmed and Islam (2006) noted that timeliness requires the audit period, the number of days between the balance sheet date and the date of the signing of the external auditor's report.

Hurtt, and McGregor (2014) Described auditors reporting lag as the period of time between the end of the fiscal year and the reporting date of the auditors.

2.2 Firm Size and auditors' reporting lag

Viewing size as a determinant of auditors reporting lag has two opposing point of view. The first point of view believe that it will take auditor longer time to complete audit exercise in large firms than in small firm. Larger firm being more diversified may require more work to be done by the auditor. Following this argument, one may expect a positive relationship between firm size and auditors reporting lag. The second view is that there is less information asymmetry with larger firms as they have the resources to engage big audit firms with a running contract which can affect the timing of the release of the final report at the year end. It is also believed that larger companies have the resources to pay higher audit fees to perform the function faster after the financial year end. This will likely affect the completion time of audit of larger companies compared to those of smaller companies.

There are two conflicting views on the size of the company as a determinant of the timeliness of the audit report. At the first point of view, large businesses would also need longer time to analyze the different aspects of the financial activities of the business by the auditor. Greater businesses that are more diversified will have more auditor work to do. On that basis, a good relation between firm size and the reporting delay of auditors can be expected. Secondly, because of tight monitoring mechanisms, there is less asymmetry of knowledge with larger businesses. Greater firms also have the resources to enter into a deal with large audit firms which may have a beneficial impact on whether the Final Report is published at the end of the year. Control-supported auditors now perform less temporary duties. More big corporations now claim they have the means to pay higher audit fees, so that they can allow their auditors to conduct their audit work quicker at the end of the financial year. The completion time of larger companies relative to smaller companies is likely to be affected.

In addition, Fagbemi and Uadiale (2011) found that the company's size has a clear negative relationship to the timeliness of the auditors' reports, using data from 45 listed Nigerian firms. It is justified that business size could be adversely associated with the report by the auditors. Larger organizations may have hypothesis that their accounts would be audited faster than smaller ones, since they have better internal controls, which in turn may reduce auditors' risk of statements mistakes and also make it more likely for auditors to rely on controls.

Iyoha (2012) analyzed the timeliness of the auditors' report for the period 1999 and 2008 using a sample of 61 companies listed in Nigeria and found that the timeliness of the financial reports could only be influenced significantly by its age. The consequence is that older businesses

appear to take longer for their financial results to be published. The study therefore, hypothesized that: ***H0: Firm size has no significant influence on Auditors' reporting lag among quoted Health care firms in Nigeria.***

2.3. Firm performance and auditors' reporting lag

Benefit was deemed to be one of the measures of positive news arising from the events of the year. In order to prevent the inconvenience of communicating it to the public as it is perceived to be poor news, the management of a business that experiences losses may wish to withhold the publication of their annual report (Ashton, Willingham & Elliott, 1987). Therefore, between the reporting time of the auditors and the businesses reporting a profit, a positive relationship is required. The argument behind this is that it is expected that businesses with a profit would try to invite the auditor to complete the audit commitment on time to issue their audited financial results. When the profit of a firm in a particular accounting year is high, management is likely to hurry to publish the corporate annual report in order to experience the comfort of communicating it to the public as it is 'good news' which enhances share value.

When a company's profit is strong in a specific accounting year, management is likely to rush to issue the annual corporate report to enjoy the comfort of communicating it to the public as it is 'positive news' that increases share value.

There are concerns in favor of profitability being adversely related to the reporting time of auditors. On the other hand, for companies with losses, there is an argument that during the audit exercise, an auditor may exercise his duty more carefully because he assumes that loss is an indicator of financial failure or fraud in management (Carslaw & Kaplan, 1991). The study therefore, hypothesized that: ***H0: Firm's performance has no significant influence on Auditors' reporting lag among quoted firms in Health care sector in Nigeria.***

2.3.3 Audit committee effectiveness and auditors' reporting lag

The efficacy of the audit committee is measured by the number of times the board meets to review and develop policies that will assist auditors to report efficiently and in a timely manner. In Nigeria, the Code of Best Practice (2003) recommends that the audit committee meet at least three times a year.

Vafeas (1999), however, argued that meetings of the Audit Committee were not beneficial because outside directors had little time for effective exchange of ideas amongst themselves. However, since the success of the audit committee is embedded in it, regular meetings of the audit committee should be encouraged. It also helps to increase the transparency of the financial statements of the organization, as it would be free from managers' potential manipulation. A credible financial statement would promote and speed up the role of independent auditors, thus reducing the reporting lag of the auditors. Afify (2009) findings which examined the impact on auditors' time lag of corporate governance variables in Egypt indicated that the audit committee's presence has a positive effect on auditors' time lag.

Hashim and Abdul Rahman (2010) study also revealed a substantial contribution to an efficient audit committee to minimize the delay in the reporting period of the auditors in Malaysia.

Chen and Zhou (2004) noted that the meetings of the audit committee act as a tool to strengthen and promote corporate management in companies. Financial fraud is likely to be minimized if the Board regularly meets and conducts its duties as appropriate (Stewart & Munro, 2007). The frequency of audit committee meetings has also been observed to have positive influence on return on equity (Azam, Hoque & Yeasmin, 2010). The study therefore, hypothesized that: ***H0: Audit committee effectiveness has no significant influence on Auditors' reporting lag among quoted firms in Health care sector in Nigeria.***

2.4 Type of Audit firm and auditors' reporting lag

The Big Four and the Non-Big Four are classed as two groups in Nigeria. The Big Four audit companies are multinational auditing companies with branches worldwide in most developed and developing countries. They are world-renowned audit firms with clients in all parts of the economy, while the Non-Big Four are local audit companies. In Nigeria, four large audit companies are more concerned with customers' demand, while those four large audit firms are more legal. They are also likely to ask their customers to provide their annual reports more detail as required by legislation. Different tests have shown that the Big four are stronger and more sophisticated than the Non-Big four. Via advanced financial and health information, including environmental information, high-quality audit companies will help clients prepare more sophisticated yearly reports. The four major auditing companies are known to have more access to advanced technologies and specialist staff when compared to Non-big four firms. This gives the four major audit firms the edge over each other. They have the resources to implement well-planned audit procedures and technology to improve their work in a timely manner, which results in discrepancies in their audit report delays (Schwartz & Soo 1996).

Gilling (1977) discovered a substantial positive relationship between the report delay of the auditors and the form of audit firms, while Hossain and Taylor (1998) discovered that there is an insignificant relationship between the audit firm type and the reporting lag of the auditors.

The study therefore, hypothesized that: ***H0: Audit firm type has no significant influence on Auditors' reporting lag among quoted firms in Health care sector in Nigeria.***

2.2 Theoretical Framework

2.2.1 Agency Theory

The agency theory was developed by Jensen and Meckling (1976), who describe the connection between the director and his agent. The principal shall be the owner of the capital to operate and administer on behalf of the agent. Both the director and the officer have priorities and expectations for people that are typically contradictory. The leader wants to increase his richness, while the agent wants to make his ego and money more profitable. Conflict between the principal and the agent occurs when difference of interest exists. The problem of principal and agent, which resulted from the distinction of ownership and power, has one of the theoretical principles. Investors use the services of managers on the basis of professional restrictions such as insufficient funding and management experience for the management of funds. According to Jensen and Meckling (1976), by incurring additional costs called agency costs, shareholders decrease the asymmetric data, which is defined by the monitoring costs supported by shareholders for monitoring the behavior of managers.

One of the reasons for the establishment of corporate governance is to serve as an instrument for tracking and managing the problems of fraud and financial misrepresentation. The delay in the public release of the financial report could increase the amount of assumed knowledge and increase the tension between both the principal depending on the decision-making report and the agent whose action may contribute to the delay in completing the audit work.

This analysis was based on the theory of the agency because it is the relationship of the agency between the principal and the agents that generated the external auditor whose delayed report is being examined.

3.0 METHODOLOGY

3.1 Research Design

The study adopted the Ex post facto and longitudinal research design. The study also adopts the longitudinal design because of the nature of the data, which has both cross sectional and time series characteristics. The data already exists and the researcher made no attempt to manipulate it. The data were collected from cross section of firms in many years. The data already exists and the researcher made no attempt to manipulate it.

The sample size is nine (9) firms. The study used all the nine quoted firms in the health care sector of the Nigeria Stock Exchange. The firms are: Neimeth Inter, Gateway Pharmaceuticals Plc, Fidson Healthcare Plc, May & Baker, Afrik Pharmaceutical Plc, Evans Medical Plc, BCN Plc, Glaxo-smith line Plc and Morison Industries Plc.

The variables and their proxy were operationalized as follows. Below are the dependent and independent variables and their proxy. Table 3.1 Variables and their measurement.

Variables	Measures/Proxy	Authority
Reporting lag (REPLAG).	Interval between year-end and when the annual report is signed by the board chairman.	Abdulla, (1996)
Audit firm type (ADTYP)	Binary: From non- big four to big four (1) From big four to non- big four (0) (big four are multinational accounting firms)	Ng and Tai, (1994) and Iman, Ahmed and Khan, (2001)
Firm performance (FPERM)	Return on asset (ROA) = net profit/ total assets.	Bamber, Bamber and Schoderbek (1993)
Audit committee effectiveness (ACE)	The average number of meeting attended by the audit committee member	Chadegani (2011); Yuniarti (2011)
Firm Size ((FSIZE)	Log of total assets	Haw and Ro (1990)

3.2 Model Specification

The model for the study is premised on the main objective and anchored on the sub-objectives. The model used was adopted from the work of Amitabh (2005). The Amitabh (2005) model: $INVD = f(TTLAG, AUDTLAG, RETLAG)$ where INVD is investment decision; TTLAG is Total time lag, AUDLAG is audit report time lag and RETLAG is reporting time lag. The Amitabh (2005) model is modified to suite the variables used in this study.

The model for the study is:

$$\text{REPLAG} = f(\text{FSIZE}, \text{FPERM}, \text{ACE}, \text{ADTYP}) \dots \dots \dots 1$$

This can be econometrically stated as follows:

$$\text{REPLAG}_{it} = d_0 + d_1\text{FSIZE}_{it} + d_2\text{FPERM}_{it} + d_3\text{ACE}_{it} + d_4\text{ADTYP}_{it} + \mu_{it} \dots \dots \dots 2$$

Where:

REPLAG = Reporting Lag, FPERM = Firm Performance, FSIZE = Firm size, ACE = Audit committee effectiveness, ADTYP = Audit firm type, d_0 = Constant; $d_1 \dots d_4$ = are the coefficient of the regression equation; μ = Error term; i = is the cross section of firms used.

Decision Rule for hypotheses testing:

Accept H_0 and reject H_1 – when the probability value is above 10%

Accept H_1 and reject H_0 – when the probability value is less than 10%

Decision rule for Husman effect test:

H_0 – random effect is more preferable than fixed effect

H_1 – fixed effect is more preferable to random effect

When chi-square probability value is less than 10 – rejects H_0 and accepts H_1

When chi-square probability value is greater than 10 – accepts H_0 and rejects H_1 .

4.0 DATA PRESENTATION, ANALYSIS AND INTEPRETATION

4.1 Data Presentation

The longitudinal data were collected from many firms in many years. The longitudinal data were analyzed using regression analysis. The study however conducted some preliminary analysis such as descriptive statistics, correlation analysis, and variance inflator analysis to ascertain the normality and check for the presence of multi-colinearity among the variables used.

4.1 Descriptive Statistics

The descriptive statistics result shows the mean (average) for each of the variables, their maximum values, minimum values, standard deviation and the Jarque-Bera (JB) statistics (normality test). Table 4.1 below, provides the summary of the descriptive statistics of the sampled quoted companies. The detail result of the descriptive statistics is present in table 1 under the appendix. Table 4.1 provides the summary of the descriptive statistics of the data covering the period of ten years (2010 – 2019).

	REPLAG	FSIZE	FPERM	ACE	ADTYP
Mean	129.5000	34.07889	1.628111	4.466667	0.3444444
Median	112.0000	26.24500	1.625000	4.000000	0.000000
Maximum	287.0000	54.95000	3.490000	6.000000	1.000000
Minimum	49.00000	21.00000	-4.920000	3.000000	0.000000
Std. Dev.	52.27923	8.746040	2.453479	0.707008	0.492513
Skewness	0.474603	0.607864	-4.881561	0.595836	0.383323
Kurtosis	3.276217	2.520561	37.24449	2.792519	1.146936
Jarque-Bera	6.922464	12.09732	8981.691	10.36383	28.48626
Probability	0.031391	0.002361	0.000000	0.005617	0.000001
Sum	17501.16	5469.190	159.3270	763.0000	69.00000
Sum Sq. Dev.	461897.0	12927.35	1017.305	84.47647	40.99412
Observations	90	90	90	90	90

Source: Researcher's (2020)

The study observed from the descriptive statistics result that the selected firms have average auditors' reporting lag of 130 days, maximum and minimum value of 287 days and 49 days respectively. The result reveals that the firms used on the average, publish their financial reports within the first 130 days in the following year. The maximum reporting lag shows that some firms within the period of the study publish their financial report about 287 days after the year end, while some publish within the first 49 days in the following year. The large difference in the reporting lag indicates that most firms publish their financial report late.

Firm size has a mean value of 34.07, maximum values of 54.95 and minimum values of 21 respectively. The large difference between the mean, maximum and minimum value shows that some firms are large in size while some are not too large in size.

Firm performance has a mean value of 1.628, maximum value of 3.49 and minimum value of -4.92. The result shows that on the average, the firms used made positive performance, while the minimum value shows that some of the firms within the period of the study incur losses. Some performances are high while some are not. The large difference between the mean value and the maximum value reveals that only few firms perform exceptionally well within the period under review.

Audit committee effectiveness result shows a mean of 4 times, maximum value of 6 times, and minimum value of 3 times. This shows that on the average, the audit committees of the firms used were effective (the corporate governance rule require that audit committee of firms should hold meeting not less than 3 times a year). The difference between the mean times of 4, maximum times of 6, and minimum times of 3, show that the audit committee of some of the firms used in the study within the period were more effective than others. Audit firm type (big four and non-big four), result shows a mean of 0.344, a maximum of 1, and a minimum 0.0. the result indicates that less than half of the firms used in the study used the big four as their audit firms. More than half of the firms used the non- big four audit firms.

Also, the normality test result using the Jarque-Bera (JB) under e-view 9 software shows that auditor reporting lag is normally distributed at 5% significant level, while all other variables are normally distributed at 1% level of significance.

Table 2: Normality test: Shapiro-Wilk Test

Variable	Obs	W	V	z	Prob>z
REPLAG	90	0.03141	11.0483	6.2547	0.04010
FSIZE	90	0.50159	410.361	14.886	0.00000
FPERM	90	0.46878	405.934	15.038	0.00000
ACE	90	0.11726	617.856	16.004	0.00000
ADTYP	90	0.69816	46.0468	10.113	0.00000

Source: STATA 13

Lastly, the Shapiro-Wilk normality test shows that firm size, firm performance, audit committee effectiveness, and audit type, are normally distributed at one percent significance. While auditor reporting lag, is normally distributed at 5 percent significant level. The normality test result reveals that all the variables used are normally distributed. This indicates that the result of the analysis can be relied upon in making generalization and policy formulation. The Shapiro-Wilk test for normality result is similar to the normality test result produce by the Jarque-Bera statistics probability under e-view 9.

Correlation analysis

The study used the correlation analysis to examine the relationship among the variables.

	REPLAG	FSIZE	FPERM	ACE	ADTYP
REPLAG	1.000000				
FSIZE	0.344955	1.000000			
FPERM	0.119027	-0.015548	1.000000		
ACE	0.018069	0.122571	-0.044540	1.000000	
ADTYP	0.049866	-0.086786	-0.013603	-0.011695	1.000000

Source: Researchers summary (2020) of e-view 9

The findings from the correlation analysis table shows that auditors reporting lag have positive association with firm performance (0.12), audit committee effectiveness (0.02), audit type (0.05) and firm size (0.345). The positive relationship reveals that firm size, firm performance, audit committee effectiveness and audit firm type positively associate with reporting lag.

In checking for multi-colinearity among the variables used, the study noticed from the correlation analysis result that no two explanatory variables were perfectly correlated. This indicates the absence of multi-colinearity problem in the model used for the analysis and also justifies the use of the ordinary least square. This was confirmed by the result of the variance inflation factor (VIF). Below is the result of the VIF

Table 2: Variance inflation factor test:

Variable	VIF	1/VIF
REPLAG	1.01	0.99009
FSIZE	1.10	0.90909
FPERM	1.00	0.99999
ACE	1.01	0.99009
ADTYP	1.30	0.76923
Mean VIF	1.084	

Source: STATA 13

The Variance inflation factor test result table above shows the mean value of 1.084, this value is less than 10 rejection benchmark. The mean value indicates the absence of multi-colinearity in our model. This result (Variance inflation factor test result) confirms the finding from the correlation analysis which shows the absence of multi-co linearity using 75 percent acceptance region in determining the level of association among the variables used.

Hypotheses Testing

The study used the multiple regression analysis in analyzing the data.

Dependent Variable: REPLAG

Method: Panel Least Squares

Date: 11/10/20 Time: 10:15

Sample: 2010 2019

Periods included: 10

Cross-sections included: 9

Total panel (balanced) observations: 90

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	13.71579	2.546013	5.387164	0.0000
ACE	-1.361401	2.188265	-0.622137	0.5347
FPERM	4.565215	0.929530	4.911317	0.0000
ADTYP	0.095388	0.071948	1.325794	0.1867
FSIZE	2.573406	0.799674	3.218069	0.0015
R-squared	0.579937	Mean dependent var	0.890335	
Adjusted R-squared	0.525172	S.D. dependent var	3.489996	
S.E. of regression	24.30988	Akaike info criterion	4.843317	
Sum squared resid	1603.389	Schwarz criterion	5.288589	
Log likelihood	-411.2551	Hannan-Quinn criter.	5.023512	
F-statistic	11.45928	Durbin-Watson stat	1.852470	
Prob(F-statistic)	0.000753			

Source: Researchers summary of OLS regression Analysis from E-view 8

In table 4.3 above, the study observed from the auditors reporting lag model result an R-sq of 0.5799 and R-sq (adj) of 0.525, respectively. These values indicate that the selected determinants variables jointly have about 52.5 percent impact on the reporting lag of firm used in the study.

The result also reveals that:

Firm size has a major positive relationship with auditors disclosing the lag of healthcare companies listed on the stock exchange in Nigeria. This suggests that increasing the size of organizations will lead to an improvement in the reporting lag for auditors. This result is in line with the Prince, Eragbhe and Ikhatua (2012), Yousef (2016) study findings, but contrary to the Iyoha (2012) study findings.

The result also indicates that the **company's performance** has a positive and significant relationship with the auditor's reporting lag of companies in Nigeria. A high level of firm output can also adversely drive the reporting lag of the auditors. This finding is in line with that of Rachmawati (2008), but contrary to the Kartika (2009) and Yuliyanti (2010) study results.

The effectiveness of the audit committee has a negative relationship with auditors reporting company delays in Nigeria. This shows that enhancing the efficiency of the Audit Committee can have a negative impact on the reporting lag of companies by auditors. This result is in line with that of Jimmy and Albert (2014), but contrary to the Rediyanto and Sutrisno (2017) study results.

The form of audit firm (audit type) has a positive and insignificant influence on the auditor's reporting lag of Nigerian firms. This demonstrates that the form of audit firm used will positively affect the degree of reporting lag for auditors. The findings are in line with the findings of the Rediyanto and Sutrisno (2017) research, but contrary to the findings of the Yousef (2016) report.

4.3 Recommendations

1. The study finds that firm size has a positive significant relationship with auditors reporting lag of firms in Nigeria. The study therefore recommends that to reduce the auditors' reporting lag, large firms should use joint audit. The use of joint audit will reduce the auditor time lag; as more capable hands will be available for the job.
2. Firm performance has a positive significant relationship with auditors reporting lag. The study therefore recommends that managers should formulate policies that can enhance the firm performance of their firm, since high performance motivates managers for timely release of audit report.
3. Audit committee effectiveness has a negative insignificant relationship with auditors reporting lag in Nigeria. The study therefore recommends that board of directors should appoint directors with the relevant experience and educational background such that will be available to make valid contributions to the firm's audit process. Their contributions will enhance the accounting process and the auditors reliance on the financial records.
4. Audit firm type has positive influence on audit reporting lag of firms in Nigeria. The study therefore recommends that firms should use the big four audit firms as this will reduce the auditors' reporting lag especially for large firms of many subsidiaries.

4.4 Contribution to knowledge

This research work has improved on prior studies as to the precise determinants of auditors reporting lag amongst quoted companies in Nigeria. The result points to a direction which suggests that firm size, firm performance, audit committee effectiveness and type of auditor influence auditor reporting lag during the period under review. Furthermore, this study was able to supply a clear view from a different sample perspective of quoted Companies while utilizing most recent and relevant annual report data set of the year 2019.

$$REPLAG = 118.2 - 1.607FSIZE, + 1.47FPERM, + 1.83ACE + 2.57INDTY + 11.29ADTYP$$

4.5 Suggestions for further study

- 1, The study suggest further empirical study should be carried out across west Africa in other to ascertain if there are countries specific variables that influences auditors reporting lag
- 2, A comparative study to ascertain if the determinants of auditors' reporting lag across sector differs.

References

- Abdulla, J. (1996). The timeliness of Bahraini annual reports. *Advances in International Accounting*, 9, 73-88.
- Adebayo P. A. (2016). Effects of firm characteristics on the timeliness of corporate financial reporting: evidence from Nigerian deposit money banks. *International Journal of Economics, Commerce and Management United Kingdom* 4(3), March 2016
- Afolabi, F. (2007). Financial Reporting in Nigerian Emerging Market. Paper Presented at a Seminar Organized by the Morgan State University, Victoria.
- Ahmed, K. (2003). The timeliness of corporate reporting: a comparative study of South Asia. *Advances in International Accounting*, 16, 17-43.
- Akhor, N. & Oseghale, C (2017). Audit delay and the timeliness of corporate reporting: Malaysian evidence. *Working Paper. MARA University of Technology Retrieved from <http://www.studymode.com/essays/Audit-Delay-And-The-Timeliness-Of-601531.html>*
- Amitabh, J. (2005). Timeliness in corporate reporting of Indian public financial institutions (IPFIS). *Udyog Pragati*, 29(2). Available at SSRN: <http://ssrn.com/abstract=919080>
- Ashton, R. H., Willingham, P. R., and Elliot, R. K. (1987). An empirical analysis of audit delay. *Journal of accounting research*, (autumn), 275-292.
- Bamber, E., Bamber, L., & Schoderbek, P. (1993). Audit structure and other determinants of audit report lag: an empirical analysis. *Auditing*, 12(1), 1-23.
- Carslaw, C., & Kaplan, S.E. (1991). An examination of audit delay: further evidence from New Zealand. *Accounting and Business Research*, 22, 21-32.
- Eames, M. & Glover, S. (2003). Earnings Predictability and the Direction of Analysts' Earnings Forecast Errors. *The accounting review*, 78 (3), 707-724.
- Ezelibe, C. Nwosu, E. & Orazulike, N. (2017). Company attributes and the timeliness of financial reporting in Nigeria. *Business Intelligence Journal*, 5 (1).
- Fagbemi, S. & Uadiale, A (2011). Determinants of audit report lag: Some evidence from the Nigerian Stock Exchange. *International Journal of Auditing*, 9(1), 45–58.
- Givoly, G. & Palmon, D. (1982). Timeliness of annual earnings announcements: Some empirical evidence. *The Accounting Review*, 57(3), 486-508.
- Hashim, U. & Abdul Rahman, R. (2010). Board independence, board diligence, board expertise and impact on audit report lag in Malaysian market. *Finance and Corporate Governance Conference*, available at: <http://ssrn.com/abstract/41717479> (accessed April 20, 2013).
- Haw, I. & Ro, B. T. (1990). Firm size, reporting lags and market reactions to earnings releases", *Journal of business finance and accounting*, 17(4), 557-574

- Iyoha, F.O. (2012). Company Attributes and the Timeliness of Financial Reporting in Nigeria. *Business intelligence journal*, 5(1), 41-49.
- Jensen, M.C. & Meckling, W. (1976). Theory of the firm: managerial behavior, agency costs, and ownership structure. *Journal of Financial Economics*, 3(4),305–360.
- Karim, W., Ahmed, K., & Islam, A. (2006). The effect of regulation on timeliness of corporate financial Reporting: Evidence from Bangladesh. *JOAAG*, 1(1), 15-35.
- Kartika, C. (2009). Timeliness of audited financial reports of Malaysian listed companies. *International Journal of business and social science* 3(22): 242-247
- Lehtinen T. (2013). Understanding timeliness and quality of financial reporting in a Finnish public company; *Accounting Master's thesis*, Aalto University, School of Business.
- Modugu, P. K., Eragbhe, E., & Ikhatua, O. J. (2017). Determinants of audit delay in Nigerian companies: Empirical evidence. *Research Journal of Finance and Accounting*, 3, 46–55.
- Ng, P. P., & Tai, B. K. (1994). An empirical examination of the determinants of audit delay in Hong Kong. *The British Accounting Review*, 26(1), 43-59.
- Prince M., Eragbhe E., & Ikhatua, J. (2012). Determinants of Audit Delay in Nigeria Companies: Empirical Evidence. *Research Journal of Finance and Accounting*, 3(6): 46-55.
- Rediyanto, N & Sutrisno, M (2017). Financial reporting frequency, information asymmetry, and the cost of equity. *Working paper*, available at: <http://ssrn.com/abstract=1927696>. *Impress: Journal of accounting and economics*. Rotterdam School of Management, Erasmus University.
- Vafeas, N. (1999). Board meeting frequency and firm Performance, *Journal of Financial Economics*, 53, 113-142. [http://dx.doi.org/10.1016/S0304-405X\(99\)00018-5](http://dx.doi.org/10.1016/S0304-405X(99)00018-5)
- Yousef, M. (2016). Determinants of audit report lag: Evidence from Palestine. available at: www.emeraldinsight.com/2042-1168.htm
- Yuliyanti, A. (2010). Qualification and the Timeliness of Corporate Annual Reports. *The Accounting Review*, 55(1) 563-577
- Yuniarti, Z. (2011) Audit committee and timeliness of financial reporting: Malaysian public listed companies. *Middle-East Journal of Scientific Research*, 22(2), 162-175.