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Audit Committee Characteristics and Financial Reporting Lag of Quoted Financial Services Firms in Nigeria

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Abstract: A crucial component of corporate accountability and transparency is timely financial reporting, especially in developing nations like Nigeria where institutional frameworks may be inadequate. This study examined the effect of audit committee characteristics on financial reporting lag of quoted financial services firms in Nigeria. The specific objectives of the study are to evaluate the effect of audit committee diligence audit committee size, and audit committee financial expertise on financial reporting lag of quoted financial services firms in Nigeria. The research design adopted by the study is ex-post facto research design and the population constitutes all the forty-five (45) financial services firms quoted on the Nigerian exchange group (NGX group) as at 31st December, 2024. Secondary data were extracted from the audited annual reports of the sampled firms from 2015-2024. The study used random effect regression as the techniques of analysis using STATA 17.0 software. The findings revealed that audit committee diligence has an insignificant positive effect on audit report lag of quoted financial services firms in Nigeria. However, audit committee size and audit committee financial expertise has a significant positive effect on audit report lag of quoted financial services firms in Nigeria. The study recommended that firms should maintain an optimal committee size that promotes efficiency without compromising diversity of expertise. The study further recommended that firms should prioritize the appointment of members with strong accounting, auditing, and financial management knowledge. Financially literate committee members are better equipped to understand complex financial issues and ensure quicker completion of audit processes.

Keywords: *Audit Committee Characteristics, Audit Report Lag, Financial Services Firms, Market Share Price.*

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Introduction

The decision-making processes of stakeholders and the general effectiveness of capital markets depend heavily on timely financial reporting. Because it can diminish the relevance of financial information, erode investor confidence, and possibly hide subpar corporate performance, financial reporting lag—the interval between a company's fiscal year-end and the actual date of reporting—has come under increased scrutiny (Ashton et al., 2024; Owusu-Ansah, 2020). Delays in financial reporting are often viewed as symptomatic of inefficiencies or weaknesses in a company's internal governance mechanisms.

The audit report lag is the number of days that pass between the end of the business's fiscal year and the audit report's completion (Afenya et al., 2024). The audit report lag, according to Maranjory & Tajani (2022), is the number of days that pass between the end of the fiscal year and the day the external auditor signs the audited report. Determining the reasons behind audit report lag is essential since it will improve our comprehension of the financial reporting process and be related to the timely release of profits. Determining the reasons behind audit report lag is essential since it will improve our comprehension of the financial reporting process and be related to the timely release of profits.

Audit committee characteristics such as size, independence, financial expertise, gender diversity, and meeting frequency are considered key determinants of its effectiveness. According to Agency Theory (Jensen & Meckling, 1976), the audit committee serves as a monitoring mechanism that reduces information asymmetry and agency conflicts between managers and shareholders. A more independent and competent audit committee is expected to enhance oversight, reduce opportunistic behavior, and expedite the financial reporting process. Similarly, Resource Dependence Theory (Pfeffer & Salancik, 1978) suggests that audit committees with diverse expertise and experience provide valuable resources that improve the efficiency of financial reporting and reduce delays. The audit committee, a sub-committee of the board of directors, is instrumental in ensuring the integrity of financial reporting and compliance with statutory requirements.

Globally, empirical evidence suggests that effective audit committees contribute to shorter financial reporting lags. For instance, studies have found that audit committee independence and financial expertise are associated with more timely financial reporting, as these attributes improve coordination with auditors and strengthen internal controls (Abernathy *et al.,* 2024). Additionally, audit committee diligence, measured by the frequency of meetings, has been shown to enhance oversight and accelerate the audit process (Sultana *et al.*, 2015). However, findings on audit committee size and gender diversity remain mixed, with some studies reporting positive effects while others find insignificant relationships.

In Nigeria, the issue of financial reporting timeliness has become increasingly important due to the growing demand for transparency and accountability in the capital market. Regulatory bodies such as the Securities and Exchange Commission (SEC) and the Financial Reporting Council of Nigeria (FRCN) have introduced guidelines, including the Nigerian Code of Corporate Governance (2018), to strengthen audit committee effectiveness and ensure timely financial disclosures. Despite these regulatory efforts, delays in the release of audited financial statements remain a concern among quoted firms, particularly in the financial services sector.

The financial services sector in Nigeria which includes banks, insurance companies, and other financial institutions is highly regulated and plays a pivotal role in economic stability and growth. Given the sensitivity of this sector to information asymmetry and market confidence, timely financial reporting is crucial. Delays in financial reporting within this sector can undermine investor trust, distort market decisions, and potentially trigger regulatory sanctions. Therefore, understanding the factors that influence financial reporting lag in this sector is of significant importance. Against this backdrop, this study seeks to examine the effect of audit committee characteristics on financial reporting lag of quoted financial services firms in Nigeria. The study aims to provide empirical evidence that will contribute to improving corporate governance practices, enhancing the timeliness of financial reporting, and strengthening investor confidence in the Nigerian capital market.

Firms' failures and scandals have increased in developing countries including Nigeria due to the noncompliance with rules and guideline governing the affairs of audit committee in the financial services firms, and this resulted to lack of quality financial reporting which is undermining investor confidence in the financial system and opening the door for investor losses (Nickolas, 2015; Adeleke, 2016; Amahalu *et al.*, 2017; Ajape *et al.*, 2018). A reported cases of Aso Savings and Loans Plc in the year 2017 on falsification of records has indicated a violation of financial reporting standards that should have been measured at the audit committee level (Securities and Exchange Commission (SEC), 2019). Poor financial reporting affecting financial services firms in Nigeria in the recent years have pushed up the demand for standard and reliable audit committee characteristics in the sector more especially audit committee independence, audit committee size, audit committee frequency of meetings, audit committee gender diversity and audit committee financial expertise for purpose of attaining a high quality financial reporting (Soroushyar, 2023).

The aim of this study is to examine the effect of audit committee characteristics on financial reporting lag of quoted financial services firms in Nigeria. The specific objectives are to:

- Assess the effect of audit committee size on financial reporting lag of quoted financial services firms in Nigeria
- Determine the effect of audit committee diligence on financial reporting lag of quoted financial services firms in Nigeria
- Evaluate the effect of audit committee financial expertise on financial reporting lag of quoted financial services firms in Nigeria

Base on the specific objectives of the study, the following hypotheses are formulated in null form to guide the study:

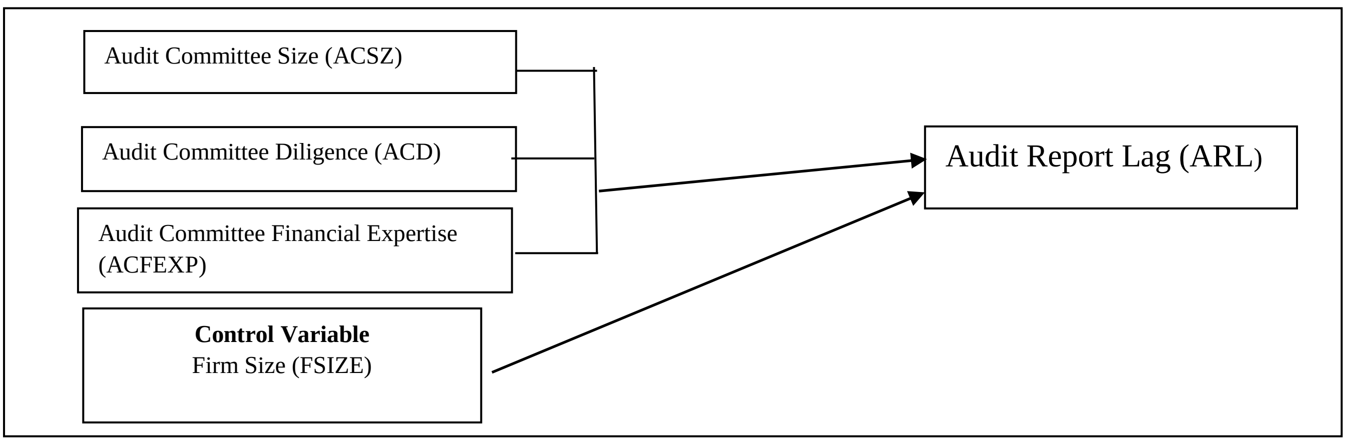
- **Ho_1:** Audit committee size has no significant impact on financial reporting lag of quoted financial services firms in Nigeria
- **Ho_2:** Audit committee diligence has no significant impact on financial reporting lag of quoted financial services firms in Nigeria
- **Ho_3:** Audit committee financial expertise has no significant impact on financial reporting lag of quoted financial services firms in Nigeria

Materials

Conceptual Framework

The independent variable in this study is audit committee characteristics represented by audit committee diligence (ACDL), audit committee size (ACSZ), and audit committee financial expertise (ACFEXP) while the dependent variable is financial reporting lag, which is proxied by Audit Report Lag (ARL) with a control variable of firm size (FSIZE). These variables make up the conceptual framework of this study.

Figure 1: The framework of the Study



Source: Adapted from Muazu *et al. (*2025)

Audit Committee Characteristics

The role of the Audit committee is to act as a link between management and the external auditors, and the board of directors and shareholders. The committee is made up of shareholders and non-executive directors. The most significant recent advancement in the corporate governance framework is the audit committee, which is anticipated to make a substantial contribution in this area (Modum *et al.*, 2023). According to Ibrahim and Musa (2020), committee members should have traits like integrity, devotion, and a full knowledge of the company's operations. Additionally, the Audit Committee makeup and the way they carry out their governance and oversight duties significantly impact the corporation's entire internal control system. Audit Committee is said to be essential for preserving transparency in a corporation. The board, which is in charge of developing plans to enhance the company's financial stability, includes the members of the AC. Therefore, the board of directors and CEO would be in a better position to develop effective strategies for raising the performance of the company if the audit committee gave them a fair image of the financial statements Bhardwaj and Rao (2015). In this investigation, three AC variables were used.

The audit committee's financial expertise describes the expert skills or knowledge in accounting and finance possessed by the members of the audit committee of a company. Afenya *et al.*, (2022) alluded that it is expected that every company must report whether any member of its audit committee is eligible for "audit committee financial expert" status under SEC requirements. Samuel *et al.* (2020) assert that an essential audit committee characteristic that has gained the attention of regulators, academicians and researchers is financial expertise.

Audit committee size

Most of the regulations including that of Nigeria require the provision of an equal number of shareholders and directors to run the audit committee (Hussaini & Adam, 2014). As highlighted earlier, section 359(6) of the Companies and Allied Matters Act CAMA requires every public company to have an audit committee which shall have a maximum of six members of equal representation by three shareholders and three directors (Bala, 2014). As stated by Temple *et al* (2016), the magnitude of the committee is the sum of memberships of the group chosen by the governing bodies. Where a large audit committee member exists, possible challenges emanating from financial reporting tasks likely have the likelihood of being exposed and settled. This depends on the situation where a considerable number of the size of the committee raises the available means to the committee and enhances the superiority of control, as previous studies have shown that audit committee size affects corporate disclosure (Majiyebo *et al.*, 2018).

Audit Committee Diligence

Audit diligence refers to the level of care, commitment, thoroughness, and timeliness with which audit committee members and auditors discharge their oversight responsibilities over the financial reporting process. In the context of this study, audit diligence is a critical governance mechanism through which audit committee characteristics influence the timeliness of corporate financial reporting among quoted industrial goods firms in Nigeria. It reflects the extent to which the audit committee actively monitors financial reporting activities, engages with internal and external auditors, and ensures compliance with applicable accounting standards and regulatory requirements (DeZoort *et al.*, 2002). Akowe *et al*, (2020) defines audit committee diligence as the number of meetings held by the audit committee members in a financial year. DeZoort (2002) opines that the number of committee meetings has an effect on audit committee effectiveness. Akowe *et al*. (2020) further explained that one of the ways to measure the diligence of the audit committee is by considering the number of meetings held. It is advisable that the audit committee should meet regularly, with due notice of issues to be discussed, and record its conclusions in discharging its duties and responsibilities.

Audit Committee Financial Expertise

Generally speaking, financial expertise is an important component of corporate boards. According to Idris *et al*., (2019) heterogeneous board is expected to bring about improvements to the firm in various ways and provide services that will protect the interests of shareholders. Soroushyar (2023) examined the relationship between the audit committee expertise and financial reporting quality of firms listed on the Tehran Stock Exchange for the period and found that audit committee expertise significantly reduced earnings management and improved compliance with International Financial Reporting Standards (IFRS). The study employed panel regression over a 10-year period, using discretionary accruals as a proxy for FRQ. It concluded that financial expertise enhances oversight effectiveness by equipping committee members with the knowledge needed to challenge management decisions.

Financial Reporting Timeliness

Financial reporting timeliness refers to the time interval it will take a company from the accounting year-end to the date the corporate reports are been released by the auditors. The International Accounting Standards Board (IASB) defined timeliness as efforts targeted at ensuring that all accounting information is ready and available such that their availability has the capacity of influencing the economic decisions of the generality of users (IASB, 2008). It is the process of ensuring that financial information is timely and supports relevant decisions, thereby reducing information asymmetry among stakeholders within identified capital markets (Owusu *et al.*, 2006). Research has shown renewed concerns on the concept of reporting timeliness given that the financial information of firms might become irrelevant to investors and other users owing to undue delays in making such information public as at when decisions are being made (Rahmawati, 2018).

Theoretical Review

This section explained the related theories on which the study is based. There are a number of theoretical perspectives which are used in explaining the effect of audit committee characteristics on financial reporting lag. This study embraces the agency theory and signaling theory

Agency Theory

The agency theory was postulated by two prominent scholars: Michael C. Jensen and William in 1976. H. Meckling Jensen and Meckling (1976) defined the agency theory as the relationship between principal and agent. Principals are shareholders in a company, while the agent is the management. The relationship between the principal and the agent based on existing contracts. Agency theory assumes that each party acting on their own interests. This study draws from the agency theory to explain the relationship between audit committee characteristics and timeliness of corporate financial reporting. Under the agency relationship, the owners (shareholders) delegate day to day management of the firm to the managers (agents) (Jensen & Meckling, 1976). Agency theory posits that there is a potential goal conflict in agency relationship such that the manager would pursue his goal at the expense of the owner. Such goal conflict could manifest in excessive consumption of perquisites, shirking responsibility (Watts & Zimmerman, 1986), sub-optimal investment decision for empire building (Hope & Thomas, 2008) and hoarding of vital information (Kothari *et al.*, 2009). To mitigate agency costs agency theorists recommend the institutionalization of corporate governance mechanisms amongst which is the audit committee. Assumptions of Agency Theory in Relation to the Study: The theory assumes that shareholders of quoted industrial goods firms in Nigeria are separate from management, creating a potential conflict of interest. Managers prepare financial statements, while shareholders rely on these reports for decision-making. Managerial Opportunism: Agency theory assumes that managers may deliberately delay the release of financial statements to conceal poor performance, earnings management, or inefficiencies. Such behaviour increases financial reporting lag if not effectively monitored. Information Asymmetry: Managers possess superior information about the firm's operations and financial position compared to shareholders. This information asymmetry enables managers to manipulate the timing of financial disclosures unless constrained by governance mechanisms such as audit committees. Strengths of Agency Theory in Explaining the Study: Agency theory clearly justifies the existence of audit committees as monitoring bodies that oversee management and reduce financial reporting lag through effective supervision of the reporting and audit process. Supports the Link between Governance and Timeliness: The theory provides a strong explanation for how audit committee characteristics such as independence and financial expertise can constrain managerial opportunism and promote timely release of financial statements. Weaknesses of Agency Theory in the Context of the Study: Overemphasis on Self-Interest- Agency theory assumes that managers in industrial goods firms are primarily self-interested, overlooking ethical values, professional standards, and reputational concerns that may also motivate timely reporting. Limited Consideration of Institutional Constraints: The theory does not fully account for external factors in Nigeria such as regulatory inefficiencies, infrastructural challenges, and audit capacity constraints that may contribute to financial reporting lag irrespective of audit committee effectiveness.

Underpinning Theory

Agency theory as developed by Jensen and Meckling (1976), is one of the most prominent frameworks in corporate governance research. The theory explains the relationship between principals (shareholders) and agents (managers), highlighting the conflicts that arise when the interests of these two groups diverge. Agency theory provides a robust framework for understanding the roles of audit committee characteristics enhancing financial reporting lag. Independent reduce information asymmetry by ensuring that financial reports accurately reflect the firm's performance. Similarly, high-quality audits enhance stakeholder trust by providing assurance that financial statements are free from material misstatements. Therefore, this study is anchored on agency theory because the theory emphasized that there is a potential goal conflict in agency relationship such that the manager would pursue his goal at the expense of the owner. To mitigate agency costs, agency theory emphasis the institutionalization of the audit committee as part of corporate governance mechanism. This is to increase their monitoring role on the management and auditors for timely financial reporting.

Empirical Review

Audit Committee Size and Financial Reporting Lag

Adebayo and Ibrahim (2026) examined the effect of audit committee characteristics on financial reporting lag of quoted financial services firms in Nigeria. The study specifically investigated audit committee size, independence, financial expertise, and meeting frequency as explanatory variables, while financial reporting lag was measured as the number of days between financial year-end and audit report date. Using a sample of 18 firms listed on the Nigerian Exchange Group over the period 2015–2024, the study employed panel regression analysis. The findings revealed that audit committee independence and financial expertise have a significant negative effect on financial reporting lag, indicating that more independent and financially literate committees enhance reporting timeliness.

Okonkwo and Eze (2026) investigated the relationship between audit committee characteristics and financial reporting lag among Nigerian listed financial institutions. The study adopted an ex-post facto research design and analyzed data from 20 firms between 2014 and 2023. Audit committee diligence, gender diversity, and independence were used as proxies for audit committee characteristics. The results from fixed effects regression indicated that audit committee meeting frequency significantly reduces financial reporting lag, while gender diversity exhibited a negative but insignificant effect. The study concluded that active audit committees enhance the speed of financial disclosures.

Ogunleye and Sanni (2025) examined the effect of audit committee characteristics on financial reporting lag of quoted financial services firms in Nigeria. The study focused on audit committee size, independence, and financial expertise, while financial reporting lag was measured as the number of days between year-end and audit report date. Using panel data from 2014–2023 for 17 firms, the study applied fixed effects regression analysis. The findings revealed that audit committee independence and financial expertise significantly reduce financial reporting lag, while audit committee size has no significant effect. The study concluded that competence and independence are key drivers of reporting timeliness.

Audit Committee Diligence and Financial Reporting Lag

Salami and Adeyemi (2026) assessed the impact of audit committee characteristics on financial reporting lag in quoted deposit money banks in Nigeria. The study covered a 10-year period (2013–2022) and utilized panel least squares regression. Audit committee financial expertise, size, and independence were examined. The findings showed that financial expertise significantly reduces reporting lag, while audit committee size increases reporting delay due to coordination challenges. Independence was found to have no significant effect. The study concluded that expertise is more critical than structural composition.

Ujunwa and Nwoye (2026) explored how audit committee characteristics influence financial reporting lag in Nigerian insurance firms. The study used a sample of 15 listed insurance companies from 2015 to 2024; the study employed generalized method of moments (GMM) to address endogeneity issues. The findings indicated that audit committee independence and gender diversity significantly reduce financial reporting lag, while meeting frequency had a marginal effect. The study concluded that diversity and independence improve oversight efficiency and recommended policies that encourage inclusion of female professionals in audit committees.

Okeke (2025) investigated the effect of audit committee characteristics on the financial performance of firms listed under insurance sector, on the Nigerian stock exchange group covering 2017 to 2021. Ex post facto research design was adopted as suitable which allowed the study to gather secondary data from annual reports of the firms. The insurance sector has twenty three firms listed under it from which seven were chosen as the sample size on the basis of judgment of the researcher. The data were analysed with the descriptive statistics, correlation and regression analysis. The results showed that audit committee meeting and audit committee independence have negative and no significant effect on financial performance of insurance firms.

Audit Committee Financial Expertise and Financial Reporting Lag

Olawale and Bello (2026) examined the effect of audit committee characteristics on financial reporting lag of listed financial services firms in Nigeria. The study used secondary data from 2012–2023 and applied random effects regression analysis. The results showed that audit committee diligence and financial expertise significantly reduce reporting lag, while committee size and independence were insignificant. The study emphasized that active participation and technical competence are more influential than structural composition. It recommended continuous training for audit committee members to enhance efficiency. The choice of random effects regression is not sufficiently justified. The study does not indicate whether a Hausman test was conducted to determine the appropriateness of random effects over fixed effects. This raises concerns about the consistency of the estimated coefficients.

Danladi and Musa (2026) analyzed the influence of audit committee characteristics on financial reporting lag among financial technology and service firms listed in Nigeria. The study covered 2016–2025 and employed dynamic panel regression. Audit committee independence, expertise, and size were examined. The findings revealed that independence and expertise significantly reduce reporting lag, while larger committee size contributes to delays. The study concluded that smaller, independent, and knowledgeable audit committees enhance reporting efficiency. The study recommended that firms should maintain a relatively small and efficient audit committee size. Since the study indicates that larger committees contribute to reporting delays, firms should avoid excessively large committees that may suffer from coordination and communication challenges. The study used right dynamic panel regression analysis but the study does not explicitly discuss the sources of endogeneity or how they are addressed.

Methods

In carrying out this study, an *ex-post facto* research design was used, because the study measures the effect of audit committee attributes and financial reporting lag of quoted industrial goods firms in Nigeria. The population of the study consist all the forty-five (45) financial services firms quoted on the Nigerian Exchange Group (NGX) as of 31st December 2024. After applying the filtering criteria, the study focused on a final sample of twenty-seven (27) financial service firms quoted on the Nigerian Exchange (NGX) Group, ensuring the analysis was based on relevant, high-quality, and complete financial data. This study employed secondary data sources by gathering information from the annual reports and financial statements of Nigerian financial service firms quoted on the Nigerian Exchange (NGX) Group. Data covering the period from 2015 to 2024 was extracted after applying a filtering process to NGX-listed firms, ensuring that only those meeting the specified criteria were included in the analysis. The study utilized panel data regression to examine the relationship between audit committee characteristics and financial reporting lag. The data were analyzed using Stata 17 software, employing a comprehensive set of statistical techniques to ensure robust and reliable results.

Model Specification

A functional relationship in the form of multiple linear regression models with dependent and independent is developed in order to accomplish the goals of this study and test the hypotheses. The regression models, adapted from Afenya (2024), are presented as follows:

Functional Relationship: Y = *f*(X)

Where:

- Y = dependent variable
- X = independent variables
- *f* = function of

Mathematical Forms:

ARL = *f*(ACD, ACS, ACFE, FSZ)

The econometrically, the model is stated thus:

$ARL_{it} = \alpha + \beta_1 ACD_{it} + \beta_2 ACSZ_{it} + \beta_3 ACFE_{it} + \beta_4 FSZ_{it} + e_{it}$……………………….(Model)

Where**:**

ARL= Audit Report Lag

ACDL = Audit Committee Diligence

ACSZ = Audit Committee Size

ACFEXP = Audit Committee expertise

FSIZE= Firm Size

ε = Error term

β_0 = intercept

i = period

t = time

B1- β_4 = the various slope coefficients of the explanatory variables.

Variable Measurement and Justification

Variable Name	Type	Variable Measurement and Justification
Audit Report Lag (ARL)	Dependent	Measured as Number of days from the date of financial year-end to the date of auditor sign the audit report,(Ogoun*et al.* 2020)
Audit Committee Diligence (ACDL)	Independent	Measured as the total number of meetings held by audit committee members per annum; (Nahla*et al.* 2019); and Okeoghene and Edirin (2019).
Audit Committee Size (ACSZ)	Independent	Measured as the total number of audit committee on the board; (Tinumbia *et al*. 2018)
AuditCommittee Financial Expertise(ACFEXP)	Independent	Measured as Proportion of audit committee members who have accounting or financial management knowledge in audit committee, Emeh&Ebimobowei (2013)
Firm Size (FSZ)	Control	Measured as log of total asset; Shhu andJibril (2019).

Source: Researcher's Compilation (2026)

Results and Discussion

Descriptive Statistics

Table 2 Summarises the descriptive statistics of the entire data set.

Variables	Obs	Mean	Std. Dev.	Min	Max
ARL	270	127.3136	28.5368	0.33	167
ACDL	270	3.9	0.7671	2	6
ACSZ	270	5.9370	0.2433	5	6
ACFEXP	270	0.4540	0.1002	0.33	0.75
FSZ	270	7.5329	0.9340	5.847	10.01

Source: Researcher's Computation using STATA 17 software (2026)

The descriptive statistics showed that over the period under study, audit committee characteristics measured by audit committee size (ACSZ), audit committee diligence (ACDL), audit committee financial expertise (ACFEXP) and Firm Size (FSZ) have positive mean value which ranges from 3.9 for audit committee diligence (ACDL), 5.9370 for audit committee size (ACSZ), 0.4540 audit committee financial expertise (ACFEXP) and 7.5329 for firm size (FSZ). The detail of the descriptive analysis is discussed below.

Table 2 showed that the audit report lag (ARL) has a minimum value of 0.33, a maximum value of 167 and a mean value of 127.3136 that is within the minimum and maximum values indicating a good spread within the period studied. The table also revealed that ARL has a standard deviation of 28.5368 that is less than the mean, which implies that it had slow growth for the period under review.

Table 2 also showed that audit committee diligence (ACDL) has a minimum value of 2, a maximum value of 6 and a mean value 3.9 that is within the minimum and maximum indicating a good spread within the period studied. The table also revealed that ACDL has a standard deviation of 0.7671 that is less than the mean, which implies that it had slow growth during the period under review.

Table 2 equally showed that the audit committee size (ACSZ) has a minimum value of 5, a maximum value of 6 and a mean value of 5.9370 that is within the minimum and maximum values indicating a good spread within the period studied. The table also revealed that ACSZ has a standard deviation of 0.2433 that is less than the mean, which implies that it had slow growth for the period under review.

Table 2 further showed that audit committee financial expertise (ACFEXP) has a minimum value of 0.33, a maximum value of 0.75 and a mean value of 0.4540 that is within the minimum and maximum indicating a good spread within the period studied. The table also revealed that ACFEXP has a standard deviation of 0.1002 that is less than the mean, which implies that it had slow growth during the period under review.

Table 2 showed that the firm size (FSZ) has a minimum value of 5.847, a maximum value of 10.01 and a mean value of 7.5329 that is within the minimum and maximum values indicating a good spread within the period studied. The table also reveals that FSZ has a standard deviation of 0.9340 which is less than the mean, which implies that it had slow growth for the period under review.

Normality Test (Shapiro Wilk)

The decision rule is that the data is symmetrically (normally) distributed with p-value higher than 0.05 or asymmetrically (abnormally) distributed with p-value less than or equal to 0.05 around the mean.

Table 3: Shapiro-Wilk W test for normal data

Variable	Obs	W	V	z	Prob>z
ARL	270	0.6566	66.645	9.807	0.0000
ACDL	270	0.9661	0.552	-1.387	0.0000
ACSZ	270	0.9009	19.226	6.904	0.9173
ACFEXP	270	0.9670	6.389	4.331	0.0000
FSIZE	270	0.9075	17.947	6.743	0.0000

Source: Researcher's Computation using STATA 17 software (2026)

Table 3 above displays the normality test using Shapiro Wilk on both independent variables (audit committee diligence (ACDL), audit committee size (ACSZ) and audit committee financial expertise (ACFEXP) with a control variable of firm size (FSZ). The rule is that the data is symmetrically (normally) distributed with p-value higher than 0.05 or asymmetrically (abnormally) distributed with p-value less than or equal to 0.05 around the mean. Thus in the table the variables are not normally distributed evidenced by p-value of 0.0000. Based on the Shapiro–Wilk test with p = 0.0000, it is concluded that the variables are not normally distributed.

Test for Autocorrelation

Table 4 presents the result of the Wooldridge test for serial correlation.

Wooldridge test for autocorrelation in panel data	
H0 =	no first-order autocorrelation
F(1, 214) =	19.65
Prob > F =	0.0000

Source: Researcher's Computation using STATA 17 software (2026)

The Wooldridge test for serial correlation is significant at 0.000 indicating the presence of first-order autocorrelation as shown in Table 4 above.

Pearson Correlation

Below shows the coefficient in the Pearson Correlation test for multicollinearity among the independent variables in the study. The decision rule is to accept the presence of multicollinearity among the independent variables if correlate above 0.8, otherwise reject the presence of multicollinearity in the model if no two independent variables correlate above 0.8 (Gujarati *et al.* 2012)

Table 5 Correlation Test

Variable	ARL	ACDL	ACSZ	ACFEXP	FSZ
ARL	1.000				
ACDL	0.1307	1.000			
ACSZ	0.0524	0.0856	1.000		
ACFEXP	0.0503	0.0585	0.0791	1.000	
FSZ	0.0174	0.0084	0.0397	-0.1211	1.000

Source: Researcher's Computation using STATA 17 software (2026)

The correlation matrix determines the degree of relationships between the proxies of an independent variable and the dependent variable. It is also used to show whether there are associations among the proxies of independent variables themselves, to detect if a multicollinearity problem exists in the model. The result from table 5 shows that there exists 13% positive and weak relationship between audit committee diligence (ACDL) and audit report lag (ARL) of quoted financial services firms in Nigeria from the correlation coefficient of 0.1307. The table also shows that there is 5% positive and weak relationship between audit committee size (ACSZ) and audit report lag (ARL) of quoted financial services firms in Nigeria from the correlation coefficient of 0.0524.

Furthermore, the table shows 5% positive and weak relationships between audit committee financial expertise (ACFEXP) and audit report lag (ARL) of quoted financial services firms in Nigeria from the correlation coefficient of 0.0503. Also, the table showed 1% positive and weak association between firm size (FSZ) and audit report lag (ARL) of quoted financial services firms in Nigeria from the correlation coefficient of 0.0174. Finally, the relationships between proxies of independent variables themselves suggest being mild as all coefficients are below the threshold of 0.80 as suggested by (Gujarati, 2003) which indicates there is no presence of multicollinearity in the model.

Variance Inflation Factor (VIF)

Table 6: Variance Inflation factor

Variable	VIF	1/VIF
ACFEXP	1.03	0.9755
FSZ	1.02	0.9827
ACSZ	1.02	0.9848
ACDL	1.01	0.9898
Mean VIF	1.02	

Source: Researcher’s computation using STATA 17 software (2026)

Another test for collinearity is VIF which suggests presence of Multicollinearity if the VIF is more than 10 (Gujarati *et al*. 2012). In the table, the VIF is 1.02 which affirms absence of collinearity in the model. Also, the inverse VIF 1/VIF is less than 1 which also indicate non- existence of collinearity.

Heteroscedasticity Test Results

The decision rule is to reject the null hypothesis of constant variance if the model has p-value less than or equal to critical p-value of 0.05 or accept the hypothesis if the p-value is higher than the critical value of 0.05.

Table 7: Heteroscedasticity test

Type of test	Chi2	Prob Chi2
Heteroskedasticity	41.11	0. 0000

Source: Researcher’s computation using STATA 17 software (2026)

Table 7 showed the heteroskedasticity test using Breusch-Pagan/Cook-Weisberg method to determine the stability of the residual variance in the model. The decision rule is to reject the null hypothesis of constant variance if the model has p-value less than or equal to critical p-value of 0.05 or accept the hypothesis if the p-value is higher than the critical value of 0.05. From the table, the model has p-value of 0.0000 which is less than 0.05 hence the null hypothesis of constant variance is accepted. This implies that the alternative which implies absence of heteroskedasticity in the model is accepted. This indicates strong predicting value.

Pooled Effect Vs Random effects Model

The first stage of the panel data analysis involves determining the best panel approach to be used. The decision to use the pooled effect model or random effect model is by conducting the Breuschi-Pagan Lagrangian Multiplier test for random effects. The Lagrangian Mutiplier test examines the present of unobserved effects in the random effect model. If the calculated value of the test exceeds the critical value (in other words significant of chi-square), null hypothesis is rejected and the random effects model of panel data is chosen or vice versa.

Breusch-Pagan Lagrangian Multiplier Test

The Lagrangain Multiplier test examines the presence of unobserved effect in the random effect model. If the calculated value of the test exceeds the critical value (p-value less than 0,05), the null hypothesis is rejected and the random effect model of panel data is chosen and vice versa.

Table 8: Breusch and Pagan Lagrangian multiplier test

Variable	Chi2	P-Chi2
ARL	819.34	0.0000

Source: Researcher’s computation using STATA 17 software (2026)

From table 6, the chi2 result is 819.34 with corresponding probability of 0.0000. The model multiplier result is significant as p-value is less than 0.05. Since the multiplier result is 0.0000 then the random model is the appropriate estimation technique for the study.

Hausman Specification Test

Decision rule for Hausman Test is that if the p-value is equal to or less than 0.05, the null hypothesis which states that the model is Random (not systematic) is rejected indicating that fixed effect is appropriate for the study. However, if the p-value is more than 0.05, then null is accepted and the appropriate estimation model is random.

Table 9: below presents the result of a Hausman specification test conducted.

Type of test	Chi2	P-Chi2
Hausman Test	2.89	0.5757

Source: Researcher’s computation using STATA 17 software (2025)

From Table 9, the Chi2 p-value is 2.89 and p-value of 0.5757 which is greater than 0.05 thus the random model is used for the study.

The Results of Random Effect Regression Model

Table 10: Random Effect Regression Model Conducted

Variable	**Coefficients**	**z-value**	**Prob.**
ACDL	0.4305	0.43	0.666
ACSZ	5.3898	1.79	0.073
ACFEXP	13.1903	-1.74	0.083
FSZ	-1.1893	-0.59	0.557
_Cons.	108.5832	4.51	0.000
R-sq overall	0.0252		
Wald Chi2	5.99		
Prob. >Chi2	0.2000		

Note: ***1% and **5% Significance levels

Source: Researcher’s Computation using STATA 17 software (2026)

Table 10 above showed that 3% variation of audit report lag (ARL) is predicted by the combined effect of audit committee diligence (ACDL), audit committee size (ACSZ), audit committee financial expertise (ACFEXP) and firm size (FSZ) with (Overall R-sq of 0.0252).The Wald chi2 value 5.99 with a Prob>chi of 0.2000 signified that the model is fit for the study. This indicated that the model of the study is fit and the independent variables are properly combined and used.

Test of Hypotheses

The decision rule is to reject the null hypothesis if the p-value is less than or equal to 0.05 and accept the alternative hypothesis but where higher than 0.05, the null hypothesis is accepted and alternative rejected.

To examine the effect of audit committee characteristics on financial reporting lag of quoted financial services firms in Nigeria, the formulated hypotheses were tested using a random effect regression model.

- **Ho$_1$:** Audit committee diligence has no significant effect on audit report lag of quoted financial services firms in Nigeria.

The results in Table 10 above showed that ACDL has a z-value of 0.43 with a coefficient of 0.4305 and the corresponding p-value of 0.666 indicated that audit committee diligence has an insignificant positive effect on audit report lag of quoted financial services firms in Nigeria for the period under review. Based on this, the null hypothesis which says that audit committee diligence has no significant effect on audit report lag of quoted financial services firms in Nigeria is accepted.

- **Ho$_2$:** Audit committee size has no significant effect on audit report lag of quoted financial services firms in Nigeria.

Table 9 equally indicated that ACSZ has a z-value of 1.79 with a coefficient of 5.3898 and the corresponding p-value of 0.073 showed that audit committee size has a significant positive effect on audit report lag of quoted financial services firms in Nigeria for the period under review. Based on this, the null hypothesis which says that audit committee size has no significant effect on audit report lag of quoted financial services firms in Nigeria is rejected.

- **Ho$_3$:** Audit committee financial expertise has no significant effect on audit report lag of quoted financial services firms in Nigeria.

Table 10 also revealed that ACFEXP has a z-value of -1.74 with a coefficient of 13.1903 and the corresponding p-value of 0.083 showed that audit committee financial expertise has an significant positive effect on audit report lag of quoted financial services firms in Nigeria in Nigeria for the period under review. Based on this, the null hypothesis which says that Audit committee financial expertise has no significant effect on audit report lag of quoted financial services firms in Nigeria is rejected.

Table 10 finally revealed that the z-value of -0.59 with a coefficient of -1.1893 and the corresponding p-value of 0.557 showed that firm size has an insignificant positive effect on share price of quoted financial services firms in Nigeria for the period under review.

Discussion of Findings

- This study revealed that audit committee diligence has an insignificant positive effect on audit report lag of quoted financial services firms in Nigeria.
- This study finally revealed that audit committee size has a significant positive effect on audit report lag of quoted financial services firms in Nigeria.
- This study finally revealed that audit committee financial expertise has a significant positive effect on audit report lag of quoted financial services firms.

Conclusion and Recommendations

Conclusion

In conclusion, the study on the effect of audit committee characteristics on audit report lag of quoted financial services firms in Nigeria demonstrates that the composition and effectiveness of the audit committee play a critical role in determining the timeliness of financial reporting. The findings indicate that key attributes such as audit committee independence and financial expertise contribute significantly to reducing audit report lag, as they enhance oversight quality, improve coordination with external auditors, and facilitate faster resolution of reporting issues.

Recommendations

Based on the above conclusions, the following recommendations are made:

- Firms should ensure that audit committees meet regularly and maintain high levels of engagement in financial reporting and audit processes. Increased frequency of meetings and active participation by members will enhance monitoring effectiveness, facilitate timely resolution of audit issues, and ultimately reduce audit report lag.
- Firms should maintain an optimal committee size that promotes efficiency without compromising diversity of expertise. Oversized committees may lead to coordination difficulties and slower decision-making, thereby increasing reporting delays.
- Firms should prioritize the appointment of members with strong accounting, auditing, and financial management knowledge. Financially literate committee members are better equipped to understand complex financial issues and ensure quicker completion of audit processes.

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