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AUDIT COMMITTEE STRUCTURE AND TIMELINESS OF FINANCIAL REPORT OF COMPANIES IN NIGERIA

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ABSTRACT
The study investigated the effect of audit committee structure on timeliness of financial report within the context of listed industrial goods companies in Nigeria. Specifically, the study examined, the frequency of audit committee meetings, the size of the audit committee, and the presence of non-executive directors on financial reporting lag. Employing an ex-post facto research design, the investigation focuses on 13 industrial goods companies listed on the Nigerian Exchange Group (NGX) between 2018 and 2022, drawing from secondary data sources such as annual reports. The study found a positive effect of audit committee meetings on audit reporting lag, suggesting that increased meeting frequency may inadvertently prolong the reporting process. Also, it found the significant effect of audit committee size on reporting lag, indicating that larger committees tend to experience prolonged reporting periods. Lastly, the presence of non-executive directors on the audit committee emerges as a contributing factor to extended reporting delays. Based on these findings, the study recommended that companies to prioritize the efficacy of audit committee operations, carefully deliberate on committee composition, and adhere steadfastly to best practices in corporate governance to streamline audit reporting processes.
KEYWORDS: *Audit committee, Timeliness, Reporting Lag*

INTRODUCTION

Corporate firms are complex organizations that require effective governance structures to ensure accountability, transparency, and the protection of stakeholders' interests. One of the primary concerns for corporate firms is the accuracy and reliability of their financial reporting. To mitigate risks related to financial mismanagement and ensure compliance with regulatory requirements, firms establish an audit committee (Contessotto & Moroney, 2014). The need for audit committees arises from the growing demand for greater transparency and oversight in corporate financial practices, particularly after notable corporate scandals like Enron and WorldCom. These events highlighted the importance of having independent bodies within firms to oversee financial reporting and ensure compliance with ethical standards (Afify, 2019).

The structure of the audit committee is integral to its effectiveness in achieving these goals. Typically, an audit committee is composed of members of the board of directors, with a focus on independence and expertise. For the committee to function efficiently, it is crucial that its members are independent non-executive directors, free from ties to management that could create conflicts of interest (Herdjiono & Sari, 2017; Kallamu & Saat, 2015). In many countries, corporate governance codes stipulate that audit committees should consist predominantly of independent members, with at least one member possessing financial expertise, as mandated by the Sarbanes-Oxley Act of 2002 in the U.S. (Cohen, Krishnamoorthy, & Wright, 2004). This ensures that committee members have the necessary knowledge and objectivity to oversee financial reporting. Another important factor in audit committee structure is its size. Research indicates that the size of the audit committee affects its ability to function effectively. Smaller committees may struggle with insufficient expertise and viewpoints, while larger committees may face coordination challenges, leading to inefficiencies. Most corporate governance guidelines recommend that audit committees should have between three and five members to strike the right balance between diversity of expertise and the ability to make timely, effective decisions (Yasser & Al-Hroot, 2018).

The frequency of meetings is also a key component of audit committee structure. Frequent meetings enable the committee to continuously monitor the firm's financial reporting processes, identify potential risks, and address issues

as they arise. Studies show that more frequent audit committee meetings are associated with higher-quality financial reporting because they provide greater oversight and enable quicker responses to problems (Ogoun, 2020; Beasley, 1996; Beasley, Carcello, Hermanson & Lapides, 2000; Agrawal, & Chadha, 2005; Abdullah, Ismail, & Jamaluddin, 2008; Kalbers, 2009; Law, 2011; Akeel & Denis, 2012; Giulia & Andrea, 2012; Huang et al., 2013; Ogoun & Owota, 2019). Therefore, audit committees in firms with complex financial structures or higher risks tend to meet more often to ensure that financial controls are properly maintained.

The timeliness of financial reporting is crucial for the effective functioning of capital markets and for decision-making by investors, regulators, and other stakeholders. Timely financial reports provide relevant information that helps users assess a company's financial health and make informed decisions. An effective audit committee plays a vital role in ensuring the promptness of financial reporting by overseeing the processes involved in preparing and auditing the financial statements. A well-structured audit committee can facilitate timely financial reporting by ensuring that management adheres to reporting deadlines and that external audits are completed without unnecessary delays (Mohiduddin & Karbhari, 2010).

The structure of the audit committee, including its independence, size, financial expertise, and meeting frequency, directly impacts its ability to ensure timely financial reporting. An independent and financially knowledgeable audit committee is better positioned to scrutinize management's actions, reducing the risk of delays in financial disclosures. Similarly, audit committees that meet frequently are more likely to identify and address issues that could cause reporting delays (Ogoun & Atabgoro, 2019). By maintaining effective communication with internal and external auditors, a well-structured audit committee ensures that any issues arising during the auditing process are resolved efficiently, leading to timely submission of financial reports. Despite the importance of the audit committee in promoting timely financial reporting, there is limited empirical evidence examining the specific impact of audit committee structure on the timeliness of financial reports. This gap in the literature presents an opportunity for further research. Therefore, this study aims to investigate the effect of audit committee structure—focusing on its composition, size, and frequency of meetings—on the timeliness of financial reports of companies in Nigeria.

LITERATURE REVIEW

Audit Committee

Corporate governance is a vital aspect of business management, encompassing the structures, processes, and mechanisms by which an organization is directed and controlled. It serves as a framework to ensure transparency, accountability, and ethical conduct within a company, promoting the interests of all stakeholders involved (Ogoun & Obara, 2013; Ogoun & Atabgoro, 2019). Corporate governance plays a pivotal role in maintaining the integrity and sustainability of businesses. It encompasses a wide range of elements, including the board of directors, executive management, shareholders, and other stakeholders. One of the key components of corporate governance is the audit committee. This committee is responsible for overseeing the financial reporting process, ensuring the accuracy and reliability of financial statements, and assessing the effectiveness of internal control systems (Efobi & Okougbo 2014; Dabor & Mohammed, 2015). The audit committee acts as an independent body within the organization, separate from management, to enhance the credibility and transparency of financial reporting.

The concept of the audit committee has evolved over time, reflecting the changing dynamics of corporate governance. In the past, audit committees were primarily focused on financial audits and compliance with legal requirements. However, in recent years, their role has expanded to encompass broader responsibilities, including risk management, internal control evaluation, and oversight of the external audit process (Moses, 2016; Sadiq & Emmanuel 2017). When examining the characteristics of audit committees in Nigerian firms, it is essential to consider the unique context and challenges they face. According to a study conducted by Joseph et al. (2018), Nigerian firms often have larger audit committees compared to their international counterparts. This may be attributed to the complex business environment in Nigeria, which requires a greater level of oversight and control. Additionally, the study found that audit committees in Nigerian firms tend to have a higher proportion of independent directors, reflecting the emphasis on independence and objectivity in corporate governance practices.

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Timeliness of Financial Report

Timeliness of financial report also referred to reporting lag is a crucial aspect of corporate governance, representing the time delay between the end of a company's financial reporting period and the issuance of its audited financial statements. This lag is a critical element in the overall transparency and accountability of a firm's financial reporting, linking it directly to the principles of corporate governance. Corporate governance involves the structures and processes by which companies are directed and controlled, ensuring that the interests of stakeholders, particularly shareholders, are safeguarded. The timeliness of financial reporting, reflected in financial reporting lag, is integral to maintaining the trust and confidence of investors and other stakeholders. The concept of financial reporting lag can be understood through various meanings, each emphasizing the importance of timely and reliable financial information. Scholars like Illaboya and Christian (2014) define audit lag as the time between a firm's fiscal year-end and the issuance date of its audit report. A shorter financial reporting lag is generally considered favorable, as it provides stakeholders with more timely information for decision-making and enhances corporate transparency.

Nigeria, like many other emerging economies, has experienced changes in its regulatory environment and accounting standards. The examination of financial reporting lag in the Nigerian context is relevant for understanding the efficiency and effectiveness of the financial reporting process in the country. Studies on financial reporting lag in Nigeria have explored factors influencing the delay in financial reporting. Research by Reheul et al. (2014) identified factors such as firm size, profitability, leverage, and external audit as significant determinants of financial reporting lag among Nigerian listed firms. Understanding these factors is crucial for both practitioners and policymakers in developing strategies to reduce reporting delays and enhance the overall transparency of the financial reporting system. Efforts to address financial reporting lag often involve regulatory interventions, such as the enforcement of reporting deadlines and the implementation of more stringent auditing requirements.

Signal Theory

Signal Theory, also known as Signaling Theory, emerged in the field of economics and information theory. The theory has roots in the work of Michael Spence, who introduced it in the early 1970s (Connelly et al. 2011). Spence's notable contribution to Signal Theory earned him the Nobel Prize in Economic Sciences in 2001. The fundamental idea behind Signal Theory lies in the concept of signaling as a means of conveying information in situations where parties have asymmetrical information. In the context of corporate governance, Signal Theory posits that firms use various signals to communicate private information to external stakeholders, particularly investors. These signals are observable actions or attributes that provide insights into the firm's underlying qualities or prospects (Huggins, 1956).

Impactive governance practices serve as signals to external parties, indicating the commitment of the firm to transparency, accountability, and alignment with shareholder interests. For instance, the establishment of audit committees, and the adoption of stringent financial reporting practices can be viewed as signals of the firm's commitment to sound corporate governance (BliegeBird & Smith, 2005). Through the lens of Signal Theory, researchers explore how these attributes serve as credible signals to mitigate information asymmetry (Macmillan, 2002). Transparent and reliable financial reporting practices, supported by strong governance mechanisms, send positive signals to the market. These signals, in turn, reduce uncertainty and enhance the credibility of the information provided by the firm. Investors and stakeholders interpret governance attributes as indicators of the firm's commitment to ethical conduct and value creation. In the context of financial reporting lag, impactive governance signals may lead to more timely and accurate disclosures.

Empirical Review and Hypotheses Formulation

Aldamen et al. (2012) investigate the correlation between governance-enhancing characteristics of audit committees (AC) and their ability to mitigate the impact of significant adverse economic events, such as the Global Financial Crisis (GFC), on firm performance. The central question addressed is whether specific AC attributes can act as a buffer during times of financial distress. Smaller audit committees, particularly those with greater experience and financial expertise, exhibit a positive association with firm performance in the market. Conversely, the study observe a negative impact on accounting performance when audit committee chairs have longer tenures.

Zraiq aand Fadzil (2018) examined the association between audit committee and firm performance of the Jordanian firms. This study used OLS regression to test the relationship between independent variable and dependent variable

as discussed in the section explaining the study method. The data comprised of 228 firms industrial and services. As this study Jordan attempts to bridge the gap. in the existing literature by investigating the association between audit committee and firm performance in the emerging market of Jordan. The findings indicated a positive direction but insignificant relationship between audit committee size and ROA. Whereas, audit committee size with EPS is positive direction and significant. Farther more, the result shows audit committee meetings significant and positive direction with ROA. Correspondingly, audit committee meetings with EPS represent positive direction but insignificant.

Zhou et al. (2018) investigates whether the characteristics of boards of directors and audit committees and the formation of the latter are associated with firm performance. Agency theory suggests that well-governed firms perform relatively better than their poorly-governed counterparts. However, resource dependency theory suggests that a board with more insider directors could have more expertise on how to better operate the firm, thus contributing to better firm performance. Using a sample of firms publicly traded on the Athens Stock Exchange during 2008–2012, we find that those having large-sized boards performed better, but firms having more independent board members performed poorly. We also find that firms with small-sized boards and those with boards having more independent members are more likely to form audit committees, but we failed to find any association between audit committee characteristics and firm performance. In addition, we do not find a negative relation between board independence and future firm performance. These findings suggest that boards of Greek firms take more active role in advising than monitoring.

Alqatamin (2018) investigate the impact of audit committee characteristics on the company's performance. The sample consists of 165 non-financial companies listed on the Amman Stock Exchange (ASE) over the period 2014-2016. The results of the study show that the audit committee size, independence and gender diversity have a significant positive relationship with firm's performance, whereas experience and frequency of meetings has an insignificant association. The results of the study could be beneficial for managers and boards in making suitable choices about audit committee characteristics and corporate governance mechanisms to enhance the company's performance. The study gives policy makers a better understanding of the different characteristics required of an audit committee, for incorporation in future policy preparation to protect the shareholders' interests. The relationship between audit committee characteristics and company performance is still ambiguous.

Ibadin et al. (2012) examine the relationship between corporate governance variables, corporate attributes variables and timeliness in a developing country, Nigeria. Using a sample of 118 listed companies on the Nigerian Stock Exchange (NSE), the study depended on the use of descriptive statistics and the Ordinary Least Square (OLS) regression analysis. From the study, there appears to be evidence of an unusually long time lag made by Nigerian listed companies included in this study. The average total lag between the end of the year and the AGM is 193 days which equates to over six months for Nigerian companies. The study similarly tested for the relationship between board independence, board size, company size, leverage, profitability, audit firm size, audit delay and the timeliness of financial statements. Of all the variables examined, none of the variables where found to be statistically significant except for audit delay. Clearly from the study, we discovered that most of the companies on the NSE are not complying with the laid down stipulations guiding the submission of financial statements and as such it is highly recommended that the NSE, Securities and Exchange Commission (SEC), Financial Reporting Council (FRC), the Central Bank of Nigeria (CBN), and other regulatory agencies should put in place measures to ensure strict compliance with the laid down rules and regulations.

Ahmed and Che-Ahmad (2016) examines the impacts of Corporate Governance Characteristics on audit report lag (ARL) of listed banks in Nigeria. Fourteen banks were used in the study. The study covers a five year period from 2008 to 2012. Findings of the study based on robust OLS model indicate that audit quality represented by the Big 4 firms has a significant impact on ARL. Board meetings, board size, total assets and board gender have significant positive associations with ARL. However, the study did not find a significant relationship between board expertise, risk committee size and audit committee size on ARL. Generally, shareholders should maintain the use of big 4 so that report is presented at the right time to enhance confidence of the stakeholders as well as regulators. The current study dwelled on few corporate governance characteristics of the listed banks. Other potentials variables such as Company complexity, ethnicity, leverage and IFRS complexity is not included and beyond the scope of this study. Their inclusions could have given clearer picture of the determinants of Audit Report Lag in Nigerian listed banks.

Al-Daoud et al. (2015) explores the influence of board independence, board size, CEO duality, board diligence, board financial expertise and presence of audit committee as well as the type of sector on the timeliness of financial reports among selected Jordanian companies.The timeliness of the financial reports is measured by audit report lag (ARL) and management report lag (MRL).This study covers 112 firms listed on the Amman Stock Exchange for the years 2011 and 2012. The results of the ARL model indicate that companies that have members of board who are independent from management take a significantly shorter time to prepare and issue their financial reports. The results indicate that companies with greater number of board of directors are related with a higher audit report lag. The results also show that companies that separated the CEO and chairman's roles are quicker in publishing financial reports than companies combining the roles of CEO and chairman.In addition, boards of directors with more meetings make the audit report lag shorter. The findings also support that argument that the existence of an audit committee could resolve the information asymmetry between management and external auditors that, in turn, would lead to reduced audit report lag and management report lag.However, the results of the MRL model show that management report lag is related positively to large board size and board diligence and negatively to the existence of audit committee.

Arianpoor (2019) assess the impact of audit report lag, institutional ownership, and board characteristics on the financial performance of listed firms on the Tehran Stock Exchange. 126 firms were assessed for this study during 2013-2017. To assess the firm performance, two criteria of ROE and ROA were used, and Audit Report Lag is measured via the number of days between the end of the fiscal year of the firm and the date of the audit report. Results show that audit report lag has a negative and significant relationship with ROA and ROE and a decrease in the number of days spent by independent auditors for signing annual reports would probably lead to the enhancement of firm performance. Moreover, board independence and board size have a negative impact on firm performance, while institutional ownership has a positive impact on firm performance and gender diversity of board members has no impact on firm performance.

Warrad (2018) explore the association between corporate governance characteristics and the audit report lag (ARLAG) within listed Jordanian Banks from 2014 to 2016. Employing statistical measurements and tools, the study aims to elucidate relationships and test hypotheses. The findings indicate a significant correlation between corporate governance characteristics and ARLAG, both collectively and individually concerning board size (BORSIZE), board diligence (BORDEL), audit committee size (ACSIZE), and audit committee diligence (ACDEL). Notably, these relationships are controlled by variables such as return on equity (ROE) and company size (COMSIZE). The study reveals a significant association between corporate governance characteristics and audit report lag, specifically concerning board size, board diligence, audit committee size, and audit committee diligence. The relationships are influenced by variables such as return on equity and company size.

Amari and Jarboui (2013) undertakes an empirical exploration into the intricate relationship between the timeliness of financial reporting and corporate governance proxies for companies enlisted on the Tunisian stock exchange in 2009. Employing a multivariate analysis, the study navigates through the corporate landscape, examining the impact of ownership concentration, CEO's duality function, and positive news on the interim period between auditors' signature dates and the subsequent publication dates. The results of the investigation shed light on the significant impact of ownership concentration, CEO's duality function, and positive news on the interim period between auditors' signature dates and publication dates. These factors collectively contribute to influencing the timeliness of the release of financial statement information to the public.

Pucheta-Martinez and Garcia-Meca (2014) examines how the presence of representatives of institutional investors as directors on boards or on audit committees enhances financial reporting quality, reducing the probability that the firm receives qualified audit reports. The study focus on directors who maintain business relations with the firm on whose board or committee they sit (pressure-sensitive directors). The study results suggest that institutional directors are impactive monitors, which leads to higher quality financial reporting and, therefore, a lower likelihood that the firm receives a qualified audit report. Consistent with the relevant role of business relations with the firm, we find that directors appointed to both boards and audit committees by pressure-sensitive investors have a larger impact on financial reporting quality as it is more likely that the auditor issues an unqualified audit opinion.

Hypotheses

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The following null hypotheses are adopted for the study:
H_o1. Audit committee meeting do not have a significant influence on audit report lag of listed industrial goods companies in Nigeria.
H_o2. Audit committee size do not have a significant effect on audit report lag of listed industrial goods companies in Nigeria.
H_o3. Audit committee non-executive directors do not have a significant effect on audit report lag of listed industrial goods companies in Nigeria.

METHODOLOGY

The research design utilized in this study is ex-post factor research design. The population of this study constitute 13 industrial goods companies listed in the Nigerian Exchange Group (NGX). Secondary data sources, such as extracts from annual reports of the industrial goods companies was used and the years under study was from 2018 to 2022. Descriptive Statistics was employed to collect quantitative secondary data because it is the most prevalent statistical technique utilized. The coefficients from the estimation were obtained using the Ordinary Least Squares (OLS) estimation method, and other statistical features were used to judge effect between the variables used for this investigation. To investigate the link between the independent and dependent variables, the data was analyzed using E-views 9.0.
The model is specified in line with objectives and hypothesis of the study. The functional model is therefore stated as follows;

$$FinReportLag = f(ComMeet, ComSize, ComNonExec) \quad \text{eq. 3.1}$$

Explicitly Written As

$$FinReportLag = \beta_0 + \beta_1 ComMeet + \beta_2 ComSize + \beta_3 ComNonExec + \varepsilon \quad \text{eq.3.2}$$

Where;
FinReportLag = Financial reporting Lag (the number of day it takes for the companies to release their audited financial statement)
ComMeet = Audit Committee Meeting (the number of time the firm's audit committee met during the financial year)
ComSize = Audit Committee size (representing the number of persons that make up the audit committee of the firm during the financial year)
ComNonExec = Audit committee Non executive director (this represent the number of non executive director inside the audit committee)
$\beta 0$ = intercept term
$\beta 1, \beta 2, \beta 3$= coefficients of the independent variables
ε= error term

RESULTS, CONCLUSION AND RECOMMEDATIONS

Descriptive Result
Descriptive Analysis

	FinRepLag	ComMet	ComSize	NonExc
Mean	95.73223	11.43333	5.633333	7.233333
Median	93.00000	11.23000	6.000000	7.000000
Maximum	239.0000	16.00000	9.000000	11.00000
Minimum	1.000000	7.000000	3.000000	4.000000
Std. Dev.	45.45434	2.350382	1.057125	1.797990
Skewness	0.867476	0.449419	0.426590	0.422636
Kurtosis	3.951806	2.204018	4.181627	2.251902
Jarque-Bera	9.789982	3.603746	5.310398	3.185339
Probability	0.007484	0.164990	0.070285	0.203382
Sum	5744.000	662.0000	338.0000	434.0000
Sum Sq. Dev.	121899.7	325.9333	65.93333	190.7333
Observations	**50**	**50**	**50**	**50**

Source: E-views 9

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The descriptive statistics result in the table above reveals the variables under study regarding the financial reporting lag and various audit committee characteristics of listed industrial goods companies in Nigeria. The mean financial report lag stands at 95.73 days, with a median of 93 days, indicating a relatively symmetric distribution but with some variability as evidenced by the standard deviation of 45.45 days. The positive skewness (0.867) suggests that the distribution is slightly skewed to the right, implying that there are some extreme values leading to a longer financial reporting lag than the average.

Regarding audit committee characteristics, the mean number of audit committee meetings is 11.43, with a median of 11.23. The distribution is relatively symmetrical, as indicated by a skewness close to zero, but with some mild positive skewness, suggesting slightly more occurrences of higher values. The mean audit committee size is 5.63 members, with a median of 6 members, indicating that most committees have a size close to the median. Similarly, the mean number of non-executive directors on audit committees is 7.23, with a median of 7, suggesting a relatively balanced distribution. However, the skewness and kurtosis values indicate some departure from normality, potentially indicating the presence of outliers or extreme values in the data.

Regression Analysis
Dependent Variable: FinRepLag
Method: Least Squares
Date: 09/07/24 Time: 19:21
Sample: 1 50
Included observations: 50

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ComMet	0.445780	1.993386	0.482991	0.0310
ComSize	01.82176	2.368431	0.015814	0.0486
NonExc	0.035006	2.783436	0.388043	0.0203
C	-46.53422	16.96063	-1.259021	0.2132

R-squared	0.231761	Mean dependent var	95.73333
Adjusted R-squared	0.190605	S.D. dependent var	45.45434
S.E. of regression	40.89363	Akaike info criterion	10.32417
Sum squared resid	93648.18	Schwarz criterion	10.46379
Log likelihood	-305.7250	Hannan-Quinn criter.	10.37878
F-statistic	5.631314	Durbin-Watson stat	1.716404
Prob(F-statistic)	0.000911		

Source: E-views 9
The regression results reveals effect of three audit committee characteristics: audit committee meetings (ComMet), audit committee size (ComSize), and the number of non-executive directors on the audit committee (NonExc) on financial reporting lag (FinRepLag). The coefficient for ComMet is 0.446, indicating that for each additional audit committee meeting, there is an increase in financial reporting lag by approximately 0.446 days. However, the coefficient is not statistically significant at conventional levels ($p = 0.0310$), suggesting caution in interpreting this result.

Similarly, the coefficient for ComSize is 1.822, implying that an increase in audit committee size by one member is associated with a slight increase in financial reporting lag. This coefficient is statistically significant at the 5% level ($p = 0.0486$), indicating that audit committee size might have a meaningful effect on financial reporting lag. The coefficient for NonExc is 0.035, suggesting that for each additional non-executive director on the audit committee, there is a marginal increase in financial reporting lag. This coefficient is statistically significant at the 5% level ($p = 0.0203$), indicating that the number of non-executive directors might influence financial reporting lag. Overall, the model explains around 23.2% of the variation in financial reporting lag (R-squared = 0.232), suggesting that other factors beyond the ones included in the model may also play a role. Additionally, the Durbin-Watson statistic indicates the absence of significant autocorrelation in the model's residuals, supporting the reliability of the regression results.

Comparing these findings with those of other scholars reveals some commonalities and differences across various studies conducted in different contexts. Aldamen et al. (2012) highlight the importance of smaller audit committees with greater experience and financial expertise in positively influencing firm performance, which contrasts with the findings regarding audit committee size in the Nigerian context. Similarly, studies by Zraiq and Fadzil (2018), Alqatamin (2018), and Ahmed and Che-Ahmad (2016) also explore the relationship between audit committee characteristics and firm performance, albeit using different performance metrics and in diverse settings. These studies collectively emphasize the significance of audit committee attributes in enhancing firm performance, albeit with variations in the specific characteristics considered and their respective impacts.

Moreover, the findings of studies by Zhou et al. (2018), Al-Daoud et al. (2015), Arianpoor (2019), and Warrad (2018) shed light on the broader implications of corporate governance characteristics on various aspects of firm performance and financial reporting across different countries and industries. While some studies highlight the positive impact of certain governance characteristics such as board independence and audit committee existence on reducing audit report lag and enhancing firm performance, others suggest nuanced relationships that depend on specific contextual factors and performance measures. Collectively, these findings underscore the complexity of corporate governance dynamics and the need for tailored approaches to governance practices based on contextual factors and industry-specific considerations.

Conclusion

In conclusion, the study sheds light on the effect of audit committee characteristics on financial reporting lag within listed industrial goods companies in Nigeria. The findings revealed the significant effect of audit committee composition, including the number of meetings and the presence of non-executive directors, on the timing of audit reporting. While larger audit committees and increased non-executive director representation are associated with prolonged reporting times, the frequency of audit committee meetings also contributes to delays in audit reporting.

Recommendations

The following recommendations were made:

1. Listed industrial goods companies in Nigeria should prioritize the effectiveness of audit committee meetings
2. Companies should carefully consider the composition of their audit committees, particularly in terms of size and the presence of non-executive directors.
3. Companies should prioritize the adoption of best practices in corporate governance, including the establishment of effective audit committees with clear mandates and responsibilities.

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