Uncovering the Role of Audit Quality in Firms' Financial Reports

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The Timeliness Factor

By

Rashida Lawal and Kabiru Isa Dandago

Cambridge Scholars Publishing

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This book is dedicated to Almighty Allah (S.W.T) for sparing our lives, and for giving us the opportunity and ability to successfully write it.

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DESCRIPTION

The Securities and Exchange Commission (SEC) requires that audited companies' accounts be filed with the Commission not later than ninety (90) days after the end of the financial year of a company. Despite this rule, on average, less than 25% of quoted companies regularly file statutory reports with the SEC within the stipulated time. This book is on the mediating role of audit quality on the relationship between firm attributes and timeliness of financial reports among listed non-financial firms in Nigeria.

PREFACE

The idea for this book was born out of a simple but persistent question: Why are some companies quicker than others in releasing their financial reports? As we delved deeper into this issue, it became clear that timeliness in financial reporting is not merely a technical matter; it reflects the intricate interplay between audit quality, corporate governance, regulatory frameworks, and managerial intent.

The book entitled *Uncovering the Role of Audit Quality in Firms' Financial Reports: The Timeliness Factor* is the result of several years of academic inquiry, data analysis, and thoughtful reflections. It aims to fill a notable gap in accounting literature by examining how the quality of audit affects the timing of financial reports. This work draws on empirical evidence, theoretical insights, and international perspectives to offer a comprehensive understanding of the subject matter.

The book is intended to provide more insightful evidence to researchers, accounting/auditing professionals, and policy-makers who seek to understand how timeliness adds to audit quality, which contributes greatly to the integrity and transparency of firms' financial reports, ensuring the efficiency of financial markets in an economy. The book is expected to stimulate further debate and inquiry on how auditing can be leveraged not only for compliance but also for enhanced corporate accountability and trust.

We are deeply grateful to our university (Bayero University Kano, Nigeria), our mentors, our colleagues, and our students whose feedback and encouragement shaped the direction of this work. Special thanks also go to all the institutions and individuals who provided access to data and research resources during the course of the research work.

It is our sincere hope that this book will contribute meaningfully to ongoing discussions in the fields of accounting, auditing, corporate governance and ethics.

Summary of the ten chapters in the book

The **first chapter** warms up the topic under consideration, with a view to highlighting the mediating effect of audit quality on the relationship between firm attributes and the timeliness of financial reports of listed non-financial firms in Nigeria. There is no doubt that research on the timeliness factor in respect of the quality of financial reports has increased due to the frequency of delay in the release of audited financial statements by many reporting entities in Nigeria and other developing economies, which negatively affects the integrity of the financial markets in those economies. Poor audit quality and a weak regulatory system lead to corporate failures and changes in the perception of users of the financial reports on their validity and reliability and the integrity of those entrusted with the responsibilities of preparing and presenting such reports.

To further enhance the credibility of information disclosed in the financial statements, section 355(1) of CAMA CAP C20 LFN 2004 in Nigeria requires every firm to appoint an external auditor who is expected to express an independent opinion on the truth and fairness of the view shown by the annual financial statements. Furthermore, the Securities and Exchange Commission requires that firms' audited financial statements shall be filed with the Exchange not later than ninety (90) calendar days after the relevant year end. A quality audit is expected to detect errors and misstatements in the client's reporting system if the auditor engaged is competent and independent and the scope of the audit work is adequate. Studies have shown that the selection and appointment of the external auditor and the determination of the scope of an audit assignment, as well as audit fee payment, could be influenced by the Board of Directors and its relevant committees. Therefore, the audit quality and hence financial reporting quality are largely influenced by a firm's attributes.

The choice of the non-financial firms was influenced by the fact that the sector has been contributing significantly to the growth and development of any economy, the Nigerian economy inclusive. It is against this backdrop that this study examines the mediating role of audit quality on the relationship between firm attributes and timeliness of financial reports in the non-financial sector of the Nigerian economy. As a sequel to this, three research questions, objectives and hypotheses were developed to guide the study. Other aspects of the chapter include the significance of the work to existing shareholders, prospective investors, researchers, accounting/auditing professionals and regulators (SEC, FRCN, etc.). Part of the scope of the study is its limitation to listed non-financial firms on the Nigerian Exchange Group as of 31st December, 2020, with the study's period coverage of 2011 to 2020.

The chapter also covers methodological issues like research design (which is correlational in nature), population of the study (which comprises of the 113 listed firms in the Nigeria non-financial sector), sample size and sampling technique (sixty of the firms in the sector were selected after the adoption of two point filters), sources and methods of data collection (annual reports and accounts as well as the NSE fact-book), variables of the study and their measurements (dependent variable, independent variables, and mediating variable), techniques for data analysis and model specification (descriptive statistics, histogram and negative binomial regression along with other post regression test (Fitstat) to improve statistical and inferences), Poisson regression, and post estimation tests. Stata15.0 software was used for the analysis to ensure the appropriateness of the data. All these methodological matters have been described and explained to prove the scientific nature of the research work and to justify the independence of the work done.

Chapter two covers the conceptual review and conceptual framework of the study. It reviews the concept of timeliness, with emphasis on its relation to financial reports and the regulations and rules working on financial reporting. The chapter also reviews the concept of firm attributes, emphasizing attributes like profitability, leverage, firm size, board size, board gender, audit committee, audit committee composition, audit committee meetings, managerial ownership, and institutional ownership. The chapter also reviews the concept of audit quality and its measurement. The diagrammatical presentation of the conceptual framework of the study was presented and explained in the chapter.

Chapter three is about company structural attributes and timeliness of financial reports. The matters in the financial reports that contribute greatly to opening a reporting entity's result of operation and financial position are usually profitability, size, leverage and timeliness of the financial report. This chapter unveils all that the reader needs to know about these concepts and how they assist in making financial reports and financial performance better understood, even for non-accountants who are interested in taking some informed decisions about the financial performance of a reporting entity.

Chapter four dwells on the board structure attributes and the timeliness of the financial report, emphasising how board attributes impact the timeliness of the financial report. The chapter restricts its board spotlight on board size and board gender issues as influential factors to the timeliness of financial reports by reporting entities, especially for those firms that are in the non-financial sector of an economy.

Chapter five specifically addresses the relationship between audit committee structural attributes and financial reporting quality (FRQ) in the non-financial sector of an economy. The chapter addresses the concepts and principles of audit committee meetings and audit committee composition and discusses how the two influence the timeliness of financial reports.

Chapter six is specifically on the relationship between some dimensions of a firm's ownership structure and the timeliness of financial reports. The chapter emphasizes managerial ownership and institutional ownership as very powerful influence factors in the issue of the timeliness of financial reports. The two ownership structure types are described/explained, and their influence on the timeliness of financial reports is clearly explained.

Chapter seven is about the concept of audit quality and how it relates to the concept of timeliness of financial reports. The two concepts are further brought to focus in view of their centrality to the research work. Emphasis is, however, laid in this chapter on the audit characteristics and their relationship with the timeliness of financial reports, as well as the mediating effect of audit quality in the relationship between firm attributes and the timeliness of financial reports. Audit characteristics are born out of the provisions of relevant laws of the land on the conduct of audits, as well as some auditing standards that are set nationally and internationally by relevant professional bodies or relevant regulatory agencies of government. As audit attributes determine the quality of the audit, the quality of the audit determines the timeliness of the audited financial statements.

Chapter eight reviews relevant theories underpinning the research work. After some reviews on all related theories to the research work, the chapter emphasises Compliance Theory and Stakeholder Theory as the most underpinning theories to the study. It is a known fact that there cannot be any good practice of audit work or any work without guiding theory since it is a fact that theory guides practice, while practice confirms theory. This chapter has clearly defined both compliance and stakeholder theories and justifies how they stand out as the underpinning theories to the research work out of many theories that have a clear relationship with the topic of the study.

Chapter nine is about results and discussion. The chapter begins with the use of descriptive analysis of the results obtained, then the test of dispersion conducted and then the presentation and interpretation of the results of the study. This is where proxies of independent, dependent and mediating variables were brought together and digested with a view to arriving at a scientific position or conclusion. The presentation, analysis and interpretation cover results of tests on the relationship between (i) Company Structure Attributes and Timeliness of Financial Report; (ii) Board Structure Attributes and Timeliness of Financial Report; (iii) Audit Committee Structure Attributes and Timeliness of Financial Report; (iv) Ownership Structure Attributes and Timeliness of Financial Report; (v) Audit Quality on CSA and TFR; (vi) Audit Quality on BSA and TFR; (vii) Audit Quality on ACSA and TFR; and (viii) Audit Quality on OSA and TFR.

The chapter also covers detailed tests of hypotheses involving tests of relationships between (i) company structure attributes and timeliness of financial report; (ii) board structure attributes and timeliness of financial report; (iii) audit committee structure attributes and timeliness of financial report; (iv) ownership structure attributes and timeliness of financial report; (v) company structure attributes, audit quality and timeliness of financial report; (vi) board structure attributes and timeliness of financial report; (vii) audit committee structure attributes and timeliness of financial report; and

(viii) ownership structure attributes and timeliness of financial report. The Bootstrap result was also presented, analysed and interpreted.

The last chapter of the book, **Chapter Ten,** is about conclusion and recommendations. The chapter presents the conclusions of the study based on the review of related literature, analysis and interpretation of valid, relevant and reliable data and findings of the study. The chapter also highlights the major recommendations of the study developed based strictly on the conclusions of the study.

It is our hope that this book would make a tangible contribution to the body of knowledge already existing in the literature and would serve as very interesting reading material to scholars, practitioners and policy makers in accounting, auditing and finance, as well as serve as an eye-opener to the need to always marry theory and practice, emphasising theory first before practice in knowledge acquisition and dissemination, especially in the areas of accounting and finance.

Rashida Lawal
Kabiru Isa Dandago

CHAPTER ONE

INTRODUCTION, MATERIALS AND METHODS

1.1 Background to the Study

The main aim of a financial report is to provide accounting information that permits understanding of the financial affairs of a firm. It is therefore important to not only provide high-quality financial information that will influence users' decisions but also to ensure that financial statements are made available in a timely manner to the users of accounting information (Efobi and Peace 2014, 65-77 and IASB, 2018). The International Accounting Standards Board (IASB) (2018) stressed that financial reporting should contain information on a timely basis to potential investors, creditors, and other users who need to make rational investment decisions. The users of financial accounting information include the management, employees, existing and potential investors, lenders, regulatory agencies, investment analysts, and other members of the general public. However, this information can serve the needs of the various users only when it is made available to the various users on time.

Presenting accounting information to various users when they need it most, before events overtake it, is the definition of timeliness. This is because the information will lose its relevance if it is not available when it is needed. Timeliness of audited companies' annual reports is regarded as important in influencing the usefulness of the information for decision-making (Al-Ghanem and Mohamed 2011, 73-90; Fagbemi and Olayinka 2011; Khasharmeh and Aljifri 2010, 51-71; Al-Ajmi 2008, 217-226). Timeliness of financial reporting is an important qualitative characteristic, which requires that financial information should be made available to users as quickly as possible to make it impactful and more relevant to them (Ahmad and Kamarudin 2003). Timeliness of financial reporting is crucial in both emerging and developed markets where the audited financial statements are the only source of making information available to investors and other users of financial statements (Mohamed and Basuony 2014, 57-91; Khasharmeh & Aljifri, 2010; Mohamed, Oyelere and Al Jifri 2009, 33-41; Alattar and Khalid 2008, 312-325).

Hence, in order to meet up with the standard of best practices, regulatory bodies have set a maximum time limit within which listed companies are required by law to publish their audited financial reports and file the same with relevant regulatory bodies (Alexander and Fatimoh 2015, 74-91). SEC in Nigeria requires that audited annual accounts shall be filed with the Exchange not later than ninety (90) days after the relevant year end, however, most companies present their reports much later than that date (Basuony, Mohamed, Hussain and Marie 2016, 180-205; Modugu, Eragbhe and Ikhatua. 2012, 46-54).

Timeliness has been a source of concern to companies' stakeholders for several decades. Studies into timeliness of accounting information have been well documented in accounting literature. The most common factors that have been investigated are firm attributes and their impact on timeliness of accounting information. Firm attributes are factors that are under the direct control of management and often account for the inter-firm differences in financial performance (Kazeem 2015). These attributes include company structure attributes (firm size and leverage), board structure attributes (board size and board gender), audit committee structure (audit committee meetings and audit committee composition) and ownership structure attributes (managerial share ownership and institutional share ownership) among others.

Furthermore, the laws in many countries require that the financial statement of corporate entities be audited and made available within a certain period of time. Specifically, in Nigeria, section 355(1) of the Companies and Allied Matters Act, Cap C20 LFN 2004 (CAMA 2004) requires that every company should appoint an external auditor, who is required to give an independent opinion on the state of affairs of the reporting entity. However, corporate scandals and the collapse of otherwise vibrant corporations such as Enron, Arthur Andersen and Cadbury in Nigeria among others have raised concerns and stirred up academic interest in the independence of external auditors and the conduct of quality audits. Key among the issues considered to impair the independence of the auditor is audit fees and the audit firm's economic dependence on the client (Owusu and Bekoe 2019, 44). Therefore, audit quality can be seen as the auditor's capacity to identify and disclose significant wrongdoings in the financial reports prepared by the management (Arens, Elder, Beasley and Hogan. 2017).

The non-financial sector of any economy is responsible for major economic growth and employment of viable work force of a nation. The non-financial sector in Nigeria recorded a growth rate of 2.55 percent in 2020, performing considerably better than 2.0 percent in 2019. For 2018, annual contribution of the non-financial sector to GDP was 91.07 per cent compared to 91.33 per cent in 2017 (National Bureau of Statistics NBS 2018). There are ten non-financial sectors that are quoted on the Nigerian Exchange Limited (NGX 2019). These sectors are agriculture, conglomerates, consumer goods, construction/real estate, healthcare, information and communication technology (ICT), industrial goods, natural resources, oil and gas, and services. Non-financial firms in Nigeria face the problem of late publication of annual reports and accounts as most of the companies publish their annual reports later than the 90days given by the security and exchange commission which may not be unconnected with audit lag (SEC 2018).

It is against this background that this study investigates the mediating effect of audit quality on the relationship between firm attributes and the timeliness of financial reports of listed non-financial firms in Nigeria. The goal is to identify factors that contribute to audit report delays among firms in the sector and proffer possible solutions to curb the menace and its implication on the users' informed judgments and decisions.

1.2 Statement of the Problem

One of the important objectives of corporate reporting is to provide information that will assist users in taking decisions. This information, however, is required to be made available within a specified maximum period of time from the end of the accounting year. To be useful, accounting information should be relevant, faithfully presented, comparable, verifiable, timely, and understandable (FASB, 2010). Therefore, timeliness of reports is recognised by the accounting profession, users of accounting information, and regulatory and professional bodies as an important characteristic of accounting information.

The Securities and Exchange Commission mandates that the financial statements of audited companies be submitted to the commission no later than ninety (90) days following the end of the relevant year, published in a minimum of two (2) national daily newspapers no later than twenty-one (21) days prior to the date of the Annual General Meeting, and posted on the company's website using the web address that is revealed in the newspaper publications. On the same day as the publication date, an electronic copy of the publication must be sent to the Nigerian Exchange Limited. In spite of this, SEC data from 2010 to 2018 reveals a pitiful degree of listed company compliance. Despite these, SEC records between the years 2010 and 2018 show a dismal level of compliance for listed companies. On average, less than 25% of quoted companies regularly filed statutory reports with the Securities and Exchange Commission (SEC, 2018). Previous studies documented that the timeliness of financial reports is largely determined by the speed and efficiency of the audit process and the manner in which the auditors schedule their work. According to Tiono and Jogi (2013, 286-298), timeliness is also affected by lateness of preparation of the annual report. If the profit declaration informs good news, the management will tend to report in a timely manner. On the contrary, if the profit declaration informs bad news, the management will tend to report untimely. Afify 2009, 56-86, noted that corporate governance variables such as independence of board, CEO duality and audit committee composition can significantly impact on the timeliness of financial reports. Owusu-Ansah (2000, 241-254) identified company size, profitability and age to have a significant influence on the timeliness of financial reports.

A number of studies were conducted on timeliness of accounting information among which are Al-Ajmi (2008, 217-226); Iyoha (2012, 41-49); Al-Ghanem and Hegazy (2011, 73-90); Azubike and Aggreh (2014, 22-33); Fodio, Victor, Olukoju and Zik-Rullahi (2015); Ayemere and Elijah (2015, 1-10); Basuony, Mohamed, Hussain and Marie (2016, 180-205); and AbbasZadeh (2017, 2888-2893). Timely disclosure and presentation of information improves the image of corporate entities as they reflect managerial efficiency and effectiveness (Joshi 2005; Al-Ajmi 2008, 217-226; Krishnan and Yang 2009, 265-288; Afify, 2009; Bedard and Gendron 2010, 174-210; Iyoha 2012, 41-49; Alkhatib and Marji 2012, 1342-1349; Apadorel and Mohd Noor 2013, 151; Arum 2013, 200-209; Sultana, Singh and Van der Zahn, 2014, 72-87; Azubike and Aggreh 2014, 22-33; and Basuony, Mohamed, Hussain and Marie 2016, 180-205. The importance of timeliness of accounting information for making informed decision by the users is further supported by the research of Abdulla 1996, 73-88; Fodio, Oba, Olukoju & Zik-rullahi 2015; Ayemere & Elijah 2015; Al Daoud, Ismail and Lode 2015, 205-231; Basuony, Mohamed, Hussain and Marie 2016, 180-205; AbbasZadeh 2017, 2888-2893 and Chukwu and Nwabochi 2019, 86-95, who documented that a shorter time between the financial year-end and publication date is more beneficial to users of accounting information. Hence, timely financial reporting disclosure reduces information asymmetry and enhances easy access to financial information (Basuony, Mohamed, Hussain & Marie 2016, 180-205; Fagbemi & Uadiale, 2011).

Furthermore, these studies focused mainly on measuring the direct relationship between firm attributes and timeliness of financial report. Some on these studies cover only the relationship between financial report timeliness and performance attributes (profitability), company structure attributes (leverage, and size), board structure attributes (board size, board expertise and board gender), audit committee structure attributes (audit committee meetings, and audit committee composition), or ownership structure attributes (managerial share ownership and institutional share ownership). Also, none of the studies reviewed cover all the above-mentioned attributes. In addition, Akingunola, Soyemi and Okunuga 2018; Adebayo and Adebiyi 2016, 369-381; Fodio, Oba, Olukoju & Zik-rullahi 2015; Ibadin and Afensimi 2015, 1-10; Azubike and Aggreh 2014, 22-33; Ilaboya and Christian 2014, 172-180; and Modugu, Eragbhe and Ikhatua 2012, 21-28 examined the relationship between selected corporate attributes and audit delay mainly in the Nigerian banking sector.

In addition to the foregoing, prior studies on the timeliness of financial reports have employed various analytical techniques, most commonly ordinary least squares regression (Chukwu and Nwabochi 2019, 86–95; Akingunola, Soyemi, and Okunuga 2018) and multivariate regression (Suadiye 2019, 365–386; Yendrawati and Mahendra 2018, 5170–5178; AbbasZadeh 2017, 2888–2893). A key limitation of these studies lies in the application of inappropriate analytical tools, which may compromise the validity of their findings. Timeliness of financial reporting is typically proxied by audit report lag, defined as the number of days between a firm's financial year-end and the issuance of the auditor's report. Since this variable represents count data, the most suitable approach to use is Poisson regression. Accordingly, this study addresses the gap in the literature by applying the Poisson regression model to generate more robust and reliable results.

Prior studies also did not take into account the fact that audit quality can mediate the relationship between firm attributes and financial report timeliness. Hence, this study attempts to examine the mediating role of audit quality on the relationship between firm attributes and timeliness of financial reports among listed non-financial firms in Nigeria. Based on the foregoing, the study will provide answers to the following questions:

i. What is the effect of firm structure attribute (profitability, firm size and leverage) on timeliness of financial report of listed non-financial firms in Nigeria?
ii. To what extent do board structure attributes (board size and board gender) affect timeliness of financial report of listed non-financial firms in Nigeria?
iii. What is the effect of audit committee structure (audit committee meeting, and audit committee composition) on the timeliness of financial report of listed non-financial firms in Nigeria?
iv. To what extent do ownership structure attributes (managerial share ownership and institutional share ownership) affect timeliness of financial report of listed non-financial firms in Nigeria?
v. Does audit quality mediate the relationship between Firm structure attributes (profitability, firm size and leverage) and timeliness of financial report of listed non-financial firms in Nigeria?

vi. Does audit quality mediate the relationship between board structure attribute (board size, and board gender) and timeliness of financial report of listed non-financial firms in Nigeria?
vii. Does audit quality mediate the relationship between audit committee structure attribute (audit committee meeting and audit committee composition) and timeliness of financial report of listed non-financial firms in Nigeria?
viii. Does audit quality mediate the relationship between ownership structure attribute (managerial share ownership and institutional share ownership) and timeliness of financial report of listed non-financial firms in Nigeria?

1.3 Objectives of the Study

The main objective of the study is to examine the mediating effect of audit quality on the relationship between firm attributes and the timeliness of financial reports of listed non-financial firms in Nigeria. The specific objectives of the study are to:

i. investigate the effect of firm structural attribute (profitability, firm size and leverage) on timeliness of financial report of listed non-financial firms in Nigeria;
ii. investigate the relationship between board structure attributes (board size and board gender) and timeliness of financial report of listed non-financial firms in Nigeria;
iii. investigate the effect of audit committee structure attributes (audit committee meeting and audit committee composition) on timeliness of financial report of listed non-financial firms in Nigeria;
iv. investigate the effect of ownership structure attributes (managerial share ownership and institutional share ownership) on timeliness of financial report of listed non-financial firms in Nigeria;
v. determine the mediating effect of audit quality on the relationship between company structure attribute (profitability, firm size and leverage) and the timeliness of financial report of listed non-financial firms in Nigeria;
vi. determine the mediating effect of audit quality on the relationship between board structure attributes (board size and board gender)

and the timeliness of financial report of listed non-financial firms in Nigeria;

vii. determine the mediating effect of audit quality on the relationship between audit committee structure attribute (audit committee meeting, and audit committee composition) and the timeliness of financial report of listed non-financial firms in Nigeria; and

viii. determine the mediating effect of audit quality on the relationship between ownership structure attribute (managerial share ownership and institutional share ownership) and the timeliness of financial report of listed non-financial firms in Nigeria

1.4 Research Hypotheses

The following hypotheses are raised in the null form to guide the study:

H_{O1}: Firm structure attributes do not have significant effect on timeliness of financial reports of listed non-financial firms in Nigeria.

H_{O2}: Board structure attributes do not have significant effect on timeliness of financial reports of listed non-financial firms in Nigeria.

H_{O3}: Audit committee attributes do not have significant effect on timeliness of financial reports of listed non-financial firms in Nigeria.

H_{O4}: Ownership structure attributes do not have significant effect on timeliness of financial reports of listed non-financial firms in Nigeria.

H_{O5}: Audit quality does not significantly mediate the relationship between company structure attributes and timeliness of financial report of listed non-financial firms in Nigeria.

H_{O6}: Audit quality does not significantly mediate the relationship between board structure attributes and timeliness of financial report of listed non-financial firms in Nigeria.

H_{O7}: Audit quality does not significantly mediate the relationship between audit committee attributes and timeliness of financial report of listed non-financial firms in Nigeria.

H_{O5}: Audit quality does not significantly mediate the relationship between ownership structure attributes and timeliness of financial report of listed non-financial firms in Nigeria.

1.5 Scope and limitation of the study

This study examines the mediating role of audit quality in the relationship between firm attributes and the timeliness of financial reports among listed non-financial firms in Nigeria. It spans a ten-year period from 2011 to 2020, deemed sufficient to provide the necessary data for analysis. The dependent variable, timeliness of financial reporting, is measured by audit report lag, defined as the interval between a firm's financial year-end and the date of the auditor's report. The independent variable, firm attributes, is captured through proxies such as profitability, leverage, board structure (board size and gender diversity), audit committee structure (meeting frequency and composition), and ownership structure (managerial and institutional shareholding). The mediating variable is audit quality which is proxied by audit fee.

This study recognises certain limitations. Specifically, the findings may not be generalisable to all companies listed on the Nigerian Stock Exchange, as financial institutions were excluded from the sample.

1.6 Significance of the Study

This study is essentially beneficial to the firm's board of directors, management, shareholders and debenture holders. Other (secondary) users of accounting information (including regulators, financial analysts, prospective investors and investment advisers) would also find the study relevant, as it will reveal the firm attributes that affect the timeliness of financial reports of non-financial firms in Nigeria. Directors and management of corporate organisations would find the results of the study relevant, as it will guide them in paying more attention to variables that influence the timeliness of financial reports to enhance the decision relevance of the financial statements.

In addition, results from the study will reveal to SEC those attributes that influence the timeliness of financial reports to enable it to understand better how to improve policies and oversight functions to reduce delay in financial reporting for timely users' judgements and decisions. Also, this research would help managers, investors, shareholders and debenture holders, financial analysts and financial advisors to understand the effect of firm attributes and timeliness of financial reports. For instance, it will help managers to take rational decisions while evaluating different firm attributes in order to ensure timely submission of financial reports. Similarly, financial analysts and advisors may benefit from the findings of this study by serving as a guide in advising their clients on companies that provide timely reports in order to take appropriate and prompt investment decisions. Another important contribution of this study is its role in educating investors, shareholders, and debenture holders on firm attributes that significantly influence the timeliness of financial reporting, thereby providing useful guidance for informed decision-making.

Furthermore, the study will add to literature on firm attributes and timeliness of financial reports; hence, it would be a valuable source of information to researchers. Theoretically, this study contributes to the body of knowledge by engaging with the theories applied in prior research within this area. It undertakes a comprehensive review of relevant theoretical perspectives, with the aim of assessing their applicability and validity. Methodologically, the study enhances robustness by employing the Poisson regression technique, which is considered more suitable for the nature of the data, thereby ensuring more accurate and reliable results. A review of literature has shown that most of the studies conducted in this area have all adopted the ordinary least squares regression as the technique for data analysis. This technique, however, is considered inappropriate for the study. It is further anticipated that this study will enrich the existing literature on profitability, leverage, firm size, board size, board gender, audit committee composition, audit committee meetings, managerial ownership, and institutional ownership. In addition, it is expected to serve as a valuable reference for researchers and students undertaking related studies in this field.

1.7 Research Design

The study adopted the correlational research design. The design is considered appropriate because it helps to determine the degree of the effect of firm attributes and audit quality on the timeliness of financial reports, which permits prediction. This is consistent with the work of Abdullahi (2019, 97) and Rabiu (2018). Therefore, looking at the objectives of this study, the suitable general framework is the quantitative approach.

1.8 Population of the Study

The population of the study comprises of one hundred and thirteen (113) non-financial firms that are listed on the NSE as at 31st December 2020. Non-financial firms refers to legally established entities primarily focused on providing non-financial services for the market. They play a crucial role in producing goods and services, making investments, and employing significant portion of a nation workforce (Tebrake and Hagan 2017, 177-218). Non-financial firm therefore encompasses many industry classification such as Agriculture, Conglomerate, Construction/Real Estate, consumer goods, Healthcare, ICT, Industrial Goods, Oil and Gas, and services. The companies, sector, year of incorporation and quotation are provided in appendix A. A two-point filter was used to eliminate the firms that are not appropriate for the study. Firstly, the company must be listed for the entire period of the study (2011 – 2020). Secondly, it should have the data required for the study. Therefore the companies eliminated based on the first and the second filter can be seen in Appendix C. This is consistent with previous studies such as (Mak and Li 2001, 235-256: Samaila 2014; and Garko 2015).

1.9 Sample Size and Sampling Technique

The sample size of the study consists of sixty (60) listed non-financial firms. This is because there is paucity of studies in the non-financial firm as majority of the studies focuses on the financial firms. The study adopts Purposive sampling technique. Purposive sampling involves the study of a sample of the population selected based on developed criteria by the researcher. Therefore, every company in the sample is studied as data were collected for each company. This technique was adopted to enable the collection of adequate data to permit robust analysis. The heterogeneous nature of the companies also made the methodology suitable. Appendix B shows the working population and the sample size of the study.

1.10 Method of data Collection

The data set for this study which is a panel data is collected from secondary source, through the annual reports and accounts of the sampled companies for the period 2011 - 2020. This is because SEC recorded a low level of compliance by the non –financial firms during the period. Data collected comprises of the dependent variables which is proxied by audit report lag. While the independent variables consisting of firm attributes and proxied by firms' profitability, leverage, board structure (board size and board gender), audit committee structure (audit committee meeting and audit committee composition) and ownership structure (managerial share ownership and institutional share ownership). The mediating variable is audit quality which is proxied by audit fee.

1.11 Variables of the Study and Their Measurements

The variables for this study consist of dependent, mediating and independent variables. The variables are explained below:

1.11.1 Dependent Variable

The dependent variable for the study is the timeliness of financial report. This is proxied by audit report lag, which is measured using the length of time from a company's financial year-end to the date of the auditor's report (Modugu, Emmanuel and Ohiorenuan 2012, 21-28).

1.11.2 Independent Variables

The proxies for the independent variable of the study are profitability, leverage, firm size, board size, board gender, audit committee meetings, audit committee composition, managerial share ownership and institutional share ownership. They are measured as follows: