Original Research Article

FIRM CHARACTERISTICS AND AUDIT REPORT DELAY IN NIGERIA: EVIDENCE FROM THE POST-IFRS ADOPTION ERA

P. B. Akhalumeh, PhD[1], M. O. Izevbekhai, PhD[1] & P. E. Ohenhen[1]

[1]Department of Accountancy, Auchi Polytechnic, Auchi. Edo State, Nigeria.

Abstract

This paper examines the firm-specific characteristics commonly studied as the determinants of audit report delay using evidence from listed firms in Nigeria. The purpose is to examine these factors in light of Nigeria evidence. The method used is pooled regression analysis, using data collected from annual report and accounts of Nigerian listed firms from 2012 to 2016. The independent variables examined are firm size, firm complexity, financial leverage, firm performance, and external auditor type. Earnings management, industry classification, and audit fees were used as control variables. The results of the analyses show that of all the variables, only external auditor type has a positive and significant effect on audit report lag. Firm size, firm complexity, firm performance, industry classification, and audit fees have a negative but insignificant effect on audit report lag. Financial leverage and earnings management have positive but insignificant effects. The study recommends that regulators should consider specifying time limit on accounting reporting to reduce audit report delay.

Keywords*: Audit Report Lag, Firm Complexity, Auditor Type, Industry Classification, Firm Size.*
JEL Classification: *M42*

1.0   INTRODUCTION

The provision of information in a timely fashion is one of the essential requirements of value-relevant information. The value-relevance of accounting information to a large extent, depends on how such information arrives for the decision maker to make relevant decisions (Salehi & Rostamin, 2011; Erin, Afeisume & Owodunni, 2016). There has been many research efforts on the timeliness of public companies' financial disclosures (Karim, Ahmed & Islam, 2006; Kariuki & Jagongo, 2013; Erneh & Ebimobowei, 2013; Alfraih & Almutawa, 2014; Al-Muzaigor, Ahmad & Hamid, 2016).

The audit function is considered a critical aspect of corporate governance mechanism. It is needed to reduce the agency problem that exists between the agent and principal in an agency relationship caused by the asymmetry of information in which the agents (managers) have an opportunistic advantage over the shareholders (Chan & Chen, 2011; Aulova & Hlasva, 2013) such audit reports should be available on time to be decision relevant. The audit function is necessarily a monitoring role and serves to create assurance for information users as to the reliability and representativeness of the true state of the firms' affairs (Ittonen, 2010; Ljubisavljevic & Javanovic, 2011). If the audit report takes too long to be ready, that is, the overall accounting information (the financial statements) are not released on time, the value relevance of the information will be eroded because the users' needs for the accounting information can no longer be satisfied.

According to the Austrian Financial Reporting and Audit Committee (AFRAC) (2006), timeliness is like materiality, affecting several qualitative characteristics like faithful representation and reliability, and is very crucial for decision making purposes. Information should be available to decision makers before it loses its value which is its capacity to influence decisions. The sooner the relevant information is made available to users the more its capacity to influence decisions. lack of timeliness can deprive the information of its usefulness. It is on this basis that timeliness of the financial report (and by implication, audit report timeliness) has been recognised as excellent quality and requirement of audit reports.

Audit report lag refers to the number of days between the accounting year end of the company and the audit report date. Excessive audit report lag jeopardises the quality of financial reports. The untimely disclosure of the auditor's opinion on the true and fair view of the financial statements prepared by management negatively affects the information asymmetry of the firm, and ultimately, the investors' confidence. The call for high quality and timely financial information has become imperative across the world due to increasing globalisation of business activities and the capital market (Dibia & Onwuchekwa, 2013). In some countries, there are some forms of regulations to enhance financial report timeliness. The US Securities and Exchange Commission (US SEC) requires that audited annual financial statements should be disclosed within 90 days after the end of the financial year, while quarterly reports are to be made ready within 45 days The UK SEC (2002) requires companies to file according to their capitalised market value of equity, firms with less than $75 million are expected to file within 90 days. Those with equity capital of between $75 and $700 million are expected to file within 75 days while those with market value of over $700 million are required to file their annual reports within 60 days of the end of financial year. In Turkey, the requirement is 70 days. In Nigeria, public companies are expected by the Companies and Allied Matters Act 2004 (CAMA, 2004) to lay the audited annual financial statement before the shareholders at a date not later than 270 days (9 months) after the end of financial year (Oladipupo & Ilaboya, 2013).

The variables commonly examined in relation to audit report lag include firm size, external auditor type, industry classification, firm complexity, firm performance (profitability) and audit fee. It is expedient that these variables be carefully investigated so that we can determine how improvements could be made on financial reporting timeliness in Nigeria so as to enhance the decision usefulness of the accounting information.

While these variables have been variously investigated over the past decades, it has to be noted that the frontiers need to be continuously expanded especially now with the adoption of the International Financial Reporting Standards (IFRSs). This is so because we must validate the results of previous studies in these areas under the new reporting regime. This will help to confirm, or discountenance the empirical findings under the older reporting

scheme. Thus, this study aims to use the post-IFRS adoption data of Nigerian firms to investigate these variables. This is particularly important because earlier post-IFRS studies on these variables were based on practices that had not taken place over a sufficiently sustained period (IFRSs were adopted in Nigeria in 2012).

Following the introduction, remainder of this study is structured as: Section II examines existing relevant literature by conceptually and empirically examining what previous scholars and researchers have done in the subject area and discussing the theoretical under-pinning of the study; Section III presents the methods employed in collecting and analysing the data, Section IV deals with the estimation results and discussion of findings, and Section V presents the conclusion and recommendations of the study.

2.0   LITERATURE   REVIEW   AND   HYPOTHESES DEVELOPMENT

Conceptual Review

Audit report lag refers to the time lag between when the financial year of a firm ends and when the external auditors submit the audited financial statements to the firm. It represents the time spent by the external auditors in carrying out their audit assignment on the financial statements prepared by the management of the organisation. Dibia and Onwuchekwa (2013) defined audit report lag as the time interval between the accounting year end, the accounts preparation and its audit report. The term has been used to refer to the elapsed time between the close of a fiscal year and the end of audit fieldwork. The end of the audit fieldwork is usually seen as the date that the substantive audit tests are completed, and the auditor leaves the premises of the client and this is usually the date the auditor appends his signature on the audit report (Tanyi, Raghanandan & Barua, 2010; Bemby, Abukosin & Mursidi, 2013; Enofe, Mabame & Abadua, 2013). Audit lag is very vital because it is key to the overall accounting information timeliness. Corporate report timeliness comprises of three lag periods: audit lag period, interim period, and the total of audit lag (Al-Ajmi, 2008). The whole of the time lag between the financial year end of the company and when the financial statements of the company are laid before shareholders (or filed with appropriate authorities) is what is covered in the three lag periods.

Firm size is commonly measured in various ways such as total assets, total sales turnover, number of employees, capital employed, market value and acreage (Ahmed & Hossain, 2010; Shukeri & Islam, 2012; Moradi, Salehi & Mareshk, 2013). The external auditor type or size is about whether the external audit firm is one of Pricewaterhouse Coopers, KPMG, Ernst & Young, or Deloitle & Tonche. This variable is usually measured as a dummy variable; one (1) is assigned if the external auditor is one of these (which are regarded as Big-4). Otherwise, a "0" value is assigned. The big-4 are multinational audit firms with vast resources, both human and materials, and with a presence in almost every country of the world (Turel, 2010; Dibia & Onwuchekwa, 2013). Industry classification refers to the industry in which firm is operating. Commonly, firms are classified as financial and non-financial firms. It is a dummy variable whereby the financial firms are assigned a value of "I" while the non-financial firms are assigned "0" (Che-Ahmad, & Abidin, 2008; Ahmed & Hossain, 2010; Pourali, Toji, Rostami, Taherpour & Niazi, 2013). Other classification schemes that may be adopted are manufacturing versus non-manufacturing companies, industrial versus financial companies, public versus non-public companies (Ashton, Willingham & Elliott, 1987; Turel, 2010). Firm complexity relates to the complexity of a firms business transactions. It is believed that complexity increases the required audit work, which may require more time to accomplish. The proxies that may be used to measure this variable include: number of principal subsidiaries held by the company (Walker & Hay, 2013), ratio of inventory and receivables to total assets (Che-Ahmad & Abidin, 2008) and the ratio of inventories to total assets and growth rate of sales (Ashton et al 1987).

Firm profitability (income) is also often evaluated as a determinant of audit lag. Profitability may be used as an indicator of potential risk – indicating whether a firm has good or bad financial condition and this may require that the auditors devote greater attention to details (Ahmed & Hossain, 2010). Profitability may be measured by return on equity (ROE) or return on asset (ROA) (Che-Ahmad & Abidin, 2008; Ashton et al. 1987). Another profitability measure is the sign of net income (whether positive or negative) a dummy variable (Dibia & Onwuchekwa, 2013; Ashton et al. 1987). Liquidity refers to the ability of the firm to meet obligations as they fall due. It is usually measured as the ratio of current assets to current liabilities (Walker & hay, 2013). Audit fees represent the

remuneration paid to the external auditor for the audit engagement services. This variable may be measured as the natural log of the amount paid to the auditor for year-end and interim audit work or the ratio of this amount to profit after tax (Wei, 2012; Walker & Hay, 2013).

Empirical Review and Hypotheses Development

Firm size and audit report lag

Firm size is arguably the most studied corporate characteristic that may affect audit report delay and hence accounting reporting timeliness (Khasharmeh & Aljifri, 2010; AL-Taha, 2015; Adebayo & Adebiyi, 2016; Ohaka & Akani, 2017) It is readily argued that more prominent firms would require more time in verifying both assets and accounting records (Turel, 2010; Ashton et al. 1987). Moradi et al. (2013) measured firm size as the log of market value, used a sample of 254 companies and with causal regression analysis found that firm size exhibited a positive but insignificant influence on audit lag. Pourali et al. (2013) studied Iranian firms, using a sample of 1397 observation, and found that company size exerted a significant positive effect on audit report lag. Eghlaiw, Wickremasingls, and Paguiho (2013) studied Libyan firms and found that size has a negative but insignificant effect on audit report delay. This same result was arrived at by Turel (2010) from Turkish firms. Enofe et al. (2013) found that in Nigeria, company size has a negative but insignificant relationship with audit report lag. In the same vein, Lehtinen (2013) concluded, from Finnish firms, that size is more like a neutral characteristic concerning its effect on company's reporting timeliness.

From the above review, the theoretical expectation of this variable is that company size has a positive effect on audit report lag, and we thus hypothesise that:

H_1:   *Firm size significantly increases audit report lag in Nigeria.*

Firm complexity and audit report lag

Firm complexity refers to the complexity of the operations of the businesses of firms. More complex operations would require more substantive tests, and that means more time to complete an audit engagement. Firm complexity in this regard may be in the form of the number of operating branches and some instances, the volume of accounts receivable and inventories. Using extra ordinary items

as a proxy for firm complexity, Pourali et al. (2013) found that complexity has a positive and significant effect on audit report lag from firms listed on Tehran Stock Exchange. Using the number of subsidiaries as a proxy for complexity, Wei (2012) found that complexity has a positive and significant effect on audit report lag. Ashton et al. (1987) defined operational complexity as the number and location of operating units and diversification of product lines and found operational complexity to be significant for non-public firms. Vuko and Cular (2014) used pooled OLS regression and measured complexity by audit effort (inventories and receivables) and found complexity to negatively but not significantly impact audit report lag. Based on this review, the theoretical expectation is that firm complexity increases audit report lag, and thus we hypothesise that:

> H_2:   *Firm complexity significantly increases audit report lag in Nigeria.*

Financial leverage and audit report lag

Financial leverage is commonly seen as a measure of financial condition that has the capacity of affecting audit report lag (Walker & Hay, 2013). Chang, Chen and Zhou (2013) examined Chinese firms and found that leverage has a significant effect on audit report lag from a sample of 854 firms, using OLS multiple regression. Ahmed and Hossain (2010) found from Bangladeshi firms, from a sample of 87 firms using OLS regression that leverage significantly increases the time taken to conclude an audit work. However, using leverage as a measure of audit risk, Wei (2012) used the Altman's Z-score on Chinese firms and found that leverage has a negative effect on audit report lag. This result conforms to the result by Hajiha and Refiee (2011) who found from Iranian firms that leverage has negative but insignificant effect on audit time lag.

Aubert (2009) studied French companies and using regression analysis, found that leverage is positively associated with delay (at the significance level of 0.10). Khalatbari, Ramezanpour and Haghdoost (2013) studied Iranian companies accepted in Tehran Securities, using OLS regression found that financial leverage exacts positive but not significant influence on audit report delay. However, Vuko and Cular (2014) applied the pooled OLS regression analysis to Croatian firms and found that leverage is a statistically significant determinant of audit delay in Croatia.

Pourali et al. (2013) rejected the hypothesis that "there is a negative correlation between audit delay and debt ratio," from Iranian firms, using regression analysis. Several other studies found similar results of the non-significant relationship between leverage and audit report delay (Oladipupo, 2011). By this review, the theoretical expectation of this study is that leverage has an inverse relationship with audit report lag, so we hypothesise thus:

> H₃: *Corporate financial leverage is negatively and significantly related to audit report lag in Nigeria.*

Firm performance and audit report lag

Profitability (a measure of performance) which is commonly proxied by ROA, ROE or EPS is commonly studied by its signaling effect on stakeholders as profitability might signal good or bad news which may prompt a company to either quickly or reluctantly released its audited accounting report (Moradi et al. 2013). Eghlaion et al. (2013) found a positive but not significant relationship between good news and audit report timeliness; the same was found between ROE and timeliness for Iranian firms. Ahmed and Hossain (2010) found that in Bangladesh, profitability is among the factors that significantly reduce the time taken to prepare the audit report. Shukeri and Islam (2012) found that profitability influences audit lag as the lag is shorter for firms with higher profitability. From a sample of 343 firms, using multivariate OLS on firms listed on the Bursa Malaysia, Che-Ahmad and Abidin (2008) found that profitability is a significant determinant of audit delay. Eghlaiow et al. (2013) found that profitability exerts an insignificant influence on audit delay in Libyan firms. Iyoha (2012) found a negative but insignificant relationship between profitability and audit report delay for Nigerian firms using both pooled OLS regression and fixed effects regression. Aubert (2009) found profitability to exert a positive but insignificant effect on financial reporting lag for French firms. However, Oladipupo (2011) found that the effect of profitability is not significant in Nigerian firms (using profit after tax as a proxy for profitability). By this review, the theoretical expectation for the variable is that profitability has an inverse relationship with audit report delay. Thus we hypothesise that:

> H₄: *Firm profitability has negative and significant effect on audit report lag in Nigerian firms*

Auditor size and audit report lag

Audit firms are classified into two – big 4 and non-big 4 (Turel, 2010). The big-4 are usually multinational audit firms and are believed to have better resources for both earlier completion of audit engagement and better-quality audit work. Walker and Hay (2008) found that auditor type has a significant effect on audit lag, with big four firms being significantly negatively associated with audit time lag. Wei (2012) found that the auditor type has a negative impact on audit report lag for Chinnese firms. Similarly, Shukeri and Islam (2012) studied Malaysian firms and found that auditor type influences the audit report lag. Turel (2010) found on the contrary that audit lead time increases with big-4 auditor firms. Vuko and Cular (2014) found among others, that big-4 audit firms are positively associated with audit report delay, and this positive relationship is significant. Moradi et al. (2013) found that independent auditor size has been meaningful in financial reporting timeliness. Ahmed and Hossain (2010) found that the type of auditor significantly reduces the time taken to prepare the audit report. Dibia and Onwuchekwa (2013) found for Nigerian quoted firms, big-4 audit firms are associated with audit report lag though not significantly. This conforms to the finding by Ismail, Mustapha, and Ming (2012) for Malaysian listed companies. Che-Ahmad and Abidin (2008) found the size of the auditor to be among the significant determinants of audit delay. Khalatbari et al. (2013) found from Iranian firms that auditor size has a significant positive influence on audit delay. Based on this review, the theoretical expectation is that external auditor size will reduce audit report lag, and we hypothesise that:

H_5:   *External auditor size negatively and significantly affects audit report lag in Nigeria.*

The control variables and audit report

Audit fee might also be expected to impact on audit report lag. This is because the amount of audit fee can influence the resource mobilisation for an audit engagement, and hence the completion time of an audit exercise. However, higher audit fee is usually associated with more complex audit because audit fee is an indicator of the time and effort devoted to an audit, meaning that the audit fee should be a positive reflection of the audit report lag (Wei, 2012). Wei (2012) found audit fee to be statistically significant and positively related to audit lag for Chinese firms. Oladipupo (2011) found that audit fee has no significant impact on audit delay in

Nigerian firms. Enofe et al. (2013) however found that audit fee has a positive relationship with audit report lag for selected firms in Nigeria.

Industry classification is also expected to influence audit report delay, some industries are involved in more complex operations and may, therefore, be expected to require more time in audit assessments as the audit risks are higher. Moradi et al. (2013) found a reduced audit report delay to be dependent on industry type. Measuring industry classification as a dummy variable, Walker and Hay (2013) found that industry classification has a positive but not significant impact on audit report lag. However, Ahmed and Hossain (2010) found industry classification to exert negative and significant influence on audit report lag in Bangladeshi firms from a sample of 87 firms.

Earnings management (the use of accruals) is thought to reflect the quality of financial information of firms and may, therefore, affect the timeliness of audit reports (Ankle, 2011; Wei, 2011). Khalathari et al. (2013) found a positive but insignificant relationship between earnings management and audit report delay for Iranian firms using panel data analysis. Wei (2011), however, found that earnings quality exerts a negative and significant influence on the timeliness of audit reports among Chinese firms.

Theoretical Framework

This work is built on such theories as signaling theory, lending credibility theory and agency theory.

Signaling theory
The signaling theory is based on the "Lemon problem" This theory is used to explain how asymmetric information affects the volume of financial information that is supplied by management. The signaling theory presupposes that managers use the information to separate good firms from the bad ones. The financial reporting and audit reporting process help to reduce the extent to which managers can use information asymmetry opportunistically to get outsiders to do certain things (Ittonen, 2010).

Lending credibility theory
The lending credibility theory assumes that the primary objective of an audit is to lend credibility to the financial statements.

The audit report adds to the faith or disbelief that users have on the financial statement (Ittonen, 2010). Ittonen (2010) noted that audited financial statements are usually seen to be credible when they have been audited, and this increases the users' confidence in the figures presented by management.

The policeman theory

The policemen theory sees the auditor as having the capabilities to look for and detect, and consequently prevent fraud. This means that audited financial statements are expected to be free from fraud and where fraud has existed, the audit process would show such (Salehi, 2010). This was the case in the early 20th Century, and over the years, the idea shifted to the auditor having the responsibility to express an opinion on the true and fair representation of the financial statements of the actual state of affairs of the company. It restrains the auditor's responsibilities on "arithmetical accuracy and on the prevention and detection of fraud" (Hayes Knechel & Wong, 2005).

This work is hinged on the lending credibility theory. This is because the audit report is needed to express an opinion on the financial statements, such opinion lends credibility to the accounting figures presented by the statements, thus, establishing a basis for sound decision making.

3.0 METHODOLOGY

The research design used in the study is the ex post facto design as subjects are studied from records of past practices; data were collected from the annual reports of listed firms purposively selected. The study used pooled regression analysis for 111 observations from 2012 to 2016; the period is chosen because it represents the post-IFRS adoption era, during which the new reporting structure has been implemented. The model used in this study is specified thus:

$$ADLG_{it} = \beta_0 + \beta_1 FMS_{it} + \beta_2 INDC_{it} + \beta_3 ADTP_{it} + \beta_4 INM_{it} + \beta_5 LEV_{it} + \beta_6 INC_{it} + \beta_7 TOAC_{it} + \beta_8 ADFE_{it} + \sum_{it}$$

Where: ADLG = auditreport lag, FMS = firm size, ADTP =external auditor type, INC = profitability, LEV = leverage, FMC = firm complexity, INDC = industry classification, TOAC = total accrual,

ADFE = audit fee, β_0 = intercept, β_1, ..., β_8 = Parameters of independent variable, $\sum$= Stochastic error term, i = firms, and t = time covered.

Apriori expectation: From the theories and extant literature, it is presumptively expected that β_1, ..., β_8 < 0.

Table 3.1: Variables and their measurements

Sign	Meaning	Variable Type	Appriori Sign	Operationalization
ADLG	Audit Reporting	Dependent		Days between financial fear end and audit report signed
FMS	Firm size	Independent	+	Natural log of total assets
ADTP	External Auditor type	Independent	-	Dummy variable (1 if big-4, 0 if otherwise)
INC	Profitability	Independent	-	ROA
LEV	Financial Leverage	Independent	-	Total debt to assets ratio
FMC	Firm complexity	Independent	+	Receivable plus Inventory to Total assets ratio
INDC	Industry classification	Control	+	Dummy Variable (1 if firm is financial, 0 if otherwise)
TOAC	Total Accrual	Control	+	Net profitless cash from ratio activities divided by total assets
ADFE	Audit Fees	Control	+	Natural log of audit fess

Source: Researchers Conceptualization

4.0 ESTIMATION RESULTS AND DISCUSSION OF FINDINGS

Table 4.1: Descriptive Statistics

	ADLG	FMS	INDC	ADTP	INC	LEV	FMC	TAC	ADFE
Mean	4.386886	23.76528	0.225225	0.720721	0.062540	0.638794	0.367610	-0.03899	852.4543
Median	4.418841	24.14162	0.000000	1.000000	0.045087	0.634479	0.352567	-0.04026	331.5723
Maximum	5.579730	26.45963	1.000000	1.000000	0.543377	1.930649	0.943723	0.33097	12102.39
Minimum	2.639057	19.15784	0.000000	0.000000	-0.15003	0.003665	0.025670	-0.44919	0.000000
Std. Dev.	0.388238	1.795595	0.419625	0.450680	0.079683	0.313844	0.207192	0.11362	1621.543
Skewness	-0.7498	-0.469553	1.315560	-0.983944	2.484024	0.888387	0.239423	-0.17856	4.146979
Kurtosis	6.886594	2.071348	2.730698	1.968145	14.81784	5.613861	2.346836	5.01488	24.61944
Jarque-Bera	80.26426	8.067460	32.35333	22.83504	760.0853	46.20002	3.033619	19.3663	2479.879
Probability	0.000000	0.017708	0.000000	0.000011	0.000000	0.000000	0.219411	0.00006	0.000000
Sum	486.9444	2637.946	25.00000	80.00000	6.941992	70.90611	40.80469	-4.32825	94622.43
Sum Sq. Dev.	16.58016	354.6578	19.36937	22.34234	0.698436	10.83480	4.722126	1.42027	2.89E+08
Observations	111	111	111	111	111	111	111	111	111

Source: Computed from Various Annual Reports Using E-View

Table 4.2: Correlation Matrix

Correlation	ADLG	FMS	INDC	ADTP	INC	LEV	FMC	TAC	ADFE
ADLG	1.000000								
FMS	-0.151113	1.000000							
INDC	-0.083203	0.165534	1.000000						
ADTP	0.134512	0.205023	0.335627	1.000000					
INC	-0.080950	-0.021388	-0.169794	0.086448	1.000000				
LEV	-0.006060	0.186097	0.142178	-0.183608	0.158281	1.000000			
FMC	-0.025366	-0.044192	0.216807	0.069773	-0.040650	0.176973	1.000000		
TAC	0.001085	-0.079627	0.247519	0.140302	-0.000913	-0.098271	0.297510	1.000000	
ADFE	-0.121926	0.270161	0.446579	0.214789	-0.084597	0.120897	0.223491	0.111544	1.000000

Source: Computed from Various Annual Reports Using E-View

Table 4.1 shows that nearly all the variables studied have normally distributed data. The p-values of the Jarque-Bera statistics are significant at the 5% level. All the variables are significantly normally distributed. Average report delay is 54.5 days (natural log = 4.3869). Maximum firm size measure is 26.4596, and the minimum is 19.1578, with a mean value of 23.7686. For the studied firms, maximum ROA is 0.5434, the minimum value is -0.1500, with an average value of 0.0626. These results show that the studied firms are not dominated by firms of any particular extreme feature. This rule out the presence of outliers whose values are capable of distorting the results of this work.

Table 4.2 shows that audit report lag has mixed relationships with the explanatory and control variables. For instance, audit report lag has a positive association with external auditor type and total accrual (a proxy for earnings quality). Audit report lag is however negatively associated with firm size, industry classification, firm performance, firm complexity and audit fee. The table shows that there is the absence of the problem of multicollinearity in the adopted model; this is shown by the absence of any two perfectly or nearly perfectly correlated explanatory variables. The correlation coefficients are relatively weak.

Table 4.3: Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5.210097	0.514099	10.13443	0.0000
FMS	-0.041600	0.022124	-1.880296	0.0629
FMC	-0.075428	0.193583	-0.389644	0.6976
LEV	0.186875	0.131761	1.418291	0.1592
INC	-0.824295	0.485678	-1.697206	0.0927
ADTP	0.247418	0.093132	2.656626	0.0092
TAC	0.069380	0.350289	0.198066	0.8434
ADFE	-2.12E-05	2.61E-05	-0.810100	0.4198
INDC	-0.143219	0.107790	-1.328682	0.1869
R-squared	0.105182	F-statistic		1.498710
Adjusted R-squared	0.035000	Prob(F-statistic)		0.016863
S.E. of regression	0.381383	Durbin-Watson stat		1.800030

Source: Computed from Various Annual Reports Using E-View

Table 4.3 shows that the model can be used to explain the causal relationships between the dependent and independent variables. The Durbin-Watson statistic of 1.806 (which can be approximated to 2) shows the absence of the problem of autocorrelation in our model. The R-squared value of 0.1052 shows that about 10.52% of the systematic variation in audit report lag is accounted for by changes in the independent and control variables. The probability of the F-statistic (0.0168) shows that there is a significant linear relationship between the variables of study. The specific causal relationships between the dependent and independent variables are discussed hereunder.

Firm Size (FMS): with a coefficient of -0.0416, firm size has a negative impact on audit report lag, a P-value of 0.0629 implies that the negative effect is only significant at 10% . This finding does not conform to theoretical expectation, and thus, this leads to the rejection of H_1. This finding is consistent with the findings of Enofe et al. (2013), Lehtinen (2013) and Dibia and Onwuchekwa (2013). The reason for this might be that the big firms are better able to organise their operations, and have better internal control mechanisms that aid the external audit processes leading to an inverse relationship with audit report delays.

Firm Complexity (FMC): with a coefficient of – 0.0754, the study shows that firm complexity has a negative effect on audit report delay. A p-value of 0.6976 shows that the negative impact is not significant. This result is contrary to theoretical expectation and leads to the rejection of H_2. This finding does not conform to the finding of Pourali et al. (1987) which found a positive and significant relationship. This might be so because of the existence of better internal audits and internal control mechanisms in those firms that have a higher value of firm complexity measures (accounts receivable and inventory).

Financial leverage (LEV): A coefficient of 0.1869 shows that financial leverage has a positive impact on audit report lag, a p-value of 0.1592 shows that the positive impact of financial leverage is not significant. This finding is contrary to theoretical expectation, and this leads to the rejection of H_3 that financial leverage is negatively and significantly related to audit report lag. The reason for this may be that the extra monitoring that leverage is expected to bring about that could lead to lower audit report delay may be weaker for Nigerian firms which we investigated in this study.

Firm Performance (INC): A coefficient of -0.8243 shows that profitability has a negative effect on audit delay, a p-value of 0.0927 shows that the negative effect of firm profitability is not at 5% level of significance. This finding only partially conforms to theoretical expectation and leads to the rejection of H_4 to the extent that a significant causal effect was hypothesised. The finding is not consistent with the findings of Ahmed and Hossain (2010) and

Shukeri and Islam (2012). The insignificance of the effect of profitability on audit delay may be as a result of the non-dominance of debt financing in the financing structures of the firms studied.

External Auditor Type (ADTP): with a coefficient of 0.2474, the results show that type of external auditor exerts a positive effect on audit report delay. A p-value of 0.0092 shows that the positive effect of external auditor type is significant. This finding contradicts theoretical expectation and leads to the rejection of H_5 that external auditor size negatively and significantly affects audit report lag. This finding does not conform to the findings of Wei (2012), Walker and Hay (2008) and Ahmed and Hossain (2010) but conforms to the findings by Dibia and Onwuchekwa (2013) and Vuko and Cular (2014). The inconsistency might be as a result of the differences in the strengths of the internal control and institutional mechanisms across different study populations.

Control Variables

Earnings Management (TAC): with a coefficient of 0.0694 and a p-value of 0.8434, the results show that earnings management has a positive but insignificant effect on audit report delay. This partially conforms to our apriori expectation.
Audit Fees (ADFE): with a coefficient of -2.12E-05 and a p-value of 0.4198, the results show that audit fees exert a negative influence on audit report delay, but the influence is not significant. This finding partly conforms to appriori expectation.
Industry Classification (INDC): with a coefficient of -0.1432 and a p-value of 0.1869, the results show that industry classification exerts a negative influence on audit report delay, but the influence is not significant.

5.0   CONCLUSION AND RECOMMENDATIONS

This study examined the determinants of audit report delay using evidence from Nigerian quoted firms in the post-IFRS adoption era when Nigerian firms have gained a substantial IFRS reporting experience. The factors used as explanatory variables in this study are firm size, firm complexity, leverage, firm profitability (ROA) and external auditor type (Big 4 or non-big 4), while earnings management (total accruals), audit fees and industry classification of firms were used as control variables. Audit report lag was measured as the natural lag of the time lag between firm's year end and the day the external auditor signs the audit report.

The major limitation of this study is that it used pooled regression analysis and so does not capture the time series property of the data. It is therefore recommended that the time dimension is captured in subsequent studies.

Consistent with the finding of most empirical extant literature, most of the studied variables only exhibited insignificant effects on audit report timeliness. It is therefore recommended that:

(a)   Regulators should set time lines within which corporate bodies should publish their financial reports as is currently the case in some of the more organised societies.

(b)   Investors should always have a consciousness to adjust the accounting information for lateness when basing decisions on such statements.

(c)   Preparers of accounting information and auditors should concertedly work towards enhancing the timeliness of accounting reports in Nigerian firms to improve the decision usefulness of such reports.

REFERENCES

Adebayo, P.A., & Adebiyi, W.K. (2016). Effect of firm characteristics on the timeliness of corporate financial reporting: Evidence from Nigerian deposit money banks. *International Journal of Economics, Commerce and Management United Kingdom*, *4*(3), 569-381

Ahmed, A.A.A., & Hossain, M.S. (2010). Audit report lag: A study of the Bangladeshi listed companies. *ASA University Review, 4*(2), 49-56.

Al-Ajmi, J. (2008). Audit and report delays: Evidence from an emerging market. *Advances in Accounting, 24*(1), 217-226.

Alfraih, M.M., & Almutawa, A.M. (2014). An empirical investigation of users' view on corporate annual reports in Developing Countries: Evidence from Kuwait. *Review of Contemporary Business Research, 3*(3 & 4) 51-83.

Al-Muzaiger, M.A., Ahmed, M., & Hamid, F.A. (2016). Timeliness of financial reporting: Evidence from U.A.E. A Paper presented at the International Conference on Accounting Studies (ICAS), 15-18 August, Langkawi. Kedah, Malaysia. Available at: www.lcas.my.

AL-Taha, S.S.Y. (2015). Company attributes and the timeliness of interim financial reporting in Jordan. *International Journal of Application or Innovation in Engineering & Management, 4*(3), 6-16.

Ashton, R.H., Willingham, J.J., & Elliott, R.K. (1987). An empirical analysis of audit delay. *Journal of Accounting Research, 25*(2), 275-292.

Aubert, F. (2009). Determinants of corporate financial reporting lag: The French empirical evidence. *Journal of Accounting and Taxation, 1*(3), 052-060

Aulova, R., & Hlavsa, T. (2013). Capital Structure of agricultural businesses and its determinants. *Agris On-line Papers in Economics and Informatics*, 5(2), 23-36.

Austrian Financial Reporting and Auditing Committee (AFRAC) (2006). Discussion paper: Preliminary views on an improved conceptual framework for financial reporting. Comment Letter. Available at http://www.afrac.at/?page _id=5402

Bemby, B.S., Abulosin, M., & Mursidi, I. (2013). Good corporate governance (GCG) Mechanism and audit delay: An empirical Study on companies listed on the Indonesia Stock Exchange (IDX) in the period of 2009-2011. *Journal of Modern Accounting and auditing, 9*(11), 1454-1468.

Chaing, H., Chen, X., & Zhou, N. (2013). Determinants and consequences of audit committee effectiveness: Evidence from China. A Working Paper, Available at

Che-Ahmad, A., & Abidin, S. (2008). Audit delay of listed companies: A case of Malaysia. *International Business Research*, 1(4), 32-39.

Dibia, N.O., & Onwuchekwa, J.C. (2013). An examination of the audit report lag of companies quoted in the Nigeria Stock Exchange. *International Journal of Business and Social Research, 3*(9) 8-16.

Eghlaiow, S., Wickremasinghe, G., & Paguio, R. (2013). An empirical examination of the determinants of audit report delay in Libya. Proceedings of the 8th Annual London Business Research Conference, Imperial College, London. Available at https:// wbiworldconpro.com/uploads /london-conference-2013/

Emeh, Y., & Ebimohowei, A. (2013). Audit committee and timeliness of financial reports: Empirical evidence from Nigeria. *Journal of Economics and Sustainable Development, 4*(2), 14-25.

Enofe, A .O., Mgbame, C.O., & Abadua, H.S. (2013). Audit firm rotation and audit report lag in Nigeria. *Journal of Business and Management, 12*(4), 13-19.

Erin, O., Afeisume, & Owodunni, K. (2015). Sustainability reporting and quality of corporate disclosure: Evidence from the Nigerian banking sector. *ICAN Academic Conference Proceeding,* 355-366.

Hajiha, Z., & Rafiee, A. (2011). The impact of internal audit function quality on audit delays. *Middle-East Journal of Scientific Research, 10*(3), 389-397.

Hayes, D., Knechel, W., & Wong, N. (2005). A meta-analysis of the effect of supply and demand attribute. Working Paper, University of Auckland, New Zealand. Available at https://scholar.google.com/

Ismail, H., Mustapha, M., & Ming, C.O. (2012). Timeliness of audited financial reports of Malaysian listed companies. *International Journal of Business and Social Science, 3*(22), 242-247.

Ittonen, K. (2010). A theoretical examination of the role of auditing and the relevance of audit reports. Proceedings of the University of Vaasa: Teaching aid series. Available at www.uva.fi/materiaali/pdf/

Karim, W., Ahmed, K., & Islam, A (2006). The effect of regulation on the timeliness of corporate financial reporting: Evidence from Bangladesh. *JOAAG, I*(I), 15-35.

Kariuki, G., & Jagongo, A. (2013). Institutional investors perceptions on quality of financial reporting in Kenya. *International Journal of Humanities and Social Science, 3*(21)   144-156.

Khalatbar: A., Ramezampour, I., & Haghdoost, J. (2013). Studying the relationship of earnings quality and audit delay in accepted companies in Tehran Securities. *International Research Journal of Applied and Basic Sciences, 6*(5), 549-555.

Khasharmeh, H.A., & Aljifri, K. (2010). The timeliness of annual reports in Bahrain and the United Arab Emirates: An empirical comparative study. *The International Journal of Business and Finance Research, 4(*1), 51-71.

Lehtinen, T. (2013). Understanding timeliness and quality of financial reporting in a Finnish public company. Thesis, School of Business, Aalto University. Available at www.aato.fi

Ljubisaljevic, S., & Jovanovic, D. (2011). Empirical research on the internal audit position of companies in Serbia. *Economic Annals 56*(191), 123-141.

Moradi, M., Salehi, M., & Mareshki, M.S. (2013). Timeliness of annual financial reporting: Evidence from the Tehran Stock Exchange. *ABAC Journal, 33*(3), 20-29.

Ohaka, J., & Akani, F.N. (2017). Timeliness and relevance of financial reporting in Nigerian quoted firms. *Management and Organizational Studies, 4*(2), 55-62.

Oladipupo, A.O., & Ilaboya, O.J. (2013). Late culture of corporate financial reporting in Nigeria. *African Journal of Social Sciences, 3*(4), 163-170.

Oladipupo, A.O. (2011). Impact of corporate international linkage on the incidence of audit delay in Nigeria. *JORIND*, *9*(1), 231-237.

Pourali, M.R., Jozi, M., Rostami, K.H., Taherpour, G.R., & Niazi, F. (2013). Investigation of effective factors in audit delay: Evidence from Tehran Stock Exchange (TSE). *Research Journal of Applied Sciences, Engineering and Technology, 5*(2), 405-413.

Salehi, M., & Rostamin. V. (2011). Different Perceptions in financial reporting: Empirical evidence from Iran, *Africa Journal of Business Management, 5*(8), 3330-3336.

Salehi, M. (2010). Evaluating effectiveness of external auditors' report: Empirical evidence from Iran. *Pak. J. Commer. Soc. Sci.*, *4*(1), 69-83.

Shukeri, S.N., & Islam, M.A. (2012). The determinants of audit timeliness: Evidence from Malaysia. *Journal of Applied Research, 8*(7), 3314-3322.

Tanji, P., Raghunandan, K., & Barua, A. (2010). Audit report lags after voluntary and involuntary auditor change. *Accounting Horizons, 24*(4) 611-688.

Turel, A.G. (2010). Timeliness of financial reporting in emerging capital markets: Evidence from Turkey. *European Financial Accounting Journal, 5*(1), 113-133

Vuko, T., & Cular, M. (2014). Finding determinants of audit delay by pooled OLS regression analysis. *Croatian Operational Research Review, 5,* 81-91.

Walker, A., & Hay, D.C. (2013). Non-audit services and knowledge spillover: An investigation of the audit report lag. *Meditari: Accounting Research, 21*(1), 32-51.

Wei, L. (2012). Determinants and implications of audit reporting lag in China. An MPhil Thesis, Lingan University, Available at http://commons.ln.edu.hk/cgi/viewcontent.cgi