

Audit Committee Attributes and the Reporting Timeliness of Listed Nigerian Firms

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Abstract

Purpose of the article: This study appraised the extent to which audit committee attributes influence the reporting timeliness of listed Nigerian firms. In this light, firm level secondary data were sourced from the financials of 21 randomly selected firms over a 6 year period (2012–2017).

Methodology/methods: The *ex-post facto* research design was the methodological basis of this research. Additionally, both descriptive and inferential statistical techniques were employed to practically analyse the collated data. Diagnostics tests used included the VIF and Breusch Pagan tests and the study's hypothesis was developed and tested at 0.05 significance level by means of regression analysis.

Scientific aim: This research aims to analyse the link between the attributes of audit committees of firms (size, independence and diligence) and the timeliness of financial reporting by obtaining empirical evidence from listed corporate entities in Nigeria.

Findings: The results indicate that audit committee attributes (measured by size, independence and diligence) had a significant relationship with financial reporting timeliness among firms in Nigeria.

Conclusion: Since the size, independence and diligence of the audit committee was found to have significant influence on the reporting timeliness of firms, we therefore recommend that while firms are continuously monitored to strictly adhere to the guidelines and present stipulated threshold in constituting their respective audit committees; conscious efforts must be made by regulatory bodies to also monitor the compliance levels of firms especially with respect to the level of independence and diligence of the audit committees.

Keywords: audit quality, audit, financial reporting, Nigeria, audit diligence, corporate governance

JEL Classification: G34, M40, M41

Introduction

The concept of reporting timeliness has attracted several researches over the years (Nelson, Shukeri, 2011; Abbott *et al.*, 2012; Ika, Ghazali, 2012; Sultana *et al.*, 2015). Timeliness is one of the four enhancing qualitative characteristics of accounting information and suggests that for companies' financial information to meet user needs, they should be readily prepared and made public at the right time such that they do not risk losing their potential of influencing the decisions of such users. The quest for the timely release of companies' financial information has become phenomenal in Nigeria given the rising exposure of domestic entities to international capital markets and the implementation of the International Financial Reporting Standards (IFRS).

It is noteworthy that studies like Owusu-Ansah, Leventis (2006), Al-Ajmi (2008) and Piot (2008) have shown that most decisions of stakeholders are statistically linked with the timing of financial statements' availability. This argument is premised on the assertion that financial reports remain the primary source of data or information for investors and the majority of stakeholders. Arguably, the timely publication of companies' annual accounts depends largely on internal audit processes, procedures and controls. This therefore calls for the questioning of the role of the audit committee attributes on the reporting timeliness among companies (Nelson, Shukeri, 2011). No doubt, there have been increased pressures on companies' audit committees to ensure adequate compliance to established regulations and procedures by management (Abernathy *et al.*, 2014). As believed, this would not only improve quality, but will simultaneously increase the intensity of relevance of such financial information.

Although studies on the probable determinants of reporting timeliness and the extent to which reporting timeliness affect the quality of financial reports abound; noticeably,

the bulk of such prior studies were mainly limited to developed and emerging economies (Bedard, Gendron, 2010; Cunha *et al.* 2015; Baatwah *et al.*, 2015; Hassan, 2016; Rahmawati, 2018); and yet concentrated mainly on the audit committee size and effectiveness as measures of audit attributes.

The research into how the attributes of the audit committee (measured by size, independence and diligence) will influence reporting timeliness by specifically obtaining firm level data from a developing country such as Nigeria motivated this present study. The thrust for this study is however justified on arguments that outcomes from contemporary research have triggered the modification of the existing corporate governance codes and legislations so that internal auditing and the audit committees of entities are now charged with the task of monitoring and oversight on the activities of management (Nelson, Shukeri, 2011; Sultana *et al.*, 2015). This has increased the global recognition of a presumed relationship between auditing generally and financial reporting timeliness.

1. Conceptual and empirical review

Financial reports are adjudged relevant when they provide timely and useful information to interested users. This is why Aktaş, Karğın (2011) averred that delays in the publication of financial reports by firms have the tendency of increasing the risks associated with investments and decision making processes. Increase in reporting lag sometimes reduces available information at the point of decision-making, which ultimately has a multiplication effect on the level of relevance of financial reports. Additionally, where the reported earnings in companies' financials are manipulated by the management of firms, it will result to the production of incomplete and inaccurate financial information, which in turn reduces the relevance and quality of financial reports.

Studies such as those of Adelaja (2009), and O'Connor (2006) have however shown that there are recorded improvements in the quality of financial reporting following the decisions of firms to set up audit committees that now perform oversight functions on the activities of the management of corporations. The idea of setting up audit committees was birthed on the requirements on the codes of corporate governance (CCG) and their subsequent revisions and updates as issued by several regulatory bodies in Nigeria. As expected by the CCG, audit committees should be set up with knowledgeable members with the potentials of reducing the chances of fraud and fraudulent practices, through the performance of their oversight functions; thus enhancing the trustworthiness of financial reports.

Interestingly, research evidence has shown renewed concerns on the concept of reporting timeliness given that the financial information of firms might become irrelevant to investors and other users owing to undue delays in making such information public as at when decisions are being made (Rahmawati, 2018). Despite the renewed concerns on the concept, research output in this direction in Nigeria seems to be limited; yet focused on specific industries or sectoral categories. Notable among these are studies that relied on data from firms in the manufacturing and building materials industry (Semiu, Kehinde, 2011; Semiu, Johnson, 2012; Umar, 2012), and banking sector (Aliyu, Ishaq, 2015; Mbo-bo, Adebimpe 2016; Temple *et al.*, 2016). It becomes necessary therefore to examine the effects of audit characteristics on financial reporting timeliness using listed selected firms in Nigeria to fill this literature gap as most studies focused on a particular sector of the economy. This forms the thrust of this study.

2. Financial reporting timeliness

Financial reporting in general has long been accepted as a very important aspect

in accounting (Nelson, Shukeri, 2011; Ika, Ghazali, 2012; Sultana, *et al.*, 2015). In respect to this, many accounting bodies and proficient institutions across the world have made several attempts to define the term timeliness. The International Accounting Standards Board (IASB) defined timeliness as efforts targeted at ensuring that all accounting information are ready and available such that their availability have the capacity of influencing the economic decisions of the generality of users (IASB, 2008). It is the process of ensuring that financial information is timely and supports relevant decisions, thereby reducing information asymmetry among stakeholders within identified capital markets (Owusu-Ansah, Leventis, 2006). Financial reporting timeliness also refers to the time interval it will take a company from the accounting year-end to the date the corporate reports are been released by the auditors.

However, the timely release of financial report is measured as a main factor in promising and developed capital markets where the financial statements which have been audited are the only dependable source of information available to its users (Liu *et al.*, 2009; Azubike, Aggreh, 2014). Discourse on the timeliness of financial reporting has so far recognized two aspects – frequency of the reports and financial reporting lag. The frequencies of the reports are issued by firms which can be monthly, half yearly or quarterly (Ismail, Chandler, 2004); whereas, financial reporting lag talks about the time difference between the time it takes for firms to publish their reports and the accounting year end or the date of the submission of the reports to the regulatory bodies. In order to avoid excessive and undue delays in publishing the financial information of firms, regulatory bodies in various countries have carefully outlined stipulated guidelines and punitive measures to guarantee compliance with regards to publishing timely financial reports.

In Nigeria, the Companies and Allied Matters Act (CAMA) 2004 states that

companies should hold their annual general meeting and make sure financial statements are submitted before the shareholders in an interval of not more than fifteen month after their last annual general meeting (S. 213, 214, 218). Impliedly, Nigerian firms have at most, a maximum of six months from the date of their financial year-end to publish their respective accounts.

In the context of the USA, the country's Security and Exchange Commission has made a moderation in the time limit of financial statements for companies from 90 days to 60 days in order to increase the markets' efficiency in USA (Lehtinen, 2013). This moderation is hinged on the consideration of financial reporting timeliness as a vital and significant indicant of the useful accounting/financial information (Aljifri, Khasharmeh, 2010). In view of the above, the obvious is that the publication of timely reports by firms is of utmost concern to regulators, investors and other stakeholders.

In Nigeria, studies such as that of Ekienabor, Olukoya (2018) empirically examined the attributes of corporate organizations and financial reporting timeliness. The study extensively relied on secondary data that were purposely obtained from the financials of 40 listed Nigerian firms during a 6-year study period (2010–2015). The method adopted to analyse the collated data included the descriptive statistics, correlation and regression analysis but specifically the Generalized Least Square Regression (GLS) was used to test the proposed hypotheses. The results obtained indicate that firm age, profitability, and firm size jointly and individually have no significant effect on financial reporting timeliness of firms.

The concern of this study therefore is to find out the influence of audit committee attributes to the reporting timelines of selected firms from different sectors in Nigeria. The research outcome will however serve as a policy guide with respect to the governance, constitution, independence, and effectiveness

of companies' corporate Boards, particularly as it concerns their respective audit committees.

3. Audit committee size

The audit committee(s) refers to the committee(s) appointed by companies and respective Boards. This is a committee that serves as a link between Corporate Boards (Board of Directors) and the respective external auditors of companies. Audit committees are expected to play significant roles in monitoring the entire process of financial reporting. Globally, audit committees of companies are mostly seen as the most effective mechanisms of corporate governance through which the management of firms and their activities could be monitored.

The size or number of the members of any given audit committee gives clear signal of the resources available to such committee(s). Accordingly, Klein (2002) believes that the potential problems in the reporting process are mostly revealed and determined by larger audit committees. In theory, as stated by the CAMA 2004, firms are likely to produce probable financial statements than those having audit committees constituted without considering the provisions of the Act.

Outside Nigeria, studies (Li *et al.*, 2008; Persons, 2009) have shown that audit committee size influences corporate disclosures and disclosure practices. This has further spurred arguments that for audit committees to be more effective in the performance of their oversight functions; their respective composition must be made of adequate numbers of committee members (Vafeas, 2005; DeZoort *et al.*, 2002). Empirical documentations also reveal that large audit committees will enable other sub-committees to effectively assess the work carried out by external auditors within short and stipulated time (Pucheta-Martinez, Fuentes-Barbera, 2007; Turley, Zaman, 2007; Rahmat *et al.*, 2009).

Conversely, there is a growing argument that excessive oversights and high level of thoroughness of audit committees may lead to delays in the process of completing the preparation of firms' financial report. This study therefore includes audit committee size as one of the explanatory variables to examine its linkage with the reporting timeliness in the Nigerian context.

4. Audit committee independence

Audit committees ought to be distinct from management to enable them carry out the effective monitoring and oversight of managements' activities and/or behaviour which in fact includes all forms of deliberate lags in the reporting process/techniques adopted. The trustworthiness and quality of financial reporting can be affected when the audit committee has little or no independence (Habbash, 2010). An objective of the audit committee is to give an unprejudiced review on financial information, thereby making the committee to significantly contribute directly and indirectly to the quality of financial reporting timeliness (Kirk, 2000).

The level of independence of audit committees can be measured by examining the membership structure of the committee. In this case, the ratio of non-executive directors to total membership of the audit committees can be considered. To date, empirical evidence from prior studies outside Nigeria has suggested that the presumed independence of audit committees largely influence reporting timeliness on a negative note (Abbott *et al.*, 2012). In support of this argument, research has suggested that a more independent audit committee is likely to boost and hasten the financial reporting process and promote efficient monitoring which in turn contributes to the overall long-term value of companies (Bedard *et al.*, 2014; Davidson *et al.*, 2005). Azlina *et al.* (2014) examined the link between measures of audit committee and the

timeliness of financial reporting with a view to possibly making a comparison between evidences obtained for periods before and after the issuance of the Malaysian Code of Corporate Governance of 2007 (MCCG, 2007). The OLS regression technique was adopted for analytical purposes. The results revealed that the independence and meetings of the audit committees were significantly related to reporting timeliness during the pre-MCCG, 2007 era; whereas, the size and expertise of the audit committees were significantly related to reporting timeliness in the post-MCCG, 2007 era.

It is noteworthy that in the study by Yang, Krishnan (2005), it was reported that audit committee independence is significantly less associated with the incidence of internal control problems over financial reporting. In this research however, our focus is to assess how the level of independence of audit committees affect timely financial reports of companies.

5. Audit committee diligence

An audit committee is established to guarantee continuous communication between and among the external auditors and the Board. This continuous communication will only be possible where the committee meets on a regular basis with the auditors to review the financial statements and audit processes as well as establishing better internal accounting control and systems (Habbash, 2010). The regularity of their meetings is a sign of diligence and an active audit committee, which devotes its time to resolving pressing issues and offering better appraisals that will in turn, help in identifying all forms of misstatements in financial reporting, material or otherwise. According to Ruzaidah, Takiah (2004), the regularity of audit committee meetings helps better in the timely release of audited financial reports through the frequent and efficient monitoring of manage-

ment roles and responsibility. This current study is therefore interested in finding out the relationship between the level of diligence of audit committees of firms and financial reporting timeliness by drawing evidence from Nigeria.

6. Hypothesis and methods

This study focused on the concept of financial reporting timeliness and three (3) measures of audit committee attributes – size, independence, and diligence and covers a six-year post-IFRS adoption period, covering 2012–2017. The choice of this study period is justified on the ground that all listed companies had fully complied with the new regulating standards (IFRS) for financial reporting in the country; hence, reporting bias will in no way affect the outcome of this current study. In assessing the statistical relationship between the study’s variables, we hypothesized that:

No significant relationship exists between financial reporting timeliness and audit committee attributes of listed Nigerian firms.

To test the postulated hypothesis, the *ex-post facto* design was adopted and a sample

of twenty-one (21) listed firms were randomly selected. Annual data in respect of the selected firms were therefore pooled from the annual reports of the sampled firms between 2012–2017.

Model Specification

The empirical model for this study is based on measures of audit committee attributes (independent variables) and reporting timeliness (dependent variable) which is proxied by the report lag of firms. The expertise of external auditors as measured by the size/quality of the external audit firms engaged by reporting entities for the relevant years was used as the control variable in this study. The statistical test of hypothesis was based on the following model that was developed in line with the hypothesis under the construct of the Ordinary Least Square (OLS) regression technique.

$$REPT_{it} = a_0 + a_1ACOMSZ_{it} + a_2ACOMIND_{it} + a_3ACOMDIL_{it} + a_4AEXPT_{it} + \mu_t, \tag{1}$$

where:

- U_t error terms,
- it firms at time t ,
- a_0, a_1, a_2 regressors.

Table 1. Definition and description of variables.

Variables Names	Type	Labels	Proxy
Reporting timeliness	Dependent variable	FREPT	Reporting timeliness (measured by financial reporting lag which is defined as the difference in the number of days between the fiscal year end firm i and the date in which financial report were issued in year t .)
Audit committee size	Independent variable	ACOMSZ	The number of audit committee members in each firm.
Audit committee independence	Independent variable	ACOMIND	The number of non-executive directors in audit committee divided by total number of audit committee members of the sampled firms.
Audit committee diligence	Independent variable	ACOMDIL	The regularity of audit committee meetings as defined by the number of times meetings were held by the audit committee of the sampled firms.
External audit expertise	Control variable	AEXPT	Dummy variable of 1 where a firm is audited by a Big 4 audit firm in year t , otherwise 0.

Source: Authors’ compilation, 2019.

The a-priori expectations are: $a_1 > 0$, $a_2 > 0$, $a_3 < 0$, < 0 all things being equal.

7. Results and discussion

This section presents the data obtained in this current study. For this purpose, company specific data were obtained for a period 6 years spanning from 2012–2017. The list of companies and the collated data are shown in Appendix I and Appendix II respectively. The results from the analyses are presented in tabular forms in the following sections.

7.1 Descriptive statistics

The results of the descriptive statistics of the variables are presented in Table 1.

Table 2 presents the summary statistics of the study's variables. As indicated, we have a total of 126 observations with respect to the data from 21 companies over a period of 6 years. Additionally, FREPT recorded a mean and standard deviation of 100.9603 and 80.40163 respectively. Note that while the mean explains the average amount of values recorded for the data on each variable, the standard deviation (Std. dev.) measures the level of variability of the data. Therefore, a standard deviation of 80.40 suggests that even though timeliness of financial reports may be adjudged relative, there are indications of situations where firms' financials for specific years may not have revolved closely around the average reporting period of about 101 days. The minimum and maximum numbers of days reported during the period

under review for FREPT were 28 and 487 respectively. The highest number of days recorded (487 days) for FREPT was found in the books of Flour Mills Nigeria Plc. in the 2014 financial year-end.

With regards to the independent variables, results presented in Table 1 further reveal that measures of audit attributes (ACOMSZ, ACOMIND, ACOMDIL and AEXPT), recorded means and standard deviations of 6.071429, 49.83429, 4.007937, 0.7936508 and 0.3832194, 12.28041, 0.5726574, 0.4062996 respectively. The low standard deviation recorded by most of the measures of audit attributes suggests that the sizes of the audit committees of the respective sampled firms, their level of independence and diligence and the expertise of the external audits of these firms revolved closely around their respective average values. However, with a standard deviation of about 12.280, the level of independence of the audit committees (ACOMIND) of some of the sampled firms may slightly disperse from the mean values recorded for some of the years. The respective minimum values recorded for ACOMSZ, ACOMIND, ACOMDIL and AEXPT are 5, 20, 2 and 0; whereas, the maximum values were 8, 100, 6, and 1 respectively. Impliedly, no audit committee comprised of membership that was above 8 individuals or below 5 individuals. Again, the mean value of ACOMDIL (4.007) suggests that on the average, the audit committees of the sampled firms are diligent since they were having regular meetings of at least, once every quarter.

Table 2. Summary of descriptive statistics of the variables of the study.

Statistics	FREPT	ACOMSZ	ACOMIND	ACOMDIL	AEXPT
Obs	126	126	126	126	126
Mean	100.9603	6.071429	49.83429	4.007937	0.7936508
Std. dev.	80.40163	0.3832194	12.28041	0.5726574	0.4062996
Min.	28	2	20	2	0
Max	487	8	100	6	1

Source: Researchers' computation, 2019.

7.2 Correlation analysis

The result of the correlation analysis is shown in Table 3.

Table 3 presents the correlation results for the entire variable set. As indicated above, apart from AEXPT, the correlation coefficients between the dependent variable (FREPT) and all other measures of audit attributes (ACOMSZ, ACOMIND, and ACOMDIL) were negative. Additionally, it could be observed also that the correlation coefficient between pairs of independent variables either indicate negative or positive relationship. A further cursory look at the results in Table 3 indicated that the independent variables did not show signals of the existence of multicollinearity. This is evident in the Pearson Correlation (Pearson *R*) between pairs of independent variable that was found to have ranged from 0.0071 to 0.3000. The lowest Pearson *R* of 0.0071 was found between ACOMDIL and AEXPT whereas, the highest Pearson *R* of 0.3000 was found between ACOMSZ and ACOMIND. Since no pair of independent variables had Pearson *R* close to or about 0.80 and above, we therefore argue that the independent variables used in this study do not have issues of

multicollinearity. To confirm this assertion, the variables were further subjected to other diagnostic tests whose results have been presented in Table 4.

From Table 4, the range of VIF for the independent variables did not exceed the standardized VIF level (1.01:1.17<10.00). Overall, the mean VIF obtained is 1.10, which suggests the absence of multicollinearity among the independent variables. Additionally, the chi2(1) of the fitted values for the variables is 11.93 with a probability value (p-value) of 0.0006. This result confirms the absence of heteroskedasticity problem in the data set. The above results further confirm the fitness of the specified models in this study.

7.3 Test of the hypothesis

In controlling for the effect of heterogeneity common among panel datasets, this study conducted the fixed effect and random effect analyses alongside the Hausmann Test. The choice of the model used to test and interpret the results of the hypothesis' testing was determined by the result of the Hausman test.

Table 5 presents a summary of the results from the test of the hypothesis. As indicated

Table 3. Results of the correlation analysis.

Variable	FREPT	ACOMSZ	ACOMIND	ACOMDIL	AEXPT
FREPT	1.0000				
ACOMSZ	-0.3099	1.0000			
ACOMIND	-0.2075	0.3000	1.0000		
ACOMDIL	-0.0320	0.1432	0.2771	1.0000	
AEXPT	0.1075	-0.1101	-0.0565	0.0071	1.0000

Source: Researchers' computation, 2019.

Table 4. Results for multicollinearity and heteroskedasticity tests.

Variables	ACOMIND	ACOMSZ	ACOMDIL	AEXPT	Mean VIF
VIF	1.17	1.11	1.09	1.01	1.10
1/VIF	0.853156	0.897091	0.918386	0.986363	
Breusch Pagan Cooke/Weisberg Test for Heteroskedasticity	chi2(1) = 11.93; Prob>chi2(1)= 0.0006				

Source: Researchers' computation, 2019.

Table 5. Results of model and test of hypothesis.

Dependent variable: Reporting timeliness (REPT) No. of Obs. = 126					
Variables	Symbol	OLS regression		Fixed effect (FE)	
		Coefficient	t-Stat.	Coefficient	t-Stat.
Constant	_CONS	450.8711	3.85* (0.000)	118.9311	1.44 (0.1530)
Audit committee size	aCOMSZ	-56.20005	-2.97* (0.004)	-9.033196	-0.67 (0.507)
Audit committee independence	aCOMIND	-0.8848927	-1.46 (0.146)	-0.0463917	-0.09 (0.932)
Audit committee diligence	aCOMDIL	6.087482	0.49 (0.628)	7.85198	0.81 (0.418)
Audit expertise	AEXPT	13.86447	0.81 (0.417)	9.721245	0.56 (0.518)
F(4, 121) (p-value)		4.02* (0.0043)			
R-Squared		0.1172			
R-Squared Adj.		0.0880			
F test that all $u_i=0$ F(20, 101) (Prob > F)				11.41* (0.0000)	
Hausman Test			Chi2(4) = 7.46		Prob>Chi2= 0.1134

* Significant at 5% level.

Source: Researchers' computation via STATA 13.0.

in the table, the OLS and FE results were presented alongside that of the Hausman test. The evidence shows that the difference in the coefficient is not systematic (Hausman $\chi^2(4)=7.46$; p -value=0.1134); hence, the result of the Random Effect (RE) analysis was ignored, thereby paving way for us to rely on the outcome of the FE for our test of hypothesis. One would observe that from both the OLS and FE results, ACOMSZ and ACOMIND had negative coefficients of about -56.2 and -0.88, and -9.033 and 0.046 respectively. This clearly suggests that the sizes of audit committees and their respective levels of independence exhibit a negative relationship with the reporting timeliness. Impliedly, the preparation and production of timely financial reports is mostly associated with companies that have larger audit committees and higher levels of independence. A possible explanation of this result consists in that smaller audit committees may spend more time in completing their oversight

function in each accounting year and may result in delay in the completion of the financial statements' preparation by the managements of such firms. This may not be the case for larger committees which are presumed to have more hands in the performance of their respective oversight functions, thus reducing the time lag between accounting year end and the completion/publication of companies' financials for a reporting period. Additionally, ACOMSZ obtained a t -stat. of -2.97 ($P>|t|=0.004$), which further suggests that on an individual basis, audit committee size has a negative and significant relationship with reporting timeliness among firms. Furthermore, the results in Table 5 also suggest the existence of a positive association between reporting timeliness and the level of diligence of audit committees and audit expertise.

With respect to the result of the FE analysis, we observed that $F_{cal}(u_i=0)$ is 11.41. However, at $F(20, 101)$, the table value of

$F(f_{tab})=x>1.66<1.75$. We therefore conclude that audit committee attributes have a significant effect on financial reporting timeliness among listed companies in Nigeria.

8. Conclusion and recommendations

Among the important elements that have seriously influenced businesses, their attitudes, operations and practices are past performance trends, governance attributes and audit quality. This is why these concepts have so far attracted scholars in the business and accounting discourse in so far as it concerns the firms' disclosure practices, profitability and of course the timeliness of financial reports. No doubt, businesses have been viewed as commercial or industrial hubs that consciously engage in economic activities, bearing in mind that the way they are governed, controlled and managed goes a long way to affect their overall performance, disclosure practices and financial reports' preparation.

While research and business scholars have continuously argued that the generality of investors (present and potential) rely heavily on the information disclosed by companies' financial reports, we must note that the very essence of financial reporting will be threatened or totally defeated if its outcome (financial reports) is not timely prepared and/or available at the point decisions are made by this all important investors.

Interestingly, from the review of prior studies on financial reporting timeliness, we observed that while much studies outside Nigeria had examined the determinants of financial reporting timeliness over the years and far back to the 1990s till date, research outcome in this area in Nigeria seemed to be a recent development, yet; very scanty. By means of inferential and descriptive statistics, this study however assessed the relationship between measures of audit attributes and financial reporting timeliness

by obtaining data from listed Nigerian firms. While we observe that most firms in Nigeria have complied with the regulatory requirement regarding the size/number and the expected level of diligence of audit committees of listed Nigerian firms; the presumed low level of independence of the audit committees of some companies remains worrisome. The results also indicated that in Nigeria, despite suspected cases of relatively low level of independence of audit committees of selected firms, compliance with prescribed governance codes relating to audit committee size, diligence amongst others remain commendable. The results from the test of hypotheses however proved that financial reporting timeliness amongst firms is jointly influenced by measures of audit attributes (measured by audit committee size, independence, diligence and external audit expertise).

Given the aforesaid, we therefore recommend that the country's regulatory bodies should continue to ensure that the audit committees of firms are constituted within the present stipulated threshold. Also, conscious efforts should be made by the regulatory bodies to monitor the compliance level of firms especially with respect to the level of independence of the audit committees of listed firms in Nigeria.

Additionally, the regulatory bodies and the management of firms must continuously sustain and protect the independence of firms' audit committees as the emphasis on financial expertise will largely be ineffective in constraining governance inclination of management staff if independence is not in place. Finally, this study recommends that Boards of listed firms must continue to emphasise the need for their respective audit committees to be diligent in the performance of their oversight functions given that the level of diligence have proved to have significant influence on firms' financial reporting timeliness.

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