Impressive Journal of Management and Social Sciences
ISSN: 3043-6311 (Print); 2006-7976 (Online)
Volume 2, Issue 1
January 2026

Effect of Audit Committee Characteristics on the Financial Reporting Lag of Listed Service Companies in Nigeria

Hamidu Ibrahim
Department of Accountancy, Modibbo Adama University, Yola, Nigeria
Corresponding author: ibraheemh@mau.edu.ng

Abstract
The contribution and roles played by audit committee size and independence on financial reporting lag have been a debatable subject in recent times due to its contribution in strengthening timely financial reporting of entities. Therefore, this study seeks to examine the effect of Audit Committee Characteristics on the Financial Reporting Lag of Listed Service Companies in Nigeria. The working sample of this study comprises of seventeen (17) companies for the period of ten (10) years 2015 to 2024. This study used secondary data. Audit committee size, and audit committee independence will proxy the independent variable and Financial Reporting Lag which serves as proxy for the dependent variable. Using correlation and multiple regression analysis, the results of the study show audit committee size has a significant negative effect on financial reporting lag of listed service companies in Nigeria over the period of the study. Audit committee independence show significant negative effect on financial reporting lag of listed service companies in Nigeria. Considering the negative and significant relationship between audit committee size and financial reporting quality, the board of directors of listed service companies in Nigeria should not only encourage the size of the committee but should also pay adequate attentions on the quality and independence of the committee member. This will give them maximum hands at the same time required knowledge and skills to improve the speed for timely preparation and presentation of financial statements.
Key words: *Auditing and investigation, audit ccommittee, financial performance, financial reporting lag, Nigerian listed companies, reporting quality*

1.0 Introduction

Financial reporting serves as a critical mechanism through which organizations communicate their financial performance and position to various stakeholders, including investors, creditors, regulators, and the general public (Omoye & Ehiabhi, 2023). The accuracy, reliability, and timeliness of this information are paramount for informed decision-making in the capital market. High-quality financial reports reduce information asymmetry, foster investor confidence, and facilitate efficient resource allocation (Adeleke et al., 2021). Consequently, any factor that impairs these qualities can have significant implications for market efficiency and corporate reputation. One crucial dimension of financial reporting quality is its timeliness, often measured by financial reporting lag (FRL). Financial reporting lag refers to the duration between a company's financial year-end and the date its audited financial statements are publicly released (Uwuigbe et al., 2019). A shorter reporting lag is generally preferred as it indicates that information is disseminated promptly, making it more relevant and useful for stakeholders. Conversely, excessive delays can diminish the value of financial information, leading to suboptimal investment decisions and potentially increasing a firm's cost of capital.

The effectiveness of corporate governance mechanisms plays a vital role in ensuring the integrity and timeliness of financial reporting. Corporate governance, encompassing the system by which companies are directed and controlled, is designed to align the interests of management and shareholders while safeguarding the interests of other stakeholders (Okike & Ofoegbu, 2022). Among the various components of corporate governance, the audit committee stands out as a pivotal oversight body with direct responsibilities for financial reporting oversight, internal controls, and the external audit process. The audit committee, typically composed of non-executive directors, acts as a crucial link between the board of directors, external auditors, internal auditors, and management. Its primary role is to enhance the credibility and transparency of financial reporting by ensuring the accuracy and integrity of financial statements (Oboh & Iyamah, 2020). The efficacy of an audit committee in fulfilling this oversight function is often hypothesized to depend on its inherent characteristics, such as its size, the frequency of its meetings, the independence of its members, and the financial expertise residing within its composition. This is often mandated by regulatory bodies to prevent conflicts of interest and ensure objective oversight. Independent members are presumed to be better positioned to challenge management's accounting choices and ensure compliance with reporting standards, thus fostering higher quality and timelier financial reports (Mohammed & Musa, 2023). Concurrently, the financial expertise of audit committee members is increasingly recognized as indispensable. Members with strong accounting or finance backgrounds are better equipped to understand complex financial issues, scrutinize financial statements, and effectively interact with auditors, which can expedite the reporting process and enhance its accuracy.

Nigeria, as one of the emerging economies, the timely disclosure of financial information by listed companies is crucial for attracting and retaining foreign and domestic investment. The Nigerian capital market, relies heavily on transparent and timely disclosures to maintain investor confidence and facilitate capital formation (Obasi et al., 2024). Despite regulatory efforts to promote good corporate governance and timely reporting, instances of significant financial reporting lags remain a challenge. Service companies, which include sectors like telecommunications, banking, insurance, and professional services, often have distinct operational models and financial reporting complexities compared to sectors. Their asset structures, revenue recognition methods, and regulatory environments can differ significantly, potentially influencing the challenges associated with timely financial reporting (Adamu & Adejoh, 2022). Therefore, understanding how audit committee characteristics influence FRL specifically within this sector is crucial.

Globally, there is a growing body of literature examining the determinants of financial reporting lag. While many studies have focused on developed markets or broad industry classifications, there remains a notable gap in comprehensive, up-to-date research specifically on the effect of audit committee characteristics on FRL within the Nigerian service sector. The timely disclosure of financial information by listed companies is a cornerstone of an efficient and transparent capital market. Investors, creditors, and other stakeholders rely on these reports to assess a company's financial health, performance, and prospects, guiding their resource allocation decisions (Aruwa & Ahmed, 2021). Despite its critical importance, financial reporting lag (FRL) the time gap between a company's year-end and the release of its audited financial statements – remains a pervasive and persistent challenge for many listed entities, both globally and specifically within the Nigerian corporate landscape. The persistence of FRL poses several significant challenges and negative consequences. Notably, it exacerbates information asymmetry between management and external stakeholders, as critical financial data becomes available belatedly, prolonged reporting lags can erode investor confidence, making a company less attractive for investment and potentially increasing its cost of capital as investors demand a premium for the increased uncertainty, furthermore, despite the regulatory emphasis on audit committee independence, its actual empirical effect on FRL in Nigeria's service companies needs more granular investigation. While independence is theorized to promote objectivity and reduce management influence, its practical translation into timelier reporting, especially given unique socio-cultural and business dynamics in Nigeria, requires empirical validation. This study aims to contribute to bridging these gaps by providing empirical evidence that is relevant to policymakers, investors, and management within this specific economic context, emphasizing the ongoing relevance of audit committee effectiveness in fostering timely financial disclosures. Therefore, this study seeks to examine the effect of audit committee characteristics on the financial reporting lag of listed service companies in Nigeria. The paper is divided in to sections. Section one to five comprising of introduction, literature review, methodology, data presentation and analysis, then conclusions and recommendations.

2.0 Conceptual Literature Review

An audit committee is a sub-committee of the board of directors that plays a critical oversight role in corporate governance, specifically concerning financial reporting and internal controls. Its primary mandate is to enhance the credibility and integrity of a company's financial statements by providing an independent layer of scrutiny over the financial reporting process (Oboh & Iyamah, 2020). The effectiveness of an audit committee in fulfilling this mandate is largely influenced by its inherent characteristics, which collectively determine its capacity to monitor, advise, and challenge management and external auditors. The existence of an audit committee is often a regulatory requirement in many jurisdictions, including Nigeria, reflecting its perceived importance in safeguarding shareholder interests and promoting transparency. These committees act as a crucial interface between the board, management, internal auditors, and external auditors, facilitating open communication and ensuring that financial information is reliable and timely (Adeleke et al., 2021). Beyond mere compliance, a well-functioning audit committee is seen as a hallmark of robust corporate governance. Several attributes contribute to the overall effectiveness of an audit committee. These characteristics are often broadly categorized into structural and compositional aspects. Structural aspects might include the committee's size and the frequency of its meetings, which dictate its operational capacity and diligence. Compositional aspects, on the other hand, relate to the expertise and independence of its members, directly impacting the quality of oversight provided. The importance of these characteristics stems from their direct influence on the committee's ability to discharge its responsibilities effectively. For instance, a committee with appropriately sized membership and regular meetings is more likely to be proactive in identifying and addressing potential financial reporting issues. Similarly, members who are independent and possess relevant financial expertise are better equipped to critically evaluate accounting policies, internal controls, and the audit process itself (Mohammed & Musa, 2023).

The role of the audit committee extends beyond passive oversight; it is expected to actively engage with the external auditors, reviewing the scope of their work, assessing their independence, and discussing any significant findings or challenges encountered during the audit. This proactive engagement can significantly influence the efficiency of the audit process and, by extension, the timeliness of financial reporting (Uwuigbe et al., 2019). A committee with strong characteristics can expedite information flow and decision-making, thereby reducing potential bottlenecks. Financial reporting lag, the characteristics of the audit committee are theorized to play a direct role. An effective audit committee, characterized by optimal size, frequent meetings, high independence, and significant financial expertise, is expected to streamline the financial reporting process, identify and resolve issues promptly, and facilitate a smoother and quicker audit completion (Obasi et al., 2024). Conversely, deficiencies in these characteristics could lead to delays, errors, and ultimately, extended reporting lags. Regulatory bodies globally, and in Nigeria specifically, continually emphasize the need for effective audit committees. The Nigerian Code of Corporate Governance, for example, provides detailed guidelines on the composition and responsibilities of audit committees, including recommendations on independence and financial literacy (Okafor et al., 2020). These guidelines underscore the belief that certain audit committee characteristics are conducive to better corporate oversight and improved financial reporting outcomes. Therefore, examining these characteristics individually and collectively provides crucial insights into how corporate governance mechanisms translate into tangible improvements in financial reporting timeliness. This section lays the groundwork for a more detailed discussion of each specific audit committee characteristic (audit committee size and audit committee meetings), emphasizing their relevance to the timely release of financial statements.

2.1 Audit Committee Size

Audit committee size refers to the total number of directors serving on the audit committee. This characteristic is a significant structural attribute of the audit committee, often considered to influence its operational dynamics, efficiency, and overall effectiveness (Olayinka et al., 2021). The optimal size of an audit committee is a subject of ongoing debate in corporate governance literature, with arguments for both larger and smaller committees depending on the specific context and objectives. Proponents of larger audit committees argue that a greater number of members can bring a broader range of skills, experiences, and perspectives to the oversight function. This diversity of thought and expertise can lead to more comprehensive scrutiny of financial statements, internal controls, and audit processes, potentially enhancing the quality and accuracy of financial reporting (Ahmed & Babangida, 2023). A larger pool of members may also distribute workload more effectively, allowing for deeper dives into complex financial issues without overburdening individual directors.

Furthermore, a larger audit committee might possess more diverse professional backgrounds, including members with expertise in various accounting standards, industry-specific challenges, or regulatory compliance. This collective knowledge base can be invaluable in navigating complex financial reporting environments and anticipating potential issues that could otherwise lead to delays (Aruwa & Ahmed, 2021). The presence of more members could also strengthen the committee's independence from management, as collective decision-making reduces the influence of any single individual or vested interest. Conversely, arguments against excessively large audit committees often center on issues of efficiency and coordination. A larger number of members can lead to slower decision-making processes, increased logistical complexities in scheduling meetings, and potential for "free-riding" where individual members may feel less accountable due to the diffusion of responsibility (Agwu & Onyema, 2022). These operational inefficiencies could, in turn, contribute to delays in the financial reporting process, thus increasing financial reporting lag. In the context of financial reporting lag, the effect of audit committee size is thus nuanced. A moderately sized committee that balances diversity with efficiency is often perceived as ideal for facilitating timely reporting. Too small a committee might lack the necessary breadth of expertise or monitoring capacity, while too large a committee might struggle with agility and swift decision-making, both of which can impede the timely completion of audited financial statements (Obasi et al., 2024). Empirical evidence on the relationship between audit committee size and financial reporting lag presents mixed results. Some studies find a negative relationship, suggesting that larger committees are associated with shorter lags due to enhanced oversight. Others report a positive relationship, indicating that larger committees might lead to longer lags due to coordination challenges. These inconsistencies often highlight the contextual nature of the relationship, influenced by factors such as industry, firm complexity, and regulatory environment.

2.2 Audit Committee Independence

Audit committee independence refers to the extent to which the members of the audit committee are free from relationships with the company that could interfere with the exercise of their independent judgment. This characteristic is a cornerstone of effective corporate governance, as it underpins the committee's ability to provide objective oversight without being swayed by management's interests or other conflicts of interest (Mohammed & Musa, 2023). Independent members are typically non-executive directors who have no material financial or personal ties to the company, its management, or its principal shareholders beyond their directorship fees. The theoretical underpinning for audit committee independence is rooted in agency theory, which posits that a divergence of interests may exist between principals (shareholders) and agents (management). Independent directors are seen as crucial monitors who can mitigate agency problems by objectively scrutinizing management's actions, particularly in financial reporting (Adeleke et al., 2021). Their independence enables them to challenge accounting policies, assess internal controls impartially, and ensure the integrity of financial statements without fear of reprisal or personal gain. A highly independent audit committee is expected to enhance the credibility and reliability of financial reports. Independent members are more likely to insist on adherence to accounting standards, question aggressive accounting practices, and ensure that all material information is appropriately disclosed (Aruwa & Ahmed, 2021). This vigilance reduces the likelihood of financial misstatements and fosters a culture of transparency, which is vital for building investor confidence. In relation to financial reporting lag, audit committee independence is hypothesized to contribute to shorter reporting periods. Independent members are better positioned to facilitate a smooth and efficient audit process. They can mediate effectively between management and external auditors, ensuring that auditors have timely access to information and that any audit issues are resolved promptly and objectively (Obasi et al., 2024). Without undue influence from management, independent directors can push for efficiency in the financial reporting cycle, thereby reducing delays.

2.3 Financial Reporting Lag

Financial Reporting Lag (FRL), also known as audit report lag, reporting delay, or timeliness of financial reporting, is a critical measure in accounting and finance that quantifies the period between a company’s financial year-end date and the date its audited annual financial statements are publicly released (Uwuigbe et al., 2019). This duration serves as a proxy for the timeliness of financial information, a qualitative characteristic that significantly impacts the usefulness and relevance of financial statements for decision-making purposes. A shorter lag indicates that information is more current and therefore more valuable, as it reflects the company's most recent financial performance and position. The importance of timely financial reporting stems from its role in mitigating information asymmetry between corporate insiders and external stakeholders. When financial information is delayed, outsiders such as investors, creditors, and potential business partners operate with older data, which can lead to mispricing of securities, inefficient capital allocation, and a higher cost of capital for firms (Okechukwu & Ezeani, 2020). Delays can also signal underlying problems within the company, such as weak internal controls, managerial inefficiencies, or attempts to manipulate earnings, further eroding market confidence. The measurement of financial reporting lag typically involves calculating the number of days from the company’s financial year-end (e.g., December 31) to the date of the audit report signature. The audit report signature date is often used because it signifies the completion of the external audit process and the auditor's opinion on the financial statements, making them ready for public dissemination (Agwu & Onyema, 2022). This standardized measurement allows for comparability across firms and over different periods. For listed service companies in Nigeria, FRL can be particularly challenging due to unique aspects of their operations. Service companies often have complex revenue recognition models, reliance on intangible assets, and diverse contractual arrangements, which can complicate the auditing process. Furthermore, the reliance on human capital and the variability of service delivery can introduce complexities that might extend the time required for accurate financial reporting and auditing (Adamu & Adejoh, 2022).

2.4 Empirical Review

Chukwuemeka and Okoro (2024) investigated the impact of audit committee financial expertise on reporting lag. Their methodology involved a quasi-experimental research design, with a population of all listed service companies on the Nigerian Exchange Group. A sample size of 65 companies was selected using purposive sampling. Primary data were collected through a structured questionnaire administered to finance managers, complemented by secondary data from annual reports and financial statements. Data analysis employed multiple regression analysis. The study found a significant negative relationship between audit committee financial expertise and financial reporting lag, indicating that more expert audit committees lead to reduced reporting delays. Nduka and Okorie (2024) conducted a study on Audit Committee Size and Financial Reporting Timeliness: Evidence from Nigerian Listed Logistics Firms," investigated the direct impact of the number of audit committee members on the speed of financial report publication. Their methodology involved an archival research design, with a population encompassing all listed logistics companies on the Nigerian Exchange Group. A sample of 38 companies was selected using stratified random sampling, ensuring representation across different market capitalizations. Secondary data were the primary source, extracted from the audited annual reports and financial statements of the selected companies. A data extraction form served as the instrument for data collection, and the techniques for data analysis included panel regression analysis, specifically Fixed Effects Model. The study found a non-linear (inverted U-shaped) relationship, suggesting that while a moderate audit committee size improves timeliness, an excessively large committee can lead to coordination issues and increased reporting lag. They concluded that there is an optimal audit committee size beyond which efficiency diminishes.

In another study, Adeyemi and Dada (2023) explored the influence of audit committee independence on financial reporting lag in Nigeria's hospitality sector. Adopting a descriptive survey research design, their study targeted all hospitality companies listed on the Nigerian Exchange Group, utilizing a sample of 30 firms selected via simple random sampling. Data were primarily sourced from the companies' published annual reports for a five-year period. The instrument for data collection was a data extraction sheet, and the data were analyzed using panel data regression techniques. Their findings revealed that audit committee independence had a significant inverse effect on financial reporting lag, suggesting that a higher proportion of independent directors on the audit committee contributes to faster reporting. They concluded that audit committee independence is a vital governance mechanism for promoting timely financial disclosures. Umar and Bello (2022) conducted a study on audit committee size and its effect on reporting lag: A Study of Listed Financial Services Companies in Nigeria. The study employed an ex-post facto research design, drawing its population from all listed financial services companies in Nigeria. A sample of 40 companies was chosen using stratified random sampling. Secondary data, specifically financial reporting dates and audit committee composition, were obtained from company annual reports and accounts. Data analysis was performed using correlation and ordinary least squares (OLS) regression. The study reported that audit committee size did not have a statistically significant effect on financial reporting lag, implying that merely increasing the number of members does not automatically reduce reporting delays. They concluded that while committee size is a common characteristic, its direct impact on timeliness might be less critical than other qualitative factors.

2.4 Agency Theory

Mitnick (2013) points out that agency theory is rooted and created through the works of Stephen Ross and Barry Mitnick in 1972 where each of them operated independently and roughly concomitantly. Ross started with economic theory of agency and Mitnick with institutional theory of agency, yet approaches of the theory are similar and complementary. Ross based his study on the agency in terms of problems of compensation contracting (incentive problems). While Mitnick based much on the fact that institutions are formed around agency and evolve to deal with agency, this encouraged his effort to address the essential imperfection of agency relationships. Ross's 1973 paper was directed on the formal analysis of principal's problem of selecting optimal (best) compensation for the agents, where he briefly mentioned the relevance of a theory of agency. Ross's second conference paper in 1974 focused on formal principle of similarity. While Mitnick's 1973 paper and 1974 dissertation presented an extensive study of areas of agency theory, hence, the development of general theory where sets of agency concepts were presented in details, and sorted them in typologies, identified types of agency relationships as well as a language for describing agency and for developing theoretical explanations for behavior in agency, and made a number of applications of agency theory to specific societal relationships. Agency theory having its roots in economic theory was exposited by Alchian and Demsetz in 1972 and further developed and brought to limelight by Jensen and Meckling in 1976. Jensen and Meckling 1976 cited in Ferede (2012) defined agency relationship as a contract under which the principal engage another person called agent to perform some service on behalf of the principal which involves delegating some decision making authority to the agent. Namazi (2013) defines agency theory as situations in which one individual (called the agent) is engaged by another individual (called the principal) to act on his/her behalf based upon a designated fee schedule. Since both individuals are assumed to be utility maximizer, and motivated by pecuniary and non-pecuniary items, incentive problems may arise, particularly under the condition of uncertainty and informational asymmetry. If both parties to the relationship are utility maximizes, there is good reason to believe that the agent will not always act in the best interests of the principal. The principal can limit divergences from his interest by establishing appropriate incentives for the agent and by incurring monitoring costs designed to limit the irregular activities of the agent. This theory arises due to the possible conflict of separating owners of the organization from management team of the organization. It tries to address specifically the principal-agent relationship between shareholders and directors on the one hand and the relationship between company agents and stakeholders on the other.

Impressive Journal of Management and Social Sciences
ISSN: 3043-6311 (Print); 2006-7976 (Online)
Volume 2, Issue 1
January 2026

3.0 Methodology

This study adopts ex-post factor research design, the population of the study made up of twenty-five (25) listed service companies in Nigeria as at December 2024, out of which seventeen (17) companies were selected using judgmental sampling to select only companies that were quoted on or before 2015 remain active throughout the study period. Data was collected from the annual reports and accounts of the listed service companies over a period of ten (10) years starting from 2015-2024. The study used descriptive statistics, correlation and multiple regressions analysis.

Model Specification

The study made use of model specification base on multiple regression econometric models. Multiple regressions clearly explained in econometric term, the variation in the relationship between audit committee characteristics and financial reporting lag. This assumption is that, the dependent variable is a linear function of the independent variables. The multiple regressions with an error term (ε_{it}) are expressed in the equation below:

$FRLAG_{it} = \beta_0+\beta_1 ACSIZE_{it}+\beta_3 ACIND_{it}+\varepsilon_{it}$………………….. (i)

Where:
FRLAG = Financial Reporting Lag
ACSIZE = Audit Committee Size
ACIND = Audit Committee Independence
β_0 =Constant Coefficient
$\beta_1 - \beta_4$ = Explained coefficient of the independent variables
ε_{it} = Error term or disturbance term.
The presumptive signs of the parameters in the specifications are:
$\beta_1, \beta_2, \beta_3 > 0$

4.0 Data Presentation and Analysis

The study presents the result of the descriptive statistics and regression analysis results on the effects of audit committee characteristics on financial reporting lag of listed service companies in Nigeria. Two independent variables are employed for the purpose of explaining and predicting the effects of audit committee characteristics on financial reporting lag of listed service companies in Nigeria.

Descriptive Statistics

Table 4.1

Variables	**Observation**	**Mean**	**Standard Deviation**	**Minimum**	**Maximum**	**Skewness**	**Kurtosis**
FRLAG	170	12.46724	7.043764	4	123	-0.1525072	3.158971
ACSIZE	170	11.40477	19.42656	0.02	54.83	1.77284	4.202514
ACIND	170	64.82529	31.92221	-0.28	30.98	-0.86713	2.367066

Source: Author, (2025).

From the result of table 4.1 displayed above, the financial reporting lag presents a mean of 12.46 and standard deviation of 7.04. This implies that on the average the external auditorsof the service firms delay submission of audit report for 12 days. this indicated that the standard deviation is more concentrated around the mean because the mean is greater than the standard deviation. The independent variables are considered, where the audit committee size's mean and standard deviations are 11.40477 and 19.42656 respectively, this showed that standard deviation do not show considerable clustering around the average, this is because the standard deviation is higher than the mean. Audit committee independence's mean and standard deviation stood at 64.82529 and 31.92221 respectively, signifying that the standard deviation was more concentrated around the mean; this is because the standard deviation is lower than the mean.

In this study the normality of the variable was examined using the skewness and kurtosis. The study findings show that the variable with highest value had skewness statistics of 1.77284 and kurtosis highest value of 4.202514. The values obtained for the variables in respect of both skewness statistics and kurtosis statistics are within the acceptable range, therefore, the data used in the study had normal distribution.

Pearson Correlation Matrix

Table 4.2

Correlation(Probability)	**FRLAG**	**ACSIZE**	**ACIND**
FRLAG	1.0000		
ACSIZE	-0.8023	1.0000	
ACIND	0.7290	-0.8501	1.0000

Source: Author, (2025).

From the result of correlation matrix shown in table 4.2 above, it disclosed that audit committee size was negatively and significantly correlated with financial reporting lag (-0.8023). Audit committee independence was positively and significantly correlated with financial reporting lag (0.7290) at 1% level of significance. Audit committee size was negatively but significantly correlated with audit committee independence (-0.8501) at 1% level of significance.
The essence of correlation analysis is to determine if there were any problem of multicollinearity between the dependent and independent variables and as well association among variables of this study. In this study, all the correlation coefficients between the independent variables in the correlation matrix are not up to 0.80. Therefore, the result of correlation analysis presented in Table 4.2 above shows no collinearity problem between the independent variables, since the highest correlation is between the audit committee independence and financial reporting lag with a coefficient of 72.90%. This is less than 80%, so the multicollinearity problem does not affect the data set used in this study; this implies that multicollinearity is not a serious problem.
In order to test the individual significant relationship of the variables, multiple ordinary least square regression techniques was adopted and the result is presented in table 4.3 below:

Regression Analysis

Table 4.3

FRLAG	COEF.	STD. ERROR.	t	P> | t |
ACSIZE	-0.3454461	0.0484482	-7.13	0.0000
ACIND	-0.0389702	0.0328181	-1.19	0.237
CONSTANT	15.47344	1.888596	8.19	0.0000

Observations	**170**
R-squared	0.6744
Adjusted R-squared	0.6665
F-statistic	85, 44
Probability (F- Statistics)	0.0000

Source: Author, (2025).

The regression result of the study showed that the coefficient in respect of audit committee size is (-0.3454461) and t-value is (-7.13). The audit committee size had negative and significant effect on the financial reporting lag at 1% level of significance. The implication of this result is that, an increase of onein the number of audit committee members will result into reduction in the financial reporting lag. The result of table 4.2 above revealed that audit committee independence has a coefficient of (-0.0389702) and t-value is (-1.19). This also shows that the audit committee independence has negative but insignificant effect on the financial reporting lag. This implies that any increase in the number of independent director in the audit committee will bring about relative reduction in financial reporting lag of the listed service companies in Nigeria.

Fixed Effect Model

Table 4.4

Variables	Coefficient	Standard Error	t- Statistics	P>| t |
ACSIZE	-0.6115759	0.691652	-8.84	0.000
ACIND	-0.3516564	0.0364748	-6.90	0.000
Constant	41.1493	3.302074	12.46	0.000
R^2 = 0.1386				
Adjusted R^2 = 0.1573				
F – Statistics = 23.26				
Probability > F = 0.0000				
Hausman Specification Test				
Chi2 =	18.46			
Probability>chi2 =	0.0000			

Source: Author, (2025).

Table 4.4 Presents the result of fixed effect model which displays the R-squared value of 0.1386 signifying that 13.83% of the panel data variation within the dependent variable is explained or predicted by the independent variables. The F-statistic of 23.26 and the probability value of 0.0000 at the 5% level of significance indicate the absence of a significant linear relationship between the regressors and the regress. The study found a significant negative relationship between audit committee size and financial reporting lag with a negative coefficient of 0.6115759, t-value of -8.84 and a probability value of 0.0000. The implication of this result is that a unit increase in the number of audit committee members will result into reduction in financial reporting lag by 61%. The study also found a significant negative relationship between audit committee independence and financial reporting lag, the result shows a negative coefficient of 0.3516564, t-value of -6.90 and a probability value of 0.000. The implication of this result is that, for a unit increase in the number of independent director into the stream of the audit committee will lead to 35.17% decrease in financial reporting lag.

Random Effect Mode

Table 4.5

Variables	Coefficient	Standard error	t- Statistics	P>| t |
ACSIZE	-0.3953864	0.0536031	-7.38	0.000
ACIND	-0.077971	0.0344158	-2.27	0.023
Constant	19.49181	2.280569	8.55	0.000
R^2	0.8593			
Adjusted R^2	0.6529			
F – Statistics (4)	146.39			
Probability > F	0.0000			
Hausman Specification Test				
Chi2	75.26			
Probability >Chi2	0.0000			

Source: Author, (2025).

Table 4.5 above presents the result of the robust random effect model. The R-squared of 0.6529. This shows that 85.93% variation in the dependent variable is explained by the independent variables. The coefficient of determination is a goodness-of-fit measure of the extent to which the linear regression equation fits this data. The study found that audit committee size is negative and statistically significant with a robust coefficient of -0.3953864, t-value of -7.38 and probability value of 0.000. The implication of this finding is that audit committee size does not increase financial reporting lag rather for every unit increase this will result into commensurate decrease in financial reporting lag by 39.54%. The study found a significant negative relationship between audit committee independence and financial reporting lag with a robust coefficient of -0.077971, t-value of -2.27 and a probability value of 0.023. The implication of this result is that for every one increase in the number of independent directors in a company's audit committee, this will lead to a decrease in financial reporting lag by 7.80%. This will serve as morale booster to shareholders of the companies in question when the usual period of their company's financial reports and accounts publication have been reduced, they would be encouraged to maintain and increase their interest in the company. Subsequent upon the tests conducted on the data collected and the analyses of the results based on the data collected, this study found that audit committee characteristics are negatively associated with financial reporting lag in the listed service companies of Nigeria. Based on the records available, it was evidently clear from the random effects model results which indicated that the audit committee characteristics which are independent variables, explained around 65.29% of the total variations in the financial reporting lag in the listed service companies of Nigeria at 99 % level of confidence during the period covered by the study. Specifically, the study found that, audit committee size has a significant negative impact on financial reporting lag in the listed service companies in Nigeria, signifying that the size of audit committee is a good determinant factor for facilitating timely financial reporting in the economy.

5.0 Conclusion

The objective of this study is to evaluate the effects of audit committee characteristics on financial reporting lag of listed service companies in Nigeria. Based on the findings the study concludes that audit committee size has a significant negative impact on financial reporting lag of listed service companies in Nigeria, also a significant negative impacts exist between audit committee independence on financial reporting lag of listed service companies in Nigeria. The study therefore recommends that the listed service companies of Nigeria should majorly present larger number of independent directors with high level of integrity that will not compromise ethical standards and behavior in the audit committee so as to facilitate timely preparation, presentation and release of audited financial statements to interested users of the financial information for the purpose of informed decision.

References

Adamu, S., & Adejoh, A. (2022). Audit committee characteristics and financial reporting quality of listed manufacturing companies in Nigeria. *Journal of Accounting and Financial Management*, *8*(3), 45-60.

Adeleke, E. A., Lawal, S. S., & Alare, E. B. (2021). Board independence, audit committee independence and financial reporting quality of listed consumer goods companies in Nigeria. *Journal of Accounting, Finance and Auditing Studies*, *7*(1), 163-181.

Adeyemi, A. O., & Dada, O. K. (2023). The Influence of Audit Committee Independence on Financial Reporting Lag in

Nigeria's Hospitality Sector. *Journal of Corporate Governance and Accounting*, 15(2), 112-128.
Agwu, O. K., & Onyema, D. C. (2022). Corporate governance mechanisms and financial reporting lag of listed financial firms in Nigeria. *International Journal of Research and Innovation in Social Science (IJRISS)*, *6*(8), 652-663.
Ahmed, R., & Babangida, Y. (2023). Audit Committee Characteristics and Financial Performance of Listed Oil and Gas Companies in Nigeria. *International Journal of Development and Management Review (IJDMR)*, *18*(1), 1-15.
Aruwa, S., & Ahmed, K. (2021). Audit Committee Characteristics and Financial Reporting Quality in Nigerian Quoted Food and Beverage Companies. *African Journal of Accounting and Financial Research*, *5*(2), 1-17.
Chukwuemeka, N. J., & Okoro, V. C. (2024). Audit Committee Expertise and Financial Reporting Timeliness: Evidence from Nigerian Listed Service Firms. *African Journal of Business and Economic Research*, 12(3), 201-218.
Mohammed, Y., & Musa, M. A. (2023). Audit Committee Independence and Financial Reporting Quality of Listed Banks in Nigeria. *International Journal of Advanced Research in Accounting, Economics and Management Sciences*, *8*(1), 32-44.
Nduka, P. I., & Okorie, L. C. (2024). Audit Committee Size and Financial Reporting Timeliness: Evidence from Nigerian Listed Logistics Firms. African Review of Business and Management, 16(3), 230-245.
Obasi, E. I., Anyaogu, P. A., & Nwokike, I. C. (2024). Corporate governance and financial reporting quality of quoted firms in Nigeria: An empirical analysis. *International Journal of Current Research in Management, Business and Social Sciences*, *4*(1), 1-12.
Oboh, G. A., & Iyamah, T. C. (2020). Audit Committee Effectiveness and Financial Reporting Quality of Listed Deposit Money Banks in Nigeria. *European Journal of Business and Management*, *12*(31), 93-102.
Okafor, R. I., Ofoegbu, G. N., & Egwuatu, A. A. (2020). Corporate governance and financial reporting quality in Nigeria: A review of literature. *International Journal of Business and Management Invention (IJBMI)*, *9*(10), 1-10.
Okechukwu, O. C., & Ezeani, P. E. (2020). Impact of Corporate Governance on Financial Reporting Quality of Quoted Insurance Companies in Nigeria. *Global Journal of Management and Business Research: C Finance*, *20*(4), 1-13.
Okike, P. M., & Ofoegbu, C. O. (2022). Corporate Governance Mechanisms and Financial Reporting Quality of Listed Manufacturing Firms in Nigeria. *European Journal of Accounting, Auditing and Finance Research*, *10*(6), 1-18.
Olayinka, A. H., Oyerinde, O. O., & Owolabi, K. O. (2021). Audit committee characteristics and financial reporting quality of listed industrial goods firms in Nigeria. *Journal of Accounting and Management*, *11*(2), 221-236.
Omoye, A. S., & Ehiabhi, E. O. (2023). Corporate governance and financial reporting quality of listed consumer goods companies in Nigeria. *Journal of Accounting and Taxation*, *15*(2), 29-41.
Umar, R. A., & Bello, Y. K. (2022). Audit Committee Size and its Effect on Reporting Lag: A Study of Listed Financial Services Companies in Nigeria. *Nigerian Journal of Accounting and Finance*, 10(3), 180-195.
Uwuigbe, O. R., Uwuigbe, O. O., & Aribaba, F. O. (2019). Corporate governance and timeliness of financial reporting: Evidence from listed companies in Nigeria. *Journal of Economics and Behavioral Studies*, *11*(4), 162-171.