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Audit Reporting Lag and Audit Quality of Listed Consumer Goods Companies in Nigeria

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ABSTRACT: The quality of audit is determined by the ability of an auditor in other to discover the breaches of accounting standards as well as their incentives for such breaches to be reported. That is to say that audit quality can be said to be a product of auditor competence as well as independence. The aim of this study is to examine the relationship between audit reporting lag and audit quality of listed consumer goods companies in Nigeria. The study adopted the ex post facto research design; and fifteen (15) firms were selected from the 20 listed consumer goods firms on the Nigerian Exchange Group. The data used were secondary data and were drawn from the selected firm's annual report from 2011 to 2020 as are contained in the Nigerian Exchange fact book. The data collected were analysed using Pearson correlation matrix. The results show that Audit reporting lag has negative significant relationship with audit quality of listed consumer goods companies in Nigeria. The study recommends among others that, the consumer goods companies should create enabling environment that will ensure the conduct of proper audit by the auditors and also for a timely release of their reports to users thus promoting quality decision making.

Keywords: audit reporting lag, audit quality, consumer goods companies, Nigeria

INTRODUCTION

The collapse of blue chip and high profile companies in the world over such as Enron and WorldCom with the attendant loss of investors' confidence about stock market has diverted the attention of investors and regulators to timeliness of accounting information thus, making it one of the prime measures of accounting quality in the recent dispensation (Sultana, Singh & Van der Zahn, 2015). Different countries have regulations mandating their public companies to present their annual reports within the specified period. The Companies and Allied Matters Act 2004 (CAMA, 2004) mandates public companies in Nigeria to present their audited financial reports to the shareholders at a date not later than 270 days (9 months) after the end of their fiscal year (Oladipupo & Ilaboya, 2013; Okoro & Anichebe, 2019).

Reporting lag must, therefore, be reduced to the barest minimum so as to ensure the timely presentation of financial reports. Timeliness and Quality audit exercise on the financial statement is consequently desirable and essential for several reasons among which is its ability to positively motivate investors towards a company as audited reports tend to restore and boost their confidence.

Companies' stakeholders like shareholders, creditors, lenders and government are interested in timely and credible financial statements (Leventis & Caramanis, 2005 as

cited in Akinguonla, Soyemi & Okunuga, 2018). To meet the information need of these diverse shareholders, directors who act on behalf of the principals on agency capacity and prepare a financial statement and report to the stakeholders particularly shareholders as to the use of resources of which they are stewards (Akingunola et al., 2018; Ekwunife, Nduka & Ogini, 2022).

As vital as financial statements are in meeting the information need of different stakeholders, it must be certified by an independent auditor. Then the audit is conducted on the annual financial statements so to make it credible and reliable for the information need of its users. The audit report is the outcome of the overall audit exercise conducted on the financial statement of a client. The main objective of an audit is therefore to boost users' confidence as to the reliability of the financial statements' items. This objective is then achieved through expression of opinion as to the true and fair view of the financial statement audited by the auditor. The auditor based the opinion on some fundamentals such as the level of compliance with the appropriate reporting and ethical standards which are considered a *sine qua none* for reliable and relevant financial information. The report of the auditor on a financial statement is usually expressed through opinions such as qualified audit opinion or unqualified audit opinion. Though in some rare cases, auditors may express subject to, the emphasis of the matter and except for audit opinions.

The quality of audit could be affected by a number of factors that can be noticed to be divided into the specifications of auditor and the attributes of auditing process (Nnubia, and Kornom-Gbaraba, 2018; Nduka, Ananwude & Osakwe, 2019). Audit reporting lag could have implications on audit quality. It is the time lag in terms of days between the fiscal year end of an entity and the day the audited report is presented to its users. Timely presentation of the financial statement, according to Akhalumeh, Agweda and Ogunkua (2017) is capable of reducing information asymmetry that is associated with investment decision and that timely information boosts investors' confidence.

Attributes of audit firms such as Audit reporting lag can play crucial part on the report of audit quality. The auditor as umpire between management and dispersed owners are expected to report about the true position of the audited firm. The reason for the continuous discourse on the quality of audit is for the global financial reporting scandals which seem to have been a recurring decimal and has mostly affected the observation as well as accounting information reception by users of the services rendered by both the auditors and the accountant (Mgbame, Eragbhe & Osazuwa, 2012, Nnubia, 2015).

Statement of Problems

The collapse and demise of companies with high profile like Enron, Cadbury Plc, WorldCom, Africa Petroleum and financial scandals among some Nigeria deposit money banks has shown the ugly side of poor audit (Hauwa, Ocheni & Muktar, 2017). Poor audit can bring miss-information to stakeholders about the true financial position and will lead to conflicting of interests between the management and owners.

Over the past few years, corporate failures observed in Nigeria have continue to raise burning question on the relevance as well as the reliability of the reports of audit, if shareholders interest is not protected (Nnubia, Okegbe & Egbuziem 2023). A lot of companies suffered corporate collapse because of poor quality of audit (Egbunike, Egbunike & Okafor, 2017; Nduka, Atueyi, Osakwe & Mbanefo, 2021). According to them, poor quality of audit is due to audit

evidence that is insufficient and inappropriate.

Prior studies done so far has focused extensively on diverse classes of issues, such as factors that influence audit quality and auditor client tenure (ACT) (Svanström, 2013), auditor independence, auditor tenure, audit firm size, audit fee, auditor enterprise and audit company type (Adeniyi & Mieseigha, 2013) leaving the audit reporting lag and audit quality as regards to consumer goods firms in Nigeria in post IFRS period unexplored and relatively new research area. These several studies addressed the factors affecting the audit quality from different aspects such as audit quality and auditor tenure. One line of studies tested impact of one factor such as auditor independence on audit quality (Vanstraelen, 2000) and other line tested impact of two, three or more such as auditor independence, auditor tenure and audit firm size on audit quality (Adeniyi & Mieseigha, 2013). The studies have yielded mixed results given the study variables, sample size, time periods and country classification. As a result, the literature review may be confusing or inconsistent. To better understand the nexus between audit reporting lag and audit quality in post IFRS period in Nigeria as regards to consumer goods firms, we use Pearson correlation matrix and additional test such as regression of ordinary least square technique. This is to reconcile the confusing results of previous studies and set insights which may not be evident from narrative literature reviews.

LITERATURE REVIEW

Audit Quality

Audit refers to an examination of an organization's accounts and there are broadly, two kinds of audit. The independent audit which is an external audit; and the internal audit, which is provided by an employee who is usually a member of the firm and is usually part of management function. Note worthily, most mentions of audit refer to external audit. The usage of the term here is consistent with that pattern. The purpose of an audit, according to Akhalumeh, Agweda and Ogunkua (2017) is to make sure that assurance are provided on financial statements of an organization and the quality of the audit is therefore the degree of the promise that material misstatements are not found in such financial statements.

Jackson, Moldrich and Roebuck (2008) view the quality of audits from actual and perceived quality. Actual quality shows levels of risk of material errors in financial statements that can be reduced by the auditor. Perceived quality indicates the level of confidence of users in financial statement and the auditor's effectiveness in reducing material misstatement in financial statements prepared by management. Titman and Trueman (1986) see audit quality as the accuracy of the information reported by auditors.

Audit reporting lag

Audit report lag is the time lag in terms of days between the fiscal year end of an entity and the day the audited report is presented to its users. Timely presentation of the financial statement, according to Akhalumeh, Agweda and Ogunkua (2017) is capable of reducing information asymmetry that is associated with investment decision and that timely information boosts investors' confidence. The collapse of blue chip and high profile companies in the world over such as Enron and WorldCom with the attendant loss of investors' confidence about stock market has diverted the attention of investors and regulators to timeliness of accounting information thus, making it one of the prime measures of accounting quality in the recent dispensation (Sultana, Singh & Van der Zahn, 2015; Ubahi, Patience & Okoro, 2025). Different countries have regulations mandating their public companies to present their annual reports within the specified period. The Companies and Allied Matters Act 2004 (CAMA, 2004) mandates public companies in Nigeria to present their

audited financial reports to the shareholders at a date not later than 270 days (9 months) after the end of their fiscal year (Oladipupo & Ilaboya, 2013; Ezenwaka & Okoro, 2020; Anusi & Nduka, 2022).

Reporting lag must, therefore, be reduced to the barest minimum so as to ensure the timely presentation of financial reports. Timeliness and Quality audit exercise on the financial statement is consequently desirable and essential for several reasons among which is its ability to positively motivate investors towards a company as audited reports tend to restore and boost their confidence (Okoro & Offor, 2019; Okeke, Bebedeth & Okoro, 2025; Aniefor, Nduka, Ananwude & Ezeaku, 2021).

Companies' stakeholders like shareholders, creditors, lenders and government are interested in timely and credible financial statements **(**Leventis & Caramanis, 2005 as cited in Akinguonla, Soyemi & Okunuga, 2018; Okoro, 2016). To meet the information need of these diverse shareholders, directors who act on behalf of the principals on agency capacity and prepare a financial statement and report to the stakeholders particularly shareholders as to the use of resources of which they are stewards (Akingunola et al., 2018). As vital as financial statements are in meeting the information need of different stakeholders, it must be certified by an independent auditor. Then the audit is conducted on the annual financial statements so to make it credible and reliable for the information need of its users. The audit report is the outcome of the overall audit exercise conducted on the financial statement of a client. The main objective of an audit is therefore to boost users' confidence as to the reliability of the financial statements' items. This objective is then achieved through expression of opinion as to the true and fair view of the financial statement audited by the auditor. The auditor based the opinion on some fundamentals such as the level of compliance with the appropriate reporting and ethical standards which are considered a *sine qua none* for reliable and relevant financial information. The report of the auditor on a financial statement is usually expressed through opinions such as qualified audit opinion or unqualified audit opinion. Though in some rare cases, auditors may express subject to, the emphasis of the matter and except for audit opinions.

The time lag between the fiscal year of the client and when the audited report is ready is termed "auditor's reporting lag". The auditor report must be prepared to time so that the financial statements can be presented to the final users at the end of the fiscal year of the company. Timeliness of financial statement which is also affected by auditor's report timeliness has implication on the company and its various stakeholders. As the financial statements serve as useful in making investment decision by investors, companies that report quality financial information on a timely basis may, therefore, attract more investments and thus improves its capital strength. Also, lenders need the financial statement to ascertain the liquidity and profitability and as well as the power of the entity in terms of its physical assets as this information gives them confidence about the ability of the company to fulfil the payment of the debt. The government also needs timely financial information to charge appropriate tax on companies.

Company's Size

Size has been regarded as obvious determinants of audit report timeliness. Firms with larger size may possess some level of sophistications in terms of resources like expert personnel, reputation, financial capability employ big four audit firms as well as ability to afford better technologies and this, in turn, may prompt early preparation and audit of financial statements.

Several studies have found a significant association between the size of the company

and the audit delay in both developed and developing countries. Newton and Ashton (1989) contend that the majority of earlier researchers have used total assets as the measure of company size. They note that there is a negative relationship between the audit delay and the company size. Meanwhile, Givolry and Palman (1982) found that no significant relationship (either negative or positive) between the size of the company and audit delay. Carslaw and Kaplan (1991) hypothesized that larger companies may likely complete the audit of their accounts earlier than smaller companies either as result of stronger internal controls or have the resources to pay relatively higher audit fees to perform soon after the year end of the financial year and vice versa. Extant empirical literature suggested that large companies will have shorter publishing delay because these companies have better accounting and control systems that enable them to prepare their financial statements more quickly, and also stronger internal control allows auditors to place more reliance on interim compliance tests than on substantive tests (Simnett, Aitken, Choo & Firth, 1995). Alternative theories suggest that larger companies will have longer publishing periods because they have a greater number of transactions that take a longer time to prepare and examine financial statements by auditors. Alternatively, shorter delays may occur because of the greater incentives for auditors to satisfy the demands of larger clients. So, the relationship between company characteristics and audit quality may be mixed. Though, this variable is used as a control variable.

Board of Director's Independence

Board independence is a measure of the proportion of non-executive director to total director. The non-executive directors are those with expertise and skills from different fields of knowledge and they are expected to use these attributes to contribute towards the success of the company. The non- executive directors do not have a business which could negatively influence their independent judgment on the company. Therefore, because of their high degree of impartiality, they are believed to be willing to stand up to the CEO to protect the interests of all shareholders (Zaitul, 2010, Nnubia, Okegbe & Egbuziem 2023). They, therefore, stand a better chance to facilitate timely and presentation of value relevant financial statements. The importance of outside directors has been recognized even at the level of policy, with codes of corporate governance giving a special attention to the need to have a reasonable proportion of them on the board of listed firms. Empirical evidence has shown that properly constituted boards with the right mix of non-executive directors tend to contribute an unbiased sense of judgment in selection members that make up the audit committee (Nnubia, 2015; Okoro & Ekwunife, 2022; Monogbe, Omotayo, Achugbu & Nduka, 2016). A board comprising a reasonable proportion of inside and outside directors is more likely to be independent of management than one dominated by inside directors, and therefore more likely to protect the interests of other stakeholders.

Taking the case of Nigeria, the new code of corporate governance provides that the non-executive directors should be in the majority, and that a non-executive director should specify audit roles, choice of audit firm in other to avoid delay in preparation of audit reports. In a recent empirical work, Hayes (2004) reported no relationship between the fraction of outside directors serving on a committee and audit delayed. Nnubia, Okegbe and Egbuziem (2023) noted to have been in support of greater participation of outside directors on the major committees of the board so as to enhance the timeliness of report.

Agency theorists posit that board independence is crucial for active monitoring and governance of a firm. Insider-dominated boards, by their very

nature, cannot be independent of management (Jensen, 2005). Fama (1980), and Nnubia and Obiora (2018) asserts that non-executive directors are highly motivated to perform the monitoring role and are a vital internal control. Nnubia, Anaike and Mmadubuobi, (2023) argued that independent boards improve firm performance by streamlining the interests of owners and managers and resolving the inherent conflict between the interests of a firm's owner and its management. In contrast, Donaldson, (1990); Donaldson and Davis, (1994), argue that managers are good stewards of organizational resources because they are genuinely trustworthy individuals and can be depended upon. Nnubia and Obiora (2018) claimed that senior executives will not handicap shareholders for fear of damaging their reputation and human capital.

The resource dependency theory argues that; executive directors' esteem non-executive directors because they are more knowledgeable about the firm and its industry, and are better networked. Executive directors are presumed to be as diligent as independent directors, given their legal responsibility and their vested interest in the firm. The Capital Markets Authorities of Kenya, Uganda, and Tanzania stipulate that the board of directors should compose of a balance of executive directors and non-executive directors (at least one-third independent and nonexecutive directors). In Nigeria, the Capital Market corporate governance code requires that at least half of the board be independent. From the empirical literature studied, there exist inconsistent observations in the relationship of the composition of boards' directors and corporate performance (Ugwu, Eboatu, Okoro & Okeke, 2022; Ogunewe, Ananwude, & Nduka, 2020).

Audit reporting lag and Audit quality

Timely presentation of the financial statement, according to Akhalumeh, Agweda and Ogunkua (2017) is capable of reducing information asymmetry that is associated with investment decision and that timely information boosts investors' confidence. Timeliness and Quality audit exercise on the financial statement is consequently desirable and essential for several reasons among which is its ability to positively motivate investors towards a company as audited reports tend to restore and boost their confidence. Many researchers investigated the publishing delay in many developed and developing countries around the world. In the US, publishing delay has also been investigated extensively. First, Givoly and Palmon (1982) examined the relationship between the information content of the accounting report and its timeliness using a sample of 210 US firms during the period 1960-1974. They observed an improvement in timeliness of the annual earnings announcement over the period, down to a median delay of 37 days in 1974. Their study also indicates that bad news tends to be delayed. In their concluding remarks, the authors also recommend re-examination of the adequacy of the 90-day deadline with a view to shortening it. Second, Bamber et al., (1993) found that the publishing delay on average was 40 days in the US. Third, Kinney and McDaniel (1993) using a matched pair research design reported a publishing delay of 50 to 68 days. Fourth, Schwartz and Soo (1996) reported a publishing delay of 62 days over a five year period from 1988 to 1993. Finally, in the last ten years, Knechel and Payne (2001) and Cullinan (2003) all concluded that the US publishing delay were 42 days.

In Canada, for example, Ashton et al. (1987) reported a publishing period of 62.53 days based on 465 companies‟ annual reports. In a similar study, Ashton et al. (1989) reported a publishing delay of 64 days and found a publishing period of 51 to 53 days on average. In a related study Gilling, (1977) investigated the same issue of audit delay in New Zealand and found that the average publishing delay was 53-70 days. In the

same vein, Carslaw and Kaplan (1991) also in New Zealand reported a publishing delay between 87 to 95 days. Not surprisingly the number of studies on publishing delay based on developing countries is very few and started much later than those on developed countries. Ng and Tai (1994), for example, investigated the issue of publishing delay in Hong Kong. They found that the average publishing delay was 109 days. Jaggi and Tsui (1999) also on Hong Kong reported a publishing delay of 105 to 106 days. Abdulla (1996), on Bahraini found an average publishing delay of 59 to 64 days. In 2000, Owusu-Ansah reported an average publishing delay of 62 days in Zimbabwe. Finally, Imam et al (2001) found an average publishing delay of nearly six months in Bangladesh. Therefore, investigating publishing delay in developing country like Nigeria will be of great importance to the Nigerian stakeholders; hence the need for this variable.

Theoretical Review

Stakeholder Theory

The stakeholder theory evolved from the deficiency observed in agency theory. Freeman propounded this theory in 1984. The theory holds that there is more than one stakeholder to business unlike the agency theory that only identifies the relationship between the principals and the agents (Freeman, 2004). A stakeholder is any group or individual who can affect or is affected by the achievement of the organization's objective (Freeman 1984). They include governmental bodies, political groups, trade associations, trade unions, associated corporations, prospective employees, prospective customers, and the public at large (Donaldson, Preston, & Preston, 1995). Stakeholder theory asserts that management has a social responsibility that requires them to consider the interest of all its stakeholders when making decisions companies (Antonelli et al., 2016).

The stakeholder theory can also be used to explain the effect of ARL on the share returns in the sense that, managers have an incentive to prolong the publishing of audit reports because of the required statutory disclosures that prevent them from hiding bad news (Watts, 1992). Stakeholder theory suggests that the delay of audit reports sends a 'silent signal' for shareholder to divest their firms' shares before the news reaches the market. On the other hand, shorter ARLs imply that good news is released into the market (Mahajan & Chander, 2008).

The stakeholder theory argues that stakeholders such as regulator can influence the ARL by implementing policies that reduce ARL so they can ensure timely financial reporting. Al-tahat (2015) employed the stakeholder theory to investigate the association of ARL, firm size, profitability, leverage, and auditor type; he observed a significant relationship between profitability, auditor type, and ARL. This theory is imperative in our ARL and CG study.

METHODOLOGY

The study adopts the ex post facto research design. The data for the study were secondarily sourced sourced from the internet, annual financial reports of selected firms and Nigerian Exchange Limited factbook over a period of 2011 to 2020. The population of the study consists of the all the 20 listed consumer goods companies on the Nigerian Exchange Limited. A sample of fifteen (15) companies was purposively selected based on availability of the required data, and the judgmental sample method was used. The selected firms and the period under study were based on availability of the required data, for the fifteen listed firms over ten (10) years in the post IFRS period. The data collected were analysed using descriptive statistics, Pearson correlation and regression analysis. The descriptive statistics were used to ascertain the mean (average) for each variable, their maximum values, minimum values, and standard deviation. The correlation analysis was used to evaluate the relationship between the

variables and to check for multi-colinearity. The ordinary regression analysis was also used to evaluate the effect of the independent variables on the dependent variable. It reveals the degree of influence and effect the independent variables has on the dependent variable.

Model Specification

This study adopts a model used by Omoregie and Dibia (2020) with modifications to suit this study.

The model of Omoregie and Dibia (2020) is as follows:

$AQ = \beta_0 + \beta_1 AUDI_{it} + \beta_2 AUDF_{it} + \beta_3 AUFR_{it} + \beta_4 AUDY_{it} + ų$……....I

Where,
AQ = Audit Quality
AUDI = Audit Independence
AUDF = Audit Fees
AUFR = Audit Firm Rotation
AUDY = Audit Delay

Therefore, the model for this study is derived from the objective of this study and it is as follows:

Dependent variable = f(independent variable + control variables + μ) ……..I

AQ = f(ARL, CMS, BOI, μ)……..……II

$AQ = \beta_0 + \beta_1 ARL_{it} + \beta_2 CMS_{it} + \beta_3 BOI_{it} + ų$……III

Where,
AQ = audit quality
ARL = audit reporting lag
CMS = company size
BOI = board independence
ų = Error term
β_0 = Intercept
β_1-β_3 =- the independent variable co-efficient

Measurement of Variables

Table 3.1: Variable measurements

Variable	Measure	Source(s)
Dependent variable		
Audit Quality (AQ)	If audited by the Big four '1' and '0' if otherwise.	Adeniyi(2013); Enofe et al (2013)
Independent variables		
Audit reporting lag (ARL)	Number of days between firm's fiscal year-end as well as the date the audit was reported.	Omoregie and Dibia (2020)
Control variables		

Company size (CMS) (control)	Natural log of company's total non-current assets.	Bafqi et al (2013)
Board independence (BOI) (control)	Ratio of non-executive directors to the company's board size.	Enofe et al (2013)

4. DATA ANALYSIS

The summary of the analysis result and its corresponding interpretations of relationship between Audit reporting lag and audit quality of listed consumer goods companies in Nigeria are presented below.

Table 4.1: Descriptive Statistics

VARIABLES	AQ	ARL	CMS	BOI
Mean	0.666667	13.40000	7.130067	61.42140
Median	1.000000	14.00000	7.120000	62.50000
Maximum	1.000000	19.00000	9.690000	90.00000
Minimum	0.000000	4.000000	5.550000	0.000000
Std. Dev.	0.472984	3.125990	0.830591	16.32483
Skewness	-0.707107	-0.228559	1.029914	-0.574123
Kurtosis	1.500000	2.354313	4.301977	4.344437
Jarque-Bera	26.56250	3.911683	37.11270	19.53739
Probability	0.000002	0.141445	0.000000	0.000057
Sum	100.0000	2010.000	1069.510	9213.210
Sum Sq. Dev.	33.33333	1456.000	102.7923	39708.51
Observations	150	150	150	150

Source: Researcher summary of descriptive statistics (2024)

Table 4.1 above shows the mean (average) for each variable, their maximum values, minimum values, standard deviation and Jarque – Bera (JB). The result provides some insight into the nature of the selected firms' data used for the study. Firstly, it was observed that over the period under review, the sampled firms in Nigeria have positive average audit quality (AQ) of 0.666667. This indicates that, for the selected firms, there is a positivity of the ability of the auditor to ascertain the standards of accounting breaches as well as their incentives for such breaches to be reported. The maximum and minimum value of audit quality (AQ) is 1.000000 and 0.000000 respectively. The large difference between the maximum value and the minimum value shows that the sampled firms used for the study are not dominated by either firms with high audit quality or firm with low audit quality. Secondly, it was observed that on the average over the period, the selected firms have Audit reporting lag (ARL) value of 13.40000, maximum and minimum value of Audit reporting lag (ARL) is 19.00000 and 4.000000 respectively. The mean value indicates that the selected firms scored 13.40 averages on timely presentation of the financial statement, while the large difference between the maximum and minimum value of Audit reporting lag (ARL) reveals that gyrating nature of the firms' reporting lag. Company size (CMS) which is one of the control variables has average value of 7.130067, maximum and minimum company size value of 9.690000 and 5.550000 respectively. The large differences

between the maximum and minimum value show that the sampled firms are not dominated by either with the larger firms or small firms. The table above also shows that the second control variable board independence (BOI) has a mean value of 61.42140, maximum value of 90.00000 and minimum value of 0.000000. The large differences between the maximum and minimum value shows that the firm's data used for the study are not homogeneous in terms of board of directors' independence.

Correlation Analysis

In examining the relationship among the variables, the study employed the Pearson correlation coefficient (correlation matrix), the results are presented in table 4.2

Table 4.2: Pearson correlation matrix

VARIABLES	AQ	ARL	CMS	BOI
AQ	1.000000	-0.208803	0.289283	-0.017062
ARL	-0.208803	1.000000	0.103617	-0.027019
CMS	0.289283	0.103617	1.000000	-0.281080
BOI	-0.017062	-0.027019	-0.281080	1.000000

Source: Researcher summary of correlation matrix (2024)

The correlation matrix is to check for multi-colinearity and to explore the association between each explanatory variable and the dependent variable. The findings from the correlation matrix table (table 4.2 above) show that audit quality (AQ) has a positive association with a control variable - Company size (CMS) (0.289283); and negatively association with Audit reporting lag (ARL) (-0.208803) and second control variable - Board independence (BOI) (-0.017062). Audit reporting lag (ARL) has a positive association with Company size (CMS) (0.103617); and negatively association with Board independence (BOI) (-0.053939), Company size (CMS) has a negative association with Board independence (BOI) (-0.281080). In checking for multi-colinearity, the study observed that no two explanatory variables were perfectly correlated. This indicates the absence of multi-colinearity problem in the model used for the analysis and justifies the use of the ordinary least square method.

Table 4.3: Regression Analysis

Dependent Variable: AQ
Method: Panel Least Squares
Date: 03/10/24 Time: 09:00
Sample: 2011 2020
Periods included: 10
Cross-sections included: 15
Total panel (balanced) observations: 150

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.072124	0.597376	-1.794723	0.0748
ARL	-0.028413	0.011968	-2.374119	0.0189
CMS	0.206008	0.069574	2.960976	0.0036
BOI	0.002025	0.002377	0.852034	0.3956

R-squared	0.734123	Mean dependent var	0.666667
Adjusted R-squared	0.714380	S.D. dependent var	0.472984

S.E. of regression	0.450841	Akaike info criterion	1.296454
Sum squared resid	28.86258	Schwarz criterion	1.457022
Log likelihood	-89.23408	Hannan-Quinn criter.	1.361688
F-statistic	3.142215	Durbin-Watson stat	1.586251
Prob(F-statistic)	0.004072		

Source: Researcher summary of Regression Analysis (2024)

The R-squared which is the co-efficient of determination or measure of goodness of fit of the model, tests the explanatory power of the independent variables in any regression model. From our result, the R-squared (R^2) is 73% in the model. This showed that our model displayed a good fit because the R^2 is closer to 100%, these explanatory variables can impact up to 73% out of the expected 100%, leaving the remaining 27% which would be accounted for by other variables outside the models as captured by the error term.

The F-statistics measures the overall significance of the explanatory parameters in the model, and it shows the appropriateness of the model used for the analysis while the probability value means that model is statistically significant and valid in explaining the outcome of the dependent variables. From table 4.3 above, the calculated value of the f-statistics is 3.142215 and its probabilities are 0.004072 which is less than 0.05. We therefore accept and state that there is a significance relationship between the variables. This means that the parameter estimates are statistically significant in explaining the relationship in the dependent variable.

The t-statistics helps in measuring the individuals' statistical significance of the parameters in the model from the result report. It is observed from table 4.3 above that only audit reporting lag (ARL) and company size (CMS) were statistically significant at 5% level with its values as -0.028413 and 0.206008 respectively. This implies that it has contributed significantly to audit quality at the rate of 5% level of significance. The remaining variables - board independence with its values as 0.002025 are not statistically significant at 5% level.

Our model is free from the problem of autocorrelation because the Durbin-Watson value is 1.586251 which is approximated as 2 (that means, the absence of autocorrelation in the model used for the analysis).

The a'priori criteria are determined by the existing accounting theory and states the signs and magnitude of the variables from the result. Audit reporting lag (ARL) has negative sign and its values are -0.028413. In the model, this implies that increase in Audit reporting lag decreases the Audit Quality (AQ) by -0.028413, this conforms to our theoretical expectation of stakeholder theory and signalling theory.

Ho_1: Audit reporting lag has no significant relationship with audit quality of listed consumer goods companies in Nigeria.

Given below is the output of analysis conducted

Table 4.4: Summary of regression analysis of variable – audit reporting lag

Models	Audit Quality
Variable – Audit	Reporting Lag
Coefficient	-0.028413
t-value	-2.374119

P-value	0.0189

Source: Derived from Regression Analysis table of 4.3.

Interpretation:

From the result of our analysis in table 4.4 above, we found out that the analysis result showed a coefficient value of -0.028413, t-value of -2.374119 and a p-value of 0.0189 for audit reporting lag. The coefficient value which reveals the degree of variation caused by the individual independent variable to the dependent shows a negative value of -0.028413, this reveals that audit reporting lag has negative influences on the audit quality of firms. The t-value of -2.374119 shows that audit reporting lag has a negative effect on audit quality of firms (though the effect is big at 5% level of significance). The probability value of 0.0189 shows that the effect of audit reporting lag on audit quality of firms is statistically significant at 5% level of significance.

Decision:

Accept null hypothesis if the probability value is greater than the desired level of significant of 5%, otherwise reject.

Since the probability value is less than the desired level of significant of 5%, we accept the alternative and reject the null hypothesis; this implies that audit reporting lag has a significant negative effect on audit quality of listed consumers' goods companies in Nigeria. Thus, audit reporting lag is negative and has significant impact on audit quality of listed consumers' goods companies in Nigeria at 5% level of significance.

Control Variables

Ho_2: Company size has no significant relationship with audit quality of listed consumers' goods companies in Nigeria.

Given below is the output of analysis conducted

Table 4.5: Summary of regression analysis of variable – company size

Models	Audit Quality
Variable –	Company size
Coefficient	0.206008
t-value	2.960976
P-value	0.3981

Source: Derived from Regression Analysis table of 4.3.

Interpretation:

From the result of our analysis in table 4.5 above, we found out that the analysis result showed a coefficient value of 0.206008, t-value of 2.960976 and a p-value of 0.0036 for company size. The coefficient value which reveals the degree of variation caused by the individual control variable to the dependent variable shows a positive value of 0.206008, this reveals that company size has positive influences on the audit quality of firms. The t-value of 2.960976 shows that company size has a positive effect on audit quality of firms (though the effect is significant at 5% level of significance). The probability value of 0.0036 shows that the effect of company size on audit quality of firms is statistically significant at 5% level of significance.

Decision:

Accept null hypothesis if the probability value is greater than the desired level of significant of 5%, otherwise reject.

Since the probability value is less than the desired level of significant of 5%, we accept the alternative and reject the null hypothesis; this implies that company size has a significant positive effect on audit quality of listed consumers' goods companies in Nigeria. Thus, company size is positive and has significant impact on audit quality of listed consumers' goods companies in Nigeria at 5% level of significance.

H_{O3}: Board independence has no significant relationship with audit quality of listed consumers' goods companies in Nigeria.

Given below is the output of analysis conducted

Table 4.6: Summary of regression analysis of variable – board independence

Models	Audit Quality
Variable –	Board independence
Coefficient	0.002025
t-value	0.852034
P-value	0.3956

Source: Derived from Regression Analysis table of 4.3.

Interpretation:

From the result of our analysis in table 4.6 above, we found out that the analysis result showed a coefficient value of 0.002025, t-value of 0.852034 and a p-value of 0.3956 for board independence. The coefficient value which reveals the degree of variation caused by the individual control variable to the dependent variable shows a positive value of 0.002025, this reveals that board independence has positive influences on the audit quality of firms. The t-value of 0.852034 shows that board independence has a positive effect on audit quality of firms. The probability value of 0.3956 shows that the effect of board independence on audit quality of firms is statistically not significant at 5% level of significance.

Decision:

Accept null hypothesis if the probability value is greater than the desired level of significant of 5%, otherwise reject.

Since the probability value is greater than the desired level of significant of 5%, we accept the null and reject the alternative hypothesis; this implies that board independence has an insignificant positive effect on audit quality of listed consumers' goods companies in Nigeria. Thus, board independence is positive and has insignificant impact on audit quality of listed consumers' goods companies in Nigeria at 5% level of significance.

CONCLUSION

This study examined the relationship between Audit reporting lag and the quality of audit in Nigeria. The quality of audit is determined by the ability of an auditor in other to discover the breaches of accounting standards as well as their incentives for such breaches to be reported. That is to say that audit quality can be said to be a product of auditor competence as well as independence. The aim of this study remained to investigate the literature on the subject of the Audit reporting lag and audit quality. The data concerning to the consumer goods companies that are quoted on the Nigerian exchange limited over the period of 2011-2020 was used. The study has chosen audit

quality (AQ) (to represent the dependent variable) while audit reporting lag (ARL), (represented the independent variable) in this study. The outcomes revealed that audit reporting lag was noticed to be negatively associated with audit quality. Against the backdrop of the findings, we advanced the following recommendations:

i. The consumer goods companies should create enabling environment that will ensure the conduct of proper audit by the auditors and also for a timely release of their reports to users thus promoting quality decision making.
ii. As regards to the two control variables (company size and board independence), it was recommended that: The Nigerian Exchange Limited should relax its stringent listing requirements so that firms can be listed on the first tier since larger firms engage the services of professionals which by extension will positively affect the audit quality. Firms in Nigerian should ensure that their boards are independent as this is likely to enhance audit quality.

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