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Board Attributes and Audit Report Lags in Nigerian Listed Deposit Money Bank

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ABSTRACT: This study examined the impact of board attributes on the audit report lag of 14 listed deposit money banks in Nigeria. The study adopted a correlational research design; in addition, the corporate annual reports and websites for 2015-2019 were utilized as the primary sources of secondary data. In testing the research hypotheses and ascertaining the significant effect of the variables, the study utilized the panel estimation technique using the pooled ordinary least square, the fixed and the random effect methods of data analysis.

The findings revealed that board sizes have no significant impact on the audit report lag. Similarly, board independence has insignificant but positive effect on the audit report lag. The study concluded that solid corporate structure attributes would positively influence corporate governance and the audit report lag. The study recommended that government should make stringent policies and regulations on the audit report lag.

KEYWORDS: Audit report lag, corporate governance, board size, board independence.

INTRODUCTION

Corporate governance and audit report lag have in recent time attracted researchers' attention and this has influenced lots of empirical researches (Soyemi, Sanyaolu, & Salawu, 2019). The rationale for the unending empirical investigations in these areas of study was justified and sustained as a result of incessant and high profile corporate failure, financial scandal, global financial meltdown leading to loss of public confidence and the need to address audit failure (Ilaboya & Obaretin, 2015; Okaro, Okafor, & Okoye, 2015; Mbir, Agyemang, Tackie, & Abeka, 2020). Global business development, as well as the emergence of joint stock companies, has created an agency relationship between business owners and managers. In practice, management of corporate entities are divorced from ownership and this warrants corporate owners to entrust management with resources and permit them to act on their behalf with the expectation of the adoption of strategies, policies, and actions among others that will enhance shareholders value creation and wealth maximization. As the overall management strategies are evaluated for their effectiveness by their ability to maximize shareholders wealth (Pattanayak & Pankaj, 2014), it is not unexpected that the extent to which the appointed managers meet up with this expectation is measured through annual audit reports.

Audit report is a comprehensive statement that reports all important financial and non-financial information and presents them in an organized manner and in a form easy to comprehend for the use of stakeholders to make timely decisions that is associated with production and investment planning, expected returns and performance evaluation (International Accounting Standard Board, ,2018). Thus, stewardship responsibility of management is achieved through corporate audit reporting in the form of preparation and presentation of audited annual reports and accounts to users of financial information. In addition, audit reports are perceived relevant when a wide range of users make decisions based on the available information provided on the financial position, performance and changes in financial position of a firm. The audit report therefore, would only be relevant to the users' group when it is promptly examined by an independent auditor and the report issued in a timely manner (Arowoshegbe, Uniamikogbo, & Adeusi, 2017).

Timeliness has long been recognized as one of the most important qualitative attributes of audit reporting by various authorities and professional accounting bodies across the world (IASB, 2018). According to the International Accounting Standard Boards (IASB, 2018), timeliness of audit reports is the "availability of information needed by the decision makers for useful decision making before it loses its capacity to influence decision". Audit reports timeliness generally refers to the length of time from a company's financial year-end to the date of the auditor's report and thus, it is measured as the number of days between a firm's fiscal year-end and the report date (Azubike & Aggreh, 2014). The timeliness of audit reports is a critical factor in emerging and developed capital markets where the audited financial statements are the only reliable source of information available to investors. In addition, Owusu-Ansah (2000), argues that timely reporting is an important device to mitigate insider trading, and rumours in emerging markets. Timeliness can also be viewed as a way of reducing information asymmetry and reducing the opportunity to

spread rumours about the companies' financial health and performance. Timely presentation of financial statements affects the decision making process of investors and other stakeholders, as lack of timely information will result in the investors seeking alternative sources of information and hence affects the investment base of the organization (Azubike & Aggreh, 2014).

In order to solve the double-edged dilemma of faithful representation and relevance, accounting information is subjected to an audit by an independent qualified external auditor. The external audit provides independent assurance to investors and other stakeholders that management has prepared financial statements that are not materially misstated in accordance with generally accepted accounting standards (Scot & Gist, 2013). The time taken by auditors to complete the audit is called the audit report lag(ARL) and it is usually measured as the number of days from the financial year end date to the date of the signature of audit report (Afify, 2009; Lee & Jahng, 2011; Dao & Pham, 2014). The U.S. Security and Exchange Commission in the bid to increase efficiency in the capital market reduced audit report lag from 90days to 60days (US-SEC, 2005). In relation to the length consumed by the audit process before the audited annual reports are released, several authors have examined the role played by corporate governance mechanisms in the reduction of audit report lag (Afify, 2009; Apadore & Noor, 2013).

One of the most effective factors on timeliness of audit reporting is corporate governance. Corporate governance is viewed as a system that delineates the rights and responsibilities of each major group of stakeholders in a company and spells out rules and procedures for making decisions about corporate affairs (Needless, Turell, & Sengur, 2012). A good corporate governance system facilitates the resolution of interest conflicts between majority and minority shareholders, managers and shareholders (Akdogan & Boyacioglu, 2014). Corporate governance becomes a frequently debated subject because the failures or abuses observed in the management of the companies play a precipitating or deepening role in financial crisis.

Corporate governance, a system by which firms are directed and controlled in order to ensure their continuity in business, is the responsibility of senior management and the board of directors (Shukeri & Islam, 2012). However, corporate governance mechanisms of many firms worldwide have undergone several changes during the past two decades (Sultana, Singh & Zahn, 2015). Soltani (2002) emphasizes that companies that are distressed financially often receive qualified or modified opinions in the auditor's report and thus, signals weak corporate governance structures which may increase audit report lag.

Several studies on the timeliness of corporate reporting and audit delay have been carried out in the developing, and the developed countries. Majority of these studies were conducted in the United States (Krishnan, 2005). Several studies have also been conducted in Australia (Davies & Whittred, 2008); and in Africa, such as Nigeria (Modugu, Eragbhe & Ikhatua,2012; Iyoha,2012; Ilaboya & Iyafekhe, 2014). There are several studies on corporate governance and audit report lag across different continent. However, there is still a limited study on the effect of board attributes on the audit report lag in Nigeria. Hence, a gap exists. Therefore, this study seeks to examine the impact of board attributes on the audit report lag.

Conceptual Review and Hypothesis Development

Board Size

Corporate boards are responsible for monitoring the quality of information contained in financial statements that are communicated to the public (Ilaboya & Iyafekhe, 2014). One of the disadvantages associated with a large board is communication/coordination problem which makes large board as less efficient monitoring of prompt reporting of financial statements than small board (Dimitropoulos & Asteriou, 2010). Mak and Li (2001) argued that large board create less participation, is less organized and is less able to reach an agreement about audit process and procedures. Beasley (1996) showed that an increase in board size will slow the process of decision making, and by implication the audit process. Thereby, attributed this to the number of times larger board may decide to hold their meeting in order to arrive at a decision on the audit process and the release of the audit report. Firms with a small board exhibit greater informativeness and show a stronger response that may lead to delay in the audit process (Xie, 2003). Furthermore, smaller board may be less encumbered with bureaucratic problem, more functional and more able to provide better financial reporting oversight (Ilaboya & Iyafekhe, 2014). Abdul-Rahman and Mohamed-Ali (2006) showed that board size and audit delay are positively related. Meanwhile, Ilaboya and Christian (2014) revealed that board size and audit report lag are negatively associated.

Board Independence

An effective board of directors is an important mechanism of internal governance in managing an organization (CheHaat, Abdu-Rahman & Mahenthiran, 2008). Resolving the agency problem would be more effective when the boards comprise independent directors. Weir, Laing and McKnight (2002) found that board of directors consisting wholly of inside directors would not be adequate to monitor the company, and, in certain cases, such structure would merely worsen the agency problem. A number of studies have argued that the effectiveness of the board would increase when more non-executive directors are on the board of directors (Ho & Williams, 2003; Weir *et al.*, 2002). For example, Beasley and Petroni (2001) investigated the association between board composition and the choice of auditors of 681 property-liability insurance companies. It was found that board of directors with a higher proportion of independent directors would have a greater tendency to employ specialized brand name auditors (high quality auditor) than board of directors with a lower percentage of independent directors. This characteristic of board of directors also ensures greater assurance concerning financial reporting (Cancello, Hermanson, Neal, & Riley, 2002). O'Sullivan (2000) and

Salleh, Stewart and Manson (2006) also found that a proportion of non-executive had a positive impact on audit quality. The auditors stated that non-executive directors exert pressure to have a proper and intensive audit.

It is anticipated that an increase of non-executive directors on the board of directors also improves audit quality. This occurs when board with independent directors provide more independent monitoring, and as a result, increase financial reporting quality and also the quality of the audit. Board independence with financial expertise is related to a more transparent disclosure of the company's performance (Felo, 2009). They might require more audit effort than the usual amount of effort being expended, which would evaluate to an increase in audit quality and consequently, reduce audit report lag.

Theoretical Review

The theory underpinning this study is hinged on agency theory. This is discussed below:

Agency Theory

Thus, in this study, agency theory is considered as the relevance theory. The study is anchored on this theory because of the business association that exists between the agent and the principal taking into consideration the problem (conflict of interest) that exists between them that hinder the agent from carrying out his responsibilities and facilitate information asymmetry, thus resulting in audit report lag.

REVIEW OF EMPIRICAL STUDIES

Several studies have been carried out at global and local levels to establish the relationship between corporate governance and tax compliance. Hence, this study examined the empirical studies on specific variables as discussed underneath.

Board size and Audit Report Lag

Hassan (2016) examined the audit report lag determinants among 47 Palestine Stock Exchange (PSE) listed companies by collecting their 2011 annual reports. Multiple regression analysis result demonstrated that the association between board size and ARL is significant positive since excess directors may have coordination problems and cause the controlling and monitoring power to be less effective (Jensen, 1993,& Yermack, 1996).

Azubike and Aggreh (2014) explored the determinants of ARL in Nigeria using 40 listed manufact uring firms on the Nigerian Stock Exchange for the period of 2010-2012 annual reports. The ordinary least square (OLS) regression technique outcome showed that board size had a positive and significant relationship with ARL. The results supported the argument of Mohammed-Nor et al. (2010) study, which found that larger boards could increase the ARL.

Furthermore, Mohammed-Nor et al. (2010) investigated the ARL in Malaysia PLCs with the MCCG 2001 implementation by incorporating the board of directors and AC characteristics in their model. 628 non-financial Bursa Malaysia listed companies for the year ended 2002 were targeted as a sample. Multivariate analysis showed that the board size is positively and insignificantly related to the ARL. This result is consistent with Ibadin et al. (2012) as the communication problem exists and leads to increased ARL regardless of the board size.

Soyemi, Sanyaolu, and Salawu (2019) examined the influence of corporate governance practices on audit report lag in Nigeria non-financial firms. The study was achieved via regression analysis on secondary data obtained from the annual reports and accounts of the 21 sampled non-financial firms listed on the NSE using a purposive sampling technique. From the findings, it was discovered that board size have no significant negative effect on audit report lag.

Gacheru (2018) establish the relevance of audit report lag and its corporate governance determinants among listed companies in East African. Descriptive statistical were used to compare the different audit report lag in Kenya, Uganda, Tanzania, and Rwanda and to establish the relevance of ARL in investment making decisions. Pooled regression model were performed to identify the significant corporate governance factors in listed companies in East African. The study focused on a ten (10) years period of 2007-2016. The findings revealed that, in Tanzania, board size have the most significant corporate governance factor'

Ahmed and Che-Ahmad (2016) examines the effects of board size, audit committee characteristics and audit quality on ARL of listed banks in Nigeria. Using a sample of 14banks, the study covers a five year period from 2008-2012. The findings of the study based on robust OLS model reveals that board size have a significant positive association with ARL.

Board Independence and Audit Report Lag

Ilaboya and Christian (2014) investigated corporate governance in relation to audit report lag in Nigeria among 120 listed corporate organizations in the manufacturing sector of the Nigerian Stock Exchange from 2007 to 2011. The descriptive statistics and ordinary least square (OLS) regression technique outcome showed that board independence had negative and insignificant relationship with ARL.

Also, Apadore and Mohd Noor (2013) examined the relationship between the corporate governance characteristics and audit report lag among 120 companies listed on the Malaysian Stock Exchange from 2009 to 2010. Descriptive statistics and OLS regression technique revealed that board independence had insignificant relationship with ARL. The result is similar with Yaacob

and Che-Ahmad (2012) which showed that board independence had a positive and insignificant relationship with ARL and Mohamad-Nor et al. (2010) that showed a weak positive relationship with audit lag.

Furthermore, Hashim and Rahman (2010) examined the association between corporate governance mechanisms and audit report lag among 288 companies listed at Bursa Malaysia for a period ranging from 2007 to 2009. The result of the study revealed that there was no significant relationship between board independence and audit report lag.

Soyemi, Sanyaolu, and Salawu (2019) examined the influence of corporate governance practices on audit report lag in Nigeria non-financial firms. The study was achieved via regression analysis on secondary data obtained from the annual reports and accounts of the 21 sampled non-fianacial firms listed on the NSE using a purposive sampling technique. From the findings, it was discovered that board independence exert negative significant influence on audit report lag of the selected firms. Arising from findings, the study concludes that board independence is a significant driver of audit report lag in Nigerian non-financial firms. The study recommends that board independence should be encouraged so as to reduce the efficacy of audit delay.

Afify (2009) examined the impact of corporate mechanisms on audit report lag in Egypt. It was found that the ARL for each of the 85 listed sample companies ranged from a minimum interval of 19days to a maximum interval of 115days, and Egyptian listed companies take approximately 2months on average. A regression analysis carried out indicated that board independence affect ARL.

Yenny and Yulia (2017) determine the effect of independent board of commissioners, competence of audit committee members on audit report lag. The study used secondary data derived from the financial statements listed in Indonesia Sock Exchange from 2013-2015. The sample of manufacturing companies in the industrial sector of consumption goods was selected as a research sample related to the complexity of presentation of financial statement information. Based on the purposive sampling method and was obtained 72 observations. Analysis of data is carried out using multiple regression method with the aid of SPSS version 21 computer program. The study indicates that independence board of commissioners has no significant effect on ARL.

RESEARCH METHODOLOGY

Research Design

The study employed correlational research design and panel data using panel regression analysis. The correlational research design was utilized to analyze the statistical association between dependent and independent variables. The method was adopted because of its ability to test the expected relationship between and among variables, thus, making predictions concerning these relationships (Creswell, 2008).

Furthermore, panel data utilized to account for individual heterogeneity of sampled deposit money banks. The application of panel regression analysis was used to examine the model of the study as its measure the strength of the relationship in terms of its significance (Mbir et al. 2020). The choice of this was due to the similar studies conducted by Ilaboya and Christian (2014), Ilaboya and Obaretin (2015) where panel OLS regression was utilized to examine the relationship between corporate governance and audit report lag.

Population and Sampling Techniques

The population of this study consisted of all (14) listed deposit money banks on the Nigerian Stock Exchange (NSE) as at 31st December, 2019. These banks were considered appropriate for the purpose of this study because they are mandatorily required by the law to submit their published audited financial statement annually to the Security an Exchange Commission (SEC).The censor sampling technique was used because of the small size of the population. Therefore, the whole population of this study will be taken as sample size.

Model Specifications

The study employed multi-linear regression model to determine the relationship between the explained variables and the predictors based on the use of panel data method which employs panel regression analysis using the comprehensive least square technique. The study ensure the variables produced expected results and to establish the relationship between the variables (Korkmaz, 2016). This study captured two (2) variables comprising dependent and independent variables: Audit report lag, Board size, and Board independence.

The model is expressed explicitly as:

$ARL_{it} = \beta_0 + \beta_1 BSIZE_{it} + \beta_2 BIND_{it} + \mu_{it}$ ..... (1)

Where:

$\beta 1$, $\beta 2$ = coefficient of the independent variables

$\beta 0$ = intercept of the regressors line, regarded as constant

ARL = Audit Report Lag

BSIZE = Board Size

BIND = Board Independence

μ = Error term

Data Analysis

This section deals with the presentation, analysis and interpretation of the data collected for the purpose of testing empirically the model of the study. Panel least square regression analysis is used to estimate the relationship between the independent variables (Board Size and board independence) and the dependent variable (Audit Report Lag) for listed deposit money banks.

Descriptive Statistics

Descriptive Statistics of Variables

	ARL	BSIZE	BIND
Mean	77.25714	13.71429	0.602286
Median	74.50000	14.00000	0.530000
Maximum	343.0000	20.00000	0.920000
Minimum	0.000000	7.000000	0.410000
Std. Dev.	39.39789	2.909967	0.136977
Skewness	0.369465	0.246702	0.485724
Kurtosis	3.091741	2.627702	2.072074
Jarque-Bera	2495.940	1.114323	7.997261
Probability	0.000000	0.002833	0.018341
Sum	5408.000	960.0000	42.16000
Sum Sq. Dev.	107101.4	584.2857	1.294634
Observations	70	70	70

Source: Author's computation from E-Views 10

Table 1 reveals the descriptive statistics of the ARL and board attributes of the selected firms for the period between 2015 and 2019. The mean scores of the data displayed the level of consistency as they fall between the minimum (0.000) and maximum (343.) scores. Thus, the audit report lag (ARL) for the periods examined stood at a mean value of 77.25714. The standard deviation measuring the spread of the distribution stood at a value of 39.39789 while the Jarque-Bera statistics stood at 2495.940 with a p-value of 0.000. The skewness and kurtosis statistics of the variables were normally distributed as skewness is close to zero and kurtosis of ±3. Thus, the variables exhibited normality.

Table 2: Pearson Correlation Matrix Analysis

	ARL	**BSIZE**	**BIND**
ARL	1.000000		
BSIZE	-0.201357	1.000000	
BIND	0.108570	-0.396834	1.000000

Source: Author's computation from E-Views 10

Table 4.2 shows Pearson correlation matrix for the variables as contained in the analysis. The correlation coefficients show a relationship between ARL and (BSIZE and BIND) as contained in the analysis. The correlation coefficients also showed a positive relationship between audit report lag (ARL) and board independence (BIND) but there is negative relationship between audit report lag (ARL) and Board size (BSIZE). Hence, there is no problem about correlation as the correlation coefficients were less than 0.8 (Gujarati, 2004).

Variance Inflation Factors

Table 3. Variance Inflation Factors

Variance Inflation Factors
Date: 03/27/23 Time: 01:21
Sample: 1 70
Included observations: 70

Variable	Coefficient Variance	Centered VIF	Tolerance 1/VIF

BSIZE	3.856343	1.521932	0.657060
BIND	1647.405	1.440594	0.694158
C	9016.074	NA	NA

Source: Author's computation from E-Views 10

The variance inflation factor was utilized to check for multicollinearity in this study. The rule of thumb indicates that the centered VIFs must be below the benchmark of 10. Therefore all the centered VIFs are below 10. Gujarati (2004) argues that VIF is normal if it is lesser than 10 and tolerance coefficient is higher than 0.10. The researcher now concludes that there is never an issue of multicollinearity in the model.

Test of Hypotheses

Pooled Ordinary least square regression method was utilized to test the research hypothesis one. The objective of this study is to investigate the effect of board attributes on the audit reporting lag. The null hypothesis to be tested here is that board attributes do not have a significant relationship with audit reporting lag. The regression analysis was engaged to examine the relationship. In addition, the cross sections data regression method uses pooled ordinary least square method with more statistical significant parameters. Table 4. presents the results of the panel least square regression method with 70 observations in order to analyze the relationship between the variables.

The pooled OLS, being a restrictive technique, assumes that the regression coefficients as well as regular estimates are uniform for the entire cross sectional observations over time. It does not distinguish the possibility of heterogeneity in cross sectional data as well as time series.

4.4: Estimation of Panel Least Square Results

Table 4.4: Estimation of Panel Least Square Results

Dependent Variable: ARL
Method: Panel Least Squares
Date: 03/27/23 Time: 11:51
Sample: 2015 2019
Periods included: 5
Cross-sections included: 14
Total panel (balanced) observations: 70

Variable	Coefficient	Std. Error	t-Statistic	Prob.
BSIZE	-0.868656	1.963757	-0.442344	0.6598
BIND	78.57603	40.58824	1.935931	0.0574
C	118.1391	94.95301	1.244184	0.2180

R-squared	0.629134	Mean dependent var	77.25714
Adjusted R-squared	0.546194	S.D. dependent var	39.39789
S.E. of regression	38.47715	Akaike info criterion	10.23265
Sum squared resid	93270.94	Schwarz criterion	10.45750
Log likelihood	-351.1426	Hannan-Quinn criter.	10.32196
F-statistic	1.556964	Durbin-Watson stat	1.901560
Prob(F-statistic)	0.004630		

Source: Author's computation from E-Views 10

The results in table 5 show that the Durbin Watson statistics of 1.90 shows the absence of autocorrelation or serial correlation between the variables as the coefficient is approximately 2. It is clear from the estimated model that board independence (BIND) variable in the model depict positive relationships with the dependent variable ARL; while Board size (BSIZE) variable show a

negative relationship. The estimated parameters of Board size (BSIZE), and Board independence (BIND) variables are in conformity with the *a- priori* inverse relationship between (but insignificant) with Audit Reporting Lag (ARL), this is in line with the work of Ilaboya and Christian (2014); Akahoho (2017); Afify (2009); Yenny and Yulia (2017); Apadore and Mohd Noor (2013); Hashim and Rahman (2010); Ishaq-Ahmed and Che-Ahmad (2016). From the analysis, an additional increase in Board independence (BIND) variables reduces ARL by 78% but insignificant relationship.

Based on the probabilities of the explanatory variables, Board size (BSIZE) with P-value of 0.66 have a negative relationship which is statistically insignificant at 5% level of significance. The R^2 value of 0.629134 connotes 63% of the degree of variation in the audit reporting lag explained by the model while the remaining 37% is captured by the stochastic error term. Hence, the estimated model is statistically significant in its overall evaluation considering the significance of the Prob. (F-statistic) value (0.004).

Nonetheless, as earlier pointed out the associated shortcoming with the model is that it does not recognize difference between diverse firms that were studied in that it admitted that the entire fourteen firms are the same in every feature, which ordinarily is not so. By pooling the fourteen firms, the study forfeited heterogeneity or individuality that may be feasible among the fourteen firms chosen for analysis in the study. Thus, it was significant to run the fixed effect analysis or Least Square Dummy Variable (LSDV) as well as random effects analysis.

4.5 Fixed Effect or Least Square Dummy Variable (LSDV) and Random Effects

The fixed effect or least square dummy variable (LSDV) model is suitable for heterogeneity or individuality among the fourteen firms by permitting each firm has its own intercept value. The term fixed effect is due to the fact that although the intercept may differ across the firms, the intercept does not change over time. This implies it is time invariant. Generally, the introduction of the fixed effect is to notice the effect of some variables that are not included in the original pooled OLS model. On the other hand, the random effect model, the fourteen firms employed for the purpose of analysis in the study are assumed to have a uniform mean value for the intercept. The random effect explains that the heterogeneity is random rather than fixed also that random effect is inbuilt into the error term. Therefore, it forms a composite error term. The outcomes of the fixed effects model and the random effects model are presented in Table 5 and 6 respectively

Table 4.5: Fixed Effects Model

Dependent Variable: ARL
Method: Panel Least Squares
Date: 03/27/23 Time: 12:28
Sample: 2015 2019
Periods included: 5
Cross-sections included: 14
Total panel (balanced) observations: 70

Variable	Coefficient	Std. Error	t-Statistic	Prob.
BSIZE	1.087876	2.967867	0.366551	0.7155
BIND	92.16282	113.5324	0.811775	0.4208
C	145.4095	355.6862	0.408814	0.6844

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.732835	Mean dependent var	77.25714
Adjusted R-squared	0.658688	S.D. dependent var	39.39789
S.E. of regression	40.53751	Akaike info criterion	10.47729
Sum squared resid	82164.47	Schwarz criterion	11.11972
Log likelihood	-346.7051	Hannan-Quinn criter.	10.73247

F-statistic	0.798684	Durbin-Watson stat	1.587640
Prob(F-statistic)	0.007634		

Source: Author's computation from E-Views 10

Table 4.6: Random Effects Model

Dependent Variable: ARL
Method: Panel EGLS (Cross-section random effects)
Date: 03/27/23 Time: 12:31
Sample: 2015 2019
Periods included: 5
Cross-sections included: 14
Total panel (balanced) observations: 70
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
BSIZE	-0.868656	2.068912	-0.419861	0.6760
BIND	78.57603	42.76163	1.837536	0.0708
C	118.1391	100.0375	1.180948	0.2421
	Effects Specification			
			S.D.	Rho
Cross-section random			0.000000	0.0000
Idiosyncratic random			40.53751	1.0000
	Weighted Statistics			
R-squared	0.729134	Mean dependent var		77.25714
Adjusted R-squared	0.646194	S.D. dependent var		39.39789
S.E. of regression	38.47715	Sum squared resid		93270.94
F-statistic	1.556964	Durbin-Watson stat		1.901560
Prob(F-statistic)	0.004630			
	Unweighted Statistics			
R-squared	0.729134	Mean dependent var		77.25714
Sum squared resid	93270.94	Durbin-Watson stat		1.901560

Source: Author's computation from E-Views 10

Presented in Table 5 and Table 6 are the fixed effects and the random effects regression estimates respectively. They are shown that (BIND), conform to the expected *a-priori* relationship of positive effects on the dependent variable in the random effects model estimates while BZISE variable have negative relationships with ARL. The specific effect of each of the explanatory variables on the dependent variable is revealed in the coefficient column of Table 4.6.2 and 4.6.3. The R^2 values for both fixed effects and random effects model reveal the total variation in ARL as explained by the explanatory variables. In its overall, the models are statistically significant as shown by the statistical significance of its *F*-statistic.

However, in order to ascertain the appropriate choice of either of these estimated models, the study employed the use of Hausman Test.

4.5.1 The Hausman Test

The Hausman Test was carried out to verify if there is a significant discrepancy between the estimates of the fixed effect estimator and that of the random effect estimator. The null hypothesis underlying the test is that fixed effect estimates do not distinguish significantly from the random effect estimates. The test statistic formulated by Hausman has an asymptotic chi-square distribution. Having estimated the Hausman Test Hypothesis:

H_0: Fixed effect model is appropriate

H_1: Random effect model is appropriate

The rule is that if the probability value of the Chi-Square Statistics is statistically significant, we accept fixed effects model, otherwise, the random effects model is appropriate.

Table 4.7: Extract from the Hausman Test Result

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	3.262853	6	0.7752

Source: Author's computation from E-Views 10

Examining the Chi-square values of the cross- section random in Table 4.5.4, the probability values of the Chi-square statistics is 0.77 (77%). This probability is greater than 5%, this implies that, we reject the null hypothesis (H_0) and accept the alternative hypothesis (H_1). Consequently, we conclude that random effects model is appropriate to accept for analytical reason.

4.6 Discussions of Findings

Therefore, examining the estimated random effects model accepted as the appropriate model as shown in Table 4.5.2, it is evident that BIND have positive and significant effects on ARL of the different firms investigated, but BIND is not significant.

Hypothesis 1: There is no significant impact of board size on audit report lag.

Expectedly, board size of selected firms will positively influence audit reporting lag. However, it has been theoretically proved earlier by Dimitropoulos and Asteriou (2010) and Mak and Li (2001) that one of the disadvantages associated with a large board is communication/coordination problem which makes large board as less efficient monitoring of prompt reporting of financial statements than small board. Large board creates less participation, is less organized and is less able to reach an agreement about audit process and procedures. Beasley (1996) showed that an increase in board size will slow the process of decision making, and by implication the audit process. Therefore, the negative effect of this variable can partly be ascribed to these established facts. Thus, an additional increase in board size will bring about insignificant reduction of 0.868656 in quality of audit reporting lag. Hence, based on the result of appropriate random effects model, the null hypothesis that there is no significant impact of board size on audit report lag is accepted while the alternative hypothesis is rejected. The outcome is constant with the works of Soyemi, Sanyaolu and Salawu (2019).

Hypothesis 2: There is no significant effect of board independence on audit report lag

Board of directors is an important mechanism of internal governance in managing an organization. Theoretically, a number of studies have argued that the effectiveness of the board would increase when more non-executive directors are on the board of directors. This occurs when board with independent directors provide more independent monitoring, and as a result, increase financial reporting quality and also the quality of the audit. Board independence with financial expertise is related to a more transparent disclosure of the company's performance. An increase in effective board independence will bring about increase of 78.57% in quality of audit reporting lag, but this is not significant because of presence of corruption and cross directorship. The null hypothesis that there is no significant effect of board independence on audit report lag is hereby accepted and the alternative hypothesis rejected. The outcome is constant with the works of Ilaboya and Christian (2014); Hashim and Rahman (2010); Yenny and Yulia (2017) and Apadore and Mohd Noor (2013).

CONCLUSION

The study carefully looked at the effect of board attributes on the audit report lag in Nigeria. In achieving the objectives of this study, data were sourced from the annual report and corporate websites of fourteen (14) listed deposit money banks in Nigeria. In addition, data were also sourced from the Nigerian Stock Exchange fact book (2015-2019). There were two hypothesis formulated and tested using panel regression technique. On the basis of the research findings, the following conclusions were reached:

i. The extent of Audit Report Lag by the Nigerian listed deposit money banks was low (Table…). This shows that listed deposit money banks in Nigeria disclose very low audit report lag in the annual reports and corporate website.
ii. Board size exhibited an insignificantly negative relationship with the audit report lag of listed deposit money banks in Nigeria, based on its individual and overall result. This implies that additional increase in board size will bring about insignificant reduction in quality of audit report lag to various stakeholders.

RECOMMENDATIONS

To this end, based on the findings of this study, the following recommendations, which are of immense benefits to stakeholders, are provided:

i. That board independence should be strengthened to ensure that management facilitate quick decision in relation to audited financial statement for disclosure.;

ii. Finally, the practice of having more large boards should be encouraged but with caution so that the large board size will rather ensure that board members leads to the desired levels of audit report.

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