



## **MODERATING EFFECT OF AUDIT QUALITY ON THE RELATIONSHIP BETWEEN FIRM ATTRIBUTES AND TIMELINESS OF FINANCIAL REPORTING OF LISTED FINANCIAL INSTITUTIONS IN NIGERIA**

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### **ABSTRACT**

Financial report is considered an integral part in decision making process, thus, the need for firms to provide these reports to stakeholders as at when due in order to facilitate decision making. Therefore, this study examined moderating effect of audit quality on the relationship between firm attributes and timeliness of financial reporting of listed financial institutions in Nigeria. Firm age and Profitability are the corporate attributes examined while audit firm type is the audit quality explored. The study spanned for duration of 5 years starting from 2014 to 2018. A sample of 47 financial institutions listed on the Nigerian Stock Exchange was drawn from the total of 57 financial intuitions, giving a total of 235-year observations. Secondary data were utilized in the study. The Hausman specification test conducted suggested the interpretation of the random effect regression. The random effect regression showed that, profitability is negatively and significantly impacting on the timeliness of financial reporting of listed financial institutions in Nigeria. Audit quality is negatively and significantly influencing the timeliness of financial reporting of listed financial institutions in Nigeria. Audit quality negatively and significantly moderate the relationship between profitability and timeliness of financial reporting. The study therefore recommended that, profitable firms should engage the service of quality audit firms so as to be able to present financial report on time for information dissemination.



**Keywords:** Age, Audit Quality, Firm, Profitability and Timeliness of financial reporting

## 1. INTRODUCTION

In making investment decisions and choices, the importance attached to timely financial reporting cannot be over emphasized. This is because; timely financial reporting serves as bedrock for making informed decisions by all class of stakeholders. For this reason, among numerous others is why the Security and Exchange Commission (SEC) (2018), highlighted that timely financial reporting act as fulcrum that dictates viable investment decisions from limited resources. International Accounting Standards Board (2010) asserted that, timely information is power that provides investors with required information to enable them make calculated and rational choice from arrays of investment decisions. Having the required information as at when needed cripples the scourge associated with information asymmetry; all stakeholders are given equal opportunity to make rational decisions choices. International Accounting Standards Board (2010) documented that, timeliness of financial reporting means presentation of financial information to users before it credibility wears off. Furthermore, Nahla, Hasnah and Mazrah, (2019) noted that, it is the timeframe for information availability for a period that does not exceed the statutory time frame by country's regulations.

Financial institutions in Nigeria are an integral part of the capital market and as such, play significant role in channeling financial resources from area of surplus to area of deficit. Therefore, the sustainability of the sectors is important for economic activities to grow. Hence, timely financial reporting in the financial institution gives stakeholders ample opportunity to make informed decisions that will boost the sector for effective financial mediation. These institutions do not exist in a vacuum as such, it is imperative to look at certain corporate attributes to see how it affects financial reporting timeliness. Specifically, the study examined firm age and profitability. Oraka, Okoye and Ezejiofor (2019) argued that, older firm have smooth internal control system which eventually fast-track financial reporting, hence timely financial reporting. Ehijiele and Olukoya (2018) however posited that, contrary to the above



argument, older firms have huge tendency to engage in earnings management practices that lead to delay in financial reporting when compared to new firms. Enni, Andreas and Raja, (2019), Fagbemi and Uadiale, (2011) noted that, profitable firms are more eager to present it statement of financial position to the public so as to attract more investors. Efobi and Okougbo (2015) noted that, some profitable firms engage in earnings manipulation so as to avoid tax and this may lead to delay in financial reporting.

Audit quality is used as a moderator in the study because of the significant role of the auditor in financial reporting. It is after the auditor has certified a report that it will be made public for stakeholders (Murat & Evrim, 2018; Rusmin & John, 2017). There is interplay between corporate attributes and auditor task and as such, the study intends to examine the effect of the auditor on the corporate attributes, as it affects the timeliness of financial reporting. The audit quality is proxy with audit firm size. The audit size is basically categorized into big-4 audit firm (Deloitte, PricewaterhouseCoopers, Ernst & Young and KPMG) and the non-big-4 audit firm.

The Companies and Allied Matters Act CAMA (2020) as amended stipulated that, publicly listed firms have a maximum period of 90 days to publish its statement of financial position. Failure to comply to this provision will amount to delay. Adebayo and Adebisi (2016) noted that, there is minimal compliance by financial institutions in Nigeria and this has adversely impacted on investment decisions. Bakare (2020) noted that, this statutory breach has led to growing concern by stakeholders in financial institutions. This position is in line with the Nigerian Stock Exchange (2018) report that asserted that in the non-bank financial institutions, 81% breached the statutory timeframe with various delay time while only 19% met the time required by regulations. Bakare (2020) further asserted that, from the fiscal year 2013 to 2017, financial institutions have lost a huge sum of two-hundred and forty billion Naira (₦240 billion) through fines associated with delay. SEC (2018) report noted that some Deposit Money Banks in Nigeria for the period from 2014 to 2018 has failed in meeting the statutory time for publishing financial report with various reporting time. This situation needs to be examined and addressed so as to restore investors' confidence in the Nigerian capital market, particularly, in the financial sector of the economy.



Literature on corporate attributes and timeliness of financial reporting received significant attention in the advanced capital market and findings were mixed (Soltani, 2002; Frost & Pownall 1994). In addition, literature in the emerging capital market (Paul & Waidi, 2016; Adebayo and Adebisi, 2016; Ilaboya & Iyafekhe, 2014) still have mixed findings. These studies did not address the moderating role of audit quality on the corporate attributes as it affects the timeliness of financial reporting. Therefore, there is a need to examine the influence of the audit quality on corporate attributes as it affects the timeliness of financial reporting of listed financial institutions in Nigeria. This study is premised on the persistent failure by financial institutions in failing to meet statutory requirement. The study aimed to fill the gaps by examining the moderating effect of audit quality on firms' characteristics as it affects the timeliness of financial reporting of listed financial institutions in Nigeria.

The main objective of this study is to examine the moderating effect audit quality on of firm characteristics, on the timeliness of financial reporting of listed financial institutions in Nigeria. Specifically, the study seeks to;

- (1) Assess whether firm age has a significant effect on the timeliness of financial reporting of listed financial institutions in Nigeria.
- (2) Examine whether profitability has a significant effect on the timeliness of financial reporting of listed financial institutions in Nigeria.
- (3) Examine the effect of audit quality on the timeliness of financial reporting of listed financial institutions in Nigeria.
- (4) Examine whether the effect of firm age on the timeliness of financial reporting of listed financial institutions in Nigeria is significantly moderated by audit quality
- (5) Examine whether the effect of profitability on the timeliness of financial reporting of listed financial institutions in Nigeria is significantly moderated by audit quality.



## **2. EMPIRICAL LITERATURE**

### **Firm Age and Timeliness of Financial Reporting**

Oraka, Okoye and Ezejiofor (2019) examined the determinants of financial reporting timeliness of listed DMBs in Nigeria. 16 listed DMBs were studied for the period of 9 years starting from 2009 to 2017 and data were sourced from secondary sources; from annual report. The regression result showed that, bank age is significantly and negatively affecting the timeliness of financial reporting of banks in Nigeria. This connotes that, older banks comply to statutory requirement for disclosing annual account early. The smooth internal accounting system ensures fluidity of accounting task. The study was industry specific and has a total of 144 observations, which fell below the benchmark (150) for panel data analysis. However, Ehijiele and Olukoya (2018) studied the timeliness of financial reporting in Nigeria and sourced data from secondary sources for a period of 6 years ranging from 2010 to 2015. The study made use of a sample of 40 quoted firms across all sectors of firms listed on the Nigerian Stock Exchange. The regression results showed a positive and significant effect of firm age on the timeliness of financial reporting of quoted firms. This connoted that older firms delay financial reporting. Desire to engage in earnings a management practice is a convenient reason for such delay. The finding is in consonant with those of; Alexander and Fatimoh (2015) and Efobi and Okougbo (2015).

Galuh (2018) studied 29 banks from a total of 87 banks in Indonesia from 2010 to 2012 using purposive sampling technique. The outcome of the logistics regression showed that, there is positive but insignificant effect of firm age on the timeliness of financial reporting. The short comings of this study was, the number of observation was very small and as such, was inappropriate for a panel data analysis. Conversely, Haldar and Lokanath (2017) explore the timeliness of financial reporting of 50 pharmaceutical firms in Indian for a period of three years; from 2012 to 2014 and data were sourced from secondary sources. The OLS regression result showed a negative and significance effect of firm age on the timeliness of financial reporting. This meant that, older firms make their annual account public on time. The organized accounting system in older firms ease verification of accounting details that eventually translate to early publications of the firms' books of accounts. This



finding is in tandem with those of; Omar and Ahmed (2016) and Owusu-Ansah (2000). The study develop the hypothesis below;

**H0<sub>1</sub>:** Firm age has no significant effect on the timeliness of financial reporting of listed financial institutions in Nigeria

### **Profitability and Timeliness of Financial Reporting**

Enni, Andreas and Raja (2019) examined a sample of 78 trade, services and investment firms from a population of 180 firms quoted on the floor of the Indonesian Stock Exchange from 2014 – 2016. The outcome of the multiple regression showed that, profitability had a negative and significant effects on the timeliness of financial reporting. This implied that, profitable firms take little time to present their accounting reports. This is hinged on the assumption that, the smooth internal control system in profitable firms usually ease audit task. The period of the study is its major drawback because the timeframe is short. Similarly, Paul and Waidi, (2016) studied a sample of 15 listed DMBs in Nigeria for a nine (9) years period, starting from 2005 to 2013 and found that, profitability is negatively and statistically significant in influencing the the timeliness of financial reporting. Khasharmeh and Aljifri (2010) as well as Izilin, Famous and Peter (2012) found negative and significant effect of profitability on the timeliness of financial reporting.

Ehijiele and Olukoya (2015) studied a sample of 40 firms, listed on the NSE from 2010 to 2015. The GLS regression showed that, profitability has no significant effect on financial reporting timelines. Khasharmeh and Aljifri (2010) and Izilin, Famous and Peter (2012). More so, Tina and Marko (2014) examined audit delay in Croatia using pooled OLS regression analysis from 2008 to 2011. The outcome of the regression analysis showed that profitability is negatively and statistically significant impacting on the timeliness of financial reporting. Similarly, Khalid and Qais (2012) studied 137 Jordanian firms listed on the Jordanian Stock exchange in the year 2010 using secondary data. The regression result found profitability to be negatively and significantly influencing the timeliness of financial reporting of the Jordanian firm. Wan-Hussin, and Bamahros (2013) opined that that, timely disclosure of firms' financial report reduces the scourge affiliated with information asymmetry. Timely presentation creates adequate information for investors and stakeholders to make



informed decision with regards to investment in the firm. From the literature reviewed, the study develop the hypothesis.

**H0<sub>2</sub>:** Profitability has no significant effect on the timeliness of financial reporting of listed financial institutions in Nigeria.

### **Audit Quality**

DeAngelo (1981) sees audit quality as the “market assessed probability”. This definition based the assessment of the audit quality on the third-party assessment (market/public) that was privy to the process of audit. The most effective and encompassing measure for auditor specific attributes is the type or size of the audit firm (DeFond, Erkens, & Zhang, 2014). This explains that, the big-4 audit firm has higher audit quality than the non-big-4 audit firm. For the purpose of this work, we shall look into auditor firm type as the measure of audit quality. This selection in hinged on the foundation laid by DeAngelo (1981). The study looked at auditor firm type as the suitable proxy for measuring audit quality. This is because, auditor firm type has two basic classifications (big 4 and non-big 4 audit firm) and the rest audit qualities actually fits into this dichotomy. Rusmin and John (2017) and Imen and Anis (2016) documented, that a big 4 audit firm has more; audit fees to it name, tendency for longer audit tenure, competence in the discharge of it duties, independence driven and has more tendency for specialize industry audit than a non-big 4 audit firm. It is therefore, using audit firm type as a proxy for audit qualities will afford the study the convenience of having virtually all the other audit qualities lumped into a whole for suitable data analysis.

*H0<sub>3</sub>: Audit quality has no significant effect on the timeliness of financial reporting of listed financial institutions in Nigeria.*

### **Audit Quality and Firm Age**

Judith and Victor (2019) examined firm age and audit quality of Trusted Company Awardees, listed in Indonesia Stock Exchange for a period of six (6) years, starting from 2011 to 2016. The study explored six firms for the period and as such, there were thirty-six (36) firm year observation. The regression result showed that, firm age has no significant effect on audit quality. Mohammed, Ghazali and Ismail (2013)





however noted that, older firms are more meticulous in their accounting system and as such, prefer the services of big-4 audit firm for quality financial reporting. Farzin and Saeed (2013) explored the effect of audit firm size and age on the quality of audit work. The study used a population of 201 firms listed in Tehran Security Exchange for the periods, from 2006 to 2010. The regression tests documented that, an increase in age of firms causes a reduction in the use of accruals items, which increases audit quality. The older firms get, the better it ability in attracting big-4 audit firm which eventually translate to audit quality (King, Case, & Senecker (2017); Lighthelm, (2012); Brown & Medoff, (2001). From the literature reviewed, the study develop the hypothesis.

*Ho<sub>4</sub>: the effect of firm age on the timeliness of financial reporting of listed financial institutions in Nigeria is not significantly moderated by audit quality*

### **Audit Quality and Profitability**

May and Rashad (2019) examined the effect of audit quality on performance among 30 non- financial listed firms for a duration of five (5) year, starting from 2010 to 2014. The random effect regression result showed that, audit quality has insignificant impact on the performance (ROA and ROE) of firms. Conversely, Matoke and Omwenga (2016) examined the impact of audit quality on the financial performance of firms listed on the Stock Exchange in Kenya. The result of multiple regressions showed that, audit quality impact significantly and positively on the profitability. The result showed that, firms audited by big-4 audit firm are more profitable than those audited by other audit firms. Unethical practices that may have been concealed by the accountants and some compromised audit committee members will be unearth by quality audit and this eventually leads to high profitability.

Sohail and Rashid (2020) asserted that audit quality scares the accountant from indulging in corrupt practices that are likely to decrease profitability, hence, increasing profitability. Miettinen (2011) examined the association between audit quality and financial performance. The regression result showed that, audit quality had significant and positive impact on profitability. Bouaziz (2012) examined the association of auditor size (auditor firm type) and financial performance of 26 sampled firms listed in Tunis Stock Exchange. Result of the regression output





showed that audit quality improves the financial performance of firms. High quality audit entails greater profitability for firms. Audit quality has the capacity to curb excesses of the accountant and audit committee thereby increasing the profitability status of firms. Usman,

*H05: the effect of profitability on the timeliness of financial reporting of listed financial institutions in Nigeria is not significantly moderated by audit quality*

### **Underpinning Theory**

The Single Person Decision Theory propounded by Ball and Brown (1968) is used to underpin the study. This is because, the theory advocates for timely financial reporting as a mechanism that guides stakeholders from making investment decisions. More so, the theory asserted that, timely financial reporting is a function of effective interplay of factors within the organization and outside the organization. That management is supposed to harness the internal attributes of firms and factors from outside the organization so as to ensure timely financial reporting. Company attributes need to blend properly and effectively to ensue synergy. Lack of cohesion will impact negatively on timely financial reporting and that will put investors to making investment decisions under conditions of uncertainty which may have adverse effect on investment decisions. The single-person decision theory was primarily propounded to curtail the scourge associated with making investment decisions under conditions of uncertainties.

### **3. METHODOLOGY**

This study adopted the positivist research paradigm, which utilized correlational research design for establishing relationship between the explained and the explanatory variables. Secondary data were sourced from annual reports and accounts of listed financial institutions in Nigeria. The study made use of adjusted population of 47 (83% of the population) financial institutions for the period starting from 2014 to 2018. Filters employed at arriving at the adjusted population were: firms to be selected must; be listed on the NSE prior to the year 2013, have complete information for the period and be actively trading on the NSE for the period under review. Firms that did not meet the criteria constituted 17% of the population



## Variables Measurement

**Table 1**

**Measurements of the Dependent and Independent Variables**

S/No	Variables	Notations	Measurements	Apriori Expectations
<b>Dependent Variable</b>				
1.	Timeliness of Financial Reporting	TFR	Number of days after the accounting year end to the date of the audit report. (John & Fyeface, 2017; Waidi, 2016)	
<b>Independent Variables</b>				
2.	Firm Age	FA	Firm age is defined as the number of years the company is in operation since its incorporation to the period under study (Oraka, Okoye & Ezejiofor, 2019; Alexander & Fatimoh, 2015)	Negative
3.	Profitability	PROF	PROF is measured using ROA (Enni, Andreas & Raja, 2019; Paul & Waidi, 2016)	Negative
<b>Moderating Variable</b>				
4.	Audit Quality	AQ	AQ is operationalized with audit firm Size (Big-4 and non-Big-4 audit firm). 1 for big4 and 0 for non-big4 (Murat & Evrim, 2018; Rusmin & John, 2017).	Negative

**Source:** *Authors' Compilation (2022)*

## Model Specification

A panel data model is utilized by the study and it is succinctly put below:

$$Y_{it} = \beta_0 + \beta_1 X_{1it} + \beta_2 X_{2it} + \dots + \beta_n X_{nit} + \mu_{it}$$

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 ----- (1) This led to the second model explaining the relationships between firms' characteristics and timeliness of financial reporting.



$$TFR_{it} = \beta_0 + \beta_1 FA_{it} + \beta_2 PROF_{it} + \mu_{it} \text{-----}$$

----- (2)

After introducing the moderating variables (Audit Quality), the model is as follow:

$$TFR_{it} = \beta_0 + \beta_1 FA_{it} + \beta_2 PROF_{it} + \beta_3 AQ_{it} + \mu_{it} \text{-----}$$

----- (3)

The interaction of the moderator and the independent variables is shown in model 4

$$TFR_{it} = \beta_0 + \beta_1 FA_{it} + \beta_2 PROF_{it} + \beta_3 AQ_{it} + \beta_4 FA_{it} * AQ_{it} + \beta_5 PROF_{it} * AQ_{it} + \mu_{it} \text{-----}$$

----- (4)

Where:

- TFR = Timeliness of Financial Reporting
- $\beta_0$  = Intercept.
- $\beta_1$ -  $\beta_3$  = Coefficients of the explanatory variables.
- FA = Firm Age.
- PROF= Profitability.
- AQ = Audit Quality.
- FA\*AQ= Interaction of firm age and audit quality
- PROF\*AQ= Interaction of profitability and audit quality
- $\mu$  = Error term
- it = firm 'i' at time 't'

## 4. RESULTS AND DISCUSSIONS

### Descriptive Statistics

**Table 2**  
**Descriptive Statistics Table**

Variables	Min	Max	Mean	Std. Dev.	N	Swilk-test
TFR	27	176	87.39149	27.24219	235	0.00000
FA	8	58	33.76596	12.13002	235	0.00000
ROA	-0.69	1.13	0.003688	0.130141	235	0.00000
AQ	0	1	0.646809	0.478982	235	0.91249

Source: STATA 14

From Table 2 above, the timelier financial reporting was 27 days after the accounting year end while 176 days was the maximum delay recorded in the financial sector



within the study period and sample. The mean of 87 days showed that, on the average financial institutions experience comply with the financial report within the 90 days window. The lowest firm age for the period is 8 years while 58 stood as the highest firm age within the study period. Average firm age stood at 34 years and the standard deviation of 12 showed the wide disparity of the firm ages from the mean. From the sampled firms, the least return on asset was -0.69 kobo while N1.13 was the highest return on asset earned for the period. A high standard deviation showed the presence of losses record by some firms for the period. The Shapiro-wilk test conducted showed the data sets to be normally distributed and as such, it is suitable for parametric analysis.

**Table 3**  
**Correlations of Variables Table**

Variables	TFR	FA	ROA	AQ
TFR	1.0000			
FA	0.1402*	1.0000		
ROA	-0.3994***	-0.0138	1.0000	
AQ	-0.1200*	0.0034	-0.0009	1.0000

\*\*\* Denotes significance at 1%

\*\* Denotes significance at 5%.

\* Denotes significance at 10%.

From the result of correlation in Table 3, timeliness of financial reporting and firm age are positively and significantly related. This showed that the relationship is indirect. Profitability and timeliness of financial reporting have inverse and significant relationship at 1% level. The inverse relationship connoted that they move in opposite direction. This opposite relationship entails increase in one is likely to cause a decrease on the other. If profitability increases, financial reporting period will decrease, hence, increase in timely financial reporting. Audit quality is inversely related to the timeliness of financial reporting. High quality audit would translate to early completion of firm financial reporting.



## Robustness Tests

Table 4 presents the summary of the OLS regression result

**Table 4**  
**Summary of OLS Regression Results**

Variables	Model 1		Model 3		Model 4	
	t-Stat	Prob.	-Stat	Prob.	t-Stat	Prob.
INTERCEPT	16.15	0.000	15.65	0.000	10.65	0.000
FA	2.26	0.025	2.29	0.023	1.17	0.242
PROF.	-6.68	0.000	-6.92	0.000	-4.53	0.000
AQ			-2.04	0.042	-0.83	0.406
FA*AQ					0.16	0.870
PROF*AQ					-1.75	0.082
R <sup>2</sup>	0.1777		0.1923		0.2031	
Adjusted R2	0.1706		0.1818		0.1857	
F-Statistics	25.07		18.33		11.67	
Prob.	0.0000		0.0000		0.0000	

From Table 4, the F-statistics of model 2, model 3 and model 4 have the values of 25.07, 18.33 11.67 respectively which are statistically significant at 1%. The effect of the moderator reduced the value of the F-statistics in model 3 and model 4 but it is still significant at 1%. Also, from the results presented in Table 4, the values of the R<sup>2</sup> for model 2, modelm3 and Model 4 are 17.77%, 19.23% and 20.31% respectively. The inclusion of the moderator in model 3 and model 4 increased the models' explanatory power by 1.46% and 1.08% for model 3 and model 4 respectively; thus, corroborating the increasing power of the moderating variable. From the outcome of the effect of the moderating variable, the moderator was therefore included in the final model estimation.

The study conducted the Breusch-Pagan/Cook-Weisberg test for heteroskedasticity and found the hottest has a chi<sup>2</sup> value of 1.04 with a probability (0.3076) that is insignificant. Tolerance and variance inflation factor test were conducted and all the values were within the acceptable bench-mark. The threshold is for the VIF to be less



than 10 while the tolerance value is less than 1. The test suggested absence of multicollinearity. Furthermore, the Breusch and Pagan Lagrangian multiplier test conducted had a value of 82.24 which is significant at 1% (0.0000), suggested that, the random effect regression is suitable for interpretation.

### Summary of Random Effect Regression

Table 5 present the result of the random effect regression.

**Table 5**  
**Result of the Random Effect Regression**

Variables	Co-efficient	Z-Stat.	Prob.
CONSTANT	84.52788	7.42	0.000
FA	0.1521271	0.49	0.622
ROA	-45.17802	-3.77	0.000***
AQ	-12.54973	-0.91	0.036**
FA*AQ	0.2792298	0.77	0.444
ROA*AQ	-39.9278	-1.53	0.013**
R <sup>2</sup> Between	0.2879		
R <sup>2</sup> Overall	0.1912		
Wald Chi2 (5)	31.30		
Prob.>chi2	0.0000		

\*\*\* Denotes significance at 1%.

\*\* Denotes significance at 5%.

\* Denotes significance at 10%.

The model for the study is fit; having a Wald-Chi-square statistics value of 31.30 which is significant at 1% (0.0000). The overall R<sup>2</sup> of 19.12% explained that, the explanatory variables explained 19.12% of the result while the remaining is accounted for by variables not within the scope of the study.

Firm age has a positive coefficient value of 0.15 days and positive a Z-statistics value of 0.49 with a probability that is statistically insignificant at any of the significance level (0.622). On the bases of this finding, we fail to reject the null hypothesis earlier



state. The outcome of this study confirms that of the following researchers; Nahla, Hasnah and Mazrah (2019), Chinedu, Ifeoma and Theresa (2016) and Ahmed and Neila (2016) but contradicted the works of Zalailah, Saeed and Norsiah (2017), Apadore and Noor (2013).

In addition, profitability has a coefficient value of -45 days and a Z-statistics value of -3.77 that is statistically significant at 1% (0.000). This inverse and significant relationship connotes that, we reject the null hypothesis formulated in respect to this variable. The outcome of the study connotes that; increase in profitability will reduce audit delay, hence, increasing the timeliness of financial reporting. Profitable firms hardly engage in unethical accounting practices that are capable of upsetting financial reporting timeliness. In addition, profitable firms may wish to attract investors by making their financial report ready on time. This finding is in tandem with the single person decision theory. The outcome is in line with result of the following studies; Enni, Andreas and Raja (2019), Paul and Waidi, (2016), Efofi and Okougbo (2015), Tina and Marko (2014) and Khalid and Qais (2012)

Audit quality has a coefficient value of -12 days and a probability value (0.036) has is statistically significant at 5%. This shows that, high audit quality helps in increasing the timeliness of financial reporting of listed financial institutions in Nigeria. On the basis of this outcome, we fail to reject the null hypothesis formulated.

The interaction of the audit quality with the age of the firms on the timeliness of financial reporting of listed financial institutions in Nigeria is positively but insignificantly influencing the timeliness of financial reporting. The Z-statistics value is 0.77 and the probability is 0.444. The result presented necessitates the failure to reject the null hypothesis formulated.

The interaction of audit quality with firms' profitability on the timeliness of financial reporting of listed financial institutions in Nigeria has a Z-statistics value of -1.53 and a probability of 0.013, which is significant at 1%. This outcome thus provided the impetus that necessitates the rejection of the null hypothesis formulated. This means that, highly profitable firm with high audit quality tend to be quick in presenting financial statement to the public compared to unprofitable firms.





## **5. CONCLUSION AND RECOMMENDATION**

### **Conclusion**

Financial report is a crucial source of information for making informed decisions. Investors rely on the information content to be able to arrive at decisions that are backed by empirical evidence. Therefore, if these reports are delayed, there is tendency of creating avenue for information asymmetry among market participant which is capable of placing certain stakeholders at positions of advantage at the detriment of the other market participants. This study examined the moderating effect of audit quality on firm attributes on the timeliness of financial reporting of listed financial institutions in Nigeria from 2014 to 2018. The study tested two (5) hypotheses. Findings from the study necessitated the failure to reject the null hypotheses 1 and 4 formulated. Profitability impacts negatively and significantly on the timeliness of financial reporting of listed financial institution in Nigeria. In addition, audit quality has significant negative effect on the timeliness of financial reporting. The interaction of audit quality and profitability showed significant negative effect on the timeliness of financial reporting. The study recommends patronage of high audit quality so as to help increase financial reporting timeliness in profitable firms.

### **Recommendations**

This study recommends based on the findings that, financial institutions in Nigeria because of its pivotal role in financial mediation should engage the service of big-4 audit firm because it provides quality and timelier audit which helps investors in making informed investment decisions.

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