



MODERATING EFFECT OF AUDIT COMMITTEE FINANCIAL EXPERTISE ON THE RELATIONSHIP BETWEEN BOARD CHARACTERISTICS AND FINANCIAL REPORTING TIMELINESS OF LISTED DEPOSIT MONEY BANKS IN NIGERIA

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ABSTRACT

The study examines the influence of board characteristics on the timeliness of financial reporting for listed deposit money banks in Nigeria utilizing the financial knowledge of the audit committee as a moderator. The 14 listed deposit money banks make up the population of the study. Using census sampling technique ten of the fourteen banks were utilized as the sample for the study. Data for the study was gleaned from secondary sources such as the firms' annual reports and accounts. The board's size, independence, and frequency of meetings served as proxies for the board's qualities, while the audit reporting lag served as a proxy for the timeliness of financial reporting. Data for the study were analyzed using descriptive and inferential method of data analyses with the aid of STATA 13 statistical software. The research indicated that a negative and significance association exists between board size and audit reporting lag. However, it discovered a positive and substantial association exists between board meetings and the lag in audit report completion. The only variable that was shown to substantially impact audit reporting latency was the board meeting, which was one of the moderated factors. The results of the study led the researchers to draw the conclusion that accounting knowledge on the part of the audit committee has a significant moderating influence on the link between board meetings and the timeliness of financial reporting. On the basis of these findings, the research recommends that Nigerian listed deposit money banks should ensure that board meetings are carried out regularly in



accordance with the provision of the relevant legislations. This is because any increase in the number of meetings moderated by audit committee financial expertise will help reduce the reporting lag and improve timely reporting of financial information. In addition, the study suggests that Nigerian listed deposit money banks should ensure that board meetings are carried out in accordance with the provision of the relevant legislations.

Keywords: Audit reporting lag, board size, board independence, board meeting, audit committee financial expertise

1. INTRODUCTION

One of the most important qualities that a financial statement must have is the ability to provide users with up-to-date information in a timely manner in order for them to be able to make educated business decisions before the information loses any of its value International Accounting Standard Board (IASB), 2010. Because of this, the legislation in the Nigerian business environment mandates that corporations must make their financial reports accessible within ninety days after the conclusion of their accounting year (Asiriwuwa, et al., 2021). This is done so that consumers of accounting information may make choices based on accurate and complete information.

When considering the usefulness of financial information to consumers of financial statements, one of the most important factors to consider is the timeliness of the financial statements. It is dependent on the process by which the accessible financial information is generated, which enables users to make choices in a timely manner. The dependability of this information is directly proportional to the applicability of the accounting findings. Since of this, the potential for accounting profit for the shareholders of a particular firm cannot be overemphasized because the trust of the company and, subsequently, the shareholders of the company are strongly dependent on it (Bala & Ibrahim, 2015). Based on the findings by Eslami et al. (2015), decision makers and users might incur additional expenses as a result of delays in the issuance of financial statements. As a result, the timely sharing of information may be a strategy to eliminate information inequalities, insider trading, and the reduction in the spread of rumor in regards to the financial health and performance of an institution. This assists in constructing and preserving the faith of investors and other individuals who use corporation information in the firm.



Not only should financial information be provided in a timely manner, but it should also be accurate when it comes to anticipating and forecasting the decisions that will be made in the future. This is because there is a compromise between having accurate information and having it in a timely manner. Accounting information may be available on the due date, but if the information that is needed by investors and other users is not captured in the annual reports or if the information on the financial reports is inaccurate and below standard, then the reliability of that report is discouraged and the goal of timeliness is not achieved. Accounting information may be available on the due date, but if the information that is needed by investors and other users is not captured in the annual reports, then the information on the financial As a result, the management of a business is responsible for paying appropriate attention not only to the compilation of company reports in accordance with the requirements of the law, but also to the presentation of such reports and their submission.

The Nigerian Exchange Group, previously known as the Nigerian Stock Exchange, has made efforts throughout the years to ensure the timely reporting of financial information by listed corporations in Nigeria. These efforts were originally undertaken by the Nigerian Stock Exchange. However, the results of this endeavor have been unsuccessful in the sense that a lower percentage of people are complying with the rule. Even more concerning is the fact that, as of the end of the first half of 2021, 33 companies listed on the Nigeria Exchange Group were reported to be in defaulted filling their annual reports. This represents an increase of over 103 percent in comparison to the previous year, when only 16 companies failed to file their reports (Vanguard, 2021). According to the findings of the study, out of the 33 businesses that went bankrupt, 11 of them were financial institutions. This represents 33 percent of the total number of failing businesses, which is a substantial number on some level. These financial institutions were fined a total of N2.3 billion as penalties for infractions or late filing of their financial report for the year 2020. (Vanguard, 2021). As a result, this points to a problem that exists in the real world inside the banking industry, which has to be investigated in order to determine what the issue is and what kinds of potential solutions are available. The penalties that the Central Bank of Nigeria (CBN) imposed on the banks and other defaulters have attracted the attention of investors, creditors, customers, and many other stakeholders, and they have indicated the presence of an ongoing problem in the banking sector that requires immediate and proper attention from researchers in order to address the lacuna.



There have been a number of studies on the link between board qualities and the timeliness of financial reports carried out by a variety of scholars both within and outside of Nigeria. These studies include the following: (Adediran, et al., 2019; Al Daoud, et al., 2015; Asiriwuwa et al, 2021; Chukwu & Aloy-Ezirim, 2020; Eslami et al., 2015; Hermanto, 2020; Jorge, 2019; Uthman, et al., 2018 and Waromi, et al., 2019). However, the findings of these studies appeared to be inconclusive and inconsistent because some of the studies (Hermanto, 2020; Uthman, et al., 2018; Waromi et al, 2019) found significant association between board characteristics and financial reporting timeliness while other studies (Chukwu & Aloy-Ezirim, 2020; Eslami et al., 2015; Hermanto, 2020) found no significant association between the variables. As a result of this, it became necessary to carry out more research in order to collect additional information that could be used to resolve the contradictions that were discovered in the earlier literature. In addition, to the best of the researchers' knowledge, the banking sector is only included in a minority of these studies. Because of this, further study had to be conducted in this significant part of the economy in order to either contribute to the internal consistency of the results of the earlier researchers or to disprove some of the claims made by these researchers.

As mentioned previously, a significant number of researches have been conducted in Nigeria on the characteristics of boards of directors and the timeliness of financial reporting. To the best of our knowledge, however, we were only able to find a handful of studies that were conducted in the immediate area that evaluated the moderating influence of audit committee financial competence. On the basis of these empirical evidences, this study deems it necessary to fill the established gaps by examining the moderating role of audit committee financial expertise on the relationship between board characteristics and the timeliness of financial reporting for listed deposit money banks in Nigeria from 2011-2020.

The main objective of this study is to investigate the moderating effect of audit committee financial expertise on the relationship between board characteristics and the timeliness of financial reporting for deposit money banks that are listed in Nigeria. Specifically, this research will focus on deposit money banks in Nigeria. The researchers came up with the following hypotheses, all of which were tested and shown to be false, so that they could accomplish the objective of this study:



H₀₁: Board size has no significant impact on audit reporting lag of listed deposit money banks in Nigeria

H₀₂: Board independence has no significant impact on audit reporting lag of listed deposit money banks in Nigeria

H₀₃: Board meeting has no significantly impact on audit reporting lag of listed deposit money banks in Nigeria

H₀₄: Audit committee financial expertise has no significant impact on audit reporting lag of listed deposit money banks in Nigeria

H₀₅: Audit committee financial expertise has no significant moderating effect on the relationship between board size and audit reporting lag of listed deposit money banks in Nigeria.

H₀₆: There is no significant moderating effect of audit committee financial expertise on the relationship between board independence and audit reporting lag of listed deposit money banks in Nigeria.

H₀₇: Audit committee financial expertise has no significant moderating effect on the relationship between board meeting and audit reports lag of listed deposit money banks in Nigeria.

2. LITERATURE REVIEW AND THEORETICAL FRAMEWORK

Financial Reporting Timeliness

On the list of International Financial Reporting Standards (IFRS)'s qualitative requirements for financial reports, timeliness of reporting has been identified as a crucial factor. The promptness of financial reporting has greatly decreased expenses related to rumors in the capital market and improved the value of accounting information (Eslami et al., 2015). Because it helps business owners and other stakeholders make informed decisions, accounting standard setters throughout the world consider the timeliness of financial reporting to be a significant qualitative attribute of financial information. Decision-makers and consumers of accounting information may incur costs as a result of the delay in the release of the financial reports (Eslami et al., 2015). However, timely financial information provided by a company's management will go a long way toward reducing agency issues like information asymmetry and the rapid spread of rumors or insider knowledge about a company's financial performance.



Less misunderstanding exists about financial report timeliness, as shown by previous research (Chukwu and Aloy-Ezirim, 2020; Eslami et al., 2015; Fodio, et al., 2015). The time elapsed between when a firm's financial year ends and when its audit report is signed is known as the audit report lag.

Board Size (BSIZE)

The number of directors on the corporate board of directors is simply referred to as the board size. In order to monitor the company's operations and make strategic choices, the board's size is crucial. The firm, which must determine which size works best for the business owners, is free to choose the ideal board size. Diverse scholars have differing views about the size of the board. The larger boards have a favorable relationship with high-quality financial information, according to agency theory. According to some study (Klai & Omri, 2011; Klein, 2002), a bigger board permits better supervision, which enhances quality. This is in line with the agency hypothesis. On the other hand, bigger boards, according to Yermack (1996), are less cost-effective since doing so incurs more costs.

Board Independence (BIND)

The board may be free from management control thanks to the independence of its members. A company's board of directors is deemed independent in accordance with the Nigerian Corporate Governance Code when at least two thirds of its members are independent non-executive directors. This indicates that these boards of director members shouldn't be involved in the company's everyday operations. The addition of non-executive members to the board enhances the monitoring process and advances the accuracy and timeliness of financial reporting (Sandra, 2014). Additionally, Abdelsalam and El-Masri (2008) demonstrated that the BIND significantly improves the timely delivery of the financial report. Previous studies defined BIND as the ratio of the number of non-executive directors to the total number of board members (Jorge, 2019; Chukwu & Aloi-Ezirim, 2020).

Board Meeting (BMEET)

It is referred to as the board of directors meeting to debate the problem and make strategic choices in the best interests of the firm. The number of BMEET in the firm throughout the fiscal year is at the company's discretion. It is recommended that the number of sessions be adequate to solve the company's issue appropriately. It was



shown that fewer meetings imply a lack of interest on the part of the board, while one meeting often signals a problem inside the organization. Meeting participation enables members to connect with one another, which helps to develop a cohesive relationship, enhances mutual knowledge of decision-making techniques, and promotes administrative efficiency (Akpan, 2015).

Audit Committee Financial Expertise (AFE)

The timeliness of financial statements may be greatly impacted by the members of the audit committee and the level of financial expertise they possess. Members of the audit committee must to have a solid understanding of financial matters in order to comprehend the strategic choices made by management. Members of the audit committee who have financial skills may also have a greater likelihood of disclosing earnings manipulation and disclosing the transparency of reports (Arumona et al., 2019; Uwuigbe et al., 2019). Finding members of the audit committee who have understanding of accounting as well as affiliations with accounting and other professional organizations may help ensure that the committee has the financial skills necessary to perform its duties effectively.

Empirical Review

Asiriwuwa et al., (2021) examine the effect of board qualities on financial reporting timeliness. Five variables (Board size, Board independence, Board financial expertise, Board diversity and CEO Gender) were utilized in an empirical research to quantify financial reporting timeliness and proxy board characteristics. The research used 50 chosen companies listed on the Nigerian Stock Exchange during a seven-year period, from 2012 to 2018, in its analysis. Their research found a favorable correlation between board financial knowledge and timely financial reporting, as well as a negative correlation between board size, board independence, and CEO gender and financial reporting timeliness. The results, however, indicated a negligible correlation between board diligence and financial statement timeliness. The study failed to consider sufficient time period as period coverage of 10 years and above may provide a better result.

Using 775 annual reports of firms for the years 2013 and 2014, Hermanto (2020) evaluates the impact of corporate governance traits on the release of financial statements on the Indonesia Stock Exchange. According to the study's findings,



ownership, board and audit committee meetings, the number of commissioners, and the size of the audit committee all significantly impacted how quickly financial statements were presented after being audited. The findings, however, indicated that the length of time listed Indonesian firms take to declare their financial results is not significantly impacted by the independence of directors and commissioners. Even though the study considers sufficient sample it failed to utilize longer time period as it considers 2013 and 2014 only.

The implementation of IFRS and the significance of financial reporting by insurance businesses in Nigeria have been explored by Chukwu and Aloy-Ezirim (2020). Their research included 72 corporate practice observations during the years 2010 to 2013 and a sample of 18 insurance businesses. Before and after the implementation of IFRS included the research period. They employed five independent factors (profitability, firm size, leverage, board size, and board independence) to quantify timeliness (audit lag). OLS regression was employed in the study's analysis of data gathered from sampled businesses. According to their research, the required adoption of IFRS by insurance businesses in Nigeria has little to no impact on how quickly financial information is released in this country. The time period of 2010 to 2013 is not sufficient. The study also failed to make use of moderating variable.

Using information gathered from the financial statements of the firms for 2008–2017, Adeiran et al. (2019) investigated the effect of company characteristics on the timeliness of financial statements of insurance companies listed in Nigeria over a ten-year period (10). In order to capture firm characteristics and the delay in the audit report for timely reporting of financial statements, the research employed board size, company size, and corporate leverage. As analytic methods, the Ordinary Least Square (OLS) regression model and the correlation research design were used. The study findings shown that the timeliness of the financial report is significantly harmed by the board size. While the debt of the firm has a negative and small influence on the financial statements' timeliness, the size of the company has shown a strong and favorable association with their terms. To prevent unneeded delays and mistakes in financial reporting, the research advised putting highly trained personnel in the parent company's final account division and drafting phased financial reports throughout the year rather than rushing to the end of the financial year. The study failed to moderate the effect of other factors on the relationship between firm characteristics and financial reporting timeliness.



Waromi, et al. (2019), looking at 26 previously published publications from 2004 to 2017, assess the effect of board qualities on electronic financial reporting. In order to portray electronic financial reporting, web-based reporting was employed, and board characteristics were displayed based on board size, board independence and role duality. The study's empirical findings demonstrated that board features significantly improve electronic financial reporting. However, no association between job duality and electronic financial reporting was seen. The study considers only electronic financial reports and therefore limits its coverage.

Jorge (2019) looked examined Portugal's corporate governance in respect to the timeliness of financial disclosures. For the nine (9) year period between 2007 and 2015, the research used a multiple regression model to assess the company's 341 firm-year data. According to the research, the size of the board of directors, ownership concentration, and the Big-4 audit firm's review of the annual report all have a statistically significant impact on how quickly Portuguese firms publish their financial data.

Usman et al. (2018) investigated the impact of board characteristics on the timeliness of financial reporting for six (6) years, from 2011 to 2016, for listed insurance businesses in Nigeria. The Generalize Least Square regression approach was used to evaluate the data taken from the annual reports of the chosen organizations using a correlation study design. They substituted board size, board independence, and board meetings for the independent variable in the analysis, using audit reporting lag to represent timeliness. Additionally, employed as a control variable was firm size. According to their study's findings, Nigerian listed insurance firms' timeliness of financial reporting is negatively and insignificantly impacted by the board independence. However, they discovered a negative association between board meetings and timely financial reporting of public insurance businesses and a positive and substantial correlation between board size and timeliness. The study considers only six-year time period and as a result it coverage is limited.

Ohaka and Akane (2017) conducted research on the significance and applicability of financial reporting in listed Nigerian firms. The influence of the company's size and board independence on the publication date of the financial report was assessed. The secondary data utilized in the study was retrieved over a period of twelve (12) years, from 2000 to 2011. 600 firm-years panel approach observation was used to examine



data from the commercial activities of the selected firms. Their findings revealed a substantial correlation between firm size and financial data, but not one between board independence. To ensure that company financial reports are more valuable to important stakeholders, authorities are encouraged to focus more on compliance with present requirements.

Based on the empirical studies reviewed, the common short fall identified is their inability to consider longer time period and as a result limit the possibility of having reliable result as variation in reporting period might be due to unusual happenings in some few years. Longer time coverage might help to solve this problem. On the other hand, some studies failed to utilize adequate sample size. Similarly, most of these studies failed to moderate the relationship between board characteristics and financial reporting timeliness. Therefore, this study adequately takes care of all the problems identified.

Theoretical Review

Theoretically, scientists have supported their research with a variety of ideas. By include audit committee competence as a moderating variable, the research specifically aims to apply the agency theory to investigate the link between board qualities and timely financial reporting. According to Jensen and Meckling (1976), an agency relationship exists when an agent agrees to act on behalf of the principle. The principle and agent, who are the two parties to the agency hypothesis, have a written agreement. It is a partnership or arrangement in which the principal assigns the other party (the agent) the power or right to make decisions on his behalf (the agent). The company's management act as the company's agent. They are supposed to take actions that are seen to be beneficial for the owners and shareholders of the business (Jensen & Meckling, 1976).

The agents who, rather than working for company owners, likely safeguard their own interests, put this deal in jeopardy. In the end, this results in the so-called agency's difficulty. As Brennan (1995) shows, there may be an issue with the agency if the agent does not operate in the principal's best interests. When enforcing the terms of the two parties' contract, the agents who are well-versed in the business have a propensity to withhold certain crucial information from the owners. The agent's knowledge asymmetry results in increased expenditures for the principal to oversee management operations. The audit charge that the owners pay to a third party known



as external auditors to ascertain the accurate and fair perspective of the reports generated by the management is one of the extra costs brought on by agency problems. The management must quickly create accounts that accurately represent the business's operations.

Making information accessible in a timely manner allows people who must make the choice to do so before they lose their capacity to do so (Chukwu et al., 2020). By requiring that reports be provided as early as feasible for board debates and approval, timely reporting helps to reduce information asymmetry and enables the board to require managers to comply with regulations on timely reporting of company information. Investors may lose faith in the financial report as a result of the delay in release, which might further worsen the agency issue (Ilaboya & Christian, 2014). A process that the business can manage is the corporate governance system, which adds value for long-term stakeholders (Hermanto, 2020). These corporate governance practices were developed to lessen conflicts of interest inside the organization. In order to address the agency issue, the company's board of directors must act in the best interests of investors and other interest groups by guaranteeing prompt release of the company's financial reports. The agency theory is also utilized to support this study on the basis of these and the widespread use of it by earlier researchers.

3. METHODOLOGY

The study adopts an ex-post facto research design as the study utilizes historical data. The population of the study consist 14 listed deposit money banks in Nigeria. Using census sampling techniques by applying filters, the study utilized a sample of 10 firms. Data for the study were collected using the secondary sources of data collection from the annual report and accounts of sample banks. Data for the study were analyzed using descriptive and inferential method of data analyses with the help of STATA 13 statistical software.

Model Specification

The dependent variable of the study timeliness of financial report was proxied by audit report lag (ARL) while board characteristics was proxied by board size (BSIZE), board independence (BIND), and board meetings (BMEET) and audit committee financial expertise was introduced into the relationship to examine its

moderating effect on the relationship between the dependent and independent variables.

In an attempt to evaluate the moderating effect of audit committee financial expertise on the relationship between board characteristics and financial reporting timeliness of listed deposit money banks in Nigeria, a parsimonious model was generated. The model introduces a moderator (Audit committee financial expertise) into the relationship between board characteristics and financial reporting timeliness. Below is the model used in testing the earlier formulated hypotheses:

$$ARL_{it} = \beta_0 + \beta_1 BSIZE_{it} + \beta_2 BIND_{it} + \beta_3 BMEET_{it} + \beta_4 AFE_{it} + \beta_5 AFE * BSIZE_{it} + \beta_6 AFE * BIND_{it} + \beta_7 AFE * BMEET_{it} + \epsilon_{it}$$

Where:

ARL= Audit report lag

BSIZE= Board size

BIND= Board independence

BMEET= Board meetings

AFE= Audit committee financial expertise

α : constant

$\beta_1 - \beta_7$ are the coefficients of the parameter estimates.

it : panel data

ϵ : the error term

Table 1
Variable Measurement

Variable Acronym	Variable Name	Variable measurement	Source(s)
ARL	Audit report lag	Measured as the interval or number of days between the end of the financial year end and the date the audit report is signed.	Eslami et al. (2015), Uthman et al. (2018)
BSIZE	Board size	Measured as the total number of members on the company board	Adediran et al. (2019)
BIND	Board Independence	Measured as the proportion of nonexecutive directors to the total number of members on the board	Chukwu & Aloy-Ezirim (2020), Jorge (2019),



BMEET	Board Meeting	Measured as the number of meetings held by the board within an accounting year	Hermanto (2020), Uthman et al. (2018),
AFE	Audit committee financial expertise	Measured as audit committee members with accounting or financial experience	Emeh & Appah (2013)

Source: Compiled by Authors based on reviewed literature

4. RESULTS OF DATA ANALYSIS AND DISCUSSION

This section is aimed at presenting the results of the analysis conducted on the data collected.

Descriptive Statistics

Table 2 displays the result of the descriptive statistics of the variables of the study. It includes measures of central tendency such as the mean, standard deviation, minimum and maximum mean as well as number of observations.

Table 2
Descriptive Statistics of the variables

Variables	Obs	Mean	Std. Dev.	Minimum	Maximum
ARL	100	79.21	23.0170	1	132
BSIZE	100	13.86	2.8034	9	21
BIND	100	0.6121	0.1123	0.4444	0.909
BMEET	100	6.19	2.1163	4	16
AFE	100	3.84	0.9611	2	7

Source: STATA 13 Outputs, 2022

Table 2 displays the findings of descriptive statistics. It indicates that over the course of ten years, from 2011 to 2020, the ARL of the listed deposited money banks in Nigeria has an average value of 79.21, while the standard deviation is 23.02, with a minimum of 1 day and a high of 132 days. In other words, it took the firms an average of 79 days (3 months and 19 days) to finish their financial reports and make them accessible to consumers. Additionally, the fact that the firms were able to file their reports 132 days after the end of the fiscal year shows that they are in compliance with the Companies Act and the listing criteria.



A minimum and maximum of 9 and 21 members, respectively, are the lowest and maximum for BSIZE, which has a mean of 14 members and a standard deviation of 3. This indicates that there are typically 14 persons on the boards of directors of the companies, which is significant since they oversee the operation of the company and make important strategic choices. The bank with the lowest board members has 9 members, while the bank with the highest board of directors has 21 members.

BIND's lowest and highest values are 0.4444 and 0.909, respectively, with an average value of 0.6121 and a standard deviation of 0.1123. It suggests that nonexecutive directors, who have no direct duty or business in managing the activities of the banks, make up more than 61% of the boards of listed deposit money institutions in Nigeria. The results also show that the minimum and maximum non-executive director percentages on the boards of Nigerian deposit money banks, respectively, are 45 and 91 percent, respectively. This shows that the Nigerian corporate governance rule that the board of publicly traded companies must have a greater proportion of independent non-executive directors is strictly followed.

The average value of BMEET is 6, with lowest and highest values of 4 and 16, respectively. This suggests that the board met six times a year on average. Thus, it is implied that the board properly discharged its duties. The Table also shows that the audit committee's financial expertise (AFE) has a minimum value of 2 and a maximum value of 7, respectively, with an average value of around 4 individuals. This translates to a high average level of financial literacy and the ability to make wise financial and strategic decisions among audit committee members of deposit money banks in Nigeria.

Correlation Matrix between the variables of the study

The Pearson correlation analysis is used here to assess the relationship between the variables of the study. The correlation matrix in Table 2 provides some insights into which of the explanatory variables are related to the explained variable.



Table 3
Correlation Matrix of the Dependent and Independent Variables

	ARL	BSIZE	BIND	BMEET	AFE
ARL	1.0000				
BSIZE	-0.3184***	1.0000			
BIND	0.2045**	-0.5069***	1.0000		
BMEET	0.1010	0.2531**	0.1053	1.0000	
AFE	-0.2222*	0.1266*	-0.1688*	0.0350	1.0000

Source: STATA 13 Outputs, 2022.

Table 3 displays the correlation matrix, which demonstrates that board independence and board meetings have positive correlations with audit report lag whereas board independence and audit committee financial competence have negative and high correlations with audit report lag.

Additionally, there is a negative correlation between board independence and board size. On the other hand, it has a favorable and strong correlation with the financial knowledge of the audit committee and board meetings. Board meeting and board independence are favorably and insignificantly connected, although audit committee financial expertise and board independence are adversely correlated. Additionally, there is a negligible positive correlation between the financial knowledge of the audit committee and board meetings.

In general, the table demonstrates that none of the variables have values larger than or equal to 0.80, indicating that no negative multi-collinearity exists within the variables. Only when the correlation coefficients are approaching or above 0.80 can they be deemed to be excessively dangerous (Gujarati 2012).

Multicollinearity Test

Table 4
Multi-collinearity Test

Variables	VIF	1/VIF
BSIZE	1.54	0.648092
BIND	1.46	0.684779
BMEET	1.16	0.862523
MEAN VIF	1.39	

Source: STATA 13 Outputs, 2022.

The multi-collinearity assumes that any variable with a VIF value of 10 and above has a Multi-collinearity problem and should be treated accordingly. On the assumption of Multi-collinearity among explanatory variables, the result in Table 4 shows no evidence of Multi-collinearity among independent variables of the study because none of them has VIF value of 4 or more. This implies if the VIF exceeds ten, then problem of Multi-collinearity exists and it has to be addressed (Rajkumar & Hanitha, 2015). Therefore, in this study, each explanatory variable has a coefficient value between 1.16 to 1.54, the overall VIF mean result show 1.39 which is less than 10 and implies absence of multi-collinearity.

Regression and Diagnostic Tests Results

Table 5
Regression Results using OLS robust

	Coefficient	t-value	p-value
BSIZE	-7.2668	-1.74	0.086
BIND	-17.1494	-0.17	0.866
BMEET	17.1733	3.64	0.000
AFE	0.6968	0.03	0.980
AFEBSIZE	1.1134	1.04	0.300
AFEBIND	3.8412	0.14	0.889
AFEBMEET	-4.0764	-3.25	0.002
Constant	110.0325	1.04	0.301
R-squared		0.2405	
F-stat.		5.28	
F-sig.		0.0000	
Hettest		0.54(0.4606)	
Hausman		4.28(0.7473)	
LM test		0.98(0.1617)	

Source: STATA Outputs, 2022

Table 4 shows the estimated OLS regression result using robust which can be expressed as:

$$ARL = 110.03 - 7.27BSIZE - 17.15BIND + 17.17BMEET + 0.70AFE + 1.11AFEBSIZE + 3.84AFEBIND - 4.08AFEBMEET + e$$

Diagnostic tests were carried out to increase the results' dependability and credibility. First, a test for heteroscedasticity was performed to make sure the study's data were



not heteroscedastic. According to the hettest result's chi² and probability values of 0.54 and 0.4606, respectively, the data utilized are homoscedastic. The hausman specification test, which is a test of fixed effect regression, was carried out after running the fixed and random effect regressions, and it displays a chi² of 4.28 with probability of 0.7473, which is insignificant at all significance levels. This suggests that the fixed effect regression cannot be understood, which is why the Langrangian Multiplier test must be performed. The LM test result showed an insignificant chi² and probability value of 0.98 and 0.1617, respectively. It suggests that robust OLS regression should be conducted and evaluated instead of random effect regression since it is more appropriate to understand. The robust OLS regression model is evaluated in light of the findings of the diagnostic tests mentioned above.

ARL changes may be described by the ACFE variables chosen for this research to a tune of 24 percent, according to the Results above, while the remaining 76 percent can be explained by other factors not included in the model (R² value = 0.2405). The F-Statistics of 5.28 in the table, which are significant at the 1% level of significance (Prob> F 0.0000), further demonstrate the model's fitness. This suggests a 99 percent confidence level, indicating that there is a 1 percent possibility that the association between the variables happened by accident.

The model also showed that board size has a coefficient of -7.27, with a p and t-value of 0.086 and -1.74, suggesting a significant and adverse connection with ARL at the 10% significance level. This implies that the Nigerian deposit money banks' admission to the board would shorten the audit reporting lag. It also suggests that a larger board will contribute to closing the 7-day gap between the signing of the annual report and the conclusion of the banks' fiscal year. As a result, null hypothesis 1 was disproved. The work of Adediran et al. (2019), Hermanto (2018) and Jorge (2019) are in agreement with this; nevertheless, contradicts with, Eslami et al (2015) and Uthman et al. (2018).

Additionally, board independence has a coefficient of -17.15, a p-value of 0.866, a t-value of -0.17, and a t-value of -0.17, all of which indicate a negligibly weak link with ARL. This suggests that any increase in the proportion of independent/non-executive members on banks boards would aid in reducing the delay in the release of the audit report. This lowering, meanwhile, only affects a minor song. However, this outcome is expected because nonexecutive directors, who are independent, do



not participate in day-to-day management of a company and have little to no stake in it, will, through their monitoring function, influence the prompt signing and release of a firm's reports so that they do not lose their relevance in the eyes of the users, thereby reducing audit reporting lag. Consequently, the null hypothesis 2 was not refuted by the research. This study agrees with Al Daoud, et al. (2015) and Ohaka and Akani's (2017) but disagrees with Emeh & Appah's (2013) and Waromi, et al., (2015).

The board meeting has a coefficient of 17.17, with a probability and t-value of 0.000 and 3.64, respectively, which is significant at the 1 percent level, as can be seen in table 4 above. This demonstrates that board meetings have a favorable effect on ARL. It means that any increase in the number of board meetings conducted by Nigerian banks would result in a 17-day increase in the audit reporting lag. This outcome, however, is not unexpected since it takes longer for the annual report to be signed and released for consumption by the users of the business's report the more directors of a company meet to debate and deliberate the company's financial statement or result. Consequently, the study's third null hypothesis was categorically rejected. The work of Ahmed and Che-ahmad (2016) and Hermanto (2018) is in agreement with this, although that of Emeh and Appah (2013) and Uthman, et al. (2018) is in opposition.

According to Table 5 above, the third variable, "audit committee financial knowledge," which acts as a moderator, has a coefficient of 0.6968, a p-value of 0.980, and a t-value of 0.03. These indicate that ACFE has a small but favorable influence on Nigerian listed deposit money banks' ARL. This indicates that an increase of 1 in the proportion of financially literate audit committee members will result in an increase in audit reporting latency of little more than a day, failing to reject the null hypothesis that the ACFE has no discernible effect on audit reporting lag.

Additionally, the board size modulated by ACFE has a negligible coefficient and probability value of 0.300 and 1.1134, respectively, at all levels of significance. It means that any increase in board size brought on by a rise in the audit committee's financial know-how would only lead to a negligible improvement in audit reporting latency. The original link between board size and audit reporting lag has altered as a result of the moderator's introduction, going from a negative and significant



correlation to a positive and negligible one. Therefore, the research does not successfully disprove the null hypothesis that the financial competence of the audit committee has no appreciable moderating impact on the association between the size of the board and the audit reporting lag of listed deposit money banks in Nigeria.

Additionally, a p-value of 0.889 and a coefficient of 3.8412 for board independence moderated by ACFE indicate that it is not significant at any level. This finding demonstrates that the association between board independence and audit reporting latency is not significantly moderated by ACFE. The audit reporting lag of Nigeria's listed deposit money banks would thus be positively and insignificantly impacted by any change in board independence brought on by a change in ACFE. This result shows that the study's sixth null hypothesis cannot be rejected.

The moderated board meeting, which is at the 5% level of significance, has a coefficient of -4.0764 and a probability of 0.002. It demonstrates that altering the frequency of board meetings for the sampled banks, moderated by altering the proportion of members with financial experience on the audit committee, will have a negative and significant impact on how quickly the sampled firms' audit financial reports are signed and made public. It has already been discovered that board meetings without a moderator dramatically lengthen the delay in the audit report. However, that link has been tempered by the effect of ACFE on board meetings, which has turned it from a positive to a negative impact on audit reporting lag. As a result, this offers compelling evidence to disprove study's seventh null hypothesis.

5. CONCLUSION AND RECOMMENDATIONS

This study investigated the effect of board characteristics on financial reporting timeliness of listed deposit money banks in Nigeria using ACFE as a moderator. In consonance with the findings of the study and hypotheses tested, the study concludes that audit committee accounting expertise play a significant moderating role on the association between board meeting and financial reporting timeliness of listed deposit money banks in Nigeria. It however, has no significant influence the relationship between board size, board independence and financial reporting lag of listed positive money banks in Nigeria. Based on the above conclusions, the study recommends among others that listed deposit money banks should maintain an optimum board size and an optimum percentage of nonexecutive directors on their



boards. This is because, it was found to increase the reporting lag which entails reduction in timeliness of financial reports when moderated by audit committee financial expertise. They should also ensure that board meetings are carried out regularly in accordance with the provision of the relevant legislations as any increase in the number of meetings been moderated by audit committee financial expertise will help reduce the reporting lag and improve timely reporting of financial information. Researchers should consider other variables to moderate the relationship between board characteristics and timeliness of financial reporting. Researchers should also consider other sectors apart from listed deposit money banks.

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