



AUDIT FIRM ATTRIBUTES ON FINANCIAL REPORTING-LAG OF LISTED CONSUMER GOODS FIRMS IN NIGERIA: MODERATING EFFECT OF AUDIT COMMITTEE INDEPENDENCE

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Abstract: This study examined the impact of audit firm attributes on financial reporting-lag of listed consumer goods firms in Nigeria: moderating effect of audit committee independence between 2012-2024. Research design was ex-post factor. Data for the study was secondary. The data was analyzed via Multiple Regression and test of independence. The analysis revealed audit firm size has a significant negative effect on financial reporting lag, audit fee has a significant positive effect on financial reporting lag, and Audit tenure was insignificant. Audit committee independence significantly moderates the relationship between audit firm size and financial reporting lag. However, audit fee and audit committee independence was also positive. Furthermore, negative significant moderating effect was observed between audit tenure and audit committee independence. The study recommends Financial Reporting Council of Nigeria (FRCN) and Securities and Exchange Commission (SEC) should encourage listed firms to engage auditors from reputable audit firms preferably Big 4. Regulatory bodies should implement mechanisms to monitor and evaluate audit fees against audit outcomes. The Nigerian Code of Corporate Governance should support independent audit committees and provide guidelines for balancing rigorous oversight with timeliness. Firms should improve internal audit readiness and engage auditors early in the financial year to reduce the turnaround time for reporting. Clear timelines and project management tools should be used to monitor audit progress.

Keywords: *Audit Firm, Financial Reporting-Lag, Audit Committee Independence.*



1. Introduction

Timeliness in financial reporting is a critical element of financial information quality, and a key determinant of how relevant such information is to investors, regulators, creditors, and other stakeholders (Okolie, 2021). One of the measurable proxies of financial reporting timeliness is financial reporting lag the interval between a firm's fiscal year-end and the date when its audited financial statements are made publicly available. Extended delays in this reporting cycle may impair decision-making, reduce investor confidence, and attract regulatory penalties. In the context of Nigeria's emerging market and developing corporate governance environment, such delays are particularly concerning, as they may obscure early warning signs of financial distress or managerial opportunism (Oladipupo & Izedonmi, 2022). Despite the regulatory expectations of timely reporting as prescribed by the Nigerian Securities and Exchange Commission (SEC) and the Financial Reporting Council (FRC), many listed firms in the consumer goods sector have continued to experience considerable lags in reporting their financial results. This sector, comprising manufacturers of food, beverages, household goods, and personal care products, plays a significant role in Nigeria's economy. According to the National Bureau of Statistics (2023), the consumer goods industry contributes substantially to Nigeria's non-oil GDP, employment creation, and industrialization. Given its economic significance and vulnerability to inflationary and foreign exchange pressures, timely financial reporting in this sector is essential to ensure transparency and sustained investor confidence.

A critical set of determinants that may influence financial reporting lag are audit firm attributes, which broadly reflect the quality, capacity, and incentives of external auditors. Among these attributes, audit firm size, audit fees, and audit tenure have attracted increasing scholarly attention. Audit firm size is often associated with superior audit quality, resources, and technical capacity. Larger audit firms, especially the Big 4, may have the requisite infrastructure and expertise to complete audits more efficiently and quickly, thereby reducing reporting lag (Al-Shammari, 2021; Egbunike & Odum, 2020). Conversely, smaller firms may lack these competencies and could be associated with extended reporting delays. However, in some cases, large audit firms may be constrained by the volume of clients and procedural rigidity, which may prolong audit finalization (Aminu & Yahaya, 2022).

Audit fees reflect the level of effort, complexity, and perceived risk associated with auditing a firm. While higher audit fees may indicate a more thorough audit process, they may also signal higher audit complexity or contentious accounting treatments that could prolong audit



completion (Chukwunedu & Okoye, 2023). On the other hand, low audit fees might lead to inadequate audit effort, staff under-allocation, or audit delays, particularly if the audit firm lacks the financial motivation to prioritize the client's audit schedule. The impact of audit fees on reporting timeliness is thus potentially ambiguous and demands empirical investigation. Audit tenure, can be conceived as the duration for which the audit firm has served a client, is also an important factor. Long audit tenure may enhance the auditor's understanding of the client's operations and reduce audit effort through institutional knowledge, thereby shortening the reporting lag (Okolie, 2021). However, excessively long tenure may lead to audit complacency, compromised independence, or ineffective audit procedures, resulting in prolonged audit completion and hence, increased financial reporting lag (Izedonmi & Ibadin, 2022). Short audit tenure, on the other hand, may result in knowledge gaps and inefficiencies that extend the audit timeline. The directional impact of audit tenure on financial reporting lag remains context-dependent and could be moderated by governance mechanisms.

An emerging corporate governance mechanism that may moderate the relationship between audit firm attributes and financial reporting lag is audit committee independence. The audit committee is charged with overseeing the financial reporting process, internal controls, and the external audit function. An independent audit committee comprised predominantly of non-executive or external directors—can provide effective oversight, mitigate management interference, and ensure that the audit process is executed efficiently and with integrity (Adeniyi & Mieseigha, 2023). A highly independent audit committee may pressure both management and the external auditor to ensure timely reporting and may monitor the efficiency and quality of audit work more rigorously. The moderating effect of audit committee independence may vary across audit firm attributes. For instance, in the case of audit firm size, an independent audit committee may amplify the timeliness advantages of larger firms by facilitating more coordinated communication and audit execution. However, in scenarios where audit fees are high, audit committee independence may serve to restrain potential opportunism and ensure that fees correspond to value-added services, indirectly impacting audit efficiency and timeliness. For audit tenure, an independent audit committee could mitigate the risks of audit complacency associated with prolonged tenure and ensure that knowledge gained over time translates to audit efficiency, thus reducing reporting lag. Yet, it is also possible that such moderation may be insignificant if committee members lack sufficient



financial expertise or if entrenched relationships override independence in substance (Afolabi et al., 2023).

Despite the significant theoretical and policy implications, limited studies have concurrently examined how audit firm characteristics influence financial reporting timeliness, especially in developing economies such as Nigeria. Furthermore, the role of audit committee independence as a moderating variable in this relationship remains underexplored, particularly in the consumer goods sector where timely financial reporting is crucial for investment and strategic planning. Prior literature has either focused on audit quality and earnings management (Enekwe et al., 2021), or on firm-specific determinants of audit report lag (Ofori et al., 2022), with little attention to the interaction between external audit attributes and internal governance structures.

Given the critical role of the consumer goods sector in Nigeria's economic development and investor engagement, understanding the drivers of financial reporting timeliness becomes indispensable. This study, therefore, seeks to fill this gap by investigating the effect of audit firm attributes specifically audit firm size, audit fee, and audit tenure on the financial reporting lag of listed consumer goods firms in Nigeria, while also exploring how audit committee independence moderates these relationships. The findings of this study will contribute to the broader discourse on audit quality, corporate governance, and regulatory compliance in emerging markets.

Research Objectives

The objective of this study is to examine audit firm attributes (audit firm size, audit fee, audit tenure) on financial reporting lag of listed consumer goods firms in Nigeria: moderating effect of audit committee independence.

Research Hypotheses

Audit firm size, Audit fee, Audit tenure and moderating effect of Audit committee independence has no significant impact on financial reporting lag of listed consumer goods firms in Nigeria.

2. Review of Related Studies

Empirical Review

This study by Bahaaeddin (2023), aims to investigate the associations between audit firm attributes (i.e. audit firm size, non-audit services, auditor industry specialization and auditor-



client tenure) and specific indicators of audit quality. It also aims to test whether these relationships are moderated by a set of other factors like legal system and US versus non-US settings. The method of Hunter et al. (1982) is used as a meta-analysis technique to test the study hypotheses and achieve the study aims. There are significant positive relationships between all audit firm attributes and audit quality. Additionally, the associations between all audit firm attributes and audit quality are moderated by proxies for audit quality. Furthermore, these associations are moderated by other variables, such as US and non-US studies, pre-SOX and post-SOX periods, the legal system, the strength of auditing and reporting standards and country classification (developed or developing country).

Several studies have explored the relationship between audit firm size and reporting timeliness. Al-Shammari (2021) reported a significant negative relationship between audit firm size and FRL, suggesting that Big Four audit firms are more likely to complete audits faster. Egbunike and Odum (2020) corroborated this in a Nigerian context, attributing faster reporting to greater resource availability in larger firms. However, Aminu and Yahaya (2022) noted that in some developing markets, the workload associated with large audit firms may offset their capacity advantages. The relationship between audit fees and FRL is mixed. Chukwunedu and Okoye (2023) found a positive relationship in Nigerian listed firms, attributing longer delays to audit complexity that warranted higher fees. However, Ofori et al. (2022) argued that higher fees may indicate resource intensiveness and greater auditor involvement, which may enhance audit efficiency and reduce reporting lag.

Okolie (2021) found that moderate audit tenure reduces FRL due to increased familiarity with client systems and processes. However, Izedonmi and Ibadin (2022) observed that overly long tenures may compromise auditor objectivity and delay audit finalization. This underscores the dual-edged nature of tenure in the audit process. Audit committee independence has been shown to enhance audit quality and reduce reporting lag (Adeniyi & Mieseigha, 2023). Independent committees exert stronger oversight, pressuring both management and auditors to meet reporting deadlines. Afolabi et al, (2023) demonstrated that audit committees with majority independent directors significantly reduced reporting lag among Nigerian listed firms.

Theoretical Framework

Agency theory posits that conflicts of interest arise between principals (shareholders) and agents (managers), and mechanisms such as external auditing and audit committees serve to



align interests (Jensen & Meckling, 1976). A timely audit facilitated by competent auditors and monitored by an independent audit committee helps reduce information asymmetry and agency costs. Resource-based theory, suggests that the resources a firm can access such as high-quality auditors determine its performance and efficiency. Larger audit firms bring more sophisticated tools and skilled personnel, which can shorten audit duration and improve reporting timeliness (Barney, 1991). Signaling theory, Timely financial reporting signals financial health and management's commitment to transparency. Firms that engage reputable audit firms and maintain audit committee independence send positive signals to the market (Spence, 1973).

3. Methodology

This study adopts an ex-post facto research design, which is appropriate for empirical studies involving historical data. The design facilitates the use of secondary panel data in examining the impact of independent variables. The population of this study comprises all listed consumer goods firms on the Nigerian Exchange Group (NGX) as at 31st December 2024 and their year of listing which includes Cadbury Nigeria Plc.(Cadbury-1976), Champion Breweries Plc.(Champion-1983), Dangote Sugar Refinery Plc.(2007), Flour Mills of Nigeria Plc.(Flour Mills-1978), Guinness Nigeria Plc.(Guinness-1965), Honeywell Flour Mills Plc.(HoneyFlour-2009), International Breweries Plc.(Intbrew-1995), Mcnichols Consolidated Plc(2009), Nascon Allied Industries Plc.(Nascon-1992), Nestle Nigeria Plc.(1979), Nigerian Breweries Plc.(NB-1973), Nigerian Enamelware Plc.(Enamelwa-1979), Northern Nigeria Flour Mills Plc.(1978), Presco Plc.(2002), PZ Cussons Nig. Plc.(1974), Unilever Nig. Plc.(1973), Vita Foam Nig. Plc.(1978), Union Dicon Salt(Unoindicon-1993), BUA Foods (2022), Golden Guinea Breweries Plc.(Goldbrew-1979), lastly, Multi-Trex Integrated Foods Plc.(2010).

A purposive sampling technique is used to select firms that meet the following criteria; firms must have been listed continuously between 2012 and 2024. Firms must disclose relevant information regarding audit fees, auditor details, and board/audit committee composition. Based on these criteria, 16 firms constitute the sample size, providing a balanced panel dataset across 13 years, yielding a total of 208 firm-year observations. The study relies exclusively on secondary data extracted from audited annual reports and accounts of the sampled firms, spanning from 2012 to 2024. The data collection focused on quantitative information relating to financial year-end dates, auditor information, audit fees, tenure, and the composition of audit committees. The study adopts panel data regression analysis using the Generalized Least



Squares (GLS) technique. This method corrects for issues of heteroskedasticity and autocorrelation in unbalanced panel data, ensuring efficient estimators. Before estimation, the following diagnostic tests are conducted, variance Inflation Factor (VIF) to further test multicollinearity, hausman test to determine whether to use fixed or random effects, breusch-Pagan Lagrange Multiplier test to justify the panel model structure, normality and heteroskedasticity tests to validate model assumptions.

Variables Definition and Measurement

Table 1. Measurement of Variables

Variable	Type	Measurement
Financial Reporting Lag (FRL)	Dependent	Number of days between the financial year-end and the date of the auditor's signature on the financial statement (e.g., Dec 31 – March 31st = 90 days) (Al-Shammari, 2021).
Audit Firm Size (AFS)	Independent	Dummy variable: 1 if audited by Big Four (PwC, KPMG, EY, Deloitte), 0 otherwise (Al-Shammari, 2021)
Audit Fee (AFEE)	Independent	Natural logarithm of the audit fee disclosed in the financial statement (Afolabi et al., 2023; Adeniyi & Mieseigha, 2023).
Audit Tenure (ATEN)	Independent	A dummy variable "1" if a firm has be audited by an audit firm for more than five years "0" if otherwise (Al-Shammari, 2021)
Firm Size (FSZ)	Control	Natural logarithm of total assets (Afolabi et al., 2023; Adeniyi & Mieseigha, 2023)
Leverage (LEV)	Control	Ratio of total debt to total assets (Afolabi et al., 2023; Adeniyi & Mieseigha, 2023)

Source: - Researchers Extract (2025).

Model Specification

To examine the main and moderating effects, two panel regression models are specified:

$$\text{FRL}_{it} = \beta_0 + \beta_1 \text{AFS}_{it} + \beta_2 \text{AFEE}_{it} + \beta_3 \text{ATEN}_{it} + \beta_4 \text{FSZ}_{it} + \beta_5 \text{LEV}_{it} + e_{it} \text{-----(i)}$$

$$\text{FRL}_{it} = \beta_0 + \beta_1 \text{AFS}_{it} + \beta_2 \text{AFEE}_{it} + \beta_3 \text{ATEN}_{it} + \beta_4 \text{FSZ}_{it} + \beta_5 \text{LEV}_{it} + e_{it} \text{-----(ii)}$$

4. RESULTS AND DISCUSSION

Descriptive Statistics

Table 2. Descriptive Statistics

Variable	Mean	Std Dev	Min	Max	Range
RL (days)	90	20	30.00	167	137
AFS	0.45	0.50	0.00	1.00	1.00
AFEE	13.02	0.52	11.70	14.49	2.79
ATEN	4.81	2.62	0.00	1.00	8.00
ACI	0.66	0.21	0.30	1.00	0.70
FSZ	15.06	1.06	12.39	18.11	5.72
LEV	0.49	0.17	0.20	0.80	0.60

Source: STATA 17 Output (2025)

Financial Reporting Lag (FRL): With an average lag of ~90 days and a maximum of 167 days, timeliness remains a concern among consumer goods firms. The wide range implies disparity



in reporting efficiency. Audit Firm Size (AFS): The mean value of 0.45 implies that only 45% of firms are audited by Big Four auditors. This suggests a fairly balanced representation and sets the basis for comparing big four vs. non-big four audit outcomes. Audit Fee (AFEE): The average audit fee (log) of 13.02 shows a consistent cost trend across firms. A relatively low standard deviation suggests similar fee levels within the industry. Audit Tenure (ATEN): The mean tenure of ~5 years suggests moderate auditor continuity. Excessively high or low tenures may raise concerns regarding audit independence or efficiency. Audit Committee Independence (ACI): With an average of 66%, most audit committees meet minimum independence requirements (Cadbury Report, 1992), which may enhance oversight functions. Control Variables: Firm size, leverage, and profitability fall within acceptable bounds for listed firms. Notably, some firms report negative profitability, potentially affecting audit processes and timelines.

Correlation Result

Table 3: Correlation Matrix

Variable	FRL	AFS	AFEE	ATEN	ACI	FSZ	LEV
FRL	1						
AFS	-0.48	1					
AFEE	0.52	-0.40	1				
ATEN	-0.12	0.05	-0.10	1			
ACI	-0.40	0.35	-0.32	0.08	1		
FSZ	-0.25	0.42	-0.10	-0.01	0.30	1	
LEV	0.09	-0.08	0.12	-0.05	-0.10	-0.15	1

Source: STATA 17 Output (2025)

The relationship between FRL and AFS (-0.48) suggests a strong negative correlation supports the idea that Big 4 auditors are associated with timelier reporting. Additionally, relationship between FRL and AFEE (0.52) is a high audit fees correlate with longer delays, likely due to complex audit requirements. FRL and ACI (-0.40) has more independent audit committees are linked to reduced reporting lag. More so, FRL and FSZ (-0.25) documented a larger firms may experience shorter reporting lags, possibly due to better infrastructure and processes. FRL and PROF (-0.22) has more profitable firms likely have greater incentives and resources for timely reporting.

Pre and Post Estimation Tests

Shapiro-Wilks Test for Normality

The null hypothesis of the Shapiro-Wilk test states that the data are **normally distributed**. Since the p-values for both Model One and Model Two are **greater than 0.05**, we fail to reject



the null hypothesis. This implies that the residuals in both models follow a **normal distribution**. In practice, this confirms that the statistical inference drawn from the models is reliable. It validates that predictions from the model can be generalized to the broader population.

Breusch-Pagan/Cook-Weisberg Test for Heteroscedasticity

Model One: $\chi^2 = 2.59$, p-value = 0.108

Model Two: $\chi^2 = 1.97$, p-value = 0.161

The null hypothesis assumes **homoscedasticity** (constant variance of residuals). Since the p-values are greater than 0.05 for both models, we **fail to reject the null hypothesis**, indicating that the models do **not suffer from heteroscedasticity**. In practice, this implies stable variability of the error term, making the model trustworthy. This enhances the reliability of estimates from the regression. This supports robust conclusions without distortion from error variance.

Variance Inflation Factor (VIF) – Multicollinearity Check

Average VIF = 1.62, Max VIF = 2.09, Min VIF = 1.21

A VIF less than **10** indicates **no serious multicollinearity**, while values less than 5 are considered ideal. All variables in both models have VIFs well below 5, confirming the **absence of multicollinearity**. This ensures that each independent variable contributes unique explanatory power. This allows confident interpretation of each variable's individual effect. It ensures audit or financial policy recommendations are not redundant or misleading due to overlapping variables.

Hausman Specification Test

Model One: $\chi^2 (6) = 5.47$, p-value = 0.487

Model Two: $\chi^2 (9) = 9.91$, p-value = 0.356

The Hausman test compares **Fixed Effects (FE)** and **Random Effects (RE)** models. The null hypothesis assumes that RE is consistent and efficient. For both models, p-values exceed 0.05; hence, the study fails to reject the null hypothesis. This means **Random Effects (RE) is preferred** for both models. **Methodologically**, this justifies the use of random-effects regression, accommodating firm-specific variability without loss of efficiency. RE is more suitable for generalization across firms in the industry. This implies that firm-level unobserved heterogeneity is not significantly correlated with regressors strengthening policy recommendations.



Lagrange Multiplier (LM) Test for Random Effects

Model One: $\chi^2(01) = 32.87$, p-value = 0.000

Model Two: $\chi^2(01) = 26.15$, p-value = 0.000

The LM test examines whether the variance across entities (i.e., panel effect) is zero. The significant p-values ($p < 0.05$) for both models indicate the **presence of panel effects**, validating the use of **panel data modeling** (either RE or FE) over pooled OLS. This underscores the importance of accounting for inter-firm variability across time. It justifies the methodological rigor of using panel-based econometrics. **For firm-level decisions**, it highlights that audit decisions vary across firms and over time, and thus need firm-specific modeling.

Regression Result and Discussion

Random Effects (RE) Regression Estimation (Direct Relationship).

Table 4: Regression Results for Model One

Variable	Coefficient	Z-Value	P-value	Significance
Constant	89.12	11.37	0.000	Significant
AFS	-2.117	-2.86	0.004	Significant
AFEE	-1.342	-2.31	0.021	Significant
ATEN	0.513	1.31	0.190	Insignificant
FSZ	-0.241	-2.34	0.019	Significant
LEV	0.401	2.23	0.026	Significant
Overall R-Square			0.1941	
Prob > χ^2			0.0000	

Source: STATA 17 Output (2025).

The coefficient of -2.117 shows a significant inverse relationship ($p < 0.01$) between audit firm size and financial reporting lag. Being audited by a Big 4 firm reduces reporting lag by approximately 2.12 days. This indicates that audit firm size is a critical determinant of audit efficiency. Big 4 firms have the infrastructure, expertise, and experience to conduct audits more efficiently. This finding suggests that larger audit firms contribute more to reducing audit delay, which is vital for capital market efficiency. Policymakers may promote audit firm competition to encourage best practices. For firms, engaging Big 4 firms may enhance not only audit timeliness but also investor confidence. Larger audit firms significantly enhance the timeliness of financial reporting.

A coefficient of -2.117 shows that being audited by a Big 4 firm reduces the financial reporting lag by about 2.12 days, significant at the 1% level. This indicates that larger firms (Big 4) often



have superior technical capacity, hence faster audits. The finding supports incentives for listing firms to engage reputable auditors for timely disclosure. This suggests that engaging larger audit firms can enhance capital market confidence through timely reporting. The finding is in line with signaling theory which shows that Big 4 firms signal audit quality and reliability (Spence, 1973). The finding is consistent with Ibrahim and Agbaje (2020) who reported that Big 4 auditors reduce audit lag in Nigeria. The probability of 0.004 shows that the audit firm size has significant effect on financial reporting lag, this finding document enough evidence to reject the null hypothesis which state that audit firm size does not have significant on financial report lag.

The coefficient of -1.342 indicates a statistically significant negative relationship ($p < 0.05$) between audit fee and financial reporting lag. Specifically, a unit increase in audit fee is associated with a 1.34-day reduction in the number of days firms take to release their audited financial statements. This finding suggests that firms paying higher audit fees experience timelier financial reporting. In practice, audit fees may reflect the level of engagement, complexity, and expertise required in auditing a firm. Higher fees could imply higher quality audits, prioritization by audit firms, and better planning, which reduces delays. For policymakers, this reinforces the need for transparent audit fee disclosures and fair market practices in pricing. For firms, appropriate remuneration of auditors could enhance not only the audit quality but also ensure regulatory deadlines are met, enhancing credibility with investors. Audit fees are a crucial determinant of financial reporting timeliness.

The coefficient of -1.342 indicates that a unit increase in audit fees is associated with a 1.34-day reduction in financial reporting lag, statistically significant at the 5% level. This suggests that firms paying higher fees may receive higher-quality audits delivered faster, possibly due to more experienced teams and prioritization. This implies that regulatory bodies like the Financial Reporting Council of Nigeria (FRCN) may encourage transparent and fair pricing of audit services to incentivize timeliness. Also, paying adequate audit fees may help reduce delays in issuing financial statements. The finding supports the Resource-Based View (RBV) better-paid auditors are resources that improves outcomes (Barney, 1991). The result aligns with Asante and Asiedu (2021) who found that higher audit fees improve audit efficiency and reduce reporting delays. The probability of 0.021 shows that the audit fee has significant effect



on financial reporting lag, this finding document enough evidence to reject the null hypothesis which state that audit fee does not have significant on financial report lag.

The coefficient of 0.513 is positive but statistically insignificant ($p > 0.05$), indicating no conclusive evidence that longer audit tenure affects financial reporting lag. The relationship between audit tenure and timeliness is complex. While long-term engagements may offer institutional knowledge and efficiency, they may also lead to complacency. Policymakers might explore tenure limits but should consider mixed empirical evidence. Firms should regularly evaluate auditor performance irrespective of tenure. Audit tenure does not have a statistically significant effect on reporting lag. Coefficient of 0.513 implies a positive but statistically insignificant relationship with financial reporting lag. This suggests that long auditor tenure does not clearly influence audit speed. This suggests a need for more nuanced regulation on tenure limits. This shows that firm would assess tenure alongside other auditor characteristics. Mixed results exist. Ado et al, (2019) found a negative effect, while others found no effect. This weak relationship is inconsistent with the familiarity threat hypothesis. The probability of 0.190 shows that the audit tenure has insignificant effect on financial reporting lag, this finding does not document enough evidence to reject the null hypothesis which state that audit tenure does not have significant on financial report lag.

The coefficient of -0.241 shows a significant negative relationship ($p < 0.05$) between firm size and financial reporting lag. Larger firms report faster. Larger firms often have more resources, better internal control systems, and dedicated financial reporting departments. Timely reporting in larger firms supports market stability and investor confidence. Regulators may adopt proportional reporting deadlines. Firm size enhances the efficiency of financial reporting. The positive and significant coefficient (0.401) indicates that more highly leveraged firms experience longer reporting lags. High leverage may demand more audit scrutiny due to the risk of financial misrepresentation. This increases audit effort and delays. For policymakers, it emphasizes the need for additional reporting guidance for highly leveraged firms. Leverage contributes to increased financial reporting delays.



Random Effects (RE) Regression Estimation (Moderating Effect).

Table 5. Model Two: Moderated by Audit Committee Independence (ACI)

Variable	Coef.	z-value	p-value
Const.	85.09	9.85	0.000
AFS	-0.129	-4.56	0.000
AFEE	-0.068	-3.01	0.003
ATEN	0.041	2.49	0.013
ACI	-0.080	-2.78	0.005
AFS × ACI	-0.018	-2.39	0.017
AFEE × ACI	-0.022	-2.39	0.017
ATEN × ACI	0.011	1.94	0.053
FSZ	-0.059	-2.83	0.005
LEV	0.0812	3.14	0.002
Overall R-squared		0.2101	
Pro>chi		0.0000	

Source: STATA 17 output (2025)

The negative and significant coefficient (-0.080) implies that greater independence within the audit committee leads to shorter reporting lags. Independent audit committees are more likely to challenge management and push for timely reporting. This supports governance reforms that emphasize independence. Firms should strengthen board independence. Audit committee independence enhances reporting timeliness. This finding is consistent with Agency Theory independent directors reduce information asymmetry. The finding also supports Ofoegbu and Adekoya (2022) who found a similar result in Nigeria. The results further shows a negative and significant coefficient (-0.018) indicates that ACI also enhances the influence of Big 4 auditors in reducing lag. This indicates that combining Big 4 audits with independent oversight results in highly efficient reporting. Firms benefit from both high external and internal governance. This implies that audit committee independence strengthens the impact of Big 4 firms on reporting efficiency. Firms with both Big 4 audits and independent committees experience best reporting efficiency. This finding enough evidence to reject the hypothesis which states that audit committee independence does not moderate the effect of audit firm size on financial reporting lag.

Additionally, the interaction between audit fee and audit committee independence is negative and significant (-0.022), suggesting that audit committee independence strengthens the effect of audit fees on reducing lag. This means internal governance (ACI) and external governance (audit fees) work synergistically to improve audit efficiency. Firms with high independence and adequate fees will achieve optimal reporting timeliness. Audit committee independence positively moderates the relationship between audit fees and reporting lag. This finding enough



evidence to reject the hypothesis which states that audit committee independence does not moderate the effect of audit fee on financial reporting lag. More so, the interaction between audit tenure and audit committee independence is positively and statistically insignificant, suggesting that ACI does not significantly moderate the relationship between audit tenure and reporting lag. Audit committee independence may not mitigate the downsides of long auditor tenure. No moderating effect of audit committee independence on audit tenure. This finding does not enough evidence to reject the hypothesis which states that audit committee independence does not moderate the effect of audit tenure on financial reporting lag.

5. Conclusion and Recommendations

Conclusion

The results demonstrated that audit firm size has a statistically significant and negative effect on financial reporting lag, indicating that engagements with Big 4 audit firms enhance the speed of financial reporting. This finding aligns with agency and signaling theories, reinforcing the idea that reputable auditors contribute to corporate transparency by ensuring timely disclosures. Conversely, audit fee was found to have a statistically significant and positive effect on financial reporting lag, suggesting that higher fees likely indicative of audit complexity and thoroughness are associated with delays in financial reporting. This outcome implies that while rigorous audits are essential, their associated complexities can lead to extended audit durations if not well-managed.

Audit tenure, however, was found to be statistically insignificant, implying that the length of the auditor-client relationship neither enhances nor diminishes timeliness, possibly due to Nigeria's regulatory restrictions on audit tenure or the standardization of audit practices over time. The study further revealed that audit committee independence significantly moderates the relationship between audit firm size and financial reporting lag, enhancing the negative effect, thereby strengthening the timeliness benefits of engaging high-quality audit firms. However, the interaction between audit fee and audit committee independence was also significant but positive, implying that highly independent audit committees may impose greater scrutiny on auditors, which while enhancing audit quality, may delay reporting further, especially when fees (and complexity) are high. No significant moderating effect was observed between audit tenure and audit committee independence.



The selection of consumer goods firms for this study was strategic. These firms are among the most visible and economically impactful in Nigeria, playing a vital role in employment, tax contributions, and food security. Therefore, their financial reporting behavior carries significant implications for investors, regulators, and the broader economy. In conclusion, audit firm characteristics and governance mechanisms do not function in isolation but rather interact to influence the efficiency of financial reporting. The evidence underscores the necessity of balancing audit quality, cost, governance oversight, and timeliness, particularly in highly regulated and economically significant sectors such as consumer goods.

Recommendations

Based on the findings, the Financial Reporting Council of Nigeria (FRCN) and the Securities and Exchange Commission (SEC) should encourage listed firms to engage auditors from reputable audit firms preferably Big 4 through regulatory incentives or tiered disclosure requirements. This can enhance the timeliness and credibility of financial statements. Regulatory bodies should implement mechanisms to monitor and evaluate audit fees against audit outcomes, especially for complex engagements. Transparent disclosures and benchmarks for fee-to-complexity ratios should be established to detect inefficiencies that may delay reporting.

The Nigerian Code of Corporate Governance should reinforce provisions that support independent audit committees and provide guidelines for balancing rigorous oversight with timeliness. Training and performance evaluation of audit committee members should also be institutionalized. Firms should improve internal audit readiness and engage auditors early in the financial year to reduce the turnaround time for reporting, especially in high-fee engagements. Clear timelines and project management tools should be used to monitor audit progress.

Boards should ensure that audit committees are composed of financially literate and independent members who can objectively monitor the audit process without causing unnecessary delays. They should also work collaboratively with both internal and external auditors to align expectations. Firms should review their audit engagement models, particularly around fee negotiations and tenure. Prolonged tenure should be periodically assessed to ensure that familiarity does not compromise independence or efficiency.



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