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AUDIT COMMITTEE QUALITY AND AUDIT REPORT LAG: THE MODERATING ROLE OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) ADOPTION IN QUOTED NON-FINANCIAL FIRMS IN NIGERIA

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ABSTRACT

The study explores audit committee quality and audit report lag: the moderating role of IFRS adoption in quoted non-financial firms in Nigeria. The study employed an ex-post facto research design to determine the impact of audit committee characteristics and IFRS on audit report lag. The study acquired secondary data for pre- and post-IFRS periods from the published annual reports of sampled firms. The population of the study comprised firms listed on the Nigerian Stock Exchange (NSE) as of December 2022, totaling 177 (NSE, 2022). The study examined the entire list of firms listed on the Nigerian Stock Market as of December 31, 2022, which stood at 177 firms, covering 10 years (2003–2012) before the adoption of IFRS and 10 years (2013–2022) post-adoption of IFRS. The study used only consumer goods firms listed on the Nigeria Stock Exchange (NSE). Additionally, the study employed a purposive sampling technique based on experience. A sample size of fifteen firms (15) with 300 observations from the 20-year duration was obtained based on two principles. The study concluded that there is an insignificant relationship between ACS and ARL. It was also seen in the study that ACI is associated with ARL. While timely audit reports are associated with audit committees that include a significant part of accounting and financial competence (ACFE). It was also agreed in the study that IFRS adoption has a greater impact on the association between audit committee characteristics and audit report lag than it did before.

Keywords: Audit Committee Quality, Audit Report Lag, IFRS, Non-Financial Firms, Nigeria

INTRODUCTION

Prior to the adoption of International Financial Reporting Standards (IFRS), Nigeria had a legal and regulatory framework for accounting that governed the preparation of financial reports. This framework is outlined in the Company and Allied Matter Act (CAMA'90), which also specifies the format and content for company financial statements, disclosure requirements, and auditing. All business organizations must ensure that their financial statements comply with the Statement of Accounting Standards (SAS), which is periodically released by the Nigerian Accounting Standard Board (NASB), now known as the Financial Reporting Council of Nigeria (FRCN). This calls for ongoing assessment in accordance with the General Auditing Standards. Therefore, Nigeria's adoption of IFRS represents an improvement over the legal and regulatory system that is already in place (Odo, 2018). According to Odia and Ogiedu (2013), the adoption of IFRS as issued by the IASB is anticipated to result in the presentation of a common set of financial reporting standards within and between countries across the globe that require or permit the application of IFRS.
The most important change to the financial reporting process in decades is IFRS, which is anticipated to have an impact on all of its aspects as well as the linkages between its many components. Since the audit report is crucial to the accuracy of the financial reporting in this situation and the timing of its release affects how timely the financial information is, regulators and researchers have paid close attention to the audit report lag. On the other hand, the Audit Committee is the governance mechanism most closely related to the financial reporting process, and it is expected to facilitate the work of the auditor. As a result, regulators and researchers have focused on the qualities of this committee and its impact on the delay of the audit report. Despite the fact that timeframes are becoming more and more important for academics and regulators, little to no attention is paid to examining the relationship between audit report lag, audit committee, and IFRS (Mohammed, Che-Ahmad, & Malek, 2018). Therefore, the current study focuses on the connection between IFRS, the quality of the audit committee, and the audit report lag in the context of evaluating the impact of IFRS adoption on the financial reporting process in Nigerian firms. This study explores whether the audit process would be completed differently before and after the required implementation of IFRS by looking at the impact of audit committee quality traits. When it comes to the usefulness of information made available to outside users, timeliness is seen as a crucial and significant attribute of information quality (Almosa & Alabbas, 2008).

Owusu-Ansah (2000) stated that the audit delay is the most important component in the timeliness of financial statements and one of the factors that affect audit efficiency, so it continues to draw researchers'

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attention to determine the causes of audit lag. (Habib, 2015; Mahfod, Nasr, & Magdy, 2021). The function of the audit committee in overseeing the financial reporting process and helping external auditors carry out their responsibilities has been identified in all firm governance rules from across the world and in the audit literature. The primary motivation for this move is to enhance the role of the Audit Committee in the context of the quality of financial reporting and the moderating of the audit process, which is a global trend to strengthen governance systems (Baatwah, Salleh, & Stewart, 2019; Mahfod, Nasr, & Magdy, 2021). This paper tends to discourse the association between audit report lag and audit committee' characteristics in the Nigerian business environment.

The implementation of IFRS is regarded as a significant shift in the landscape of financial reporting, and its effects on a firm's accounting and auditing standards have garnered a lot of interest. Regarding how IFRS will affect audit-related concerns, there are differing viewpoints. According to Odia and Ogiedu (2013), IFRS will increase auditing costs, which will negatively impact the audit process while also maximizing audit quality. Since IFRS are regarded as complex and necessitate extensive disclosure, the move to them presents difficulties for businesses and auditors (Najihah & Ayoib, 2011; Amirul & Md Salleh, 2014). Once more, IFRS adoption may result in a longer audit report lag. It is crucial to investigate if the adoption of IFRS has an impact on audit committee quality, audit report lag, and their association given the significance of both the audit committee and audit report lag in the context of the audit and financial reporting processes. The outcome of that analysis offers helpful insights into how IFRS adoption could boost the effectiveness of the financial reporting process. In response to the Nigerian government’s inspiration to attract foreign investment and encourage local businesses to participate in free market initiatives, the audit report delay should receive attention.

CONCEPTUAL REVIEW

Audit Report Lag

The users of financial information value the accuracy of financial reports. According to Oladipupo and Izedonmi (2013), cited in Ologun (2022), total report lag, which includes audit report lag and management report lag, measures the timeliness of financial information by determining how long it takes from the end of the accounting year to the date the financial reports are made available to consumers. Despite having considerable control over its own report latency and the management report lag, management has no influence over the audit report lag. The time it takes the auditor to complete and sign an audit report, starting from the day the accounting year ended, is known as the audit report lag and is defined by the external auditor (Oladipupo & Izedonmi, 2013; Ologun, 2022). The audit committee is crucial to ensuring sound corporate governance and the timely delivery of financial reports to users. The audit report lag determines whether or not financial reports are released to consumers in a timely manner.

Audit Committee Characteristics and Audit Report Lag

The moderating role of audit quality in the various firms and establishments is well confirmed already, as recorded by many corporate governance codes and professional pronouncements (Song & Windram, 2004; Mahfod, Nasr, & Magdy, 2021). In the current drive to enact governance reforms and restore the public's faith in financial reporting, the audit committee is increasingly seen as a key participant. Additionally, according to Nahla, Hasnah, and Mazrah (2019), excellent corporate governance, including a robust audit committee, has the potential to improve the efficacy and efficiency of audits. In this regard, it is anticipated that the audit committee will help resolve disputes with management and contribute to an improvement in overall audit quality (Nahla, Hasnah, & Mazrah, 2019). In order to define the idea of audit committee quality, previous research has shown that an audit committee's effectiveness depends on a number of factors (Bédard & Gendron, 2010). This study illustrates the hypothesized relationship between the four audit committee quality factors listed below and the lag in audit reports.

Audit Committee Size

According to reports, an audit committee that is large enough to manage the challenges facing corporations more effectively (Sultana, Singh, & Van der Zahn, 2015) According to the Blue Ribbon Committee (BRC) (1999), an audit committee must have a minimum of three directors. According to the OCGC (2002, updated in 2015), the audit committee must have three or more non-executive directors, the majority of whom must be independent directors. According to agency theory, a modest audit committee size can improve monitoring efficacy and group cohesion (Jensen, 1993; Hillman & Dalziel, 2003). Consequently, Lipton and Lorsch (1992) and Hillman and Dalziel (2003) asserted that a larger audit committee may cause certain directors to not actively participate, which would weaken the regulating and monitoring roles as well as decision-making coherence. Again, in contrast, Bédard and Gendron (2010) stated that a small audit committee can assure proper monitoring because it contains a variety of skills. On the other hand, other researchers claim that a large committee size boosts the diversity of expertise and adequate resources while also enhancing the quality of oversight (Xie, Davidson, & DaDalt, 2003; Shukeri & Islam, 2012).

According to earlier research carried out by Mohamad-Nor, Shafie, and Wan-Hussin (2010), Shukeri and Islam (2012), and Li, Zhang, and Wang (2014), there is a negative and significant relationship between the size of the audit committee and the audit report lag. These findings suggest that having a larger audit committee will increase the timeliness of the audit report. Based on the foregoing discussion, studies like Wan-Hussin and Bamahros (2013) and Baatwah, Salleh, and Ahmad (2015) discovered a negligible link between audit committee size and audit report lag as well as incompatibility of perspectives. Thus, the following hypothesis is formulated:

H_1: Audit committee size has relationship with audit report lag.

Audit Committee Independence

As representatives of the shareholders and minority in particular, audit committee directors' independence and expertise are crucial from the standpoint of agency theory in preserving the accuracy of financial reporting and enhancing monitoring quality (Watts & Zimmerman, 1978; Fama & Jensen, 1983). In order to protect the interests of shareholders and minimize opportunistic behavior, fraud, and misstatements in the financial statements, independent directors are better equipped (Al-Rassas & Kamardin, 2016; Baatwah, Salleh, and Ahmad, 2015). Additionally, independent directors on audit committees perform better when they have financial skills (Sharma & Kuang, 2014).

Salleh, Baatwah, and Ahmad (2017) found that audit committee financial expertise is not related to reducing audit report lag. For example, Wan-Hussin and Bamahros (2013) and Sultana, Singh, and Van der Zahn (2015) identified a significant and adverse relationship between audit committee independence and audit report lag. In contrast, they found that if the board of directors has a majority of independent directors, the audit committee's financial expertise and independence significantly strengthen the timeliness of the audit report. However, some researchers have found no relationship between audit committee independent directors and audit report lag, including Mohamad-Nor, Shafie, and Wan-Hussin (2010) and Baatwah, Salleh, and Ahmad (2015). Again, the following hypotheses are formulated:

H_2: Audit committee independence is negatively associated with audit report lag

Audit Committee Financial Expertise

The primary duty of the audit committee is to oversee the financial reporting process, and this duty can only be carried out by directors who have substantial financial knowledge and expertise (Bédard, Chtourou & Courteau 2004). Firms with financial issues are an indicator that the audit committee does not have financial expertise (McMullen & Raghunandan, 1996; Salleh, Baatwah, & Ahmad, 2017). According to Yatim, Kent, and Clarkson (2006), financial knowledge on the audit committee greatly increases the demand for good audit quality. It was also asserted in the agency theory that, the presence of financial professionals improves the audit committee's ability to monitor internal controls and ensures the effectiveness of external auditors (Fama & Jensen, 1983; Sultana, Singh, and Van der Zahn, 2015).

According to Abernathy, Beyer, Masli, and Stefaniak, (2014), timely audit reports are associated with audit committees that include a significant part of accounting and financial competence. Additionally, it was discovered by Sultana, Singh, and Van der Zahn, (2015) and Baatwah, Salleh, and Ahmad, (2015) that audit committees with financial knowledge reduced the delay in the release of audit reports. However, actual data from Malaysia contradicts this assertion and demonstrates that the financial knowledge of the audit committee is not significantly correlated with audit report lag (Mohamad-Nor, Shafie, & Wan-Hussin, 2010; Wan-Hussin & Bamahros, 2013). Again, the research hypothesis that:

H_3: Audit committee financial expertise is negatively associated with audit report lag.

Audit Committee Meeting

According to Khlif and Samaha (2016), the audit committee's diligence, represented by frequent meetings, can quickly implement a number of preventative and corrective measures with regard to internal control weaknesses, allowing it to identify and thwart management's opportunistic behavior and guarantee the accuracy of reported earnings and information (Bedard, Chtourou, & Courteau, 2004). Thus, having an audit committee that meets frequently is associated with a quick correction of material deficiencies (Goh, 2009). Some researchers asserted that the audit committee should convene at least four times a year (BRC, 1999). Mohamad-Nor, Shafie, and Wan-Hussin (2010) opine that the audit committee should hold regular meetings and document its findings in order to fulfill its obligations. The study also demonstrated that increasing the audit committee's meeting frequency can shorten the time between audits.

Accordingly, it is claimed that regular audit committee meetings encourage timely reporting (Ika & Ghazali, 2012). Aljaaidi, Bagulaidah, Ismail, and Fadzil (2015) discovered that holding frequent audit committee meetings causes the audit report to be completed more quickly in Jordan. While other researchers like Baatwah, Salleh, and Ahmad (2015); Sultana, Singh, and Van der Zahn (2015); Salleh, Z.; Baatwah; and Ahmad (2017) did not find a relationship between audit committee meetings and audit report lag, Thus, the study hypothesis is that:

H4: Audit committee meeting is negatively associated with audit report lag.

IFRS and the association between audit committee and timelines

In recent years, many developed and developing nations have started using International Financial Reporting Standards (IFRS) as their foundation for financial reporting. According to Uwhejevwe-Togbolo and Okeke (2021) asserts that financial reports that are subject to IFRS require greater information disclosure for investment decisions, which has an impact on the decisions made by investors. International Financial Reporting Standards (IFRS) are about consistency in financial statements and a universal understanding of financial statements. IFRS, also known as the Transnational Accounting Standard, is structured as a typical global language for business issues with the goal that firms accounts are understandable and practically identical across international boundaries. National accounting standards are continuously being replaced by IFRS, and as a result of these modifications in accounting standards, nations are empowered in their international interactions (Ball, 2006; Choi, Frost, Carol, & Meck, 2005). However, in general, the adoption of IFRS will have an impact on the company because it allows companies more flexibility in the choice and changing of accounting policies (Yurisandi & Puspitasari, 2015). This flexibility is linked to the qualitative characteristics of information, as one of the key justifications for managers when selecting or changing policies is to influence those characteristics (Nobes & Stadler, 2015).

According to the majority of auditing literature, the implementation of IFRS led to an increase in auditors' efforts (Emadfallatah, Saat, Shah, & Chong, 2019). Empirical research has focused on IFRS adoption to determine whether it enhances the accuracy and timeliness of financial reporting (Khlif & Achek, 2016). In this situation, Yacoob and Ahmad (2011) discovered that the implementation of IFRS causes financial statements to be released later and represents a decline in the timeliness property (Najihah & Ayoib, 2011; Najihah & Ayoib, 2012). Also, Amirul and Md. Salleh (2014) discovered that the adoption of IFRS lengthens the audit process for Malaysian businesses. Habib and Bhuiyan (2011) discovered that the same thing occurs in New Zealand, with the exception of auditors who specialize in particular industries. Khlif and Achek (2016) claimed that when carrying out audit responsibilities, auditors must be aware of administrative decisions relating to categorization and recognition norms. As a result, the firm is motivated to increase the effectiveness of the Audit Committee as one of the mechanisms that help in dealing with these challenges and streamline the work of the auditor due to the adoption of IFRS and associated implementation challenges, as well as the complexities and disclosure requirements that are related to IFRS. Accordingly, it is reasonable to assume that IFRS adoption will raise the caliber of audit committees. Additionally, the implementation of IFRS has an indirect impact on the linkages between the variables involved in the financial reporting process. For example, Nadhir and Wardhani (2019) claimed that IFRS has an impact on the relationship between audit quality and earnings quality. In this situation, the anticipated effects of IFRS on the audit report lag and the quality of the audit committee have an effect on the nature and intensity of the relationship between those two variables. Therefore, it may be claimed that IFRS may have an impact on audit report lag, audit committee quality, and the relationship between these factors. Accordingly, the following hypotheses were formulated:

H_5: There is a positive association between IFRS and audit report lag.

METHODOLOGY

The study employed an ex-post facto research design to determine the impact of audit committee characteristics and IFRS on audit report lag. The study acquired secondary data for pre- and post-IFRS periods from the published annual reports of sampled firms. The population of the study comprised firms listed on the Nigerian Stock Exchange (NSE) as of December 2022, totaling 177 (NSE, 2022). The study examined the entire list of firms listed on the Nigerian Stock Market as of December 31, 2022, which stood at 177 firms, covering 10 years (2003–2012) before the adoption of IFRS and 10 years (2013–2022) post-adoption of IFRS. The study used only consumer goods firms listed on the Nigeria Stock Exchange (NSE). Additionally, the study employed a purposive sampling technique based on experience. A sample size of fifteen firms (15) with 300 observations from the 20-year duration was obtained based on two principles. The firm must have operated all through the period under consideration, i.e., years 2003 to 2022, and must be in the year of convergence to ensure uniformity of the underlying standard used to prepare the financial report. Secondary data were obtained from the audited and published annual financial reports of the sample firms for the period 2003–2022. The annual reports were obtained from the Nigerian Stock Exchange (NSE).

Table 1 shows the variables and their measurements, including the authors who have employed the variables for their studies.

MODEL SPECIFICATION

To study the hypotheses concerning the impact of audit committee characteristics and IFRS on audit report lag, the following regression model was used for the study. The audit report lag model used in this study is adapted from prior studies to accommodate the audit committee quality variables, IFRS adoption variables, and control variables. This study adapted the model of Mahfod, Nasr, and Magdy (2021);

$$\mathbf{ARL = \beta 0 + \beta 1\ IFRS_{it} + \beta 2\ ACS_{it} + \beta 3\ ACI_{it} + \beta 4\ ACFE_{it} + \beta 5\ ACM_{it} + £_{it}}$$

Thus, this is established as follows:

$$\mathbf{ARL = \beta 0 + \beta 1\ ACS + \beta 2\ ACI_{it} + \beta 3\ ACFE_{it} + \beta 4\ ACM_{it} + \beta 5\ IFRS_{it} + £_{it}} \qquad \textbf{Model 1}$$

Note: The denotations are expressed in table 1. Where the functionalization variable is defined

standard deviation of 21.06 for ACI shows that the variable is highly dispersed compared to other variables. Jarque-bera statistics with a p-value greater than 0.05% show the variables are normally distributed, and a p-value less than 0.05% is not normally distributed. All the variables have a p-value of 0.05 or more, indicating that they are normally distributed. The study was based on the assumption of either a fixed or random effect.

Table 1: Functionalization of Variables

S/n	Variable Name	Acronym	Measurement	Source	Apriori Expectation	Author who used the variables
1.	Audit Report Lag	ARL	Number of days between firm's financial year-end and auditor's report date	Published annual financial reports	Nil	Oladipupo & Izedonmi (2013); Ologun, Isenmila, Okuns & Alade (2020); Ologun (2021); Ologun, (2022).
2.	Audit Committee Size	ACS	No of audit committee members in a financial year	Published annual financial reports	Negative	Chukwu & Nwabochi (2019); Ogoun, Edoumiekumo & Nkak (2020); Ologun, (2022).
3.	Audit Committee Independence	ACI	No of nonexecutive directors to executive directors within the audit committee	Published annual financial reports	Positive	Chukwu & Nwabochi (2019); Ogoun, Edoumiekumo & Nkak (2020); Ologun, (2022).
4.	Audit Committee Financial Expertise	ACFE	The proportion of directors who qualify as accounting or financial experts in the audit committee	Published annual financial reports	Negative	Mohamad-Nor, Shafie, & Wan-Hussin, (2010); Salleh, Baatwah, & Ahmad, (2017); Nahla, Hasnah, & Mazrah, (2019).
5.	Audit Committee Meeting	ACM	No of meeting held by audit committee in a financial year	Published annual financial reports	Positive	Chukwu & Nwabochi (2019); Ogoun, Edoumiekumo & Nkak (2020).
6.	IFRS	IFRS	Dummy variable of 1 if IFRS period, 0 if otherwise	Published annual financial reports	Negative	Oshodin & Ikhatua (2018); Ologun, Isenmila, Okuns & Alade (2020); Ologun (2021); Ologun, (2022).

RESULT ESTIMATION AND DISCUSSIONS

Descriptive Analysis

Table 2: Summary of Descriptive Analysis

Variables	**Mean**	**Median**	**Max.**	**Min.**	**Std. Dev.**	JarqueBera (**Prob.)**
ARL	126.05	90.00	135	30.00	129.06	0.0446
ACS	5.60	5.01	8.00	3.00	4.30	0.4653
ACI	42.05	50.06	100.00	0.00	21.06	0.0761
ACFE	3.89	3.00	7.00	1.00	2.07	0.7642
ACM	5.85	4.00	10.00	2.00	4.06	0.0675
IFRS	0.46	0.00	1.00	0.00	0.04	0.0864

Source: Authors computation (2023)

As revealed in Table 2, the average ARL after IFRS adoption is 126 days, a distant yell from the stipulated 90 days in which firms are estimated to publish their annual accounts (CAMA 1990). The

Table 3: Correlation Analysis

	ARL	ACS	ACI	ACFE	ACM	IFRS
ARL	1					
ACS	-0.064842	1				
ACI	-0.632250	-0.034322	1			
ACFE	-0.823638	0.006314	-0.091021	1		
ACM	0.513923	0.177609	0.011185	0.035217	1	
IFRS	-0.587543	-0.038967	0.103079	-0.022424	0.103517	1

Source: Authors computation (2023)

Table 3 presents the correlation matrix analysis (univariate analysis). This analysis shows the ARL is significantly correlated with the ACS, ACI, and ACFE. The various variables have a negative and significant correlation with ARL for a value of -0.064842, -0.632250, and -0.823638 (p 0.05). This result implies that audit committee size, audit committee independence, and firms with audit committee members that have financial expertise release their audit report in a timely manner. In contrast, ACM is insignificantly correlated with ARL. The results also indicate a negative correlation between IFRS and audit report lag, which indicates that the average time of audit completion has not significantly increased after the mandatory adoption of IFRS. Furthermore, the results showed a weak positive correlation between IFRS adoption and ACI, ACM, and the aggregate quality of the audit committee. While the result also shows a negative correlation between IFRS adoption and ACS and ACFE, these results imply that firms should strengthen the efficiency of the audit committee after the adoption of IFRS, where firms are to increase the size of the audit committee, increase the proportion of independent directors, increase the numbers of financial experts in the committee, and strengthen the audit committee meetings.

Table 4: Multi-collinearity Test

Variables	VIF
C	N/A
ACS	1.206511
ACI	1.534559
ACFE	1.146876
ACM	1.239081
IFRS	1.138654

Source: Authors computation (2023)

The variance inflation factor (VIF) describes by what means the variance of the coefficient estimate of a regressor has been inflated, as a consequence of collinearity with the other regressors. Basically, VIFs above 10 are seen as a source of worry as observed, none of the variables have VIF's values more than 10 and therefore this does not give serious indication of multicollinearity (Hair, Tatham, Anderson, & Black, 2006).

Table 5 shows the regression result, the coefficient determinant R^2 indicated value 0.813118 which shows the overall goodness of fit of the model is good. The value indicates that the model explained about 81.3% variations in the dependent variable

Table 5 Regression Result

Dependent Variable: ARL				
Method: Panel Least Square				
Date: 08/06/23 Time 15:45				
Sample: 20				
Periods included: 2003 2022				
Total panel (balanced) observations: 300				
Instrument specification: C ACS ACI ACFE ACM IFRS				
Variables	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	1.247695	0.287215	4.344115	0.0001
ACS	-0.014942	0.011685	-1.27873	0.2105
ACI	0.530494	0.135534	3.914103	0.0001
ACFE	0.890837	0.316254	2.81684	0.0084
ACM	-0.517685	0.188604	-2.74483	0.0100
IFRS	-0.014942	0.011685	-1.27873	0.2105

R-squared	0.813118	F-statistics	8.954121
Adjusted R-squared	0.712411	Prob (F-statistics)	0.002373
Durbin-Watson stat	1.750108		
Instrument rank	6		

Source: Authors Computation (2023)

while the residue of 18.7% variation is attributed to error or other factors which are not captured in the model. The adjusted coefficient determinant R^2 is 0.712411. The value adjusted R^2 measures the reduced explanatory power of the model. It further explains that the independent variables are able to explain 71.2% of any systematic change in ARL while the unexplained residue is 28.8% is attributed to values in the error term or other randomized variables not captured in the model that that have prominent impact on the independent variable ARL

Testing of Hypothesis and Discussion of Results

H_1: Audit committee size has relationship with audit report lag

Audit committee size (ACS) is positively and significantly related to the audit report lag. Thus, the p-value of 0.2105 is greater than the critical value of 5%. This result is consistent with Xie, Davidson, and DaDalt's (2003) finding that there is an insignificant relationship between audit committee size and ARL. Lipton and Lorsch (1992) and Hillman and Dalziel (2003) asserted that a larger audit committee may cause certain directors to not actively participate, which would weaken the regulating and monitoring roles as well as decision-making coherence. Again, in contrast, Bédard and Gendron (2010) stated that a small audit committee can assure proper monitoring because it contains a variety of skills. On the other hand, other researchers claim that a large committee size boosts the diversity of expertise and adequate resources while also enhancing the quality of oversight (Xie, Davidson, & DaDalt, 2003; Shukeri & Islam, 2012).

H_2: Audit committee independence is negatively associated with audit report lag

The statistical findings on audit committee independence (ACI) imply that ACI is associated with audit report lag. To put it another way, the p-value of 0.0001 is below the crucial level of 0.05. This suggests that a firm is likely to have a longer audit report lag when the audit committee is more independent. The findings support Salleh, Baatwah, and Ahmad's (2007) assertion that there is a strong correlation between audit committee independence and accounting quality. They argued that there is a strong correlation between audit committee independence and audit committee quality since the auditors will do a thorough audit work with an interference from management.

H_3: Audit committee financial expertise is negatively associated with audit report lag

Also, audit report lag is closely related to the audit committee's financial expertise (ACFE). Due to the fact that the p-value of 0.0084 is below the 0.05 threshold value which accepts the hypothesis. This outcome is similar to the findings of Abernathy, Beyer, Masli, and Stefaniak (2014) they opined that timely audit reports are associated with audit committees that include a significant part of accounting and financial competence. Additionally, it was discovered by Sultana, Singh, and Van der Zahn (2015) and Baatwah, Salleh, and Ahmad (2015) that audit committees with financial knowledge reduced the delay in the release of audit reports. However, this study made the case that audit committee members who are financially skilled are more likely to prevent and detect serious misstatements.

H_4: Audit committee meeting is negatively associated with audit report lag

The audit report lag is negatively associated with audit committee meetings (ACM); this finding shows that ACM has a significant negative correlation. In other words, the p-value of 0.0100 is below the crucial limit of 0.05 which accepts the hypothesis. However, the findings of other researchers such as Salleh, Baatwah, and Ahmad (2007) are at odds with this outcome. There is no noticeable connection between the frequency of audit committee meetings and the quality of the audit committee. They argued that the link was not substantial. Accordingly, it is claimed that regular audit committee meetings encourage timely reporting (Ika & Ghazali, 2012). Aljaaidi, Bagulaidah, Ismail, and Fadzil (2015) discovered that holding frequent audit committee meetings causes the audit report to be completed more quickly in Jordan. While other researchers like Baatwah, Salleh, and Ahmad (2015); Sultana, Singh, and Van der Zahn (2015); Salleh, Z.; Baatwah; and Ahmad (2017) did not find a relationship between audit committee meetings and audit report lag,

H_5: There is a positive association between IFRS and audit report lag.

IFRS serves as a dummy variable that distinguishes between the two periods of post- and before-IFRS implementation. The post-adoption of IFRS appears to be more effective than the pre-adoption of IFRS if the coefficient of IFRS is statistically significant. Additionally, it indicates that the variable was effectively moderated by IFRS if the interacting term of each variable with IFRS is statistically significant at 0.05% level of significance. IFRS was statistically negative and significant, with a coefficient determinant value of -0.014942 and p-value of 0.2105 indicating that its adoption has a significant impact on the association between audit committee characteristics and audit report lag. According to this study, IFRS adoption has a greater impact on the association between audit committee characteristics and audit report lag than it did before. Furthermore, the audit committee's role, as characterized by the committee's quality, increased audit report lag after the adoption of IFRS and therefore delayed the timeliness of financial reports. Wardhani (2019) claimed that IFRS has an impact on the relationship between audit quality and earnings quality. In this situation, the anticipated effects of IFRS on the audit report lag and the quality of the audit committee have an effect o bn the nature and intensity of the relationship between those two variables. Therefore, it may be claimed that IFRS may have an impact on audit report lag.

CONCLUSION

The study is on audit committee quality and audit report lag: the moderating role of IFRS adoption in quoted non-financial firms in Nigeria. The characteristics of audit committee quality that were tested are size, independence, expertise, regularity of audit committee meetings, and the moderating variable IFRS. The study indicated that there is an insignificant relationship between ACS and ARL. It was also seen in the study that ACI is associated with ARL. While timely audit reports are associated with audit committees that include a significant part of accounting and financial competence (ACFE). Again, a small audit committee can assure proper monitoring because it contains a variety of skills. On the other hand, other researchers claim that a large committee size boosts the diversity of expertise and adequate resources while also enhancing the quality of oversight. While ARL is negatively associated with ACM. The study agreed that IFRS adoption has a greater impact on the association between audit committee characteristics and audit report lag than it did before.

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