THE ROLE OF AUDIT COMMITTEE EFFECTIVENESS IN ENHANCING TIMELINESS OF CORPORATE FINANCIAL REPORTING IN THE NIGERIAN INSURANCE INDUSTRY

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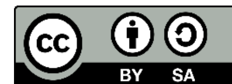
Abstrak: Studi ini menyelidiki dampak efektivitas komite audit pada ketepatan waktu pelaporan keuangan di industri asuransi Nigeria. Penelitian ini menggunakan data sekunder untuk tahun 2012 - 2020. Pengujian hipotesis menggunakan metode Ordinary Least Square (OLS). Hasilnya mengungkapkan hubungan yang signifikan antara pelaporan keuangan yang tepat waktu dan ukuran komite audit, keahlian, dan ketekunan. Ada hubungan negatif tetapi tidak signifikan antara independensi komite audit dan pelaporan keuangan. Studi menyimpulkan dan merekomendasikan bahwa efektivitas komite audit mempengaruhi ketepatan waktu pelaporan keuangan di industri asuransi dan bahwa perusahaan harus meningkatkan ukuran dan frekuensi pertemuan komite.

Abstract: This study investigated the impact of audit committee effectiveness on financial reporting timeliness in the Nigerian insurance industry. The study employed secondary data for the years 2012 - 2020. Hypotheses were tested using the Ordinary Least Square (OLS) method. The results revealed a significant relationship between timely financial reporting and audit committee size, expertise, and diligence. There was a negative but insignificant association between audit committee independence and financial reporting. The study concluded and recommended that audit committee effectiveness affects financial reporting timeliness in the insurance industry and that firms should increase the size and meeting frequency of the committee.



INTRODUCTION

The timely delivery of financial statements to the public is critical to maintaining the financial statements' relevance (Alabi, Issa & Usman, 2022). In accounting and finance literature, the idea of "timeliness" in financial reporting is a contentious issue. One of the qualitative qualities used to determine the quality of financial reporting is timeliness (Yunos, 2017; Aifuwa, Embele, & Saidu, 2018). The number of days from the end of the accounting year-end to the day the independent auditor signs the audit report is characterized as a timely report (Al-Muzaiqer, Ahmad, & Hamid, 2018; Pradipta & Zalukhu, 2020).

Timely financial reporting mitigates the negative impacts of insider trading and contributes to the development of a trustworthy environment in capital and labour markets (Oraka, Okoye, & Ezejiofor, 2019). It also sends a favourable signal to users and general investors about a firm's profitability and broad performance (Zandi & Abdullah, 2019).

Rumours, insider trading and leaks in the stock and labour market will be reduced if financial statements are delivered in a timely manner (Owusu-Ansah, 2000). The timely filing of financial statements will also give crucial details for shareholders to make haste decisions (Al-Ajmi, 2008). Because of prior global accounting outrages (Mbobo and Umoren, 2016) and in accordance with International Financial Reporting Standard (IFRS) adoption worldwide, there is an increasing need for timely financial reporting (Eze & Nkak, 2020; Abdullahi & Abubakar, 2020).

Due to a variety of considerations, delivering accounting information within a suitable time frame as required by existing legislation might be difficult at times. One of them is that financial statements should be audited before they are publicized. External auditors who are independent have been blamed for audit delays in Nigerian enterprises and nations throughout the world (Oraka et al., 2019; Ika & Ghazali, 2012). This is not quite correct considering that, before an external auditor can provide an unbiased evaluation on the financial statements, the books of accounts must be verified. To properly carry out the audit assignments, the external auditor must collaborate with the internal auditors including the audit committee of the company. The audit committee, in specific, would assist the external auditor in improving its timely reporting. According to Akinyele and Aduwo (2019), the duties of an audit committee are to monitor the financial reporting process, the work of the external auditor, and to increase an organization's internal control. As a result, the audit committee's performance would assist the independent auditor in reducing financial reporting delay and improving financial report timeliness.

The current study was inspired by research into how the characteristics of audit committee's (the size, independence, expertise, and their diligence) may affect reporting timeliness by particularly acquiring business level data from a developing nation such as Nigeria. The thrust of this study is justified, however, by arguments that the findings of recent research have prompted the modification of existing corporate governance codes and legislations, so that internal auditing and audit committees of organisations are now imposed with the task of supervision and monitoring of management's activities (Nelson, Shukeri, 2011; Sultana, Singh., Van der Zahn, 2015). This has enhanced worldwide understanding of an assumed link between auditing and timeliness of financial reporting in general.

Previous worldwide accounting scandals have harmed investors' trust in capital and labour markets (Mbobo & Umoren, 2016), resulting in poor investment. In light of this, stock markets throughout the world have taken steps to modify investors' unfavourable perceptions by establishing regulations and timeframes for her trading businesses to follow in presenting audited financial accounts. In Nigeria, the Nigerian Stock Exchange regulations require that every trading firm must submit its year-end audited statements to the exchange commission within ninety (90) days of the annual year's ending (Eze & Nkak, 2020). Nonetheless, despite this NSE's requirement, several listed Nigerian insurance companies failed to timely publish their audited financial accounts. (Eze & Nkak, 2020; Abdullahi & Abubakar, 2020).

Furthermore, due to a scarcity of research in the insurance industry, the study concentrates on companies belonging to the insurance sub-sector. Prior research has often excluded the financial sector, particularly the insurance subsector. The financial services industry has traditionally been said to have particular reporting obligations. The insurance sub-sector is critical to Nigeria's economic growth. Insurance businesses encourage socioeconomic activity by transferring risk and indemnifying corporations and people, as well as mobilizing long-term money. Nonetheless, insurance companies fail to file yearly reports on schedule, and investors have a negative view of the Nigerian insurance business (Agabi 2013). Investor impression may be improved if financial reports are made available on time.

In 2003, the Securities and Exchange Commission (SEC) issued the Nigeria Code of Corporate Governance to allow companies listed on the Nigerian Stock Exchange to establish an audit committee to strengthen the board of directors' monitoring role and establish public confidence in the integrity of financial reporting. As a result, audit committee attributes such as independence, diligence, gender and size was explored by previous empirical studies as proxies for effectiveness of audit committee, and revealed mixed findings on the link to corporate financial reporting timeliness (see Zandi & Abdullah, 2016; Akinleye & Aduwu, 2019; Alsfrife, Subekti, & Widya, 2016; Al-Muzaiqeret al., 2018; Chukwu & Nwabochi, 2019; Zaitul & Ilona, 2019; Eze & Nkak, 2020; Firnanti & Karmudiandri, 2020; Juwita, Sutriso, & Hariadic, 2020; Kaaroud, Afrin, & Ahmad, 2020; Odjaremu & Jeroh, 2019; Raweh, Kamardin, & Malek, 2019; Pradipta & Zalukhu, 2020; Soyemi, Sanyaolu, & Salawu, 2019). This contradictions in the results of these studies opens up world of possibilities for future investigations.

Hence, this research adds three new contributions to the body of knowledge. First, the outcome broadens our knowledge of the unique avenue via which the audit committee influences the timeliness of corporate financial reporting. Even though there are several literatures on audit committee attributes and corporate governance mechanisms (see DeZoort, Hermanson, Archambeault, Reed, 2002; Turley & Zaman, 2004; Alabi, et al., 2022), most research was conducted in the setting of developed countries such as the US and UK, and the conclusions of this study may not apply to other economies with different contextual circumstances like Nigeria (Collier & Zaman, 2005;). Second, it provides insurance companies with data on whether audit committee effectiveness impact financial reporting timeliness. Finally, it helps to alleviate the scarcity of literature in the sub-sector.

LITERATURE REVIEW

2.1 Theoretical Framework

The agency theory is used in this research to explain the association between the attributes of audit committee and organizational financial reporting timeliness. The link between the principal and the agent is the foundation of agency theory. In contemporary organizations, the separation of ownership and management provides the setting for the operation of the agency theory. According to this hypothesis, segregating control and ownership might result in information asymmetry. As a result, the company's managers may take advantage of the chance to manipulate the shareholders and create a delay in financial reporting which is helpful for shareholders' appraisal of management efficiency, who may postpone the report for their personal economic gains. The audit report should be provided without delay, as soon as possible.

Scott (1997) defined an agency relationship as one that arises from a contract between the principle and agents who execute operations of value to the principal in the event of a separation of ownership and management of the organization. There are disparities between multiple stakeholders that might lead to financial statement misuse Jensen & Meckling (1976). In the model agency, a system was established that encompasses both persons involved in client service (agents) and proprietors (principal). The most essential tenet of agency theory is that managers are often driven because of their own selfish interests and try to maximize their own personal gains rather than considering shareholders' interests to increase shareholders' value.

The assumptions of Agency Theory justify the timeliness of corporate financial statement and the value of financial reporting timeliness to the public who are the end users of accounting information. The agency theory explains the connection that exists between shareholders (owners) and the Directors who operate the business affairs on their behalf, as

well as the relevance of audited financial report timeframes for the purpose of regulatory compliance.

2.2 Empirical Literature Review and Hypothesis Development

Concept of Corporate Financial Reporting Timeliness

Financial reporting in context has historically been recognized as a critical part of accounting (Sultana, et al., 2015; Nelson, Shukeri, 2011; Ika, Ghazali, 2012). In this regard, the International Accounting Standards Board (IASB) defined timeliness as measures aimed at ensuring that all accounting data is ready and accessible in such a way that their release has the potential to influence the financial choices of the generality of users (IASB, 2008). It is the process of ensuring that accounting data is timely and relevant to choices, hence minimizing information asymmetry among players in specified capital markets (Owusu-Ansah, Leventis, 2006).

Timeliness of corporate financial reporting represents the time it takes a corporation from the end of the fiscal year to the day the auditors issue the corporate reports. However, in promising and mature capital markets where audited financial statements are the sole reliable source of information accessible to its consumers, timely delivery of financial reports is assessed as a key element (Liu et al., 2009; Azubike, Aggreh, 2014). To minimize excessive and unnecessary delays in releasing a firm's financial information, regulatory organizations in many nations have meticulously detailed prescribed rules and punitive actions to ensure compliance with respect to issuing timely financial reports.

As a result, they established a deadline for corporations to submit their audited financial accounts. The deadline given by regulatory agencies differs per nation. The average reporting lag in the United States of America (USA), the United Kingdom (UK), and China is respectively fifty-five (55) days, sixty-four (64) days, and ninety-two (92) days (McGee & Yuan, 2008; Abernathy, Beyer, Masli, & Stefaniak, 2014; Ghafram &Yasnon, 2018). Reporting lags of one hundred and three (103) days, seventy-two (72) days, fifty-one (51) days, and one hundred and seven (107) days were seen in developing countries such as Malaysia, Egypt, Oman, and Kenya (Khlif & Samaha, 2014; Odit, 2015; Wan-Hussin, Bamahros, & Shukeri, 2018; Raweh et al 2019). In Nigeria, however, every listed or quoted firm must present its fiscal year-end audited report to the Nigerian Stock Exchange (NSE) within ninety (90) days of the financial year end, and its quarterly financial information on or before forty-five (45) days of the quarter period, as well as every other report within the NSE's stipulated period (NSE, Rule book, 2018; Eze & Nkak, 2020; Alabi et al., 2022).

Audit Committee Attributes

The audit committee(s) are appointed by organization's respective board of directors. This is a body that acts as a contact between company governance and the firms' respective external auditors. Audit committees are set to perform important roles in overseeing the whole corporate financial reporting process. It is clearly stated in section 11. 4 (1) of the Nigerian Corporate Governance Code (2018) that it is preferable for all firms to have an audit committee on its board. The audit committee's responsibilities include reviewing the company's accounting principles, evaluating the internal control process, and reviewing external reporting mechanisms as well as compliance with regulations (Azubike, Aggreh, 2014). They carry out the aforementioned obligations via official communication between the governing council, internal auditors, and external auditors (Firnanti & Karmudiandri, 2020; Ilaboya & Iyafeke, 2014). The law (Nigeria Corporate Governance Code, 2018). expressly states that all members of the audit committee must be financially literate and capable of reading and comprehending financial reports. With respect to the above, the attributes of the audit committee effectiveness include size, independence, expertise and diligence. Figure 1.0

below displays the framework showing the relationship between audit committee effectiveness and corporate financial reporting timeliness.

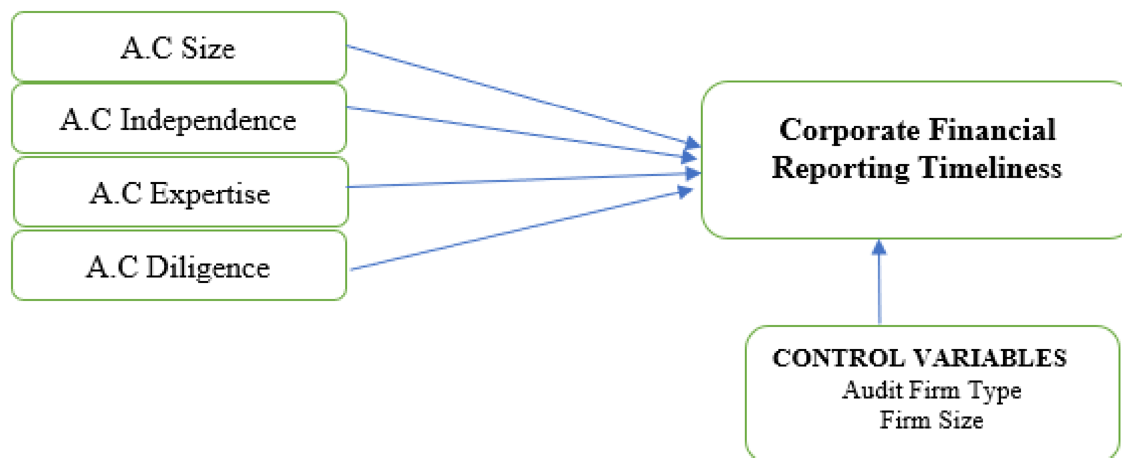


Figure 1.0 Framework

Audit Committee Size

The quantity of audit committee members on the board is referred to as the audit committee size (Hashim & Abdul Rahman 2011). The CAMA 2004 specifies that the size of the audit committee shall not exceed six members. An audit committee with a large size benefits from diverse perspectives while debating on financial reporting concerns. The idea is that by having a large number of audit committee directors, the committee will be able to use a wider range of talents and experience to better its oversight responsibilities. It also allows the committee to tackle many financial reporting concerns at the same time, resulting in the fulfilment of the external audit on schedule. According to Kalbers and Fogarty (1993), the complete membership of the audit committee is important to its efficacy. Financial reporting might be seen differently by different individuals. It also allows the committee to manage many financial reporting concerns at the same time, resulting in a quick independent audit conclusion.

There are several viewpoints on the effective size of audit committee. According to Pucheta-Martnez and De Fuentes (2007), the size of the audit committee has an effect on the quality of financial reporting in Spanish enterprises. Mohd et al. (2009) found the same thing in a sample of Malaysian enterprises. Hackman (1990) stated that huge audit committee may be less successful in decision-making since there are so many individuals to consult before reaching a final choice. Meanwhile, Zaitul (2010) stated that the bigger the audit committee, the more diversified their talents, expertise, and resources in carrying out their jobs. However, Shukeri and Puat Nelson (2011); Ishak et al. (2010) discovered a negligible link between timeliness and audit committee size, suggesting that a small audit committee is desirable since a big audit committee experiences free-riders and coordination challenges.

Though, opposing studies by Shukeri and Islam (2012) and Mohamad-Nor et al. (2010) discovered a strong negative association between timeliness and audit committee size in another research. The results show that having more people on the audit committee results in shorter timeliness. It is congruent with the agency hypothesis, which claims that bigger boards may contain more independent members, resulting in stronger managerial control and higher financial reporting quality. According to this research, audit committee with a larger size may contribute more to the quality of financial reports. Thus, the following hypotheses is stated as follows:

H_{o1}: The number of audit committee members will have no positive effects on audit report timeliness.

Audit Committee Independence

The independence of the audit committee, also known as an independent audit committee, is a condition in which members of the audit committee need not perform executive functions (Apadore & Noor, 2013). The member must not have previously been committed or have a commercial or personal connection with the firm (Aifuwa & Embele, 2019). According to Firnanti and Karmudiandri (2020), an independent committee can improve the quality of financial reporting. According to Soyemi et al. (2019), a board with a proportional number of non-executive directors has the capacity to reduce audit report latency due to their independent judgment. According to Al-Rassas and Kamardin (2016), an independent audit committee considerably minimizes the possibility of fraud and other types of financial misdeeds, protects investors' interests, and ensures financial reporting timeliness.

Based on the above, this study anticipates that independent directors on the audit committee will decrease delays in audit report. Although existing empirical evidence supports the claim that audit committee independence considerably lowers audit time lag, resulting in enhanced financial report timeliness (Alsfrife et al., 2016; Zandi & Abdullah, 2016; Zaitul & Ilona, 2019; Juwita et al., 2020; Soyemi et al., 2019). Other research studies, however, do not seem to corroborate this notion, since they found no indication of the influence of an independent audit committee on timeliness of corporate financial reporting (Firnanti & Karmudiandri, 2020; Chukwu & Nwabochi, 2019; Raweh, et al., 2019; Odjaremu & Jeroh, 2019. Therefore, the second hypothesis goes thus:

H_{o2}: Audit committee independence has no significant effect on the timeliness of corporate financial reporting

Audit Committee Expertise

The audit committee members expertise is a critical feature that should not be overlooked. Previous research defines the expertise of audit committee as audit committee members who are members of any accounting organization or organisation (Mohamad-Nor et al. 2010; Hashim & Abdul Rahman 2011). It is expected that audit committee members should be well-versed in accounting and finance in order to properly oversee the financial reporting process and enhance financial reporting timeliness and quality. Badolato and colleagues (2014) investigate the impact of contacts between an audit committee member with financial knowledge and attaining management level. Companies with financial knowledge have fewer financial issues (McMullen & Raghunanthan, 1996). Previous research indicates that having an audit committee with accounting or financial knowledge leads to timely financial reporting (Al-Ebel et al., 2020; Abernathy et al., 2014). According to Dezoort (1998), high-quality accounting skills will strengthen the audit committee's ability to grasp firms' technical challenges. The time required to discuss and assess the misstatement or unexpected transaction with the auditor or management is thereby reduced. The audit committee will be more successful in monitoring the firms if it is comprised of experts. According to Persons (2009), an audit committee with financial or accounting knowledge may discover any financial misstatements or illegal corporate activity. This accomplishment will result in financial statements being submitted on time.

Financial expertise of the members of the audit committee, according to regulators, may increase the efficacy of monitoring, which in turn will improve the timeliness of financial reporting (Hashim & Abdul Rahman, 2011). However, recent research by Mohamad-Nor et al. (2010), Shukeri and Puat Nelson (2011) and Shukeri and Islam (2012) discovered a non-

significant association between audit committee financial competence and timeliness. According to Bull and Sharp (1989) and Lipman (2004), audit committee members who understand accounting concepts and the auditing process will improve their understanding of the financial reporting process, recognize problems, ask probing questions of management, and make governance valuable contribution to the audit committee members. According to (Dezoort, 1998), the audit committee's efficacy may be affected by the number of statutory accounting experts that comprise the audit committee team.

According to this research, audit committee members who are accounting and finance experts have an excellent knowledge of how financial reports are falsified. As a result, they might well be able to improve the quality of financial reporting. To validate agency theory, audit committee members with financial and accounting skills are more likely to enhance financial reporting timeliness. According to the preceding discussion, audit committee members who are skilled in finance and accounting are an effective means of delivering a signal about the board's reliability. Hence, the study proposes the following hypothesis:

H_{o3}: Audit committee members expertise has no impact on corporate financial reporting timeliness.

Audit Committee Diligence

The diligence, meeting of an audit committee indicates the commitment of members of the audit committee in carrying out their tasks and obligations in an organization. The Nigerian Corporate Governance Code (2018) claims board meetings are the central focus for conducting board business and effectively achieving the company's strategic goals. As a result, regular audit committee meetings would aid in uncovering any financial irregularities and resolving challenges that may arise during the reporting process (Mbobo & Umoren, 2016), and thus frequent audit committee meetings would aid in reducing the financial reporting lags.

Prior research, such as Karamanou and Vafeas (2005), confirms that meeting frequency contributes to committee diligence. It is significant since each member will need some avenue to communicate with one another. The audit committee is able to supervise the financial reporting process on a frequent basis due to the frequency of committee meetings. Furthermore, Abbott et al. (2004) found that the audit committee's meeting frequency had a negative influence on the likelihood of restatement. Another research, conducted by Mohamad Nor and Shafie (2010), demonstrates that frequent audit committee meetings enhance the chance of producing an audit report on time. However, Vefeas (1999) argued that numerous board meetings indicate a board's weakness and restrict its effectiveness. In terms of financial report timeliness, an audit committee meeting would not be beneficial in addressing financial difficulties, hence lengthening financial reporting delay.

In contrast to this premise, Lipton and Lorsch (1992) believe that frequent board meetings assist board members in carrying out their board functions successfully and efficiently. According to this rationale, holding audit committee meetings on a regular basis would lessen the lags in financial reporting. There are three points of view in observed in the empirical literature. The first point of view is that the diligence of audit committee minimizes delays associated with corporate financial reporting (Chukwu & Nwabouchi, 2019; Alshrife, Subekti, & Widya, 2016; Juwita et al., 2020; Yunos, 2017). The second empirical perspective is that this same diligence of the audit committee increases reporting delays (Zaitul & Ilona, 2019; Kaaroud et al., 2020). Whereas, no evidence was found in the relationship between audit committee diligence and the timeliness of financial reporting by some studies (Baatwah et al., 2015; Soyemi et al., 2019; Al-Muzaiqer et al., 2018; Akinleye & Aduwu, 2019; Eze & Nkak, 2020; Ojaremu & Jeroh, 2019; Pradipta & Zalukhu, 2020; Raweh et al., 2019).

With more regular meetings, the audit committee will have enough chance to supervise the business's financial reporting process. The regularity with which meetings are held indicates the effectiveness of the oversight committee's work and the authenticity of the material presented. The regularity with which the audit committee meets suggests that the committee aims to stay careful and knowledgeable. As a result, it is hypothesized that:

H_{o4}: Audit committee diligence has no significance impact on the timeliness of corporate financial reporting timeliness.

Control Variables

According to Alabi (2020), bigger audit companies are able to complete audit engagements as quickly as possible since they are seen to be more competent compared to smaller or local audit firms. Audit firm type is represented by Big-4 audit firms and others; if one of the Big4 audit firms' auditing services was used during the year, a dummy variable of 1 is assigned; otherwise, a dummy variable of 0 is assigned (Turel, 2010). There is also the notion that big corporations can finish their audit report in a short period of time (Firnanti & Karmudiandri, 2020; Mbobo & Umoren, 2016). Large firms, according to Modugu, Eragbhe, and Ikhatua (2012), have more financial resources to pay for quality and timely independent audit to support the audit committee, as well as to implement appropriate and efficient internal control systems, all of which are tailored towards certifying timely completion of external audits.

METHODOLOGY

3.1 Research Design and Data

To attain the study’s objective, this study adopts an ex post facto research design by utilizing secondary data obtained from annual reports of insurance firms. The study covered the period 2012 to 2020. This period was considered appropriate for the study because of uniformity; 1st January 2012 was the effective date publicly listed entities were expected to implement IFRS practice in Nigeria, while the year 2020 was chosen due to the availability of data.

3.2 Population and Sample

This study's population comprises all listed insurance firms on Nigerian Stock Exchange (NSE). However, listed insurance firms (s) that do not have annual reports with complete data during the period covered were excluded. As a result, only seventeen (17) listed insurance firms were considered.

3.3 Model Specification

The empirical model for this study is based on measures of audit committee attributes (independent variables) and reporting timeliness (dependent variable)

The study modelled timeliness as a function of audit committee characteristics and control variables. The model is:

CFRT = f(ACSIZ, ACIND, ACEXP, ACDLG, AFTYP, FSIZE)…..........................(1)

Specifically, the statistical test of the hypothesis was therefore based on the following model that was developed in line with the hypothesis under the construct of the Ordinary Least Square (OLS) regression technique.

$CFRT_{LAGit} = \beta0 + \beta1\ ACSIZ_{it} + \beta2\ ACIND_{it} + \beta3\ ACEXP_{it} + \beta4\ ACDLG_{it} + \beta5\ AFTYP\ it + \beta6\ FSIZE_{it} + \varepsilon_{it}$ …...(2)

Where;

CFRT= Corporate Financial Reporting Timeliness

β0 = Constant;

ACSIZ = Audit Committee Size

ACIND = Audit Committee Independence

ACEXP = Audit Committee Expertise
ACDLG = Audit Committee Diligence
AFTYP = Audit Firm Type
FSIZE = Firm Size
$\beta 1$, $\beta 2$ $\beta 3$ = Coefficient of explanatory variables
ε = Standard error
i = Cross sectional (Companies)
t = Time Series
A priori expectations in with extant literature to be $\beta 1$, $\beta 2$, $\beta 3, < 0$; $\beta 4 > 0$

Table 1. The Definition and Measurement of the Variables

Variables	Definition	Measurement	Sources
Dependent			
CFRT	Corporate Financial Reporting Timeliness	Measured as the period between accounting year-end of a firm to the date the auditor signed the audit report	Al-Muzaiqer, et al (2018); Pradipta & Zalukhu (2020); Raweh et al (2019); Firnanti & Karmudiandri, (2020)
Independent variables			
ACSIZ	Audit Committee Size	Measured by the number of members on the audit committee	Efrizal S, Dovi S, Sany D. & Mutia R. (2021)
ACIND	Audit Committee Independence	Measured as the number of non-executives measured by the ratio of independent directors on the AC relative to the total number of AC members.	Zandi & Abdullah (2019); Firnanti & Karmudiandri (2020)
ACEXP	Audit Committee Expertise	Measured by the proportion of AC members who have membership in any accounting professional body or	Al-Ebel et al., 2020
ACDLG	Audit Committee Diligence	Meeting frequency, is measured as the number of meetings held annually by the audit committee.	Akinleye & Aduwo (2019); Odjaremu & Jeroh (2019)
Control Variables			
AFTYP	Audit Firm Type	1 for big-4 and 0 for non-big-4.	Turel (2010)
FSIZE	Firm Size	Natural logarithm of total assets	Firnanti & Karmudiandri (2020)

Author's Compilation (2022).

DATA PRESENTATION, ANALYSIS, AND DISCUSSION OF RESULTS

Table 2: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
CFRT	153	160.712	101.349	51	579
ACSIZ	153	2.752	.477	1	3
ACIND	153	.173	.208	0	.667
ACEXP	153	.257	.268	0	1

ACDLG	153	3.85	1.037	1	7
FSIZE ('Million)	153	25,512	29,516	3,504	243,098
AFTYP	153	.49	.502	0	1

Source: Authors' Computation (2022).

The timeliness of corporate financial reporting (CFRT) has an average value of 101.349 with min and max values of 51 and 579 respectively. This indicates that the earliest possible time the sampled firms have released their annual reports is 51 days while some other insurance companies took up to 579 days after the end of their accounting period to publicize their audited financial report to the public. This means that customers of such firm's financial report were deprived of financial information for more than a year. This is a complete violation of the terms of CAMA 2004, the Insurance Act of 2003, and the Nigerian Stock Exchange's Listing Requirement. Table 2 above also revealed that AC size had a minimum of 1.00 and a maximum of 3.00. This implies that the lowest size of the board of audit committee was at 1 while the highest was 3 with an average value of 2.752. The standard deviation recorded a value of 0.477 or 47% which implies high variability across the listed insurance firms in Nigeria.

AC independence (ACIND) was measured and showed the mean of the audit committee independence stood at 17.3, this implies that an average proportion of about 17.3% non-executive directors in the audit committee, with a minimum and maximum of 0 and 66.7% non-executive members in the audit committee. The audit committee expertise (ACEXP) has a mean value of 0.257 with a standard deviation of 0.268 which suggests that audit committee expertise distribution does slightly exhibit considerable clustering around the average. The minimum and maximum observations were 0 and 1 respectively. Audit committee diligence stood at a mean of 3.85 with a minimum and maximum 1 and 7 meetings held by the audit committee. For the control variables, regarding Audit Firm Type (AFTYP). Table 2 above revealed that audit type (AFTYP) had an average value of 0.49 with the lowest and highest of 0 and 1 respectively. Lastly, the mean of Firm size (FSIZE) investigated stood at 25.512 (which is about 25,512,000,000 Naira) with a standard deviation of 29,516,000,000 Naira which is low, suggesting that firm size (FSIZE) investigated exhibit a considerable clustering around the mean.

Table 3: Matrix of correlations

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(1) tims	1.000						
(2) acsize	0.108	1.000					
(3) acind	-0.231	-0.175	1.000				
(4) acexp	-0.108	0.147	0.320	1.000			
(5) acdilg	-0.310	0.135	0.192	-0.089	1.000		
(6) aftyp	-0.138	-0.123	0.452	0.264	0.193	1.000	
(7) fsize	-0.150	0.173	0.356	-0.009	0.337	0.440	1.000

Source: Authors' Computation, 2022.

The study conducted a correlation analysis between the dependent and independent variables and presented the result in Table 3. AC independence, AC expertise, AC diligence, audit firm type, and firm size show a negative correlation with corporate reporting timeliness. However, audit committee size exhibits a positive relationship with the dependent variable. More so, AC independence and audit firm type have a negative relationship with AC size with a correlation coefficient of -0.175 and -0.123 respectively. Similarly, AC diligence and firm size also have a negative relationship with AC expertise with a correlation coefficient of -0.089 and -0.009 respectively, the remaining variables have positive relationships among themselves.

Diagnostic Test

This study did a residual test before conducting the final regression to retain the parameters' unbiasedness, as suggested by Wooldridge (2011). The diagnostic test shows multicollinearity does not establish any stern problem to the result from the regression because the values of the Variance Inflation Factor (VIF) in Table 4 below is within the tolerable limit of 10 (Hair, Black, Babin, & Anderson, 2010).
Hausman test was also conducted to choose between random and fixed-effect models. The fixed effect model is deemed appropriate for this research since it has a P-value of 0.001 as shown in Table 4 below, which is significant at 1%. This study also used Shapiro-wilk test to do a normality test on the model's residuals, and the study discovered that the residuals are normally distributed since the p-value was statistically insignificant. While the Wooldridge test was used to test autocorrelation in panel data. The p-value is significant indicating the presence of autocorrelation.

The heteroskedasticity test performed using Modified Group Wise was also significant, with a p-value of 0.0000, indicating that there was no homoskedacity. This opposes the homoscedasticity assumption and can result in an incorrect inference. As a result, this study used a panel corrected standard error (PCSE) model to address the issue of heteroskedasticity and autocorrelation (Mantobaye Moundigbaye, William S. Rea, 2017). Thus, the PCSE model was utilized in this study based on Gujarati's (2004) recommendation.

Table 4: Panel Correlated Standard Error Regression

Variables	Coef.	St.Err.	z-value	p-value
acsize	19.933	8.324982	2.39	0.017
acind	-45.666	40.86726	-1.12	0.264
acexp	-55.391	25.576	-2.17	0.030
acdilg	-30.957	7.956557	-3.89	0.000
aftyp	10.934	18.61696	0.59	0.557
fsize	-18.535	21.47363	-0.86	0.388
Constant	497.193	218.1742	2.28	0.023

Number of obs	153	Mean VIF	1.419
Chi-square	28.91	Hettest	0.000
Prob > chi2	0.0001	Auto Correlation	0.3968
R-squared	0.1566	Normality of Residual	0.0000
		Hausman	0.001

**** p<.01, ** p<.05, * p<.1*

Source: Authors' Computation (2022).

From Table 4 above, it was found that audit committee size has a significant positive impact on the timeliness of financial reporting of listed insurance companies in Nigeria, z-value = 2.39, β_1 = 19.933, p = 0. 017. This further reveals that on a specific basis, audit committee size has a positive and significant relationship with corporate financial reporting timeliness among the sampled firms. Therefore, the null hypothesis was rejected which states that audit committee size is not significantly associated with the timeliness of corporate financial reporting timeliness. The result in respect of audit committee independence revealed that audit committee independence is negatively connected to the timeliness of corporate financial reporting (β_2 = -45.666) however, it is not statistically significant at any of the conventional levels (p-value = 0.264). This finding shows that as the number of non-executive directors sitting on the audit committee increases, the number of days associated with corporate financial reporting reduces. The lack of statistical significance leads to the acceptance of our second hypothesis which says audit committee independence has no significant effect on the timeliness of corporate financial reporting timeliness. Similarly, this

result is consistent with the findings of (Odjaremu & Jeroh, 2019; Raweh, et al., 2019; Chukwu & Nwabochi, 2019; Firnanti & Karmudiandri, 2020) that found no proof on the relationship between auditor committee independence and the timeliness of corporate financial reporting. However, this result does not support the perspective of agency theory which says managers can be a tool to curb information asymmetry or financial reporting lag problems through an independent audit committee.

Continuously, audit committee expertise (ACEXP) showed a significant negative association with the timeliness of corporate financial reporting (β_3 = -55.391, p-value of 0.030). Consequently, an increase in audit committee expertise will significantly reduce timeliness lags associated with financial reporting. Since the p-value is less than 5%, this study hence found sufficient evidence to provide basis for rejecting the null hypothesis which states that, audit committee expertise has no significant impact on the timeliness of financial reporting of listed insurance firms in Nigeria. This finding is consistent with the study of (Abernathy et al., 2014; Al-Ebel et al., 2020) that found a significant relationship between audit committee expertise and financial reporting lag. The result is also in line with the theory underpinning this study; agency theory which proposes that through audit committee members with sound expertise can have the monitoring potential to influence manager's actions to minimize delays associated with reporting timeliness.

In the last hypothesis, it was specified earlier that frequency of meetings portrays a crucial role in financial reporting timeliness. The results confirm the expectations of this study as the result revealed that audit committee diligence (meetings) is negative and significantly associated with the timeliness of financial reporting, (β_4 = -30.957, p = 0.000). This is statistically significant at 1%. Therefore, the null hypothesis stated in the study that audit committee diligence has no significant impact on the timeliness of financial reports was rejected. The finding of this study is necessary to explain why audit committee diligence is an important mechanism to enhance financial reporting timeliness. The result supports the argument of (Alshrife et al., 2016; Yuno, 2017; Nwabouchi, 2019; Chukwu & Juwital et al., 2020) that frequent board meeting helps the board members carry out their board function effectively and efficiently, and reduce reporting lag. This result supports the view of agency theory that frequent meetings by the audit committee would help lessen the problems in the financial reporting process that might bring about delayed financial reporting.

Lastly, for the control variables, it was found that both audit firm type and firm size are not significantly associated with corporate financial reporting timeliness, despite audit firm type and firm size having a positive and negative relationship respectively Z = 0.59, β_5 = 10.934, p = 0.557. & Z = -0.86, β_6 = -18.535, p = 0.388 respectively.

CONCLUSION AND RECOMMENDATIONS

Based on the descriptive statistical analyses of the data gathered and the interpretation of results, the study established that the average financial reporting lag was below the ninety (90) days stock exchange's submission and publication deadline, showing a weak compliance rate among dealing firms. Judging from the results from the inferential analyses, the study concluded that audit committee characteristics impact the timeliness of financial reporting of listed insurance firms in Nigeria. Particularly, audit committee size, expertise, and diligence in the audit committee significantly lessen delays in corporate financial reporting timeliness. Audit committee independence, however, had no significant impact on the timeliness of financial reporting of the sampled firms; which means an increased number of independent directors in the audit committee will not reduce the lag associated with reporting timeliness.

Hence, based on the findings of the study, we recommended that; Nigerian insurance firms should continue to sustain the size of the audit committee to promote timely financial reporting; also audit committees in the insurance industry should increase the frequency of

meetings to allow the directors who are members of the audit committee to be more thoughtful on issues that will arise late submission and publication of financial reports. Despite the contributions of the study, the findings of the study are subject to a limitation of other aspects of the corporate governance mechanism and audit committee attributes such as the board of directors, gender proportion on both the board and audit committee that were not addressed in this present study. Impending research in the future may incorporate and examine these noted areas and limitations to provide a comprehensive understanding of corporate governance specifically in Nigeria and in other developing economies in general. However, regardless of these limitations, the value of the study can be observed in the proper establishment of the facts and findings.

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