

## Audit Committee Characteristics and Audit Delay among Nigerian Oil and Gas Companies

Jemila Sheidu Ojali  
Idris Adamu Adamu\*  
Aliyu Sani Shawai

*Department of Accounting, Federal University Dutsin-Ma, Katsina State, Nigeria*

*\*E-mail : adamuidris48@gmail.com*

<https://doi.org/10.33003/fujafr-2023.v1i1.13.136-156>

### Abstract

This study examines the effect of audit committee diversity on audit delay of listed oil and gas companies in Nigeria. The study utilized a sample of 6 oil and gas companies for the period of 2011 to 2020 listed from Nigerian Exchange Group (NGX) market. A random effects regression has been employed in this study. Results from the study revealed that female directors in audit committee with financial expertise and presence of independent directors on audit committee have a negative and statistically significant effect on audit delay of listed oil and gas companies. Therefore, this study can be used by the policy makers or regulators in formulating policies on independent directors and women directors on board in Nigeria.

**Keywords:** Audit delay, Audit Committee, Female director financial expertise, Audit committee independence.

### 1.0 Introduction

The presentation of reports on time is important as it relates to corporate transparency. One of the qualitative features of the financial reports is its timeliness. The timeliness enhances the decision-making process of the users of accounting information (IASB, 2018). One of the means through which the investors and other market players can assess the activities of the firm before taking any investment decision is through the financial reports (Li et al., 2014). Thus, it is important that the financial report is released on time. Similarly, professional accountants and auditors on one hand and regulators on

the other hand have recognized timeliness of financial report as a key attribute of financial reporting quality (Ishaq & Che-Ahmad, 2016).

The increasing need for information among stakeholders with propriety interests in the financial reporting has resulted in the need for timely rendition of financial reports in keeping with international best practices. According to Accounting Standards Board (IASB, 2008), timeliness of audited report is of importance to investors and other stakeholders because it affords the investors the opportunity to access information for decision-making before such information loses its value.

Accuracy and timeliness of financial reports according to Li et al. (2014) are crucial to decision making as non-availability of such information can rob off information relevance and may impair sound decision making. Agyei-Mensah (2018) notes that the greater number of days it takes a firm to publish its annual audited report, the more likelihood that the information would have been stale. Therefore, the reports will be more useful and relevant if the companies publish its audited report within the minimum required days. Azubike and Aggreh (2014) argued that it is imperative to study audit delay because audit delay affects timeliness and relevance of accounting information, thus reducing audit delay and improving timeliness of audit reports is a critical function of board of directors and regulatory agencies. Therefore, it is important to examine audit delay within the context of some identified corporate governance mechanism, which could impact on audit delay and promote audit report timelines. Study by Nouraldeen et al. (2021) suggests certain corporate governance characteristics that can mitigate against audit delay and improve audit reports timeliness. These characteristics include audit committee independence, expertise of gender.

In Nigeria, the Companies and Allied Matters Act (hereafter CAMA, 2020) stipulates three (3) months' maximum period within which companies are expected to complete and make their financial reports public. However, some companies present their audited financial reports far later than this date.

Untimely rendition of account give room for uncertainty and speculation that may rob off the company of future investment, which may have negative impact on the companies' earnings. Thus, to most investors audit delay is a red flag that something is amiss, which may arouse suspicion. In addition, such suspicion leads to speculative sales of companies share (divesting) with attendance consequences on the value of firm, as share price may likely drop significantly. From the practical problem highlighted above, it is evident that audit delay is a big challenge in Nigeria hence, the need to study the gatekeeping responsibility of the Boards in addressing these challenges among listed oil and gas companies.

There are growing evidence on corporate governance and audit delay. For example, Hermanto (2020), Ahmet Sit et al. (2019), Yendrawati and Panggabean (2016), Elmenam (2018), Lidyah et al. (2020) dealt with audit committee diversity and audit delay. Nevertheless, there are gaps in literature as it relates to expertise of board gender diversity as most studies on board gender diversity for example, Kayleen and Harindahyani (2020) and Zaitul and Ilona (2019) deal with inclusion of women on the board and by extension audit committee but none of these studies deal with expertise of the female gender on the board. Thus, only few studies deal with the expertise of the female gender beyond mere inclusion on the board. Therefore, the gap in literature as regards the expertise of female gender on the board beyond mere inclusion are large.

This study examines how audit committee diversity mitigate audit delay among oil and gas firms listed on NGX market. The data was collected from audited reports of oil and gas companies in Nigeria for a ten-year period of 2011 to 2020. The audit committee diversity in this study are audit committee independence, audit committee diligence, and financial expertise of female director on audit committee. The study contributes to existing literature on audit committee diversity and audit report timeliness by documenting that audit committee independence and financial expertise of the female director on the audit committee improve audit report timeliness of listed oil and gas companies in Nigeria.

The organization of the paper is as follows: Section 2 provides the related literature. Section 3 discuss the research methodology. Section 4 and 5 provide the results and conclusion of the paper respectively.

## 2.0 Literature review

### *Theoretical framework*

This study uses agency theory and resource dependence theory; these to explain the theoretical interactions between audit committee diversity and audit delay. The appointment of directors into the board comes with expertise, knowledge and social capital that suggest that the board is a huge source of resource to the company. Thus, resource dependence theory explains the interaction between audit committee diversity and audit delay.

Corporate governance mechanisms tend to address the conflict that prevails between the principal (shareholders) and agents (managers) by mandating the managers to obliged and act in the best interest of the shareholders (Jemaa et al, 2015). Studies conducted by Hashim and Abdul Rahman (2012); Nelson and Shukeri (2011) have demonstrated a significant influence of corporate governance mechanisms on timely presentation of financial reporting. The theory emphasizes conflict of interest, which may arise from the opportunistic tendency of the managers to pursue their interest as against that of the shareholders. Jensen and Meckling (1976) argue that agency conflicts arise from the divorce of ownership from management and low participation of owners in the affairs of the business. Thus, a financial statement audited by an independent and professional external auditor serves as a tool for mitigating agency problems. Prior research indicates that agency costs comprise of costs associated with monitoring and controlling agent behaviour. Therefore, external audits and audit committee are mechanisms for regulating opportunistic tendencies of agents (managers), which provide credibility to the financial reporting framework. The pervasiveness of agency problems, therefore, unnecessary delays auditor's report as this problem requires them to spend ample time on auditing Alkhatib and Marji (2012). This theory is therefore relevant to this as arising from auditor's reporting delay which agency problem may cause.

On the other hand, the resource dependence theory views organizations as being dependent on their external environment and suggests that organizational effectiveness results not only from the firm ability to manage resources but also more importantly from its capacity to secure basic resources from the environment (El-Faitouri, 2014). The study by Nienhüser (2008) documents how board member networks and contacts are fundamental for their ability to perform the role breaking barriers and securing contract for their companies. This theory underpins the relationship between the boards of directors as provider of resources as resourceful board can reduce the delay in releasing the audited financial statements.

#### *Audit committee independence and audit delay*

Audit committee is a committee appointed by the company, which liaises between the board of directors and the external auditors. The committee has a majority of non-executive directors and is expected to view the company's affairs in a detached and dispassionate manner according to Banerjee et al. (2020). The independence of the audit committee refers to the committee's power to make decisions without undue influence from the management. An audit committee should be independent from management. The independence places the committee in a vantage position to carry out its functions effectively. This helps in reducing opportunistic tendencies of the management. The quality and credibility of financial

reporting can be affected when the audit committee has low or no independence. One core duty of the audit committee is to give unbiased reviews on financial information; thus, the independence of the audit committee can contribute to the quality of financial reporting (Eghlaiow et al., 2012). Ali and Meah (2021) argue that companies with incentive and ability to increase the strength of the audit committee will do it by including more outside directors in the committee than the minimum number as required by legislation. Klein (2002), Ngo and Le (2021), Kapkiyai et al. (2020), Ali and Meah (2021) indicate that audit committee independence reduces earnings management, the likelihood of financial reporting restatement and financial reporting fraud. Furthermore, the number of outside directors in the audit committee according to Carcello and Neal (2000) influences the likelihood that companies external audit opinion. Salleh et al. (2017) argued that to function effectively, audit committees must be independent of the management as this allows both the internal and external auditors to remain free of undue influences and interferences from corporate executives. Similarly, Choi et al. (2004) find that, when members of the audit committee hold shares in their firm, they are less effective in mitigating earnings management. Thus, the independence of the audit committee is a key factor in enhancing its role in preventing misstatements in the financial reports.

Empirical finding from the study of Izzaty et al, (2020) provides evidence to support a negatively significant

relationship between audit committee independence and audit delay which implies that the inclusion of non-executive directors on audit committee reduces delays in the publication of annual account thus improves financial report timeliness. In a specific term, the study provides evidence that inclusion of one additional non-executive director reduces audit delay by 56 days. Measuring audit committee activities as a function of audit committee independence, Aljaaidi et al. (2019) posit that audit committee independence reduces audit delay which enhances financial reporting timeliness. Similar result from the study of Aifunwa et al. (2020) suggests that audit committee independence is an important mechanism that helps to reduce audit delay. In specific term, the study provides evidence to support the appointment of more non-executive directors into audit committee as appointment of one additional non-executive director will reduce audit delay by 18 days, which in turns enhances timeliness.

The finding of Emiaso and Efenyumi (2021) also reveal a negatively significant relationship which suggest that audit committee independence reduces audit delay. This implies that inclusion of non-executive director on audit committee reduces the number of days it takes to have audited report ready for publication. This simply means that non-executive aids financial reporting timelines. Similarly, Soyemi et al. (2019) found audit committee independence to negatively and significantly influence

auditor reporting lag of non-financial firms. This implies that the existence of more non-executive directors in the audit committee assists in the timeliness of audited financial reports. The findings of the studies above are in line with the spirit and letters of most if not all statutes across the globe which seek to strengthen audit committee independence through appointment of more non-executive directors. The Companies and Allied Matters Acts (2020) was amended recently to strengthen audit committee independence and expertise. The made the appointment of non-executive director member of audit committee compulsory and this is obtainable in US, Indonesian and Malaysian markets.

On the contrary, empirical finding from the study of Odjaremu and Jeroh (2019) found no relationship between the two variables. This finding is similar to that of Chukwu and Nwaboch (2019) which indicates that audit committee independence has no association with audit delay. Furthermore, the studies of Kogilavani and Marjan (2013) found the existence of no significant influence of audit committee independence on auditor's reporting lag in Malaysia. However, Menon and Williams (1994) opined that an independent audit committee is unlikely to be effective unless the committee is also active. We hypothesize that:

*H1: Audit delay and audit committee independence are negatively related.*

### *Audit committee diligence and audit delay*

The audit committee refers to the committee appointed by companies and respective Boards. This committee serves as a link between corporate boards (Board of Directors) and the respective external auditors of companies. Audit committees are expected to play significant roles in monitoring the entire process of financial reporting. Audit committee diligence in terms of frequency of meetings can also contribute significantly towards a reduction in the auditor's reporting lag. This is so as they can deliberate through regular meetings on how to move the company forward and protect the interest of the shareholders who they represent. Audit committee diligence proxy by meetings may take many protective and corrective procedures on time regarding the weaknesses of internal control Shaiti and Al-Matari (2020) hence, it is able to detect and hinder the opportunistic behaviour of management and ensuring the integrity of earnings and quality of information reported. One way to measure the diligence of the audit committee is by considering the number of meetings held. The audit committee should meet regularly, with due notice of issues to be discussed, and record its conclusions in discharging its duties and responsibilities (Dabor & Mohammed, 2015).

Empirical findings by the study of Saputra and Agustin (2021) shows a negative but significant relationship between audit committee meeting and audit delay. This implies that the more

the committee holds meeting the more audit delay is reduced suggesting that frequent audit committee meetings afford the board the opportunity to audit related issues include audit queries that may delay audit report. This suggests that audit committee improves financial reporting timeliness by reducing audit delay. The empirical result from this study however suggests that that audit delay is reduced by one day for every additional meeting the committee holds. In the event of error and mistake, Cziffra et al. (2021) provide evidence to suggest that an audit committee that meets frequently easily spots errors and mistake for earlier timely misstatement disclosure which in turn add credibility and timeliness to financial reporting.

Similar to the above findings are the findings of Saifan (2015) which provide evidence to support the above study, the result of the study shows negatively significant relationship between audit committee meetings and audit delay. In a specific term, the study provide evidence that suggest that audit delay is reduced by 3 days for each meeting held by the committee. The meeting is a platform for audit committee to play its major responsibility of overseeing the financial reporting process and communication between the external auditors and the management. In a similar vein, finding by Hermanto (2020) indicates a negative relationship between audit committee meetings and audit the delay. The negative relationship is of significant nature, which implies that audit committee meeting mitigates audit delay, and in

turn enhances financial reporting timeliness significantly. In addition, committee meeting significantly reduce audit delay by additional 4 days for each additional meeting held according to Al Daoud et al. (2015).

On the contrary however, findings by Rusmanto and Herlina (2020) provide empirical evidence to support the fact that the relationship that exists between audit committee meeting and audit delay. By implication, the result shows that meetings by audit committee have no relationship as to the timeliness of financial reporting hence no association between meetings held and audit delay. A similar finding by Kogilavani and Marjan (2013) provides evidence that supports a positive association between the two variables in an insignificant direction, meaning that committee meeting has no association with audit delay. studies of Lee et al (2008) show that audit committee meeting frequency is positively related with level of corporate disclosure. Consistent with the literature, we proposed that:

*H2: Audit delay and audit committee diligence are negatively related.*

### ***Financial expertise of female director on audit committee and audit delay***

Financial expertise is an important aspect in corporate boards. Bala et al. (2020) argue that female directors often demonstrate extraordinary before being hired as board members and female directors have variant perspective in addressing issues (Idris et al., 2019). Studies such as Brahma et al (2021) have

examined the role of women on the board in relation to performance. In the same vein, gender diversity may be associated with the integrity of financial statements according to Wahid (2018).

The finding of Ud Din et al. (2021) indicates that accounting expertise of female director as a member significantly improves financial reporting quality through a reduction in audit delay. Empirical findings by Gull (2018) provides evidence to suggest that financial expertise of female director on audit committee has substantial impact on quality of financial reporting. That suggests that the presence of women with financial expertise on audit committee reduces audit delay, thus, enhances financial reporting timeliness. In a similar finding by Sari and Supadmi (2014) audit committee gender has negative significant effect on audit delay, which lend credence to gender roles theory that women perform better in a given task than their male counterpart. This tends to support that the audit committee composition should have more of women to reduce the length of times it takes to get account ready thus reduces audit delay and enhances financial reporting timeliness. The study provides evidence to show that inclusion of one more financially literate female on audit committee leads to reduces audit delay by 23 days.

Within the context of audit chairperson being headed by women, Aifunwa et al. (2020) postulate a significantly negative relationship with audit delay. Invariably suggesting that chairmanship of the

audit committee by female gender with accounting and finance expertise diminish the audit delay meaning that women with financial expertise being in charge of audit committee aids financial reporting quality by reducing the extent of audit delay. Specifically, the study provides evidence to show that for every additional female director on audit committee, audit delay reduces by 64 days. Thus, 64 days' reduction in audit delay significantly improves financial reporting timeliness. In a similar vein, findings by Al-Qublani et al. (2020) provides empirical base to support the fact audit committee expertise reduces audit delay. The study reveals that the for one additional female member with financial expertise, audit delay is reduced by 6 days which means shorter days in getting account ready thus improves timeliness. Similar findings by Lay et al. (2017) suggests a negative but significant relationship which implies that the expertise of female gender in audit committee reduces audit delay. Thus, these findings, lend support to the extant literature (Idris et al., 2021) female director on corporate boards brings about effectiveness in corporate boards. The supporters of diversity particularly gender diversity on corporate boards posited that female director on corporate boards brings about effectiveness through the provision of resources for instance

On the contrary findings by Ohiokha and Idialu (2017) suggest a positive significant association between female membership of audit committee and audit delay, this implies that inclusion of

women with financial expertise increases audit delay by 5 days. Thus, inclusion of women results in poor financial reporting timeliness. Similar to this finding is the findings of Soyemi et al. (2019) which suggest no association between the female expertise in audit committee and audit delay. The findings of the study by Mohammed et al. (2021) also suggest a no significant relationship between financial expertise and audit delay suggesting that financial expertise of the female gender in the committee does not significantly affect audit delay hence plays no role in timely rendition of annual account. From the review of literature, it is evident that preponderant majority of findings show that financial expertise of female director in audit committee reduces audit delay. Therefore, we hypothesize that:

*H3: Audit delay and financial expertise of female director are negatively related.*

### **3.0 Research Methodology**

The population of this study consist of all oil and gas companies listed on the Nigerian Exchange Group. The sample of the study constitute six of these companies. The main source of data for this study is the Nigerian Exchange Group. The study uses secondary data. The data were obtained from the financial statements of the companies under review. These financial statements were retrieved from the Nigerian Exchange Group at [www.ngxgroup.com](http://www.ngxgroup.com). The study identifies audit delay as the dependent variable while three audit committee diversity variables were adopted as the independent variables of the study. In



addition to this, three firm specific variables were included as control variables. In line with the former, Ibadin et al. (2012) argues that t/he increase in the amount of debt a firm uses in its operations will exert pressure on them to provide the company's creditors with audited financial statements as at when due. Firms with larger size may possess some level of sophistications in terms of resources like expert personnel, reputation, financial capability employ big four audit firms as well as ability to afford better Technologies and this, in turn, may prompt early preparation and audit of financial statements. The age of

a company has been discovered in extant literature as a factor has impact on the quality of accounting practice. It generally believed that older firms have strong internal control procedures. Some schools of thought believe that older firms have fewer control weaknesses that could cause reporting delays are expected in older firms. On the other hands the school though believes that younger firms are more prone to failure and have less experience with accounting controls (Dabor & Mohammed, 2015). All these variables were derived from the empirical literature in the area.

**Table 1: Measurement of Variables**

Variables	Types	Acronyms	Measurement
Audit Delay	Dependent	AUD	Measured as log of number days from the year-end to the date the annual account is signed for publication.
Audit committee Independence	Independent	ACI	Measured as a percentage of number of non-executive directors in relation to audit committee size.
Audit committee Diligence	Independent	ACD	Measured as log of total number of audit committee meetings for the year.
Financial Expertise of Female Director on Audit Committee	Independent	FAC	Measured as number of women with accounting, economics, business and finance knowledge in the audit committee.
Leverage	Control	LEV	Measured as Total debts divided by total assets.
Firm Size	Control	FSZ	Measured as log of total assets
Firm Age	Control	FAG	Measured as number of years from date of listing on Nigerian Exchange Group.

### **Model of the Study**

The model is specified to examine the link between audit committee diversity and audit delay. The regression model is stated below.

$$AUD = a_{1it} + \beta_1 ACI_{it} + \beta_2 ACM_{it} + \beta_3 FAC_{it} + \beta_4 LEV_{it} + \beta_5 FSZ_{it} + \beta_6 FAG_{it} + e_{it}$$

Where:

AUD = Audit Delay;

ACI = Audit Committee Independence of company i in period t;

ACD = Audit committee Diligence of company i in period t;

FAC = Financial Expertise of Female Director on Audit Committee of company *i* in period *t*;

LEV = Leverage of company *i* in period *t*;

FSZ = Firm Size of company *i* in period *t*;

FAG = Firm Age of company *i* in period *t*;

*a* = Represent the fixed intercept element;

*e* = is error term.

#### 4.0 Results and Discussion

##### *Descriptive Statistics*

The descriptive statistics are presented in Table 2 where the minimum values, maximum values, standard derivation, skewness and kurtosis of the variable used in the study are shown.

**Table 2: Summary of descriptive statistic**

Variable	Mean	Std Dev	Min	Max	OBS
AUD	108.35	49.50	28.00	301.00	60
ACI	0.43	0.14	0.17	0.80	60
ACD	1.33	0.28	0.69	1.79	60
FAC	1.27	0.69	0.00	3.00	60
LEV	2.02	2.87	0.35	19.85	60
FSZ	17.59	0.85	14.81	18.78	60
FAG	3.34	0.32	2.56	3.74	60

Note: AUD=Audit Delay, ACI=Audit Committee Independence, ACD= Audit Committee Diligence, FAC=Financial Expertise of Female Director on Audit Committee, LEV= Leverage, FSZ=Firm Size, FAG=Firm Age.

The mean number of days between the balance sheet date and the signed audit report date for the listed oil and gas companies is 108.34 days, with a minimum of 28 days and a maximum of 301 days. This indicates that some of the oil and gas companies do not issue their reports within the regulatory deadline of

90days. The average audit delay is actually higher than what was reported in Iran (Banimahd et al., 2012:83), Croatia (Vuko & Cular, 2014:106 days), and Malaysia (Amirul Salleh, 2014: 97 days). And even when compared with other findings in Nigeria, from other sectors, the report is longer than what was revealed in the studies of; (Enofe et al., 2013:99.6 days).

The descriptive analysis of the independent variables revealed that over the period 2011-2020. The mean value of Audit Committee Independence (ACI) of the oil and gas companies examined is 0.43 and maintain a maximum of 0.8 and the minimum of 0.17 with a standard deviation of 0.143. The standard deviation of Audit Committee Diligence (ACD) is 0.28 and with a mean value of 1.33, maximum of 1.79 and minimum of 0.69 which is in consonance with the corporate governance code that require public companies to hold meeting at least once in a quarter. Financial Expertise of Female Director on Audit Committee (FAC) show a mean of 1.27 with a minimum value of 0 and maximum of 3 and standard deviation of 0.69. This means that women are not participating much in the board of the oil and gas companies, and very few women on the audit committee board have financial expertise. Leverage (LEV) has a mean of 2.02 with a minimum and maximum of 0.35 and 19.85 respectively with a standard deviation of 2.87. The mean value of Firm Size (FSZ) and Firm Age (FAG) are 17.59 and 3.34 respectively.

### Correlation Matrix

Table 3 below displays the correlation value between the dependent and the independent variables as well as the relationship between the independent variable themselves. The values are gotten from the Pearson's correlation of two tailed significances. It shows the coefficient the two-tail significance of these coefficients.

**Table 3: Correlation Matrix of the Sample Observations**

	AUD	ACI	ACD	FAC	LEV	FSZ	FAG
AUD	1.00						
ACI	-0.33*	1.00					
ACD	-0.22	0.34*	1.00				
FAC	-0.27*	-0.02	0.11	1.00			
LEV	0.03	0.04	0.07	-0.01	1.00		
FSZ	-0.09	0.03	0.43*	-0.01	-0.49*	1.00	
FAG	-0.42*	0.15	0.30*	0.06	-0.12	0.39*	1.00

\*Correlation is significant at 0.05 level (2-tailed)

Table 3 present the correlation results between audit delay and audit committee diversity (audit committee independence, audit committee diligence, and financial expertise of female director on audit committee (FAC) The Table shows that there is a negative relationship between audit committee independence (ACI) and audit delay from the correlation coefficient of -0.33 which is significant at 5%. The result suggests that when audit committee independence increase the sample companies' decreases in audit delay. The result also indicates that there is a negative relationship between audit committee diligence (ACD) and audit delay from correlation coefficient of -0.22

which is insignificant at 5% level of significant. This indicate that an increase in audit committee diligence by one unit holding other factors constant decreases delay in audit report of sample companies.

Furthermore, the Table 3 shows that there is a negative relationship between financial expertise of female director on audit committee (FAC) and audit delay with correlation coefficient of -0.27 significant at 5% level of significance. This indicate that when financial expertise of female director on audit committee (FAC) increase by 1 unit holding the other factors constant the audit delay decreases.

The results from the Table also indicate that there is a positive relationship between leverage (LEV) and audit delay given the correlation coefficient of 0.03 and is not significant. The result from Table 3 also indicates that there is a negative relationship between firm size (FSZ) and audit delay with the correlation coefficient of -0.09. This result show that an increase in firm size of the sample companies by one unit holding other factors constant decreases the audit delay.

In addition, Table 3 shows that there is a negative relationship between firm age (FAG) and audit delay with correlation coefficient of -0.42. The result suggests that audit delay of sample oil and gas companies decreases based on the number of years the company has been in existence.

### *Multicollinearity*

The multicollinearity problem was checked using a correlation matrix with the variance inflation factors (VIF) and tolerance values. Table 4 presents the results. The results show that there is no serious multicollinearity among the independent variables. The rule of thumb for checking multicollinearity is that the values of the VIF and total tolerance should not exceed 10 and 1 respectively, (Guajarati, 2003, p.359). In line with this the highest value of the VIF is 0.97. Hence, there is no threat of multicollinearity.

**Table 4: VIF and Tolerance values for the independent variables**

VARIABLE	VIF	TOLERANCE
ACI	1.18	0.85
ACD	1.68	0.59
FAC	1.03	0.97
LEV	1.52	0.66
FSZ	2.07	0.48
FAG	1.22	0.82

Refer to Table 2 for variables description.

### *Heteroscedasticity*

Cameron & Trivedi's decomposition of IM-test was used to test Heteroscedasticity. The result is reported in Table 5. The Chi square is 31.70 and a probability of 0.24. thus, indicating the absence of heteroscedasticity.

**Table 5: Test of heteroscedasticity**

SOURCE	CHI <sup>2</sup>	DF	P
Heteroscedasticity	31.70	27.00	0.24
Skewness	8.54	6.00	0.20
Kurtosis	0.10	1.00	0.75
Total	40.34	34.00	0.21

### *Regression Results*

Table 6 presents the regression results of the dependent variable (AUD) and the independent variables of the study (audit committee independence, audit committee diligence, financial expertise of female director on audit committee, leverage, firm size and firm age).

**Table 6: Summary of Regression Result**

Variables	Coefficient	P-value
ACI	-0.37	0.03
ACD	-0.03	0.80
FAC	-0.07	0.03
LEV	0.00	0.74
FSZ	0.02	0.52
FAG	-0.24	0.00
CON	2.64	0.00
R <sup>2</sup>		
Within		0.04
Between		0.70
Overall		0.32

Refer to Table 2 for variable description.

The result of the model shows that explanatory variables audit committee independence, audit committee diligence, female director expertise, and firm age have negative impact of -0.37, -0.03, -0.07 and -0.24 respectively on the dependent variable (AUD) while leverage and firm size has a positive impact of 0.00 and 0.024 respectively on the dependent variable (AUD). The explanation for this finding is that an increase in audit committee independence, audit committee diligence, female director expertise, and firm age of the sample companies will reduce audit delay of the oil and gas companies by 37%, 3%, 7% and 24% respectively while an increase in

leverage will have zero effect on audit delay and firm size of the sample companies will enhance audit delay 2%. The cumulative influence of all the regression variable put together is able to explain the dependent variable up to 32%.

### *Test of Hypotheses*

Table 7 is used to test each hypothesis of the study.

*H1: Audit committee independence has no significant effect on audit delay of oil and gas companies in Nigeria.*

From the result reported in Table 7 audit delay is found to be negatively associated with Audit committee independence and statistically significant, indicating that Audit committee independence significantly influence audit delay of oil and gas companies in Nigeria as shown by the coefficient of -0.37 and P-value of 0.03. The result, therefore, provides evidence of accepting the alternative hypothesis, thus,  $H_01$  is rejected. The result is similar to the findings of (Emiaso & Efenyumi, 2021; Izzaty et al., 2020) which reported a negative significant effect of Audit committee independence on audit delay.

**Table 7: Coefficient of Variable**

Variable	Coefficient	P-value
ACI	-0.37	0.03
ACD	-0.03	0.80
FAC	-0.07	0.03
LEV	0.00	0.74
FSZ	0.02	0.52
FAG	-0.24	0.00
CON	2.64	0.00

Refer to Table 2 for variable description.

*H2: Audit committee diligence has no significant effect on audit delay of listed oil and gas companies in Nigeria.*

From the result reported in Table 7 audit delay is found to be statistically insignificant and negatively associated with audit committee diligence indicating that Audit committee diligence insignificantly influence audit delay of oil and gas companies in Nigeria as shown by the coefficient of -0.03 and p-value of 0.80. This result, therefore, provide evidence of accepting the null hypothesis of the study. Thus, H2 is accepted. This result of is findings is in line with findings of Soyemi et al., (2019) which revealed a negative insignificant relationship between auditor's reporting lag and audit committee meetings.

*H3: Financial expertise of the female director on audit committee has no significant effect on audit delay of listed oil and gas companies in Nigeria.*

From the result reported in Table 7, audit delay is found to be negatively associated with financial expertise of the female director on audit committee but statistically significant indicating that financial expertise of the female director on audit committee significantly influence audit of listed oil and gas companies in Nigeria as shown by the coefficient of -0.07 and p-value of 0.03. This, therefore, provides an of accepting the alternative hypothesis three of the study. Thus, H3 is rejected.

The result is in line with the studies of Ud Din et al., (2021) which revealed a negative significant effect on financial reporting quality. Table 7 also shows the result of the control variables. Two of the control variables (leverage and firm size) are positive and insignificant at 5% level of significance. The third control variable (firm age) is negative and significant at 5% level of significance. This reveals that all elements of board characteristics and control variables used in the study explain audit delay of listed oil and gas companies in Nigeria.

#### *Discussion of Research Findings*

The cumulative influence of all the exogenous variables put together explain the dependent variable up to 32% as indicated by the overall R<sup>2</sup>. This study therefore upholds that audit committee diversity has a significant effect on audit delay of listed oil and gas companies in Nigeria.

The results show that components of audit delay are function of effective audit committee diversity. Furthermore, on the individual variable used in the study, the model of the study reveals that audit committee independence, financial expertise of the female director on audit committee has significant negative effect on audit delay while audit committee diligence has insignificant negative effect on audit delay. The study found that an increase in audit committee independence, female director expertise, and firm age of the sample companies will significantly influence audit delay. This indicate that more audit committee independence, financial expertise of the female director on audit committee and

firm age could make oil and gas companies to present their audited reports on time, hence reducing audit delay.

#### **5.0 Conclusion and Recommendations**

This study investigates the effect of audit committee diversity on audit delay of listed oil and gas companies in Nigeria, using a sample of six (6) oil and gas companies. The study covers a period of 10 years (2011-2020). Panel data analysis was adopted. Based on the test conducted on the data collected and the analyses of the result, this study found a significant relationship between audit committee diversity (audit committee independence, financial expertise of the female director on audit committee) and audit delay of listed oil and gas companies in Nigeria. In essence, audit committee diversity explained 32% of the variation in audit delay of oil and gas companies in Nigeria during the period under review. In particular, the study found that audit committee independence, financial expertise of the female director on audit committee has a statistically significant negative effect on audit delay of listed oil and gas companies in Nigeria.

In line with the findings the study recommends that competent audit committee members should be put in place by shareholders of the oil and gas companies to oversee the audit issues of the companies. Audit committee diligence should reduce the number of meetings held in a particular period, and hence, meeting expenses would reduce which would influence performance.

The reduction in meetings should not be below the benchmark stipulated in the corporate governance code. The participation of female directors with financial expertise on the audit committee of oil and gas companies should be encouraged as much as practicable as this would enhance the timely presentation of audit reports as seen from the results of this study.

### *Limitations of the Study*

Like any other study, the result of the study is subject to some limitation due to the following factors. This study limited its objectives to only three board characteristics therefore, future research

may include or use other board characteristics to test their impact on audit delay. Furthermore, this study is only limited to a particular sector, that is oil and gas companies in Nigeria, and as such, the findings and recommendations are only applicable to oil and gas companies as audit delay may vary in other sectors. Future researcher should investigate on various audit committee diversity variables not addressed in this study and other sector. Future research can consider increasing the scope of the study to include more than one sector. This will provide additional evidence on board characteristics practices in Nigeria.

---

## References

- Agyei-Mensah, B. K. (2018). Impact of Corporate Governance Attributes and Financial Reporting Lag on Corporate Financial Performance. *African Journal of Economic and Management Studies*, 9(3), 349–366. <https://doi.org/10.1108/AJEMS-08-2017-0205>
- Ahmed, M. I., & Che-Ahmad, A. (2016). Effects of corporate governance characteristics on audit report lags. *International Journal of Economics and Financial Issues*, 6(7Special Issue), 159–164.
- Ahmet Sit, K., Burak Buyukoglu, & Ibrahim Halil Eksi. (2019). Impact of Corporate Governance Attributes on Audit Report Lag of Corporate: the Case of Bist-30. *Bh Ekonomski Forum*, 10(1), 9–20.
- Aifunwa, H. ., Musa, S., & Gold, N. . (2020). Audit committee attributes and Timeliness of Corporate Financial Reporting in Nigeria. *Accounting and Finance*, 37(2(88)), 114–124. [https://doi.org/10.33146/2307-9878-2020-2\(88\)-114-124](https://doi.org/10.33146/2307-9878-2020-2(88)-114-124)
- Al-Qublani, A. A. M., Kamardin, H., & Shafie, R. (2020). Audit committee chair attributes and audit report lag in an emerging market. *International Journal of Financial Research*, 11(4), 475–492. <https://doi.org/10.5430/ijfr.v11n4p475>
- Al Daoud, K. A., Ku Ismail, K. N. I., & Lode, N. A. (2015). The impact of internal corporate governance on the timeliness of financial reports of

- jordanian firms: Evidence using audit and management report lags. *Mediterranean Journal of Social Sciences*, 6(1), 430–442. <https://doi.org/10.5901/mjss.2015.v6n1p430>
- Ali, M. H., & Meah, M. R. (2021). Factors of audit committee independence: An empirical study from an emerging economy. *Cogent Business and Management*, 8(1). <https://doi.org/10.1080/23311975.2021.1888678>
- Aljaaidi, K. S., Oilier, W. K. hlassan, & Bagulaidah, G. S. (2019). Audit Committee Activity and Audit Report Lag in Saudia Arabia. *International Journal of Business and Management*, 23(3), 206–221. <https://doi.org/10.21608/atasu.2019.49538>
- Alkhatib, K., & Marji, Q. (2012). Audit Reports Timeliness: Empirical Evidence from Jordan. *Procedia - Social and Behavioral Sciences*, 62(5), 1342–1349. <https://doi.org/10.1016/j.sbspro.2012.09.229>
- Amirul, S. M., & Salleh, M. F. M. (2014). Convergence to IFRs and Audit Report Lag in Malaysia Convergence to IFRs and Audit Report Lag in Malaysia. *Research Journal of Finance and Accounting ISSN 2222-1697 (Paper) ISSN 2222-2847 (Online), vol.5(May)*, 9–16.
- Azubike, J. U. B., & Aggreh, M. (2014). Corporate Governance and Audit Delay in Nigerian Quoted Companies. *European Journal of Accounting Auditing and Finance Research*, 2(10), 22–33.
- Bala, H., Bala, H., & Idris, A. A. (2020). Female audit committee attributes and creative accounting: evidence from Nigeria. *Fudma Journal of Management Sciences*, 1(1), 374–384. <https://doi.org/http://journal.fudutsinma.edu.ng/index.php/fjbm/article/view/2117>
- Banerjee, A., Nordqvist, M., & Hellerstedt, K. (2020). The role of the board chair—A literature review and suggestions for future research. *Corporate Governance: An International Review*, 28(6), 372–405. <https://doi.org/10.1111/corg.12350>
- Banimahd, B., Moradzadehfard, M., & Zeynali, M. (2012). *Audit Report Lag and Auditor Change: Evidence from Iran*. 2(12), 12278–12282.
- Brahma, S., Nwafor, C., & Boateng, A. (2021). Board gender diversity and firm performance: The UK evidence. *International Journal of Finance and Economics*, 26(4), 5704–5719. <https://doi.org/10.1002/ijfe.2089>
- Carcello, J. V., & Neal, T. L. (2000). Audit committee composition and auditor reporting. *Accounting Review*, 75(4),





- 453-467.  
<https://doi.org/10.2308/accr.2000.75.4.453>
- Chukwu, G. J., & Nwabochi, N. (2019). Audit Committee Characteristics and Timeliness of Corporate Financial Reporting in the Nigerian Insurance Industry. *International Journal of Managerial Studies and Research*, 7(4).  
<https://doi.org/10.20431/2349-0349.0704012>
- Cziffra, J., Singer, Z., & Zhang, J. (2021). Audit Committee Meetings and the Timeliness of Misstatement Disclosure. In *SSRN Electronic Journal* (Issue July).  
<https://doi.org/10.2139/ssrn.3890537>
- Dabor, A. O., & Mohammed, F. (2015). Determinants Audit delay in the Nigerian banking sector. *Fountain Journal of Management and Social Sciences*, 2015,. *Journal, Fountain Sciences, Social*, 4(1), 74-91.
- Eghlaiow, S., Wickremasinghe, G., & Sofocleous, S. (2012). A review of the empirical determinants of audit delay. *Corporate Ownership and Control*, 9(2), 511-514.  
<https://doi.org/10.22495/cocv9i2c5art5>
- El-Faitouri, R. (2014). Board of Directors and Tobin's Q: Evidence from U.K.Firms. *Journal of Finance and Accounting*, 2(4), 82-99.  
<https://doi.org/10.12691/jfa-2-4-2>
- Elmenam Elshawarby, M. A. (2018). The Characteristics of the Board of Directors and their Impact on the Delay of the External Auditor's Report by Applying to Companies Listed on the Egyptian Stock Exchange. *Journal of Accounting & Marketing*, 07(04), 26-48.  
<https://doi.org/10.4172/2168-9601.1000305>
- Emiaso, D., & Efenyumi, E. P.-M. (2021). Audit Committee Characteristics and Financial Reporting Lag in Nigeria. *International Journal of Accounting & Finance*, 4(1), 1-2.
- Enofe, O., Ph, D., Mgbame, O., Ph, D., & Abadua, S. (2013). *Audit Firm Rotation and Audit Report Lag in Nigeria*. 12(4), 13-19.
- Fakhfakh Sakka, I., & Jarbou, A. (2016). Audit reports timeliness: Empirical evidence from Tunisia. *Cogent Business and Management*, 3(1), 1-13.  
<https://doi.org/10.1080/23311975.2016.1195680>
- Gull, A. A. (2018). *Gender-diverse boards and financial statements quality: The role of female directors' attributes*.
- Hashim, U. J., & Abdul Rahman, R. A. (2012). Board Independence, Board Diligence, Board Expertise and Impact on Audit Report Lag in Malaysian Market. *SSRN Electronic*

- Journal*, 2(11), 1-12.  
<https://doi.org/10.2139/ssrn.1717479>
- Hermanto, S. B. (2020). The Effect of Corporate Governance Characteristics on Publication of Financial Statements on the Indonesia Stock Exchange. *European Journal of Business and Management Research*, 5(4), 1-9.  
<https://doi.org/10.24018/ejbmr.2020.5.4.423>
- Ibadin, I. M., Izedonmi, F., & Ibadin, P. O. (2012). The association between selected corporate governance attributes, company attributes and timeliness of financial reporting in Nigeria. *Research Journal of Finance and Accounting*, 3(9), 137-144.  
<http://www.iiste.org/Journals/index.php/RJFA/article/view/3159>
- Idris, A. A., Ishak, R., & Hassan, N. L. (2019). Corporate board attributes and dividend payout likelihood. *Journal of Reviews on Global Economics*, 8, 695-705.  
<https://doi.org/10.6000/1929-7092.2019.08.60>
- Idris, A. A., & Usman, A. A. (2021). Female directors on corporate boards in Nigeria: a conceptual framework. *UMYU Journal of Accounting and Finance Research*, 2(2), 95-106.  
<https://doi.org/https://accountingjournal.umyu.edu.ng/umyu-journal-of-accounting-and-finance-research-volume-2-no-2-december-2021/>
- Ishaq, M. A., & Che-Ahmad, A. (2016). Effects of Board Size, Board Committees Characteristics and Audit Quality on Audit Report Lags. *Journal of Social and Behavioural Sciences*, 9(2), 810-818.  
<https://doi.org/10.15405/epsbs.2016.08.114>
- Izzaty, R. E., Astuti, B., & Cholimah, N. (2020). Corporate Governance Mechanisms and Timeliness of Financial Reports: Evidence from Downstream Nigerian Oil and Gas Sector. *Kebi Journal of Accounting Research*, 1(1), 114-127.
- Jemaa, O. Ben, Toukabri, M., & Jilani, F. (2015). The Examination of the Ability of Earnings and Cash Flow in Predicting Future Cash Flows: Application to the Tunisian Context. *Accounting and Finance Research*, 4(1), 1-16.  
<https://doi.org/10.5430/afr.v4n1p1>
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the Firm: Managerial Behaviour, Agency Costs and Ownership Structure. *Journal of Financial Economics*, 3(7), 305-360.  
<https://doi.org/10.1177/0018726718812602>
- Kapkiyai, C., Cheboi, J., & Komen, J.

- (2020). Audit Committee Effectiveness and Earnings Management Among Publicly Listed Firms in Kenya. *SEISENSE Journal of Management*, 3(2), 31-44. <https://doi.org/10.33215/sjom.v3i2.292>
- Kayleen, K., & Harindahyani, S. (2020). The Impact of Audit Committee's Effectiveness, Gender, and Tenure on Audit Report Lag: Indonesian Evidence. *Journal of Accounting and Auditing*, 6(2), 1-10. <https://doi.org/10.4108/eai.13-2-2019.2286077>
- Kogilavani, A., & Marjan, M. N. (2013). Determinants of Audit Report Lag and Corporate Governance in Malaysia. *International Journal of Business and Management Invention*, 8(5).
- Lay, L. A., Gonçalves, M., & Da Cunha, P. R. (2017). Relationship between gender in the board of directors and the audit committee with the audit delay. *Revista Contemporânea de Contabilidade*, 14(33), 118-139. <https://doi.org/10.5007/2175-8069.2017v14n33p118>
- Lee, H., Mande, & V.Son, M. (2008). A comparison of reporting lags of multinational and domestic firms. *Journal of International Finance Management and Accounting*, 19(1), 28-56.
- Li, Y., Zhang, D., & Wang, X. (2014). The Influence of Corporation Governance Structure on Internal Control Audit Report Lag: Evidence From China. *Accounting & Taxation*, 6(2), 101-115. [www.theIBFR.org](http://www.theIBFR.org)
- Lidyah, R., Mismiawat, Hartini, T., Akbar, D. A., Africano, F., & Anggreni, M. (2020). The Effect of Capital Structure and Firm Size on Firm Value Through Profitability as Intervening Variable. *Journal of Archaeology of Egypt/Egyptology*, 17(12), 11313-11325. <https://doi.org/10.2991/aebmr.k.200626.040>
- Menon, K., & Williams, J. . (1994). The use of audit committee for monitoring. *Journal of Accounting and Public Policy*, 13(2), 121-139.
- Mohammed, A. N., Bagudo, M. M., Mahmoud, M. R., & Adamu, M. (2021). International Financial Reporting Standard Adoption and Audit Report Lag of Deposit Banks in Nigeria. *Gusau Journal of Accounting and Finance*, 2(3), 1-17.
- Nelson, S. P., & Shukeri, S. N. (2011). Corporate governance and audit report timeliness: Evidence from Malaysia. In *Research in Accounting in Emerging Economies* (Vol. 11, Issue 1). Emerald Group Publishing Ltd. [https://doi.org/10.1108/S1479-3563\(2011\)0000011010](https://doi.org/10.1108/S1479-3563(2011)0000011010)

- Ngo, D. N. P., & Le, A. T. H. (2021). Relationship Between the Audit Committee and Earning Management in Listed Companies in Vietnam. *Journal of Asian Finance, Economics and Business*, 8(2), 135–142.  
<https://doi.org/10.13106/jafeb.2021.vol8.no2.0135>
- Nienhüser, W. (2008). Resource dependence theory: How well does it explain behavior of organizations? *Management Revue*, 19(1), 9–32.
- Nouraldean, R. M., Mandour, M., & Hegazy, W. (2021). Audit Report Lag: Do Company Characteristics and Corporate Governance Factors Matter? Empirical Evidence From Lebanese Commercial Banks. *BAU Journal-Society, Culture and Human Behavior*, 2(2), 1–21.  
<https://digitalcommons.bau.edu.lb/schbjournal/vol2/iss2/13/>
- Odjaremu, G. O., & Jeroh, E. (2019). *Audit committee attributes and the Reporting Timeliness of Listed Nigerian Firms*. 8527(2), 69–81.
- Ohiokha, F. I., & Idialu, U. J. (2017). Determinants of Audit Delay: A Comparative Study of Nigerian and Malaysian Listed Firms. *Accounting & Taxation Review*, 1(1), 158–176.
- Rusmanto, T., & Herlina, M. (2020). The Relationship Between Corporate Governance and Audit Report Lag: Evidence From Indonesian. *Review of Economics Studies & Research Virgil MAdgearu*, 17(7), 3003–3013.
- Saifan, A. (2015). *The Influence of Audit Committee Characteristics to Audit Lag on Financial Reporting*.
- Salleh, Z., Baatwah, S. R., & Ahmad, N. (2017). Audit Committee Financial Expertise and Audit Report Lag: Malaysia Further Insight. *Asian Journal of Accounting and Governance*, 8(2), 137–150.  
<https://doi.org/10.17576/ajag-2017-08-12>
- Saputra, M. I., & Agustin, H. (2021). Pengaruh Ukuran Perusahaan, Good Corporate Governace (GCG), dan Kualitas Audit Terhadap Audit Delay. *Jurnal Eksplorasi Akuntansi*, 3(2), 364–383.  
<https://doi.org/10.24036/jea.v3i2.366>
- Sari, M. M. R., & Supadmi, N. L. (2014). Gender audit committee and audit delay. *The Indonesian Accounting Review*, 4(01), 81.  
<https://doi.org/10.14414/tiar.v4i01.287>
- Shaiti, H., & Al-Matari, Y. (2020). Internal audit function characteristics and the quality of internal control systems: Moderating the effect of enterprise resource planning system maturity. *Asian Economic and Financial Review*, 10(9), 1012–1027.



- <https://doi.org/10.18488/journal.aefr.2020.109.1012.1027>
- Singh, H., & Sultana, N. (2011). Board of director characteristics and audit report lag: Australian evidence. *Corporate Board: Role, Duties and Composition*, 7(3), 38–51. <https://doi.org/10.22495/cbv7i3art3>
- Soyemi, K. A., Sanyaolu, W. A., & Salawu, R. O. (2019a). Corporate governance practices and external auditors' reporting lag in Nigeria Reporting Lag in Nigeria. *Accounting and Taxation Review*, 3(4), 15–31.
- Soyemi, K. A., Sanyaolu, W. A., & Salawu, R. O. (2019b). *Corporate Governance Practices Reporting Lag in Nigeria and External Auditors' .* 2966(2019), 15–31.
- Ud Din, N., Cheng, X., Ahmad, B., Sheikh, M. F., Adedigba, O. G., Zhao, Y., & Nazneen, S. (2021). Gender diversity in the audit committee and the efficiency of internal control and financial reporting quality. *Economic Research-Ekonomska Istrazivanja*, 34(1), 1170–1189. <https://doi.org/10.1080/1331677X.2020.1820357>
- Uthman, B. O., Ajadi, T., & Asipita, J. J. (2018). Effect of Board Characteristic on Timeliness of Financial Reporting of Listed Insurance Firms in Nigeria. *Journal of Arts, Management and Social Science*, 3(1), 126–136.
- Vuko, T., & Cular, M. (2014). Finding Determinants of Audit Delay by Pooled OLS Regression Analysis. *Croatian Operational Research Review*, 5, 81–91.
- Wahid, A. S. (2018). The Effects and the Mechanisms of Board Gender Diversity: Evidence from Financial Manipulation. *Journal of Business Ethics*, 2(1), 1–43.
- Yendrawati, R., & Panggabean, A. P. (2016). The Effect of Corporate Governance, Tenure Audit and Quality of Earnings Towards Audit Delay With Auditor'S Specialization As the Variable of Moderation. *Asian Journal of Innovation and Entrepreneurship*, 1(1), 48–61. <https://doi.org/10.20885/ajie.vol1.iss1.art5>
- Zaitul, & Desi, I. (2019). Gender in Audit committee and Financial Reporting Timeliness: The case of Unique Continental European Model. *International Journal of Recent Technology and Engineering*, 8(2), 864–871. <https://doi.org/10.35940/ijrte.B1178.0982S919>