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- I. Title page
- II. Abstract (150-250 words)
- III. Keywords (3-5)
- IV. Introduction
- V. Literature Review
- VI. Methodology
- VII. Results and Discussion
- VIII. Conclusion and Recommendations
- IX. References (APA 7th Edition)
- X. Appendices (if necessary)
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EFFECT OF AUDIT QUALITY ON AUDIT REPORT LAG AMONG LISTED FIRMS IN NIGERIAN EXCHANGE GROUP

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ABSTRACT

In Nigeria, various factors contribute to the issue of audit reporting lag among listed firms in Nigerian Exchange Group, with audit quality being one of the key contributors. The study examined the effect of audit Firm Size and Audit Opinion on audit report lag among listed firms in Nigerian Exchange Group from 2016 - 2023. The study specifically examines the effects of audit firm size and audit opinion on audit report lag. A quantitative approach was adopted, grounded in the positivist paradigm. Data analysis techniques, including descriptive statistics, correlation, and regression analysis, were used to evaluate the relationships between the audit qualities and audit report lag. The results indicate audit that firm size does not significantly influence audit report lag. However, audit opinion has positive and significant effects, suggesting that firms with higher audit fees or unfavorable audit opinions experience longer audit report lags. The study concludes that while audit firm size is not a determinant of audit report lag, audit opinion is. Larger firms tend to have shorter audit report lags, indicating greater efficiency in their audit processes. The study recommended that regulatory bodies to focus on streamlining the audit process through the adoption of advanced technologies that expedite financial reporting.

Key Words: Audit Firm Size, Audit opinion, Audit report lag, audit quality

1.0 Introduction

The multiple cases of institutional failures across the globe in recent times have drawn stakeholders' attention to the makeup of corporate governance. Also, the sudden collapse of firms shortly after the publication of juicy profits has generated a series of questions from stakeholders. The most worrisome part of the narrative is that many collapsed companies were audited by external auditors and given a clean report. This anomaly has necessitated the tightening of regulations, standards and modification of corporate governance mechanisms (Umobong & Ibanichuka, 2017). The timely issuance of audit reports is essential for maintaining the transparency and reliability of financial information in the capital market. Audit report lag, defined as the duration between a company's financial year-end and the

issuance of its audit report, has garnered considerable attention from researchers, regulators, and stakeholders due to its implications for financial statement users (Fujianti, & Satria, 2020). In the context of the Nigerian Exchange Group (NGX), where listed firms operate, audit report lag remains a pertinent issue, with potential ramifications for market efficiency and investor confidence (Inneh et al., 2022).

The issue of audit report lag is not unique to the Nigerian Exchange Group (NGX) but is a concern shared by capital markets worldwide. Timely audit reporting is crucial for maintaining transparency, reliability, and investor confidence in financial markets globally (Lai et al., 2020). Factors contributing to audit report lag, such as audit complexity, resource constraints, corporate

governance practices, are pervasive across various jurisdictions and stock exchanges (Al Mutawa & Suwaidan, 2022). In Nigeria, several factors contribute to the problem of audit report lag among listed firms on the NGX. One significant factor is the complexity of audit engagements, particularly in industries with intricate financial transactions and regulatory requirements (Fujianti, & Satria, 2020). Additionally, the workload and capacity constraints faced by audit firms may lead to delays in completing audit procedures and issuing reports within the prescribed timeframe (Al Mutawa & Suwaidan, 2022; Agre & Febrianto, 2023).

The concern of the study regarding the effect of audit firm size on audit report lag is situated within the broader ongoing research dialogue focused on audit firm size and its ramifications on financial reporting and market efficiency. Audit opinion represents a multifaceted concept that encapsulates several dimensions crucial to the effectiveness and integrity of the auditing process (Hazaea, et al., 2020). The practical gap in the study of the effect of audit firm size on audit report lag among listed firms in the Nigerian Exchange Group arises from the critical need to address challenges and inefficiencies in the auditing and financial reporting processes within the Nigerian context. One practical challenge is the persistent issue of delayed audit reporting observed among many listed firms in Nigeria (Ndubuisi, & Juliet, 2021).

Empirical literature (Iloba and Okolie, 2024; Endri et al., 2024; Nwoye et al., 2021; Ndubuisi, & Juliet, 2021; Rajashekar et al., 2022) surrounding audit opinion and audit report lag provides valuable insights, yet several gaps persist within the variables under study. Critically evaluating existing research reveals inconsistencies and limitations in understanding the relationships between audit firm size dimensions and audit report lag. For instance, while some studies (Endri et al., 2024; Rajashekar et al., 2022) suggest a significant association between audit firm size and audit report lag, others present conflicting findings which fail to account for contextual factors unique to the Nigerian auditing environment. Similarly, the relationship between audit opinion and audit report lag remains ambiguous, with divergent findings across studies (Endri et al., 2024; Iloba and Okolie, 2024; Ahmeti et al., 2022) necessitating further investigation to discern the underlying mechanisms driving these associations.

Furthermore, existing literature (Endri et al., 2024; Rajashekar, et al., 2022; Ahmeti et al., 2022; Gonçalves, et al., 2023; Abba, & Sadah, 2020; Hlel, & Nafti, 2022) predominantly emanates from jurisdictions outside Nigeria, thereby limiting the generalizability and applicability of findings to the Nigerian auditing landscape. This geographical gap underscores the necessity of conducting research

specifically tailored to the Nigerian context, considering the unique regulatory framework, institutional dynamics, and cultural factors that may influence audit quality and audit report lag in this setting. Therefore, the main objective of this study is to examine the effect of Audit firm size and Audit opinion on Audit Report Lag among listed firms on the Nigerian Exchange Group. Specifically, the study seeks to:

I. Evaluate the effect of Audit Firm Size on audit report lag among listed firms in Nigerian Exchange Group.

ii. Ascertain the effect of Audit Opinion and audit report lag among listed firms in Nigerian Exchange Group.

The following null hypotheses were formulated so as to address the specific objectives of the study;

H₀₁: There is no significant effect of Audit Firm Size on audit report lag among listed firms in Nigerian Exchange Group.

H₀₂: There is no significant effect of Audit Opinion on audit report lag among listed firms in Nigerian Exchange Group.

2.0 Literature Review

2.1 Conceptual Review

2.1.1 Audit Report Lag

Audit Report lag (AURL) is the time between a firm's financial year end and the auditor's report date. It is regarded as one of the qualitative characteristics of financial reporting, which means making information available to the accounting information users when due. Companies should have a shorter report lag because timeliness appears to be an essential determinant of firms' governance quality. Concisely, audit report lag is the period that is between the close of a corporate financial year, and date of publishing the entity's audit report. Audit report lag is well associated with transparency of the firm which also typifies its efficacy in the financial market. Reducing audit report time lag reflects a major means of addressing information asymmetry associated with trading on emerging market like the Nigeria Exchange Group, and a measure to improve audit quality.

2.1.2 Audit Firm Size

Size of a firm is a salient feature of an economic entity. It has to do with the capacity of the firm in the area of production volume, assets owned and controlled. Size of a firms is often connected to the financial reporting lag because the bigger the firm, the more time that may be taken for audit exercise and this may cause delay in publication of audited financial report even though from another way of thought, a bigger firm could afford to hire a big audit firm which can do a thorough job within a reasonable short period of time (Endri et al., 2024). Secondly, public attention is more on larger listed entities compare to small size firms. Precisely, there is likelihood that large firms are, and would be

followed by numerous analysts

However, the size of an audit firm can also introduce challenges and considerations. Larger firms may face issues related to managing client portfolios effectively, ensuring adequate supervision of audit teams, and maintaining independence and objectivity in their audit engagements (Olowookere, et al., 2021). Moreover, concerns about potential conflicts of interest or concentration of market power may arise in the context of larger audit firms dominating the audit market (Haddad, et al., 2021).

2.1.3 Audit Opinion

An audit opinion serves as a culmination of the auditor's assessment of the fairness and reliability of the information presented in a company's financial statements. It represents a critical communication to stakeholders, providing assurance regarding the accuracy and completeness of the financial information disclosed. A favorable audit opinion signals to investors and the public that the financial statements have undergone rigorous scrutiny and meet the required standards of transparency and compliance (Khalid, et al., 2020).

Audit opinions are well known to the public, especially at the level of society familiar with auditing both in the government and private sectors, because audit opinions are a communication tool between users of financial information. Audit opinion also becomes the purpose of carrying out systematic audits performed by auditors, especially in the examination of financial statements.

The timing of audit reporting is closely intertwined with the issuance of audit opinions. A prolonged audit reporting delay can signal underlying issues or complexities in the audit process, potentially leading to increased scrutiny and skepticism from stakeholders (Mohammad, 2020).

2.2 Empirical Review

Iloba and Okolie, (2024) provided a comprehensive investigation into the relationship between audit quality, specifically focusing on Audit Firm Size (AFS), and firm performance, proxied by Return on Assets (ROA), within the context of Nigerian consumer goods firms listed on the Nigeria Stock Exchange. The study spans a significant timeframe from 2012 to 2021, employing a robust methodological approach. The study established a significant negative relationship between AFS and ROA, it does not directly address the specific issue of audit report lag. There is a notable gap in the literature regarding the effect of AFS on audit report lag within the Nigerian context, particularly for listed firms on the Nigerian Exchange Group. To address this gap, this study focuses specifically on the effect of Audit Firm Size on Audit Report Lag of listed firms on the

Nigerian Exchange Group between 2016 to 2023. By narrowing the scope to audit report lag, the study will provide insights into the timeliness and efficiency of audits conducted by firms of varying sizes within the Nigerian market. Utilizing robust regression analysis, the study aims to uncover any significant relationships between audit firm size and audit report lag, thereby contributing to a more comprehensive understanding of audit quality dynamics in the Nigerian context. Through these efforts, the study aims to fill the practical gap in the literature and offer valuable insights for regulatory practices and corporate governance standards in Nigeria.

Adekoya, et al., (2022) conducted a comprehensive investigation into the effect of audit firm size on the financial reporting quality of non-financial institutions in Nigeria for the periods 2014-2018. Employing an explanatory research design, the study gathered historical data from the annual financial statements of selected non-financial firms during the specified periods. With a focused sample of 32 non-financial institutions, representing 10% of each industry segment, the study adopted both descriptive and inferential statistics, specifically utilizing Panel Regression analysis with random effects. The findings of the study revealed a significant and positive relationship between audit firm size and the quality of financial reporting within the Nigerian context. This empirical evidence provides valuable insights into the factors influencing financial reporting quality among non-financial institutions in Nigeria, particularly emphasizing the role of audit firm size. However, while the study offers important contributions to the literature on financial reporting quality, there remain some gaps such as methodological and empirical gaps to other sectors and geographical contexts, as well as potential limitations in the sample selection process.

Kaunda and Jeroh, (2022) study provided valuable insights into the relationship between audit firm size and companies' financial performance within the Nigerian context, particularly among quoted companies. However, to further enrich the understanding of this relationship and address potential gaps in the literature, future research could build upon their findings. Specifically, the study on the effect of Audit Firm Size on Audit Report Lag of listed firms in the Nigerian Exchange Group between 2016 to 2023 aims to fill methodological, practical and knowledge gaps. By shifting the focus to audit report lag, the study examined the timeliness and efficiency of audits conducted by firms of varying sizes within the Nigerian market.

Ado et al., (2020) investigated the direct influence of audit firm size on the financial performance of listed companies in Nigeria. Utilizing a dataset comprising 84 companies listed in Nigerian Stock Exchange (NSE) and encompassing 756 observations over a

nine-year period from 2010 to 2018, the study employs a panel data approach to scrutinize the relationship between audit firm size and financial performance. Through multiple regression analysis, the study aims to elucidate the nature of the relationship between audit firm size and Return on Assets (ROA), ultimately revealing a positively but insignificantly related relationship. Despite the meticulous approach taken, several gaps in the research emerge that warrant further exploration. Notably, the insignificance of the relationship between audit firm size and ROA suggests the presence of underlying factors not fully examined in the study. Consequently, the current study can address this gap by exploring additional variables or factors that may influence the observed relationship within the Nigerian context. By delving into factors such as industry-specific characteristics or governance mechanisms, this study can offer a more comprehensive understanding of the complexities underlying the relationship between audit firm size and financial performance outcomes. While this study may not directly mediate or moderate the relationship, it can still enhance understanding by incorporating a more holistic analysis. By adopting a more inclusive analytical framework, the current study can provide insights into the multifaceted nature of the relationship between audit firm size and financial performance in the Nigerian market, thus contributing to a better understanding of corporate governance dynamics.

Muhammad, (2020) delved into the effect of audit firm size on the audit report lag of quoted service companies operating in Nigeria. The research motivation stems from the absence of consensus in prior studies and a notable gap in research pertaining to listed service companies. Utilizing a sample of sixteen service companies listed on the Nigerian stock exchange over a period from 2007 to 2016, the study seeks to shed light on this underexplored area. Despite the contribution made by the study, certain critiques and gaps remain to be addressed. Firstly, the narrow focus on service companies listed on the Nigerian stock exchange may limit the generalization of the findings to other sectors or markets within Nigeria. The study on the effect of Audit Firm Size on Audit Report Lag of listed firms in Nigerian Exchange Group between 2016 to 2023 can complement the research by filling certain gaps and extending the analysis. Firstly, by broadening the scope to cover a longer timeframe and including a larger sample of listed firms across various industries, the study aims to enhance the generalization of the findings. Through rigorous empirical analysis and robust regression techniques, this study seeks to provide insights into the determinants of audit report lag within the Nigerian market, thus contributing to a more comprehensive understanding of audit quality dynamics and their implications for financial

reporting outcomes.

2.3. Theoretical Review

This study is underpinned by agency theory and accountability theory. The two theories were reviewed below:

The study is anchored on the “Agency theory”. The agency theory is associated with agency costs by Jensen and Meckling (1976), who defined the agency relationship as a “contract under which one or more persons (the principals) engage another person (the agent) to perform some service on their behalf, which involves delegating some decision-making authority to the agent”, (Jensen & Meckling, 1976).

The agency theory emphasizes corporate governance and sheds light on the mechanisms that help to control managerial actions. One important corporate governance device is the external auditor who is likely to mitigate managerial opportunistic behavior, reduce agency problems, and enhance information quality, (Jensen, M. C. & Meckling 2015)

Audit firm size serves as a proxy for the independence variable within the agency framework. Larger audit firms are often perceived to possess greater resources, expertise, and reputation, which can enhance their independence and objectivity in conducting audits. From an agency perspective, shareholders rely on audit firms to provide unbiased assessments of financial statements, mitigating agency conflicts and reducing the likelihood of managerial opportunism. Therefore, larger audit firms may exert a positive influence on audit quality, potentially reducing audit report lag by expediting the audit process and enhancing the reliability of financial reporting.

Audit opinion represents another crucial aspect of audit quality within the agency framework. The issuance of a clean audit opinion signifies that the financial statements present a true and fair view of the company's financial position and performance. From an agency perspective, shareholders place significant reliance on audit opinions to assess the reliability of financial information provided by management. A favorable audit opinion enhances shareholder confidence, potentially reducing audit report lag by facilitating quicker decision-making and capital allocation.

3.0 Methodology

This study adopted a quantitative approach to examine the effect of audit quality on audit report lag among listed firms on the Nigerian Exchange Group. The study used secondary data collected from annual reports, audit reports, and financial statements of listed firms on the Nigerian Exchange Group from 2016 – 2023. The study employed an ex-post facto research design. The population for this study comprises all the 156 listed companies in Nigeria as at 31st December, 2023. These companies are publicly traded on the floor of the Nigerian Exchange Group (NGX). To select the sample size, the researcher compiles a list of all listed companies on the Nigerian

Exchange Group (NGX) and applies the inclusion criteria outlined above. The final sample size of the study is 140 listed companies on the Nigerian Exchange Group (NGX). The sampling technique employed for this study is purposive sampling.

The data collection method for this study involves using secondary data from reputable sources focusing on audit quality and audit report lag among listed firms in Nigerian Exchange Group.

3.1 Model specification

The study adopted the following model:

$$AURL_{it} = \beta_0 + \beta_1 AFS_{it} + \beta_2 AUO_{it} + \beta_3 FSZ_{it} + \beta_4 PRO_{it} + \epsilon_{it} \dots \dots \text{Eq. 1}$$

This model assumes that the audit report lag of listed firms in Nigerian Exchange Group is influenced by various aspects of audit quality, including audit firm size and audit opinion.

Table 1: Variable Measurement

Variable	Code	Measurement	Source
Dependent			
Audit Report Lag	AURL	No. of days between the financial year-end date and the auditor sign date	(Abdullahi, et al., 2020; Ado, et al., 2020)
Independent			
Audit Firm Size	AFS	Dichotomous variable: 1 for a BIG 4 Audit Firm Size and 0, otherwise.	(Ado, et al., 2020)
Audit Opinion	AUO	Dichotomous variable: 1 for an unqualified Audit Opinion and 0, otherwise	Wikan, et al., (2018)
Control			
Firm Size	FSZ	Natural log of Total Assets	Kaunda & Jeroh, (2021).
Profitability	PRO	<u>Net Profit after Tax</u> Total Assets	Kaunda & Jeroh, (2021).

Source: Author's compilation, 2024

4.0 Results and Discussion

Table 2: Descriptive analysis

Variable	OBS	Mean	Std. Dev.	Min	Max
AURL	1117	99.415	65.292	12.000	639.000
AFS	1117	0.553	0.497	0.000	1.000
AUO	1116	0.982	0.133	0.000	1.000
FSZ	1114	17.013	2.355	10.956	617.431
PRO	1114	0.770	26.414	-255.689	617.431

Source: STATA 14.0 Output, (2024)

The descriptive analysis for Audit Report Lag (AURL) shows that, on average, firms take approximately 99.42 days to release their audit reports after the fiscal year-end. However, the wide variation, as indicated by the standard deviation of 65.29 days, reflects significant differences among firms in terms of audit completion time. Some companies are highly efficient, completing their audits in as little as 12 days (minimum), while others experience extensive delays, with a maximum lag of 639 days. Such delays may arise due to various factors, including company size, operational complexity, or even challenges faced by

the auditors during the audit process.

For Audit Firm Size (AFS), which is measured as a binary variable (with a value of 1 representing large audit firms and 0 representing smaller firms), the mean of 0.553 indicates that approximately 55.3% of the companies in the sample are audited by large audit firms, while 44.7% are audited by smaller ones. The standard deviation of 0.497 confirms a near-equal distribution between the two categories of audit firms. This balance highlights the diversity of auditor sizes within the sample and may influence factors such as

audit quality, audit report lag, or audit fees.

The analysis for Audit Opinion (AUO) reveals that 98.2% of the firms received an unqualified audit opinion, as reflected by the mean of 0.982. This suggests that the vast majority of the firms were considered to have prepared reliable financial statements with no material misstatements. The low standard deviation of 0.133 implies very little variation in the audit opinions issued, with only a small number of firms receiving qualified or adverse opinions (represented by a minimum value of 0). The high percentage of clean opinions could be indicative of effective internal controls and strong financial reporting standards across the firms.

Firm size is often measured as the logarithm of total assets. The mean firm size is 17.013, which, when interpreted, refers to the natural logarithm of the company's total assets in Naira. Taking the antilog of the mean, firm size in actual monetary terms suggests

that the average firm has total assets of approximately ₦24.75 billion. The smallest firm in the sample has total assets of approximately ₦57.66 million (antilog of 10.956), while the largest firm holds assets of approximately ₦151.39 billion (antilog of 23.429). This indicates a wide variation in the size of firms included in the study, ranging from smaller entities to very large corporations.

Profitability is expressed as a ratio, and in this context, it likely represents the return on assets (ROA) or a similar profitability measure. The mean profitability is 0.770, which suggests that the average firm has a return of 77 kobo for every Naira of total assets. However, the extreme range, from -255.69 to 617.43, indicates that while some firms are highly profitable, others are operating at significant losses. A profitability of 617.43 means that some firms generate ₦617.43 for every Naira of assets, while a profitability of -255.69 indicates substantial losses, where firms lose ₦255.69 for every Naira of assets.

Table 3: Correlation Matrix

	AURL	AFS	AUO	KAM	AUR	FSZ	PRO
AURL	1.000						
AFS	-0.013	1.000					
AUO	0.062	0.110	1.000				
FSZ	-0.107	0.492	0.080	0.034	0.528	1.000	
PRO	-0.114	0.058	0.024	-0.055	0.011	0.096	1.000

Source: STATA 14.0 Output, (2024)

The correlation between AURL and AFS remains at a negligible -0.013, indicating very weak relationship between audit report lag and audit firm size within the context of listed firms in Nigerian Exchange Group. This finding implies that the size of the audit firm does not play a crucial role in determining how quickly audit reports are generated for these firms. Factors such as the efficiency of the audit process, the complexity of the firm's financial situation, and the experience of the audit team may be more critical in influencing audit report timing.

The weak positive correlation of AURL with AUO (0.062) suggests that firms listed in Nigerian Exchange Group that receive unqualified audit opinions may experience a marginally longer lag in their audit reports. This could be interpreted to mean that the thoroughness required to provide a clean opinion may involve more extensive procedures, which can prolong the audit process. However, since the correlation is weak, it indicates that this is not a significant trend and that other factors likely overshadow this relationship in practice.

Table 4: Pooled Regression Model

Linear regression		Number of OBS		=	1113
		F (4, 283)		=	7.61
		Prob > F		=	0.0000
		R-squared		=	0.5394
		Root MSE		=	63.672
AURL	Robust Coef.	Std. Err	t	P> t	
AFS	4.263	4.479	0.950	0.341	
AUO	33.235	6.367	5.220	0.000	
FSZ	-5.021	1.104	-4.550	0.000	
PRO	-0.247	0.138	-1.790	0.074	
_cons	102.087	16.182	6.310	0.000	

Source: STATA 14.0 Output, (2024)

4.2 Test of Hypotheses

Audit firm size (AFS) has the coefficient value at 4.263 which indicates that audit firm size has a positive effect on audit report lag (AURL) among listed firms in Nigerian Exchange Group. With a standard error of 4.479, t-statistic is 0.950, and p-value of 0.341 indicates that audit firm size is not statistically significant. Therefore, the null hypothesis failed to be rejected. The findings reveals that audit firm size does not have any significant effect on the duration of audit report lag among listed firms on the Nigerian Exchange Group.

Audit opinion (AUO) has the coefficient value of 33.235, this shows that that Audit opinion has a positive effect on audit report lag (AURL) of listed firms in Nigerian Exchange Group. With a standard error of 6.367 and a significant t-statistic of 5.220 ($p < 0.001$) reveals that Audit opinion is statistically significant at 1%. Thus, the null hypothesis is rejected. The findings shows that audit opinion has a positive and significant effect on the audit report lag of listed firms on the Nigerian Exchange Group.

4.3 Discussion of Findings

The study evaluated the effect of Audit Firm Size on audit report lag among listed firms on the Nigerian Exchange Group. The findings reveal that audit firm size has no significant effect in the duration of audit report lag among listed firms in Nigerian Exchange Group. The findings from the review of empirical studies on the relationship between audit firm size and audit report lag present mixed outcomes. For instance, the study by Muhammad (2020), Ado et al. (2020) on Nigerian listed companies revealed an insignificant relationship between audit firm size and Return on Assets (ROA), indirectly supporting the notion that the size of audit firms may not have a substantial impact on the timeliness of audit reporting.

However, this finding is challenged by research conducted in other contexts, such as the study by Endri et al. (2024), which focused on the construction and property sector in Indonesia. This study found a significant positive relationship between audit firm size and audit report lag, concluding that larger audit firms were able to deliver audit reports more promptly due to their greater resources, expertise, and ability to handle complex audits more efficiently. The discrepancy between the findings in Nigeria and Indonesia may be attributed to differences in market structure, regulatory oversight, and industry-specific factors. In Indonesia, the regulatory framework may place more emphasis on timeliness and compliance, which could drive larger firms to invest more heavily in ensuring quicker turnaround times for audit reports. Conversely, in the Nigerian context, operational constraints, capacity limitations, or less stringent enforcement of audit deadlines may mitigate the effect of audit firm size on audit report lag.

From a theoretical perspective, these findings can be analyzed through the lenses of agency theory and accountability theory. Agency theory posits that audit firms, especially larger ones, have a vested interest in minimizing information asymmetry between management (agents) and shareholders (principals). Larger audit firms, due to their greater reputation and resources, may be incentivized to complete audits more efficiently to reduce agency costs and maintain their market standing.

Accountability theory, which emphasizes the role of audits in ensuring that management is held accountable for the financial reporting process, also supports the idea that larger firms may be better equipped to meet audit timelines. Larger firms, due to their greater resources and specialized expertise, can more effectively manage complex audit engagements, reducing delays in audit report issuance. This aligns with the findings in industries where audit complexity is high, such as in the construction and property sectors highlighted by Endri et al. (2024).

However, the studies conducted in the Nigerian context, such as those by Muhammad (2020) and Ado et al. (2020), suggest that the influence of audit firm size may be more muted in environments where other factors, such as auditor-client relationships, regulatory pressures, and audit firm workload, play a more significant role. The relatively lower enforcement of strict audit timelines or the operational inefficiencies faced by firms of all sizes in Nigeria may explain why audit firm size does not significantly impact audit report lag in this context.

In conclusion, the findings suggest that while audit firm size can influence audit report lag in certain contexts, particularly where regulatory enforcement and audit complexity demand greater efficiency, this effect is less pronounced in the Nigerian market. The absence of a significant relationship between audit firm size and audit report lag in the Nigerian context may reflect broader structural and operational challenges that affect audit timeliness, irrespective of audit firm size. This underscores the importance of considering contextual factors when analyzing the determinants of audit report lag.

The study ascertains the effect of Audit Opinion and audit report lag among listed firms in Nigerian Exchange Group. The findings posit that audit opinion has a positive and significant effect on the audit report lag of listed firms on the Nigerian Exchange Group. Several empirical studies highlight how different types of audit opinions, particularly qualified or adverse opinions, tend to extend the duration of the audit process due to the complexities involved in addressing issues identified during the audit (Endri et al., 2024; Iloba & Okolie, 2024; Ahmeti et al., 2022). In the study by Ado et al. (2020), which investigated

audit firm size and its effect on financial performance, audit opinion emerged as a significant factor contributing to audit report lag. They found that companies receiving qualified or adverse opinions tended to have prolonged audit report lag as a result of the more detailed investigations and tests that auditors must perform when financial statements contain uncertainties or material misstatements. The additional time required to resolve these issues is consistent with the positive and significant relationship between audit opinion and audit report lag identified in the current study.

The positive and significant effect of audit opinion on audit report lag can be explained by both agency theory and accountability theory. Agency theory posits that auditors act as external monitors to reduce information asymmetry between managers (agents) and shareholders (principals). When auditors issue qualified or adverse opinions, they are performing their duty to mitigate the risk of misinformation by thoroughly investigating and flagging any irregularities in the financial statements.

Accountability theory, which emphasizes the responsibility of auditors to ensure transparent and accurate financial reporting, also supports the finding that audit opinion significantly affects audit report lag. Auditors are accountable to stakeholders for providing reliable assessments of a company's financial health. When auditors issue qualified or adverse opinions, they are taking additional measures to ensure the reliability of the financial information, which inevitably prolongs the audit process. These delays are necessary to maintain the integrity of the financial reporting process, as auditors must address any material uncertainties before issuing their opinion, leading to an extended audit report lag.

In conclusion, the empirical studies reviewed consistently support the current study's finding that audit opinion has a significant effect on audit report lag among listed firms in Nigerian Exchange Group. Study by Endri et al. (2024), and others clearly demonstrate that qualified or adverse opinions tend to increase the length of the audit process due to the additional scrutiny required. Both agency theory and accountability theory offer robust explanations for why this occurs, as auditors are obligated to ensure the accuracy and reliability of financial reports, especially when significant issues are identified. These empirical findings reinforce the idea that the type of audit opinion issued by auditors plays a crucial role in determining the timeliness of audit reporting.

5.0 Conclusion and Recommendations

Based on the findings of the study, it was concluded that audit firm size does not have a significant effect on the audit report lag of listed firms on the Nigerian Exchange Group, indicating that the timeliness of

audit report issuance is not substantially influenced by the size of the audit firm. However, audit opinion was found to have a significant effect on audit report lag. This implies that the timing of audit report issuance among listed firms is largely influenced by the nature and timing of the audit opinion presented by the auditors.

The study proposed specific recommendations to enhance the efficiency of audit processes and improve reporting timelines.

i. Since the size of an audit firm does not significantly influence audit report lag among listed firms on the Nigerian Exchange Group, regulatory bodies such as the Financial Reporting Council of Nigeria (FRCN) and the Nigerian Exchange Group (NGX) should not prioritize firm size as a key criterion when assessing audit timeliness. Instead, they should focus more on other audit quality indicators such as auditor efficiency, use of technology, and audit planning practices to enhance timely financial reporting.

ii. Given the significant impact of audit opinion on audit report lag, it is recommended that auditing firms adopt proactive measures to identify and resolve issues that may lead to modified or qualified opinions early in the audit process. The Institute of Chartered Accountants of Nigeria (ICAN), Association of National Accountants of Nigeria (ANAN) and the FRCN should develop guidelines and training programs to enhance auditors' ability to detect and address audit issues promptly, thereby reducing delays in issuing audit reports caused by extended deliberation over audit opinions.

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