

AUDITORS' INDEPENDENCE AND AUDIT DELAY OF LISTED NON-FINANCIAL FIRMS IN NIGERIA**BUSARI, Romoke Rafiat (Ph.D)¹**

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kolawole.kd@unilorin.edu.ng**Abstract**

The study examines the effect of auditors' independence on audit delay among the listed non-financial firms in Nigeria. The study employs panel research design choosing 45 listed firms by using a purposive sampling technique. The research study covers a period of 2010-2020 resulting in 495 firm-year observations. Ordinary Least Square Method (OLS) is used to analyse the secondary data collected. The result of the study revealed that audit price has significant positive effect on audit delay while auditor's tenure does not have significant effect on audit delay. The finding shows that payment of higher audit fee and engagement of the big four audit firms increase the audit report lag. In conclusion, auditors' independence impacts significantly on audit delay of firms in Nigeria. The study therefore, recommends that company's management and financial regulatory bodies should adopt means of regulating external auditors' fees as payment of higher fees does not translate to enhanced audit efficiency.

Keywords: Auditors' Independence, Audit delay, Panel research design, Economic Bond Theory and Litigation Risk.

1.0 Introduction

It is a known fact that before listed firms' annual financial reports are released to the general public, it must be audited and certified by independent external auditor(s). Auditing a firm financial statement generally takes time and that is why a gap usually in days exist between the end of firm's fiscal year end and the date in which the external auditor(s) sign the financial statement. This gap is known as audit delay or audit report lag. However, it is important for both the management and external auditor(s) to minimise audit report lag because this significantly determines the availability of financial information to users in the market in making informed decisions. Also, timeliness is one of the important qualities of accounting information. Timely

financial report helps to retain the useful value of financial information and as well reduces information asymmetry which in turn alleviate insider trading (Muhammad, 2020). Also, timely financial information reduces the probability of receiving erroneous information about companies. The need to ensure timely financial reports is greatly dependent on auditors' independence.

Independence of an auditor greatly affect the completion period of the financial statement audit. The issue of auditors' independence has come to limelight as a result of reports given on doubtful accounting practices employed in the past which resulted in global auditing scandal and financial crises involving World.com, Enron and so on. Also, in Nigeria in the

non-financial sector some companies experienced corporate scandal in the likes of Ile-oluji, Cadbury Plc, etc. These occurrences made various users of the financial reports including the society at large to be greatly concerned about independence of the external auditors and reporting timeliness of the financial statements. It has been ascertained in the literature that auditors' independence can be jeopardized through elongated auditor tenure, payment of premium audit fees and provision of both audit and non-audit services by the external auditor. Substantial number of empirical studies as regards the subject matter have been conducted in the developed countries, for example in the USA studies (Lee, Mande & Son, 2009; Knechel & Sharma, 2012; Dao & Pham, 2014); in Indonesia (Kusumah & Manurung, 2017; Asmara & Situanti, 2018); in Korea and Turkey (Lee & Jahng, 2008; Ocak & Ozden, 2018). The results of these past studies are mixed and there is no consensus as regards the effect of auditors' independence on audit delay.

In Nigeria, very few empirical studies have been carried out on the relationship between auditor's independence and audit delay; thus a dearth of empirical studies exist in this area. Muhammad (2020) for instance examined this relationship but the work only focused on one subsector and few firms were examined which may not be considered for wider generalisation. Also, unlike prior studies that made use of small sample size this study make use of 45 listed non-financial firms operating in Nigeria from the year 2010-2020. Thus, this study is carried out in order to empirically investigate on the effect of auditors' independence on audit delay; in which auditors' independence is measured using audits' tenure and audit fee.

The remainder of the paper is organized into the following sections as follows: literature review, theoretical

framework and hypothesis development, empirical review, methodology, result, interpretation and finally conclusion.

2.0 Literature Review and Hypothesis Development

Audit delay also referred to as audit report lag is the duration usually expressed in days that is taken by the auditor to finish the audit of the financial statements. Audit delay influences the timing of financial reports publication. According to Puspitasari (2014) audit delay is the time taken by the external auditor to give his report on both the performance and financial position of the firm. Reza and Poudeh (2014) asserted that the time spent by an external auditor on the audit assignment will ultimately influence the timeliness of the financial reports disclosure to users which comprises of both existing and potential investors. Quality of the financial reports may be enhanced if the audit report lag is short. Amirul and Salleh (2014) put forward that users may seek to acquire financial information from other possible sources which may be more expensive. Thus inferring that longer audit delay reduces the quality of the released financial information, resulting to delay in accessing the audited report by the investors. Afify (2009) stated that shorter reporting lag improves information content reliability and relevancy thus encouraging prudent decision making. In Nigeria, Companies and Allied Matters Act (CAMA) 2004 stated that the maximum period at which listed firms reporting lag can take is six months.

Auditors' Independence has been strongly argued to be the major factor influencing delay in the submission of audited financial statement by auditors. Independence of auditor is when auditor is free to discharge his duty without being influenced by parties who have stake in the financial statement. Impairment to auditor's independence may occur through extended auditor-client relationship, collection of

premium fees and the purchase of both audit and non-audit services from the auditor. Tenure of the audit firm or auditor with the client is believed to be one of the important variables influencing auditor's independence. Auditor tenure is the number of consecutive years that the client has engaged the external auditor for the audit of the firm's financial statement. Audit efficiency tends to increase as auditor's tenure with the client get longer thereby reducing the reporting lag (Dao & Pham, 2014) thus, extended auditor's tenure reduces the reporting lag. Also, auditor needs sufficient time to get acquainted with the firms' business operations and procedures. However, reports of past empirical studies revealed mixed results as regards auditor tenure and audit delay, some findings claimed that auditor tenure significantly influence audit reporting lag (e.g., Manurung & Kusumah, 2017; Ocak & Ozden, 2018; Muhammad, 2020) whereas, some researchers reported that auditor tenure do not have effect on audit reporting lag (e.g., Ezat, 2015; Pradipta & Zalukhu, 2020).

Payment of higher audit fees may hasten the audit process thus reducing the auditing reporting lag. Ng and Tai (1994) are of the opinion that payment of premium fees may be as a result of extent of audit work carried out by the auditors. For example, it is expected that more time and resources will be expended when auditing bigger firms compared to smaller ones. This is due to variances in the values of some items which includes inventory, receivables, assets and so on. Furthermore, auditors may charge higher fees because of the risk involved in the audit assignment (Ireland, 2003). Also, audit fees may be higher in a situation where by the client want the audit procedures to be faster so as to receive the audit opinion on time thereby shortening the audit report lag. Self-interest threat may arise for the auditors thereby impairing his

independence as a result of collection of higher audit fees. Few empirical studies conducted in relation to the effect of audit fees on audit report lag or audit delay are inconclusive. Modugu, Eraghe and Ikhatua (2012) found significant relationship between audit fees and audit delay where as Muhmmad (2020) reported that no significant relationship exist between audit fees and audit delay.

Modugu, Eraghe & Ikhatua (2012) conducted a study on the determinants of audit delay among 20 selected listed firms in Nigeria for a period of 3 years from 2009 to 2011; audit fees (proxy for auditors' independence) was chosen as one of the determining factor of audit delay. Ordinary Least Square Regression analysis was employed and the result showed that audit fees has a significant negative influence on audit delay.

Al Bhoor & Khamees (2016) tested for the relationship between auditor tenure and audit report lag using auditor industry specialization as the moderating variable. The study was conducted in Jordan by utilizing 691 company year observation from the year 2009 to 2013. Using Ordinary Least Square (OLS) regression method for analysing the data collected, the result showed that no significant relationship exist between auditor tenure and audit report lag. Abdelrahman and Basheer (2016) conducted an international investigation on the association between auditor's tenure and audit lead time. The sample of their study consisted of 691 company year observations for the period 2009 to 2013. Using basic statistical techniques, the study concluded that audit tenure has no influence on audit delay. Al Bhoor and Khames (2016) conducted an empirical investigation on the effect of both tenure and auditor industry specialization on audit delay among Jordanian firms and reported that audit tenure has no influence on the reporting lag. Sharma, Tanyi and Litt (2017) examined the

effect of mandatory partner rotation on audit price and audit report timing in U.S., using 2,456 observations for the period 2000 to 2014. The result of the study showed that audit partner rotation has positive significant effect on both the audit fees and audit report lags. This implied that periodic change of audit partner lead to increase in both audit fees and extended audit report lags. Gholamreza, Tahere, Saba (2017) carried out an investigation on the effect of auditor tenure and auditor industry expertise on audit report lag in Iran between the period of 2010 to 2014. The researchers used 141 firms and their findings concluded that tenure of the audit firm does not influence audit report lag.

Wiyantoro and Usman (2018) empirically investigated on how the tenure of auditor affect both quality and the reporting lag among 42 quoted banks in Indonesia from the year 2011 to 2015. Ordinary Least Square method of regression was adopted and the result revealed that audit tenure is negatively associated with audit delay. OcaK and Ozden (2018) examined the effect of auditor-specific characteristics on audit report lag in Turkey from the year 2008 to 2013. Negative Binomial Regression was used to analyze the observed 968 company year observation and the findings revealed that auditors' tenure has significant negative effect on audit report lag.

Muhammad (2020) examined the effect of auditor attributes (auditor tenure as one of the variables) on audit reporting lag of eleven (11) listed firms operating in the service industry in Nigeria from the year 2007 to 2016. Ordinary Least Square regression method was adopted and the result showed that auditor tenure has a significant negative effect on audit report lag. Also, Egbunike and Asuzu (2020) tested for the relationship between audit fees (one of the proxy for auditors' independence) and audit report lag among thirteen (13) listed

companies operating in the manufacturing sector of the economy in Nigeria from the year 2014 to 2018. Using Ordinary Least Square method of data analysis, the result disclosed that no significant relationship exist between audit fees and audit report lag

3.0 Methodology

3.1 Research Design and Model Specification

The study adopts panel research design. Secondary source of data was employed and the data were sourced from the audited annual report and accounts of 45 listed non-financial companies covering the period of nine years; from the year 2010-2020 summing up to 495 firm year observations. Panel research design allows for the combination of both time series and cross-sectional data thus accommodates a large pool of data, hence the estimates from such design are more likely to be a representation of the population of the study. Data collected were analysed using panel least square method.

Model Specification for Auditors' Independence and Audit Delay

Auditors' independence is affected by self-review threat, self- interest threat, familiarity threat, intimidation threat and advocacy threat. We measured auditors' independence with familiarity threat and self- interest threat while advocacy threat and intimidation threat are not measurable quantitatively. Furthermore, variable to capture self-review threat (using non-audit fees) is not always given in audited financial statements of Nigerian listed firms. The functional relationship of auditors' Independence was given as;

$$aud\ in = f(fat, seit) \quad Eqn\ (1)$$

Where *aud ind*= auditors independence,

fat=familiarity threat

seit= self-interest threat

Audit delay was measured with timeliness reporting, which was in line with

the work of (Hassan, 2016; Daferighe & George, 2020). Audit delay is the difference in days between the audit report day and the fiscal year end and it was represented by *audde*.

The functional relationship of audit delay and auditors' independence based on economic bonding theory and agency theory written in econometric form was given as;

$$audde_{it} = \beta_0 + \beta_1 audten_{it} + \beta_2 audpr_{it} + e_{it} \quad Eqn (2)$$

Where,

audde_{it} =

audit delay of crosssectional unit i over time t,

audten_{it} =

auditor tenure of crosssectional units over time t,

audpr_{it} = *audit price of crosssectional units over time t*

In order to avoid spurious regression, the researchers introduced control variables which were firm size, loss, big four, ratio of current asset to total asset, return on asset and leverage. The study posit a negative association for audit tenure and audit delay due to the learning effect. That is, over time, auditor would have acquainted himself with the client business operations and processes thereby reducing the audit reporting lag. This was in line with the study of (Ezat, 2015; Daferighe & George, 2020). Negative relationship was posited for audit delay and audit price (audit fees), this is due to the fact that firms can motivate their external auditors by offering audit fee premium so as to hasten the audit assignment thus shortening the audit report lag. This was consistent with the work of (Modugu, Eragbhe & Ikhatua, 2012; Egbunike & Asuzu, 2020). Firm size measured by natural logarithm of total asset was posited to have inverse relationship with audit delay based on the fact that larger

firms have stronger internal control system (Hassan, 2016). Positive association was posited for loss and audit delay and was measured as dichotomous variable that is 1 if the firm disclosed loss and 0 if not, big four measured as a categorical variable of one when audited by the big four and zero if otherwise was posited to have a negative relationship with audit delay due to possession of skilled personnel and sophisticated technology in carrying out the audit assignment, this was in line with the work of (Shukeri & Islam, 2012). Positive association was posited for audit delay and ratio of current asset to total asset and this was in line with the work of (Walker & Hay, 2010). This is due to the fact that auditors need sufficient time to verify larger current assets. In addition, positive association was posited for audit delay and leverage because firms that are highly leveraged or geared usually have higher debts in their capital structure when compared to equity thus demanding for extended auditing time (Ocak & Ozden, 2018; Alkhatib & Marji, 2012). Negative relationship was posited for audit delay and profitability measured as Roa due to the fact that firms are always motivated to disclose good news in their financial reports in time to the public (Ocak & Ozden, 2018; Shukeri & Nelson, 2011) Thus, the introduction of control variables gave rise to Model 3 stated below as:

$$audde_{it} = \beta_0 + \beta_1 audten_{it} + \beta_2 audpr_{it} + \beta_3 firm_size_{it} + \beta_4 loss_{it} + \beta_5 big_four_{it} + \beta_6 ca_ta_{it} + \beta_7 roa_{it} + \beta_8 lev_{it} + e_{it} \quad Eqn (3)$$

Measurement of Variables**Table 2: Variables, Apriori Expectation and Their Measurements**

Variable Code	Meaning	Variable Type	Apriori Sign	Meaning
Audde	Audit delay			Measured in days, the length of time between the company's accounting year end and the date at which the financial statement is signed by the external auditor (Daferighe & George, 2020)
audten	Auditor's Tenure	Independent variable	-	The successive number of years that the auditor has audited the client (Ocak & Ozden, 2018)
audpri	Audit price	Independent variable	-	Log of aggregate amount given to external auditor(s) (Akhalmeh, Izebkhai, & Ohenhen, 2017)
firm_size	Size of the firm	Control	-	Natural log of total assets (Akhalmeh, Izebkhai, & Ohenhen, 2017)
loss	Loss	Control	+	Indicator variable that is assigned the value of 1 if the reported net income is less than zero or negative, and assigned 0 if not (Dao & Pham, 2014)
big_four	Big four	Control	-	Indicator variable that is assigned the value of 1 if the external auditor is one of the Big 4 audit firms, and 0 if not (Rusmin & Evans, 2017)
ca_ta	Current asset to total asset	Control	+	Measured as the ratio of current asset to total asset (Dao & Pham, 2014)
roa	Return on asset	Control	-	Measured as net income divided by total assets (Akhalmeh, Izebkhai, & Ohenhen, 2017); (Shofiyah & Suryani, 2020).
lev	Leverage	Control	-	This is measured as values of current and non-current liabilities divided by aggregate assets Rusmin and Evans (2017).

Source: Authors Computations (2021)

4.0 Result and Interpretation

Descriptive Statistics

Table 3 showed the descriptive statistics of variables employed in the model. The mean value for audit delay was approximately 104 days. This revealed that for the observed listed non-financial firms, their audit reports have the average time lag that is beyond the statutory 3 months laid out by CAMA (1990). This result is in line with the findings of Modugu, Eragbe and Ikhatua (2012); Ayemere and Elijah (2015) that reported that most firms do present their audited annual reports after the given period of 3 months stipulated by the statutory authority. The median value presented is 102 days. The audit delay value over the period ranges from 0 (minimum value) and 234 days (maximum value) resulting in a range value of 234 days (maximum value-minimum value) which means that for the observed listed firms, the longest days for them to report their audited annual report is 234 days. The standard deviation of 35 days (lesser than the mean value) indicated that the values are distributed around the mean values. Skewness value of 0.44 indicated that it is positively skewed and is skewed to the right. The kurtosis value of 5.06 indicated that it is peaked relative to the normal series and is leptokurtic because is above 3 which is the threshold.

Audit price also referred to as audit fees (AUDPR) represented one of the variables used to proxy auditor's independence. Audit price had an average mean and median values of 9.44 and 9.58.

Skewness value of -1.56 showed that the data were negatively skewed. The second variable representing auditor's independence was audit tenure. Descriptive result showed that the average (mean) and median value, that is the average tenure of the auditor with the client were (4.06) years and 4 years respectively. This showed that the firms (clients) engage the service of new auditor(s) at every four years. The minimum and maximum values for auditor's tenure with their clients were 1 and 9 years respectively. This indicated that firms (clients) comply with the mandatory auditor's rotation of 10 years. Audit price and auditor's tenure have standard deviation values which are below their mean values and this signified that the data cluster around the mean values and are less volatile. Skewness and kurtosis values of 0.49 and 2.13 respectively suggested that the data is positively skewed to the right and the distribution is flat relative to the normal series.

The firms' capital structure represented by leverage (LEV) indicated that 53% on average was financed by debt. This signified that the firms are fairly geared; having more than half of their capital as debt. In addition, 57% of the Nigerian listed non-financial firms were audited by the big four and this implied that 43% of the total firms were audited by the non-big audit clients. Other variables loss, ca_ta and roa were positively skewed while firm-size was negatively skewed.

Table 3: Descriptive Statistics

Variables	Mean	Median	Maximum	Minimum	Std. Dev.	Skewness	Kurtosis	Jarque-Bera	Obs.
Audde	103.92	102.00	234.00	0.00	35.04	0.44	5.06	84.49	495
Audpri	9.44	9.58	13.36	2.64	1.54	-1.56	9.36	841.94	495
big_four	0.57	1.00	1.00	0.00	0.50	-0.28	1.08	67.26	495
Audten	4.06	4.00	9.00	1.00	2.45	0.49	2.13	28.91	495
ca_ta	0.56	0.50	19.66	0.01	0.99	17.45	333.30	1852365.	495
loss	0.22	0.00	1.00	0.00	0.41	1.38	2.91	128.26	495
lev	0.53	0.56	0.99	0.01	0.22	-0.42	2.49	16.17	495
roa	0.06	0.038	4.28	-0.93	0.39	9.29	102.01	170407.1	495
Firm_size	16.28	16.47	19.97	10.63	1.99	-0.71	3.26	34.67	495

Source: Authors' Computation (2021)

Where *Audde* signifies audit delay, *audpri* connotes audit price, *big_four* represents auditors' type, *audten* represents auditors' tenure, *ca_ta* connotes the ratio of current assets to total assets, *lev* represents leverage and *roa* denotes profitability.

Correlation Analysis

The correlation matrix depicted the degree of association among the variables employed and was reported in Table 4. The two proxies for auditor independence (audit price and audit tenure) had positive pairwise correlation with audit delay, but not statistically significant. This implied that significant change in the reporting timeliness cannot be attributed to the independence of the auditor. Also a pairwise correlation existed between the Big four and audit price ($P_c = 0.147$, $P_v = 0.003$). This suggested that the big four auditing firms usually charge high fees. This may be as a result of the reputation of the audit firms, perceived provision of quality services, having international affiliation among

others. Loss had a significant correlation with audit delay, *big_four* and audit tenure. The positive correlation of loss with audit delay ($P_c = 0.142$, $P_v = 0.004$) suggested that firms incurring loss in their financial statements usually have longer audit report lag, because loss tend to represent bad news and reporting of bad news to market are always delayed by the management as they will want to exercise discretion. Also, *firm_size* has significant correlation with *audpri*, *big_four*, *loss*, *lev* and *roa*. Firm size had significant positive association with audit price and big four ($P_c = 0.704$, $P_v = 0.000$), ($P_c = 0.274$, $P_v = 0.000$) respectively. This is due to the fact that bigger firms have the ability and means of engaging the services of the big audit firms and also pay them higher fees so as to fast track the completion of the audit assignment. Lastly, none of the Pearson correlation coefficient for the variables employed was up to 0.8 (the rule of thumb), therefore there was no problem of multicollinearity.

Table 4: Correlation Matrix

Correlation Probability	1	2	3	4	5	6	7	8	9
1. Audde	1.000 -----								
2. audpri	0.060 0.230	1.000 -----							
3. big_four	0.034 0.495	0.147 0.003	1.000 -----						
4. audten	0.054 0.280	0.055 0.271	-0.046 0.354	1.000 -----					
5. ca_ta	-0.007 0.890	0.053 0.285	0.072 0.149	-0.045 0.362	1.000 -----				
6. loss	0.142 0.004	0.045 0.369	-0.200 0.000	-0.109 0.029	-0.056 0.264	1.000 -----			
7. lev	0.005 0.925	0.010 0.046	0.105 0.036	-0.076 0.125	0.115 0.020	0.096 0.054	1.000 -----		
8. roa	0.056 0.258	-0.111 0.026	0.012 0.804	0.151 0.002	-0.027 0.583	-0.267 0.000	-0.181 0.000	1.000 -----	
9. firm_size	-0.046 0.359	0.704 0.000	0.274 0.000	0.045 0.366	-0.020 0.690	-0.147 0.003	0.231 0.000	-0.122 0.014	1.000 -----

Source: Authors' Computation (2021)

Where Audde signifies audit delay, audpri connotes audit price, big_four represents auditors' type, audten represents auditors' tenure, ca_ta connotes the ratio of current assets to total assets, lev represents leverage and roa denotes profitability. Values for Pearson correlation and two tail p- value (in italics and bold) were shown below the diagonal.

Levin, Lin and Chu test, PP, IPS and ADF were adopted. The result revealed that Audde, ca_ta, audpri, loss, audten, firm_size, lev, big_four and roa were stationary at level.

Unit Root Test

Unit root test was conducted in order to examine the stationarity condition of variables employed. In ascertaining this,

Table 5: Panel Unit Root Test

Variables	LLC		IPS		ADF - Fisher		PP - Fisher		
	LLC Stat.	p-value	IPS Stat.	p-value	ADF	p-value	PP	p-value	Remarks
Audde	-8.635	0	-73.630	0	-19.273	0	-37.425	0	I(0)
loss	-4.020	0	-33.272	0	-32.011	0	-43.457	0	I(0)
ca_ta	-13.015	0	-73.131	0	-66.544	0	-97.887	0	I(0)
audpri	-18.101	0	-5.7412	0	-65.158	0	-17.181	0	I(0)
audten	-7.811	0	-82.579	0	-25.82	0	-42.802	0	I(0)
firm_size	-17.791	0	-50.834	0	-24.776	0	-41.462	0	I(0)
roa	-15.631	0	-35.279	0	-77.957	0	-48.087	0	I(0)
lev	-18.549	0	-70.379	0	-35.576	0	-0.9767	0	I(0)
big_four	-11.391	0	-59.086	0	-59.873	0	-63.704	0	I(0)

Source: Authors' Computation (2021)

5. Interpretation and Discussion of Finding

This section showed the result of the regression estimates of the relationship between auditors' independence and audit delay using pooled OLS, fixed effect method (FEM) and random effect method (RAM). The Breusch-Pagan test and Hausman test reported were ($X^2 = 32.44$, $P < 0.05$) and ($X^2 = 38.35$, $P < 0.05$) respectively. This indicated that fixed effect method is most appropriate method of reporting. Table 6 revealed that the regressors jointly explained 49% of total variations in the dependent variable after adjusting for the loss in degree of freedom. Audit price and audit tenure were the two variables representing auditors' independence. The f-statistic (22.49) with p-value (0.00) of the model indicated that is statistically significant.

Audit price has a significant positive relationship with audit delay (coef= 3.41, $t = 3.82$) at 1% significance level. This showed that fees paid by clients to auditors did not result into reduction of the reporting time by the auditor. This implied that the fees collected by the auditors did not show the true reflection of auditors' effort in speeding up the audit assignment thus the fees paid to them may have element of bribe in it. This result contradicts the Apriori expectation and findings of Modugu, Eragbhe and Ikhatua, (2012); Ezat (2015). Also, the result contradicts the assertion made by Leventis, Weetman and Caramanis (2015) who contended that fee paid to auditor can help determine how timely the audit assignment will be carried out. Although, Rubin (1992)

suggested that audit fees will be positively associated with audit delay due to the fact that higher fees paid to auditor may be an indication that audit procedures and tasks are more tedious thus requiring more audit tests which will take time and effort. The second proxy for auditor independence is auditor tenure. The result for auditor tenure on audit delay showed a positive but insignificant relationship. This revealed that extended auditor-client relationship did not result into enhanced auditors' efficiency (reduction in the audit report timeliness) thereby implying that learning effect did not take place. This finding contradicts Apriori expectation and the assertion of Lee, Mande and Son (2009); Lim and Tan (2010); Habib and Bhuiyan (2011); Suryanto, Thalassinou and Thalassinou (2017) who asserted that extended auditor tenure should increase auditor's efficiency and effectiveness on the job thus leading to the reduction of audit delay time. Their position is that over time, auditor would have acquired knowledge and familiarize himself with the client's business operations and processes thereby making the learning effect to take place, thus reducing the time to be taken for the audit assignment and shortening the reporting lag. However, this result corroborates the findings of Lee and Jahng (2008); Amirul and Salleh (2014); Gholamreza, Tahere and Saba (2017); Dewi, Subekti and Saraswati (2019) who reported that no significant association existed between auditor tenure and audit delay. With this finding, this study reported that auditor's independence does not aid in curtailing audit delay.

Table 6: Regression Estimate
Dependent Variable: Audit Delay

		Pooled OLS		Fixed Effect		Random Effect	
Variables		Coef.	T-stat.	Coef.	T-stat.	Coef.	T-stat.
AUDPR		1.36	0.51	3.41	3.82***	1.38	0.52
BIG_FOUR		0.71	0.55	6.67	2.87***	0.78	0.15
AUDTEN		0.31	0.91	0.44	1.18	0.37	0.55
CA_TA		0.23	0.72	-0.35	-0.74	0.28	0.17
LOSS		10.07	2.38**	13.80	2.19**	11.17	2.44**
LEV		-0.96	-0.73	2.08	0.40	-0.66	-0.07
ROA		7.32	1.32	7.32	0.71	8.61	1.93*
FIRM_SIZE		-0.09	-0.37	-2.64	-2.26**	-0.14	-0.07
C		91.09	2.90	104.94	8.48	88.47	3.50
R-squared		0.05		0.53		0.06	
Adjusted R-squared		0.02		0.49		0.03	
F-statistic		2.91		22.49		3.12	
Prob. (F-statistic)		0.04		0.000		0.03	
Durbin-Watson stat.		1.61		0.975		1.40	
Breusch-Pagan				32.44(p<0.05)			
Hausman Test				38.35(p<0.05)			

Source: Authors Computation (2021)

The Table showed the coefficients and t-statistics of regression from equation 3. Pooled OLS, Fixed Effect and Random Effect were conducted, Fixed effect method was chosen as the most suitable based on the outcome of the Hausman Test. Where ***, ** & * indicated level of significance at 1%, 5% and 10% respectively.

5.0 Conclusion and Recommendations

The study investigates the effect of auditors' independence on audit delay among the listed non-financial sector in Nigeria by employing 495 firms from the year 2010 to 2020. In achieving the objective, we test the hypothesis that auditors' independence has significant influence on audit delay. In testing the hypothesis, auditors' independence was proxy for using audit price or audit fees and

auditor's tenure that is successive number of years that the external auditor has audited the client. Audit delay is measured as the difference usually expressed as length of days between the date in which the external auditor signed the audited annual report and the date in which company ends its financial year. In estimating the auditors' independence and audit delay model, the study employs ordinary least square method, in addition pre-estimation test and post-estimation test is conducted. We add to the limited empirical findings by combining two variables to represent auditors' independence and testing it on audit delay in Nigeria.

Our findings show that auditors' independence using audit price has a significant positive effect on audit delay. We also find out that extended auditor stay with the client does not affect auditor's reporting time, thus contradicting the learning effect theory. The finding implies that payment of higher fees to auditors does not reduce the audit report lag but rather increase the reporting lag; this is consistent with economic bond theory but is in contrast with the agency theory. Also, it can be inferred that collection of higher fees by auditors of non-financial firms does not translate to reduced reporting time thus auditor's efficiency is not maximized. Company's management and financial regulatory bodies should adopt means of regulating external auditors' fees as payment of higher fees does not translate to enhanced audit efficiency.

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