

**THE EFFECT OF AUDIT COMMITTEE CHARACTERISTICS ON
TIMELINESS OF FINANCIAL REPORTING BY USING AUDITOR
QUALITY AS THE MODERATING VARIABLE
(AN EMPIRICAL STUDY FROM INDONESIAN
MANUFACTURING COMPANIES)**

Fouad Mohammed Alshrife
Imam Subekti
Yeney Widya
University of Brawijaya

Abstract

This study examines the effects of the audit committee independence, audit committee activity, audit committee competence, and moderating auditor quality on the timeliness of financial reporting in manufacturing companies in Indonesia. The variables used in this study are timeliness of financial reporting, audit committee independence, audit committee activity, audit committee competence, and auditor quality. This study used purposive sampling method with the population of manufacturing companies in Indonesia. The sample used in this study was 92 manufacturing companies listed in Indonesia Stock Exchange (IDX) for the period of 2010-2012. The data of this study were financial statement of the manufacturing companies which were collected from the Indonesia Stock Exchange official website. The hypotheses were tested using hierarchical regression analysis. The results showed that the audit committee independence and the audit committee activity negatively affect the timeliness of financial reporting while these results do not support the agency theory. However, another variable examined in this study, namely competence of the audit committee, is not proven to affect the timeliness of the financial reporting. Similarly, the finding of the moderating variable reveals that the auditor quality strengthens the relationship between audit committee independence and financial report timeliness, and audit committee activity and financial report timeliness. On the other hand, auditor quality does not strengthen the correlation between audit committee competence and timeliness of financial reporting.

Keywords: Timeliness of Financial Reporting, Independence of Audit Committee, Activity of Audit Committee, Competence of Audit Committee, Auditor Quality

Introduction

The financial report is a report that is expected to provide information about the company, and combined with other information, such as industrial, economic conditions, could provide better overview of the prospects and risks of the company (Ajrhem, 2012). Financial report has significance for all users of financial statements such as investors, creditors and other users. The objective of financial reporting itself is to provide useful information to users of financial statements in making decisions regarding the financial position, performance and changes in financial position of an enterprise (Ajrhem, 2012). Financial statements must be prepared and presented to the public within a reasonable period from the closing of the company's financial year-end, if delaying the presentation of the financial statements, the usefulness of financial statements will be reduced (Indonesia SFAS (2010) and Yadirichukwu and Ebimobowei (2013)). According to Yadirichukwu and Ebimobowei (2013), they must be available on the timely basis. Owusu-Ansah (2000) added that the timely of information may help alleviate the occurrence of leak, rumors and insider trading in capital market.

Furthermore, Ika and Ghazali (2011) reported that Indonesian government has issued some regulations regarding the timeframe for information submission in order to protect shareholders' interests in the capital market. The Indonesian Capital Market Supervisory Agency- Badan Pengawas Pasar Modal- (BAPEPAM) (2003) sets the rule which requires the listed companies to submit the annual audited financial statement to BAPEPAM and Indonesian Stock Exchange (IDX) (BAPEPAM, 2003) at most within four months after the companies' financial year-end (BAPEPAM, 2006). The submission of audited financial statements in Indonesia is ruled based on the three main regulations (Merdekawati, 2011). Disclosure and presentation of financial statements is one aspect of good corporate governance. The timeliness of financial reporting problems can be solved by implementing good corporate governance through the establishment of an audit committee. Audit committees have a role as an independent committee in a company whose main function is to improve the quality of financial reporting, increase public confidence and reduce delay in financial reporting. Moreover, Yadirichukwu and Ebimobowei (2013) added that the oversight quality of audit committees can be seen from understanding of its characteristics including the size, the independence, and the expertise of the audit committee, the frequency of audit committee meetings, and financial knowledge of audit committee members. This indicates that the more attempts to improve the audit process and audit committee characteristic quality will generally lead to the higher audit quality (Knechel, 2013).

Afify (2009) documented that the audit committee formation was found significant to explain the reporting timeliness. Yadirichukwu and Ebimobowei (2013) suggested the relationship between the audit committee and the financial report timeliness are examined by agency theory as well. Furthermore Kirk (2000) also suggested the independence of the audit committee will contribute to the financial report quality. Thus, this study adopted a contingency framework to evaluate the relationship between audit committee independence, audit committee activity and audit committee competency on timeliness of financial reporting. However, the subsequent differences from the previous studies are the companies that were examined namely manufacturing and the differences in the study period. This research applies the quality of the auditor as a moderating variable. This study seeks for answers on the following questions: Do the audit committee independence, the audit committee activity, and the audit committee competency affect the timeliness of financial reporting? Does the quality of the auditor have moderating influence on the impact of audit committee independence, audit committee activity and audit committee competency on timeliness of financial reporting?

LITERATURE REVIEW

Agency Theory

In discussing timelines of audited financial reports, agency theory can explain the relationship between shareholder and manager (agent) and the importance of the timelines of audited financial reports for both of them. Agency theory mentions that separating ownership and control can make information asymmetry. Therefore, the managers can use to exploit shareholders using their opportunistic behavior (Jensen and Meckling, 1976). It is ensured that shareholders need the company performs well. There should be lack of delay or shorter timing of audit report released. Scott (1997) illustrate the existence of an agency relationship (agency relationship) as a relationship arising from a contract established between the principal who use agents to perform services of interest to the principal in the event of separation of ownership and control of the company. Between the internal and external parties there are differences that can lead to abuse of the financial statements (Jensen and Mackling, 1976). In the model agency designed a system that involves both parties that the relationship management (agents) and owners (principal).

The Influence of the audit committee independence on the timeliness of the financial reporting

The quality and the credibility of the financial reporting can be worse affected when the audit committee has low or no independence (Habbash, 2010). One of the objectives of the audit committee is to give unbiased reviews on the financial information (Kirk, 2000). Yadirichukwu and Ebimobowei (2013) showed that the audit committee independence (ACI) is significantly related to the timeliness of financial reports.

In terms of independence, the previous researchers have documented the relation between the independence of audit committee members and the integrity and quality of company financial reporting. Companies with audit committee comprised solely of nonrelated or outside directors were less likely to be sanctioned by the SEC for fraudulent financial reporting, had negative relation with the occurrence of earnings restatement (Abbott et al., 2004), and were likely to reduce aggressive earnings management (Bedard et al., 2004). This discussion leads to the following hypothesis:

H1: The Audit Committee Independence positively affects the timeliness of financial reporting.

The Influence of the audit committee activity on the timeliness of the financial reporting

A more active audit committee should improve the reliability of financial reporting. The establishment of the audit committee is meant to ensure continuous communication between the external auditors, the internal auditors and the board, where the committee meets regularly with the auditors to review the financial statements and audit processes as well as the internal accounting systems and controls (Habbash, 2010). The frequency of meetings indicates that an active audit committee devotes time to rectify any immediate issues and offers a better review and oversight environment, which, in turn, may assist in detecting financial statements errors. Li *et al.* (2008) show a positive relationship between the audit committee activity and the timeliness of financial reports. This discussion leads to the following hypothesis:

H2: Audit Committee Activity positively affects the timeliness of financial reporting.

The Influence of the audit committee competence on the timeliness of the financial reporting

Turley and Zaman (2004) stated that studies on audit committees are mainly based on agency theory which was proposed by Jensen and Meckling (1976) and Fama and Jensen (1983). Moreover, the relation between audit committee competency and timeliness of reporting is based on the factual need which shows that if audit committee is competent in doing its monitoring duty of financial reporting process, this audit committee competence will affect the quality of financial reporting which may lead to timely presentation of financial information. BRC (1999) recommends each of the Audit Committee to have at least one member of which has the financial expertise, which is defined as work experience in finance or accounting. In addition, Elizabeth (2004) proposed another definition mentioning that the financial expertise refers to the directors who are members of professional accountancy body. Previous study done by DeZoort and Salterio (2001) documented that the financial expertise provide a good basis for audit committee members to examine and analyze financial information. Educational background became an important feature to ensure the

effectiveness of the audit committee. On the basis of the above, the study stated the following hypothesis:

H3: Audit Committee Competency positively affects the timeliness of financial reporting.

Research Method

The population in this study is all manufacturing companies listed in Indonesia Stock Exchange for three consecutive years from the period of 2010 to 2012. They are chosen because manufacturing companies are dominating companies listed on the Indonesia Stock Exchange (IDX) and are one of most develop industries and providing largest contribution to Gross Domestic Product (GDP) of Indonesia. The samples were obtained by purposive sampling method. The types of data used in this research is quantitative data in the form of financial statements and annual report of companies in the manufacturing sectors listed in Indonesia Stock Exchange for three consecutive years from the period of 2010 to 2012. This research applies the quality of the auditor as a moderating variable.

In this study, researchers used a dependent variable, the date of submission of annual audited financial statement to BAPEPAM. This variable is measured by the number of days between financial year-end and the date of a company's audited financial statement is received by the stock exchange.

Timeliness of financial reporting = Date of Received - The Financial Report

There were independent variables in this study including independence of the audit committee, activity of audit committee, and competence of audit committee. Independence audit committee is the percentage ratio between the numbers of independence audit committee to the total number of audit committee of the company. The number of meetings attended by the audit committee is a proxy to measure the level of the audit committee activity. Moreover, the audit committee competency is the percentage ratio between the numbers of audit committee who has an experience as a CFO, by having the knowledge in financial background such as reading and analyzing the financial report to the total number of audit committee of the company. The data is analyzed using multiple regression method. Before conducting the multiple regression analysis, descriptive statistic analysis will be applied, and some testing of classical assumptions such as test of normality and multi-co-linearity among the independent variables. Tests on multiple regression analysis are conducted to determine whether independent variables affect the dependent variable. The calculation will be done with the help of a computer through Excel and SPSS 20.

FINDINGS AND DISCUSSIONS**Classical Assumption Test****Normality Test**

The normality test aims to test whether the regression model or residual confounding variable has a normal distribution or not. The residual data was normally distributed, because the significance value is above 0.05. Therefore, H_0 is accepted. Thus, the normality is qualified.

Multicollinearity test

Multicollinearity test is done to obtain that there is no strong relation or there is no perfect linear relation or it can also be considered that there is no relation in each independent variable. The test is done by comparing value of tolerance resulted from multiple regression calculation, if the value of tolerance is $< 0,1$ then there is multicollinearity.

Table : Multicollinearity test result

Model		Colinearity Statistics	
		Tolerance	VIF
3	Independence of AC	.919	1.089
	Activity of AC	.244	4.100
	Competence of AC	.767	1.304
	Auditor Quality	.161	6.226
	IAC x AQ	.392	2.553
	AAC x AQ	.120	8.356
	CAC x AQ	.153	6.537

According to Table 4.1, the result of the test indicates the value of tolerance $> 0,1$, so it can be concluded that the multicollinearity does not occur between the independent variables

Hypothesis Test of Multiple Linear Regression

Linear Regression is used to calculate the influence of each independent variable, Independence of AC (X_1), Activity of AC (X_2), and Competence of AC (X_3) to the dependent variable which is Timeliness (Y). Regression equation is functionated to find the relation between dependent and independent variables by using SPSS for Windows version 20.00. The regression model is presented in Table 4.2.

Table Results of Hierarchical Regression

Model		Unstandardized Coefficients B	t	Sig.
1	(Constant)	39.382	3.037	.003
	Independence of AC	-87.903	6.523	.000
	Activity of AC	-4.731	13.961	.000
	Competence of AC	-6.443	1.435	.152
2	(Constant)	36.907	2.849	.005
	Independence of AC	-86.372	6.434	.000
	Activity of AC	-4.474	12.411	.000
	Competence of AC	-4.919	1.086	.278
	Auditor Quality	-3.799	2.010	.045
3	(Constant)	32.946	2.659	.008
	Independence of AC	-90.324	7.002	.000
	Activity of AC	-2.351	3.709	.000
	Competence of AC	-3.099	.662	.508
	Auditor Quality	13.200	3.253	.001
	IAC x AQ	-5.826	2.242	.026
	AAC x AQ	-2.354	3.727	.000
CAC x AQ	-4.853	1.117	.265	

According to Table, the obtained regression results are as follows.

- T test of X_1 (Independence of AC) and Y (Timeliness) indicates that t test is $> t$ Table that is 7.002 is > 1.968 or sig t (0,000) is $< \alpha$ (0.05). Thus, the influence of X_1 (Independence of AC) on Timeliness is significant. In other words, by increasing Independence of AC, the number in Timeliness will significantly decrease. Therefore, if Independence of AC has 1 increasing member, Timeliness will decrease 87.903 days with the assumption that another variable is considered as constant.
- T test of X_2 (Activity of AC) and Y (Timeliness) indicates that t test is $> t$ Table that is 13.709 > 1.968 or sig t (0,000) is $< \alpha$ (0.05). Thus, the influence of X_2 (Activity of AC) on Timeliness is significant with alpha 5%. In other words, by increasing Activity of AC, the number in Timeliness will significantly decrease. Therefore, if Activity of AC increases 1 meeting, Timeliness will increase 4.731 days with the assumption that another variable is considered as constant.
- T test of X_3 (Competence of AC) and Y (Timeliness) indicates that t test $< t$ Table that is 0.662 < 1.968 or sig t (0,508) is $> \alpha$ (0.05). It means that the

influence of X_3 (Competence of AC) on Timeliness is not significant in alpha of 5%. In short, by increasing the Competence of AC, the number in Timeliness will not decrease significantly.

- T test of X_1X_4 (IACxAQ) and Y (Timeliness) indicates t test = 2.242 with sig. t of 0.001. Because sig t (0,001) is $< \alpha = 0.05$, the influence of X_1X_4 (IACxAQ) on Timeliness is significant in alpha of 5%. In short, Timeliness can be influenced significantly by the IACxAQ. Thus, by increasing the IACxAQ, the number in Timeliness will significantly decrease.
- T test of X_2X_4 (AACxAQ) and Y (Timeliness) indicates t test = 3.727 with sig. t of 0.000. Because sig t (0,000) is $< \alpha = 0.05$, the influence of X_2X_4 (AACxAQ) on Timeliness is significant in alpha of 5%. In short, Timeliness can be influenced significantly by the AACxAQ. Thus, by increasing the AACxAQ, the day of Timeliness will decrease significantly.
- T test of X_3X_4 (CACxAQ) and Y (Timeliness) indicates t test = 1.117 with sig. t of 0.00265. Because sig t (0,265) is $> \alpha = 0.05$, the influence of X_3X_4 (CACxAQ) on Timeliness is not significant in alpha of 5%. In short, Timeliness cannot be influenced significantly by the CACxAQ. In other words, by increasing the CACxAQ, the days of Timeliness will not decrease significantly.

Discussion

The results showed that the testing of the hypothesis (H1) which states that the Audit Committee Independence positively affects Timeliness of Financial Reporting shows a significant relation, but the positive effect is not accepted. As a result, the independence of audit committee negatively affects the timeliness of financial reporting. Thus, although the manufacturing companies in Indonesia have fulfilled the requirement of having independent audit committee, the result showed that independence of AC is not sufficient enough to explain the pattern of the timeliness of financial reporting. In short, it can be said that even though the independent audit committee exists in the firms, they may not submit the financial statement on time. This may be due to the maturity level of the AC in manufacturing companies in Indonesia because the recognition of AC function in Indonesia is still at the initial stage at this time. The result of this study does not support the Agency theory. However, the finding supports the results of research conducted by Habbash (2010) stating that the audit committee should be independent from management in order to be able to conduct effective monitoring of the quality and the credibility of the financial reporting. The result is consistent with Beasley et al. (2000), Klein (2002), Abbott et al (2004) and Saleh et al (2007) that a significant relationship exists between audit committee independence and accounting quality.

The results showed that the testing of the hypothesis (H2) which states that the Audit Committee Activity positively affects the Timeliness of Financial Reporting shows a significant relation, but the positive effect is not accepted.

Therefore, the activity of audit committee negatively affects the timeliness of financial reporting. It can be said that although they have fulfill the required number of meeting within a year, there may be no continuous engagement with the members of the committee to discuss any related issues for continuous improvement. Moreover, the meetings may not discuss the timeliness of submitting financial statement. Consequently, there is still lateness of financial report submission even though they have held regular meeting. In line with that, AC activity is negatively associated with timeliness. Menon& William (1991) mention that small number or no meeting at all held in a year indicates bad monitoring practice of the AC as Xie et al. (2003) found that AC activity influences the monitoring effectiveness.

In this study, the Audit Committee Competence hypothesized that the greater the Audit Committee Competency, the smaller Timeliness of Financial Reporting and vice versa. The result of the hypothesis test does not show significant effect of the audit committee competence on the timeliness of financial reporting. Therefore, Audit Committee Competency does not positively and significantly affect the Timeliness of Financial Reporting. This reflects that even though the companies have a number of Audit Committee expertise, their competence may not related to the Financial Statement. Therefore, the high level of audit committee competence does not guarantee the timeliness of financial reporting. On the other hand, Farber (2005) suggested that firms which have considerably higher financial experts experience less fraud compared to fraud firms which have lower financial experts. Moreover, the loss companies often publish their annual financial statements latter than the ones which do not experience loss. Thus, the on-time or late submission of financial reports by manufacture companies can be determined by the loss within the companies. However, there is no correlation between audit committee competence and timeliness of financial reporting.

In the moderating variables, the results indicate that Quality of Auditor strengthens the significant relation between Audit Committee Independence and Timeliness of Financial Reporting. Related to that, Big 4 clients disclose financial statement significantly more quickly than non-Big 4 clients do. Leventies et al. (2005) who finds that the clients of Big N auditors have shorter audit report lags. In addition, AC financial expertise is associated with higher quality financial reporting (Abbott et al., 2004; Bedard et al., 2004; Carcello et al., 2009). Obviously, the result of this study supports the agency theory as a tool for examining the importance of the delay or not of audited financial statements for shareholder (owner) and manager (agent).

Similarly, quality of auditor also strengthens the significant relation between audit committee independence and timeliness of financial reporting. It is obvious that the finding of this study supports the agency theory. The agency theory suggests that shareholders need protection because the management (agents) can perform not similar to the interest of the owners (principals) as stated by Jensen &Meckling(1976). Abbott et al. (2004) suggested that higher

frequency of committee activity which was measured by the four annual meetings held is considerably associated with a lower incidence of financial restatement.

Finally, in this study, the hypothesis stating that Quality of Auditor strengthens the relationship between Audit Committee Competency and Timeliness of Financial Reporting is not supported. This indicates that Quality of Auditor does not strengthen the impact of Audit Committee Competency on the Timeliness of the Financial Reporting as the relation among three of them is not significant. This finding does not support the agency theory. In the agency theory, it is stated that audit committee duties involve a high degree of accounting sophistication which includes understanding auditing issues and risks and comprehending the audit procedures which are proposed to address them. In addition, Noland, Nichols, & Flesher (2004) found that institutions with audit committee members who had banking or financial experience reported significantly more effective internal controls than institutions without this expertise on their audit committee.

CONCLUSION, LIMITATION AND RECOMMENDATION

Conclusion

The results can be concluded that the audit committee independence and audit committee activity negatively and significantly affect the timeliness of financial reporting. The result of this study does not support the agency theory. In accordance with the agency theory, the activity of the audit committee is positively associated with the firm efficiency related to the timeliness of financial reporting. On the other hand, audit committee competency does not positively and significantly affect the timeliness of financial reporting. Result of this study does not support the Agency theory. The results of previous research mentioned that the financial expertise provides a good basis for audit committee members to examine and analyze financial information, but not the timeliness of financial reporting. Similarly, the test on the Hypothesis 4a and 4b shows that the moderation of Quality of Auditor strengthens the relation between Audit Committee Independence or Audit Committee Activity and the Timeliness of the Financial Reporting. On the other hand, Hypothesis 4c result shows that the moderated variable of Quality of Auditor does not strengthen the relation between Audit Committee Competency and the Timeliness of the Financial Reporting.

Limitation

In the data gathering process, it was found that there were some manufacturing companies which did not provide clear details of the competence of the audit committee. Therefore, not all manufacturing companies could be used as the sample of this research. As the consequence, the results may be affected by the limited number of observations.

Recommendation

For future research, it is suggested to include other corporate governance characteristics or structures in Indonesia's Code of Good Corporate Governance (2006) as variables in investigating the factors that influence the timeliness of financial reporting.

REFERENCES

- Abbott, J; Parker, S & Peters, G. (2004). Audit committee characteristics and restatements. *Auditing: A Journal of Practice and Theory*, 23(1): 69–87.
- Abdullah, S.N. (2006). Board composition, audit committee, and timeliness of corporate financial reports in Malaysia. *Corporate Ownership and Control*, 4(2): 33-145.
- Afify, E. (2009). Determinants of audit report lag: Does implementing corporate governance have any impact? Empirical evidence from Egypt. *Journal of Applied Accounting Research*, 10(1) 56–86.
- Ajrbem, (2012). The Timeliness of Bahraini Annual Reports. *Advances in International Accounting*, 9: 73–88.
- BAPEPAM. (2003). Decree No. 36/PM/2003 Concerning Obligation to Submit Periodical Financial Statement. Jakarta: BAPEPAM.
- BAPEPAM. (2006). Decree No. Kep-134/BL/2006 Concerning Obligation to Submit Annual Report for Public Listed Company. Jakarta: BAPEPAM.
- Beasley, M.S; Carcello, J.V; Hermanson, D.R. & Lapedes, P.D. (2000). Fraudulent Financial Reporting: Consideration for Industry Traits and Corporate Governance mechanisms, *The Accounting Horizon*, 14(4): 441-454.
- Bédard, J.; Chtourou, S. M., & Courteau, L. (2004). The effect of audit committee expertise, independence, and activity on aggressive earnings management. *Auditing: A Journal of Practice & Theory*, 23(2): 13–35.
- Carcello, J. V. & Neal, T. L. (2000). Audit committee composition and auditor reporting. *The Accounting Review*, 75(4), 453–467.
- DeZoort, F. T. & Salterio, S. E. (2001). The effects of corporate governance experience and financial reporting and audit knowledge on audit committee members' judgments. *Auditing: A Journal of Practice and Theory*, 20(2): 31–47.
- Elizabeth, R. (2004) Audit Committee Membership - A New Zealand Perspective, *Pacific Accounting Review* , 16 (2): 45 – 69.
- Fama, E. F. , and Jensen, M. C. (1983). Separation of Ownership and Control. *Journal of Law and Economics* , 26 (2): 301–25.
- Farber, D. B. (2005). Restoring Trust After Fraud: Does Corporate Governance Matter? *The Accounting Review*, 80(2): 539-561.
- Habbash, M. (2010). The Effectiveness of Corporate Governance and External Audit on Constraining Earnings Management Practices in the UK. Ph.D. thesis, Durham: Durham University Press. <http://ethesis.dur.ac.uk/448>.
- Ika, S. R & Ghazali, N. A. M. (2011). Audit Committee Effectiveness and Timeliness of Reporting: Indonesian Evidence. *Managerial Auditing Journal*, 27 (4): 403-424

- Jensen, M.C. &Meckling, W.H. (1976). Theory of the firm: managerial behavior, agency costs, and ownership structure. *Journal of Financial Economics*, 3: 305-360.
- Kirk, D. J. (2000).Experience with the Public Oversight Board and corporate audit committees.*Accounting Horizons*, 14(1), 103–111.
- Klein, A. (2002). Audit committee, board of director characteristics, and earnings management.*Journal of Accounting & Economics*, 33(3), 375–400.
- Knechel, W. R. (2013). Do Auditing Standards Matter?. *Current Issues in Auditing*, 7 (2): A1-A16.
- Leventis, S.; Weetman, P. &Caramanis, C. (2005). Determinants of audit report lag: Some evidence from the Athens Stock Exchange. *International Journal of Auditing*, 9(1): 45–58.
- Li, J., Pike, R. &Haniffa, R. (2008). Intellectual capital disclosure and corporate governance structure in UK. *Accounting and Business Research*, 38(2): 136–159.
- Menon, K.and Williams, J. D. (1994). The use of audit committees for monitoring.*Journal of Accounting and Public Policy* 13:121–139.
- Merdekawati, I. (2011). Timeliness of Financial Reporting Analysis : An Empirical Study In Indonesia Stock Exchange. *Accounting National Symposium XIV*
- Noland, T.; Nichols, D.L. & D. Flesher. (2004). Audit Committee Effectiveness in the Banking Industry: How Effective are Audit Committees in the Banking Industry? The Answer to that question May Hinge on Who is on the Auditing Committee. *Management Accounting Quarterly*, 5 (3).
- Owusu-Ansah, S. (2000). Timeliness of corporate financial reporting in emerging capital markets: Empirical evidence from the Zimbabwe Stock Exchange. *Accounting and Business Research*, 30(3): 241-254.
- Saleh, N.M., Iskander, T.M. &Rahmad, M.M. (2007). Audit Committee Characteristics and Earning Management: Evidence from Malaysia. *Asian Review of Accounting*, 15(2): 147-163.
- Scott, W.R. 1997, “Financial Accounting Theory”, Prentice Hall, Scarborough.
- Turley, S. &Zaman, M. (2004), The corporate governance effect of audit committees. *Journal of Management and Governance*, 8: 305-332.
- Xie, B., Davidson III, W. N., &Dadalt, P. J. (2003). Earnings management and corporate governance: The role of the board and the audit committee. *Journal of Corporate Finance*, 9(3): 295–316.
- Yadirichukwu, E&Ebimobowei, A. (2013), Audit Committee And Timeliness Of Financial Reports: Empirical Evidence From Nigeria. *Journal of Economics and Sustainable Development*, 4 (20).(Online) (www.iiste.org ISSN 2222-1700 (Paper) ISSN 2222-285).

