

[Look Up Full Text](#)
[Full Text from Publisher](#)
[Find PDF](#)
[Export...](#)
[Add to Marked List](#)

The extent of audit report lag and governance mechanisms Evidence from Islamic banking institutions in Malaysia

By: **Kaaroud, MA** (Kaaroud, Mohamed Ahmed)^[1]; **Ariffin, NM** (Ariffin, Noraini Mohd)^[1]; **Ahmad, M** (Ahmad, Maslina)^[1]

JOURNAL OF ISLAMIC ACCOUNTING AND BUSINESS RESEARCH

Volume: 11 Issue: 1 Pages: 70-89

DOI: 10.1108/JIABR-05-2017-0069

Published: JAN 6 2020

Document Type: Article

Abstract

Purpose The purpose of this study is to examine the extent of audit report lag and its association with governance mechanisms in the Islamic banking institutions in Malaysia. **Design/methodology/approach** The extent of audit report lag is defined by the number of days from a company's financial year-end to the signature date on its audit report. The sample of the study comprises 112 observations of Islamic banking institutions' financial reports for the period 2008-2014. A balanced panel data analysis is performed to analyse the association between the extent of audit report lag and governance mechanisms. **Findings** The findings show that the extent of audit report lag for the sample selected ranges from a minimum period of 7 days to a maximum period of 161 days, and the extent of audit report lag is approximately two months on average. A fixed effects analysis indicates that audit committee expertise and audit committee meeting have significant association with the extent of audit report lag. On the other hand, board independence, audit committee size and Shari'ah board expertise have insignificant association with the extent of audit report lag. In addition, one control variable (Islamic bank size) is found to be significantly associated with longer audit report lag. **Practical implications** - The findings provide useful feedback for Malaysian policymakers on the past and current practices of financial reports and of governance mechanisms. The findings of the study would help the policymakers in monitoring the Islamic banking institutions' compliance with financial reports submission requirements. The policymakers perhaps could relook into governance mechanisms that reduce the extent of audit report lag in the Islamic banking institutions and implement regulations to strengthen them. **Originality/value** Unlike the majority of prior studies that investigated the association between the extent of audit report lag and governance mechanisms, this study provides two contributions. First, to the authors' knowledge, this study is the first piece of research that examined the association between governance mechanisms and the extent of audit report lag in Islamic banking institutions. Second, the study examined the association of new governance variable, namely, Shari'ah committee expertise which has not been previously examined in the literature of audit report lag.

Keywords

Author Keywords: Malaysia; Corporate governance; Islamic banks; Audit reports; Shari'ah committee

KeyWords Plus: CORPORATE GOVERNANCE; DETERMINANTS; TIMELINESS; OWNERSHIP; DELAYS

Author Information

Reprint Address: Kaaroud, MA (reprint author)

+ Int Islamic Univ Malaysia, Dept Accounting, Kuala Lumpur, Malaysia.

Addresses:

+ [1] Int Islamic Univ Malaysia, Dept Accounting, Kuala Lumpur, Malaysia

E-mail Addresses: memoangel2005_85@yahoo.com

Publisher

EMERALD GROUP PUBLISHING LTD, HOWARD HOUSE, WAGON LANE, BINGLEY BD16 1WA, W YORKSHIRE, ENGLAND

Categories / Classification

Research Areas: Business & Economics

Web of Science Categories: Business, Finance

[See more data fields](#)

Citation Network

In Web of Science Core Collection

0

Times Cited

[Create Citation Alert](#)

49

Cited References

[View Related Records](#)

Use in Web of Science

Web of Science Usage Count

1

Last 180 Days

1

Since 2013

[Learn more](#)

This record is from:

Web of Science Core Collection

- Emerging Sources Citation Index

[Suggest a correction](#)

If you would like to improve the quality of the data in this record, please suggest a correction.

Cited References: 49

Showing 30 of 49 [View All in Cited References page](#)

(from Web of Science Core Collection)

1. **Board composition, audit committee and timeliness of corporate financial reports in Malaysia** Times Cited: **10**
By: Abdullah, S. N.
Corporate Ownership & Control Volume: 4 Issue: 2 Pages: 33-45 Published: 2006
2. **Determinants of audit report lag Does implementing corporate governance have any impact? Empirical evidence from Egypt** Times Cited: **43**
By: Afify, H. A. E.
JOURNAL OF APPLIED ACCOUNTING RESEARCH Volume: 10 Issue: 1 Pages: 56-+ Published: 2009
3. **Introduction to history of Islamic banking in Malaysia** Times Cited: **12**
By: Al Nasser, Sulaiman; Muhammed, Joriah
HUMANOMICS Volume: 29 Issue: 2 Pages: 80-+ Published: 2013
4. **Audit and reporting delays: Evidence from an emerging market** Times Cited: **31**
By: Al-Ajmi, Jasim
ADVANCES IN ACCOUNTING Volume: 24 Issue: 2 Pages: 217-226 Published: DEC 2008
5. **Financial Distress and Bank Failure: Lessons From Closure of Ihlas Finans in Turkey** Times Cited: **13**
By: Ali, S.S.
Islamic Economic Studies Volume: 14 Issue: 1-2 Pages: 1-52 Published: 2007
6. **Determinants of audit report lag and corporate governance in Malaysia** Times Cited: **10**
By: Apadore, K.; Noor, M.
International Journal of Business and Management Volume: 8 Issue: 15 Pages: 151-163 Published: 2013
7. **Specific corporate governance issues in Islamic banks** Times Cited: **6**
By: Archer, S.; Abdel Karim, R.A.
Islamic Finance - The Regulatory Challenge Pages: 310-341 Published: 2007
Publisher: John Wiley and Sons
8. **Islamic Banking** Times Cited: **34**
By: Ariff, M.
Asian-Pacific Economic Literature Volume: 2 Issue: 2 Pages: 48-64 Published: 1988
9. **Audit delay and the timeliness of corporate reporting** Times Cited: **92**
By: Ashton, R. H.; Graul, P. R.; Newton, J. D.
Contemporary Accounting Research Volume: 5 Issue: 2 Pages: 657-673 Published: 1989
10. Title: [not available] Times Cited: **1**
By: Askari, H.; Iqbal, Z.; Mirakhor, A.
New Issues in Islamic Finance and Economics: Progress and Challenges Volume: 753 Published: 2009
Publisher: John Wiley and Sons
11. **Timeliness of financial reporting and corporate governance structure** Times Cited: **1**
By: Asri, M.
THESIS Published: 2005
Unpublished Master Dissertation
Publisher: International Islamic University Malaysia, Selangor
12. **AUDIT STRUCTURE AND OTHER DETERMINANTS OF AUDIT REPORT LAG - AN EMPIRICAL-ANALYSIS** Times Cited: **141**
By: BAMBER, EM; BAMBER, LS; SCHODERBEK, MP
AUDITING-A JOURNAL OF PRACTICE & THEORY Volume: 12 Issue: 1 Pages: 1-23 Published: SPR 1993
13. Title: [not available] Times Cited: **1**