The Impact of Corporate Characteristics and IFRS Adoption on Audit Report Lag: Evidence from Listed Manufacturing Companies in Sri Lanka

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Abstract

An audit report lag (ARL) is defined as a period from a company's fiscal year-end date to the audit report date. The shorter the ARL in releasing audited financial statements, the greater the usefulness and benefits that users can derive from these statements. The purpose of this research is to the identify impact of corporate characteristics on audit delay in Sri Lankan manufacturing companies, listed in Colombo Stock Exchange (CSE). Further, since IFRS adoption represents a significant milestone in the accounting discipline in Sri Lanka which can reasonably expect an impact on audit report lag also, the study extended to investigate the impact of IFRS adoption also on audit report lag. Accordingly the current study investigated the influence of corporate size, audit firm statues, CEO duality, ownership concentration, ownership dispersion, board size and IFRS adoption on audit report lag.

The data for the study collected from annual audited financial statement of all the listed manufacturing companies of CSE. Data for the period of nine years from 2008/2009 financial year to 2016/2017 financial year has been collected. Based on the regression estimate obtain, the study concludes that the audit report delay influenced by corporate size, audit firm statues, CEO duality, ownership concentration, ownership dispersion, board size and IFRS adoption.

Key Words: Colombo Stock Exchange, Audit report lag (ARL), IFRS adoption