

Corporate Governance and Timeliness of Audited Financial Statements: Evidence from Listed Material Companies in Sri Lanka

Withanachchi, R.S¹. and Kawshalya, M.D.P²

^{1,2}*Department of Accountancy, University of Kelaniya*

¹*sathsaranewithanachchi@gmail.com*; ²*pubuduk@kln.ac.lk*

Abstract

The timeliness of companies' audited financial statements is regarded as to a significant aspect influencing the usefulness of information available to external users for decision making process. The shorter the audit report delay in releasing audited financial statements, users of financial statements can obtain more useful information and benefits from these statements.

The purpose of this study is to investigate influence of composite corporate governance (CG) on audit report delay. Corporate governance is investigated under three specific categories namely audit committee, board structure and operations, board diversity on audit report delay (ARD). Furthermore, this study identified factor that affect ARD other than corporate governance such as liquidity, profitability-return on equity, auditor type, number of subsidiaries and size of the company. The data for the study is collected from annual reports of all the listed companies of material sector in Colombo Stock Exchange (CSE), covering period of 2011/2012 to 2019/2020. Data were analyzed using regression analysis and E-Views packages. This study generates valuable insight in the area of corporate governance and timeliness of audited financial statements in Sri Lankan context.

Key words: *Corporate governance, Colombo Stock Exchange, Audit report delay*