

Determinants of Disclosure of Key Audit Matters in Listed Companies in Colombo Stock Exchange

Rukshan, R.¹ and Sujeewa, G.M.M.²

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

¹*rukshan2016354@gmail.com; ²mudith@kln.ac.lk*

Abstract

Key Audit Matters means, those matters that, in the auditor's professional judgment, are of most significant in the audit of the financial statements of the specified period. The purpose of this study is to investigate the factors that auditors take into consideration when issuing Key Audit Matters. The research design is quantitative, with a population of non-financial companies listed in Colombo Stock Exchange in the period of 2018 – 2020, considering on the Number of Key Audit matters disclosure issued by independent auditors. This research includes the number of Key Audit Matters disclosure as dependent variable. The analysis is based on secondary data and multiple regression analysis is used to initiate the relationship between the dependent variable and independent variables. Independent variables include audit firm size, number of audit committee members, number of audit committee meetings, and the number of independent directors. Company's characteristics includes company size, number of company's subsidiaries, ratio of receivable and inventory to total assets, ratio of debt to equity, the earnings before interest and tax to total assets, and industry type are the control variables. This research will identify the relationship between Number of Key Audit Matters and determinants of Key Audit Matters.

Key words: *Independent audit report, Key audit matter, Industry effect*