

AUDIT COMMITTEES AND FINANCIAL REPORTING QUALITY: AN EXAMINATION OF STATUS IN GREEK COMPANIES

John Filos *

* Panteion University, Greece



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Abstract

It has been compulsory by the Greek legal framework that audit committees are established and operating in all listed in the Athens Stock Exchange companies as well as in other Public Interest Companies (PIEs). Beyond the obligations defined clearly by the law, there is also various proposed 'soft law' material, such as a Code of Corporate Governance issued by the Body of Corporate Governance. At the same time, the supervising authorities are working on proposing new and stricter provisions in the corporate law and especially for the listed companies (i.e. Capital Market Committee) and on evaluating the status on listed companies (i.e. External Auditors' Supervisory Committee), both by faster steps, after a large accounting scandal revealed in Greece in May 2018. For other stakeholders in the market (i.e. professional bodies of auditors – both external and internal auditors – body of minority shareholders, body of BoD members etc.) the issues of corporate governance in general, as well as of Audit Committees' operation in particular, are under an examination and critique. Considering that all above, as well as other related issues, such as the liabilities of BoD members and the examination of issues in group level, are examined in a period very crucial for the economic recovery of Greece and its stock

market especially, after a decade of deep recession, one can realize the great importance of examining the quality of financial reporting from the viewpoint of audit committees.

In this research, after the framework is described and commented, the status of both Audit Committees (synthesis, rules of operation etc.) and Financial Reporting Quality (according to IFRS and other provisions) are examined. As a first part of the study, a small number of listed companies and other PIEs are examined for the last two years, while the study will go further to bigger size of companies, longer period of time, comparison to other countries' related data and finally comparison to the status in non-listed and non-PIEs in Greece.