

UNIVERSITY OF CAPE COAST

THE EFFECTIVENESS OF AUDIT COMMITTEES OF NEW JUABEN  
MUNICIPAL ASSEMBLY.

RICHARD TSEKUMAH

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UNIVERSITY OF CAPE COAST

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MUNICIPAL ASSEMBLY.

BY

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Dissertation submitted to the Department of Accounting of the School of Business, College of Humanities and Legal Studies. University of Cape Coast, in partial fulfillment of the requirements for the award of Master of Business Administration degree in Accounting.

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## **DECLARATION**

### **Candidate's Declaration**

I hereby declare that this dissertation is the result of my original research and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature:..... Date:.....

Name: RICHARD TSEKUMAH

### **Supervisor's Declaration**

I hereby declare that the preparation and presentation of this dissertation were supervised in accordance with the guidelines on supervision of thesis laid down by the University of Cape Coast.

Supervisor's Signature:..... Date:.....

Name: MR. PATRICK DARKWA

## **ABSTRACT**

A literature review on the effectiveness of audit committees, an examination of official municipal records, and the creation and usage of a questionnaire as a data collection instrument have all been done to ascertain if the hypothesis is true or incorrect. The study's focus areas demonstrate that the New Juaben Municipal Assembly's audit committee consistently and successfully carry out its oversight duties. The study's findings also revealed several areas in the audit function that demand management and the municipality's audit committee's attention. More particularly, that the audit committees are not carrying out their responsibilities concerning creation of financial statements. Additionally, it was found that the establishment of audit committees enhances public trust in government because they are crucial to good corporate governance. With the introduction of modernization in terms of the budget and financial management, which was intended to improve accountability, audit committees were established in the local realm of government. The audit committees' lack of transparency in carrying out their tasks was once more exposed. The actions of the audit committee in the New Juaben Municipal Assembly will be further improved by attending to these factors, as revealed by this study. As a result, these characteristics are not seen negatively but rather as an opportunity for the audit committee and municipal management to team up to improve the audit committee's operation. Therefore, these characteristics should be included in addition to the many beneficial aspects of the New Juaben Municipal Audit Committees that have been found and discussed in this study.

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## **DEDICATION**

To Martha, my lovely wife, my son Delali and my two Daughters Senam and

Ettornam

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## **CHAPTER ONE**

### **INTRODUCTION**

Audit committees are viewed as a crucial component of public sector governance (Van Der Nest, 2019). Consequently, the fact that they exist as an oversight body makes it a very important and easy for accountability (Marx, 2009). An organizations reputation is improved through good corporate governance, which also significantly improves performance and accountability (Lipman & Lipman, 2006) The Auditor-General of Ghana made reference to shortcomings in the administration and financial management of MMDAs in the findings on the 2017 audit outcomes for MMDAs. In his recommendations he asked all MMDAs to improve on their accountability and administrative framework such as the internal audit and audit committee functions (AG2017). Additionally, Ogbechie (2016) asserts that Ghana is not an exception to the corruption, crimes, and many abuses that surround audit committee systems in most African nations. Despite these obstacles, Gatamah (2016) contends that effective audit committees can help Metropolitan, Municipal and District assemblies (MMDAs) curb these financial irregularities. The purpose of this investigation is to find out those elements that affect audit committees' effectiveness in the New Juaben Municipal Assembly and to determine how managers might benefit from it. When an audit committee is established to address organizational administrative challenges, it will also be helpful for firms to understand how corporate culture affects such issues.

#### **Background of the Study.**

Bose (2018) defines audit as the examination of the books of accounts about the correctness and accuracy by a qualified independent auditor who is

qualified for the job and not in any way associated with the financial report process. He further opines that auditing is relevant not only in public sector institutions but also private sector and other business organization since the purpose is to determine the validity and dependability of information. In effect, an audit that is not properly carried out has serious consequences not only on the organization but for other users who may rely on the accounting information. Laurie and Laura (2019) contend that the recent organizational crisis and scandals experienced across the globe such as the collapse of state-owned entities in South Africa like Transnet, Eskom, and South African Airways, and the 1Malaysia Development Berhad (1MDB) scandal in Malaysia and other businesses that have failed, have seriously exposed corporate governance failure leading to attention been diverted both politically and regulatory on the audit profession. The story is, however, not different in Ghana where in 2018 it was hit with serious banking crisis due to wrong conduct of audit. Andani (2018), asserts that the conduct of auditors for these collapse banks and for that matter all firms that report incorrect figures must be taken into full account. He further said that the inability to unveil fraud and report same in the audited accounts failed all stakeholders who relied on the audited account.

Coze (2015) contend that auditing has become an integral part of public sector accountability, private sector accountability, and other forms of business. He added that the reliance on Auditors has led to the need for standards to guide Auditors in order to instill confidence in the audit carried out by them. Marx (2008) opines those global organizational scandals has led to global debate and reforms on governance regulations. He further reiterates that the establishment

of an autonomous committee will greatly help the top management in performing their various duties effectively.

Piyawiboon (2015) emphasize that the audit committee helps the top management to discharge its corporate management and supervisory roles relative to organization's financial writing, internal control arrangements, and internal and external audit roles. In the view of Protviti (2019) the audit committee purpose is to help top management in supervising and the preparation of the organization financial reports, how effective are the entities internal control and risk management systems, adherence to the entities code of ethics and the process of the internal audit activity. KPMG (2005) contends that an audit committee supports organizations top management in discharging its fiduciary responsibility.

According to the Audit Service Act (2000) in Ghana, all institutions in the public sector especially those who by statute are supposed to be examined by the Auditor General are obliged to form an audit committee. Alhaji (2017) also opined that, Audit Committee is establish by statute in the public sector financial management system, a well performing independent corporate governance committee is anticipated to facilitate the proper operation of Internal Audit Units (IAUs), as well as offer risk management assistance to management as well as to encourage the running of Internal Audit Units (IAUs) effectively, assists administration on Risk Management, adherence to Internal Controls, regulations and ethical standards relative to resource management. He further reiterates that the committee is authorized to prepare for every year a report indicating how recommendations made in audit report has been implemented as well as all actions taking on Auditors Generals report which has been adopted

by parliament. Agyei (2017) noted that the duties of the Audit Committees would make the organization to be accountable to the public, be transparent and be effective in their operation and financial presentation, protect and be efficient in the use of public resource. He added that this committee is very important so that the Metropolitan, Municipal and District Assemblies in the region can perform one of their duties under the Public Financial Management Act (PFM Act), Act 921, (2016). A lot of factors have shifted attention to audit committees. Prominent among them are major corporate failures and organization collapse, and how to issue different entities authority codes and revised regulation (Terry, 2007). Ernst and Young (2007) assert that the risk of not behaving ethically and the possibility for audit irregularities associated with challenging economic environment have all led to entity board of directors gradually shifting attention to their audit committee to assure them that these risks can effectively be solved.

Despite the increasing importance of audit committee, studies carried out to look at the effectiveness of audit committees in Ghana remain scanty. This possibly may be because of the fact that the organizations are now beginning to understand the concept audit committee as indicated by (Brewer ,2011). This investigation therefore aims at adding to existing literatures by studying the effectiveness of audit committees in the New Juaben Municipality.

### **Statement of the Problem**

In recent time, there have been many corporate failures in Ghana. Leading among it is the banking sector. According to Andani (2018) five banks namely Royal bank, Construction bank, BEIGE bank, UniBank, and Sovereign bank who had their licenses revoked were failed by their auditors who failed to



perform their sacrosanct tasks and also failed to do an objective examination of financial reports and safeguard against irregular activities in the now collapse banks. The Institute of Chartered Accountants, (ICAG), after instituting an enquiry: into the roles of auditors of these collapse banks, sanctioned four audit firms in August, 2017. Andani (2018) further said a critical look at some of the causes that led to the failure of these banks indicates that the collapse of these organizations could have been prevented if there was an existing audit committee to check on management activities especially with regard to financial statement and other accounting matters. He continued by saying that it is now obvious that a top-notch audit committee can actually assist top management in this way. Park (2018), contend that firms with strong audit committees are much less probable o experience financial and auditing issues. In support of this claim, KPMG (2005) emphasized how a properly constituted audit committee aids company top management in carrying out its fiduciary obligations.

Magrane and Malthus (2016) posit that audit committee is constituted to enhance corporate management, irrespective of the business been a public sector or private sector. They again said that as a subsidiary of top management it seeks to provide guarantee through improved inspection, accountability, and effective use of properties and also advice management about how to improve performance in the company. As opined by Marx (2009), audit committees are established in firms globally, but they are not always operative as they should be in the performance of their oversight governance roles.

It is interesting to note that; ‘a limited’ attempt has been made in Ghana to find out the effectiveness of audit committee in the Metropolitan, Municipal and District Assemblies in Ghana. The available literature also demonstrates that the

audit committee receives scant attention in the majority of studies on corporate governance (De Villiers; Dumay & Maroun, 2019).

In order to address any potential challenges to audit committee effectiveness, Quigley (2012) notes that the efficacy of audit committees must be examined on a frequent basis. There is currently not many research done on audit committee efficacy. Mohiuddin (2018) claims that general research on empirical research on audit committee activities is still lacking. Few investigations have been conducted in Africa because the research on audit committee that is now available was done from the perspective of advanced nations like the United States of America, the United Kingdom, Canada, and Australia (Bedard & Genron, 2015). This indicates that research is still being written on the concept of audit committee procedures in developing countries and in particular the New Juaben Municipality.

This might be because the concept of the effectiveness of audit committee is new in the Ghanaian economy. In view of this an investigation needs to be conducted to measure the present audit committee effectiveness in the New Juaben Municipal Assembly so as to form a basis for future recommendation. This formed the basis for this empirical study to be conducted to evaluate the efficiency of audit committees in the New Juaben Municipality

### **Purpose of the Study**

The main purpose of this study is to discover the unknown features that can lead to the effectiveness of audit committees in the New Juaben Municipal Assembly. Specifically, this research seeks to:

### **Research Objectives**

1. evaluate the roles that audit committees perform in the New Juaben Municipal Assemblies
2. determine the level of effectiveness of audit committees in the New Juaben Municipal Assemblies.
3. measure the factors that affect the effectiveness of audit committees in the New Juaben Municipal Assemblies.
4. examine the impact of audit committee characteristics on audit quality

### **Research Questions**

According to the objectives of the project, the following research questions will be investigated:

1. What are the roles that audit committees perform in the New Juaben Municipal Assemblies?
2. How effective are the audit committees in the discharge of their duties in the New Juaben Municipal Assemblies?
3. What are the factors that affect the effectiveness of audit committee practices?
4. How does audit committee characteristics impact on audit quality?

### **Significance of the Study**

The importance of this investigation can be focused on two major things. First, this investigation will be beneficial to auditors, board of governors, managers, accountants, officers of the local governments and policy makers in general. Second, this investigation will add to studies conducted on the effectiveness of audit committee and also serve as a source of reference to

researchers who desire to conduct research into the effectiveness of audit committee in the local assemblies.

### **Delimitations of the Study**

Only Audit Committees in the New Juaben Municipality were used in the investigation. Even though Audit committees are in the various Metropolitan, Municipal and District Assemblies, only those in the New Juaben Municipality were considered. Questionnaires were the only research instrument used in the case study research design, which collected data. The study's objective was to discover the unknown features that can lead to the effectiveness of audit committees in the New Juaben Municipality.

### **Limitations of the Study**

This investigation seeks to examine the effectiveness of audit committees of Metropolitan, Municipal and District Assemblies with particular reference to New Juaben Municipality. This research is limited to only audit covered by the audit committee in the New Juaben Municipality. Time and financial challenges are constraints that cannot be overlooked. Again, the case study design used for this research, could affect the generalizability of the results. In addition, the dependability of the investigation's centers on how accurate the respondents were in their responses to the numerous inquiries posed in the study. To cross this hurdle the respondents were giving education on the importance of this research. The objectives of this study will still however be achieved despite all the estimated limitations.

### **Definition of Terms**

**Financial Statement:** They are documents that describe a company's operations and financial performance. Government organizations, accounting

companies, etc. frequently audit financial statements to guarantee accuracy and for tax, financing, or investing purposes.

**District Assemblies:** The assemblies are in charge of the district's overall development, which includes fostering regional economic growth, ensuring public health and basic education, protecting the environment, maintaining sanitary conditions, and managing human settlements.

**Local Government:** It is the power to make decisions and carry them out in a defined territory that is inside and smaller than a whole state.

**Internal Auditor:** Is a qualified professional who works for a company to give unbiased, independent assessments of all aspects of the company's financial and operational operations, including corporate governance. They are responsible for making sure businesses adhere to rules and laws, follow correct procedures, and operate as effectively as feasible.

**Board of Directors:** In the case of publicly traded corporations, the board of directors (B of D) is the group responsible for setting strategy and supervising management.

**Shareholders:** Anyone who holds at least one share of a company's stock or unit in a mutual fund is referred to as a shareholder. The firm is primarily owned by its shareholders, who also have specific rights and obligations.

### **Organization of the Study**

There are five sections to this research project. The study's background, issue description, objectives, research questions, and significance are all covered in the first chapter. The effectiveness of audit committees in metropolitan municipal and district assemblies has been the subject of previous research, which are examined in the second chapter. The third chapter describes

the data gathering strategy adopted in the investigation. The data analysis findings are covered in the fourth chapter, and a review of the major results, inferences, and consequences for policy are covered in the fifth chapter. Future research suggestions are also included.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **Introduction**

The aim of this investigation is to find out the unknown characteristics that can make audit committees in the New Juaben Municipal Assembly effective.

This section evaluates the literature that has been written about the topic under conceptual and empirical viewpoint. The conceptual perspective deals with the concept of auditing and audit committees. The empirical literature talks about roles of audit committees, effectiveness of audit committees, audit committee characteristics that affect effectiveness of audit committees, and the effects of audit committee independence, financial competence, size, meeting frequency, and diligence on audit quality. The context that guided the research is also included in this section.

#### **Conceptual Review**

##### **The Concept of Auditing**

Auditing according to Spicer and Pegler (2017) is the act of examining the financial statement and other source documents of a business in order to assist the auditor to be satisfied that the financial statement is correctly prepared for the accounting period. Montgomery (2016) also reiterates that auditing is an orderly inspection of the books of accounts of an organization or other businesses in order to establish and to form an independent judgement about the current position of the organization.

Lin and Chen (2004) state that prospective investors and creditors rely upon the audit report to measure the performance of the business. Manguis (2011) emphasize that auditing helps top managers to be in charge of the administration of the organization. He added that, auditing brings to fore all the happenings in the business which range from financial reporting to internal and regulatory obedience. Again, it assists operational managers to devise ways to improve the administration of the organization and more importantly positioning the organization on a more sustainable path.

In the view of Sira (2018) the responsibilities of the auditors can be seen as a step forward, since it leads to the verification and validation of the tasks that have been assumed by management. He further said that the auditor is responsible more than the organization itself, because the auditor is solely responsible for his actions in case of any error of judgment, which might fail to replicate current affairs of the organization.

### **The Concept of Audit Committees**

An audit committee in a government institution (such as a metropolitan, municipal or district assembly) is defined by National Treasury (2009) as an autonomous authority arrangement whose main function is to perform a supervisory responsibility in internal financial control functions and to evaluate financial reports. It was also mentioned that the audit committees in local administrative assembly's function as advisory bodies to the municipal assemblies. According to Kang (2019), an institute hires an audit committee to serve as a liaison between top management and external auditors. He added that the committee comprises a sizable number of managers who are not executives and are thought to be able to view the operations of the business from a distance



and objectively. Sarbanes Oxley Act (2002) posits that an audit committee is a group of a firm's top management, which must be charge for the monitoring of the financial statement preparation, appointing an auditor who is independent, and receiving both internal and external audit report. The act further reiterates that membership is drawn from members of the organization top management. Audit committees remains important as a results of business administration. It added that majority of audit committees are to safeguard or monitor regulatory compliance as well as risk management issues. It further retreated that globally, an audit committee helps top management to achieve its mandate as managers and taking responsibilities relative to an organizations financial statement, internal control compliance, risk management system and internal and external audit performance. A non-public sector audit committee are constituted as a specialized subsidiary to be in charge for the monitoring of the organization financial statement preparation Picket (2005).

In the local assembly's establishment of an audit committee is to be concern about prevention of fraud and to ensure accountability, and also safeguarding the credibility of the financial statement. The audit committees are to also to make sure that the local assemblies use state funds according to the rules and regulations governing it (AICPA, 2011). Audit Committees are the cornerstone of internal governance and control. Chau and Leung (2006) opine that Audit Committee is a crucial area for the successes of business administration. According to (Klein 2002), audit committee is a subsidiary of the organizations top management and has the mandate of supervising the corporate financial statement preparation and improving the internal control measures, external reporting and the management of risk in organizations.

Mudhaki et al. (2004) reiterate that audit committees have become very important because it facilitates easy communication between organizations top management, the internal and external auditors

IAASB (2013) contend that audit committee serves as an association amongst the corporation's management, top management and the internal and external auditors. They also posit that the Audit Committee is in charge of supervision of the financial statement preparation in a firm and is responsible for the accounting processes, internal control system, risk management and corporate governance. Collier and Gregory (2005) reiterate that the audit committee has become very important because it gives credibility to financial reporting and auditing which add value to organizations corporate governance. According to Abbasi; Alam and Bhuiyan (2020), whether a company is in the public or private sector, an audit committee should be established to improve corporate management. They stressed that as a division of senior management, its role is to provide assurance through enhanced inspection, accountability, ensuring the efficient use of organizational resources, and lastly, providing guidance on how to boost performance inside the organization.

The governance arrangement of an organization is formed partly by audit committee. Arguably it is one of the most relevant and interesting sub-committee of any organization's top management (Rezaee 2005). Sarbanes Oxley Act (2002) posits that the composition of all public organizations audit committee must have directors who are independent and a minimum of one member chosen based on having knowledge in accounting. Dilworth (2000) contends that through audit committee's auditors are held responsible for the kind of audit conducted by them.

According to Pomeranz (2001) the audit committee has become popular not only because they protect shareholders' interests, but also due to the fact that they help to guide management and also gives credibility to the company. KPMG (2005,) asserts that organization top management forms an audit committee to help in performing its sacrosanct duties. It further said, an audit committee that functions efficiently plays a significant role in a solid business management value, and that is important for the organization's success.

## **Empirical Review**

### **The Role of Audit Committees**

It is imperative for audit committees to insist that the local assemblies implement good systems to supplement service delivery, protect metropolitan, municipal, and district assets, and maintain accurate financial records. It must also take into account the assembly's financial affairs, acting as a supervisor for the internal assessment function, coordinating with external auditors on the yearly financial audited statements, and ensuring that the assembly's financial affairs are in order. Again, an audit committee may consider and take charge of matters that are within their supervisory roles and those one that may be referred to them by the assembly (National Treasury, 2004).

The audit committee team up with administration to put in measures to uncover fraud (Sarbanes-Oxley Act of 2002). It again said the audit committee also considers earnings announcements, financial data, and recommendations to external rating agencies and analysts. Finally, it said that the audit committee considers management's study of important issues and financial report judgements. The audit committee also looks at the impact of accounting and regulatory operations on the financial statements. Audit committees'

responsibilities, in the view of Filipovic and Filipovic (2008), are to analyze and verify financial reports as well as the methodologies and procedures utilized in the creation of financial statements. which forms the basis for experts to make an independent view about the genuineness of an establishment's financial statement. Audit committee duties are extended to involve the supervision of the management 's performance financially, adherence to internal controls measures, and also as a means to enable directors who are not executives to monitor the way management behaves ethically in respect of adherence to regulations of firm's rules and regulations (Spira 2002).

The audit committee's functions have been entrusted with a monitoring function by the company's top management. These include oversight of how financial statements are created, how well a business adheres to internal control measures, how well its internal audit is functioning, and how well its risk management systems are functioning (Sarens et al, 2009). The audit committee's responsibility has been expanded to take into accounts only financial statement processes, and also the possible hazards posed by firms in the same industry, such as rivalry, ecological, financial, lawful, operational, rules, tactical, and technological concerns (KPMG, 2008).

The audit committee's oversight role over top management with regard to the organization's financial statements, compliance with internal controls, and dedication to external audit processes is crucial (Harris & Williams, 2020). Datta (2000) opines that audit committee encourages association of accountability involving the main stakeholders of the organization which includes: top management, the management and the auditor. He further reiterates that audit committee provides a basis for the management to account

to top management, and the top managements also account to the owners of the business (shareholders).

According to Turley and Zaman (2007), organizations that have internal audit units appreciate the audit committee as a tool that guarantees their independence and also pay much attention to their activities. Tricker, (2015) added that the hiring or appointment of the chief internal auditor is a recommendation that must come from the audit committee but not the managers. Goodwin and Yeo (2001) reiterate that to improve internal audit, the audit committee can act as independent platform for internal auditors to lodge complains relative to the management of the organization.

Parker (2000) contends that organizations that have audit committee which is independent stand the chance of choosing an external auditor who are specialist in their field of work. They further said that, this implies that such audit committees have the intention to enhance the worth of their financial report.

### **The Effectiveness of Audit Committees**

It is now common for audit committees to exist currently in most companies. Globally how effective they are in organization has been a matter of discussion for investigators and officials (Spira, 2002). He further opined that to name just a few is the criticism meted out to the audit committee relative to the United State of America collapse of Enron where the audit committee failed to point out or curb certain happenings in the organization. Marx (2008) posit that audit committees is an important part of governance structure and their formation reinforces management's integrity. Again, the formation of audit committee provides a basis for accountability both in government department and local assemblies (metropolitan, municipal and district assemblies), and as

by law established for public sector managers to be provided with an assurance of receiving answers (Van der Nest, 2008). They are also to insist there is transparent and reliable financial reporting processes (Marx, 2009).

In the opinion of Marx (2009), audit committees currently have been perceived as the solution to the international business and therefore is expected to curb all the financial statements and internal control problems relative to companies. He further said on the contrary, the effectiveness of an audit committee may not always be up to standard as anticipated. This is demonstrated by the many identifiable organization scandals, organization collapse, financial irregularities, improper audit, breakdown of internal controls, and further infractions that have arose even though audit committees existed. He further reiterated that currently, audit committees can only be seen as important only when it is established properly, it is effectively working and its goals are well understood by all stakeholders.

Marx (2008) asserts that the challenging economic environment and credit crunch has also brought a bigger risk of corrupt behavior and the possibility for deception, and have made organization board of directors now looking up to their audit committee to offer the needed assurance that these problems will be solved. Ernst and Young (2009) state that the present audit committees are on the contrary is confronted with fresh and prolonged challenges which is described by PricewaterhouseCoopers (2005) as follows, organizations financial statement remains to be monitored by authorities, and other experts putting audit committees on the spot. They emphasized that many and growing tasks are increasing the audit committees' assignments, coupled with forming or promoting a strong bond with management and auditors in

order to work effectively. They added that audit committees also play the role of acting as overseers as well as management advisors without interfering. According to Deloitte (2006), the behavior of audit committees relative to its roles and responsibilities is affected by modern practices and public expectations.

Krishnan and Lee (2016), contend that audit committees with counterparts of financial background enhances the effectiveness of the audit committee in performing its financial obligations. They emphasized that audit committees must appoint not less than one financial expert. They added the audit committee should be able to distinguish between accounting expert and a member who is not accounting financial expert. Organizations with powerful board of directors stand the chance of having good audit committees ( Carcello & Neal 2003).

Choi et al (2004) comprehend that well performing audit committee must take the responsibility of unveiling problems than a committee which is not active. They added in conclusion that audit committee and its associated revelations and report contained in the yearly report is a relevant tool for measuring the efficacy of audit committee performance. Lee et al. (2004) is of the view that necessary revelations include a printed deed or their roles indicating the audit committee performance which has been approved or otherwise endorsed by top management, they also include audit committee findings indicating how the committee has discharged its approved obligations in the course of the year

Chen and Zhou (2007) emphasized that it is significant for an audit committee to be effective, because it aids in improving the monitoring of financial

statement preparation process and also adds credibility to the financial statement. McMullen (1996) opined that various research conducted have shown that having an active audit committee in place can certainly influence the excellence of financial report. He again said that the fact that an audit committee has been formed is not enough guarantee that there cannot be financial misrepresentations. Audit committee effectiveness is relevant in curbing financial statement misreporting as evident in many research conducted as well as that of Magee and Tseng (2016). They opined that an efficacy audit committee has now become a key part in making sure of good corporate governance. Bryan et al. (2004) opines that there exists no negative link amongst effective audit committee and an entity earning. He added that an effective audit committee is very key to enhancing the confidence of stakeholders in financial statement processes, and it also makes the financial statement more reliable.

The relevance of an audit committee effectiveness is seen in improving the excellence of auditing required by law, which at the end of the period leads to improved financial statement Kunitake (2015). Further research also conducted by him on listed companies in the UK revealed that organizations that do not have audit committees in existence alternate external auditors more intermittently than companies with audit committee. Sanchez-Ballesta (2019) opine that the presence of audit committees decreases mistakes and fraud in financial reporting, and makes the financial statement more reliable.



## **Factors that Affect the Effectiveness of Audit Committees**

The fact that there exist an audit committee is not a guarantee that it is going to monitor financial statement process effectively. Relative to this, it is important to identify those features that can affect the effectiveness of audit committee in order to come out with proper procedures to make sure they function effectively.

Collier and Zaman (2005) state that a major factor affecting audit committee in discharging its duties effectively is its independence. Other studies conducted and as supported by Bedard and Gendron (2010) have opined that audit committee formation is very important. They again added that for the audit committee to be effective, it must be independent. The BRC (1999) recommends that, former and current employees are not to be included in the committee as well as family members and individuals receiving compensation from the firm. Cadbury Report (1992) suggests that nonexecutive directors must not have any dealings or links with the organization which could potentially compromise their independent judgments. Keay (2015) further supported this when he stated that non-executive directors employed because of favoritism, corporate affiliations or status in the community are seriously limited to act independently and their ability to monitor.

The level of expertise of audit committee counterparts is what most researchers have concentrated on as a feature affecting their effectiveness. Ho et al (2014), Further opine that committee members training or knowledge is linked directly with the actual running of an audit committee Some of the audit committee members should at the very minimum have financial experience. Salleh and Steward (2012) emphasize that this will make it possible for the

committee to successfully discharge its obligations. The Sarbane-Oxley act of 2002 reaffirms the general wisdom that it is appropriate for percentage of audit committee participants to have financial reporting background. McDaniel et al. (2002) contend that audit committee members who are well qualified evaluate the financial statements better than their members who do not have financial knowledge, while DeZoort (2014) reiterates that the audit committee ensures compliance with internal controls. Both studies demonstrate the value of deeper knowledge among audit committee counterparts. According to Lee et al. (2004), an audit committee that is independent and are financially knowledgeable has cooperate well with external auditors.

The size of the audit committee is another significant variable that can impact its efficacy. According to Pincus et al (1989) the audit committee's size is a crucial aspect that can influence how well it performs its obligations. In a study they did, Pucheta-Martinez and De Fuentes (2007) backed up this claim by highlighting the positive effects audit committee size can have on the accuracy of financial reporting. They further stressed that the audit committee must include three independent members at a minimum one of whom must be chosen to serve as chair. According to Albring et al (2014), the audit committee's size is substantial. because it is frequently cited as a gauge of its effectiveness.

Smith (2003) states that formal meetings are very key and it is at the heart of audit committee effectiveness. Treadway Commission (1997) and the BRC (1999) who are regulatory bodies opine that if there exist a frequent meeting between audit committee members and internal and external auditors it enhances their communication and therefore making the committee more

effective. Burke et al. (2018) emphasized that there should be two to three audit committee meetings every year. They further said, looking at the size of the company and its happenings further meetings may be called if there is the need. Yang and Krishnan (2015) posit that the committee needs to convene at least three meetings in a year in a year so as to be effective in its supervisory function. Ebrahim (2007) and Ali (2014) reiterate that audit committee play an active and effective supervisory role when they meet regularly. Sharma et al. (2009) also assert that regular meetings serve as a key indicator of audit committee effectiveness. Hogan et al (2014), however reiterate that regular meetings may essentially be an indication that the committee is doing its best to curb financial statement fraud.

Beasley and Salterio (2001) opine that the excellence of material evidence revealed in the course preparing the financial statement and the supervisory roles of the audit committee can either be affected by the strength of top administration in general. They again reiterated that the actions of top management have a major effect on audit committee effectiveness, especially its objectivity and expertise, in its selection of the committee's members. They further opine that good, independent top management that has a chairman who is independent and a board that has large membership stand a chance of selecting a higher quality audit committee. However, Modum et al. (2013) in study organized in Nigerian revealed that organizations whose board of governance is weak, and also do not have proper board control when it comes to the appointment process has had bad influence on the performance of audit committee making governance of an organization difficult.

Lin et al. (2018) opines that because the audit committee has become so relevant due to the fact that it is been used as a tool for good corporate administration, it has become necessary for it to be regulated to make sure that it discharges its duties effectively and fully. Sarbanes-Oxley Act (2002) opines that audit committee participants are required to fully understand their responsibilities so that they can help in corporate governance improvement and prevent financial impropriety. Saad et al. (2006) opine that, there is the need for roles to be properly spelt out for audit committees which must be unambiguous, practical and relaxed, discussed and accepted by top management and reviewed occasionally.

In the opinion of Sharma et al (2009), members' diligence is very relevant in discharging the duties of an audit committee successfully and with decency. Kalbers and Fogarty (2018) opine that the diligence of audit committee affiliates is a key factor that can enable it to function effectively. Mohamad and Sori (2001) define diligence as being conscious in paying appropriate attention to a job, taking into consideration the level of care necessary in a given condition. They further said for committee to be successful it is generally dependent on members sense of duties and readiness to commit enough time to the committees' events. This view is supported by Lee and Stone (1997), who opine that diligence is one's preparedness to be effective. They added that diligence of members is revealed by their preparedness to perform tasks and number of hours used to perform the task.

#### **The Impact of Audit Committee Characteristics on Audit Quality.**

Beasley et al (2000), assert that it is becoming increasingly public for audit committee to be claiming credit for the quality of firm's financial audit.

This has led to researchers focusing on how the audit committee perform by evaluating the association amongst audit quality of organizations and audit committee features (such as independence of audit committee, financial knowledge, frequency of meetings, diligence, and size).

Quality auditors enable audit committees to advance the quality of financial reporting (Abbott et al., 2004). In the view of Baxter and Cotter (2009), who conducted a study in Southern Queensland, the quality of profits in the selected enterprises improved following the year of the audit committee's inception. Organizations having audit committees, in the view of Dechow, Sloan and Sweeney (2006), are less prone to falsify earnings and are more inclined to offer full disclosure.

Independence of audit committee is a major feature that can impact on the audit quality. According to Vlaminck and Sarens (2015) who conducted research in Belgium about audit committee characteristics and audit quality, posited that, independent members do not give in to pressure from managers and this encourages them to objectively monitor the financial report prepared by managers. They added that, audit committee counterparts who have accounting background have the experience and knowledge to undertake their supervisory duties. Diligent audit committee members organize more meetings to deliberate issues relative to supervising financial reporting procedure.

Another audit committee characteristic on the impact of audit quality is its size. The size indicates the potential human resource existing for the performance of the audit committee. A committee size which is large are more knowledgeable have the expertise and human resources for effective monitoring of audit quality (Yasser, Al Mamun, & Ahmed 2016). Baxter and Cotter (2009)

opine that large audit committee's size can be more effective since there is a possibility to involve participants with different expertise to undertake effective supervision of financial reporting practices. This was supported by DeOliveira et al (2012) who reiterate that audit committee size which is large comes with more expertise, knowhow, ideas and investment suggestions that would in the end benefit all interest groups. Hambrick et al (2008) opine that committees that are smaller were not capable of making tactical decisions because of their incompetence in dealing with different challenges that hinders the organization growth. Ayemere and Elijah (2015) reiterate that a big audit committee size is always extra effective since it makes it easier to perform its functions very well, has the, skills, knowledge and authority that improves the financial reporting process. Cadbury Report (1992) posit that that an independent audit committee, which consists of associates who are not executives, performs the duty of providing checks on management who are executives works more on the interest of the business and executive directors. It further said that, directors who are not executives are those best fit for these duties because they are not affected in anyway of whatever decision taking by the committee and so gives an independent opinion. According to Leung, Richardson and Jaggi (2014) Directors who are independent perform their duties effectively. They said independent audit committees in particular may impartially evaluate the financial reports, the audit processes and strengthens internal controls and also make sure that the audit committee will not be bias so far as accounting information is concerned. The accounting information which is not bias may improve the organizations performance.

Another key characteristic is audit committee diligence. In order to produce quality financial report and audit process, the audit committee must monitor and work diligently to perform their duties for successful outcome (Ho, Liu & Wang, 2014). Soliman and Ragab (2014) opine that more meetings by audit committee gives them enough time to discharge their supervisory roles. Alzeban and Sawan (2015) reiterate that independent audit committee are most likely to protect their own integrity. They further said, if the audit committee attends additional meetings, it emboldens them to lend their support for the successful implementations of internal audit recommendations. They further said large audit committee may have more human resources to supervise internal audit roles. This makes internal audit recommendations to be successfully implemented. Mohammad et al (2018) opine that audit committee meetings enables directors to deliberate on matters relating to management supervision and policy implementation. He added that, higher audit frequent committee meetings give the directors the opportunity to deliberate on issues and how to strengthen flaws in internal control and risk management procedures. Again, audit committee meetings must enable audit committee members to undertake their supervisory role and bring down financial restatement.

Another characteristic of audit committee that can influence on audit quality is the level of expertise by audit committee members. Song and Windram (2004) opine that financial expertise is required for audit committee to efficiently undertake its supervisory role According to Cohen, Hoitash and Krishnamoorthy, (2014) firm's expertise assist an audit committee measure the accuracy of organizations specific estimates. They further posited that an audit

committee with organization expertise understands better the inherent dangers and complexities in the firm, this makes them to be able to pass on information more successfully with top management. They are also best positioned to comprehend the nature and level of audit procedure within a particular firm. All of these is to make supervision easier which results in higher quality audit. In a study conducted by Shelton (2009) on the effects of audit committee features on administrative tenure and financial statements irregularities revealed that if an effective audit committee is able to supervise financial statements preparation by managers financial misreporting is likely to be curbed.

The last characteristics that impact on audit quality is audit committee tenure. Long audit committee term of office allows members to become more knowledgeable of overseeing financial reporting and the processes involved in auditing in a specific organization in a particular period. The tenure of audit committee members may create working associations with managers so that they can obtain valuable material evidence for their decisions concerning accounting matters (Liu & Sun, 2010). According to Wilson (2017) longer audit committee duration, may advance higher expertise and knowledge of supervising financial reporting and review process in a specific industry in the course of the period. Generally, audit committees' duration allows the committee to enhance audit quality. Liu and Sun (2010) posit that long tenure audit committee may create good working associations with bosses in order to gain suitable information for their conclusion on accounting issues. They further reiterated that extended tenure audit committee may enhance the reputation of the committee thus ensuring that they discharge their duties effectively just to protect their reputations. This view was supported by Chan, Liu and Sun (2013),

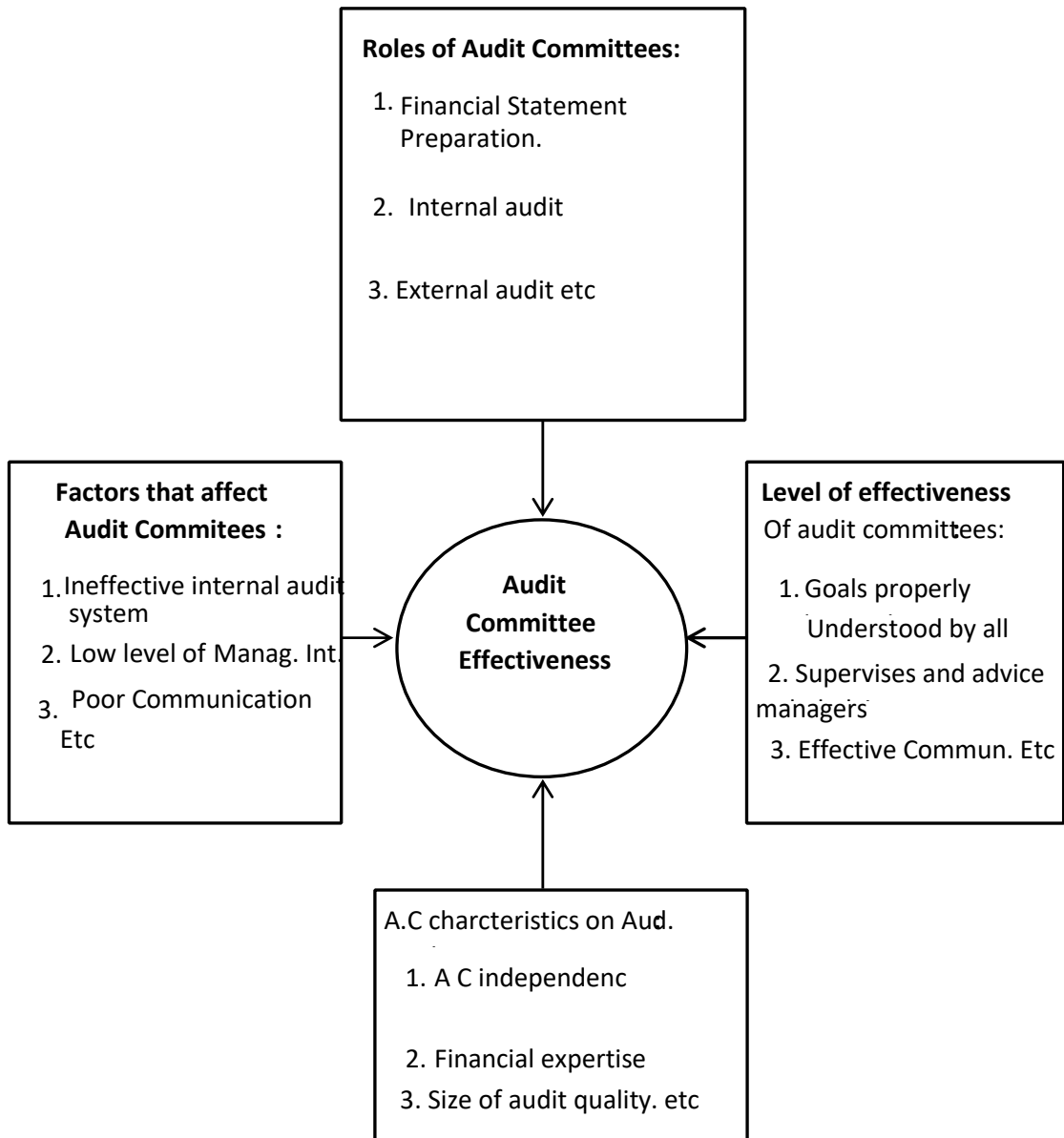


who reiterate that audit committees that exist for a longer period increases audit quality, thus reducing audit risk, which in turn lower audit fees for clients. They further opine that longer audit committee tenure improves audit committee understanding and experience in supervising financial process. Wilson (2017) opines that audit committee with extended duration may have fair idea of the firm's tasks which enabled them to discharge their monitoring duties efficiently.

### **Conceptual Framework of the Study.**

Existing literature has demonstrated that a variety of factors affect the audit committee's efficacy. These variables include the committee's size, frequency of meetings, financial knowledge, diligence, the degree of management support, the relationship between the audit committee, internal auditor, and external auditor, as well as other things like organizational rules and procedures. Audit committee effectiveness is defined by Mohiuddin and Karbhari (2010) as the combined effort of the audit committee to carry out its oversight role and for the committee counterparts to have the essential knowledge and knowhow with the ability and means to safeguard the owner's interest by ensuring the financial statement is reliable, as well as there is diligent supervision in relation to internal controls and risk management.

Baretta (2004), opine that this definition has the features, attributes and commanding means needed for audit committee counterparts to sustain good performance standard.



*Figure 1: Conceptual Framework of the Study*

Source: Copied with modification from Ghafran (2013)

Figure 1's top display is an illustration of the Audit Committee Effectiveness Model, which highlights the key criteria for judging an audit committee's effectiveness in relation to its output. The primary monitoring duties of the audit committee are related to how effective the committee is measured Braiotta (2004).

These are supervising financial statement; evaluation of internal controls and risk management; and governance and assessment of the processes involved in auditing Van der Nest (2008). Many research has adopted audit committee characteristics as measurement for its efficacy. On the contrary, all of this research has benefited only the local assemblies to which the audit commutes are answerable Mohiuddin and Karbhari (2010). For the goal of this investigation, prominence is positioned on the fact that audit committees of municipal and district assembly report to the assembly, which in turn report to its local communities. Only characteristics that are important to the audit committee's performance in municipal and district assemblies in relation to the encouragement of responsible and effective governance will be emphasized. Therefore, goal of this project is to investigate how the aforementioned elements affect the effectiveness of the audit committees in the brand-new Juaben District Assemblies. The inquiry will once more survey the effect of audit committee meeting frequency, size, independence, and financial knowledge on the quality of the financial reporting by the metropolitan, municipal, or district assembly.

### **Chapter Summary**

The chapter addressed previous research that can be used in the study and went into great length about the idea of auditing. The development of an audit committee in metropolitan, municipal, and district assemblies will, among other things, focus on accountability, fraud prevention, and maintaining the integrity of the financial accounts, as this concept of audit committees was once again brought to light. Again, the functions of the audit committees were listed here. Additionally, this chapter highlighted the efficiency of audit committees. The size of audit committees, the frequency of audit committee meetings, and

the members' financial knowledge were all highlighted as factors influencing the effectiveness of audit committees. The influence of audit committee characteristics that can affect audit quality is still being discussed. Finally, a display of the conceptual framework for the study was made. This provided information on things like management support and dedication, management response to the caliber of the audit, members' financial knowledge, audit committee size, etc. that might affect how effective audit committees are.

## **CHAPTER THREE**

### **RESEARCH METHODS**

#### **Introduction**

This study's major goal is to identify the unidentified factors that contribute to the effectiveness of the audit committees in the New Juaben Municipal Assembly. This part includes the research design, the study region, the study's population, a sample and the sampling method, a research instrument, a method for gathering data, and the steps taken to analyze the data.

#### **Research Approach**

A key component of research technique that directly influences certain research methodologies is a research approach. Creswell (2014), emphasized that research approach refers to the plans and actions followed during an empirical investigation. These progress from the general hypotheses to the strategies for data gathering, data analysis, and data interpretation. The philosophical worldviews and related research methodologies used in an empirical investigation make up the research methodology (Creswell 2014). The research methodology can be broken down into qualitative and quantitative methodologies. The qualitative research approach wtyhhas adopted for this investigation. Maxwell (2012) comprehend that the structure of qualitative research is flexible since it can be created and more heavily reconstructed. A detailed and suitable analysis of a problem can be developed by using qualitative research techniques, and the participants have enough freedom as a result to establish what is reliable for them (Flick, 2011). Mohan (2012) opine that it is simple to comprehend difficult situations due to the complexity of language assessment techniques. He again made a recommendation for

qualitative method to be used because it helps to comprehend complex language assessment.

### **Research Design**

Borim-de-Souza et al. (2015), contend that a research design is a fundamental gathering of ideas that directs the investigator's actions. Research design is vital for the researcher since it speeds up the various stages of the research. Kothari (2014) opine that, depending on the research approach, conclusions about a broader population or a different circumstance can be drawn from the data (Nachmias & Nachmias, 2016). The case study research design has been chosen for this examination. Yin (2018) reiterates that the case study research design is an evidence-based investigation that probes a modern occurrence within its actual situation; when the bounds between and situation are not clearly obvious; and in which several sources of suggestions are adopted. He further added that the case study research design helps people to understand complex situations or issues and explains further a phenomenon or subject that is already known. A case study, looks deeply at an individual or a collection from small participants making inference solely with regard to that individual or group, and only under that particular circumstance. Cohen, et al. (2007), emphasized that a case study research design seeks the opinions of specific respondents or groups of respondents on occurrences on which the research design depends. The researcher chose the case study research strategy because he was extremely interested in focusing on the players and getting their thoughts and understanding on the study's topics. Again, the case study research method helped the researcher to have a thorough understanding of the actual situation on the ground through an investigation of the problem to determine in detail

how effective the audit committee is in carrying out their tasks. Soy (2017) asserts that case study research designs provide in-depth examination of phenomena, which is why they are frequently used.

### **Study Area**

The investigation was conducted among the metropolitan, municipal and district assemblies (MMDA's) in Ghana specifically the New Juaben Municipal Assembly. Metropolitan, Municipal and District Assemblies (MMDAs) play an important role in the decentralization and formation of local governance in Ghana. MMDAs in Ghana are political and administrative authority over the metropolitan, municipal, and districts. Metropolitan, municipal, and district assemblies, according to Mensah (2015), are both a public sector corporate company and a government decentralization institution or agency that ensures effective management of the communities in which they function or are found. There are a variety of stakeholders in this government sector or local governance organization, including staff, the government, community members, chiefs, opinion leaders, donor partners, investors, etc. with a variety of interests. Boateng (2015), asserts that the MMDAs are required by the constitution to ensure resource mobilization for the overall expansion of their respective jurisdictions. According to the author, MMDAs play a crucial role in ensuring the management and control of District Assembly Common Fund and other grants as well as taxes for the provision of public amenities, social infrastructure like schools, water, power, and health sanitation facilities within their territories.

Article 240 of the Republic of Ghana's 1992 Constitution enjoins the local government to engage in service planning, initiating, coordinating, managing,

and carrying out policies in relation to all circumstances impacting the people in their areas.

### **Population of the Study**

Kothari and Chui (2003) defined population as the total number of study participants. The group to which the researcher seeks to apply the findings is known as the population. The target population of the study consisted of all Metropolitan, Municipal, and District Assemblies in Ghana. Ghana now has 254 Metropolitan, Municipal, and District Assemblies (MMDAs). According to Crawford (2018) the New Juaben Municipal Assembly was formerly a district in Ghana's Eastern Region. As a municipal legislature, it was first founded in 1988. It was divided into the New Juaben South Municipal Assembly and the New Juaben North Municipal Assembly in November 2017. Koforidua, the region's capital city, is found in the middle of the municipality.

### **Sample and Sampling Procedure**

Burns and Grove (2001) defines sample as a subgroup of respondents obtained from the target or available research population. Sampling is the process of choosing a set of research participants in such a way as to guarantee that they are representative of the larger population from which they were selected. Two municipal assemblies in total were used in the study (New Juaben South and New Juaben North Municipal Assemblies). These two assemblies were used because they form the main assemblies in the municipality. To derive the required sample size for this investigation, the convenience sampling method was selected. One technique for choosing study subjects for a research project is convenience sampling (Saumure & Given, 2008). The key benefit of convenience sampling is, it costs little money and is simple to use with easily



available subject (Nikolopoulou, 2022). In order to work within the available time which was very short at the time of data of collection, the convenience sampling technique needed to be adopted. Again, the convenience sampling technique was used because it made it possible for the researcher to obtain the necessary sample size within the stipulated time frame, it was also less expensive and easy to use. The convenience sampling technique further helped the researcher to gather all the needed data and information. These couldn't have been done with probability sampling because it has additional rules for selecting the sample. Finally, 5 respondents from each of New Juaben South and New Juaben North were selected to create the study's sample size. These included the municipal coordinating officer, the internal auditor, the financial officer, the planning officer, and the budget officer. Klassen and others (2012), who stated that a qualitative study may be between 5 and 25 participants, provided justification for the choice of sample size.

Below is the sample size as depicted in table 1.

**Table 1: Sample size of the study**

Unit	Frequency	Percentage
Mun. Planning Officer	2	20
Mun. Finance Officer	2	20
Municipal Accountant	2	20
Mun. Coord. Officer	2	20
Budget Officer	2	20
Total	10	100

Source: Field survey (2022)

From table 1 above, it could be seen that the respondents were selected equally from each department.

### **Data Collection Instrument**

Questionnaires were the study's primary tool. According to Gray (2004), a questionnaire is a better tool for gathering data since it can produce a huge amount of data quickly while still maintaining the validity and reliability of the instrument. Again, the questionnaire was chosen since, in contrast to other techniques like one-on-one interviews, it is less expensive and requires less time to administer. In addition, the questionnaire was selected because the participants could answer the various questions without any difficulty since they were all educated. It also gave the participants enough time to think about the questions before answering. When used, this study tool, in the opinion of Gravetter and Forzano (2017), measures people's knowledge, abilities, preferences, attitudes, and perceptions. For the goal of this investigation, a close-ended questionnaire was created as a tool to gather accurate data. The theories covered in chapters one and two formed the foundation for the questionnaire's questions.

The purpose of the questionnaire for this study was to learn what respondents thought about the effectiveness of the audit committee in the New Juaben Municipality. The anonymity of the information collected by the researcher was guaranteed to the respondents, which ought to have prompted more sincere and truthful responses. Best (1997) asserts that the questionnaire's construction adhered to the following theoretical principles: leading statements should be avoided, lengthy, complex phrases should be minimized, and questions should be phrased simply and directly. This approach allowed for the

most scientifically sound questionnaire design, resulting in better comprehension and accurate data collection from all respondents. Consequently, the statistics produced from the data.

Respondents were asked to score the audit committee's effectiveness on a 5-point Likert scale. It is one of the most widely used (and trustworthy) tools for gathering data. With three additional alternatives in between, a Likert scale asks questions that span from one extreme to another, for example, from "strongly agree" to "strongly disagree." A respondent can select one of five responses on a 5-point Likert scale, ranging from 1 to 5, rather than being asked "yes" or "no" (SurveyMonkey 2013). The researcher took care not to steer the respondents in a particular direction when creating the questions for this questionnaire because he wanted to learn about each respondent's unique opinions, attitudes, perceptions, and beliefs. Complex questions and quantitative statements were also avoided.

There were six primary sections to the questionnaire that was created for this investigation. It was requested that the senior administration of the New Juaben Municipal Assembly participate in this study and answer these questions. This procedure was followed to ensure high-quality data security and the success of this investigation.

### **Data Collection Procedure**

The researcher applied for and delivered to the Municipal Chief Executives (New Juaben South and North) Municipal Assemblies a letter introducing him as a student from the School of Business, University of Cape Coast. This made it simpler to contact the respondent because it dispelled any doubts they may have had regarding the study. The researcher used the

introductory letter to get approval from the various heads of the finance departments to distribute the questionnaires. Each responder received a copy of the questionnaire, which they were instructed to complete within a minimum of three days at a time that was convenient to them. This window of time was provided so that the responders would have sufficient time to respond to the questions.

### **Ethical Considerations**

Approval was sought from the two assemblies before the research was carried out. Also, each of the respondents consented verbally before they were allowed to take part in the study. Again, the participants were giving assurance that whatever information they provided is going to remain anonymous and confidential. Again, respondents were assured that this research is only for academic purpose but nothing else.

### **Data Processing and Analysis**

The procedure of analyzing and interpreting the data gathered in order to reach a conclusion comes after the data collection phase (Mouton, 2012). The data was processed and reviewed using qualitative analysis after the researcher had examined it in light of the survey results. One of the most popular methods in the social sciences is the analysis of qualitative data using numbers to find and identify patterns in the data. Individual responses' data were coded, and the analysis's findings were then visually depicted in tables form. The researcher can offer data to the reader in a variety of table formats. However, tables are used extensively in this study to convey the majority of the data. The table is organized into columns that collectively comprise 100%. The total findings are

summarized and presented as tables for each section, which are Sections A through E.

### **Chapter Summary**

The research methodology employed in the investigation has been discussed in full in this part. It described the research strategy. Additionally, it included an explanation of the sampling strategy employed and the justification behind it. Additionally, the study's demographic, sample, and sampling techniques were all covered. The data gathering tool, its development, and all of its sections and names were also covered in this chapter. Additionally, there was a focus on the methods used for data collecting, ethical consideration, and data analysis. In conclusion, the section provided a thorough description of the study methodology problems and described how they were resolved.

## CHAPTER FOUR

### RESULTS AND DISCUSSION

#### Introduction

The major goal of the study is to identify the unidentified traits that could boost the New Juaben Municipal Assembly's Audit Committee's effectiveness. This study employed the qualitative research methodology. According to Cottrell (2014), qualitative research is often used to study human behavior and psyche. Some of the methods employed include in-depth case studies, open-ended survey questions, unstructured interviews, focus groups, or unstructured observations. Using the qualitative method, he continued, does not require big sample sizes, making investigations more affordable and straightforward. This section demonstrates and explores the research's findings. The findings are discussed in light of the research questions that served as the study's direction. Based on, presentations were made. The presentation was divided into two sections. They contain information on demographics and the methodology used to analyze the study's primary data.

#### Demographic Information

The purpose of unit A of the survey was to collect data on the participant's demographic information. The outcomes are listed below according to table 2.

**Table 2: Demographic information**

Gender	Frequency (F)	Percentage (%)
Males	8	80
Females	2	20
Totals	10	100

Source: Field survey (2022)

*Figure 2: Gender of participants*

According to the data above, which are displayed in Figure 2, 8 (or 80%) of the study participants were men, and the remaining 2 (20%) were women. This suggests that there are more men than women on the Audit Committees of the chosen local assembly.

**Table 3: Other Demographic features of Respondents**

<u>Demographic Characteristic</u>	<u>Frequency (N)</u>	<u>Percentage (%).....</u>
Highest Educational Qualification		
Doctorate Degree	1	10
Master's Degree	7	70
First Degree	2	20
Number of Years Served on the Audit Committee		
1-2 years	2	20
2-6years	4	40
Above 6years	4	40
Age		
21-30	1	10
31-40	3	30
41-50	5	50
51-60	1	10.....

Source: Field survey (2022)

According to Table 2, the results indicate that 1 (or 10%) of the respondents who took part in the survey held a doctorate degree, 7 (or 70%) held a master's degree, and 2 (or 20%) held a first degree. This suggests that holders of master's degree are more amongst the committee members.

Regarding the duration of service on the audit committee for the assemblies, Table 2 results once more show that 2 (20%) of the respondents had been members for between 1 and 2 years. Once more, 40 (40%) have experience on the assembly's Audit Committee ranging from two to six years. Lastly, 4 responders, or 40%, have spent more than 6 years on the audit committee of the assembly. According to the findings, a larger proportion of the respondents who took part in the study had been a part of the committee for a very long time and were therefore quite familiar with the work of the assembly's audit committee. One individual is between the ages of 21 and 30, three are between the ages of 31 and 40, five are between the ages of 41 and 50, and one is between the ages of 51 and 60, according to their ages. This suggests that people between the ages of 41 and 50 make up the bulk of replies. Therefore, with all other factors being equal, they would be well-positioned to provide honest answers to the study's many questions.

### **Roles that the Audit Committees Perform in the New Juaben Municipal Assembly.**

In an effort to discover the functions that Audit Committees often carry out in the New Juaben Municipal Assembly, the various roles expected of the two assemblies audit committees were generally put under groups as follows: roles concerning internal auditor, roles concerning external auditor, roles concerning legal compliance, and roles concerning risk management. The results of the analysis of each question are shown in the tables that follows. The final data results for this part are similarly presented as a table at the end of Section A.



Question A . Roles relative to financial statement preparation

**Table 4: Role of financial statement preparation.**

Scale	Frequency	Percentage
Strongly disagree	1	10
Disagree	5	50
Neutral	-	-
Agree	3	30
Strongly agree	1	10
Totals	10	100

Source: Field survey (2022)

Bassed on Table 4. 1, 3 (30%) respondents agree, 1, 10% strongly agree, and 1, 10% disagree that the audit committee fulfills its responsibilities in connection to the creation of financial statements. This suggests that most respondents in New Juaben South and North do not believe that the audit committees carry out their duties with reference to the creation of financial statements.

Question A 2 : Roles Regarding the Internal Auditor

**Table 5: Roles regarding the Internal Audit**

Scale	Frequency	Percentage
Strongly disagree	1	10
Disagree		
Neutral		
Agree	6	60
Strongly agree	3	30
Totals	10	100

Source: Field survey (2022)

Using the illustration in table 3.2 six respondents, or 60% of the sample, agree with the statement, three respondents, or 30%, strongly agree with the statement, one respondent, or 10% of the sample, strongly disagrees with the statement, and none of the respondents disagree with the statement. This demonstrates that the vast majority of respondents agree that the internal auditor's work is adequately supervised by the audit committees of the two legislatures.

Question A3: Roles concerning the External Auditor

**Table 6: Roles regarding the External Audit**

Scale	Frequency	Percentage
Strongly disagree		
Disagree	1	10
Neutral	1	10
Agree	3	30
Strongly agree	5	50
Totals	10	100

Source: Field survey (2022)

The presentations in Table 6 above demonstrate that the statement that the audit committee performs its external audit supervisory job has the strong support of the majority of respondents 5 (50%) 3(30%) agree with the statement, 1(10%) stayed neutral and 1(10%) disagreed with the statement. As indicated it can therefore be said that, the audit committees of New Juaben South and North perform their roles relative to External Audit.

Question A4. Roles regarding Legal Compliance.

**Table 7: Roles relative to Legal compliance**

Scale	Frequency	Percentage
Strongly disagree	2	20
Disagree	4	40
Neutral		
Agree	2	20
Strongly agree	2	20
Totals	10	100

Source: Field survey (2022)

The results from the above table 7 reveals that, 4(40%) of the respondents disagree with the fact that, the audit committees perform their supervisory roles relative to legal compliance, 2(20%) strongly disagree to the statement, 2(20%) agree, and 2(20%) strongly disagree with the statement. These results support the conclusion. hat the audit committees of New Juaben South and New Juaben North do not fulfill their responsibilities for legal compliance.

**Overall analysis of Section A: Roles that Audit Committees perform in Metropolitan, Municipal and District Assemblies in the Eastern Region of Ghana**

To show the central trends in the measurements of all the accounts in Section A, the general analysis is provided.

**Table 8: Roles that Audit Committees perform in the New Juaben Municipal Assembly.**

Roles of Audit Committees	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Financial Statement	1	5		3	1
Internal Auditors	1			6	3
External Auditors		1	1	3	5
Legal Compliance	2	4		2	2
Totals	4	10	1	14	11
Mean	0.1	0.25	0.025	0.35	0.275

Source: Field Survey (2022)

The objectives of Section A's enquiries were to evaluate the functions New Juaben Municipal Assembly audit committees based on factors mentioned in the audit committee literature, including financial statements, internal and external auditors, and legal compliance. The average ratings for each question determined in section A are displayed in Table 8. Tables 1 through 4 however, the findings demonstrate that there is broad agreement that the New Juaben Municipal Assembly is successfully performing its duties. This viewpoint is supported by Khamidullina (2012), who reiterates some of the fundamental duties of an audit committee is to help top management in exercising supervisory authority over the objectivity of the organization's financial reports and how the organization complies with lawful and monitoring writing values as well.

The responders to the questions in section A above provided a favorable response (Mean of 0. 625 out of 1), which suggests that the New Juaben Municipal Assembly's audit committees are generally an efficient unit when it comes to carrying out their tasks.

- Financial statement preparations
- Internal Audit
- External Audit
- Legal Compliance

In chapter five, the suggestions in this part will be made.

### **The Level of Effectiveness of Audit Committees in the New Juaben**

#### **Municipal Assembles**

The second research topic examined the effectiveness of the New Juaben Municipal Assembly audit committees. To determine their levels of effectiveness, a question was posed to each respondent to estimate the effectiveness of the Assembly's Audit Committee ratings in averages. This assessment is based on transparency of audit committees, composition of audit committees, audit committees supervising and advising managers, whether the audit Committee goals are properly understood by all stakeholders and effective communication.

Question B1: The Audit Committee is transparent in discharging its duties

**Table 9: Transparency of Audit Committees**

Scale	Frequency	Percentage
Strongly disagree	4	40
Disagree	2	20
Neutral		
Agree	3	30
Strongly agree	1	10
Totals	10	100

Source: Field survey 2022

It is clear from table 9 above that over 50% of the participants don't feel that the audit committee is open and transparent. 4 (40%) of the respondents strongly disagree with the statement, compared to 2 (20%) who disagree, 3 (30%) who agree, and 1 (10%) who strongly agree. The results can therefore be interpreted that, the audit Committees of New Juaben South and North are not transparent in the discharge of their duties.

Question B2: The Audit Committees Roles are Properly Understood by all Stakeholders.

**Table 10: Roles of Audit Committees**

Scale	Frequency	Percentage
Strongly disagree	1	10
Disagree	1	10
Neutral	2	20
Agree	5	50
Strongly agree	1	10
Totals	10	100

Source: Field survey (2022)

It is evident in table 10 that, the audit committee's roles are understood by all stakeholders with 6 Out of 10 respondents agreeing to the statement. 5(50%) agree to the statement that the audit committee's roles are properly understood by all stakeholders, 1(10%) strongly agree, 2(20%) stayed neutral, 1(10%) strongly agree and 1(10%) strongly disagree. The above fallouts prove that the roles of the audit committee of New Juaben South and North are properly understood by all stakeholders.

Question B3: Audit Committees Supervises and Advices Managers without Interfering in their Work.

**Table 11: Audit Committee Supervisory Role**

Scale	Frequency	Percentage
Strongly disagree		
Disagree	2	20
Neutral		
Agree	6	60
Strongly agree	2	20
Totals	10	100

Source: Field survey (2022)

According to Table 11 depiction, 2 (or 20%) of the respondents strongly agree to the statement that the audit committees supervise and advise managers without interfering with their job, whereas the remaining 6 (60%) of respondents disagree with it. The audit committees of the new Juaben South and North advise managers without meddling in their work, as more participants concur with the assertion.

Question B4: The Audit Committee is Properly Constituted

**Table 12: Audit Committee Composition**

Scale	Frequency	Percentage
Strongly disagree		
Disagree		
Neutral		
Agree	7	70
Strongly agree	3	30
Totals	10	100

Source: Field survey (2022)

Table 12 examples show that every responder concurs with the claim that the audit committee is properly formed. 3 (or 30%) of the respondents strongly agree with the statement, while 7 (or 70%) of the respondents agree with it. The New Juaben South and New Juaben North Audit Committees can be inferred to be appropriately constituted.

Question B 5: Effective Communications Flow to and from Audit Committees

**Table 13: Effective Communication**

Scale	Frequency	Percentage
Strongly disagree	2	20
Disagree		
Neutral	1	10
Agree	3	30
Strongly agree	4	40
Totals	10	100

Source: Field Survey (2022)

Table 13 demonstrate that majority of the respondents agree to the statement. 4(40%) strongly agree to the statement, 3(30%) agree to the statement, 2(20%) strongly disagree to the statement and 1(10%) stayed neutral. It can be concluded from the above statement that, there is an effective communication relative to the Audit Committees of New Juaben South and North

**Overall analysis of Section B: The Level of Effectiveness of Audit Committees in the New Juaben Municipal Assemblies**

Table 14beneath delivers a bottom-line analysis of all the questions in Section B, followed by an explanation of the findings.



**Table 14: Overall perspective regarding the level of effectiveness of audit committees of MMDAs in the Eastern region of Ghana.**

Levels of Effectiveness	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Transparency of A. C	4	2		3	1
Stakeholders understanding	1	1	2	5	1
Supervisory roles		2		6	2
A . C. Composition				7	3
Effective Communication	2		1	3	4
Totals	7	5	3	24	11
Mean	0.14	0.1	0.06	0.48	0.22

Source: Field Survey (2022)

The objectives of the interrogations in Unit B were to evaluate the effectiveness of the audit committees of New Juaben Municipal assembly. Grounded on the traits mentioned in the audit committee literature, such as the audit committees' transparency, the degree to which all stakeholders are aware of their responsibilities, the composition of the committee, and the flow of information to and from it. The average score for each question is displayed in Table 14 above as the mean value. The overall findings shown in Table 4.6 show that there is general conclusion that the audit committee of the New Juaben Municipal Assembly actually performs at a very high level of effectiveness. According to Mihret and Yismaw (2017), this perspective is reinforced by the audit committee's openness, clearly defined roles, and a properly constituted committee. Again, the degree of communication and cooperation between the

audit committee members and other company stakeholders and internal auditors, influence on how effective the audit committee is.

The answers to the aforementioned questions in section B provided good responses (Mean of 0.70 out of 1), which suggests that the New Juaben Municipal Assembly's audit committees function quite effectively.

**Measure the Factors that affect the effectiveness of Audit Committees in the New Juaben Municipal Assembly.**

Six questions make up Section C. This section's goal is to assess the variables that influence the efficiency of the audit committees of the New Juaben Municipal Assembly. Ineffective internal audit systems, low administration interest in the actions of the audit committee, poor communication between the audit committee and internal and external auditors, poor access to pertinent internal audit information, poor management support, and a lack of ideal strategies and guidelines for the audit committees are the main topics of the questions. The analysis's findings are described in more depth below, and the general findings are reported at the conclusion of the story:

Question C 1: Ineffective internal audit system

**Table 15: ineffective internal audit system**

Scale	Frequency	Percentage
Strongly disagree		
Disagree	1	10
Neutral	1	10
Agree	3	30
Strongly agree	5	50
Totals	10	100

Source: Field survey (2022)

According to the analysis in Table 15, the majority of respondents agree that an ineffective audit system can affect the effectiveness of the audit committee. Five respondents, or 50%, strongly agree with the statement, three respondents, or 30%, agree with the statement, one respondent, or 10% disagrees with the statement, and one respondent, or 10%, remained neutral. This can be taken to suggest that 80% of respondents from New Juaben South and New Juaben North concur that a weak internal audit system undermines the efficacy of the audit committee.

Low management interest in the audit committee's operations, according to question C2.

**Table 16: Low level of management interest**

Scale	Frequency	Percentage
Strongly disagree		
Disagree	1	10
Neutral	1	10
Agree	6	60
Strongly agree	2	20
Totals	10	100

Source: Field survey (2022)

According to Table 16, the majority of respondents concur with the statement that audit committee effectiveness is impacted by low levels of management engagement in their work. 6(60%) of the respondents agree to the statement, 2(20%) strongly agree, 1(10%) of the respondents disagree and 1(10%) of the respondents remained neutral to the statement. It can be concluded from the above table that the efficacy of audit committees is impacted by the low level of management interest in their work of New Juaben South and New Juaben North Assembly.

Question C3: Poor communication between the audit committee and internal and external auditors.

**Table 17: Communication between audit committee and auditors**

Scale	Frequency	Percentage
Strongly disagree		
Disagree		
Neutral		
Agree	5	50
Strongly agree	5	50
Totals	10	100

Source: Field survey (2022)

Revelations in table 17 indicates that there is an overwhelming agreement that poor communication between the audit committees and the internal and external auditors can seriously affect the effectiveness of audit committees. 5(50%) of the respondents strongly agree to the statement and 5(50%) of the respondents agree to the statement. It can therefore be concluded that all the respondents endorsed the fact that, poor communication can affect the effectiveness of audit committees of New Juaben Municipal Assemblies.

Question C4: Poor access to relevant internal audit information.

**Table 18: Access to internal audit information**

Scale	Frequency	Percentage
Strongly disagree		
Disagree		
Neutral	1	10
Agree	5	50
Strongly agree	4	40
Totals	10	100

Source: Field survey (2022)

Table 18 demonstrate that, poor access to relevant internal audit information can affect the effectiveness of audit committees. 5(50%) of the respondents agree to the statement, 4(40%) of the respondents strongly agree to the statement and 1(10%) remained neutral. Since 90% of the respondents agree to the statement, it can be emphasized that poor access to relevant internal audit information can affect the efficacy of the audit committees of New Juaben Municipal assemblies.

Question C 5: Poor management support

**Table 19: Management Support**

Scale	Frequency	Percentage
Strongly disagree		
Disagree		
Neutral	1	10
Agree	6	60
Strongly agree	3	30
Totals	10	100

Source: Field survey (2022)

Table 19, clearly depict that, there is a total agreement that poor management support can affect the effectiveness of audit committees. 6(60%) of agree to the statement, 3(30%) of respondents strongly agree to the statement, 1(10%) of the respondent remained neutral. It therefore can be settled that poor management support can affect the effectiveness of audit committees of New Juaben Municipal Assemblies.

Question C6: Absence of perfect strategies and guidelines for the audit committees.

**Table 20: Perfect strategies and guideline.**

Scale	Frequency	Percentage
Strongly disagree	2	20
Disagree	3	30
Neutral		
Agree	3	30
Strongly agree	2	20
Totals	10	100

Source: Field survey (2022)

Results from Table 20 were unable to yield any conclusive results. Three respondents (or 30%) strongly disagreed with the statement, two respondents (or 20%) strongly agreed with the statement, three respondents (or 30%) agreed with the statement, and two respondents (or 20%) strongly disagreed with the statement. According to the results, half of the respondents agree with the statement, and the other half disagree. It may be inferred from the audit committees of the New Juaben Municipal Assemblies that the efficacy of audit committees cannot be impacted by the lack of ideal strategies and procedures.

**Overall analysis of the Measure of the Factors that affect the effectiveness of audit committees in the New Juaben Assemblies**

Table 21 below, which displays the findings for this part, provides the overall analysis for all the reports in Segment C.

**Table 21: Overall perspective regarding the Measure of the Factors that affect the effectiveness of audit committee in the New Juaben Municipal Assemblies.**

Factors	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Internal audit system		1	1	3	5
Management interest		1	1	6	2
Poor communication				5	5
Audit information			1	5	4
Management support			1	6	3
Strategies and guideline	2	3		3	2
Totals	2	5	4	28	21
Mean	0.033	0.083	0.067	0.467	0.35

Source: Field Survey (2022)

Measured in Unit C are the variables that effect the efficiency of the audit committees of New Juaben Municipal Assemblies. Founded on the factors listed in the audit committee literature, including an ineffective internal audit system, a lack of management interest in the audit committee's events, poor communication between the audit committee and internal and external auditors, a lack of management support, and a lack of ideal strategies and guidelines for the audit committees. The average score for each question is displayed in Table 21 above as the mean value. According to the overall findings in Table 21, the majority of respondents (mean of 0.817 out of 1) concur that the aforementioned issues may have an impact on the audit committees of the New Juaben Municipal Assemblies.

## The Effects of Audit Committee Characteristics on Audit Quality

Five questions make up Section D. Probing the influences of audit committee features on audit quality is the goal of this question. In order to do this, the following issues needed to be addressed: the audit committees' independence, financial knowledge, size, occurrence of meetings, and attention to audit quality.

Question D 1: Independence of audit committees

**Table 22: Independence**

Scale	Frequency	Percentage
Strongly disagree	2	20
Disagree	1	10
Neutral		
Agree	5	50
Strongly agree	2	20
Totals	10	100

Source: Field survey (2022)

Table 22 reveal that, the audit committees must be independent. This is evident in the fact that, 5 representing 50% of the respondent agree to the statement that the audit committees independent can impact on audit quality. 2(20%) of the respondents agree to the statement, one responder (or 10% of the respondents) and two respondents (or 20% of the respondents) disagree with the assertion. Since the statement is endorsed by more than half of the respondents, it can be inferred that the independence of the audit committee can improve the caliber of the New Juaben Municipal Assembly's audit.

Question D2: Financial Expertise of Audit Committee Members



**Table 23: Financial expertise**

Scale	Frequency	Percentage
Strongly disagree		
Disagree	1	10
Neutral	2	20
Agree	6	60
Strongly agree	1	10
Totals	10	100

Source: Field Survey (2022)

Since the majority of respondents agree with the statement, the analysis of Table 23 suggests that the financial knowledge of the audit committee may have a beneficial effect on the excellence of the audit. Six (60%) of the respondents agree with the proposition, one (10%) strongly agrees, two (20%) remained indifferent, and one (10%) disagrees. Since 70% of those surveyed concur with this statement, it may be inferred that the committee members' financial knowhow may have an effect on the accuracy of the New Juaben Municipal Assembly's audit.

Question D3: Size of Audit Committees

**Table 24 Audit committee size**

Scale	Frequency	Percentage
Strongly disagree	3	30
Disagree	4	40
Neutral	2	20
Agree	1	10
Strongly agree		
Totals	10	100

Source: Field survey (2022)

Table 24 confirms a strong disagreement to the statement that the size of audit committees can influence audit quality. 4(40%) of the participants disagree with the inquiry 3(30%) of the respondent strongly disagree to the inquiry 2(20%) stayed neutral with 1(10%) agreeing to the statement. This results can be generalized to say that, the audit committee size cannot impact on the audit quality of New Juaben Municipal Assembly.

Question D4: Audit Committees Frequency of Meeting

**Table 25: Frequency of Meeting**

Scale	Frequency	Percentage
Strongly disagree	1	10
Disagree	1	10
Neutral	2	20
Agree	4	40
Strongly agree	2	20
Totals	10	100

Source: Field survey (2022)

Table 25 demonstrates that, given that 60% of respondents concur with the assertion, the regularity of audit committee meetings has an effect on audit quality. 4 people, or 40%, concur with the statement. 1(10%) strongly disagrees with the statement, 1(10%) disagrees with the statement, and 2(20%) of the respondents are neutral. Given that 60% of the statement represents more than half of the total, it is clear that the audit committee's regular meetings have an impact on the accuracy of the audits of the New Juaben South and New Juaben North Assembly.

Question D5: Audit Committee Diligence

**Table 26: Diligence**

Scale	Frequency	Percentage
Strongly disagree	2	20
Disagree		
Neutral	1	10
Agree	4	40
Strongly agree	3	30
Totals	10	100

Source: Field survey (2022)

Table 26 analysis reveals that, 4(40%) of the respondents agree to the statement that audit committee diligence impact on audit quality, 3(30%) of the respondents strongly agree to the statement, 2(20%) strongly disagree to the statement and 1(10%) stayed neutral. The analysis confirms that, 70% of the respondents agree to the enquiry that audit committees' diligence can impact on the audit quality of New Juaben Municipal Assembly

### **The Overall Analysis of Section D: The Effects of Audit Committee Characteristics on Audit Quality.**

Table 27 below, which displays the findings for this part, provides the overall analysis for all the enquiries in Unit D.

**Table 27: Overall perspective regarding the effects of Audit Committees Characteristics on Audit Quality.**

Characteristics	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Independence	2	1		5	2
Financial expertise		1	2	6	1
Size	3	4	2	1	
Frequency of Meeting	1	1	2	4	2
Diligence	2		1	4	3
Totals	8	7	7	20	8
Mean	0.16	0.14	0.14	0.4	0.16

Source: Field Survey (2022)

Examining the influences of audit committee features on audit excellence is the main goal of Section D. The trend of the averages for the five statements related to audit committee independence, financial expertise, size, frequency of meetings, and diligence on audit quality is shown in Table 27 above.

The average response rate among those who agreed with the overall statement was 0.56 out of 1. Strongly disagreeing respondents got a mean score of 0.16, while disagreeing respondents had a mean score of 0.14. Since the majority of respondents concur with the statement, it can be stated that the qualities of the audit committee listed above may influence the quality of the audits conducted by the New Juaben Municipal Assembly. The investigations by Klein (2002), Xie et al. (2017), Yang and Krishnan (2005), Krishnan and Visvanathan (2018), Koh and Woo (2020), support the findings of this investigation. These studies reaffirmed that an audit committee's grade of independence, financial expertise, size, frequency of meetings, and diligence can influence on an organization's audit quality.

### **Chapter Summary.**

The findings of the empirical study were covered in this chapter. The questionnaire, which included four sections labeled A through D and twenty (20) questions each, was used as the instrument for gathering data. The literature review served as the basis for the queries. The questionnaires received a 100% response rate.

Unit A of the inquiry form aimed to evaluate the roles that audit committees perform in the New Juaben Municipal Assembly. The principles for valuation were founded on the elements recognized in the audit committee

literature, viz a viz roles relative to financial statement preparation, Internal auditor, External auditor, and legal compliance. In the end it was established that the New Juaben Municipal Assembly is performing its roles effectively. Segment B of the survey focused on the level of effectiveness of audit committees of New Juaben Municipal Assembly. The criteria for the analysis were based on transparency of audit committees, roles of audit committees, audit committees supervising and advising managers, whether the audit Committee goals are properly understood by all stakeholders and effective communication. The overall results presented in Table 14 indicates that, there is an overall agreement that the level of the effectiveness of audit committee of New Juaben Municipal Assembly is indeed very high.

The New Juaben Municipal Assembly's audit committees' effectiveness was discussed in Section C of the questionnaire. Ineffective internal audit systems, non interest by administrators in the issues of the audit committee, bad communication amongst the audit committees and internal and external auditors, Inability to get important internal audit information, poor management support, and a lack of ideal strategies and guidelines for audit committees were the factors chosen founded on the works review. According to the overall findings in Table 21 the majority of respondents (mean of 0.817 out of 1) concur that the aforementioned issues may have an impact on the audit committees of the New Juaben Municipal Assemblies.

A portion of the questionnaire, Unit D, remained devoted to the result of audit committee traits on audit excellence. The following issues were noted in order to accomplish this: independence, financial knowledge, size, regularity of meetings, and attention to audit worth. It was determined that the audit

committee traits described above can affect audit quality because majority of the respondents confirmed the statement.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### **Introduction**

The primary goal of this investigation is to come out with the unidentified element that could increase the effectiveness of the audit committees of the New Juaben Municipal Assembly. The investigation used, the qualitative research methodology. The research question used was: What are the unnoticed characteristics that can increase the effectiveness of the audit committees of the New Juaben Municipal Assembly? This section contains a presentation, a synopsis of the research that has been done and its results, recommendations, as well as suggestions for future study.

#### **Summary**

Key to this investigation is to detect the unidentified characteristics that could increase the effectiveness of the audit committees in the New Juaben Community Assembly. The research questions, together with the answers, are given below along with the study's goals:

To assess the functions that audit committees carry out in the New Juaben Municipal Assembly founded on the factors mentioned in the audit committee works, four elements were chosen for evaluation: duties associated through the compilation of financial statements, internal and external auditors, and legal compliance. The analysis's conclusion determined that the audit committee of the New Juaben Municipal Assembly is doing its job well.

To determine the level of effectiveness of audit committee of New Juaben Municipal assembly an analysis based on the following criteria were considered, transparency of audit committees, roles of audit committees, audit committees

supervising and advising managers, whether the audit Committee goals are properly understood by all stakeholders and effective communication. The overall results presented indicated that there is an overall agreement that the extent of the success of audit committee of New Juaben Municipal Assembly is indeed very high.

The following factors were chosen grounded on the literature review to measure the aspects prompting the effectiveness of Audit Committees of New Juaben Municipal Assembly: ineffective internal audit system; Non interest by administrators in the audit committee's issues; poor communication amongst the audit committee and auditors within the assembly and auditors from outside; limited access to important internal audit information; poor management support. Most respondents, according to the overall findings presented, agreed that the aforementioned issues can affect the audit committees of the New Juaben Municipal Assemblies.

The following factors, independence, financial competence, size, frequency of meetings, and vigilance on audit quality, were selected to find out how the audit committees traits can influence its quality. Because more than half of the respondents confirmed the statement, it was inferred that the audit committee traits mentioned above might have an impact on the accuracy of the audit.

### **Conclusions**

From the analysis above it shows that the two municipal assemblies possess the needed staff in terms of qualification and experience. However, there are insufficient staff in terms of numbers.

According to the study's analysis of the roles played by the audit committees, it was discovered that these groups successfully carry out their responsibilities. In



terms of audit committee effectiveness, it was discovered that the extent of efficacy of the committees is in fact very high. Once more, it was confirmed that the factors mentioned in the review for possibly influencing audit committee effectiveness could in fact have that effect. Finally, it was established that the traits thought to have an impact on audit quality could in fact have an impact.

The investigation also revealed the following issues with how the audit committees handle the creation of financial statements. Additionally, it was discovered that audit committees avoid their obligations when it comes to legal compliance. Once more, it was revealed that the audit committees were not transparent in how they carried out their tasks. Last but not least, it was discovered that the factors mentioned in the review as affecting the efficacy of audit committees were ineffective.

The audit committees of the New Juaben Municipal Assembly are effective in carrying out their duties, according to this analysis of their effectiveness. The audit committees' effectiveness can increase if the faults that have been recognized are fixed.

### **Recommendations**

As established in the results of this survey, it was advised that:

For an audit committee to properly carry out their functions, management of organizations must make the necessary funding accessible to them. Once more, management should offer the committee any additional help that is required and should devote more time to putting the committee's recommendations into practice. All of these would make it possible for the committee to work efficiently.

The significance of having an Audit Committee within the organization should also be explained to other members of other organizations. This would assist in dispelling any false perceptions people may have regarding the audit committee of the organization. When people understand this, they will be more motivated to support the Audit Committees' varied duties.

Organizations should place more emphasis on aspects that can improve financial auditing than those that cannot, like frequency of meetings, the audit committee's level of independence, and the audit committee's financial expertise. This is because the audit committee's size, financial knowledge, and level of independence all have a major influence on how well an establishment financial audits are conducted.

#### **Suggestion for Further Research**

From the revelations of this research, it was recommended that an investigation should be carried out to come up with the real factors that affect the financial audit of organizations.

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**APPENDIX**  
**UNIVERSITY OF CAPE COAST**  
**SCHOOL OF BUSINESS**  
**QUESTIONNAIRE**

The primary objective of this research is to examine the effectiveness of audit committees in the New Juaben Municipality. Your contribution will help in the success of this if you could kindly answer the following items on the questionnaire to the best of your knowledge. You are assured that whatever information that will be provided is going to remain anonymous and confidential.

Thank you.

The questionnaire contains 20 statements or questions. The statements or questions should be answered according to a Likert scale measuring 1 to 5 as follows:

- 1 – Strongly disagree
- 2 – Disagree
- 3 – Neither agree nor disagree (Neutral)
- 4 – Agree
- 5 - Strongly agree

State your opinion in the applicable box by marking with an X.

**SECTION A: EVALUATE THE ROLES THAT AUDIT COMMITTEES PERFORM IN THE NEW JUABEN MUNICIPAL ASEMBLY.**

A.1 The audit committee perform their roles concerning internal audit

1.       2.                   4.       5.

A 2. The audit committee perform their roles concerning external audit.

1.  2.     5.

A 3. The audit committee perform their roles concerning legal compliance.

1.  2.     5.

A 4. The audit committee perform their roles relative to risk management.

1.    4   5.

Section B: The Level of Effectiveness of Audit Committees in the New Juaben Municipal Assembly.

B1 The audit committee is transparent in the discharge of their duties

1.  2.     5.

B2. The audit committee's goals are properly understood by all stakeholders.

1.  2.     5.

B3. The audit committee supervises and advices managers

1.  2.     5.

B4. The audit committee is properly constituted (composed)

1.  2.     5.

B5. There is effective communication to and from audit committee.

1.  2.     5.

SECTION C: Measure the Factors that affect the effectiveness of audit committees in the New Juaben Municipal Assembly.

C1 The audit committee is ineffective concerning internal audit.

1.  2.     5.

C2 There is low level of management interest in the activities of audit committees



1.  2.     5.

C3. There is poor communication between audit committees and internal and external auditors.

1.  2.     5.

C4. There is poor access to relevant internal audit information

1.  2.     5.

C5. There is poor management support and absence of perfect strategies and guidelines for the audit committees.

1.  2.     5.

**SECTION D: The Effects of Audit Committee Characteristics on Audit Quality**

D1: The audit committee act independently without any undue influence from management in discharge of their duties.

1.  2.     5.

D2: The audit committee comprises of members with relevant financial expertise.

1.  2.     5.

D3. The audit committee must consist of a large number (audit size).

1.  2.     5.

D4. The audit committee must hold a sufficient number of meetings (Frequency of meetings).

1.  2.     5.

D5. The audit committee members must be diligent in the discharge of their duties.

1.  2.     5.

**Thanks for participating!**