

Audit Committee Characteristics, Firm Size and Financial Performance of Deposit Taking Saccos in Kenya

Luvisi Moses Ayumba¹
Gerald Musiega Maniagi²
Maingi Muli³

¹mosesluvisi@gmail.com

²gmaniagi@mmust.ac.ke

³wmuli@mmust.ac.ke

^{1,2,3}Masinde Muliro University of Science and Technology, Kenya

ABSTRACT

The purpose of the research was to evaluate how internal audit practices and standards affected deposit-taking SACCO financial performance in Kenya. The research also sought to determine how Sacco size affected the link between the financial performance of Kenyan deposit-taking SACCOs and internal audit practices and standards. Agency theory served as the theoretical foundation for the study. The research philosophy that guided this work is in line with positivism. A descriptive survey approach was used in the investigation. Participants in the research were chief accountants, chiefs of internal audit, and financial managers from deposit-accepting SACCOs in Kenya. The research had 504 individuals. 223, the desired sample size, was selected using a conventional random sampling procedure. A structured questionnaire was used in the investigation. Eight SACCOs participated in a pilot test, however the findings were left out of the final analysis. The data was examined using both descriptive and inferential statistics. To describe the data, the research employed descriptive statistics such as mean, standard deviation, and percentages. Using SPSS version 26, inferential analysis included basic linear regression and hierarchical regression. The calculated coefficient of determination (R square) of 0.373, $P=0.000$, indicates that 37.3% of the variation in the financial performance of Deposit Taking Saccos in Kenya can be explained by the audit committee characteristics. The relationship between the size of the Sacco and audit committee characteristics had a substantial moderating influence on the financial performance of Deposit Taking Saccos ($R^2=0.646$, $P=0.001$). The impact of audit committee characteristics on financial performance increases significantly by 0.162 units for every unit increase in Sacco size ($P=0.001$). Therefore, the study concluded that Sacco size is a significant moderator and recommended that SACCOs with larger member deposits should prioritize the composition and effectiveness of their audit committees, ensuring that they are well-equipped with financial expertise and oversight capabilities. This will enable them to effectively manage their resources and operations, ultimately enhancing financial performance.

Keywords: Audit Committee Characteristics, Deposit Taking Saccos, Firm Size, Financial Performance

1. INTRODUCTION

Deposit Taking Savings and Credit Cooperatives (DT-SACCOs) in Kenya play a pivotal role in the country's financial landscape, serving as vital intermediaries between savers and borrowers, especially in rural and underserved areas. Assessing their financial performance is essential for understanding their effectiveness in mobilizing savings, disbursing loans, and contributing to economic development. In recent years, DT-SACCOs in Kenya have faced both opportunities and challenges in enhancing their financial performance. Technological advancements, such as mobile banking and digital payments, have facilitated greater financial inclusion, efficiency, and outreach to remote areas. However, economic volatility, regulatory changes, and external shocks, such as the COVID-19 pandemic, have posed challenges to asset quality, liquidity management, and income generation (Kirui, 2022).

The role of audit committee characteristics is integral to the financial performance of Deposit Taking Savings and Credit Cooperatives (DT-SACCOs) in Kenya. A well-functioning audit committee plays a crucial role in ensuring transparency, accountability, and sound governance practices within DT-SACCOs, thereby positively impacting their financial performance. Audit committees oversee financial reporting processes, internal controls, and risk management frameworks, which are essential for maintaining the integrity of financial information and safeguarding assets. By providing independent oversight and expertise, audit committees enhance the reliability and accuracy of financial statements, reducing the likelihood of errors, fraud, and mismanagement (Nduviri, 2022).

In recent years, corporate accounting scandals coupled by an outcry for transparency and integrity in financial reporting have given rise to logical outcomes. Audit skills are now critical in resolving the complicated accounting manipulations which have muddled financial statements (Humphrey *et al.*, 2021). Numerous fraud incidences have been reported in major world entities such as Enron, Worldcom, HIH insurance (Australia) and Maxwell among others which

has put professional accountants in a critical condition, Globally, the latest string of accounting problems and stock plunges across the globe yet again bring to the centre stage the role played by the auditor. In Africa, several accounting scandals have led to partial collapse of public and private organizations (Holtzblatt *et al.*, 2020). For instance, Reserve Bank of Zimbabwe, Cadbury, Board of Oceanic Bank, Intercontinental and Afribank in Nigeria all collapsed partially due to accounting scandals (International Monetary Fund [IMF], 2016). In 2017, Steinhoff International Holdings (audited by Deloitte (2017)), the JSE-listed furniture and clothing retailer, was pushed to the brink of collapse following an accounting scandal that spanned several years (Naudé *et al.*, 2018).

In Kenya, Accountants and auditing firms of listed companies have lately been on the spot for alleged falsifying of company financials in collusion with management at the expense of shareholders. Deloitte & Touche, a big accounting firms, has been on the spot over alleged accounting irregularities at sugar miller Mumias, car dealer CMC Holdings, Dubai Bank as well as Tuskys Supermarkets. Uchumi Supermarkets was cooking its books to hide massive losses to mislead investors. Mumias Sugar was also on the regulator's crosshairs for cooking books. Ernst & Young, who was appointed auditor of the East African Portland Cement (EAPCC) in the year to June 2013, has also been accused of covering up financial irregularities at the Athi River-based firm. Ernst & Young was also probed by the Commissioner for Co-operative Development over its role in Mwalimu Sacco's acquisition of a majority stake in Equatorial Commercial Bank (Institute of Certified Public Accountants of Kenya [ICPAK], 2021). According to Karuti (2020) many organizations in Kenya have been implicated with massive fraud which has resulted to the collapse of corporations such as Bulk Medicated Ltd and Nyaga Stock brokers where some of their financial statements implied that they were sound despite their internal weakness.

A growing number of Kenyan Savings and Credit Cooperative Organizations (Saccos) are facing the consequences of mismanagement, fraud, and non-performing loans, which have caused the Sh1 trillion industry to become unstable. If this trend is not reversed, it might have a detrimental impact on the whole economy. At risk are substantial amounts of members' funds, totaling hundreds of billions of shillings, which have either been lost or are in danger of being lost due to the increasing number of financially problematic funds and Credit Co-operative Societies (Saccos) being brought to attention. The Saccos that were deregistered in 2021 include Comoco, situated in Nairobi, which had assets of KShs 650 million and deposits of KShs 350 million. Additionally, Nyamira Tea had assets worth KShs 210 million, Nyanyuki Equator had assets worth KShs 120 million, and Mombasa's Uchongaji had assets worth KShs 40 million. The termination of the licenses signifies that the four unions were facing significant cash issues and other corporate governance difficulties that necessitated decisive measures (Sacco Societies Regulatory Authority (SASRA), 2021).

Audit committee characteristics (AC) have become a critical pillar in corporate governance structure owing to increased changes in regulatory requirements and demand by stakeholders. The role of AC characteristics cannot be overemphasized and Sarbanes-Oxley Act (SOX) (2002) assert that independent audit committee enhances effective financial reporting monitoring as it is mandated with overseeing the financial disclosure undertaking as well as oversight over financial reporting. The role of AC is viewed as assisting the board on the oversight over integrity of financial statements, company's compliance with legal and regulatory requirements, determination of independent auditor's qualification and independence, and performance of the corporation's internal audit and the independent auditor through strong institutional structures as supported by institutional theory (Ibrahim *et al.*, 2020). Kurawa and Shuaibu (2022) assert that the ultimate goal of AC help is to guard against stockholders' engrossment and could be achieved through utilization of competent members with sufficient expertise and resources to provide meticulous oversight.

Research suggests that audit committee characteristics, such as financial literacy, independence, and meeting frequency, positively correlate with financial performance metrics, including profitability, asset quality, and capital adequacy (Oduor, Adoyo & Mule, 2022; Ashari & Krismiaji, 2019). DT-SACCOs with robust audit committees tend to exhibit stronger financial performance, as evidenced by higher profitability ratios, lower non-performing loan ratios, and better capital adequacy levels. Furthermore, the interaction between audit committee characteristics and other organizational factors, such as SACCO size, can amplify their impact on financial performance. Larger SACCOs may benefit more from effective audit committee oversight due to their complexity, scale of operations, and greater exposure to risks. The moderating effect of SACCO size underscores the importance of aligning audit committee characteristics with organizational needs and strategic objectives.

1.1 Statement of the Problem

The SASRA report (2021) highlights that the comparative growth rates serve as crucial performance indicators. It reveals that the DT-SACCOs saw a lower growth rate in all performance metrics in 2021 compared to 2020. The total assets of DT-SACCOs saw a growth rate of 10.08% in 2021, which is lower than the growth rate of 12.75% seen in 2020. In 2021, the total deposits for DT-SACCOs increased by 9.92%, which is much lower than the growth rate of 13.41% seen in 2020. In 2021, the gross and net loans for DT-SACCOs had growth rates of 10% and 8.35% respectively.

However, it is important to note that these growth rates were lower compared to previous periods. Metropolitan Sacco saw a significant decline in its asset base, decreasing from Ksh. 16.73 billion in 2020 to 10.56 billion in 2021. As a result, it dropped from the 6th place to the 15th position. The Sacco failed to fulfill members' requirements by retaining 50% of their payout. Furthermore, the Sacco decided to eliminate dividend payments for the year 2021, despite the audit report's recommendation for dividend distribution (SASRA, 2021). The management was unable to provide a justification for the discrepancy between the claimed cumulative assets of Sh28 billion and the external auditors' finding that they were just over Sh14 billion (SASRA, 2022).

Alshouha et al. (2021) showed there is significant and positive impact of Audit committee characteristics and financial performance. Ike et al. (2020) found audit committee characteristics has a positive effect on Return on Asset of selected Money Deposit Banks in Nigeria and the effect is statistically significant. Nevertheless, some studies have found otherwise results. Zubair and Ahmed (2022) discovered audit committee characteristics are insignificant to ROA and EPS. Ahmeti et al. (2022) show that audit committee characteristics is a negative but non-significant predictor of firm performance for financial performance.

Ashari and Krismiaji (2019) examined audit committee characteristics and financial performance: Indonesian evidence. The study suggested that further research could be done by involving more of the characteristic aspects of the audit committee. Nduviri (2022) evaluate the effect characteristics of the audit committee had on the financial performance of manufacturing firms listed on the Nairobi Securities Exchange in Kenya. The study indicated that there could be some moderating and mediating variables in this association that future studies should purpose to establish. Furthermore, suggested to future researchers to assess this relationship in non-manufacturing firms to allow for the generalization of results to all firms. Kirui (2022) examined the effect of audit committee characteristics on audit effectiveness in the county government of Kericho, Kenya. The study suggested that similar study can be replicated in different counties in order to ascertain whether the findings illustrated in the South Rift counties are replicable in other counties. Therefore, this study will be conducted among DT-Saccos in Kenya.

1.2 Research Objective

- i. To examine the influence of audit committee characteristics on financial performance of Deposit Taking SACCOs in Kenya.
- ii. To determine the moderating influence of firm size on the relationship between audit committee characteristics and financial performance of Deposit Taking SACCOs in Kenya.

1.3 Hypothesis of the Study

H_{01} : Audit committee characteristics has no significant influence on financial performance of Deposit Taking SACCOs in Kenya.

H_{02} : Firm size has no significant moderating influence on the relationship between Audit committee characteristics and financial performance of Deposit Taking SACCOs in Kenya.

II LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Agency Theory

This study was guided by Agency theory was propagated by Jensen and Meckling (1976). Agency theory describes managers as agents and stakeholders as principals because many decisions that affect the principal financially are made by the agents. The agency theory is based on the notion that managers will not always act in the best interest of the shareholders. The theory indicates that by identifying two main conflicts between parties to a company, firstly, between the managers and shareholders, and secondly, between the shareholders and the creditors. The interests of principals and agents need to be matched to overcome their different preferences regarding firm activity and different attitudes towards risk exposure. Since information asymmetry argues that the principal and agent hold different amounts of information (normally the agent has access to more information than the principal), it is difficult and expensive for the principal to monitor the agent's behavior (Chen *et al.*, 2023).

Agency Theory focuses on the relationship between principals (such as shareholders or owners) and agents (such as managers or directors) and how conflicts of interest between them can impact organizational behavior and outcomes. In the context of SACCOs, the audit committee serves as an agent of the shareholders, responsible for overseeing financial reporting and ensuring adherence to regulations and best practices. The study explored how the characteristics of the audit committee influence the performance of SACCOs, considering the agency relationship between the committee and the SACCO's stakeholders. Additionally, the impact of firm size on financial performance

is examined through the lens of Agency Theory, as larger SACCOs may face different agency challenges compared to smaller ones.

2.2 Conceptual Framework

The study conceptual framework consists of independent variable: audit committee characteristics and the dependent variable is employee performance. Figure 1 represents the relationships between the independent and dependent variables.

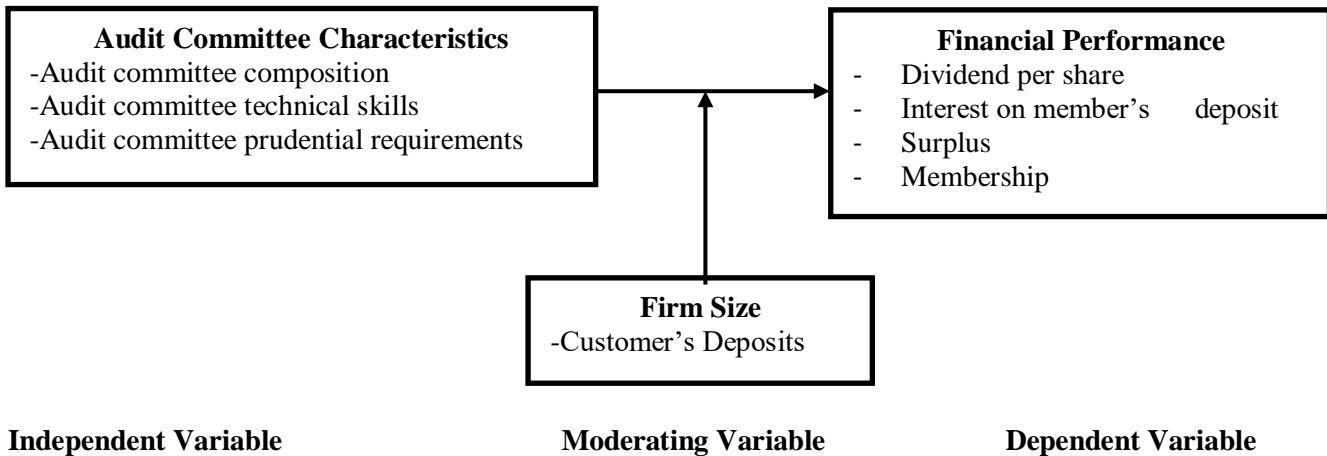


Figure 1

Conceptual Framework

Audit committee characteristics and Audit quality with respect to the recommendations of the Blue-Ribbon Committee, Audit committees are expected to meet regularly in order to be effective in the discharge of its oversight functions. Casual empirics suggests that a group or committee that meets regularly is expected to outperform a group or committee that does not, since it is expected to have more time to deliberate and take decisions. Audit committees' principal purpose is the provision of an oversight role on the financial reporting process, the audit process, the system of internal controls, and compliance with the legal framework (Ofoeda, 2017). Bouaine and Hrichi (2019) posit that audit committees act as an additional control in the protection of shareholders' interests. They view the audit committee as an independent observer allowing for mitigation of agency problems and maximization of business performance. Thus, audit committee adoption enhances the confidence of the shareholders and capital markets (Bouaine & Hrichi, 2019).

Audit committees have increasingly been taken as a critical part of modern control structures and governance practices in underwriting the integrity of public accountability and shoring up credibility in the financial data declared (Ashari & Krismiaji, 2020). According to Herdjiono and Sari (2017), audit committees play a key role in safeguarding the external auditors' independence ensuring they carry out the audit work without undue influence from the management. To this extent, therefore, audit committees are deployed as a means of reducing the agency conflict (Jensen & Meckling, 1976). The way the audit committee is composed, and its characteristics are crucial in invigorating the financial performance of an organisation (Deloitte, 2018).

2.3 Empirical Review

Amahalu (2020) ascertained the effect of audit quality on the financial performance of quoted conglomerates in Nigeria from 2010-2019. Panel data were used in this study, which was obtained from the annual reports and accounts of six (6) sampled quoted conglomerates for the periods 2010-2019. Ex-Post Facto research design was employed. The results showed that audit committee size, Internal Auditor Independence, and audit committee financial expertise have a significant positive effect on return on assets at 5% level of significance respectively. Zubair and Ahmed (2022) analyzed the influence of audit quality and CEO remuneration on firm performance. The data is drawn from PSX-listed non-financial firms. The sample size consists of 70 firms for this study. By analyzing the results of the fixed-effect model, it has been discovered that audit committee size is positively and significantly related to both ROA and earnings per share (EPS). However, the audit fee and audit rotation are insignificant to ROA and EPS.

Oduor et al. (2022) sought to assess the effect of Audit committee characteristics on the financial performance of deposit taking SACCOs in Western Kenya. Purposive sampling was used to select respondents from the population and the sample size was 120 respondents drawn from the SACCO's top management. The study employed census survey

technique with the response rate at 93%. Results revealed indicating that audit committee characteristics accounted for 65.1% variance in financial performance and has a strong effect on financial performance. Ahmeti et al. (2022) analysed the impact of audit quality on firm performance of listed companies in Botswana, and Uganda. The study sampled domestically listed financial and non-financial companies on the stock exchanges of Botswana and Uganda for the five years 2014-2018. Results of the study show that audit quality is a negative but non-significant predictor of firm performance for financial performance. The findings of the study provide empirical evidence into the effectiveness of auditing as a corporate governance mechanism in the Sub-Saharan capital markets.

Alshouha et al. (2021) relied on data collected from the annual reports of 88 non-financial Jordanian companies listed on the Amman Stock Exchange (ASE) from 2009 to 2018. In total, the study contained 880 observations. The panel data approach was employed in this study due to the nature of the data collected. The results showed there is significant and positive impact of AQ and financial performance. Soyemi et al. (2021) examined the influence of audit quality on financial performance of 40 quoted nonfinancial firms in Nigeria for 10 years from 2009 to 2018. Secondary data, panel in nature, were gathered from annual reports and audited accounts of these firms that were selected using a stratified sampling technique. The result revealed significant and positive influence of audit tenure and audit firm size on operating cashflow.

Ezejiolor and Erhirhie (2018) examined the effect of audit quality on financial performance of deposit money banks in Nigeria. The results of this study revealed that the quality of internal audit has a significant positive effect on the financial performance of the banks studied. Muchiri and Jagongo (2017) conducted a study on internal Audit and Performance of Public Institutions in Kenya. The objectives that guided this research are based on the effect of the competence and independence of the internal auditor, and the independence of the audit committee on the return on investment. The researchers used a case study research design as the data was collected from a single public institution, namely the Kenya Meat Commission (KMC). The results showed that the relationship between internal audit characteristics and financial performance was not significant. In other words, internal auditing does not impact return on investment. The authors recommended that KMC's internal auditors should be more competent and independent.

III METHODOLOGY

3.1 Study Area

The research was carried out in Kenya focusing on 176 SASRA licensed DT-SACCO for the financial year ending 31st December 2023. The Deposit Taking Sacco's (DTS) besides the basic savings and credit products, also provide basic 'banking' services (demand deposits, payments services and channels such as quasi banking services commonly known as ATMs) and operate FOSA.

3.2 Research Design

According to Creswell (2006), the study used a descriptive survey research approach, which is based on different worldviews. A descriptive survey is appropriate for examining the relationship between audit committee characteristics, firm size, and financial performance of deposit-taking SACCOs in Kenya as it effectively gathers information on the population's characteristics. The survey method is practical for efficiently gathering data across multiple SACCOs, enhancing the generalizability of the findings.

3.3 Target Population and Sample Size

With a particular emphasis on 176 DT-SACCOs approved by SASRA for the fiscal year ending on December 31, 2023, the research was carried out in Kenya. The sample frame consisted of 504 persons who held critical knowledge about the performance of SACCOs and audit-related issues. These individuals included financial managers, internal auditors, and accountants at the headquarters of the 168 SACCOs. The sample size used in this investigation was determined using Yamane's formula (Yamane, 1967), which produced the desired outcome.

$$n = \frac{N}{1 + N(e^2)}$$

Where;

n= sample size

N= population

e= Margin of error, taken as 0.05

Substituting the values in the formula;

$$n = \frac{504}{1+504(0.052)} = 223.008$$

n = 223 respondents



Using a simple random sample approach, 223 respondents—including financial managers, heads of internal audit, and chief accountants—were chosen at random from a pool of 168 Deposit-taking Saccos in Kenya for this research.

3.4 Data Collection

The study adopted a structured questionnaire to collect primary data. Out of these, (223 questionnaires), 161 questionnaires were successfully filled and handed back to the researcher which gave a 72.2% response rate. Pilot test was done among 8 deposit taking SACCO where 24 respondents were selected. Content validity was achieved by subjecting the data collection instruments to an evaluation by a group of 3 experts and supervisors who provided their comments on the relevance of each item on the instruments. The construct validity was maintained through restricting the items to the conceptualization of the variables and ensuring that the indicator of a particular variable is within the same construct. This was achieved by factor analysis with help of SPSS version. Audit committee characteristics had overall factor loading of 0.673 while financial performance had overall factor loading of 0.7969. To measure the reliability, Cronbach Alpha technique was employed. Cronbach alpha coefficient was estimated from the response using statistical package for social scientist (SPSS). Audit committee characteristics yielded a Cronbach Alpha Coefficient of 0.947 while financial performance yielded an alpha of 0.935 therefore, the research instrument was reliable.

3.5 Data Analysis

SPSS 26 facilitated statistical analysis, encompassing descriptive and inferential statistics. Descriptive measures included mean, standard deviation, frequencies, and percentages, while simple linear regression tested the first null hypothesis. The moderating effect of firm size on the relationship between Audit committee characteristics and financial performance was examined through Hierarchical Multiple Regression Technique. Findings were presented in tables, models, and charts, aligning with the study's objectives.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 Z + \beta_3 X_1 Z + \varepsilon$$

Where;

Y = Financial Performance (Independent Variable)

B₀ = Constant

β₁ to β₃ = Regression Coefficients

X = Audit committee characteristics (Independent variable)

Z = Firm size (the moderating variable)

X₁*Z = the interaction term between the independent variable and the moderating variable

ε = the error of term.

IV. FINDINGS & DISCUSSION

4.1 Descriptive Analysis

Audit committee characteristics was used as fourth independent variable in regards to determining the influence of audit committee characteristics on financial performance of Deposit Taking SACCOs in Kenya. The respondents were required to state their level of agreement in regards to 19 statement which was used to measure audit committee characteristics. The results are shown in Table 1, 2 and 3.

Table 1

Audit Committee Composition

Audit Committee Composition	5	4	3	2	1	Mean	S.D
Audit committee composition fosters the effectiveness of the audit function.	49.7 (80)	46 (74)	1.2 (2)	2.5 (4)	0.6 (1)	4.42	0.70
Audit committee composed of members with leadership experience enhance the independence and efficiency of the committee	21.1 (34)	71.4 (115)	4.3 (7)	2.5 (4)	0.6 (1)	4.10	0.63
Audit committee composed of independent advisers ensures biasness in reporting and undertaking the audit functions	14.9 (24)	39.1 (63)	30.4 (49)	13.7 (22)	1.9 (3)	3.52	0.97
Rotation of audit committee members fosters credibility in the functions of committee	24.2 (39)	64.6 (104)	6.8 (11)	2.5 (4)	1.9 (3)	4.07	0.76
The audit tenure of committee members enhances the audit quality in the public sector.	20.5 (33)	70.8 (114)	6.8 (11)	1.9 (3)	0 (0)	4.10	0.58
The size of the audit committee enhances the quality of the audit work	23 (37)	62.1 (100)	12.4 (20)	0.6 (1)	1.9 (3)	4.04	0.74
Summary Statistics						4.04	



The results from the Table 1 revealed that, 49.7% (80) of the respondents strongly agreed that audit committee composition fosters the effectiveness of the audit function and 46% (74) agreed with a mean of 4.42 and a standard deviation of 0.70, the respondents were agreeing with the statement. According to the results of study, 21.1% (34) the respondents were strongly agreeing that audit committee composed of members with leadership experience enhance the independence and efficiency of the committee, and with a mean of 4.10 and an insignificant standard deviation of 0.63, the respondents were in agreement with the assertion.

On the statement that, audit committee composed of independent advisers ensures biasness in reporting and undertaking the audit functions, 14.9% (24) of the respondents strongly agreed while 39.1% (63) agreed with a mean of 3.52 and a standard deviation of 0.97, the respondents were in agreement with the statement. Nevertheless, from the study results, 24.2% (39) of the participants were strongly in agreement and 64.6% (104) were in agreement that rotation of audit committee member’s fosters credibility in the functions of committee with a mean of 4.07 and a standard deviation of 0.76, the respondents were in agreement with the statement.

With regards to the audit tenure of committee members enhances the audit quality in the public sector, 20.5% (33) of the respondents strongly agreed while 70.8% (114) agreed. Also, 6.8% (11) of the respondents were sometimes in agreement, while 1.9% (3) disagreed that the audit tenure of committee members enhances the audit quality in the public sector. With a mean of 4.10 and a standard deviation of 0.58, the respondents agreed with the statement.

According to the results, 23% (37) of the respondents strongly agreed that the size of the audit committee enhances the quality of the audit work while 62.1% (100) agreed with the same assertion. Moreover, 12.4% (20) of the respondents sometimes agreed, 1.9% (3) disagreed while 0.6% (1) strongly disagreed that the size of the audit committee enhances the quality of the audit work. With a mean of 4.04 and a standard deviation of 0.74, the respondents were in agreement with the assertion.

Table 2

Audit Committee Technical Skills

Audit Committee Technical Skills	5	4	3	2	1	Mean	S.D
Audit committees composed of financial experts enhance the credibility and quality of the audit reports.	54 (87)	40.4 (65)	3.1 (5)	2.5 (4)	0 (0)	4.46	0.68
Audit committee members with professional qualification foster effective monitoring which reduces malpractices in the industry	41.6 (67)	54 (87)	1.2 (2)	2.5 (4)	0.6 (1)	4.34	0.689
Experienced audit committee members leads to effective operations within the committee	36.6 (59)	59 (95)	1.9 (3)	2.5 (4)	0 (0)	4.30	0.63
Training of audit committee members leads to effective and efficient undertaking of their responsibility	42.9 (69)	52.8 (85)	1.9 (3)	1.9 (3)	0.6 (1)	4.35	0.67
Personal characteristics and values of the audit committee members enhance the functional competency of the committee	38.5 (62)	55.3 (89)	1.2 (2)	1.9 (3)	3.1 (5)	4.24	0.83
Summary Statistics						4.34	

According to the study findings, 54% (87) of the respondents strongly agreed that audit committees composed of financial experts enhance the credibility and quality of the audit reports and 40.4% (65) agreed with a mean of 4.46 and a standard deviation of 0.68, the respondents were agreeing with the statement. However, from the study findings, 41.6% (67) of the participants were strongly in agreement and 54% (87) were in agreement that audit committee members with professional qualification foster effective monitoring which reduces malpractices in the industry with a mean of 4.34 and a standard deviation of 0.68, the respondents were in agreement with the statement. With regards to experienced audit committee members leads to effective operations within the committee, 36.6% (59) of the respondents strongly agreed while 59% (95) agreed with a mean of 4.30 and a standard deviation of 0.63, the respondents agreed with the statement. Nevertheless, 42.9% (69) of the respondents strongly agreed and 52.8% (85) agreed that training of audit committee members leads to effective and efficient undertaking of their responsibility with a mean of 4.35 and a standard deviation of 0.67, the respondents were in agreement with the assertion. Lastly, 38.5% (62) of the respondents strongly agreed and 55.3% (89) agreed that personal characteristics and values of the audit committee members enhance the functional competency of the committee with a mean of 4.24 and a standard deviation of 0.83, the respondents were in agreement with the assertion.

The study findings suggest a strong correlation between the technical skills of audit committee members and the financial performance of Deposit Taking SACCOs in Kenya. Respondents overwhelmingly agree that audit committees composed of financial experts enhance the credibility and quality of audit reports. This indicates that expertise in financial matters within the committee contributes to more reliable and insightful audit outcomes, potentially fostering greater investor confidence and organizational trust (Ahmeti *et al.*, 2022). Similarly, there is consensus that audit committee members possessing professional qualifications play a vital role in effective monitoring, thereby

reducing malpractices within the industry. This underscores the importance of having individuals with specialized knowledge and credentials overseeing audit processes to ensure adherence to standards and regulatory requirements (Alshouha *et al.*, 2021).

Moreover, the study reveals that experienced audit committee members are perceived to lead to more efficient operations within the committee. This highlights the value of practical knowledge and seasoned judgment in guiding audit committee activities effectively. Additionally, training of audit committee members is seen as instrumental in enhancing their effectiveness and efficiency in fulfilling their responsibilities (Soyemi *et al.*, 2021). Investing in continuous education and skill development ensures that committee members stay abreast of evolving best practices and regulatory changes, enhancing their capacity to contribute meaningfully to organizational governance.

Furthermore, personal characteristics and values of audit committee members are recognized as enhancing the functional competency of the committee. This emphasizes the importance of integrity, ethics, and alignment with organizational values in fostering effective collaboration and decision-making within the committee (Ezejiolorun *et al.*, 2018). Overall, the findings underscore the critical role of audit committee technical skills in driving financial performance and governance effectiveness within Deposit Taking SACCOs in Kenya.

Table 3
Audit Committee Prudential Requirements

Audit Committee Prudential Requirements	5	4	3	2	1	Mean	S.D
Regular meetings of the audit committee enhance the performance of their role	44.7 (72)	49.7 (80)	2.5 (4)	2.5 (4)	0.6 (1)	4.35	0.711
Audit committee meetings that are not subject to board influence enhance the effectiveness of the committee functions	30.4 (49)	63.4 (102)	3.1 (5)	2.5 (4)	0.6 (1)	4.20	0.672
Availability of formal meeting calendar among audit committee members enhances the effectiveness of the committee	32.3 (52)	63.4 (102)	1.2 (2)	1.2 (2)	1.9 (3)	4.23	0.709
Planning of audit committee meetings reduces manipulation and risks of board interference	37.3 (60)	51.6 (83)	8.7 (14)	2.5 (4)	0 (0)	4.24	0.712
Control of the audit committee agenda by the members fosters the attainment of the committee responsibilities	26.1 (42)	69.6 (112)	2.5 (4)	1.9 (3)	0 (0)	4.20	0.568
There are wide disparities in the expected performance of audit committee members in the industry	22.4 (36)	72.7 (117)	2.5 (4)	0.6 (1)	1.9 (3)	4.13	0.653
The frequency of audit committee meetings is sufficient to fulfil tasks required,	26.1 (42)	69.6 (112)	1.9 (3)	2.5 (4)	0 (0)	4.19	0.586
The size of audit committee is adequate with qualified personnel ready for the task.	29.2 (47)	64.6 (104)	3.1 (5)	2.5 (4)	0.6 (1)	4.19	0.666
Summary Statistics						4.22	

It is evident from the Table 3 that, 44.7% (72) of the respondents strongly agreed that regular meetings of the audit committee enhance the performance of their role and 49.7% (80) agreed with a mean of 4.35 and a standard deviation of 0.71, the respondents were agreeing with the statement. As can be seen from the results of study, 30.4% (49) the respondents were strongly agreeing that audit committee meetings that are not subject to board influence enhance the effectiveness of the committee functions, and another 63.4% (102) agreed with a mean of 4.20 and a standard deviation of 0.67, the respondents were in agreement with the assertion. On the statement that, availability of formal meeting calendar among audit committee members enhances the effectiveness of the committee, 32.3% (52) of the respondents strongly agreed while 63.4% (102) agreed with a mean of 4.23 and a standard deviation 0.70, the respondents were in agreement with the statement.

However, from the study findings, 37.3% (60) of the participants were strongly in agreement and 51.6% (83) were in agreement that planning of audit committee meetings reduces manipulation and risks of board interference with a mean of 4.24 and a standard deviation of 0.71, the respondents were in agreement with the statement. With regards to control of the audit committee agenda by the members fosters the attainment of the committee responsibilities, 26.1% (42) of the respondents strongly agreed while 69.6% (112) agreed with a mean of 4.20 and a standard deviation of 0.56, the respondents agreed with the statement.

According to the results, 22.4% (36) of the respondents strongly agreed that there are wide disparities in the expected performance of audit committee members in the industry while 72.7% (117) agreed with the same assertion with a mean of 4.13 and a standard deviation of 0.65, the respondents were in agreement with the assertion. Moreover, 26.1% (42) of the respondents strongly agreed and 69.6% (112) agreed that the frequency of audit committee meetings is sufficient to fulfil tasks required with a mean of 4.19 and a standard deviation of 0.58, the respondents were in agreement with the assertion. In conclusion, 29.2% (47) of the respondents strongly agreed and 64.6% (104) agreed that



the size of audit committee is adequate with qualified personnel ready for the task with a mean of 4.19 and a standard deviation of 0.66, the respondents were in agreement with the assertion.

The findings from the study highlight the significant impact of Audit Committee Prudential Requirements on the financial performance of Deposit Taking SACCOs in Kenya. Regular meetings of the audit committee are perceived as crucial for enhancing the committee's performance, indicating that consistent engagement and oversight contribute to improved governance and risk management within SACCOs (Muchiri & Jagongo, 2017). Furthermore, audit committee meetings that are independent of board influence are seen as more effective, suggesting that autonomy in decision-making processes enhances the committee's ability to fulfill its functions impartially and diligently (Alshouha *et al.*, 2021)

The availability of a formal meeting calendar among audit committee members is considered essential for enhancing the committee's effectiveness, indicating the importance of structured and organized approaches to committee activities. Planning of audit committee meetings is also perceived as vital for reducing manipulation and risks of board interference, emphasizing the need for proactive measures to safeguard the committee's independence and integrity (Ahmeti *et al.*, 2022).

Additionally, control of the audit committee agenda by its members is viewed as fostering the attainment of the committee's responsibilities, highlighting the significance of empowering committee members to set priorities and address pertinent issues. Despite the acknowledgment of wide disparities in the expected performance of audit committee members, there is consensus that the frequency and size of audit committee meetings are generally adequate, with qualified personnel ready for the task (Oduor *et al.*, 2022). Overall, adherence to Audit Committee Prudential Requirements is seen as instrumental in promoting effective governance and ultimately driving the financial performance of Deposit Taking SACCOs in Kenya.

Table 4

Firm Size

Firm size	5	4	3	2	1	Mean	S.D
To enhance member’s deposit, the Sacco offers competitive interest rates	52.8 (85)	41.6 (67)	2.5 (4)	2.5 (4)	0.6 (1)	4.43	0.72
The Sacco has introduced financial literacy to enhance its member’ deposits	37.9 (61)	57.8 (93)	0.6 (1)	2.5 (4)	1.2 (2)	4.29	0.72
The Sacco has diversified saving products to attract member’s deposits	32.3 (52)	63.4 (102)	0 (0)	3.7 (6)	0.6 (1)	4.23	0.69
The Sacco has formed collaboration and partnership with employer to enhance its member’s deposit base	39.8 (64)	55.9 (90)	0 (0)	3.7 (6)	0.6 (1)	4.30	0.72
The Sacco offers incentives and rewards to encourage member’s deposits	37.3 (60)	56.5 (91)	0.6 (1)	1.9 (3)	3.7 (6)	4.22	0.86
Summary Statistics						4.29	

The survey results indicate that 52.8% (85) of the respondents expressed strong agreement with the notion that the Sacco provides competitive interest rates to improve member deposits, while 41.6% (67) agreed. The respondents' agreement with the statement was indicated by a mean of 4.43 and a standard deviation of 0.72. According to the survey results, 37.9% (61) of the participants highly agreed and 57.8% (93) agreed that the Sacco has implemented financial literacy to improve its members' deposits. The respondents exhibited a consensus with the statement, as shown by a mean of 4.29 and a standard deviation of 0.72. In relation to the Sacco's efforts to attract member deposits, 32.3% (52) of the respondents highly agreed, while 63.4% (102) agreed. The respondents' agreement with the statement was indicated by a mean of 4.23 and a standard deviation of 0.69. However, a significant proportion of the respondents, namely 39.8% (64 individuals), strongly agreed, while 55.9% (90 individuals) agreed, that the Sacco has established collaborations and partnerships with employers to improve the deposit base of its members. The respondents' agreement with the proposition was indicated by a mean of 4.30 and a standard deviation of 0.72. Finally, a significant proportion of the respondents, namely 37.3% (60 individuals), expressed strong agreement, while 56.5% (91 individuals) expressed agreement, regarding the Sacco's provision of incentives and awards to motivate members' deposits. The respondents' agreement with the proposition was evident, as shown by a mean of 4.22 and a standard deviation of 0.86.

4.2 Simple Linear Regression Analysis

The research aimed to determine the impact of audit committee characteristics on the financial performance of Deposit Taking SACCOs in Kenya. The study utilized inferential statistics, specifically employing linear regression analysis, to fulfill this objective and, consequently, assess the null hypothesis stating H_{01} : Audit committee characteristics has no significant influence on financial performance of Deposit Taking SACCOs in Kenya.

Table 5*Simple Linear Regression- Audit committee characteristics*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.610 ^a	.373	.369	.44744		
Model	Sum of Squares		df	Mean Square	F	Sig.
1	Regression	18.908	1	18.908	94.445	.000 ^b
	Residual	31.832	159	.200		
	Total	50.740	160			
Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1	(Constant)	1.226	.298		4.117	.000
	Audit committee characteristics	.686	.071	.610	9.718	.000

a. Dependent Variable: Financial Performance

Table 5 displays the coefficient of determination. In accordance to the statistics provided therein, the coefficient of determination (R^2) was determined to be 0.373. This demonstrates that the audit committee characteristics as used in this study was able to account for about 37.3% of the variations that were noted in the financial performance of deposit taking Saccos in Kenya. Further, the results provide information about the overall model fit, including the F-statistic and its associated p-value, which test the overall significance of the model. From the ANOVA table significance of the model had a value ($F(1,159)= 94.445$, $p < 0.05$) this shows that model was significant at 95% confidence level hence the model was good fit

The regression equation for Audit committee characteristics becomes;

$$Y_{Per} = 1.226 + 0.686X_1$$

A significant t-statistic indicates that the regression coefficient for that independent variable is statistically significant. This means that the independent variable has a significant effect on the dependent variable, after controlling for the other independent variables in the model. From the regression equation it means that when internal audit committee characteristics increase by a unit, financial performance would increase by 0.686 units thus the relationship was positive and significant ($P < 0.05$). Both regression and correlation result show that internal audit committee characteristics have a significant positive relationship with financial performance.

The results are in agreement with Oduor et al. (2022) who revealed indicating that audit committee characteristics accounted for 65.1% variance in financial performance and has a strong effect on financial performance. Alshouha et al. (2021) showed there is significant and positive impact of AQ and financial performance. Soyemi et al. (2021) result revealed significant and positive influence of audit tenure and audit firm size on operating cashflow. Ezejiolor and Erhirhie (2018) revealed that the quality of internal audit has a significant positive effect on the financial performance of the banks studied. Ike et al. (2020) found audit committee characteristics has a positive effect on Return on Asset of selected Money Deposit Banks in Nigeria and the effect is statistically significant ($p < 0.05$).

Nevertheless, some studies have found otherwise results. Zubair and Ahmed (2022) discovered audit fee and audit rotation are insignificant to ROA and EPS. Ahmeti et al. (2022) show that audit quality is a negative but non-significant predictor of firm performance for financial performance. Muchiri and Jagongo (2017) showed that the relationship between internal audit characteristics and financial performance was not significant.

4.3 Moderating Influence of Firm Size on the Relationship between Audit committee characteristics and the Financial Performance

This research delves into whether the Size of Sacco moderates the effect of audit committee characteristics on the financial performance of Kenyan Deposit-Taking SACCOs by use of hierarchical regression analysis. In other words, does the size of Sacco play a role in how strongly audit committee characteristics affects a SACCO's financial performance? The results are presented in Table 6 and 7.



Table 6
Hierarchical Regression Model Summary

Model	R	R ²	Adj. R ²	Std. Error of the Estimate	Change Statistics				
					R ² Change	F Change	df1	df2	Sig. F Change
1	.239 ^a	.057	.051	.54854	.057	9.631	1	159	.002
2	.660 ^b	.435	.428	.42594	.378	105.702	1	158	.000
3	.788 ^c	.620	.613	.35022	.185	76.712	1	157	.000
4	.804 ^d	.646	.637	.33910	.026	11.465	1	156	.001

- a. Predictors: (Constant), Period of Service
- b. Predictors: (Constant), Period of Service, Audit committee characteristics
- c. Predictors: (Constant), Period of Service, Audit committee characteristics, Sacco size
- d. Predictors: (Constant), Period of Service, Audit committee characteristics, Sacco size, Audit committee characteristics* Sacco size,

According to the findings in Table 6, Model 1 showed a strong and statistically significant positive correlation between the duration of service and financial performance (p=0.002). This model yielded an R² value of 0.057. Model 1 demonstrated an ability of duration of service to account for 5.7 percent of the variability seen in the dependent variable, namely financial performance. The R² value of 0.435 was achieved in Model 2. The inclusion of the independent variable in the model accounted for 37.8% of the variance, resulting in an increase in the R square value to 0.435% (R square=0.435). This increase was statistically significant, with a p-value of 0.000. The results of Model 3 suggested that when Sacco size was included as a moderator, there was a substantial and combined relationship between duration of service, Audit committee characteristics, the moderating variable, and financial performance (p<0.05). The R² value increased from 0.435 (43.5%) to 0.620 (62.0%), indicating that an extra 0.185 (18.5%) was included in the model. Ultimately, in order to examine the impact of firm size on the connection between Audit committee characteristics and financial performance, the regression model included the interaction term of the independent variable (Audit committee characteristics) and the moderator (Firm size) to get model 4. The model's results showed that the interaction between Audit committee characteristics and Firm size explains a significantly larger amount of variance compared to just firm size and Audit committee characteristics alone (R² = 0.646, p = .001). This suggests that Firm size potentially has a significant moderating effect on the relationship between Audit committee characteristics and the financial performance of Deposit Taking Saccos.

Table 7
Regression Coefficient of Moderating Influence

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.621	.161		22.554	.000
	Period of Service	.131	.042	.239	3.103	.002
2	(Constant)	.704	.310		2.271	.025
	Period of Service	.137	.033	.250	4.178	.000
	Audit committee characteristics	.691	.067	.615	10.281	.000
3	(Constant)	.509	.256		1.991	.048
	Period of Service	.078	.028	.142	2.796	.006
	Audit committee characteristics	.157	.082	.140	1.915	.057
	Firm Size	.616	.070	.649	8.759	.000
4	(Constant)	-1.125	.543		-2.074	.040
	Period of Service	.076	.027	.139	2.824	.005
	Audit committee characteristics (ACC)	.653	.167	.581	3.920	.000
	Firm Size	1.204	.186	1.267	6.459	.000
	ACC*Firm Size	.162	.048	1.000	3.386	.001

- a. Dependent Variable: Financial Performance

On the basis of the regression coefficient found in Table 7, the second regression model for the research is presented as follows.

$$Y = -1.125 + 0.653X_1 + 1.204Z + 0.162X_1Z$$

Where:

Y=Financial Performance of Deposit taking Saccos

X₁=Audit committee characteristics

Z= Firm size

In the initial step of the analysis, incorporating the variable "period of service" demonstrated a positive and statistically significant predictive power ($P < 0.05$). Subsequently, in the second step, the inclusion of "Audit committee characteristics" also revealed positive and significant predictive power ($P < 0.05$). Introducing "Sacco size" in the third step exhibited a positive and significant impact on financial performance ($\beta = 0.616, P = 0.000$), indicating that a one-unit change in Sacco size leads to a significant 0.616-unit change in financial performance in the same direction. Moving to the fourth step and introducing the interaction term (cross-product between Sacco size and Audit committee characteristics), Sacco size remained significant with increased predictive power ($B = 1.204$). Moreover, the interaction term was found to be significant. These findings from model 4 indicate a significant moderating effect of Sacco size on the relationship between Audit committee characteristics and financial performance. This suggests that as Sacco size increases by one unit, the impact of Audit committee characteristics on financial performance significantly increases by 0.162 units ($P = 0.001$).

4.4 Moderation Using Hayes Model

Within the scope of this investigation, the Hayes macros technique was used to employ graphical representation in order to explore the moderating impact on the independent variable.

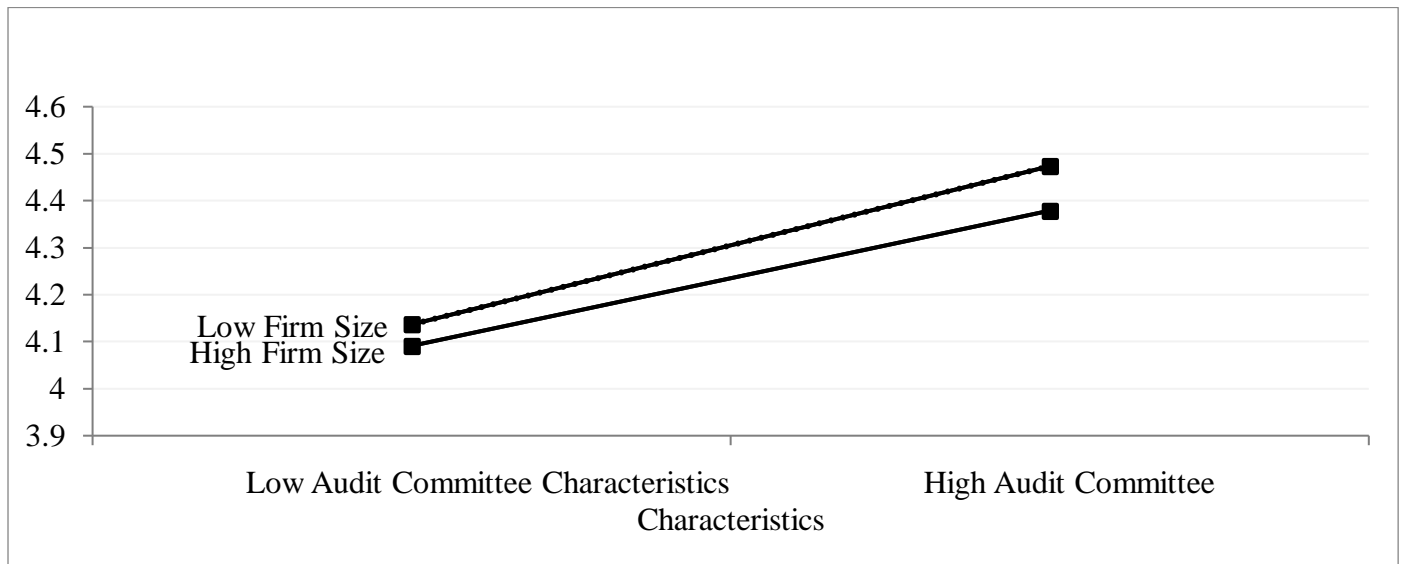


Figure 2
Moderating Effect of SACCO Size on Audit Committee Characteristics

When the Sacco size is high the relationship between performance and audit committee characteristics is high and when Sacco size is low audit committee characteristics is found to have a positive influence on performance. The Sacco size was found to have a moderating influence on the relationship between performance and audit committee characteristics. Thus, moderation is weak at high values of audit committee characteristics. The results align with the results of another earlier study. Saleh (2021) found that when the firm size is included as a moderating element, the audit methodology's effect on earnings comparability is strengthened. Leverage and profitability, two moderating variables, have little effect on this impact. According to Santosa (2020), firm size moderators increase the influence of independent factors, which boosts the worth of the business for audit committees and liquidity. However, the study's conclusions contradicted those of previous studies. For example, Madawaki et al. (2022) found no relationship between the internal audit function and commercial performance and the size of the organization. According to Shatnawi et al. (2022), there was no moderating influence of size on the link between ACE and Tobin's Q. To improve Jordanian businesses' financial performance, decision-makers must make sure that enterprise risk management, or ERP, is implemented.

V. CONCLUSIONS & RECOMMENDATIONS

5.1 Conclusions

The study concluded that audit committee characteristics within the Saccos in Kenya is positively and significantly related to the financial performance of the Saccos. A well-structured and effective audit committee can positively impact the financial health and sustainability of a Sacco. The audit committee's primary responsibility is to oversee the financial reporting process and internal control systems. Effective oversight can lead to the early detection and prevention of financial mismanagement, fraud, and errors, thereby preserving the Sacco's financial resources. Audit committees ensure that the financial reporting process is transparent and that financial statements accurately reflect the Sacco's financial position. This transparency is crucial for building trust among members and stakeholders and can positively impact financial performance by attracting investments and deposits. Further, the study's analysis revealed that the period of service, audit committee characteristics, and SACCO size significantly influence financial performance. Moreover, the interaction between SACCO size and audit committee characteristics demonstrated a notable moderating effect. As SACCO size increases, the impact of audit committee characteristics on financial performance strengthens. These findings underscore the importance of both audit committee composition and SACCO size in enhancing financial performance. SACCOs should consider these factors when making decisions to optimize their operations and achieve sustainable growth.

5.2 Recommendations

The study recommended that there is need to promote regular meetings and effective communication. This can be achieved by scheduling regular meetings of the audit committee to discuss financial reporting, risk management, and internal control issues. Further, by encouraging open communication between the audit committee, management, and internal auditors. Further, the appoint members to the audit committee who have relevant financial and accounting expertise. This expertise will help the audit committee to effectively review the SACCO's financial statements and identify any potential risks or irregularities. Similarly, there is need to consider appointing a member to the audit committee who has experience in the SACCO sector. This experience will provide the audit committee with a better understanding of the specific risks and challenges faced by SACCOs. SACCOs with larger member deposits should prioritize the composition and effectiveness of their audit committees, ensuring that they are well-equipped with financial expertise and oversight capabilities. This will enable them to effectively manage their resources and operations, ultimately enhancing financial performance. Regulatory authorities should advocate for the establishment of robust audit committee standards tailored to SACCOs of different sizes, emphasizing the importance of financial expertise and oversight in maximizing the financial performance of these institutions. Additionally, they should provide guidance on how SACCOs can align their audit committee characteristics with their size to achieve optimal performance.

REFERENCES

- Ahmeti, A., Ahmeti, S., & Aliu, M. (2022). Effect of internal audit quality on the financial performance of insurance companies: Evidence from Kosovo. *International Journal of Applied Economics, Finance and Accounting*, 12(2), 63-68.
- Alshouha, L. F., Ismail, W. N. S. W., Mokhtar, M. Z., & Rashid, N. M. N. M. (2021). The Impact of Audit Quality on Financial Performance in Jordan. *Solid State Technology*, 64(2), 947-959.
- Amahalu, N. (2020). Effect of audit quality on financial performance of quoted conglomerates in Nigeria. *International Journal of Management Studies and Social Science Research*, 2(4), 87-98
- Ashari, S., & Krismiaji, K. (2019). Audit committee characteristics and financial performance: Indonesian evidence. *Equity*, 22(2), 139-152.
- Bouaine, W., & Hrichi, Y. (2019). Impact of audit committee adoption and its characteristics on financial performance: Evidence from 100 French companies. *Accounting and Finance Research*, 8(1), 92-102.
- Chen, C., Wang, D., & Wang, B. (2023). Interface between context and theory: the application and development of Agency Theory in the Chinese context. *International Journal of Emerging Markets*, 18(1), 45-63.
- Creswell, J. W. (2006). *Research design: Qualitative, quantitative, and mixed methods approaches* (2nd ed.). Sage Publications.
- Deloitte. (2018). *The role of the audit committee in corporate governance*. Deloitte Insights. Deloitte LLP, New York.
- Deloitte. (2017). *Modernising the three lines of defense model: An internal audit perspective*. Deloitte LLP, New York, NY.
- Ezejiolor, R. A., & Erhirhie, F. E. (2018). Effect of audit quality evidence from. *International Journal of Trend in Scientific Research and Development*, 2(6), 1235-1244.

- Herdjiono, I., & Sari, I. M. (2017). The effect of corporate governance on the performance of a company. Some empirical findings from Indonesia. *Central European Management Journal*, 25(1), 33-52.
- Holtzblatt, M. A., Foltin, C., & Tschakert, N. (2020). Learning from ethical violations in public accounting: A South African audit scandal and a firm's transformation. *Issues in Accounting Education*, 35(2), 37-63.
- Humphrey, C., Sonnerfeldt, A., Komori, N., & Curtis, E. (2021). Audit and the pursuit of dynamic repair. *European Accounting Review*, 30(3), 445-471.
- Ibrahim, G., Mansor, N., & Ahmad, A. U. (2020). The mediating effect of internal audit committee on the relationship between firms financial audits and real earnings management. *International Journal of Scientific & Technology Research*, 9(4), 816-822.
- Ike, C., Salama, I., & Ngbede, P. (2020). Effect of Audit Quality on Performance of Money Deposit Banks in Nigeria. *International Journal of Research in Management & Business Studies*, 7(1), 45-52.
- Institute of Certified Public Accountants of Kenya (ICPAK). (2021). *Annual Report on Co-operative Sector Performance*. Nairobi, Kenya: ICPAK.
- International Monetary Fund (IMF). (2016). *Financial Sector Assessment Program (FSAP): Report on Zimbabwe*. International Monetary Fund.
- Karuti, J. K. (2020). *Forensic Accounting and Fraud Control in County Governments in Kenya: Evidence from Counties in Mt. Kenya Region* (Doctoral dissertation, KeMU).
- Kirui, E. K. (2022). *Effect of audit committee characteristics on audit effectiveness in the county government of Kericho, Kenya* (Doctoral dissertation, university of kabianga).
- Kurawa, J. M., & Shuaibu, K. (2022). Environmental disclosure and financial performance of listed non-financial companies in Nigeria. *European Journal of Accounting, Auditing and Finance Research*, 10(2), 31-52.
- Madawaki, A., Ahmi, A., & Ahmad, H. N. (2022). Internal audit functions, financial reporting quality and moderating effect of senior management support. *Meditari Accountancy Research*, 30(2), 342-372.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs, and ownership structure. *Journal of Financial Economics*, 3(4), 305-360.
- Muchiri, N. W., & Jagongo, A. (2017). Internal auditing and financial performance of public institutions in Kenya: A case study of Kenya Meat Commission. *African Journal of Business Management*, 11(8), 168-174.
- Naudé, P., Hamilton, B., Ungerer, M., Malan, D., & De Klerk, M. (2018). *Steinhoff saga*. University of Stellenbosch Management Review: Special Report (June 2018).
- Nduviri, W. K. (2022). *The Effect Of Audit Committee Characteristics On The Financial Performance Of Manufacturing Firms Listed At The Nairobi Securities Exchange In Kenya* (Doctoral dissertation, KCA University).
- Oduor, G. W., Adoyo, P., & Mule, R. K. (2022). Effect of Audit Committee Characteristics on the Financial Performance of Deposit Taking SACCOs in Kenya. *The International Journal of Business & Management*, 10(1), 4-8.
- Ofoeda, I. (2017). Corporate governance and non-bank financial institutions profitability. *International Journal of Law and Management*, 59(6), 854-875.
- Saleh, S. A. M. (2021). The Moderating Effect of Firm Characteristics on the Relationship between the Audit Style and Firm-pair Earnings Comparability: An Evidence from Listed Firms on the Egyptian Stock Exchange. *Scientific Journal for Financial and Commercial Studies and Research, Faculty of Commerce, Damietta University*, 2(2)1, 413- 462.
- Santosa, P. W. (2020). The moderating role of sacco size on financial characteristics and islamic firm value at indonesian equity market. *Verlas: teorija ir praktika*, 21(1), 391-401.
- Sarbanes-Oxley Act (SOX) (2002). *Sarbanes-Oxley Act of 2002, Pub. L. No. 107-204, 116 Stat. 745*. Washington, D.C.: U.S. Government Printing Office.
- SASRA (2021). *Annual report on Sacco sector performance*. Nairobi: Sacco Societies Regulatory Authority (SASRA).
- SASRA. (2022). *Report on Sacco sector audits and asset valuations*. Nairobi: Sacco Societies Regulatory Authority (SASRA).
- Shatnawi, S. A., Marei, A., Hanefah, M. M., Eldaia, M., & Alaaraj, S. (2022). The effect of audit committee on financial performance of listed companies in Jordan: the moderating effect of enterprise risk management. *Journal of Management Information & Decision Sciences*, 25.
- Soyemi, K. A., Tihamiyu, M. A., & Omale, O. E. (2023). Audit quality attributes and financial performance nexus: further evidence from Nigeria. *Binus Business Review*, 11(1), 9-16.
- Yamane, T. (1967). *Statistics: An introductory analysis* (2nd ed.). Harper & Row
- Zubair, F., & Ahmed, W. (2022). Effect of audit quality and CEO remuneration on firm performance: A Study on Pakistan stock exchange-listed non-financial firms. *International Journal of Business and Economic Affairs*, 7(3), 59-77.