AUDIT COMMITTEE CHARACTERISTICS AND QUALITY AUDIT REPORTS OF DEPOSIT TAKING SAVINGS AND CREDIT COOPERATIVE SOCIETIES IN HOMABAY COUNTY, KENYA.

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A Research Thesis Submitted to the Masinde Muliro University of Science and Technology in Partial fulfilment of the Requirements for the award of the Degree of Master of Business Administration

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DECLARATION

I thus declare that I alone am the thesis's sole author and that it has never been published or presented for academic credit anywhere else. I further declare that this does not apply to any work created or published by others, with the exception of instances where the author is properly cited and acknowledged.

Signature…………………………… Date………………………

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CERTIFICATTION

The below named attest that the thesis has been read by them titled "***Audit Committee Characteristics and Quality Audit Reports of Deposit Taking Savings and Credit Cooperative Societies in Homabay County, Kenya***" and hereby recommend that Masinde Muliro University of Science and Technology accept it.

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DEDICATION

This dissertation honors my family, friends, and coworkers in appreciation of their support, love, and encouragement throughout the project's development.

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ABSTRACT

The creation of timely financial statements at the conclusion of each fiscal year, which are then published or provided to various individual users, is a legal requirement for every operating organization. Additionally, a separate audit is conducted to verify the accuracy of the books of accounts, and the audit committee then presents a separate report to the specific entity to seal the deal. Deposit-taking cooperative societies in Homabay County, Kenya that have an audit committee and provide quality audit reports, were the subjects contained in this investigation. This study's primary objective was to ascertain how the audit committee's characteristics impacted the caliber of audit reports for deposit-taking cooperative societies in Homabay County, Kenya. Three explicit objectives guided the research and these included: to examine the influence of audit committee independence on the quality of audit reports of Sacco's in Homabay county, to establish the influence of audit committee composition on quality of audit reports of Sacco's in Homabay county and to determine the influence of audit committee meetings on the quality of audit reports of Sacco's in Homabay county. The guiding theories for this study were: Stakeholders' theory, Institutional theory and Agency theory, with Stakeholders theory being the major driver of the investigation. This research used causal research design, the intended audience was 104 audit committee members of deposit taking Sacco's in Homabay County as at December 2021. The study obtained opinions from 82 respondents out of the target population obtained using krejcie and Morgan formula to participate in the study. Primary data were gathered utilizing structured questionnaire which entailed a drop and pick process. Statistical methods were used for data analysis such as frequency table, mean and standard deviation while inferential statistics included Pearson's correlation analysis, hierarchical and stepwise regression. The study found that audit committee characteristic had positive significant influence on quality of audit reports on Sacco's in Homabay County, Kenya. Audit committee independence (0.000 $p< 0.05$): $Y =2.224+0.376X_1$. Audit committee composition on quality of audit reports on Sacco's in Homabay County (0.000, $p< 0.05$); $Y = 1.529 +0.597X_2$. Audit committee meetings (0.000, $p< 0.05$); $Y = 1.571 + 0.582X_3$. The moderating influence of size of Sacco had value of R rising by 0.018 the moment firm size was included (0.000, $p< 0.05$) implying firm size of positive significant influence. This study recommends that Sacco's audit committee participants should be as independent as possible in executing their mandate so as to ensure audit reports provided are of quality. Sacco's audit committee should be made in a manner that it is not biased and in accordance to auditing standards to ensure audit reports provided are of quality. Sacco's audit committee members should conduct the maximum number of meetings as much as they can. Furthermore those meetings should be objectivity to help attain quality audit reports. Sacco's should consider expanding in so as to help execute audit committee characteristic for a better part of audit reports. The findings of this research will be of much importance to the county government of Homabay, managers of Sacco's, SASRA, cooperative societies and scholarly community at large. It will aid in the handling of various committees in the Sacco's and state cooperatives. It will be much relevant to researchers and future intellectuals who might need to refer to such and equally build on it for further research.

LIST OF FIGURES

ABBREVIATIONS AND ACRONYMS

AC - Audit Committee

EU - European Union

ICPAK – Institute of Certified Public Accountants

IIA – Institute of Internal Audit

NSE - Nairobi Securities Exchange

SASRA- The Sacco Societies Regulatory Authority

SACCOS –Savings and Credit Cooperative Societies

MMUST – Masinde Muliro University of Science and Technology.

DTSs - Deposit Taking Sacco's

ICSs – Internal Control Systems

SPSS – Statically Package for Social Scientists

OPERATIONAL DEFINITION OF TERMS

Audit Committee: A board of directors-led committee responsible for observing a Sacco or financial reporting of the company and disclosures in its financial statements.

Audit Committee Independence: A measure taken by the committee to prevent insiders from meddling with its operations, its oversight, or the results of its outside auditors' work.

Audit Committee Composition: Members of the audit committee who have the necessary abilities and methodologies for auditing.

Audit Committee Meetings: Involve the contacts held to enable the discussion of matters of mutual interest pertaining to the Sacco's.

Sacco Size: Involves the ultimate influence that a Sacco's activities and functionalities Apply. The financial statements and assets owned by a Sacco.

Regulation Requirements Compliance: Conforming to the rules and policies stipulated for the auditing process in the organizations like Sacco's.

Audit report quality: Involves a report that contains all of an organization's data and that, in the eyes of its members, was produced by professionals after adhering to the necessary auditing procedures.

CHAPTER ONE

INTRODUCTION

1.1: Background of the Study

The oversight panel of governing body entails managing the process for financial reporting, choosing impartial investigators, and obtaining the findings of both internal and external investigations (Durand, 2019). According to Nuraddeen and Hasnah (2015), the auditors' capacity to identify and reveal significant omissions and manipulations of reported net income is referred to as audit quality. The primary responsibilities of an investigation committee in any organization is to closely check on every step of the process of financial reporting and internal control system, and to ensure legal and regulatory compliance (Temple, 2019). A minimum of three people typically make up an audit committee and no more than six directors from the Board (Puni & Anlesinya, 2020). According to Mwangi (2018), auditing is still the highest regarded control measure in public financial stewardship. (Anthony, 2018).

Without adequate mention of the shame’s accountability, there can be no good financial management (Lilian, 2017). Audit quality is always attributed to the characteristics of individual members who make up the committee. Most reports received from the committee seem to appear as the exact image of the characteristics portrayed by board of directors. The influence imposed by Users of such statements hugely reflect on the type of report published. Various attachments from the audit committee form better part of the reports they table to be used for decision making. The reports hence remain compromised and does not contain the true image of individual organizations. These factors—along with many others—drive this study's effort to pinpoint the varied influences that audit committee traits have on the caliber of various audits.

The investigative and critical accounting steps in the auditing process are built on a foundation of management issues. Its focus is on the foundations of measurements and statements (Akhideme, 2015). It offers auditors and other interested parties a place apart from management where they may openly address important issues pertaining to the organization. Providing evidence and proof to support the accountant's records and other material information is the main focus (Ali & Oudat, 2020). The audit committee successfully carries out its duties by ensuring that management establishes and abides by a reliable internal control system and procedures in place to allow an unbiased assessment of Internal controls and management procedures, and that the external inspectors independently critique and evaluate the firm's practices for financial reporting.

Qualities of the audit committee and their relevance to audit quality is still a hotly debated topic that has been studied by numerous academics. A completely independent audit committee lessens the use of earnings management strategies, according to study by Sayed and Takiah, (2017). Additionally, it was discovered that companies owning more experienced audit committee participants and audit committee sessions recorded fewer earnings management methods than other companies. This study amply demonstrated that there exists a favorable match between a quality audit and the existing features of the investigation committee. Additionally, this Malaysian study was convincing enough to show that the makeup of a committee could influence the predicted type of financial report.

In China, Wang and Yin (2017), discovered a strong correlation between the audit report's caliber and the committee as a whole. All of the supporters nodded in agreement that board independence is a crucial element affecting the caliber of financial reporting. The likelihood that the board will be able to limit the company's earnings management actions increases with the proportion of independent board members. The data gained from the Chines companies seemed relevant to the current setting of this study since the Sacco’s operate and are required by law to report their financial progress annually. The current situation in the nation is indeed emulated by that of China hence making the study effective.

In a similar vein, a study conducted in Indonesia by Efrizal and Mutia (2021) emphasized the audit committee's attributes in relation to the audit report's anticipated completion. The results opined that audit committees increased contact or the count of meetings and the technical knowledge or experience greatly influenced the audit report completion schedule, with frequent meetings and experienced committee composition reducing the length of report production of the company. They emphasized that a company operating as an ongoing entity should always put more efforts in ensuring the reports are free from biasness and observe timeliness to effectively increase their market share and counter their competitors. Erna and Djoko (2017), refuted this investigation by concluding audit committee panelist’s backgrounds in finance and accounting, the frequency of meetings, and their time commitments do not appear to have a big impact on financial information disclosure.

Iranian researchers Omid and Davood (2021) focused more on the political ties to various corporate audits and how internal information environments play a part while also researching the traits of audit committees and the suitability of financial information. The research outcomes revealed that there exists a political interference and often require their pitch to be felt in every audit report. They proceeded to state that the political class use their influence to manipulate most audit reports in their favor. The audit committee's makeup is equally determined when political class especially for the state companies. This study was supported equally by one conducted in Jordan, Arab and Rateb, (2017). It was discovered that successful audit committees produce better business outcomes.

In Africa, similar issues are sported and various scholars have opined in continuous reports over the audit quality question. Alex and Stephen, two prominent Nigerians, investigated on the audit committee's composition and sustainability display of Nigerian named banks in 2019. They settled on the conclusion, there exists a favorable correlation between the audit committee's participants and sustainability performance in banks. They said that increased sustainability might be attributed to disclosures for shareholders with significant stakes in the companies. With a substantial and favorable link between characteristics and the caliber of organizations' financial delivery, this investigation supports earlier. In their study, Muhammed and Ayoib (2016), recommended on a marginally positive link between the financial knowledge of the audit committee and its independence.

An examination by Anis and Indira (2017) in South Africa, adopted various integrated financial reporting strategies bearing a beneficial effect on a business' performance. They also believe that these techniques improve the accuracy and overall caliber of given audits. The audit committee's financial knowledge and practices were an effective tool for preserving the standard of audits.

After doing study in Ethiopia, Henry (2021) came to the conclusion that the size of the audit committee and the board's characteristics had a discernible influence on the quality of the audit report. As an extension, the audit report latency was significantly impacted negatively by the governor duality, committee size, board capacity, and board gender sensitivity. His research confirmed the tie between the skills of accountants and the caliber of the summative report produced at the conclusion of each auditing practice.

Kenyan scholars did not tire to note down their thoughts on such a pertinent issue. An investigation by Machor and Oluoch (2019), revealled abundant evidence that audit committee skills had favorable effect on company performance. The level of expertise of the committee members as well as the length of service of each individual auditor in the committee had a significant impact on the final audit's quality. They claim that because of frequent interactions with the Sacco's management during audit sessions, the audit committee's independence is in question.

Anthony (2018), expressed his thoughts on a study in Kenya. He concluded from his research that most financial reporting audits taken from non-commercial state firms encounter technical skills issues, particularly on the reporting footing, which raises questions about the audit quality. Similar to this, the researcher said that increasing contact with the management board or increased meeting frequency impacts the committee members' integrity, which results in a report that is ineffectual. Generally speaking, a number of fully released SASRA papers discuss the caliber of the audit reports on Sacco’s in connection with the various characteristics presented by the committees.

A report produced by SASRA in 2010 raises a red flag on some Sacco which experienced audit quality challenges. Baringo Farmers Sacco Society Limited and Bungoma Teachers Sacco Society Limited, where the governance structure of Board of Directors comprising of voted officers are heavily in the operational affairs of the Sacco’s they do audit. The report questioned the independence of such Sacco’s and others across the county being that it is the management which is in control of determining the beneficiaries of audit committee composition. Further, the study underlined the audit committee's technical capacity as a threat. A new set of skills and knowledge that some auditors lacked are frequently necessary for the efficient application of the new audit legal and regulatory framework.

The information derived from the SASRA report (2011), postulates on the persisting situation and challenges which enriched the Sacco’s in western part of Kenya. The report revealed that Kakamega Teachers Sacco Society experiences difficulties due to failure to fully disclose misstatements in the Sacco’s statement of accounts. The Sacco failed to realize some of its debts due to inaccurate audit report. According to SASRA’s 2012 report, Sukari Sacco Society Limited in Mumias stands a victim of fraudulent audits.

The Sacco experienced an employee turnover challenge since those recommended by the board did not perform to the expectation of the Sacco. The 2014 report equally unearthed that Good faith Sacco society Limited in Kajiado encountered various shortcomings with their audits being that the audit committee colluded severally with the

Sacco's management to skew the report in their favor. Similarly, SASRA's 2016 report posits that Harambee Sacco Society Limited in Nairobi encountered reduced performance which was attributed to inaccurate audit report. This was because the audit committee had fewer inspections and meetings during the aforementioned period, which prevented them from getting a handle on important Sacco activities.

1.2 Statement of the Problem

SASRA's 2017 report opines that Jitegemee Sacco Society Limited in Mombasa experienced serious collisions from outsiders in the Sacco's affairs including the audit practice. This affected the quality of the report since it lacked independence. A recent report produced by SASRA in 2018 relays that Vihiga Famers Association records a poor performance and slow growth since their audit committee are kept unchanged for eight or more years. In the 2019 report, most Sacco's have the remuneration for auditors pegged on the number of visits that the individuals make to the Sacco's. Hence, a scenario like Nacico Sacco Society Limited posted a slow rate of growth with lots of financial constraints since most funds were given away to auditors as remunerations. 2020 report revealed that Rachuonyo Teachers Sacco Society Limited in Oyugis, opted for outsourcing auditors which seemed costly with high remunerations pegged to the process. The audit report did not touch on serious issues since the committee needed to protect their positions.

The annual number of meetings and time commitment by Committee members are never proven to significantly affect audit quality and are therefore not relevant to explain the influence within Audit Committees on audit quality (Dare & Efuntede's, 2021). According to Akhidime (2018), the firm's audit quality was significantly impacted by the compensation of audit committee members. Similar to this, Omid and Davood (2021), asserted that there was a substantial positive connection between the accuracy of financial information and meetings of the audit committee. This research resembled Lilian's (2017).

This study aims to fill all of the audit quality gaps completely. A future study should focus on Sacco’s in Kenya rather than the companies currently on the Nairobi Securities Exchange, according to Richard (2014) (NSE). Dare and Efuntede (2021), recommended the use of stiff modalities in the audit meetings and supervisory roles of audit committees as variables. They further sought for audit committee size to enhance quality. Future researchers are advised by Alex and Stephen (2019) to focus heavily on audit characteristics in order to increase stakeholders' perceptions of sustainability. Efrizal and Dori (2021) advocated using the skills of audit committee members, their professional experience, and other desired traits as the variables in any future research. One of their ideas included performing research on organizations other than businesses.

1.3 Objectives of the Study

1.3.1 General Objectives

This study's overall objective was to determine how audit committee characteristics and quality audit reports of Sacco’s in Homabay County, Kenya.

1.3.2 Specific Objectives

The study aimed to address the following particular goals.

(i) To examine the influence of audit committee independence on quality of audit reports on Sacco's in Homabay County, Kenya.

(ii) To establish the influence of audit committee composition on quality of audit reports on Sacco's in Homabay County, Kenya.

(iii) To determine the influence of audit committee meetings on the quality of audit reports of Sacco's in Homabay County, Kenya.

(iv) To examine the moderating influence of size of Sacco on quality of audit reports of Sacco's in Homabay County, Kenya.

1.4 Research Hypotheses

The following hypothesis were formulated for testing;

H_{O1}: Audit committee independence has no significant influence on the quality of audit report of Sacco's within Homabay County, Kenya

H_{O2}: Audit committee composition has no significant influence on the quality of audit report of Sacco's within Homabay County, Kenya

H_{O3}: Audit committee meetings have no significant influence on quality of audit reports of Sacco's within Homabay County, Kenya

H_{O4}: Size of Sacco has no significant moderating influence on quality of audit reports of Sacco's within Homabay County, Kenya

1.5 Significance of the study

The results of this investigation are anticipated to be useful to the administration, Sacco management, cooperatives management, practicing auditors, and academics in general. The research's conclusions are likely to inspire the county government of Homabay to support its audit departments and create audit charters that will advance the auditing profession generally and for Sacco’s in particular. Sacco’s are one of the largest sectors that contribute to the uplift of low and middle-income earners. This will probably be crucial for promoting improved accountability and governance within the units. By adding to the knowledge and making its findings equally accessible for citation and reference, this work will benefit academic discourse. The government could obtain knowledge from this work that will aid in defining guidelines for Sacco’s.

The cooperative society will gain the relevant information’s that hence limit the operations of Sacco’s registered by them.

1.6 Scope of the study

My work concentrated on skills and competence of committee members and the caliber of the Sacco audit reports in Homabay County by December 2021. The research was conducted from June 2022 to December 2023. The study made use of primary information gathered by way of questionnaires. In Homabay County, Kenya, the target population included eighty-two people who were either participating in or in possession of Sacco audit reports.

1.7 Limitations of the study

Only deposit-taking Sacco’s in Homabay County were the focus of this study, therefore the conclusions may not be completely applicable to state cooperatives or Sacco’s in other parts of the nation. To raise the level of quality of the investigation, this research also experienced limiting responses from respondents who could want to present a balanced picture of their respective audit groups. The study's target audience was just audit committee members from deposit-taking Sacco’s. The primary data gathering tool for the study is a survey that is not completely structured. This was done to guarantee that the data collection procedure was practical. Once more, it was helpful in calculating the study instruments' reliability score. The study continues with a conceptual analysis of the audit quality and audit committee characteristics among Sacco’s in Homabay County, Kenya.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The literature's theoretical and empirical data on topics relating to research are covered in this area. It reviewed what scholars and authors had written in relation to the audit quality and audit committee individual skills.

2.2 Theoretical Literature

Theoretical framework is presented that underpinned this investigation. Agency theory is one of these theories, Stakeholders' theory and Institutional theory. Stakeholders' theory stands to be the major theory guiding the study.

2.2.1 Agency Theory

The idea was propagated by Meckling and Jensen in 1952 as opined by Dare and Efuntede, (2021). The proponents relayed an agency relationship being a contract under which the principal involves the other party, the agent, to carry out some service on their behalf. This might involve relinquishing some decision-making authority and duties to the agent (Omid & Davood, 2021). A conflicts of interest arise between the management and various owners resulting from the division of ownership and authority in any firm. Due to the tension between the principal and the agent, firms adopt control mechanisms, particularly formulating impartial committees, to reduce agency costs and prevent misstatements, and enhance overall firm productivity.

The optimal approach to structure interactions between two parties, a leader and a follower, is explained by agency theory (Ali & Oudat, 2020). The underlying principle and philosophy of agency theory, which also serves as the overarching theory, is that separating ownership and management promotes audit transparency. This theory stands out as one of the mostly discussed theories in finance (Mohammed, 2018). The notion is based on the claim that auditing reduces potential issues brought on by principals—the company's owners and stakeholders—and agents—the management—purposefully performing their assigned duties within the managerial realms of the company (Gurusamy, 2017).

According to Eyenubo and Ali (2017), audit committees should be used where agency costs are perceived extremely high to improve the caliber of the information flow from agent to principal. Regarding agency theory, managers of individual companies are hence encouraged frequently, to prepare updated books of accounts to gauge the sum generated by the company in an effort to raise the efficacy of the committee of accountants. This stand consistent with Lilian's (2017) findings, who used this theory in her research and came to the conclusion that there exists a highly favorable similarity between the existence of an audit committee and the reliability of statements of financial position. According to Ombati's (2016), evidence of correlation between the presence of an investigation committee and the statements of accounts dependability. Existence of an investigation committee within the board is sufficient, in accordance with agency theory, attest to the veracity and correctness of the books of accounts.

Similarly, according to Henry (2021), managers are urged to produce financial statements and high-quality reports that clearly reflect the quantity of revenues an organization receives over a given time period to ensure the functioning of an investigation committee. Additionally, ensuring that audit committees actively carry out their duties enables the business to develop and implement timely books of accounts and statements to support incredible performance (Orondo, 2019). However, Al-Ebel, Baatwah, and Al-Musali (2020), used this theory in their study variable and came to a conclusion that, management could divert the use earnings to mislead and blindfold company owners by showing a different reputation of the entire organization’s profits. As a result, agency theory is primarily used for this study's purposes since it sheds light on the interaction between the primary (shareholders) and the agents (management) of distinct Sacco’s.

In the same vein, audit committees, on the eve of discharging their functions are expected to independently carry out the process without colluding with the board or any other appointing authority in producing their reports. Equally, the committee is expected to functionalize without much emphasis on the remunerations gained from the Sacco management. The experience displayed by the auditors should be vast to evade conflicts of interests which by chance might arise. The number of meetings held by such agents should be professional and incorporates full knowledge of the board member for them to find entire information in the Sacco’s. Board of directors by extension should be wise to clearly check on work experience and professional display relayed by the individual auditors before delegating such pertinent function.

2.2.2 Stakeholders Theory

This theory is a brain child of one academician Edward Milton Freeman of 1984, from University of Chicago as postulated by Alex and Stephen, (2019). According to the notion, in order for a business to succeed, it must generate value for its owners, including consumers, suppliers, workers, community, and financiers. Its functioning is predicated on the idea that an organization should be deemed successful if the business provides value to most of its individual owners (Anthony, 2018). The notion of Edward Freeman's idea bases on the argument that firm's leaders must understand and further account for all their company's stakeholders' interests reigning supreme. Companies like Johnson and Johnson and Merck have successfully applied stakeholder theory to their satiety.

Stakeholder theory is a sophisticated analysis of stakeholders' perceptions and how they relate to any business organization (Yasin & Nelson, 2012). The relationships between a company's customers, suppliers, employees, potential investors, and other parties having an interest in the business are highlighted in the stakeholder theory, according to Juhmani (2017). In their study, Jeffrey, Edward, and Mónica (2015) implemented this theory and found that, in contrast to shareholder concentration, the stakeholder theory considers a larger number of participants. While examining this hypothesis in light of the research, a conclusion can be drawn that outcomes for transparent audits influence both an organization's decision makers and other immediate interested parties. Because it interprets the function of the entire organization, the stakeholder theory is viewed as normative (Rahman, 2019). This idea is important in many investigations, and in this study it contributed a lot of information.

The owners of the Sacco’s and those with vested interest on the performance will tend to closely monitor performance through the transparencies of the audit reports. However, it has drawn criticism since it ignores the argument that not all stakeholders are universal, nor are they all alike within groups. (Musallan, 2020). Frequently, the audit committee consists of individuals with some knowledge of book-keeping to swiftly comprehend and incorporate the data included in the books of accounts (Weber, 2020; Qeshtaa, & Ali, 2020). By and large, this theory will serve as a driving force to the study in identifying those Sacco’s which have so far experienced audit problem simply due to ignoring the inputs of some stakeholders.

The separate auditors should maintain their independence to provide a free and unbiased assessment of the Sacco's financial position in order to increase the confidence of investments made by diverse stakeholders. The individual committees should also frequently meet so that all material issues can be considered. This is majorly to bring value, the committee should be made up of people having experience in auditing.

2.2.3 The Institutional Theory

This idea was propounded by Meyer and Rowan in 1977 as opined by Weber (2020). According to the theory, a firm's operating environment significantly influences the acceptance and execution of numerous ideas, norms, and organizational layouts inside the industry that support the key aspects of the firm. Bouaine and Hrichi (2019), expounds on it further by stating that the institutional theory's fundamental principles provide recommendations for examining the context in which an organization operates. Instead than emphasizing the effectiveness of achieving organizational goals, this theory heavily relies on and bases its predictions on participating in socially acceptable activities (Chou & Buchdadi, 2017). From the opinion of Rahman (2019), the environment validates the creative organizational structures that increase technical effectiveness. Over time, all institutions and organizations grow to expect these changes.

This idea has widely been exhausted in explaining the usage and implementation of formal firm’s structures, which are together with written policies, standards, procedures, and start-up organizations. One of the most crucial weapons that businesses utilize to combat the turbulence of the external environment is the audit committee. According to institutional theory, an organization's larger institutional environment includes its cultural, social, and technological surrounds (Durand, 2019). The ability of audit committees to both exercise influence over and be influenced by a number of sources is crucial to their formation and operation (Zayol, 2017). Zayol at, el., (2017), who successfully applied this concept in his work, says that for the investigation committee to be appropriate, it must be independent.

Members of an audit committee should conduct themselves professionally to allow them execute effectively. From the reasoning of Ezra and Djoko (2017) and Alex and Stephen (2019), it is supreme that the investigation committee members possess particular qualities. Integrity and professionalism are two traits that the audit committee needs in order to perform its monitoring and supervisory responsibilities. According to Anis and Indira (2017), an investigation committee works towards safeguarding the interests of its pertinent investors and lower any potential integrity issues in the present Sacco’s under audit.

Institutional theory is considered pertinent to this study since it clearly demonstrates that audit committee members must critically examine the environment in which they will work in order to be able to do it effectively.

2.3 Conceptual Review

The constructs guiding this study were reviewed below as follows;

2.3.1 Audit Committee Independence

Transparency is defined by Institute of Internal Auditors (2011) as the circumstances that permit auditing companies to perform specific duties objectively. Hazards to such independence should be addressed at individual and organizational level. The more freedom independent internal audit firms have to counsel management on how to preserve consistency in control policies, the more effectively they can carry out their obligations. Both the Company's Act and the professional code of ethics stipulate that the auditor must be truly independent in order to carry out his or her responsibilities. Professional independence includes separation from the client, mental, status, and influence independence. It remains a crucial professional trait since it allows the accountants to express their expert opinions on the books of accounts. Oroudo (2019), dispenses that necessity of the audit committee's independence is disregarded by managers who use its functions for a variety of other roles. Further research suggests that majority of executives saw the investigation committees as special mandate from the government that must be fulfilled. The oversight committee's independence and effectiveness are under jeopardy as a result of this. Mwangi (2018), contends that this conundrum results from the internal audit's mandate that it give value to management while failing to meet their own demands.

The auditor's impartiality and independence are crucial components that raise the economic declaration's dependability and credibility. The auditor should use the appropriate defense techniques to identify financial frauds before they threaten independence (Puni & Anlesinya, 2020). The auditor should not perform any services without the consent of the client, if an agreement is reached for such a service, the accountant should choose a skillful individual to help with such tasks. The auditor's impartiality also has an impact on the application of auditing practice. The auditor's specialization, experience, and performance of the internal auditing all contribute to an increase in the auditor's independence (Richard, 2014). In order to monitor government operations and provide vital advice, a continuous auditing practice plays a crucial role.

2.3.2 Audit Committee Composition

Efficacy of audit committee is determined by its composition (Nuraddeen & Hasnah, 2015). It is crucial to confirm that the members have the necessary abilities, knowledge, independence, and sound judgment. In order to elevate the standard of audit committee discussions and add value for worried shareholders, diversity of thought is required. The management of a company must be aware of its committee's membership, level of transparency, and background in finance and business accounting in order to increase accountability (Erna & Djoko, 2017). In order to make decisions about rotating audit committee members, limiting the terms of service to benefit from new skills and experience, engage nonpartisan advisers and acknowledge the workload of board service, particularly for investigation committee members, the committee must consider alternative options when examining a firm's preparedness, according to Ernst and Young (2012).

In Jordan, Alex and Stephen (2019) investigated and noted on their findings how audit tenure negatively influences quality audit while Sacco size had no discernible influence on this relationship. Aklidime (2018), came up with the conclusion that size of the audit company created insignificant impact on pricing habit of audit fees. Accordingly, larger organizations had made provisions for a more transparent audit committee membership, thereby strengthening the committee's obligation in producing a high-quality audit report. This demonstrates that the impartiality of the auditor was not influenced. However, because the preceding study concentrated on private businesses, the results might not be applicable to Sacco’s, where bureaucracy has undermined governance.

2.3.3 Audit Committee Meetings

To properly peruse their duties and responsibilities, auditing committee are advised to meet frequently to enable them do their tasks and fulfill their obligations. When compared to committees that meet frequently and have built relationships with significant elements in the business, those holding less than two meetings a year lack sufficient knowledge regarding the functioning of the industry. The investor's interests are ultimately served by these committees (BCBS, 2010). Auditing committees should properly schedule for their tasks so as to complete, through meetings that have been approved by the board (Anis & Indira, 2017). A key component of the board is the audit committee's regular meetings, which include how many times the committee meets annually. In most firms, the sum of committee meetings must be held according to the laws (IIA, 2011). Before publishing the financial statements, meetings between the committee and the auditor must be scheduled.

Additionally, two in-person sessions with the external auditor in front of management must be scheduled (BCBS, 2010). Bedard and Johnstone (2014), suggested that auditors' plans would involve more work and higher billing fees for customers who might be engaging in earnings manipulation. For clients with higher corporate governance risk, there is a stronger correlation between earnings manipulation, work done and the rates charged. In Nigeria, Bukhari (2020) discovered that firms with a high number of fraud cases convened very few auditing meetings, whereas those which met regularly, had fewer fraud cases. In contrast, Ashfaq and Rui (2019) found that increased number of auditing meetings improves performance of cooperatives because it encourages employees to prepare reports that are timely, transparent, and free from material misstatements.

Despite the probability that their presence aided the auditors in producing quality reports, Bouaine and Hirichi (2019) discovered no significant association in their research. In a Malaysian study covering characteristics of auditing committee in relation to transparency and frequency of meetings in examining management behaviors, Bou-Raad (2015) recoded that absolute impartiality of the members and increased number of meetings lower the habits of earnings control compared to other companies.

2.3.4 Quality Audit Report

A criticism of the auditor's roles comes from a culture that values legal disputesThis unhappiness is a result of the audit practice's caliber (Dare & Efuntede, 2021The demise of once-dominant firms and the losses suffered by the stockholders have resulted in negative appraisals (Gurusamy, 2017). The audit quality practice first appeared in the 1990s, a time when the profession was heavily criticized. Investors who trust that financial disclosures are entirely true may be to blame for the difference, Chou and Buchdadi (2017). Henry (2021), observed discrepancies between the public's expectations, the auditing process, and the auditor's view of their own contribution to the work of monitoring.

Lilian (2017), equally in her investigation dispensed that company workers might stand as stabling blocks for the auditing team over the planned auditing practice in the company. However, auditing expertise are advised to perfume without influence or engagements being limited by desires and funds. The study further suggested that certain traits from the respondents eliminate the intensity of quality audit report ascertained. Mokono and Nasieku (2018), considered auditors and other respondents as company co-workers. They investigated and focused on statement dependability, management and auditor responsibilities, and the entity's long-term prospects. According to the report's findings, auditors thought forecasts were more trustworthy than other respondents did, and they also regarded themselves as being more responsible and accountable.

In 2019, Machora and Oluoch conducted a study demonstrating that stakeholders' and auditors' perspectives on functions of external investigators dependability are divergent. A quality report is the result of an agreement between the auditors and the relevant stakeholders, according to factor analysis. Musallam (2020) conducted research on listed firms to ascertain whether a competent audit report existed and came to the conclusion that it did. The focus of the quality was mostly on the function of auditors in the identification, mitigation, and reporting of fraud incidents.

2.3.5 Size of Sacco

Referring to Treasury Circular 16/2005, the ultimate obligation of auditing committees are to assess whether standard are being followed, review such standards, arrange for meeting agendas, assess whether ministries' adherence to policies and procedures is up to par, and improve communication with external auditors (ICPAK, 2017). Investigation committees are incorporated into the Public Finance Management Act of 2012, according to Harrison and Ochieng (2018). Both the national and local governments must establish an audit committee, the members of which will be outlined in rules. Enhancing the openness, impartiality, and usefulness of audits is the committees' main responsibility (Jeffrey & Monica, 2015). By keeping an eye on an organization's financial records, the audit committee provides oversight services (Ibrahim & Ombamba, 2019).

In both public and commercial institutions, auditing committees have been utilized as sound strategy in reducing misappropriations by keeping an eye on the corporate governance and financial reporting processes (Iyoha & Oyerinde, 2010). Herdjiono and Sari (2017) looked into how audit committees and fraud prevention are related. It was determined that businesses could reduce their levels of misappropriations and improved their audit functioning quality when such committees were successful and had vivid legal support for their output. The integrity of financial reporting inside the institutions, stands as one of the goals of investigation committees in corporatives (Lenz & Hoos, 2017). The strength of the internal control systems that protect an organization's assets is another duty of the audit committees.

2.4 Empirical Review

There exist a number of prior empirical research, which analyzed on audit transparency in different countries and used a wide variety of estimation methodologies in utilizing different potential variables.

2.4.1 Audit Independence and Quality Audit Report

According to Qeshtaa and Ali (2020), an auditing is essential in maintaining the veracity of books of accounts. Indeed, the efficacy of an audit committee is based on its independence (Musallam, 2020). It is unlikely that auditors would manipulate financial reports from specific companies. If such alterations occurs, it can only result from the committee members' lacking integrity and accountability. Independence increases auditing committee's autonomy and frees it from any conflicts of interest (Rahman, 2019). Making sure the audit committee is made up of unbiased, credible, honest, and trustworthy individuals is essential (Ashfaq, & Rui, 2019). How financially effective Sacco’s are greatly depends on the traits and formulation of the auditing committee. A minimal set of qualifications must be met by every member of such a committee.

A study by Stewart and Subramanian (2010), used a literature review methodology and empirical data from entire Europe to investigate how the internal watchdog’s functions influence the caliber and objectivity of the audit function. The study's conclusions revealed that audit impartiality formed a critical determining factor objectivity within the inquiry functions and that it encouraged firms to produce better financial reporting.

Audit Expectation Gap: Problems and Challenges was evaluated by Arena and Jespersen, (2016). The investigation covered the entire Nigerian public sector. The investigation used a descriptive approach in the analysis, and it came to the conclusion that the way users perceived the job of auditors contributed to the creation of a quality report.

Nyanga (2018), investigated on the relationship between auditors and clients. The researcher examined the discrepancies between board members' and auditors' expectations regarding the factors influencing clients' choice of auditor. Targeting partners and senior managers at audit firms, the investigation used a survey research design. A total of 32 board members, 41 partners and senior partners from audit firms were utilized in the study to gather research components. In the investigation, descriptive and inferential analysis were both employed. The study's conclusions imply that the impartiality of the auditor and the overall caliber of the audit had a favorable effect on the firm's expectation gap. Audit fees, auditor connection, and expectation gap were not shown to significantly interact in the study. The study examined auditing firms in European nations, while the current study investigates individual traits of committee members on quality audit reports.

An investigation in Kirinyaga county government, Kenya by Nyaga, Kiragu, and Riro (2018), used a census sampling of 46 employees from the County's Directorate of Internal investigation, the investigation used descriptive research approach. Internal investigation transparency possessed a favorable influence on appropriateness of internal inquiry, as per the regression analysis's findings. Increased internal audit department autonomy, open access to audit information, choosing the audit's scope, and refraining from conducting non-audit activities, according to the researchers, will improve how readers view their reports. The current study will sample deposit taking Sacco’s in Homabay, whereas the previous study concentrated on directorate within devolved unit of administration.

On the other hand, Abdeljawad, Oweidat, and Saleh (2020) defied expectations and refuted the justifications put up by other authors entailing the transparency of the members of audit committee. The three professors shared a common point of view, arguing that since all auditors are considered professionals and since all activities and practices are governed by regulations, they should never be biased in favor of either existing parties or against them. To complete their duty and create a quality report, they must uphold, protect, and anticipate integrity in their actions. They also determined that auditors simply utilize threats and tenue termination as scapegoats for their enigmatic operations. Generally speaking, all auditors should take the lead and direct which Sacco’s.

2.4.2 Audit Committee Composition and Quality Audit Report

Harrison and Ochieng (2018), conducted research employing descriptive approach and primary data in their study. 1,610 participants from the interest groups of auditors and beneficiaries of financial and non-financial audits were sampled for the study. The study's findings demonstrated how structuring the audit expect action performance quality depended on being aware of audit issues and adhering to the necessary audit numbers.

Mokono and Nasieku (2018) investigated how the working environment, composition, technical competency, and audit independence have a role in how well internal auditors perform their jobs. The study used a descriptive research approach, with participants selected from Kenya's 31 public institutions that are chartered. The researchers employed descriptive and inferential while analyzing their findings. They opined that audit team's competencies and makeup skills should raise the competence of reporting at public universities. The study did not assess the audit quality within Sacco's as my study is intended to do.

Alex and Stephen's (2019) analysis examined at how Nigerian banks' sustainability performance was impacted by their audit committee. Regression was utilized to examine the findings which were obtained from audited reports and sampled accounts from banks. The data refuted the claim that the auditing committee's makeup contributed to projected report's expectation gap. However, the study failed to investigate on audit committee's traits in relation to quality audits at Sacco's.

Musallam (2020) used 150 Palestinian-listed companies that were active between 2015 and 2019 as the sampling window. Multiple regressions were used in the investigation to verify the provided models and assumptions. The suggestions demonstrated that the audit expectation inside listed Palestinian banks was greatly reduced by the makeup of auditing committees with financial expert employees on better thoroughness within investigation committees.

Henry (2021) examined at how the audit report lag was impacted by the auditor's contribution, abilities, transparency, skills, and scope. The study concentrated on Kenyan audit companies. Both primary and secondary data were utilized. Multiple linear regression equally formed part of analysis of the collected data. He suggested that audit teams with experienced, financially knowledgeable, and outside members had an impact on the provided report. My study evaluates quality audits on Sacco's in Kenya, whereas the study focused on audit firms.

2.4.3 Audit Committee Meetings and Quality Audit Report

Committees charged with the auditing task need to frequently convene meetings to successfully perform their roles and obligations (Musallam, 2020). For them to efficiently do their tasks and fulfill their obligations, this is crucial. When compared to committees that meet frequently and have built connections with significant elements in the business, those committees that meet less than five times a year have insufficient knowledge enough about the functioning of a firm. The investor's interests are ultimately served by these committees (BCBS, 2018). Increased number of physical contacts and arguments open more opportunities for the business. Haddad and Abdelfattah (2021) contend that the productivity of auditing committee can be scaled through the number of engagements it holds.

In a study conducted by Bou-Raad (2015), primary and secondary data were utilized in the investigation; primary data was made possible through surveys, while annual reports including information from sixty publicly traded Malaysian companies formed part of the secondary tool. The investigation discovered a strong and advantageous association connecting the success of the company and internal audit experience. A conclusion was arrived at that members of audit committees with higher technical and educational credentials support the efficacy of the auditing function.

Bananuka, Nkundabanyanga, Nalukenge, and Kaawaase (2018), carried an investigation in Uganda utilizing Correlational analysis in their study. The research equally revealed that the more meetings and agenda, the more opportunities and discussions over the company’s progress. The study's findings demonstrated that statutory firms' level of accountability was significantly influenced by their internal audit function. Among the suggestions were, auditing committee convergence increased their ability to function effectively. However, the study's results showed that audit committee performance considerably increased accountability even in the absence of the internal audit function. However, the investigation concentrated on companies and not Sacco’s.

Mwangi (2018), investigated how audit committee characteristics affected the standard of reporting across Kenya. The primary goal of the study was to determine how the audit traits affected the caliber of reporting entity. His investigation used census sampling technique. He equally employed inferential and descriptive methods of analysis. The study's conclusions revealed a statistically significant linkage between auditing committee meetings and accuracy on reporting. The investigation, however, was primarily concerned with reporting, whereas my study focus was on Sacco’s' auditing standards.

2.4.4 Size of Sacco’s and Quality Audit Report

An institutional examination of practice variance in internal investigation in the public sector was done by Arena and Jespersen in 2016. This study's primary objective was to ascertain how agents' participation in various institutional configurations affected the outcomes. The study used a case study methodology, and theme tools were used for analysis purposes. According to the investigation, the development of internal investigation was experiencing rising queries resulting from the changing business immediate environment, and audit team members needed to associate professional regulations with the main system to enhance a reduction of practice variations that were being observed. However, it failed to investigate how particular audit committee features can help determine the quality of audit reports of Sacco’s.

Lenz, Sarens, and Hoos (2017), gathered data through questionnaires, and the study used a survey research methodology. Using the use of means and level of significance tests, the gathered data was examined. The study's conclusions demonstrated how following strict ethical rules and norms improved the public's opinion of the audit profession's caliber. Furthermore, in promoting the development of the profession, formulation of rules is required to increase the implementation of high ethical standards. However, the research was unable to show how the audit profession's regulation may aid in determining audit quality within Sacco's.

The efficacy and accountability of the watchdogs, in line with the internal audit obligation, in Ugandan statutory corporations were evaluated Msallam (2020). The primary goal of the evaluation was to determine if Internal investigation Department consistently conducts quality evaluation tests and outside evaluation tests a minimum of every five years as mandated by the Institute of Internal Auditors (IIA). The level of conformity with quality assurance criteria was assessed using hypothesis testing utilizing data gathered from 24 internal audit units. The study's conclusions showed most state-owned companies not following standards for quality assurance advisors. The following departmental traits hampered compliance: ignorance of the necessary standards, advanced age, extensive experience, and a lack of comprehension of quality assurance.

2.5 Research Gaps

Table 2.1: Research Gaps

Author/Year	Focus of study	Research Design	Findings	Knowledge Gaps	Filling the gap
Ebimobowei (2010)	"Influence of Audit expectation gap in Nigerian public sector"	-Descriptive design -Primary data through Questionaries -Regression analysis	-Positively significant correlation P<0.5	-Done in developed nation, result cannot be generalized in Kenya due to wider inequality gap	This study focuses on Kenya which serves as a perfect representation of developing nations in Africa.
Arena & Jeppesen (2016)	"Practice Variation in Public Sector Internal, Auditing on Institutional Analysis"	-Case study methodology -Empirical analysis using thermotical techniques.	-Audit committee composition lacks impact on quality audit.	-Contradicting findings. - Does not touch on the SACCOs	- The study Explores on Majorly on SACCOs Especially On the moderator
Alex and Stephen (2019)	"Auditing Committee Traits, Sustainability and Performance in Nigerian Listed Banks."	-Secondary data from produced reports on banks.	-composition of audit committees negatively influence sustainability and performance.	Done in western countries and not developing countries like Kenya. -Does not examine on Sacco's.	-The current study Touches on deposit Sacco's. -Done in developing Country Kenya In Africa.
Nyaga, Kiragu & Rio (2018)	"Internal audit transparency and directorate audit effectiveness in Kirinyaga county"	-Descriptive survey design -Mixture of primary and	-Gender of auditing committee, composition	-Concentrated on directorate and not saccos -Done before	- This will touch On SACCOs and Cooperatives It is done after the wa

		secondary technique -Regression analysis	has a slight effect on quality audit	covid 19 pandemic hence not currently effective	Covid 19 Pandemic
Harrison & Ochieng (2018)	"Internal Factors Influencing Auditors impartiality Among Practicing Accountants in Kenya."	-Descriptive design -Primary data through Questionaries -Regression analysis	-Instrumental environment has a positive influence on the audit report produced. -Technical expertise of committee has a positive influence	-Does not touch on Sacco's -Relevant to accounting institutions but not saccos.	- This study is deemed relevant to SACCOs and cooperate societies -This study is Addressing on Current situation
Henry (2021)	"Board Techniques, Auditing and Audit Report lag in African Central Banks."	Utilized primary and secondary data. -Analysis was through multiple linear regression	Audit teams should be made of skillful members with reporting knowledge	Concentrated on audit firms. The study investigated on banks and other firms other than Sacco's.	The current Research examines audit quality of Sacco's in Kenya. -The current study Examines in developing country affected by pandemics and slow economic growth
Bou-Raad (2015)	"Relationship Between Internal investigation Experience and Technical Skills of the Auditors on	-Questionnaires and secondary data from yearly annual reports.	significant relationship between experience of	Has no effect on the SACCOs. Done in	Examines the Sacco's in developing Countries like Kenya Touches on Audit

	Performance."		internal audit quality and performance	Developed countries.	Quality as a result Of committees characteristics
Bananuka, Nkundabanyanga & Kaawaase (2018)	" audit function, committee effectiveness and accountability in Uganda Statutory corporation"	-Cross- section design -Correlation analysis method -Primary data using questionaries	- A positively significant correlation	-Concentrates in Uganda and cannot be generalized in Kenya due to widening set up. -Looked at statutory corporations and not saccos.	- Concentrates on Kenyan issues and problems -Touches on Quality audit Reports for Kenyan saccos and cooperatives
Mwangi (2018)	"The Effect of Audit Committee Characteristics Quality Financial Reporting"	- Causal design on 72 state non-commercial corporations.	Audit committee meetings had a statistically significant relationship with quality reporting standards.	-majored on financial reporting. - Adopted causal technique on 72 state non-commercial corporations	- limits to the auc Sacco's Audit reports. -Concentrate on Deposit taking Sacco's.
Musallam (2020)	"Board traits on Risk Management in Palestinian Companies"	-Descriptive survey design -Mixture of primary and secondary technique -Regression analysis	-Board composition has no influence on the risk Management of companies.	- Done in developed county hence findings cannot apply to the Kenyan setting. -Concentrates	- Done in Kenya Hence reflects The situation of Developing Counties. -Touches on quality of audit reports and

			- Reporting systems have a positive influence on risk management.	on Risk Management and not Audit quality.	relations to audit committee

(Source: Author's Computation, 2022)

2.6 Conceptual Framework

Relationships of constructs in a study is represented graphically or diagrammatically by a conceptual framework, according to Orondo (2019). Figure 2.1, shows a conceptualization of independent, dependent and moderating variables of the study showing how they are related.

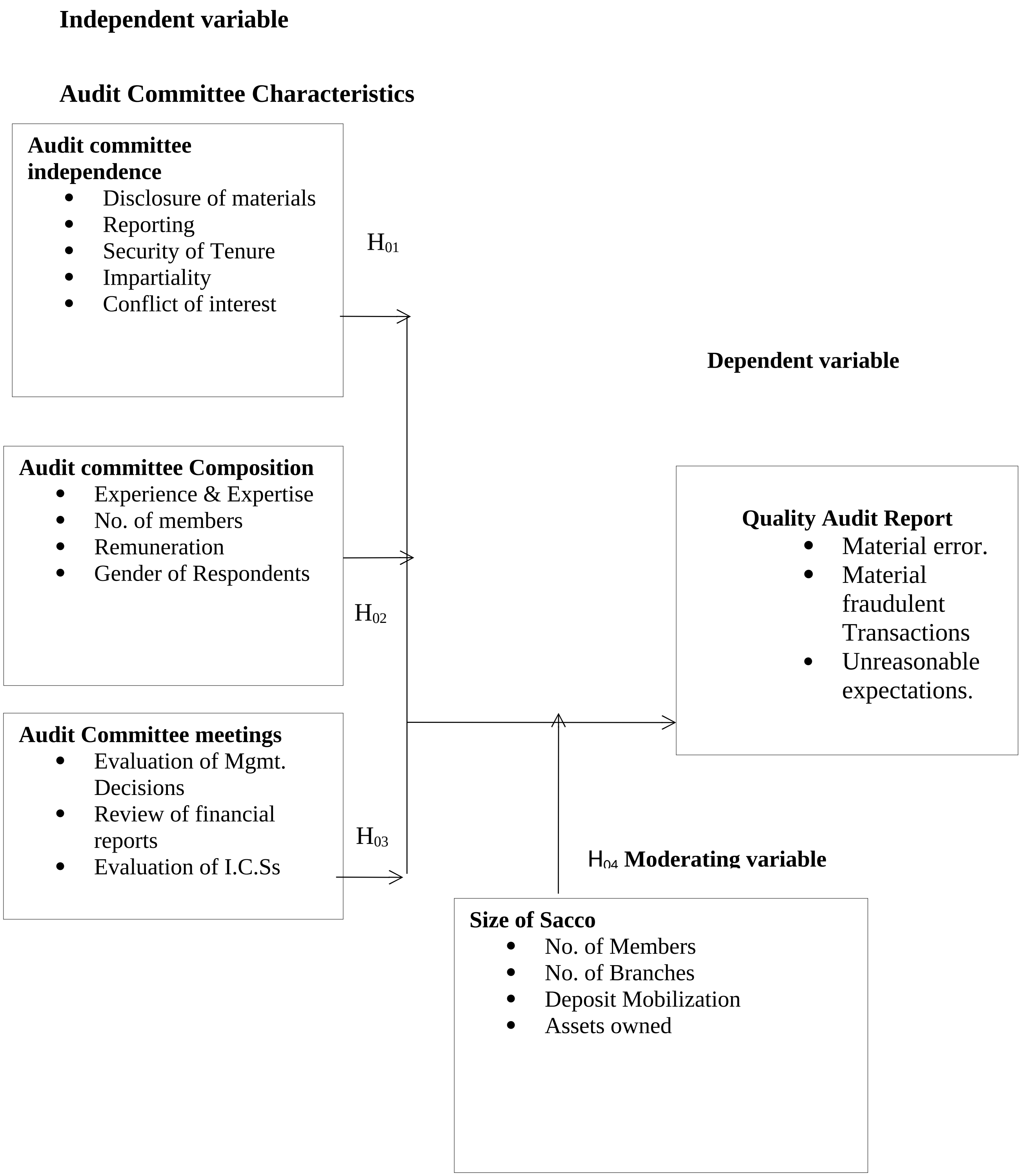

Figure 2.1; Conceptual Framework
(Source; Self Actualization, 2022)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter avails a detailed description of research methodologies used in this investigation. Instruments and techniques for collection of data, and analysis were all provided.

3.2 Study Area

This research was done in deposit taking Sacco's in Homabay County registered by The Sacco Societies Regulatory Authority in Homabay County. Homabay County is found in the western part of Kenya bordering Migori and Siaya Counties and stands at 0.6221^{o} S, 34.3310 ^{o} E. This area was chosen on grounds that very few examinations are available by earlier scholars from this region yet existing Sacco's continuously report audit quality issues in their yearly audit reports which might be attributed to by audit committee characteristics.

3.3 Research Design

To make it possible to test a study's premise or address its open-ended research questions, researchers utilizes research tools for easier data processing. Using a causal research methodology, the variables in this study were shown to be related to one another. This approach was utilized in the study since it allowed the investigator to relate the cause and effect and to gather a significant amount of in-depth data about the population under investigation.

3.4 Target population

The study majored on deposit-taking Saccos in Kenya's Homabay County. Eight Sacco's that were registered with the Homabay County Sacco Societies Regulatory Authority served as the study's unit of analysis. The audit committee qualities and quality audit reports for Sacco's in Homabay County, Kenya were of interest to the researcher.

Table 3.1 Target Population

Sacco's	**Internal Audit/supervisory committee**	**Accountants**	**Internal Auditor**	**Credit manager**	**Total**
Jumuika Sacco Limited	4	7	1	1	13
Lake Victoria Postern	4	7	1	1	13
Rachuonyo Teachers Sacco Society	4	7	1	1	13
Rahuonyo East workers Sacco	4	7	1	1	13
Fortitude Sacco Society Limited	4	7	1	1	13
Sukari Tamu Riat	4	7	1	1	13
Sonyacco Sacco	4	7	1	1	13
Homabay County Women Sacco	4	7	1	1	13
TOTAL	**24**	**42**	**8**	**8**	**104**

Source: Homabay County Cooperatives Department's Annual Report (2021)

3.5 Sample size and sampling procedure

Any empirical study that tries to deduce details about a population from a sample must take the sample size into account. In fact, the cost of data collection and the requirement for sufficient statistical power define the sample size that will be employed in a study.

To choose the individual respondents for this study, Krejecie and Morgan, (1970) was used. Using the Krejcie and Morgan formula, random sampling includes selecting samples from the target population as shown below.

According to Krejcie and Morgan, (1970)

$$\mathbf{S = X^2 NP (1-P) \div d^2 (N-1) + X^2 P (1-P)}$$

Whereby;

S = Necessary sample size

X^2 = Chi-Square value in a table for one degree of freedom at the appropriate confidence level is.05, or 3.8416.

N= Number of people

P= Assumed to be 0.50 (it would result in the largest possible sample size.)

d= Accuracy stated as a percentage (.05) equals 1.96

$$S = \frac{(1.96)^2 *104*0.5 (1-0.5)}{(0.05)^2*(104-1) + (1.96)^2 * 0.5 (1-0.5)}$$

$$= \frac{3.8416*104*0.5*0.5}{}$$

$$(0.0025*104)+(3.8416*0.5*0.5)$$

$$= \frac{99.8816}{0.26 + 0.9604}$$

$$= 81.84$$

$$= 82$$

82 participants made up the study's sample, and all of them received questionnaires. This included 22 supervisory committee participants, 40 accountants, 10 internal auditors and 10 credit managers.

3.6 Data and Data collection instruments

Key data used in this investigation involved both secondary and primary sources. Through the use of a self-administered questionnaire, primary data were acquired. The questioners used closed-ended, five-point Linkert scale questions. One representing strongly disagree and five being strongly in agreement. The answers to the questionnaires aided in acquiring a thorough understanding of attributes of audit committee's qualities influenced the caliber of Sacco’s' audit reports in Homabay County, Kenya. This study's research instrument was a questionnaire, and it was created from the literature review to make sure it was still relevant to the study's problem. Since using questionnaires allowed the investigation source data from a large geographic region at a reasonably cheaper price, this method was favored. 10% of the determined sample was used in the study's pilot which was carried out by administering ten questioners to a Sacco in Kakamega County

3.7 Reliability and validity of instruments.

According to Lilian (2017), dependability aims to determine whether a measurement tool in a study delivers reliable results and consistently produces the same results when it is employed in the same context with the same kind of subjects. Because the questionnaire contained Likert-type questions, the internal consistency for the investigation tools was assessed with the aid of Cronbach's alpha. The threshold for Cronbach's Alpha (α) should be more than 0.7. This investigation had all the Cronbach Alpha values of the variables above 0.7.

Validity is a measure of how well test instruments reflect the study's research goals (Durand, 2019). In order to guarantee that questionnaires adequately addressed most of the research guidelines, this investigation used both content and construct validity. For the purpose of determining the questionnaires' content validity, one of the managers of Sacco's in Kakamega County as well as my supervisors were consulted. Construct validity involved use of various factor analysis where variable rotation was undertaken and those dropped had a factor loading lower than 0.4.

3.8 Data Analysis

This study investigated how audit committee attributes and the caliber of audit reports affected Saccos in Homabay County, Kenya. The study made use of hierarchical and stepwise regression to enable the evaluation together with purely coincidental relationship between the variables. Ordinary least squares model of regression was applied to the study as indicated;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where:

ϵ = error term

The hierarchical regression model was;

Model 1

$Y = \beta_0+\beta_1X_1 + \beta_2X_2+ \beta_3X_3+ \varepsilon$

Where;

Y = Dependent Variable (Quality of Audit Reports)

X= aggregate impact on audit committee traits and audit report quality within Sacco's

Independent elements, such as:

X_1 - Audit committee independence

X_2 - Audit committee composition,

X_3 - Audit committee meetings

β_0 = the constant

β_1- 4 = the regression coefficient

ε = Error term

This research used hierarchical and stepwise regression to analyses moderation:

Model 2 (moderator)

$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + M + \beta_1X_1M + \beta_2X_2M + \beta_3X_3M + \varepsilon$

3.8.1 Diagnostic tests

This study adopted a number of diagnostic tests including linearity, homoscedasticity and multicollinearity.

3.8.1.1 Linearity

The connection between independent and dependent elements was assessed through linear regression. Pearson Correlation Analysis addressed the linearity premise.

3.8.1.2 Homoscedasticity

Homoscedasticity assumption was used to measure the situation by which the error term was constant along the values of the study variables.

3.8.1 Multicollinearity

Multicollinearity was used to determine the level of correlations within two or more independent factors. The study considered two variables to be perfectly collinear if their coefficients were less than 0.9.

3.9 Ethical Considerations

The study observed ethical considerations which include acknowledgment of various sources used in the research work, giving the research participants accurate and detailed information about the reasons for the research and maintaining confidentiality of all information gained including omitting participants names on the questionnaires to ensure anonymity. The participants were shown the Masinde Muliro University permission permit as well as the National Commission for Science, Technology, and Innovation authorization permit. (NACOSTI). None of the participants was compelled to provide information that they are not willing to give and were encouraged to readily share information with the researcher in exchange for an assurance that their opinions will remain private (Jwan & Ong'ondo, 2017).

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.0 Introduction

In this section explanations of the conclusions as well as data analysis and study outcomes and their interpretations. According to the research objectives outlined in the preceding chapters, the examined research data were organized chronologically and sequentially under various topics.

4.1 Response Rate

Research questionnaires were presented and collected for analysis. The questionnaires administered were 82, a total of 62 survey forms for the study were correctly completed and submitted. The response rate result is displayed.

Table 4. 1: Questionnaire Response Rate.

Response	Frequencies	Percent
Return	62	75.6%
Not return	20	24.4%
Total	**82**	**100%**

The questionnaire response rate achieved was 75.6% as indicated above. For the study to move on, Kothari (2004) deemed a questionnaire response rate of at least 50% to be sufficient. Thus, in regards to these assertions, the questionnaire response rate of 75.6% attained was adequately sufficient for the research study to proceed with examination.

4.2 Test of Reliability

Cronbach's alpha has been frequently utilized in research to calculate for reliability. Examining the relationships between all of the study variables on the test and all other research variables or items allows for the measurement of internal consistency. The internal coherence of the research data is also tested. When communicating or measuring the dependability test, a coefficient between 0.00 and 1.00 is used. The more reliable and more consistent something is, the better the test coefficient.

The outcome in table 4.2 confirmed that the reliability results for all of the statements had been dependable for the reason that Cronbach alpha was above 0.7. Therefore, the inner consistency reliability was excellent. This suggests that the data is reliable due to the fact that, an alpha coefficient, higher than 0.70, indicate that the amassed data has an exceedingly better internal consistency. This may be generalized to reflect the respondent’s opinions and views on the study.

Table 4.2: Coefficient of Reliability

	Research Variable	**N of Items**	**Cronbach's Alpha**	**Remarks**
1	Audit committee independence	6	0.866	Accepted
2	Audit committee composition	8	0.740	Accepted
3	Audit committee meetings	6	0.710	Accepted
4	Firm Size	5	0.702	Accepted
5	Average Cronbach Alpha for all the variables		0.7545	Accepted

Source Field data (2022)

All of the research variables depicted had Cronbach Alpha digits above 0.7. The reliability data on table 4.2 above recommended that all Cronbach alpha values were above the threshold of 0.7. As a result, it was determined that the questionnaire and its factors have been dependable in data collections for the foregoing study. Thus, the tool for gathering data was dependable as mentioned by Ruth & Odipo (2017).

4.3 Descriptive statistics

Based on the study's predictor factors, these descriptive statistics were created (audit committee independence, audit committee composition, audit committee meetings) in as far as they influence quality of audit reports (dependent variable) and Moderated by size of Sacco. They are a collection of replies that have been summed up and quantified using the Likert scale.

4.3.1 Descriptive statistics on Audit Committee Independence

This assessed whether Audit Committee Independence can provide an accurate depiction of quality audit reports and provide reliable information and suggestions that can help quality audit reports of Sacco’s. Table 4.3 provides a summary of the responses.

Table 4.3: Audit Committee Independence descriptive data

Statement	5	4	3	2	1
1 The committee constantly prioritizes meaningful transparency	11 (17.7)	34(54.8)	7(11.3)	5(8.1)	13(21)
2 The audit team should always include an outside director, according to the board	13(21)	38(61.3)	5(8.1)	4(6.5)	2(3.2)
3 Conflicts of interest between the audit team are constantly avoided by the board	10(16.1)	37(59.7)	6(9.7)	5(8.1)	4(6.5)
4 The audit team consistently works to guarantee that members have secure employment	9(14.5)	39(62.9)	5(8.1)	6(9.7)	3(4.8)
5 The board consistently aims for transparency when hiring members of the audit team	11(17.7)	37(59.7)	4(6.5)	3(4.8)	7(11.3)
6 The audit team consistently makes an effort follow the committee's established chain of command	12(19.4)	30(48.4)	7(11.3)	7(11.3)	6(9.7)

Source Field data (2022)

The majority of respondents (54.8%) and those who strongly agreed (17.7%) with the statement in table 4.3 agreed that the audit committee is always committed to the disclosure of information, suggesting that the management team hires external auditors to provide an unbiased audit view of the firm performance. Second, the majority of respondents (61.3%) also concurred that the board preferred having an outside director on the audit team, suggesting that using multiple audit companies to provide an impartial evaluation of the company's audit status is preferable to relying solely on one company that is readily compromised.

The board always made an effort to ensure that audit committee members did not have any conflicts of interest as 59.7% of respondents agreed implying that independence was guaranteed in assessing quality audit reports. The majority of responders (62.9%) who concurred that the audit committee consistently worked to ensure the members have security tenure lent further credence to this, thus cannot compromise audit reports.

Additionally, the majority of respondents (17.7%) and strongly agreed (59.7%) that the board consistently tries to be open in their hiring of audit committee members. The majority of respondents (48.4%) and those who agreed strongly (19.4%) thought that generally speaking, audit committee always tries to follow the line of authority set forth in the committee. This findings agrees with Nyaga, Kiragu and Riro (2018), who found audit independence to be positive and significant. It further agrees with Harrison and Ochieng (2018). On a contrary lane, Abdeljawad, Oweidat and Saleh (2020), found audit independence to be insignificant. However, the difference could arise from the target group as the current study is based on SACCOs unlike past study on Insurance firms.

4.3.2 Descriptive statistics on Audit Committee Composition

This assessed the perceptions of respondents on statements on Audit Committee Composition. Table 4.4 provides a summary of the responses.

Table 4.4: Summary information on the composition of the audit committee

Statement	5	4	3	2	1
1 The committee members hardly ever stray from the required legislative makeup	13(21)	30(48.4)	9(14.5)	5(8.1)	5(8.1)
2 The audit team is dedicated to maintaining legislative requirements for membership	11(17.7)	39(62.9)	8(12.9)	3(4.8)	1(1.6)
3 Rarely does one gender make up less than one-third of the audit team	14(22.6)	36(58.1)	3(4.8)	6(9.7)	3(4.8)
4 The members of the audit committee consistently demonstrate a dedication to the regional balance	12(19.4)	33(53.2)	5(8.1)	8(12.9)	4(6.5)
5 Members of the audit team are always committed to having a balance in their ages	6(9.7)	37(59.7)	9(14.5)	5(8.1)	5(8.1)
6 The audit function's performance is impacted by audit team's diverse level of experience	6(9.7)	40(64.5)	4(6.5)	9(14.5)	3(4.8)
7 The audit committee is always composed of experienced individuals in the audit field	6(9.7)	37(59.7)	9(14.5)	5(8.1)	5(8.1)
8 The compensation for audit team is always based on their performance	6(9.7)	40(64.5)	4(6.5)	9(14.5)	3(4.8)

Source Field data (2022)

According to table 4.4, the majority of respondents (48.4%) and the strongly agreed respondents (21%) concur that the committee members rarely deviate from the required statutory composition. However, 17.2% disagreed, suggesting that there may be occasions in which audit committee members jeopardize the integrity of the results.

The majority of respondents (62.9%) and those who strongly agreed (17.7%) also agreed that the audit committee is always committed to meeting the statutory requirements for composition. Additionally, 58.1% of respondents concurred that the audit committee rarely has one gender make up less than one-third of the total composition.

More specifically, 53.2% of respondents concurred that the audit committee members always have a commitment to maintaining regional balance, while 19.4% disagreed with the implication that there are instances where regional balance is jeopardized.

From the study 59.7% agreed that there was a constant commitment made to the audit committee members' age distribution. Most respondents (64.5%) agreed and 9.7% strongly agreed that generally the audit function's performance is impacted by the audit committee's diverse membership of experienced individuals. Furthermore, 64.5% of respondents agreed that the compensation of the audit committee members is always linked to performance, and 59.7% of respondents believed that the audit committee is always made up of seasoned professionals in the audit sector. This study agrees with Mokono and Nasieku (2018) who cited that audit committee composition to be positive and significant public universities. It further agrees with Musallam (2020). This finding differs with that of Alex and Stephen (2019), as it found audit committee composition to be insignificant. The study, however was on banks possibility of difference from Sacco findings.

4.3.3 Descriptive statistics: Audit Committee Meetings and Quality of Audit Reports

This assessed whether Audit Committee Meetings influences Quality of Audit Reports. Table 4.5 provides a summary of the responses.

Table 4.5: Summary data for meetings of the audit committee

Statement	5	4	3	2	1
1 The audit team holds meetings four- six times a year.	5(8.1)	35(56.5)	9(14.5)	9(14.5)	4(6.5)
2 The audit committee makes every effort to hold meetings at the required intervals	7(11.3)	38(61.3)	2(3.2)	10(16.1)	5(8.1)
3 Every meeting of the audit team attempts to have a predetermined agenda	3(4.8)	33(53.2)	9(14.5)	10(16.1)	7(11.3)
4 Audit committee almost never meets without the chairperson present	6(9.7)	37(59.7)	6(9.7)	9(14.5)	4(6.5)
5 Before sessions begin, the audit team makes every effort to attain the necessary quorum	6(9.7)	34(54.8)	8(12.9)	8(12.9)	6(9.7)
6 Audit committee always endeavor to involve the directors in most of their meetings	7(11.3)	39(62.9)	4(6.5)	10(16.1)	2(3.2)

Source Field data (2022)

According to table 4.5, the majority of respondents (56.5%) concur that the audit committee meets 4-6 times per year. However, 8.1% of respondents disagreed with the implication that there may be instances where fewer meetings are held, which would prevent them from providing accurate audit reports for Sacco's.

Furthermore, 53.2% of respondents agreed that all audit reports adhere to IAS, which was supported by 61.3% of respondents who agreed and 11.3% who strongly agreed that the audit committee always tries to meet the required frequency of meetings. This delivers the SACCO reports that are unquestionably of the highest quality, and all audit questions may be resolved during meetings.

Additionally, the majority of respondents (59.7%) and strongly agreed (9.7%) that the audit committee rarely convenes meetings without the chairman, which was supported by 54.8% of respondents who concurred that the audit committee always tries to have an agenda that has been predetermined for each audit committee meeting. This suggests that the leadership of the audit committee was respected and had a significant impact.

Last but not least, the majority of respondents (62.9%) and strongly agreed (11.3%) that the audit committee normally tries to include the directors in most of their sessions. This research supports Waweru's results from 2018 that the performance of Kenyan County governments and the board's ethnic diversity were both positively impacted by the audit committee meetings' characteristics. Mwangi (2018) demonstrated a statistically significant correlation between audit committee meetings and the accuracy of financial reporting. This findings differs with Chou and Buchdadi (2017) who found features of the audit committee and Indonesian banks' performance to be insignificant. However this could be aligned to the fact that this study was on banks and not Sacco's.

4.3.4 Descriptive statistics: SACCO Size

This assessed whether the size of Sacco had a moderating role on the study's variables. Table 4.6 provides a summary of the responses.

Table 4.6: Descriptive statistics: Size of Sacco

Statement	5	4	3	2	1

1 Our Sacco has over 500 registered and active subscribers for the last five years	5(8.1)	35(56.5)	9(14.5)	9(14.5)	4(6.5)
2 Our Sacco regularly mobilizes and controls high number of deposits from the members	7(11.3)	38(61.3)	7(11.3)	5(8.1)	5(8.1)
3 Our Sacco has branches operating actively and contributing to future existence	3(4.8)	33(53.2)	9(14.5)	10(16.1)	7(11.3)
4 Our Sacco controls assets which commands returns worth five hundred thousand Kenyan shillings	6(9.7)	34(54.8)	8(12.9)	8(12.9)	6(9.7)
5 Membership of our Sacco's is drawn and spread in all parts of the country	7(11.3)	39(62.9)	4(6.5)	10(16.1)	2(3.2)

Source Field data (2022)

According to table 4.6, the majority of respondents (56.5%) agreed that the audit committee always followed the law. However, 8.1% of respondents disagreed with the statement that suggested there might be instances where non-compliance affected the caliber of audit reports for Sacco's.

Further, 53.2% of respondents agreed that the audit committee continuously reviews compliance with procedures, which was supported by 61.3% of respondents who agreed and 11.3% of respondents who strongly agreed that the audit committee continuously reviews compliance to policies. This provides unquestionably accurate reports of the SACCOs.

The majority of respondents (59.7%) and those who strongly agreed (9.7%) also concurred that the audit committee regularly communicates with external auditors. This implies that audit committee leadership was respected and played there duty effectively. Finally, the majority of respondents (62.9%) and those who strongly agreed (11.3%) stated that generally speaking, the audit committees always follow our legal mandate when defining the agenda of meetings. This agrees with Arena and Jeppesen (2016) found firm size to be a substantial moderating impact on audit characteristic and quality of audit reports. However disagrees with Lenz, Sarens and Hoos (2017), who found firm size to be insignificant on the connection between audit characteristic and Internal Audit Effectiveness. This investigation focused on Directors of Audit and Senior Management unlike current study that was on Sacco's hence possibility of different results.

4.3.5 Descriptive statistics: Quality Audit Report

This assessed whether quality of audit reports was experienced. Table 4.7 provides a summary of the responses.

Table 4.7: Descriptive statistics: Quality Audit Report

Statement	5	4	3	2	1
1 Audit reports frequently reveal all significant flaws	6(9.7)	35(56.5)	10(16.1)	8(12.9)	3(4.8)
2 The audit reports frequently uncover all significant scams	8(12.9)	33(53.2)	8(12.9)	7(11.3)	6(9.7)
3 The audit report frequently satisfies the audit report user group's expectations	7(11.3)	37(59.7)	7(11.3)	6(9.7)	5(8.1)
4 Within audits, there are frequently insufficient application standard gaps	5(8.1)	39(62.9)	4(6.5)	10(16.1)	4(6.5)
5 The audit reports frequently contain discrepancies	11(17.7)	34(54.8)	5(8.1)	7(11.3)	5(8.1)
6 I can attest to the audit report's trustworthiness	7(11.3)	40(64.5)	7(11.3)	4(6.5)	4(6.5)

report	

Source Field data (2022)

Table 4.7 shows that the majority of respondents (56.5%) and strongly agreed (9.7%) that audit reports often uncover all material errors, implying that stakeholders executed their tasks effectively. Secondly, a good number agreed (53.2%) and firmly concured (12.9%) that audit reports often unearth all material frauds, implying that audit tasks were done with all the required approach to yield results.

The audit report frequently satisfies the audit report user group's expectations as most respondents agreed at (59.7%). Most respondents agreed (62.9%) that there were often deficient application standard gaps within audits that could negatively affect quality of audit reports.

More so, 54.8% and 17.7% respondents concurred and strongly agreed respectively that there were often disparities in the respective audit reports. Lastly, the majority of respondents (64.5%) and those who strongly agreed (11.3%) said they could generally attest to the trustworthiness of the audit report. This findings agrees with Machor and Oluoch (2019), they discovered that the audit committee's independence, makeup, and meetings had a considerable impact on the audit report's quality. This further agrees with Musallam (2020) researched on listed companies to determine the existence of a qualified audit report and concluded that it is existent.

4.4 Pearson Correlations

Table 4.8 Pearson Correlations

		Audit committee independence	Audit committee composition	Audit committee meetings	Sacco size	Quality audit reports
Audit committee independence	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	62				
Audit committee composition	Pearson Correlation	.431**	1			
	Sig. (2-tailed)	.000				
	N	62	62			
Audit committee meetings	Pearson Correlation	.200	.561**	1		
	Sig. (2-tailed)	.119	.000			
	N	62	62	62		
Sacco size	Pearson Correlation	.291*	.357**	.439**	1	
	Sig. (2-tailed)	.022	.004	.000		
	N	62	62	62	62	
Quality audit reports	Pearson Correlation	.530**	.640**	.568**	.594**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	62	62	62	62	62

At the two-tailed significance level of 0.01, correlation is significant.
*. At a 2-tailed significance threshold of 0.05, correlation is significant.

Source: Field data (2022)

Table 4.8's findings showed that there was no high correlation among the independent factors (audit committee meetings, audit committee meetings' independence, and audit committee makeup) as indicated with correlation coefficients less than 0.9. It means that the independent variables did not exhibit multi-collinearity. The correlation between the audit committee's independence (r = 0.530), its makeup (r = 0.640), its meetings (r = 0.560), and its size (r = 0.594).

According to the findings, there is a strong correlation between independent audit committees and high-quality audit reports, as shown by P=0.000 (P0.05). This suggests that greater audit committee independence would lead to better audit reports. This finding concurs with Nyaga, Kiragu and Riro (2018), who found audit independence to be positive and significant. It further concurs with Harrison and Ochieng (2018). On a contrary lane, Abdeljawad, Oweidat and Saleh (2020), found audit independence to be insignificant. However the difference could arise from the target group as the current study is based on SACCOs unlike past study Insurance firms.

As shown by P=0.000 (P0.05), the findings showed a substantial positive link between the caliber of audit reports and the makeup of the audit committee. This conveys that an increase in the audit committee's makeup would lead to higher-quality audit reports. The study found there is significant relationship between audit committee composition and quality audit reports. This study concurs with Mokono and Nasieku (2018). It further agrees with Musallam (2020). This finding differs with Alex and Stephen (2019). The study, however was on banks possibility of difference from Sacco’s findings.

The findings showed a strong favorable link between high-quality audit reports and audit committee meetings, as shown by P=0.000 (P0.05). This suggested that audit committee meetings would result to significant increase in quality audit reports. This findings agrees with Ombati (2016), who found characteristics of the audit committee meetings to be positive and significant in terms of the ethnic diversity of the board and the performance of Kenyan County governments. According to Mwangi (2018)'s research suggestions, audit committee meetings had a statistically significant link with the accuracy of financial reporting. This research contradicts Chou and Buchdadi's (2017) conclusions that the audit committee's influence on the performance of Indonesian banks was minimal. This might, however, be explained by the fact that banks, not Sacco's, were the focus of the investigation.

P=0.001 (P0.05) demonstrated that there is a substantial positive link between audit report quality, audit features, and Sacco size in the results. This suggests that the size of the Sacco would lead to a significant improvement in the caliber of audit reports. This agrees with Arena and Jeppesen (2016), found firm size had a sizable moderating impact on audit characteristic and quality of audit reports. However differs with Lenz, Sarens and Hoos (2017), who found firm size to be insignificant on the connection between audit characteristic and Internal Audit Effectiveness. This study, in contrast to the current study, focused on Chief Audit Executives and Senior Management, perhaps leading to different outcomes.

4.5.1 Linear Regression for Audit committee independence

Table 4.9: Model for independence of the audit committee

Model Summary[b]

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.530[a]	.281	.269	.42999	.281	23.450	1	60	.000

a. Predictors: (Constant), Audit committee independence

b. Dependent Variable: Quality audit reports

Source: Field data, 2023

Results of a linear regression between the audit report's quality and the audit committee's independence. R is equal to the Karl Pearson correlation coefficient (r), which was used to calculate the association in the simple regression analysis (Sekaran, 2003). At a significance level of 0.05% with a 95% confidence interval, which is acceptable in social sciences, regression coefficient (B), analysis of variance (ANOVA), and the t-test were used to evaluate the hypotheses. The amount of change in the outcome variable for each unit of change in the predictor variable is measured by the beta coefficient (β). The proportion of the dependent variable's variance that can be predicted from the independent variable is measured by the coefficient of determination (or coefficient of multiple determination for multiple regression), known as R squared (R2). It gauges how closely the data match the regression line that was fitted.

An audit committee's independence was strongly positively associated with the quality of the audit report for Sacco's in Homabay County, according to a correlation coefficient (R) of 0.530. Audit committee independence accounted for 28.1% (R^2 = 0.281) variations in the audit report's quality. These findings imply that the audit committee's independence will be held responsible for every unit of change of 0.530 units in the audit report's quality.

Table 4.10: ANOVA for Audit committee independence

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4.336	1	4.336	23.450	.000[a]
	Residual	11.093	60	.185		
	Total	15.429	61			

a. Predictors: (Constant), Audit committee independence

b. Dependent Variable: Quality audit reports

Source: Field data, 2023

H_01: Audit committee independence has no significant influence on the quality of audit report of Sacco's within Homabay County, Kenya

The findings of the regression between the mean of audit committee independence and the mean of audit report quality are displayed in Table 4.8. According to the results of the regression coefficient, B=2.224, beta=0.530, ANOVA, F (23.450), and t-test value, t=7.472, the independence of the audit committee had a positive, linear, and significant (p0.05) relationship with the calibre of the audit report.

Table 4.11: Coefficients for Audit committee independence

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	2.224	.298		7.472	.000
	Audit committee independence	.376	.078	.530	4.842	.000

Source: Field data, 2022

a. Dependent variable: Quality audit reports

The initial investigation looked at the following null hypothesis:

Strong correlation exists between the independence of the audit committee and the caliber of the audit report, as shown by B=2.224, =R=0.530. The test criteria were established such that if the investigation rejects the null hypothesis $\beta1\neq0$.

Model: $Y = \beta_0 + \beta_1X_1 + \varepsilon$

Where Y= quality of audit report,

β_0= 2.224 (constant)

β_1= 0.376

X_1= Audit committee independence

ε= error term

In the equation above, if, then, the model is:

$Y= 3.754+ 0.739X_1$

The audit committee's independence and the quality of the audit report were shown to be positively, linearly, and significantly (p-value less than 0.05) correlated. Accordingly, the null hypothesis was rejected.

This findings concurs with Nyaga, Kiragu and Riro (2018) who found audit independence to be positive and significant. It further agrees with Harrison and Ochieng (2018). On a contrary lane, Abdeljawad, Oweidat and Saleh (2020), found audit independence to be insignificant. However the difference could arise from the target group as the current study is based on SACCOs unlike past study Insurance firms.

4.5.2 Linear Regression for Audit committee Composition

Table 1.12: Model Summary forAudit committee Composition

Model Summary[b]									
					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.640[a]	.409	.399	.38980	.409	41.544	1	60	.000

a. Predictors: (Constant), Audit committee composition

b. Dependent Variable: Quality audit reports

Source: Field data, 2023

The study's second goal was to establish the influence of Audit committee Composition on quality of audit report on Sacco's in Homabay County. The second null hypothesis was:

$H_0 2$: Audit committee composition has no significant influence on the quality of audit report of Sacco's within Homabay County, Kenya

R= 0. 0.510, F= 41.544 shows a positive and significant ($p \leq 0.05$) correlation between the audit committee's makeup and the audit report's quality. Audit committee composition accounted for 40.9% ($R^2 = 0.49$) variations in the quality of audit report. The predictor variable (Audit committee composition) was shown to have a unit change of 0.49 in the quality of the audit report. The null hypothesis was thus rejected since a relationship between the makeup of the audit committee and the calibre of the audit report in Sacco's in Homabay County was found to be positive, linear, and significant ($p \leq 0.05$).

Table 2.13: ANOVA forAudit committee Composition

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.312	1	6.312	41.544	.000[a]
	Residual	9.117	60	.152		
	Total	15.429	61			

a. Predictors: (Constant), Audit committee composition

b. Dependent Variable: Quality audit reports

Source: Field data, 2023

Audit committee composition had positive and significant ($p<0.05$) association with quality of audit report {regression coefficient, B=0.597, correlation coefficient, ANOVA, F= 41.544 and t-test value, t=4.615}. Since a significant, positive, and linear ($p \leq 0.05$) was established between Audit committee composition and quality of audit report in SACCOs in Homabay County was established, the null hypothesis was therefore rejected.

Table 3.14: Coefficients forAudit committee Composition

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	1.529	.331		4.615	.000
	Audit committee composition	.597	.093	.640	6.445	.000

a. Dependent Variable: Quality audit reports

Source: Field data, 2023

The model: $Y = \beta_0 + \beta_2 X_2 + \varepsilon$

Whereby Y = quality of audit report, X_2= Audit committee composition, β_0 = constant, β_2 is coefficients of regression while ε is the standard error.

The equation above hence:

$Y= 1.529+ 0.597X_2$

This study agrees with Mokono and Nasieku (2018) who cited the audit committee composition to be positive and significant public universities. It further agrees with Musallam (2020). This finding disagrees with Alex and Stephen (2019) who found audit committee composition to be insignificant. The study, however was on banks possibility of difference from SACCO findings.

4.5.3 Linear Regression for Audit Committee meetings

Table 45: Model Summary for Audit Committee meetings

Model Summary[b]

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.568[a]	.322	.311	.41743	.322	28.547	1	60	.000

a. Predictors: (Constant), Audit committee meetings

b. Dependent Variable: Quality audit reports

Source: Field data, 2023

The third goal of the research was to establish the influence of Audit committee meetings on quality of audit reports of Sacco's within Homabay County, Kenya. This was the third null hypothesis:

$H_0$3: Audit committee meetings have no significant influence on quality of audit reports of Sacco's within Homabay County, Kenya

Table 4.15's findings showed a positive relationship between the quantity of audit committee meetings and their quality, with an R=0.322. Audit committee meetings accounted for 32.2% (R^2 = 0.322) variations in the quality of audit reports. A 0.322 unit change in the quality of audit reports was credited to a shift in units in the Audit committee meetings. As a result of these findings, the null hypothesis was rejected because a positive, linear, and significant relationship between these two variables was found (p-value less than 0.05). The test model is as follows:

Table 56: ANOVA for Audit Committee meetings

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.974	1	4.974	28.547	.000[a]
	Residual	10.455	60	.174		
	Total	15.429	61			

a. Predictors: (Constant), Audit committee meetings

b. Dependent Variable: Quality audit reports

Source: Field data, 2023

Table 4.16's findings showed that compressed Audit committee meetings and quality of audit reports were positively related ANOVA, F=28.547. As a result of these findings, the null hypothesis was rejected because a positive, linear, and significant relationship between these two variables was found (p-value less than 0.05).

Table 67: Coefficients for Audit Committee Meetings

Coefficients[a]

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	1.571	.391		4.017	.000
	Audit committee meetings	.582	.109	.568	5.343	.000

a. Dependent Variable: Quality audit reports

Source: Field data, 2023

$Y = \beta_0 + \beta_3 X_3 + \varepsilon$

Whereby Y = quality of audit reports, X_3= Audit committee meetings, β_0 = constant, β_3 is coefficients of regression whereas ε is the standard error.

The equation above becomes:

$Y = 1.571 + 0.582X_3$

This research supports Waweru's results of 2018 that the performance of Kenyan County governments and the board's ethnic diversity were both positively impacted by the audit committee meetings' characteristics. According to Weber (2020), there is a statistically significant correlation between the frequency of audit committee meetings and the accuracy of financial reporting. This finding contrasts with that of Chou and Buchdadi (2017), who concluded that the impact of the audit committee's features on the performance of Indonesian banks was negligible. However this could be aligned to the fact that this study was on banks and not Sacco's.

4.6 Multiple Regression

Table 78: Multiple Regression Model Summary

Model Summary[b]										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.749[a]	.561	.538	.34184	.561	24.680	3	58	.000	1.435

a. Predictors: (Constant), Audit committee meetings, Audit committee independence, Audit committee composition
b. Dependent Variable: Quality audit reports

After creating multiple regression, the findings in Table 4.18 showed a favorable correlation between compressed audit committee characteristics and audit report quality (R= 0.749, F=24.680). Audit committee characteristics accounted for 56.1% (R^2 = 0.561) variations in the quality of audit reports. A 0.561 unit change in the quality of audit reports was credited to a shift in units in the Audit committee characteristics. The quality of audit reports and the audit committee's qualities are strongly correlated.

Table 89: Multiple Regressions ANOVA

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	8.652	3	2.884	24.680	.000[b]
	Residual	6.777	58	.117		
	Total	15.429	61			

a. Dependent Variable: Quality audit reports
b. Predictors: (Constant), Audit committee meetings, Audit committee independence, Audit committee composition

The results in Table 4.19 revealed that compressed Audit committee meetings and quality of audit reports were positively related ANOVA, F=24.680. The null hypothesis was thus rejected in light of these findings because a positive, linear, and significant relationship between these two variables was found (p-value less than 0.05)

Table 920: Multiple Regression ANOVA Coefficients

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF

1	(Constant)	.535	.370		1.445	.154		
	Audit committee independence	.234	.069	.329	3.408	.001	.812	1.232
	Audit committee composition	.294	.107	.316	2.761	.008	.580	1.726
	Audit committee meetings	.333	.108	.325	3.084	.003	.683	1.464

a. Dependent Variable: Quality audit reports

Source: Field data, 2023

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$

Whereby Y = quality of audit reports, $X1_3$= Audit committee independence, X_2= Audit committee composition, X_3= Audit committee meetings β_0 = constant, β_3 is coefficients of regression whereas ε is the standard error.

The equation becomes:

$Y= 0.535+ 0.234X_1+ 0.294X_2+ 0.333X_3$

4.7. Hierarchical Regression: Moderating Influence of Size of Sacco on the Relationship between Audit Committee Characteristics and Quality of Audit Report

This was the fourth objective which aimed at establishing the influence of Size of Sacco on the relationship between Audit Committee Characteristics and Quality of Audit Report on Sacco's in Homabay County. To a chieve these results, the variables for Audit Committee Characteristics and Size of Sacco were regressed against the mean of Quality of Audit Report. Its hypothesis stated: $H_0 4$ Size of Sacco lacks any noteworthy moderating influence on quality of audit reports of Sacco's within Homabay county, Kenya.

Table 4.21: Hierarchical Regression: Moderated Model Summary Results of Size of Sacco on the Relationship between Audit Committee Characteristics and Quality of Audit Report

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.261[a]	.068	.020	.49784	.068	1.418	3	58	.247
2	.763[b]	.582	.537	.34226	.514	22.572	3	55	.000
3	.813[c]	.661	.617	.31112	.079	12.560	1	54	.001
4	.850[d]	.722	.667	.29017	.060	3.693	3	51	.018

a. Predictors: (Constant), highest level of education attained, levels of experience, role played within the audit committee.
b. Predictors: (Constant), highest level of education attained, levels of experience, role played within the audit committee, Audit committee composition, Audit committee independence, Audit committee meetings.
c. Predictors: (Constant), highest level of education attained, levels of experience, role played within the audit committee, Audit committee composition, Audit committee independence, Audit committee meetings, Sacco size.
d. Predictors: (Constant), highest level of education attained, levels of experience, role played within the audit committee, Audit committee composition, Audit committee independence, Audit committee meetings, Sacco size, ACISIZE, ACSIZE, ACMSIZE
e. Dependent Variable: Quality audit reports.

Table 4.22: Hierarchical Regression ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.054	3	.351	1.418	.247[b]
	Residual	14.375	58	.248		
	Total	15.429	61			

	Regression	8.986	6	1.498	12.786	.000[c]
2	Residual	6.443	55	.117		
	Total	15.429	61			
	Regression	10.202	7	1.457	15.057	.000[d]
3	Residual	5.227	54	.097		
	Total	15.429	61			
	Regression	11.135	10	1.113	13.225	.000[e]
4	Residual	4.294	51	.084		
	Total	15.429	61			

a. Dependent Variable: Quality audit reports
b. Predictors: (Constant), highest level of education attained, levels of experience, role played within the audit committee.
c. Predictors: (Constant), highest level of education attained, levels of experience, role played within the audit committee, Audit committee composition, Audit committee independence, Audit committee meetings
d. Predictors: (Constant), highest level of education attained, levels of experience, role played within the audit committee, Audit committee composition, Audit committee independence, Audit committee meetings, Sacco size.
e. Predictors: (Constant), highest level of education attained, levels of experience, role played within the audit committee, Audit committee composition, Audit committee independence, Audit committee meetings, Sacco size, ACISIZE, ACSIZE, ACMSIZE

According to Table 4.22's results in the models, Homabay County SACCOs' quality audit reports were highly influenced by the audit committee's meetings, independence, and composition. The R Value kept rising on addition of a variable from 0.06 to 0.7222. Furthermore R squared rose systematically. The final value accounted for 72.2% variation in Quality audit reports (R^2 = 0.722). Results illustrated that there was a statistically significant and positive moderating effect of firm size on the relationship between audit committee characteristic and quality of audit report. The ANOVA results indicated that there was a statistically significant ($p \leq 0.05$: 0.000). This agrees with

Arena and Jeppesen (2016), discovered that the size of the firm significantly influenced audit characteristic and quality of audit reports. However disagrees with Lenz, Sarens and Hoos (2017) who found firm size to be insignificant regarding the connection between audit characteristic and Internal Audit Effectiveness. Chief Audit Executives and Senior Management were the subject of this study unlike current study that was on Sacco's hence possibility of different results.

4.8. Stepwise Regression

With each new variable that was computed into the model sequence, this was used to test the interactions between the various variables.

Table 4.23: Stepwise Regression

Stepwise Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.640[a]	.409	.399	.38980
2	.699[b]	.489	.471	.36567
3	.749[c]	.561	.538	.34184
4	.799[d]	.638	.613	.31300
5	.834[e]	.696	.669	.28947

a. Predictors: (Constant), Audit committee composition
b. Predictors: (Constant), Audit committee composition, Audit committee independence
c. Predictors: (Constant), Audit committee composition, Audit committee independence, Audit committee meetings
d. Predictors: (Constant), Audit committee composition, Audit committee independence, Audit committee meetings, Sacco size
e. Predictors: (Constant), Audit committee composition, Audit committee independence, Audit committee meetings, Sacco size, ACI Size

Results from Table 4.13 in Model 1 showed that Audit committee meetings, Audit committee independence, Audit committee composition contributed significantly to Quality audit reports in SACCOs in Homabay County. The R Value kept rising on addition of a variable from 0.640, 0.699, 0.749, 0.799 and finally to 0.834. Furthermore R squared rose systematically from 0.409, 0.489, 0.56, 0.638 and finally to 0.698. The final value accounted for 69.8% variation in Quality audit reports (R^2 = 0.698). Results illustrated that there was a statistically significant and positive moderating effect of each variable. These results implied that introduction of additional variable at each step in the model led to an increase in R squared value.

Table 4.24: ANOVA for Stepwise Regression

ANOVA[a]

Model		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
	Regression	6.312	1	6.312	41.544	.000[b]
1	Residual	9.117	60	.152		
	Total	15.429	61			
	Regression	7.540	2	3.770	28.195	.000[c]
2	Residual	7.889	59	.134		
	Total	15.429	61			
	Regression	8.652	3	2.884	24.680	.000[d]
3	Residual	6.777	58	.117		
	Total	15.429	61			
	Regression	9.845	4	2.461	25.121	.000[e]
4	Residual	5.584	57	.098		
	Total	15.429	61			
	Regression	10.737	5	2.147	25.626	.000[f]
5	Residual	4.692	56	.084		
	Total	15.429	61			

a. Dependent Variable: Quality audit reports
b. Predictors: (Constant), Audit committee composition
c. Predictors: (Constant), Audit committee composition, Audit committee independence
d. Predictors: (Constant), Audit committee composition, Audit committee independence, Audit committee meetings
e. Predictors: (Constant), Audit committee composition, Audit committee independence, Audit committee meetings, Sacco size
f. Predictors: (Constant), Audit committee composition, Audit committee independence, Audit committee meetings, Sacco size, ACI Size

The ANOVA results shown in Table 4.14 were used to determine the significance of variables off Audit Committee Characteristics and Quality of Audit Report. Results in the Model one (1) indicated that there was a statistically significant (p≤0.05: 0.000), {F = 25.626, p =0.000}.

Table 4.25: Coefficients for Stepwise Regression

Model		**Coefficients[a] Unstandardized Coefficients**		**Standardized Coefficients**	**T**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	1.529	.331		4.615	.000
	Audit committee composition	.597	.093	.640	6.445	.000
2	(Constant)	1.138	.336		3.383	.001
	Audit committee composition	.471	.096	.505	4.895	.000
	Audit committee independence	.222	.073	.313	3.030	.004
3	(Constant)	.535	.370		1.445	.154
	Audit committee composition	.294	.107	.316	2.761	.004
	Audit committee independence	.234	.069	.329	3.408	.001
	Audit committee meetings	.333	.108	.325	3.084	.003
4	(Constant)	-.072	.381		-.190	.850
	Audit committee composition	.272	.098	.292	2.783	.007
	Audit committee independence	.191	.064	.270	2.995	.009
	Audit committee meetings	.215	.104	.210	2.060	.044
	Sacco size	.351	.101	.319	3.490	.001
5	(Constant)	4.583	1.470		3.118	.003
	Audit committee composition	.231	.091	.248	2.529	.014
	Audit committee independence	-1.015	.374	-1.429	-2.710	.007
	Audit committee meetings	.221	.097	.215	2.282	.026
	Sacco size	-.917	.400	-.832	-2.294	.026

ACISIZE	.336	.103	2.345	3.263	.002

a. Dependent Variable: Quality audit reports

Results in Table 4.15 in Model 3 results were that: Objective 1 (Audit committee independence: B=.294, beta=.316, t= 2.761, p=0.09); objective 2 (Audit committee composition: B= .234, beta= 0.329, t= 3.408, p=0.001) while objective 3 (Audit committee meetings: B=0.333, beta=0.329, t= 3.408, p=0.003). Substitution of the model becomes:

$Y = 0.535 + 0.294X_1 + 0.2340X_2 + 0.333X_3$

In Model 5, when Sacco size was introduced into the model, that is, on the relationship between Audit Committee Characteristics and Quality of Audit Reports it decreased the overall influence of Audit Committee Characteristics of quality Audit Reports. For instance, the influence of Audit committee independence increased from B = 0.294 to B = 0.231, Audit committee composition from B = 0.234 to B =-1.015 and Audit committee meetings from B = 0.333 to B = 0.221. These results meant that the influence of the Sacco size was found to be significant ($p \leq 0.05$) on Audit Committee Characteristics and Quality of Audit Reports; However by moderated leading to decrease in beta values shows it had a negative moderating influence.

The test model is as follows:

$Y = ß_0 + ß_1X_1N + + ß_2X_2N + + ß_3X_3N + \varepsilon$

Y=Aggregate mean score for Quality of Audit Reports

β = beta, the coefficient of the independent variable and moderating variable

N= Sacco size

X_1=Aggregate mean score for Audit committee independence

X_2=Aggregate mean score for Audit committee composition

X_3=Aggregate mean score for Audit committee meetings

ε = error term

The following was the model used to analyze the findings of the moderated multiple regression on the association between Sacco size, Audit Committee Characteristics, and the Quality of Audit Reports: $Y = 4.583 + 0.231X_1 - 0.1.015\ X_2 + 0.221X_3\ - 0.917M + 0.336X^*$

The null hypothesis ($H0_4$) was disregarded in the test condition.

The results concurs with Arena and Jeppesen (2016) who concluded that the size of the firm significantly moderated audit characteristic and quality of audit reports. However differs with Lenz, Sarens and Hoos (2017), who found firm size to be insignificant regarding the connection between audit characteristic and Internal Audit Effectiveness. This study, in contrast to the current study, focused on Chief Audit Executives and Senior Management, perhaps leading to different outcomes.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the results in light of the study's goals. Considerations and recommendations are made in light of the findings. Additional research areas are also recommended.

5.2 Study Summary and Major Findings

This study investigated the influence of audit committee independence, audit committee composition, audit committee meetings on quality of audit reports on Sacco’s in

Homabay County, Kenya. The conceptual underpinning of the research sought to determine the impact of audit committee characteristics on the caliber of audit reports, with Sacco size serving as a moderating element. The data utilized to analyze study findings was derived from the data collection tools. The data were analyzed using descriptive and inferential statistics.

5.2.1 Descriptive statistics

These are descriptive statistics based on the study's predictor variables thus audit committee independence, audit committee composition, audit committee meetings in as far as they influence quality of audit reports and Moderated by size of Sacco. The majority of respondents (54.8%) and strongly agreed that the independence of the audit committee had an impact on the quality of audit reports, along with the composition of the committee (48.4%) and meetings of the committee (56.5%).

5.2.2 Audit committee independence and quality of audit reports

The study's primary goal was to determine how audit committee independence affected the caliber of audit reports on Sacco's in Homabay County, Kenya. According to the findings, R square was 0.281 this showed that audit committee independence explains 28.1 of variance. The (0.000 $p< 0.05$) implies feasible model. The regression equation for audit committee independence becomes; $Y = 2.224+0.376X_1$. The study disproved the null hypothesis that there is no discernible relationship between audit committee independence and the quality of Sacco's audit report in Homabay County, Kenya.

5.2.3 Audit committee composition and quality of audit reports

The second goal determined how the makeup of the audit committee affected the caliber of the audit reports on Saccos in Homabay County, Kenya. R square was 0.49 this showed that audit committee composition explains 49.1% of variance in quality of audit reports. The (0.000, $p < 0.05$) implying a model that is feasible. The regression equation for audit committee composition becomes; $Y = 1.529 + 0.597X_2$. The study disproved the null hypothesis that the makeup of the audit committee has no discernible bearing on the caliber of the Sacco’s' audit report in Homabay County, Kenya.

5.2.4 Audit committee meetings and quality of audit reports

The third factor determined how audit committee meetings affected the standard of Sacco's audit reports in Homabay County, Kenya. The results show that R square is 0.322 shows that audit committee meetings explains 32.2% of variance in quality of audit reports. The model's importance has a value (0.000, $p < 0.05$) implying model was feasible. The regression equation for audit committee meetings becomes; $Y = 1.571 + 0.582X_3$. The study disproved the null hypothesis that audit committee meetings in Homabay County, Kenya, have no discernible impact on the caliber of Sacco's audit reports.

5.2.5 Moderating effect of firm size

The fourth goal was to investigate the moderating impact of Sacco size on the caliber of Sacco audit reports in Homabay County, Kenya. The value of R rose by 0.018 the moment firm size was included as a moderator this means that firm size had a significant influence, furthermore (0.000, $p < 0.05$) confirms. The study disproved the null hypothesis that the size of Saccos in Homabay County, Kenya has no discernible moderating effect on the caliber of their audit reports.

5.3 Conclusion

According to the study's findings, the audit committee's independence has an impact on the quality of the audit reports on Saccos in Homabay County. Therefore, this study concluded that audit committee independence had a significant positive influence on quality of audit reports on Sacco’s in Homabay County.

Secondly, study examined on influence of audit committee composition on quality of audit reports on Sacco’s in Homabay County. Therefore, the study concluded that audit committee composition has a significant positive influence on quality of audit reports on Sacco’s in Homabay County.

As for the third variable, this study established the influence of audit committee meetings on the quality of audit reports of Sacco’s in Homabay County. Therefore, it was concluded that audit committee meetings have a significantly positive influence on quality of audit reports of Sacco’s in Homabay County.

Finally, the fourth variable examined the moderating influence of size of Sacco on the relationship between audit committee characteristic and quality of audit reports of Sacco’s in Homabay County. Here, a conclution was drawn that size of Sacco had a significantly positive influence regarding the connection between audit committee characteristic and quality of audit reports.

5.4 Recommendation

This study made the following recommendations;

Sacco audit committee members should be as independent as possible in executing their mandate so as to ensure audit reports provided for publishing are of quality.

That Sacco audit committee should be formed in a manner that it is not biased and in accordance to auditing standards to ensure audit reports provided are free from material misstatements and of quality.

Further, the study recommends that Sacco audit committee members should conduct the maximum number of meetings as much as they can. In extension, those meetings should be objectively aimed in attaining quality audit reports.

Finally, the study recommends that Sacco's should consider expanding their audit committees so as to help execute audit committee functions for a better part of audit reports.

5.5 Suggestion for Further Studies

The current discussion was on Sacco's in Homabay County, a similar study on other Sacco's in other regions should be conducted. Similar study can be conducted on other financial institutions such as banks and microfinance institutions.

Other studies can focus on other moderators such as age of the firm. Equally, others could expound on other audit committee characteristics like size, audit committee technical skills and existence and roles/ functions.

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Appendix I: Research Letter from NACOSTI

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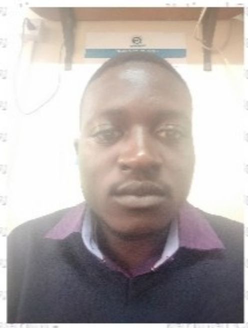

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