

Corporate Governance in the Public Sector of Ghana: The Role of Audit Committees in the Covered Entities.

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ABSTRACT

Corporate governance sets the tone at the top by bringing efficiency and effectiveness in managing covered entities. It minimises risks and prevents fraud thereby protecting the public purse. However, applying the concept of corporate governance has met some challenges. The population of the study was Audit Committee members of covered entities and purposive method of sampling was used to select 50 Audit Committee members for the study. Likert type five scale response questionnaire was used to collect data and hypothesis was statistically tested using analysis of variance technique to address the research question. It was found out that the Audit Committees perform differently from one entity to another. Some do not follow the Audit Committee Guidelines.

Keywords: Covered Entities, Principal Spending Officer (PSO), Principal Account Holder (PAH).

INTRODUCTION

The covered entities in Ghana has been structured in a way that, the covered entities receive budgetary support from the government so most of them are not in existence to make profit but for the citizens' welfare maximization. By this objective and coupled with inefficiencies, some of these covered entities have been incurring losses since they were established till now. In addition, some of the top management people of the covered entities are there because of their political affiliations but not on competence so they end up mismanaging the public economic resources.

One cardinal feature of the public sector in developing economies is that greater part of the government resources are spent on these covered entities for operations, capital and other development projects. It is sad to say that many of these covered entities have weak internal audit departments and control structures which neither minimise risk nor prevent fraud in their operations.

Ghana in an attempt to strengthen its Public Financial Management (PFM) practice has promulgated the Internal Audit Agency Act, 2003 (Act 658) and Public Financial Management Act, 2016 (Act 921), in which the operations Audit Committees are now integral part of all covered entities. According to Section 86 (1) of the 2016 PFM Act, (Act 921), an Audit Committee should be established for a particular covered entity or any other covered entities in a sector of the economy.

Audit Committees are predominantly used to aid corporate governance and reporting thereby enhancing the stakeholders especially investors' confidence in the organisations. According to Hepworth and de Koning (2012) an Audit Committee is an element in the governance process that provides an independent expert assessment of the activities of top management, the quality of the risk management, financial reporting, financial management and internal audit, to the board of directors or a supervisory board.

The Audit Committee is an indispensable tool of corporate governance. An Audit Committee can be very effective not only in providing objective oversight of the accounting of an organisation, but also in helping to set an ethical tone at the top (Locatelli 2002; Stein 2003).

They help to ensure that both internal and external audit recommendations are implemented and also act as watchdogs over the activities of management to enable the internal audit units gain full independence in their roles. Public entities with strong and independent internal audit units are able to put up strong internal control structures which protect the public purse.

Statement of the Problem

Audit Committees focus on the reliability and assurance of both internal and external reporting and hence on internal and external audit; on the quality of the internal control systems and the risk management processes (Hepworth and de Koning, 2012)

However, for most of the emerging economies, applying the above stated focus of Audit Committees in the public sector has become too complex because the conditions which can help the Audit Committees to be successful do not exist. Therefore, the expectations of Audit Committees and the responsibilities being placed on them, have ended in failures and decline of public confidence in many boards or councils (Dzomira, 2020).

The study tries to assess corporate governance in the public sector of Ghana and examines the role of Audit Committees in public financial management practice.

Purpose of the Study

This study examines corporate governance, its elements and functions. It highlights on the roles Audit Committees play to promote good and effective corporate governance in the public sector.

Hypothesis

H_0 : There is significant difference in the roles of Audit Committees in the public sector.

H_a : There is no significant difference in the roles of Audit Committees in the public sector.

Significance of the Study

The study contributes to the body of knowledge particularly as it is directed to the Ghanaian public sector context concerning Audit Committees role in corporate governance. Therefore, development partners interested in good covered entities governance in emerging economies will find this study useful and be more committed in suggesting improvements for reforms.

Findings from the study will help members of the board of public sector entities to understand the roles of Audit Committees and collaborate with them in order to minimise fraud and prevent managerial risks. This study will also enlighten public sector auditors (both internal and external) on the support they will receive from the Audit Committees when they do their work well.

LITERATURE

Corporate governance promotes fair, efficient and transparent administration of organisations to achieve their objectives. It is also about supporting systems and structures of operating procedures and controlling

with a view of achieving long term strategic goals that satisfy the all stakeholders. Further, it involves meeting environmental and society needs as well as an efficient process of value-creating and value adding. (CMA, 2002).

Establishment of an Audit Committee and internal audit function represent an important step towards promoting good corporate governance (Kilikaa and Mutuab 2013). A board that works together with its internal audit will have access to fresh and independent perspective on some of the issues that really matter to the business. The guidelines of corporate governance developed by the Capital Markets Authority (CMA) require that the board of directors regularly review the company processes and procedures. This will ensure the effectiveness of the company's internal systems of control and that the accuracy of its reporting and financial results are maintained at a high level all times. The internal audit department perfectly performs this role for the board of directors as it discharges its responsibilities by reviewing and evaluating the effectiveness of internal control systems and providing assurance to the management that the systems of internal control are adequate, effective and reliable (CMA, 2002)

The Elements in Corporate Governance

Corporate governance in the public sector is made up of two main components. The first is the internal part which comprises of the entity's management team headed by the Principal Spending Officer (PSO) who is assisted by the Head of Finance, Head of Internal Audit and other executives working directly at the entity level. According to Ghana's 2016 PFM Act, (Act 921), administratively, all officers working at the entity level are to report to the PSO but functionally, the Head of Finance reports to report to Controller & Accountant-General (C & A-G) and the Board whereas the Head of Audit reports to Auditor General and Chairman of the Audit Committee. The other part is the external component whose players are the Audit Committee members, council or board members and external auditors.

The board of directors has a duty of formulating the organisation's strategic aims, providing the necessary leadership and supervising the management for implementation of policies and directions.

The Expectation Gap

This gap is the difference between auditors' beliefs as to their required standards of performance and public expectations of auditors' performance (Lee, 1994). Many people believe that auditors in effect guarantee the accuracy of financial statements when an unqualified audit opinion is expressed; they contend that auditors should accept prime responsibility for the accuracy of financial statements, and for the disastrous consequences that follow when significant inaccuracies or misstatements go undetected (Lindberg, 2004). Some have the belief that auditors verify everything appearing in financial statements so they conclude that the primary purpose of an audit is to detect fraud (ABREMA, 2002). The public always think that every good auditor's primary responsibility is to detect fraud. Once an auditor performs his work and does not express either qualified or adverse opinion they conclude that either the auditor has been bribed or he lacks the technical competence to do his job well.

Activity Based Risk Evaluation Model of Auditing (ABREMA) (2002) and International Standards on Audit (ISA) 700 try to explain the roles of management of an organisation as preparers of the financial statements, and auditors express only an opinion on the fairness of financial statements – they add credibility to the financial reporting process, but they do not give absolute assurance; auditors employ sampling techniques to test selected transactions – verifying all transactions is not economically feasible. This clearly depicts that if there are material weaknesses in the account but when they do not come within the selected sample scope, hardly can the auditors detect such misstatements in their report.

The Sarbanes-Oxley Act 2002 attempts to lessen the expectations gap by strengthening the independence of

both Audit Committee members and the external auditors, which in turn should lead to improved financial reporting. Further, Audit Committees have increased oversight responsibilities for such issues as the internal controls of the organisation and for monitoring the activities of external auditors (Lindberg, 2004).

Standards for the Audit Committee

According to Hepworth and de Koning (2012) there is no internationally accepted standard on the operations of Audit Committees in the public sector. However, the private sector provides the model for governance of the Audit Committees, defining the objectives, environment, pre-conditions and membership rules. Many countries have adopted how the private sector operates their Audit Committees in their public sector.

According to United Kingdom (UK) Financial Reporting Council (2010) the Corporate Governance Code on roles and responsibilities of the Audit Committee in the private sector include:

- To monitor the integrity of the financial statements of the company and any formal announcements relating to the company's financial performance, reviewing significant financial reporting judgements contained in them;
- To review the company's internal financial controls and, unless expressly addressed by a separate board risk committee composed of independent directors, or by the board itself, to review the company's internal control and risk management systems;
- To monitor and review the effectiveness of the company's internal audit function;
- To make recommendations to the board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- To develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm, and to report to the board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken

The Code also specifies that the Audit Committee should review arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The Audit Committee's objective should be to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action (UK Financial Reporting Council, 2010).

The Code adds further that the Audit Committee should monitor and review the effectiveness of the internal audit activities. Where there is no internal audit function, the Audit Committee should consider annually whether there is a need for an internal audit function and make a recommendation to the board, and the reasons for the absence of such a function should be explained in the relevant section of the annual report (UK Financial Reporting Council, 2010).

Crucial in this definition is the requirement to review the company's internal control and risk management systems. The Code specifically requires that the board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The board should maintain sound risk management and internal control systems. To fulfil this responsibility the Code specifies that "the board should, at least annually, conduct a review of the effectiveness of the company's risk management and internal control systems and should report to shareholders that they have done so. The review should

cover all material controls, including financial, operational and compliance controls.

Ghana as a country has also come out with guidelines for effective functioning of the Audit Committees in the public sector. The Audit Committees have two broad categories of roles. According to Ministry of Finance Audit Committee Guidelines (2021), the committee shall execute its functional roles by ensuring that the head of the covered entity:

- Pursues the implementation of recommendation(s) contained in internal audit reports; Parliament's decisions on the Auditor-General's Report; Auditor-General's Management Letter and the report of an internal monitoring unit in the covered entity particularly, in relation to financial matters raised.
- Prepares an annual statement showing the status of implementation of recommendations contained in internal audit reports, Parliament's decisions on Auditor-General's report; Auditor-General's Management Letter; the report of internal monitoring unit in the covered entity particularly, in relation to financial matters raised and any other related directives of Parliament.
- Prepares an annual statement and shall indicate the remedial action taken or proposed to be taken to avoid or minimize the recurrence of an undesirable feature in the accounts and operations of a covered entity; indicate the period for the completion of the remedial action and be endorsed by the relevant sector Minister and forwarded to the Minister of Finance, Parliament, Office of the President and the Auditor-General within six months after the end of the financial year.

The Audit Committee Guidelines (2017) further admonish Audit Committees to play the following advisory roles by:

- Providing advice on sound, transparent and reliable financial management practices.
- Ensuring the risk management process is comprehensive and effective.
- Helping achieve organisation-wide strong and effective internal controls in the covered entity
- Reviewing corporate policies relating to compliance with laws and regulations, ethics, conflicts of interest, investigations of misconduct and fraud.
- Ensuring internal auditors' access to the Audit Committee, encouraging communication beyond scheduled committee meetings
- Reviewing internal audit plans, internal audit charters, risk (including fiscal risk) assessment reports
- Ensuring the development, approval and update of the code of conduct. The committee should also ensure that all employees receive the code of conduct, understand it and obtain appropriate training regarding it.
- Following up on significant issues, investigations and disciplinary actions.
- Collaborating with the Internal Audit Agency to initiate investigation into matters involving fraud or misuse of public funds by the Principal Spending Officer.
- Reviewing audit reports for assurance on efficiency, effectiveness and economy in the administration of programmes and operations of the covered entity.

Standards for the internal control system

One of the main sources of internal control standards in the private sector is the Committee of Sponsoring Organisations of the Treadway Commission (COSO) and this is particularly relevant to the public sector because the recommendations of COSO have been adopted by the International Organisation of Supreme Audit Institutions (INTOSAI) for application in the public sector.

According to Hepworth and de Koning (2012) the COSO framework defines internal control as a process effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations.

The COSO internal control framework consists of five interrelated components derived from the way management runs a business. The five components are the following; control environment; risk assessment; control activities; information and communication; monitoring.

Internal control is defined by Statement on Auditing Standards (SAS) No. 55, Consideration of Internal Control in a Financial Statement Audit, as amended by SAS No. 78, as a process implemented by an entity's board of directors, management, and other personnel to provide reasonable assurance regarding the achievement of objectives in reliability of financial reporting; effectiveness and efficiency of operations; compliance with applicable laws and regulations. Internal controls can take the form of financial, operational, or administrative controls. Strong internal controls increase the probability that transactions are recorded correctly, fraud does not occur, and financial information is reliable. Establishing and maintaining internal controls is the responsibility of management (Braiotta 2002).

In the private sector, where a company applies COSO, it helps it to set clear, definable and measurable objectives. Many public sector entities perform poorly because Chief Executive Officers (CEOs) assume excessive political powers and do not allow laid down procedures and structures to operate. They do not set clear, definable objectives so it becomes difficult if not impossible to measure standard of performance. They are not receptive to criticisms and suggestions. According to Locatelli (2002) and Stein (2003) if internal controls are to be effective, an entity's board of directors, Audit Committee, and management must set an appropriate tone at the top. In other words, they must come out with the procedures of how the internal controls should be rolled out and support its implementation.

Internal Audit Provisions in the Ghanaian Public Financial Management Law

The section 83 of Public Financial Management Act 2016, Act 921 has stated the functions of Internal Auditor (IA) in a covered entity in Ghana are to:

- Appraise and report on the soundness and application of the system of controls operating in the covered entity;
- Evaluate the effectiveness of the risk management and governance process of a covered entity and contribute to the improvement of that risk management and governance process;
- Provide assurance on the efficiency, effectiveness and economy in the administration of the programmes and operations of a covered entity; and
- Evaluate compliance of a covered entity with enactments, policies, standards, systems and procedures.

The Act further requires the internal auditor under the guidelines of Internal Audit Agency and in consultation of the PSO of the respective covered entity to prepare an annual audit work plan of the activities required to be performed in a financial year which is determined by the risk assessment including the fiscal risk of that covered entity by giving appraisal report on:

- Budget planning, implementation and compliance with national goals and objectives;
- The development initiatives of the covered entity;
- Procurement of goods, services and works;
- Value for money on public expenditure;
- Follow-ups on the agreed audit recommendations and required corrective actions;
- Systems of government revenue collections for proper accountability; and

- Proper, timely and effective use of government financial information systems.

The IA has one month after the financial year has begun to submit the annual audit plan to the PSO, Chairman of Audit Committee and Internal Audit Agency. The IA shall submit quarterly report of execution of the audit plan to the PSO, Chairman of Audit Committee, the Auditor-General and Director of Internal Audit Agency.

In the course of doing the work, the Act grants the Internal Auditor full access to information and property required to be audited; and be provided with any relevant explanation required by the Internal Auditor.

The IA shall report to the PSO any incidents of suspected fraud or misuse of public funds. Where the IA of a covered entity suspects that a PSO is involved in fraud or misuse of public funds, the IA shall report the matter to the Director of the Internal Audit Agency who shall in consultation with the Chairperson of the relevant Audit Committee initiate investigations into the matter.

Audit Committee in the Ghanaian Public Financial Management Practice

Section 87 of 2016 Public Financial Management Act, (Act 921) requires an Audit Committee of covered entity to be composed of five (5) members. Majority of the members shall not be working from the covered entity. The Internal Audit Agency (IAA) shall nominate two independent members and Institute of Chartered Accountants shall nominate one independent member to serve on the Audit Committees of the MDAs and MMDAs. The other two (2) members shall be nominated by the Principal Account Holder (PAH). The PAH shall appoint the chairman. The Audit Committee can co-opt the services of any senior member of the covered entity to serve on the Committee. The Audit Committee shall meet once every quarter in a year or have more special meetings to perform their functions. Members of the Audit Committee shall be paid allowances equivalent to the board members of the covered entity. The Audit Committee members shall serve for not more than two terms of two years each on a particular covered entity. The Internal Audit Agency shall periodically review the performance of the Audit Committee members and recommend where necessary for removal or replacement of the committee members.

Empirical Review

OECD (1999) asserts that corporate governance as a system by which business entities are directed and controlled. Garvey and Swan (1994) iterate that corporate governance determines how the firm's top decision makers (boards) actually administer the covered entities. Shleifer and Vishny (1997) define corporate governance as the ways in which providers of finance to corporate bodies assure themselves of getting a return on their investment. Oman (2001) explains that corporate governance as a term refers to the private and public institutions that include laws, regulations and the business practices which governs the relationship between the corporate managers and the stakeholders.

From the above assertions, corporate governance is about how top management (boards, councils and others) provide direction, control and monitor the performance of covered entities. As Oman (2001) said, there are laws that regulate the relationship between the boards and other stakeholders, Ghana's 2016 PFM Act, (Act 921) also support that view.

Boards of directors play an important role in corporate governance (Dezoort et. al, 2002). Due to the separation of corporate management and ownership, boards exist to protect the interests of the shareholders (Dezoort et. al, 2002). Agency theory therefore suggests that shareholders require protection because management (agents) may not always act in the interests of the organisation's owners (principals) (Fama, 1980; Fama and Jensen, 1983; Jensen and Meckling, 1976). To deal with this agency problem, the board assumes an oversight role that typically involves monitoring the PSO and other top executives, approving

the covered entity's strategy, and monitoring the control system (Dezoort et. al, 2002).

With the board of directors' diverse responsibilities, they delegate some of their oversight responsibilities to the Audit Committee and other committees of the board (Dezoort et. al, 2002). Burke and Guy, (2001) highlight three (3) broad areas of Audit Committee oversight: financial reporting; internal controls to address key risks; and auditor activity.

Theoretical Review

Two (2) theories are reviewed in this study; agency theory and resource dependence theory. Agency theory is found to be relevant to the study, because it explains the Audit Committee, which functions as a monitoring mechanism over the management of the covered entity for the board (Menon and Williams, 1994; Jensen and Meckling, 1976; Fama and Jensen 1983).

In addition, resource dependence theory explains the interdependence between organisations and their external environment that controls important resources and monitors their performance. In this perspective, the board provides resources for the survival of the organization (Pfeffer, 1972; Hillman et. al., 2009, Hillman and Dalziel, 2003). This theory can also explain corporate governance and Audit Committees in the public sector in the sense that the government appoints the board of directors and gives funds to the covered entities. To ensure proper utilisation of the funds, Audit Committees come in to monitor the performance of the covered entities (PFM Act, 2016 (Act 921)). The resource dependency theory therefore explains the boards function as watch dogs of the economic resources of the covered entities.

METHODOLOGY

Research Design

This is a descriptive survey research with the aim of examining the role of Audit Committees in corporate governance in Ghanaian covered entities. It involves gathering data about the functions of Audit Committees in the public sector.

Population and Sample

The study population used in this research comprises of Audit Committee members of covered entities in Ghana. In order to have a sizeable number for this study, purposive method of sampling was used to select the sample size. A total of 60 members were selected for the study out of the population. 10 of the respondents did not return their questionnaires despite several follow ups made on them.

Data Collection

Data considered for the study were obtained from primary source. The questionnaire survey was designed where respondents were asked to determine the degree of importance of each information using Likert-type five scales, where (1) referred to strongly disagree, and (5) strongly agree, and hypothesis was tested statistically using analysis of variance (ANOVA) technique to fulfill the research objectives.

RESULTS AND DISCUSSIONS

The Role of Audit Committees in Corporate Governance in the Public Sector

According to the Audit Committee Guidelines in the Public Sector (2017), the roles stated below are expected to be played by the Audit Committees. Table 1 presents the feedback from the respondents.

Table 1 Roles of Audit Committees in covered entities

Responses	Response degree					
	Strongly disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly agree 5	Total
Pursues the implementation of internal audit reports				19	31	50
Prepares annual statement showing the status of implementation of recommendations found in Parliament’s decision on Auditor general’s report; Management Letter etc.	33	10	7			50
Prepares annual statement on how to minimize the recurrence of an undesirable feature in the accounts and operations of the covered entity.	32	8	10			50
Provides advice on sound, transparent and reliable financial management practices				23	27	50
Ensures the risk management process is comprehensive and effective			6	30	14	50
Helps the covered entity to implement effective internal controls				10	40	50
Reviews corporate policies relating to compliance with laws and regulations, ethics, conflicts of interest, investigations of misconduct and fraud	20	10	8	12		50
Reviews internal audit plans, internal audit charters, risk assessment reports			15	25	10	50
Ensures the development, approval and update of the code of conduct for all employees	32	14	4			50
Follows up on significant issues, investigations and discipline actions				20	30	50
Collaborates with Internal Audit Agency to initiate investigations into fraud or misuse of funds by the Principal Spending Officer			6	32	12	50
Reviews audit report for assurance on efficiency, effectiveness and economy in the administration in the operations of the covered entity.				15	35	50
Total	117	42	56	186	199	600
Percentage (%)	19.50	7.00	9.30	31.00	33.20	100.00

Source: field work

Analysis of Variance (ANOVA) was used to test the hypothesis to ascertain whether there is significant difference in the roles of Audit Committees in the covered entities. Table 2 below shows the number of questionnaires (N); their sum of squared deviations about the grand mean across all N observations (SST); sum of squared deviations for each group mean about the grand mean (SST_G) and sum of squared deviations for all observations within each group from that group mean, summed across all groups (SST_E).

Table 2: Squared Deviations

N	SST	SST_G		SST_E	
1	150.13	2	39.0625	78.13	72.00
2	417.69	3	4.3264	12.98	404.67
3	367.69	3	4.3264	12.98	354.67
4	86.13	2	39.0625	78.13	8.00
5	311.69	3	4.3264	12.98	298.67
6	528.13	2	39.0625	78.13	450.00
7	239.25	4	39.0625	156.25	83.00
8	129.69	3	4.3264	12.98	116.67
9	415.69	3	4.3264	12.98	402.67
10	128.13	2	39.0625	78.13	50.00
11	383.69	3	4.3264	12.98	370.67
12	278.13	2	39.0625	78.13	200.00
Total	3,436.00	625.00		2,811.00	

$$SST = SST_G + SST_E$$

$$3,436 = 625 + 2,811$$

The ANOVA Table below presents the formula of how ANOVA is computed to arrive at the test statistic which is the F value. The study applied this Table in arriving at the F value.

Table 5: ANOVA Table

Source of Variation	Df	Sum of Squares	MS	F
Group	K-1	SST_G	$\frac{SST_G}{K-1}$	$\frac{SST_G}{K-1} \div \frac{SST_E}{N-K}$
Error	N - K	SST_E	$\frac{SST_E}{N-K}$	
Total	N - 1	SST		

Where K = 3

$$N = 12$$

- $SST_G = K - 1 (3-1 = 2)$
- $SST_E = N - K (12 -3 = 9)$
- $SST_T = N -1 (12 -1 = 11)$

$$MST_G = 625/2 = 312.5$$

$$MST_E = 2811/9 = 312.3$$

The test statistic is the ratio of group and error mean squares is given by $F = MST_G / MST_E$

- $F = 312.5/312.3 = 1$
- If H_0 is true then MST_G and MST_E must be equal or the test statistic F value should be equal to 1.
- Critical value for rejection region is $F_{\alpha, k-1, N-k}$
- If we define $\alpha = 0.05$, then $F_{0.05, 2, 9} = 5.17$

Decision Rule on the Test Statistic

As the F value is 1, H_0 is true that there is significant difference in roles of Audit Committees in the public sector. The Audit Committees perform differently from one covered entity to another. Some do not follow the 2017 Audit Committee Guidelines so they do things in different ways which may not promote good and effective corporate governance.

DISCUSSIONS

The ultimate goals of the 2017 Guidelines for Effective Functioning of the Audit Committees are to support the Internal Audit Units of the covered entities to function without any intimidation and also to help the PSOs to implement recommendations of the Auditor General's report as well as reports of Internal Monitoring Units.

If some of the Audit Committees serving at covered entities do not follow the guidelines, the intended purpose of the guidelines can never become materialised. The support that the Internal Audit Units may need from them may not be given and in effect, that Unit may not be able to do their work as a watchdog over the economic resources of the covered entity.

Besides, as the Committee Members do not follow the Guidelines in their deliberations, there is less assurance to conclude that they can supervise the PSOs to implement recommendations from the Auditor General's report.

RECOMMENDATIONS

The Institute of Internal Audit Agency (IAA) should intensify their education campaigns in order to train the Audit Committees so that they can follow the Audit Committee Guidelines in their activities.

There should be mechanisms to assess whether the Audit Committees are efficient or not. The IAA should try to visit some of the Audit Committees when they are having meeting to ascertain the content of their meeting procedures. Agenda and notice of meetings should also be shared with IAA at least, three (3) weeks before time so that IAA can get enough time to decide which meetings to attend.

The IAA should also give feedback to the Audit Committees anytime their Internal Auditors send the quarterly reports. The feedback will help the Audit Committees to assess themselves to make the necessary

changes to their approach to help corporate governance in the public sector.

CONCLUSION

As the demand for accountability in the public sector is becoming more important, many are calling for reforms in the way developing countries are managing their covered entities. Audit Committees are one of the bodies recommended to bring improvement in corporate government in the public sector.

Fortunately, there are many legal provisions and operating guidelines to help Audit Committee members to help these covered entities to improve their operating procedures. Nonetheless, members of Audit Committees must be knowledgeable of the requirements of their role in corporate governance, and not delegate their responsibilities to others, especially not to management (Locatelli 2002).

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