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EFFECT OF AUDIT COMMITTEE CHARACTERISTICS ON AUDIT EFFECTIVENESS IN COUNTY GOVERNMENT OF KERICHO, KENYA

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Abstract

The purpose of this study was to determine the effect of audit committee characteristics on audit effectiveness in Kericho County. The study population of 68 senior employees from the county governments of Kericho. Census sampling was adopted given the small population size. The study utilized a correlational research design to study the audit committee characteristics and effectiveness. Data was analyzed using both descriptive and inferential statistics with the aid of SPSS software. The study established that the selected audit committee characteristics accounted for 80.6% of the variations in audit effectiveness (R^2=.806; $p<0.05$). Specifically, financial expertise was established to have significant positive effect on audit effectiveness (b=0.381; $p<0.05$), independence of audit committee also has a significant positive effect of audit effectiveness (b=0.158; $p<0.05$). On the other hand, tenure of audit committee had significant negative effect on audit effectiveness (b=-0.165; $p<0.05$). The study found that frequency of meetings had no significant effect on audit effectiveness as the p-value was >0.05 (b=0.381; $p>0.05$). These findings lead to conclusion that, to enhance audit effectiveness, the *audit committee should comprise diverse membership but must have an expert in finance and that, the members should be independent and serve for a fixed term. These results are significant as it provides evidence of the effect of various board characteristics on audit effectiveness from a developing country and in public sector which can be applied in policy and enrich the existing literature.*

Keywords: Audit committee characteristics, Audit effectiveness, County Governments, Kenya

INTRODUCTION

An audit committee is a selected number of members of a company's board of directors whose responsibilities include helping auditors remain independent of management. Most audit committees are made up of three to five or sometimes as many as seven directors who are not a part of company management (Raghunandan and Rama, 2007). The audit committee plays a critical role in providing oversight and serving as a check and balance on a company's financial reporting system. The committee provides independent review and oversight of a company's financial reporting processes, internal controls and independent auditors. It provides a forum separate from management in which auditors and other interested parties can candidly discuss concerns. By effectively carrying out its functions and responsibilities, the audit committee helps to ensure that management properly develops and adheres to a sound system of internal controls, that procedures are in place to objectively assess management's practices and internal controls, and that the outside auditors, through their own review, objectively assess the company's financial reporting practices. This definition is consistent with agency theory which suggests that to ensure effectiveness of audit committee, managers are encouraged to prepare financial statements adequately to specify the return generated by the companies (Pincus, 2001).

Beasley (1996) and Felo (2003) conducted a study on the effectiveness of audit committees on risk reduction among commercial banks in Europe. The findings showed that there was a positive relationship between audit committees and audit effectiveness. This was because the audit committee has the responsibility of reviewing the company's internal financial controls. Unless expressly addressed by a separate board risk, the committee should comprise of independent directors or by the board itself, firm's internal control and risk management systems. The management of the company is responsible for the identification, assessment, and monitoring of risk, for developing, operating and monitoring the system of internal control (Chang & Singh, 2000). This is essential for providing assurance to the board. Except in cases where the board or the risk committee is responsible to make a review of the effectiveness of the internal control and risk management systems. The audit committee should receive reports from the management on the effectiveness of the systems that have established and the conclusion of tests conducted by the internal and the external auditors.

Walker (2004) emphasizes that audit committee independence facilitates effective supervision on management activities, because the independent members of the audit committees are more likely to make objective decisions and need less negotiation as well as less deliberation. The independence characteristics are essential for the audit committee to fulfil its supervising responsibility. This study was necessary as it sought to to investigate fraud and the potential risks areas that may expose the firm to fraud. This will assist in countering fraud and preventing it. Thus, this study was geared towards establishing essential characteristics of the audit committees that make it effective in reducing incidences of fraud.

There are various characteristics exhibited by the audit committee which is critical in ensuring its effectiveness. Raghunandan and Dasaratha (2004) note that the audit committee consists of both independent and non-executive directors. To improve effectiveness in their roles, non-executive directors should be independent. They should be nonpartisan, philanthropic and should not show any interest in the implementation of their functions. This might interfere with their independence and impact negatively on their effectiveness. To improve the independence of the audit committee, there should be timely access to relevant information to allow further discussion before decisions are taken. The committee should ensure adequate communication either formally or informally with non-executive directors. The independent and non-executive directors must be informed about the risks that face organizations and appropriate action upon the review of the board's effectiveness of internal control system. This includes regular reviews and annual assessment exercise. The other trait of audit committee is frequency of audit committee meetings which involves the number of times that the committee meets per year. The category of directors is unlikely to be sanctioned for fraud since they easily detect fraud and stop it at early stages. Their role is to eliminate any form of fraud and thus enhance the efficacy of audit committee. The frequency of audit committee meetings improves quality and effectiveness of audit committee (Raghunandan, Read& Rama, 2001).

Yahya, Mohamad, and Noor (2020). Sought to examine the relationship between the audit committee characteristics and impression management practices in the chairman statement among Malaysian companies. The study used impression management as a proxy for financial reporting quality. Secondary data was used which was obtained from the annual financial statements of companies listed on the Main Market of Bursa Malaysia in 2017–2018. The study found that that audit committee independence has a significantly negative relationship with the level of financial reporting quality. Yahya et al, (2020) argues that the findings of this research supported the agency theory because as it suggests that strong internal governance monitoring mechanisms improve the FRQ and decrease the impression management. Audit committee meeting was found to have a significant positive association with the level of impression management. This result does not support the argument that increasing number of audit committee meetings results in reduced impression management and enhanced financial reporting quality.

Oluwatamilore, Kingsley, Tumininu., Okeme and Leigh, (2021) studied the relationship between various audit committee as well as board characteristics and the market performance of listed deposit money banks in Nigeria. The independent variables selected for the study were audit committee size, gender diversity, expertise, board size and board shareholding. The dependent variable on the other side was the market performance which was measured by Tobin Q. The study used secondary panel data was gathered from twelve (12) banks listed on the Nigerian Stock Exchange from 2013 to 2017 and analyzed using fixed and random regression analysis. The study found that the relationship between audit committee size, board size and Tobin Q was negatively significant. There was a positively significant relationship between audit committee gender diversity and audit committee expertise on Tobin Q. The study showed a positive but insignificant influence of board shareholding on Tobin Q. Oluwatamilore *et al.,* (2021) posited that weakness in governance structures might lead to poor firm market performance and recommended that firms ensure that appointment criteria prioritize knowledge and competence, and regulatory bodies are also encouraged to track the compliance of listed firms with corporate governance regulations.

Rezaee, Olibe and Minmier (2003) maintain that size is an important characteristic of the audit committees. It varies depending on the needs and the extent of delegation of responsibilities to the committee. The key objective is allowing the committee to perform efficiently, ensure participation of all the members. Most firms formulate policies to rotate members depending on the member's experience and knowledge. The board of directors should evaluate the performance of the audit committees to ensure that they meet the expectations of the board and that of the committee. Rotation of the members of audit committee provides an opportunity to restore and introduce new insights to audit the processes of the committee. This also enables the board members to have a clear understanding of the roles of the audit committee. Robert (2006) argues that the audit committee expertise is an essential trait of the audit committee. An effective audit committee consists of experts with a high level of professionalism in their work. The nature of work of the audit committee is complicated and thus requires the board to have a regard to the candidates to ensure that they possess specialized skills. They should be competent and experienced in business, an in-depth understanding of internal control systems, conversant with compliance systems, independent of thought and willingness to learn. Tenure of the audit committee is a trait that defines the image and trust held by firms about the audit committee. An active audit committee maintains and upholds integrity in its functions. The audit committee should cultivate a culture of transparency and honesty through open discussions between the top management and the auditors. They should execute business with objectivity and professionalism with high regards for ethical consideration (Robert, 2002).

Various scholars have defined audit effectiveness, Holtfreter (2004) defined audit effectiveness as actions that are taken to curb or discourage exposure to fraud. Audit effectiveness is the primary mechanism for preventing fraud controls. Saleh, Iskandar and Rahmat (2007) define audit effectiveness as mechanisms put in place to minimize exposure to fraud. Carcello, Hermanson and Raghunandan (2005) explain that fraud prevention is hindering a person from an activity; it is intended to protect the business and its processes against fraud. Audit effectiveness consists of major steps that are taken to prevent and minimize fraud. This involves setting-up prevention controls and designing detection controls to sense fraud. Fraud prevention involves taking an active role in the prevention of fraud and effective compliance of ethics. The committee should evaluate the management regularly and the auditors to ensure that the firm has antifraud programs to detect potential fraud and ensure thorough investigations when fraud is detected. The committee should ensure that appropriate steps are taken against the culprits of fraud (Robert, 2006).

Musa (2006) investigated the effectiveness of audit committee in the public sector in Tanzania. The findings revealed that the size of the audit committee and the expertise were essential drivers of audit committee effectiveness. These studies limited itself to the traits of audit committee and ignored audit effectiveness which is the underlying objective of audit committee effectiveness. Ali (2010) did an assessment of the relationship between audit committees characteristics and performance of listed firms at Dar es Salaam Stock Exchange in Tanzania. The results found that audit committee experience and their independence were important traits in enhancing the performance of the audit committees. This study limited itself to listed firms at Dar es Salaam Stock Exchange while the current study focuses on the public sector.

In the local setting, a few studies have explored on the effectiveness of audit committees. A study by Waweru et al. (2008) evaluated the factors influencing the performance of audit committees in Kericho County. The study found that audit committee independence and expertise were important factors in influencing the performance of the audit committees. This study limited itself to factors that affect the performance of audit committees and ignored the effectiveness of audit committee in audit effectiveness. Wakaba (6014) found that audit committee experience, committee gender diversity, the size of audit committee and some independent auditors have a significant effect on firm performance. This study laid more concentration on the audit committee characteristics and ignored audit effectiveness aspect which the current study considers being an important factor.

Fraud prevention is based on the premise that the effectiveness of audit committee oversight is an integral component of reducing the risk of fraud in a firm and ensuring that the likelihood of fraud is prevented at an early stage. To realize this goal, audit committee ensures that they understand significant fraud risks that the firm is facing by conducting fraud risk assessment and developing alternative sources of information about the status of the organization with regard to fraud risks (Rezaee et al., 2003).

The National Governments is comprised of the president, deputy president, cabinet secretaries and the attorney general. A County government is an organization that is charged with the responsibility for County administration. It is headed by a cabinet secretary who has the authority over one or more departments. The governments are under the cabinet and hence coordinate County functions and activities (Republic of Kenya, 2012). Cabinet secretaries are charged with the responsibility of formulating the policy and County conduct; they are individually responsible for the administration of their department. Their functions are to advise the president on the central matters of public policy and specific issues about their respective Government. The cabinet secretaries discuss policy issues that affect the management of the County. The cabinet secretaries are in charge of the Government; they give direction and control for which they are individually responsible to the National Assembly. The cabinet secretary being the head of the ministry is accountable to parliament for his department irregularities, and his resignation is independent of the entire cabinet (Public Sector, 2010).

Studies in the developing countries by Mangena and Chamisa (2008) assessed the link between audit committee effectiveness in the public sector in Botswana. The size of the audit committee and experience were found to be the critical components in audit committee effectiveness. Ogoro and Simiyu (2015) assessed effectiveness of audit committees in public sector where they established that audit committee tenure and multiple directorships were the significant characteristics in reducing financial statement restatements. This study focused on public sectors which are just entities inside the government which the current study seeks to target.

In Kenya, County Government need to be effective in the operation of their roles in ensuring that they maintain sound financial statements that are accurate and reliable. To successfully implement their functions, audit committees should constitute the independent non-executive directors in the board, the tenancy of directors and financial expertise for the audit committee to evaluate the effectiveness if audit committees (Waweru, Kamau, & Uliana, 2008). The Kericho County conducts regular audits in all the County Government through audit committees to ensure that fraud is minimized. This achieved through effective monitoring and supervision of the internal control systems.

In the last two decades, the country has undertaken reforms to enhance the effectiveness of the Audit Function. The National Treasury circular AG/3/080/6/(61) of 8th August 2000 represented the first initiative towards establishment of Ministerial Audit Committees. However, the performance of Audit Committees in such Government was not effective due to lack of independence and objectivity. In order to address the issues of oversight, governance, transparency and accountability in management of public resources, the County issued the Treasury No. 16/2005 and No. 18/2005 dated 4th October 2005 and 12th October2005 respectively (ICPAK, 2015). In the quest for stronger accountability environment, Kericho continues to develop strong accounting and auditing systems for Goverment. The County adopted International Public Sector Accounting Standards (IPSASs) in 2014. The Country restructured the public sector and adopted performance contracting, instituted vetting of State Officers, established Independent Commissions and Offices and other reforms that continue to strengthen corporate governance (ICPAK, 2015).

County Governments are expected to provide services to the people by carrying out their roles effectively with accountability and openness. Audit committees are expected to ensure that they run their operations effectively to provide value for money. Despite the presence of Audit Committee, its effect on audit effectiveness is not clear. For instance, there have been notable reported fraud cases in various counties. This may be manifestation of ineffective audit functions. Audit committees are expected to seal the loopholes for financial frauds and mismanagement of public funds. However, the effectiveness of audit committees may be influenced by its composition. There is need to investigate the effect of various characteristics of audit committee such as expertise, number, and independence on audit effectiveness. Therefore, this study seeks to bridge this gap by investigating the effect of audit committees' characteristics on audit effectiveness in County Government in Kenya. The general objective of this study is to determine the effect of audit committee characteristics on audit effectiveness in County Government of Kericho, Kenya.

Oluwatamilore, Kingsley, Tumininu., Okeme and Leigh, (2021) studied the relationship between various audit committee as well as board characteristics and the market performance of listed deposit money banks in Nigeria. The independent variables selected for the study were audit committee size, gender diversity, expertise, board size and board shareholding. The dependent variable on the other side was the market performance which was measured by Tobin Q. The study used secondary panel data was gathered from twelve (12) banks listed on the Nigerian Stock Exchange from 2013 to 2017 and analyzed using fixed and random regression analysis. The study found that the relationship between audit committee size, board size and Tobin Q was negatively significant. There was a positively significant relationship between audit committee gender diversity and audit committee expertise on Tobin Q. The study showed a positive but insignificant influence of board shareholding on Tobin Q. Oluwatamilore *et al.,* (2021) posited that weakness in governance structures might lead to poor firm market performance and recommended that firms ensure that appointment criteria prioritize knowledge and competence, and regulatory bodies are also encouraged to track the compliance of listed firms with corporate governance regulations.

RESEARCH METHODOLOGY

The study adopted correlational research design to establish the relationship between the variables the selected characteristics of audit committee and audit effectiveness. This research design is appropriate for studies where the objective is to establish existence of correlation between dependent and independent variables (Kothari, 2004). Nachmias and Nachmias (2008) maintain that a correlational research design is useful for collecting data that depict the relationship between variables. The importance of this design is that it gives detailed information about a phenomenon, and it can also be used for the construction of the hypothesis. Since the study focused on one county, some aspects of case study were incorporated in this study. This was very helpful in getting indepth analysis.

The population of interest in this study was the 68 senior employees from the various departments of Kericho County Government. They comprised of heads of various departments and sections domiciled in the County Government ministries. Population refers to an entire group of individuals, events or objects having common characteristics that can be observed and measured (Kothari, 2005). Cooper and Shindler (2004) defined a population as a well-defined collection of individuals or objects known to have similar characteristics. All individuals or objects within a certain population usually have a common, binding characteristic or trait. Since the population size was fairly small, the study adopted a census survey to target all the 68 respondents.

Data was collected by use of self-administered questionnaires. Before the actual survey, the questionnaire was piloted using a sample of 10 employees comprising of heads of various departments in Bomet County Government and tested for reliability. Bomet county government was chosen as its population is homogeneous to County Government of Kericho and operate in similar environments. Reliability of an instrument refers to whether or not you get the same answer by using an instrument to measure something more than once. It was necessary to establish degree to which research method could produce stable and consistent results. A specific measure is considered to be reliable if its application on the same object of measurement number of times produces the same results. Reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials. In this study the test-retest method was used in order to assess the dependability of data collected using the same instrument. Cronbach Alpha coefficient is used to compute the tests of reliability. The items with Cronbach Alpha coefficient of 0.7 and above shall be used in the study.

Further, validity checks were conducted on the instrument. Research validity in surveys relates to the extent to which the survey measures right elements under study or how well an instrument measures what it is intended to measure. Reliability alone is not enough, measures need to be reliable, as well as, valid. To ensure validity of the research instrument, the constructs in the questionnaire were constructed based on the extensive literature review. The questionnaire was subjected to panel of experts in finance and corporate governance. Their inputs were incorporated in the construction of the constructs as well as guidance from the supervisors.

After gathering that data, it was prepared for analysis. This involved cleaning, sorting and coding and then run Strata data analysis and statistical software. This ensured that the collected data was presented in a more logical manner that provided a solid base to generate conclusion with regard to specific variables under investigation. Tables and charts were used for visual representation of the major findings. Descriptive statistics that was used entailed mean score analysis, minimum, maximum and standard. To find answers to the research hypothesis in determining the effect of audit committee characteristics on audit effectiveness, the study adopted Pearson's correlation and regression analysis. The regression model is specified in equation 1.

$$Yit = \alpha + b_1X_1+b_2X_2+b_3X_3 + b_4X_4 + e \text{ ……………………………………….. Eq 1}$$

Where,

Y= Audit effectiveness (AE, dependent variable), α = constant; b_1, b_2, b_3 and b_4=coefficients

X_1= Frequency of audit committee meetings; X_2= Expertise of audit committee; X_3 = Tenure of audit committee; X_3= Independence of audit committee; e = error term.

RESULTS AND DISCUSSIONS

In order to determine the relationship between the audit committee characteristics and audit effectiveness, correlation and regression analysis was conducted. Table 1 presents the correlation results.

Table 1: Correlation between audit characteristics and audit committee effectiveness

	Audit Effectiveness	Frequency of meetings	Financial Expertise	Tenure	Independence
Audit Effectiveness	1.00				
Frequency of meetings	0.221	1.00			
Financial Expertise	0.712**	0.312*	1.00		
Tenure	-0.601**	0.213*	0.107	1.00	
Independence	0.502**	0.097	-0.111	-0.192*	1.00
N=	57				

**. Correlation is significant at the 0.05 level (2-tailed).*

***. Correlation is significant at the 0.01 level (2-tailed).*

The findings from Table 1 demonstrate that board characteristics had a moderate significant relationship with audit effectiveness in County government of Kericho. Correlation results in Table 4.10 indicates that there is no significant correlation between frequency of meetings and audit effectiveness ($r=0.22$; $p>0.05$). However, financial expertise, tenure of audit committee and independence of audit committee had significant correlation with audit effectiveness ($r=0.712$; $p<0.05$, $r=-0,601$; $p<0.05$ and $r= 0.501$; $p<0.05$ respectively. These findings are consistent with the findings of Puni and Anlesinya (2019) who found the various elements of corporate governance to be positively related to financial performance. Although the Puni and Anlesinya's study was based on entire board, the consistency of results with the current study reveals that the same applies for the audit committee. These findings were further exemplified by Oluwatamilore *et al.,* (2021) which posited that weakness in governance structures might lead to ineffectiveness and ultimately poor firm performance.

The multiple regression analysis was conducted in order to determine the predictive power of the independent variables on the dependent variable. The findings of the regression model are presented in Table 2. There exists a strong relationship between audit committee characteristics and audit effectiveness in Kericho county Government. The results show that nearly 80.6% of the variations in audit effectiveness depends on the frequency of meetings, financial expertise, tenure of audit committee and independence of the board. This is shown by

R square = 0.806; p<0.05. The results imply that other factors not captured by this model accounts for 19.4% of the variations in the audit effectiveness.

Table 2: Regression coefficients

Model 1			Unstandardized Coefficients		Std'zed Coef	T	Sig.
			B	Std. Error	B		
1	(Constant)		1.332	0.232		5.736	0.000
	Frequency of meetings		0.381	0.379	0.068	1.007	0.315
	Financial Expertise		0.904	0.105	0.529	8.581	0.000
	Tenure		-0.165	0.063	-0.176	-2.664	0.010
	Independence		0.158	0.036	0.173	4,283	0.000
	R	0.898					
	R-Squared	0.806					
	Adjusted R-Squared	0.771					
	F- Change	0.000					
	N	57					
	a. Dependent Variable: audit effectiveness						

These results indicate that frequency of audit committee meetings has no significant effect on audit effectiveness. This is shown by beta value of 0.381 which is not significant at 95% level of confidence (p>0.05). Although for most boards, there is recommended number of meetings per year, there is always room for additional meetings as need may arise. It was not clear hitherto whether such additional meetings had any significant effect on audit effectiveness. The findings of this study failed to reject the stated hypothesis that Ho1: There is no significant relationship between frequency of audit committee meetings and audit effectiveness, hence implying the alternative hypothesis is not supported. According to Song &Windram, (2004) the presence of an audit committee is not a guarantee of its effectiveness and insists that, the ability of the board to deliberate and reach quality decisions should be a guiding factor rather than frequency of meetings. Feng *et al* (2012) found that the number of meetings depends on the size and complexity of the organization. Yahya *et al,* (2020) found that there is a significant positive association with the level of impression management. This result does not support the argument that increasing number of audit committee meetings results in reduced impression management and enhanced financial reporting quality

The findings also show that the unstandardized coefficient between financial expertise and audit effectiveness is B=0.904, (t=8.581; $p<0.05$). This means that there exists a significant positive relationship between expertise of audit committee and audit effectiveness. The null hypothesis was hence rejected implying that the alternative hypothesis is supported. The implication of this finding is that, for effectiveness in audit committee to be achieved, the board should have financial expertise in its membership portfolio. This can also be achieved by capacity building and having experienced members in the board. These findings concur with Klein (2002), who affirms that it is important to consider having at least one person in the audit committee who has specific expertise in the field of accounting and finance. This enhances effectiveness and effectiveness of the audit committees in terms of decision making (Klein 2002). Krishnan (2005) puts more emphasis on the significance of accounting and finance knowledge and expertise of audit committee members in enhancing effectiveness. The originality of the current study regarding the role of financial expertise is the fact that there was no evidence adduced from public sector, specifically county governments. Oluwatamilore *et al.,* (2021) also established that financial expertise and competence of board members significantly and positively impacted on firm performance in banking sector. This position, seems to suggest that whichever way you look at it, and regardless of sector, financial expertise in a significant ingredient of effective board membership. In fact, Oluwatamilore *et al.,* (2021) alludes that weakness in governance structures might lead to poor firm market performance and recommended that firms ensure that appointment criteria prioritize knowledge and competence, and regulatory bodies are also encouraged to track the compliance of listed firms with corporate governance regulations. The current study has provided further evidence that similar emphasis

The unstandardized coefficient between tenure of audit committee and audit effectiveness is B=-0.165, (std error = 0.063; t=-2.664; $p<0.05$). This means that there exists a significant *negative* relationship between tenure of audit committee and audit effectiveness. The null hypothesis was hence rejected implying that the alternative hypothesis is supported. The implication of this finding is that, every unit increase in the tenure of audit committee member leads to a reduction of 0.165 units in effectiveness of audit committee. This finding complements aptly the findings of the descriptive statistics where the respondents were asked two more questions in order to determine the effect of tenure of audit committee had effect on audit effectiveness. The study established that audit committee serving for longer period was generally ineffective compared to an audit committee serving on a shorter term.

Independence and audit effectiveness is B=0.158, (t=4.283; SE= 0.036; $p<0.05$). This means that there exists a significant positive relationship between independence of audit committee and audit effectiveness. The null hypothesis was hence rejected implying that the alternative hypothesis is supported. The implication of this finding is that, for effectiveness in audit committee to be achieved, the board should have independent.

The implication of this finding is that, every unit increase in the Independence of audit committee member leads to increase in audit effectiveness by of 0.158 units. According to Birla (2000) the independence of the audit committee may aid the external auditor to maintain their fiduciary duties without any influence from the management. Vicknair *et al.* (1993) found a positive association between the audit committee independence and the quality of financial reporting. Abbott *et al.* (2000) found that corporations with audit committees that comprising of independent directors who meet at least twice annually are less likely to be more effective. The independence of audit committee has also been found to have an effect on the company's earnings, management and investors' perception. The independence of directors in the committee improves performance of the firm since they can execute their duties without fear or favour (Abbot *et al.* 2000). However, Sharifah *et al,* (2016) further stress that the number of independent directors would not always automatically assure enhanced firm performance and that existence of independent directors on board should be monitored in order to bring positive shareholder values. Yahya et al. (2020) found that that audit committee independence has a significantly negative relationship with the level of financial reporting quality.

CONCLUSIONS AND RECOMMENDATIONS

The study found that frequency of audit committee meetings has no significant effect on audit effectiveness. This finding leads to conclusion that the effectiveness of audit committee is not determined by how frequent the board meets, but rather the effectiveness of meeting outcome and subsequent implementation of their recommendations. The found that audit effectiveness is significantly influenced by financial expertise of the audit committee. This finding leads to the conclusion that, for effectiveness in audit committee to be achieved, the board should have financial expertise in its membership portfolio. This can also be achieved by capacity building and having experienced members in the board. Regarding the relationship between tenure of audit committee and audit effectiveness, the study established that there exists a significant negative relationship between the two variables. This finding was well complemented the findings of the descriptive statistics where the respondents were asked two more questions in order to determine the effect of tenure of audit committee had effect on audit effectiveness. The study established that audit committee serving for longer period was generally ineffective compared to an audit committee serving on a shorter term

In relation to the conclusion that effectiveness of audit committee is not determined by how frequent the board meets, it is recommended that the board should prepare an almanac and follow it. Additional meetings should be restricted to the extent that the circumstances justify. It is also recommended that future studies should apply cross-sectional research design with more organizations in order to model the optimum number of board meetings for effectiveness. Feng et al. (2012) suggests that the size, risk prevalence and complexity of the organization have a bearing on the number of audit committee meetings to be held. In line with the conclusion that financial expertise has significant positive effect on audit effectiveness, it is recommended that board committees should have a diverse blend which must necessarily incorporate at least one member with background in finance.

According to the study findings, tenure of audit committee was the second highest factor that contributes to Audit Effectiveness in County Governments. Therefore, the study recommends the county governments and similar institutions should encourage managerial ownership, ownership concentration and institutional ownership. This is because they have a strong positive influence on the quality which is associated with audit effectiveness.

The study suggest that similar study can carried on the relationship between audit characteristics and audit Effectiveness on other sectors of economy such as banking, insurance and manufacturing. The findings of this study can further be validated by conducting a similar study using longitudinal or cross-sectional survey design involving many firms with different audit committee features. There are other several audit committee characteristics which were beyond the scope of this study such as women representation in the board that can be investigated by future researchers. On the same note, similar study can be replicated in different countries in order to ascertain whether the findings illustrated in the South Rift counties are replicable in other counties.

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