

# The Relevance of the Audit Committee in Public Universities of Ghana: The Case of the University for Development Studies

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## ABSTRACT

This paper attempted to look at the relevance of the audit committee in public universities of Ghana. The target population of the study was the Directorate of Internal Audit staff and other administrative staff at the Central Administration of the University. The method of selection was by simple random sampling and the instrument used was a questionnaire. We analyzed the data collected using descriptive statistics as well as percentages. The study results showed that a significant number of the respondents were not aware that the Audit Committee makes follow-ups on recommendations in internal audit reports, pursues implementation in all audit reports, and carries-out financial issues raised in reports. Also shown from the findings was that a significant number of the respondents were not aware that the audit committee annually prepares a statement of the implementation of recommendations in all audit reports. They were not aware of the audit committee's performance and authority. Accordingly, we recommended that the training and development section of the university should collaborate with the Internal Audit Directorate to organize training programmes for staff. It was expected that such training would enable staff members to appreciate the work of the Audit Committee better. Staff would also be aware of the empowerment and authority of the Audit Committee to conduct or authorize investigations into matters within its scope of responsibility. Further, staff would become more aware of the ability of the internal audit and the audit committee to work together to ensure that there is value for money in all financial transactions.

**Keywords:** Audit committee, authority, performance, roles and responsibilities.

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## INTRODUCTION

The Audit Service Act, 2000, section 30 (1) of Act 584 requires all institutions subject to auditing by the Auditor-General, including Ministries, Departments and Agencies (MDAs) as well as Metropolitan, Municipal and District Assemblies (MMDAs) to set up Audit Report Implementation Committee (ARIC). ARIC is a legal and high level self-governing corporate governance committee in the public sector financial management system. The functions of this Committee, among other things, are to promote the effective functioning of Internal Audit Units. Also, it is to follow up on the implementation of audit recommendations which would

ensure efficient use of public funds in line with the objectives of the Public Financial Management Reform Programmes (PUFMARP). Further, it is to ensure that recommendations in audit reports were implemented to the latter. In 2016, the name ARIC was changed to Audit Committee.

The Financial Management Act (PFMA) 2016 (Act 921) section 86 (1) which was passed by Parliament on August 3, 2016, mandated all public entities to subject itself for auditing by the Auditor General's department including Ministries, Departments and Agencies (MDAs) to set up an Audit Committee. The establishment of the

Audit Committee at the Ministerial level according to the PFMA 2006 (Act 921) consists of five members as follows:

1. The Committee should have three independent members who do not work in the covered entity from the Internal Audit Agency (IAA) and Institute of Chartered Accountants (ICA), and
2. The Committee may co-opt two senior management personnel from the covered entity to serve on the Committee.

As stipulated in the act, the functions of the Committee are to;

a. Pursue the implementation and prepare an annual statement showing the status of implementation of any recommendation contained in:

- i. An internal audit report
- ii. Parliament's decision on the Auditor-General's report,
- iii. An internal monitoring unit report particularly about financial matters, and
- iv. Any other related directive of Parliament

b. Prepare an annual statement which shall:

- i. Specify the remedial action taken or proposed to be taken to avoid or minimize the recurrence of an unwanted item in the accounts and operations of a covered entity
- ii. Show the period for the completion of the remedial action and
- iii. Be endorsed by the relevant sector Minister, and forwarded to Parliament, the Auditor-General and the Office of the President within six months. This should be after the end of each financial year.

c. Members of the committee would meet once in every quarter and as and when the need arises.

The University for Development Studies (UDS) was established in May 1992 by PNDC Law 279, to blend the academic world with that of the community to provide constructive and meaningful interaction between the two for the total development of northern Ghana, in particular, and Ghana as a whole (UDS, 2017).

The University's primary intent is to address and find solutions to problems that relate to the environment and socio-economic deprivations that have characterized the three regions of northern Ghana in particular and are also found in some rural communities all through the rest of Ghana ([www.uds.edu.gh](http://www.uds.edu.gh)). Following this intent, UDS consciously and systematically runs programmes that are targeted to prepare individuals to establish their careers in specialized areas. Further, it equips these practitioners with the essential expertise to enable them to live and function in any deprived community in the country. The University also provides its products with the requisite knowledge to allow them to live and operate in any deprived community. It is the only University in Ghana which operates the trimester system, where students are sent to rural communities during the third trimester to live with them for six weeks so that they could study their socio-economic problems and challenges, and proposed development

interventions to help in solving them. The University now has nine (9) Faculties, five (5) Schools, two (2) institutes and one (1) Centre. The current student population of UDS is 18, 454 (Students and Academic Affairs Section, UDS, 2017).

The University currently has about 40 postgraduate programmes in the Social Sciences and Sciences run across the University campuses.

These programmes are run on sandwich or full-time basis.

The following Faculties and Schools of the University now offer postgraduate programmes. They are:

Faculty of Mathematical Sciences (FMS), Faculty of Applied Sciences (FAS), Faculty of Integrated Development Studies (FIDS), Faculty of Agriculture (FOA), Faculty of Agribusiness and Communication Sciences (FACS), Faculty of Education (FoE), School of Business and Law, School of Allied Health Sciences, and School of Medicine and Health Sciences ([www.uds.edu.gh](http://www.uds.edu.gh)).

### **Evolution and adoption of Audit Committee**

In a survey report by the Institute of Certified Public Accountants of Kenya (ICPAK) on the usefulness of Audit Committees in Kenya's public division, the Institute affirms that "Audit Committees are to help provide strengthened oversight of the financial and ethical integrity of public companies so as to ensure the development of their corporate governance". The Institute asserts that Audit Committees "emerged as key mechanisms in strengthening corporate governance internationally during the last two decades" (ICPAK, 2015). It continued that "the Sarbanes-Oxley Act of 2002 in the United States (US), the report of the Australian Treasury of 2002, the recommendations of the Smith Committee of 2003 and the Higgs review of 2003 in the United Kingdom (UK)" gave rise to the adoption of Audit Committees. ICPAK maintains that "the King also informed the move for this reports on corporate governance in South Africa-King I (1994), King II (2002) and King III (2009); all of which made strong recommendations on the need to institutionalize Audit Committees" (ICPAK, 2015).

ICPAK (2015) traces the evolution of Audit Committees in the world to the 1940's and observes that "in the US, Audit Committees evolved when the Securities and Exchange Commission (SEC) endorsed the concept of the Audit Committee in the 1940s. It adds that this was informed by the investigation of McKesson and Robbins" (ICPAK, 2015). According to ICPAK, Audit Committees in the UK evolved in 1992 when the Cadbury Committee published a report on the policy of finest practice which largely reflected perceived best practice at the time. It was then "strongly recommended that all companies should establish and maintain Audit Committees as a means of raising the standards of corporate governance" (ICPAK, 2015).

Efforts to establish Audit Committees in Canada

culminated in 2004 with the issuance of a Multilateral Instrument (MI-52-110) by the Canadian Securities Administrators (ICPAK, 2015). According to ICPAK, the instrument outlined the requirements for the establishment and operation of Audit Committees of reporting issues (ICPAK, 2015).

The emergence of Audit Committees in South Africa as put forward by ICPAK (2015) was that "Public Sector Audit Committees received support from several legislators for their establishment." It adds that before this, "the Public Finance Management made it obligatory for all state or regional public sector organizations to set up an (or share an established) audit committee" (ICPAK, 2015).

Coming to Ghana and as postulated by ICPAK, "the framework that regulates an effective corporate governance practice is contained in various pieces of legislation including the Audit Service Act 2000 (Act 584) and the Internal Audit Agency Act of 2003, among others". The Institute is of the opinion that "the roles of the Governing Boards and Councils in the public sector of Ghana make it evident for the internal audit to function" (ICPAK, 2015).

Per the Institute of Certified Public Accountants of Kenya (ICPAK, 2015), "the Audit Report Implementation Committee (ARIC) is formed to assist the Board/Council in carrying out its duties concerning audit reports and regulatory conformance." It adds that "the ARIC also serves as a forum for interaction between the Board/Council and the internal and external auditors".

For the Audit Committee to be useful in the performance of its functions, Githinji (2012) argues that the ARIC should embrace a broad concept of risk assessment. In his view, The Audit Committee would be useful if the Management of organizations/institutions focuses on monitoring, financial and carrying out of organizational controls in their duties. Githinji (2012) identifies; establishing, implementing, monitoring, evaluating and the sustenance of good corporate governance practices, as what the Audit Committee can do for their respective organizations/ institutions.

According to Ariga and Gathogo (2016), many factors make it possible for internal audits to be effective. In their view, audits can be effective if there is the assurance that there are adequate management processes that they can identify with and also monitor risks deemed to be significant. They also argue that audits can be competent if there is a confirmation that the established internal control systems are active in operation (Ariga and Gathogo, 2016).

Internal audits are deemed to be useful if they can ensure that there is value for money in all activities and engagements undertaken by management. Audit Committees, therefore, expect internal audits to be able to accomplish their planned activities or activities in their audit plans to be considered useful. In this vein, Audit Committees expect internal audits to ensure that audit

reports are issued on time and not delayed. Affum (2011) observes that for audit reports to be closed, the internal audit is requested to follow-up on all recommendations, to the latter, in audit reports.

Ariga and Gathogo (2016) also assert that in Africa, there are various challenges characterized by the function of internal audits to make them useful. These challenges include a lack of adequate support from management, inadequate processes to identify and monitor significant risks, and lack of credible means for feedback on risks management and assurance. They also include the ineffective operation of the established internal control systems and the difficulty in executing and communicating audit findings. Additional challenges include the difficulty with the accomplishment of planned audits and late release of audit reports. A further challenge is a constraint by which internal audits can carry-out or make follow-ups on all audit recommendations to enable the audit to be closed. Concerning this assertion, Affum (2011) indicates that some of the difficulties internal audits face, which makes them not useful in Ghana are; poor image, communication difficulties, staff incompetence, limited independence and interference from management, as some of the challenges. In his view, internal audits in Ghana can do better in their operations than they currently do if given the support and cooperation from management of their respective organizations/institutions.

In an article in the Ghanaweb Homepage and reported by Starfmonline.com (2018), the Auditor General in Ghana has accused his Board Chairman and the Board of the Audit Service of "unlawful interference and violations of his constitutional mandate". The report indicated that the Board undertook certain decisions in the absence of the Auditor General which appeared hostile in the effective discharge of his duties. It adds that the Auditor General has since petitioned the President of the Republic of Ghana to intervene and help him to arrest graft in the procurement process. This is a clear example of interference which can affect the smooth performance of the internal audit.

Bediako-Ahoto (2011) posits that internal audits would be useful if they were given the support to operate without any interference. He believes that through this, they would be able to achieve the objectives set by the auditees. He further argues that when problems arise or surface following an audit that is carried out, and also the recommended solutions are not able to resolve the issues, the internal audit is considered ineffective. He adds that for internal audits to be effective, the reverse of such a situation should hold.

### **The Role of Internal Audit**

For organizations/institutions to remain relevant, it is expected that they would be able to achieve the objectives they have set for themselves. Accordingly,

the internal audit which is like a watchdog in their respective workplaces is expected to live up to expectation. They are therefore supposed to assist management in discharging their duties and avoiding any form of financial leakages, which could affect the organization's growth. Tapiwa (2013) states that the primary objective of internal audits is to furnish management with critical analysis, appraisals where necessary and recommendations that would ensure efficiency. He further argues that it is essential for internal audits to make comments and suggestions that would add to the benefit of organizations/ institutions in the discharge of its activities.

Gelman et al. (2015) wrote on Audit Committees; the roles and responsibilities and touched on five thematic areas which are; what an audit committee is, how an audit committee works, what audit committee members do, what an audit committee charter is, and what the benefits of an audit committee are. They argued in their study that Audit Committees have been established to provide oversight of the financial reporting process, the audit process, the system of internal controls, and finally, compliance with laws and regulations. The duo added that Audit Committees work by establishing procedures for accepting private and unidentified concerns comparative to financial reporting and inside control matters. On what committee members are to do, the authors explained that members of the Audit Committee are expected to participate in an executive session at each meeting. They further argued that, during a session, members of the Committee could meet with auditors, members of management, or financial reporting staff and provide the opportunity to garner candid information on potentially sensitive topics. On what an audit charter is, they explained that the charter sets forth the general purpose, authority, composition and responsibilities of the Committee, with the charter tailored towards the organization/ institution. On the benefits of an audit committee, Gelman et al. (2015) identified five (5) steps that an institution/ organization could benefit from an audit committee as follows:

a. Leverage your time: this is because financial reporting is becoming more critical and complicated every year hence the need for the audit committee to have a selected group of people knowledgeable about financial matters.

b. Improve your internal control: this is because proper internal controls will lead to higher efficiencies in all processes, less waste of resources, more objective evaluation methods and more timely and accurate management measurements.

c. Improve your financial management: this is because financial management and reporting determine your creditworthiness to outsiders and growth targets and successes to insiders. It is the ultimate scoreboard for management's results.

d. Spell out the roles and responsibilities of an organization's board of directors: this is because when

responsibilities are clearly stated, there would not be the risk that the task may be inefficiently or effectively executed, or perhaps not executed at all. Having a separate audit committee clarifies critical responsibilities for your board, and in the case of universities Governing Councils.

d. Bring value to your audit dollar: An active audit committee can discover hidden problems and deal with them before they grow into something dangerous. Hence, they should be seen to be involved in the activities of the internal audit throughout the year.

Writing on the role of the Audit Committee in 2017, the Canadian Public Accountability Board (CPAB) indicated that audit committees have a pivotal role to play in enhancing audit quality, and argued that active audit committees and auditors build confidence in the integrity of financial reporting. The Board added that the audit committee plays a critical role in creating the right environment for quality auditing. It also must create an enabling environment that would be conducive for an open discussion between management and the auditors. Further, the CPAB was of the view that audit committees were responsible for overseeing the work of the auditors. Again, the Audit Committee needed to understand the audit strategy, be satisfied that it addresses the significant audit risks, and make sure that auditors exercise appropriate professional skepticism. The CPAB further argued that audit committees needed to ensure that the auditor has an appropriately independent mindset from management and is truly objective. This way, the audit committee will be able to conclude on the effectiveness of the audit.

On purpose, progress and professionalism of the audit committee, the Institute of Internal Auditors outlined some detailed audit committee responsibilities as follows:

- Make sure monetary statements are understandable, apparent and dependable.
- Guarantee that the risk management process is comprehensive and ongoing, rather than partial and periodic.
- Help achieve a deep organization commitment that is reliable, effective and has internal controls emanating from the tone at the top.
- Review corporate policies that relate to compliance with laws and regulations, ethics, conflicts of interest, and the investigation of misconduct and fraud.
- Evaluate current and pending corporate governance-related litigation or regulatory proceedings to which the organization is a party.
- Continually communicate with senior management regarding status, progress, and new developments, as well as problematic areas.
- Ensure that internal auditors' have access to the audit committee, encouraging communication beyond scheduled committee meetings.
- Review internal audit plans, reports and significant findings.

- Create a direct reporting relationship with the external auditors.

who hitherto had little knowledge about the audit committee would come to know and appreciate the Committee's roles and responsibilities better. We also expect staff to understand the reasons for the formation, operations and functions of the UDS Audit Committee.

### **Background to the study**

We know that committees all over, be it in institutions or organizations, are established to perform specific functions. Like any of these committees, the Audit Committee ensures that Heads of Units, Faculty and management leaders respond to audit queries. Unfortunately, it does not seem to be the case as some Heads of Units, Faculty and management leaders do not want to cooperate with the Audit Committee when it tries to enforce the recommendations in audit reports. A clear example was the stiff opposition received from some members of management when the internal audit made a proposal for logbooks to be signed by persons' allocated official vehicles in the University after returning from their official trips. As reported by one of the researchers who serviced the UDS Audit Committee as the Secretary from 2010 to 2015, the proposal was to enforce logging-in of the logbook by all categories of staff who were privileged to have been assigned with an official vehicle. It was also to serve as a check on funds collected for such travels and whether the travels were undertaken. Sadly, such a good proposal by way of sanitising the system was vehemently opposed. This is a clear case of an uncooperative and confrontational situation between some members of management on the one hand, and the internal audit and Audit Committee on the other.

On the basis of section 30 (1) of the Audit Service Act, 2000 (Act 584), and section 16 (8) of the Internal Audit Agency Act, 2003, the Audit Report Implementation Committee (ARIC), which in 2016 changed to Audit Committee was established by the Governing Council of the University for Development Studies with a member of Council as the Chairperson.

The functions of the UDS Audit Committee as outlined in section 30 (2) of Act 584, including the following:

- Ensure that the head of the institution pursues the implementation of matters in all audit reports, the Auditor-General's reports endorsed by Parliament and the financial issues raised in the reports. These are to be used for the internal monitoring units in the institution,
- Prepare annual statements showing the status of the implementation of recommendations made in all audit reports as well as the Auditor-General's reports.

Section 3, of Act 658, stipulates that the annual statement shall show remedial actions that have been taken or proposed to be taken to avoid or minimize the recurrence of the unwanted items in the financial

records and operations of the institution. The time outline for an action to be accomplished should be considered.

Having serviced the Audit Committee for five (5) years, one of the researchers observed that when staff were asked about the functions of the other sub-committees (Finance, Development and Entity Tender) of the University's Governing Council, they were able to tell readily but it was not the same with the Audit Committee. We also observed that within that period, no staff of the University had embarked on a study on the Audit Committee. We also wanted to know whether the staff were aware of the functions of the Audit Committee, hence our desire to embark on this study. As a sub-committee of the University's Governing Council, the Audit Committee is mandated to report to the Council in line with the requirement of the law and the guidelines from the Internal Audit Agency (IAA) for reporting on ARIC activities. In such reports, the number of Audit reports for the year was considered, the number of findings in the report was also looked at, and the number of conclusions acted on entirely. The number of outcomes with actions in progress as well as the number of findings with actions outstanding is also to be looked at by the Committee to ensure the implementation of recommendations in all audit reports.

### **Justification of the Subject Matter**

The research study is essential as it would enable staff who hitherto had little knowledge about the functions and tasks of the Audit Committee to come and embrace the Committee's work. It would also make staff aware that the Audit Committee exists to make sure that there is value for money in all transactions carried out by budget holders of the institution. It is also to ensure that leakages and graft in the system are reduced to a considerable level.

Even in our interaction with the majority of staff on their awareness about the roles of sub-Committees of the Governing Council of UDS of which the Audit Committee was one, it became apparent that quite a number of them did not know about the functions of the Audit Committee compared with the other committees.

This ignited our interest to conduct this study. As earlier stated, audit committees are expected to ensure the implementation of the recommendations in all audit reports. They are also to make follow-ups on suggestions by the Directorate of Internal Audit.

Given this; it is expected that:

1. The study determines whether staff are aware of the roles and responsibilities of the Audit Committee.
2. The study investigates the performance of the Audit Committee.
3. The study further investigates the authority of the Audit Committee.

### **Objectives of the study**

The study objectives are:

- 1.To determine the roles and responsibilities of the Audit Committee
- 2.To investigate the performance of the Audit Committee
- 3.To examine the authority of the Audit Committee

### Research Questions

Three research questions guided the study, and these are:

1. What are the roles and responsibilities of the Audit Committee?
2. Is the Audit Committee able to perform its roles and responsibilities as expected?
3. Does the Audit Committee have the authority required to achieve its mandate?

## MATERIALS AND METHODS

### Research Design

Data was collected through self-administered questionnaires or interviews. This design is flexible in the sense that many questions can be asked on a given topic. A research design will typically include how data is collected. It also embraces the instruments to be employed and how they will be used, and further, the intended means for analyzing the data collected. It is also the overall strategy that is chosen to integrate the different components of the study coherently and logically. Further, it ensures that the research problem is adequately addressed. Again, it constitutes the blueprint for the collection, measurement, and analyses of data.

### Data Collection Techniques

The primary instrument used for the data collection was the questionnaire. The questionnaire was in two sections. Section A was on the demographic characteristics of the respondents, and section B involved closed-ended questions. The closed-ended questions also sought to get precise responses to the questions. The questionnaire was administered by two of the researchers.

### Sample size and sampling

All audit, accounts and other administrative staff of the University whose offices are located in the Central administration building at Dungu, Tamale Campus, constituted our population size. The population of all administrative staff at the Central Administration is one hundred and thirty (130) (UDS Human Resource Section, 2017). This number consists of : Nine (9) audit staff, 41 accounts staff and 80 administrative staff. Staff of the Works and Physical Development (WPD) who are 190 in number was not part of our target

population since majority of them are artisans, labourers, cleaners, gardeners, and messengers.

In all, sixty-three (63) staff were sampled out of a population of 130 administrative staff at the Central Administration (Human Resource Section, University for Development Studies, 2017). The justification for the selection of the study area was to solicit for responses from all categories of staff at the Central Administration of the University. Also, the Audit Committee operations are mostly confined to the Central Administration even though reports from the various satellite campuses are worked on by the Committee. The questionnaires were administered in the month of November 2017, over a period of four weeks.

### Data collection procedures

Sixty-three questionnaires were administered to all staff of the Directorate of Internal Audit, as well as some accounts and other administrative staff at the Central Administration. The choice of all the audit staff was because the Audit Committee's mandate is to ensure the implementation of all audit findings and recommendations in audit reports, hence the need to solicit their views on the Committee. The choice of other respondents was to ascertain if they were aware of the existence of the Audit Committee and its roles/responsibilities. It was also to find out their perception as to whether the Committee was achieving its mandate. The response rate reflects the quality and representativeness of the data used in the analysis.

### Data Analysis

Data gathered from the respondents was coded and analyzed using the IBM SPSS Statistics Data Editor Version 20. Descriptive statistics including frequencies and percentages were used to present results of the data analyzed.

## RESULTS

### Demographic background of respondents

Table 1 shows the demographic background of respondents. The sum of respondents interviewed was 63, out of which 36 representing 57.1% were males while 27 representing 42.9% were females. Also, the highest number of respondents (16) representing 25.4% were in the age group of 40-44, and one respondent representing 1.6% was in the age group of 20-24. Results from the study show that, significant number of the respondents were above 25 years.

On the level of education, the highest number of respondents (26) representing 41.3% were first degree holders, while there was only one respondent with a Ph.D. degree.

On the length of working in UDS, the findings showed that majority of the respondents (21) representing

**Table 1:** Demographic profile of respondents.

<b>Variable</b>	<b>Number of Respondents</b>	<b>Percentage</b>
Gender		
Male	36	57.1
Female	27	42.9
Total	63	100
Age		
20-24	1	1.6
25-29	3	4.8
30-34	10	15.9
35-39	11	17.5
40-44	16	25.4
45-49	8	12.7
50-54	7	11.1
55-59	5	7.9
60+	2	3.2
Total	63	100
Educational Attainment		
Diploma	9	14.3
First Degree	26	41.3
MA /MSc	9	14.3
MBA	10	15.9
MPhil	8	12.7
PhD	1	1.6
Total	63	100
Length of working in UDS		
1-5	15	23.8
6-10	21	33.3
11-15	13	20.6
16-20	13	20.6
21-25	1	1.6
Total	63	100
Place of work in UDS		
Directorate	20	31.7
Department	10	15.9
Section	17	27.0
Unit	16	25.4
Total	63	100
Accounting Background		
Yes	36	57.1
No	27	42.9
Total	63	100

**Source:** Survey Data (2017).

33.3% have worked in UDS between 6-10 years. The results also showed that a sizeable number of the respondents (26) have worked in UDS between 11-20 years with only one respondent having worked in UDS for more than 20 years.

On the place of work in the University, the findings of the investigation showed that majority of the respondents (20) representing 31.7% work under a Directorate, 16 respondents representing 25.4% work under a Unit and 17 respondents, which represents 27% work under a section. The lowest number of respondents (10) representing 15.9% work under a Department.

The study also considered if the respondents have a background in accounting. From the findings, 36 respondents representing 57.1% responded that they

have accounting background while the remaining 27 representing 42.9% do not have an accounting background.

**Roles and responsibilities of the Audit Committee**

To have answers to objective 1, respondents were asked pertinent questions geared towards finding answers to that effect. Accordingly, Table 2 looks at responses on the roles and responsibilities of the UDS Audit Committee. 63 questionnaires were distributed and all were retrieved.

Table 2 show that 20 respondents representing 31.7% and nine respondents representing 14.3% responded yes and no respectively to the assertion on the functions of the Audit Committee. 19 respondents

**Table 2:** Responses on the roles and responsibilities of the Audit Committee.

S/N	Variable	Yes	%	No	%	D know	%	Total	%
1	Knowledge about the functions of the Audit Committee	20	31.7	9	14.3	34	54.0	63	100
2	Follow-up on recommendations of internal audit reports	19	30.2	6	9.5	38	60.3	63	100
3	Provide advice on Risk Management	32	50.8	3	4.8	28	44.4	63	100
4	Provide guidance on Risk Control	31	49.2	3	4.8	29	46.0	63	100
5	Ensures Management complies with laws	30	47.6	6	9.5	27	42.9	63	100
6	Pursue implementation in all audit reports	21	33.3	3	4.8	39	61.9	63	100
7	Carry-out financial matters raised in reports	17	27.0	5	7.9	41	65.1	63	100
8	Prepares a statement of implementation of recommendations in all audit reports	12	19.0	4	6.3	47	74.6	63	100

**Source:** Survey data (2017).

representing 30.27%, six respondents representing 9.5% and 38 respondents representing 60.3% responded yes, no and don't know respectively, to the assertion that the Audit Committee make follow-ups on the Auditor-General and Public Accounts Committee's recommendations of the internal audit report. Also, on advice on Risk Management provided to Management, 32 respondents representing 50.8% responded yes, three respondents representing 4.8% answered no, and 28 respondents representing 44.4% answered don't know. Further, on advice on Risk Control provided to Management, 31 respondents representing 49.2% answered yes, three respondents representing 4.8% responded no, and 29 respondents representing 46% responded don't know. Again on whether the Audit Committee ensures that Management complies with laws, regulations and ethical standards, 30 respondents representing 47.6%, six respondents representing 9.5% and 27 respondents representing 42.9% answered yes, no and don't know respectively to the assertion.

Again, on whether the Audit Committee ensures that the Head of the institution pursues the review and implementation of matters in all audit reports, 21 respondents representing 33.3% responded in the affirmative, three respondents representing 4.8% replied in the negative and 39 respondents representing 61.9% answered don't know. On whether the Audit Committee ensures that financial matters raised in reports of internal monitoring units in the institution are carried out to the latter, 17 respondents representing 27% responded in the affirmative, five respondents representing 7.9% answered in the negative and 41 respondents representing 65.1% replied that they don't know. Further, twelve respondents representing 19%, four respondents representing 6.3% and 47 respondents representing 74.6% answered yes, no, and don't know respectively, to the assertion that the Audit Committee prepares a statement that displays the implementation status of recommendations made in all audit reports annually. A critical view of the responses in the above table seems to suggest that knowledge of

the roles and the everyday jobs of the Audit Committee is mixed.

We observed that a combination of the responses for no and don't know seems to suggest that the majority of staff at the Central Administration do not know the roles of the Audit Committee.

Among the respondents who indicated that they know the roles and responsibilities of the UDS Audit Committee, these are some of the explanations they gave:

The roles and responsibilities include the review of all audit reports, review of all financial reports produced by the entity, approve the annual audit plan, and issue an annual report on activities carried out.

The role of the UDS Audit Committee is to ensure that audit recommendations are followed through.

To advice Management on risk, and also ensure that findings and recommendations by the Internal Audit Unit are implemented to the latter.

To ensure the implementation of audit recommendations by management; mediate between Management and the Internal Audit when the need arises.

To review the implementation of all issues identified in reports, and also ensure that ethical standards are duly implemented/followed.

To review both internal and external audit reports and ensure the implementation of the recommendations.

To bring out the economic injustices for readdress, and also check expenditure.

To ensure effective corporate governance and external audit oversight and implementation of the report.

To ensure that the audit report is duly implemented and that the Internal Audit does its work.

To implement audit findings to minimize errors.

To ensure the implementation of recommendations of audit reports.

To ensure compliance with the laws governing the University.

To provide action and insight to oversee and improve financial practices and reporting.



**Table 3:** Responses on the performance of the Audit Committee concerning internal audit.

S/N	Variable	Yes	%	No	%	D know	%	Total	%
1	Advice on annual internal audit plans	22	34.9	3	4.8	38	60.3	63	100
2	Monitor performance of internal audit units	15	23.8	5	7.9	43	68.3	63	100
3	Monitor implementation of audit recommendations	13	20.6	4	6.3	46	73.0	63	100
4	Review activities of the internal audit unit	14	22.2	7	11.1	42	66.7	63	100
5	Need to appraise the efficiency of the internal audit unit	17	27.0	6	9.5	40	63.5	63	100
6	Meet independently with the director of internal audit	7	11.1	8	12.7	48	76.2	63	100
7	Ensure that findings received are discussed and acted on	18	28.6	3	4.8	42	66.7	63	100
8	Obtain regular updates from Management on compliance	12	19.0	5	7.9	46	73.0	63	100
9	Satisfied with matters relating to regulating operations	11	17.5	8	12.7	44	69.8	63	100
10	Need to review the effectiveness of the system for monitoring compliance	12	19.0	5	7.9	46	73.0	63	100

Source: Survey data (2017).

**Performance of the Audit Committee with respect to Internal Audit**

This aspect of the work considered whether the Audit Committee was performing its roles and responsibilities with regards to Internal Audit as we address objective 2 of our study. At the 10<sup>th</sup> Annual Internal Audit Forum on October 21 - 22, 2015 held at the Accra International Conference Centre (AICC), the Internal Audit Agency (IAA) who were the organizers of the Forum, disclosed that Audit Committees have specific roles they have to perform with regards to Internal Audit. Accordingly, our objective was to find out whether this directive was being carried out by the Audit Committee of the University.

From Table 3, it is clear that many of the staff don't know the performance of the Audit Committee with regards to the Internal Audit. From results of the investigations, 22 respondents representing 34.9% and 38 respondents representing 60.3% responded yes and don't know respectively, as to whether the Audit Committee reviews and advice on the strategic and annual internal audit plans. On whether the Audit Committee monitors the performance of Internal Audit Units against its annual internal audit plans and strategic plans, 15 respondents representing 23.8% responded in the affirmative while 43 respondents representing 68.3% responded don't know. On whether the Audit Committee monitors the implementation of agreed audit recommendations, 13 respondents representing 20.6% responded in the affirmative while 46 respondents representing 73% answered don't know. On whether the Audit Committee reviews the activities, resources and organizational structure of the Internal Audit Unit and ensure that no unjustified restrictions or limitations were placed on the Internal Auditors, 14 respondents representing 22.2% answered in the affirmative and 42 respondents representing 66.7% responded don't know. Regarding whether the

Audit Committee needs to review the effectiveness of the Internal Audit Unit and make sure that it has a suitable reputation within the MDA, 17 respondents representing 27% responded yes, six respondents representing 9.5% responded no, and 40 representing 63.5% answered don't know.

On whether the Audit Committee meets separately with the Head of the Internal Audit to discuss matters that the Committee or Internal Auditors believe should be discussed privately, seven respondents representing 11.1% responded yes, eight respondents representing 12.7% responded no and 48 respondents representing 76.2% answered don't know. On whether the Audit Committee ensures that significant findings and recommendations made by the Internal Auditors and Management responses are received, discussed and appropriately acted on, 18 respondents representing 28.6% answered yes, and 42 respondents representing 66.7% responded don't know. On whether the Audit Committee obtains regular updates from management regarding compliance matters that may have a material impact on the MDA accounting records or compliance regulations, 12 respondents representing 19% answered yes, and 46 respondents representing 73% answered don't know.

On whether the Audit Committee is satisfied that all regulatory compliance matters, relating to the operations of the MDA have been considered in the preparation of the accounting records, 11 respondents representing 17.5% responded yes, eight persons representing 12.7% answered no, and 44 respondents representing 69.8% responded don't know. On whether the Audit Committee needs to review the effectiveness of the system for monitoring compliance with laws and regulations, 12 respondents representing 19% answered yes, five respondents representing 7.9% answered no, and 46 respondents representing 73% answered don't know.

From the above response, we will not be wrong to say

**Table 4:** Results of respondents on the Authority of the Audit Committee.

S/N	Variable	Yes	%	No	%	D know	%	Total	%
1	Access to management in the discharge of its duties	15	23.8	10	15.9	38	60.3	63	100
2	Capacity to deal with accounting, audit, and internal control etc.	14	22.2	9	14.3	40	63.5	63	100
3	Ability to establish procedures for receipt, retention and treatment of complaints	12	19.0	6	9.5	45	71.4	63	100
4	Ability to obtain professional advice from institutions	18	28.6	6	9.5	39	61.9	63	100

Source: Survey data (2017).

that the majority of staff (respondents) do not have adequate knowledge about the performance of the Audit Committee.

### Authority of the Audit Committee

To be able to perform its roles and performance creditably, the Audit Committee should have the authority to discuss with management of the institution's major policies concerning risk assessment and risk management. Also, the Committee in the discharge of its duties and responsibilities is expected to have an unquestionable authority and have access to the Management of the University. Accordingly, the researchers considered the views of respondents on this aspect of the power of the Audit Committee.

Table 4 shows the opinions of respondents on the power of the Audit Committee. Table 4 revealed that the greater part of the staff don't know the authority of the Audit Committee. On whether the Committee has unrestricted access to Management in the discharge of its duties, the findings of the investigations revealed that 15 respondents representing 23.8% responded yes, ten respondents representing 15.9% responded no, and 38 respondents representing 60.3% answered don't know to the assertion. 14 respondents representing 22.2%, nine respondents representing 14.3% and 40 respondents representing 63.5% responded yes, no and don't know respectively to the assertion whether the Audit Committee can deal with concerns of emphasis regarding accounting, internal control, audit and other operational matters. 12 respondents representing 19% and 45 respondents representing 71.4% responded yes and don't know respectively, whilst the remaining respondents responded no to the assertion that the Audit Committee can establish procedures for receipt, retention and treatment of complaints. Such complaints can be received from the MDA regarding accounting, internal controls, auditing and other operational matters. On whether the Committee can obtain professional advice from relevant government organs, 18 respondents representing 28.6%, six respondents representing 9.5% and 39 respondents representing 61.9% responded yes, no and don't know, respectively, to the assertion.

Results of our investigations also show that the majority of the staff don't know about the authority of the Audit Committee. Nevertheless, for the Audit Committee to remain relevant and efficient, it is expected to have the power to conduct or authorize investigations into any matter within its scope of responsibility.

### DISCUSSION

The findings from our investigations revealed that staff of UDS at the Central Administration with accounting background appear to recognize and appreciate the importance of the Audit Committee much better than their counterparts without accounting background. Also, whereas such staff are aware of the nature and functions of the Audit Committee, and ready to endorse it, those without accounting background seem to be apathetic towards the roles and responsibilities of the Committee.

Results from the study show that a fair number of the respondents do not know the roles and responsibilities of the Audit Committee. Some respondents who responded that they don't know the performance of such a committee, however, admitted that the Committee was supposed to perform those roles, but they were unaware. The findings also show that many of the staff do not know about the performance of the Audit Committee with regards to the internal audit. It is for these reasons that we recommend the training and development section to do more by way of educating staff on the various committees in the university so that staff will appreciate the work of such committees.

The investigations also revealed that staff do not know about the authority of the Audit Committee concerning its capacity and the extent to which it is entitled to the Management of the institution. Further, in as much as the study seems to suggest that the Audit Committee may not be performing its roles creditably, the staff of the Internal Audit think otherwise because they perhaps work closely with the Committee for which reason, they understand and appreciate the workings of the Committee better.

In as much as staff may not be privy to the performance and authority of this Committee, we can say on

authority that the Committee has lived up to expectation and also performing its roles and responsibilities of acting as a check on the activities of management and the internal audit. Moving forward, it is worth mentioning that the UDS Audit Committee has been able to improve upon the Stores Unit, Finance Directorate and the Students' and Academic Affairs Section. In the area of academic and students' affairs section, for example, the audit committee was able to ensure that the academic affairs section furnished the relevant stakeholders with the admission list of students. This was after the Internal Audit had reported that there was no admission and student registration list at the Wa Campus of the University in its fourth quarter Internal Audit Report for 2013. Also, the Audit Committee requested the Director of Academic Planning and Quality Assurance (DAPQA) to ensure that academic programmes awaiting accreditation and due for accreditation were accredited. This was after the Internal Audit had indicated in the same fourth quarter Internal Audit Report for 2013 about the non-renewal of accreditation programmes at the Wa Campus. DAPQA was also to ensure that all academic programmes of the University that had not been accredited are accredited by the end of the first trimester of the 2014/2015 academic year.

Further, the Audit Committee was able to look at the second quarter Internal Audit report for 2014 where it made some suggestions geared towards the decongesting of the Stores at the Campuses. It endorsed the recommendations by the Internal Audit and ensured that the proposals were followed through to the end. Some of those recommendations were as follows:

Items that had outlived their usefulness should be boarded off,

Storekeepers should make the effort to arrange items in the stores correctly and in an orderly manner,

There should be a useful management system and a proper records keeping system,

Inventory should be taken of old stock during the last quarter of every year so that items that had outlived their usefulness could be boarded off, and Management should consider building stores at the various Campuses.

The Audit Committee also made lots of strides in the area of stores by giving the Stores Unit a facelift.

Again, in the area of Finance, the Audit Committee requested the Director of Finance to address some issues relating to the Budget Unit. This was after the Committee had looked at the fourth quarter Audit report for 2013 where there was an observation that purse owners did not submit their budgets on time to enable the Finance Directorate to prepare budgets as expected. The Committee had also observed that expenditure incurred were sometimes not in the University budget. They had further noted that the directives for approval of some expenditure were not usually written out, suggesting that budget holders were

not disciplined enough. To instill some level of discipline in budget holders, the Director of Finance in 2014 organized a workshop on Financial Management for Deans and Directors.

From the ongoing, if we were to go by the roles and responsibilities of the Audit Committee which is to pursue the review and implementation of matters in all audit reports as well as financial issues reviewed in the reports, we could rightly say that the Audit Committee in no small extent is achieving its mandate. Also, so long as the Audit Committee annually prepares a statement to show the status of implementation of recommendations made in all audit reports, we can in no small extent assert that the Audit Committee is performing the roles and responsibilities expected of it, creditably. Further, in the discharge of its duties, the Committee should have the authority to seek any information it requires from employees. Every employee of the establishment is mandated to cooperate with the Committee when they are approached for any information or the need to answer a query.

## **Conclusion**

From the study result, the majority of staff (respondents) do not have adequate knowledge about the roles and responsibilities of the Audit Committee, as revealed in this study. The few others who believe that the audit Committee has performed creditably well have suggested that the Committee should be empowered to enable it carry out its mandate of ensuring transparency, accountability, prompt execution of projects and ensure there was value for money in all university transactions. The study has been able to make staff who were not aware of the roles and responsibilities of the Audit Committee to become acquainted with the roles and responsibilities of the Committee. It has also made them to understand and appreciate the activities of the Audit Committee, including its performance and authority/powers, much better. Our observation also confirms that the Committee can perform creditably well if it gets adequate support and cooperation from management and the entire university fraternity.

## **Recommendation**

1. We recommend that observations/findings and recommendations by the Audit Committee should be successfully carried out to the latter and implemented.
2. The Committee should be supported by management to ensure that all emerging issues and activities of the University management go on smoothly.
3. The Audit Committee should make a conscious effort to provide advice to management on all issues that border on risk management and internal control as mandated of it.

4. There is the need for extensive training to be carried out for staff on the operations of the Audit Committee so that activities of the Committee would be appreciated. In this regard, we recommend the Training and Development Section in collaboration with the Audit Directorate to take up such a task.
5. We recommend that relevant stakeholders especially management should have a critical role to play to ensure that the Audit Committee delivers on its mandate or becomes more relevant.
6. We recommend the Audit Committee to be empowered to invite any management staff, campus auditors or any staff to attend its meetings and provide pertinent information, as and when it deems it necessary.
7. We again recommend the Audit Committee to be empowered to ensure that the Directorate of Internal Audit includes in their annual audit plans all items bordering on risks.
8. To enable the Committee to perform satisfactorily, we recommend that the Committee should be resourced adequately to allow it to become effective in the performance of its roles and responsibilities.
10. Finally, we recommend the Audit Committee to have access to the external auditors' reports of the institution so that critical issues emanating from the reports could be addressed holistically.

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