

Influence of Audit Committee Composition on the Quality of Audit Reports of Sacco's in Homabay County, Kenya

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Abstract

Every functioning organization tracks its progress by preparing timely financial statements at the end of every financial year which then are presented to various individual users who are interested on the progress of the organization. Further to this, an audit process is then carried out to ascertain the accuracy of the financial statements which then is sealed by a transparent audit report produced by the audit committee to the individual entity. The main objective of this study was to examine the influence of audit committee composition on the quality of audit reports of Sacco's in Homabay County, Kenya. This was justified by the existence of Many Sacco's in Homabay County which are reportedly having audit issues in the past years. The study was guided by Agency theory. This study adopted causal research design, the target population was 104 audit committee members of deposit taking Sacco's in Homabay County as at December 2021. The study obtained responses from 82 audit committee members out of the target population obtained using krejcie and Morgan formula participated in the study. Primary data was collected using research questionnaire which involved drop and pick method. Data analysis was done using descriptive statistics such as frequency table, mean and standard deviation while inferential statistics included Pearson's correlation analysis, hierarchical and stepwise regression. The findings of this research will be of much importance to the county government of Homabay, managers of Sacco's, cooperative societies and scholarly community at large. It will aid in the handling of various committees in the Sacco's and state cooperatives. It will be of significance to researchers and future scholars who might need to refer to such and equally build on it for further research. The study discovered that audit committee composition had positive significant influence on quality of audit reports on Sacco's in Homabay County, Kenya. The study recommends that Sacco's audit committee should be made up of skilled members who are not biased and in accordance to auditing standards to ensure audit reports provided for publishing are of quality.

Key words; Audit Committee Composition, Quality of Audit Reports, Deposit taking Sacco's

