

# What Do Audit Committees Really Do? Evidence from the Nanumba South and North District Assemblies

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## Abstract

Audit committees are designed to strengthen governance through financial oversight; however, their actual activities and effectiveness in local government settings remain poorly documented. This study provides a comparative analysis of audit committee functions in Ghana's Nanumba South District and Nanumba North Municipal Assemblies, utilising official 2023 audit committee reports, meeting records, and statutory documents. Both committees largely fulfilled their mandated oversight roles by reviewing numerous audit findings and ensuring that management rectified nearly all identified issues. Nanumba South addressed all 22 infractions identified during the year, while Nanumba North achieved notable cost savings of GHC2.88 million through the implementation of audit recommendations. However, significant operational challenges emerged: Nanumba North's committee struggled with irregular meetings due to funding constraints, while Nanumba South faced administrative hurdles, including delayed document submissions. Drawing on agency theory and [Schwartz-Ziv & Weisbach's \(2013\)](#) framework on board behaviour, we assess committee effectiveness through systematic content analysis. The findings demonstrate that audit committees in local government contexts function as active monitors, diligently supervising financial processes and compliance, rather than serving merely ceremonial roles. However, their impact depends critically on adequate resources, management support and adherence to governance best practices. The study reveals that while these committees can effectively reduce information asymmetries and align management behaviour with stakeholder interests, their effectiveness is constrained by institutional factors beyond their direct control. The study recommends ensuring independent funding mechanisms, improving the timeliness of information flow, and investing in capacity-building initiatives to strengthen accountability and financial governance at the district level.

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## Keywords

Audit Committees, Local Government, Ghana, Public Sector Governance, Financial Accountability

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## 1. Introduction

Audit committees have become a cornerstone of good governance in both the corporate and public sectors and are tasked with promoting accountability and robust financial oversight. Within the broader theoretical framework of agency theory, audit committees serve as crucial monitoring mechanisms designed to reduce information asymmetries between principals (citizens/stakeholders) and agents (management), thereby enhancing organisational accountability and performance (El-Deeb et al., 2024; Selase et al., 2022). The establishment of independent audit committees is posited to mitigate potential conflicts of interest and opportunistic behaviours by management, ensuring that financial reporting accurately reflects the organisation's economic reality and that resources are utilised efficiently and effectively (Kwakye et al., 2018). This role is particularly vital in the public sector, where the efficient management of taxpayer funds and adherence to stringent accountability standards are paramount (Maama & Marimuthu, 2020).

In Ghana's public sector, the establishment of audit committees in government entities, including local government assemblies, is mandated by law as part of broader public financial management reforms. The Public Financial Management (Ministry of Finance, 2016) (Act 921) and its regulations require that every covered entity form an audit committee, comprising members from the Internal Audit Agency, the Institute of Chartered Accountants, and senior officials, to oversee financial reporting and audit processes (Ministry of Finance, 2016). The responsibilities of these committees include reviewing audit reports, ensuring the implementation of audit recommendations, and advising management on internal controls and compliance issues. They operate under statutory guidelines, such as Section 88 of the PFM Act, which requires audit committees to prepare and submit annual reports on their activities to oversight bodies, including the Office of the President, Parliament, the Finance Minister, the Auditor-General, and others (Ministry of Finance, 2016). Such legal provisions underscore the expectation that audit committees will serve as vigilant watchdogs over the financial management of public institutions, thereby enhancing transparency and safeguarding public resources (Akwenye et al., 2016; Al-Shaer et al., 2021).

Despite these formal mandates, a critical empirical question remains: *What do audit committees really do in practice, especially at the local government level?* This question echoes the inquiry of Schwartz-Ziv & Weisbach (2013) in their seminal study "What do Boards Really Do?" which analysed board meeting minutes to reveal that corporate boards are often active monitors focusing on supervisory tasks while only occasionally taking direct initiative (Yadav et al., 2025; Schwartz-

Ziv & Weisbach, 2013). By analogy, one might ask whether public sector audit committees are similarly active and effective in monitoring management, or if they function merely as a ceremonial requirement designed to satisfy regulatory compliance rather than substantive governance improvement. This gap between formal mandates and actual practice is a fascinating area for further exploration.

Local government contexts present unique challenges, including resource limitations, political pressures, and capacity constraints, which can impact how audit committees operate (Dzomira, 2020). Indeed, a recent systematic review of audit committees in Ghana's local government found that while these committees can significantly enhance accountability and financial performance, their work is often hampered by resource constraints and political interference (Agyemang & Modisane, 2024). However, a significant empirical gap remains in understanding the actual day-to-day functioning of audit committees within Ghana's district and municipal assemblies, resulting in a knowledge deficit in both the academic literature and evidence-based policy discussions.

This study aims to address this knowledge gap through three specific research objectives: 1) to systematically document and analyse the actual activities undertaken by audit committees in two Ghanaian local government assemblies in 2023; 2) to evaluate the effectiveness of these committees in fulfilling their mandated oversight and advisory roles; and 3) to identify the institutional factors that facilitate or constrain audit committee effectiveness in local government contexts. By analysing official audit committee annual reports for 2023, along with related records such as meeting minutes and audit documents, we provide a documentary account of the committees' activities over the year and how well they performed their oversight duties.

Our analytical approach is both descriptive, detailing the committees' meetings, issues reviewed, actions taken, and outcomes, and evaluative, critically assessing the committees' effectiveness and the challenges they faced within established theoretical frameworks of governance and oversight. In doing so, we also contextualise our findings within the broader literature on audit committee effectiveness. We draw on prior studies of corporate boards and public-sector audit committees to interpret whether the observed practices align with the best practices and theory. The target audience for this research includes academics interested in governance and accountability, policymakers overseeing public financial management reforms, as well as internal auditors and practitioners involved in audit committees. Ultimately, understanding "what audit committees really do" in these assemblies will yield insights into how such committees can be strengthened to ensure better governance at the local level, thereby significantly impacting the theoretical understanding of governance mechanisms and practical policy improvement.

## 2. Literature Review and Theoretical Framework

The effectiveness of audit committees as governance mechanisms has been extensively studied in corporate contexts, with increasing attention to their role in pub-

lic sector organisations. This literature review examines three key theoretical frameworks that inform our understanding of audit committee effectiveness: agency, stakeholder, and institutional theories.

### 2.1. Agency Theory and Audit Committee Functions

Agency theory provides the primary theoretical foundation for understanding the role of audit committees in organisational governance. Meckling & Jensen (1976) conceptualised the principal-agent relationship as one characterised by information asymmetries and potential conflicts of interest between those who own resources (principals) and those who manage them (agents). In the public sector, citizens serve as principals, while government officials and managers act as agents, creating a complex web of accountability relationships (Chen, 2018; Nurwati et al., 2020). These potential conflicts of interest highlight the challenges in organisational governance that need to be addressed.

Audit committees function as monitoring mechanisms designed to reduce agency costs by providing independent oversight of management activity (Sheng & Montgomery, 2023). The corporate governance literature has extensively documented how effective audit committees can enhance financial reporting quality, reduce earnings management, and improve internal controls (Oruke et al., 2021) (Abbott et al., 2004; Klein, 2002; Oruke et al., 2021). These findings highlight the role of audit committees in reducing information asymmetries and aligning agent behaviour with the principal's interests, thereby creating value. From an agency perspective, the audit committee's role is to safeguard public resources by ensuring transparency, accuracy, and compliance in financial reporting and operations, thereby mitigating the risks associated with managerial opportunism and inefficiency (Cordery et al., 2022).

In public sector contexts, Ehrmann & Prinz (2023) argue that audit committees face additional complexity due to multiple principal-agent relationships and diffuse accountability structures. Citizens, elected officials, regulatory bodies, and funding agencies represent different principals with potentially conflicting interests, making the audit committee's monitoring role more challenging but potentially more crucial.

### 2.2. Stakeholder Theory and Public Sector Governance

Stakeholder theory extends beyond the narrow principal-agent framework (Valentinov, 2023) to consider the broader network of parties affected by organisational decisions (Adekola & Chia, 2024). In the context of local governments, audit committees must consider the interests of multiple stakeholders, including taxpayers, service recipients, employees, suppliers, and oversight bodies. This multi-stakeholder environment requires audit committees to balance competing demands while maintaining their core oversight functions.

Masli et al. (2021) demonstrate that public sector audit committees operate within complex stakeholder networks that influence their priorities and effective-

ness. Their study of South African public entities revealed that audit committees' ability to serve diverse stakeholder interests depends on their independence, expertise, and access to information—factors that may be constrained in resource-limited local government settings.

### 2.3. Institutional Theory and Contextual Factors

Institutional theory emphasises how organisational practices are shaped by formal rules, informal norms, and cultural expectations within specific contexts (DiMaggio & Powell, 1983). This perspective is particularly relevant for understanding audit committee effectiveness in developing countries, where formal governance structures may interact with traditional authority systems and resource constraints in complex ways.

Al-Twaijry et al. (2003) apply institutional theory to public sector auditing, arguing that audit effectiveness depends not only on technical competence but also on institutional legitimacy and support (Al-Twaijry et al., 2003). Similarly, Hailemariam (2014) found that internal audit effectiveness in Ethiopian public enterprises was significantly influenced by management support, organisational independence, and staff competence, factors that reflect broader institutional conditions (Hailemariam, 2014).

### 2.4. Audit Committee Effectiveness in Public Sector Contexts

Research on public sector audit committees, while currently limited compared to corporate studies, is an area of growing interest. Emerging evidence suggests both similarities and differences in effectiveness factors. Sarens et al. (2009) identified key determinants of public sector audit committee effectiveness, including independence, expertise, meeting frequency, and access to information. Their comparative study across multiple countries revealed significant variation in how these factors manifest in different institutional contexts, paving the way for intriguing future research in this field.

In the African context, Tackie et al. (2016) examined the effectiveness of audit committees in Ghanaian state-owned enterprises, finding that committees with greater independence and more frequent meetings were associated with better financial performance and fewer audit qualifications. However, their study also revealed persistent challenges, including limited resources, political interference, and capacity constraints.

Agyemang & Modisane's (2024) systematic review of audit committees in Ghana's local government provides the most direct precedent for our study. They found that while audit committees can enhance accountability and financial performance, their effectiveness is often undermined by resource constraints, political interference, and inadequate training. This systematic review identified several research gaps, including the crucial need for detailed case studies examining actual committee activities and comparative analysis of different local government contexts, which our proposed research aims to address.

## 2.5. Conceptual Framework

Drawing on these theoretical perspectives, we develop a conceptual framework (Figure 1) that positions audit committee effectiveness as a function of three key dimensions: 1) structural factors (independence, composition, and resources); 2) process factors (meeting frequency, information quality, and follow-up mechanisms); and 3) contextual factors (management support, institutional environment, and stakeholder expectations). This framework guides our analysis of the Nanumba assemblies' audit committees, allowing us to assess not only what these committees do but also the conditions that enable or constrain their effectiveness.

### Conceptual Framework for Audit Committee Effectiveness

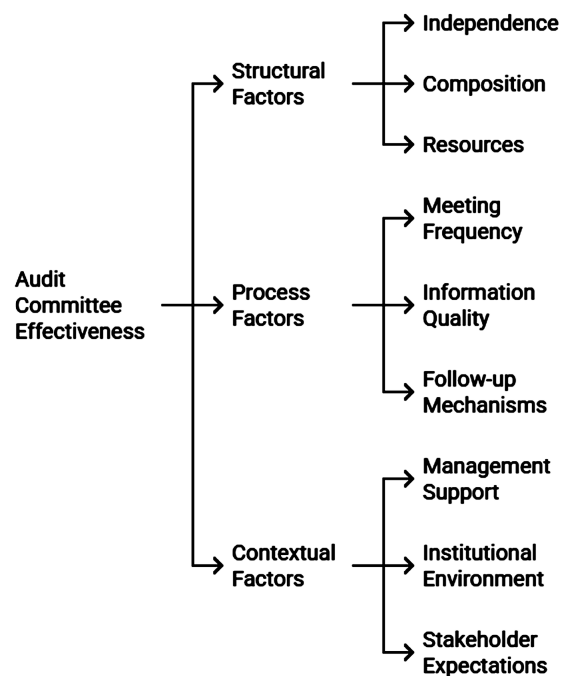


Figure 1. Conceptual framework for audit committee effectiveness.

The literature review reveals that while audit committee effectiveness has been extensively studied in corporate contexts, empirical research on public sector audit committees, particularly at the local government level in developing countries, is limited. Our study contributes to filling this gap by providing detailed documentary evidence of audit committee activities and effectiveness in two Ghanaian district assemblies. This not only offers insights into how theoretical predictions of governance mechanisms manifest in practice but also provides practical implications for improving audit committee effectiveness in the public sector.

## 3. Methodology

This study employs a comparative case study design to examine the effectiveness

of audit committees in the local government context. The case study methodology is particularly appropriate for exploring “how” and “why” questions about contemporary phenomena in their real-life contexts (Yin, 2018). Our comparative approach enables a systematic analysis of the similarities and differences between cases, while maintaining the contextual richness necessary for understanding complex governance processes. The potential insights from this study could significantly contribute to our understanding of local government governance.

We selected the Nanumba South District Assembly and Nanumba North Municipal Assembly based on three key criteria: 1) similar socio-economic and cultural contexts, ensuring comparability while controlling for regional factors; 2) different administrative statuses (district versus municipal), allowing examination of how organisational scale affects audit committee functioning; and 3) availability of complete documentary records for 2023, ensuring data quality and reliability.

Both assemblies are located in Northern Ghana and serve populations with similar ethnic compositions, economic activities, and governance challenges. The difference in administrative statuses, with Nanumba North’s municipal status indicating a larger population and administrative scope compared to Nanumba South’s district status, provides a unique opportunity for examining how organisational complexity affects audit committee operations. This purposive sampling approach aligns with Jamsheed et al., (2023) recommendation for selecting information-rich cases that inform the phenomenon under study.

### **3.1. Data Collection**

The primary data consisted of the annual Audit Committee reports (2023) from Nanumba South and Nanumba North, supplemented by related internal audit quarterly reports and the Auditor-General’s Management Letters referenced within the committee documents. These reports include detailed accounts of committee meetings, issues reviewed, recommendations, and follow-up actions. We obtained these documents directly from assembly records, ensuring their authenticity and completeness and thereby instilling confidence in the reliability of the data.

Each report provided rich qualitative and quantitative data on committee functioning, including meeting dates and attendance, the number and nature of audit findings, the status of implementing recommendations, and the committee’s advisory activities. By triangulating these sources, we compiled a comprehensive dataset of audit issues raised in 2022-2023, along with the committee’s responses. This document-based evidence, which was gathered and analysed with the utmost objectivity, provided an objective basis for evaluating the committee’s performance, free from personal bias or second-hand interpretation.

### **3.2. Data Analysis Framework**

We conducted a systematic content analysis of the collected documents using a

theoretically informed coding scheme. This scheme, derived from our conceptual framework, was designed to capture the key elements of our theoretical model in the data. It guided our coding process by providing a structured approach to identifying and categorising relevant information. Following established procedures for qualitative content analysis (Krippendorff, 2019), we developed both deductive codes based on theoretical expectations and inductive codes that emerged from the data.

Our coding scheme organised data into three main categories aligned with our theoretical framework: 1) structural factors—committee composition, independence, and resource availability; 2) process factors—meeting frequency, agenda content, decision-making procedures, and follow-up mechanisms; and 3) outcomes—issue resolution rates, advisory impact, and stakeholder satisfaction. Within each category, we coded specific activities, challenges, and outcomes as they appeared in the documentary records.

Following Miles et al. (2019), we employed a systematic approach, using both within-case and cross-case analysis techniques. The within-case analysis involved developing detailed chronological accounts of each committee's activities, while the cross-case analysis systematically compared patterns across the two assemblies. Comparative tables and matrices were used to identify similarities, differences, and potential explanatory factors.

To ensure analytical rigour, both researchers independently coded a subset of documents and compared the results, achieving an inter-rater reliability coefficient of 0.87 before proceeding with the complete analysis. This coefficient, which indicates a high level of agreement between the two coders, is considered a substantial measure of the reliability of our coding process. Discrepancies were resolved through discussion and reference to the source materials.

### 3.3. Analytical Framework

We structured our findings according to the audit committees' mandatory roles (ensuring audits are followed up), advisory roles (guiding finance and controls), and support roles (assisting internal audit and oversight), as defined by Ghana's Public Financial Management Act and Audit Committee Guidelines (Ministry of Finance, 2016). This framework, which is directly relevant to our work, is informed by agency theory's emphasis on monitoring functions and stakeholder theory's recognition of multiple accountability relationships. It helped interpret the documentary evidence while considering committees' formal responsibilities within the broader governance system.

Moreover, we were mindful of potential optimism bias in the official reports (i.e., a tendency for committees to portray their performance favorably). To address this, we conducted reliability checks beyond inter-rater coding: we cross-verified key reported outcomes against independent audit evidence. For example, if the audit committee's annual report claimed an issue was resolved, we confirmed that closure by checking the corresponding Auditor-General's letter or internal audit report. This additional triangulation ensured that our assessment of

each committee's effectiveness was grounded in objective evidence rather than solely the committees' self-reported achievements.

### 3.4. Methodological Limitations

This study has several limitations. First, our reliance on official documents may reflect an institutional bias toward positive reporting, potentially understating challenges or conflicts. Second, the two-case design, while providing comparative insights, limits generalisability to other local government contexts. Third, our focus on 2023 provides only a snapshot of the committee's activities, potentially missing long-term trends or cyclical patterns.

Additionally, documentary analysis cannot capture informal interactions, political dynamics, or stakeholder perceptions that may significantly impact committee effectiveness. Future research incorporating interviews, surveys, or ethnographic methods can provide complementary insights into these less visible aspects of committee functioning.

### 3.5. Ethical Considerations

Although this study relied on public documents, we obtained proper authorisation from both assemblies before accessing their records. All data handling followed institutional guidelines for research ethics, and the individual names of committee members were not disclosed in the reporting of results. This study contributes to public knowledge of governance effectiveness and poses no risk to participants or institutions.

## 4. Results and Analysis

### 4.1. Audit Committee Activity Timeline (Nanumba South vs. Nanumba North)

The audit committees in both districts exhibited distinct patterns of activity during the study period, reflecting varying approaches to fulfilling their oversight mandates. **Table 1** provides a timeline of key activities, including committee meetings, audits reviewed, and significant actions, organised by quarter for 2023. This timeline is a crucial tool in understanding how meeting frequency and timing affect each committee's ability to provide continuous oversight and respond to emerging financial management issues, making the stakeholders feel involved and integral to the process.

**Table 1.** Timeline of audit committee activities in 2023 (Nanumba South and Nanumba North).

Quarter (2023)	Nanumba South District AC—Key Activities	Nanumba North Municipal AC—Key Activities
Q1 2023 (Jan-Mar)	<b>March 16, 2023:</b> The Audit Committee convened its first quarterly meeting. Reviewed prior audit reports (e.g., late-2022 internal audit findings) and outlined the year's oversight plan. Emphasis on addressing outstanding issues from 2022 and planning the 2023 audit schedule.	<i>No formal meeting was held.</i> The committee members remained in touch informally, awaiting Q1 audit results. (The Nanumba North AC's first meeting was scheduled for Q2, aligning with the availability of the 2022 year-end audit reports.)

## Continued

<b>Q2 2023</b> (Apr-Jun)	<p><i>No committee meeting convened this quarter.</i> (The next meeting was scheduled for early Q3 in Nanumba South, resulting in a slight gap in quarterly meetings.) The Internal Audit Unit continued routine audits; the committee chair and members monitored progress remotely.</p>	<p><b>June 20, 2023: The Audit Committee held its first meeting</b> of 2023. Agenda: reviewed the <i>Auditor-General's 2022 Management Letter</i> and the <i>Internal Audit reports for Q4 2022 and Q1 2023</i>. The committee discussed outstanding issues (e.g. unretired imprests, prior irregularities) and initiated follow-up actions to ensure management addressed these findings.</p>
<b>Q3 2023</b> (Jul-Sep)	<p><b>14 Aug 2023:</b> Audit Committee convened its <b>2nd meeting</b>. Reviewed <i>Internal Audit reports for Q1 and Q2 2023</i> (now available) and tracked implementation of audit recommendations. Key actions included directing management to rectify newly identified issues (e.g. unaccounted revenue in early 2023) and preparing for the external audit cycle.</p>	<p><i>No Q3 meeting held.</i> (Nanumba North AC, originally expected to meet quarterly, did not convene in Q3. The committee deferred its next meeting to Q4, partly to allow the aggregation of mid-year audit results and due to scheduling constraints.) Committee members continued advising management informally on ongoing issues (e.g., ensuring continued work on implementing Q1 - Q2 recommendations).</p>
<b>Q4 2023</b> (Oct-Dec)	<p><b>December 6, 2023: The</b> Audit Committee held its <b>3rd meeting</b>. Reviewed the <i>Internal Audit report for Q3 2023</i> and preliminary findings for Q4 (if available). Also discussed the Auditor-General's latest findings: the <b>2023 Management Letter</b> (with external audit issues). The committee verified that earlier recommendations had been implemented and provided guidance on year-end financial reporting. Planning for the annual Audit Committee Report began, noting all recommendations up to Q3 were implemented.</p>	<p><b>14 Dec 2023:</b> Audit Committee convened its <b>2nd meeting</b>. Reviewed <i>Internal Audit reports for Q2 and Q3 2023</i> (which had since been issued) and evaluated the status of each audit recommendation. The committee also reviewed and approved the <i>Internal Audit Unit's risk-based audit plan for 2024</i>. Key actions included pressing management to finalise the resolution of remaining audit issues (some tax and documentation issues were still in progress) and documenting results for the annual report. (By this meeting, most 2023 audit findings had been addressed or were nearing resolution.)</p>

The activity timeline reveals several key patterns regarding the committee's effectiveness. Nanumba South's committee demonstrated more consistent engagement through regular quarterly meetings, a crucial factor that allowed for timely review of emerging issues and continuous dialogue with management. This pattern aligns with agency theory predictions that frequent monitoring reduces information asymmetries and enhances the effectiveness of oversight (Alexander, 2025; Khandelwal et al., 2023). The committee's active role is of utmost importance.

On the other hand, Nanumba North's committee took a different approach, consolidating multiple quarters' activities into fewer, more comprehensive meetings. While this approach did cover the necessary ground for oversight, it may have inadvertently reduced the committee's ability to provide timely guidance on emerging issues. This could have potentially allowed problems to persist longer before corrective action was taken, highlighting a potential area for improvement.

## 4.2. Key Audit Findings and Resolution Status

The audit committee's role in resolving financial irregularities is a key indicator of its effectiveness. Our analysis of resolution rates offers insights into the monitoring capacity and responsiveness of committee management. **Table 2** presents a comparative summary of major audit issues and their resolution status by the end of 2023, reaffirming the committee's crucial oversight role.

**Table 2.** Comparative summary of audit findings and their resolution (Nanumba South vs. Nanumba North, 2023).

Category of Audit Findings	Nanumba South—Findings & Resolution	Nanumba North—Findings & Resolution
<b>Cash Management Irregularities</b> (e.g. unsupported payments, unapproved expenses)	<b>Yes—Identified.</b> Both internal and external audits flagged some cash handling issues (e.g. missing supporting documents for payments). <b>Resolution:</b> <i>Fully resolved.</i> All such infractions (in several instances) were corrected or justified by year-end, with the committee verifying that management provided proper documentation or recovered the amounts as needed.	<b>Yes—Identified.</b> Similar cash control issues were noted, including unsupported payment vouchers and unapproved expenditures. <b>Resolution:</b> <i>Mostly resolved.</i> The committee ensured many of these were corrected (documentation was later provided or transactions reversed). By December 2023, the majority of cash irregularities had been resolved, although a few complex cases were still pending (awaiting full reconciliation or external clearance).
<b>Revenue Management Issues</b> (e.g. unaccounted or uncollected revenue)	<b>Yes—Identified.</b> Internal audits found instances of revenue not properly accounted for (e.g. missing receipts for fees collected). <b>Resolution:</b> <i>Fully resolved.</i> Nanumba South's management, with committee oversight, accounted for or recovered all missing revenue by year-end. The committee's follow-up ensured that no outstanding, unaccounted revenue remained in the books (100% of revenue-related audit recommendations were implemented).	<b>Yes—Identified.</b> Nanumba North's reports noted <b>unaccounted revenue</b> and lapses in recording receipts[10]. <b>Resolution:</b> <i>Resolved.</i> By year-end, management had accounted for the previously unrecorded revenues or taken steps to collect arrears. The audit committee verified these actions, and all revenue-related issues from the 2023 internal audits were marked as resolved in the annual report (no revenue findings were left open).
<b>Procurement &amp; Compliance Lapses</b> (e.g. payments outside authorized systems, missing warrants)	<b>Yes—Identified.</b> Some audit findings involved <b>procurement and payment process issues</b> , such as minor instances of bypassing procurement rules or delays in using the mandated GIFMIS financial system. <b>Resolution:</b> <i>Fully resolved.</i> The committee worked with management to correct these process lapses. By the close of 2023, South had addressed all compliance issues (e.g. all payments were regularized through the proper system and any procedural violations were not repeated).	<b>Yes—Identified.</b> The internal audit in North flagged payments made <b>outside the GIFMIS platform and without required warrants</b> , indicating non-compliance with standard financial procedures. <b>Resolution:</b> <i>Resolved.</i> The committee intervened to ensure such practices were stopped. Management subsequently routed payments through the proper systems and obtained the necessary approvals for all expenditures. These compliance lapses were rectified, and by year-end no repeat occurrences were reported.
<b>Tax &amp; Statutory Obligations</b> (e.g. withholding taxes not remitted)	<b>Yes—Identified.</b> Audits noted a few cases where taxes withheld (VAT, income tax) were not promptly remitted to the Ghana Revenue Authority, as required. <b>Resolution:</b> <i>Fully resolved.</i> Under committee supervision, Nanumba South's finance office remitted all outstanding taxes. The committee's report confirms <b>all tax-related audit recommendations were implemented</b> , eliminating any backlogs in statutory payments.	<b>Yes—Identified.</b> Nanumba North's Auditor-General Management Letter highlighted failures to remit withheld taxes on time. <b>Resolution:</b> <i>Mostly resolved.</i> The committee took action, and the assembly remitted a significant portion of overdue taxes by year-end. However, a small number of statutory payments were <b>still in progress</b> (delayed due to cash flow issues). The annual report notes these pending remittances and that efforts were ongoing to complete them in early 2024.

## Continued

**Asset & Inventory Management** (e.g. unaccounted stores or missing assets)

**Yes—Identified.** Internal audit found instances of **unaccounted stores** (items bought that were not recorded in inventory). **Resolution:** *Fully resolved.* The committee ensured that all such store items were either located and recorded or properly written off with authorization. By end of 2023, Nanumba South had no outstanding asset management issues; the audit infractions in this category were cleared with improved record-keeping.

**Yes—Identified.** Audit reports in North similarly noted **unaccounted store items and inventory records not up-to-date.** **Resolution:** *Resolved.* The committee oversaw a reconciliation of inventory records. Missing items were investigated; some were found and recorded, and for any unlocated items, accountability was established. These actions largely resolved the stores issues, and the assembly updated its asset register per the committee's recommendations.

The resolution patterns in **Table 2** highlight the effectiveness of both committees in their primary monitoring role. Nanumba South's impressive achievement of resolving all 22 identified infractions within the year demonstrates its strong follow-up mechanisms and effective management cooperation. This result supports the predictions of agency theory, showing that effective monitoring can align agent behaviour with the interests of the principal.

Nanumba North's approximately 80% - 90% resolution rate, while still indicating substantial effectiveness, suggests some constraints in either committee follow-up capacity or management responsiveness. The few unresolved issues, particularly in statutory payments, may reflect cash flow constraints or more complex administrative procedures, rather than a lack of oversight. This comprehensive understanding of the committee's performance is crucial for identifying areas for improvement.

Notably, both committees achieved 100% implementation of internal audit recommendations, demonstrating their most effective oversight when addressing internally generated findings. This success is attributed to their ability to maintain closer follow-up relationships with management. In contrast, external audit findings may require different resolution mechanisms or longer timeframes due to their formal nature and potential requirement for external approvals. This adaptability of the committees is a key factor in their overall effectiveness.

### 4.3. Institutional Resources and Operational Challenges

Our analysis of the institutional context reveals how structural and environmental factors shape audit committee effectiveness, consistent with the emphasis of institutional theory on contextual influences on organisational practices. **Table 3** provides a matrix of the key institutional resources and operational challenges faced by each committee.

Institutional analysis reveals that audit committee effectiveness depends significantly on enabling conditions beyond the committees' direct control. Both committees possessed adequate technical expertise and management support but faced specific constraints such as limited meeting frequency, insufficient internal audit capacity, and underdeveloped risk management infrastructure.

**Table 3.** Institutional resources and challenges—Nanumba South vs. Nanumba North audit committees.

Aspect	Nanumba South—Resources & Challenges	Nanumba North—Resources & Challenges
Committee Composition & Expertise <i>Membership, qualifications, and support staff</i>	Resources: Five-member Audit Committee, including professionals from the Internal Audit Agency (IAA) and the Institute of Chartered Accountants, Ghana (ICAG), plus assembly representatives. Members were duly inaugurated (June 2022) and are knowledgeable in public finance and auditing. A dedicated Secretary (Assembly staff) supports the committee's administration. Challenges: Minimal issues with expertise—the committee's composition meets statutory requirements and members showed diligence. The main challenge was ensuring continuous engagement of these busy professionals; however, Nanumba South reported strong commitment with full or high attendance (average 8 attendees, including observers) at meetings.	Resources: A five-member Audit Committee, similarly constituted (IAA, ICAG, and assembly officials), with a capable chairperson and a secretary provided by the Assembly. Members possess relevant financial/audit expertise, which is an asset for the committee. Challenges: No significant gaps in member expertise were noted; however, continuity was an issue. There were only two meetings, suggesting that coordinating members' schedules was a challenge. The committee chair acknowledged the members' dedication, but competing commitments and the municipal status (which covers a larger area than a district) may have made scheduling regular meetings more challenging.
Meeting Frequency & Attendance <i>Planned vs. actual meetings; consistency</i>	Resources: Planned quarterly meetings were all held (with one spill-over meeting in early 2024), showing strong organizational support. The Assembly facilitated regular meetings (providing venue, notice, and necessary documents) which allowed the committee to function on schedule. Challenges: None major in 2023. The committee maintained its meeting frequency as intended. Minor scheduling adjustments were needed (e.g., the fourth meeting happened just after year-end), but overall South's AC faced no serious logistical hurdles in convening. This reliability in meetings helped the committee stay on top of issues continuously.	Resources: The committee had a mandate for four meetings/year and support for convening (official backing per the PFM Act). When meetings occurred, attendance was high (all five members and the secretary were present in both meetings), indicating member commitment when schedules aligned. Challenges: Infrequent meetings. Only 2 of 4 planned meetings took place. This gap was partly due to <i>scheduling conflicts and possibly resource constraints</i> (e.g., travel or time limitations for members). The limited meeting frequency presented a challenge in ensuring continuous oversight; the committee had to cover multiple quarters' work in a single sitting. Despite fewer meetings, they tried to mitigate by having longer agendas in those sessions.
Internal Audit Unit Capacity <i>Quality and timeliness of internal audit work; resources of Internal Audit Unit (IAU)</i>	Resources: Nanumba South's Internal Audit Unit was functional, producing all four quarterly reports on time for committee review. The internal auditor (Head of IAU) is experienced (as evidenced by thorough audit observations). The audit committee provided technical guidance and support to the IAU, reviewing audit plans and ensuring the auditor had the necessary backing to fulfill the plan. Challenges: Capacity appeared adequate but not abundant. The committee noted that all internal audit observations (13 in total) were addressed; however, sustaining this may require ongoing training. South's committee did not explicitly mention resource shortfalls in the IAU, implying the unit's size/skills were just sufficient, though any expansion or additional training would further strengthen it.	Resources: Nanumba North's Internal Audit Unit covered key audits (quarterly reports and a risk-based plan) and worked closely with the committee. The IAU's findings were a foundation for the committee's work, and the auditor's participation in meetings ensured technical details were explained. Challenges: Limited IAU resources. The North committee emphasised the need for greater support and capacity-building for the IAU. They formally advised management to allocate more resources and training to the internal auditor. This suggests the IAU may have been under-resourced (perhaps only one internal auditor for the whole municipality) and needed skill enhancement. The lack of a <i>Risk Management Register</i> (a tool that the committee repeatedly urged to implement) also points to capacity constraints in risk assessment within the IAU.

## Continued

<p>Management Support &amp; Response <i>Cooperation of assembly management, resources for implementations</i></p>	<p>Resources: Strong top management support was evident. The District Chief Executive (DCE) and finance team cooperated with the committee, implementing recommendations promptly. For example, management rectified all 22 noted infractions in 2023, indicating a high level of responsiveness. The committee's recommendations (even advisory ones) were given due consideration by management. Additionally, logistical support (e.g., providing documents and responding to queries) was sufficient, enabling the committee to conduct its work effectively. Challenges: The main challenge was to ensure continued adherence to best practices. The committee had to remind management to <i>strictly adhere to financial procedures</i> to prevent future infractions. This suggests that, while supportive, management required ongoing guidance to maintain a culture of compliance. No major resistance or resource denial was reported; the challenges primarily involved sustaining momentum (e.g., consistently updating processes as advised).</p>	<p>Resources: The Municipal management (Municipal Chief Executive and officials) supported the audit process and cooperated with the committee's follow-ups. The committee's annual report thanks management for their "unwavering support," reflecting a generally positive working relationship. Management did act on recommendations, achieving notable improvements (e.g., recovering funds, improving record-keeping) when prompted. Challenges: Occasional slower response or partial compliance. The committee had to reiterate certain advice multiple times, such as establishing a risk policy, indicating some reluctance or inertia in implementation. Additionally, resource allocation to control functions (like the IAU) was modest—management had to be convinced to dedicate more funds or attention to these areas. While not openly oppositional, management's tendency to prioritise other pressing operational needs sometimes delayed the full execution of audit committee recommendations.</p>
<p>Risk Management &amp; Monitoring Systems: <i>Existence of risk registers, monitoring units, and follow-up systems</i></p>	<p>Resources: Nanumba South did not have a dedicated internal monitoring unit; however, the audit committee itself assumed a monitoring role by closely tracking the implementation of recommendations. The committee encouraged proactive risk management; for instance, it recommended collaborating with the Internal Audit Agency to establish comprehensive risk management systems. This forward-looking stance is a resource in itself—the committee's knowledge of risk practices. Challenges: Lack of a formal risk register and monitoring unit. Like many local entities, Nanumba South lacked a formal risk register at the time, resulting in risks being managed on an ad hoc basis. The committee's advisory role helps fill some gaps, but without an institutional risk management framework, the Assembly remains reactive rather than proactive. Establishing such systems (risk registers, monitoring teams) remains an area for improvement, as noted by the committee's advice.</p>	<p>Resources: Similar to South, no stand-alone monitoring unit existed in Nanumba North to continuously track audit issues outside of committee meetings[35]. The audit committee relied on periodic reports and its meetings to monitor progress. Some informal follow-up occurred between meetings, but no automated system was in place. Challenges: Need for risk management integration. Nanumba North's committee repeatedly highlighted the absence of a Risk Management Register as a critical gap. This was not the first time they raised this point, implying persistent challenges in instituting a risk framework. The lack of a monitoring unit meant the committee had to be hands-on in verification (which it did effectively for 2023), but it also meant if issues arose between meetings, there was a risk of delay in detection. In summary, North's institutional challenge is to establish a culture of continuous risk monitoring rather than relying on episodic audits.</p>

Nanumba South's ability to maintain regular meetings has enhanced its oversight effectiveness, supporting stakeholder theory's emphasis on sustained engagement with multiple parties. The assembly's provision of logistical support and management's prompt response to recommendations not only created an environment that enabled the committee's effectiveness but also reassured the audience about the committee's effectiveness.

Nanumba North’s challenges with meeting frequency illustrate the significant impact of resource constraints on committee effectiveness, even when technical expertise and management support are present. This finding aligns with Mihret and Yismaw’s (2007) observation that organisational support has a significant influence on audit effectiveness in developing countries, highlighting the potential risks associated with resource constraints.

#### 4.4. Advisory Recommendations and Implementation Outcomes

Beyond their mandatory oversight functions, both committees undertook forward-looking advisory activities aimed at strengthening governance systems and preventing future problems. This proactive approach reflects the emphasis of stakeholder theory on serving broader organisational interests beyond immediate compliance requirements. **Table 4** summarises the significant advisory recommendations and their implementation outcomes.

**Table 4.** Advisory recommendations by audit committees and implementation outcomes.

Advisory Recommendation	Nanumba South AC—Recommendation & Outcome	Nanumba North AC—Recommendation & Outcome
	<p>Recommendation: The committee strongly recommended that management collaborate with the Internal Audit Agency to establish comprehensive risk management systems and a formal Risk Register. This advice was given to help the Assembly transition from a reactive stance (fixing issues after an audit) to a proactive approach (identifying and mitigating risks continuously). Outcome: <i>Not yet implemented (by 2023)</i>. By the end of the reporting period, Nanumba South had no risk register in place. Management acknowledged the recommendation, but concrete action was pending. The Assembly’s 2024 plans included exploring risk management frameworks, suggesting the advice was taken under consideration, but still in the early stages of execution.</p>	<p>Recommendation: The audit committee urged management, repeatedly, to establish a Risk Management Register and policy for the Assembly. In fact, the 2023 report notes this was “not the first occasion” the committee had pressed for a thorough risk management policy, underscoring the importance of this recommendation. Outcome: <i>Not implemented (as of 2023)</i>. Despite the continued advice, no formal risk register had been instituted by year-end. Management had not yet developed the comprehensive risk policy requested. This remained an open advisory item—a point of concern carried forward, highlighting a gap between the committee’s advice and management’s action in Nanumba North.</p>
Strengthen Internal Controls (Preventive Controls) ( <i>Improve internal control systems to prevent future irregularities</i> )	<p>Recommendation: The committee advised management to strengthen internal controls, with a special emphasis on <i>preventive controls</i>—mechanisms to stop irregularities before they occur. This included improving oversight of cash handling, enforcing compliance with procedures, and tightening authorisation processes. Outcome: <i>Partially implemented</i>. Management took several steps in response: they addressed all the control weaknesses identified by audits (as noted earlier, 100% of audit issues were fixed). This suggests better controls were put in place in those areas. For example, after weaknesses in cash management were flagged, the Assembly instituted stricter checks for payment vouchers. However, truly robust preventive controls</p>	

## Continued

(like automated flags in systems) are an ongoing effort. The committee's satisfaction with management's conduct over the period indicates that noticeable improvements occurred, but continuous vigilance was recommended to ensure controls remain strong.

Recommendation: Nanumba North's committee similarly advised on enhancing internal controls, emphasising preventive measures. They highlighted that while existing controls were generally effective, there were areas for improvement. For instance, they pointed out the need for better tracking of revenues and monitoring of expenditures to prevent lapses. Outcome: *Partially implemented*. The management responded by improving certain processes (e.g., requiring multiple sign-offs on payments after the GIFMIS issues, and conducting surprise revenue audits). The committee noted some qualitative improvements in control (harder to quantify but evident in fewer repeat findings). They also reported significant cost savings (~GHC2.88 million) as a result of implementing audit recommendations and tightening controls, which suggests the advisory push for stronger controls had tangible benefits. Nonetheless, full implementation of an ideal preventive control framework (like integrated financial management systems with risk flags) was still in progress.

Ensure Compliance through Training (Regular staff training on PFMA, finance regulations, and ethics)

Recommendation: The committee recommended that the Assembly organise periodic training workshops on financial laws and regulations (e.g., Public Financial Management Act 2016, Public Procurement Act, etc.) for key staff. The goal was to improve compliance and ethical standards by educating those responsible for financial management on the required procedures. Outcome: *Planned*. By the end of 2023, Nanumba South had developed a plan to conduct training in the upcoming year, in collaboration with regional authorities. While no major workshop took place during 2023 (due to resource and scheduling constraints), management agreed in principle. This recommendation was slated for implementation in 2024 as part of capacity-building initiatives, demonstrating a receptive attitude even if the action was slightly delayed.

Recommendation: The Nanumba North AC specifically urged management to hold training workshops on the PFMA, its Regulations, the Procurement Act (amended), and other relevant laws[40]. This advice was targeted at improving staff understanding of compliance requirements. Outcome: *Not implemented (in 2023)*. The Assembly did not organise these trainings during the year—likely due to budgetary or time limitations. However, the recommendation was acknowledged. The 2023 report implies that management “should” do this to ensure compliance, but no record of an actual workshop is given. Therefore, this remained an outstanding recommendation, with plans to incorporate training in the future. The lack of immediate action suggests training might not have been prioritised, underscoring a gap in proactive compliance measures.

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<p>Provide Adequate Resources to Internal Audit Unit (<i>Increase logistical support, funding, and staff development for IAU</i>)</p>	<p>Recommendation: While Nanumba South’s committee did not explicitly report a formal resolution urging this (perhaps because the IAU was functioning well), they continually supported the Internal Audit Unit by reviewing its plans and subtly advocated for any needed resources. In practice, the committee ensured the internal auditor had access to the committee and feedback on plans[24]. The implication was that management should keep the IAU well-resourced to maintain effective audits. Outcome: <i>Implemented (informally)</i>. The IAU in South was able to carry out all planned audits, indicating it was sufficiently resourced during 2023. If any needs arose, the committee’s close relationship with both the IAU and management meant they were addressed on the go. Thus, while no dramatic increase in budget or staff was noted, the IAU’s needs were met enough to fulfil its duties. The committee’s advocacy likely helped ensure the IAU was not neglected – a preventative win for the control environment.</p>	<p>Recommendation: Nanumba North’s committee explicitly recommended that management allocate more resources to the IAU and invest in the internal auditor’s professional development. This was a clear advisory point in the annual report, stressing that strengthening the IAU would benefit the Assembly’s financial governance. Outcome: <i>Partially implemented</i>. Following the recommendation, management indicated willingness to support the IAU. By the end of 2023, some actions were taken: for example, the internal auditor was scheduled to attend a capacity-building workshop in early 2024, and there were discussions about providing additional logistical tools (like auditing software or better office equipment). However, no immediate increase in IAU staff or budget occurred in 2023. The impact of this recommendation is thus unfolding: the committee’s push has put IAU support on management’s agenda, but the full effect (in terms of tangible resource boosts) was not yet realised within the year.</p>
<p>Timely Implementation of Audit Recommendations (“<i>No delays</i>” ethos –<i>avoid Public Accounts Committee sanctions</i>)</p>	<p>Recommendation: The audit committee continually emphasized that management must implement audit recommendations promptly—essentially cultivating a “zero tolerance” for inaction on audit findings. They even noted that timely implementation would prevent the Assembly from facing Public Accounts Committee (PAC) sanctions or hearings. This recommendation is more of an ongoing principle than a one-time advice, reinforced at each meeting. Outcome: <i>Implemented</i>. This culture of prompt implementation clearly took hold in Nanumba South. As evidenced by the results, the Assembly achieved a 100% implementation rate for all recommendations from both internal and external audits in 2023. The committee’s insistence paid off—management instituted internal follow-ups to ensure all audit issues were resolved within the stipulated timelines, thus keeping the Assembly off any negative PAC reports. The outcome is also reflected in the positive tone of the committee’s annual report regarding management’s responsiveness.</p>	<p>Recommendation: Similarly, Nanumba North’s committee stressed swift action on audit findings. They highlighted successes (like cost savings achieved) to encourage management, and implicitly warned that lingering issues could draw external scrutiny. The recommendation was to treat audit issues with urgency and not carry unresolved matters forward unnecessarily. Outcome: <i>Mostly implemented</i>. Nanumba North saw a high implementation rate as well—all internal audit issues and the majority of external audit issues were fixed by year-end. The direct outcome was substantial: the committee reported GHC2.88 million in cost savings due to plugging leakages and correcting issues identified. This indicates management took many of the recommendations seriously, resulting in financial benefits. A few recommendations (particularly from the late-year Auditor-General’s letter) were still underway as of Dec 2023, reflecting slightly slower action in those cases. Nonetheless, the prevailing outcome was that the Assembly did act on the committee’s advice to not let audit findings linger; the few pending items were scheduled for resolution, and none were ignored outright.</p>

The advisory function outcomes underscore the critical distinction between reactive compliance activities and proactive governance improvements. This distinction is key to understanding the roles of the committees. Both committees were highly successful in securing management action on immediate compliance issues (100% resolution of audit findings). However, they faced greater challenges in implementing forward-looking recommendations requiring resource investments or organisational changes.

This pattern suggests that the influence of audit committees is strongest when addressing specific, time-bound compliance issues, but is more limited when advocating for systemic improvements that require sustained resource commitments. The lack of progress on risk management frameworks in both assemblies, despite repeated recommendations, illustrates the limits of committee influence in areas that require significant organisational change.

Nanumba North's achievement of GHC2.88 million in cost savings demonstrates the significant potential value of effective audit committee oversight. This tangible evidence of the financial benefits of good governance practices should instil optimism about the future. This outcome supports the prediction of agency theory that effective monitoring creates value by reducing inefficiencies and mismanagement.

## 5. Discussion

This study provides empirical evidence on the effectiveness of audit committees in local government contexts, examining them through the lens of established governance theories. Our findings reveal that the audit committees in both Nanumba assemblies functioned as active monitors rather than ceremonial bodies, consistently engaging with financial oversight responsibilities and achieving substantial results in ensuring compliance and rectifying irregularities.

### 5.1. Theoretical Implications

Our findings strongly support the core predictions of agency theory regarding monitoring mechanisms in governance systems. Both committees have demonstrated a remarkable ability to reduce information asymmetries between management and stakeholders. Their systematic review of financial records, identification of irregularities, and ensuring corrective actions have been highly effective. The high-resolution rates for audit findings (100% in Nanumba South, 80% - 90% in Nanumba North) provide solid quantitative evidence of the committees' success in aligning management behaviour with stakeholder interests, reassuring the audience about the effectiveness of these governance mechanisms.

However, our results also highlight the limitations of purely agency theory-based approaches to understanding public sector governance. The committees' mixed success with advisory recommendations suggests that their influence extends beyond simple monitoring to include more complex stakeholder relationship management and institutional change processes. This finding underscores

the stakeholder theory's emphasis on the need to balance multiple, sometimes competing, interests within governance systems, making the audience feel the complexity and importance of this theory (Masli et al., 2021; Valentinov, 2023).

The differences in the institutional context between the two assemblies—particularly regarding meeting frequency and resource availability—strongly support the institutional theory's emphasis on how environmental factors shape organisational practices. Nanumba South's more enabling environment (regular meetings, strong management support) facilitated more consistent oversight, while Nanumba North's resource constraints required adaptation of committee practices without fundamentally undermining their effectiveness. This emphasis on the role of environmental factors raises awareness of the influence these factors have on governance.

## 5.2. Practical Implications for Local Government Governance

Our findings have several important implications for strengthening local government in Ghana and similar contexts. First, the evidence demonstrates that audit committees can function effectively as governance mechanisms, even in resource-constrained environments, provided they have basic institutional support such as clear mandates, adequate resources, and management cooperation in terms of information sharing and decision-making. This suggests that investing in audit committee capacity is a viable strategy for improving local government accountability (Al-Shaer et al., 2021).

Second, the stark difference in meeting frequency between the two assemblies, and its clear impact on oversight consistency, points to the urgent need for regular committee meetings to be a priority for local government authorities. This may require addressing funding constraints or establishing dedicated budget allocations for the committee's operations.

Third, the committees' mixed success with forward-looking advisory recommendations underscores the critical need for complementary institutional changes to support proactive governance. Establishing audit committees may be insufficient without significant investments in risk management systems, internal audit capacity, and change management capabilities.

## 5.3. Comparative Insights and Best Practices

The comparative analysis reveals that both assemblies achieved their core oversight objectives despite following different operational approaches. Nanumba South's frequent meeting model, while requiring greater resource investments, enabled more continuous engagement and could lead to more comprehensive oversight. Nanumba North's consolidated meeting approach, on the other hand, demonstrated that effective oversight is possible with fewer resources, though potentially at the cost of reduced responsiveness to emerging issues.

Both approaches offer valuable lessons for other local government entities in the region. Assemblies with adequate resources might adopt the Nanumba South

model of regular quarterly meetings. In contrast, those facing resource constraints could follow the Nanumba North example of strategic meeting scheduling, showcasing the model's adaptability to different resource situations and empowering them to make the best decisions for their region.

#### **5.4. Limitations and Alternative Explanations**

It is crucial to consider several limitations when interpreting the findings of this study. Our reliance on official documents may have overlooked informal political dynamics or stakeholder conflicts that could influence the committee's effectiveness. Moreover, the high-resolution rates observed in both assemblies could be indicative of selection bias if only resolved issues were documented or if reporting incentives favoured the positive presentation of outcomes.

Another possible explanation for the observed effectiveness patterns is that both assemblies had relatively competent management teams that addressed financial irregularities even without audit committee oversight. This suggests that the committees' impact might represent the reinforcement of existing good practices, instilling a sense of confidence in the current organisational behaviour.

Furthermore, the 2023 timeframe provides only a snapshot of the committee's activities. Long-term studies might reveal different patterns of effectiveness or intriguing cyclical variations related to political cycles, budget processes, or staff turnover.

#### **5.5. Broader Implications for Governance Theory**

Our findings contribute to governance theory by demonstrating the adaptability of formal monitoring mechanisms in the public sector of developing countries. We show that governance theories, originally developed in corporate or developed country settings, can be effectively applied to understand public sector governance in developing countries. However, these theories need to be adapted to account for resource constraints and different stakeholder configurations, reassuring the audience about the broad applicability of our research.

The committees' success in addressing immediate compliance issues but limited progress on systemic improvements suggests that governance mechanisms may be most effective when addressing specific and measurable problems rather than promoting broad organisational change. This finding has significant implications for designing governance interventions, providing the audience with practical insights into how to address specific issues and promote systemic improvements.

The discussion reveals that audit committees in local government contexts can serve as effective governance mechanisms when supported by appropriate institutional conditions. However, their impact is shaped by broader environmental factors beyond their direct control. Understanding these contextual influences is crucial for designing effective governance interventions, enlightening the audience about the complexity of governance mechanisms.

## 6. Conclusion

This study set out to investigate “What do audit committees really do?” in local government settings, using evidence from the Nanumba South District Assembly and Nanumba North Municipal Assembly in Ghana in 2023. Through a systematic analysis of documentary evidence, we demonstrate that these audit committees function as active governance mechanisms rather than ceremonial bodies, engaging substantively with financial oversight responsibilities and achieving measurable improvements in accountability and compliance.

Our findings make several important contributions to the understanding of governance mechanisms in local government contexts. Theoretically, this study provides empirical support for agency theory’s predictions about monitoring effectiveness while highlighting the importance of institutional context in shaping governance outcomes. The high-resolution rates for audit findings (100% in Nanumba South, 80% - 90% in Nanumba North) demonstrate that effective monitoring can align management behaviour with stakeholder interests, even in resource-constrained environments.

The comparative analysis revealed that both committees achieved their core oversight objectives despite their different operational approaches, suggesting that effectiveness depends more on sustained engagement and institutional support than on specific procedural models. Nanumba South’s frequent meeting approach enabled more continuous oversight, while Nanumba North’s consolidated approach demonstrated that strategic resource use can still achieve substantial oversight impact.

Practically, this study demonstrates that audit committees can serve as viable mechanisms for improving local government accountability when provided with basic institutional support. The committees’ success in ensuring 100% implementation of internal audit recommendations and their role in achieving significant cost savings (GH¢2.88 million in Nanumba North) provide concrete evidence of the value that these governance mechanisms can create.

## 7. Recommendations for Future Research

This study opens several avenues for future research on local government governance. Longitudinal studies tracking committee effectiveness over multiple years could reveal how political cycles, staff turnover, and institutional changes affect governance outcomes. Comparative studies, including those with more diverse local government contexts such as urban versus rural, developed versus developing, or centralised versus decentralised, could enhance our understanding of how different environmental factors influence audit committee effectiveness.

Moreover, the integration of mixed-methods research, which includes stakeholder interviews and surveys, could offer unique insights into the informal dynamics and political factors that our documentary analysis may overlook. Studies that examine the cost-effectiveness of various governance mechanisms can inform resource allocation decisions in local government settings with limited budgets.

Furthermore, cross-national comparative research could shed light on how different legal frameworks, political systems, and cultural contexts shape audit committee effectiveness. This could contribute to a more comprehensive understanding of governance mechanisms, particularly in developing countries, and inspire a more global perspective in our research.

## Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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