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AUDIT COMMITTEES AND THE UTILIZATION OF FINANCIAL RESOURCES IN COUNTY GOVERNMENTS IN KENYA

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ABSTRACT

The purpose of this study was to assess the effect of audit committees on the utilization of financial resources in county governments in Kenya. Specifically, the study determined the effect of audit committee composition, audit committee competences and experience, and audit committee meetings on the utilization of financial resources in these devolved units. A cross-sectional survey research design was adopted. The study targeted the 47 county governments in Kenya, where the units of observation were members of audit committees established by county executives and county directors of finance. Primary data was collected using a structured questionnaire. Both descriptive and inferential analysis were used to analyse the data. The study found that audit committee composition, audit committee competences and experience, and audit committee meetings had positive and significant individual and joint effects on the utilization of financial resources in county governments in Kenya. Consequently, the null hypotheses that these audit committee factors had no significant effect on utilization of financial resources were rejected. The study concluded that audit committees positively and significantly affected the utilization of financial resources in county governments in Kenya. The study recommended diverse audit committee membership, more women and independent directors, stronger policy frameworks, transparent appointment processes, qualified members, independent decision-making, adequate meeting duration, and alignment with county reporting and audit cycles.

Key Words: *Audit Committees, Audit Committee Composition, Audit Committee Competences, Audit Committee Meetings, Financial Resources Utilization*

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INTRODUCTION

Over the years, many countries have increasingly embraced devolved governance as a tool to enhance public sector performance (Eiser, 2020; Sturzaker & Nurse, 2020; Lore & Thuo, 2023). Devolution seeks to enhance development and efficiency in delivering vital public services at the grassroots level (Muwonge et al., 2022). To discharge their mandate effectively, devolved governments require resources from fiscal transfers, own-source revenues and donor contributions (Munguti, 2022; Rutto, Minja & Kosimbei, 2022). These resources must be efficiently utilized for intended purposes to amplify value for money (Mpaima, 2023). Lack of prudent utilization of public funds threatens gains achieved in fiscal devolution and public finance reforms (Iravonga et al., 2023).

Despite public finance management reforms (Hepworth, 2023), optimal use of financial resources remains a major challenge in devolved governments. Poor accountability and transparency have resulted in corruption, theft, wastage and misuse of resources, while subnational governments have failed to use funds according to approved budgets and regulations (Shon & Cho, 2020; Smoke, 2019). Similar problems have been reported in South Africa, Ghana, Zambia and Uganda, where local governments have faced irregular spending, ghost projects, unsupported expenditures, weak budgeting, fraud and inadequate accountability (Sibanda et al., 2020; Mishi, Mbaleki & Mushonga, 2022; Owusu-Ansah, 2019; Mbulo et al., 2022; Rubarema, 2021).

In Kenya, the Public Finance Management Act, 2012 and institutions such as the National Treasury, the Office of the Controller of Budget and the Office of the Auditor General emphasize optimal utilization of public financial resources at all levels (Rugutt, 2019). Nonetheless, misuse and misappropriation of public funds in county governments remain major concerns despite the country’s policy framework (Jarso & Nasieku, 2023). In 2016, 24 county governments could not account for KShs. 140 billion, and such misuse has persisted as corrupt officials exploit loopholes to misuse public funds (Gaitho, 2018; Duri, 2021). The World Bank attributes suboptimal county performance to inefficient utilization of county funds, while the Kenya County Budget Transparency Survey 2023 revealed weak accountability across the counties (Muwonge et al., 2022; International Budget Partnership Kenya, 2024). Related inefficiencies have been reported in several county governments (Kulova & Bunyasi, 2022; Kaaria, Omagwa & Mutwiri, 2024; Kiplangat, 2020; Haro, 2023; Mpaima, 2023; Murage & Mathenge, 2023).

Audit committees have gained attention in public finance management because they promote accountability in the use of public resources (Ramadhan & Gani, 2023). They help governments achieve value for money and ensure funds are used for intended purposes (Lebese, Motubatse & Legodi, 2023). Their oversight seals loopholes for fraud and misuse by improving surveillance, governance, transparency and accountability, while independent committees improve financial reporting quality, decision making and operational efficiency (Ambiyo, 2020; Kirui, 2022; Li & Li, 2020). By overseeing internal controls, internal audit and whistleblowing systems, audit committees safeguard public resources and prevent fraud, corruption and diversion of funds (Donyina, 2022; Kamara, 2023; Khemakhem et al., 2021).

To perform these responsibilities effectively, audit committees should be well-composed, competent, experienced and diligent in their meetings (Lisic et al., 2019; Zarza-Herranz et al., 2020). Composition, especially size, independence and diversity, matters because independent committees are less prone to management influence and draw from wider expertise (Singhania & Panda, 2025; Al-Hajaya, 2019; Ng, 2024; Otero, Wafula & Maobe, 2024). Independence enhances audit credibility, while financial literacy, accounting expertise, industry experience and diverse knowledge strengthen internal audit and internal control functions (Alzeban, 2020; Komal et al., 2022; Gathogoh, King’ori & Nderitu, 2023; Ma et al., 2025; Al-Hadrami, Rafiki & Sarea, 2020; ElHawary, 2021). Audit committee meetings enable members to engage auditors, examine financial statements, reduce agency problems and supervise management (Sijabat & Tamba, 2021; Ntim, 2013; Khudhair, Al-Zubaidi & Raji, 2019; Kapkiyai, Cheboi & Komen, 2020; Qamhan et al., 2018). Since Kenya’s Public Finance Management Act, 2012 and Public Finance Management Regulations, 2015 require public entities to establish audit committees, it was crucial to examine audit committee composition, competences and meetings in relation to county financial resource utilization.

Statement of the Problem

Enhancing service delivery and public sector performance in difficult economic times requires governments to use financial resources effectively to achieve their objectives (Bakhtiyarovna, 2023; Mpaima, 2023). Since 2013, financial resources have been channelled to county governments in Kenya to finance their budgets. However, concerns regarding the utilization of these resources have been raised every financial year, with inefficiency, imprudence and weak accountability cited as major barriers to the realization of devolution objectives, especially development and essential service delivery (Dambala, Rintari & Mutea, 2021; Edow & Muturi, 2024; Oluoch, 2021).

Reports by the Office of the Auditor General and the Controller of Budget continue to present a poor picture of county financial resource utilization. For the 2020–2021 financial year, only two of the 47 county governments received unqualified audit opinions, while the rest received modified opinions due to excessive recurrent spending, unapproved expenditure, wastage, mismanagement and non-compliance with financial regulations (Office of the Auditor General, 2023). The Controller of Budget also reported that 43 percent of funds allocated to counties in the 2021/2022 financial year could not be accounted for (OCOB, 2022).

Scholars have further questioned whether county projects and operations achieve value for money, noting disregard of the Public Finance Management Act, 2012, the Public Procurement and Asset Disposal Act, 2015 and other laws (Kisuko, Githui & Kweyu, 2022; Mumbi, 2021; Bosibori, Omoro & Kinyua, 2023). Although audit committees are expected to improve surveillance, governance, transparency and accountability, their effectiveness in county governments remains debatable (Kirui, 2022; Ramadhan & Gani, 2023; Ruwah, 2022). Existing studies have mainly focused on audit committee characteristics, roles and organizational performance. Therefore, this study examined the effect of audit committees on financial resource utilization in Kenyan county governments, focusing on three independent variables: audit committee composition, audit committee competences and experience, and audit committee meetings.

LITERATURE REVIEW

Theoretical Review

This study was anchored on agency theory, stewardship theory, policeman theory and positive accounting theory, which together explain the need for effective oversight, accountability and prudent utilization of financial resources in county governments.

Agency theory, originally advanced by Ross (1973) and later by Jensen and Meckling (1976), is based on the principal-agent relationship in which one party delegates authority to another to act on its behalf (Adeyemi, 2020). In this study, this relationship is reflected in the link between citizens or taxpayers as principals and county executives, elected leaders and county staff as agents. The theory holds that agents often possess more information than principals, creating information asymmetry that may allow them to pursue personal interests at the expense of public interest (Gorbachuk, Dunaievskyi & Suleimanov, 2019; Panda & Leepsa, 2017). It therefore emphasizes independent mechanisms such as budgeting, financial reporting, internal controls and audit committees to reduce conflicts of interest and moral hazard (Payne & Petrenko, 2019; Akuffo & Akuffo, 2020; Buabeng, 2020; Gacheru, 2020; Mijena, 2020). In Kenyan county governments, competent and independent audit committees provide a monitoring mechanism by overseeing financial reporting and internal auditing, thereby promoting accountability in the use of public funds.

In contrast, stewardship theory views managers not as self-interested agents but as stewards who are motivated to protect and maximize organizational wealth (Davis, Schoorman & Donaldson, 1997; Wong, 2022). The theory emphasizes trust, shared goals and responsible management rather than excessive control

(Melis & Nijhof, 2018). However, prudent accounting structures such as internal control systems, financial reporting, accounting standards and audit committees remain necessary to support responsible use of resources (Solomon, 2020; Song, Van Hoof & Park, 2017). In county governments, county executives are stewards of public funds entrusted to them by citizens. They are expected to act in the public interest by supporting audit committees, providing financial information, implementing recommendations and enabling oversight of internal audit, internal controls, whistleblowing and financial reporting. Such support reflects a shared commitment to county performance and effective service delivery (Masanja, 2022).

Further, the policeman theory presents auditors as watchdogs responsible for detecting and discouraging fraud, financial irregularities and false financial reporting (Hayes et al., 1999). The theory emphasizes the role of auditors in safeguarding financial systems and maintaining the reliability of financial information. In this view, auditors act as impartial supervisors who monitor financial activities and help protect organizations from fraud, error and financial misbehavior (Humphrey et al., 1993). This theory supports the role of audit committees in strengthening surveillance over county financial operations.

Finally, positive accounting theory, advanced by Watts and Zimmerman (1986), explains how accounting standards, policies and practices affect organizational wealth and financial performance. It also explains how managers select accounting practices either to reflect true financial performance or to serve their own interests (Deegan & Unerman, 2009; Voss, 2018; Ahmed & Duellman, 2007). In county governments, poor accounting practices, weak internal controls, poor reconciliations and inadequate risk assessment may encourage embezzlement, poor cash management and weak financial health. Therefore, the theory supports the need for audit committee oversight to promote transparency, accountability and prudent utilization of financial resources.

Empirical Review

Various empirical studies have examined audit committee characteristics and their implications for financial reporting, accountability, performance and financial resource management. On audit committee composition, Jerubet, Chepng'eno and Tenai (2017) examined companies listed at the Nairobi Securities Exchange and found that larger audit committees positively and significantly improved the quality of financial reporting. Their study argued that larger committees allowed better task distribution, more time for reviewing financial statements, wider expertise and stronger oversight of financial systems, which helped detect fraud, support informed decisions and prevent scandals that could cause financial losses. Similarly, Kang'ali (2022), in a study of commercial state corporations in Kenya, found that larger and more independent audit committees improved budgetary compliance by strengthening oversight, monitoring managerial opportunism and discouraging self-interest in the use of public funds.

Related findings were reported by Osioru, Rotich and Anyango (2017), who studied auditing and public funds management in Kenyan government ministries and found that audit committee independence had a positive and significant effect on public finance management. Their findings showed that independent audit committees reduced agency problems, promoted accountability, encouraged integrity in financial reporting and helped prevent mismanagement, fraud, embezzlement and wasteful expenditure. Dambala, Rintari and Mutea (2021) reached a similar conclusion in Marsabit County Government, where autonomous audit committees enhanced transparency, accountability, internal audits, controls, risk management and governance, thereby reducing embezzlement and inefficient use of county funds.

Studies on diversity also supported the importance of audit committee composition. Mwangi et al. (2017) found that gender diversity improved financial reporting quality in non-commercial state corporations in Kenya, partly because female members strengthened ethical conduct and reduced tolerance for manipulation or concealment of financial information. Ruto and Essajee (2018) similarly found that gender-diverse audit committees in Kenyan government ministries improved audit committee effectiveness and efficiency in safeguarding public funds. In Jordan, Hamada and Jwailes (2021) also found that audit committee size, independence and gender diversity improved firm performance by reducing fraudulent reporting, preventing poor investment decisions and strengthening oversight over managers. These findings agree with Al-Okaily and Naueihed (2020), Laaroussi, Tbatou and Aziz (2024), Algrady, Huang and Al-Matari (2025), Zadeh et al. (2023), Singhania and Panda (2025), and Jia and Gao (2025), who emphasized that adequate size and independence improve audit committee capacity, objectivity and supervisory strength.

On audit committee competences and experience, Nnko (2023) studied Tanzania's public sector and found that functional audit committees acted as checks and balances by assessing financial practices, legal compliance and internal controls. The study emphasized that members required financial expertise, industry knowledge, governance understanding, integrity and diverse skills to identify risks, promote compliance, strengthen transparency and reduce misuse of public funds. Agyemang and Modisane (2024), in a systematic review of local governments in Ghana, similarly found that audit committee members required accounting and auditing qualifications, skills and experience to promote accountability, transparency, compliance and responsible decisions on public funds. They further linked competent audit committees with improved financial reporting, stronger governance and faster identification of fraud and irregularities.

Mwewa and Sichali (2025), in a mixed methods study of Chilanga Town Council in Zambia, found that knowledgeable and experienced audit committee members enhanced financial accountability by improving compliance, transparency, procurement oversight and detection of irregularities. Their findings showed that competent committees reduced unauthorized expenditure, improved budget adherence and prevented fund misallocation. Kariuki and Nasieku (2019), studying deposit-taking Saccos in Nyandarua County, also found that skilled and experienced audit committees improved financial performance by detecting fraud, guiding efficient resource allocation and promoting prudent investment decisions. The study stressed the need for sound judgment, integrity, ethics, interpersonal skills, accounting knowledge and willingness to question management decisions. These findings align with Sultana, Singh and Rahman (2019), Velte (2020), Oussii and Boulila (2021), Alshammari (2024), El-Deeb, Alarabi and Mohamed (2024), and Muturi and Kariuki (2024), who highlighted the central role of audit committee competence and experience in improving oversight effectiveness.

On audit committee meetings, Atieno (2017) found that frequent audit committee meetings reduced fraud in Kenyan government ministries by improving oversight, reducing conflicts of interest and limiting management misappropriation. Regular meetings enabled committees to assess risk exposure, improve operational effectiveness, strengthen financial information reliability and promote compliance with laws and regulations. Mwombeki (2023), in Tanzania's public sector, found that regularly meeting audit committees curbed financial fraud, strengthened accountability, reviewed audit plans and reports, and advised accounting officers on better financial management. Limonya, Byaruhanga and Musiega (2023) similarly found that regular audit committee meetings improved audit report quality among Saccos in Homabay County by identifying material misstatements, encouraging timely reporting and exposing fraud. Maina and Oluoch (2018) added that regular meetings in Kenyan manufacturing firms enabled discussion of compliance with financial standards, while Laaroussi, Tbatou and Aziz (2024) found that frequent meetings in Moroccan small and medium enterprises improved management oversight, financial reporting quality, detection of irregularities and allocation of resources to profitable opportunities.

Figure 1 shows the conceptual framework for the study.

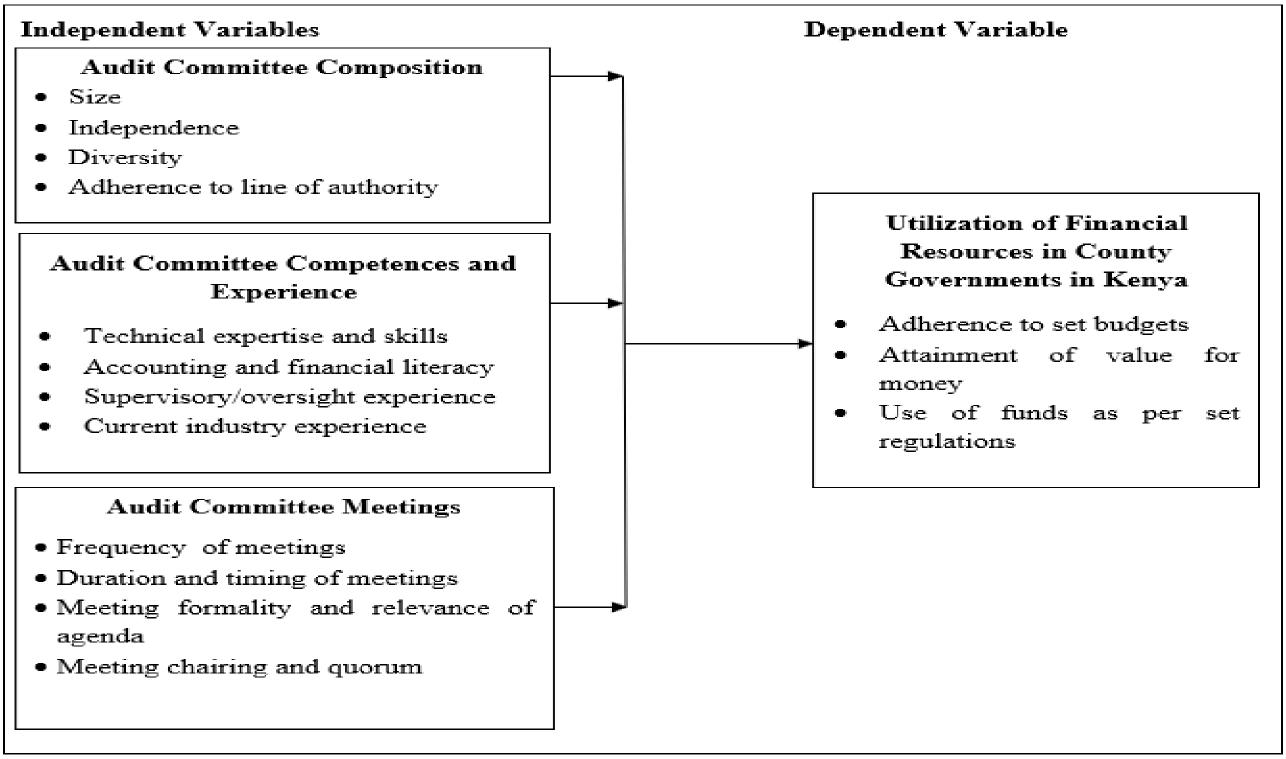

Figure 1: Conceptual Framework of the Study

METHODOLOGY

The study adopted a cross-sectional survey research design. The unit of analysis was the 47 county governments in Kenya. In contrast, the units of observation were the audit committee members (chairpersons or any other member) and county directors of finance in these county governments. The study targeted the members of the audit committee set up by the county executives because they were among the persons who discharge audit committee oversight roles. The county directors of finance, on the other hand, provided information regarding the efficiency of utilization of financial resources in county governments. A census of all the 47 chairpersons (or any other member) of audit committees established by county executives across all the county governments in Kenya, as well as the 47 county directors of finance, was taken. Primary data was sourced from the audit committee members and county directors of finance using a structured questionnaire. The data collected was analyzed using quantitative methods using the statistical package for the social sciences (SPSS). Initial data analysis entailed computing descriptive statistics, specifically percentages, the mean and standard deviation. After undertaking descriptive analysis, inferential statistics consisting of correlation coefficients and regression estimates were computed. In particular, Pearson's correlation coefficients and corresponding significance values were considered when assessing the nature of the association between the independent variables and financial resources utilization in county governments. Bivariate and multiple regression analyses were, on the other hand, conducted in a bid to determine the individualized and joint effect of audit committee composition, audit committee competences and experience and audit committee meetings in Kenyan county governments on the utilization of financial resources. The following models were fitted:

$$Y = \beta_0 + \beta_1 X_1 + e$$

$$Y = \beta_0 + \beta_2 X_2 + e$$

$$Y = \beta_0 + \beta_3 X_3 + e$$

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Where: Y = Utilization of financial resources in county governments in Kenya, β_0 = Constant term, β_1, β_2, β_3= Beta coefficients, X_1 = Audit committee composition, X_2 = Audit committee competences and experience, X_3 = Audit committee meetings, and e = Error term

FINDINGS AND DISCUSSIONS

The findings are based on 43 questionnaires, which were duly completed and returned. The descriptive statistics and inferential statistics are presented and discussed as per the study objectives.

Descriptive Statistical Analysis

The study sought to determine how audit committee composition, audit committee competences and experience and audit committee meetings affected the utilization of financial resources in county governments in Kenya. Table 1 presents a summary of the descriptive statistics in terms of means and standard deviation for audit committee composition.

Table 1: Descriptive Statistics for Audit Committee Composition

Statement	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	Std Dev
The number of audit committee members in this county government rarely falls outside the one stipulated in the relevant statutory guidelines	26	40	23	9	2	3.77	1.02
Audit committee members in this county government always adhere to the line of authority established in the committees	12	44	35	9	0	3.58	0.82
Audit committee members in this county always submit a written declaration of conflict of interest through the chairperson on a periodic basis	14	47	23	14	2	3.56	0.98
Audit committees in this county have always refrained from making politically influenced decisions and recommendations	7	35	39	19	0	3.30	0.86
Audit committees in this county government have always had a good percentage of independent directors	19	30	23	16	12	3.28	1.28
There is always a fair representation of both male and female members in the county government's audit committees	23	14	28	23	12	3.14	1.34
The process of selecting audit committee chairpersons in this county government has always been transparent and based on merit	14	25	30	19	12	3.12	1.22
Audit committee members in this county government are always legally protected and empowered to carry out their duties with a greater degree of autonomy and no influence from the management	7	35	9	26	23	2.77	1.34
Overall Mean						3.31	0.66

From Table 1, it was evident that on average, the respondents agreed that the number of audit committee members in their respective county governments rarely fell outside the one stipulated in the relevant statutory guidelines, as supported by (Mean=3.767, SD=1.020). The respondents also, on average, agreed that audit committee members in their county governments always adhered to the line of authority established in the committees, as revealed by (Mean=3.581, SD=0.823), besides always submitting a written declaration of conflict of interest through the chairperson on a periodic basis, given (Mean=3.558, SD=0.983). The findings however showed that on average, the respondents neither agreed nor disagreed that audit committees in their respective county governments had always desisted from making politically influenced decisions and recommendations as confirmed by (Mean=3.302, SD=0.860), whether the committees always had a good percentage of independent directors as illustrated by (Mean=3.279, SD=1.278) and whether there was always a fair representation of both male and female members in these audit committees as indicated by (Mean=3.140, SD=1.338).

Similarly, the study determined that on average, the respondents neither agreed nor disagreed that the process of selecting audit committee chairpersons in their county governments had always been transparent and based on merit given (Mean=3.116, SD=1.219) and whether audit committee members in their county governments were always legally protected and empowered to carry out their duties with a greater degree of autonomy and no influence from the management as demonstrated by (Mean=2.767, SD=1.342). The above findings suggested that different components of audit committees in county governments in Kenya were prioritized to varying extents. For instance, while county governments certainly ensured that the size of their audit committees was informed by the stipulated statutory guidelines, legally protecting and empowering audit committee members to carry out their duties with a greater degree of autonomy and no influence from the management had not been optimized. The composite mean of 3.314 and standard deviation of 0.659 for the construct meant that on average, the respondents neither agreed nor disagreed with the items on the audit committee composition, indicating the need for improving various aspects of audit committee composition in Kenyan county governments. Several scholars, among them Al-Hajaya (2019), Alzeban (2020), Ng (2024), as well as Singhania and Panda (2025), have underscored the importance of well-composed audit committees in terms of their size, independence, and diversity in enhancing their level of effectiveness and diligence in carrying out their core mandates or roles.

The responses of the respondents regarding audit committee competences and experience in their respective county governments are outlined in Table 2.

Table 2: Descriptive Statistics for Audit Committee Competences and Experience

Statement	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	Std Dev
A greater percentage of the audit committee members in this county government are experts in finance and accounting practice	33	39	23	5	0	4.00	0.87
All the audit committee members in this county always possess some level of accounting and financial literacy and experience	21	51	21	7	0	3.86	0.83
Audit committee members in this county government always possess diverse expertise and experience required to discharge a wide range of audit committee mandates beyond financial reporting	25	35	28	12	0	3.74	0.98
All the appointed audit committee members in this county government have adequate supervisory and oversight experience needed to fulfill their roles in overseeing different county functions and management activities	23	28	33	16	0	3.58	1.03
Audit committee members in this county government always exude integrity and high ethical standards, sound judgement, the ability and willingness to challenge and probe issues and are highly committed to their duties	14	39	33	14	0	3.54	0.91
The selection and appointment of audit committee members in this county has always been transparent and purely based on possession of requisite qualifications, skills and experience	12	44	23	19	2	3.44	1.01
Audit committee members in this county government always have current and relevant industry knowledge and experience required to grasp and observe complex accounting and auditing concerns and risks in county governments	7	37	42	14	0	3.37	0.82
Overall Mean						3.65	0.49

The findings presented in Table 2 revealed that, on average, the respondents agreed that a greater percentage of the audit committee members in their county governments were experts in finance and accounting practice, as affirmed by (Mean=4.000, SD=0.873) and that all the audit committee members always possessed some level of accounting and financial literacy and experience, given (Mean=3.860, SD=0.833). In the same vein, the respondents on average agreed that audit committee members in their county governments always possessed diverse expertise and experience required to discharge a wide range of audit committee mandates beyond financial reporting as proved by (Mean=3.744, SD=0.978) and that all the appointed audit committee members in these county government had adequate supervisory and oversight experience needed to fulfill their roles in overseeing different county functions and management activities as revealed by (Mean=3.581, SD=1.029).

On average, the respondents also agreed that audit committee members in their county governments always exuded integrity and high ethical standards, sound judgement, the ability and willingness to challenge and probe issues and were highly committed to their duties as demonstrated by (Mean=3.535, SD=0.909). Nonetheless, they on average neither agreed nor disagreed that the selection and appointment of audit committee members in their respective county governments had always been transparent and purely based on possession of requisite qualifications, skills and experience as supported by (Mean=3.442, SD=1.007) and whether audit committee members always had current and relevant industry knowledge and experience required in grasping and observing complex accounting and auditing concerns and risks in county governments given (Mean=3.372, SD=0.817).

The composite mean of 3.648 and standard deviation of 0.487 was proof that, on average, the respondents agreed with the statements presented to them on audit committee competencies and experience in their respective county governments. Based on these findings, it can be argued that, on average, audit committee competences and experience have been prioritized to a large extent in county governments in Kenya. From existing literature, it is evident that audit committee members must essentially possess the necessary theoretical and practical knowledge and expertise to effectively fulfill their various roles (Handono, 2023). Their effectiveness has been widely linked to the broad skills and past experiences of its members (Oussii & Boulila, 2021; Sijabat & Tamba, 2021), their financial literacy in accounting and finance (Al-Hadrami, Rafiki & Sarea, 2020; Al Lawati & Hussainey, 2021) and their industry knowledge, especially in the face of expanding responsibilities beyond just financial reporting (Velte, 2020; Lebese, 2022; Yu et al., 2022).

The respondents also reacted to various items on the nature of audit committee meetings in their respective county governments and their responses are as provided in Table 3. the respondents on average agreed that the audit committees in their county governments always held at least four meetings in a year as suggested by (Mean=4.093, SD=0.811) and that these meetings always had the necessary quorum given (Mean=3.860, SD=0.560). The study findings also revealed that on average, the respondents agreed that all the audit committee members in their county governments always attended convened meetings on a regular basis and were allocated various oversight duties as depicted by (Mean=3.814, SD=0.546) and that every audit committee meeting was guided by a predetermined agenda closely linked to the committee's terms of reference and which originated from a detailed work plan as illustrated by (Mean=3.651, SD=0.783).

Table 3: Descriptive Statistics for Audit Committee Meetings

Statement	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	Std Dev
The audit committees in this county government always hold at least four meetings in a year	37	35	28	0	0	4.09	0.81
Audit committee meetings in this county government always have the necessary quorum	7	75	16	2	0	3.86	0.56
All the audit committee members in this county government always attend convened meetings on a regular basis and are allocated various oversight duties	7	67	26	0	0	3.81	0.55
Every audit committee meeting in this county is guided by a predetermined agenda closely linked to the committee's terms of reference and which originates from a detailed work plan	12	49	32	7	0	3.65	0.78
Audit committee meetings in this county government are never convened without the presence of the chairperson	12	51	21	16	0	3.58	0.91
Audit committees in this county government always strike a balance between formal and informal interactions or meetings, so as to gain additional opportunities for monitoring various county government functions	7	51	23	14	5	3.42	0.98
There is always adequate time available for each audit committee meeting, allowing members to cover all agenda items, adequately discuss pertinent issues and for all parties to ask questions or provide input	0	58	12	28	2	3.26	0.95
The timing of audit committee meetings in this county government always coincides with key dates within the county government's financial reporting and audit cycle	5	46	14	33	2	3.19	1.03
Overall Mean						3.61	0.41

Further Table 3 shows that the respondents also, on average, further agreed that audit committee meetings in their respective county governments were never convened without the presence of the chairperson, based on (Mean=3.581, SD=0.906). On the other hand, the respondents on average neither agreed nor disagreed that audit committees in their county governments always struck a balance between formal and informal interactions/meetings so as to gain additional opportunities for monitoring various county government functions, as proved by (Mean=3.419, SD=0.982). The respondents also, on average, neither agreed nor disagreed that there was always adequate time available for each audit committee meeting, allowing members to cover all agenda items, adequately discuss pertinent issues and for all parties to ask questions or provide input as supported by (Mean=3.256, SD=0.954).

Further analysis revealed that on average, the respondents neither agreed nor disagreed that the timing of audit committee meetings in their county governments always coincided with key dates within the county government's financial reporting and audit cycle, as shown by (Mean=3.186, SD=1.029). Considering the composite mean of 3.608 and standard deviation of 0.412, it was inferred that, on average, the respondents were in agreement with the statements presented at audit committee meetings in their respective county governments. The findings demonstrated that audit committees in Kenyan county governments were, to a large extent, committed to efficient meetings even though there were aspects that needed to be improved or enhanced. It has been determined in various existing studies that the effectiveness of audit committee operations depends on frequent or consistent meetings (Asiriuwa et al., 2018; Tsekumah, 2022; Alshammari, 2024) that are productive in terms of well-structured agendas that are not only closely aligned with laid down terms of reference but also stem from comprehensive work plans to ensure that members maintain their focus on core activities (Githinji, 2013; Wu, Habib & Weil, 2014). Moreover, the scheduling meetings to align with significant dates in the financial reporting and audit cycles (Smith, 2003), the allocation of adequate time to allow members address all the agenda items, engage in comprehensive discussions and be able to ask questions or give feedback (Kamaludin, Sundarasen & Ibrahim, 2023) as well as the assignment of oversight responsibilities to all members (Agyei-Mensah, 2022) has been emphasized.

The study further assessed the utilization of financial resources in county governments in Kenya by getting the reaction of the respondents towards five items that were presented to them. The results are presented in Table 4.

Table 4: Descriptive Statistics for Utilization of Financial Resources

Statement	**SA (%)**	**A (%)**	**N (%)**	**D (%)**	**SD (%)**	**Mean**	**Std Dev**
There has always been strict adherence to the approved budgets across all departments within the county government	21	28	30	16	5	3.44	1.14
The reported cases of unplanned resource allocation, fraud, pilferage, misappropriation and wastage of the county government's financial resources have significantly reduced	2	35	47	14	2	3.21	0.80
The county government has always been able to attain value for money across all its processes, operations, projects and activities	12	23	35	30	0	3.16	1.00
The financial resources available to the county government are always prudently used to meet priority needs across all units or departments	7	35	25	21	12	3.05	1.15
All the available financial resources in this county government are at all times strictly used as per the set financial rules and regulations	7	28	16	35	14	2.79	1.21
Overall Mean						3.13	0.62

The findings outlined in Table 4 showed that, on average, the respondents neither agreed nor disagreed that there had always been strict adherence to the approved budgets across all departments within their county governments, as revealed by (Mean=3.442, SD=1.140). The respondents also, on average, neither agreed nor disagreed that the reported cases of unplanned resource allocation, fraud, pilferage, misappropriation and wastage of their county governments' financial resources had significantly reduced, given (Mean=3.209, SD=0.804). It can also be seen that the respondents as well neither agreed nor disagreed that their county governments had always been able to attain value for money across all their processes, operations, projects and activities given (Mean=3.163, SD=0.998) and that the financial resources available to their county governments were always prudently used to meet priority needs across all units/departments as demonstrated by (Mean=3.047, SD=1.154). Furthermore, the respondents neither agreed nor disagreed that the available financial resources in their county governments were at all times strictly used as per the set financial rules and regulations since (Mean=2.791, SD=1.206). The overall mean of 3.130 and standard deviation of 0.617 indicated that, on average, the respondents neither agreed nor disagreed with the items on the utilization of financial resources in their respective county governments. On this basis, it was deduced that the utilization of financial resources in county governments in Kenya was wanting or had not been optimized when aspects such as adherence to set budgets, attainment of value for money and prudent usage of public funds as per set regulations were evaluated. These findings supported the observations by other scholars such as Duri (2021), Muwonge et al. (2022), Jarso and Nasieku (2023), Mpaima (2023) and Kaaria, Omagwa and Mutwiri (2024) that despite Kenya's robust PFM policy and institutional framework, the failure of county governments to optimally utilize allocated financial resources was a key concern for policy makers and the citizenry.

Inferential Analysis

The researcher performed inferential statistical analysis to examine the relationship between audit committees and the utilization of financial resources in county governments in Kenya. Specifically, bivariate correlation analysis and multivariable regression modelling were used to determine the statistical significance and joint effect of the three predictors, namely audit committee composition, audit committee competences and experience, and audit committee meetings, on the utilization of financial resources. Table 5 presents the correlation results.

Table 5: Correlation Matrix

Variable	**UFR**	**ACC**	**ACCE**	**ACM**
Utilization of Financial Resources (UFR)	1			
Audit Committee Composition (ACC)	.710**	1		
Audit Committee Competences and Experience (ACCE)	.777**	.626**	1	
Audit Committee Meetings (ACM)	.749**	.534**	.641**	1

Note. ** Correlation is significant at the 0.01 level, two-tailed.

Table 5 showed that the correlation between audit committee composition and the utilization of financial resources in county governments in Kenya was not only positive but also strong and significant, as revealed by ($r=0.710$ and $p=0.000$). Similarly, a positive, strong and significant correlation existed between audit committee competences and experience and the utilization of financial resources in county governments in Kenya given ($r=0.777$ and $p=0.000$). Additionally, audit committee meetings and the utilization of financial resources in county governments in Kenya were found to be positively, strongly and significantly correlated, as illustrated by ($r=0.749$ and $p=0.000$). From these results, it can be inferred that the correlation or association between audit committees and the utilization of financial resources in county governments in Kenya was positive, strong and significant. Moreover, with these findings, the relationship between audit committee composition, audit committee competences and experience and audit committee meetings and utilization of financial resources in county governments in Kenya could be determined by conducting regression analysis.

The study conducted a multiple regression analysis to determine the combined and individual effects of audit committee composition, audit committee competences and experience, and audit committee meetings on the utilization of financial resources in county governments in Kenya. The results are presented in Tables 6-8.

Table 6: Regression Model Summary

Model	R	R Square	Adjusted R-Square	Std. Error of the Estimate
1	.871a	0.759	0.740	0.31451

a. Predictors: (Constant), Audit Committee Composition, Audit Committee Competences and Experience, and Audit Committee Meetings

The model summary in Table 6 shows audit committee composition, audit committee competences and experience and audit committee meetings jointly explained 75.9% of the variance in the utilization of financial resources in county governments in Kenya, as the R Square obtained was 0.759. The rest of the variance in the utilization of financial resources in these county governments (24.1%) was attributed to other factors ignored in this multivariate analysis. These findings meant that audit committees operationalized in terms of audit committee composition, audit committee competences and experience and audit committee meetings significantly contributed to variance in the utilization of financial resources in county governments in Kenya.

Table 7: Analysis of Variance (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.133	3	4.044	40.886	.000[b]
	Residual	3.858	39	0.099		
	Total	15.991	42			

a. Dependent Variable: Utilization of Financial Resources in County Governments in Kenya
b. Predictors: (Constant), Audit Committee Composition, Audit Committee Competences and Experience, and Audit Committee Meetings

The ANOVA results in Table 7 indicate that the multiple regression model was statistically significant, $F(3, 39) = 40.886$, $p < 0.001$. Therefore, audit committee composition, audit committee competences and experience, and audit committee meetings jointly predicted the utilization of financial resources in county governments in Kenya.

Table 8: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0.355	0.324		-1.097	0.280
	Audit Committee Composition	0.301	0.108	0.289	2.794	0.008
	Audit Committee Competences and Experience	0.352	0.110	0.365	3.203	0.003
	Audit Committee Meetings	0.410	0.120	0.360	3.431	0.001

a. Dependent Variable: Utilization of Financial Resources in County Governments in Kenya

The regression coefficient estimates in Table 8 showed that audit committee composition positively and significantly affected the utilization of financial resources in county governments in Kenya, given ($\beta = 0.301$, $p = 0.008$). Holding all the other factors constant, an improvement in audit committee composition by one unit would result in increased prudence in the utilization of financial resources in these county governments by 0.301 units. The study also determined that audit committee competences and experience had a positive significant effect on utilization of financial resources in county governments in Kenya as revealed by ($\beta = 0.352$, $p = 0.003$). A unit increase in audit committee competences and experience would therefore boost the utilization of financial resources in these county governments by 0.352 units when all other factors are held constant.

It was further established that audit committee meetings not only positively affected the utilization of financial resources in county governments in Kenya, but their effect was also significant, as illustrated by ($\beta = 0.410$, $p = 0.001$). When all other factors were held constant, a unit increase in audit committee meetings would lead to increased utilization of financial resources in these county governments by 0.410 units. Based on the above study results, it was evident that audit committees positively and significantly affected the utilization of financial resources in county governments in Kenya. Audit committee meetings had the greatest effect on the utilization of financial resources in these county governments followed by audit committee competences and experience. Therefore, it can be argued that effective and efficient audit committees would substantially enhance the prudent utilization of financial resources in county governments in Kenya. These findings resonated with various existing studies that had linked audit committees with transparency and accountability in the use of public financial resources by ensuring that governments achieved value for money, public funds were used for the intended purpose, that the loopholes for financial frauds, misuse or loss of public funds were sealed and that there was improved financial reporting quality which aided in among others sound decision making, minimal financial irregularities and illegal acts as well as operational efficiency (Ambiyo, 2020; Li & Li, 2020; Kirui, 2022; Kamara, 2023; Ramadhan & Gani, 2023; Lebese, Motubatse & Legodi, 2023).

CONCLUSIONS

The study concluded that audit committees had a positive and significant effect on the utilization of financial resources in county governments in Kenya. Precisely, the study concluded that audit committee composition, audit committee competences and experience and audit committee meetings positively and significantly affected the utilization of financial resources in Kenyan county governments. Consequently, it was concluded that improved effectiveness of audit committees in these county governments in terms of their composition, competences and experience and also their meetings would substantially boost the prudent utilization of financial resources.

RECOMMENDATIONS

The study recommends that county executives should strengthen audit committee composition by increasing women's representation, appointing more independent directors, and ensuring members are protected from political influence when making oversight decisions. County governments should also establish transparent, merit-based procedures for selecting audit committee chairpersons and appointing members with relevant qualifications, integrity, ethical conduct, sound judgment, and the willingness to question management decisions.

Audit committee members should continuously improve their professional competence by joining relevant professional bodies and undertaking further training on emerging accounting, auditing, governance, risk management, and public finance issues affecting county governments. County executives should support this by organizing regular workshops, seminars, and capacity-building programmes focused on county-specific financial management challenges.

The study further recommends that audit committees should continue holding frequent meetings with clear agendas, an adequate quorum, and active participation by all members. Chairpersons should allocate oversight responsibilities fairly and monitor members' performance. Meeting duration should be sufficient to allow meaningful discussion of all agenda items. Audit committees should also combine formal and informal engagements and align their meeting calendars with county financial reporting and audit cycles.

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