

**THE EFFECT OF AUDIT COMMITTEE FEATURES AND QUALITY OF FINANCIAL  
STATEMENTS  
ACASE OF LOCAL NGOs SUPPORTED BY AIM PROGRAMME  
IN BUSIA, BUGIRI AND IGANGA**

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**APRIL 2020**

**DECLARATION**

I, WANYAMA KELVIN, hereby declare that this research report is my original work and has never been submitted or published to any Institution of higher learning for any award.

Sign .....

Date.....

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## **APPROVAL**

This is to certify that this research report has been compiled and submitted by Wanyama Kelvin a student of Busitema university registration number BU/UP/2017/344 under my approval as the University supervisor.

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## **DEDICATION**

With profound difference and honour, I dedicate this piece of work to my family members for the great support rendered to me during the research period and since my childhood. I dedicate this research to the staff members of Busitema University. On a special note i also dedicate this research to my supervisor, Mr. Emojong Ronald for his endless guidance and my Lastly, to my friends and fellow researchers at Busitema university specifically Mandela Salim, Bichakwa Ronald, Kia Vicky Sharon and OchwoGasitafasi without forgetting Faith and Doreen for the corporation and love exhibited, may the almighty lord God award you according to his abundance. Amen!

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May God bless you all!

## **ABSTRACT**

This study is to establish the extent to which audit committee features affects the financial statements of NGOs in Busia, Bugiri and Iganga districts. Specifically, the study sought to determine the effect of audit committee independence on the quality of financial statements in NGOs, to determine the effect of audit committee financial accounting and expertise on the financial statements in NGOs and also to establish the effect of audit committee due diligence on the financial statements in NGOs. The study used descriptive correlation, comparative and cross-sectional survey designs. Data collected from 44 respondents using self-administered questionnaires as the key data collection instruments. Data was analyzed using frequency counts, means, and SPSS. The findings revealed that there was a relationship between audit committee independence, audit committee financial accounting and expertise and audit committee due diligence on the financial statements. The audit committee features development brings about effective, efficiency operations of the business which leads to quality financial statements. Recommendations based on the findings were that NGOs should embrace the use of independence in order to ensure quality and to achieve targets, NGOs should also focus on financial accounting and expertise programmes in order to improve on their skills and lastly central and local governments should focus on improving the committee due diligence within Busia, Bugiri and Iganga districts to allow easy supervision of operations in order to boost on the quality of financial statements of NGOs.

## TABLE OF CONTENTS

|  |      |
|--|------|
| DECLARATION.....   | ii   |
| APPROVAL.....  | iii  |
| DEDICATION .....   | iv   |
| ACKNOWLEDGEMENT.....   | v    |
| ABSTRACT .....   | vi   |
| TABLE OF CONTENTS .....  | vii  |
| LIST OF TABLES .....   | viii |
| LIST OF FIGURES.....   | ix   |
| LIST OF ABBREVIATIONS .....  | x    |
| CHAPTER FOUR .....   | 26   |
| <b>DATA ANALYSIS AND PRESENTATION OF FINDINGS</b> .....                                  | 26   |
| <b>4.0 Introduction</b> .....  | 26   |
| <b>4.1 Response Rate</b> .....   | 26   |
| <b>4.2 Demographic and descriptive Information</b> .....                                 | 26   |
| CHAPTER FIVE:.....   | 43   |
| <b>INTERPRETATION OF FINDINGS, SUMMARY, CONCLUSION AND<br/>    RECOMMENDATIONS</b> ..... | 43   |
| <b>5.0 Introduction</b> .....  | 43   |
| <b>5.1 Interpretation of the findings</b> .....  | 43   |
| <b>5.2 Summary of the findings and conclusion</b> .....                                  | 44   |

## LIST OF TABLES

|   |    |
|---|----|
| Table 1: Population of the study.....   | 22 |
| Table 2: Showing type og organisation.....  | 26 |
| Table 3: Showing location of NGOs.....  | 27 |
| Table 4: showing gender od respondents.....   | 28 |
| Table 5: Showing age of respondents.....  | 29 |
| Table 6: Showing education level of respondents.....  | 30 |
| Table 7: Showing positions of employees.....  | 31 |
| Table 8: Showing years served in the business.....  | 32 |
| Table 9: Showing the effect of audit committee independence on the quality of financial statements.....                   | 33 |
| Table 10: Showing what percentage has the audit committee independence affected the financial statements in NGOs.....     | 34 |
| Table 11: Showing which group makes the majority of audit committee in NGOs.....  | 35 |
| Table 12: Showing the effect of financial accounting and expertise on financial statements in NGOs.....                   | 36 |
| Table 13: Showing problems faced during financial accounting activities to ensure true and fair financial statements..... | 37 |
| Table 14: Showing which percentage has financial accounting and expertise affected the financial statements of NGOs.....  | 38 |
| Table 15: showing the effect of audit committee due diligence onthe financial statements of NGOs.....                     | 39 |
| Table 16; showing the elemnts of audit committee due deligence that has affected the financial statements of NGOs.....    | 40 |
| Table 17: Showing to which extent have audit committee due deligence affected the financial statements of NGOs.....       | 41 |



## LIST OF FIGURES

|  |    |
|--|----|
| Figure 1: Conceptual framework.....  | 6  |
| Figure 2: Illustration of the agency theory .....  | 12 |
| Figure 3: Bar graph showing type of NGO .....  | 27 |
| Figure 4: A pie chart showing location of NGOs.....  | 28 |
| Figure 5: A histogram showing the gender of respondents .....  | 29 |
| Figure 6: A bar graph showing the age bracket of respondents .....   | 30 |
| Figure 7: A pie chart showing the level of education.....  | 31 |
| Figure 8: A histogram showing position of employees .....  | 32 |
| Figure 9: A bar graph showing number of years served in a business .....   | 33 |
| Figure 10: A bar graph showing the effect of audit committee independence on the quality of financial statements of NGOs.....            | 34 |
| Figure 11: A pie chart showing what percentage has the audit committee independence affected the financial statements in NGOs.....       | 35 |
| Figure 12: A histogram showing which group makes the majority of the audit committee in NGOs .....                                       | 36 |
| Figure 13: A bar graph showing the effect of financial accounting and expertise on financial statements in NGOs.....                     | 37 |
| Figure 14: A pie chart showing problems faced during financial accounting activities to ensure true and fair financial statements.....   | 38 |
| Figure 15: A histogram showing to which percentage has financial accounting and expertise affected the financial statements of NGOs..... | 39 |
| Figure 16; showing the effect of audit committee due diligence on the financial statements on NGOs .....                                 | 40 |
| Figure 17: A pie chart showing the elements of audit due diligence that has affected the financial statements of NGOs.....               | 41 |
| Figure 18: A histogram showing the extent to which audit committee due diligence has affected the financial statements of NGOs.....      | 42 |

## **LIST OF ABBREVIATIONS**

|     |                          |
|-----|--------------------------|
| F/S | Financial statements     |
| BMC | Busia municipal council  |
| FY  | Financial year           |
| FP  | Financial Performance    |
| ACF | Audit committee features |
| AC  | Audit committee          |
| AoL | Availability of Labour   |
| AT  | Agency Theory            |
| DV  | Dependent Variable       |
| IV  | Independent Variable     |