



**THE RELATIONSHIP BETWEEN AUDIT COMMITTEE EFFECTIVENESS AND
FINANCIAL ACCOUNTABILITY IN SOROTI DISTRICT**

LOCAL GOVERNMENT

BY

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DECLARATION

I, **Kiwuluka Dauda**, hereby declare that the work submitted in this project for the partial fulfillment of the requirements for the award of a Bachelor's degree in Business Administration at Busitema University is entirely my own original work. It has not been submitted, either in whole or in part, to any other institution for any academic award.

SIGNATURE.....

KIWULUKA DAUDA

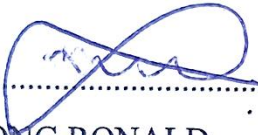
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APPROVAL

This is to certify that the research proposal entitled “the relationship between the audit committee effectiveness and financial accountability in Soroti District Local Government” has been prepared by **Kiwuluka Dauda** under my supervision and is hereby submitted with my approval.

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MR. EMOJONG RONALD

DATE:

22/August 125

DEDICATION

This research is dedicated to my family members especially my mum Mrs. Nagudi Katagaya my dad Mr. Kirya Edirisi and also my all-beloved sisters and brothers not forgetting my beloved friends who managed to sacrifice their precious time in praying and paying my tuition during my study, may the almighty God reward and bless you abundantly.

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LIST OF ACRONYMS

Acronym	Full Meaning
ACODE	Advocates Coalition for Development and Environment
AfDB	African Development Bank
ANAO	Australian National Audit Office
CBN	Central Bank of Nigeria
COSASE	Committee on Commissions, Statutory Authorities and State Enterprises (Uganda)
CAG	Controller and Auditor General
DV	Dependent Variable
GAO	Government Accountability Office (USA)
IGG	Inspector General of Government (Uganda)
IV	Independent Variable
NAO	National Audit Office (UK)
OAG	Office of the Auditor General
PFM	Public Financial Management
PPE	Personal Protective Equipment
SDLG	Soroti District Local Government
TI	Transparency International
UGX	Uganda Shilling
USA	United States of America

DEFINITION OF KEY TERMS

Financial Accountability: Financial accountability refers to the obligation of public officials to manage and report on the use of public resources in accordance with established rules, ensuring transparency, integrity, and compliance with legal and ethical standards.

An audit committee is a subcommittee of a governing board responsible for oversight of financial reporting, internal controls, audit processes, and compliance with applicable laws and regulations.

Audit committee independence refers to the degree to which members of the audit committee are free from management influence, allowing them to exercise objective judgment in financial oversight.

Audit committee expertise is the presence of members with professional knowledge or experience in accounting, auditing, or financial management, which enhances their ability to interpret financial information and oversee financial practices.

Local government refers to administrative bodies at the district, municipal, or county level that are responsible for delivering services and managing resources within their jurisdictions, often under a framework of decentralization.

ABSTRACT

The study sought to examine the effect of audit committee effectiveness on financial accountability in local governments, with specific focus on audit committee independence, audit committee expertise, and audit committee meeting frequency. A cross-sectional research design was adopted, and data were collected from 52 respondents using structured questionnaires. Reliability of the research instrument was tested through a pilot study, and Cronbach's Alpha coefficients exceeded the 0.7 threshold, confirming internal consistency. Data were analyzed using both correlation and regression techniques. The findings revealed a significant positive relationship between audit committee independence and financial accountability ($r = 0.629$, $p < 0.01$), audit committee expertise and financial accountability ($r = 0.672$, $p < 0.01$), and audit committee meeting frequency and financial accountability ($r = 0.719$, $p < 0.01$). Regression results further indicated that audit committee independence explained 38.4% of the variance in financial accountability, audit committee expertise explained 44.0%, while audit committee meeting frequency explained 50.8%. These results underscore the crucial role of audit committees in promoting accountability in local government financial management. The study concludes that enhancing the independence, expertise, and meeting frequency of audit committees significantly improves financial accountability. It recommends that local governments should strengthen institutional frameworks that guarantee audit committee autonomy, enhance the technical competence of committee members through continuous professional development, and ensure regular and well-structured meetings. The study acknowledges limitations such as the cross-sectional design, small sample size, and reliance on self-reported data. Future research should employ longitudinal and mixed-method approaches to validate and expand the findings across different local government contexts.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter introduces the background, statement of the problem, purpose of the study, research objectives, research questions, scope of the study, content scope, geographical scope, time scope, Significance of the study, conceptual framework, definition of key terms.

1.1 Background of the Study.

Financial accountability means the procedures, processes, and structures through which financial resources are managed and reported to ensure that they are used transparently, efficiently, and for the purposes intended (Brinkerhoff, 2001). In local governments it is the cornerstone of good governance and sustainable development. (Adu-Gyamfi, 2014). It ensures that public resources are managed transparently, efficiently, and in accordance with established legal and ethical standards (Olumuyiwa & Ogunmakin, 2020). Strengthening accountability fosters citizen confidence, promotes equitable service delivery, and enhances fiscal discipline (World Bank, 2020). Therefore, improving financial accountability is not just a compliance issue it is a critical pathway to effective decentralization and community empowerment (Smoke, 2015). Despite the above relevance of financial accountability, local governments continue to face significant challenges in ensuring proper financial management and this is evident by persistent cases of misappropriation, delayed financial reporting, and non-compliance with budgetary guidelines (Adu-Gyamfi, 2014; Olumuyiwa & Ogunmakin, 2020).

Globally, in the United States, a 2021 Government Accountability Office (GAO) report revealed persistent weaknesses in the Department of Defense's financial management, highlighting unaccounted assets worth billions and unreliable financial statements (GAO, 2021). Similarly, in Australia, the Auditor-General reported in 2020 that multiple government agencies failed to adhere to procurement rules and did not provide adequate documentation for expenditure decisions, undermining financial transparency (ANAO, 2020). Furthermore, in the United Kingdom, the National Audit Office found in 2022 that billions spent during the COVID-19 pandemic lacked proper scrutiny, with insufficient checks on contracts awarded for PPE and testing services (NAO, 2022). These cases illustrate that even in high-income

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