

**ROLE OF AUDIT COMMITTEES IN PROMOTING MANAGEMENT  
ACCOUNTABILITY IN PUBLIC SECTOR IN KENYA  
(A CASE OF NATIONAL SOCIAL SECURITY FUND)**

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## ABSTRACT

This study seeks to establish the role of audit committee management accountability in the public sector after reviewing related previous studies and conducting a questionnaire in NSSF. Management accountability in the public sector is believed as a means of improving economic growth in a country. Management accountability rules have an economically significant impact on firm value. Due to the separation of a company's management and ownership, there exists a lack of trust between two groups and as a result, an agency problem emerges. Previous literature generally argues that the inclusion of independent, knowledgeable and expert members and the delegation of adequate authority make management accountable to their actions which play a significant role in the areas of financial reporting transparency, integrity, risk management, and compliance framework in dealing with external auditors, and compliance issues. Academic literature suggests that the audit committee role has a significant positive impact in minimizing agency conflicts, protecting stakeholders' interests and thus in maximizing the firm's overall value. The study sampled 107 respondents, of which 5 were management staffs, 14 were accounts staffs, and 48 were operation staffs, 10 internal audit staffs and 30 other staffs. Questionnaires were used to collect data. To enable the researcher to address the objectives of the study, a descriptive and quantitative research was the preferred choice. Study results found that the role of the audit committee promotes management accountability. The study also established that management takes serious consideration of the recommendation made by the audit committee and acts on their advice. The study concluded that regulation has an impact on the demand for, and the role of, audit in promoting management accountability. These actions are on behalf of 'principals' to ensure that their interests are appropriately protected. The risk management by the audit committee reflects the organization's business planning and aligns the audit effort with the key business objectives and the critical business risks. The management integrity is well satisfactory. This is shown in solving disagreements that arise between internal auditors, management and external auditors and the perception among the respondents about the audit committee in the organization. There is satisfaction in transparency when solving the significant issues and concerns raised by auditors. The study made several recommendations which include instituting a strong audit committee to monitor the management activities, more powers to the audit committee and well laid down procedures. On the appointment of the audit committee one body to appoint all the public auditing committee should be constituted and education to public/staff the difference between internal, external and audit committee.