

**EFFECTS OF AN AUDIT COMMITTEE TO THE FINANCIAL PERFORMANCE OF
COMMERCIAL BANKS IN KENYA.**

(A CASE STUDY OF BARCLAYS BANK OF KENYA EASTLEIGH BRANCH)

BY

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12

ABSTRACT

Study is meant to find out the effects of Audit committee to the management performance of financial institutions in Kenya. The study will focus on the case of Barclays Bank Eastleigh Branch Nairobi County. The main objective of the study is to determine the effect of audit committee on the financial performance of commercial banks in Kenya. The study adopted a descriptive research design.

The target population for this study is 50 mainly comprising of the management of the bank, the employees and the subordinate staff. The study examined a sample of 30 drawn from the population. The researcher used both qualitative and quantitative methods of analysis. Qualitative methods explain the participants view on the problem and comparison in order to generate the explanation about the problem that will be questioned; the study was analyzed by descriptive statistical analysis approach which includes tables and percentages.

According to the study majority of the respondents felt Barclays bank is doing well in terms of management performance thus heading to the right direction because findings indicated that 47% of the respondents rated high, 5% rated low and 37% of the respondents rated moderate. Findings in the study also show that 80% of the respondents felt satisfied by the work undertaken by the audit committee while 20% did not. This show that audit committee is affecting the management performance positively as the majority of the respondents are satisfied with their work.

According to the findings on determining audit committee as part of the management of Barclays bank. The ratings showed that 60% of respondents said yes, 23% said No while 17% of the respondents were not sure. Also 90% of the respondents in the study said YES to the fact that internal control process affects the financial performance of the banks, while only 10% said NO, therefore it can be concluded from the response that internal control process affects the financial performance of Barclays bank.

The majority of the respondents (77%) in the study agreed to the fact that risk management affects the financial performance while 20% disagree and only 3% were neutral, this clearly shows that risk management affects the financial performance Barclays bank.