

# Audit Committee Characteristics and Internal Audit Quality: Empirical Evidence From the Cameroonian Public Limited Companies

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## Abstract

Audit committee characteristics play a momentous role in ensuring internal audit quality. An understanding of these characteristics and their relationship with internal audit quality in public limited companies in Cameroon strengthens the audit committees and enhances internal audit quality, eventually stimulating improved governance and accountability. In this study an assessment of the relationship between the audit committee characteristics and the internal audit quality within Public Limited Companies in Cameroon was done. Data was collected from 60 Public Limited Companies operating in the Northwest, Littoral and Center regions of Cameroon. The Ordinal Least Square revealed that audit committee independence, audit committee gender, board gender and CEO duality positively influence the internal audit quality. However, the study also revealed that there is no significant effect of audit committee size, audit committee meetings, and audit committee financial expertise on the internal audit quality. This study recommends that PLCs should maintain the independence of audit committees in order to enable them carry out unbiased oversight responsibilities, and laudably uphold the integrity of financial reporting; and secondly that PLCs should uphold audit committees with gender diversity in order to benefit from diverse perspectives that lead to more informed decision making, lead to better outcomes, and contribute to the success of the company.

**Keywords:** Audit committee characteristics, Internal audit quality, Public limited companies, Ordinal Least Square

## 1. Introduction

The audit committee is a critical component of an institution's corporate governance structure responsible for overseeing the internal audit function and ensuring the integrity of financial reporting (Cohen et al., 2013). One of the means through which the management of an organisation communicates its effectiveness and efficiency to shareholders is through an audited financial report. An audited financial report is an assurance given to the shareholders that the financial reports reveal the true financial state of the organisation. Through this, shareholders make an informed decision about their investments. Over the years, there has been an increasing argument on the relevance of auditors to satisfy the true and fair view of financial reports. Akhidime (2015) opines that the collapse of companies that are declared fit and solvent by auditors before their sudden downfall puts to question the relevance of auditors. In Europe, a German payment processing company called Wirecard collapsed in 2020. The company's auditor, Ernst and Young, was found to have failed to properly audit Wirecard's financial statements which led to the company's collapse. In the United States, the Enron scandal in 2001 stands out to cast doubts on audit reports in the corporate world. Enron manipulated its financial statements through complicated accounting practices to conceal debts and inflate profits that resulted to a catastrophic financial downfall of the company. The case of Revlon, an American cosmetics company also made waves as it filed for bankruptcy in 2022. The company's auditor, Deloitte was sued by Revlon's creditors for failing to properly audit the company's financial statements. Deloitte's negligence allegedly led to Revlon's creditors losing billions of dollars (Mehta, 2022).

In Africa, the Steinhoff scandal in 2017 portrayed an example of internal audit deficiencies that led to substantial corporate malpractices. Steinhoff International, a South African retail giant overstated its profits by nearly \$7 billion due to deceptive accounting practices. The internal audit function exhibited weaknesses, lacking both the authority and resources to challenge the financial transactions of senior executives in the company. In Cameroon, the SONARA scandal in 2020 disclosed substantial weaknesses in the internal audit system. Billions of CFA francs were misappropriated due to feeble internal audit controls and a lack of independence in the audit function. XYZ Limited, a prominent public limited company based in Japan, revealed another case of financial scandal. The company's financial statements were found to contain material misstatements. The fraud involved two key components: the use of fake invoices and the collusion with an internal employee which was identified by the internal audit team during a routine audit. They noticed a pattern of over-invoicing and mismatches between purchase orders, invoices and goods received. Statistics from the Public Company Accounting Oversight Board (PCAOB) reveal that a significant number of audit deficiencies are related to auditors' failure to adequately address risks, hence the auditors' inability to maintain independence and objectivity (PCAOB, 2022). These situations underscore the need for a study to investigate the relationship between audit committee characteristics and audit quality.

According to a study by Cohen et al. (2010) on some 108 Israeli organisations, it was found that a strong audit committee oversight led to a 45% increase in the effectiveness of internal audit functions across various countries. This highlights the global recognition of the importance of audit committee characteristics in improving audit quality. Abbott et al. (2010) found that 83% of audit committees with greater independence and expertise have higher internal audit quality. The study was conducted on 492 non-regulated Big 5 audited firms that filed proxy statements with SEC in the period from February 5th 2001 to June 30th 2001. Another study by Carcello et al. (2011) revealed that 67% of audit committees with at least three members have better internal audit quality compared to those with fewer members. Additionally, a survey by the Institute of Internal Auditors (IIA) reported that 75% of organisations consider audit committee oversight crucial for internal audit effectiveness. A study conducted by Beasley (1996) found that the presence of independent audit committee members was linked to increased internal audit effectiveness, with 63% of organisations reporting improved audit quality due to these characteristics. This underscores the importance of robust governance structures in enhancing the reliability of financial reporting and internal controls. A report by the African Development Bank (2020) indicated that about 70% of financial institutions in sub-Saharan Africa have strengthened their audit committees, which contributed to a 55% enhancement in internal audit quality.

In Cameroon, a study by Tchunte & Zang (2021) found that 68% of companies studied reported a significant increase in the quality of internal audits due to the presence of independent audit committee members. Another recent study by Njeuma (2023) found that only 45% of small and medium size enterprises in the Northwest and Littoral regions have established effective audit committees. Among those with audit committees, 70% reported improvements in internal audit quality. This suggests a direct link between the characteristics

of audit committees and the quality of internal audits. Furthermore, the study revealed that institutions with audit committees that held at least quarterly meetings experienced a 50% increase in the perceived quality of their internal audits. A study by Ndong & Zézé (2021) showed that audit committees with independent members who have financial expertise were associated with a 30% enhancement in the quality of internal audits within financial institutions. This emphasises the relevance of tailored audit committee structures in improving audit outcomes in the Cameroonian context, reflecting similar trends observed internationally and in other African nations. The National Institute of Certified Public Accountants of Cameroon has expressed concerns about the quality of audits in limited companies and the potential impact of conflicts of interest on audit independence. Regulatory bodies have called for further research to identify strategies for enhancing the effectiveness of audits and improving on audit quality (National Institute of Certified Public Accountants of Cameroon, 2021).

## **2. Literature Review**

### *2.1 Conceptual Literature Review*

Two concepts namely Internal Audit Quality and Audit Committee were reviewed. The Internal Audit Quality (IAQ) refers to the proficiency and effectiveness with which the Internal Audit Function (IAF) assists an organisation in achieving its objectives. This is accomplished by employing a systematic and disciplined approach to evaluate and enhance the effectiveness of risk management, internal control, and governance processes. Arena and Azzone (2009) described internal audit quality as the ability of the internal audit function to provide assurance that the organisation's risk management, control, and governance processes are effective. They highlighted that quality is influenced by the internal audit's organisational characteristics and the competencies of its staff. The domain of internal audit quality is itself dynamic, evolving in response to changes in the global business environment and the continuous refinement of professional standards. The promulgation of the new 2024 IIA Global Internal Audit Standards represents the latest benchmark for professional internal auditing practice worldwide. These updated standards place increased emphasis on risk-based approaches, comprehensive governance oversight, and the imperative of continuous improvement within the internal audit function.

A significant portion of the existing academic literature on IAQ would have been formulated by previous iterations of these standards. This temporal dimension is important and research conducted henceforth including the proposed study will need to consider and ideally integrate the tenets of these new 2024 standards. This presents a timely opportunity for the research to conceptualize and measure IAQ in a manner that is not only relevant to the Cameroonian context but also forward-looking and aligns with the most current global professional expectations. This approach would enhance the originality and practical relevance of the findings, potentially also allowing for an assessment of awareness and preparedness for these new standards within the Cameroonian PLCs.

The release of updated global Internal Audit Standards by the Institute of Internal Auditors (IIA) presents a new frontier for research. An investigating of the level of awareness,

preparedness for adoption, and the potential impact of these new standards on IAQ practices is an emerging and important research area (Institute of Internal Auditors, 2023) especially for Cameroon where few resources are committed for scientific research. The re-establishment of the IIA Cameroon chapter in April 2024 after a period of disaffiliation reportedly due to "appalling governance issues," is a significant local development. This history hints at systemic challenges in the governance landscape and the professional internal audit environment within the country, making research in this area particularly timely and relevant.

The Organisation for the Harmonisation of Business Law in Africa (OHADA) provides a common legal framework for its member states, including Cameroon. The OHADA Uniform Act on Accounting emphasises the importance of internal control for ensuring reliable accounting records, with Article 6 specifically requiring companies to implement "internal audit procedures". This establishes a regulatory baseline for internal audit activities. While the OHADA Uniform Act focuses on statutory (external) audit, it does not create a legal framework for internal audit itself. Internal audit exists only by choice or by other regulators' requirement. While OHADA primarily addresses statutory audit, it indirectly promotes internal audit quality by requiring transparent financial processes and robust governance (OHADA, 2018). Consequently, in OHADA jurisdictions an organisation that wants a high-quality internal-audit function must voluntarily adopt the 2024 Global Internal Audit Standards or other recognised professional guidelines.

The second concept, Audit Committee is a group of individuals chosen by a larger group to perform specific tasks or carry out particular duties. It is composed of several members of the company's board who are responsible for aiding auditors in maintaining independence from management (Chrisdinawidanty et al., 2016). Also, Bala (2014) viewed audit committee to comprise non-executive directors in an establishment. From the definitions above, it can be deduced that the main purpose of audit committee is to improve audit work thereby increasing the quality of financial reporting. An audit committee is one of the major operating committees of a companies' board of directors that is in charge of overseeing financial reporting and disclosure (Bansal & Sharma, 2016). Its role is to provide advice and recommendations to the board within the scope of its terms of reference. In the context of this work, audit committee is defined as a committee of an organisation's board of directors which is responsible for oversight of the financial reporting process, selection of independent auditors and receipt of both internal and external audit reports.

## *2.2 Theoretical Literature Review*

The agency theory of Jensen & Meckling (1976) assumes that there is an inherent conflict between management (agents) and shareholders (principals) due to conflicting interests. The assumption under the agency theory is that each party will always act in his own best interest and can make the agent not to always act in the best interest of the principal. The principal is therefore obliged to keep the agent in line with the interest of the principal. This aims at reducing information asymmetry between shareholders and management and ensures the reliability of financial information (Fama & Jensen, 1983). Minimizing these agency

problems is possible with the use of mechanisms that align the interests of both parties. An effective audit committee is an effective instrument for monitoring the top managers, coping with this problem and reducing agency costs that may arise. Thus, agency theory is used to explain the role that the audit committee may play in contributing to the performance of the organisation (Jackling & Johl, 2009). An effective audit committee helps to mitigate agency problems by ensuring there is accurate financial reporting and effective internal control processes. Both internal audit and audit committee functions bond the relationship between principals and agents under the agency theory. They both constitute a bonding function created by the senior managers of an organisation to monitor their behaviour and to ensure that the interests of the shareholders of an organisation are served and protected (Ismael & Roberts, 2018).

Contrasting with the agency theory, stewardship theory developed by Donaldson & Davis (1991) hold the view that managers are stewards of the corporation and act in the best interest of stakeholders, rather than primarily seeking personal gains as it is the case with the agency theory. According to the stewardship theory, managers act as stewards or caretakers and also as if they were owners in terms of the care and concern expressed for work rather than merely executors of the interests of others. Stewardship theory addresses the principal-agent relationship as it assumes that collaboration and trust exist between the principal and agent (Bernstein et al., 2016). At the heart of stewardship theory is the concept of the steward, who is viewed as a trustworthy agent acting on behalf of the principal. Stewardship theory highlights the necessity for audit committee members to be independent and possess the necessary expertise. When audit committee members adopt a stewardship mentality, they are likely to make decisions based on a deep understanding of the organisation's mission and values leading to more responsible auditing practices. This theory suggests that when audit committee members act as stewards, they enhance the overall quality of financial reporting and stakeholder satisfaction.

The Stakeholder theory originally developed by Freeman (1984) asserts that organisations should consider the interests and influences of all their stakeholders and not just shareholders in their decision-making processes. Freeman introduced the idea of stakeholders as any group or individual who can affect or is affected by the achievement of a company's objectives. Stakeholders are those who have a stake or claim in some aspect of a company's products, operations, markets, industry and outcomes. Stakeholders can influence and are influenced by business operations. The theory views the organisation as a collection of stakeholders with varying interests. It advocates that companies can achieve better financial results, enhanced reputation, and sustainable growth by acknowledging and addressing the interests of all stakeholders. The theory argues that when companies engage with stakeholders and address their needs, they can create sustainable value that benefits the organisation as a whole. This broader perspective fosters long-term relationships and enhances the company's reputation, ultimately contributing to its success. The stakeholder theory highlights the importance of a company's relationship with various stakeholders including investors, creditors, employees, and the public. Effective audit committees with strong characteristics like independence and financial expertise are crucial for maintaining high-quality internal audits which in turn build



trust and confidence among stakeholders.

### *2.3 Empirical Literature Review*

#### **Audit committee Independence and internal Audit Quality**

Arguments have been on the rise as concerns the role of the independent audit committee members in monitoring the performance of the company, important and helpful in achieving the shareholders' objective of maximizing their wealth (Anderson et al., 2004). According to Alzeban & Sawan (2015) the independence of audit committee members influences the implementation of internal audit recommendations. Sharhan & Bora (2020) indicated that Audit committee independence significantly influences audit quality. More so, Vadasi et al, (2021) revealed that Audit committee independence significantly influences the professionalisation of internal audit functions. In a study Hussein et al, (2020) highlighted that audit committee independence has a unique and significant impact on audit quality. A study by Namakavarani et al. (2021) indicated a significant positive relationship between Audit committee independence and the quality of financial information. Also, Dare et al (2021) revealed a positive correlation between Audit committee independence and the quality of audits. Earlier, Barua et al (2010) found that Audit committee independence has a positive correlation with increased investment in internal auditing. In addition Mat Yasin & Nelson, (2012) found that the independence of audit committee members was positively correlated with higher audit quality. Therefore, the study hypothesis that:

***H<sub>1</sub>:** There is a significant effect of audit committee independence on internal audit quality of PLC in Cameroon.*

#### **Audit committee Size and internal Audit Quality**

A smaller audit committee size tends to be more effective in monitoring a company's financial reporting (Fariha et al., 2021; Klein, 2002). Several studies proved the effect of the audit committee size on financial performance. Some empirical studies found a negative link between audit committee size and financial performance (Fariha et al., 2021; Musallam, 2020). Audit committee size has no significant influence on audit quality (See *et al.*, 2020). A study by Sukma & Bernawati (2019) revealed that audit committee size significantly influenced audit quality as measured by audit fees. Xie et al. (2003) reported that small audit committees tend to be more participatory since they are characterised by a higher oversight capacity. Furthermore, Indrawan et al. (2018) and Baiden (2020) revealed that a company with a smaller audit committee size tends to improve income smoothing practices. We therefore hypothesise it as:

***H<sub>2</sub>:** There is a significant effect of audit committee size on the internal audit quality of PLC in Cameroon*

#### **Audit committee Meetings and internal Audit Quality**

The effectiveness of an audit committee depends on the extent to which the committee is able to resolve issues and problems faced by the company and to improve the monitoring functions of the company (Abbott, Park & Parker, 2000). A more active audit committee is

expected to provide an effective monitoring mechanism. Adeyemi, Okpala & Dabor (2012) observed that the more frequent the audit committee meets, the more opportunity it has to discuss current issues faced by the company. The audit committee meetings signify the level of audit committee commitment. It is assumed to be a significant attribute for effective monitoring (Vafeas, 1999). According to Alzeban & Sawan (2015) the frequency of meetings positively influences the implementation of internal audit recommendations. Also, Sukma & Bernawati (2019) the number of audit committee meetings has no significant effect on audit quality. This suggests that the effectiveness of the audit committee does not solely depend on the number of meetings held. Also, Vadasi et al. (2021) revealed that the frequency of meeting and interaction with internal audit significantly influenced the professionalisation of internal audit functions. A study by See et al. (2020) showed that having frequent meetings positively affects audit quality. Dare et al. (2021) showed a positive correlation of audit committee meeting frequency and the quality of audits conducted.

***H<sub>3</sub>: There is a significant effect of audit committee meetings on the internal audit quality of PLC in Cameroon***

#### **Audit committee financial expertise and internal audit quality**

Dare et al. (2021) and Vadasi et al. (2021) both identified audit committee expertise as a key driver of audit quality, arguing that members with a background in accounting or finance are better positioned to evaluate complex financial statements, assess audit risks, and guide internal audit teams more effectively. Similarly, Asiriwuwa et al. (2018) and Alzeban and Sawan (2015) emphasised that financially knowledgeable audit committees significantly enhance the implementation of audit recommendations, thereby contributing to better internal controls and audit effectiveness. More so, Sharhan & Bora, (2020) and Namakavarani *et al*, (2021) showed that audit committee expertise significantly influences audit quality. Furthermore, Al Shanti, (2022) revealed that auditor education has a significant positive association with audit quality. This leads us to the following hypothesis:

***H<sub>4</sub>: There is a significant effect of audit committee financial expertise on the internal audit quality of PLC in Cameroon***

#### **Audit committee Gender and internal Audit Quality**

The presence of women on audit committees is linked to heightened ethical standards and better risk management. Carter et al. (2010) found that gender-diverse boards are more likely to adopt ethical practices and exhibit stronger risk management behaviours. This is particularly relevant for audit committees which are tasked with overseeing financial reporting and compliance. A study by See et al. (2020) showed that having female members positively affects audit quality. Another study by Adams & Ferreira (2009) argues that female board members bring different perspectives and experiences, which can lead to more comprehensive decision-making processes. Their study indicated that gender-diverse boards contribute to improved financial performance by enhancing oversight functions. Alkebeese et al. (2022) in his study to investigate the impact of audit committee gender diversity on internal audit quality showed that female audit committee members have a positive impact on



internal audit quality, particularly in terms of audit committee effectiveness and audit report quality. Furthermore, Saleh & Maigoshi (2024) in their study to examine the relationship between audit committee characteristics, including gender diversity, and internal audit quality showed that female directors with accounting expertise on the audit committee have a positive impact on internal audit quality.

*H<sub>5</sub>: There is a significant effect of the presence of women in the audit committee on the internal audit quality of PLC in Cameroon*

### 3. Methodology

The population for this study includes all Public Limited Companies in the Northwest, Littoral and Center regions of Cameroon. The sample size of the study was 60 PLCs operating in the Northwest, Littoral and Center regions of Cameroon. The model for this study aimed at evaluating the effect of audit committee characteristics on internal audit quality. The dependent variable is Internal Audit Quality (IAQ), while the independent variables are Audit Committee Independence (ACI), Audit Committee Size (ACS), Audit Committee Meetings (ACM), Audit Committee Financial expertise (ACFE), and audit committee gender (ACG). Control variables include CEO Duality (CEOD) and Board gender (BG). The model is specified as follows:

$$IAQ = \alpha + \beta_1 ACI + \beta_2 ACS + \beta_3 ACM + \beta_4 ACFE + \beta_5 ACG + \beta_6 CEOD + \beta_7 BG + \epsilon$$

Where:  $\alpha$  is the intercept;  $\beta_1$ ,  $\beta_2$ ,  $\beta_3$ ,  $\beta_4$ ,  $\beta_5$ , and  $\beta_6$  are the coefficients and  $\epsilon$  is the error term, capturing the unexplained variance.

This study model was used by Dare et al. (2021) to explore the relationship between audit committee characteristics and audit quality. Also, Sukma & Bernawati (2019) used the model to examine the impact of audit committee characteristics on audit quality. Other authors like Asiriuwa et al. (2018) used the model to examine audit committee attributes and audit quality. The model was modified by limiting the independent variables in the above model to just audit committee characteristics. The adjustment was based on the intended objectives of this study.

### 3.1 Measurements of Variables

Table 1. Measurement of variables

Variables	Measurements	Authors
<b>Dependent variable</b>		
Internal audit quality	5-point Likert scale	Cohen & Sayag (2010)
<b>Independent variables</b>		
Audit Committee Independence	Presence of non-executive directors in the audit committee	Alzoubi (2019)
Audit Committee Size	Number of members in the audit committee team.	Asiriwua et al. (2018)
Audit Committee Meetings	number of audit committee meetings during the year	Buallay (2018)
Audit Committee Financial expertise	Presence of members with knowledge in Accounting and Finance	DeFond et all (2005)
audit committee gender	Presence of females in the audit committee	Garc á-S áchez et al. (2017)
<b>Control variables</b>		
CEO Duality	CEO at same time chair of board	Vitolla et al. (2019)
Board gender	Presence of females with the BOD	Violet et al. (2019)

### 3.2 Results

Table 2. Summary of Descriptive Statistics

	N	Min	Max	Mean	Std. Dev
IA Quality Index	60	0.00	1.00	0.9000	0.30253
AC size	60	1	3	1.57	0.673
AC independence	60	0	1	0.85	0.360
AC expertise	60	0	1	0.85	0.360
AC meeting	60	1	5	2.80	1.388
AC gender	60	0	1	0.77	0.427
CEO duality	60	0	1	0.77	0.427
Board gender	60	0	1	0.87	0.343
Valid N (Listwise)	60				

Source: SPSS 25

Table 2 gives a summary of the descriptive statistics. It gives the number of companies accessed being 60, the mean and the standard deviation. For instance Internal Audit (IA) quality has a mean of 0.9000 and a standard deviation of 0.30253. The Audit committee (AC) independence has a mean of 0.85, standard deviation of 0.360.

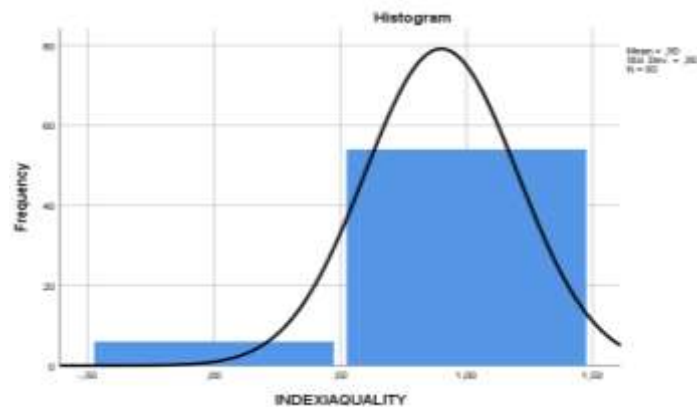


Figure 1. Behaviour of Companies with regards to internal audit quality

Source: SPSS 25

Figure 1 above highlights a statistical distribution concentrated to the right. This means that the probability that the internal audit quality of a company taken at random in this sample has high internal audit quality is 90%. This statistic is in line with financial reporting quality as stated by Kueda et al. (2023) for whom the probability for a company taken randomly from the sample to produce good financial reporting is 69%. This statistic opposes the financial reporting crisis as described by multiple authors in Cameroon (Foka et al., 2018, 2023; Kueda et al., 2020)

### 3.2.1 Results of Inferential statistics

Table 3. The correlation

	IAQ index	ACS	ACM	ACFE	ACI	ACG	BG	CEOD
IAQ Index	1							
ACS	-0.050	1						
ACM	0.113	0.105	1					
ACFE	0.171	0.007	0.380**	1				
ACI	0.171	0.007	-0.095	-0.176	1			
AC gender	0.210	-0.004	0.120	-0.011	-0.121	1		
Board gender	0.360**	0.260*	0.335**	0.247	0.110	0.015	1	
CEO Duality	-0.184	0.173	-0.338**	-0.232	0.210	0.255*	-0.100	1

Source: SPSS 25

For the correlation analysis, each variable is perfectly correlated with itself at 1. The correlation results show a negative correlation between internal audit quality and AC Size, and CEO Duality. On the other hand, a positive correlation is found between internal audit quality and several variables: AC independence, AC expertise, AC meetings, AC gender, and board gender. The correlation matrix reveals relatively weak correlations between the explanatory variables themselves, which suggests an absence of multicollinearity in the model. This is crucial as it ensures that the explanatory variables are not excessively interdependent, thus providing more reliable estimates in the analysis.

Table 4. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.597	0.357	0.209	0.26900

Source: SPSS 25

The statistics from table 4 above indicate that  $R=0.597$  is the correlation coefficient which implies that there is a moderate positive relationship between the variables. The R square of 0.357 indicates that 35.7% of the variation in internal audit quality is explained by the model.

Table 5. ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	1.927	11	0.175	2.421	0.017
Residual	3.473	48	0.072		
Total	5.400	59			

Source: SPSS 25

The statistics from the above table shows a P-value of 0.017, indicating that the model is statistically significant at 5% which means that at-least one of the variables significantly impacts the internal audit quality of public limited companies in Cameroon.

### 3.2.2 The Result of OLS

Table 6. Parameters estimation

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.256	0.233		1.099	0.277
<b>Audit Committee size</b>					
less than5	0.022	0.140	0.036	0.154	0.879
5 to10	-0.084	0.152	-0.136	-0.552	0.584
<b>Audit Committee independence</b>	0.248	0.116	0.295	2.132	0.038
<b>Audit Committee expertise</b>	0.123	0.129	0.147	0.955	0.345
<b>Audit Committee meeting</b>					
1 meeting	0.119	0.147	0.159	0.811	0.421
2 meetings	0.171	0.117	0.257	1.468	0.149
3 meetings	0.240	0.127	0.329	1.890	0.065
4 meetings	0.036	0.146	0.039	0.247	0.806
<b>Audit Committee gender</b>	0.200	0.098	0.283	2.039	0.047
<b>CEO duality</b>	-0.220	0.100	-0.310	-2.208	0.032
<b>Board gender</b>	0.273	0.115	0.310	2.378	0.021

Source: Authors

The regression table provides insights of the individual contribution of each independent variable to internal audit quality. The constant term is positive but statistically insignificant. It's then observed that the audit committee size has an insignificant effect on internal audit quality. This implies that a change in the size of the audit committee will have no significant effect on internal audit quality. Therefore, the hypothesis which states that there is a significant effect of audit committee size on the internal audit quality of PLC in Cameroon is rejected.

Furthermore, the audit committee independence has a positive and significant effect on internal audit quality at 5% level of significance. This indicates that the presence of non-executive directors within the audit committee team will result in enhancing the internal audit quality. We therefore accept the hypothesis stating that there is a significant effect of audit committee independence on the internal audit quality of PLC in Cameroon.

The audit committee financial expertise also shows a positive but insignificant effect on internal audit quality. This implies the presence of experts with knowledge in accounting and finance within the audit committee team doesn't create an improvement on the internal audit quality. Hence, the hypothesis which states that there is a significant effect of audit committee financial expertise on the internal audit quality of PLC in Cameroon is rejected.

Audit committee meetings have a positive coefficient across all categories but, are statistically significant only when they hold 3 meetings a year. This implies that when the audit committee meets 3 times in a year it enhances the internal audit quality. So, when they hold 1, 2 or 4 meetings in a year there is effect on the internal audit quality. Therefore, the hypothesis which states that there is a significant effect of audit committee meetings on the internal audit quality of PLC in Cameroon is rejected.

Audit committee gender has a positive and significant effect on internal audit quality at the 5% level. This means that the presence of females within the audit committee team will enhance the internal audit quality. Hence, the hypothesis which states that there is a significant effect of audit committee gender on the internal audit quality of PLC in Cameroon is accepted.

CEO duality had a negative and significant effect on the internal audit quality at 5% level. This implies that when the CEO is at same time the board chair, it led to poor internal audit quality. Lastly, board gender had a positive and significant effect on the internal audit quality at 5% level. This implies that the presence of female on board enhance the internal audit quality.

#### **4. Discussion of Results**

Audit Committee independence had a positive and significant effect on internal audit quality. This implies that having audit committee members who are non-executive directors improves the internal audit quality as they stand a chance to better report all material misstatements identified. According to the Agency theory by Jensen & Meckling (1976) the audit committee, considered as a control mechanism, aims at protecting the Principal from any exploitation by the Agent. This result is in line with the study conducted by Alzeban & Sawan, (2015) which asserted that the independence of audit committee members influences the implementation of internal audit recommendations. Also, Sharhan & Bora (2020) indicated that Audit committee independence significantly influences audit quality. Moreover, Vadasi et al, (2021) revealed that Audit committee independence significantly influenced the professionalisation of internal audit functions. It thus supports Hussein et al. (2020) which held that audit committee independence has a unique and significant impact on audit quality. Dare et al. (2021) also disclosed how the independence of audit committee members contributes significantly to audit quality in the Nigerian oil sector. Similarly, Vadasi et al. (2021) and See et al. (2020) found that audit committee independence positively influenced the professionalization of internal audit functions among firms listed on the Athens Stock Exchange and Malaysian listed firms respectively.

Audit committee size which was measured in terms of the number of members within the audit committee was insignificant across all levels. This means that the number of members within the audit committee does not affect the internal audit quality of PLCs. According to



the stakeholder theory, the ideal size of an audit committee should be determined by the need for effective representation, oversight, and engagement with all relevant stakeholders. The focus should be on creating a committee structure that enhances accountability and decision-making while balancing the benefits of diversity with the need for operational efficiency. This result is in line with See et al. (2020) which asserted that audit committee size has no significant influence on audit quality. This result contradicts Krishnan (2003) who posited that large companies may rely more on internal controls and audit committees to ensure transparency. Also, Masmoudi (2021) found that audit committee size was significantly related to financial reporting quality in the Netherlands, particularly when moderated by overall audit quality. Similarly, Dare et al. (2021) emphasized the relevance of audit committee size in enhancing audit effectiveness.

From the results obtained, audit committee meetings which were measured according to the number of times the audit committee meets in a year reveal statistical insignificance when the audit committee held 1, 2 and 4 meetings in a year. But, when the audit committee held 3 meetings in a year, it significantly affects the internal audit quality. This means that globally, the audit committee meetings do not have a significant impact on the internal audit quality. This limited explanatory power of meeting frequency may reflect structural or procedural weaknesses in audit committee functioning. That is, even when meetings are held regularly, their effectiveness could be undermined by poor attendance, lack of relevant expertise, inadequate agenda-setting or insufficient follow-through on audit issues. This idea aligns with the position of Alzeban and Sawan (2015), who emphasised that mere formal adherence to committee meeting requirements, does not guarantee meaningful oversight unless supported by internal systems that empower audit committees to act decisively.

According to the stakeholder theory, audit committee meetings should not only focus on compliance and financial accuracy but, also integrate the broader interests and concerns of all stakeholders to promote a holistic approach to governance and accountability. The findings of the study resonate with that of Sukma & Bernawati, (2019) who found that the number of audit committee meetings has no significant effect on audit quality. This suggests that the effectiveness of the audit committee does not solely depend on the number of meetings held.

Conversely, Dare et al. (2021) and Vadasi et al. (2021) found significant and positive associations between frequent meetings and audit quality, particularly in sectors characterised by complexity and risk. These authors argued that regular meetings enable timely discussions, quicker resolution of issues, and improved coordination with internal auditors. See et al. (2020), working in the Malaysian context, also reported that meeting frequency significantly enhances audit quality, especially when combined with independence and gender diversity. However, as Sharhan and Bora (2020) noted in their review, there are inconsistencies across studies, likely stemming from differences in measurement approaches, industry norms, and governance maturity levels across countries.

Concerning the Audit committee financial expertise measured by the presence of experts in accounting and finance, the results disclosed an insignificant effect on the internal audit quality. This implies that the presence of experts in accounting and finance within the audit

committee will not improve the internal audit quality. This result opposes the agency theory which assumes that when audit committee members possess the necessary expertise, audit committees can critically evaluate management decisions, reduce information asymmetry, and enhance accountability, thereby minimizing the risk of agency costs and protecting shareholder value. Alzeban & Sawan, (2015) found that audit committee expertise positively influences the implementation of internal audit recommendations. This study is in line with Sukma & Bernawati (2019), who found that while financial expertise had a positive effect on audit quality it was not consistently significant across all proxies of audit quality, highlighting the complexity of this relationship.

Audit committee gender results in Table 6 reveal that the presence of females within the audit committee team showed a statistically significant effect on internal audit quality. This means that the audit committee gender significantly impacts the internal audit quality. The resource dependence theory by Pfeffer & Salancik (1978) considers important external relationships and resources for a firm's survival and success. It suggests that diverse perspectives including those of women can enhance a company's ability to access resources, improved decision-making and build relationships with stakeholders ultimately benefitting the firm. This result is in line with that of See et al. (2020) which showed that having female members positively affects audit quality. This study examined the relationship between audit committee characteristics and internal audit quality. Another study by Alkebeese et al., (2022) showed that female audit committee members have a positive impact on internal audit quality, particularly in terms of audit committee effectiveness and audit report quality. Furthermore, Saleh & Maigoshi, (2024), in their study showed that female directors with accounting expertise on the audit committee have a positive impact on internal audit quality. This result however, disagrees with that of Alhababsah & Yekini (2021) who asserted that gender diversity in audit committees has no significant impact on audit quality.

## **5. Conclusion and Policy Implications**

The objective of this study was to investigate the effect of audit committee characteristics (namely: Audit committee independence, Audit committee size, Audit committee meetings, Audit committee financial expertise, and Audit committee gender diversity) on the internal audit quality of public limited companies in Cameroon. Data was collected with the use of a structured questionnaire administered to 60 public limited companies operating in the Northwest, Littoral and Center Regions of Cameroon. With the use of SPSS 25 software, the Ordinal Least Square revealed that Audit committee independence, Audit committee gender, and CEO duality positively influence the internal audit quality of public limited companies in Cameroon. However, the study also disclosed that audit committee size, audit committee meetings, and audit committee financial expertise have no significant effect on the internal audit quality of these companies.

Based on the main findings, Public Limited Companies in Cameroon should uphold independence of their audit committees in order to enable them fulfil unbiased oversight responsibilities, and commendably maintain the integrity of financial reporting. Secondly, the PLCs should promote gender diversity in audit committees in order to permit diverse

perspectives that ultimately lead to more informed decision making, drive better outcomes, and contribute to the success of the company.

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