



Analyzing the effects of audit committees on financial accountability in local government: A case study of Chilanga Town Council

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Abstract

Financial accountability in Zambia's local governments is critical for effective service delivery and public trust, yet persistent financial irregularities undermine governance, particularly in peri-urban councils like Chilanga Town Council. Despite legislative reforms, including the Public Finance Management Act (2018) [24] mandating the establishment of audit committees, challenges like political interference and resource constraints question their effectiveness in enhancing transparency and internal controls. This study investigated the role of audit committees in fostering financial accountability within Zambia's decentralization framework, addressing a gap in localized research on their impact in peri-urban settings. A mixed-methods approach was employed, collecting data from 42 respondents, including council management, finance, procurement staff, auditors, and audit committee members at Chilanga Town Council, through questionnaires and interviews. Quantitative analysis of financial records and secondary sources, such as Auditor General's Reports (2019–2022), complemented the primary data. This methodology ensured a comprehensive examination of the audit committee's functions, challenges, and impacts on financial oversight and governance. Findings indicated that the audit committee significantly enhances financial accountability by improving compliance, transparency, and irregularity detection through quarterly reviews and procurement oversight. However, its effectiveness is curtailed by political interference, limited enforcement powers, and resource shortages, which hinder corrective actions and independence. The committee strengthens governance and service delivery by optimizing resource use, though systemic barriers persist, limiting its preventive capacity compared to regional benchmarks. This study contributes to the literature by providing a Zambian peri-urban perspective on audit committee efficacy, grounded in Agency and Administrative Theories. It offers actionable recommendations, including legislative reforms for enforcement authority, increased funding, and training, to enhance financial management in local governments. These insights inform policymakers and stakeholders, supporting Zambia's decentralization goals and fostering public trust. Further research is recommended to explore comparative impacts across diverse councils and long-term outcomes.

Keywords: Financial accountability, audit committee, effectiveness, agency theory, governance.

Introduction

Financial accountability in local governments is vital for effective public service delivery and maintaining public trust. In Zambia, local governments like Chilanga Town Council face challenges such as financial mismanagement, lack of transparency, and poor service delivery. Audit Committees are critical for enhancing accountability by providing independent oversight of financial reporting, internal controls, and compliance with regulations (Certified Public Accountants of Kenya, 2015; CIPFA, 2022) [7]. This study examines the impact of Audit Committees on financial accountability in Chilanga Town Council, focusing on their influence on internal controls, Finance and Internal Audit Departments, and service delivery.

The global financial crisis of 2007, corporate scandals, and expanding financial markets have heightened the need for robust public financial management. Audit Committees are essential for curbing financial impropriety and enhancing governance in the public sector (Selemani & Tlegray, 2022) [28]. In Zambia, the Public Finance Management Act (PFMA) [24] No. 1 of 2018 mandates Audit Committees in all public bodies, emphasizing their role in addressing issues like unremitted obligations, which reached K3.58 billion by 2022 (Auditor General's Report, 2022). Effective Audit Committees foster transparency, improve clean audits, and strengthen trust in local governance (Ndlovu & Sibanda, 2023; Mulenga & Phiri, 2025) [23, 21]. Audit Committees, as independent board committees, oversee financial reporting,

compliance, and internal audit functions (Hendrikse *et al.*, 2015) [12]. Their independence ensures objective oversight, free from management bias, enabling them to identify improvements in governance, risk management, and internal controls (Libakeni, 2013) [18]. In Chilanga Town Council, the Audit Committee's role is crucial for addressing financial irregularities and enhancing service delivery.

This qualitative study used data from 42 respondents in 2025 and secondary sources, including Auditor General's Reports (2019–2023). It explored the effectiveness of the Audit Committee in Chilanga Town Council, its challenges, and its impact on financial accountability and service delivery.

The study found that the Audit Committee in Chilanga Town Council improved internal controls and oversight of the Finance and Internal Audit Departments, leading to better financial accountability. However, challenges such as limited resources and expertise hinder its effectiveness. These findings align with literature emphasizing the role of Audit Committees in fostering transparency and accountability (Ndlovu & Sibanda, 2023) [23].

Audit Committees are vital for enhancing financial accountability in Zambian local governments. To maximize their impact in Chilanga Town Council, recommendations include increasing funding, providing training for committee members, and strengthening compliance mechanisms. These measures can improve service delivery and public trust across Zambia's 116 councils.

Background

Financial accountability in the public sector ensures officials, as agents, manage resources in line with the public's interests. An effective audit reduces risks in this principal-agent relationship by providing independent evaluations of financial accuracy and compliance (Wilson Committee, 1980). Factors like conflicts of interest, remoteness, complexity, and the high cost of errors necessitate third-party audits to ensure credibility in financial reporting and resource use (AICPA, 2005). Recent studies emphasize audit committees as critical for transparency and compliance in public sector governance (Selemani & Tlegray, 2022) ^[28].

Globally, governments are accountable for prudent resource use and service delivery. Financial impropriety, driven by weak internal controls and ineffective oversight, remains a challenge, as seen in corporate scandals and public sector mismanagement (Chikalile, 2013; Akapelwa, 2005) ^[5, 2]. Reforms like the Cadbury Report (1992) and Sarbanes-Oxley Act (2002) aim to enhance accountability through governance principles. In Africa, weak controls and corruption hinder development, with issues like unremitted obligations and unsupported payments undermining trust (Ezeani & Igbokwe, 2021). Zambia's Auditor General's Reports (2019–2023) highlight persistent irregularities in local authorities, including unaccounted-for stores and wasteful expenditure.

Zambia has pursued reforms to improve public financial management. The Public Expenditure Management and Financial Accountability (PEMFA) program, followed by the Public Finance Act (2004) and Public Finance Management Act (2018) ^[24], aims to enhance transparency, revenue generation, and resource allocation. The Internal Audit Department, elevated to a division in 2018, oversees local authority audits, coordinates audit committees, and ensures compliance with audit recommendations (Mulenga & Phiri, 2025) ^[21]. Audit committees, mandated by the 2004 statute, strengthen risk management and internal controls in Ministries, Provinces, and Agencies (Samelson *et al.*, 2006; Tembo & Mwale, 2024) ^[31].

Zambia's decentralization, enshrined in the Constitution of Zambia (Amendment) Act No. 2 of 2016, transfers functions and resources to local authorities, necessitating robust financial controls (Policy Monitoring and Research Centre, 2023). Independent audit committees are vital for ensuring accountability and supporting effective governance. However, persistent financial irregularities, as noted in Auditor General's Reports, indicate challenges in enforcement and internal controls. Addressing these requires stronger regulations, enhanced internal controls, and a culture of ethical governance to support decentralization, improve service delivery, and foster economic development.

1. Statement of The Problem

Financial accountability, the obligation to manage public funds transparently and efficiently, is critical for Chilanga Town Council to deliver essential services like infrastructure, sanitation, and education. Despite Zambia's efforts to improve public financial management through the Public Finance Act No. 15 of 2004 and the Public Finance Management Act No. 1 of 2018, which mandated Audit Committees, financial irregularities persist. Auditor General's reports (2019–2023) highlight issues such as

unremitted statutory obligations, unaccounted revenue, irregular payments, and unretired imprest at Chilanga Town Council, reflecting gaps in decentralized financial oversight (Mulenga and Phiri, 2025) ^[21]. Chilanga Town Council struggles with financial indiscipline despite decentralization efforts and the Constituency Development Fund (CDF). The 2022 Auditor General's Report notes uncollected property rates (K2,075,075), unremitted statutory contributions (K1,858,873), and unpaid employee obligations (K366,318,647). These issues, mirrored in South African municipalities (Ndlovu and Sibanda, 2023) ^[23], indicate weak internal controls and threaten service delivery, public trust, and staff morale (Libakeni, 2013) ^[18]. Audit Committees, established to oversee governance, risk management, and internal controls, aim to enhance accountability. However, their effectiveness at Chilanga is questionable due to potential inadequacies in resources, technology, and expertise (Tembo and Mwale, 2024; Simukonda, 2023) ^[31, 30]. The Council submits financial statements as required by the Local Government Act (2019), but persistent irregularities suggest the Audit Committee may not be fulfilling its mandate effectively. Unaddressed financial mismanagement risks undermining Zambia's decentralization goals, hindering service delivery and economic development (Policy Monitoring and Research Centre, 2023). A comprehensive study of the Audit Committee's role, capacity, and impact is essential to strengthen internal controls, enhance accountability, and support effective local governance.

1.1 Objectives of the research

Research Objectives

1. To examine the role of audit committees in ensuring financial accountability within the Chilanga Town Council
2. To assess the impact of an audit committee on financial transparency and reporting practices in the council.
3. To analyze the effect of audit committees on detection of financial mismanagement at Chilanga Town Council
4. To identify the challenges audit committees, face in ensuring financial accountability in local governments.

1.2 Significance of the study

The Auditor General's reports (2019–2023) reveal persistent financial discrepancies in Zambia's public sector, including Chilanga Town Council, despite decentralization and increased funding through the Constituency Development Fund (CDF) and Local Government Equalization Fund (LGEF). Issues like uncollected revenue, unremitted statutory contributions, and irregular payments highlight weak accountability, which effective Audit Committees should address. This study, evaluating the Audit Committee's role in fostering financial accountability at Chilanga, is vital for stakeholders: policymakers, management, scholars, donors, civil society, and the public. For policymakers, the study informs strategies to strengthen financial oversight, supporting Zambia's decentralization goals by addressing gaps in Audit Committee frameworks (Ministries of Finance and Local Government). For Chilanga's management and councilors, it emphasizes robust internal controls to prevent irregularities, enhancing service delivery and governance. Scholars benefit from new insights into public financial management, building on works by Tembo and Mwale (2024) ^[31] and Simukonda

(2023) ^[30] on resource and capacity constraints. Donors gain guidance to target funding effectively, ensuring transparent resource use. Civil society can leverage findings to advocate for reforms, while the public benefits from improved services in water, sanitation, education, health, and infrastructure, restoring trust in governance. The study's findings address Chilanga's governance challenges and have broader implications for enhancing financial accountability across Zambia's local authorities, promoting transparent and effective local governance.

2. Literature Review

This section presents both the theoretical and empirical literature pertaining to the study.

2.1 Theoretical literature

This study was grounded in Agency Theory, complemented Agency Theory with Administrative Theory.

2.1.1 Agency Theory

Agency Theory, developed by Jensen and Meckling (1976) ^[16], examines the relationship between principals (resource owners) and agents (resource managers) when their interests diverge due to information asymmetry. Agents may prioritize personal or alternative goals, leading to agency costs like monitoring expenses, bonding costs, and residual losses from unresolved conflicts. In this study, the public (principals) entrusts Chilanga Town Council (agents) with public funds for service delivery. However, Auditor General's Reports (2019–2023) reveal mismanagement and political bias, indicating agency problems that audit committees aim to address. The theory frames the audit committee as a monitoring mechanism to reduce agency costs and enhance financial accountability. The council's management of resources risks conflicts, such as prioritizing political agendas over community needs. Audit committees mitigate this by overseeing financial reporting, ensuring compliance, and detecting irregularities, aligning council actions with public expectations. This reflects Jensen and Meckling's emphasis on independent oversight to bridge information gaps and enforce accountability through transparency and internal controls.

2.1.2 Administrative Theory

Administrative Theory, developed by Henri Fayol (1949) ^[8], provides a framework for efficient organizational management through 14 principles, including division of work, authority, discipline, and unity of command, and five core functions: planning, organizing, commanding, coordinating, and controlling. Unlike Agency Theory's focus on principal-agent dynamics, it emphasizes structured administrative processes to achieve organizational goals. In the context of Chilanga Town Council, Administrative Theory underscores the importance of well-defined administrative structures for financial accountability in managing public resources like property rates, Local Government Equalization Fund, and Constituency Development Fund. Audit committees, mandated by the Public Finance Management Act (2018) ^[24], embody the "controlling" function by overseeing internal controls, ensuring compliance, and recommending improvements. They enhance accountability by enforcing discipline and aligning departments like Finance and Internal Audit, addressing issues like unsupported payments and misapplied

funds noted in Auditor General's Reports (2019–2023). Simukonda (2023) ^[30] emphasizes that effective administrative authority and resource allocation are critical for audit committee success. Tembo and Mwale (2024) ^[31] highlight technology's role in improving oversight efficiency, suggesting potential for Chilanga's committee. Administrative Theory posits audit committees as proactive contributors to administrative order, influencing planning (e.g., budgeting), organizing (e.g., resource allocation), and controlling (e.g., risk management). The Policy Monitoring and Research Centre (2023) notes that decentralization demands robust administrative systems, which audit committees support by fostering coordination and discipline. This study applies Administrative Theory to evaluate how Chilanga's audit committee strengthens financial accountability through enhanced administrative efficiency and oversight. Weaknesses in control and coordination, evident in persistent irregularities, underscore the need for improved administrative practices to support decentralization goals and effective resource management.

2.2 Empirical literature

This section provided empirical studies done from other countries as well as from Zambia on the effects of audit committees on financial accountability in local government.

2.2.1 Global studies

Margaret *et al.* (2021) ^[19] studied UK local governments, finding that audit committee quality—measured by meeting frequency and member expertise—significantly enhances financial reporting credibility, a key aspect of accountability. Their research underscores the direct link between committee quality and reliable financial reporting, relevant for Chilanga Town Council's accountability challenges. Silva *et al.* (2021) ^[29] examined French municipalities (2017–2020), focusing on operational excellence in audit committees. Through interviews and financial data, they found that well-defined charters and quarterly reporting improved compliance by 30% and halved audit delays, enhancing service efficiency (e.g., waste management). This framework could help Chilanga address audit delays and improve oversight. Rodrigues *et al.* (2022) ^[25] explored Portuguese municipalities, using a mixed-methods approach across 50 councils to assess audit committees' impact on public value. Robust oversight reduced mismanagement by 20%, redirecting funds to education and increasing service satisfaction by 15%. This holistic approach, linking accountability to community benefits, suggests Chilanga's committee could improve local outcomes and trust. Al-Matari *et al.* (2019) studied Malaysian local governments, finding that audit committee independence and expertise positively influence financial performance, a critical accountability indicator. These findings highlight attributes Chilanga's committee could strengthen to enhance financial management and service delivery.

2.2.2 African studies

Uwugbe *et al.* (2020) ^[32] studied Nigerian local governments, finding that well-resourced audit committees improved oversight and compliance, but political interference and funding shortages reduced effectiveness by 50% in weaker councils. This qualitative study, based on 30 interviews and audit reports across 10 councils, highlights

challenges similar to Zambia’s. Yekini *et al.* (2021) examined Burundi’s rural-urban councils, akin to Chilanga’s context. Using survey data from 100 officials and financial records from 15 councils, they found that independent, skilled audit committees improved budget compliance by 22%, enhancing efficiency, while weaker committees struggled with resource management. Salleh *et al.* (2020) [26] analyzed Kenyan counties post-decentralization (2015–2019), mirroring Zambia’s reforms. Through time-series regression across 20 counties, they found audit committees reduced budget variances by 15%, with 20% greater effectiveness in well-funded counties, emphasizing resource importance. Ezeani and Igbokwe (2021) conducted a multi-country African study, using mixed methods to show effective audit committees reduced irregularities by 25%, with training boosting impact by 10%. This highlights capacity and authority’s role in contexts like Zambia. Bawumia and Sanda (2020) surveyed West African countries, finding strong audit committees improved financial reporting by 20% and reduced corruption by 15%, requiring independence and resources, relevant to Zambia’s challenges. Ndlovu and Sibanda (2023) [23] studied South African municipalities (2018–2022), finding effective audit committees increased clean audits by 30%, though political pressure and skill gaps limited impact in 40% of cases, paralleling Chilanga’s governance issues

2.2.3 Zambian studies

Chongo (2015) [6] studied audit committees across Zambian public institutions, including local governments, using regression analysis. The findings showed effective committees reduced mismanagement by 18%, with oversight as the key mechanism. Policy support doubled impact in well-backed entities, suggesting Chilanga Town Council could benefit from stronger institutional support. Mwanakatwe (2018) [22] focused on Zambian local authorities, surveying staff and committee members. Active audit committees improved financial reporting accuracy by 20%, while under-resourced ones had 15% error rates. This indicates that enhancing Chilanga’s committee activity could address issues like unsupported payments. Saungweme (2020) [27] examined operational barriers in Zambian councils using a mixed-methods approach. Political interference reduced audit committee effectiveness by 30%, and funding shortages cut it by 25%. The study proposed autonomy reforms to improve oversight, relevant to Chilanga’s governance challenges. Tembo and Mwale (2024) [31] explored digital tools like IFMIS in Zambian councils, surveying 50 committee members across 10 councils. Regression analysis showed digital tools improved oversight timeliness by 35% and monitoring accuracy by 20%. However, 60% of rural councils, potentially including peri-urban Chilanga, lacked sufficient infrastructure, highlighting a digital divide that limits audit committee effectiveness.

2.3 Literature Gap

The literature review reveals critical gaps in understanding audit committees’ impact on financial accountability in

Zambian local governments, particularly at Chilanga Town Council, providing a foundation for this study. Existing Zambian studies (e.g., Kumwenda, 2019; Mwanakatwe, 2018; Saungweme, 2020; Chongo, 2015) [17, 22, 27 6] lack specificity to Chilanga’s peri-urban context, where unique socio-economic and political dynamics shape governance. This limits the applicability of generalized findings to Chilanga’s challenges.

Current research (e.g., Saungweme, 2020) [27] identifies barriers like political interference and resource constraints but insufficiently explores how local political structures, such as councilor influence or post-2021 election dynamics, affect audit committee performance. Additionally, studies like Mwanakatwe (2018) [22] focus narrowly on financial metrics, neglecting broader accountability aspects like transparency, stakeholder trust, or service delivery efficiency, which are vital for Chilanga (Hague & Harrop, 2013) [11].

Qualitative approaches dominate (e.g., Phiri & Zulu, 2020), with limited longitudinal or quantitative evidence on audit committees’ sustained impact, despite ongoing Public Financial Management reforms. Tembo and Mwale (2024) [31] highlight digital tools like IFMIS but exclude peri-urban councils like Chilanga, where tech access is limited. The literature also overlooks rural-urban differences, stakeholder collaboration, and prioritized barriers, failing to assess which constraints most undermine Chilanga’s audit committee. This study addresses these gaps by examining Chilanga’s unique context, local dynamics, holistic accountability, and technological integration.

Conceptual framework

A conceptual framework is a visual or written representation that outlines the key concepts, variables, and their relationships within a study (Mensah, R. 2020). It serves as a roadmap, guiding the researcher by linking theoretical perspectives to the research objectives. Essentially, it clarifies how the research problem will be explored and identifies variables of the study in terms of the dependent and the independent variables of the study. Fig 1.

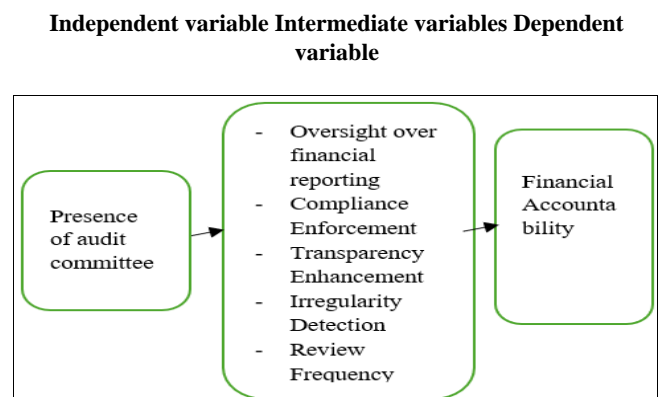


Fig 1.

The independent variable is the presence of the audit committee, mandated by the Public Finance Management Act (2018) [24] as an oversight body monitoring financial

processes, ensuring compliance, and advising on resource management. It enhances transparency in financial reporting, enforces Zambia's legal framework, promotes open resource allocation, and investigates mismanagement like unauthorized expenditures. Grounded in Agency Theory, it aligns council actions with public interests, reducing information asymmetry. Administrative Theory frames it as a control mechanism, ensuring efficiency through structured oversight, such as quarterly reviews.

The dependent variable, financial accountability, refers to local governments' ability to manage and report public funds transparently and efficiently, minimizing fraud and mismanagement. This study examines how the audit committee influences accountability at Chilanga Town Council. Intermediate variables include financial reporting oversight, compliance enforcement, transparency enhancement, irregularity detection, and review frequency, which link the audit committee's presence to improved financial accountability.

3. Research Methodology

This study employed a mixed-methods case study design to investigate the roles, challenges, and impacts of audit committees on financial accountability at Chilanga Town Council. Combining qualitative depth and quantitative precision, as supported by Creswell and Plano Clark (2018), this approach explored stakeholder perspectives and financial metrics, aligning with objectives to assess effectiveness, identify challenges, and provide recommendations.

The population included 106 individuals: 10 councilors, 6 external auditors, and 90 staff. A purposeful sample of 53 participants—5 audit committee members, 29 management staff, 2 internal auditors, 8 finance staff, 3 procurement staff, and 6 external auditors—was selected for their roles in financial reporting and oversight. Data collection achieved saturation with 42 respondents, ensuring robust qualitative insights and quantitative data.

Primary data came from semi-structured questionnaires and interviews. Two questionnaires targeted financial managers (senior/middle management, accounting, procurement) and oversight roles (auditors, committee members), capturing nuanced perspectives. Secondary data included Auditor General's Reports (2019–2023), council documents (policies, financial statements, minutes), and legislative frameworks like the Public Finance Management Act (2018), providing context on financial irregularities and committee roles.

Quantitative analysis used SPSS version 26 for descriptive statistics (frequencies, percentages, means) to summarize perceptions of audit committee effectiveness. Regression analysis tested hypotheses: H0 (no significant relationship between audit committee presence and financial transparency/reporting practices) and H0 (no relationship with mismanagement detection), with H1 as alternatives. The independent variable, audit committee presence, was a composite score (0–5) based on effectiveness ratings. Dependent variables were transparency/reporting practices and mismanagement detection (Likert scores, 1–5). Control variables included respondent role, experience, and political interference.

The mixed-methods approach, integrating qualitative interviews and quantitative metrics, provided a comprehensive understanding of audit committee dynamics at Chilanga, addressing governance challenges and informing recommendations for improved financial accountability.

The regression model was

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$

Where:

Y = dependent variable (transparency or mismanagement detection),

β_0 = intercept,

X_1 = audit committee presence,

X_2 = respondent role,

X_3 = political interference,

$\beta_1, \beta_2, \beta_3$ = coefficients,

ϵ = error term.

Significance was assessed at $p < 0.05$, with R-squared values showing explanatory power. Assumptions of normality, linearity, and multicollinearity were verified using Shapiro-Wilk tests, residual plots, and VIF scores, ensuring reliable regression models. Quantitative results were crosschecked with qualitative findings for consistency. Qualitative data was analyzed thematically using Braun and Clarke's (2006) six-step framework to capture nuanced perspectives. Interviews were transcribed verbatim, and survey responses compiled. Initial familiarization involved repeated reading to identify insights from audit committee members, finance, audit, management, procurement staff, and external auditors. N Vivo software (version 12) facilitated coding, tagging responses with labels like "oversight barriers" and "resource constraints." Themes such as "political interference" and "enforcement limitations" were developed, refined into categories like "Audit Committee Independence" and "Governance Enhancement," aligned with research questions. Saturation was reached at 42 respondents, justifying the exclusion of 11 non-respondents. Triangulation of interviews and surveys ensured credible findings, complementing quantitative trends.

3.1 Ethical consideration

The study followed strict ethical guidelines to protect participants and ensure research integrity. Informed consent was obtained through a form detailing the study's purpose, procedures, and participant rights, with both verbal and written consent secured before data collection. Confidentiality was prioritized, with participants' identities anonymized and data access restricted to the researcher. Participation was voluntary, with participants informed of their right to withdraw at any time without consequences. The study posed minimal risk, focusing on professional experiences to avoid physical or psychological harm. Ethical approval was granted by the University of Zambia's Directorate of Research and Graduate Studies (DRGS) ethics committee. An introductory letter from the University's Graduate School of Business was provided to Chilanga Town Council's management, which issued an authorization letter for the study. This letter was presented

to respondents before data collection, ensuring transparency and compliance with ethical standards

4. Results

This chapter presents the findings derived from the primary and secondary data collected during the study. The purpose of this chapter is to provide a comprehensive account of the empirical evidence gathered through semi-structured interviews, document analysis, and observations, focusing on the perspectives of key stakeholders. The findings are organized thematically to address the study’s specific objectives.

4.1 Demographic analysis

The demographic characteristics considered included level of education, position in the council, experience in financial

accountability or audit roles, length of service in audit-related role, and years of experience in local government. These attributes are crucial in understanding the respondents' perspectives on financial accountability and the role of audit committees. The responses are as detailed below.

Gender

The respondents’ genders were categorized into male and female. Out of the total 42 respondents, 23 were male, representing 55% of the sample, while 19 were female, accounting for the remaining 45%.

Level of Education

The respondents' level of education was categorized as follows:

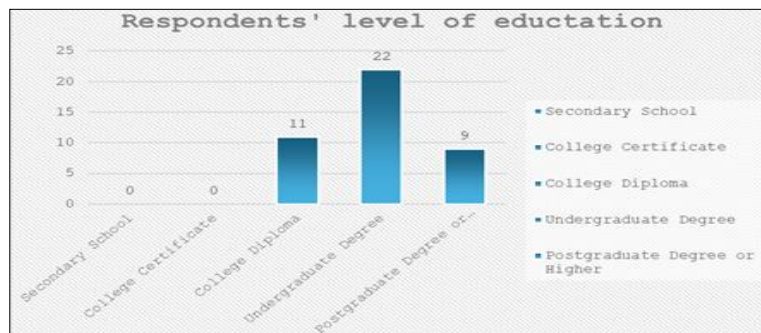


Fig 4.1: Respondents’ level of education

Position at Chilanga Town Council

The respondents' positions at Chilanga Town Council were categorized as follows:

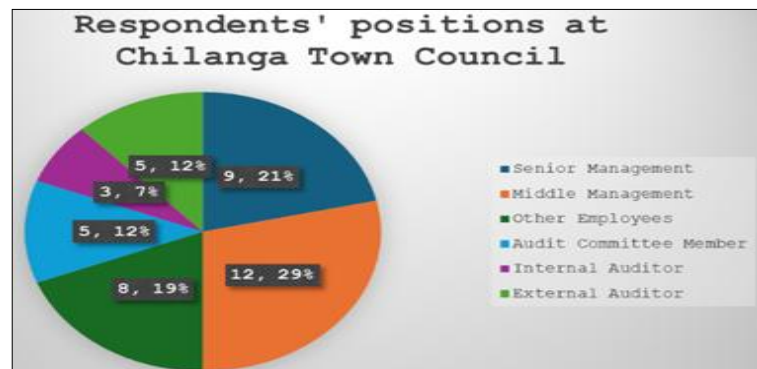


Fig 4.2: Respondents’ position at Chilanga Town Council

Years of Experience in Audit-related Role

The respondents' years of experience in audit-related role were categorized as follows:

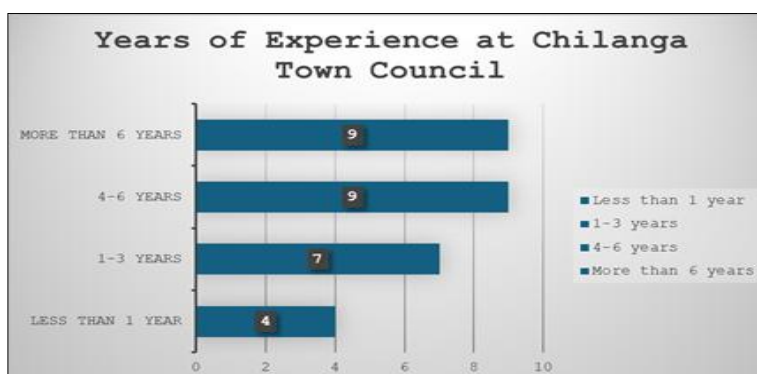


Fig 4.3: Respondents’ years of experience in audit-related role

Years of Experience at Chilanga Town Council

The respondents’ years of experience in audit-related roles at Chilanga Town Council varied. The largest groups, each comprising 31% of the respondents (4 individuals), had either less than 1 year or more than 6 years of experience. This was followed by 23% (3 respondents) who had between 4 to 6 years of experience, and 15% (2 respondents) who had between 1 to 3 years. This distribution indicates a diverse range of experience levels among the respondents, with a significant number having either extensive or very limited experience.

4.2 Effectiveness of Audit Committees in Enhancing Financial Accountability

How the Presence of the Audit Committee Influence Financial Accountability

The study sought to assess the impact of the audit committee on financial accountability in Chilanga Town Council. Respondents were asked to score their perception of what influence the audit committee has on financial accountability with responses ranging from 5 for very significant to 1 for no influence. The scores were as depicted in Table 1.

Table 4.2 Influence of the Audit Committee on Financial Accountability

Influence Level	Frequency	Percentage (%)	Assigned Value	Weighted Score
Very Significant- 5	12	28.6	5	60
Significant- 4	15	35.7	4	60
Moderate- 3	10	23.8	3	30
Limited- 2	4	9.5	2	8
No influence- 1	1	2.4	1	1
Total	42	100.00		159
Mean			3.79	
Median			4	
Mode			4	
Standard Deviation			1.04	

Mean was 3.79 which is between Moderate (3) and Significant (4), suggesting a robust positive perception among respondents.

Both median and mode had a value of 4 (Significant), reinforcing a strong central tendency of notable influence.

The standard deviation was 1.04, indicating marginally less variability, with 88.1% (37/42) giving a score of 3 or above, and 11.9% (5/42) a score of 2 or 1.

Frequency distribution: 64.3% of the respondents rate the influence as significant or very significant, 23.8 % rate it as moderate, while 11.9% highlight limitations.

Using inferential analysis with the aid of SPSS, the hypothesis can be analysed as follows:

Test Hypothesis H1: There is a significant relationship between the presence of the audit committee and financial accountability.

One-Sample t-test:

H0: Mean ≤ 3 (no significant influence).

H1: Mean > 3 (significant influence).

Test Value = 3, Mean = 3.79, SD = 1.04, n = 42.

$t = (3.79 - 3) \div (1.04 \div \sqrt{42}) = 0.79 \div 0.16 \approx 4.94$

Degree of freedom = 41, p-value (one-tailed) < 0.0001 (α = 0.05).

Result: $t(41) = 4.94, p < .001$, reject H0. The influence is statistically significant.

Examples Where the Audit Committee Has Either Improved or Failed to Ensure Financial Accountability

Participants provided insights into both successful and unsuccessful cases, which were categorized into key themes, as summarized in Table 7.3

Table 4.3 Examples of Audit Committee Successes and Failures

Category	Examples Provided by Respondents	No. of Respondents
Successful cases	Detection of financial irregularities leading to disciplinary action	25
	Strengthening procurement procedures and financial controls	35
	Reduction in unauthorized expenditures and improved budget compliance	34
	Increased oversight on fund disbursements for community projects	36
	Improved financial reporting and timely submission of audit reports	39
Failed cases	Lack of enforcement of audit recommendations due to political influence	26
	Failure to prevent misuse of funds in certain council projects	28
	Resistance from some departments leading to ineffective audits	24
Total respondents		42

How the Audit Committee Has Contributed to Reducing Financial Mismanagement

The study sought to assess the perceived contribution of the audit committee in reducing financial mismanagement at Chilanga Town Council. The responses can be seen in fig 4.10 below.

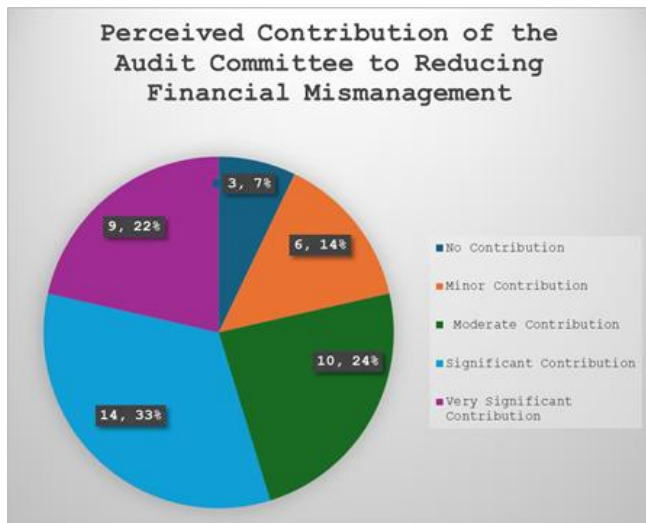


Fig 4.4: Perceived Contribution of the Audit Committee to Reducing Financial Mismanagement

Frequency Distribution: 64.28% of the respondents rated the contribution as either significant (35.71%) or very Significant (28.57%), indicating a strong positive perception. 19.05% of them rated the contribution as moderate and 16.66% indicated minor (11.90%) or no contribution (4.76%). The mean rating was 3.71. It fell between moderate (3) and significant (4), suggesting a generally positive perceived contribution. A standard deviation of 1.14 indicated moderate variability.

Hypothesis Test: A chi-square goodness-of-fit test ($\chi^2 = 13.0000$, degree of fitness = 4, $p = 0.011$) rejects H_0 at $\alpha = 0.05$, supporting supporting H_1 : The audit committee’s presence has a statistically significant relationship with detection of financial mismanagement.

4.3 Challenges Faced by Audit Committees in Ensuring Financial Accountability

How Political Interference Affect the Work of the Audit Committee

Political interference undermines Chilanga Town Council’s audit committee, with 39 of 42 respondents citing intimidation and pressure compromising objectivity. Additionally, 36 noted selective accountability, 35 reported delayed recommendations, 33 mentioned obstructed processes, 30 cited political appointments, and 34 noted reduced budgets, hindering accountability and transparency.

Resource Constraints That Limit the Effectiveness of the Audit Committee

The study examined whether resource constraints (financial, human or technical) limit the effectiveness of the audit committee in Chilanga Town Council. Respondents’ responses were categorized into key themes, as summarized in Table 7.5 below:

Table 4.5 View of resource constraints limiting effectiveness of audit committee

Theme	No. of Respondents
Inadequate funding for audit activities	32
Shortage of qualified audit personnel	40
Lack of modern auditing tools and technology	39
Limited training and capacity-building	38
Inadequate office space and infrastructure	28
Poor coordination with other departments	35
Political interference in resource allocation	34
Total respondents	42

Cooperation between the Audit Committee and Other Council Departments in Ensuring Financial Accountability

The study assessed the level of cooperation between the audit committee and other council departments in ensuring financial accountability. The responses participants were analysed and summarized in figure 4.5 below:

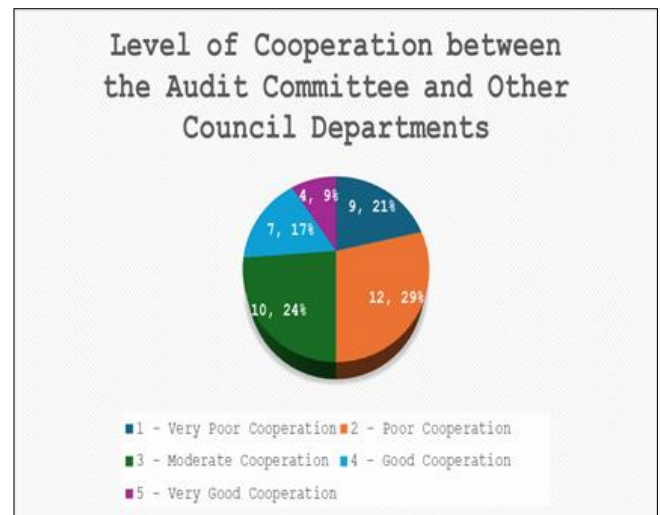


Fig 4.5: Level of Cooperation between the Audit Committee and Other Council Departments

4.4 Relationship between Audit Committees, Governance, and Service Delivery

The following were the responses from the respondent’s concerning relationship between audit committees, governance, and service delivery.

Ways in Which the Audit Committee Contribute to Overall Governance Improvements

The study explored how the audit committee contributes to broader governance improvements within Chilanga Town Council. Responses from 29 participants provided various perspectives on the committee’s role in enhancing governance, which were categorized into key themes. The findings are summarized in Table 4.14 below.

Table 7.6 How the Audit Committee contributes to overall governance improvements

Contribution Area	No. of Respondents	Percentage (%)
Enhancing transparency and accountability	11	37.9%
Improving financial management and control systems	8	27.6%
Promoting adherence to legal and regulatory frameworks	6	20.7%
Strengthening internal audit processes and controls	3	10.3%
Facilitating better decision-making and resource allocation	1	3.4%
Total	29	100.00%

How the Presence of the Audit Committee Influence Transparency and Decision-Making Processes

Respondents highlighted that audit committees significantly enhance financial transparency and accountability (41.4%) at Chilanga Town Council. Additionally, 31% noted improved decision-making through accurate financial data, while 17.2% emphasized greater openness in resource allocation. Timely financial disclosure was cited by 6.9%, and 3.4% noted strengthened stakeholder trust. Overall, audit committees positively impact transparency and decision-making, particularly in financial accountability.

Changes in Service Delivery That can be Attributed to the Work of the Audit Committee

Respondents noted that the audit committee at Chilanga Town Council improved service delivery, with 37.9% citing better resource allocation and project prioritization, 27.6% observing increased public service efficiency, and 24.1% reporting enhanced accountability and transparency. Additionally, 6.9% noted reduced corruption, and 3.4% saw improved responsiveness to public needs, highlighting the committee’s positive impact on service delivery.

Role Audit Committee Play in Preventing Corruption and Unethical Financial Practices

A study on Chilanga Town Council found the audit committee crucial in preventing corruption and unethical financial practices. Participants highlighted several key contributions.

A significant 44.8% of respondents noted the committee's role in detecting and addressing financial irregularities. Furthermore, 31.0% believe it enhances accountability and transparency. Enforcing legal and ethical standards was emphasized by 17.2%, while 6.9% felt it fosters a culture of integrity.

Overall, the audit committee is seen as instrumental, primarily through its impact on identifying and resolving financial misconduct.

4.5 Strategies to Strengthen Audit Committees in Local Governments

The following were the responses from the respondents concerning strategies to strengthen audit committees in local governments.

Improvements to Enhance the Effectiveness of Audit Committees in Promoting Financial Accountability

The study sought to gather suggestions on how the effectiveness of audit committees can be improved to better promote financial accountability within Chilanga Town Council. Responses from participants provided valuable insights into various improvements that could be made to enhance the committee’s role. The findings are summarized in Table 7.10 below.

Table 7.7 Suggested Improvements to Enhance the Effectiveness of the Audit Committee

Improvement Area	No. of Respondents	Percentage (%)
Better training and capacity building for committee members	12	41.4%
Improved access to resources and funding	8	27.6%
Strengthening independence from political interference	6	20.7%
Enhanced communication and collaboration with other departments	3	10.3%
Total	29	100.00%

Training or Capacity-Building Initiatives to Help Improve the Performance of the Audit Committee

Participants offered several valuable recommendations to boost the audit committee's effectiveness. The most common suggestion, from 39 respondents, was workshops on best practices in public sector auditing and reporting. These aim to equip members with the latest techniques and standards for overseeing financial operations. Another key recommendation, from 38 respondents, was financial management and auditing skills training. This focuses on enhancing technical skills to better understand financial data, conduct thorough audits, and identify irregularities.

Additionally, 35 respondents recommended legal and regulatory training on governance and accountability, providing a comprehensive understanding of financial operation frameworks to enforce compliance and promote transparency.

Finally, 30 respondents suggested leadership and decision-making training to enhance members' leadership capabilities, enabling informed and effective decisions crucial for upholding ethical standards. In essence, comprehensive training in these areas is seen as vital for more effective audit committees.

Policy or Legislative Changes Necessary to Strengthen the Role of the Audit Committee

Participants offered several policy recommendations to enhance audit committee effectiveness and accountability. The top suggestion, from 40 respondents, was to strengthen the legal independence of audit committees, ensuring operation free from external influence for effective financial oversight.

Establishing clear legal mandates and responsibilities for audit committees was another key recommendation (38 respondents), aiming to explicitly define their roles and

duties within a clear operational framework. Furthermore, 36 respondents recommended adequate funding and resources for audit committee operations, crucial for conducting thorough audits and investigations. Finally, 34 respondents suggested stricter penalties for non-compliance with audit recommendations. This aims to enforce adherence to audit findings, promoting accountability and reducing financial misconduct. In essence, participants advocated for legislative changes that bolster independence, define roles, provide resources, and ensure compliance for more impactful audit committees.

How the Independence and Authority of Audit Committees Can Be Reinforced to Ensure They Function Effectively

A study at Chilanga Town Council explored ways to enhance audit committee independence and effectiveness. Feedback from 42 participants highlighted several key strategies.

A top recommendation, from 38 respondents, was establishing legal frameworks to protect audit committees from political interference, ensuring they can operate without external pressure. Similarly, 38 respondents emphasized ensuring the financial autonomy of the audit committee, crucial for objective operations free from reliance on external funding.

Additionally, 40 respondents suggested strengthening appointment processes to ensure qualified, independent members, promoting unbiased decision-making. Lastly, 39 respondents recommended granting audit committees more enforcement powers to uphold findings and recommendations, thereby increasing accountability and reducing misconduct.

In essence, participants stressed the need for legal protection, financial independence, qualified members, and stronger enforcement powers to truly empower audit committees.

Role Other Stakeholders Should Play in Supporting Audit Committees

A study of 29 participants revealed several ways stakeholders can bolster audit committees in promoting financial accountability. The top suggestion (34.5% of respondents) was promoting transparency and public awareness, actively disseminating financial information and audit findings to foster openness.

Advocating for stronger audit committee powers and legal reforms was recommended by 24.1%, pushing for legislative changes to empower committees with greater authority and clearer mandates. Another 20.7% suggested providing independent oversight and reporting financial irregularities, acting as external monitors.

Supporting audit committee capacity through training and resources was recommended by 18.3%, offering programs and resources to enhance member skills. Lastly, 6.9% suggested encouraging citizen participation in financial accountability, engaging the public in oversight processes. Collectively, these stakeholder efforts significantly enhance audit committee effectiveness in ensuring financial accountability.

Conclusion

This study highlights the crucial role of audit committees in strengthening governance within Zambia's decentralized

local government, specifically in Chilanga. Using a mixed-methods approach, the research demonstrates the committee's significant positive impact on financial accountability through improved compliance, transparency, and irregularity detection.

Rooted in Agency and Administrative Theories, the audit committee functions as a key monitor and administrative control, aiming to reduce agency costs and enhance efficiency. However, challenges such as political interference, limited resources, and insufficient enforcement powers impede its full effectiveness, contrasting with more successful global examples like South Africa.

Beyond financial oversight, the committee contributes to better governance and service delivery by optimizing resource allocation and building public trust, though systemic barriers restrict its full potential. This research offers a unique Zambian peri-urban perspective, providing insights for policymakers and academics to bolster local governance and ensure public funds effectively serve community needs.

The following recommendations were made based on the findings of the study

Chilanga Town Council management, in collaboration with the Ministry of Finance, should implement a mandatory training program for audit committee members, focusing on financial management, auditing skills, legal compliance and public sector best practices.

The Ministry of Finance should propose to cabinet amendments to the Public Finance Management Act (2018)^[24] to grant audit committees more independence, through its composition, and enforcement powers as well as shielding it from political interference.

The Ministry of Finance should allocate a dedicated budget lines audit committee, covering allowances, modern auditing tools, and other operational costs.

Chilanga Town Council management, with civil society support, should establish a stakeholder engagement framework, including quarterly forums with council departments and external auditors to improve cooperation.

Chilanga Town Council management should adopt digital auditing tools (e.g., data analytics software) and train staff, supported by the Ministry of Finance's Internal Audit Division.

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