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CORPORATE GOVERNANCE AND FINANCIAL ACCOUNTABILITY OF RURAL AND COMMUNITY BANKS IN GHANA

SUNUPA BRIGHT LEBENAM

2021

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UNIVERSITY OF CAPE COAST

CORPORATE GOVERNANCE AND FINANCIAL ACCOUNTABILITY OF RURAL AND COMMUNITY BANKS IN GHANA

BY

SUNUPA BRIGHT LEBENAM

Thesis submitted to the Department of Accounting of the School of Business, College of Humanities and Legal Studies, University of Cape Coast in partial fulfillment of the requirements for the award of Master of Commerce degree in Accounting.

OCTOBER 2021

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DECLARATION

Candidate's Declaration

I hereby declare that this thesis is the result of my own original research and that no part of it has been presented for another degree in this university or elsewhere

Candidate's Signature…………………………………… Date ……………..

Name : Bright Lebenam Sunupa

Supervisor's Declaration

I hereby declare that the preparation and presentation of the thesis were supervised in accordance with the guidelines on supervision of thesis laid down by the University of Cape Coast

Supervisor's Signature…………………………………….. Date ……………

Name: Rev. Dr. George Tackie

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ABSTRACT

There are one hundred and forty-four Rural and community banks serving in all the districts in Ghana with a large and diverse stakeholder community. With the challenges that were brought about by the financial sector crisis followed by the myriad of reforms in the financial sector, it has become relevant to assess the readiness of all financial institutions for any further stir in the system. This study focuses its attention on the rural and community banking industry in Ghana. The study seeks to examine the corporate governance factors that determine the financial accountability of rural and community banks using regression analysis. Financial accountability was measured using quality index, transparency and disclosure score and compliance index. Corporate governance on the other hand took into consideration three dimensions namely board characteristics, external audit quality and Audit committees. These three dimensions have been recognised in prior literature as the most used determinants of corporate governance. The findings reveal that board independence, board structure, external audit fees, audit committee existence and audit committee expertise have a significant effect on financial accountability. The study therefore recommends that the rural and community banks should strive for independence of their boards, structure the leadership of the board in ways that allow for innovation and continuity, establish audit committees among others. This will be the way to go if rural and community banks should avert any crisis in the future and ensure continues survival.

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KEY WORDS

Corporate governance

Rural and community banks

Financial accountability

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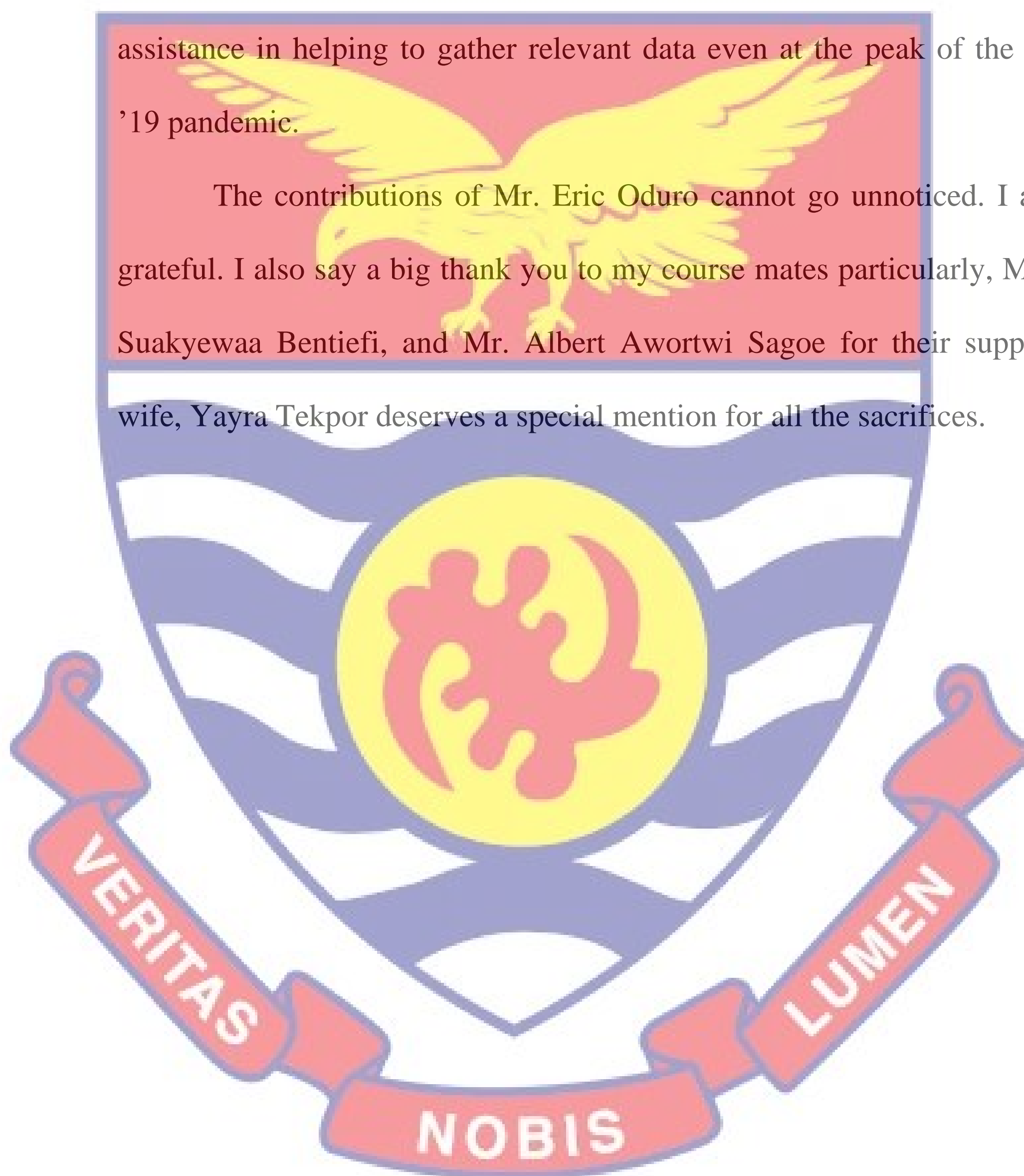
ACKNOWLEDGEMENTS

I will like particularly recognise my supervisor, Rev. Dr. George Tackie, the Head of Department of Accounting of the School of Business for his contributions from the very beginning of this work. I am also grateful to my good friend from Apex Bank Ghana (name withheld) for all the selfless assistance in helping to gather relevant data even at the peak of the COVID '19 pandemic.

The contributions of Mr. Eric Oduro cannot go unnoticed. I am very grateful. I also say a big thank you to my course mates particularly, Ms. Ekua Suakyewaa Bentiefi, and Mr. Albert Awortwi Sagoe for their support. My wife, Yayra Tekpor deserves a special mention for all the sacrifices.



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DEDICATION

To my three children Nyuieko, Nunya and Dela

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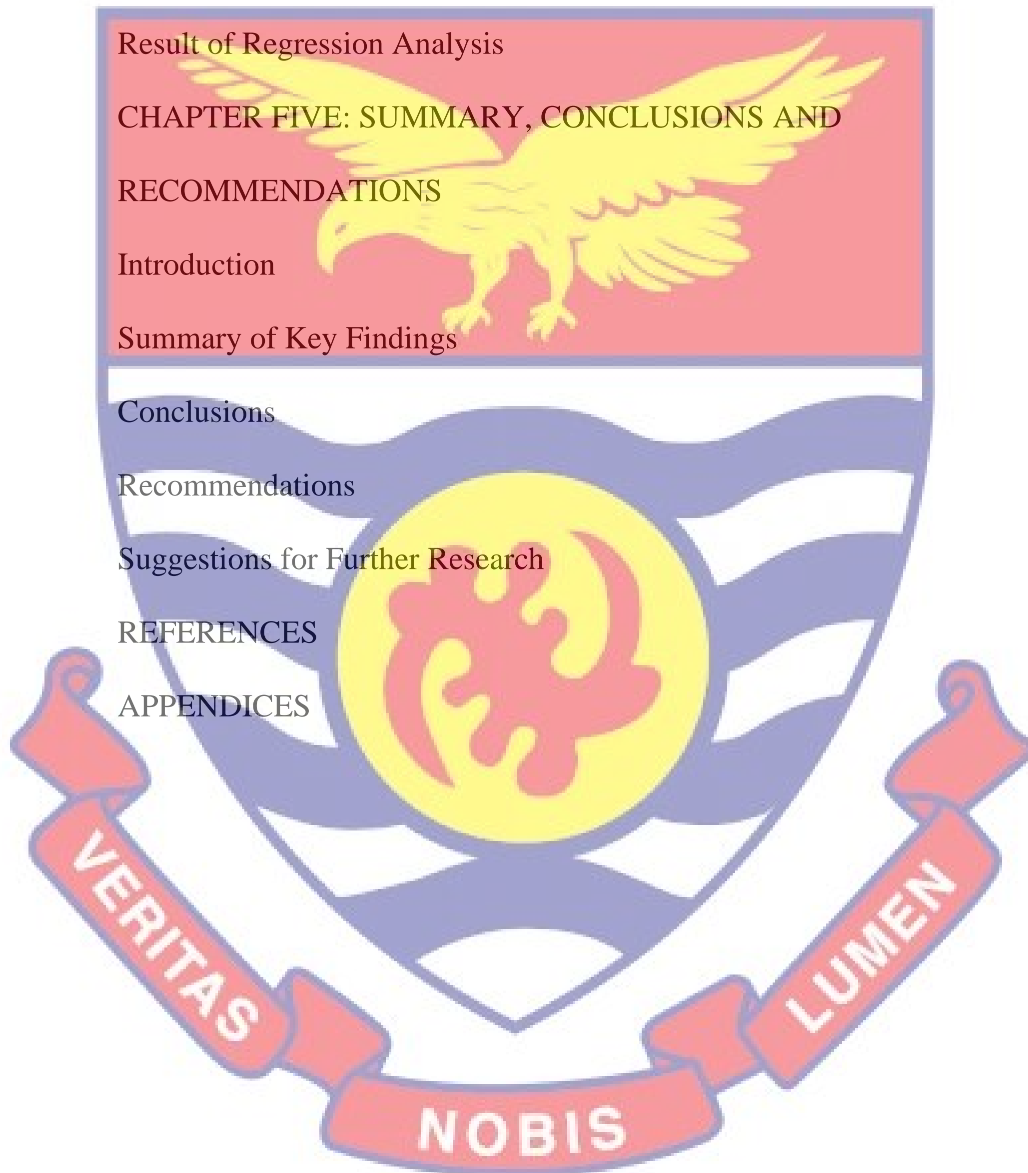

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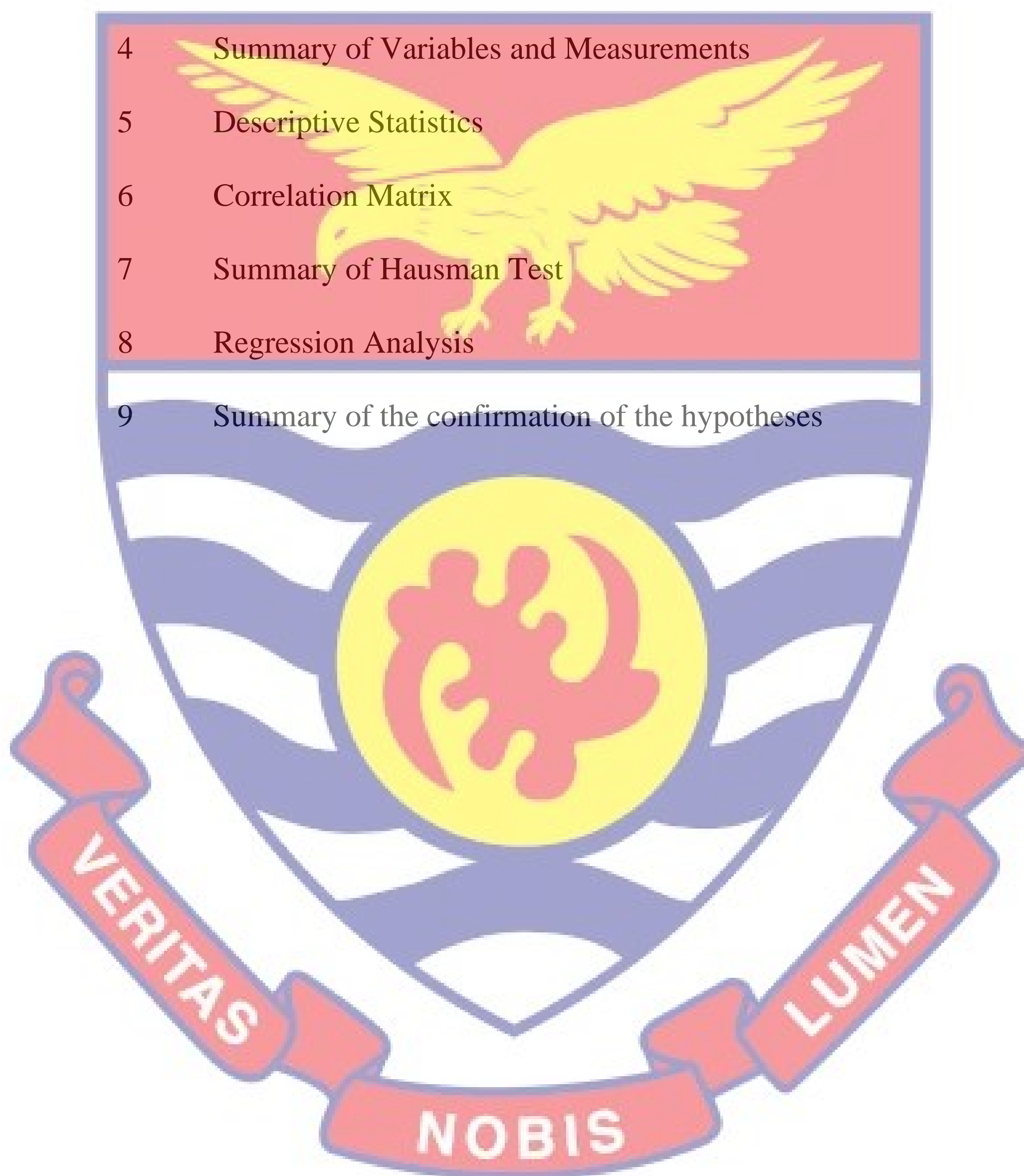

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CHAPTER ONE

INTRODUCTION

Financial accountability and corporate governance are enjoying a lot of attention as providers of capital are becoming more interested in the security and judicious use of their resources. This chapter traces the corporate governance history and introduces the link between it and financial accountability.

Background of the Study

The issues of corporate governance have aroused considerable interest from persons in the academic circles lately and rightly so. It is obvious that the huge interest is because of the corporate financial scandals in several companies, which have triggered a crisis of confidence about the trust, transparency and accountability of financial institutions. In the United States, the Enron and WorldCom scandals opened the eyes of the world to the critical issues of institutional governance and failure of oversight bodies (Clarke, 2004; Agrawal & Chadha, 2005; Ahluwalia, Ferrell & Rittenburg, 2016). In Africa, Sharemax (Heystek, 2015) and Steinoff (Rossouw & Styan, 2017) were massive financial sector scandals that occurred in South Africa. In Ghana, seven banks were closed down between 2017 and 2018. Fifty-three fund management institutions had their licenses withdrawn within the same period (Bank of Ghana, 2018). A number of micro finance institutions were closed down in 2017 and 108 more have been identified for closure in the future (Awo & Joseph, 2019).

As the saying goes in Ghana, ‘if a fish will rot it starts from the head’. There is no doubt that the financial sector cleanup agenda that has started with

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the big financial institutions is on and it is just a matter of time, smaller organizations with weak corporate governance systems and other weak links will most likely go down.

Good corporate governance among other factors has been highlighted to be vital to the success of corporate organisations especially in transition and emergent economies with weak institutional structures. A corporation that embarks on good corporate governance practice offers essential information to its stakeholders to minimize information asymmetry, a necessary ingredient for successful organizations. Corporate governance by its nature is difficult to define. Okike (2007) rightly puts it, "there is no one size fit all" approach to the meaning and issues of corporate governance. A shared definition of corporate governance which is both valuable and consistent has not been easy to find because every economy and country has different systems of corporate governance that differ from each other in accordance with the strength, power and influence being exercised by their various stakeholders and management. Furthermore, different socio-economic, legal, political and cultural systems existing in each country do have relevant influences on corporate governance (Okike, 2007).

Nevertheless, the objectives of corporate governance share a common denominator worldwide. The Financial Times (2012) defined corporate governance as: "How a company is managed in terms of the institutional systems and protocols meant to ensure accountability and sound ethics". Corporate governance has also been defined as,

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> The application of a set of powerful micro-policy instruments in an organisation to ensure an efficient and effective use of resources in achieving the main objectives of its capital providers, succeed in the competitive market, as well as maximizing its positive influence on other stakeholders and at the same time, minimizing its negative impacts on them (Agyemang & Castellini, 2012, pp. 26).

The definition put forward by the Ghanaian Securities and Exchange Commission (SEC), in their 2002 guidelines is fairly straightforward. They defined corporate governance as "the manner in which corporate bodies are managed and operated". In a new issue in 2010, the definition was reviewed and now reads;

> The practice and processes used to direct and manage the affairs of a corporate body with the object of balancing the attainment of corporate objectives with the alignment of corporate behaviour to the expectations of society and accountability to shareholders and other stakeholders (SEC 2010, pp 104).

The definition by SEC seeks to highlight the importance of balancing corporate objectives with stakeholders' expectations to elicit accountability. This definition is therefore most relevant to this study.

Corporate governance systems have evolved over centuries, often in response to corporate failures or systemic crises. The first well-documented failure of governance was the South Sea bubble1 in the 1700s, which revolutionized business law and practices in England (Adegbite, 2012). Similarly, much of the securities laws in the US were put in place following the stock market crash of 1929 (Borgia, 2005). Developed markets in the late

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1900's also received their fair share of attention after some corporate and business collapses such as Parmalat and Enron cases, which were attributed mainly to poor governance practices. This development was accelerated with the onset of the Asian crisis in mid-1997 and the early 2000 global financial crisis that started out in the US housing market, causing global economic contagion (Adegbite, 2012).

Interestingly, corporate governance in the developing economies also received a lot of attention in recent times (Oman, 2001; Amartey, Yu, & Chukwu-lobelu 2018). Corporate governance developments in Ghana has however taken an attention-grabbing dimension with the introduction of 2002/2010 Code of best practices by SEC. Stakeholders are demanding much more accountability than before, pushing the research frontiers into the corporate governance and accountability discourse. Extant literature in the area has been generally inconclusive on how corporate governance and its constituent indicators relate to or influence financial accountability of business organizations.

Some contemporary writers on the topic doubt the influence of corporate governance on accountability. Norwani, Zam and Chek (2017) studied corporate governance failure and its impact on financial reporting within chosen companies. They reasoned that some businesses involved in the corporate scandals, apparently, have strong corporate governance practices in their dealings with the public. They concluded no significant relationship among the variables. In other words, financial accountability is still within reach with or without corporate governance. On the contrary, a number of writers (Hill & Jones, 1992; Wheeler & Sillanpaa, 1997; Coyle, 2007;

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Solomon, 2020) found positive associations between corporate governance individual indicators and accountability. Some of these writers are further advocating a theoretical departure from the agency theory to the more comprehensive stakeholder theory; an enlightened stakeholder theory in order to offer a more inclusive approach to the corporate governance intercourse. With the persistence of corporate governance failures even in the face of the positive practices implemented by both government and the private practitioners, it is emerging that corporate governance needs to be geared towards accountability the more (Ashraf, Ilyas, Imtiaz, & Ahmad, 2018).

A casual review of daily news headlines shows clearly that the public is no longer sitting aloof and oblivious to the negative effects of businesses on the general public. As a result, most corporate entities in the world over have come to accept the ideology that they are accountable not just to shareholders, but also to all other stakeholders (Porter, 2009). The need for good corporate governance and accountability by both large and small financial institutions has become more and more pronounced and a necessary requirement for survival. To address this, SEC came out with "Corporate governance code of best practices in 2002 which was further improved on in 2010. It is in this same vein that Bank of Ghana also developed the corporate governance directive (2018).

VERITAS LUMEN NOBIS

Mention severally, is the subject of accountability. There are multiple definitions of accountability. Initial investigations on accountability completed by Learner & Tetlock (1999), limited the understanding of accountability to an individual being accountable to another person (Roch & McNall, 2007). Further research has expanded this definition to include the consideration of

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individuals being held to account by systems, managers, peers or oneself (Patterson, 2013). Accountability is considered a "notoriously elusive, mobile and ever expanding concept" (McKernan, 2012). While accountability is considered as a significant foundational element in organisations (Ferrell & Ferrell, 2011), most of the research has explored the hierarchical approach to accountability (Roch & McNall, 2007) and little research has been conducted on the perceived relative strength of the factors driving accountability.

Statement of the Problem

Empirical research on the variables of corporate governance suggests a link between corporate governance and different dimensions of firm performance. Good governance protects shareholders interest and reduces principal – agent problems (Riyato & Toolsema, 2007; Awo & Joseph, 2019). Brown and Caylor (2009) found that good corporate governance creates a system of greater control over managerial actions which in turn reduces the principal agent problems and subsequently increase trust. It is important to note that corporate governance may be related to other dimensions of performance such as corporate social performance, mandate compliance, profitability and accountability. While the relationship between corporate governance and operating performance has enjoyed considerable attention, governance relationship with accountability has largely gone unexplored.

The few researches that attempt to explain empirically the relationship between corporate governance and accountability are inconclusive in their findings. Although a number of them fundamentally agree to the existence of a relationship, the directions of that relationship is an area current studies are grappling with. Coyle, (2007); Solomon, (2007); Brennan, (2008); Amartey,

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Yu and Chukwu-lobelu, (2017) are a number of works that churned out a positive relationship between corporate governance and accountability mechanisms. They argue that corporate governance and its mechanisms have significant positive relationship with constituents of accountability. For example, Amartey, Yu and Chukwu-lobelu, (2017) concluded that corporate governance practices among listed firms prioritise a shareholder approach to accountability.

As discussed earlier some other writers are advocating a shift from the overemphasis on corporate governance and to take a more pluralistic approach to accountability in business organizations. For instance, whilst Sundaram and Inkpen (2014) insist on the dominant paradigm of shareholder value maximization, Freeman (2014) rejects the conventional ideology and instead argued for the value creation for stakeholders. (Kim, Hoskisson, & Wan, (2004) offers a different perspective to the corporate governance discourse. This new perspective proposes a social exchange governance network as a substitute to corporate governance. Agyemang and Castellini (2012) on the topic: "Corporate Governance in emergent economy: A case of Ghana" have produced evidence to the contrary that corporate governance is positively related to accountability of firms. Other writers have also assumed similar stance (Letza & Sun, 2004; Letza, Kirkbride, Sun & Smallman 2008). They argue that the current institutional restrains on managerial accountability by corporate governance such as the role of non-executive directors, the audit process, and the threat of takeover, are simply inadequate to inhibit managers abusing corporate power.

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By implication, some writers hold the view that, there is too much emphasis being laid on corporate governance. To them, organisations in the past have attained appreciable levels of accountability without corporate governance while others insist that corporate failures are a result of weak corporate governance practices. Thus, existing literature has not come to a conclusion on the relationship between corporate governance and accountability. We seek to explore this relationship further but in the context of the rural and community banking industry.

An equally important issue worth discussing is the context or setting within which the variables in question have been examined. Literature particularly on corporate governance abounds but for large organizations that have well established processes on corporate governance. The processes are legally enshrined in their strategic plans and other documents. For example, the SEC Guidelines on Corporate Governance enjoins all institutions listed on the Ghana Stock exchange to mandatorily establish audit committees: an integral aspect of corporate governance mechanism (SEC 2010). A number of works have been done in the commercial and universal banks, listed financial institutions, Non-Governmental Organizations (NGOs) examining their corporate governance structures to address various challenges (Klapper & Love, 2006; Abdul-Wahab, 2010 & Aebi, Sabato, & Schmid , 2012).

However, other equally important institutions that are relatively small have little research into their corporate governance structures. Awo and Joseph (2016) observed that in this entire global financial crisis, the intensity of the search light has only focused on commercial and universal banks particularly in Ghana. In other words, attempts by government, regulators, civil society

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and academia to address these challenges have only focused on the big financial institutions. Small banks such as Rural and Community Banks (RCB) have received little research into their corporate governance structures and their overall accountability mechanisms. That notwithstanding, the financial sector clean-up does not discriminate between small or large institutions. As noted earlier, four rural banks according to Bank of Ghana (2018) have been described as deeply distressed and risk closure in the near future. In fact, data from ARB apex bank revealed that, as at the end of 2018, only 21 out of the 143 license rural and community banks (RCBs) at the time are sufficiently solvent and well capitalized. It is interesting to note that aside Awo and Joseph (2019), all the other studies referred to were done mostly in developed economies outside Ghana. These issues provided the inspiration for the current study, which is focused on exploring the relationship between corporate governance and financial accountability with a special focus on Rural and Community banks in Ghana.

On RCBs, academia focus on profitability, customer perception management and not much have been done on the accountability neither an extensive evaluation of the corporate governance variables. Owusu-Ansah (1999) did a case study on Nsoatre rural bank. He looked at their microfinance scheme at the time basing assessment criteria on World Bank thresholds. Owusu-Frimpong (2008) evaluated customers' perception and usage of rural and community banks in Ghana. Micro Finance Institutions performance with corporate governance was also evaluated by Aboagye and Otieku (2010). A recent study by Awo and Akotey (2018) examined financial performance of

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rural banks in Ghana using a case-specific evaluation of a small bank situated in the northern part of Ghana.

Admittedly, there are works on isolated arms of corporate governance. The work of corporate boards and their functions is an area that has enjoyed attention (Atu, Omini-Ejoor, Atu, & Abusomwan, 2013; Bokpin, 2013; Agyemang & Castellini, 2012). These works studied various aspects of corporate board effectiveness and in different contexts. The works of DeZoort, Hermanson, and Archambeault (2002); Spira, 2003; Zgarni, Hlioui, and Zehri (2016); Carcello, Hollingsworth, Klein and Neal (2016) isolated the audit committee arm of corporate governance and dealt with its relationship with performance, controls and efficiency and effectiveness related issues. Both external and internal audit variants have been attempted by players in the industry. Audit quality on corporate voluntary disclosure quality was studied. The results document a substitute and complementary effect between the presence of the Big Four and an effective audit committee in increasing the quality of voluntary disclosures (Agyei-Mensah K. B., 2012).

The difficulty however is the fact that works that look directly at the relationship between corporate governance and its variables and accountability are far and wide. Even in cases where these variables were studied with corporate governance, the focus were mainly on the big financial institutions such as the commercial and universal banks to the neglect of small financial institutions whose contribution towards the growth of the economy is immense hence cannot be glossed over.

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This study seeks to fill these gaps by making rural and community banks its main focus. The paper attempts to delve into the corporate governance and financial accountability of rural and community banks particularly in Ghana, against the backdrop of financial sector reforms and clean up underway in the country.

Purpose of the Study

Generally, the study seeks to explore the relationship between corporate governance and financial accountability in the context of rural and community banking industry in Ghana.

Research Objectives

Specifically, the study sorts to:

1. Determine the effect of board characteristics on financial accountability of Rural and community banks in Ghana.
2. Determine the effect of audit quality on financial accountability of Rural and community banks in Ghana.
3. Investigate the relationship between audit committees and financial accountability of Rural and community banks in Ghana.

Research Hypothesis

Objective 1

$H_0$1: There is no significant effect of board independence on financial accountability of Rural and Community Banks.

$H_0$2: There is no significant effect of board leadership structure on financial accountability of Rural and Community Banks.

$H_0$3: There is no significant effect of board expertise on financial accountability of Rural and Community Banks.

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Objective 2

H_04: There is no significant effect audit size on financial accountability of Rural and Community Banks.

H_05: There is no significant effect of audit fees charged on financial accountability of Rural and Community Banks.

Objective 3

H_06: There is no significant effect of audit committee existence on financial accountability of Rural and Community Banks.

H_07: There is no significant effect of audit committee size on financial accountability of Rural and Community Banks.

H_08: There is no significant effect of audit committee expertise on financial accountability of Rural and Community Banks.

Significance of the Study

The findings of the study will contribute to the ongoing search for answers that will address the corporate failures that have bedeviled the world of business particularly in emerging economies in Africa. It will also contribute to the understanding of how corporate bodies will align their accountability to corporate governance in order to achieve the best results.

In light of the financial reforms that are sweeping through the nation, our work will challenge stakeholders particularly in the rural banking sector to strengthen the corporate governance practices in order to be positioned better to deal with the current challenges. Again, policy formulating and supervisory institutions such as the Bank of Ghana, Apex Bank and SEC may also have an interest in re-examining the regulations that informs the running of rural and community banks. Although the Bank of Ghana should immensely be credited

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for promptly coming out with corporate governance directives to address the financial sector crises of the time, a careful study shows that these measures are only tailored to meet the needs of the big financial institutions. Thus this work will further broaden the discussion to include all sectors when it comes to policy.

The results of the study would also provide general indicators of corporate governance useful for both regulators and the business community in making policies and improving upon their efficiency. It will also contribute a new perspective to understanding the ongoing financial sector cleanup agenda of the Bank of Ghana by shifting the focus from the commercial and universal banks to the smaller institutions such as Micro Finance Institutions and rural and community banks. They will have the opportunity to look into the mandate of the RCBs and review their existing policies to serve the nation better.

Probing into the accountability of firms will not only churn out answers and insight into the underlying context of some RCBs financial distress in recent times, but most importantly, it will help to repair the damage done to public confidence by failed RCBs and even the large commercial banks. It will enable other financial services providers to re-evaluate the changing needs and wants of their organisations and their stakeholders.

Delimitation

The study was restricted to 52 rural and community banks in Ghana from a period of five years. The five year period spans 2015 – 2019. It was within this period that the financial crisis and subsequent cleanup was implemented. The selected banks were fairly spread across the country and

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have been in operational existence for at least 5 years prior to 2015. In addition, the Bank of Ghana identified four factors that led to the financial crises. The scope of this study addresses only one of these factors – weak corporate governance.

Limitation

The availability of corporate annual reports on the websites of RCBs and its accessibility was the main limitation of this study. Besides, the presentation and classification of items in the annual report differed from bank to bank making extracting information from the reports quite challenging. This was compounded by the emergence of the COVID '19 virus during the data collection period. A physical visit to the various points of data collection was frowned upon as most workers particularly the information technology (IT) personnel who could help to retrieve data were working from home. This delayed the data collection process and perhaps the volume of data that could otherwise could have been used. The use of the internet to source information came in handy. Quite a number of the rural and community banks have their past reports on their websites thus in spite of the challenges adequate bank reports were mobilised to complete the study.

Organization of the Study

The study is organised into five main chapters with appropriate subsections. Chapter one provides a general introduction to the whole study. It covers the background, which leads to the research problem and objectives of the study. The second chapter discusses the theories underpinning the study and its linkage with the main variables in the study. This is followed by review of relevant literature on corporate governance and accountability their

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mechanisms. The methodology adopted for this study is described in chapter three. Research approach and design, data collection and measurement of variable are discussed into details in chapter three. Analysis of data, results and discussions is then presented in chapter four. The final chapter, chapter five contains the major findings, conclusions and recommendations summarising the contributions made by this study.

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CHAPTER TWO

LITERATURE REVIEW

Introduction

In this chapter, existing literature relating to the topic were reviewed under theoretical and empirical perspectives. The theoretical review describes the theories that underpin the study. The empirical review dwells on the two main variables in the study; corporate governance and financial accountability. Mechanisms that influence corporate governance such as board size, board leadership style, board expertise, committees of the board, audit committee, external audit, accountability and financial accountability in annual report among others have been thoroughly reviewed.

Theoretical Review

The resources dependence theory, stakeholder's theory and agency theory are theories that have been recognized by as far the most extensively employed theoretical framework in accounting and corporate governance studies (Zgarni, 2016). Thus, for the aim of this research, agency theory is used as the theoretical framework for investigating the behaviour of managers in varied RCBs.

Agency theory

Jensen and Meckling advanced the theory in their 1976 publication. The agency theory basically addresses the relationship between principals or owners of the firm and the agents or managers of the firm. An agency relationship arises when one or more principals engage another person as their agent to perform a service on their behalf (Jensen and Meckling, 1976). They later broadened the theory to include the agency problem: that managers have

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selfish interest and will exploit all possible avenues to satisfy their self-seeking interests sometimes to the detriment of their employers. This brings them into conflict and negatively influences the relationship between these two parties. To address the agency problem most scholars have made different propositions and notable among them is Abdul-Wahab (2010). He argued that, the agency problem could be solved if managers are closely monitored. However, monitoring comes at a cost. This requires that shareholders have to incur cost to reduce the agency problem. This cost according to Jensen and Mickling (1976) is referred to as agency cost. From this perspective, agency theory provides obvious understanding about corporate governance and accountability mechanisms and acknowledges these as the most important overseeing pillars that address what has become known as the agency costs.

This theory was chosen because it turns to reduce the entire firm to only two participants, the managers (agents) and shareholders (principals), and thus it can easily be conceptualized (Nkundabanyanga, Kasozi, & Nalukenge, 2014; Mitnick, 2015). The managers are agents who are supposed to manage the resources entrusted to them by the stakeholders (principals) who depend on the various mechanisms of corporate governance to approve the work executed by management. Therefore, managers of public listed firms become accountable to shareholders. By extension, the theoretical background of this study relies on the agency theory for two reasons: agency theory explains the demand for monitoring provided by corporate governance mechanisms. Undeniably, auditors, remuneration committees, annual reports and audit committees are perceived as agents of principals. There are also concerns about trust, threats to objectivity and independence and an ongoing need to

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find further mechanisms such as regulation to align the interests of different stakeholders. Corporate governance actors, such as audit committees and external auditors, provide monitoring whose main value is dependent on its ability to decrease the likelihood of a company's financial reports to contain material breaches. Agency theory predicts that as agency problems become more severe, management will require higher quality monitoring in an effort to ensure quality financial reporting to stakeholders.

In addition, the theory suggests that management of firms have selfish interests and so can manipulate financial statements and falsify other accounting records to satisfy their interests (Kaawaase, Assad, & Kitindi, 2016). If this happens, accountability of firms would suffer leading to decrease stakeholder interest and participation. To counteract this possibility, the regulatory body of firms should have a third eye in corporate boards which constitute themselves being placed into sub-committee like audit committees to monitor management's mode of operation. They will offer advice, corrections, direction and ensure accountability in such a manner that, the interest of both parties is in congruence with organizational goals.

Financial intermediation theory

Another theory which throws more light on this paper, is the financial intermediation theory. An earlier proponent of this theory includes Von Mises (1912), who wrote: "The activity of the banks as negotiators of credit is characterised by the lending of other people's, that is, of borrowed, money." Banks borrow money in order to lend it. Banking is negotiation between granters of credit and grantees of credit." The theory has undergone different modifications by different authors since its inception. This study adapts the

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theoretical lens of (Riordian, 1993) who holds that "Banks serve as financial intermediaries between borrowers and lenders." More precisely, banks borrow from depositors and lend to investors. In a capitalist economy most investment projects are owned and managed by private entrepreneurs and firms.

Generally, these investors lack enough equity fully to finance their projects and consequently seek loans to complete financing. Banks, on the other hand, aggregate deposits to meet these loans. Matthew and Thompson (2005) state that, banks first need to obtain deposits in order to be able to lend: "Financial intermediation refers to borrowing by deficit units from financial institutions rather than directly from the surplus units themselves. Hence, financial intermediation is a process which involves surplus units depositing funds with financial institutions who in turn lend to deficit units". The theory situates rural and community banks as intermediaries within this process that are to perform these roles with a rural focus. Their effectiveness will therefore be measured by their ability to perform these roles with diligent focus on the rural populace. In order to maintain trust and confidence in the process, corporate governance oversees this role and makes sure that depositors (investors) of funds are secured and their funds will be made available as and when necessary.

The theory is fit for purpose in that it looks at the financial mediation role the rural and community banks play. It emphases the trust that should exist among the owners of funds (lenders), the managers of funds (RCBs) and the users of fund (borrowers). It further stresses the need for good corporate governance in overseeing and managing this process.

VERITAS LUMEN NOBIS

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Stakeholder theory

Stakeholders refer to all individuals or groups that affect or can be affected by the achievement of organizational objectives (Freeman, 1984). Stakeholders include employees, customers, suppliers, the community, government and government entities and so forth. The stakeholder theory postulates that, management should make decisions that take account of the interest of all the stakeholders in a firm (Jensen, 2001: Hills & Jones 1992). The theory supports the notion that, the firm and society are interdependent on each other; therefore, the firm serves a broader social purpose than its responsibilities to shareholders alone (Nelson , 2003). The theory requires management to clarify the conflicting interest among stakeholders to ensure the best level of implications those decisions will have whilst accommodating the various interest (Abdul-Wahab, 2010). The firm or organization does not exist in isolation thus it will not be fair to social justice if the firm makes decisions without considering its effects on individuals or groups that will be affected by those decisions. Donaldson and Peterson (1995) agree with this assertion. They suggested that, the aim of the stakeholder theory is to guide and explain the firms' structure and operations with the view that the firm is an entity through which several parties accomplish their objective.

On the contrary, Letza, Sunand and Kirkbride (2004) found that, stakeholder theory might not be capable of providing better governance due to the debate on a divergence corporate governance focus in stakeholder theory that is placing the emphasis on stakeholders instead of the shareholders. To them, the organization revolves around the contributors of capital, for that matter shareholder. This assertion to some extent is quite one sided.

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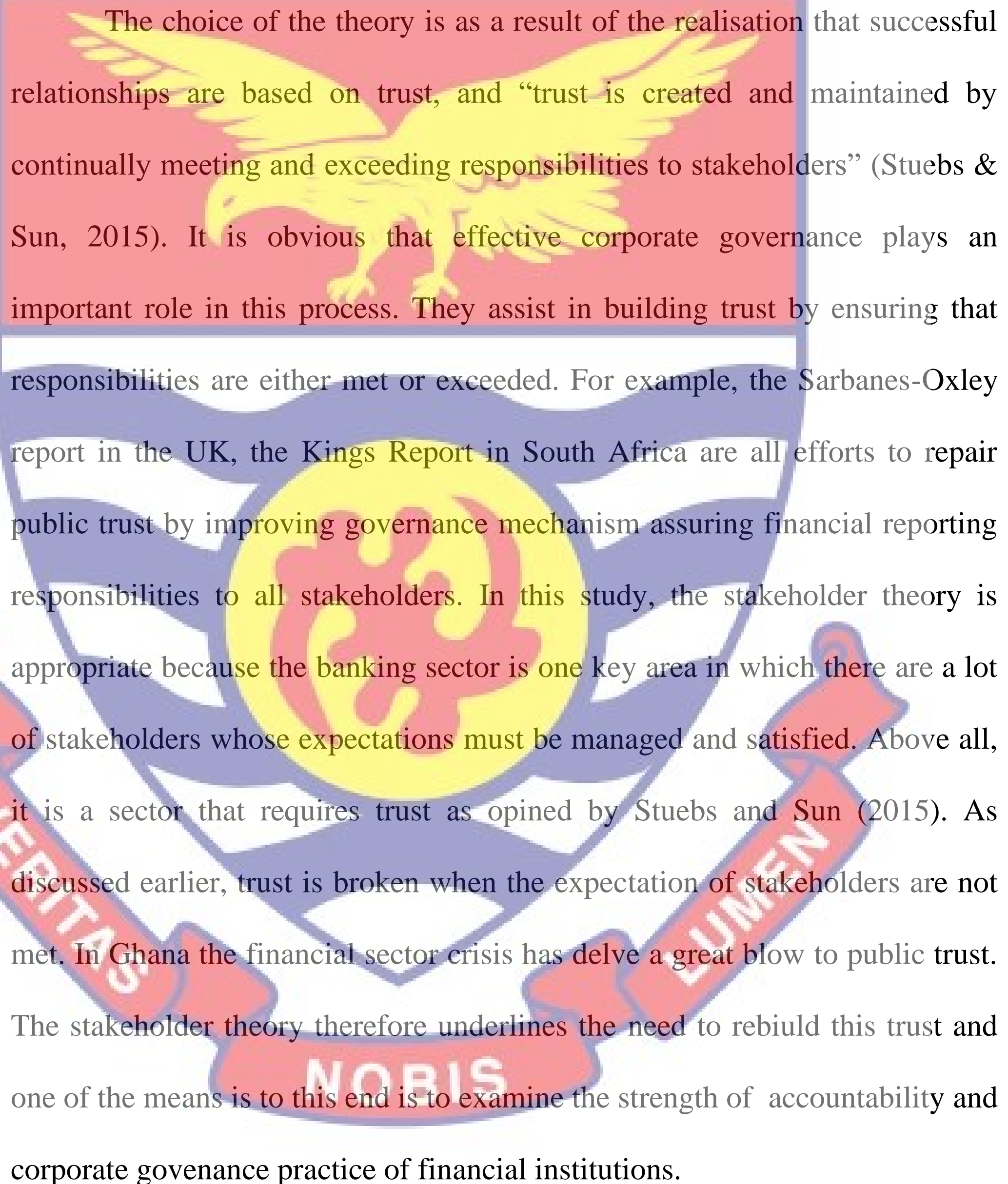
Thankfully, a new study in 2010 found that shareholders are not the only affected parties to be considered in the decision-making process by management because aside the provision of capital, other stakeholders bring on board their skills, time, energies and technical know-how without which organizational goals cannot be attained (Abdul-Wahab, 2010).



The choice of the theory is as a result of the realisation that successful relationships are based on trust, and "trust is created and maintained by continually meeting and exceeding responsibilities to stakeholders" (Stuebs & Sun, 2015). It is obvious that effective corporate governance plays an important role in this process. They assist in building trust by ensuring that responsibilities are either met or exceeded. For example, the Sarbanes-Oxley report in the UK, the Kings Report in South Africa are all efforts to repair public trust by improving governance mechanism assuring financial reporting responsibilities to all stakeholders. In this study, the stakeholder theory is appropriate because the banking sector is one key area in which there are a lot of stakeholders whose expectations must be managed and satisfied. Above all, it is a sector that requires trust as opined by Stuebs and Sun (2015). As discussed earlier, trust is broken when the expectation of stakeholders are not met. In Ghana the financial sector crisis has delve a great blow to public trust. The stakeholder theory therefore underlines the need to rebiuld this trust and one of the means is to this end is to examine the strength of accountability and corporate govenance practice of financial institutions.

Empirical Review

The review of prior literature was carried out around the three objectives already outlined; board characteristics and financial accountability,

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external and financial accountability, and audit committees and financial accountability. The context of the work comprises the rural banking industry and available literature on that has also been reviewed.

Board characteristics and financial accountability

The board comprises of executives and non-executive directors who are either independent or non-independent directors. Agency theory suggests that independent directors pay more attention to the interests of the shareholders at the time of board decision-making process (Fama & Jensen, 1983). The non-executive directors (NEDs) need to play a role in monitoring the actions of the CEO and executive directors to ensure that the shareholders' interests are well cared for. The Malaysian Code on Corporate Governance (2000) and the revised code 2017 recommend that it is the best practice to have a balance membership board of directors where independent directors (NEDs) should make up at least one third of the board membership. This is to ensure the effectiveness of the independent directors in maintaining good decision making for the company. In another jurisdiction, Awan (2012) discovered a positive relationship between NEDs and firm performance measured using return on asset (ROA) and return on equity (ROE). The document that addresses this phenomenon in Ghana is the Bank of Ghana Corporate Governance Directives (2018). The directives clearly stated the following:

An independent director shall be non-executive and shall not;

- have more than five percent (5%) equity interest directly or indirectly in the Regulated Financial Institutions or in its related companies;

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- be employed in an executive position in the Regulated Financial Institution or its related company at least two (2) years prior to his appointment date;
- have relatives employed by the Regulated Financial Institution or any of its related companies as Key Management Personnel in the last two (2) years;
- have engaged in any transaction within the last two (2) years with the Regulated Financial Institution on terms that are less favourable to the Regulated Financial Institution than those normally offered to other persons; or
- have served as a director in the Regulated Financial Institution continuously for more than two (2) terms unless the director can affirm that his/her independence is not impaired.
- be related to persons with significant shareholding in the Regulated Financial Institution or have any business or employment connections to a significant shareholder.
- hold cross directorship position(s) with other director(s) on the Board of other institutions
- be a director on the Board of an institutional shareholder with significant equity interest in the Regulated Financial Institution… (Bank of Ghana, 2018, pp. 10-11).

Another study that was conducted among Belgian companies found a significant relationship between the number of outside directors and ROE which supports the notion that outsiders are able to perform a monitoring function as a result of their independence and the interest of the shareholders

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are well protected (Deheane, Vuyst, & Ooghe, 2001). Despite the advantages of having more NEDs on the board, Satirenjit, and Barry (2015) have shown contrary result from the analyses of the relationship between the NEDs and firm accountability. According to Weir and Liang (2001) non-executive directors are only employed on a part-time basis and are therefore likely to have other work commitments, they may lack the expertise necessary for understanding highly technical business issues and may have insufficient information when required to make key decisions. Rahman & Ali (2006) found that, non-executive directors had no influence on financial accountability. In contrast, a study conducted by Salleh, Iskandar, and Rahmat, (2005) found that a higher percentage of non-executives has created better auditing systems and improved financial reporting timeliness. Abidin, Kamal, and Jusoff, (2009) found evidence that a higher proportion of independent non-executive directors on the board have a positive impact on firm performance based on value added intellectual coefficient measurement. This study addresses and investigates the conflicting issue of whether a high proportion of outsider directors have an impact on the firm performance of an organisation

On Board meeting, companies are encouraged to have regular board meetings for discharging duties and responsibilities. The Bank of Ghana directives states among other things that "…Financial Institution shall hold at least four (4) Board meetings per financial year. For convenience Board meetings can also be arranged and conducted via teleconference…" (Bank of Ghana, 2018). The frequency of board meetings indicates the total number of board meetings, which is a proxy of the board's activity to handle

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organizational issues. It is mandatory for the board to disclose the number of board meetings held in a year and details of the attendance of each individual director in respect to meetings held.

The frequency of board meetings is considered to be an important way of improving the effectiveness of the board. It is argued that board meetings and attendance of the meetings are considered to be important channels through which directors obtain firm specific information and are able to fulfill their monitoring role. A study conducted by Francis, Hasan, and Wu, (2012) indicated that firms with poor board attendance at meetings perform significantly worse than boards which has good attendance during financial crisis. In addition, Ntim and Osei, (2011) conducted a study in South Africa which also suggested similar findings between the frequency of board meetings and corporate accountability where boards that meet more frequently tend to generate better quality of financial information and higher financial performance. On the other hand, there are researchers that consider board meetings not necessarily useful due to the limited time non-executives spend with the company and consider such time could be better utilised for a more meaningful exchange of ideas with the management.

Also, frequent meetings involve managerial time and increase travel expenses, administrative support requirements and directors' meeting fees. This may affect enterprise activities within the firm as resources are being channeled towards less productive activities. A study conducted by Johl (2006) in the U.K among a hundred firms found there was a negative relationship between frequency of board meetings and entrepreneurial activities in firms. Drawing on the arguments from the above, there have been

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inconclusive findings on the frequency of board meetings with firm performance which this study seeks to address. In addition, there is a heavy concentration of existing studies on developed countries such as Europe and North America which have different institutional context thus, corporate governance practices where the effectiveness of board meetings on financial accountability can be expected to be different from the developing countries. It will therefore be necessary to examine this phenomenon in the contest of developing countries such as Ghana.

Board size seems to differ from one country to another. There is no ideal size for a board but the right size for a board should be driven by how effectively the board is able to operate as a team. In the Ghanaian context, the Board is expected to consist of at least five (5) members including the Chairperson and a maximum of thirteen (13) members, the majority of which must be non-executive (Bank of Ghana, 2018) There have been conflicting arguments between board size and bank accountability. A study conducted by Alajlani and Posecion, (2018) used Tobin's Q as an estimate of market valuation and the result shows that there is an inverse relationship between board size and firm value. Companies with small boards were found to exhibit more favorable values of financial ratios and provide stronger CEO performance incentives through compensation and the threat of dismissal. On the other hand, Dalton and Daily (2000) used the Meta analysis technique, which showed a different result in that larger boards were associated with better corporate financial information quality and performance irrespective of how financial performance was measured. Similar findings were revealed by Andres and Vallelado (2008) that larger boards were more efficient in

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monitoring and create more value for a firm. This finding was also supported by a study conducted by Shukeri, Shin, and Shaari (2012) who found that board size had positive influence on firm general performance.

The recent wave of corporate scandals in the world has made necessary the need for financial or accounting experts to be on board to ensure greater accountability on wide range of issues. It is important for board members to have an understanding of accounting principles and financial statements which will lead to better board oversight and this will serve to the better interest of shareholders. A study conducted by Yusoff and Armstrong (2012) on board competencies and quality of financial disclosure using two stages of Delphi Technique indicated 8 competencies were found to be essential for companies based on a personal interview with 41 participants. It was found that financial competency was the most important competency. They also argued that there were two types of essential competencies necessary for the top management team of a company including company's directors: Functional knowledge and firm-specific knowledge. Functional knowledge covers knowledge in finance, accounting, legal, marketing and economics. On the other hand, firm-specific knowledge relates to detail information about the firm and its operation. Similar results were revealed by Kor and Sundararamurthy (2009) that directors who had reasonable financial backgrounds were more effective in providing internal control system mechanisms to control firm performance. Based on the inconsistencies in the arguments on accounting/financial expertise of board members, this study intends to further address this issue in the Ghanaian context.

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Board structure is an important area in board effectiveness assessment alluded to in prior literature. It is important that boards are rotated within some time intervals in order to get the best out of them. It is obvious most the boards members of most corporate institutions have remained the same since inception. Some members have been on the board by virtue of the large shares they hold in the firm and have become life members of the board. According to reviewed guidelines for corporate governance practice (2010), this practice does not support good corporate governance. It is a practice that stifles innovations and prevents relevant and skilled personnel from becoming members of the board. Another aspect of board structure is the incidence of CEO duality. CEO duality means the person who serves as a CEO of the company doubles as the chairman of the company's board. Prior literature measures CEO duality by taking a dummy variable equal to one when the same person serves as a CEO as well as the chairman, and zero otherwise.

CEO duality provides a person strong power in the decision-making process. As a result, the person does not consider the interests of the shareholders so much. Quality of firm disclosures may be lowered (Haniffa & Cooke , 2005). Lam and Lee (2008) maintained that the relationship between CEO dual role is contingent on organizational characteristics and the business environment. When the same person holds both of these role, negative consequence ensues for corporate performance (Kakabadse, Korac-Kakabadse, & Barratt, 2006). On the contrary, Razak and Mustapha (2013) find an insignificant negative relationship between CEO duality and disclosure quality. Dalton D. R., Daily, Ellstrand, & Johnson (2008) demonstrate that duality is entirely non-influencial for corporate accountability. In the light of

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these finding, this study will also attempt to explore the relationship between board leadership style and financial accountability.

The number of sub-committees that work under the board is also an issue of concern. Although board sub-committees such as audit committee and risk committee seems to dominate discussion's on corporate governance, there is no specified number of sub-committees that a bank is mandated to operate. The number should be guided by the needs assessment and risk profile of each bank (Bank of Ghana, 2018). The establishment of board sub-committees has been strongly recommended as a suitable mechanism for improving corporate governance, by delegating specific tasks from the main board to a smaller group and harnessing the contribution of non-executive directors (Laura & Ruth, 2004). In the UK, the Cadbury committee proposals focused on audit committees and the Greenbury study group advocated remuneration committees. Over the last decade, the largest public companies have set up such committees, but their impact on governance standards has not been widely explored.

External audit and financial accountability

A number of variables have been studied when it comes to audit quality and paramount among them are audit firm size, audit fees and auditor tenure. It has been argued that the larger the audit firm is, the more likely they are to be associated with audit firms which provide better assurance of accountability (Wong, Wong, & Xia, 2008). The annual report and financial statement of the Ghana Stock Exchange (2019) identified Deloitte, Ernst & Young (EY), KPMG and Price Waterhouse Coopers (PWC) as the big four audit firm based on their earnings for 2019. Besides, being certified and ranked by recognised

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professional bodies is pointer to quality since membership of such bodies means enhance credibility and assurance of proven competence. At the beginning of every year, the Institute of Charted Accountants Ghana (ICAG) publishes the list of accounting and audit firms that are in good standing and whose services can be relied on by the public. They do not only provide a list, but they also grade the firm base on criteria such as number qualified partners, scope of operation, clientele base, size of revenue and the like (icagh, 2020).

The rating is between 'A' to 'D'. As at 2020, 33 and 101 out of 343 accounting and auditing firms have been graded A and B respectively. For the purpose of this study, audit and accounting firms graded 'A' and 'B' are regarded as large in terms of assets and reputation and would hardly sacrifice these qualities for some ill gains thus, a pointer to quality. In other words, audit firms in these categories have a stronger incentive to maintain independence and to impose more stringent and extensive disclosure standards because they have more to lose from damage to their reputation. In discussing, audit quality, the work of Sellami & Fendri (2017) comes handy. They summarised most the various definitions of audit quality as:

- the possibility of significant errors in the financial statements that the auditor is able to decipher;
- the possibility that the auditor might not issue conditional report for the financial statements containing significant errors:
- as assessment of the auditor's ability to reduce the biased errors and misstatements and to improve the quality of accounting data; and
- the accuracy of the information about which the auditor has made reports.

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It is important to note that the aforementioned definitions cover different levels of the auditor's competence and independence in the audit. Basically, there are two roles external auditors are required to play. They are the insurance role and the information role (Mansi , Maxwell, & Miiler , 2004). As an insurance provider, the external auditor is responsible for any liability to users that relied on the financial statement. They are therefore required to provide assurance to stakeholders that the accounts they have audited is credible enough to be relied on for decision making. Performing the role of information intermediary, external auditors are to independently and effectively verify the correctness of company's financial statements before they are published.

Variables that have been studied regarding audit quality are: audit firm size, audit fees and audit tenure. Larger audit firms in order to protect their image and pedigree are more likely to be associated with companies which provide better disclosure practices (Wong, Wong, & Xia, 2008). They possess a strong desire to maintain their independence and to impose more stringent and extensive disclosure standards because they have more to lose from damage to their reputations. This line of argument is also supported by Kamalsakulchai (2015) who found that audit firm size is highly associated with a greater level of disclosure and a higher level of disclosure is a pointer to audit quality.

With regards to audit fees, Ausama, Fatima and Hafiz Majdi (2012) found no significant relationship with audit quality. On the contrary, some other writers such as Ettredge, Chan and Elizabeth (2013) posit that audit quality is compromised when the audit fees are reduced. Generally, it has been reported

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that audit independence, audit tenure and audit fee have a positive influence on audit quality (Indah, 2010; Lin & Hwang, 2010; Rahmina & Agoes, 2014).

Audit committees and financial accountability

An Audit Committee is a committee of the board of directors responsible for oversight of the financial reporting process, selection of the independent auditor, and the receipt of audit results from both internal and external auditors. It is normally a standing committee of the board, established to enhance corporate accountability by working as intermediaries between auditors and management to improve and strengthen the financial reporting practices of an entity and to also ensure proper conduct of corporate affairs in accordance with generally accepted ethical and legal standards (Ayinde, 2002).

According to Marx (2009), an audit committee consists of independent non-executive directors tasked with an oversight role to assist the board of directors in meeting their financial reporting, risk management and control and audit-related responsibilities. Marx further suggested that for an audit committee to be empowered to achieve its mandate, it should be made up of an equal number of directors and shareholders. This enables the committee to be more effective in checking the powers of the executive directors, particularly in their accounting and financial reporting functions (Marx, 2009). Audit committee internally audits the auditors and provides reports that are usually included in the financial statement of a publicly quoted company (Enofe, Aronmwan, & Abadua, 2013).

Audit committees serve as a bridge in the communication network between internal and external auditors and the board of directors. Audit

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committee helps to check the activities of auditors (both internal and external) and top management resulting in the bridging of the gap among users of financial statements.

Specifically, the Audit Committee is expected to perform the following roles: review of annual financial statements and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles. Review with management and external auditors the results of the audit, including any difficulties encountered. Review other sections of the annual report and related regulatory filings before they are released and consider the accuracy and completeness of the information. Review with management and the external auditors all matters required to be communicated to the committee under generally accepted auditing standards. Review how management develops interim financial information, and the nature and extent of internal and external auditor involvement. Review interim financial reports with management and the external auditors before filing with regulators, and consider whether they are complete and consistent with the information known to committee members. Monitor the choice of accounting policies and principles. Review and recommend the financial statements prior to finalisation and submission to the appropriate quarters. Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements. Ensure accounting policies are consistently applied and any new accounting standards requirements that relates to the company are appropriately adhered to. Meet with management and the external auditors to review the financial statements and the results of

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the audit. Ensure that any significant adjustments, unadjusted differences, disagreements with management and critical accounting policies and practices have been discussed with the external auditor; and review all sections of the annual report before its release and consider whether the information is understandable and consistent with members' knowledge about the company and its operations.

Corporate governance and financial accountability

Corporate frauds, accounting scandals, excessive compensation packages, insider trading, self-dealing, misleading disclosures, and possible civil and criminal liabilities of corporate organisations are a few of the many reasons why corporate governance has enjoyed a lot of attention in recent times (Ansong & Agyemang, 2016). Corporate governance is so crucial to a firm's performance and success. Much of the research in this area documents how corporate governance mechanisms affect dimensions of financial reporting and performance employing other subsets of accountability.

Banahene (2018) identified four causes of banking failure in Ghana. One of the major causes he identified is "lack of corporate governance". In his discussion, he posits "a strong corporate governance framework integrates viable elements of governance by setting its cardinal goals and actions". The paper admitted that corporate governance cannot be blamed in isolation though. The lack of ethical practice assisted in the process. Lack of ethical practice means the absence of integrity, accountability, honesty, fairness, and responsible citizenship as explained by Adda and Hinson (2006). By extension, accountability is crucial to the continuous survival and success of a business organisation. In relating the agency theory which places a high

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premium on monitoring to mitigate the agency problem, a number of corporate governance mechanisms come to mind; audit committees, internal and external auditors, board of directors and so forth. These corporate governance actors indeed provide high quality monitoring in an effort to ensure financial reporting quality and vivid accountability from the managers of an organization's resources.

As discussed earlier, it will be difficult to find one definition for corporate governance. Some widely acceptable definitions will be discussed. The Cadbury Committee (1992) defines corporate governance as "the system by which companies are directed and controlled". The onus is on company directors to maintain a system of control in that; a company fulfills its obligations to whom it is accountable. The financial times (2012) defines corporate governance as "how a company is managed in terms of institutional systems and protocols meant to ensure accountability. This definition directly links governance to accountability in institutions. Thus, it suggests that, good corporate governance practices make institutions accountable to their stakeholders. The definition provided by SEC (2010) extends the description a little further stating that, corporate governance is "the practices and processes used to direct and manage the affairs of a corporate body with the objective of balancing the attainment of corporate objectives with that alignment of corporate behaviour to the expectations of society and accountability to shareholders and other stakeholders". This definition lays emphasis on accountability to shareholders first, then to the other stakeholders. This is important because shareholders are the contributors of capital that gave birth to the organization in the first place. They therefore should be given priority

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when it comes to accountability. The definition also underlines the significance of balancing corporate objectives with societal objectives to ensure the long term survival of the corporate body.

One of the pillars of corporate governance is the effectiveness of the role played by directors. It is sometimes referred to as "board structure" or "board characteristics". The most commonly studied feature about board structure is size, activity, expertise, duality and independence. It argued that smaller boards are more effective because decision-making is swift and thus comes with lower cost. In terms of experience, directors holding more outside directorship may bring in more information but they may also be too busy and may not attend meetings making them less effective. In the same vain, if directors lack financial expertise, they may not be good monitors to ensure accountability from management. It is commonly assumed that boards that are more independent by reason of the fact that they contain more directors without social or business connections to management (non-executive directors) are more effective from the shareholders perspective (Haan, 2016). Although earlier works on nonfinancial firms failed to find a link between board independence and higher firm value, there is a growing body of empirical research indicating that director independence is associated with improved board decisions (Bebchuk & Wiesbach, 2010)

The literature on corporate governance and financial accountability in particular is not very comprehensive. A study in 2002 looked at the state of corporate governance in 14 African countries and found that there is variation in firm level governance structures across countries and that the level is lower in countries with weaker legal systems (Klapper & Love, 2006). Okeahalem

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and Akinboade (2003) reviewed studies on corporate governance in Africa and came to the conclusion that African countries at the time were “ill-equipped” to implement corporate governance levels when compared to developed market economies. They cited “interlocking relationships with government, weak civil and judicial systems, absent and underdeveloped monitoring institutions as well as limited human resource capabilities as the reasons.”

Audit Committees in particular have been seen as a useful mechanism of corporate governance and accountability (Spira, 2003; Finanancial Repoorting Council, 2006). The committee assists the board in fulfilling its corporate governance and oversight responsibilities in relation to an entity’s financial reporting, internal control system, management of risk, and internal and external audit functions. The Audit committee is recognized as the cornerstone of a successful and credible financial reporting system (Ayinde, 2002) which is used to exact accountability from managers on behalf of stakeholders. Ernst and Young, (2016) posit that an effectively functioning audit committee will greatly assist the board of directors in their activities, particularly when it comes to the organization’s financial reporting practices. In a like manner, KPMG (2015) asserts that an audit committee assists corporate board of directors in discharging its fiduciary responsibility. An audit committee that operates effectively is a key feature in a strong corporate governance culture, and can bring significant benefits to the organization.

Cohen, Krishnamurthy, and Wright (2004) also struck a relationship between corporate governance and financial reporting quality, a key indicator of financial accountability. They discussed the interrelationship between financial reporting quality, management and board of directors, audit

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committees, internal audit and external audit. They however acknowledged the influence of regulations, financial analysts and shareholders.

The perceived nature of accountability has two sub components: performance and conformance (Goddard, 2005). Financial reports satisfy the discharge of conformance accountability to funding stakeholders, non-financial performance reporting performance measurement can provide both internal and external accountability. Modell (2000) notes, organisations have multiple stakeholders with competing interests and multiple dimensions of performance and accountability to different stakeholders. At the lowest, there are three competing stakeholder groups for a public sector organisation: funding bodies, professional groups within the organisation, and purchasers or users of the services.

Giuseppe, Ulf and Marie-Soleil (2015) compiled a review of corporate governance, accounting and accountability of SOEs (an editorial). They found the area of study crucial and a growing topic in public management and other research disciplines. Public service provision and budget consolidation cannot be realized effectively and efficiently without powerful governance and management of SOEs. They however identified significant corporate governance challenges and important empirical research gaps in comparison to other fields. Broader theoretical perspectives, methodological approaches, accountability mechanisms and sector/context are identified, discussed and encouraged in future research. Okpala (2012) found that accountability was deemed weak in the Nigerian polity owing to factors such as weak accounting infrastructure, poor regulatory framework and nonchalant attitudes of government officials. Consequently, good corporate governance has been

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hampered by poor financial accountability, which managers display with regard to the discharge of their fiduciary responsibilities to their shareholders (Okpala, 2012). Another school of thought also reasons that corporate governance and financial accountability suffers when socio cultural bounds override rational judgment (Sucher & Maclullich, 2004). They discovered that, local culture had a significant impact on auditor independence since there was more emphasis on comradeship, loyalty to friends and family, and an adaptive approach to regulations. This position reinforces the views regarding the impact of socio-cultural elements on managerial activities, especially in developing countries where institutions are deemed to be weak (Akinlabi, Genty, & Atiku, 2011). Corporate governance best practices are stifled in such environments and financial accountability is sadly relegated to the background.

Another individual who has worked assiduously in the area of corporate governance and financial accountability is Wong (2014). He brought the Asia perspective to the discussion. In his study of Chinese State Owned Enterprises, Wong identified four distinct institutional features that had shaped the accountability and governance of its listed firms. They include: stock ownership being concentrated in the hands of a few large shareholders, low transparency and use related-party transactions among member firms within a corporate group and the absence of an independent and well-developed court system to enforce investor protection laws (Fan & Guthrie, 2013; Wong, 2014). In the same vein, Klepczarek (2017) argued that the best way to look at the corporate governance and accountability is through the adoption of the New Institutional Economics (NIE) model. She concluded that the use of NIE

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opens up new possibilities for interpretation of corporate governance theories and broadens the scope of their application. This substantiates the fact that new models are developing day by day to address the complicated issues of corporate governance and accountability. However, both the old and the new seem to agree that, there is an association between corporate governance and accountability and for that matter financial accountability.

According to Yulihantini and Wardayati (2016), there are two types of accountability: financial accountability and performance accountability. Financial accountability is accountability on the subject of financial integrity, disclosure, compliance with the legislation. Kamaruddin and Ramli (2015) propose even a futher arm of accountability in organizations by coming up with three classifications which are: financial accountability, fairness accountability and performance accountability. They explained financial accountability to be that arm of accountability which mainly focuses on the management reporting on the use of funds by those entrusted with it to those who entrusted them. Fairness accountability on the other hand is about operating the organization as required by regulations and laws. Fairness accountability mainly focuses on achieving organization's objectives and goals. Performance accountability is about the operation results for an organization. Performance accountability focuses on the results or achievement made by an organization.

Financial accountability is conceived as tracking and reporting on allocation, disbursement and utilisation of financial resources, using the tools of budgeting, accounting and auditing (Brinkerhoff, 2001). Brinkerhoff suggests that financial accountability is exercised within a legal framework,

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which in many cases includes constitutional provisions, laws and regulations as well as locally and internationally accepted codes. Example of such are laws on institutional structures mandated for executing and monitoring the budget, laws on public procurement, regulations on accounting and bookkeeping, property management and so on. According to Lewis (2003), financial accountability describes the systems and procedures used to keep track of financial and monetary transactions that take place inside an organisation and therefore it is a system of recording, classifying and summarizing information for various purposes. Afrobarometer Survey South Africa, (2014) also proposed that financial accountability is the production of regular and quality financial reports to those with an interest and a right to know, proving that leadership has control over financial decisions and accounting for funds by producing documentary proof of receipts and payments and the general use of funds.

Rural and community banking in Ghana

In 1976, the Government of Ghana (GoG) issued a regulation allowing rural communities to establish locally-owned unit banks with a much lower minimum capitalization than regular commercial banks (Nair and Fissha, 2010). The basic purpose was to provide both commercial and development banking services to meet the needs of the rural areas. In addition, the idea was to introduce the rural banking concept to bridge the rural urban gap of financial transactions. Primarily, the objectives of the rural banks according to Owusu Ansah as cited by Owusu Frimpong, (2008) are to:

- Extend and deepen rural financial intermediation to facilitate the payments system to promote savings and investment process.

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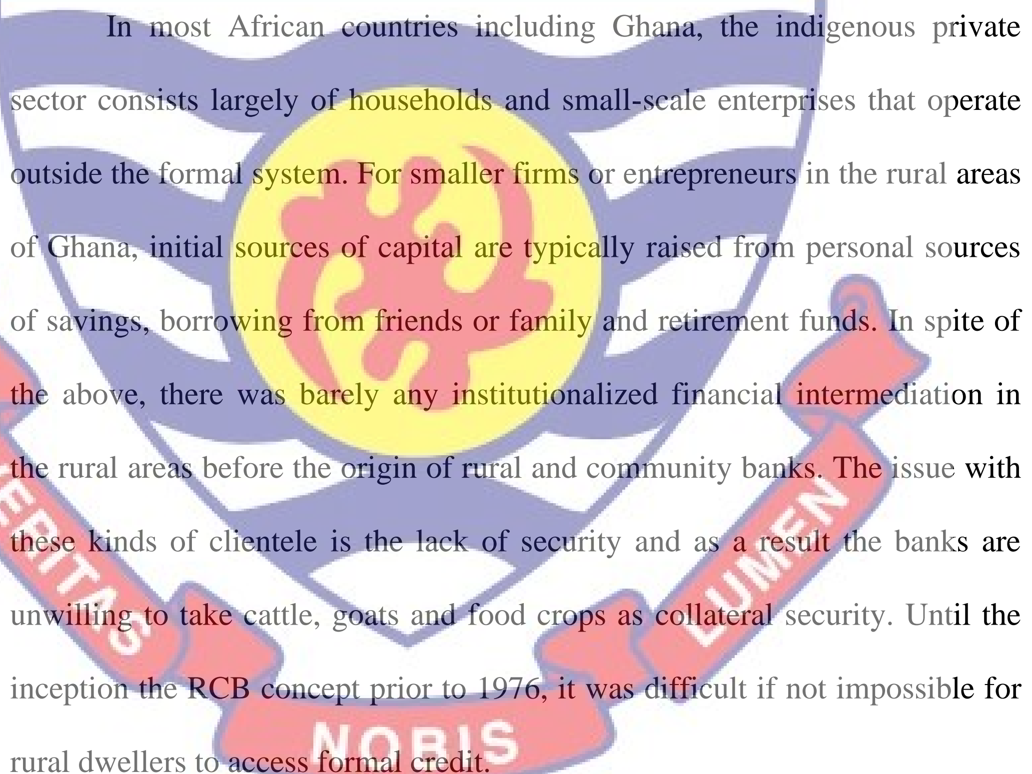
- Bring banking services to the doorstep of the rural population to be able to monetise the rural economy and thereby, reduce the size of money outside the banking system:
- Provide necessary institutional credit to the rural dwellers to enable expansion of farming activities and other income generating commercial ventures that would help to improve their livelihood.
- Act as instruments of economic development through provision of commercial loans to the local councils and town development committees that must support development of community project like building of markets, schools and health centres.



In most African countries including Ghana, the indigenous private sector consists largely of households and small-scale enterprises that operate outside the formal system. For smaller firms or entrepreneurs in the rural areas of Ghana, initial sources of capital are typically raised from personal sources of savings, borrowing from friends or family and retirement funds. In spite of the above, there was barely any institutionalized financial intermediation in the rural areas before the origin of rural and community banks. The issue with these kinds of clientele is the lack of security and as a result the banks are unwilling to take cattle, goats and food crops as collateral security. Until the inception the RCB concept prior to 1976, it was difficult if not impossible for rural dwellers to access formal credit.

The rapid transformation of Ghana's banking industry has led to the strengthening of rural banking institutions by developing, organizing and training communities support capacity building in the rural areas. Presently the financial system in Ghana is dominated by the banking sector, which is all

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majoring in the retail banking business, dealing mostly in short-term money instruments.

RCBs offer both financial and non-financial services to the communities they serve. The financial services included lending, savings and other banking services such as cheque clearing for cocoa farmers. Non-financial services include supply of agricultural input to farmers. The rural banks grant loans that are payable within 4-12 months and accept flexible payments on weekly, bi-weekly and monthly bases. In some loan applications, the banks often require the beneficiaries to be already involved in some economic activity and to deposit about 25% of the intended amount before the loan is approved.

By definition, a rural bank (RB) is a localised unit bank established for the purpose of providing simple banking facilities for the rural community in which it is located. It is owned, managed and patronised by the people in its catchment area (Andah & Steel, 2004). Ownership is through the purchase of shares. They are supervised by Association of Rural Banks (ARB) Apex Bank and regulated by the Bank of Ghana. Being a hybrid between a development bank and a commercial bank, its main objective is the mobilization and channeling of rural savings for the economic development of its area. The vision was also intended as an opportunity to arrest the siphoning of rural savings by urban-based commercial banks. Since their introduction, the rural banks have been at the frontline of developing pro-poor innovative financial products and modifying their operations to suit the specific needs of the rural farmer, the underserved micro-enterprises and other low-income players of the rural economy (Obeng, 2009). With focus on rural clients, one of the tasks that

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face rural banks is how to manage risk associated with doing business with the poor whilst maintaining a balance between its poverty alleviation mandate and staying profitable as a business (Tsamenyi & Uddin, 2008). As rural development institutions, banks require effective participation of the locals, thus they are to be owned and managed by the communities within which they operate. The rationale behind the community ownership is to promote community identity, encourage local patronage, participation and support the processing of requests for facilities to improve access to credit.

With the initial bank established in 1976, the number of rural banks rapidly increased to 34 by 1982, 117 five years later and 133 by 1998 (Osei-Bonsu, 1998). The rapid rise in the number of rural banks and their proliferation throughout the country could be linked to the enthusiasm and the keen interest shown in the concept by the rural communities. Admittedly, the period between 1999 and 2000, however, saw a drop in the number due to the central bank closure of 23 of the rural banks described as "distressed" banks (Ampah, 2010). As at 2007, 125 rural banks were in active operation with a total of 460 branches nationwide. The total number of rural banks operating in the country now is 144 with over 564 branches (Bank of Ghana, 2019). There is no doubt that Rural and Community Banks are the largest providers of formal financial services in rural areas and represent about half of the total banking outlets in Ghana. The sector has enhanced rural financial intermediation quite creditably.

It is quite obvious the whole financial sector clean up underway in Ghana is injurious to stakeholders' interest and participation at least in the short run. There is a seeming loss of confidence in the banking sector and this

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is not limited to only the commercial and universal banks. Thankfully, the Bank of Ghana (2019) report on the banking sector for the first half of the year indicates otherwise. That notwithstanding, Agyei-Mensah (2018) posits that investors tend to shy away from the market if the quality of information available to them is not certified to be credible. We believe that the answers can be found in a careful study of the various components of corporate governance structures. We are not alone in this line of thought in that Zgarni (2016) ascribes the recent increased attention by the academic world to issues of governance mechanisms to this accession. The most important role of corporate governance is to ensure a company's financial reporting quality. In order to improve the quality of the financial information through means that control the accountability of organization and transparency of financial information, different laws were issued all over the world such as (Sarbanes-Oxley Act) SOX in USA; the financial security law in France, 2003; the financial security law no. 2005-96 in Tunisia and the Kings Report in South Africa. Thus, the interaction between the corporate governance actors is crucial in rescuing the remaining banks and for that matter RCBs in Ghana from collapse.

In conclusion, effective corporate governance builds up the quality of accountability by providing more verifiable and quantifiable information. On the other hand, poor corporate governance by organisations stifles accountability. From the on-going analysis, it is evident that corporate governance has a relationship with financial accountability. Thus, it will be very prudent to examine the interaction of these variables, but this time focusing the searchlight on rural and community banks in Ghana.

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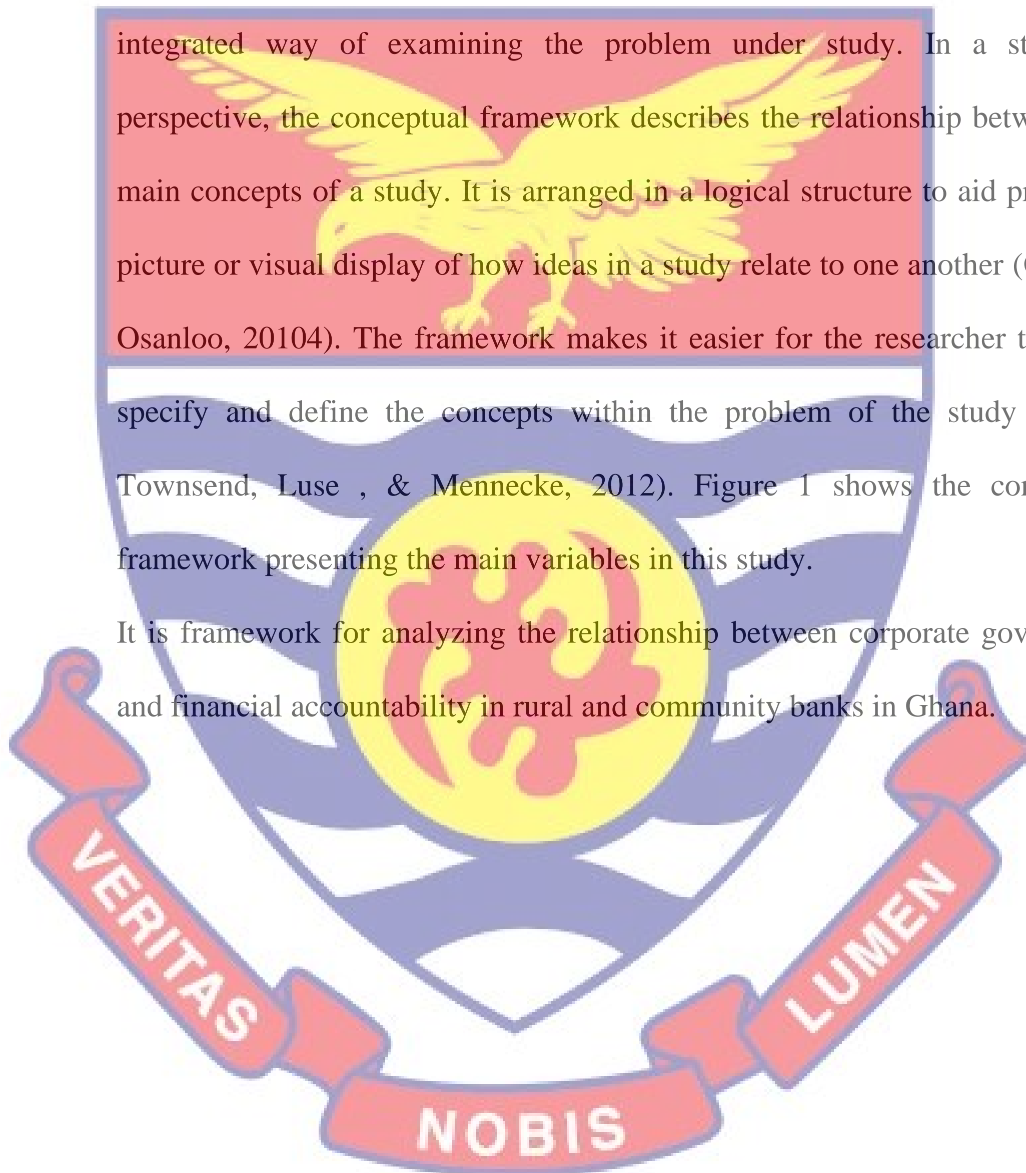
Conceptual Framework

A conceptual framework is a structure which the researcher believes can best explain the natural progression of the phenomenon to be studied (Hitt, Ireland, Camp, & Sexton, 2001). It is the researcher's explanation of how the research problem would be explored. The conceptual framework presents an integrated way of examining the problem under study. In a statistical perspective, the conceptual framework describes the relationship between the main concepts of a study. It is arranged in a logical structure to aid provide a picture or visual display of how ideas in a study relate to one another (Grant & Osanloo, 20104). The framework makes it easier for the researcher to easily specify and define the concepts within the problem of the study (Wang, Townsend, Luse , & Mennecke, 2012). Figure 1 shows the conceptual framework presenting the main variables in this study.

It is framework for analyzing the relationship between corporate governance and financial accountability in rural and community banks in Ghana.



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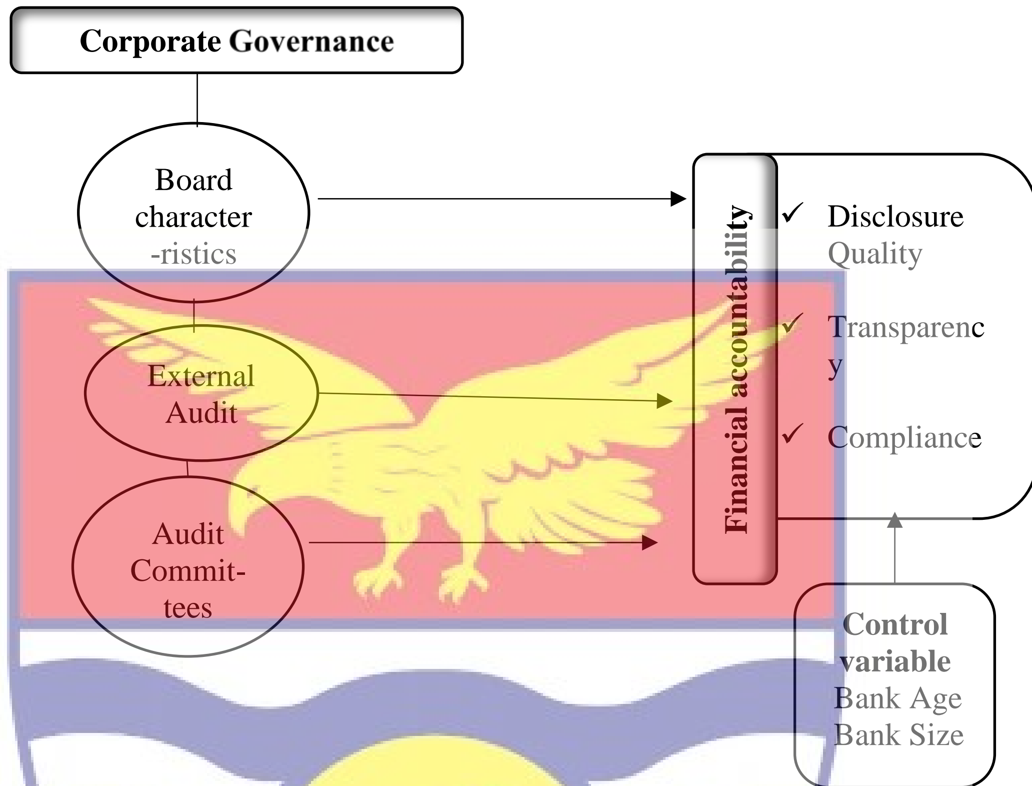

Figure 1: A framework presenting the relationship between corporate governance and financial accountability

Source: Author's construct (2020)

The framework (figure 1) shows the three dimensions that construct corporate governance; board characteristics, external audit quality and audit committee. It also shows the interaction between the independent variable (corporate governance) and the dependent variable (financial accountability).

Chapter Summary

Corporate governance has been discussed severally in different contexts to meet different needs. The paramount dimension that have been recorded to influence accountability are board characteristics, external audit and audit committee. Although these variables have been studied extensively, the focus has always been on the mainstream financial institutions. This study will therefore concentrate on the rural banking industry in Ghana. Again, some

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other aspects of accountability such as performance have enjoyed a great deal of attention leaving very little space for the other aspects of accountability such as financial accountability. This study seeks to fill these gaps.

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CHAPTER THREE

RESEARCH METHODS

Introduction

This section covers the research approach and design, sample selection, measurement of variables, data source and the techniques employed in analysing the data. It gives the class of the banks that was involved in the study, information that will be captured on the study population, the number of selected banks and how they were selected as well as how variables are measured.

Research Philosophy

Philosophical ideas are largely hidden in research. They, however, influence the practice of research and need to be identified. Research philosophy is the general orientation about the world and the nature of research that a researcher brings to a study. They arise based on discipline orientations, advisors or mentor's inclinations and even past research experiences (Creswell, 2014). He further identified other philosophical viewpoints that researcher use as pragmatism, constructivism and transformation all which will largely depend on the approach.

The philosophy of this research is positivism. Positivism relates to the philosophical stance of the natural scientist and entails working with an observable social reality to produce law-like generalisations (Saunders, 2008). Positivism depends on quantifiable observations that lend it to statistical analyses. It is worthy of note that "as a philosophy, positivism is in accordance with the empiricist view that knowledge stems from human experience. It sees the world as comprising discrete, observable elements and events that interact

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in an observable, determined and regular manner" (Gill & Johnson, 2010). Positivism focuses on strictly scientific method intended to yield pure data and facts which is assembled and not influenced by human interpretation or bias. It looks for causal relationships in data collected to create law-like generalisations like those produced by scientists (Gill & Johnson, 2010). It uses these universal rules and laws to explain and predict behaviour and events in organisations and society at large. Creswell and Clark (2011) agree that quantitative research has its own philosophical assumptions as well as enquiry methods. Thus the positive world view is adopted for this study because of the use of quantitative methods used to examine the effect corporate governance variables have on financial accountability.

Research Design

A study designed to represent the overall technique used to conduct the study, to collect proof to affirm the research hypothesis or otherwise or answer the research question is referred to as the research design (Creswell, 2014). The research design sets out the protocols for data needed, the methods to be used to gather and analyse this data and how it responds to the research question or hypothesis. It may be explanatory, descriptive or experimental (Saunders, 2008).

The design for this study will be explanatory. Explanatory research signals a design that explains the phenomenon under study rather than simply describing it. It concentrates on cause-and-effect relationships among variables. In this study it is adopted to explain the effect corporate governance has on financial accountability in the rural banking industry in Ghana.

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Research Approach

Quantitative methods emphasize objective measurements and the statistical, mathematical, or numerical analysis of data collected through polls, questionnaires, and surveys, or by manipulating pre-existing statistical data using computational techniques (Babbie, 2010). Quantitative research focuses on gathering numerical data and generalizing it across groups of people or to explain a particular phenomenon.

A paneled data analysis was adopted to deepen the data collected. For instance, the number of audit committee members for a firm may not change across the years but will serve as an indicator for consistency. We therefore paneled data from 2015 to 2019. This time range was chosen for two reasons. The period represents the time the regulating authorities were keen on financial organisation being more accountable to their stakeholders. It is the period within which the bank of Ghana and SEC descended heavily on financial institutions that are not complying with the laid down regulations. A number of these financial institutions were closed down, some were amalgamated, others had their assets frozen and quite a number had their licenses withdrawn. It is still within this period that the restructuring in the legal system of specialized deposit taking institutions was implemented. In a nut shell, the period chosen represents the era of financial sector clean-up and reforms in Ghana.

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Population

The population of this study comprises all rural and commercial banks in operation in Ghana at the time of the study. One hundred and forty four rural and community banks were in operation and dotted all over the country.

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The population is regulated by the Bank Ghana through the association of Rural Banks – ARB Apex Bank. The banking industry as a whole has gone through some challenges and the culprit is corporate governance among other causes.

Sampling Procedure

Sampling requires drawing from the main population of the study for analyses. It involves selecting multiple units from a given study's population. The various types of sampling procedures can be categorized into two broad areas known as probability sampling and non-probability sampling. This study used a non-probability sampling procedure – purposive sampling was used for selecting the sample for the study. The choice of this technique is to be able to meet the stated objectives. The objectives of the study require RCBs with specific uniqueness such that firms selected should not purely be by chance but on purpose. Purposive sampling is a versatile procedure which can be tailored to enhance the effectiveness of a study.

Data Collection Procedure

The study focused on all rural and community banks in Ghana which is made up of 144 banks as at 31st December 2019 (Bank of Ghana, 2019). The sample of the study consists of selected rural banks that have been in operation before 2015 and have operated for five years from that period. Preliminary studies revealed that a number of the banks could not give the data required. The data was therefore drawn from 52 rural and community banks from 2015-2019 reporting years. The selected banks have been in existence before the recapitalization notice from the Bank of Ghana which was to be complied with

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by 30th June, 2018 was issued. In all 52 Rural and community bank and 260 bank year reports were employed in the study.

This study made use of secondary data basically from the ARB Apex-bank archives. All rural and community banks are mandated to submit a copy of their reports quarterly to their regulating authority – ARB Apex bank. The research drew from secondary data by the use of Quarterly/Annual reports of the various Rural and community banks filed with ARB Apex-Bank by the close of 2019.

Measurement of Variables

Variables basically are characteristics of a quantity of a phenomenon that is the focus of a research project that can be measured or categorized and their values vary across unit and time (Saunders, 2008). In order to adequately address the objectives of the study, the most suitable and appropriate measurements were sought and applied to both dependent and independent variables in the study for analysis.

Dependent Variable

The dependent variable for the study is financial accountability. The concept of accountability is broad and becomes even more elusive when it comes to its measurement. By far, there is no one stop measurement for accountability found in prior literature. Those who have attempted it proxied for it using closely related indices or a combination of measurements that can bring out accountability. To measure the objective of financial accountability, therefore, we followed the procedure adopted by Beest, Eraam and Boelens (2009): Aksu & Kosedag, (2005): Standard & Poor (2005): (Al-Shammari, 2005) where financial accountability was measured using three separate

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indicators namely Disclosure Quality index, Transparency and Disclosure Score and Compliance index. The composite of these three separate measures is used to measure the concept of financial accountability in the study.

Using the first indicator (disclosure quality index), we followed the procedure of Beest , Braam, & Boelens (2009) where the quality of disclosure in the financial statement was measured using the qualitative characteristic model. Jonas and Blanchet (2000) pioneered the use of this model in assessing the quality of financial reporting. They develop questions that were apropos to the separate qualitative characteristics of financial reporting as stipulated by the FASB (1980) and IASB (1989). The model was adopted by McDaniels and Martin, (2002); Lee, Strong, Kahn, and Wang (2002) and Beest and Braam, (2012) each in their related studies. Beest, Braam, and Boelens, 2009 operationalisation was based on the IASB Exposure Draft of 2008. This model has proven to be most useful in measuring 'report quality' because it is a direct measure of financial reporting quality, financial accountability and transparency. Besides, it covers all aspects of financial reports, including both financial and non-financial information. We therefore adapted this model as a part measure for the dependent variable in this study. The qualitative characteristics of IASB's conceptual framework emphasis the fact that, the usefulness of any financial information is the ability of the financial reported information to assist users in decision-making. It is characterised by features such as reliability, which refers to being verifiable and being faithfully represented, reasonably free of error and bias, and relevance, which refers to the existence of a close relationship between the financial accounting information and the purposes for which the information is prepared (Keating

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& Frumkin, 2003). Based on IASB authoritative pronouncement, a total of twenty (20) key criteria were used to construct the quality index. The index consists of four elements based on the qualitative characteristics of the IASB's framework: relevance, faithful representation, comparability, and understandability (IASB exposure draft, 2008). The operational measure utilized in computing the index is shown in Table 1.

Table 1: Operational Measures for Computing Quality Index

Qualitative Characteristics	Operational Measures	Total score
Relevance	The annual reports disclose forward looking information The annual reports disclose information in terms of business opportunities and risks The company uses fair value as measurement basis The annual reports provide feedback information on how various events and significant transactions affected the company?	Four (4)
Faithful representation	The annual report explains the assumptions and estimates made clearly The annual report explains the choices of accounting principles clearly The annual report highlights the positive and negative events in a balanced way when discussing the annual result The annual report includes an unqualified auditor report The annual report extensively discloses information on corporate governance issues	Four (5)
Understandability	The annual report is a well organized The notes to the balance sheet and the income statement are clear Graphs and tables clarify the information presented The use of language and technical jargon is easy to follow in the annual report The annual report included a comprehensive glossary	Five (5)
Comparability	The notes to changes in accounting policies explain the implications of the change The notes to revisions in accounting estimates and judgments explain the implications of the revision The company's previous accounting period's figures are adjusted for the effect of the implementation of a change in accounting policy or revisions in accounting estimates. The results of current accounting period are compared with results in previous accounting periods Information in the annual report is comparable to information provided by other organizations The annual report presents financial index numbers and ratios	Six (6)

Source: Beest , Braam, & Boelens (2009)

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A company is scored 1 if an item met the characteristic and 0 if an item did not meet the characteristic. The total number of items disclosed by a company is then expressed as a percentage of the expected total number of disclosure score of 20 that we assume should elicit quality of accountability. The result is used as a proxy of measurement of disclosure quality of financial report. The higher the score, the higher the disclosure quality.

It can be mathematically represented as

$$\text{Disclosure quality index} = \frac{\text{Actual disclosure}}{\text{Total possible disclosure(20)}} = \frac{\sum_1^m d_i}{\sum_1^n d_i}$$

Beest and Braam (2012) used these 20 key criteria. Chakroun and Hussainey (2014) in their study of the quality of annual financial reports in Tunisia also used these criteria. From extant literature, there are basically five key mechanisms to identify whether an organization practices good accountability. These are: reports and disclosure statements; performance assessments and evaluations; participations; self-regulations and social audits. Among all this the most related key mechanism with financial accountability is financial reporting and disclosure managements (Kamaruddin & Ramli, 2015). Thus, this study agrees that the higher the quality of disclosure in the financial statements the better the practice of financial accountability. Stakeholders are most interested in full disclosure of financial and management information based on which they can make informed decisions. In effect, the degree and quality of disclosure is a major pointer to financial accountability to most stakeholders.

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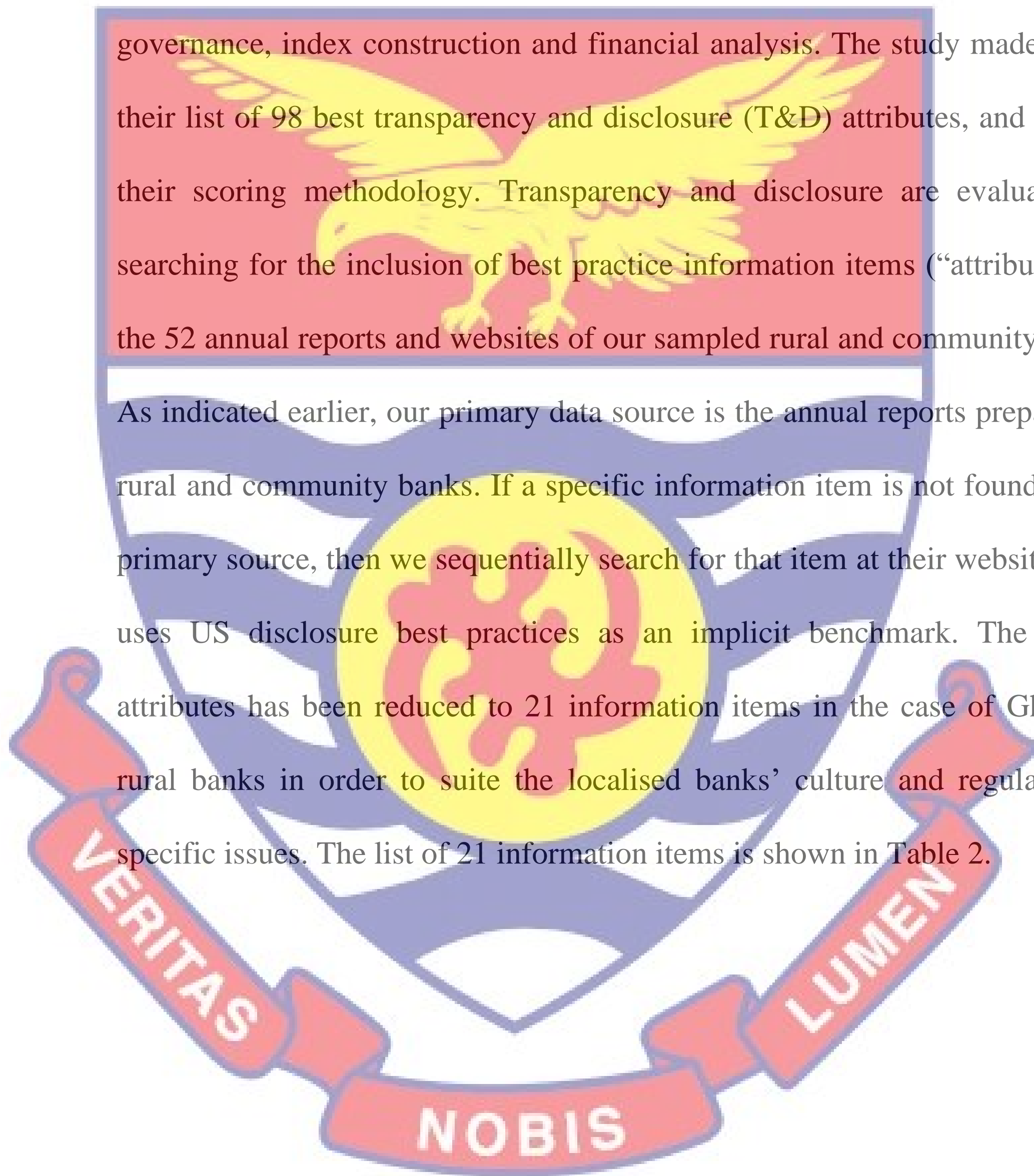
Transparency

Accountability cannot be measured without the added ingredient of transparency. In other words, the demonstration of transparency is a major indicator of financial accountability.



The study leverages Standard and Poor's (S&P) expertise in corporate governance, index construction and financial analysis. The study made use of their list of 98 best transparency and disclosure (T&D) attributes, and utilised their scoring methodology. Transparency and disclosure are evaluated by searching for the inclusion of best practice information items ("attributes") in the 52 annual reports and websites of our sampled rural and community banks. As indicated earlier, our primary data source is the annual reports prepared by rural and community banks. If a specific information item is not found in this primary source, then we sequentially search for that item at their website. S&P uses US disclosure best practices as an implicit benchmark. The list of attributes has been reduced to 21 information items in the case of Ghanaian rural banks in order to suite the localised banks' culture and regulation of specific issues. The list of 21 information items is shown in Table 2.

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Table 2: Operational Measures for Computing Transparency

Operational Measures for Computing Transparency Financial Attributes
1) Its accounting policies?
2) Accounts according to internationally recognised accounting standard (IAS/GAAP)?
3) Accounts adjusted for inflation?
4) Basic earnings forecast of any kind?
5) Financial information on a quarterly basis?
6) Name of its auditing firm?
7) Reproduction of the auditors' report?
8) How much it pays in audit fees to the auditor?
9) Any non-audit fees paid to auditor?
10) Consolidated financial statements (or only the parent/holding company)?
11) Methods of asset valuation?
12) Information on method of fixed assets depreciation?
13) List of affiliates in which it holds a minority stake?
14) Details of the kind of business it is in?
15) Details of the products or services produced/provided?
16) Efficiency indicators (ROA, ROE, etc.)?
17) Any industry-specific ratios?
18) Any plans for investment in the coming year(s)?
19) Detailed info about investment plans in the coming year(s)?
20) Overview of trends in its industry?
21) Annual report on the web site?

Source: Standard & Poor (2012)

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The inclusion of each attribute is scored on a binary basis as "yes" (included) or "no" (not included) to ensure objectivity. Each "yes" answer is equal to one point and the overall T&D score (TDS) for each firm is calculated as:

$$TDS = \sum_{j}\sum_{k} S_{jk} / TOTS$$

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Where:

j = the attribute category subscript, j = 1, 2, 3,

k = the attribute subscript, k = 1, . . . , 52,

S_{jk} = the number of info items disclosed (answered as "yes") by the firm in each category, and

TOTS = the total maximum possible "yes" answers for each firm

Compliance

Compliance requires conforming to existing rules, regulations and codes that guide practice in a particular area. The council of the Institute of Chartered Accountants Ghana (ICAG) realizing the significant gaps in the Ghana National Accounting Standard (GNAS) onwards resolves to migrate from using the GNAS as the financial reporting framework to IFRS. For the practice of accounting and the generating of financial statement in Ghana, organizations mandated (listed firms) or advised to comply with the International Financial Reporting Standards that Ghana adopted in 2007.

In measuring compliance, two main approaches have been adopted in existing literature. Studies such as Larson and Street (2004), (Rezaee, Smith, & Szendi, 2010), (2010) and (Uyar, Kilic, & Gokcen, 2016) used questionnaire surveys to record companies' degree of compliance with IFRS. It comes with the advantage of providing first-hand information but reduces the accuracy and reliability of any further analysis. Most of the surveys used narrow coding of binary 'yes' or 'no' to check if a company has implemented a standard. Such coding does not capture variations, such as companies that partially or fully comply. It is also most likely that respondents will give text book answers to portray a positive image of their company.

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The second approach which this study adapts construct of compliance scores based on the information provided in the annual financial statements of the companies (Appiah, Awunyo-Victor , Mireku, & Ahiagbah, 2016). Although this approach involves subjective scoring, it captures vast amounts of information and is reliable. There is verifiability and ability to be replicated and is widely used in literature. To measure compliance a compliance score based on information from annual financial statements was used. The most challenging factor in analysing compliance levels among companies is determining which of the IFRS standard applies to a specific industry. A generalization of compliance across all companies may lead to a bias of high scores toward some industries. In order to go around this challenge, some scholars have adopted the relevant compliance approach through stepwise analysis. Thus, before an attempt is made to measure compliance, an examination is carried out to establish the applicable standard for each industry and in this case the banking sector. Admittedly, determining which standard is applicable to a company involves subjectivity (Tawiah & Boolaky, 2019). Thus, the use of KPMG checklist as a guide in selecting applicable standards comes handy. A properly-constructed compliance index is seen as a reliable measurement device for corporate compliance (Marston & Shrives, 1991). The compliance measures used in this study are based on seven standards; namely, IAS 1, 10, 16, 21, 24, 30 and 40. Prior studies have found this to be relevant and applicable to the banking sector particularly IAS 1 and 30 (Street & Bryant, 2000). To effectively measure compliance therefore, we followed the procedure (Cooke, 1992) the unweighted index (Cooke index) and weighted score. Tsalavoutas (2011) however argued that the scores from

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Cooke's method might cause a misleading conclusion because of its sensitivity to different items in each standard. It will therefore be prudent to include a weighted score. Under the unweighted compliance score (UCS) each item is assigned the same code (weight) irrespective of the standards. Thus, attention is given to the items, not the standards. The coding would involve 1 if a company disclosed the applicable item or 0 if it did not. While this approach is simple and understandable, it is limited by giving the same weight to all standards irrespective of the number of disclosure requirements per standards.

$$UCS = \frac{\text{Total items disclosed}}{Total\ number\ of\ \ applicable\ items}$$

To give relevance to a number of requirements per standard, weighted compliance score (WCS) was developed (Abdullah, Evans, Fraser, & Tsalavoutas, 2015; Street and Gray, 2002; Tsalavoutas, 2011). Under this approach, compliance with each standard is examined before an overall compliance score is calculated. That is, the actual items disclosed per standards are matched with the applicable items per standard. Then the average of the harmonization score of all the standards is calculated to represent the compliance level of the company. That is WCS involves a two-stage analysis:

Step 1

$$WCS = \frac{\text{Total items disclosed per standard}}{Total\ applicable\ items\ per\ standard}$$

Step 2

$$WCS = \frac{\text{Total compliance score of all standard}}{Number\ of\ standard}$$

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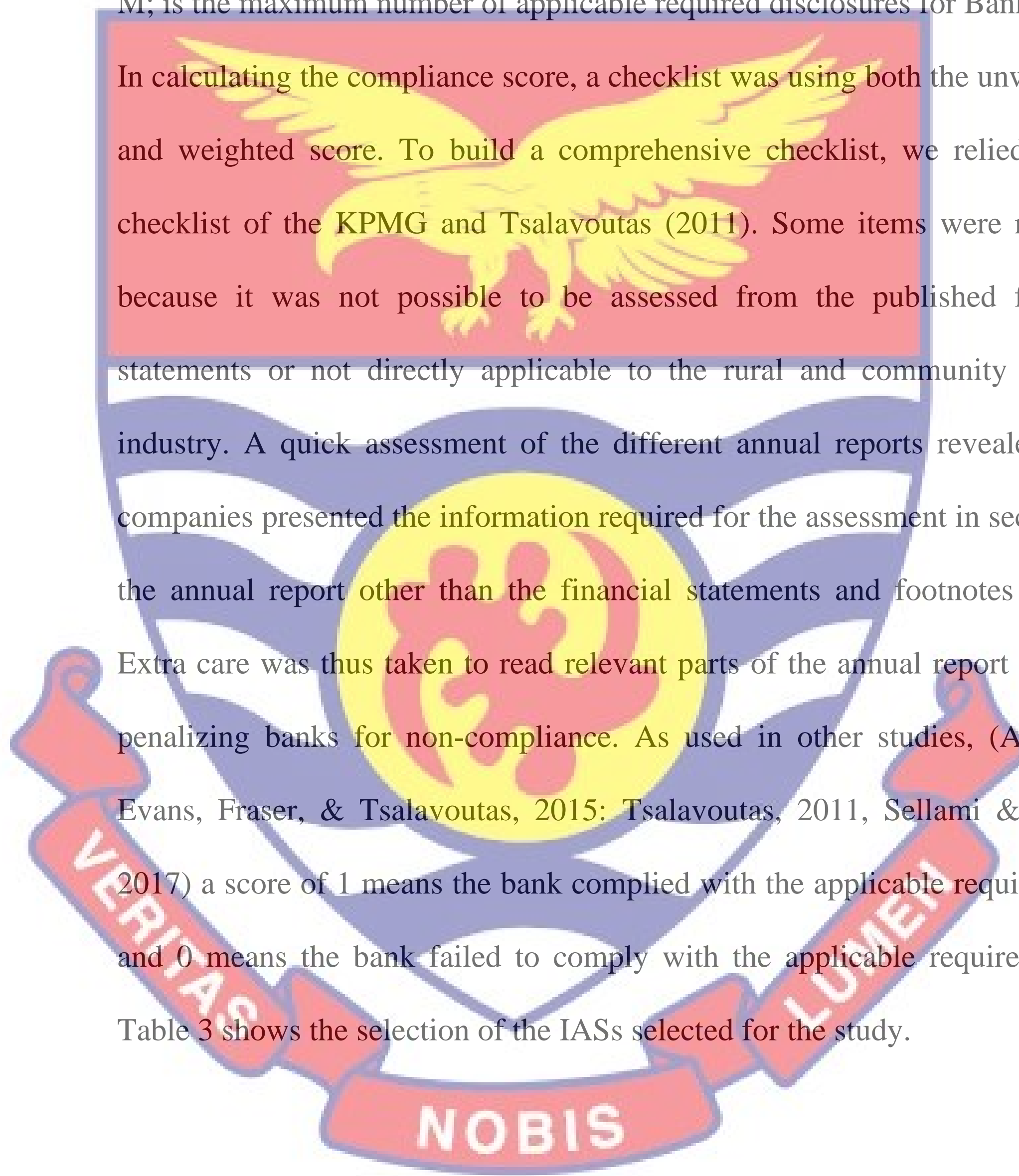
Mathematically the compliance score is calculated using this formula

$$\text{WCSa} = \frac{D}{M} = \frac{\sum_{i=1}^{n} dia}{\sum_{i=1}^{m} dia}$$

Where WCS_a is the total compliance score for each company, $0 \leq Z_a \leq 1$

D; is the total number of items disclosed by the bank *a* and

M; is the maximum number of applicable required disclosures for Bank *a*.



In calculating the compliance score, a checklist was using both the unweighted and weighted score. To build a comprehensive checklist, we relied on the checklist of the KPMG and Tsalavoutas (2011). Some items were removed because it was not possible to be assessed from the published financial statements or not directly applicable to the rural and community banking industry. A quick assessment of the different annual reports revealed some companies presented the information required for the assessment in sections of the annual report other than the financial statements and footnotes section. Extra care was thus taken to read relevant parts of the annual report to avoid penalizing banks for non-compliance. As used in other studies, (Abdullah, Evans, Fraser, & Tsalavoutas, 2015: Tsalavoutas, 2011, Sellami & Fendri, 2017) a score of 1 means the bank complied with the applicable required item and 0 means the bank failed to comply with the applicable required items. Table 3 shows the selection of the IASs selected for the study.

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Table 3: IASs/IFRSs Selected for the Study

Standard	Tsalavoutas (2011)	KPMG	This Study
IAS 1	72	76	15
IFRS 10	6	14	5
IFRS 16	15	20	7
IFRS 21	9	11	9
IAS 24	18	28	10
IAS 30	26	20	17
IAS 32	21	22	7
TOTAL	167	191	70

Source: Author's construct (2020)

Independent Variable

The independent variable in this study is corporate governance. This variable for the purpose of this study has been expressed in three dimensions; board of directors (board characteristics), audit committees and audit quality. These three dimensions by far have been identified to be among the most influential elements of corporate governance (Stuebs & Sun, 2015; Brennam & Kirwan, 2015; Bank of Ghana 2018; Aboagye & Otieku 2009).

Board characteristics

The board characteristic in the study is measured using three proxies that we believe covers all the aspects of an effective board drawn from extant literature. They include; board independence (BODind), board leadership structure (BODlds), and Board expertise (BODexp). The appointment of board of directors implies that stakeholders have an instrument to watch managers and ensure accountability. For instance, it is considered that large boards are not beneficial to the firm as they reduce the value of the firm because of free-rider problems (Aebi, Sabato, & Schmid , 2012). A strong representation in

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board of directors without social or business connections to management (Board independence) is considered one of the elements of good governance (Adams & Mehren, 2012) argued that, outsiders may be more effective monitors of management because they are less beholden to management while they may also bring a different perspective which is likely unbiased to bear on problems the management faces. In fact, there is growing evidence indicating that directors' independence is associated with improved board decisions. Chief executive officer (CEO) duality (Board leadership style) has also been identified as a key corporate governance determinant.

Audit committees

For audit committee, the study considered five proxies from previous studies out of which two were adapted by Kaawaase, Assad, and Kitindi (2016); Lin and Hwang (2010); DeZoort, Hermanson, and Archambeault (2002) and introduce a new variable in to the discussion - audit committee existence for analysis. These are audit committee financial expertise, audit committee expertise, audit committee size, audit committee independence and audit committee meeting. From this list, audit committee existence, audit committee size and audit committee expertise have been chosen as the proxies for audit committee for the purpose of this study.

External Audit quality

External audit quality on the other hand considered three proxies in an attempt to measure it. These are, audit firm size, audit fees, and auditor tenure. These measures have been used by Abdul-Wahab (2010); Zgarni, Hlioui, and Zehri (2016) and Khlif and Samaha (2016). The study finally settled on audit firm size and audit fees as the most essential proxies for external audit quality.

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Table 4: Summary of Variables and Measurements

Name of variable	Sub-variable	Proxies	IDs	Operational definition	Measurement	Sources
Corporate governance (Independent variable)	Board of characteristics	Board independence	BODind	The number of non-executive directors as a percentage of executive directors	Percentage or NED	Agyemang, Aboagye, & Ofoe (2013)
		Board leadership structure	BODlds	Whether the board members are rotated regularly or otherwise. "1" for no change in the past 5 years, "0" for any change in the past 5 years	Change in board composition	
		Board Expertise	BODexp	Number of members with an accounting or finance background on the board	Percentage Dir.with Acc. Boack ground	
	External Audit Quality	Firm Size	EAfsz	Whether or not the audit firm belongs to the ICAG certified firms in Ghana (Category 'A' and 'B'). "1" if yes"0" if they do not belong.	ICAG Certified category A-B	Agyei-Mensah B. K., (2012)
		Audit fees	EAfee	The amount charged by an audit firm for service rendered.	Log of audit fees	
	Audit committees	Existence	ACext	The presence or absence of the audit committee "0" for banks without audit committees and "1" for banks with audit committees	Audit committee presence/ absence	
		Size	ACsz	The number of members on the committee	No. of members on the audit committee	
		Expertise	ACexp	Number of members with an accounting or finance background. (professional members)	Percentage of accounting professionals on the committee	

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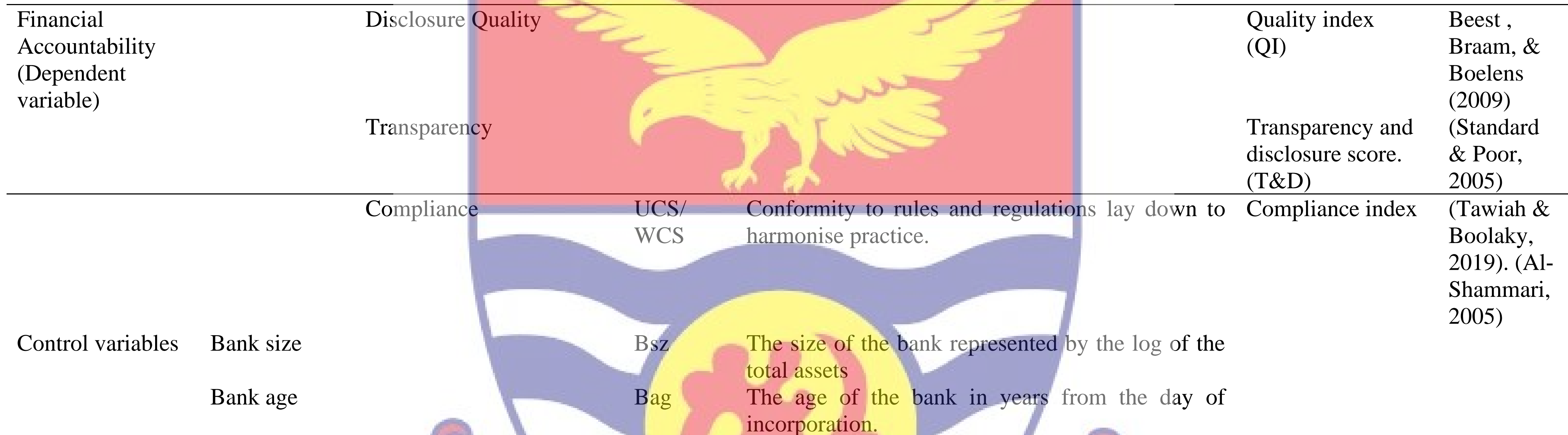
Table 4 Cont'D



Financial Accountability (Dependent variable)		Disclosure Quality			Quality index (QI)	Beest , Braam, & Boelens (2009)
		Transparency			Transparency and disclosure score. (T&D)	(Standard & Poor, 2005)
		Compliance	UCS/ WCS	Conformity to rules and regulations lay down to harmonise practice.	Compliance index	(Tawiah & Boolaky, 2019). (Al-Shammari, 2005)
Control variables	Bank size		Bsz	The size of the bank represented by the log of the total assets		
	Bank age		Bag	The age of the bank in years from the day of incorporation.		

Source: Author's construct (2020)

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Model Specification

According to Woodridge (2004), panel data is based on observations on the same set of cross-section unit. It is appropriate for data sets which are not evenly distributed. It can have the form of a balanced panel or unbalanced panel. The functional form of the model is as follows;

$$X_{it} = F(Y)_{it} + U_{it}$$

Where;

X_{it} is Financial accountability of rural and community banks (i) at time (t).

Y_{it} represent corporate governance mechanism

U_{it} represent the error term

$FA\,I_{it} = \alpha + \beta_1(BODind_{it}) + \beta_2(BODlds_{it}) + \beta_3(BODexp_{it}) + \beta_4(EAsz_{it}) + \beta_5(EAfee_{it}) + \beta_6(ACext_{it}) + \beta_7(ACsz_{it}) + \beta_8(ACexp_{it}) + \beta_9(Bsz_{it}) + \beta_{10}(Bag_{it}) + \varepsilon_{it}$

Where;

- α is the constant term.
- β = 1,2,3…. are the co-effients of the variables and ε is the error term.
- FAI_{it} is financial accountability index in bank ‘i’ at time ‘t’;
- $BODind_{it}$ is board independence
- $BODlds_{it}$ is board leadership structure
- $BODexp_{it}$ is percentage of members with an accounting or finance background.
- $EAsz_{it}$ is external audit size in terms of the audit firm belonging ICAG certified accounting and audit firms.
- $EAfee_{it}$ is external audit fees charged.
- $ACext_{it}$ represents the existence of an audit committee.

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- $ACsz_{it}$ is audit committee size as to the number of people who form the Audit Committee.
- $ACexp_{it}$ represent audit committee expertise.
- Bsz_{it} stands for Bank size represented by the log of the total assets of a bank and
- Bag_{it} represent the age of particular bank.
- ε_{it} represent the error term

Variables such as size and age of the bank as shown in the model are the control variables for the study. For size of the RCBs, we picked and logged the total asset value of the bank at the end of each financial year. RCBs with large asset base are considered to be bigger in size relative to those with smaller asset base (Ghana Banking Survey, 2019). Information regarding asset base is readily available in the annual financial statements. Regarding bank age, the number of years that the RBC has been in continues existence is used as the bases of measurement.

Control Variables

Control variables are generally employed in research to minimize the influence or effect of extraneous variables (Kothari, 2004). The study relying on prior literature identified firm age and firm size as control variables.

Firm age

A number of studies have evaluated the relationship between the number of years spent by a firm since its inception and performance. One stream of research suggest older firms are more experience and less prone to the liabilities of newness (Aboagye & Otiekku, 2010; Barua , Rama, &

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Sharma, 2010). As firms grow, they unearth their potentials and learn to be efficient and effective (Ericson & Pakes, 1995).

Firm Size

Several argument favour larger firms size in attaining higher accountability. Size goes with larger market and econpmies of scale. This draws the attention of potential investors giving rise to increase responsibility to satisfy all stake holders. Others such as Kole (1995) see small size firms as advantageeous. The reasons advansed being that they are less capital intensive and this reduces tha agency problem and its resultant information asymetry.

Data Processing and Analysis

The data collected has been entered using Microsoft Excel based on the formulae for the measurement of the variables. It is then transported into Statistical Package for Service Solution (SPSS) and STATA, statistical software which are used for comprehensive analysis. With the help of these softwares, both the descriptive and inferential statistics were obtained on which the conclusions of the study were drawn.

The descriptive statistics of the various independent variables which comprised mean, standard deviation, and other measures of central tendency were presented. The data analysis again looked at the correlation and regression analysis of the dependent and independent variables of the study.

Ethical Considerations

Ethics refers to a system of moral principles, a sense of right and wrong and goodness and badness of actions and their motives and consequences (Parmar, 2015). The definition of ethics is shaped by personal, societal and professional values all of which are difficult to specify with

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precision. Some professions such us the accounting profession have managed to put together some generally accepted code of ethic that should regulate the practice of accounting. In research, ethical issues include the following:

- Privacy and anonymity of respondents
- Protecting the participants in a research to and from any harm
- Respect for the dignity of research participant
- Obtaining the full consent of participant
- Maintaining high levels of confidentiality
- Data protection issues
- Taking the necessary steps to prevent any form of bias in the analysis of data collected.

In this study, all the necessary steps have been taken to satisfy any ethical issues that might arise. For a quantitative study, there likely ethical issues mostly bother on data security and protection. This has been taken care of by prior clearance obtained from the data collections point.

Chapter Summary

The methodology employed in this study was presented in this chapter. Positivism is the research paradigm and the study employed a quantitative approach to gathering data to evaluate the objectives set. Out of the population of 144 rural and community banks, the study used 52 banks over 5 bank years creating 260 data points available for analysis.

The study used the composite of disclosure quality index, transparency and compliance score to proxy for financial accountability. This is placed in an expanded baseline regression model to assess the effect and interactions between the variables

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CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

Generally, the objective of this study is to investigate the effect of corporate governance on the financial accountability of firms in the rural banking industry in Ghana. In this accord, this chapter presents a thorough analysis and discussion of the results of the study. The chapter is organised into sections. The first section examines the descriptive statistics of the variables in order to explore their distribution and spread. The second section checks for multicollinearity among the variables using the correlation co-efficient and Variance inflation factor (VIF). A paneled data requires a husman test to determine whether random or fixed effect best suits the data being analysed. For this reason a section will also be dedicated to the determination of the kind of effect that agrees with our models and data collated. The final section presents the results and discussions of the regression analysis conducted and the testing of the hypothesis of the study.

Descriptive Statistics

According to Gujarati (2003), descriptive statistics for a set of data utilizes statistical, numerical and graphical methods to look for patterns in a data set. Hence it usually summarises the information in a data set by revealing the average indicators of the variables used in the study and presents that information in a convenient way that can easily be understood. This section, therefore, presents some measures of central tendencies and dispersion of the main variables employed in the study.

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The distribution of the variables is necessary for the regression analysis in order to determine the relationship among the variables and the effect that the variables have on one another. For this study, the mean and standard deviation were the respective measures of central tendency and dispersion. It is important to note that, statistical measures of central tendencies have the same meaning for paneled data as with cross-sectional data. A summary of the statistics is presented in Table 4.

Table 5: Descriptive Statistics

Variable	Mean	Std. Dev.	Min	Max	Skew.	Kurt.
FA	0.638	0.053	0.488	0.894	0.215	4.562
BODind	0.358	0.188	0.000	0.857	0.060	2.817
BODlds	0.442	0.498	0.000	1.000	0.232	1.053
BODexp	0.517	0.215	0.100	0.800	-0.346	2.026
Easz	0.369	0.484	0.000	1.000	0.541	1.294
Eafee	8.797	0.502	7.523	9.682	-0.339	2.443
Acext	0.796	0.404	0.000	1.000	-1.470	3.162
Acsz	4.085	2.391	0.000	8.000	-0.428	2.276
Acexp	0.497	0.240	0.100	0.800	-0.324	1.731
Bsz	10.871	0.493	9.623	11.494	-0.788	2.639
Bag	28.438	10.201	5.000	40.000	-1.103	2.911

Source: Field Survey (2019)

FA denotes “Financial Accountability”, BODind denotes “Board independence”, BODlds denotes “Board leadership Structure”, BODexp denotes “Board Expertise”, EAsz denotes “External Audit Size”, Eafee denotes “External Audit Fees”, ACext denotes “Audit committee Existence, ACsz denotes “Audit Committee Size”, ACexp denotes “Audit Committee Expertise”, Bsz denotes “Bank Size”, Bag denotes “Bank age”

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From Table 5, financial accountability recorded a mean value of 0.638. The standard deviation as a measure of variation from the average stood at 0.053. With a range 0.488 to 0.894, it stands to reason that Rural and community banks in Ghana are fairly accountable to their stakeholders. The skewness and kurtosis were used to measure the normality of the data. The skewness value tests whether the sample distribution is symmetrical or otherwise. The kurtosis on the other hand gives an indication on the peakness of the distribution. It helps to determine whether the data is normally, negatively, or positively distributed. From the table, the coefficient of skewness of 0.215 for financial accountability implies a positively skewed distribution. This means that most of the values are of positive values and this can be validated from the values obtained for minimum and maximum values.

For a data set to be considered as symmetrical, the coefficients of the skewness should be zero or closer to zero. Likewise, for a data set to be adjudged as normal the kurtosis which signifies the peakness of the data should be equal or closer to three (Glen , 2017). Thus, the kurtosis value of 4.562 for financial accountability implies that the data collected is slightly peaked above three but still within the accepted range.

Board independence as predictor of corporate governance recorded a mean of 0.358 with dispersion from the mean as 0.188. With a skewness value of 0.060 and kurtosis value of 2.817 (almost 3), the data on board independence is both symmetrical and normal. It will therefore be suitable to report the mean as the most appropriate measure of central tendency. A mean of 0.358 from a range of 0.000 - 0.857 shows that most rural banks boards are fairly independent and thus have non-executive directors on their boards.

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Board leadership structure which signifies whether the members of the board are rotated recorded a mean value of 0.442 with a standard deviation of 0.498. It is measured with a dummy variable which records 0 for a bank without CEO duality and 1 for a bank with CEO duality. The minimum value of 0 and a maximum of 1 with the mean as identified show that most CEOs of rural and community banks do not perform dual roles although it is evident that some do. The skewness value of 0.232 suggests a symmetric distribution of the data.

Board expertise was measured by the percentage of board members who have some background in finance, accounting, and economics or belong to professional groups such as ICAG, CIMA and ACCA. A mean value of 0.517 shows with the spread from the average of 0.215 implying that more than half of the boards of rural and community banks have experts serving on them.

Table 5, shows the descriptive statistical results for external audit indicators of corporate governance. External audit size which signifies whether a banks' auditors whether the firms' auditors belong to the top audit and accounting firms in the country by ICAG standards or otherwise. Recording a mean of 0.369 and dispersion from the average of 0.484 is clear indication that most of audit firms that audit the rural and community banks do not belong to the big four in Ghana nor have made it into the top 100 club in the country. This variable was measured using a dummy. "One" to show that a bank's auditors are neither from the big four nor ever belong to the Ghana club 100 and 0 to denote a bank's auditors are either from the big four or had ever belong to the Ghana club 100.

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The other indicator is external audit fees charged. In compiling the data, this variable was logged. A mean of 8.797 with a standard deviation of 0.502 was recorded. The minimum value for the distribution stands at 7.523 with the maximum value being 9.682. The mean value recorded in relative to the minimum and maximum values suggest that, differences in audit fees paid by rural and community banks in Ghana are not so wide particularly taking into consideration the standard deviation of 0.502.

Similarly, Table 4, also showed the descriptive statistics of the third indicator of corporate governance in the study; audit committee. This variable was measured using a dummy. '1' to show that a bank has an established audit committee and '0' to denote a bank that does not have an audit committee. The information provided on Audit committee existence gave an average value of 0.796 with standard deviation as a measure of variation from the average of 0.404. It therefore suggests that, most of the rural and community banks in Ghana have established audit committees as part of their corporate governance structure. With a kurtosis value of 3.162, it can be assumed that the data on audit committee existence is normally distributed. Audit committee size is the variable that measures the number of members of the audit committee of the banks. It recorded 4.085 as mean with a standard deviation of 2.391. It has a minimum of 0 members for rural and community banks that do not have audit committee and a maximum of 8 members. With the skewness and kurtosis value of -0.428 and 2.276 respectively, the data on Audit committee size can be said to be normally distributed. The mean of audit committee expertise was 0.497 and recorded a standard deviation of 0.240. The distribution has it minimum at 0.100 and a maximum of 0.800.

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With the skewness and kurtosis value of -0.324 and 1.731 respectively, it suggests that the data on Audit expertise is not evenly distributed.

The control variables, bank size which for the purposes of this work was determined by the logarithm of the value of the total assets of a bank recorded a mean of 10.871and a spread of 0.493. Bank age on the other hand recorded a mean of 28.438 with deviation from the mean of 10.201. The kurtosis value of 2.911 suggests a normal distribution but a skewness value of -1.103points to the fact that the data on bank age is not symmetric.

Finally, the summary statistics for firm size and firm age were used as control variables in this study. It is clear that the average size of a rural and community bank ranging from a log minimum value of 9.623 to a log maximum value of 11.494 stood at 10.871. The firm size was measured by the log of the total assets of the banks. In actual value the average of total assets of the firm stood GHS 57,154.80. The other control variable in the, bank age represents in nominal terms the age of the RCB from the time of incorporation. Here the average age of RCBs involved in the study is 28.438 (28 years) with a dispersion from the average being 10.201 from a minimum of 5yrs to a maximum of 40 years. The kurtosis value of 2.639 and 2.911 for bank size and bank age respectively reveal that, the data collected on the two variable is normal since the values are hovering around 3, a prerequisite for a normal distribution.

From the ongoing analysis, it is obvious that all the dimensions of board characteristics, audit size, and audit committees make a strong case for the effect corporate governance can have on financial accountability. Notable among theme are audit fees, board structure and board expertise. It will

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however, be difficult to completely rely only on the descriptive since some of the variables are dichotomous in nature. Further investigation will be required to affirm their true effect on the various proxies of corporate governance on financial accountability of rural and community banks in Ghana.

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Correlation Analysis

Table 6 - Correlation Matrix

	BODind	BODlds	BODexp	EAsz	EAfee	ACext	ACsz	ACexp	Bsz	Bag
BODind	(1.07)									
BODlds	-0.0875	(1.07)								
BODexp	0.0563	0.0505	(1.07)							
EAsz	0.1402	-0.1839	-0.111	(1.12)						
EAfee	0.0389	0.0371	0.1722	0.0451	(1.11)					
ACext	-0.0454	-0.0299	0.0168	-0.0679	0.212	(2.37)				
ACsz	-0.0249	-0.0056	-0.0155	-0.0739	0.1998	0.7542	(2.36)			
ACexp	0.0944	-0.1715	-0.0528	0.2074	-0.0887	-0.0193	0.0173	(1.14)		
Bsz	-0.0346	0.067	0.04	0.0173	-0.0332	-0.025	-0.0008	-0.0428	(1.01)	
Bag	-0.1854	-0.0231	0.1142	-0.0455	0.0856	0.1099	0.0588	-0.2308	-0.0108	(1.13)

Source: Author's construct (2020)

Note: Table 5 presents the correlation matrix for the independent variables for 52 rural and community banks from 2015 to 2019. BODind denotes "Board independence", BODlds denotes "Board leadership Structure", BODexp denotes "Board Expertise", EAsz denotes "External Audit Size", Eafee denotes "External Audit Fees", ACext denotes "Audit committee Existence, ACsz denotes "Audit Committee Size", ACexp denotes "Audit Committee Expertise", Bsz denotes "Bank Size", Bag denotes "Bank age". Values in parenthesis are the VIF coefficients.

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Table 6 presents the correlation matrix for the variables used in the study. The purpose was to test for multicollinearity a prerequisite for a regression analysis. Adams (2015) state a score of 0.90 in a correlation matrix analysis signifies the presence of multicollinearity. A close look at Table 7 reveals that, there are no issues of multicollinearity in the empirical specification among the independent variables because none of the variables show correlation coefficients above 0.900. The variance inflation factor (VIF) test revealed no harmful correlation. According to Pallant (2013) and Field (2009), if the largest VIF is greater than 10, there is cause for concern. However, the maximum VIF value in Table 7 is 2.37. Overall, there are no problems with multicollinearity and autocorrelation.

Fixed and Random Effect

A preliminary test was conducted using the Hausman test to choose between fixed and random effect model. The summary of the test is displayed in the Table 7.

Table 7: Summary of Hausman Test

Test Summary	Chi-Sq.Statistics	Chi-Sq. d.f	Prob.
Cross-section random	13.38	8	0.099

Source: Authors construct (2020)

Note: ***, ** denote statistical significant at 1% and 5% respectively.

The Hausman test was conducted after the model had been estimated using the random effect technique. The result of the test as displayed in table 8, indicate that the hypothesis which suggests that random effect is preferred

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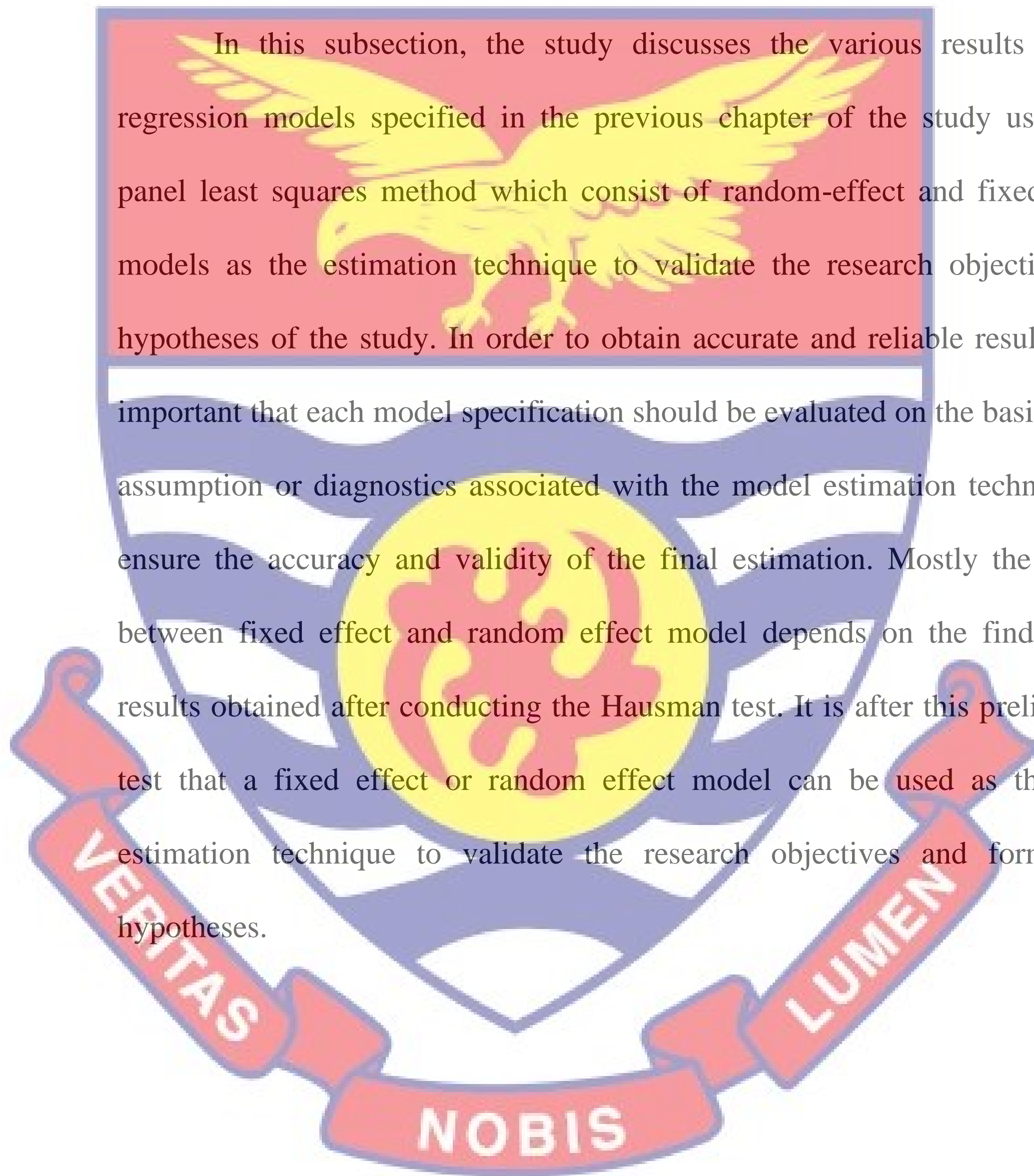
to fixed effect should not be rejected at 1% and 5% significance level. This is evident by a reported chi-square statistics of 13.38 with a corresponding probability value of 0.099. Hence, the random effect model results should be interpreted as shown in Table 8.

Result of Regression Analysis



In this subsection, the study discusses the various results of the regression models specified in the previous chapter of the study using the panel least squares method which consist of random-effect and fixed effect models as the estimation technique to validate the research objective and hypotheses of the study. In order to obtain accurate and reliable results, it is important that each model specification should be evaluated on the basis of the assumption or diagnostics associated with the model estimation technique to ensure the accuracy and validity of the final estimation. Mostly the choice between fixed effect and random effect model depends on the findings or results obtained after conducting the Hausman test. It is after this preliminary test that a fixed effect or random effect model can be used as the final estimation technique to validate the research objectives and formulated hypotheses.

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Table 8: Regression Analysis

	Model 1	Model 2	Model 3	Model 4
Constant	0.646***	0.741***	0.615***	0.524***
	(0.013)	(0.067)	(0.010)	(0.095)
Board Characteristics				
Board independence	0.031**			0.034**
	(0.012)			(0.013)
Board leadership structure	-0.011**			-0.0061**
	(0.005)			(0.0031)
Board Expertise	0.015			0.017
	(0.018)			(0.015)
External Audit				
External audit size		0.014*		0.013*
		(0.008)		(0.008)
External Audit fees		0.0005**		0.0005**
		(0.007)		(0.006)
Audit Committee				
Audit committee Existence			0.017**	0.015**
			(0.007)	(0.006)
Audit committee size			-0.001	-0.001
			(0.002)	(0.002)
Audit committee expertise			0.031**	0.031**
			(0.014)	(0.014)
F- stats	1.98	2.15	2.34	1.93
P-values	0.1173	0.1188	0.0743	0.0421
Adj R Square	0.0112	0.0088	0.0152	0.0346

Source: Authors construct (2020).

Note; ***, ** and * denote statistical significance at 0.01, 0.05 and 0.1 respectively. The parentheses denote the p-values. Model 1 denotes the regression analysis of objective 1 only; model 2 denotes regression analysis of

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objective 2 only; model 3 denotes the regression analysis of objectives 3 only; model 4 denotes the combine regression analysis of objective 1-3.

Table 8 presents the results of the regression analysis of the various dimensions of corporate governance in the form of models and in accordance with the stated objectives of the study. Model 1, 2 and 3 represents the board characteristics, external audit quality and audit committee dimensions of corporate governance. The fourth model present the combine regression analysis of all three models together.

Model 1, test the first objective by attempting to determine the effect of board characteristics on financial accountability of rural and community banks. Two of the indicators here show statistically significant result implying that board independence and board leadership structure influence financial accountability in RCBs in Ghana. There is a positive relationship between board independence and financial accountability (t= 0.031) and significant at 1% level (p= 0.012). The results indicates that, RCBs in Ghana with independent board members are more likely to be financially accountable than those with a larger proportion of non-independent directors. This result is consistent with Awan (2012) who found a positive relationship between presence of non-executive directors and disclosure and transparency of financial records of commercial banks in china. The result also agrees with the recommendation of the Malaysian revised code of corporate governance (2007). They recommend that it is best practice to have a balance membership board of directors within which independent directors should make up at least one-third of the board membership. Kamal and Jusoff (2009) cannot agree more. They also came to a similar conclusion where they found evidence that

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a higher proportion of independent non-executive directors on the board have a positive performance based on value added intellectual coefficient measurement.

Table 8, model 1 identifies board leadership structure as crucial to the financial accountability of RBCs in Ghana. There is a negative relationship between board leadership structure and financial accountability (t = -0.011) and significant at 5% level (p = 0.005). The result suggests that RCBs that rotate board membership at least every five years turn to be more accountable than those that do not. This finding is in tandem with Lam and Lee (2008) who maintained that rotating leadership/board members is contingent on organizational characteristics and the business environment. Keeping old and dormant members by virtue of their shareholding on the board creates a weak and non-effective board. (Kakabadse, Korac-Kakabadse, & Barratt, 2006). The findings of Razak and Mustapha (2013) disagree though because they found a negative relationship between CEO duality/board rotation and disclosure quality and the relationship was significant. Likewise, Dalton, Daily, Ellstrand, and Johnson (2008). However in both studies the influence of control variables have been ignored.

Board expertise recorded a positive relationship with financial accountability (t = 0.015) but insignificant at the 5% level (p = 0.018). This means that, directors with prior training in accounting and economics or any of its equivalents (functional knowledge) do not have influence on the accountability of RCBs in Ghana. This result is inconsistent with extent literature available on the topic; (Kor & Sundararamurthy, 2009; Yusoff & Armstrong, 2012;). It is important to however note that all the works in the

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area were neither based on RBC nor the smaller financial institutions and this may explain the deviations from prior literature.

Table 8, model 2 present the result of the of the regression analysis on the second objective of the study and attempts to determine the effect of external audit on the financial accountability of RCBs in Ghana. The results showed that the two variables are both important indicators of corporate governance in determining financial accountability of RCBs in Ghana.

There is positive relationship between external audit size and financial accountability (t = 0.014) and significant at 10% level (0.008). The result indicates that RCBs that are audited by the by firms categorised by ICAG as 'A'-'B' turn to be more accountable than those that were not. In 2020, 105 firms were identified to be in this category. Similar results were found by Abbott, Parker, and Peters (2004). They discovered that audit firm size is highly associated with a greater level of disclosure a pointer to audit quality. This result affirms the monitoring role that comes with the agency theory. The External fits in and provide monitoring suggested by the agency theory to mitigate the agency cost.

External audit fee (logged) an indicator of the presence of audit quality was also positive (t = 0.0005) and significant at 5% (p = 0.007). This suggests that external audit fee as corporate governance indicator is a prime determinant of financial accountability in the rural and community banks in Ghana. In a similar examination the findings of this study are equally consistent with Ettredge, Chan & Elizabeth (2012), whose study found that audit quality is compromised when the audit fees are reduced. In other words the higher the audit fees, the better the audit work that elicits accountability is

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performed. Similar findings by Indah (2010); Lin & Hwang (2010); Rahmina & Agoes (2014) is a testament that audit fees charged to a large extent influence the quality, transparency and compliance in RCBs in Ghana.

Model 3 in Table 8 presents the regression analysis of the third dimension of corporate governance, audit committees. Two of the three indicators (audit committee existence and audit committee expertise) are positive ata t-value of 0.017 and 0.031 units respectively. Both are significant 5% (p = 0.007). This implies that the two variables are key determinants of financial accountability in RCBs in Ghana. Audit committee size on the other hand shows and inverse relationship with financial accountability (t = -0.001) but not significant at the 5% (p = 0.002). In other words, the result is emphatic that audit committee size has no influence on the accountability of firms in the rural banking industry in Ghana. On the result of audit committee size as discovered is in conflict with the findings of Marx (2009) who found that audit committee size is relevant determinant of effectiveness of financial organizations and the quality of their disclosures. More members of the committee bring divergent opinions on decision making which can enhance an RCB's disclosure and accountability.

Table 8, model 4, presents the combined regression result of corporate governance and financial accountability of RCBs in Ghana. The result agree with the individual models discuss earlier where board independence, board expertise, external audit size, external audit fees, audit committee existence and audit committee expertise emerged as having significant effect on financial accountability.

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It is pertinent to situate the findings of this study within the theoretical underpinnings. The study validates a number of the interactions between the variables in the light of the agency theory. The existence of an Audit committee was significant thus shows that where the system is in place to monitor the activities of managers, accountability is improved. Regardless of how effective they may be, just the mere existence of an audit committee puts managers on their toes and inspires some confidence among stakeholders (Jensen & Meckling, 1976). The independence of the board is equally affirmed by this theory in that managers are not reporting and evaluating themselves. Board leadership structure shows an inverse but significant relationship in financial accountability. This implies that, rural and community banks with CEOs playing dual roles have are less financially accountable. This is also an affirmation of the Agency theory. Accountability is stifled when the role of owners and managers is not distinctly separated.

Likewise, Audit committee expertise and external audit fee results provide basis for confirming the stakeholder theory. It stands to reason that, the presence of experts on the committee enables the committee to look at issues holistically and inculcate the needs of all stakeholders in decision making. External auditors in doing their work will consider all stakeholders in order to justify all the amount charged.

The existence of audit committees and external audit results also affirms the financial intermediation theory. The theory identifies rural and community as playing the intermediation role with corporate governance through audit committees overseeing the process so that none of the parties are shortchanged.

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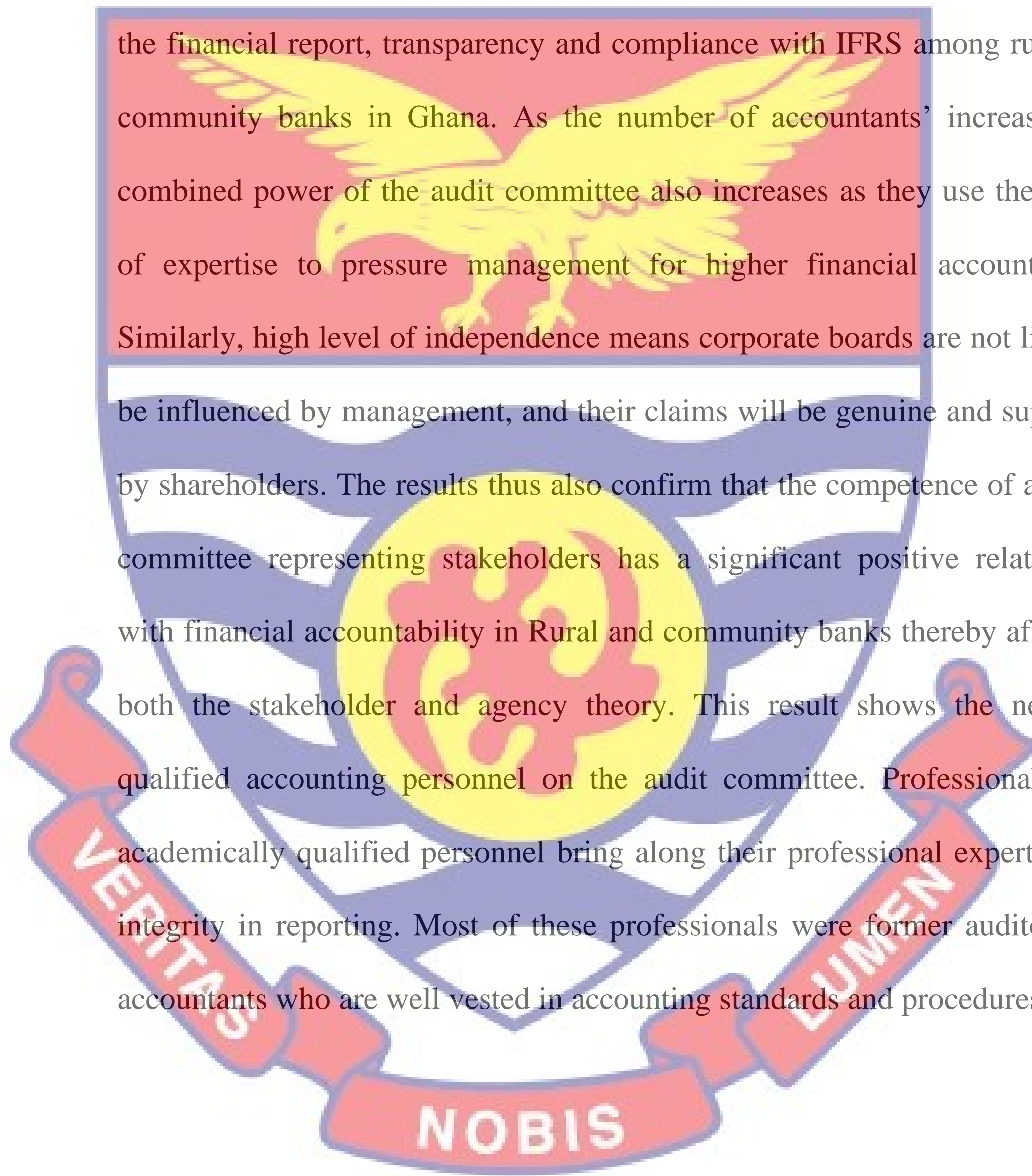
Overall, the results demonstrate that corporate governance in its three dimensions as studied in this work, has a positive and significant effect on the accountability level in Rural and Community Banks in Ghana. This suggests that the level of the board characteristics, external audit and audit committees are very critical in ensuring accountability which is manifest in the quality of the financial report, transparency and compliance with IFRS among rural and community banks in Ghana. As the number of accountants' increases, the combined power of the audit committee also increases as they use their level of expertise to pressure management for higher financial accountability. Similarly, high level of independence means corporate boards are not likely to be influenced by management, and their claims will be genuine and supported by shareholders. The results thus also confirm that the competence of an audit committee representing stakeholders has a significant positive relationship with financial accountability in Rural and community banks thereby affirming both the stakeholder and agency theory. This result shows the need for qualified accounting personnel on the audit committee. Professionally and academically qualified personnel bring along their professional expertise and integrity in reporting. Most of these professionals were former auditors and accountants who are well vested in accounting standards and procedures.



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CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

The main findings from the entire study are presented in this chapter. It includes the conclusions drawn on findings made, recommendations and some further research suggestions in the area of corporate governance and accountability.

All countries in the world have at one time or the other experienced major crises in their financial sector which invariably necessitated some sort of clean-up to restore the system and keep it running smoothly. These clean-ups most of the time requires taking some difficult decisions including mergers, reduction in scale of activity and in extreme cases withdrawal of license of operation. Ghana as an emerging economy has had its fair share of financial sector crisis and this resulted in a clean-up that led to the closure of five banks and a number of other financial institutions in its wake. In all this, the most important step is to diagnose the problems and find solutions to them before they raise their ugly heads in the future. Thankfully, Bank of Ghana in their end of year report for 2019 came up with some possible causes of the crisis and paramount among them is what they identified as weak corporate governance structures and practices. It is therefore imperative to examine the corporate governance structure of our various financial institutions and recommend ways by which they can be strengthened to withstand any future crisis.

In chapter one, the study established the grounds, making expositions on corporate governance and accountability and financial accountability in

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rural and community banks in Ghana. Chapter two reviewed the related literature and underpinning theories for the study. The theories used included the agency, the stakeholder theory and financial intermediation theory.

The empirical review was completed with a keen eye on the three major objectives of the study. It considered the similar undertakings in other parts of the world and their findings that form the review revealed different results from country to another country and from one industry to another industry. Most of the results were inconclusive thus looking at those variables in a different context and jurisdiction is necessary.

The research paradigm was positivism and the approach was quantitative. The study employed explanatory research design to explain the interaction between corporate governance and financial accountability particularly in the rural and community banking industry in Ghana. A baseline model was established and used in the investigation. In measuring the variables, as one off measurement will not be enough to cover the scope of financial accountability; a composite was struck between transparency, financial reporting quality and compliance to represent financial accountability. Corporate governance was represented in three dimensions as Board characteristics, external auditors and audit committees. Subsequently, a multiple regression analysis was conducted preceded by a correlation matrix examine the relationship and associations among the variables.

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Summary of Key Findings

The study produced some very useful results which is essential for literature and policy realignment. The general objective was to investigate the effect of good corporate governance on the financial accountability along the most critical dimensions of corporate governance. The first objective sought to determine the effect of board of directors and their characteristics on financial on financial accountability on rural and community banks. The second and third objective sought to do same from the perspective of external auditors and audit committees respectively. Table seven below presents the summary of findings based on the objectives and hypotheses developed.

Table 9: Summary of the confirmation of the hypothesis

Hypotheses		Confirmation
H_01:	There is no significant effect of board independence on the financial accountability of RCBs	Rejected
H_02:	There is no significant effect of board leadership structure on financial accountability of RCBs.	Rejected
H_03:	There is no significant effect of board expertise on financial accountability of RCBs.	Failed to reject
H_04:	There is no significant effect of external audit size on financial accountability of RCBs.	Failed to reject
H_06:	There is no significant effect of the amount of audit fees charge on financial accountability of RCBs.	Rejected
H_07:	There is no significant effect of the existence of the audit committee on financial accountability of RCBs.	Rejected
H_08:	There is no significant effect of audit committee size on financial accountability of RCBs.	Failed to reject
H_09:	There is no significant effect of audit committee expertise on financial accountability of RCBs.	Rejected

Source: Author's construct (2020)

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The result of the first objective show that, of all the characteristics of the board of directors of a rural and community bank, the two most important variables of concern are board independence and board leadership structure (CEO duality). They produced a mean score of 35.8% and 44.5% respectively. Although both were significant, board independence reached its significant level of 0.01 making the single most important board characteristic that affect the delivery of corporate governance in rural and community banking industry in Ghana. It can also be inferred that, rural and community banks that are audited by grade 'A'/ 'B' category of audit firm on the ICAG ranking turn to affect the delivery of financial accountability more. They most likely charge relatively higher fees but that notwithstanding they bring along a lot of credibility as well. The agency theory lays credence to this. It opines that one of the ways of mitigating the agency problem is the agency cost of monitoring (Indah, 2010).

There is no doubt that the existence of the audit committee and the presence of experts on the committee largely enhance financial accountability. Failure to reject this hypothesis means the two plays a major role in the delivery of financial accountability in the in rural and community banks in Ghana.

Conclusions

Based on the results presented, we conclude on the first objective that board independence and board structure are key determinants of accountability in rural and community banks. On the second objective, we can conclude that external audit fee within the corporate governance structure is a pointer to financial accountability of firms in the rural and community banks in Ghana.

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On the third objective, the study concluded that audit committee existence and audit committee expertise predict financial accountability in rural and community banking industry in Ghana.

In a nut shell the study concludes that, out of the numerous corporate governance variables that have been studied, board independence, board leadership structure, external audit fees, audit committee existence and audit committee expertise are the main determinants of accountability in the rural and community banks in Ghana. As noted in the limitations to the study, not all the variables of corporate governance have been studied. However, as per the relevant variables identified for the purposes of this study, the ones noted above most affect corporate governance in rural and community banks in Ghana.

Recommendations

Considering objective one, it is recommended that, stake holders constituting the board of directors of rural and community banks should pay more attention to the independence of the people they elect or appoint to serve on such boards. It will also be necessary that rural banks to rotate the members of the board to allow for more skilled personnel to take up board positions as and when necessary. Some members who have occupied board positions just by virtue of their shareholding capacities should step aside for more dynamic and skilled personnel to take over. It is obvious that, some of these long-standing members of the board are old and even find it difficult to attend board meetings. Maintaining this kind of structure compounds the agency problem and breeds mistrust among the various stakeholders.

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With regards to the second objective, we recommend that rural and community banks in Ghana should not shy away from audit firm that turn to charge higher fee. They have proven to be more credible and do more meticulous work that safeguards the interest of all stakeholders. Rural and community banks should look beyond the high fees and consider the credibility that such firms bring along and how stakeholder trust is hugely enhanced.

Finally, on the third objective, it is recommended as a matter of policy that all rural and community banks are mandated to form audit committees with at least one or two members of that committee having a background in accounting and finance or related area. This will contribute tremendously to their accountability in that sector and win stakeholder trust.

Suggestions for Further Research

Undoubtedly, the study did not look at the entirety of corporate governance factors revealed in extant literature. Future studies can proceed and consider the other factors of corporate governance. Other characteristics such as board activity, board committees, gender distribution and past experience of board members when studied can provide new insight into the study area.

Issues of measurement can also be explored further. There is no one best way of measuring a phenomenon. The measure of financial accountability can be done using other measurements in literature. Again, Bank of Ghana in their 2019 report outlined other causes of the financial crisis other than weak corporate governance structure. Future studies can explore these other factors further.

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APPENDICES

A. Banks Involved In The Study

No.	Name of Bank		No.	Name of Bank
1	Ada rural bank		30	Nzema Rural banks
2	Adansi rural bank		31	Sonzele rural bank
3	Adonten community bank		32	Buco rural bank
4	Ahafo rural bank		33	Abokobi area rural bank
5	Ahantaman rural bank		34	Agona rural bank
6	Akatakyiman rural bank		35	Afutu Amasa rural bank
7	Akwapeman rural bank		36	Afram community bank
8	Amenfiman rural bank		37	Akrofoum area rural bank
9	Amuga rural bank		38	Lower Pra rural bank
10	Anlo rural bank		39	Mumuadu Rural Bank
11	Atwima Kwanwoma RB		40	Kakum rural bank
12	Bawjiase Area rural bank		41	Gomoa community bank
13	Bonzali rural bank		42	Capital Rural bank
14	Brakwa Breman rural bank		43	Bongo rural bank
15	Dupong rural bank		44	Tisungtaaba rural bank
16	Fiaseman rural bank		45	Anum Rural bank
17	Jomorro rural bank		46	Upper Manya Kro bank
18	La community bank		47	Otuasekan rural bank
19	Nwabiagya rural bank		48	wenchi rural bank
20	Odotobri rural bank		49	Tepaman rural bank
21	Okomfo Anokye rural bank		50	Nkoranman rural bank

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22	Sefwiman rural bank		51	Naara rural bank
23	Sekyere rural bank		52	Gbi rural bank
24	South Akim rural bank			
25	Yaa Asantewa rural bank			
26	Dangbe rural bank			
27	Juaben rural bank			
28	Ejuraman rural bank			
29	Akumadan rural bank			

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B. List of Licensed Firms and their Grading (ICAG)

NO.	NAME OF FIRM	CATEGORY	NO.	NAME OF FIRM	CATEGORY
1	A&A Associates (Chartered Accountants)	D	173	Iddris Consult	D
2	A. D. & Associates	A	174	IJK Associates	D
3	A. G. Neequaye Accounting Services	D	175	Ikern Chartered Accountancy	A
4	A. I. Services	D	176	Index Advisory	D
5	A. V. & Co.	C	177	Integrity Associates	B1
6	AA & K Chartred Accountants (Formerly AAK Services)	A	178	Intellisys	A
7	AA Grand Consult	C	179	Inter-Class Associates	D
8	AAB & Associates	D	180	Issifu Ali & Co	B1
9	AADS Consult	B	181	J. A. Abrahams & Company	B
10	AB & Partners Chartered Acountants	D	182	J. K. Attobrah & Partners	D
11	ABG Consult	A	183	J. Mills Lamptey & Co.	B1
12	ABI & Partners	C	184	Jacob Arthur Accounting Services	B1
13	Abossey Alfsam & Associates	C	185	JAD and Associates	B
14	Abrokwa, Boateng & Associates	D	186	James Quagraine Associates	B
15	Abstracus	B	187	JDO & Associates	D

VERITAS LUMEN NOBIS

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16	ABU & Associates (Chartered Accountants)	B	188	Jef-Amson Chartered Accountants	D
17	Accounting Associates	B	189	Jelorge Business Advisory Services	B1
18	AccountingPlus	D	190	John Allotey & Associates	B1
19	Acumen Alliance	C	191	John Kay & Co.	A
20	Adamah, Tachie and Associates	D	192	John Nipah & Associates	B1
21	AddaYiredoriBaaseamo (AYB)	D	193	Jomani Consult	D
22	Adjei, Ansah & Associates	B	194	Jonad Associates	A
23	Adjei, Atila & Co.	B	195	JOP Consult	A
24	Adom Boafo & Associates	B1	196	Joseph Nelson Consult	D
25	ADR Accounting And Consultancy Services	D	197	Josten & Associates	C
26	Afare, Boateng & Partners	D	198	JS & Associates	C
27	Afari Accounting Services	D	199	JS Morlu (Formerly JS Morlu Services)	B1
28	AGH Consult Chartered Accountants	D	200	JustQuist Consult	C
29	Ahima Adonteng & Associates	B	201	K & A Accounting Services	B1
30	Aikins-Hawkson & Associates	B1	202	K. Ackah & Co.	D
31	AKA & Partners Chartered Accountants	B	203	K. Baah Consult	D
32	Akonu & Partners Chartered Accountants	B	204	K. E. Wood Arthur & Co.	B1
33	AKUS Chartered Accountants	D	205	K. Kye Accounting Services	D

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34	Albert Ocansey & Co.	D	206	Kalks Consult	B
35	Alex Thompson & Associates	B	207	Kamerf Business Support	D
36	Allied Board Konsult	D	208	KAN Chartered Accountants	C
37	Amarisa Chartered Accountants (Formely Amarisa Audit)	C	209	KAP Chartered Accountants	B
38	AMK and Partners	D	210	Kaxton Ghana	D
39	Amoako Boateng & Associates	C	211	KDA Accounting Services	B1
40	AMS & Associates Chartered Accountants and Management Consultants	C	212	Kemevor & Jasper Associates	B
41	Anane, Mantey & Co	C	213	Ken Afful & Associates	D
42	Anang, Ayi & Associates	D	214	Kensington Chartered Accountants & Management Consultants	C
43	AOB and Associates (Formerly Karlex-Okyere Consulting)	C	215	KEST and Associates	C
44	Arday Boakye & Co.	D	216	KHN Chatered Accountants and Financial Advisors	D
45	ARG Chartered Accountant	C	217	Kingsag Accounting Services	B
46	Aryeetey & Associates	B1	218	Kissi Consult	A
47	Asafu-Adjaye & Partners	A	219	Kittah Consult	D
48	Asamoa Bonsu & Co.	B1	220	KNA Consult	C
49	Asante, Anarfi & Associates	B	221	Knead Consultancy	D

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50	Asemaku Consult	D	222	KNOC & Associates	B1
51	Ashong, Nkrumah and Associates	C	223	KPAC Consult	D
52	ASKE Synergy Consult	C	224	KPMG	A1
53	ASL Consulting	B	225	Kreston Coopers	B
54	AssuranceHub Consult	B	226	Kwae, Asare & Associates	D
55	AT-Ernest Dawlah	B1	227	Kwaku Nkrumah Consult	D
56	Atna Consultancy	D	228	Kwame Asante & Associates	A
57	Audax Consult	D	229	Kwesie & Partners (Chartered Accountants)	A
58	Audit Partners Africa	D	230	KWGH	B
59	A-YA Chartered Accountants	D	231	KYP Consult	D
60	Ayew Agyeman & Co.	B	232	Lamptey, Obeng & Associates	D
61	AYK Associates	B	233	Linkgates Consult	B
62	B. Omane-Antwi Consult	B	234	Linkpoint Alliance Consult (Formerly Vrustio Consult)	C
63	Baah, Quartey & Associates	D	235	Lobban Hyde	B1
64	Back Consult	B	236	M. Gyekye-Mensah & Co.	D
65	Baffour Awuah & Associates	B	237	M.A.Q. Consult	D
66	BAFT Chartered Accountants	D	238	M.B.A. Associates	B
67	Baker Tilly Andah & Andah	A	239	Maana Consult	D
68	BEA & Associates	C	240	MAB Consult Chartered Accountants	D

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69	Bediako & Associates	D	241	MAK Global Partners	D
70	BEK & Y Associates	D	242	Masaada Consultants	D
71	Benning, Anang & Partners	B1	243	Massim Consult	B
72	Bentum Bentil Consult	C	244	Mazars Ghana	A1
73	Berry Consult	D	245	Menas Consults	D
74	BETA & Associates	C	246	Menlars Consult	D
75	BGJ Consult	B	247	Mensah JB & Associates	B1
76	Bizexcel Partners	D	248	MGI O.A.K Chartered Accountants	A
77	B.K Deh Consult	D	249	Miita Chartered Accountants	D
78	BLA & Associates	B	250	MKA Partners	D
79	Bloom Accountancy	C	251	ML Consulting Chartered Accountants	D
80	BNA Chartered Accountants	A	252	MOA Consult	B1
81	Boateng, Offei & Co.	A	253	Morrison & Associates	A
82	Bolasadipe-Bartels Consulting	C	254	Negosen Consultancy Services	B
83	Brave Consultancy Services	B	255	Nest Chartered Accountants	B
84	Brickwater Associates	D	256	Nexia Debrah & Co.	A
85	Brio Chartered Accountants (Formerly Tanda & Associates Partners)	B	257	Nii Quaye-Mensah & Associates	D
86	Brodaay and Partners	D	258	Noble & Noble	D
87	Broomfields Partners (Formerly Broomfields	D	259	Nyansa Audit	B

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	Consult)				
88	Brucet Associates	C	260	O. H. and Partners	B
89	BSA Audits	D	261	O2 & Associates	B
90	BSTS & Associates	D	262	OAQ & Associates	D
91	BT Associate	B1	263	OBS Accounting	D
92	BTA Chartered Accountants	D	264	OLN Partners	D
93	Bulley Audit & Accounting Services	D	265	Opoku, Andoh & Company	A
94	Buzisols	B1	266	Osei Kwabena & Associates	B1
95	Cardinal Consult	B	267	Osei Owusu-Ansah & Associates	B1
96	CEB Consult	C	268	Osei-Afoakwa Consult	C
97	Ceresys Associates	D	269	Owiredu-Yeboah Consult	B
98	CFY Partners	B1	270	Owusu, Appiah & Associates	B
99	CHG & Associates	C	271	Owusu, Tsalah & Associates	B
100	Gem Partners	D	272	PAD Consult Services	D
101	Christian Fosu & Associates	B	273	Parker Allotey Consult	B
102	Cliftaas	D	274	PenielStephens	B1
103	Conrad Wilson Consults	D	275	PFC Auditing Services	C
104	Crowe Veritas (Formerly Veritas Associates)	A	276	Phimanuel and Associates	D
105	Cushay Chartered	C	277	PJA & Partners	B

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	Accountant				
106	D. D. Ofoe & Associates	B	278	PKF	A1
107	Dahwin & MD	C	279	Planita Consulting	B
108	David Amoah Consulting	C	280	PMCT Accountants & Consultants	D
109	Deb Inter Consult	C	281	Polley & Co.	D
110	Dehands Chartered Accountants	A	282	Prah, Ameyaw & Co.	D
111	Dekhab Associates	B	283	PricewaterhouseCoopers (PWC)	A1
112	Deloitte & Touche	A1	284	Primewells Consult	D
113	Deon & Noed International	A	285	Probitas Partners	D
114	Dew Harvest Consult	C	286	Pure 2A & Associates	B
115	Diligence Consult	B1	287	PYD Accounting & Consulting Services	D
116	DKF Professionals	B	288	Quao Consult	D
117	DKT Consult	D	289	RAAT Global Audit & Consultancy	B
118	Dofac Services	D	290	RAK Chartered Accountants	D
119	Donaldy Associates	B1	291	R-Alliance Consults	B1
120	Double Entry Management Consult	D	292	RDK Consulting Services	B
121	D-Smith Consult	B	293	Reggieot & Associates	C
122	E. K. Boampong Consult	D	294	Resolute Consult	A
123	E. K. Osei Consult	C	295	RGG Consult	D
124	E. O. Amoako & Associates	D	296	Richard Owusu-Afriyie & Associates	B1
125	E. O. Lamptey & Co.	D	297	Robert Azu & Partners	B1
126	E. T. Agorhom Accounting Services	D	298	Rockson, Adoe, Parry & Co.	B1

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127	E.K. Adjei and Associates (Formely Van'el Audit)	B	299	Ruyan Consult	D
128	EAK & Associates	B	300	S & D Charetered Accountants	D
129	EAV and Associates	B1	301	S.K.H. & Associates	C
130	EDD Chartered Accountants	D	302	Samben & Associates	D
131	Eddie Nikoi Accounting Consultancy	A	303	Sammy Tsahey & Associates	C
132	Egala & Associates	B1	304	Sandacus Consulting Services	D
133	EGNL	C	305	Sappor & Agyekwena	B
134	Elixir Audits	C	306	Sarsson Audit	B
135	EMMACCS (Emmanuel Clarke)	D	307	SBJ Accounting & Consulting Services	C
136	EMME Consult-Audit	B1	308	SCG Audits	A
137	ENA Consulting	D	309	Seac Partners Chartered Accountants	D
138	ENM and Associates	D	310	Silver Glow Consult	D
139	Ernst & Young	A1	311	SMA and Associates	D
140	Eureka B. A. Consult	B	312	SMT Chartered Accountants	D
141	Excelz Audit Services	D	313	SNG-Pedabo Associates	B1
142	F. Koranteng Consulting	D	314	Softwind OA Consult	D
143	Fesap Chartered Accountants	C	315	SRA Chartered Accountant	D
144	Finance Ink Consult	D	316	Sraha Consultancy Services	B
145	Finknack Advisory Services	D	317	Suglo & Associates	B1

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146	Fin-Soft Accounting & Management Services	D	318	SW-CPA Consult	C
147	First Corporate Accountants and Consultants	D	319	Tabariyeng & Associates	B1
148	Forbes ET	B1	320	Takyi Ako & Associates	D
149	Fore AG Chartered Accountants	D	321	Taylor Folson & Associates	B
150	France Norman & Associates	D	322	Transcend Chartered Accountants	C
151	Frank Asante Consult	D	323	Traugott & Associates	D
152	Frank Donkor & Associates	D	324	TRC Consult	D
153	FSI Chartered Accountant	D	325	Trust Alliance Associates	D
154	FT Cadmond & Associates	C	326	Trust Associates	D
155	Top Assurance and Accounting (Formerly Gadi, Kessi & Co.)	B1	327	Trust Assurance (Chartered Accountants)	B
156	Gains Assurance	D	328	TrustForm Consult	D
157	Glan Consult	B	329	Ttedish Konsult	C
158	Global Auditors	B1	330	UHY Godwinson Chartered Accountant	A
159	Gogoe & Associates	B	331	UHY Voscon Chartered Accountants	A
160	Goldman Accounting & Consulting Services	C	332	Venturehall Consult	C
161	Goldstreet Chartered Accountants	C	333	Virtual Point Associates	B1
162	Guideway Consult	C	334	Von Aulock	D

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				Partnerschaft	
163	Gyabaah & Partners	C	335	VT Consult	B1
164	H & A Chartered Accountants	C	336	W. K. Adom Consultancy	C
165	H. T. K. Consult	D	337	Wayo Consult	D
166	Hab Consult	C	338	Wileyn Consulting Services	D
167	Harry Richardson Consult	C	339	Wintrust Consult	B
168	HDS & Associates	D	340	WM Consult	C
169	Hill Top Consult	D	341	Yentumi Ababioh & Associates	D
170	Howard & Anderson	C	342	YOA Consult	C
171	Hoyte Consult	D	343	Zief Financial Consult	D
172	IAKO Consult	B1			

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