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The Effect of Audit Committee's Quality onthe Financial Performance of Food and Beverages Industry in Nigeria

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Abstract: *This study examined the effect of audit Committees' Quality (audit committee members, audit committee meetings and audit committee financial expertise) on financial performance with a focus on the Nigerian food and beverages sector. The population of the study comprises of food and Beverages companies that are listed in the Nigerian Stock Exchange. The study samples were selected usingpurposivesampling method. Data were collected from the Annual report and accounts of the selected companies for a period of ten years (2007- 2016). The study also employed correlation and structural equation modelling for analysing the data. The results revealed a significant positive effect between audit committee meetings, audit committee financial expertise and financial performance. The result of the study also shows a insignificant negative effect betweenaudit committee members and financial performance of the Nigerian food and beverages sector. This study therefore, recommends that the efforts to improve audit committee's quality performance should focus on the meeting and audit financial expertise of audit committee members and also the audit committee should be made more effective and efficient by ensuring that more members with financial expertise especially accounting expertise be drafted into the audit committee which would enhance financial performance of the firms.*

Keywords:*Audit Committees' Quality, Financial Performance, Food and Beverages Industry*

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I. INTRODUCTION

The Companies and Allied Matters Decree (CAMD) of 1990, provides that the directors of every company shall prepare annual financial statements reflecting a true and fair view of the operations of the company during the financial year (Olayiwola, 2010). The financial statements must include, among others, the balance sheet and profit and loss accounts; the source and application of funds, the value added statement reporting the wealth created by the company during the year; and the five year summary (Olayiwola, 2010; Abiola, 2012). The financial statement must be laid before the shareholders at the Annual General Meeting (AGM). There are many rules and regulations for governing the conduct of the management of companies act in the interest of investors and business firm. Among these are the shareholders' meeting which have supervisory functions over the company; the requirements that financial accounts of companies to be certified by external auditors; the different returns the companies are expected to send to regulatory agencies like the Corporate Affairs Commission (CAC) which registers all incorporated companies; the SEC which registers all shares of quoted (Abiola, 2012; Wakaba, 2014& Mohammed, 2015).

The primary duty of audit committee is to oversee the firm's financial reporting process, including the integrity of financial statements, the effectiveness of internal controls and the monitoring of both internal and external auditors. It enhances the board of director's capacity to act as a monitor of management by providing more detailed knowledge and understanding of financial statements of the company (Mohammad, 2015). The audit committee is also expected to play a role as arbiter between management and external auditors since these two parties may have legitimate differences of opinion in how to best apply accounting standards (Klein, 2002). Audit committee requires judicious and prudent management of resources and the preservation of resources of the corporate organisation. In the process of ensuring ethical and professional standards and the pursuit of corporate objectives, it seeks to ensure customer satisfaction, high employee morale and the maintenance of market discipline, which strengthens and stabilises the bank (Ojeka, SIyoha, & Obigbemi, 2013; Okoi, Stephen & Sani, 2014).

The objectives of this study are three. The first objective is to investigate whether an audit committee member hassignificant effect on financial performance of the Nigerian food and beverages sector. The second objective of this study is to examine whether an audit committee meetingshas significant effect on financial performanceof Nigerian food and beverages sector. The final objective is to determine the significanteffect of audit committee financial expertise on financial performance of the Nigerian food and beverages sector. The part of the motivationfor this study is the limited research on audit commitees quality and financial performancewas carried out in the Nigerian food and beverages industry. Although there are some studies by Wei Huang and Thiruvadi (2010), Nelson, (2011), Shukeri, Welshin and Shaari (2012), Metawee (2013), Ojeka, SIyoha, and Obigbemi, 2013, KolejRisda, Wan Ismail and Kamarudin(2013) Wakaba (2014),Al-Matari, Al-Swidi and Fadzil, 2014, Johl, Kaur, and Cooper, 2015and Muhammed (2015), these studies exaninedaudit committees qualities. But did not examine the audit committee's quality and financial performance of food and beverages industry in Nigeria.To determine whether there is anyeffect in the Nigerian context. This study is therefore; aimed at filling this gap by investigating the effects of audit committee's quality (audit committee meetings, audit committee members and the audit committee financial expertise) on financial performance of listed food Beverages industry in Nigeria. The study will be restricted to Nigerian quoted companies in the food and beverages sector. The time frame to be cover by the study shall be Ten-year period (i.e. 2007-2016) using their annual report and accounts. This research would thereby enrich the existing literature as it provides empirical evidence in the context of Nigeria food and Beverages industry.

This paper is organised into five sections. Section one, which is this section is the introduction. Section two, which is the next section review related literature and hypothesis development on the subject matter of the study. Section three discussed methodological issue of the paper, model specification and measures of the variables of the study. Section four is the results and discussion. Finally, section five gave the conclusion and recommendation of the paper.

II. LITERATURE REVIEW, THEORETICAL FRAMEWORK AND HYPOTHESES DEVELOPMENT

Previous studies relating to audit committees categorised into two classifications. The first classification deals with the structures of audit committees. The second classification examines the relationship between characteristics of audit committees and their effects. The topic of the audit committee independence has been widely investigated during the pre-SOX period (Wei Huang & Thiruvadi 2010). Abbott et al. (2000) revealed that an organisation with audit committee's members which are composed of independent directors and which hold a meeting at least twice per year are less likely to be sanctioned for fraudulent activities or misleading reporting. Beasley*et al*. (2000) identified six key areas including active audit committees to detect and prevent corporate fraud. After the collapse of Enron, stakeholders started losing their confidence for external auditors' assurance services. Previous study by KolejRishda, Wan Ismail, and Kamarudin (2013) on the effectiveness of audit committee in relation to financial reporting fraud indicated that the independent audit committee is positively related to fraudulent financial reporting. The higher proportion of independent or outside director in the committee, the greater the propensity of financial fraud occurrence. The results also showed that, the audit committee expertise is negatively associated with the corporate fraud. This suggests that when audit committee members are financially literate, they are more competent to curb fraudulent financial reporting. The estimated models show satisfactory results showing the importance of the impact of the characteristics of the audit committee on the financial performance (Bouaziz, 2012; Hamdan, Sarea & Reda Reyad, 2013).

Wei Huang and Thiruvadi (2010) revealed that frequency of the audit committee meeting is not associated with fraud prevention; number of audit committee members does not significantly affect fraud prevention; financial expert is significantly related to fraud prevention and audit committees that have at least one female director function differently from all male audit committees. Another previous study by Nelson (2011) found that management ownership, postgraduate qualifications and audit committee independence, has significant differences between the sample and the control firms. In addition, correlation also shows significant negative association between accounting affiliated audit committees and fraud. The result of the study by Owens-Jackson et al. (2009) revealed that the fraudulent financial reporting is negatively related to audit committee independence. The number of audit committee meetings and managerial ownership are positively related to firm size and firm growth opportunities. Another similar empirical study by Abbott et al. (2000) showed that the presence of an audit committee which meets minimum thresholds of activity and independence is associated with a decreased likelihood of both fraud and no fraudulent misstatement.

The result of the study by AL-Matari, Al-Swidi and Fadzil, (2014) revealed a positive relationship between audit committee size (ACSIZE), audit committee independence (ACINDE) and executive committee size (ECSIZE) and firm performance. The findings also shows that firm size and firm performance to be positively significant while the relationship between leverage (LEVERAG) and firm performance was found to be negatively significant. Another similar empirical study by Ojeka, SIyoha, and Obigbemi, (2013) showed a positive significant relationship between independence and financial expertise of the audit committee and return on asset (ROA), return on equity (ROE) and return on capital employed (ROCE). The findings also revealed that, size and meetings of audit committee showed no significant relationship with all performance variables. The findings of another study provide that there is a positive relationship between the proportion of independent directors on the board and firm financial performance as measured by return on equity (ROE), board meetings results indicates a positive significant relationship with ROE, and the director ownership is positively associated with firm performance as measured by ROE (Amer, Ragab, & Shehata,2014).

The theory that will guide this research are the agency theory. Agency theory addresses the issue in which one party (the principal) delegates work to another party (the agent), who carry out the work (Jensen &Meckling, 1976). There is an agency relationship when the actions of one individual influence welfare of that another person in an explicit or implicit contractual relationship. The person who undertakes the activities is the agent and the person whose welfare, measured in monetary terms, is influenced by the agent's actions is the principal. Agency theory supports the delegation and the concentration of control in the board of directors and use of compensation incentives (Salleh, Stewart & Manson, 2006; Yunus, 2011). The board of directors monitor agents through communication and reporting, review and audit and the implementation of codes and policies. In relation to this research objectives, this study was adopt the agency theory because, it focuses on the audit committee as a mechanism that dominates the corporate governance literature In the other hand, the theory of agency was chosen for this study simply because the audit committee's quality were constituted to mean "a procedure that influenced the entity's board of directors, and management designed to provide reasonable assurance in relation to the achievement of objectives; reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable rules and regulations (Yunus, 2011).

This study investigated three (3) major determinant of financial performance, namely; audit committee meeting, audit committee members and audit committee financial expertise. These variables were identified based on previous literature), which was related to the determinant of financial performance.

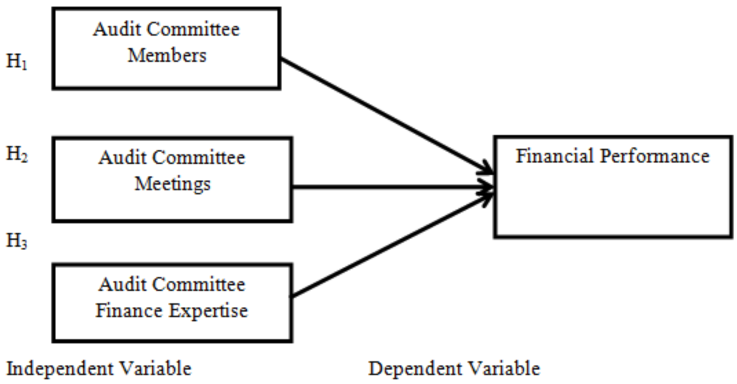

Figure 1. Conceptual Framework

2.1 Audit Committee Members

Audit committee members are directors of the organisation, appointed by the chairman after discussion with the full board. As it is the board that appoints members to the audit committee, any changes in membership need the formal approval of the board (Salleh et al., 2007; Hamdan, Mushtaha & Al-Sartaw, 2013). According to KMPG (2009) the size of the audit committee varies depending upon the needs and culture of the company and the extent of delegated responsibilities to the committee. The objective is to allow the committee to function efficiently and effectively. Most companies have no set policies for rotating committee members but depend on weighing a member's experience against the risk of complacency. Without a rotation policy, it is important for the board of directors to evaluate an audit committee member's performance to see that it meets both the board's and the committee's expectations (Mohammed, 2015). On the other hand rotation of audit committee members provides a practical way to refresh and introduce new perspectives to audit committee processes. It also enhances the opportunity for a greater number of board members to gain an in-depth and first hand understanding of the function of the audit committee. Audit committee independence is the backbone of the committee's effectiveness; particularly overseeing a company's financial reporting integrity and evaluation of areas where judgments and decisions are significant (Salleh et al., 2006). Thus, the following hypothesis was formulated

H_1: Audit committee members has significant positive effect on financial performance of the Nigerian food and beverages industry.

2.2Audit Committee Meetings

The meetings of the audit committee for a public and private organisation are generally timed to match the regulatory reporting and audit cycle. Typically, audit committees have met three or four times a year (Wei Huang, Thiruvadi 2010; & Matawee, 2013). However, there is a view emerging that the number of meetings and their duration should vary depending on the range and complexity of the committee's responsibilities. For audit committees to undertake their activities properly, it is suggested that the committee may need to meet at least eight times a year to ensure adequate oversight of the organisation's assurance processes (Hamdan, Mushtaha & Al-Sartaw, 2013).The audit committee meeting provides an avenue for the committee members and auditor to discuss issues pertaining to the financial statements. The auditor would not only evaluate the compliance of the financial statements with the accounting standards but also express judgement about the firm's accounting choice of principles, disclosures and estimates. This discussion would make directors more aware of issues that might require special attentions and eventually improve the quality of the financial reports (Salleh et al., 2006). Based on the above the following hypothesis was formulated.

H_2: Audit committee meeting has significant positive effect on financial performance of the Nigerian food and beverages industry.

2.3 Audit Committee Financial expertise

The attributes of financial experts as defined by the US Securities and Exchange Commission (SEC) are to be attained through education and experience as (a) public accountant or auditor, (b) a principal financial officer, controller or principal accounting officer of an issuer, or (c) from a position involving the performance of similar functions (Bedard & Gendron, 2010, p. 189). This definition was later broadened to include CEO or president. Following comments received by the SEC that the characteristics to be considered as financial experts are too restrictive, hence firms may not able to find a qualified one (Yunos, 2011). Knowledge in accounting and finance provides a good basis for audit committee members to examine and analyse financial information. The educational background and additional qualification in accounting and finance profession becomes an important characteristic that ensure audit committees performance (Yunus, 2011; Metawee, 2013). Thus, the following hypothesis was formulated.

H_3: Audit committee financial expertise has significant positive effect on financial performance of the Nigerian food and beverages industry.

III. METHOD AND MATERIALS

The ex-post facto research designs are employed in this study. The *Ex-post facto* research design considers a research problem in which the independent variables have already occurred and with the observation of a dependent variable in retrospective for their possible relations to, and effects on, the independent variable(s) (Asika, 2009).The totality of items under consideration for the purpose of this study consists of publically quoted companies in food and beverages sectors. As at 2015 there were 18 companies in the Food and Beveragessector listed on the Nigerian Stock Exchange.

Table 1: Population of the Study

S/N	Companies Name
1.	7UP Botting company
2.	Cadbury NigeriaPlc
3.	Flour Mills Nigeria Plc
4.	Nestle Nigeria Plc
5.	Nigerian Bottling company plc
6.	Beverages (West Africa) Plc
7.	Ferdinand oil mills plc
8.	Foremost Dairies plc
9.	Union Dicon salt plc
10.	Tate industries plc
11.	P.S. mandrides plc
12.	National salt company Nig. Plc
13.	Northern flour mills Nig. Plc
14.	UTC Nigeria plc
15	Dangote Sugar Refinery Plc
16	Dangote Flour Mills Plc
17	Honeywell Flour Mill Plc
18	Multi-Trex Integrated Foods Plc

Source: Generated from NSE factbook 2015

The best sample is the complete population itself, because every element of the population is represented in it (Asika, 2009). Therefore, all the 18 firms were used as the sample size for wider coverage. The data collected from the non-survey sources in this study, which are used to measure the characteristics of the audit committee's quality (audit committee meetings, audit committee members, audit committee financial expertise). The audit committee characteristic and financial performance data are obtained primarily from the Fact Book, the Annual Stock Price Summary maintained by the NSE and the published annual reports of the sampled firms. This study used descriptive and inferential statistics. Descriptive statistics was conducted using means, standard deviations, skewness and kurtosis for the dependent and independent variable. The statistical method of correlation and Structural Equation Modelling (SEM) analysis was employed in order to test the hypothesised model of the study. In this study, the alpha level for all significance tests was set at the 0.001, 0.01 and 0.05 level, which is a convention criterion for a minimum basis for rejecting the null hypothesis in most areas of behavioural science (Cohen, 1988; Zainudin, 2014). This technique is used because the researcher is trying to examine the effect of certain independent variables (audit committee meetings, audit committee members and the audit committee financial expertise) on another dependents variable: financial performance. The data was analysed using the software Statistical Package for Social Sciences (SPSS), version 22.0 and AMOS 21.0.

3.1 Measures

Audit committee's qualities are measured using characteristics such as (audit committee meetings, audit committee members and the audit committee financial expertise). Audit committee independence is the proportion of independent directors on the audit committee. The measure is computed as the total number of independent directors on the audit committee divided by the total number of audit committee members (Wei Huang & Thiruvadi, 2005). Audit committee meeting (ACM) is measured as the total number of meetings by the audit committee per year. The same measure had been used by previous studies to proxy for the diligence of the audit committee (e.g.: Metawee, 2013; Yunos, 2011).Audit committee financial expertise (ACFE) is the proportion of audit committee members with qualifications in accounting or finance, including those people who are members of accounting professional bodies. ACFE is computed as the total number of audit committee members with financial expertise divided by the total number of audit committee members (Salleh et al, 2006; Yunos, 2011).Financial performance is measured using profitability in the context of this work. The variable profitability has been defined as the ability of the management to utilise the asset of an organisation effectively to generate a return. It is thus light that the return on assets (ROA) will be used to measure profitability or accounting based(Ulmann, 1985). Return on assets (ROA) measured as the sum of net income and interest paid dividedby total assets for the size of the industry.

$$\text{as ROA} = \frac{\text{Operating profit beforeinterest and tax}}{\text{Operating set (fixed + current asset)}}$$

3.2Model Specifications

The following models are used in explaining the relationships between the audit committee's quality (audit committee meetings, audit committee members and the audit committee financial expertise) and financial performance variable. Previous studies conducted by Hei Huang and Thiruvadi (2000), Metawee, (2013), Ojeka, SIyoha, and Obigbemi, (2013), Wakaba (2014) and Mohammed (2015) also used model and analysed the relationship. From the previous studies, the following multi regression equation was developed.

Where:

$FPerf_{it}$ represents financial performance variable.

β_0 intercepts/ autonomous variable. It depicts the degree of the independent variables even without the existence of financial performance.

β_1, β_2, and β_3 are coefficient of investigation of financial performance. It depicts the degree of the financial performance by applying the independent variable (ACMemb, ACMeet and ACFExprt).

e_t the error term or the amount which account for other possible factors that could influence FPerfit that are not captured in the model.

IV. RESULTS AND DISCUSSION

This section presents the result of data analysis and tests of hypotheses formulated earlier in this study. The study looked at the effect of audit committee qualities on financial performance of Nigerian listed food and beverages firms. A brief analysis of the descriptive statistics is presented in the Table below. Following it is the correlation and Structural equation modelling result for the hypothesis test and then recommendation was made from the findings of the study.

Table 2: Descriptive statistics

	Fin. Performance	ACMember	ACMeetings	ACFExpertise
Means	0.2367	0.0842	0.4567	0.6533
Median	0.0234	0.1634	0.6543	0.1488
Std. Deviation	0.2662	0.4566	0.7883	1.0634
Variance	0.230	0.0345	0.0452	1.2347
Skewness	0.3222	-0.022	0.0282	0.3222
Kurtosis	-0.987	-1.022	0.0455	-1.065
Minimum	0.078	0.3422	0.0236	0.3445
Maximum	0.765	0.8977	0.6755	0.9765

Source: SPSS Output (2017)

Table 2 revealed that financial performance of the firms in the Nigerian food and beverages over the ten years period ranged from 7.8% to 76.5% and with average values of the dependent variable of 23.6% and the standard deviation of 0.2662 indicating that on average, 23% of the observations disclosed financial performance related information. The average of audit committee members is 8.4 with the standard deviation of 0.4566. The ACMembers varies widely across the sample firms as the minimum and the maximum is 34 and 89 members respectively. Audit committee meetings has average 45% with a standard deviation of 0.7883. The minimum percentage of ACMeetings is 2% and the maximum of 67%. Audit committee financial expertise (ACFExp) averages 65% and standard deviation of 1.0634 with minimum of 34% and maximum of 97%, this indicate that ACFExp in the Nigerian food and beverages firms vary significantly across the firms with a minimum value of 34 and maximum of 97.6%. However the non-symetry seems to be mild, as the standard deviations in all cases falls within the range of ±1 standard deviations from the mean. The Table 2 above shows that the skewness and kurtosis of the distribution support the normality distribution of the data as both values fall within the range of -1 to +1. Values falling outside of this range indicate a non-normal distribution of data (Hair et al., 2006). The skewness values were all close to 0 and 1, the data is considered to be tolerably mild and normally distributed. Therefore the result from the normality test indicates a normal data distribution and substantiates the validity of the inferential statistics.

Table 3: Correlation Matrix of Variables

Variable	FIN PERF	ACMembers	ACMeetings	ACFExp
FIN PERF	1			
ACMember	-0.571	1		
ACMeetings	0.0292	0.2174	1	
ACFExp	0.0125	0.0886	0.4562	1

Source: SPSS Output (2017)

The correlation matrix as per Table 3 above shows the relationship between all pairs of explanatory variables used in the model. It reveals that all the explanatory variables have a positive correlation with the dependent variable with the exception of ACMeembers that show a negative correlation. The positive correlations imply that as audit committee meetings (ACMeetings), audit committee financial expertise (ACFExp) increases, the financial performance also increases. On the other hand, audit committee members (ACMembers) shows a negative correlation; as the audit committee members increases it affect the financial performance of the firms negatively. The values on the diagonal are all 1.000 which shows that each variable is perfectly correlated with itself. The Table 3 also summarizes the correlation coefficients which reveal the association between financial performance, ACMember, ACMeetings and ACFExp. From the correlation coefficients for the model shown in Table 3, no high correlation is found among the variables. As a result, collinearity does not appear to create a threat to the interpretation of Structural Equation Modelling result of the independent variables in the model. However, from the Pearson correlation result, the highest coefficient is 0.4562 between ACFExp and ACMeetings.

The Summary of Structural Equation Modelling Result

This table presents the SEM result of the dependent variable financial performance and the independent variables of the study (ACMembers, ACMeetings and ACFExpert). The presentation follows the analysis of the relationship between the independent variables and the dependent variable of the study.

$FPerf = \alpha + \beta_1 ACMembers_{it} + \beta_2 ACMeetings_{it} + \beta_3 ACFExpert_{it}$

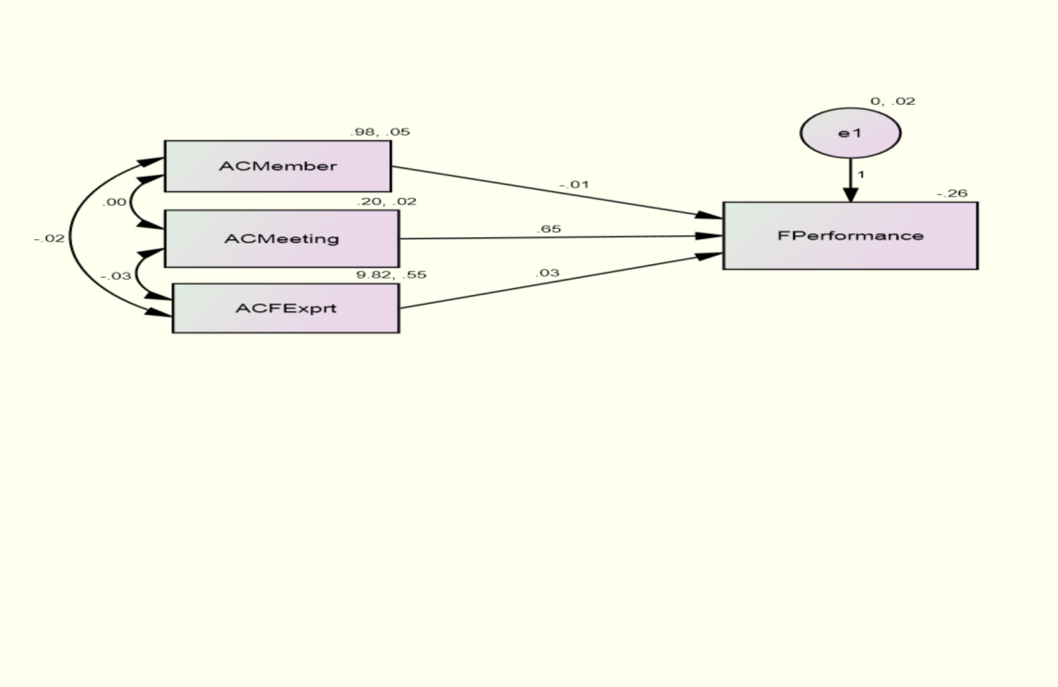

Figure 2: Amos Output showing the Regression Coefficient

Table 4: Regression Weights and its Significant

Hypothesizedpath			Estimate	S.E.	C.R.	P-value	Result
Financial Performance	<---	ACMember	-.008	.045	-0.179	0.858	Not Significant
Financial Performance	<---	ACMeetings	.655	.067	9.724	***	Significant
Financial Performance	<---	ACFExpertise	.031	.014	2.178	0.029	Significant

Notes: *p<0.05; **p<0.01; ***p<0.001

Hypothesis 1 statesthat an audit committee member has a significant positive effect on the financial performance of the Nigerian food and beverages industry. The probability of getting a critical ratio as large as 0.179 in absolute value is .858. In other words, the regression weight for ACMembers in the prediction of financial performance is not significantly different from zero at the 0.05 level (two-tailed). The above Table shows that the path between audit committee members and financial performance is negative (-.008) and statistically not significant ($p<0.05$). The standardized coefficient for the path between the ACMemb and FP was -.008, which means that for each unit increase inACMemb; FP would have a -.008 unit change. Hence, the hypothesis 1 was not supported. It can, therefore, be assumed that an audit committee member does not affect the financial performance ofNigerian food and Beverages industry. Much literature has supported this relationship (Bouaziz, 2012; Al-Matari, Al-Swidi & Fadzil, 2014).A previous study by Afza and Nazir (2014), Wakaba, 2014shows a significant negative relationship between audit committee members and financial performance of the selected firms.

The second hypothesis of this study is to examine whether an audit committee meetings has significant positive effect on financial performance of the food and beverages sector in Nigeria. The probability of getting a critical ratio as large as 9.724 in absolute value is less than 0.01. In other words, the regression weight for ACMeetings in the prediction of financial performance is significantly different from zero at the 0.001 level (two-tailed). Table above shows that the path between audit committee meeting and financial performance is positive (0.655) and statistically significant ($p<0.001$). This result indicates that the higher the amount of the ACMeeting, the higher the financial performance. Furthermore, the standardized path coefficient show how much change in ACMeet occurred in corresponds to the change in FP. The standardized coefficient for the path between the ACMeeting and FP was 0.655, which Indicates that ACMeeting has positive impact on FP. Hence, the hypothesis 2 was supported. It can, therefore, assumed that the audit committee meeting affects financial performance positively in the Nigerian food and Beverages industry. This hypothesis support many other studies in this area (for exampleAmer, Ragab & Shehata, 2014; Abbott, 2000). The number of meetings of audit committee showed no significant relationship with all performance variables (Al-Matari, Al-Swidi & Fadzil, 2014; Ojeka, SIyoha, & Obigbemi, 2013; Johl, Kaur, and. Cooper, 2015).

The third hypothesis investigates the significant effect of audit financial expertise on financial performance of food and beverages sector in Nigeria. The probability of getting a critical ratio as large as 2.178 in absolute value is .029. In other words, the regression weight for ACFExpertisein the prediction of financial performance is significantly different from zero at the 0.05 level (two-tailed).The standardized coefficient for the path between the ACFExpertise and FP was 0 .031, which indicates that ACFExpertise has positive impact on FP. Thus an increase in one unit of ACExpertise will increase FP by 0.031. Hence, the hypothesis 3 was supported. It can, therefore, assume that the audit committee financial expertise affects financial performance positively in the Nigerian food and Beverages industry. The finding of this study support many other studies in this area (for example, Ojeka, SIyoha, & Obigbemi, 2013;KolejRisda, Wan Ismail & Kamarudin, 2013, Metawee, 2013, Wakaba, 2014).Finally, the findings of this study contradict with the study of Carcello, Hollingsworth, Klein and Neal (2007),which found no association between financial expertise and real earnings management.

V. CONCLUSION AND RECOMMENDATION

The result of this study does not show a significant effect between the audit committee members and financial performance in Nigerian food and beverages industry. Therefore, this study concludes that audit committee members negatively influence financial performance of Nigerian food and beverages sector. The result of this study also revealed that an audit committee meetings and audit committee financial expertise has significant positive effect on the financial performance of Nigerian food and beverages industry. The direct impact of audit committee meetings and audit committee financial expertise on subsequent financial performance implies that companies in Food and Beverages sector do consider the meetings and experience of the audit committee when taking various decisions concerning performance of the companies. This study therefore recommends that the efforts to improve audit committee's quality performance should focus on the meeting and audit financial expertise of audit committee members. This study also recommends that the audit committee should be made more effective and efficient by ensuring that more members with financial expertise especially accounting expertise be drafted into the audit committee which would enhance financial performance of the firms. Steps should also be taken for compulsory compliance with the code of corporate governance.

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