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## **EFFECT OF STRATEGIC AUDIT QUALITY ON FINANCIAL PERFORMANCE OF LISTED COMMERCIAL BANKS IN KENYA**

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### **ABSTRACT**

Strategy governance is very important for banking industry to foster strategy implementation and improvement in performance. Bank Managers desperately need to know when particular strategies are not working well, so that interventions through corrective measures are undertaken before it is too late. It is with this in mind that this study sought to establish the effects of strategic audit quality on financial performance in listed commercial banks in Kenya. The objective of the study was to examine effects of strategic audit quality on financial performance in commercial banks listed at the Nairobi Stock Exchange, Kenya. The study adopted descriptive survey research design. The study carried a census survey where all the 10 listed commercial banks were considered. Primary data was obtained through questionnaires. Descriptive statistics, Inferential statistic regression and correlation techniques used to analyze data. The study found that strategic policy auditing enhances proactively of the board, improves the level of compliance in the bank operations, influences decisions on cash reserve ratio as well as the empowerment of the chief executive officer to make reasonable interpretations of the board policies. The study revealed that through strategy control and monitoring, financial governance and strategic audits greatly influence financial performance in commercial banks listed at NSE. Regression analysis revealed that strategic audit quality has a significant and positive relationship with banks' financial performance in commercial banks listed at the NSE. The study also concluded that strategic audit quality plays a critical role in improving banks' financial performance.

*Key Words: Strategic Governance, Strategic Audit Quality and Financial Performance*