



Audit Committee Membership and Competence (Literature Review)

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ARTICLE INFO	ABSTRACT
Accepted: Completed by the IJEBA team. Revised: Completed by the IJEBA team. Approved: Completed by the IJEBA team. Keywords: audit committee, competence, corporate governance, independence, financial reporting.	This study analyzes the challenges involved in enhancing the competence of audit committees as a central element of corporate governance. Competence is understood as a combination of technical knowledge, professional experience, and analytical skills that ensure effective oversight, high-quality financial reporting, and the integrity of the audit process. Through a literature review of various national and international empirical findings, the study identifies committee size, member independence, and meeting frequency as structural factors influencing audit committee capacity. However, ultimate effectiveness is determined by the professional competence of members, particularly in the fields of accounting, finance, and auditing. Regulatory compliance alone is insufficient without high-quality discussions, rigorous oversight, and adequate follow-up actions. Audit committees also face challenges such as limited technical expertise, a lack of continuous training, excessive workloads, and the absence of uniform competence standards. Furthermore, issues regarding independence, business complexity, and evolving financial reporting regulations undermine the monitoring function. Competence deficiencies result in a reduced ability to detect misstatements and fraud risks, as well as weak coordination with both internal and external auditors. The study underscores the need for capacity-building strategies—including competence-based recruitment, continuous technical training, proportional workload distribution, and enhanced governance mechanisms—to ensure independence.

INTRODUCTION

The audit committee is a key element of modern corporate governance, serving to ensure the quality, transparency, and accuracy of financial reporting. The committee's effectiveness is determined by its membership structure and the professional competence of its members. Regulations such as POJK No. 55/POJK.04/2015 mandate that audit committees possess an adequate number of members and relevant accounting and financial expertise. The importance of the audit committee is underscored by the prevalence of financial statement manipulation cases in major corporations, which reveal weaknesses in internal

oversight mechanisms. Empirical studies indicate that audit committee characteristics—including independence, financial expertise, and meeting frequency—play a role in preventing fraud and enhancing the integrity of financial statements (Ifada et al., 2024).

The relationship between audit committee composition and oversight effectiveness is heavily influenced by member qualifications, particularly regarding experience and expertise in accounting. Incompetent members may fail to identify risks of material misstatement and lack the ability to interact effectively with external auditors. Nurmawati et al. (2025) state that an audit committee must include at least one member specializing in accounting or finance to ensure optimal oversight. A lack of appropriate competence often leads to weak review and monitoring processes for financial statements, thereby creating opportunities for data manipulation. Consequently, audit committee membership that meets professional standards is a fundamental factor in ensuring reporting quality.

Systematic research indicates that the structure, size, and independence of the audit committee are interconnected components that enhance its effectiveness. Member independence enables the audit committee to exercise oversight free from management pressure. Nurmawati et al. (2025) emphasize that the audit committee acts as a mediator between external auditors and management, making both interpersonal and technical competencies essential. An appropriately sized audit committee also positively impacts monitoring capabilities by broadening the scope of expertise and facilitating the division of tasks. Findings from a systematic literature review (Ifada et al., 2024) confirm that these characteristics negatively influence the incidence of financial reporting fraud, thereby demonstrating their relevance to corporate governance.

Audit committee competence plays a strategic role not only in reviewing financial statements but also in ensuring the quality of external audits. A study by Pamantau (2020) demonstrates that audit committee competence significantly affects audit quality, indicating that the technical understanding possessed by committee members assists auditors in identifying irregularities. Such competence typically encompasses technical and analytical expertise, professional experience, and the capacity to comprehend financial reporting standards and auditing principles. A lack of such expertise undermines the audit committee's effectiveness in overseeing management activities and ensuring compliance with applicable accounting standards. These research findings underscore that competence is a primary determinant of oversight quality within corporate governance.

In addition to competence, the intensity of audit committee activities also influences operational effectiveness. A higher frequency of meetings allows the committee to conduct more in-depth oversight of the financial reporting process. Pamantau's (2019) study demonstrates that intensive audit committee activity significantly impacts audit quality by increasing the likelihood of detecting irregularities or internal control weaknesses. Thus, regarding both membership and activity, the effectiveness of the audit committee is heavily influenced by the members' commitment and readiness to systematically carry out their oversight functions.

Despite the vital role played by audit committees, various challenges arise regarding the enhancement of their members' competence. One such challenge is

the increasingly complex workload resulting from business and regulatory developments. Aditiya et al. (2024) suggest that a heavy workload can impact the audit committee's character and diminish oversight effectiveness, as members often hold dual responsibilities within the organization. Time constraints and high work volumes can compromise the thoroughness of financial statement reviews. Addressing these challenges requires effective time management and task allocation to ensure that all members can perform their functions optimally and sustainably.

Another challenge in enhancing competence is the need to keep pace with evolving audit practices and financial reporting standards. Changes in regulations and accounting standards require audit committee members to continuously improve their professional knowledge. A study by Castelini (2008), cited in Pamantau (2019), indicates that competence is not developed instantly but rather through formal education, training, and experience. Companies often struggle to ensure that every audit committee member has access to adequate training. This situation creates a competence gap that can hinder oversight effectiveness and increase the risk of financial statement misstatements. Audit committees also face challenges in maintaining member independence. Although regulations mandate that an independent commissioner serve as the audit committee chair, practice shows that close relationships with management can undermine this independence. Ifada et al. (2024) report that instances of corporate fraud in large companies have occurred because audit committees were unable to resist pressure from management. Furthermore, the inclusion of members with an internal company background often gives rise to conflicts of interest. Therefore, the composition of the audit committee must strike a balance between internal and external members to uphold the committee's objectivity and firmness in carrying out its oversight functions.

Auditor rotation also presents a challenge for audit committees in maintaining the quality and integrity of the auditing process. Aditiya et al. (2024) explain that audit committees play a role in recommending external auditors; thus, understanding the dynamics of auditor rotation is crucial. While auditor rotation aims to preserve independence, in practice, it can create adaptation challenges—particularly if the new auditor lacks an understanding of the company's complexities. Audit committees are required to ensure an effective transition to avoid compromising audit quality. This necessitates competencies in communication and risk management, as well as a deep understanding of auditing standards.

Overall, the literature indicates that audit committee effectiveness is heavily influenced by competent membership, a balanced structure, and continuous monitoring activities. Various challenges—such as workload, the need for competency enhancement, independence issues, and auditor rotation dynamics—can undermine the audit committee's function if not managed properly. Therefore, companies must ensure continuous training, establish rigorous membership policies, and strengthen governance mechanisms to support the audit committee's role in enhancing the transparency and integrity of financial reporting. Literature

from various studies confirms that an effective audit committee is a cornerstone of credible corporate governance.

Based on the background provided, this study addresses several issues, such as:

1. What is the relationship between audit committee characteristics—including structure, independence, and size—and the effectiveness of audit committee oversight within the context of corporate governance?
2. How does audit committee competence—encompassing accounting expertise, professional experience, and analytical skills—influence the effectiveness of audit function execution and the quality of financial reporting?
3. What are the key challenges companies face in enhancing audit committee competence amidst increasingly complex regulatory environments and business dynamics?
4. What are the implications of these challenges for audit committee performance regarding monitoring, fraud detection, and ensuring the quality of financial information?

LITERATURE REVIEW

1. Audit Committee

The audit committee is a crucial pillar of the corporate governance structure. According to POJK No. 55/POJK.04/2015, the audit committee is a committee established by and accountable to the board of commissioners; it assists in carrying out oversight functions, particularly regarding financial reporting processes, the effectiveness of internal controls, external audits, and regulatory compliance. Dewi (2020) explains that audit committees generally consist of at least three members, including an independent commissioner serving as chair and at least one member with expertise in accounting or finance. This structure is designed to ensure independence, competence, and a system of checks and balances between management and the oversight body.

Theoretically, the existence of the audit committee is grounded in agency theory, which posits the existence of a conflict of interest between managers (agents) and owners (principals). The audit committee serves to minimize information asymmetry between these parties by ensuring the reliability of financial reports produced by management (Jensen & Meckling, 1976). The audit committee also acts as a control mechanism against fraud and material misstatement; this is supported by Ifada et al. (2024), who found that audit committee characteristics—such as independence, committee size, and meeting frequency—significantly influence the reduction of financial reporting fraud.

Operationally, the audit committee's duties include monitoring the integrity of financial statements, overseeing the effectiveness of internal auditors, recommending the appointment of external auditors, and ensuring corporate compliance with applicable accounting standards. Pamantau (2019) states that audit committee activities—such as meeting frequency and communication with external auditors—directly influence audit quality. The more frequent the meetings and the stronger the coordination, the more effective the audit committee becomes in identifying risks and ensuring the quality of financial reports.

Empirical evidence indicates that a strong audit committee can boost investor confidence and reduce the potential for financial manipulation. Studies on Indonesian companies have found that the presence of an audit committee is positively correlated with the integrity of financial statements (Putri et al., 2024). However, this influence is not always consistent, as it depends on the quality of implementation and the committee's level of independence. This underscores the importance of the competence and professionalism of audit committee members, a topic that will be discussed further.

2. Audit Committee Competence

Audit committee competence is a primary prerequisite for supporting the effectiveness of the oversight function. Competence encompasses knowledge, skills, professional experience, and a deep understanding of accounting, auditing, internal controls, and capital market regulations. Robbins & Judge (2008) define competence as an individual's capacity to perform tasks effectively through a combination of technical abilities and experience. In the context of an audit committee, such competence serves as the foundation for understanding the complexities of financial statements and the company's operational risks.

Pamantau (2019) demonstrates that audit committee competence significantly influences audit quality, particularly because competent members are able to provide appropriate direction to auditors, accurately interpret audit findings, and identify financial statement anomalies. In another study, Castellini (2008) also emphasizes that enhancing competence through education, training, and audit experience boosts the committee's ability to assess the appropriateness of the audit process and detect potential fraud. In practice, experienced audit committee members are better equipped to interact effectively with both external and internal auditors.

Regulation POJK 55/2015 mandates that at least one audit committee member must possess accounting or financial expertise. This provision reflects the regulator's recognition that technical competence is a key element in maintaining the quality of oversight. Findings by Ifada et al. (2024) indicate that a lack of financial expertise can undermine the audit committee's function, as members may be unable to respond appropriately to risks of material misstatement or compliance issues. Therefore, companies need to ensure rigorous recruitment processes and provide continuous training to enhance the committee's analytical capabilities and professionalism.

In addition to technical competence, analytical skills, professional skepticism, and an understanding of industry dynamics are also crucial dimensions. Aditiya et al. (2024) emphasize that heavy workloads and a lack of training can diminish the competence of audit committee members. Such a lack of competence potentially hinders the committee's oversight effectiveness, particularly when navigating regulatory changes and the complexities of modern financial transactions.

Overall, the literature concludes that audit committee competence is a critical factor determining the quality of oversight, the effectiveness of fraud detection, and the integrity of the financial reporting process. Therefore, companies need to prioritize competence as a key criterion when selecting

committee members and ensure the implementation of continuous capacity-building programs.

METHOD

This study employs a systematic literature review (SLR) as the primary approach to identify, evaluate, and synthesize scientific findings regarding audit committee membership and competence. The approach involves searching for journals, scholarly articles, regulations, and relevant documents published within the last five years to ensure the information's relevance and currency. The review process is structured into stages—literature search, selection based on inclusion criteria, data extraction, and thematic analysis—to identify patterns or relationships between variables. This method adheres to the SLR guidelines outlined by Triandini et al. (2019), which emphasize the importance of a systematic process to minimize bias and enhance the reliability of the synthesized results. Consequently, this approach facilitates a deep understanding of the dynamics surrounding the audit committee's role.

The literature sources were analyzed using an evaluation framework covering content relevance, academic quality, the methodologies of prior studies, and each study's contribution to the topic of audit committees and their competence. Articles were selected through searches in databases such as Google Scholar and Crossref, as well as national journal repositories, following the method used by Ifada et al. (2024) in their systematic review of audit committee characteristics. Each source was examined using content analysis to identify indicators of membership, competence, and audit committee effectiveness, as well as challenges related to competence development. The synthesized results were used to develop theoretical arguments and identify research gaps. This literature review approach provides a comprehensive mapping of variable relationships and strengthens the study's conceptual foundation.

RESULTS AND DISCUSSION

1. Relationship of Membership and Competence to Audit Committee Effectiveness

Audit committee effectiveness is a crucial pillar in ensuring the quality of corporate governance, particularly regarding the oversight of financial reporting, risk management, and compliance with accounting standards. Two primary determinants frequently discussed in the literature are audit committee composition (encompassing size, independence, and representative structure) and member competence (accounting/financial background, professional experience, and regulatory knowledge). These factors serve not only as formal indicators of regulatory compliance—as stipulated in POJK Regulation No. 55/POJK.04/2015—but also contribute directly to the committee's oversight performance. The following discussion provides a comprehensive review of how these two variables influence audit committee effectiveness, drawing on theory, empirical findings, and the corporate governance context in Indonesia.

A. Audit Committee Membership and Its Role in Oversight Effectiveness

Audit committee composition encompasses several dimensions: committee size, member independence, the presence of expert members, and meeting frequency as a form of oversight activity. Audit committee size is considered important because, theoretically, it reflects the adequacy of resources available to carry out oversight functions. OJK Regulation No. 55/POJK.04/2015 stipulates that an audit committee must consist of at least three members, one of whom must be an independent commissioner serving as the chairperson. Governance literature asserts that an adequate committee size can enhance the ability to detect reporting irregularities or management inefficiencies (Pertiwi, 2019).

Empirical research has yielded varied results. In certain industry contexts, audit committee size has proven significant in influencing corporate performance and reporting quality. For instance, a study by Nurmawati et al. (2025) found that audit committee size significantly affects corporate performance; a larger number of members expands the company's capacity to effectively supervise and evaluate management performance. This study confirms the view that audit committee size is a resource component that impacts oversight effectiveness.

However, findings from other studies reveal inconsistencies. Vania (2025) found that audit committee size does not consistently influence financial distress, particularly in companies within the basic materials sector. This variable was even found to have a negative impact on the likelihood of a company experiencing distress, suggesting that larger audit committees can enhance financial stability, even if they do not directly improve the quality of oversight or financial reporting.

The independence of audit committee members is also a crucial aspect of the committee's composition. An independent committee produces objective assessments of financial information and is capable of resisting management pressure in the event of conflicts of interest. Agency theory (Jensen & Meckling, 1976) posits that independence is a mechanism capable of mitigating conflicts of interest and information asymmetry between management and owners. Research indicates that independent audit committees consistently enhance oversight quality and reporting integrity (Azariah et al., 2024; Nurmawati et al., 2025).

Nevertheless, Vania's (2025) study demonstrates that audit committee independence does not always significantly influence corporate distress, suggesting that formal independence may not function effectively without the support of other factors, such as competence and the quality of deliberations during audit committee meetings. This ineffectiveness of "symbolic" independence has also been discussed in global literature, particularly regarding companies in developing markets facing structural governance pressures.

Another dimension of membership closely linked to effectiveness is the frequency of audit committee meetings. The more frequently the audit committee convenes to discuss reporting-related issues, the greater the likelihood of detecting material errors or potential manipulation. Several studies support this premise. Research by Syahputra et al. (2023) in the infrastructure sector found that audit committee meeting frequency has a positive and significant impact on financial reporting quality. This study reinforces the argument that the intensity of audit committee activities serves as a direct indicator of oversight effectiveness.

However, not all studies support this view. Rosalina (2025) found that meeting frequency did not significantly affect financial reporting quality in the healthcare sector, suggesting that meeting intensity—absent quality discussions and adequate follow-up—is insufficient to substantially improve oversight outcomes. These findings imply that meeting effectiveness is determined more by the quality of interactions and the meeting agenda than by the mere number of meetings held. Overall, the literature indicates that audit committee membership contributes significantly to oversight effectiveness; however, this relationship is not linear and is heavily influenced by interactions with other factors, particularly the competence of committee members.

B. Audit Committee Competence as a Determinant of Effectiveness

Audit committee competence refers to the professional knowledge, skills, and experience of committee members, particularly in the fields of accounting, finance, auditing, and risk management. This competence is frequently cited as the strongest determinant of audit committee effectiveness. DeZoort et al. (2002) identified competence as one of four fundamental elements of audit committee effectiveness—alongside composition, authority, resources, and diligence (Pertiwi, 2019).

Empirical research consistently confirms a positive correlation between member competence and financial reporting quality. For instance, Rosalina (2025)—citing DeZoort et al. and Sofura (2024)—notes that audit committee members with an accounting background can exercise rigorous oversight of financial statements, thereby enhancing reporting accuracy and transparency. Similar findings appear in the study by Syahputra et al. (2023), which asserts that members knowledgeable in accounting, auditing, and risk management can mitigate information asymmetry and prevent financial statement manipulation.

However, the research results you uploaded present varied findings. Vania (2025) found that audit committee competence had no significant effect on financial distress within the basic materials sector, suggesting that competence is not always the deciding factor for a company's financial stability—even though it may remain relevant to the quality of financial reporting.

Pertiwi's (2019) research also makes a significant contribution. She found that the number of audit committee members with accounting expertise and the frequency of meetings are associated with the timeliness of financial reporting, though not necessarily directly linked to earnings persistence or predictability. This implies that the technical competence of members can impact specific aspects of reporting quality without necessarily affecting every dimension of quality.

There are also findings indicating that even when committee members possess expertise, their effectiveness can be hindered if the organizational environment or governance culture fails to support independence and professional skepticism. Rosalina (2025) argues that the presence of expert members is insufficient to enhance reporting quality in the absence of effective oversight, substantive discussion, and follow-up on meeting findings.

From an agency theory perspective, audit committee competence serves as a crucial mechanism for mitigating information asymmetry. A competent audit committee is capable of assessing reporting risks, evaluating accounting estimates, judging the adequacy of disclosures, and challenging management when there are

indications of manipulation. This aligns with resource dependence theory, which posits that the presence of highly knowledgeable individuals within the governance structure provides strategic value to the firm (Carcello et al., as cited in Rosalina, 2025). Thus, while audit committee competence is strongly linked to oversight effectiveness, such effectiveness also relies on support from other dimensions—such as independence, meeting frequency, and the quality of interaction with both internal and external auditors.

C. The Interaction of Membership and Competence as Determinants of Overall Effectiveness

The relationship between audit committee membership and competence is inseparable. Membership determines the committee's structure and human resource capacity, while competence determines the quality of the members' contributions. Audit committee effectiveness results from the interaction between the two, rather than being a function of either variable in isolation. For instance, a large audit committee does not guarantee effectiveness if the majority of its members lack relevant expertise. Conversely, a small audit committee comprising highly qualified members can operate more effectively, provided it possesses adequate independence and structural support. Research (Nurmawati et al., 2025) indicates that audit committee size and independence significantly influence corporate performance, whereas competence is not always significant in certain contexts. This suggests that the combination of structure and competence determines oversight outcomes.

The interaction between these variables is evident in research (Pertiwi, 2019), which shows that member competence and meeting frequency are both associated with timely reporting, whereas independence and size do not show consistent relationships across all dimensions of reporting quality. This indicates that competence can optimize membership activities (such as meetings), thereby enhancing effectiveness. Thus, audit committee effectiveness is shaped by the synergy between membership structure and the quality of members' professional competence. A membership structure lacking competence results in symbolic oversight, while competence without an adequate structure results in oversight that lacks the necessary organizational capacity.

2. Challenges in Enhancing Audit Committee Competence.

Audit committee competence is a fundamental element in ensuring the effectiveness of the oversight function, the quality of financial reporting, and the integrity of corporate governance. However, the literature indicates that enhancing audit committee competence faces various challenges—structural, regulatory, and operational alike. These challenges not only affect the audit committee's ability to perform its duties optimally but also impact the quality of financial statements and stakeholder confidence. Drawing on studies from the uploaded journals—including research by Ifada et al. (2024), Pamantau (2019), Putri et al. (2024), and Aditiya et al. (2024)—this review examines these challenges in depth.

A primary challenge frequently cited in the literature is the lack of adequate technical expertise and professional experience among audit committee members. While POJK 55/2015 mandates that at least one audit committee member possess an accounting or finance background, this regulation often fails to guarantee the depth of competence required to comprehend the complexities of modern financial

transactions. Dewi (2020)—in research cited by Ifada et al. (2024)—demonstrates that even when companies meet formal expertise requirements, the depth of understanding regarding accounting standards, risk management, and audit procedures varies significantly. This is particularly evident in companies where audit committee appointments are treated as part of structural role allocation rather than being based on technical competency needs. Consequently, the audit committee's ability to assess the fairness of financial statements and effectively challenge external auditors is constrained.

Furthermore, challenges related to lack of ongoing training are highly highlighted ...in the literature. Technical competence requires continuous updating, given the rapid evolution of financial reporting standards, capital market regulations, and accounting technologies. Bapatau (2019) asserts that competence does not develop spontaneously but is the result of formal education, audit experience, and ongoing professional training. However, research indicates that many companies—especially mid-sized ones—lack comprehensive training policies to enhance the capabilities of audit committee members. Budget constraints, short-term corporate priorities, and low management awareness regarding the importance of competence development are among the factors exacerbating the situation. When audit committee members fail to keep pace with the latest developments in auditing and accounting, their oversight capabilities become inadequate, especially when dealing with increasingly complex reporting practices.

Another significant challenge is the excessive workload borne by audit committee members. In a study by Aditiya et al. (2024), workload is identified as a determinant factor influencing the character and performance of the audit committee. Many audit committee members, particularly those who also serve as commissioners, hold extensive responsibilities across various committees and corporate functions. High workloads result in insufficient time and focus to thoroughly examine financial statements, understand audit findings, and adequately oversee the implementation of internal controls. This aligns with findings by López & Peters (2012)—as cited by Aditiya et al. (2024)—indicating that time pressure and heavy workloads can diminish professional skepticism and increase the risk of ineffective oversight. Under these conditions, audit committees tend to accept management's explanations without critical scrutiny, thereby increasing the potential for undetected misstatements.

Furthermore, challenges regarding independence significantly impact the development of audit committee competence. Ifada et al. (2024) emphasize that independence is a key dimension of audit committee characteristics that influences oversight effectiveness. However, in reality, some audit committee members have prior relationships with management or majority shareholders. This proximity can create pressure during the decision-making process, thereby hindering the audit committee's ability to act professionally and objectively. When independence is compromised, even technical competence cannot be fully utilized due to limited latitude in enforcing accountability. Research by Putri et al. (2024) indicates that major incidents—such as the breach of financial reporting integrity at PT Krakatau Steel—stemmed not only from technical weaknesses but also from ineffective oversight caused by the audit committee's lack of independence.

Another challenge relates to industry complexity and the dynamics of the business environment. Certain sectors, such as banking, technology, and energy, possess highly specific financial reporting characteristics. Audit committees require a deep understanding of the nature of the business, operational risks, financial instruments, and accounting estimates. However, studies by Pamantau (2019) and Ifada et al. (2024) show that not all audit committee members possess the requisite expertise to handle such complexities. If an audit committee lacks a comprehensive understanding of the industry context, it risks misjudging risks or overlooking early signs of financial reporting manipulation. Consequently, the committee's ability to provide strategic direction to external and internal auditors is constrained, thereby diminishing the overall effectiveness of the audit process.

Beyond limitations in technical competence, another challenge concerns the lack of coordination and communication between the audit committee and both external and internal auditors. A study by Soliman & Elsalam (2012), as cited in research by Aditiya et al. (2024), emphasizes the audit committee's crucial role in ensuring the independence and quality of external auditors. However, if audit committee members lack competence, they may fail to fully comprehend audit reports and findings. This situation prevents the audit committee from providing a strategic response to risks and auditor recommendations. Ineffective communication weakens the oversight environment and diminishes the quality of financial reporting.

Another challenge lies in regulatory limitations regarding the assurance of competence quality. Regulations such as POJK govern audit committee membership in general terms but do not specify detailed minimum standards for technical competence or professional experience. Ifada et al. (2024) note that the absence of detailed guidelines leads to variations in audit committee quality across companies. Some companies maintain audit committees with strong financial backgrounds, while others appoint members with minimal technical experience. This lack of uniform standards creates disparities in the quality of corporate governance.

In addition to internal company factors, external challenges—such as regulatory changes, the adoption of new technologies, and increasingly stringent capital market demands—also influence the development of audit committee competence. Changes in accounting standards, such as IFRS or the latest PSAK, for instance, require a deep understanding that cannot be achieved without specialized training. Without adequate adaptability, audit committee members risk falling behind in their understanding of contemporary issues—such as fair value measurement, derivative instruments, and cyber risks—that now impact internal control systems.

Overall, the challenges of enhancing audit committee competence involve not only technical aspects but also organizational structure, independence, workload, regulations, and external dynamics. Literature confirms that audit committee competence is a fundamental pillar in upholding the integrity of financial reporting and maintaining stakeholder trust. Consequently, companies need to develop comprehensive strategies to strengthen audit committee capacity, encompassing the recruitment of members with relevant expertise, continuous

training, and governance policies that support the committee's independence and effectiveness.

CONCLUSIONS

Based on the preceding discussion, several key points can be concluded:

1. The effectiveness of an audit committee is largely determined by the synergy between its membership structure and the professional competence of its members. Membership characteristics—such as adequate committee size, a high degree of independence, and consistent meeting frequency—contribute to more comprehensive oversight capacity. However, such effectiveness is only achieved when supported by the technical competence of audit committee members, particularly in the fields of accounting, finance, and auditing. Competence enables the committee to assess risks, evaluate reporting quality, and objectively challenge management. Research findings indicate that merely meeting formal requirements is insufficient; audit committee effectiveness depends on the quality of implementation, the depth of discussions, and the members' professional ability to execute oversight functions independently, critically, and substantively.
2. Challenges in enhancing audit committee competence primarily stem from limited technical expertise, a lack of continuous training, heavy workloads, and weaknesses regarding independence and coordination with auditors. Regulatory complexities and industry dynamics increasingly demand analytical capabilities that not all audit committee members possess. These conditions hinder oversight effectiveness and the quality of financial reporting. Therefore, companies need to strengthen competence development mechanisms through selective recruitment, intensive training, and improved governance.

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