

## The Influence of External Auditor on Corporate Governance: Evidence from Guaranty Trust Bank of Rwanda

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**Abstract:** This study investigated the influence of external auditor on corporate governance of Guaranty trust bank in Rwanda. the study has four objectives which determined how audit report, audit size and audit hours influence corporate governance of Guaranty trust bank in Rwanda and the audit fees have the negative influence on corporate governance. The study adopted a descriptive research designed which assisted to examine the influence of external auditor. the population of the study was 137 composed by the senior manager, accountant, customers and internal auditor of Guaranty trust bank in Rwanda; and sample size was 135 but only the respondent to the questions asked. They key result for this research were showing that audit report, audit size and audit hours do have the influence of corporate governance since the majority of respondent have agree the influence of external auditor while the audit fees do not have the influence of external auditor the majority of respondent have disagree the influence of external auditor variables on corporate governance of Guaranty trust bank. The data was then well examined and checked for completeness and comprehensibility. After check the data was coded and analyzed by the use of descriptive statistics using SPSS. Data was analyzed by multiple linear regression analysis. Findings of the study indicate that the influence of external auditor on corporate governance is positive and not significant and the greater the degree of auditor report, audit size and auditor hours the greater the tendency of a bank making substantial performance. The impact of auditor fees was also positive and significant, although, its impact was lesser that of auditor report, auditor size and audit hours. The analysis of variance has shown that external auditor variables are not significant predictors to explain the increase of the influence represented by CEO duality, board meeting and board composition since the p value was 0.19 respectively. This research has concluded that there is no influence between external auditors using auditor report, audit size; audit hours as well as audit fees are not predictors of corporate governance.

**Keywords:** external auditor, corporate governance, Guaranty trust banks

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### I. Introduction

This study aims to investigate the influence of external auditor on corporate governance in Guaranty trust bank. External auditor has the responsibility for the prevention, detection and reporting of fraud, other illegal acts and errors(Oluwagbemiga 2010). This is one of the most controversial issues on external audit and has been one of the most frequently debated areas amongst auditors, politicians, media, regulators and the public. This debate has been especially highlighted by the collapse of both small and big corporations across the globe. The financial statement of the external audit is a monitoring mechanism that helps reduce information asymmetry and protect the interests of the various stakeholders by providing reasonable assurance that the management's financial statements are free from material misstatements. The societal role of external auditors should be a key contribution to corporate governance, in terms of reducing the risks of significant misstatements and by ensuring that the financial statements are elaborated according to preset rules and regulations(Farouk and Hassan 2014). Lower risks on misstatements increase confidence in capital markets, which in turn lowers the cost of capital for. OMWENGA (2017) examined the influence of external auditor on corporate governance especially in Guaranty trust bank in Rwanda.

The external audit can be defined in two dimensions: first, detecting misstatements and errors in financial statement and second, reporting these material misstatements and errors. Due to the fact that these characteristics are largely unobservable, different proxies have been used by researchers to measure the external audit like: audit size, audit quality, audit report audit hours, audit fees, audit committee reputation, litigation rate and discretionary accruals(Skinner and Srinivasan 2012) .

The external audit is subject to many direct and indirect influences. In tandem with the stakeholder theory Okolie (2014), perceptions of the external audit vary amongst stakeholders depending on their level of direct involvement in audits and on the perspective through which they evaluate the external audit. The external audit may be perceived from any of three fundamental perspectives: inputs, outputs, and context factors. Inputs to the external audit, apart from auditing standards, include the auditor's personal attributes such as auditor skill and experience, ethical values and mind-set. Increased concerns regarding corporate accountability in various developed nations have been associated with the need for appropriate audit which involves risk management and internal control systems (Brown, Beekes et al. 2011). The external auditor is recognized to influence financial reporting and strongly impact on investors' confidence (Waweru and Riro 2013). Conventionally, external auditors play critical and highly challenging roles in assuring the credibility of financial reports. Measured the external audit as whether the auditor had issued going concern qualification in the prior year for US clients that declared bankruptcy (Carson, Fargher et al. 2012) (Xu, Jiang et al. 2011). They found that external auditors are less likely to issue a going concern opinion during the initial years of engagement but not in later years, contrary to the expressed concern that a long auditor-client relationship negatively influences the external audit. examined the influence of financial structure among Rwanda listed firms on the external audit (OMWENGA 2017, MUHAMED 2018). Maiteka (2010) undertook a study of the influence of the external audit on corporate governance in Guaranty trust bank.

Lekaram (2014) "Corporate governance is not just corporate management; it is something much broader to include a fair, efficient and transparent administration to meet certain well-defined objectives. It is a system of structuring, operating and controlling in Guaranty trust banks with a view to achieve long term strategic goals to satisfy shareholders, creditors, employees, customers and suppliers, and complying with the legal and regulatory requirements, apart from meeting environmental and local community needs. When it is practiced under a well-laid out system, it leads to the building of a legal, commercial and institutional framework and demarcates the boundaries within which these functions are performed. From the findings, risk based auditing was found to evaluate risks facing government ministries on time and concentrate on high risk areas in order to increase transparency and accountability, therefore enhancing good governance. Kasiva (2010) carried out a study on the impact of risk based to external audit on corporate governance in commercial banks in Rwanda. None of these studies has looked at the relationship between external auditor and corporate governance of guaranty trust bank in Rwanda. Therefore, there existed a research gap that was to be filled by this study on the influence of the external auditor on the corporate governance of guaranty trust bank especially in Rwanda.

## **II. Statement of the problems**

The influence of external auditor, particularly with regard to corporate governance, can only be fully appreciated if the external auditing function within the profession is properly understood. The principle authority and responsibility of the external audit activity must be formally defined in an external audit charter, consistent with the definition of external auditing, the Code of Ethics, and the Standard. Also, in the study/survey of the influence of external audit in promoting good corporate governance in Guaranty trust bank found out that external auditing has become one of the means of enhancing corporate governance in organizations.

In the annual general report of the controller and auditor general on the audit of Guaranty trust bank in Rwanda for the financial year 2016/2017 in Rwanda it was observed that corporate governance had some areas of weakness which needed attention among which is the issues of composition and performance of external audit of Guaranty trust bank in Rwanda. This implied that the corporate governance performance cannot be effective with ought effective external audit. The main output from their research was the fact that the culture and the support of the Board of directors are key factors that directly influence the external audit's effectiveness.

Feasible among these few studies is the one by Shropshire (2010) Johnson, Schnatterly et al. (2013) for a sample of US companies, where they examined the influence of audit report and audit quality. Another weakness is that such research is often limited to the largest, actively traded banks- many of which show little variation in their ownership, management and board structure and also to measure the corporate governance. In Africa corporate governance in many banks and company failed because boards ignored certain practices first, all those institutions that own corporate African are essentially banks, and they're all public companies themselves. The last thing they want is stringent governance laws to cramp their style. They have their own way of mitigating the effects of individual corporate or sector failure. The reason of research is to find if there is relationship between external auditor and corporate governance in Guaranty trust bank in Rwanda. External auditors are able to vote in elections and remove members of the board of directors? External auditor has the right to freely communicate their concerns about illegal or unethical practices to the board of bank? External auditor has the rights that are established by the law are respected by the bank?

These problem statements are the basis for the following research objectives. The difficulty is in regard to lack of up to date and reliable information on the performance of external audit in the corporate governance. Little or no effort has been put to understand our situation in Rwanda especially in Guaranty trust bank. It is

from this reason that a researcher wants to study on the influence of external audit in corporate governance of Guaranty trust bank in Rwanda.

### **III. Objectives of the study**

The common objective of the study was to set up the relationship between external auditor and corporate governance in Rwanda.

### **IV. Specific objectives of the study**

Several factors representing external auditor such as audit report, audit size, audit hours as well as audit fees for external auditor to the other side CEO duality, board composition and board meeting will be used as dependent variable. The following objectives will guide this research;

1. To examine the influence of audit report on corporate governance of Guaranty trust bank in Rwanda
2. To determine the influence of audit size on corporate governance of Guaranty trust bank in Rwanda
3. To investigate the influence of audit hours on corporate governance of Guaranty trust bank in Rwanda
4. To determine the influence of audit fees on corporate governance of Guaranty T bank in Rwanda

### **V. Research questions**

#### **Main research question**

What the influence of external audit function on corporate governance?

#### **Specific Questions**

1. Is there any important influence of audit report on corporate governance of GT bank in Rwanda?
2. Is there any important influence of audit size on corporate governance of GT bank in Rwanda?
3. Is there any important influence of audit hours on corporate governance of GT bank in Rwanda?
4. Is there any important influence of audit fees on corporate governance of GT bank in Rwanda?

### **VI. Review Related To The Literature**

#### **The measure of external audit**

##### **Auditor report**

Previous researches investigating conducting roles of the Securities and Exchange Commission (SEC) have shown that a higher quality audit improves the quality of financial reporting and reduces risks from auditor report on financial misstatement(Rezaee 2005); Australian Stock Exchange (ASX) Corporate Governance Council, 2003). This may be because an unqualified audit opinion is used to address hypothesis in most researches, but emphasis is not taken into consideration. Nevertheless, as by the present inspection procedures of SEC on financial statements, although a company was audited with an unqualified audit opinion but emphasize is included, the company will be closely monitored or reviewed in particularly

##### **Audit fees**

Studies have found that auditor's opinion is referred as a measure of auditor independence because auditors must be independent enough to report the truths to the public. It has been shown that audit fees are negatively correlated with the possibility of financial statement manipulation. This means that a higher audit fees results in a better audit quality(Kamolchakulchai 2015) . However, the rate of audit fees is dependent on how many hours spent on the audit(Munro and Stewart 2011) .

##### **Audit firm size**

Audit firm size is highly associated with a greater level of disclosure. Audit firm's authority is designated to push clients to disclose more information in their annual reports(Dunn and Mayhew 2004). Currently, the integration of four internationally renowned audit companies, also known as Big 4 comprising of Price water house Coopers (PwC), Deloitte Touche Tohmatsu (DTT), Ernst &Young (EY) and KPMG, may have an impact on small-sized audit firms; in which merging is a mechanism to prevent corporate governance(Husnin, Nawawi et al. 2016). Though, studies of Kim, Simunic et al. (2011)found that different sizes of audit firms do not significantly affect the audit quality.

##### **Audit quality**

Literature review Francis (2011) defines auditing quality as a chance or a probability of auditors to identify and report significant errors. A study found that a good quality auditing is correlated with corporate governance in which there is less manipulation on numeral report(Ball 2006). Variables that have been studied in the past on audit quality are as follows

## **VII. Research Methodology**

### **Research design**

The researcher used a descriptive research design. expressive research seeks to setup factors associated with certain occurrences, outcomes, conditions or types of behavior .this is deemed appropriate because the study involve in depth a study of external auditor measures and its influence on corporate governance particularly in Guaranty Trust bank Rwanda which help the researcher in describing the state of the real influence on its influence. A descriptive study was undertaken in order to certain and be able to describe the characteristics of the variables of interest in a carried out.

### **Target population**

The research study was conducted among 137 people in the following categories; staff of Guaranty trust bank in Rwanda accountant, internal auditor, costumer, creditors, in order to get the influence performance of external auditor in Guaranty trust bank. The questionnaire and interview was given to 135 people but only the respondent to the questions asked.

### **Sampling and sample size**

Kron, Hung et al.( 2015)said that cause the universe is infinite this to say 10000 people one takes a sample of 137 considering the margin error of 10% and in this research the population will be limited to 10100 in Kigali city and sample frame will use the Guaranty trust banks in Rwanda we will apply this formula for the correct size:

NC=

With;

NC=correct sample

N=population is 10100

N=size of corresponding sample to137.

While applying this formula for our case, we find the following:

$NC=10100 \times 137 / 10100 + 137 = 135$

The size of the sample that we will investigate is 135people

Based on calculations the formula gave the sample size of 135 respondents, this formula is accurate to the population which is having a very little number of population

### **Data collection methods**

Two data collection will be used in this review which are: questionnaire method to collect primary data from the participants involved in this study as well as getting accurate information and group interviews.

### **Questionnaires distribution/collection**

This is an important method of data collection.Kamana (2016) said that a questionnaire is reasonable in data collection manly because; it enable the research to collect large amount of data within a short time period, it also provide opportunity for respondents to give frank, anonymous answers. One set of questionnaire was designed for the lecturers; it included both open and closed ended set of questions that to be answered. The questionnaire was written in a simple and clear language for the respondent to feel free while answering. In addition to that the use of questionnaire was considered vital to the research since it provides accurate information regarding the study.

### **Data management and analysis**

The data collected was processed and analyzed using SPSS software. This involved data coding, editing and tabulation especially quantitative data and qualitative data. The reason of all these is to make the information clear and understandable for the other people. Qualitative and quantitative approach was used for analysis. Mean and standard deviation was used to give a clear understanding of the research interpretations for clear and easy understanding of the phenomenon studied.

### **Results and interpretation**

In analyzing the influence of external auditor on corporate governance of Guaranty trust bank in Rwanda, this study completes the primary data. The study accumulates primary data concerning external auditor through open ended and closed questions that has been distributed to the sample size. we adopted for the descriptive statistics and regression analysis to find out the influence of the external auditor using audit report,

audit size, audit fees, audit hours on the corporate governance, on the other hand, the analysis of variance was also used to measure the degree of association between variables under consideration

### VIII. Audit Report

The study sought to establish the influence of audit report on corporate governance of Guaranty trust bank in Rwanda.

**Table 1** the influence of audit report on corporate governance of Guaranty trust bank in Rwanda

Statement	SA		A		UNC		D		SD		Total		Mean	Std dev.
	freq	%	freq	%	freq	%	freq	%	freq	%	N	%		
Audit report improve the quality of financial reporting and reduce the risk	107	79.3	28	20.7	0	0	0	0	0	0	135	100	4.79	0.407
Audit report affect rick management on corporate governance	105	77.8	30	22.2	0	0	0	0	0	0	135	100	4.78	0.417
External auditor has the right to discuss audit report annually in general meeting.	82	60.7	46	34.1	7	5.2	0	0	0	0	135	100	4.56	0.594

Findings from the table above, 107(79.3%) and 28 (20.7%) of the respondents from Guaranty trust bank accountant, internal auditor strongly agree and agree respectively with the statement says the audit report improve the quality of financial reporting and reduce the risk. Findings are summarized in the table above. The respondents have shown that among the factors improving the quality of audit report has an influence on the corporate governance of Guaranty trust bank in Rwanda as it is shown by the mean of 4.79 and standard deviation of 0.407.

Also from above the table, 105(77.8%) and 30(22.2%) respondents strongly agree and agree with statement which says that the audit report affect risk management on corporate governance. Findings are above summarized in the table above. The respondents have shown that among the factors that the audit report affect risk management has an influence on corporate governance as it is shown by the mean of 4.78 and standard deviation of 0.417.

The table above finally reveals that, 82(60.7%) and 46 (34.1%) and 7(5.2%) of the respondents strongly agree ,agree and uncertain, respectively with statement which says that external auditor has the right to discuss audit report annually in general meeting. findings are summarized in the table above. the respondents have shown the factors that the external auditor has the right to discuss audit report has an influence on corporate governance as it is shown by the mean of 4.56 and standard deviation of 0.594.

### IX. Audit Size

The study sought to establish the influence of audit size on corporate governance of Guaranty trust bank in Rwanda

**Table 2:** the influence of audit size on corporate governance of Guaranty trust bank in Rwanda

Statement	SA		A		UNC		D		SD		Total		Mean	Std dev.
	freq	%	freq	%	freq	%	freq	%	Freq	%	freq	%		
auditors are able to know the audit size related to the bank	114	84.4	21	15.6	0	0	0	0	0	0	135	100	4.84	0.364
Audit size increase the efficient of corporate board	102	75.6	33	24.4	0	0	0	0	0	0	135	100	4.76	0.431
Audit size enhance problem solving which influence corporate board	104	77	30	22.2	1	0.7	0	0	0	0	135	100	4.76	0.444
Audit size increase diversity of opinion in corporate board	101	74.8	32	23.7	2	1.5	0	0	0	0	135	100	4.73	0.476

Findings from the table above, 114(84.4) and 21(15.6%) respondents strongly agree and agree respectively with the assertion state that auditor are able to know the audit size related to the bank. Findings are summarized in the table above. The respondents have shown that among the factors audit size has an influence to know size of corporate governance in Guaranty trust bank in Rwanda as it is shown by the mean 4.84 and standard deviation 0.364.

Also findings from the table above 102(75.6%) and 33(24.4%) respondents strongly agree and agree respectively with the assertion state that audit size increase the efficient of corporate board. Findings are summarized in the table above. The respondents have shown that among the factors that an influence of audit size increases the efficient on corporate governance in (Guaranty trust bank in Rwanda) as it is shown by mean 4.76 and standard deviation 0.431.

The table above further reveals that 104(77%), 30(22.2) and 1(0.7) respondents strongly agree, agree and uncertain respectively with the statement which says that audit size enhance problem solving which influence corporate board .findings are summarized in the table above. The respondents have shown that among the factors that audit size has influence on corporate governance of (Guaranty trust bank in Rwanda) as it is shown by the mean 4.76 ad standard deviation 0.444

The above finally reveals that, 101(74.8%), 32(23.7) and 2(1.5%) of respondents strongly agree, agree and uncertain respectively with the statement which say that audit size increase diversity of opinion of corporate board .findings are summarized in the table above. The respondents have shown that among the factors that an influence of audit size increase diversity of opinion in corporate governance as it is shown by the mean 4.73 and standard deviation 0.476.

### X. Audit Hour

The study sought to establish the influence of audit hours on corporate governance of Guaranty trust bank in Rwanda

**Table 3:** The influence of audit hour on corporate governance of Guaranty trust bank in Rwanda

Statement	SA		A		UNC		D		SD		Total		Mean	Std dev
	freq	%	freq	%	freq	%	freq	%	freq	%	freq	%		
External auditor is providing with adequate and timely information about bank meetings.	73	54.1	39	28.9	15	11.1	8	5.9	0	0	135	100	4.31	0.893
External auditor has the right to obtain sufficient and reliable information on timely hours	97	71.9	38	28.1	0	0	0	0	0	0	135	100	4.72	0.451
External auditor are able to devote sufficient time to their responsibility	94	69.6	39	28.9	2	1.5	0	0	0	0	135	100	4.68	0.499

Findings from the table above 73(54.1%), 39(28.9) and 15(11.1%) respondents strongly agree, agree and uncertain respectively with the assertion that external auditor is providing with adequate and timely information about bank meetings; 8(5.9%) uncertain. findings are summarized in the table above. The respondents have shown that among the factors that audit hour have an influence of external auditor is providing with adequate and timely information about bank meetings in corporate governance (Guaranty trust bank) as it is shown by the mean 4.31 and standard deviation 0.893

Also findings from the table above 97(71.9%) and 38(28.1%) respondents strongly agree and agree respectively with the assertion that external auditor has the right to obtain sufficient and reliable information on timely hours. findings summarized in the table above. The respondents have shown that among the factors the audit hours have an influence of external auditor has the right to obtain sufficient and reliable information on timely hours in corporate governance (Guaranty trust bank) as it is shown by the mean4.72 and standard deviation 0451.

The table finally reveals that 94(69.6%), 39(28.9%) and 2(1.5%) respondents strongly agree, agree and uncertain respectively with the statement which says external auditor are able to devote sufficient time to their responsibility, findings are summarized in the table above. The respondents have shown that among the factors that audit hour have an influence of external auditor are able to devote sufficient time to their responsibility of Guaranty trust bank in Rwanda as it is shown by the mean 4.68 and standard deviation 0.499

### XI. Audit Fees

The study sought the influence of audit fees on corporate governance of Guaranty trust on corporate governance in Rwanda

**Table:** Influence of audit fees on corporate governance of Guaranty trust bank in Rwanda

Statement	SA		A		UNC		D		SD		Total		Mean s	Std dev
	fre q	%	fre q	%	fre q	%	freq	%	fre q	%	fre q	%		
External auditor have the right to obtain the audit fees regularly	89	5.9	4	3	4	3	68	50.4	51	37.8	135	100	1.89	1.027

Findings from the table above, 8(5.9), 4(3%) and 4(3%) respondents strongly agree, agree and uncertain respectively with the statement which says external auditor have the right to obtain the audit fees regularly. On the other hand, 68(50.4%) and 51(37.8) respondents disagree and strongly disagree respectively external auditor have the right to obtain the audit fees regularly in Guaranty trust bank in Rwanda as it is shown by the mean 1.89 and standard deviation 1.027. Based on the responses given by the respondents it's clear that the majority have confirmed that there is no influence of audit fees of Guaranty trust bank in Rwanda.

### Analysis of variance

**Table 5.1:** Analysis of variance-ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.852	9	.428	1.412	.190 <sup>b</sup>
	Residual	37.881	125	.303		
	Total	41.733	134			

The F value produces a p-value of 0.19 which is significantly different from zero. A p-value of 0.19 is greater than the set level of significance of 0.01(1%) formally distributed data. This means that the model is not significant in explaining corporate governance of Guaranty trust bank in Rwanda. This calls for a further study which can include other determinants of corporate governance. There is no association between external auditor and board meeting and board composition.

**Table 5.2:** Analysis of variance-ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.343	10	.334	3.599	.000 <sup>b</sup>
	Residual	11.517	124	.093		
	Total	14.859	134			

The F value produces a p-value of significantly equal from zero. A p-value of 0 is equal to the set level of significance of 0.01(1%) formally distributed data. This means that the model is significant in explaining corporate governance of Guaranty trust bank in Rwanda. There is association between external auditor and CEO duality.

### Summary and discussion of result

The most important of this study was to set up whether external auditor has an influence on corporate governance of Guaranty trust bank in Rwanda. external auditor is set of relationships between a bank management, its board, its shareholders and other stakeholders which provide the structure through which the objectives of the bank are set, and the means of attaining those objectives and monitoring performance. The study has been based on the four independent variables which are audit report, audit size, audit hours as well as audit fees. Corporate governance was measured by CEO duality, board meeting and board composition of Guaranty trust bank. The first objective was to establish how audit report had an influence with corporate governance of Guaranty trust bank in Rwanda. The study finds a positive influence of audit report on Guaranty

trust bank in Rwanda as shown by respondent where 20.7% and 79.3% agree and strongly agree its influence respectively. These findings confirm the result of a study done by (Rezaee 2005).

The second objective was to establish whether the audit size influence the corporate governance of Guaranty trust bank in Rwanda. audit size had a positive influence as it was shown by respondent where 21(15.6%) and 114(84.4%) respondents from Guaranty trust bank agree and strongly agree respectively influence of audit size on corporate governance with Guaranty trust bank. these findings are inconsistent on audit size influence on corporate governance where they found a positive a relationship between external auditor and CEO duality with a study was done by (Kim, Simunic et al. 2011).

The third objective of the study was to test how the audit hours influence corporate governance of Guaranty trust bank in Rwanda. In terms of respondent frequency, it was found that audit hours had positive influence on Guaranty trust bank as shown by respondent where 73(54.1%) and 39(28.9%) strongly agree and agree its influence respectively. These findings agree with Munro and Stewart (2011) who did not find any link between audit hours and corporate governance.

The fourth objective of study was to test how audit fees influence corporate governance of guaranty trust bank, it was found that audit fees has in negative influence on corporate governance of Guaranty trust bank since the majority of respondents representing 50.4% and 37.8% disagree and strongly disagree respondents from Guaranty trust bank in Rwanda. these findings are agree (Kamolsakulchai 2015) higher audit fees results in a better audit quality. They have reported a significant negative relationship between audit fees and corporate governance.

According to the analysis of variance between external auditor variance and CEO duality, board meeting as well as board composition, the study found that audit report, audit size, audit hour do have influence CEO duality, board meeting and board composition since p-value was greater than 0.01 where they were 0.19 respectively expect audit fees don't have influence on COE duality, board composition and board meeting where the P-value was equal to 0.01 respectively.

## **XII. Conclusion And Recommendations**

External audit is one of the most important functions of an organization because it is considered as valuable implement for increasing the financial information quality and ensuring the validity of financial reporting. We therefore conclude that there is a positive influence of audit report, audit size, audit hours on corporate governance except audit fees has negative influence in Guaranty trust bank.

Auditor report has explain the external auditor have the responsibility for the prevention, detection and reporting of fraud due to the fact that the Guaranty trust bank in Rwanda are dominated by a large number of members. this implies that external auditor is there to improves the quality of financial reporting and reduces risks from auditor report on financial misstatement.

Audit size has shown that it external auditor to push clients to disclose more information in their annual reports. This may explained by the fact that the Guaranty trust bank in Rwanda the board has a big number of board meeting, board composition and CEO duality who are considered as board members.

Audit hours have explain the external auditor has the right to obtain sufficient and reliable information on timely basis. Audit fees have been shown that audit fees are negatively correlated with the possibility of Guaranty trust bank. This means that external auditor must have the higher audit fees results in a better audit quality. Based on this, the paper recommends that regulatory organization of the corporate governance should to set up policy which shows clearly how external auditor may be influence to apply to the Guaranty trust bank in Rwanda in order to achieve the performance in auditing.

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