

The Role and Effectiveness of Audit Committee in Corporate Governance of Credit Institutions

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Abstract : The aim of this study is to analyze the role and effectiveness of internal mechanism (audit committee) of corporate governance on credit institutions performance in Croatia. Based on research objective, sample of 78 credit institutions listed on Zagreb Stock Exchange, from 2007 to 2012, has been collected and efficiency index of audit committee (EIAC) has been created. Based on the sample and created EIAC, conclusions are as follows: audit committees of credit institutions have medium efficiency, based on EIAC measurement; there is a significant difference in audit committee effectiveness, in observed period; there is no positive relationship between audit committee effectiveness and credit institution performance; there is a significant difference between level of audit committee effectiveness and audit firm type. Future research should contain increased number of elements in EIAC creation and increased sample, for all obligators who need to establish audit committee.

Keywords : corporate governance, audit committee, financial institutions, efficiency index of audit committee

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