

Supreme Auditor



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Issue 01



**Aligning the Office of the
Auditor-General with the Constitution**

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Editor's note

It is the pleasure of the Office of the Auditor General to welcome our esteemed readers to enjoy the content of this maiden edition of Supreme Auditor. It is a platform of engagement between the Office of the Auditor General and its stakeholders as the Office strives to effectively serve the public.

This edition focuses on a ray of issues touching on the auditing function. To this end Kenya hosted the fourth African Organisation of Supreme Audit Institutions-Working Group on Environmental Auditing (AFROSAI-WGEA) where experts deliberated on how to effectively audit environmental matters. We inform you about these deliberations.

In the Edition we also tell you why the Auditor-General Mr Edward Ouko was awarded the highest recognition in the accounting and finance profession. The Supreme Auditor also focuses on the launch of Accountability Kenya (AK), a body that brings together various oversight agencies working together.

Economic crime has become a global crime and Kenya is not an exception. The latest survey by PricewaterhouseCoopers (PwC) paints a picture of concern among industry players with procurement fraud and cybercrime emerging as major challenges. Find details of this and other articles in this first issue of Supreme Auditor.

Enjoy your copy

Peter Opiyo



14 Pictorial



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13 Auditor-General audits more than 1400 clients

Publisher:

Office of the Auditor General-Kenya

Editorial Advisor:

Wilfred Marube

Editor:

Peter Opiyo

Assistant Editor:

Faith Pino

Contributors:

John Kagundu
David Munyaka
Jesse Mutua
Collins Ochieng
Edith Lubanga
Nicholas Mureithi
George Odhiambo
Anne Rose Kairu
Purity Wachira

Editorial Team

Francis Kiguongo
Fredrick Odhiambo
David Gichana
Dennis Kariuki
Justus Ongera
Ben Muok
Wilfred Marube
Jesse Mutua
Peter Opiyo
David Munyaka
Faith Pino
Anne Rose Kairu
Nicholas Mureithi
George Odhiambo

Photography:

Office of the Auditor General

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P.O. Box 30084 - 00100
Nairobi, Kenya.
Tel: +254 -20 -3342330
Email: info@oagkenya.go.ke
www.kenao.go.ke

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Foreword by the Auditor-General

“We are committed to ensure public accountability”

Since the promulgation of the new Constitution in 2010, and the subsequent expansion of the mandate of the Auditor-General; the expectations of Kenyans and key stakeholders in Public Finance Management on accountability of public resources has increased.

This renewed interest, confidence and trust on the Office of the Auditor-General calls us to rethink our approach to assuring the public, more especially the ordinary citizen how lawfully and effectively the public resources are being used. We have transformed ourselves as we seek to be more relevant to the citizens' needs and more effective in our discharge of our core mandate.

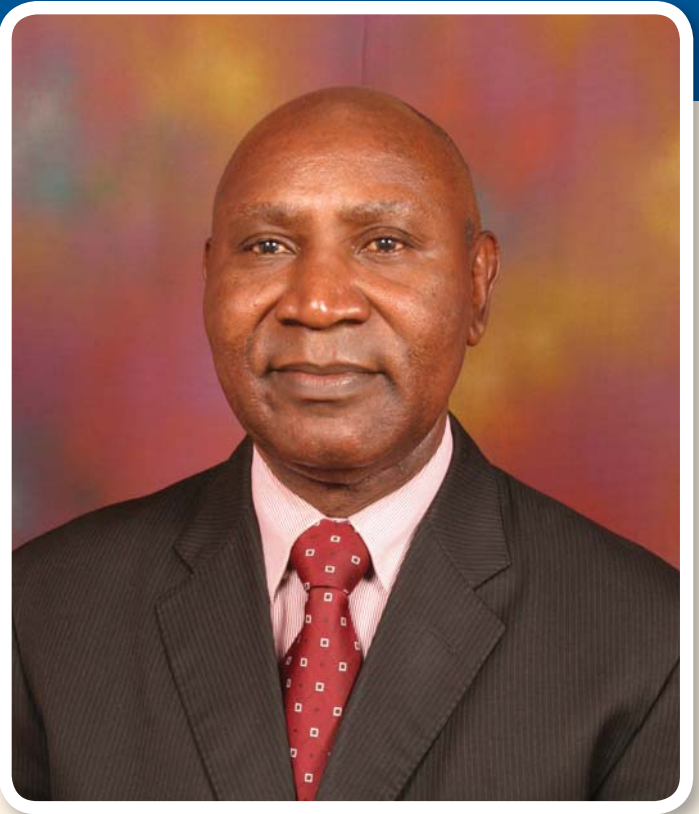
It is worth noting that previously, the Office of the Auditor General was required to audit central government, state corporations, local authorities and donor-funded projects. However, the Constitution created a devolved system of government with one national government and 47 county governments. Apart from auditing all other public entities, the Office is charged with the mandate of auditing 47 other “mini-governments”. This calls for more resources and a smart way of working, whereby we are able to do more with fewer resources.

In this respect, over the last one year we have restructured and reoriented the Office to make it efficient and responsive to the expanded constitutional mandate. To start with, our audit strategy is based on a three pillar approach. That is fiscal accountability focusing on certification audits of financial statements; Managerial accountability with focus on continuous audit and audit presence which is proactive. Finally, audit of service delivery where we assess whether the use of public resources has made any difference in the lives of the ordinary citizens through provision of basic services as enshrined in the social economic rights guaranteed by the Constitution. This three pronged approach will ensure the Office of the Auditor-General promotes accountability in the management and use of public resources.

Moreover, we have re-engineered our audit processes to have an all-round auditor who is able to audit National and County Governments, State & County corporations and donor-funded projects. In order for us to realise this new approach, the Auditor-General is deputised by six Deputy Auditor-Generals, who are in charge of auditing all public institutions in specific Counties and national government sectors. This approach permeates the entire auditing structure.

Due to the huge scope and enormous resources required for the audit of the counties, we have grouped the 47 counties into eight regional hubs for ease of access and management. This means that we have roughly six counties under each hub, managed by the hub director. Consequently, we have become more visible and effective at the grassroots level.

You cannot talk of organisational re-orientation without talking about staff within this organisation. The Office has embarked on an



ambitious programme to enhance the capacity of our staff to deliver on our mandate. In this regard, we continuously arm our staff with the latest approaches to public sector audits, development and updating of audit manuals and increasing the use of information technology to auditing. As an office we continue to equip our staff with tools, and equipment to enable them work smarter, more efficiently and effectively. Through the commitment of our staff, under a lot of constraints, we have been able to clear audit backlogs that previously hampered this Office. Currently, we do not have any backlogs on our audit reports and going forward, we expect to be timelier in our release of the reports as we strive to meet the constitutional deadline.

We appreciate that audit reports need to make sense to the ordinary person who is neither an accountant nor an auditor. We are striving to ensure that the reports are reader friendly to enable the citizens understand them better. More so, we shall ensure that our audit reports are translated to Kiswahili and Braille so that all Kenyans are catered for as they seek to participate in Public Financial Management.

As an Office we shall endeavour to engage our stakeholders and the release of this first edition of “Supreme Auditor” is one of the many channels that we intend to use as we enhance relationships with you in pursuit of our common objectives of promoting management and use of public resources.

A handwritten signature in black ink, appearing to read 'E. Ouko', with a stylized flourish at the end.

Edward R.O. Ouko, CBS

Auditor-General

Aligning the Office of the Auditor-General with the Constitution

By Edith Lubanga

The promulgation of the Constitution of Kenya on August 27, 2010 saw the creation of the Office of the Auditor-General as an independent entity.

But the Supreme law just gives a broader aspect of the Office. The finer details to strengthen the independence of the Office and comprehensively outline its operations come with the passage of a new Act of Parliament.

Consequently, the Office of the Auditor-General (OAG) embarked on the review of the Public Audit Act 2003, to have a piece of legislation that is in line with the Constitution. The Act is outdated and is in conflict with the Charter.

According to the Constitutional timelines the Public Audit Bill must be enacted by August 27, 2014.

It is worth to note that the provisions of the Constitution of Kenya 2010 led to a transition in the Public Audit Scene with the mandates stipulated under Articles 226(3), 226(4), 229, 249 and the functions and powers in Article 252.

Review of the Act

As a result there was a need for thorough analysis and review of the Public Audit Act No. 12 of 2003 Laws of Kenya, which led to the decision to draft a new Public Audit Bill.

The Constitution under Article 252 (i) (d) provides that the Auditor-General may perform any functions and exercise any powers prescribed by legislation, in addition to the powers conferred by the Constitution.

The Constitution establishes the Auditor-General and recognizes the Office of the Auditor-General, as the supreme Audit Institution subject only to the Constitution and the law.

The Supreme law recognizes that the Office can only accomplish its mandate objectively and effectively if it is independent and protected against outside influence, subject only to the Constitution and the law. The discharge of the mandate of Auditor-General is intended to promote efficiency, accountability, effectiveness and transparency of public administration that is conducive to the achievement of national

The proposed law aims to ensure that the independence and welfare of the Office of the Auditor-General are protected. It also aims at ensuring that the principles of good governance in the Public sector are upheld and those who ignore them are publicly exposed

development objectives and priorities as well as internationally recognised development goals.

The Office of the Auditor-General is intended to promote accountable and democratic institutions by preventing financial malpractice, corruption, delivery of information to taxpayers about the carrying out of government policies and programmes.

The performance of functions and exercise of powers of the Auditor-General require a strong institutional framework equipped with tools of modern and relevant technology, trained, experienced and skilled personnel supported by comprehensive legal framework.

As a result, the Public Audit Bill seeks to establish the State Audit Office and its functions and responsibilities in accordance with the Articles 226(3), 226(4) and 229 of the Constitution; to provide for the establishment and functions of the Audit Advisory Board; to provide for the conducting of investigative, special and environmental audits; to provide for the lawful and efficient management of public resources; and for connected



purposes; to effect the UN General Assembly Resolution A/66/209 concerning the independence of Supreme Audit Institutions.

Independence and good governance

The proposed law aims to ensure that the independence and welfare of the Office of the Auditor-General are protected. It also aims at ensuring that the principles of good governance in the Public sector are upheld and those who ignore them are publicly exposed.

This ensures that Office of the Auditor General shall have the functional and organizational independence required to accomplish their tasks.

Once the Bill is enacted it will principally

benefit the Office of the Auditor-General and *Wanjiku* (a term used to refer to the public) at large. The Bill once passed will enable the officers in Office of the Auditor-General to do their work in accordance with the laid down rules and procedure.

The Bill has provisions that enable auditors to easily access documents from the government entities and enable them to know their functions and delegated powers as they are succinctly laid down in the Bill.

It will help ensure that the auditors accomplish their tasks objectively and effectively only if they are independent of the audited entity and are protected against outside influence as per Article 249(2) of the Constitution.

The Constitution is a transformational document whose implementation demands

a fundamental and sustainable change in governance. It comes with a fortified Bill of Rights, a set of national values and principles of governance, and a set of principles and values for public service management. It recognizes principles of governance to include good governance, integrity, transparency and accountability; effective and economic use of resources; and sustainable development.

This Charter binds all state organs and public institutions in the observance, respect for and upholding of constitutional principles and fundamental freedoms. It redefines the principles under which public financial management is undertaken in Kenya. It places citizens at the centre of public service delivery and requires all public institutions to devolve their services to the lowest levels, within their resource and capacity constraints. ■

Understanding Audit-speak

By Wilfred Marube

Audit-speak is a unique genre of language that uses particular words and expressions that is in line with international auditing standards and best understood by people who have accounting and auditing background.

The language used by the auditors in Kenya is not dissimilar to that used by auditors in other parts of Africa, Europe, America or Asia. However, for public auditing institutions such as the Office of the Auditor General Kenya; our audit reports will have more impact if the public that comprises majority who have no experience and knowledge in accounting understand the meaning of technical words used in auditing.

Audit institutions are traditionally conservative institutions that operate under an environment of confidentiality, with little interaction with the public. This has changed with the advent of the 2010 Kenyan Constitution which grants the public rights to access information held by public institutions. Apart from gaining physical access to the audit reports, in the case of the Office of the Auditor General, there should be reasonable attempts to make the reports understood by the general public. In this respect, we have attempted to make the reports reader- friendly and will continue to simplify them further.

As a public institution, we are obligated to make our reports easy for public consumption, but the audit reports have to be written to meet set international standards. Therefore, it is

prudent that the Office of the Auditor-General empowers the ordinary citizen to understand the audit-speak.

There are basic audit terms that would greatly enhance readers understanding of audit reports. These jargons are explained in simpler terms:

Audit opinion

The final product of our audit of the financial statement is an audit opinion, in which the Auditor General expresses his/her satisfaction or non-satisfaction of the financial statements. The Auditor General's opinions are unqualified, qualified, adverse or disclaimer.

An **unqualified opinion** is a clean opinion, meaning that the financial transactions by and large were recorded properly and are in agreement with underlying accounting records.

A **qualified opinion** means that although by and large the financial transactions are recorded and are deemed to be in agreement with the underlying records, there may be cases where the Auditor-General is unsatisfied with the veracity of certain expenditures, which in his view may not be significant. Hence, except for such unsupported expenditure, the accounts reflect by and large a true and fair situation.

An **adverse opinion** means that although the financial transactions are recorded and

there are books of accounts, the Auditor-General may be unsatisfied with the veracity of significant amounts of expenditure. Consequently, the Auditor General cannot give a clean or unqualified opinion; and gives an adverse opinion.

A **disclaimer of opinion** is serious and means that there was no basis upon which the Auditor-General can satisfactorily undertake an audit because the accounting records are unreliable; there are no verifiable supporting documentation and explanations for transactions. Consequently, the Auditor-General can neither give a qualified nor an adverse opinion; and gives a disclaimer.

Unsupported expenditure

Accounting documents not available for audit verification and confirmation

Irregular expenditure

Using funds for unintended purposes

Unlawful expenditure

Any expenditure against existing laws and regulations

Misstatement

Disparity between assets and liabilities

Deal to strengthen **SAIs'** oversight in public debt audit signed

By John Kagundu



The Deputy Auditor General Specialised Audit John Kagundu signs a Cooperation Agreement, on behalf of the Auditor-General, with International Development Initiative's Assistant Director Shefali Andaleeb in Kuala Lumpur, Malaysia.

Office of the Auditor-General Kenya was among 30 Supreme Audit Institutions (SAIs) that signed a cooperation agreement with International Development Initiative (IDI) to strengthen their oversight of sovereign lending and borrowing frameworks.

Deputy Auditor-General (Specialised Audit), Mr John Kagundu, appended his signature, on behalf of the Auditor-General, Mr Edward Ouko, to the deal in May, 2014 in Kuala Lumpur, Malaysia. Mr Kagundu was accompanied by Director of Specialised Audit, Mr Fredrick Odhiambo.

According to the agreement the deal will see IDI support SAIs in strengthening their professional and organisational capacity in conducting in-depth and effective audit of lending and borrowing frameworks.

In terms of scope the programme aims to involve SAIs from developing countries, which are faced with a high incidence of external public debt burden and those which are significant international lenders.

"Apart from the SAIs from countries which have already endorsed the United Nations Conference on Trade and Development (UNCTAD) principles, the programme will be open for participation from SAIs which express an interest in developing their professional and organizational capacities through this

programme," states the Agreement.

The programme will see staff of the 30 SAIs undertake blended training solutions involving theoretical learning through e-courses, workshops and information sharing meetings. The staff of the SAIs will also undergo hands on learning through individual and joint pilot audits to strengthen their capacity.

It will involve participation of SAIs from both developing and developed countries to address the practices followed by borrowing and lending sovereign governments.

The four-year programme will initially be offered in English and Spanish and will involve SAIs from developing countries within four regions of International Organisation of Supreme Audit Institutions (INTOSAI). Thus the programme will involve Asian Organisation of Supreme Audit Institutions (ASOSAI), African Organisation of Supreme Audit Institution (AFROSAI-English speaking countries), Arab Organisation of Supreme Audit Institution (ARABOSAI) and Organisation of Latin American and Caribbean Supreme Audit Institutions (OLACEFS). Possible participation of SAIs from developed countries within European Organisation of Supreme Audit Institutions (EUROSAI), especially from big donor countries, will also be on the cards.

The programme is designed in three phases

with phase one involving dissemination of the programme information, survey of the status of public debt management and baseline data on SAIs' audit of public debt. Development of guidance materials and e-courseware and development of web portal will also be undertaken in this phase. Audit planning and pilot audit also falls under this phase.

Phase two of the programme will entail review of Audit results, training of public debt regional champions and modification of IDI-Working Group on Public Debt guidance on public debt.

The final phase entails establishing communities of practice for regular information exchange, publication of compendium of key findings of pilot audits and programme evaluation.

Expected outcome from the SAIs

- Timely issue of pilot public debt audit reports within the established legal time frame
- Continued audit of public debt, using the methodology and guidance disseminated through the programme
- Share key audit findings from the published audit reports for the compendium of global audit findings by end of 2016 ■



Delegates from various African Countries during the African Organisation of Supreme Audit Institutions - Working Group on Environmental Audit (AFROSAI- WGEA) Conference in Mombasa, Kenya

Kenya hosts Regional Environmental Audit Conference

By Peter Opiyo

Environmental challenges and endeavours to preserve the environment were the centre of focus as delegates from more than 30 countries converged in Mombasa for the fourth African Organisation of Supreme Audit Institutions-Working Group on Environmental Audit (AFROSAI-WGEA) Conference.

During the five-day conference that brought together 13 heads of Supreme Audit Institutions (SAIs) in Africa, delegates deliberated on the modern challenges that afflict environmental conservation and charted the way forward in environmental auditing.

Climate Change

Kenya's Auditor-General, Mr Edward Ouko, underscored the importance of SAIs in taking an active role to preserve the environment for present and future generations, saying climate change is one of the global challenges that must be addressed.

"The environmental challenges of our times are enormous and concerted efforts need to be put in place to address them. Climate change is one of these challenges. It is worth to note that in the last 50 years, a pattern of climate change has been observed. The changes are associated with the depletion of the ozone layer," Mr Ouko told the delegates.

He pointed out that the effects of climate change are evident in the changing weather patterns of delayed rainfall, long periods of drought (La-nina) or long periods of rainfall (El-nino) with attendant losses to farmers and high commodity prices.

Mr Ouko told the more than 120 delegates, who gathered at May 26 to 31, 2014 meeting, that though countries have committed to avert the adverse effects of climate change, little action has been realised.

"The signing of the Kyoto protocol in 1997, saw countries commit themselves to reducing the amounts of ozone depleting chemicals emitted to the environment, but it is worrying that not much has been done towards this end. It therefore behoves all of us to make valuable contributions in averting adverse effects of climate change," Mr Ouko said during the opening ceremony of the Conference.

Environmental regulations

AFROSAI-WGEA Chairman, Mr Henri Eyebe Ayissi, said it is the expectation of citizens that organisations that don't adhere to environmental regulations are held accountable.

"Citizens have increasingly expected that organisations which hurt the environment will

be held accountable for their actions. Many citizens feel that Government declarations concerning the environment and sustainable development should be subjected to independent audits to assess the extent to which they are implemented," Mr Ayissi, who officially opened the conference, told the delegates.

Mr Ayissi, who is also the Cameroon's head of SAI, further noted that good governance is important in ensuring that commitments taken in the area of environmental protection and sustainable development produce credible results.

Presentations from various stakeholders and SAIs touched on current and future environmental challenges, state of natural resources in Africa, countries' experiences in auditing natural resources, management of contaminated sites and toxic waste and food security as well as climate change.

Environmental audit

Kenya's Environment, Water and Natural Resources Cabinet Secretary Judy Wakhungu said environmental audit is a management tool to help the government assess how it can manage or improve the condition of the environment for current and future generations and to prioritise actions to be taken to reduce negative impact on the environment.

"To achieve this, environmental audits, like any other audit must be independent, objective, credible and transparent in order to be meaningful. Our Audits should also be regular, purposeful and conducted against certain benchmarks, knowledge or initial assessment which is generally detailed in the environmental plan," she said in a speech read on her behalf by Ben Mugambi, Senior Deputy Secretary.

In his presentation, Director General of

National Environment Management Authority (NEMA) Geoffrey Wahungu highlighted some of the challenges in toxic waste management.

Toxic Waste

Mr Wachira Bore, Mombasa County Director of Environment, who made the presentation, on behalf of the Director General said some of the challenges are ignorance by the public on the negative impacts of toxic waste, lack of awareness on the environmental regulations, health and safety.

Others are low level of economy, which determines management of toxic waste and lack of infrastructure for disposal and treatment of waste and lack of adequate know how in management of contaminated sites and toxic waste.

Mr Francisco Carranza from Food and Agriculture Organisation (FAO) outlined the

challenges that come with climate change as intensified natural resource degradation, increased flooding, storms, excessive and erratic rainfall, droughts, invasive weeds, thereby resulting to reduced agricultural production.

He told the delegates that observed climate change in Africa have indicated a greater warming trend since the 1960s. Mr Carranza said evidence shows a warming of about 0.2°C – 0.7°C on average over most of the continent's land and lakes since 1900.

"This warming trend and changes in precipitation patterns are expected to continue well into the 21st century. Trends for the East African region show a general increase in precipitation projected into the future, with many models indicating an intensification of heavy rainfall especially during the wet seasons," said the FAO Kenya representative.

Some topics covered at the AFROSAI-WGEA Conference

- Auditing the impact of mining activities on the environment
- The issue of fraud and corruption in the audit of environmental activities
- Current and future environmental challenges in Africa and Kenya
- State of natural resources in Africa
- Countries' experiences in the audit of natural resources
- Management of contaminated sites and toxic waste
- Population increase and impact on the environment
- Food security, climate change and environment. ■



Taking care of the environment through waste management



AFROSAI-WGEA Delegates at a Wildlife Conservation Park in Mombasa, Kenya

Auditor-General awarded highest recognition



ICPAK Chairman Benson Okundi (l) presents the Auditor-General Edward Ouko with a Fellowship Award

Auditor-General (AG) Edward Ouko was among 11 accountants awarded the highest recognition in the accounting and finance profession.

Chairman of Institute of Chartered Public Accountants of Kenya (ICPAK) Benson Okundi awarded the AG with a Fellowship Award

which comes with initials FCPA before his name.

During the function held in June, 2014, Mr Okundi said the award is normally bestowed to individuals who have made outstanding contributions to the profession.

"The Fellowship award is the utmost level in this profession. It is for individuals who have made outstanding contributions to the profession, that contributions cannot be challenged anywhere," said Mr Okundi during the award ceremony at Certified Public Accountants (CPA) Centre along Thika Road. ■

OAG staff among 46 young Kenyans nominated for leadership training in the US



Pauline Nyaga

Pauline Nyaga, a Performance Auditor at the Office of the Auditor-General was among 46 young Kenyans nominated by the American government to attend a six-week leadership fellowship programme in the USA, under the Young African Leadership Initiative (YALI).

Ms Nyaga was nominated to undergo training in Public Management at Florida International University, Miami, Florida. In total 500 young people were nominated from Africa.

Her selection was based on her outstanding role as an advocate for accountability in the use of public resources. She ensures that public entities use resources with due regard to economy, efficiency and effectiveness.

Ms Nyaga is pursuing a Master's degree in Business Administration with a focus on Finance from the University of Nairobi. She is also a student at Strathmore University studying the Association of Chartered Accountants which is a course from the Institute of Chartered Accountants in England and Wales.

As a YALI Fellow, Ms Nyaga will champion for improved governance in public organisations so that the community receives value for money from government services. She will improve her public management skills and be a champion for Kenyans.

The Fellowship is an initiative of President Barack Obama to bring young leaders together for training and acquisition of skills that will enable them bring change in their respective countries. ■

Auditors' role key in improvement of government policies

By Collins Ochieng

Most of the government operations are based on policies derived from political parties' manifestos, white paper or from the government departments.

But these policies are normally formalized through approval of Parliament as official documents that dictate the operations of the government on certain sectors.

The auditors' work then come in with emphasis on how such policies impact on the lives of Kenyans, especially at the implementation stage.

Audits are more useful in examining the implementation rather than the development of policy and they do not question the merits of the government's programmes and policies.

Reviewing policies

Based on the audit findings, it is imperative for Parliament to review and debate

such policies. If audit findings throw a government policy or legislation into doubt, caution is necessary as the auditor may become involved in a partisan political debate which affects the audit finding and recommendation.

As a representative of the people Parliament has a duty to scrutinize government operations and assess their impacts, a role that heavily depends on the scrutiny of government policies by auditors.

It is therefore, the expectation of the Legislature and the public by extension that the government carries out its roles effectively and gives the public value for money. Its therefore obligated to account to the Legislature on the usage of public resources and on the discharge of its responsibilities. The Auditor-General's role, superimposed on this relationship, is to assist Parliament in its scrutiny of the government's expenditure hence audit function.■

In fact it is generally agreed that audits are more useful in examining the implementation rather than the development of policy and that audits do not question the merits of the government's programmes and policies



Auditors from Central Hub conduct physical verification of a water project in Central Kenya

Delegates discuss Independence, Communication in Commonwealth SAls

Photo: National Audit Office of Malta



Heads of Supreme Audit Institutions from 35 Commonwealth countries during the Malta Conference in May 2014

Concerns have been raised about the practicality of the independence of Supreme Audit Institutions (SAIs) in commonwealth countries.

At the 22nd Commonwealth Auditors-General Conference in Malta, the heads of SAls noted that though the legal frameworks envisaged independence of SAls, practically this independence is limited.

"Most Commonwealth countries appear to comply with the core principles of SAI independence, which have been formalised in legislation, and are perhaps partly or wholly incorporated into the Constitutional fabric. However, in practice the Auditors General of several Commonwealth states encounter practical limitations to their independence," a communiqué released after the Conference stated.

The heads of SAls noted that within the Commonwealth at least, while constitutional and legal safeguards focus on the Office of the Auditor General, and in some cases on the Deputy Auditor General, as well as the protection of the Office holder from undue influence, the degree of protection for the SAI and its staff is notably less.

Some of the limitations to independence pointed out are instances where SAls cannot recruit and manage their own staff, when budgets are determined by Ministries of Finance and when SAls cannot put the results of their work into public domain within a reasonable period of time.

At the Conference hosted by the National Audit Office of Malta, heads of SAls recognised the contribution that strong, properly resourced and independent SAls play in

improving transparency, accountability and value for money to ensure that public funds are appropriately spent.

The 87 delegates from 35 Commonwealth countries also reaffirmed that strong and independent parliamentary oversight plays an important role in preserving the trust of citizens in the integrity of government, through Public Accounts Committees that are effective, independent and transparent. Kenya was represented by Auditor-General, Mr Edward Ouko.

This declaration, which constitutes a landmark in the Commonwealth's promotion of good governance, was secured by the collective efforts of the Commonwealth Auditors-General.

After the four-day Conference, held in March 2014, the delegates concluded that SAls' independence is not a means to an end, that it is not achieved once for all time but is a continuous work in progress.

"It (independence) is conferred by the legislature and put into effect, nurtured, and maintained by the SAI. SAI independence does not mean isolation as this actually corrodes independence. Instead, independence provides a platform from which SAls can engage actively with the apparatus of state in fulfilment of their multiple roles," the Conference concluded.

It was noted that as governments have responded to the financial crisis of recent years and the levels of public indebtedness, parliaments and others have turned to the SAls for advice and reassurance. Thus, in a number of countries, SAls are seen as guardians of fiscal prudence and transparency.

Effective communication of Audit findings, it was noted is very key in making SAls visible, knowledgeable and sensitive as a custodian of public resources.

"In communicating reports, SAls must project an image which makes the Office visible, credible, knowledgeable, integral or honest, impartial, and at the same time, sensitive to the legitimate interests of those delivering public services, those spending or collecting public monies," stated the Communiqué.

The Conference singled out the challenges posed by the need to communicate with a highly politicised public and media and noted that a SAI's presence in this arena is somewhat uneasy and fraught with risk.

It was however, noted that engaging with these stakeholders is essential if the SAI is to continue to be seen as relevant, in-touch, and useful. At the same time, however, SAls must act with discretion and be alert to the risks entailed.

As way forward the delegates highlighted the need to:

- Give priority to understanding more fully the extent of independence among Commonwealth SAls;
- Focus capacity-building efforts on two or three key aspects of independence, for example financial independence and/or the capacity to recruit and manage staff; and
- Work with the Commonwealth Secretariat to ensure other key Commonwealth organisations are supportive. ■

Economic crime a threat to business processes

By George Odhiambo



Auditor General Edward Ouko (holding the microphone) and Muniu Thoithi (l), Tshepo Nyatlo (2nd l) and Alphan Njeru from PwC in a panel discussion during the launch of economic crime report

Economic crime continues to be a major concern on the global front, and Kenya is not an exception.

A latest survey by PricewaterhouseCoopers (PwC) paints a picture of concern among industry players with procurement fraud and cybercrime emerging as additional prevailing economic crimes.

According to the 2014 Report most predominant forms of economic crime in the past have been asset misappropriation, accounting fraud and bribery and corruption, typically referred to as the 'big three'.

According to Economic crime: a threat to business processes survey, the emergence of the new forms of economic crimes is in line with global survey results, but asset misappropriation is still the leading economic crime in Kenya.

In the Survey asset misappropriation recorded a high incidence level of 77 per cent followed by accounting fraud at 38 per cent. Procurement and cybercrime recorded 31 per cent and 21 per cent respectively. The report thus calls for vigilance to tame these forms of economic crime.

"An interpretation of these results indicates

a need for more vigilance in the business processes affected by these additional forms of crime," states the Report.

The Survey got responses from 124 senior executives in Kenya. This was an increase from 91 respondents in 2011 and 53 interviewees in 2009. Globally the 2014 Survey elicited responses from 5,000 senior executives in 99 countries.

According to the Survey, it is becoming increasingly clear that economic crime at its worst take advantage of the tension within a business between the struggle for profits versus the struggle for compliance.

In the Report, the proportion of Kenyan respondents who experienced economic crime since the last survey in 2011 has reduced. Consequently 52 per cent of Kenyan respondents in the current survey reported having experienced some form of economic crime, versus the previous survey in 2011 where the incidence was higher at 66 per cent of respondents in their organisations.

"This decline could be attributed to more aggressive efforts and deliberate actions by organisations to address the problem," states the Report.

In 2014 South Africa topped the list of countries surveyed with 69 per cent of the respondents reporting that they had experienced economic crime compared to 60 per cent in 2011.

"Technological transformations, including the increasing digitization of personal data and processes, as well as cloud, are enabling more and more harmful incidents of economic crime," the Report States.

The Report states that in Kenya, technological transformation has largely been driven through the use of mobile telephones and smart phones.

"We have seen an increasing appreciation by organisations of their vulnerability to economic crime. Their exposure to economic crime increases as they trade more and rely on third parties for various transactions such as debit cards, online trading and mobile money transactions," the Report states.

During the launch, Auditor General Edward Ouko said economic crime is a significant and sensitive public concern.

"The concern has grown drastically in recent years due to a substantial increase in the number and size of the amounts involved," said Mr Ouko.

He said economic crime has been further intensified by the tremendous expansion in the use of computers and the publicity accorded to economic crimes.

Mr Ouko said his office plays a key role in assuring that public funds are used lawfully and effectively for the benefit of the citizens.

"That means we have to be proactive, preventive and deterrent in identifying cases of economic crime, abuse of office, fraud and corruption in general," he noted.

Just as the previous trends, the Survey points out that most economic crimes are still committed by internal fraudsters. In Kenya

internal fraudsters were responsible for 61 per cent of cases of economic crimes. In Africa this group contributed to 63 per cent of the economic crimes while at the global front internal fraudsters were responsible for 56 per cent of the economic crimes.

Dismissal still remains the preferred action of dealing with internal fraudsters at 85 per cent in Kenya. Africa recorded 76 per cent while the global front registered 79 per cent dismissal rate.

"The rise in the tendency to dismissal as a response to incidences of internal fraud from 81 per cent in 2011 to 85 per cent in 2014 might suggest that organisations are taking

firm stances against perpetrators of crime," states the Report.

Informing law enforcement agencies was the second preferred action against perpetrators at 56 per cent. The Report however, notes there was a significant decline in number of respondents taking civil action including recoveries from 54 per cent in 2011 to 36 per cent in 2014.

The Report therefore suggests that focus should be on suitable fraud response mechanisms and investigation approach that would aid in effective gathering of credible evidence that will lead to successful civil and criminal proceedings. ■

Nairobi County Assembly in thorough scrutiny of audit findings

By George Odhiambo



Nairobi Governor Evans Kidero signs a document as members of the Nairobi County Assembly, led by Assembly Speaker Alex Ole Magelo (in robe), look on. The assembly members were taken through the Audit report of the County.

The Office of the Auditor-General (OAG) took members of the Select Committee on Public Accounts of Nairobi City County through the Special Audit report for better understanding of the audit queries raised.

The Committee, keen on getting thorough understanding of the report, organized for a workshop in Mombasa in March, to give an opportunity for its members to be taken through the report. The Office of the Auditor-General's staff led by Director of Parliamentary Liaison, Mr Francis Kiguongo took the Committee members through the report.

The Select Committee on Public Accounts is established under the provisions of the Standing Order 191 of the Assembly, and is mandated amongst others to conduct "examination of accounts showing the

appropriation on the sum voted by the County Assembly to meet the Public Expenditure and such other accounts laid before the County Assembly as the committee may think fit".

The staff at the Office of the Auditor General provided an overview of the Special Audit report of the Auditor-General on the Financial Operations of Nairobi County and provided members of the County Assembly with an in depth analysis of the Report.

At the workshop the Committee members were also taken through clear guidelines on how to effectively come up with an implementation matrix for the special Report and a working schedule.

This was in reference to the Special Audit Report of the Auditor – General on the financial Operations of Nairobi County which was submitted to the County Assembly on

6th January, 2014 and tabled in the same County Assembly on 27th February 2014 and committed to the Public Accounts Committee for analysis, scrutiny and reporting to the Assembly.

"The Assembly is aware that the scrutiny process is a joint exercise between the Public Accounts Committee and the Office of the Auditor – General. To enable the members understand the issues raised in the said report that need to be tackled while scrutinizing the report, the Committee has organized a workshop that will be held in Mombasa," Interim Clerk of the Assembly Mr Jacob Ngwele said.

Part of the mandate of the Office of the Auditor General is to provide advice and support to parliament and County Assemblies in the discharge of their oversight function. ■

Communication is of essence both within an organisation and between the organisation and external stakeholders. It is on this understanding that the Office of the Auditor-General deems it of utmost importance to maintain and enhance a smooth and open relationship with its relevant stakeholders.

It is essential to maintain a clear and articulate platform of communicating freely both within the organisation and also with the relevant stakeholders for instance, National and County Assemblies' Oversight Committees, Audit clients, other oversight agencies, private sector, the Media and the general public, to ensure timely dissemination and analysis of the audit findings.

The Office of the Auditor-General (OAG)-Kenya recognises that smooth and effective communication with stakeholders' cohesion and synergy by informing and clarifying the mandate and roles expected from every stakeholder. Communication is therefore tremendously important for organisations and in OAG (K), it goes a long way in ensuring that there is prompt dissemination of all the necessary and relevant information to the audiences that require that information.

Intended Objective

Communication and engagement between Supreme Audit Institutions (SAIs) globally is inherently challenging especially to the 4th Estate (media). However, all relevant stakeholders have consequently discovered the critical role played by communications in the exchange and engagement in an auditing environment, not just in Kenya.

Blending Aspects of Communication with public audit

By Nicholas Mureithi

We have in the recent past consistently embarked on holding various forums including media workshops to enhance the integration with the 4th Estate with the aim of brainstorming to develop the required synergy in safeguarding the use of public resources.

Umbrella bodies that govern audit institutions for instance International Organisation of Supreme Audit Institutions – INTOSAI (which Kenya's OAG is a member), Institute of Certified Public Accountants – Kenya (ICPAK), African Organisation Supreme Audit Institutions (AFROSAI-E) among others, all need to incorporate effective communications to achieve their intended oversight objective.

In a scenario like the one Office of the Auditor-General in Kenya is faced with, where the country is in a process of transition, it is extremely essential that the taxpayers and other stakeholders, both local and international are constantly and promptly updated on the progress and scope covered by the office in ensuring that all public assets and liabilities are properly accounted for, and also ensure proper financial management of funds from public coffers.

It is also vital for various audit institutions all over the world, OAG (K) not exempted, to develop and maintain a communication policy and Strategy. These tools should address the enormous challenge that face the transparency and accountability organisations, coupled with the high expectations by the public, and strive to assure all the relevant stakeholders that the public resources are well safeguarded and accounted for.

The Office of the Auditor-General in Kenya implements strategic communication management through ensuring systematic flow of information, consistent media liaison and corporate image control in the long term horizon. We endeavour to convey deliberate messages through the most suitable media to the designated audience, at the appropriate time to contribute to and achieve the desired long-term effect.

Enhancing transparency

Clear, open communication can create a sense of transparency within the audit environment since audit reports that have already been tabled and discussed in the National Assembly will be available for scrutiny by different stakeholders owing to improved communication strategies. Denial of this crucial participation and access to information can result in resentments, tension, and a feeling of suspicion thus it is necessary for effective cohesion and communication to exist. Open communication can also reduce feelings of uncertainty and cluelessness about the state of affairs in the accountability of public resources which therefore calls for a more proactive approach in merging the input of all relevant stakeholders to ensure transparency in promoting accountability.

It should be observed therefore, that strong and smooth communication lays the keystone to every entity for upbringing and grooming the environment in the particular organisations and in OAG (K), it is critical in ensuring all stakeholders understand the mandate of the office as well as the entire audit process. It is not possible to have smooth human relations without incorporating communication. However, good and effective communication is required not only for good public relations, but also for success in attainment of intended objectives. ■



Communications specialists from different Supreme Audit institutions exchange ideas at a communication workshop

Auditor-General audits more than 1400 clients



Auditor General Edward Ouko (c) chats with Deputy Auditor Generals, Agnes Mita (l), Alex Rugera (2nd l), John Kagundu (2nd r) and Humphrey Wanyama

The mandate of the Office of the Auditor General has been expanded with the coming into effect of the new Constitution, resulting into more auditing work for the Office.

Consequently the Office now has a client portfolio of 1,446 with 1,316 financial statements detailing their mandates, assets, liabilities, revenues, expenditure, risk levels and under what pillars they are audited.

The Constitution created the National Government and the 47 County Governments, increasing the number of portfolios being audited by the Auditor-General. Department 1, which covers Agriculture and Rural Development, General Economics, Commercial and Labour Affairs sectors, together with the counties in the Eastern hub, is responsible for audit of 371 clients with 188 financial statements.

Public Administration and International Relations, National Security, Governance, Justice, Law and Order together with Nairobi hub and 14 State Corporations, fall under Department 2 and has 238 clients with 482 financial statements.

The number of clients in Department 3 stands at 410 with 327 financial statements. This department has clients in Social Protection, Culture and Recreation, Environmental Protection sectors as well as Kisumu, Kakamega and Coast. It also covers autonomous and semi-autonomous government agencies and donor funded projects in these areas.

Health, Education, Energy, Infrastructure, Information Communication Technology as well as Central, North Rift and South Rift hubs, fall under department four and covers 294 audit clients with 319 financial statements.

The Specialised Audit as a Department is a new concept to respond to emerging needs and challenges on the way audited entities manage and account for public resources put at their disposal. Formed in 2006 the Department undertakes Performance audits, public debt audits, Forensic audits and investigations, and Information Technology audits. This department currently audits 133 clients.

The promulgation of the new Constitution heralded the setting up of the Office of the Auditor-General as an independent entity devoid of any interference or influence from any quarter.

Article 129 of the Constitution creates the post of the Auditor-General, delinking it from the Controller of Budget. The two offices had been merged before the promulgation of the Constitution in 2010. At the time we had the Controller and Auditor-General. With the new Constitution however, we now have the Auditor-General and the Controller of Budget as two distinct offices with clear mandates.

With the Supreme law the mandate of the Office of the Auditor General (OAG) has been expanded and given more weight. According to the charter the mandate of the Auditor General is to ensure that public resources are effectively and lawfully managed.

This mandate is further outlined in detail in the Public Audit Act, 2003, which is set for review to align to the Constitutional provisions.

OAG is therefore mandated to carry out economy, efficiency and effectiveness audits and audit of accounts of the national executive, county governments, the judiciary and other independent tribunals, cities and urban areas. The audits also cover Parliament and the County Assemblies, statutory bodies/

state corporations, Commissions and other government agencies.

Strict timelines for auditing these entities and submission of reports to Parliament and County Assemblies are outlined in the charter. The Auditor General is required within six months after the end of each financial year to audit and report to Parliament the audited accounts of these public entities.

But beyond the certification of the accounts of these entities the Auditor-General (AG) performs work that addresses the economy, efficiency and effectiveness with which public resources have been applied and utilized, including their impact on the lives of the citizens.

Office of the Auditor-General's hubs

Eastern Hub- Garissa, Wajir, Mandera, Marsabit, Isiolo, Meru, Tharaka Nithi Embu, Kitui and Makueni counties.

Nairobi Hub- Nairobi, Kajiado and Machakos counties

Coast Hub- Kwale, Taita Taveta, Mombasa, Lamu, Kilifi and Tana River counties

North-Rift Hub- Uasin Gishu, Elgeyo-Marakwet, Nandi, Turkana, West Pokot, Trans Nzoia and Baringo counties

Nyanza Hub- Migori, Kisii, Nyamira, Siaya, Kisumu, Homabay counties

Western Hub- Kakamega, Vihiga, Bungoma and Busia counties

Central Hub- Kirinyaga, Laikipia, Murang'a, Kiambu, Nyandarua and Nyeri counties

South-Rift Hub- Samburu, Nakuru, Narok, Kericho and Bomet. ■



Captions

1. Deputy Auditor General Humphrey Wanyama (r) with Director of Audit David Njoka (2nd r) during the launch of Accountability Kenya.
2. Director-Specialised Audit Fredrick Odhiambo consults with Head of SAI- Indonesia Edward Ganda during AFROSAI-WGEA conference.
3. Auditor-General of Ethiopia Gemechu Godana (r) confers with his staff Paulos Atalel at the Mombasa AFROSAI-WGEA conference.
4. Auditors inspecting one of the water projects in Central Kenya.
5. AFROSAI delegates take part in a jig in Mombasa, Kenya.
6. Heads of SAs from Africa at AFROSAI conference.
7. AFROSAI delegates taking a boat ride in the Indian Ocean.
8. Audit staff inspect a dam under construction.





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Introducing Public Engagement Portal



Public Engagement Portal Staff at work

By David Munyaka

The mandate of the Office of the Auditor-General has been expanded in the new Constitution. This expanded mandate coupled with the insatiable demand for accountability by today's society means more proactive approach in devising means of serving the public's appetite in tracing how public resources are utilised.

It is also the responsibility of the Office of the Auditor General to ensure that high quality audit reports are made available to the public, within the legally stipulated timelines.

In addressing these requirements the Office constituted Public Engagement Portal and Reports Unit, within the PR and Communications Division. The main role of the Unit is to foster engagement with the public on matters pertaining audit Reports.

Enriching Reports

In the Report for 2013/2014 financial year and going forward the Unit intends to change the way audit reports are packaged and presented, with more efforts going into enriching the Reports.

Bearing in mind that the Auditor-General's Reports target a diverse audience, the intention of the Unit is to tailor the reports in line with the expectations and needs of the intended audience.

Working together with the Quality Assurance Division, the Unit will ensure the Reports have the right formats and attractive outlook. Part of this will be to introduce professional graphics in the Reports for illustrations, hence effective communication and enhanced impact, as it is said: "a picture is worth a thousand words".

To further enhance the quality of the reports the Unit will also work with the Communications team to ensure reports are properly edited for easier understanding by both technical and non-technical audience.

The Unit is also testing instruments which objectively capture audit findings, exceptions and opinions. These instruments are going to be rolled out to our field auditors to form part of their working papers right from the start. The data and evidence so gathered will be uploaded into our database so that whatever analysis is required, whether for National Government, Counties or Corporations can be done at the click of a button.

Improving the portal

The Office of the Auditor General understands the enabling potential of Technology. To this end the Public Engagement Portal will be improved over and above the ordinary portal or website, and constant content update will be provided to ensure every user and the public have a one-stop shop for matters on accountability and mandate of the Office.

In addition to availability of information feedback mechanism will be embedded in this portal to ensure communication aspect is complete. Tools that mimic human communication, modern social sites, messaging, blogs and other aspects of today's technology will be built to ensure the Office truly engages with its stakeholders and the general public.

Surveys and Research will also be carried out periodically to establish the changing needs of the audience. The findings will be used to further improve the portal.

The Office will also post tracking of audit assignments and other audit engagements, which are of public interest, in the portal. ■

Ensuring quality of Audit Reports

By Jesse Mutua



Recently there has been an internal discourse on the importance of quality in audits carried out by the Office of the Auditor-General (OAG). However, there is a lot of confusion as to what this quality is and who is responsible in ensuring quality in our audits.

As a result, the Office has developed and implemented a quality control policy which clarifies two important aspects of quality in audits: Quality Control and Quality Assurance.

Although at times quality assurance and quality control are used interchangeably, there is a clear difference in scope and meaning of the two terms.

Quality Control

Quality control consists of the systems and practices designed to ensure that the Office issues reports that are appropriate in the circumstances, and in accordance with applicable legislation and standards. This can be ensured by pre-issuance and post audit quality control reviews. Quality control should be implemented with respect to the following aspects of the audit process:

- Selecting matters for audit;
- Deciding the timing of the audit;
- Planning the audit;
- Executing the audit;
- Evaluating the findings;
- Reporting audit results, including conclusions and recommendations; and
- Following up audit reports to ensure that appropriate action is taken.

Quality control enables the identification and sharing of good practices with members of staff, discovers weaknesses in the audit process and assists OAG to identify its training and development strategy. It also promotes consistency between audits and consequently reporting, enabling benchmarking between reports.

Quality Assurance

Quality Assurance on the other hand provides independent assurance to the Auditor-General that the quality control systems and practices in use are working effectively and that the Office is issuing appropriate reports.

It is the mechanism established by the Office to ensure that necessary quality controls are established and are being implemented and potential ways of strengthening or otherwise improving quality controls are identified.

Quality assurance focuses on the design and operation of quality control system by Quality Assurance Division and/or any other external reviewer. The purpose of quality assurance is to help ensure that audit products and services meet the required international leading practices, and the needs of the stakeholders.

OAG Quality Control System

The OAG quality control system is based on the International Standards of Supreme Audit Institutions (ISSAI 40, 1220, 3000 and African Organisations of Supreme Audit Institutions-English-speaking countries' (AFROSAI-E) Institutional Capacity Building Framework (ICBF) and the manuals in use.

The system consists of the following elements: Leadership responsibilities for quality, relevant ethical requirements, acceptance and continuance of client relationships and specific engagements, Human resources, engagement performance and monitoring.

Responsibility for Quality Control System

The Auditor-General (AG) has the overall responsibility for the system of quality control, policies and procedures and communicates to all staff for adoption and implementation. He may delegate the authority for managing the system. The AG promotes an internal organisational culture of quality work performance.

The Quality Assurance monitors the Office's quality control system and assesses whether, and to what extent, it is operating effectively. It also develops recommendations to improve the system.

Quality control takes place throughout the audit process. As such, it is the responsibility of every staff member and in particular every team member of an audit assignment. ■

Quality control: Current practice in OAG

In order to ensure that the quality of regularity audit reports improves, the Office has established a Technical Support Team to be coordinated by the Quality Assurance division. The team comprises thirty five (35) regularity auditors who have been carefully selected for their experience and quality of work. This team supports quality control in audit teams by conducting Pre-Issuance (Hot) Reviews of audit files. Further, the Quality Assurance division also reviews the adequacy of and compliance to quality controls at institutional level as well as at individual audit level by carrying out bi-annual institutional reviews and annual Post-Issuance (Cold) review respectively.

In addition, the office has developed and implemented the Quality Control and Assurance Handbook and the Quality Assurance Policy to provide guidelines on matters quality. ■

Entities work together to verify Government assets and liabilities

By Anne Rose Kairu and Purity Wachira



AG Edward Ouko (seated c), Transition Authority Chairman Kinuthia Wamwangi (seated 2nd r) with other top officials from the two offices

The Office of the Auditor-General and Transition Authority have signed an agreement that will see the two institutions collaborating to audit public assets and liabilities.

The Auditor-General, Mr Edward Ouko and the Transition Authority Chairman, Mr. Kinuthia Wamwangi signed a Memorandum of Understanding (MoU) on January 15, 2014, paving the way for the two Offices to coordinate in the auditing of all public assets, debts and liabilities to enable smooth transfer between the National and County governments.

The exercise will entail auditing of assets and liabilities of the defunct local authorities and the infrastructure, to establish the values and functionality of plant and equipment as well as purpose of allocation between the two levels of government.

A joint technical team to audit the public assets and liabilities will implement the MoU as the technical arm of the Technical Committee on Transfer of Assets and Liabilities, gazetted vide Legal Notice No. 45 of February 22, 2013.

The joint venture will see the two bodies develop a detailed an Integrated National and County Assets Register (INCAR). The process of verification, validation, audit and valuation of the assets and liabilities is expected to be completed by December 31, 2014.

Safeguarding public assets

The exercise is important as it will ensure that all public assets are identified, verified, safeguarded and properly identified for

appropriate distribution between the National and County governments.

The two offices are working within their respective mandate to conduct this elaborate exercise. Under the Constitution, Article 229, the Office of the Auditor-General is mandated to audit and report on the accounts of any entity that is funded from public funds.

Transition Authority on the other hand, is mandated in accordance with the Devolved Government Act (TDGA) 2012 to prepare, audit and validate an inventory of all the existing assets and liabilities of government, other public entities and local authorities; to make recommendations for effective management of assets of the national and county governments and to provide mechanisms for the transfer of assets which may include vetting the transfer of assets during the transition period. ■

Joining hands to ensure accountability of public resources

Watchdog bodies of Parliament and County Assemblies have joined hands with relevant institutions to check public officers and state entities that misuse public resources.

Accountability Kenya (AK) brings together institutions tasked with overseeing use of public resources and will be pushing for good use of public finances and prosecution of those suspected to have embezzled taxpayer's money.

The parliamentary Public Accounts Committee (PAC) and its counterpart Public Investments Committee (PIC) head the body that also comprises members from the Office of the Auditor-General, Ethics and Anti-Corruption Commission, Director of Public Prosecutions, Controller of Budget, the Institute of Certified Public Accountants of Kenya and the Public Procurement Oversight Authority. The chairmen of the County Assemblies' Accounts Committees are also represented in the new body.

Accountability Kenya aims at building and sustaining structured synergy in order to enhance effectiveness in public accountability and oversight. It focuses on leveraging the capacities of the disparate oversight organisations in Kenya through structured coordination and capacity building.

Promoting good governance

At the launch of AK in late March 2014, Deputy President William Ruto said that all public servants would be made to account for the money they are entrusted with.

"The formation of Accountability Kenya is a well-thought endeavour that brings together bodies in charge of accountability to promote good governance and accountability in our country. No single body no matter how strong it is can promote accountability to the level desired by Kenyans," said Mr Ruto, during the launch at Safari Park Hotel.

Auditor-General, Mr Edward Ouko said AK is a forum that would ensure harmony in monitory usage of public resources.

"Accountability Kenya provides a forum for all of us in this country and beyond, who engage in the oversight role in management of public resources to work in harmony, unity and ensure our efforts bear fruits in increasing transparency and integrity in the conduct of public affairs," Mr Ouko said in a speech read on his behalf by Deputy Auditor-General, Mr Humphrey Wanyama.

The National Assembly will host AK that will be run by a secretariat.

PAC Chairman Ababu Namwamba, who is the acting AK's Chairman before elections are held, said the lawmakers would continue to pursue good governance and good use of public resources.

"Accountability is a responsibility shared. Accountability Kenya is not just a network of MPs and County Assemblies but has brought on board state agencies that play key roles in ensuring the government is accountable. We have come together with the ultimate goal of joining the dots and connecting the links in the accountability chain," said Mr Namwamba.

National values

In discharge of their duties, AK members will be guided by common purpose and ethos based on national values under Article 10, Chapter Six and objects and principles of devolved government, principles of management of public finance (Chapter 12), values and principles of public service (Chapter 13) and relevant legislation. The guiding principle is the centrality of public trust in governance and effective participation.

Article 10 and Chapter Six of the Constitution of Kenya provide a set of principles upon which public policy and integrity in leadership shall be based. Principles of public financial management also contain fundamental prudential standards. The underlying theme is accountability of the state based on basic national values and principles.

The idea of forming AK was mooted at a meeting in November, 2013 at the Enashipai Resort and Spa in Naivasha, Kenya where measures to strengthen accountability and

oversight in Kenya were considered.

The meeting recognised the need of creating a unified structure where members of Public Accounts Committees of Kenya and other relevant oversight and accountability stakeholders share knowledge and experiences and in so doing strengthen their individual and institutional capacities.

The meeting resolved to establish a common network to be referred to as the Accountability Kenya (AK) bringing together representatives of PACs, related Committees of the National Parliament and County Assemblies of Kenya as well as other relevant oversight stakeholders which have a responsibility of ensuring enhanced financial accountability in the public sector.

Initiatives at the African and UN levels to fight corruption

- The UN Convention Against Corruption which Kenya ratified in 2003;
- African Union Convention on Prevention and Combating Corruption;
- The UN Convention Against Transnational Organized Crime;
- UN Declaration Against Corruption and Bribery in the International Commercial Transactions;
- International Code of Conduct for Public Officials;
- Organization for Economic Co-Operation and Development (OECD) Protocol to Combat Bribery by Foreign Officials in International Business Transactions: an instrument of the OECD members but governs multinationals operating in non OECD countries. ■



Deputy Auditor General, Humphrey Wanyama signs the Charter establishing Accountability Kenya. Next to him is Public Accounts Committee Chairman Ababu Namwamba and Vice Chair Cecily Mbarire

Building capacity of staff members

By Nicholas Mureithi



(L to R) Sponsored OAG staff Timothy Komen, Fredrick Ondieki, Pauline Nyaga and Leonard Mburu

A Senior Business Development Manager at ICAEW, Chartered Accountants Hall, Jonathan Worrell took the four through an induction session to have a general feel of the programme. He said the training will be intense and is aimed at developing the students' ability and performance in Adding value, Communication skills, Decision making, Problem solving, Team working and Technical competence.

The Office of the Auditor-General has sponsored four members of staff for a fully paid training course with the Institute of Chartered Accountants in England and Wales (ICAEW).

The three-year course is ongoing at Strathmore University in Kenya and those who have benefited are Fredrick Ondieki, Pauline Nyaga, Timothy Komen and Leonard Mburu.

A Senior Business Development Manager at ICAEW, Chartered Accountants Hall, Jonathan Worrell took the four through an induction session to have a general feel of the programme. He said the training will be intense and is

aimed at developing the students' ability and performance in Adding value, Communication skills, Decision making, Problem solving, Team working and Technical competence. Senior Manager, Learning and Development, Maurice Odhiambo encouraged the students to work hard and prove their worth. He also called on their respective supervisors to give the necessary support to the students. Juggling studies and work is a challenging affair and Odhiambo notified the students that it is imperative they strike a balance between work and studies.

Odhiambo urged the students to give the office value for money by working hard to

excel in the course. He also wished them well in their endeavors, and pledged the office's support in the entire process.

The opportunity for the auditors to further hone their skills is a prestigious one given ICAEW is a world leading professional membership organization that promotes, develops and supports over 140,000 chartered accountants worldwide.

The organization provides qualifications and professional development, share knowledge, insight and technical expertise and protect the quality and integrity of the accountancy and finance profession. ■



Office of the Auditor-General

Promoting Accountability in the Public Sector

The Office of the Auditor-General (OAG) is an independent Office established under Article 229 of the Constitution of Kenya. The Office is charged with the primary oversight role of ensuring accountability within the three arms of government (the Legislature, the Judiciary and the Executive) as well as the Constitutional Commissions and the other independent Office (Controller of Budget).

Under the Constitution of Kenya, the Auditor-General is mandated to audit and report in respect to each financial year on the accounts of the national and county governments, all funds and authorities of the national and county governments, every Commission and Independent

Office established by the Constitution, the Senate, the National Assembly and the county Assemblies, political parties funded from public funds, the public debt and the accounts of any entity that legislation requires, and any entity that is funded from public funds.

In addition, Article 229 (6) of the Constitution of Kenya requires the Auditor-General to confirm whether public money has been applied lawfully and in an effective way. Currently, the Office has a client portfolio of 1,446 with 1,316 financial statements detailing their mandates, assets, liabilities, revenues, expenditure, risk levels and under what pillars they are audited.

Vision

To be the lead agency in promoting good governance and accountability in the management of public resources.

Mission

To provide assurance to stakeholders on the use of public resources through quality and timely audit reports.

Our Core values

The foundation of the OAG's operations is anchored on four key values which also guide the Office in its interaction with stakeholders. The values are:

Independence

As the Supreme Audit Institution in Kenya, the Auditor-General and his staff are independent and not subject to direction, control or influence by any person or authority.

Integrity

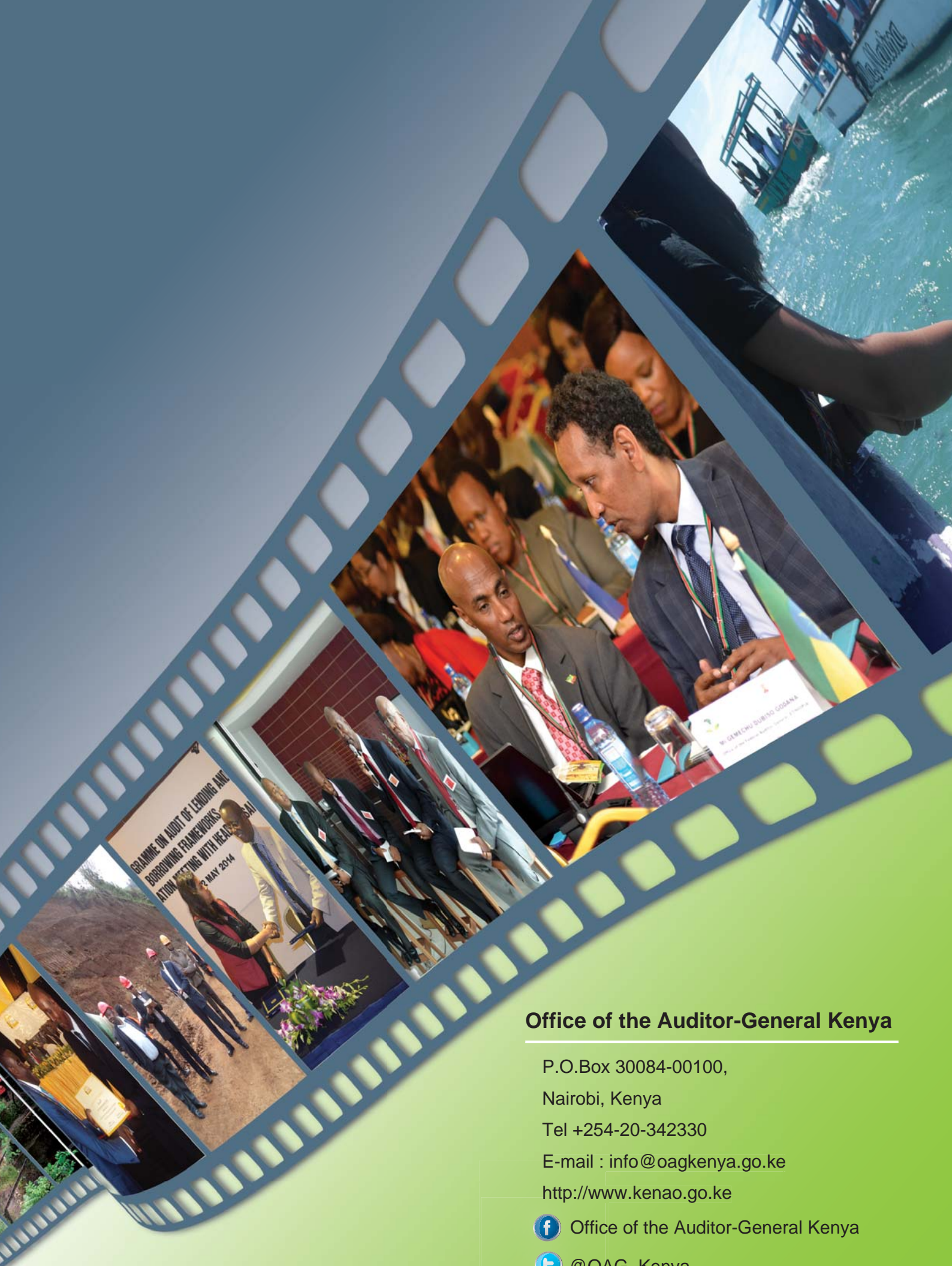
We adhere to practices and behaviour that are impeccable and above reproach in the conduct of our affairs. We undertake and report all assignments on the basis of factual, objective, impartial and honest evidence without bias.

Professionalism

We subscribe to the highest professional standards, adopt leading practices and uphold ethical behaviour in the conduct and supervision of audits. We strive to work economically, effectively and efficiently as individuals and teams.

Innovation

We will endeavour to continuously improve our practices and processes in order to fulfill our mandate more effectively. We value the talents of our employees and their diversity. All employees are encouraged to be innovative in their work.



Office of the Auditor-General Kenya

P.O.Box 30084-00100,

Nairobi, Kenya

Tel +254-20-342330

E-mail : info@oagkenya.go.ke

<http://www.kenao.go.ke>

 Office of the Auditor-General Kenya

 @OAG_Kenya