

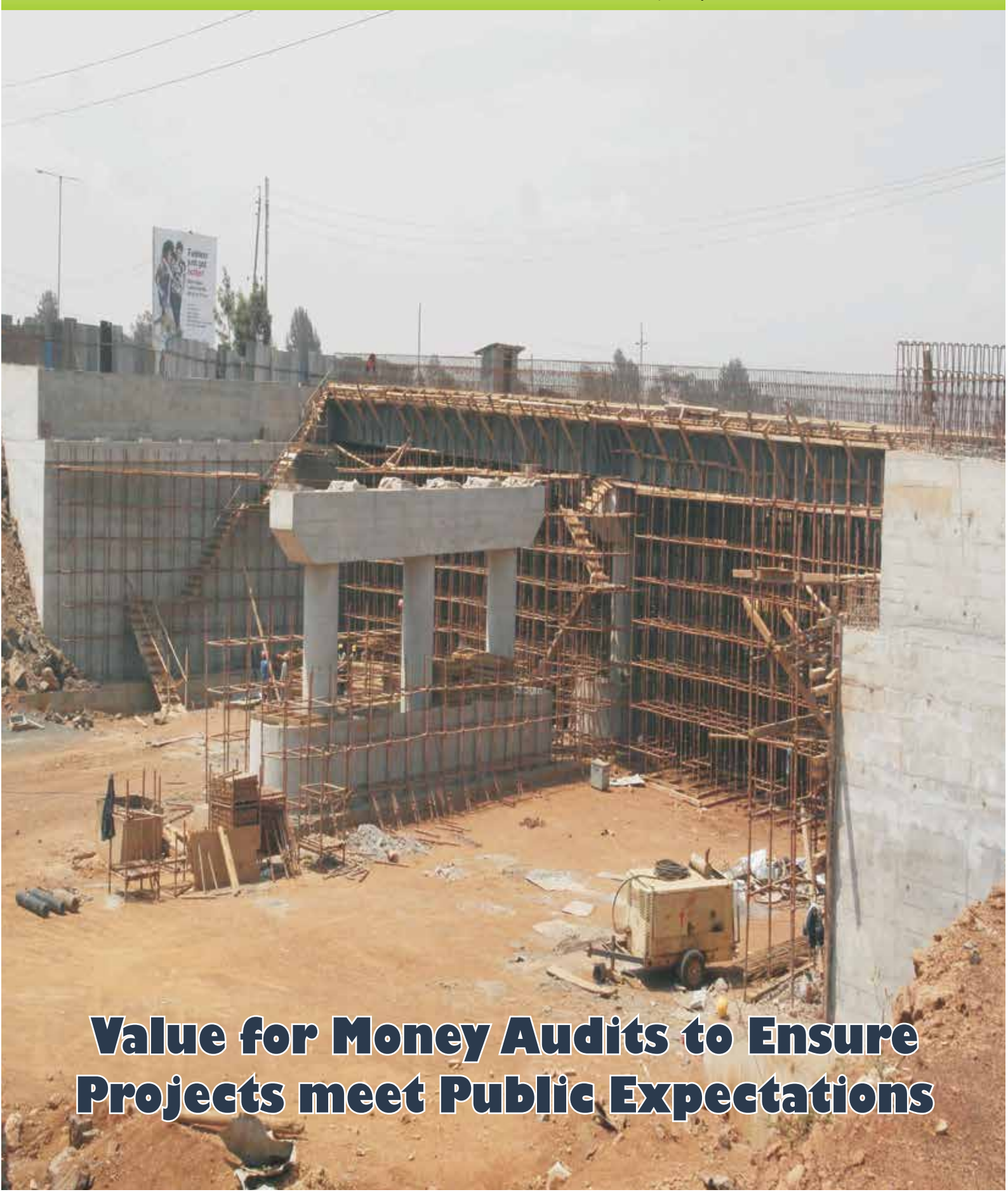
Supreme Auditor



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Issue 03



**Value for Money Audits to Ensure
Projects meet Public Expectations**

Contents

Inadequate resources affecting our work	1
Value for Money audit and its benefits	2
UN roots for enhanced Independence of Audit Institutions	4
How Kenya's Audit Institution compares with Tanzania's and South Africa's	5
Encounters during external audits	7
Using Business Intelligence system to audit IT-based financial systems	9
Obama's passionate talk and Lessons from Mandela Washington Fellowship	11
Group embarks on second leg of constitutional audit	14
Pictorial	16
The auditor and the automated environment	18
IT audit increasingly becoming necessary	19
Enhancing accountability requires Citizen participation	20
Global Training Programme on Environment Audit	21
The Public should critically interrogate audit reports	22
Tracing the shilling to the ground	24

Editor's Note

In this edition we focus on the independence of the Supreme Audit Institutions (SAIs) with specific attention to the UN resolution that backs the Independence of SAIs. The 69th Session of the UN General Assembly noted that SAIs can accomplish their tasks objectively and effectively only if they are independent of the audited entity and are protected against outside influence.



To further focus on independence, the Edition has picked on Kenya, South Africa and Tanzania and looked at the aspects of independence in these SAIs, giving a comparison on how they are resourced and managed. This Edition also looks at the role citizens can play in promotion accountability in public institutions and breaks down the value for money audit as well as gives you a feel of the auditor and his/her role in the automated environment.

This edition also captures the lessons learnt from the Mandela Washington Fellowship in the US. One of the staff members from the Office of the Auditor-General was among 500 African young leaders nominated to the Fellowship, and she shares her experience. Find more on these stories and others.

Enjoy your copy.

Peter Opiyo



14 Group embarks on second leg of constitutional audit



11 Obama's passionate talk



16 Pictorial

Publisher:

Office of the Auditor-General
Kenya

Editorial Advisor:

Dr. Wilfred Marube

Editor:

Peter Opiyo

Assistant Editor:

Faith Pino

Contributors

David Gichana
Justus Ongera
Dr. Wilfred Marube
Tabitha Ng'oo
Pauline Nyaga
Evelyn Malova
Anne Rose Kairu
Nicholas Mureithi
Collins Ochieng
Rebecca Joshua

Editorial Team

David Gichana
Francis Kiguongo
Fredrick Odhiambo
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,
Mandela Washington Fellowship and
the UN

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General, Kenya

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P.O. Box 30084-00100.

Tel: +254-20-3342330

Email: info@oagkenya.go.ke

www.kenao.go.ke

22 The Public should critically interrogate audit reports

9 Using Business Intelligence system to audit IT-based financial systems

Inadequate Resources Affecting our Work

There are enormous human and financial capital that are required for the Office of the Auditor-General to achieve its constitutional mandate of ensuring that all accounts are audited by 31st of December each year given the magnitude of the responsibility

By **Edward R.O. Ouko**

Public Finance Management is a central plank in the Kenyan constitution, hence the expanded mandate of the Office of the Auditor-General to confirm that (apart from regulations provided in the Public Finance Management Act, Public Procurement Oversight Authority Act and the Controller of Budget Act) pursuant to article 229 (6), public resources are applied lawfully and in an effective way.

Article 229 (6) places a huge responsibility on the shoulders of the Auditor-General who should go beyond certification of accounts and interrogate the effectiveness in which the funds have been applied. The intention on its own is quite attractive to Kenyans who expect and demand more accountability in public institutions. However, the challenge is on the scope of the work that the Auditor-General is required to execute with the available resources.

Details on the audit coverage become clearer when you break down the auditable units. Consider the 47 Counties and their respective county assemblies, County Corporations and townships, National Government and its departments, Semi-Autonomous Government Entities, State corporations, Funds, and so many others. In total, these make up about approximately 1300 financial statements, and adding about 300 financial statements from CDF, this is a total of about 1600 financial statements against a staff establishment of 1050, which has only increased barely by 70 staff since the devolved system of government. Thus, there are enormous human and financial capital that are required for the Office of the Auditor-General to achieve its constitutional mandate of ensuring that all accounts are audited by 31st of December each year given the magnitude of the responsibility.

If you observe the budgetary allocation to the Office of the Auditor-General since 2011, the appropriation has not increased in tandem with the expanded mandate of OAG as discussed in the foregoing paragraphs, despite the evolution of the national budget from Ksh.1.15 trillion in 2011/2012 to Ksh. 1.8 trillion in 2014/2015, against a marginal increase of my Office's budget from Ksh.1.5 billion in 2011/2012 to Ksh.2.6 in 2014/2015.

To address this challenge, the Office of the Auditor-General continues to engage with Parliament and National Treasury to ensure that adequate funds are provided towards this noble goal. Though we are not moving at the pace that we desire, these two critical partners have begun to appreciate the enormity of the situation facing us. There is consensus that audit timeliness and oversight could be improved if adequate



staff, equipment and funding are readily available to the Office of the Auditor-General.

Funding of SAls

The Office of the Auditor-General does not compare well with other Supreme Audit Institutions (SAls) in Africa with regard to funding. SAls like South Africa, Ethiopia, Angola, Sudan, Tanzania, Uganda (lately) and Seychelles are among those that are well resourced through adequate funding; where Parliament provides adequate resources for their oversight role. We have made attempts to benchmark our legislation with other countries through Public Audit Bill 2015. For Parliament to meaningfully determine the adequacy of resources for the Office, this determination should be done well in advance of the commencement of the annual budgetary cycle, and not after the Budget Policy Statement has been approved by the Cabinet.

Consequently, the Office proposed that the Auditor-General should discuss, in a tripartite meeting, the Budget estimates with the Chairman of the Budget and Appropriations Committee together with the Cabinet Secretary responsible for finance and agree on the budgetary allocation to the Office of the Auditor General not later than 30th November each year. Unfortunately, our efforts to convince National Assembly to support this proposal were unsuccessful. We continue however, to lobby Parliament on this.

The Office should not be expected to make timely reports in light of the inadequate financial resources. The scope and quality of our audit will be limited as we would spread ourselves thin on the ground.

Nonetheless the Office tends to leverage on Information Communication Technology (ICT) to carry out efficient and cost effective audits. In coming days we shall continue to put more resources in IT tools and methodologies to enhance our effectiveness ■

The Writer is the Auditor-General of Kenya

Value for Money **Audit and its Benefits**



A bridge under construction, in Nairobi. Auditor-General conducts value for money audits to ensure such projects meet the expectations of the public.

Value for Money audit highlights opportunities for public entity managers to change or improve systems, procedures and practices that hinder the delivery of timely, efficient, high quality services that meet the expectations of the public

By Tabitha Ng'oo

There is a general perception that the Office of the Auditor-General only focuses on financial statements during auditing, making this aspect of audit synonymous with the Office. But a way from this regularity audit the Office is also mandated to conduct value for money audit.

Article 229(6) of the Constitution of Kenya puts the responsibility of confirming whether public money has been applied lawfully and effectively, on the Auditor-General. This role is further explained under Section 29 of the Public Audit Act, 2003, which bestows on the Auditor-General the sole authority to assess the economy, efficiency and effectiveness with which public entities use resources put at their disposal.

So then what is value for Money audit, how is it carried out and what are its benefits? Value for Money (VFM) audit is an independent examination which provides an objective and constructive assessment of the extent to which the

audited body has used its resources in carrying out its responsibilities with due regard to economy, efficiency and effectiveness.

This type of audit aims to evaluate the measures instituted by management to ensure that allocated resources are procured economically and utilised efficiently and effectively and, if necessary to report thereon. The audit does not question the merits of a Policy objective of the government, a state corporation or a public entity.

VFM audit endeavours to examine if government undertakings, activities, systems, projects, programmes or organisations, involving public funds have been managed with regard to economy, efficiency and effectiveness, aiming to lead to improvements.

INTOSAI Standards

VFM audits are conducted in accordance with International Organisation of Supreme Audit Institutions' (INTOSAI) Standards and policies and procedures established by the Office. Those standards

require that a performance audit should be planned, conducted and reported on in a manner, which ensures that an audit of high quality is carried out in an economic, efficient and effective way and in a timely manner.

A VFM audit attempts to determine whether the initial objectives set at the beginning of an undertaking were achieved. As a result, it is then deduced as to whether due regard for efficiency, economy and effectiveness was considered. Recommendations for improvement are made in those areas where it's felt that deficiencies occurred.

In carrying out VFM audits auditors look at performance audits to determine whether programmes are being run with due regard for economy and efficiency. The auditors are also interested in whether the government has the means in place to measure the effectiveness of its programmes

Performance audits are planned, performed, and conducted by qualified auditors who establish audit objectives and criteria for the assessment of performance, gather the evidence necessary to assess performance against the criteria and report the findings. The auditors then make conclusions against the established audit objectives and make recommendations for improvement.

Importance of Value for Money audit

VFM audit is an important aspect of auditing and carries with it several benefits to the audited entities and the public, by extension. VFM audit therefore, promotes prudent use of public funds by highlighting opportunities for public organisations to spend less without reducing the extent and impact of their programmes and services, or lowering their quality.

VFM audit also highlights opportunities for public entity managers to change or improve systems, procedures and practices that hinder the delivery of timely, efficient, high quality services that meet the expectations of the public. Further, this aspect of audit assesses whether activities funded from

public resources attain their objectives, are equitable, and more importantly, whether value is created when the resources are used.

It also encourages learning and change within the public sector by providing new information and drawing attention to various challenges and contributes to improvement and reform in public administration, providing the government with recommendations based on independent analysis.

Other benefits of VFM audit include keeping the legislature well informed about governmental actions and the outcome of its own decisions and increasing public transparency and accountability, providing objective and reliable information on how public service performs ■

Pillars of Value for Money Audit

- **Economy:** Minimising the cost of resources used for an activity, having regard to appropriate quality.
- **Efficiency:** The relationships between the output, in terms of goods, services and results, and the resources used to produce them.
- **Effectiveness:** The extent to which objectives are achieved and the relationship between the intended impact and the actual impact of an activity.



Auditors at work at one of the oil-drilling sites in Turkana County, Northern Kenya.

UN roots for enhanced Independence of Supreme Audit Institutions



The General Assembly noted that Supreme Audit Institutions (SAIs) can accomplish their tasks objectively and effectively only if they are independent of the audited entity and are protected against outside influence

By Peter Opiyo

The United Nations has given a shot in the arm to Supreme Audit Institutions (SAIs) by adopting a resolution to strengthen their independence. In November 2014, the 69th Session of the UN General Assembly adopted a resolution on "Promoting and fostering the efficiency, accountability, effectiveness and transparency of public administration by strengthening Supreme Audit Institutions".

The General Assembly noted that

efficient, accountable and transparent public administration has a key role to play in the implementation of the internationally agreed development goals, including the Millennium Development Goals (MDGs).

It thus underscored the importance of independence of SAIs for effective, efficient and objective execution of their mandates.

"Supreme Audit Institutions (SAIs) can accomplish their tasks objectively and effectively only if they are independent of the audited entity and are protected against outside influence," the Assembly noted.

Independence of SAIs continues to be a matter of concern among SAIs and has been identified in several meetings as the cog-wheel that drives the effectiveness and efficiency of SAIs.

Attempts have been made by some countries to grant SAIs independence, but more still needs to be done. In Kenya

a new Constitution, ratified in 2010 granted the SAI independence, a step in the right direction. However, subsidiary legislation is required to enhance this independence, especially on the aspect of financial independence.

Independence and capacity-building

The General Assembly took cognizance of independence and capacity building in SAIs, encouraging member states to give due consideration to the independence and capacity building of SAIs in a manner consistent with their national institutional structures, as well as to the improvement of public accounting systems in accordance with national development plans in the context of the post-2015 development agenda.

The New York meeting stressed on the need for capacity-building as a tool to promote development and welcomed the cooperation of the International

Organisation of Supreme Audit Institutions (INTOSAI) with the United Nations. INTOSAI's work in promoting greater efficiency, accountability, effectiveness, transparency and efficient effective receipt and use of public resources for the benefit of citizens, was recognized by the Assembly.

27 member states sat through the session to discuss agenda item 21 and further stressed on the importance of continuing international cooperation to

support developing countries in capacity-building, knowledge and best practices related to public accounting and auditing.

The Lima Declaration of Guidelines and Auditing Precepts of 1977 and the Mexico Declaration on SAI's Independence of 2007 were also cited and member states encouraged to apply, in a manner consistent with their national institutional structures, the principles set out in those Declarations ■

Member states present at the UN agenda item 21 meeting

Austria, Bosnia and Herzegovina, Croatia, Cyprus, Finland, Georgia, Germany, Greece, Israel, Italy, Japan, Liechtenstein, Lithuania, Luxembourg, Malaysia, Morocco, Netherlands, Norway, Portugal, Republic of Korea, Republic of Moldova, Romania, Serbia, Slovakia, Spain, Ukraine and United Kingdom

How Kenya's Supreme Audit Institution compares with Tanzania's and South Africa's

As much as both South Africa's and Kenya's Audit Institutions report to Parliament, the former gets more attention by South African Parliament, as there is a Standing Committee on Auditor-General specifically overseeing its operations

In a bid to check the usage of public resources, states have established institutions to perform the duty of auditing public spending and management of public resources.

The operations and establishment of these Supreme Audit Institutions (SAIs) however, vary from country to country, sustained calls for independence of SAIs across the globe, notwithstanding. In South Africa, for instance, the Constitution establishes the Auditor-General of South Africa (AGSA) as an independent body same as Kenya's situation where the Constitution also creates the Auditor-General as one of the independent offices.

Though the spirit of the two Constitutions envisage institutions devoid of control and influence from any individual or authority, South Africa's subsidiary legislation enhances this independence



by ensuring that AGSA's budget is not determined by the government. AGSA operates like a private business charging public entities audit fees for the services it offers to them.

The Public Audit Act, 2004 of South Africa mandates AGSA to determine the basis for the calculation of audit fees and compels the audited entities to pay AGSA or face legal action. "An auditee

must settle the account for audit fees within 30 days from the date of invoice, failing which the Auditor-General must promptly take legal steps to recover the amount, unless it is not practical to do so," states section 23(2) of the Act.

Should the audited entity defaults on the payment of audit fees, the Auditor-General must promptly

notify the National Treasury or the relevant provincial treasury who in turn direct that audit fees recoverable from an auditee which is not a national or provincial department, be defrayed from a vote on the national or a provincial budget identified by the relevant treasury.

An audited entity will also have to contend with an interest charged on the audit fee should it fail to pay within 30 days of the date of the account at the rate prescribed by AGSA.

Financial independence

This whole scenario guarantees financial independence to AGSA thereby ensuring that it is not incapacitated in terms of resource allocation for operations. The scenario in Kenya is different, whilst the Constitution of Kenya guarantees independence of the Auditor-General, the subsidiary legislation waters down the aspect of financial independence.

According to the Public Audit Act, 2003 the Auditor-General submits the Office's budget to National Treasury for tabling in the National Assembly. The Act is currently under review and the proposal regarding the Auditor-General's budget is worse off. The Public Audit Bill, 2015 wants the Auditor-General to submit the Office's budget to National Treasury for review and submission to National Assembly, a situation that the Auditor-General Edward Ouko says will compromise the independence of the Office.

Financial independence for National Audit Office of Tanzania is also enhanced compared to Kenya's situation. Parliament determines the allocation to the Office which is paid by Treasury from consolidated fund into the Audit Revenue Fund for National Audit Office's use. This means the Supreme Audit Institution (SAI) of Tanzania can easily access funds for its operations hence enhancing



the Office's independence.

The Audit Revenue Fund also includes money earned by the National Audit Office from investments, auditee fees and donations, amongst other sources.

"The full amount of monies from time to time appropriated by Parliament shall be paid by the Treasury out of the Consolidated Fund into an Audit Revenue Fund, into which all other monies received by, or accruing to the Office shall be paid; and the Fund shall be independent of the control of any person or authority other than the Controller and Auditor-General or any other person or body acting on that behalf," states the Public Audit Act of Tanzania.

Both AGSA and Kenya's Auditor-General submit audit reports to Parliament, meaning they are accountable to parliament while the Controller and Auditor-General of Tanzania submit reports to the Minister in charge of Finance who will in

turn table it in Parliament.

As much as both AGSA and Kenya's Auditor-General report to Parliament, the former gets more attention regarding its operations as there is a Committee of Parliament specifically overseeing its operations. The Standing Committee on Auditor-General (SCoAG) is established under section 10(3) of the Public Audit Act and it oversees the performance of the AGSA on behalf of the National Assembly.

Appointment

Regarding the appointment of the Auditor-General both Kenya and South Africa ensure Parliament participates in the process while in Tanzania it is a presidential affair. In Kenya qualified individuals apply for the position and a panel is set up to conduct interviews. The Panel then forwards the names of the shortlisted for appointment by the President after parliamentary approval.

In South Africa the process of appointment is initiated by the Speaker in the National Assembly and a name forwarded to President for appointment.

"Whenever it becomes necessary to appoint a person as Auditor-General, the Speaker must initiate the process in the National Assembly for the recommendation of a person to the President for appointment as Auditor-General," states the Public Audit Act of South Africa.

The tenure of the Auditor-General varies in the three countries. In Kenya the Auditor-General serves for a non-renewable term of eight years while in South Africa the term is a fixed, non-renewable term of between five and ten years.

In Tanzania, the Controller and Auditor-General shall hold office for the fixed term of five years and shall be eligible for renewal for one term only ■

Encounters during external audits



In Garissa County Auditors had to roll up their trousers to push their car out of flood water in order to reach their destination.

By Collins Ochieng

External audits provide key mechanisms through which financial accountability is enforced within government ministries and state bodies through audit and assurance. Auditing involves reviews of the activities and operations of entities to ensure that they are being performed in compliance with set objectives, budgets, rules and policies, which must be carried out within specified time and resource.

The exercise requires high cooperation between the auditor and the entity being audited, for effective, timely and efficient audit process. This helps the auditee to save the cost in terms of audit fees since the longer the audits days and audits hours, the higher the audit fees.

The Office of the Auditor-General believes that good cooperation with its

clients is imperative, which is why the Office is always willing to listen to the clients complaints, compliments and suggestion on how to improve the audit process.

However, some of the clients are constantly unwilling to cooperate with the Office. Such instances of non-cooperation include failure by the audited entities to availing supporting documents to be used in building audit evidence.

In order to effectively work, external auditors are sometimes required to be stationed at the premises of the entity being audited. This therefore, means that the auditors must be provided with working space and other relevant facilities. But this sometime turns out to be a challenge with entities being audited providing working spaces that

are not favourable for work.

It is important to note that external auditors are guided by ethical standards and regulations in auditing. Therefore, they must give honest and accurate opinions on financial management. However, sometimes unethical accountants and internal audit department may collude to cover financial fraud within the organisation. But when the external auditors discover the fraud, they are viewed as enemies hence resulting to intimidation and malicious allegations to cover corruption.

It is imperative therefore, that for effective external audit to occur, proper communication is necessary. But some clients assume communication is verbal and therefore makes it hard to document their responses ■



The SAI Kenya team poses for a photo with counterparts from Sweden, in Stockholm.

Kenya joins six African countries for Executive Leadership Development Programme

By David Gichana

Supreme Audit Institutions (SAIs) in Africa have embarked on a programme aimed at moulding leaders to embrace paradigm shift in management of their Institutions.

The Executive Leadership Development Programme (ELDP), a pioneer programme in Africa, is targeting leaders in positions of influence in the SAIs. A number of leaders from six SAIs in Africa converged in Sweden, in May 2015, to take part in the introductory workshop of this programme, with the theme 'Forward'.

The programme is an initiative of African Organisation of Supreme Audit Institution- English speaking countries (AFROSAI-E) and Swedish National Audit

Office (SNAO) and has a team of 24 leaders from six African countries.

At the introductory workshop in Stockholm, Sweden, the leaders were exposed to a two-week intensive training on a number of leadership issues. Consultants took the leaders through change management, time management, leadership issues and project management. The lead consultants at the Stockholm Workshop were Mr Ulric Rudebeck, Ingela Ekblom (both from SNAO) and Gordon Kandoro (AFROSAI-E).

Heads of Supreme Audit Institutions nominated several participants who were independently subjected to an objective online assessment conducted by Deloitte and Touché. The participants were tested on their proficiency in nine

competences including managing relationships, guiding interactions, coaching for success, coaching for improvement, influencing, delegation and empowerment, problem/opportunity analysis, judgment and planning and organising. Only those who scored high ratings per SAI, via the online tool, were selected for the Programme.

Six African countries are taking part in the one year programme. Kenya, South Africa and Botswana have five participants each in the programme while Nigeria, Sierra Leone and South Sudan have three each. Zambia qualified for the programme but pulled out due to financial commitments that the programme will require in the subsequent stages. It was replaced by South Sudan.

Memorandum of Understanding

SAIs signed a memorandum of understanding with AFROSAI-E, in Capetown, South Africa, committing their staff to the programme. A hefty fine of Swedish Kroner (SEK) 20,000 (about Ksh240,000) was set for any SAI that pulls out any of its members from the programme.

Each of the six SAIs has a mentor attached to them. Kenya has one of the Auditors-General of Sweden Claes Norgren as their mentor. The mentors come from selected SAIs in Europe and will guide the participants all through the programme.

After the introductory Workshop in Sweden, the group will be meeting after every two months in South Africa, where the participants will be focusing on various themes including 'Inward', 'Outward', 'Results' and 'Altogether'.

Before the next Workshop in September 2015, the SAI teams will be assessed on the progress they have made in regard to various projects that they are working on.

SAI Kenya picked a project on human resource issues with focus on performance management system and has obtained the Auditor-General's approval for the project. The project covers the development phase and the implementation phase. The five Kenyan leaders will focus on the development phase while the Human Resource department will roll out the programme at the implementation stage.

Leaders from SAI Kenya enrolled in the programme are Deputy Auditor-Generals David Gichana and Sylvester Kiini and Directors of Audit Nancy Gathungu (County Assets and Liabilities verification), David Njoka (Environment, Water and Natural Resources) and Fredrick Odhiambo (Specialised Audit) ■

Top five time management tips

- **Prioritise**
- **Plan**
- **Say 'NO'.**
- **Start your day with top number one priority**
- **Reflect, review and revise**

Using Business Intelligence system to audit IT-based financial systems

By Justus Ongera

In the year 2014 the Office of the Auditor-General successfully installed Audit analysts' tools to assist in the audit of Integrated Financial Management Information System (IFMIS) and other financial databases and to assist in the implementation of best practice in the Audit of IT-based financial systems.

The installation of the same was done in a test environment, where the Office integrated its test server environment to the National Treasury clone environment. This was done between March 2014 and September 2014. During the months of October – December 2014, the Office successfully installed the analytical tools in its new oracle environment (Production servers). During the same period (October – December) the office, with the assistance of the World Bank, successfully completed the training of 25 officers on various oracle courses that gave the Office the capabil-

ity of working with the tool and be able to assist management in implementing Oracle Business Intelligence Enterprise Edition (OBIEE).

Oracle Business Intelligence or OBIEE

Oracle Business Intelligence Foundation Suite, is a comprehensive, modern and market-leading Business Intelligence platform that provides the industry's best in class platform for ad hoc query and analysis, dashboards, enterprise reporting, mobile analytics, scorecards, multidimensional Online Analytical Processing (OLAP), and predictive analytics, on an architecturally integrated business intelligence foundation.

Reading that statement may be a mouthful but in simple terms what OBIEE is:

a system that allows one to gather, analyse and examine the key raw bits of information streaming in and around the office in order to validate and optimise the effectiveness and efficiency

of its processes. In this case, these raw bits of information can come from IFMIS, Spreadsheets like excel, social and mobile sources, human resource and operational data, and much more.

It can also be said to be system that is used to categorise the Audit process into Data Collection (the gathering of data), Information (transformation of data to understand its meaning), and Vision (the capacity, governance, and process to do something with the information). This means that we can encompass parts of the lifecycle of Audit by looking at the collection of data, analyzing data and reporting on the data.

What OBIEE can do for OAG

Oracle Business Intelligence applications will help OAG drive innovation, and optimise processes while, delivering extreme performance. OBIEE is designed to meet the requirements for a new class of enterprise business intelligence solutions. It consists of a broad set of capabilities including ad-hoc query and analysis, inter-



active dashboards, scorecards, reporting, proactive intelligence and alerts, mobile analytics, and more. With the investment that the Office has made on the OBIEE tool we expect: -

OAG to have a Unified Enterprise View of Information primarily hosted in the IFMIS system:

It should be noted that we have information coming from a variety of fragmented sources in multiple repositories and enterprise applications. This tool will therefore enable OAG to define a single, consistent, and logical view of IFMIS information across multiple heterogeneous systems, multidimensional sources, and operational transaction systems. In simple terms it will provide OAG with a unified, enterprise view of government financial information.

i. OAG to have a Unified Semantic View of Government Information:

The system will allow OAG model complex information sources to simple business, semantically unified, logical business model. Thus allowing the Office to map complex physical data structures including tables, derived measures, and OLAP cubes into simple data structures by translating familiar, easy-to-understand business concepts into the technical details required to access the information.

ii. OAG to use the OBIEE End User Self Service feature:

this will therefore allow officers have access to information they need without the need for assistance from professional analysts. Therefore officers will be grated with a unified, semantic view of information, they are provided with self-service access to analyses across multiple sources via multiple delivery channels while maintaining a consistent definition of the information. Officers will only need to understand a single, the Audit-oriented view of their information.

OAG to have Real-time IFMIS Information Access:

this will be possible by allowing officers to get an up-to-the-minute view of financial information flowing in IFMIS. In addition, it can combine data from real-time systems with data in our oracle servers to give unparalleled insight into Financial Information.

Have an Insight-driven Action:

The proactive intelligence facilities of Oracle BI Delivers and the Guided Analytics facilities of the Interactive Dashboards are designed to help business

How are we approaching the implementation?

In addressing the implementation of the BI tool we have chosen the Critical Insight methodology where we will:-

Use a Top-Down Approach for BI implementation

where key decision makers will be taken through the systems and we will build dashboards for them in BI.

- **Build a "Duct Tape" Prototype** - Before committing the BI tool for everyone to use. We will also use the resources you already have to prove the value of BI and build buy-in.
- **Work Backwards** from the Decisions – where we will build the BI around the actual decisions being made and build a tool that supports the senior management.

The Benefits of OBIEE, Oracle Business Intelligence Enterprise Edition to OAG

• In terms of Functionality

- It will allow the Office build interactive dashboards that can be used by Management in the day-to-day planning of team assignments
- It will allow the Office perform full

ad hoc queries and analyses on financial data regardless on the source be it on the IFMIS platform or simple excel files

- It will provide a Proactive intelligence delivery and alerts system for preprogrammed breaches or scenarios on the financial systems that it will be attached to.
- It will provide OAG-wide enterprise and financial reporting system,
- Allows the Office have Online Analytical Processing (OLAP) analysis and presentation
- Enable the Office have high-volume financial reporting
- Allow the Office have real-time predictive intelligence
- And have the Office have full integration with Microsoft Office.

• In terms of Usability

- Provides relevant insight to everyone, not just analysts
- All levels of the organisation can see information optimised for their role.

• In terms of Unified business model

- Since it is built on an enterprise-information model the implementation will allow us unify metadata across the Oracle BI tools and analytical applications for the lowest Total Cost of Ownership (TCO).

• In terms of infrastructure

- It will allow the Office Integrate with any data source, allow data extraction, data transformation and provide an extract, transform and load (ETL) tool. The systems will also allow us connect to any major business application, application server, security infrastructure, portal technology, or any other front-end and analytical tools that are available in the general public sector
- It will also allow OAG Integrate with other databases, not only IFMIS, including IBM DB/2, Teradata, Microsoft SQL Server; SAP Business Information Warehouse (BW), Microsoft Analysis Services; flat files; XML data; and unstructured data that are implemented by various government agencies.

The implementation of the BI is expected to go live in June 2015. It is envisaged that at this time the production environment will have been made both secure and stable for use ■

Obama's passionate talk and Lessons from Mandela Washington Fellowship



US President Barack Obama addresses young African Leaders enrolled in the Mandela Washington Fellowship (class of 2014). Pauline Nyaga from the Office of the Auditor-General was among 46 Kenyans who were nominated to the Fellowship.

By Pauline Nyaga

In June 2014, I joined a group of 500 young Africans for a six-week leadership fellowship programme in the USA, under the Young African Leadership Initiative (YALI). I was among 46 young Kenyans nominated by the American government to attend the programme.

My training focused on Public Management which I underwent at Florida International University, Miami, Florida, under the Mandela Washington Fellowship Programme.

The Programme instilled in me the value of a purpose-driven life and the importance of ensuring that I add value to my continent through living an impactful life. In this article, I will share with you some of the lessons that I hope we could all find useful in our everyday lives.

The defining moment in the whole programme was the Town Hall meeting with President Barack Obama. He spoke with so much passion about the potential we had in our continent Africa and that each one of us has a role to play to make Africa what we all envision it to be.

Obama Town Hall meeting

The defining moment in the whole programme was the Town Hall meeting with President Barack Obama. This was a dream come true. We waited for a whole six weeks for this one day that we all hold so dear to our hearts. He spoke with so much passion about the potential we had in our continent Africa and that each one of us has a role to play to make Africa what we all envision it to be.

Later on while I was reflecting on this I asked myself what role I am playing in making my country Kenya, my organization (Office of the Auditor-General), my community and my home a better place. Then I started thinking of the headache of navigating through the heavy Nairobi traffic to get to work.

As one of my colleagues always says;

if someone wakes up early every morning and has to deal with lots of traffic to get to the office, then they cannot afford to do nothing the whole day. To be fair to ourselves it is worthwhile that every day in our lives we all endeavour to make the world a better place in the various capacities we serve.

For instance, for officers at the Office of the Auditor-General we should all strive at carrying out our daily tasks in such a way that we contribute in improving transparency and accountability in the use of public resources.

Obama's reference to Buruburu and Kisumu

President Obama talked with so much passion about Kenya and mentioned Buruburu (a middle class residence in Nairobi) and Kisumu, several times in his speech, as some of the places he has visited. From his speech, I could tell that he was not born an extra ordinary person. What made him what he is today is that he knew his purpose in life and he took action towards making this a reality.

Lesson 1: Purposeful Life:

We all need to ask ourselves what our purpose in this life is and what steps we are taking towards achieving that purpose. So what is the difference between people who have achieved their set goals in life and the rest who frequently use the phrase "one day I want to be" and 10 years down the line they are using the same words.

The difference is that successful people take time to understand their purpose in this life and come up with steps on how to get there. They then go ahead and put those plans into action. So let us take some time and ask ourselves that very important question; what is our purpose in this life is and what steps are we taking towards achieving our life purpose. Let us also make sure we do not stop at discovering our purpose but we also put our plans into action as this is what will move us from our place of comfort to a higher purpose driven life.

Lesson 2: Goal Setting:

Like one popular quote goes; "If you do not know where you are going any road will take you there". It is therefore paramount that we be in charge of the path we are taking in our lives. Thus, we all need to set our own goals; be it career, financial, relationship goals etc. This is the only way we can tell if we are actually moving towards achieving our purpose in this life. Successful people set goals and action points to help them reach their goals.

Closely linked with this is the importance of having a personal vision statement. A personal vision statement guides your life and provides direction necessary to chart the course of your days and the choices you make every day.

It is the light shining in the darkness towards which you turn to find your way. With a personal vision statement in place, you will always be working towards something in life. The beauty with visions is that even if you do not achieve your vision you will have made considerable steps towards achieving those goals.

Lesson 3: Patriotism:

We were lucky enough to be in the USA during the 4th of July (the Independence Day). I noticed how dearly they hold this day! On the evening of this day, American citizens gathered in many different hotels with their families and patiently waited for celebrations to start.

At 9.00pm the cracking of fireworks filled the air marking the start of celebrations as Americans went into frenzy to show their patriotism. Contrary to what we have in Kenya, there was no politician in sight and yet the fields were full of people. After this experience, I promised myself that I would hold my country even nearer to my heart and be proud of the successes we have achieved so far.

It is not that the Americans do not have their own problems, they do! But they choose to celebrate the successes they have achieved so far. Patriotism is defined as cultural attachment to ones homeland or devotion to ones country.

We would achieve much more as a country if we purposed to celebrate the successes our country Kenya has had, the milestones we have been able to reach. Only then can we be motivated enough to deal with the challenges facing our country.

Lesson 4: Each Person's Contribution Counts

We are all responsible for making a difference in our country in our own small ways. We had a driver who used to take us around and he did his job with so much passion we always wondered what the motivation was. He would greet us with a wide smile on our way into the bus, on our way out he would wish us a good day with a very broad smile.

It was the same thing in the restaurant we used to have our meals. The attendants would carry out their jobs with so much passion it got us asking why everybody really seemed to give their all in their jobs. We later came to conclude that they all understood that each one of them had a part to play in building their nation and that each person's effort counts.

We can make our country to what we want it to be if we all did our jobs well. This reminded me of a quote by Colin Powell that says "If you are going to achieve excellence in big things, you develop the habit in little manners. Excellence is not an exception, it is a prevailing attitude." What role are we individually playing in making the world a better place?

Lesson 5: Mentorship:

I learnt that mentorship is highly valued in the USA. Mentorship is a personal developmental relationship in which a more experienced or more knowledgeable person helps to guide a less experienced or less knowledgeable person. Then I asked myself how many people I have helped mentor into better people in the society? It does not have to be high level mentoring.

This can be as simple as helping form four leavers in choosing what careers to take and walking with them through the challenges they face in college

or university life. Or even mentoring new employees and teaching them; basic skills needed on the job, the organizational culture, importance of saving early in life, importance of setting goals in life, helping them overcome challenges at the work place etc.

Imagine what a difference we would make if we all decided to mentor one person every year! Let us all make a conscious decision to impact people through sharing the lessons we have learnt through life. Hold someone's hand and make their journey in this life easier than what you had to go through.

Lesson 6: Community Service:

We participated in community service every Friday afternoon. I learnt that the culture of giving back to the society is so deeply rooted in the USA; so much that each person is expected to give back to the community in one way or another. We once visited a centre for the homeless and I learnt that the second-hand clothes we get from Gikomba, commonly known

as "mtumba", is actually a way for people to give back to the society by giving out what they don't use to the homeless.

How many clothes are in our closets that we rarely wear? What if we decided that once a year we would donate anything we do not use anymore to the needy? If we all made an effort to personally give back to the society at least once a year we would make a big difference in our society.

Lesson 7: Biography

Lastly we had an interesting lesson about writing our own biography. Have you ever asked yourself what people will say about you when you are gone? What do you want to be remembered for? The only time to make a difference is now. Always remember that people will always remember you for how you affected their lives and the difference you made in the society.

In summary, the MWF programme emphasised to me the fact that "The quality of a person's life is in direct proportion to their commitment to excellence, regardless of their chosen field of endeavour." Vince Lombardi ■

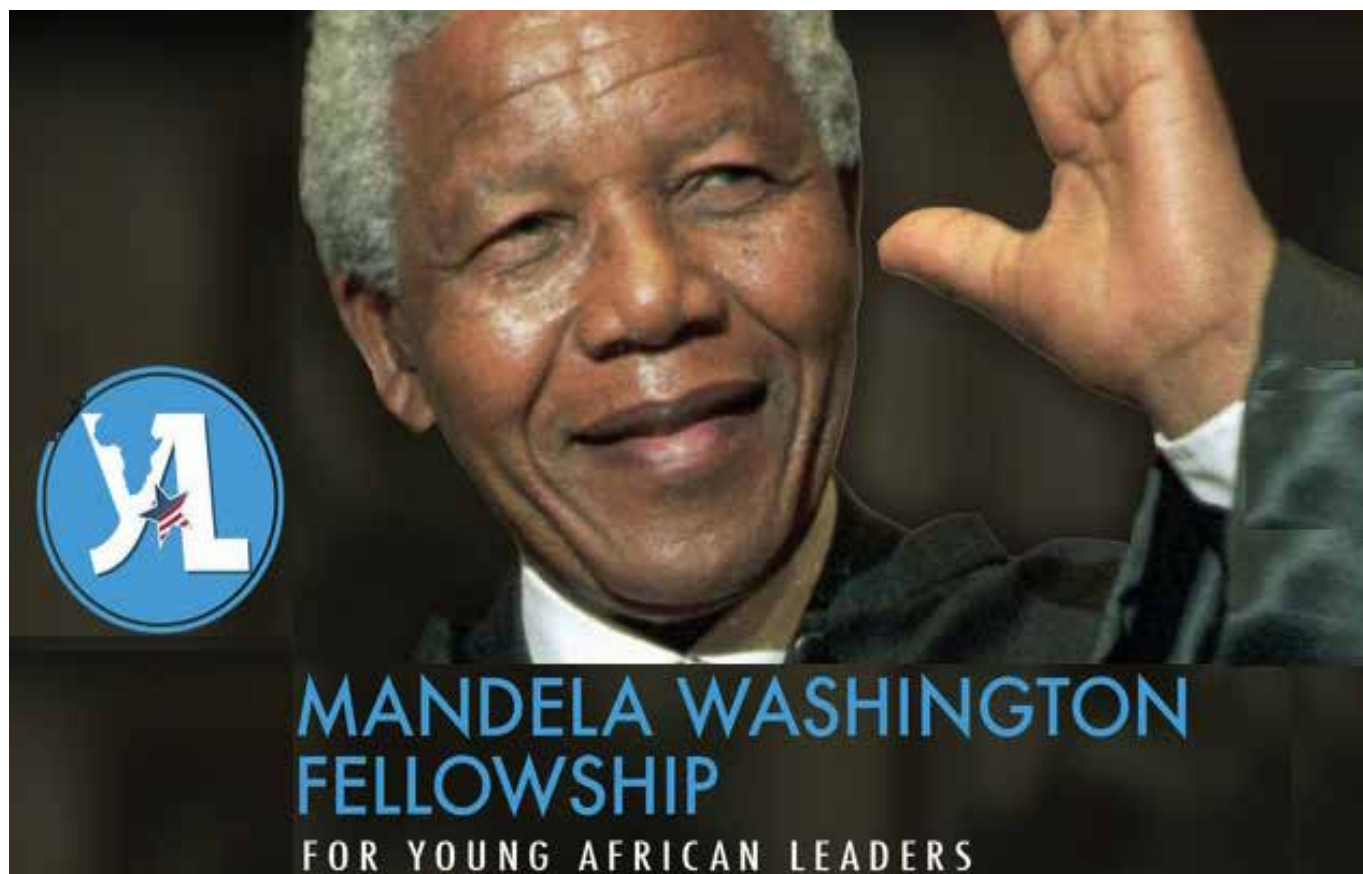
Nomination to the Fellowship

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).

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.

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.



Group embarks on second leg of constitutional audit

The Working Group was established through a resolution of the National Assembly on February 26, 2014 to carry out a Socio-Economic Audit of the Constitution of Kenya 2010, under the auspices of the Auditor-General

By Rebecca Joshua

The Working Group on Socio-Economic Audit of the Constitution of Kenya has embarked on the second phase of the exercise.

The team, headed by Auditor-General Edward Ouko, has handed over its Interim Report to Mutava Musyimi-led Parliamentary Budget and Appropriations Committee (BAC).

During the second phase of the exercise, the Working Group will focus on public and stakeholder participation, where several groups will give their views on the Interim report. It is these input that will inform the preparation of the final report.

In this second phase the Working Group will receive and process feedback from the National Assembly, plan and execute remaining stakeholder consultations, Plan and execute peer review of the report, plan and conduct public participation forums, process all feedback and produce final report.

The Working Group was established through a resolution of the National Assembly on February 26, 2014 to carry out a Socio-Economic Audit of the Constitution of Kenya 2010 under the auspices of the Auditor General.

In its Interim Report the Group came up with a raft of recommendations, based on the Terms of Reference agreed upon by BAC and the Group.

The Group established that the design, role and mandate of the Senate created conceptual and operational challenges. It was further established that there is lack of direct linkage between Senators and Counties which they represent and that there is no provision requiring Senators to consult with their counties.

Since Senate is mandated to impeach Governors there has emerged poor relations between Senators and Governors, rendering implementation of devolution difficult. To solve this, the WG recommended that legislation is required to create a stronger link between Counties and Senators and the Senate. This, the WG proposed, can be achieved in one of three alternative ways:

- Retain the status quo where Senators are directly elected but place an obligation on the Senators to consult and cooperate with county governments; or
- Amend the constitution to remove direct election of senators. Instead, Senators can be elected from among County

Assembly members by the County Assembly; or

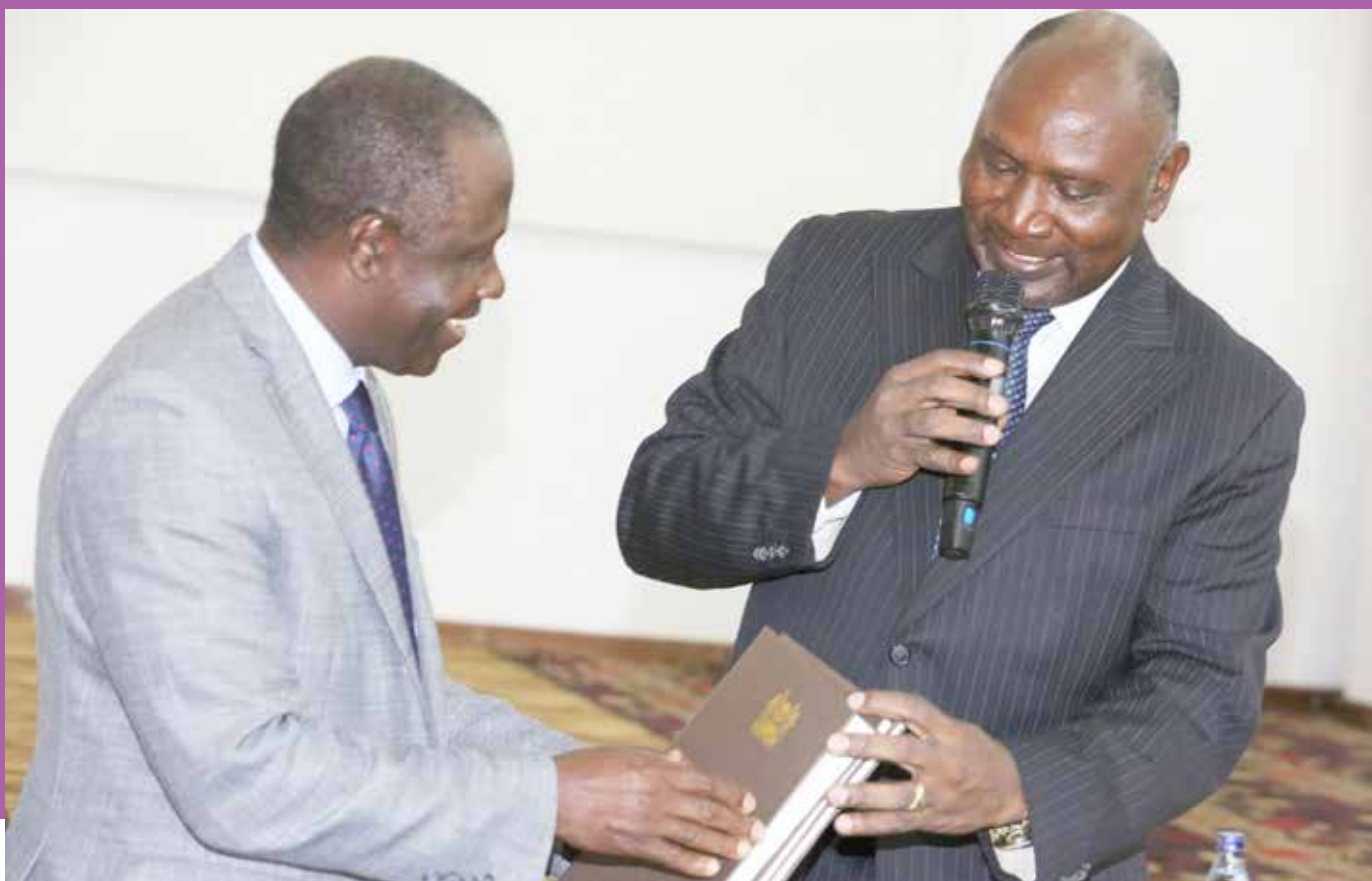
- Amend the Constitution to remove direct election of senators. Instead, Senators can be elected by constituent assemblies constituted at the Counties.

County Assemblies

On composition of the County Assemblies the Working Group recommended that legislation be passed requiring political parties to comply with gender/marginalised groups' criteria in nominations of candidates. It also recommended reduction in number of wards by half or so, and replace them with two member wards (man and woman).

There has been public debate concerning the number, viability and effectiveness of counties. After assessment of the situation, the WG concluded that the architecture of the Constitution does not anticipate the counties being economically distinct entities and that it is too early to conclude on administrative viability of counties since they are still being set up.

The Group also noted that as it is now, there is no predictability as to number of County Assembly members as a top-up is required after elections to cater for the



Chairman of the Working Group on Socio-Economic Audit of the Constitution, Mr Edward Ouko (r) hands over the Interim Report on Socio-Economic Audit of the Constitution to Parliamentary Budget and Appropriations Committee Chairman, Mr Mutava Musyimi.

two-third gender rule.

To enhance accountability of public resources, the WG said there is need to enable effective reach by the Controller of Budget and the Office of the Auditor-General into counties. The WG recommended that the offices should be provided with the resources to prepare timely, actionable reports and share with stakeholders.

In analysis of the representation and electoral process, the Working Group established that there are some dire challenges facing representation and the electoral process.

It established that the burden of conducting national and county elections on the same day is considered high in terms of technical and logistical resources as well as complexity for the voter. The WG therefore recommended that the Constitution be amended to separate the two elections.

The WG also recommended that a voter registration system be developed based on the civic register and the National Identity Card or equivalent be used as a means of voter identification. It is also proposed that voter registration targets be set for electoral areas to compel the IEBC to register adequate numbers of voters and that compulsory voting by law as in some countries, be considered.

These recommendations are based on the analysis that qualified Kenyans have been disenfranchised on account of inefficiencies or ineffectiveness of the electoral systems.

The Group also recommended that qualifications of candidates for elective offices as set out in the Elections Act 2011 should be reviewed and thresholds reconsidered.

On the two-thirds gender rule the WG recommended that the Constitution be amended to provide for top up

after elections are held or to reduce the number of constituencies and convert them to two member (man and woman) electoral units. It was also recommended that political parties be compelled, by law, to administer nomination processes that will result in compliance with the rule.

To avoid logistical challenges during tallying of votes the WG recommended that vote counting, tallying and announcing of final results to the counties or constituencies, be devolved and that mechanisms be worked out to ensure integrity of the results at the lower levels.

The team also established that timelines provided for presenting, hearing and determining petitions in Presidential elections are insufficient and recommended that the time lines be reviewed with a view to allowing sufficient time for the processes to be concluded ■





CAPTIONS

1. Auditor-General of Kenya, Mr Edward Ouko (seated, 2nd right), Magnus Lindell, Deputy Auditor-General-International Relations, Swedish National Audit Office (SNAO), seated 2nd left, Magnus Gimdal from SNAO (seated, right), Agnes Mita, Kenya's Deputy Auditor-General, Corporate Services(seated, left) and other staff members pose after the review of cooperation Agreement between Office of the Auditor-General, Kenya and SNAO.
2. New staff pose with the Auditor-General, Edward Ouko (in white shirt, seated), after an induction workshop in Maanzoni Lodge, Machakos County.
3. Members of Staff from the Office of the Auditor-General together with officials from Swedish National Audit Office at a development co-operation workshop between the two offices.
4. In Garissa County Auditors had to roll up their trousers to push their car out of flood water in order to reach their destination.
5. Some members of staff at Office of the Auditor-General during the best performance audit award ceremony in Nairobi.
6. Participants follow proceedings during the International Organisation of Supreme Audit Institutions Development Initiative Conference held in Nairobi.
7. Deputy Auditor General John Kagundu (Second Right), Director-HR, Philip Owidi (2nd left) and Head of Legal Services, Milcah Ondiek (right) at a Stakeholder's meeting in Nairobi.



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The Auditor and the Automated Environment

By Evelyn Malova

Automation is the use of various computer systems and software for operating equipment such as machinery, processes and other applications with minimal or reduced human intervention. From the above definition, we find the key words: minimal or reduced human intervention. These words give us an idea what automation is all about; it can involve more than one system, in tune, working with reduced or no intervention by man.

The automated environment would comprise of databases, networks, operating systems, applications, hardware and people. The level of automation is determined by factors such as size of the organisation and nature of business. Computer systems can be either stand alone or integrated. Most organisations around the world go for integrated systems that provide an enterprise wide coverage of most, if not all business requirements.

The Enterprise Resource Planning (ERP) systems are now commonplace in the business environment and not restricted to larger audit engagements. Common ERPs in use, just to mention a few are: - SAP, Oracle Financials, Sage ACCPAC, and Sage Pastel among others.

Think of ERP as the glue that binds the different computer systems for a large organisation. Typically each department would have their own system optimised for that division's particular tasks. With ERP, each department still has their own system, but they can communicate and share information easier with the rest of the company. An important goal of ERP is to facilitate the flow of information so business decisions can be data-driven. Data-Driven Decision Management (DDDM) is an approach to business



governance that values decisions that can be backed up with data that can be verified.

Role of the auditor

The times are changing - inventions in information technology advanced the automation of record-keeping and then the computerisation of business itself. These IT advances transformed auditing to a real time and forward looking profession. For the auditor, change is inevitable.

An enterprise that moves toward greater automation relative to data, processes, controls, and monitoring tools begins to naturally structure itself for the coming of the future audit. Audit of the future will require versatility in audit of automated systems. The internal controls do not change irrespective of the mode of operation.

International Standards of Supreme Audit Institutions (ISSAI) 1315 – Identifying and assessing the risks of material misstatement through understanding the entity and its environment – emphasises on the auditor to obtain an understanding of the entity including information system relevant to financial reporting. This calls for audit of the computer environment.

The emergence of the Information Systems (IS) auditor

An IT audit is the examination and evaluation of an organisation's information technology infrastructure, policies and operations. An IT audit is conducted in tandem with the regularity (financial) audit. IS audit is meant to provide assurance on the level of reliance that can be placed on the information processed through the systems used to process financial and other data.

For the last twenty years organisations have been adopting IT systems to automate their processes. This has been done without due regard to security. Thus, the organisations are open to loss of IT assets and data, failure in compliance with laws and regulations, data integrity is not assured, downtimes are the order of the day and loss of vital information through unauthorised access.

The security of the automated system is key and usually a main focus on giving the assurance. Security in general pertains to the safeguarding of data and other relevant resources. Below are some areas that are looked into:-

Entity-level controls- These are controls

that are pervasive across the organisation and provide the basic foundation for the control environment at the organisation.

Physical facility- This, quite simply, is the physical building and data center housing the computer equipment on which the system in question resides.

Networking and communications infrastructure- This is what allows other systems and users to communicate with the system in question when they do not have physical access to it. This layer includes basic networking devices such as firewalls, switches, and routers.

Operating system- This is what provides the basic operating environment on which the higher-level application runs e.g Windows.

Database- This is the tool that organises and provides access to the data being run by the end application.

Application- This is the end application, which actually is seen and accessed by the end user. This could be an Enterprise Resource Planning (ERP) application providing basic business functions, an e-mail application, or a system that allows conference rooms to be schedule ■

IT audit is about establishing the confidentiality, integrity and availability (CIA) of IT operations. This is answered by three questions:-

1. Will the information in the systems be disclosed only to authorised users?(Confidentiality)
2. Will the information provided by the system be accurate, reliable and timely?(Integrity)
3. Will the organisations' computer systems be available for the business at all times when required?(Availability)

The auditor will also verify that the processor, retriever, sender and the receiver were, in fact, the parties who claimed to process, retrieve, send and receive the information respectively.

IT audit increasingly becoming necessary

By Collins Ochieng

In the current century, Information System (IS) is regarded as an important component of any organisation that strives to be competitive in achieving its overall vision. Information System cuts across and supports major business functions like finance, human resource & procurement amongst others. This cross-cutting nature of IS therefore calls for Information Technology audit.

IT Audit can be simplified as the process of deriving assurance on whether the development, implementation and maintenance of IT systems meet core goals of organisation, safeguard information assets and maintains data integrity.

At Office of the Auditor-General, IT audit is performed in conjunction with financial regulatory audit teams. IT Audit teams have specific objectives which

include review of control to determine adequacy and effectiveness. IS Control includes general controls, applications controls and user controls.

General controls are policies and procedures that apply to all segments of an enterprise's Information System and they are intended to ensure enterprises' efficient operation like computer operations controls, systems and data-up and recovery control and logical access control.

IT audit requires proper planning with key performance indicators. The performance indicators are drawn from each audit objectives which are aligned with strategic objectives and pillar of the OAG. Planning involves pre-engagement, strategic planning, detailed planning, conclusion and reporting. Planning enables the auditor

to identify IT governance mechanisms, network systems, operating systems in a place before execution of audits.

An IT auditor relies on substantive tests to ascertain assertions as per objectives which require tools for extraction, inquiry and data analysis. Currently, the OAG is using Microsoft excel, ACL and many other tools to carry out tests. The tests include input control, processing control, output control and application security control ■



Enhancing accountability requires Citizen participation



Fighting graft isn't a reserve of the powerful; Wanjiku has a say in everything

By Anne Rose Kairu and Nicholas Mureithi

Demanding for good governance and accountability in the use of public resources is vital in winning the fighting against corruption. There is need to reduce wastage in how public funds are spent to enhance accountability of public funds right down to the last shilling.

With allegations of corruption dotting the media, recently, it is time the citizens played a critical role in demanding for accountability on the usage of public resources from their leaders. The onset of devolution also creates an avenue for the citizens to keep a close eye on how their resources are used by the leadership of the County governments.

The devolved units, according to the Constitution, receive at least 15 per cent of the national budget, meaning significant amount of money goes to the counties, calling for more vigilance amongst the citizens.

As much as headway is being made by the government to enhance accountability especially with the announcement that all public bodies adopt an automated procurement process, amongst other measures, citizens' role in advocating for

Engaging citizens in one of the Office of the Auditor-General's outreach programs

good governance is very critical.

The Office of the Auditor-General is mandated under the Constitution, to oversee effective and lawful use of public resources and the impact of the audit reports can be significant when citizens take an active role in utilization of resource.

The Office continuously endeavours to provide Citizens with easy-to-read reports to help them grasp the contents of the reports easily. Consequently, the Office is constantly working on producing short, well summarized and sharp user-friendly audit reports that will go a long way in providing the public on prudent use of their resources.

Promoting accountability

Going forward, on its part, the Office endeavours to promote accountability in the public sector by conducting timely audits on financial statements, and provide recommendations on areas of improvement in the financial and environmental systems. This assurance is important to the Government and the public since it accelerates economic stability ensuring a steady rise in development of the country's economy.

Keeping a close watch on Government Funded projects such as road construction, hospitals, schools, bridges, government buildings and so on, enhances the confidence that 'wanjiku' has on improving and strengthening

aspects of accountability in expenditure, and the Office of the Auditor-General is tasked to ensure this critical assurance to the taxpayers.

Citizens therefore ought to demand for accountability and transparency from their government. The Office of the Auditor-General's purpose is to uphold accountability and promote good governance in the public sector. Reporting to agencies such as the Office of the Auditor-General, Ethics and Anti-Corruption Commission, Director of Public Prosecutions, amongst others, will go a long way in ensuring action is swiftly carried out on those seen to abet corruption.

Playing the role of the watchdog is something every individual needs to get involved in to ensure public resources that are allocated for worthwhile projects are spent accordingly. However, their role shouldn't just be limited to whistle blowing; information sharing on activities that the National and County governments intend to take part in should be done beforehand thus giving them a sense of inclusion in the ways that they would want to have projects executed.

Educating the citizens and active participation in development project talks with their leaders will give them a chance to air their views, suggestions and offer new angles to the projects previously not considered or ignored ■

Global Training Programme on Environment Audit



Auditors being taken through aspects of environmental audit during the 1st International training programme on environment auditing in Jaipur, India

By Violet Odoyo

Supreme Audit Institutions (SAIs) have embarked on capacity-enhancing programmes to effectively equip auditors with skills on environmental management and development of suitable audit criteria.

The first programme was held in Jaipur, India in December 2013. The Global Training Programme on Environment Audit, at the International Centre for Environment Audit and Sustainable Development (iCED), attracted 25 participants from 13 countries across the world. Millicent Ochieng, Lillian Mwikali and Violet Odoyo represented SAI Kenya.

The participants went through hands on training, with emphasis on conceptual clarity as well as practical exercises and sharing of relevant experiences from SAIs that took part. Afghanistan, Bahamas, India, Indonesia, Kenya, Kuwait, Malaysia, Moldova, Rwanda, Nigeria, Saudi Arabia, South Africa and Turkey, were represented at the event.

The two and a half-week course was designed to provide knowledge

for working on environmental issues, including recognizing environmental problems, selecting relevant audit topics, developing suitable audit criteria and audit methodology, and making meaningful recommendations. The facilitators that helped put together the programme were from the SAIs of Norway, Estonia, Brazil, USA and India.

With overviews of general auditing, the training further delved into topics of environmental auditing such as Audits of biodiversity based on Multilateral Environmental Agreements (MEAs) and audit cooperation in biodiversity issues; Audit cooperation in climate change issues; Planning and conducting waste management audits; Designing audits that involve MEAs and Joint audits as well as Audit cooperation in climate change issues.

The last project required the participants to produce a report on a possible environmental audit that could be undertaken in the respective SAI.

iCED also organized various enriching weekend/evening activities linked not only to environmental issues but the cultural diversity of the host country as well such as;

- Panel discussions with eminent experts in the environmental field in India to emphasize universality of environmental problems and discuss a range of possible solutions
- A visit to nearby sites that evolved good local environmental management practices– sustainable farming
- A trip to Chokidhani cultural village- where the participants not only sampled dishes from various parts of India but also were able to experience different forms of entertainment
- Biodiversity site visit to Ranthambore National Park (where the participants had an opportunity to see tigers!)
- Light & Sound Show at Amber Fort in Jaipur that detailed the history of Jaipur
- Bollywood Music appreciation module
- And last of all a memorable trip to the Taj Mahal ■



Deputy Auditor-General, Mr Humphrey Wanyama gives an address at the 1st Annual Gathering of the Civil Society Reference Group. On the left is US Ambassador to Kenya Mr Robert Godec. Mr Wanyama said the Civil Society plays a critical role in enhancing accountability in the public sector.

The Public should critically interrogate audit reports

It should be appreciated that audit reports are not an end in themselves but a critical governance indicator that citizens should use as a starting point to engage and interrogate the performance and accountability of the state and public officers.

By Wilfred Marube

There is renewed and sustained public and stakeholder interest in audit reports produced by the Office of the Auditor-General. This interest ranges from the political to the apolitical class. It is evident that politicians are finding Auditor-General's reports useful as a governance tool, as a way of calling management and leadership to come to account. However, to what extent does "Wanjiku" appreciate and find the reports useful? Can we assume that when the report is used by Public Accounts Committee,

Public Investment Committee and Public Accounts and Investment Committee at both County and National levels Wanjiku's voice is heard as well?

Without doubt, citizens expect a lot from the Auditor-General, sometimes beyond the constitutional mandate of the Office. Because of the nature of the auditors' job, managing the citizens' expectations becomes a slippery ground for auditors. Ordinarily, citizens always have ideas on financial impropriety without the benefit of full information which an auditor usually has access to leading to information gap between the public and the auditors. This is not say that public fears are always off target, but on the contrary public concern almost always leads the auditors to critical and risk areas in planning for the audit activities.

It should be appreciated that audit reports are not an end in themselves but a critical governance indicator that

citizens should use as a starting point to engage and interrogate the performance and accountability of the state and public officers. However, to effectively interrogate the audit reports the public must understand the cycles through which the reports go through.

This is not easy bearing in mind that the reports are written from a technical stand point. The Office of the Auditor-General is striving to make the reports accessible to Mwananchi. This access is not only physical but also intellectually and technically accessible. What use could a report written in audit speak serve to an ordinary Mwananchi with limited education in financial matters. There are plans to ensure that user-friendly versions of the report in both English and Kiswahili are available for mtu wa kawaida.

Process of audit report

It is crucial that the public knows the process through which the audit report goes through before it is published. To start with the report has to be submitted to the National or County Assembly through the Office of the Clerk. After that the report is then tabled in the respective committee (hence becoming a public document). The report cannot be shared with nor accessed by the public unless it is first tabled. After tabling of the report, the accounting officers are invited to respond to audit queries (areas where the auditor was not satisfied with the documents or explanations provided regarding an expenditure). This is a public hearing and members of the public are allowed to attend.

After this the Public Accounts Committee (for national government audits) and Public Investment Committee

for parastatals prepare a final report which is then tabled in the National Assembly. In the County Assemblies this is done by the Public Investment and Accounts Committee (PAIC). The recommendations are meant to be implemented by responsible accounting officers, Director of Public Prosecution, Ethics and Anti-Corruption Commission, among others as may be appropriate.

This final report emanating from the law makers report is also a public document and can be accessed from Parliament or the respective County Assembly. In short, the civil society and other interested groups in public finance management should help build the capacity of Wanjiku to meaningfully interrogate and use the Office of the Auditor-General audit reports for civil decision making.

As earlier said, audit reports are not an end in themselves but a starting point of another phase in the accountability

cycle. It is in this phase that the Public is encouraged to participate. The importance of the reports is based on the fact they provide critical information and raw material which act as a lens through which to interrogate accounting officers and leaders on governance issues. The question that begs is what is the role of citizens and other stakeholders in the accountability cycle? How can they get involved once the Audit reports have become public?

We are talking of participation in public hearings during the PAC/PIC/PAIC meetings, identifying risk areas which they could interrogate further during the participatory budget process, calling for more accountability of management and leadership; and agitating and ensuring that recommendations are implemented. Finally, the reports could also be used as a governance tool in political decision making ■



OFFICE OF THE AUDITOR-GENERAL

Promoting Accountability in the Public Sector

TO ALL OUR CLIENTS

PAYMENT OF AUDIT FEES

Kindly note that all cheques for any payments should be payable to:

AUDITOR-GENERAL

Payments by electronic transfers should be transmitted using the following details:

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BRANCH	HAILE SELASSIE AVENUE
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Tracing the shilling to the ground



Auditor-General Mr Edward Ouko (holding microphone) during a panel discussion on enhancing accountability in resource management during Devolution Conference in Kisumu in April 2015. Tracing the shilling to the ground is a principal policy of the Office of the Auditor-General

The Constitution of Kenya grants the Office of the Auditor-General the mandate to audit all National and County Governments, State Corporations, Commissions and Independent Offices, Political Parties, National Assemblies, Courts, amongst other public entities.

In executing its mandate the Office carries out a “drill-down” on accountability. Drill-down is the process of focusing on the money disbursed by the National government to the County governments, right down to the bottom level where *Wanjiku* (ordinary Kenyans) is. The Office’s focus in this drill-down approach therefore is where the shilling hits the ground.

The funds are associated or linked to facilities and institutions such as health centers, dispensaries, educational institutions, the Constituency Development Fund (CDF), donor-funded projects and revenue accrued from taxes, grants,

loans and investments. The intention of the drill-down approach is to determine whether public resources have been used effectively and lawfully by tracing the shilling right from where it is disbursed up to the point it ‘hits the ground.’

As it focuses on the drill-down, the Office carries out its mandate thus achieving its strategic intent through an assurance framework comprising three strategic pillars, namely: certification of accounts which is done to confirm fiscal accountability, continuous audit presence that will assess managerial accountability and the evaluation of service delivery to Kenyans and resource management assessment by carrying out performance evaluation audit, whilst adhering to the highest standards of independence, integrity, professionalism and innovation.

The initial focus of the drill-down will be on Education and Health as they are core-spending sectors ■

The intention of the drill-down approach is to determine whether public resources have been used effectively and lawfully by tracing the shilling right from where it is disbursed up to the point it ‘hits the ground.’





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

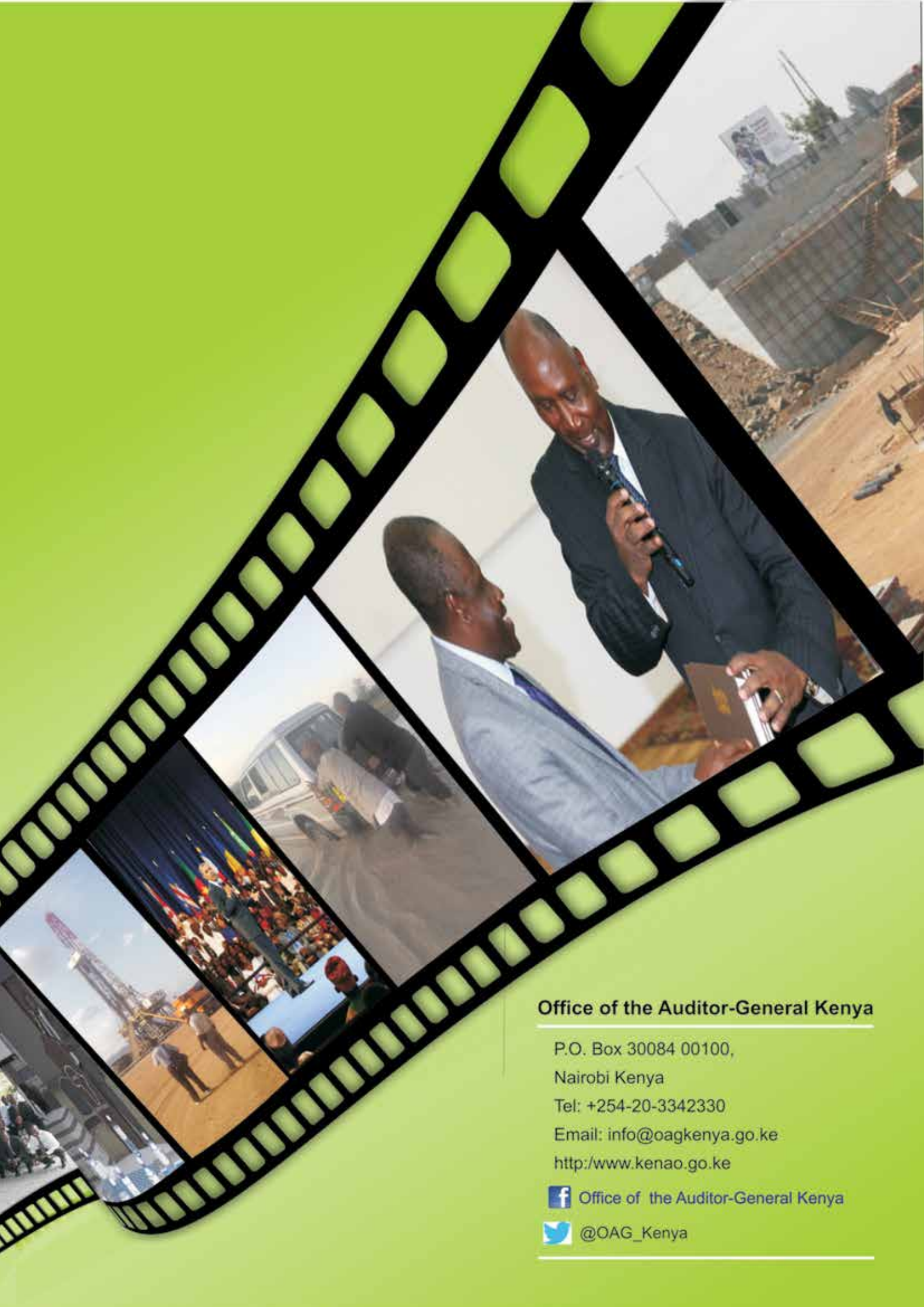
We adhere to practices and behaviour that are impeccable and above reproach in the conduct of our affairs. We undertake and report all assignments on the basis of factual, objective, impartial and honest evidence without bias.

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: +254-20-3342330

Email: info@oagkenya.go.ke

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

 Office of the Auditor-General Kenya

 @OAG_Kenya