

STRATEGIC PLAN



2021 - 2026



OUR — VISION

Making a difference in the lives and livelihoods of the Kenyan people.



OUR — MISSION

Audit services that impact on effective and sustainable service delivery.



OUR — VALUES

- INTEGRITY
- CREDIBILITY
- RELEVANCE
- ACCOUNTABILITY
- INDEPENDENCE



OUR — MOTTO

Enhancing Accountability



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ABBREVIATIONS

AFROSAI	-	African Organisation of Supreme Audit Institutions
AFROSAI-E	-	African Organisation of English-speaking Supreme Audit Institutions
APSEA	-	Association of Professional Societies in East Africa
CAATS	-	Computer Aided Audit Techniques
DAG	-	Deputy Auditor-General
ICBF	-	Institutional Capacity Building Framework
ICPAK	-	Institute of Certified Public Accountants of Kenya
ICT	-	Information and Communication Technology
IIA	-	Institute of Internal Auditors
INTOSAI	-	International Organisation of Supreme Audit Institutions
ISACA	-	Information System Audit and Control Association
ISSAI	-	International Standards of Supreme Audit Institutions
KENAO	-	Kenya National Audit Office
LSK	-	Law Society of Kenya
OAG	-	Office of the Auditor-General
PAA	-	Public Audit Act, 2015
PSASB	-	Public Sector Accounting Standards Board
QA	-	Quality Assurance
SAI	-	Supreme Audit Institution
SAI PMF	-	Supreme Audit Institution Performance Measurement Framework
SWOT	-	Strengths, Weaknesses, Opportunities and Threats
UN	-	United Nations

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FOREWORD

The performance of any institution depends largely on the existence of solid and sound plans on which to anchor its decisions and operations. The plans should not only address the immediate short-term priorities but also position the institution to effectively meet future challenges for excellence. To this end, OAG has taken the prudent step of developing a Strategic Plan to guide its work over the next five years to 2026.

This Strategic Plan has been developed at a time when we are experiencing critical changes both in our external and internal operating environments. The aspirations of the Kenya Vision 2030 have propelled all players in the public sector to re-orient their approach towards capacity enhancement for effective service delivery. The Constitution of Kenya 2010 calls for concerted efforts to ensure citizen-centric service delivery.

It is in times of change and adversity when the character of individuals and image of organisations are severely tested. An increasingly dynamic and complex audit environment, heightened audit risks and emerging priorities, as well as continuously escalating stakeholder expectations, have become our new reality. We have



CPA Nancy Gathungu, CBS

to live with reduced physical proximity to our clients and staff, an influx of collaborative tools and the digitisation of the global economy.

These significant changes have already affected our audit approach and routines, but more importantly, they have inspired new approaches to our work as we begin to craft our way forward to a future relevant and value-adding auditor. Additionally, the devolved government structure and the inherent institutional as well as legal changes have revolutionised the conduct of audit. Relevance to the people of Kenya remains our key priority.

“

This Strategic Plan has been developed at a time when we are experiencing critical changes both in our external and internal operating environments.

Upon my appointment as the Auditor-General, I pledged first and foremost, to uphold the Constitution and to honour and serve the people of Kenya. I vowed to protect the constitutional independence of the OAG with fidelity and courage. In an effort to achieve this objective, the OAG team and I have sought to execute our constitutional mandate in the public interest, invigorated as we are by the need to prevent and avoid wastage of public resources and ensure positive impact in the sustainable development of our country and quality service delivery.

The Strategic Plan outlines our strategic commitments, priorities, and objectives. While focusing on entrenching integrity and relevance, as the bedrock and foundational values, we will remain enduringly intentional in ensuring lifelong learning, reshaping audit services, and cultivating effective

leadership.

Through strengthening organizational efficacy and bolstering stakeholder relations, OAG will inject and insist on accountability, transparency and quality control in all our operations. We will call upon all of us to always seek and sustain public confidence in all that we say and do. Our overall aim is to transform the Office into a provider of audit services that are more responsive to the needs of the citizens.

Appreciating that staff are the most valuable resource, emphasis will be laid upon staff welfare. I am privileged to work with a team of highly talented and committed workforce who have already proven themselves strong over the years and are well primed for future challenges. Already, these remarkable professionals have demonstrated a determined fidelity to our shared vision and mission.

In this Strategic Plan, we have crafted strategies that address priority issues impacting the lives and livelihoods of the Kenyan people. We look forward to working with all our stakeholders to collaboratively implement this plan.

CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

This Strategic Plan covers a period of five years from 2021-2026. The plan seeks to consolidate the gains made over the previous strategic period of 2018-2021 and brings on board emerging issues in audit.

OAG has made major strides in re-orienting itself to respond to the expanded mandate as stipulated under Article 229 of the Constitution of Kenya, 2010. We hope to achieve our mandate through an assurance framework comprising three strategic intents namely: Certification of Accounts, Continuous Audit Presence and Assessment of Service Delivery to Kenyans.

Our strategic orientation will be driven by our Vision of *making a difference in the lives and livelihoods of the Kenyan*

people in an increasingly complex audit environment, increased audit risks and emerging priorities, as well as continuously escalating stakeholder expectations, which have become our new reality. We take into account that we have to immediately deal with radically reduced physical proximity to our clients and other staff due to the COVID-19 pandemic, an influx of collaborative tools and the digitization of the global economy.

These significant changes have already affected our existing processes, systems and routines, but more importantly, they have inspired new approaches to our work as we position ourselves to begin to craft our way forward to be future relevant and value-adding auditors. One thing is certain - OAG will show up and continue to deliver effectively on our mandate.

OAG acknowledges that the implementation of the Strategic Plan will require a large outlay of resources. Hence, we require the support of Parliament, The National Treasury and our Development Partners in order to succeed. In our effort to promote accountability in the public sector, we will focus on three strategic priority areas as shown on the next page.

STRATEGIC PRIORITIES

PRIORITY 1

Enhance the Quality of
Audit Services for
Improved Management
of Public Resources

PRIORITY 2

Position OAG for
Greater Relevance and
Credibility to
Stakeholders

PRIORITY 3

Be a Model
Organisation for
Effective Service
Delivery

CHAPTER ONE

INTRODUCTION AND BACKGROUND

1.1 Background

Successful organizations have a strong sense of focus and passion to achieve performance excellence. There is commitment to achieve corporate objectives and such organizations are guided by clear proactive strategies. Strategy is essential in providing corporate direction and focus as it specifies how an organization will move from its present position to its desired future position.

Strategy also clarifies an organization's strategic positioning and indicates how an organization will secure sustainable advantage. Organizations articulate their strategies by going through a structured strategic planning process.

This process provides periodic opportunities to take stock and to challenge conventional wisdom. It also provides the inspiration to develop a strategy that determines the best fit in the prevailing circumstances and that guarantees an organization's competitive advantage.

The outcome of this process is a strategic plan which is a blueprint for managing the organization and ensuring timely and effective responses to the

continuously changing environment.

The Office, formerly known as the Office of the Controller and Auditor-General, was created under section 105 of the founding Constitution of Kenya in 1963. The Office had dual functions under the Exchequer and Audit Act Cap 412: to audit all public funds in the Central Government, Local Authorities and State Corporations, and to authorize release of funds from the Exchequer Account.

In 1986, the State Corporations Act established the Office of the Auditor-General (Corporations) to audit state corporations separately from the Office of the Controller and Auditor-General.

The Public Audit Act, 2003 merged both audit offices and established a more independent Office of the Controller and Auditor-General and renamed it Kenya National Audit Office (KENAO). The Constitution of Kenya, 2010 separated the two functions previously under the Controller and Auditor-General and created two Independent Offices namely, the Office of the Auditor-General and the Office of the Controller of Budget.

Articles 248 and 229 of the Constitution of Kenya, 2010 establishes the OAG as an Independent Office with a clear and expanded mandate. The Constitution

establishes two levels of Government, namely, the National and County Governments which are oversighted by the Auditor-General.

The OAG operates within the public policy and legal frameworks as well as the socio-economic and political arena locally, regionally and internationally in Kenya. The main contextual components that are important in the Strategic Plan include: The Constitution of Kenya, 2010; the Kenya Vision 2030; The Public Finance Management Act, 2012 and the Public Audit Act, 2015 (PAA).

The OAG continues to play key roles both at the regional and international arena. To this end, the Strategic Plan has put into consideration our partners, including AFROSAI, AFROSAI-E and INTOSAI whose guidelines and standards we rely on to conduct our audits.

This Strategic Plan is set against the above background and addresses amongst other issues: the strategic orientation and mission of the Office; the 3 guiding priorities in execution of the mandate; the strategic objectives and strategies as well as the organizational structure and the required resources for

the period 2021-2026.

This Strategic Plan charts the future direction of OAG in light of our Vision, Mission, Core Values and the nature of accountability as well as challenges which continue to emerge in the external environment. In this regard, OAG will redefine and prioritize its strategic targets and devise innovative approaches for realizing them. It will also identify required intervention programmes for each strategic target to be operationalized over the next 3 years.

Together, the core activities, strategic initiatives and foundations we establish will represent a distinct identity – a sense of what we want to be known for locally in Kenya, regionally and internationally.

The Strategic Plan was developed through a participatory process to ensure ownership by the management, staff and stakeholders. The process also included research, consultations, interviews and circularization to key stakeholders.

1.2 Mandate of the Office of the Auditor-General

The mandate of the OAG is articulated under Article 229 of the Constitution. It is to audit and report on all entities funded from public funds. In addition, Article 229(6) requires the Auditor-General to confirm whether public money has been spent lawfully and in an effective way.

The Constitution gives the Auditor-General the role of supporting oversight on public resource utilization and accountability. Article 249 further outlines the objects and authority of the Auditor-General, including the independence of the Office from any other authority. The Constitution requires the Office to be impartial and to exercise its powers and perform its functions without fear, favour or prejudice.

Moreover, Article 252 expands the general functions and powers of the Office, including: conducting investigations arising from own initiative or complaint from a member of the public, powers for conciliation, mediation and negotiation and recruitment of own staff.

The operationalization of the mandate of the Auditor-General as stipulated in the Constitution, is done through

Section 7(1) (a-g) of the Public Audit Act, 2015 which stipulates that the Auditor-General shall:

- a) give assurance on the effectiveness of internal controls, risk management and overall governance at National and County Governments.
- b) undertake audit activities in state organs and public entities to confirm whether or not public money has been applied lawfully and in an effective way.
- c) satisfy himself or herself that all public money has been used and applied to the purposes intended and that the expenditure conforms to the authority for such expenditure.
- d) confirm that—
 - i. all reasonable precautions have been taken to safeguard the collection of revenue and the acquisition, receipt, issuance and proper use of assets and liabilities;
 - ii. collection of revenue and acquisition, receipt, issuance and proper use of assets and liabilities conforms to the authority.
- e) issue audit reports in accordance with Article 229 of the Constitution.
- f) provide any other reports as may be required under Article 254 of the

Constitution.

- g) perform any other function as may be prescribed by any other written legislation.

1.3 Vision, Mission and Core Values

Core Values



Integrity: We are committed to honesty, and reliability. We act in good faith and in the public interest in our professional and personal conduct.



Credibility: Our work is based on appropriate professional knowledge, skills, standards, up-to-date techniques, and laws.



Relevance: We are a credible source of independent and objective insight and guidance to support beneficial change in the public sector.

Accountability: We shall ensure accountability, transparency, continuous improvement and sustained confidence in the use of public resources

Independence: We act with impartiality, objectivity and are free from control and influence of others.



1.4 Accountability and Reporting

Article 254 of the Constitution requires the Auditor-General to submit an annual report to Parliament and to the President and report on any matter that the President, the National Assembly and the Senate may require from the Auditor-General.

The Auditor-General reports to the National Assembly annually on the activities of the Office and its performance through the main accountability instruments, namely the Budget, audited Financial Statements and the Annual Corporate report. The OAG makes submissions to the Budget and Appropriation Committee of the National Assembly on resource requirements.

1.5 Our Products

Each year, OAG conducts mandatory regularity audits of the National and County Governments, Judiciary and Constitutional Commissions and all other entities funded from public funds. In addition, the OAG conducts other types of audits such as special audits, compliance audits, performance audits and citizen accountability audits.

Our audit reports are made public and are tabled in Parliament and relevant County Assemblies. In addition to these audit-specific reports, we publish two general summary reports each year in which we analyze the outcomes of the audits at the National Government level in the Blue Book and County Governments in the Green Book.

OAG has restructured and repositioned itself to meet the requirements of devolved governments and enhanced stakeholder expectations as per the constitutional dispensation.

OAG will achieve its mandate through an assurance framework comprising three strategic intents, namely:

- (i) Certification of accounts that confirms fiscal accountability
- (ii) Continuous audit presence that

assesses managerial accountability and

- (iii) Evaluation of service delivery to Kenyans and assessment of resource management through carrying out performance evaluation audits. We shall do this whilst adhering to the highest standards of integrity, credibility, accountability, relevance and independence. The assurance framework is as depicted below:

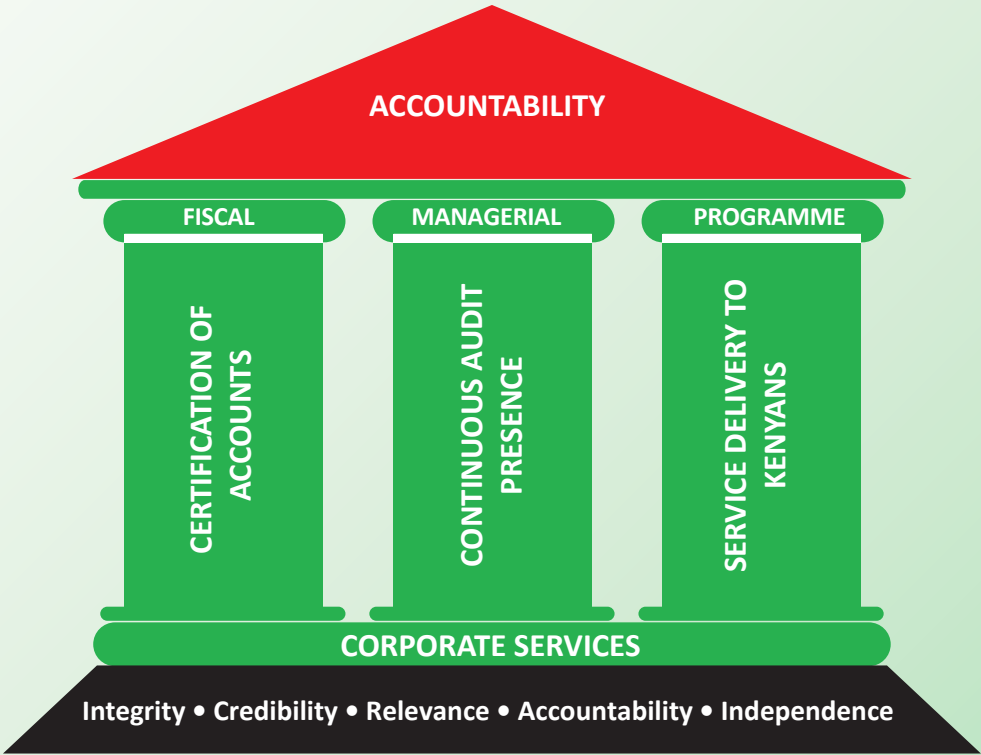


Figure 1: Assurance framework

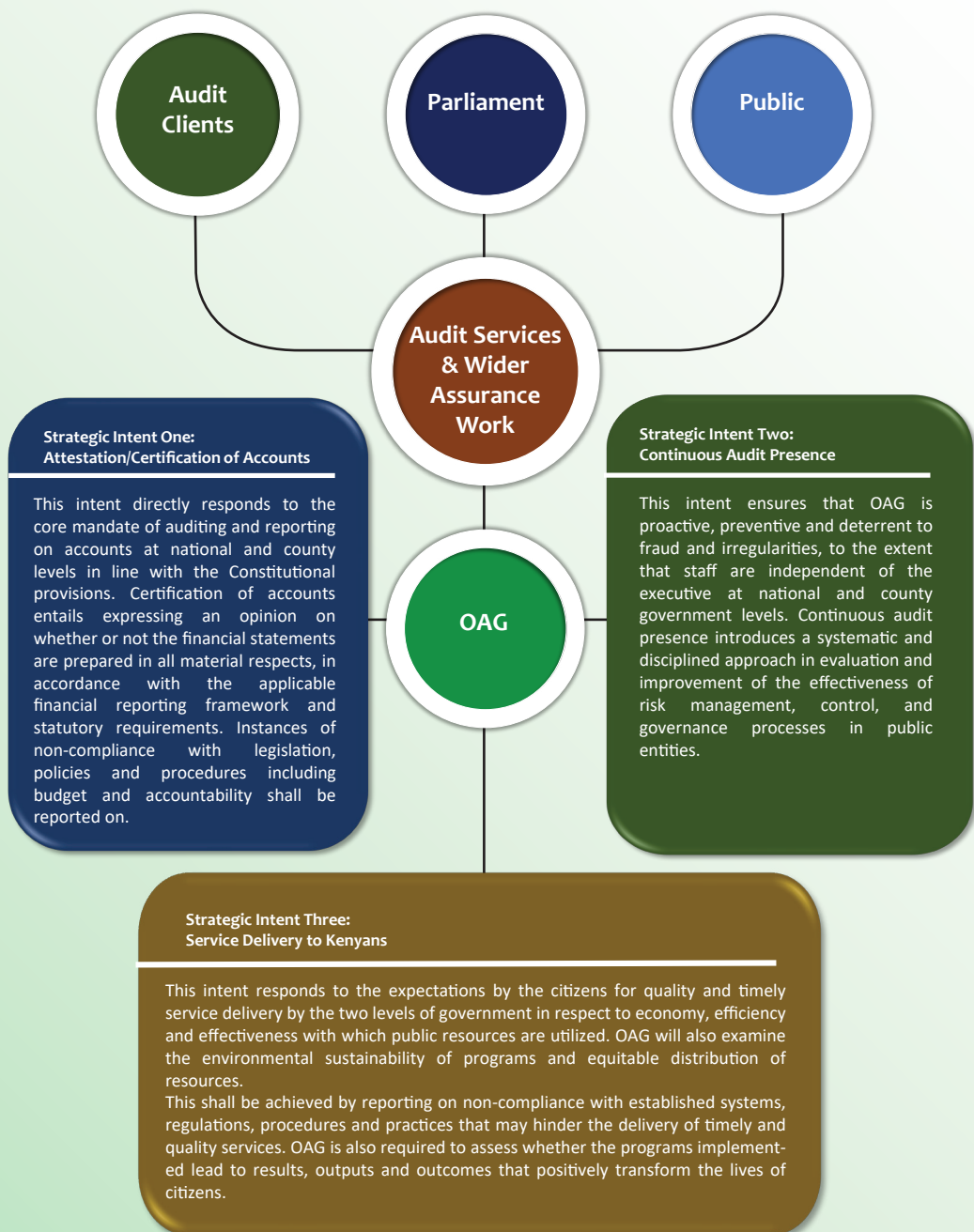


Figure 2: Performance framework

The performance framework will be supported by an integrated Corporate Services function.

1.6 Our Role in Oversight and Accountability

Public sector auditing, as championed by Supreme Audit Institutions (SAIs), is an important factor in making a difference to the lives of citizens.

The auditing of government and public sector entities by OAG has a positive impact on trust in society because it focuses the minds of the custodians of public resources on how well they use those resources.

Such awareness supports desirable values and underpins accountability mechanisms, which in turn leads to improved decisions. Once OAG audit results have been made public, citizens are able to hold the custodians of public resources accountable. In this way OAG promotes efficiency, accountability, effectiveness and transparency in public administration. An independent, effective and credible SAI is therefore an essential component in a democratic system where accountability, transparency and integrity are indispensable parts.

Through OAG audit activities, we play an important role in enabling accountability and thus promoting good governance in Kenya. We do this by providing independent assurance to Parliament and County Assemblies on

whether entities that use public funds have:

- i) managed their financial affairs in line with sound financial principles,
- ii) complied with the relevant legal framework, and
- iii) provided credible information on the achievement of their financial and performance objectives.

In this way, the elected representatives of the Kenyan people are able to hold the accounting authorities, officials and public entities accountable. This provides the rationale for our work in empowering citizens *“to hold the custodians of public resources accountable”* as required by the International Standard of Supreme Audit Institutions (ISSAI) P-12, The Value and Benefits of Supreme Audit Institutions – Making a Difference to the Lives of Citizens which informs our Vision - Making a difference in the Lives and Livelihoods of the Kenyan people.

1.7 Focus of the Strategic Plan

The broad thrust of the Strategic Plan is to enable OAG to be a SAI offering efficient client-focused audit services based on data, risk and intelligence. Consequently, the following three main thematic drivers will guide this Strategic Plan:

1. **Transformation:** we seek to be a Supreme Audit Institution offering efficient, client-focused audit services based on data, risk and intelligence. We will endeavor to leverage on the opportunities presented by technology to provide improved services to the Kenyan citizens.
2. **Stakeholder Focus:** our redesigned service delivery model will ensure consistency and seamless service delivery across all stakeholder touch points.
3. **Flexibility, Agility and Resilience:** OAG operates in a dynamic environment with emerging risks and changing stakeholder expectations. Cognizant of this, we will endeavor to be flexible, agile and resilient in our operations in order to effectively deliver audit services in an unpredictable and rapidly changing environment.

1.8 Assumptions

Successful implementation of the Strategic Plan is contingent on the following key assumptions:

- a) **Resources:** That Parliament shall ensure that we are adequately

funded to deliver on our mandate.

- b) **Political environment:** That there shall be a conducive political environment to support our operations.
- c) **Technology:** That there will be a conducive ICT policy environment to enable us fully exploit the potential of technology.

1.9 Key Success Factors

The key success factors are constructed around the fundamental expectations of OAG making a difference in the lives of citizens. The extent to which OAG can make a difference in the lives of citizens depends on OAG:

- 1) Strengthening the accountability, transparency and integrity of government and public sector entities;
- 2) Demonstrating ongoing relevance to citizens, Parliament, and other stakeholders; and
- 3) Being a model organization through leading by example.

Figure 3: Key Success factors



1.10 Linkage to the National Development Agenda

The mandate to audit and give assurance on the lawful and effective use and management of public resources makes it critical in the realization of Kenya's Development Agenda, Vision 2030, Medium Term Plan (MTP) III, the Big Four Agenda, Sustainable Development Goals and Africa's Agenda 2063 among other national and international obligations.

Kenya's Vision 2030 aims to transform Kenya into a modern, globally competitive, middle-income country providing a high quality of life to all its citizens. The Vision is anchored on 3 key

pillars: the Economic Pillar, the Social Pillar, and the Political Pillar. OAG plays a key oversight role in all the 3 pillars.

The Economic Pillar aims to achieve an average Gross Domestic Product (GDP) growth rate of 10 percent per annum through growth of key sectors which include tourism, agriculture and livestock, manufacturing, wholesale and retail trade, Business Process Outsourcing (BPO) and financial services as well as oil and mineral resources.

The Social Pillar seeks to build a just and cohesive society with social equity in a clean and secure environment through the main sectors that include

education and training, health, water and irrigation, environment, housing and urbanization, gender, sports, youth and culture.

The Political Pillar aims at realizing a democratic political system founded on issue-based politics that respects the rule of law and protects the fundamental rights and freedoms of every individual in Kenya.

OAG in its vision of making a difference in the lives and livelihoods of the Kenyan people requires that implementation of Vision 2030 programs be done efficiently and effectively for greater positive impact on the development of our Country and delivery of sustainable quality services. OAG will play an oversight role of ensuring available resources are utilized in a prudent manner towards the realization of programs and projects under Vision 2030.

The Big Four Agenda is the prioritized plan to enable the realization of MTP III (2018-2022) of the Vision 2030 development blueprint. It prioritizes food security and nutrition, affordable universal healthcare, affordable housing and manufacturing. OAG in providing audit services, contributes to ensuring the achievement of the aspirations in the economic blueprint. The prioritised areas in the Big Four Agenda are aligned to the Bill of Rights in the Constitution and the Sustainable Development Goals (SDGs).

The SDGs provide a shared blueprint for peace and prosperity for people and the planet, now and into the future. They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth - all while tackling climate change and working to preserve our oceans and forests.



CHAPTER TWO

SITUATIONAL ANALYSIS AND PERFORMANCE REVIEW

2.1 Introduction

This Chapter presents a critical assessment of the environment in which OAG operates. It determines “where we are now” to form a basis for the development of our strategies. The assessment has been carried out using various tools. The results from the assessments and analyses form the basis on which the strategic issues have been identified; what the Office will seek to address through the 2021-2026 Strategic Plan.

The Chapter further provides an analysis of how the internal and external environments impact on the operations of OAG, which will identify our strengths and weaknesses. It reviews past performance by analyzing the 2018-2021 Strategic Plan.

It also attempts to analyze our key stakeholders, maps out their various interests and determines how OAG has and will address them. The analysis also identified key organizations that OAG works with to successfully deliver on our mandate since our strategy must also ensure that the needs and interests of primary stakeholders are addressed. It

is on the basis of the situational analysis that strategic issues and strategies are determined.

2.2 SAI-Performance Management Framework and Institutional Capacity Building Framework Assessments Results

The Office conducted a baseline self-assessment using the SAI Performance Management Framework (SAI-PMF) and an annual self-assessment using the AFROSAI-E Institutional Capacity Building Framework (ICBF).

The SAI-PMF comprises a set of 25 indicators, of two to four dimensions each, for measuring SAI performance against international practice in six domains. Scores of 0 to 4 are given to each dimension and aggregated per indicator. The two frameworks assess the organisation in the following areas:

1. Independence and Legal Framework
2. Internal Governance and Ethics
3. Audit Quality and Reporting
4. Financial Management, Assets and Support Structures
5. Human Resources and Training
6. Communication and Stakeholder Management

Results from the two assessments have been used as a basis for determining the areas that require strategic focus over the next five years.

2.3 Review of 2018-2021 Strategic Plan

The 2018-2021 Strategic Plan ushered in reform initiatives aimed at re-orienting the OAG to respond to the expanded constitutional mandate and thus improving service delivery to the public.

Over the 2018-2021 Strategic Plan period, the OAG restructured by further decentralizing through opening more regional offices and leveraging on ICT to improve efficiency in its operations.

OAG has also improved capacity in human resources management and development; and restructured financial management and procurement.

Key Achievements and Challenges During 2018-2021 Strategic Period

The information on the next page summarizes the key achievements realized as well as challenges faced, during the implementation of the 2018-2021 Strategic Plan.



Table 1: Achievements in 2018-2021 Strategic Period

GOAL 1	KEY ACHIEVEMENTS	CHALLENGES
To enhance professional excellence in the delivery of OAG mandate	<ul style="list-style-type: none"> • The Risk-Based Audit Methodology (RAM) has been rolled out. • All audit staff trained and retrained on the methodology. • Financial Audit and Compliance Audit - Combined Approach Manual (F!CAM) has been customized to the needs of the OAG, thus making it more user friendly to the auditors. • Audit process reviewers have been trained on supervision and review. • The Quality Assurance (QA) function has been strengthened through training and additional staff. • The QA staff continue to play a key role in ensuring that audit documentation and reports meet international standards. • A technical support team has been constituted to strengthen quality control during the audit process. • Participated in inter-agency forums and other initiatives for fighting corruption and promoting good governance and accountability. • Increased resources for specialized and forensic audits • The Performance Audit unit has been strengthened through additional numbers of staff. • Training on performance audit conducted. • A Performance Audit Manual has been developed and is in use. • Performance audits carried out and reports issued. 	<p>We were not able to meet the timelines as required by the Constitution due to:</p> <ul style="list-style-type: none"> • Delays and inadequate funding for audit operations • Delays in provision of documents and response to audit queries by clients • Inadequate staffing • Lack of optimal decentralization to the counties • Limited use of CAATs • An ineffective Performance Management System • Ethics and Integrity Committee not fully effective • Inadequate implementation of our recommendations by the audit clients • Policy on follow up of our recommendations not yet developed • Inadequate training • Inadequate stakeholder interactions and consultations • Performance Audit reports not discussed in parliament

GOAL 2:	KEY ACHIEVEMENTS	CHALLENGES
<p>To continually transform OAG for efficient and effective delivery of audit services</p>	<ul style="list-style-type: none"> • Enactment of the Public Audit Act, 2015 • Seven (7) governance policy documents have been developed and are being implemented for: Human Resource (HR), Information and Communication Technology (ICT), Internal Audit (IA), Fleet Management, Premises, Procurement and Communication. • A professional Communications Unit has been established. • Key support functions, namely, HR, internal audit, legal, procurement have been professionalized. • Communication strategy is now in place. • Over two hundred (200) new staff have been recruited. • Eleven (11) Regional Offices have been established. • ICT staff have been deployed to the Regional Offices • Strategic Planning and External Liaison Directorate has been established. • Various trainings have been conducted. • Land for construction of OAG headquarters and some regional offices has been acquired • ICT strategy has been developed and is being implemented. • ICT support capacity and capability has been enhanced through hiring and training. • 90 % of staff have been issued with laptops. • The Wide Area Network has been expanded and all offices are now linked to the headquarters. • ICT help desk is operational 	<ul style="list-style-type: none"> • Lack of financial independence • Inadequate office space, facilities and logistics • Inadequate number of audit staff • ICT Infrastructure is not adequate. • Insufficient IT skills and capability

Lessons Learnt

Table 2: Lessons learnt from the implementation of the 2018-2021 Strategic Plan:

Lesson	Observation	Way forward for next Strategic Plan
Funding	Need to ensure all activities in the Plan are adequately funded	<ul style="list-style-type: none"> Adequate funding should be provided for the prioritized initiatives within the Strategic Plan and all OAG activities.
Performance Measurement	Need to ensure all strategies/activities can be subjected to a performance measurement criterion.	<ul style="list-style-type: none"> Develop measurable strategies and activities Implement a performance measurement system aligned to the Strategic Plan.
Lack of annual and quarterly targets for effective monitoring of the Strategic Plan initiatives	Development of annual implementation plans hampered by lack of annual targets which in turn affected monitoring of the initiatives	<ul style="list-style-type: none"> Ensure departmental annual plans are developed Ensure stricter adherence to planning cycles, targets and alignment of budget allocation to annual plans Strengthen planning, monitoring and evaluation functions.
Projects closing before completion and new ones being implemented outside the Strategic Plan	Several projects outside the Strategic Plan were being implemented, while priority ones were underfunded. Where interventions were incomplete, the causes were mainly operational in nature rather than underfunding.	<ul style="list-style-type: none"> Adopt good practice in programme and project management to ensure successful implementation of projects.

Lesson	Observation	Way forward for the next Strategic Plan
Data management	Provision of accurate and timely information and data.	<ul style="list-style-type: none"> Development and implementation of a Data Management Strategy and Framework.
Inefficient interdepartmental collaboration	Timely reporting, setting and agreeing on targets where specific roles and targets cut across.	<ul style="list-style-type: none"> Enhanced interdepartmental collaboration ensuring planned initiatives are clearly allocated to a department Develop and implement frameworks for interdepartmental collaboration.
Covid-19	Covid-19 impacted on the audit plan hence need to have mitigating measures for business continuity.	<ul style="list-style-type: none"> Implement business continuity and disaster recovery plans and be dynamic in adapting and responding to new situations.

2.4 Stakeholder Analysis

Stakeholder analysis assists in identification of key stakeholders and their expectations from the perspective of both the OAG and the external stakeholders. This ensures that varied interests are coordinated and reconciled for mutual benefit.

This analysis is important because OAG must design strategies to ensure

that the needs and requirements of key stakeholders are adequately addressed. Stakeholder analysis is key to identification of strategic issues and strategies.

The analysis below describes groups, organizations and institutions that make use of, or have an interest in, the work of the Auditor-General .

Stakeholder	Stakeholders' expectations of OAG	OAG expectations from Stakeholders
Legislature <ul style="list-style-type: none"> Parliament County Assemblies 	<ul style="list-style-type: none"> Timely, reliable and objective audit reports for decision making Briefs to committees of Parliament and County Assemblies Special audits carried out on request Capacity building Annual performance report 	<ul style="list-style-type: none"> Deliberate on audit reports submitted Participate in consultative forums Make timely recommendations for action on reports Provide adequate funding for OAG Safeguard our independence
Media	<ul style="list-style-type: none"> Information sharing Timely and user-friendly audit reports Publishing and publication of reports Ethical and professional conduct Visibility and Social responsibility 	<ul style="list-style-type: none"> Accurate and fair reporting Sharing of information on issues that are of public interest and concern Carry out advocacy
Kenyan Citizens (Including Civil Society and Special Interest Groups)	<ul style="list-style-type: none"> Assurance that public resources are accounted for and utilised for their benefit Timely and user-friendly audit reports Publish and publicise reports Ethical and professional conduct Visibility and Socially responsible citizens 	<ul style="list-style-type: none"> Sharing of information on issues that are of public interest and concern Carry out advocacy
Presidency	<ul style="list-style-type: none"> Annual Performance report Special reports 	<ul style="list-style-type: none"> Support in executing our Constitutional mandate

Judiciary	<ul style="list-style-type: none"> • Accurate and evidence based reporting 	<ul style="list-style-type: none"> • Adjudication of cases relating to misuse of public resources
Clients <ul style="list-style-type: none"> • National and County Governments • Funds and Authorities in National and County Governments • Commissions and Independent Offices • National Assembly, the Senate and County Assemblies • Political parties funded from Public Funds 	<ul style="list-style-type: none"> • Continuous feedback on performance and SMART recommendations on improvements • Timely audit of the government financial statements and objective reporting • Professional conduct and confidentiality • Participation in consultative forums 	<ul style="list-style-type: none"> • Effective follow-up on recommendations of Parliamentary and County Assembly Oversight Committees • Accurate and timely information • Implementation of an accounting framework by the Treasury • Timely response to issues raised during the Audit • Sharing of information with other oversight bodies
Attorney General's Office and Department of Justice	<ul style="list-style-type: none"> • Compliance with existing laws and regulations • Reporting on non-compliance • Recommendations which can improve governance 	<ul style="list-style-type: none"> • Provide advice and support on legal matters
Academic/Professional Institutions	<ul style="list-style-type: none"> • Ethical and professional conduct • Active membership of professional bodies • Relevant reports on compliance 	<ul style="list-style-type: none"> • Participation in knowledge sharing • Capacity Building • Participate in discourse on public policies and use of resources
International Stakeholders <ul style="list-style-type: none"> • Development Partners • INTOSAI, AFROSAI, AFROSAI-E • UN Bodies • Other SAIs 	<ul style="list-style-type: none"> • Compliance with standards for uniform reporting • Participation in peer reviews • Participation in workshops and other events • Meeting membership obligations through regular payments • Capacity building 	<ul style="list-style-type: none"> • Participation in International Forums/Workshops • Carry out collaborative Audits with other SAIs • Provision of training for staff • Participation in collaborative and exchange programmes • Budgetary support • Feedback
Private Audit firms	<ul style="list-style-type: none"> • Information sharing and cooperation • Outsourced audit services 	<ul style="list-style-type: none"> • High professional standards • Participation in public sector accountability initiatives
Constitutional Commissions and Controller of Budget	<ul style="list-style-type: none"> • Collaboration and information sharing • Support in achievement of mandate 	<ul style="list-style-type: none"> • Collaboration and information sharing • Support in achievement of mandate

2.5 Confrontation Matrix

Based on the SWOT analysis, the confrontation matrix indicates how OAG can leverage on its strengths to maximize the opportunities, while minimizing weaknesses in order to reduce the impact of perceived threats. Table 4 highlights the confrontation matrix:

Table 3: Confrontation Matrix

	Strengths	Weaknesses
Opportunities	<p>Use existing strengths to maximize on opportunities:</p> <ul style="list-style-type: none">• Enhance automation and system integration to support audit• Enhance knowledge sharing with other SAs to learn and improve on audit reports quality• Leverage on use of data science for timely and quality audit reports• Increase citizen participation in audit through the citizen accountability audit to improve voluntary compliance• Leverage on multi-agencies and multilateral collaboration for better management of public resources	<p>Overcome our weaknesses so as not to miss any opportunity:</p> <ul style="list-style-type: none">• Follow up and impact reports on audit recommendations• Issue summarized user friendly audit reports and ensure availability of all audit reports to the citizens.• Periodic addresses by top Management and team building to enhance inter-departmental collaboration, information sharing and culture of “one organisation”• Leasing of working tools and equipment and promoting remote working to address space shortages• Lobby for adequate funding• Implement an ethics and integrity programme• Develop and implement a staff motivation programme.• Develop and implement a stakeholder engagement framework• Develop and implement training programmes

	Strengths	Weaknesses
Threats	<p>Use our strengths to minimize the impact of threats:</p> <ul style="list-style-type: none"> • Increased sharing and integration with third party systems to obtain data to drive quality audit reports • Build partnerships with key stakeholders including Parliament, donors and media • Strengthen auditee education to enhance implementation of audit recommendations • Strengthen citizen engagement for enhanced service delivery • Leverage on the goodwill from key stakeholders to enhance funding and build trust with the public 	<p>Overcome our weaknesses to avoid threats:</p> <ul style="list-style-type: none"> • Positive media campaigns to educate citizens on audit reports • Mobilize resources from development partners • Strengthen regional partnerships to enhance knowledge sharing for enhanced audit services • Implement system security practices to safeguard OAG's systems and data • Implement business continuity and disaster recovery plans and new ways of working to mitigate impact of Covid-19 and other service interruptions • Adopt ICT to enhance interventions and service delivery • Strengthen monitoring and evaluation and performance management system

CHAPTER THREE

STRATEGIC DIRECTION

3.1 Introduction

This chapter provides the strategic direction adopted for the 2021-2026 Strategic Plan period. From the situational analysis, OAG has identified strategic issues to be addressed.

These issues cover the need to: enhance and entrench quality and relevance in audit services; enhance strategic stakeholder engagement; expand, strengthen and sustain partnerships and networks; enhance staff development and productivity; continually improve staff welfare; and enhance the use of ICT in all our operations.

Fueled by progress made over the years, OAG intends to exploit opportunities available despite the prevailing socio-economic hardships in Kenya.

The Strategic Plan proposes a number of initiatives that constitute the framework of action programs. These initiatives seek to broaden the activity base of OAG to address new areas of interventions while simultaneously seeking to enhance internal strengths.

In pursuing these initiatives, OAG will give practical meaning to the intentions stated in the mission. While striving to

take on new initiatives in conformity with the themes in this Strategic Plan, consolidation of the current service levels is equally important.

3.2 Strategic Priorities

A strategic priority is a fundamental challenge affecting an organization’s mandate, mission, products, services and clients. Based on the strategic analysis, OAG has identified 3 strategic priorities for the current Strategic Plan period. In achieving the priorities, the OAG has adopted innovation and creativity, flexibility, relationship building, partnership and team approach strategies. The priorities identified are:

1

Priority One

Enhance the quality of audit services for improved management of public resources.

2

Priority Two

Position the Office of the Auditor-General for greater relevance and credibility to stakeholders

3

Priority Three

Be a model organisation for effective service delivery

3.3 Strategic Direction

Strategic Priority 1: Enhance the Quality of Audit Services for Improved Management of Public Resources.

Issue

For OAG to remain relevant to the Kenyan citizens, there is need to transform the Office to service-oriented audits to enable us deliver the greatest benefit and value to the livelihoods of Kenyans.

How do we enhance the quality of our audits to improve the management of public resources?

Strategic Direction

Our reputation is built on the excellent technical quality of our audits, responsiveness to the rapid developments in the environment and enhanced stakeholder expectations. This requires us to pay constant attention to maintaining high quality of our audit services.

We will continue to implement measures that will strengthen adherence to audit quality standards and timelines and, in cases where we opt to outsource audit services, our teams will ensure strict oversight of the outsourced audit process.

Strategic Priority 2: Position OAG for Greater Relevance and Credibility to Stakeholders

Issue

There exists opportunities for OAG to play a more pivotal role as an authority on matters of accountability and governance in the economy. In doing so, OAG will play its role in ensuring the public gets value from the use of public resources.

How do we enhance our visibility and key stakeholders satisfaction?

Strategic Direction

Demonstrating ongoing relevance to citizens and other stakeholders. OAG will amplify its voice in accountability hence raise the value of audit for the citizens.

Strategic Priority 3: Be a Model Organisation for Effective Service Delivery

Issue

To effectively deliver value to Kenyans and other stakeholders, OAG must put in place effective structures and ensure adequate resources for excellence in service provision.

How do we improve our organisation and management for effective service delivery?

Strategic Direction

In our endeavor to make a difference in the lives and livelihoods of the Kenyan people, OAG will put in place strong governance structures, systems and effective and efficient human resource

management that deliver quality and value to the staff.

3.3.1 Strategic Objectives

The strategic objectives for the three strategic priorities, are outlined below:

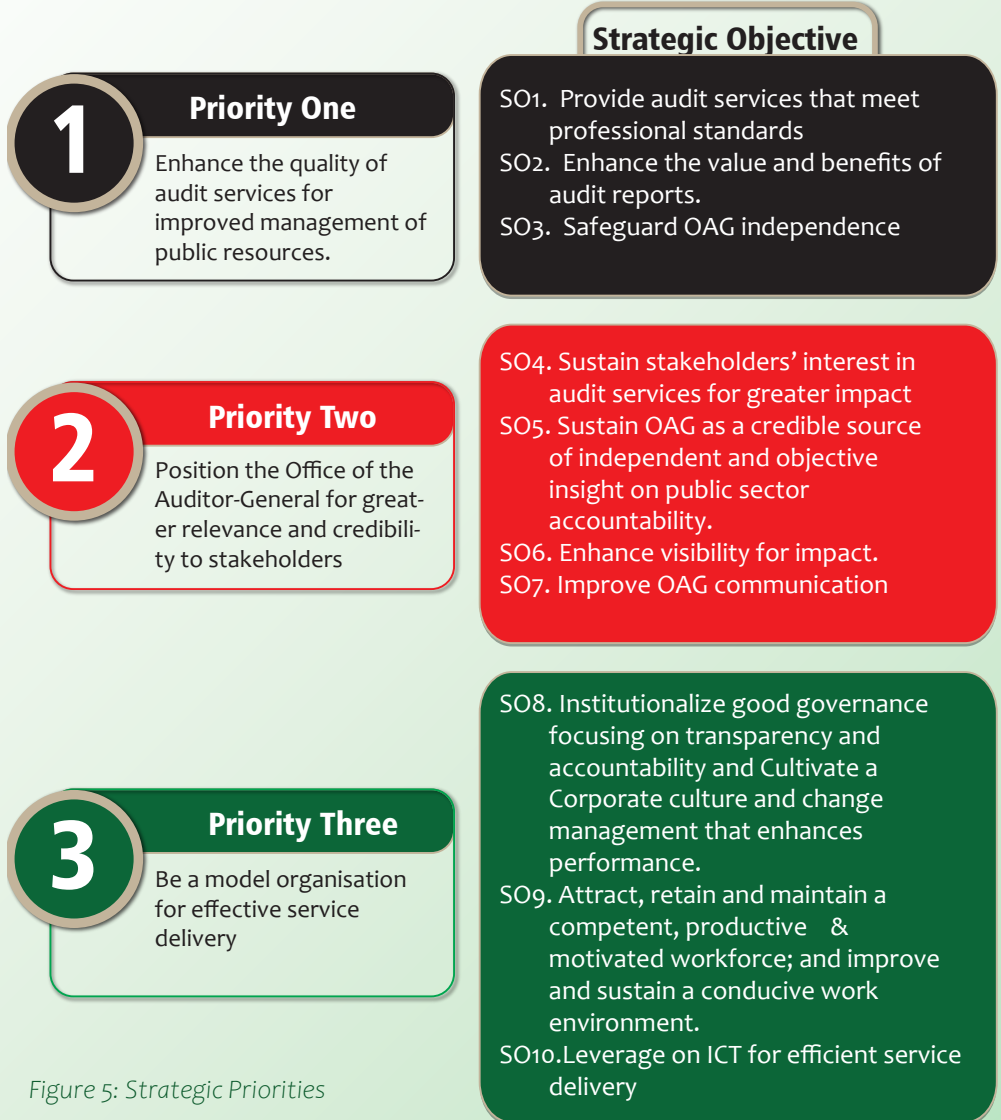


Figure 5: Strategic Priorities

CHAPTER FOUR

IMPLEMENTATION AND COORDINATION FRAMEWORK

4.1 Introduction

This chapter highlights the coordination and implementation framework, including structures set for the Strategic Plan. Monitoring, evaluating and reporting on the implementation of the Strategic Plan will require a systematic and continuous process for collecting and analyzing information based on the indicators and targets stated in the implementation matrix to measure performance.

The goal of monitoring is to provide Management with regular feedback on implementation progress, the results and early indicators of challenges that will need to be surmounted. Evaluation will assist in the assessment of relevance, efficiency, effectiveness, impact and sustainability of the operations. It will also include lessons learnt and determine the need for modifications of the strategic results frameworks.

The Strategic Planning and External Liaison Directorate will monitor the implementation of the Strategic Plan on a regular basis and carry out annual evaluations. Evaluation will be done through a formal survey and

assessment and will look at what will have been accomplished against the set targets. The Strategic Plan has been divided into five-year annual operational plans with specific activities identified for each year. Performance measures/ indicators for the activities under each objective have been identified and will be monitored to track implementation.

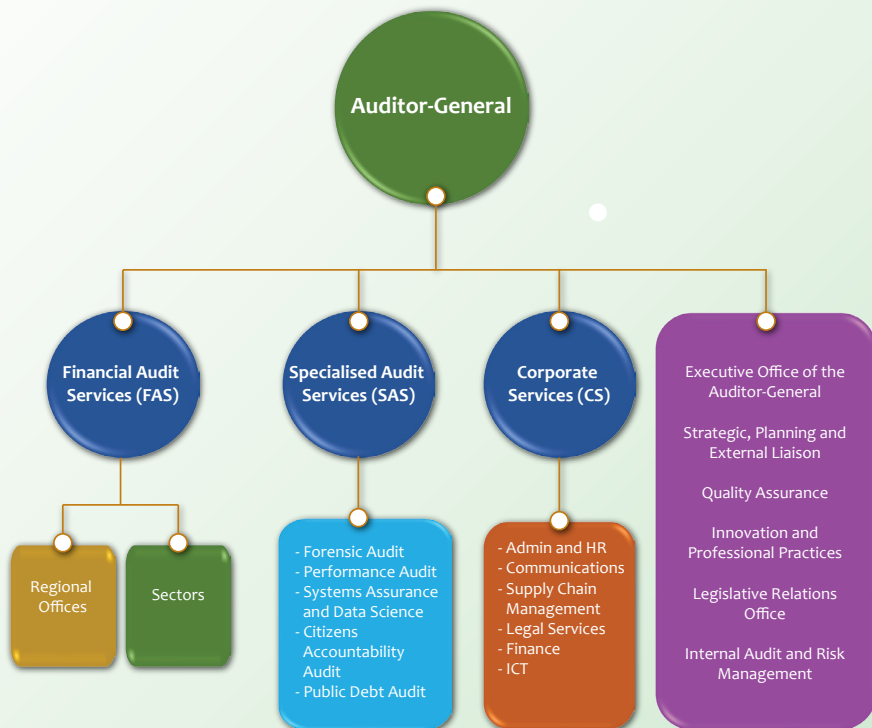
4.2 Organizational Structure

OAG has set up a new governance and internal control organization structure aligned to the three priorities to achieve service excellence. OAG is structured into two key service categories; Audit Services and Corporate Services.

The Audit Services category is further subdivided into Financial Audit Services (FAS) and Specialized Audit Services (SAS), with departments headed by Departmental Heads. The Financial Audit Services are spread across sectors and regional offices while Specialized Audit Services are centralized at the Headquarters.

The Corporate Services Department supports the core business of audit, with Directorates of Administration and Human Resources, ICT, Communications, Legal, Procurement and Finance. In addition, critical support functions report directly to the Auditor-General as follows:

- i. Strategic Planning and External Liaison
- ii. Quality Assurance
- iii. Innovation and Professional Practices
- iv. Internal Audit
- v. Legislative Relations Office



4.3 Analysis of Staff Establishment

The current staff establishment is over 1700 (Comprising of approximately 1300 audit staff and 400 non-audit staff). Our aim is to recruit gradually over the Strategic Plan period in order to reach the optimal staff establishment. This will enable timely and quality delivery of audit services and meet the growing needs and expectations of the

stakeholders.

To effectively implement the Strategic Plan, recruitment of staff to optimal levels will be therefore paramount. The focus will be to bridge the staff gaps as well as address skills gaps in critical and highly specialized functions. OAG will continually undertake staff analysis to determine optimal levels.



4.4 Monitoring and Evaluation

The implementation of the Strategic Plan shall be closely monitored to ensure the objectives are achieved. The monitoring process will assist in determining whether the implementation is on course and establish the need for any amendments in light of the changes.

Monitoring, follow-up and control systems will be established at all levels. These will include collection and analysis of data, progress reports, review meetings and reports, budgetary control and performance systems and reports from special committees/consultants.

Review meetings will be held to receive and review progress reports by the management, indicating overall progress made on strategic objectives. The nature and scope of reporting will include:

- Progress made against the plan
- Causes of deviation from the plan
- Areas of difficulties that may adversely affect implementation
- Alternative solutions and actions to get the plan back on course

➤ Implementation Action Plan

A mid-term evaluation of the Strategic Plan will be conducted in 2023.

Effective implementation is facilitated through action planning. An annual action plan indicates what will be done, by whom, when and the expected results.

The action plan provides a link between strategy formulation and action and is also a reflective tool for monitoring and evaluation. The Action Plan for implementation and the Strategic Plan will be derived from the Results Matrix in Chapter 5.

While the Implementation Action Plan covers the entire Strategic Plan period, the Annual Work Plans will cover one year. Departmental Units and sections will be expected to develop Annual Work Plans extracted from the Office wide action plan.

4.5 Monitoring Methodologies

To ensure that all parties involved in the implementation of the Strategic Plan understand their roles and responsibilities in the process, the following will be done:

- Establish Monitoring and Evaluation Committees
- Set and agree on periods, durations and methods of monitoring and evaluation
- Establish standard formats for data collection and reporting
- Documents to be prepared, periods to be covered and details of information to be supplied must be clearly spelt out
- Implementation of a Performance Management System (PMS) making everyone accountable for the use of resources and attainment of set targets
- The Strategic Plan will also be monitored through periodic reports from the implementing departments
- Tracking of specific activities associated with the implementation of the Strategic Plan will be on regular basis, at least annually so that adjustments can be made appropriately

4.6 Evaluation Mechanisms:

The following evaluation mechanisms will be applied:

- Measuring actual level of performance against set targets and establishing gaps or variances if any
- Identifying the causal factors for the variances
- Identifying and recommending appropriate remedial measures including review of the objectives and/or strategies where necessary
- Regularly comparing set out objectives with results as a way of confirming possible levels of divergence or concurrence

4.7 Strategic Risk Management

OAG has identified risk factors that may potentially or actually hinder the implementation of the Strategic Plan and consequently put in place appropriate mitigating measures and strategies. A cross-section of these risks have been identified as follows;

Table 4: Risk Analysis

RISK FACTOR	LIKELIHOOD	IMPACT	MITIGATION
Failure to meet statutory audit timelines	High	High	<ul style="list-style-type: none"> i. Optimization on use of technology and Data Science in audit ii. Audit workload redistribution iii. Ensure adequacy of resources and enhance resource optimization
Failure to produce quality audit reports	Medium	High	<ul style="list-style-type: none"> i. Enhanced supervision and review of audit and audit reports ii. Increased use of peer review iii. Enhancement of quality control and quality assurance
Inadequate funding	High	High	Resource mobilization
Negative reputation	Medium	High	Enhanced stakeholder engagement
Cyber and information security risks	High	High	<ul style="list-style-type: none"> i. Security awareness ii. Enforcement of the Code of Ethics iii. Enhancement of ICT security

RISK FACTOR	LIKELIHOOD	IMPACT	MITIGATION
Resistance to Change	High	High	i. Capacity Building ii. Culture and change management programmes
Changes in Government policies	Medium	High	Enhanced stakeholder engagement
Limited support from key stakeholders	Medium	High	Stakeholder engagement
Covid-19 and other emergencies/ crises	High	Medium	Adherence to mitigation and response guidelines



CHAPTER FIVE

RESULTS MATRIX

5.1 Introduction

The Office of the Auditor-General will ensure the success of the Strategic Plan by closely monitoring the implementation of the identified strategies. This will be aided by the performance indicators identified in the matrix results. Monitoring will be carried out on a continuous basis while evaluation will be done annually.

The strategic objectives are built on the three major Strategic Priorities: Enhance the quality of audit services for improved management of public resources; Position OAG for greater relevance

and credibility to stakeholders; Be a model Organization for effective service delivery.

The core mandate of OAG is effectively addressed by the first priority while the third priority, A model Organization for effective service delivery, provides the capacity for the mandate to be executed. Positioning OAG for greater relevance and credibility to stakeholders addresses responsiveness to stakeholders.

The strategic priorities and objectives are carefully and systematically organized to ensure that OAG is strengthened to achieve its mandate while ensuring independence.



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