

ICPAK

**Auditing Counties: Expectations and
Responsibilities**

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AUDITOR GENERAL – ARTICLE 229

- (4) Within six months after the end of each financial year, the Auditor-General shall audit and report, in respect of that financial year, on—
- (a) the accounts of the national and county governments;
 - (b) the accounts of all funds and authorities of the national and county governments;
 - (c) the accounts of all courts;
 - (d) the accounts of every commission and independent office established by this Constitution;

ARTICLE 229..CONT

- (e) the accounts of the National Assembly, the Senate and the county assemblies;
 - (f) the accounts of political parties funded from public funds;
 - (g) the public debt; and
 - (h) the accounts of any other entity that legislation requires the Auditor-General to audit.
- (5) The Auditor-General may audit and report on the accounts of any entity that is funded from public funds.

ARTICLE 229..CONT

- (6) An audit report shall confirm whether or not public money has been applied lawfully and in an effective way.
- (7) Audit reports shall be submitted to Parliament or the relevant county assembly.
- (8) Within three months after receiving an audit report, Parliament or the county assembly shall debate and consider the report and take appropriate action.

CONTROLLER OF BUDGET – ARTICLE 228

- (5) The Controller shall not approve any withdrawal from a public fund unless satisfied that the withdrawal is authorised by law.
- (6) Every four months, the Controller shall submit to each House of Parliament a report on the implementation of the budgets of the national and county governments.

ACCOUNTS AND AUDIT OF PUBLIC ENTITIES – ARTICLE 226

- (2) The accounting officer of a national public entity is accountable to the National Assembly for its financial management, and the accounting officer of a county public entity is accountable to the county assembly for its financial management.
- (5) If the holder of a public office, including a political office, directs or approves the use of public funds contrary to law or instructions, the person is liable for any loss arising from that use and shall make good the loss, whether the person remains the holder of the office or not.

PROCUREMENT OF PUBLIC GOODS AND SERVICES – ARTICLE 227

(1) When a State organ or any other public entity contracts for goods or services, it shall do so in accordance with a system that is fair, equitable, transparent, competitive and cost-effective.

The Public Finance Management Act, 2012

Under Clause 73 and Clause 155 both governments must maintain internal auditing arrangements and “shall establish an audit committee whose composition and functions shall be prescribed by the regulations”

THE PFM ACT, 2012

Requires Internal Auditing to include;

- 1) Reviewing the governance mechanisms of the entity
- 2) Conducting risk-based, value-for-money and systems audits
- 3) Verifying the existence of assets administered by the entity
- 4) Providing assurance that appropriate institutional policies and procedures and good business practices are followed by the entity
- 5) evaluating the adequacy and reliability of information available to management for making decisions.

The Changing Role of the Audit Committee with the Constitution

ARTICLE 2

- (2) No person may claim or exercise State authority except as authorised under this Constitution.
- (5) The general rules of international law shall form part of the law of Kenya.
- (6) Any treaty or convention ratified by Kenya shall form part of the law of Kenya under this Constitution.

The Changing Role of the Audit Committee with the Constitution Cont...

ARTICLE 10

10. (1) The national values and principles of governance in this Article bind all State organs, State officers, public officers and all persons whenever any of them—

- (a) applies or interprets this Constitution;
- (b) enacts, applies or interprets any law; or
- (c) makes or implements public policy decisions.

(2) The national values and principles of governance include—

The Changing Role of the Audit Committee with the Constitution Cont...

- (a) patriotism, national unity, sharing and devolution of power, the rule of law, democracy and participation of the people;
- (b) human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination and protection of the marginalised;
- (c) good governance, integrity, transparency and accountability; and
- (d) sustainable development.

The Changing Role of the Audit Committee with the Constitution Cont...

ARTICLE 35

35. (1) Every citizen has the right of access to—

- (a) information held by the State; and
- (b) information held by another person and required for the exercise or protection of any right or fundamental freedom.

(2) Every person has the right to the correction or deletion of untrue or misleading information that affects the person.

(3) The State shall publish and publicise any important information affecting the nation.

The Changing Role of the Audit Committee with the Constitution Cont...

ARTICLE 46

46. (1) Consumers have the right—

- (a) to goods and services of reasonable quality;
- (b) to the information necessary for them to gain full benefit from goods and services;
- (c) to the protection of their health, safety, and economic interests; and
- (d) to compensation for loss or injury arising from defects in goods or services.

The Changing Role of the Audit Committee with the Constitution Cont...

ARTICLE 47

(1) Every person has the right to administrative action that is expeditious, efficient, lawful, reasonable and procedurally fair.

ARTICLE 73

(1) Authority assigned to a State officer—
(a) is a public trust to be exercised in a manner that—
(i) is consistent with the purposes and objects of this Constitution;
(ii) demonstrates respect for the people;

ARTICLE 73..CONT

- (iii) brings honour to the nation and dignity to the office; and
- (iv) promotes public confidence in the integrity of the office; and
- (b) vests in the State officer the responsibility to serve the people, rather than the power to rule them.
- (2) The guiding principles of leadership and integrity include—
 - (a) selection on the basis of personal integrity, competence and suitability, or election in free and fair elections;
 - (b) objectivity and impartiality in decision making, and in
 - ensuring that decisions are not influenced by nepotism,
 - favouritism, other improper motives or corrupt practices;

ARTICLE 73..CONT

- (c) selfless service based solely on the public interest, demonstrated by—
 - (i) honesty in the execution of public duties; and
 - (ii) the declaration of any personal interest that may conflict with public duties;
- (d) accountability to the public for decisions and actions; and
- (e) discipline and commitment in service to the people.

ARTICLE 201

The following principles shall guide all aspects of public finance in the Republic—

- (a) there shall be openness and accountability, including public participation in financial matters;
- (b) the public finance system shall promote an equitable society, and in particular—
 - (i) the burden of taxation shall be shared fairly;
 - (ii) revenue raised nationally shall be shared equitably among national and county governments; and
 - (iii) expenditure shall promote the equitable development of the country, including by making special provision for marginalised groups and areas;

ARTICLE 201 CONT..

- (c) the burdens and benefits of the use of resources and public borrowing shall be shared equitably between present and future generations;
- (d) public money shall be used in a prudent and responsible way; and
- (e) financial management shall be responsible, and fiscal reporting shall be clear.

ARTICLE 236

A public officer shall not be—

- (a) victimised or discriminated against for having performed the functions of office in accordance with this Constitution or any other law; or
- (b) dismissed, removed from office, demoted in rank or otherwise subjected to disciplinary action without due process of law.

ROLE OF THE GOVERNORS AND SENATORS

ARTICLE 96

- (1) The Senate represents the counties, and serves to protect the interests of the counties and their governments.
- (2) The Senate participates in the law-making function of Parliament by considering, debating and approving Bills concerning counties, as provided in Articles 109 to 113.
- (3) The Senate determines the allocation of national revenue among counties, as provided in Article 217, and exercises oversight over national revenue allocated to the county governments.
- (4) The Senate participates in the oversight of State officers by considering and determining any resolution to remove the President or Deputy President from office in accordance with Article 145.

ARTICLE 118

(1) Parliament shall—

(a) conduct its business in an open manner, and its sittings and those of its committees shall be open to the public; and

(b) facilitate public participation and involvement in the legislative and other business of Parliament and its committees.

(2) Parliament may not exclude the public, or any media, from any sitting unless in exceptional circumstances the relevant Speaker has determined that there are justifiable reasons for the exclusion.

ARTICLE 132

(1)The President shall—

(c) once every year—

- (i) report, in an address to the nation, on all the measures taken and the progress achieved in the realisation of the national values, referred to in Article 10;
- (ii) publish in the Gazette the details of the measures and progress under sub-paragraph (i); and
- (iii) submit a report for debate to the National Assembly on the progress made in fulfilling the international obligations of the Republic.

ARTICLE 153

- (1) A decision by the Cabinet shall be in writing.
- (2) Cabinet Secretaries are accountable individually, and collectively, to the President for the exercise of their powers and the performance of their functions.
- (3) A Cabinet Secretary shall attend before a committee of the National Assembly, or the Senate, when required by the committee, and answer any question concerning a matter for which the Cabinet Secretary is responsible.
- (4) Cabinet Secretaries shall—
 - (a) act in accordance with this Constitution; and
 - (b) provide Parliament with full and regular reports concerning matters under their control.

ARTICLE 179

(1)The executive authority of the county is vested in, and exercised by, a county executive committee.

ARTICLE 183

(1) A county executive committee shall—

- (a) implement county legislation;
- (b) implement, within the county, national legislation to the extent that the legislation so requires;
- (c) manage and coordinate the functions of the county administration and its departments; and
- (d) perform any other functions conferred on it by this Constitution or national legislation.

ANTICIPATING CHANGE

- In every economy...there is one crucial and definitive conflict..the struggle between the past and future, between the existing configuration of industries and the industries that will someday replace them.
-George Gilder

TO GET TO THE FUTURE

At a broad level, it requires four things:

- 1) An understanding of how competition for the future is different;
- 2) A process for finding and gaining insight into tomorrow's opportunities;
- 3) An ability to energize the company top-to-bottom for what may be long and arduous journey toward the future; and
- 4) The capacity to outrun competitors and get to the future first, without taking undue risks.

THE NEED TO REBUILD

Any company that drives forward while looking out the rear-view mirror will, sooner or later, run into a brick wall. The goal of making that brick wall apparent to employees is not create a sense of anxiety. **Anxiety is immobilizing. The goal is to produce a sense of helplessness, when everyone realizes that what the company is doing is too little, too late, and that there's no way to avoid a spectacular crash.** Urgency comes when everyone knows there is a brick wall out there, but that the wall is far enough away so there is still time to turn the wheel and avoid the crash. Top management's responsibility is to make sure that wall always appears just a little bit closer than it really is.