

ICPAK PRESS STATEMENT

ICPAK DECRIES THE MISUSE OF PUBLIC RESOURCES BY THE COUNTY GOVERNMENTS

Let me take this opportunity to welcome members of press assembled here this morning with a view of appraising you on various issues affecting our country. The persistent issues of graft, high un-employment rate, increasing inequality, poverty and high inflationary pressures continue to impact negatively on our economy. In addition, we are still vulnerable to external shocks such as uncertain global trends, oil price hikes and social uprisings among other factors. In my brief I will comment on the following issues:

- a. The Auditor General Report
- b. Vicious Cycle of corruption in Kenya

1. Auditor General Report

Since the start of the implementation process of the Kenya constitution 2010, resources have been stretched towards the establishment and maintenance of the new structures. This has had a tremendous impact on service delivery and economic development.

However, the Institute is concerned that prudence and responsibility are not being applied in the management of the scarce resources at the county government level. A recent report by the Auditor General paints a dismal picture in as far as management of public funds by some devolved units is concerned.

In his report the Auditor General notes that some devolved units are spending in total disregard to the Public Finance Management Act of 2012, the Public Procurement and Disposal Act and other fiscal responsibility principles that must be adhered to by the two levels of government.

For instance, Nairobi County has been accused for failing to bank a quarter of billion shillings collected as revenue by the county government. In Mombasa, the auditor exposed how the county government failed to bank part of 1.7 billion shillings collected during the financial year under review. The report cites other areas of funds misuse such as spending on foreign trips, unauthorized allocation to finance car and mortgaging loans, over spending beyond budgetary limits, payment of monies to non-existent entities, operating multiple bank accounts and disregarding rules and regulations issued by the Salaries and Remuneration Commission (SRC), the Commission on Revenue Allocation (CRA) and other statutory requirements.

We note with concern the manifest abuse of Public Procurement rules and regulations by both the national and county governments.

In order to ensure prudence in the management of public funds, the institute thus recommends the following:

- i. Professionalize financial management: County Service Boards should employ qualified and certified professional accountants to manage county government coffers. If those managing county resources are under ICPAK's purview, it will be possible to discipline them in case they are involved in any act of financial malpractice. This will include blacklisting such accountants to prevent them from being employed in future. We encourage all employers in Kenya and the region to conduct reference checks with ICPAK whether their accountants are members of ICPAK. This will provide assurance that as an employer you have engaged a regulated professional accountant.
- ii. The oversight institutions such as Parliament, Ethics & Anti-Corruption Commission and Director of Public Prosecution should swing into action and ensure that all public officials implicated in the misuse of public funds are prosecuted without further delay. The National Anti-Corruption Campaign Steering Committee (NACCSC) should step up its campaign against anti-corruption efforts so as to create awareness among Kenyan public on the negative effects of corruption.
- iii. We recommend that the two levels of government should establish instruments for systematically assessing the performance of procuring departments with a view of ensuring compliance to set procurement rules and procedures. We contend that indeed Public procurement audit and inspection is essential in improving accountability. This must be done at all levels of the procurement cycle. We also recommend a speedy amendment of the public procurement and disposal laws to put in place punitive measures for non-compliance.
- iv. All in all we must guard against wasteful expenditure and misallocation of public resources.

2. Fighting Vicious Cycle of Corruption

Corruption has in recent times bedeviled the minds of Kenyans of all gender, age, ethnic, religious, political and professional persuasions. Without clear cut solutions or understanding of the cancerous economic disease this will continue to affect investor confidence, tourism and security. It prevails in one form or another in practically all countries. However, it has become endemic in Kenya. Over the last few years, the Kenyan state has evolved to levels that threaten the very fabrics that hold Kenya as a modern nation together.

ICPAK therefore is demanding as follows:

1. That H.E. The President should decline to assent to the Bill the Ethics and Anti-Corruption Commission amendments passed by the National Assembly on Thursday 9th July 2015. He should not only take note of this concern, but also take a stand and continue to live by example on the fight against corruption in the country by “***Breaking the corruption chains***”.
2. That government must take strong measures to prevent corruption in our country by adopting strong legal and institutional frameworks to insulate Ethics and Anti-Corruption Commission from the vagaries of political expediency by the political class.
3. That there should be effective prosecution of those implicated in corruption. The President should be bold enough to sack officials in his government who are accused of perpetuating the vice.
4. That all outstanding corruption reports, including the Auditor General Reports, The Controller of Budget Reports, and the Public Accounts Committee Reports are fully implemented and perpetrators effectively punished.
5. That the President to consider inclusion of representation from professional bodies with oversight mandates in the framework and institutions responsible for governance and fighting corruption.

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The Institute of Certified Public Accountants of Kenya (ICPAK) is the professional organization for Certified Public Accountants in Kenya established in 1978 by the Accountants Act, CAP 531 and subsequently repealed by the Accountants Act No. 15 of 2008. ICPAK is dedicated to development and regulation of the accountancy profession in Kenya so as to enhance its contribution and that of its members to national economic growth and development. In this regard, ICPAK wishes to advise the public that an Accountant by Law is an individual who has qualified by passing the three levels of the CPA examinations and is duly registered by the Institute of Certified Public Accountants of Kenya. For more information, please contact us on memberservices@icpak.com.