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May 18, 2016

Preamble,

-) Members of the fourth estate, fellow Kenyans and all people of good will – Good morning ladies and gentlemen. We have called this press conference to address the steps being taken to strengthen the accounting profession in Kenya. ICPAK draws its mandate from the Accountants Act (no 15 of 2008). The Institute is mandated to protect and uphold public interest as well as develop and regulate the accountancy profession in Kenya. It is also a member of the International Federation of Accountants (IFAC), the global umbrella body for the accountancy profession.
-) We, the Institute of Certified Public Accountants of Kenya, share the great concern of all Kenyans in regard to the economic, social and political wellbeing of our country. It is in this context of appreciating the recent trends in the that we want to comment and give our position on pertinent matters affecting our country today:

Accounting Profession and the Fight against Corruption in Kenya

Bribery and corruption represent serious threats to economic growth and individual livelihoods across the world.

For many years, ICPAK has worked alongside government, regulators, law enforcement and international bodies, and supported our members to combat bribery, corruption, tax-evasion, money laundering and the financing of international terrorism. We will continue this work and

provide support to facilitate national and international co-operation and to improve monitoring and enforcement systems.

The Institute deplores corruption and the significant harm it causes. In view of this, ICPAK will continue to play a vital role in training, educating and supporting our professions to uphold the highest levels of integrity and ethical standards.

We know criminals seek to abuse the services provided by our members to launder the proceeds of corruption and we are committed to ensuring the professions we serve are armed with the tools to thwart this abuse.

We stand united in the fight against corruption in all its forms and are committed to sharing knowledge, skills and intelligence with our fellow professionals and with all agencies fighting this cause.

However, the Institute will take stern disciplinary measures, including deregistering errant members involved in any form of financial and accounting malpractice.

We also urge employers in Kenya NOT to take the risk of employing financial and accounting employees who are NOT bona fide members of Institute. Employees such employees at your own risk.

Constitutionalism and the Rule of Law

The Institute has note with the concern the unravelling scene revolving around the Independent Electoral and Boundaries Commission (IEBC). It is our considered view that all political players should reason together for sake of our Republic.

Let all contentious issues be discussed in the spirit of give and take. At the same time, let us guard against destroying or discrediting our institutions but rather let us, in honest manner, seek lasting solutions.

We are also concerned with reports that Central Banks officials have received threats over their statutory involvement in the collapse of Imperial Bank. The Institute condemns any group of individuals perpetrating this kind of behavior. It is high time that Kenyans should allow professional and

Constitutional bodies to executive their mandate so as to help in entrenching good corporate governance in all sectors of economy. Kenya will not attain her Vision 2030, if those who are charged with professional and statutory responsibilities are prevented from doing so by detractors.

Public Procurement

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 management of public funds, the institute thus recommends the following:

- a. 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.
- b. The oversight institutions such as Parliament, Ethics & Anti-Corruption Commission (EACC) 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.
- c. 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 establishment of Public Procurement and Disposal regulations to ensure efficiency in the implementation of the new Public Procurement law.
- d. All in all, we must guard against wasteful expenditure and misallocation of public funds and resources.

Mwongozo Code

At the same time, we note and laud the Government for launching Mwongozo Code which addresses matters of effectiveness of Boards, transparency and disclosure, accountability, risk management, internal controls, ethical leadership and good corporate citizenship. These practices are at the core of the values and principles of Public Service as enshrined under Article 232 of the Constitution of Kenya, 2010.

- 1.* To ensure full compliance with this code, the Government should send out a strong signal that the code is not an option to be applied selectively by state agencies.

- 2.* The Institute also takes notice of the **Government Owned Entities Bill** currently before Cabinet. The Bill seeks to streamline board appointments to the public organizations. In our considered view, this is a step in the right direction.

- 3.* Both houses of Parliament should move with speed and enact this law as way of addressing issues of corporate governance in the public owned entities.

FCPA Fernandes Barasa

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