



The Role of the Auditor General in Enhancing PFM- The Case for Counties

*Theme: Sound Public Finance Management for
Continental Economic Growth*

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Enhancing Accountability in the Public Sector

Auditor General's Mandate – Constitution of Kenya



- Established under Article 229 of the Constitution of Kenya 2010
- Primary oversight role – ensuring accountability within the three arms of government (the Legislature, the Judiciary and the Executive) as well as county government, constitutional commissions, and independent offices
- AG to audit and report to Parliament, Senate or relevant County assemblies

Expanded Mandate



- Article 229(6) of the Constitution further tasks the Auditor-General to ensure that public resources are used effectively and lawfully.
- This introduces a new concept of auditing, requiring us not only to look at the fiscal and managerial accountability aspects, but also to confirm whether or not the programmes implemented lead to **results** and **outcomes** that positively transform the lives of our people.

Public Resource Accountability- Budget as a Control Tool



- CoK 2010 Article 224 requires each County government to prepare and adopt an annual budget and an Appropriation Bill.
- Public Finance Management Act 2012 requires counties to prepare budget estimates and submit to the County Assembly for approval
- CoK 2010 Article 196 and PFM Act, 2012 article 125 (2) requires **robust public participation** in the county budgeting process
- Governors should implement the approved budget and account for it with effective monitoring and evaluation.
- Recurrent and development budgets should therefore be in line with the public wish.



Role of Auditor General in enhancing PFM

- The AG confirms that the budget was properly approved
- Undertakes analytic review of the budget
- In order to meet the mandate and to provide assurance on the management of public resources, the OAG carries out audits based on four key pillars:
 1. Certification of Accounts- to assure on **fiscal accountability**
 2. Continuous audit presence - to give assurance on **managerial accountability**
 3. Performance Audit – accountability for **service delivery**
 4. Social audits (**New phenomenon**) – to give assurance on **social accountability**



Social Accountability

- Social accountability seeks to bring all stakeholders on board in the audit process; policy makers, public service providers, citizens, private sector, including **ICPAK**
- Involvement of citizens, and other non state actors such as media, civil society organisations (CSOs)
- Monitoring of the project activities and performance

PRINCIPLE OF

‘auditing every shilling to the ground ’



- Every citizen must feel the impact of the shilling he/she entrusts in the government.
- My office therefore endeavors to audit every shilling up to where it hits the ground and by leveraging in ICT and partnering with **ICPAK**
- My office is working on producing **short** and **sharp** reports for easy reads and we hope this will have a big impact.

Audit Reporting



- Final audit reports are issued to the County Government
- The reports are discussed by the:
 - Senate's Public Accounts and Investments Committee;
 - County Assembly Public Accounts and Investment Committee
- There is need for better public participation and public involvement in validating the audit reports.