

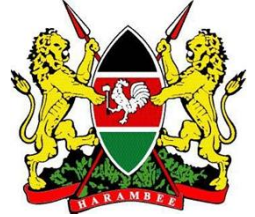


Auditor General's Reports and Public - Sector Accountability

*Theme: Consolidating Economics Gains: Creating a
Legacy*

CPA SYLVESTER N.KIINI
Deputy Auditor General

Quote



**Accountability is the hallmark of any
meaningful human achievement”**
“

Sam Silverstein

Agenda



- Accountability Framework
- Auditor General's mandate
- OAG Accountability Pillars
- Types of Audits
- Audit Process
- Audit Opinion Trends
- Challenges & Way Forward

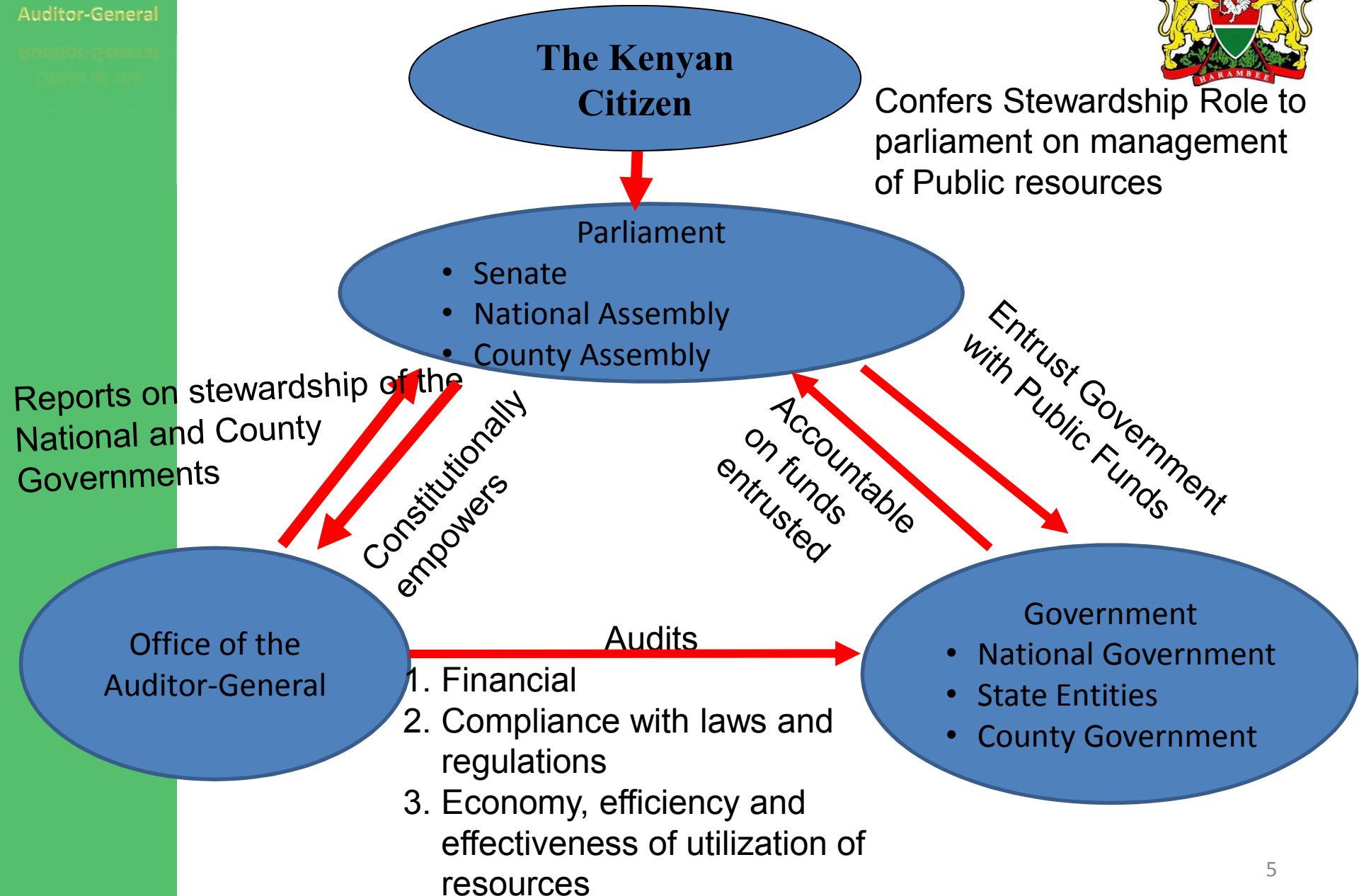


Accountability Framework



- Constitution of Kenya, 2010 (CoK,2010) is the bedrock Accountability in Public Sector
 - **Article 10 -National Values and Principles of Governance** to include but not limited to; patriotism, national unity, rule of law, democracy, participation of people, **good governance**, the principle of **accountability**, transparency, integrity and **sustainable development**
 - **Article 73-Principles of Leadership & Integrity-** accountability to the public for decisions and actions;
 - **Article 201-Principles of Public Finance** that include **openness**, **accountability** and **prudent use of public resources**.
 - **Article 232 - Values and Principles of Public Service** –that ensures efficiency, effectiveness and economic use of resources in the public sector & **high standards of professional ethics**.

The Accountability Framework



Mandate of the Office of The Auditor-General



The Office of the Auditor-General is established as an Independent Office under Article 248(3) of the Constitution of the Republic of Kenya.

Article 229 of the Constitution gives the Auditor-General the mandate to audit the accounts of:

1. National and County Governments
2. All Funds and Authorities of the NG and CG
3. All Courts
4. Every Commission and Independent Office
5. National Assembly, Senate and County Assemblies
6. Political Parties funded from public funds
7. Public Debt; and
8. Any other entity that legislation requires the Auditor-General to audit.
9. The Auditor-General may audit and report on the accounts of any entity that is funded from public funds.

Expanded Mandate



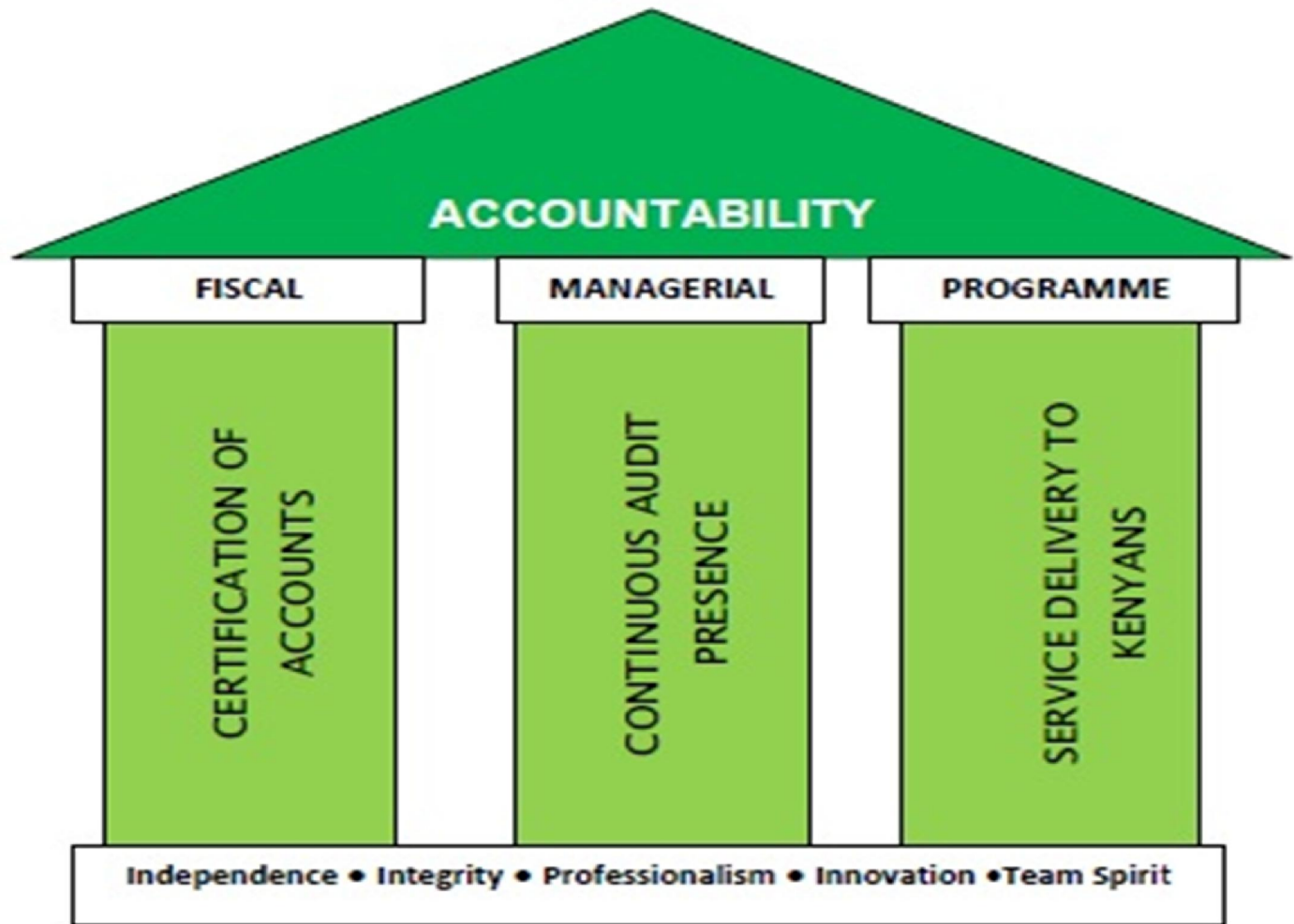
- Article 229(6) of the COK, 2010 further expands the mandate of the Auditor-General ;
“.....an audit report **shall** confirm whether or not public money has been applied **lawfully** and in an **effective way**”
- This introduces a new concept of auditing, requiring the Auditor-General not only to 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.

OAG Pillars of Accountability



- Kenyans expectations are higher and CoK, 2010 is rooted in the principles of Governance stated above;
- Hence OAG 3 pillar Strategy
 1. **Fiscal accountability** – Certification of accounts
 2. **Managerial accountability**-Continuous presence
 3. **Delivery accountability** Value for Money (VFM) audits to confirm; Economy, Effectiveness, Efficiency, Equity, Ethics and Environmental issues.

OAG Pillars of Accountability





Social Accountability Pillar

- This is a secondary pillar concerning **Social Accountability Audits** being developed thus increasing responsiveness to Sustainable Development Goals (SDGs)
- **Countries and Supreme Audit Institutions**(Offices of Auditors-General)- will be expected to report to the **UN High Level Panel of Experts on status of Implementing SDGs in their respective countries.**

Types of Audit



- *Financial Audit*
- *Compliance Audit*
- *Forensic Audit*
- *Value-for-Money Audit*
- *Public Debt Audit*
- *Environmental Audit*
- *Information System (IS) Audit*
- *Procurement Audit*

Types of Audit



■ Emerging Audits

- Audit of Illicit Financial Flows (IFFs)
- Audit of country's preparedness in implementing the UN's Sustainable Development Goals (SDGs)
- Social Accountability Audits (SAA) – Pilot programme with World Bank on citizen engagement in accountability.

Audit Process



- **Operational Planning**
 - Global Risk Assessment
 - Resource Allocation

- **Client Planning**
 - Ethical Consideration
 - Competences Considerations
 - Audit Areas Risk Assessment
 - Audit Strategy & programming

- **PAC/PIC and PAIC Briefs**
- **PAC/PIC and PAIC Recommendations**
- **Confirmations**
- **Follow- up**



- **Letter of Understanding**
- **Entrance Meeting**
- Evidence Gathering
- Evidence Evaluation
- Evidence Analysis
- **Audit queries are raised & feedback sought**

- **Exit Meeting**
- **Management Letters**
- Management Responses sought and analyzed
- **Draft Report**
- Draft Response
- **Final Report**

Oversight responsibility in Public Sector



- Audit reports supports the governance responsibility of oversight by addressing whether government and public entities are doing what they are supposed to do and serve **to detect** and **deter** public corruption.

Oversight responsibility in Public Sector



- Final audit reports are issued to Parliament (National Assembly and Senate), & County Assemblies
- The reports are discussed by the:
 - National Assembly's Public Accounts Committee (PAC), Public Investment Committee (PIC) & Special Funds Accounts Committee (SFAC)*

Oversight responsibility in Public Sector



- Senate's Committee on County Public Accounts and Investments;
 - County Assemblies Public Accounts and Investment Committee
 - Departmental Committees of National Assembly, Senate and County Assemblies for Performance Audit Reports
- * New Committee



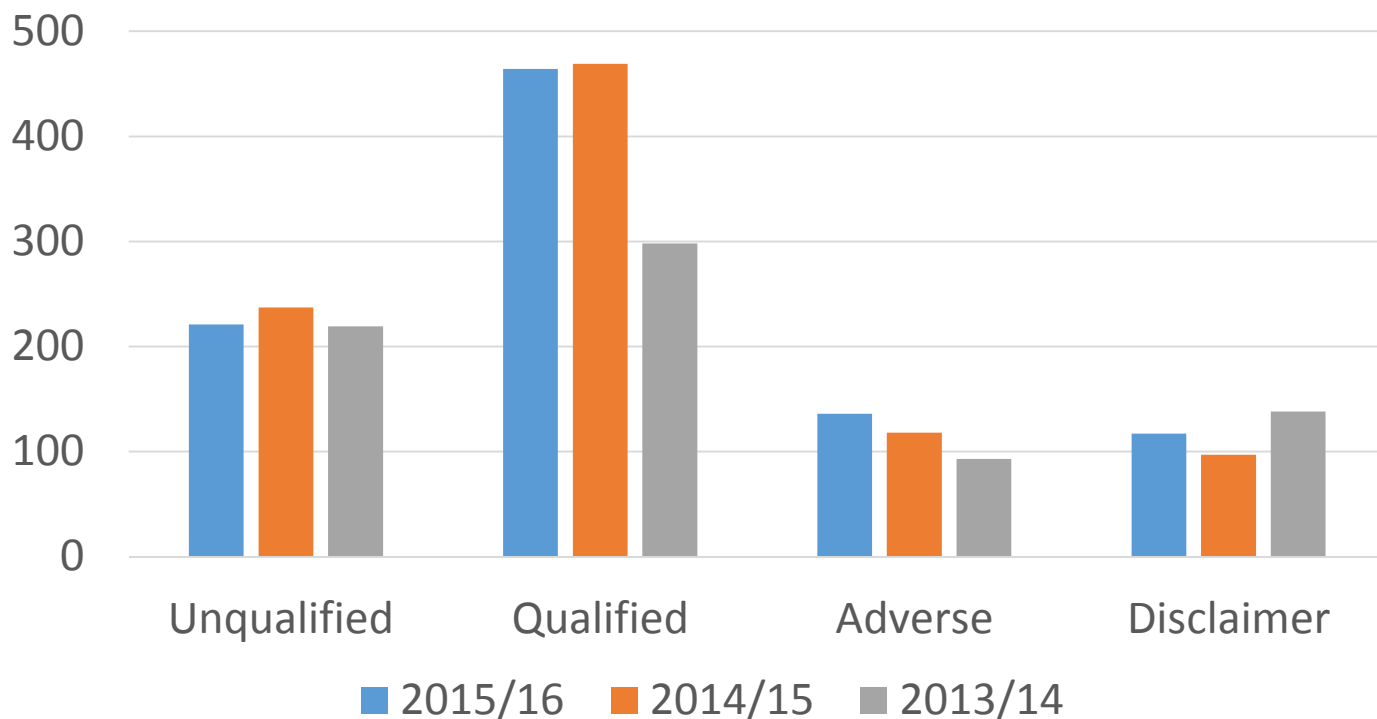
Audit Opinions Expressed in the last three years

	Unqualified		Qualified		Adverse		Disclaimer		Total FS
Year	No. of FS	%	No. of FS	%	No. of FS	%	No. of FS	%	No. of FS
2015/16	221	24%	464	49%	136	14%	117	12%	938
2014/15	237	26%	469	51%	118	13%	97	11%	921
2013/14	219	29%	298	40%	93	12%	138	18%	748
Totals	677	26%	1,231	47%	347	13%	352	14%	2607



Analysis of opinions Expressed in the last 3 Years

No of Financial Statements



New Developments on Enhancing Public Sector Accountability -OAG



- Automation of data collection (read only) from IFMIS- Audit Vault
- Budget as a control tool approach
- Automation of the audit process – Teammate
- Additional competent and skilled workforce

Challenges Faced by OAG



- Funding (requirements KES 8B versus KES 5B allocation)
- Logistics(motor vehicles, office space, computers, software)
- Human resources(numbers, training, expertise)
- Legal timelines for audit (quite tight)
- Auditee degree of preparedness (capacity, cooperation)
- Accounting Framework – (Cash accounting is wanting)
- Implementation of OAG report findings (prosecution , surcharge etc)

Way Forward



- Improved Funding from exchequer
- OAG to be allowed to charge audit fees to all clients (i.e. AGSA do not depend on the exchequer)
- All public entities to adopt accrual basis of Accounting Framework
- Work more closely with other watch dog institutions, Parliament watch dog committees & ICPAK
- Head of accounting unit in national & county Govt to be accountants in good standing.

Quote



“Success is not final , failure is not fatal , it is the courage to continue that counts”

Winston Churchill



**Thank You
For Your Attention & May God
Bless.**