

Automation of Public Sector Audits and PFM - A Case of the Office of the Auditor General, Kenya

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Presentation Outline



- ☐ **The Mandate of Auditor-General**
- ☐ **Digital Transformation**
- ☐ **Rationale for OAG automation**
- ☐ **Our Successes**
- ☐ **Challenges**
- ☐ **Leaping into the future**

The Mandate of the Auditor-General

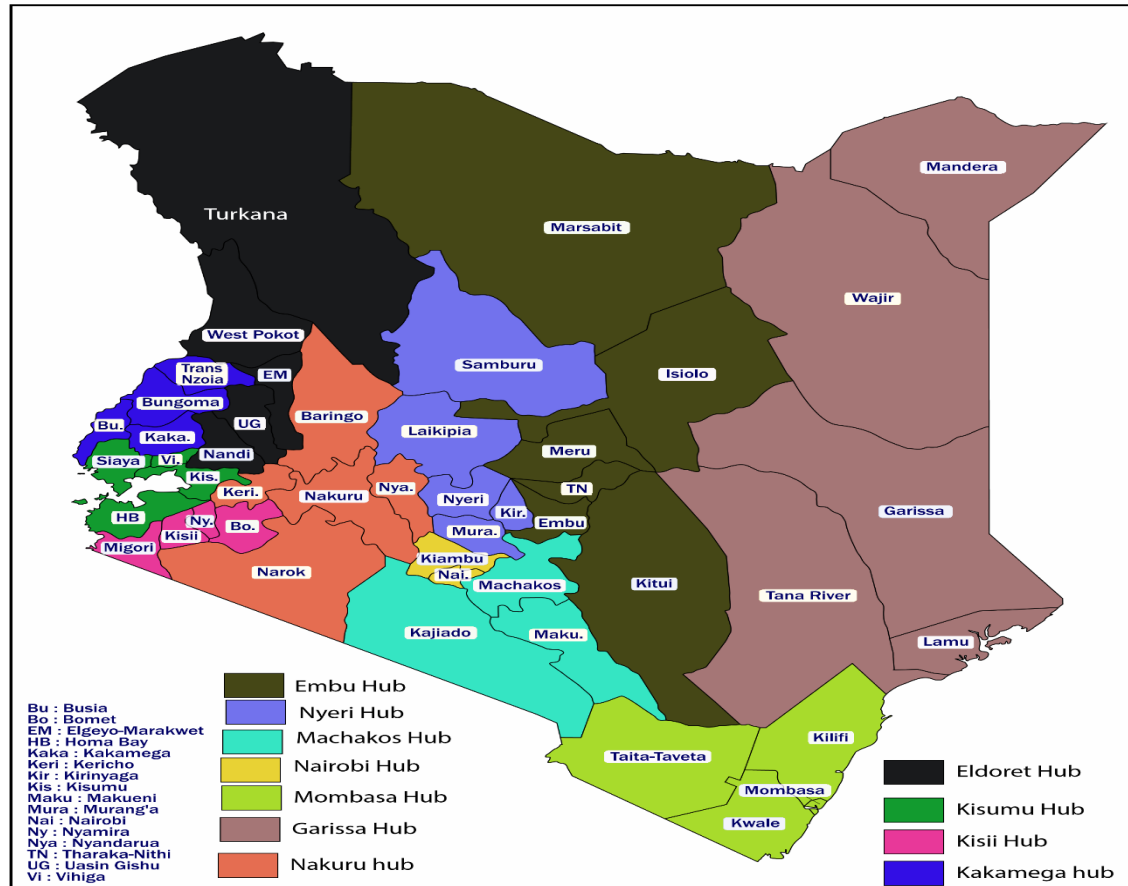


Article 229 of the Constitution mandates the Auditor-General to audit and report on the accounts of all public funded entities.

Include but not limited to:-
National and County Governments including Funds;
All Courts and Independent offices;
Commissions;
Assemblies (National, County and Senate);
Political Parties and Public Debt

Article 229 (6)
‘An audit report shall confirm whether or not public money has been applied lawfully and in an effective way’

Our Mandate cont'd- The Republic of Kenya



Before 2011?



100% Manual Audit Process



Limited ICT Infrastructure including Basic Equipment



Computer / Laptop penetration of 0.07 (7 laptops per 100 staff members).



Silo structures (Central, Corporations and Local Governments) with limited interactions

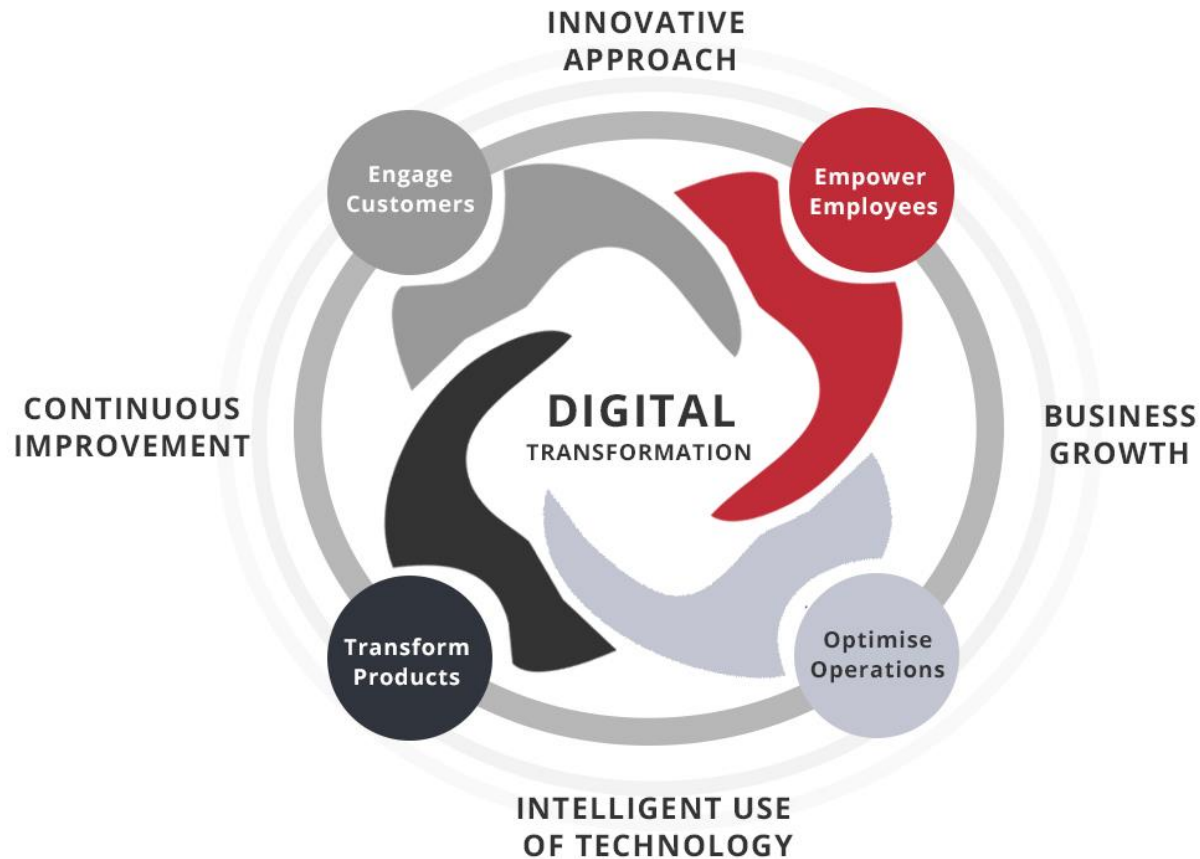


IFMIS black Box- Zero access to the system

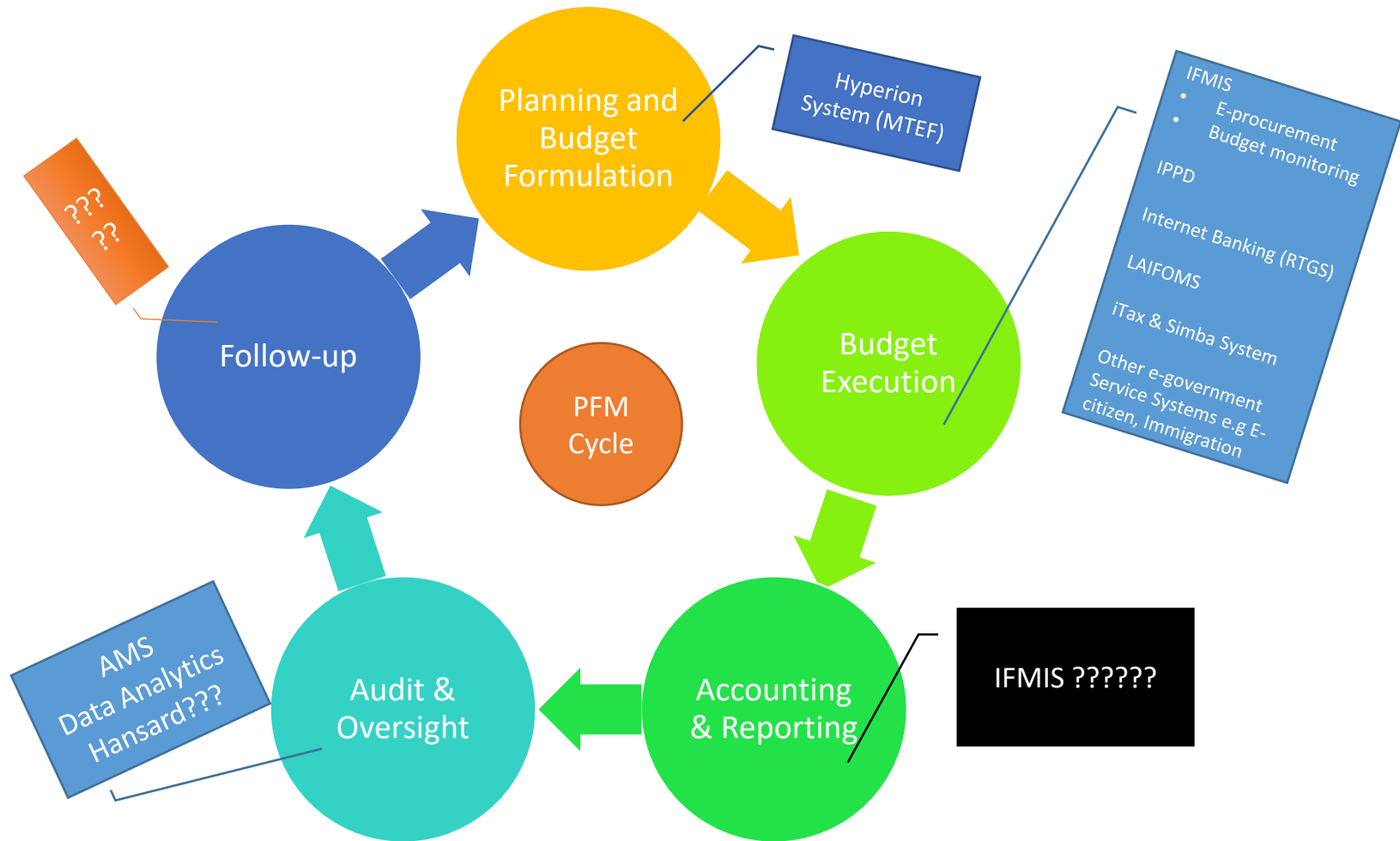


Backlogs in undertaking audits

Why Automate?



Automation in PFM Cycle



Rationale for OAG Automation



Wanjiku's demand for quality and timely reports

Standardization of audit methodologies- risk based audits

Schedule resources- budget and time

Standardized documentation of work

Leveraging on auditor knowledge and expertise

Efficiency in audit reporting

Provision of accurate and timely information for audit plan monitoring and decision making

Rationale for OAG Automation cont'd



Key drivers

- Expanded mandate of the Office;
- Volume of client transactions and the uptake of automation by auditees;
- Near real time reporting demand ;
- Diversified needs for users of reports (citizens, parliament, media)

OAG Modernization Strategy



Investment in ICT Infrastructure and personnel;



Equip all auditors in the areas of Risk Based Auditing and IT proficiency skills;

Mindset change and Strategic Approach to Audit-Budget as a Control Tool;

Roll out of an Integrated Audit Management System.

Our Successes



Laptop to Auditor Ratio of 1:1

Auditor mindset change

100% of auditors trained on AMS and used to deliver 2016/17 and 2017/18 audit reports

Real time audits using audit vault and analytics

Real Time Monitoring of Audit Progression Country wide

Efficiency and on track in delivering timely and quality reports.

Our Successes cont'd



Structured way in identification of thematic areas for further studies (performance audits)

Improved staff morale ability to do more with less effort dubbed- *Audit Bila Jasho*

Staff flexibility can work from any location all the time.

Introduction of Cloud services to our Operations

Peer competition on timely delivery of audit reports

Enhanced accountability for resources and alignment to the government budgeting cycle.

Challenges



Constrained budget; replacement of aged devices and upscaling of network infrastructure

Our success is our challenge in that Wanjiku is much more enlightened on issues of accountability

Change management; transitioning older generation staff to digital era

Managing diverse stakeholder expectations; Politicians and devolved delivery

Maintaining talent and continuously enhancing proficiency

Leaping into the future



- Optimization on the Audit Management System capabilities through:
 - **Gaining trust of auditees in providing audit information in digital formats**
 - **Real time follow-up of implementation of audit recommendations**
 - **Digitization Sign-off of voluminous final audit reports**
 - **Investing more on IT infrastructure (Networks, Data center and related devices)**
- Mainstreaming Citizen oriented digital portals (**Social Accountability Audit (SAA) mobile application and SMS reporting**)
- Availing reports on digitized formats that will facilitate cross cutting reporting for both levels of Governments
- Making the reports more interactive and user friendly to the ordinary citizen

Social Accountability Audit - Mobile Enabled



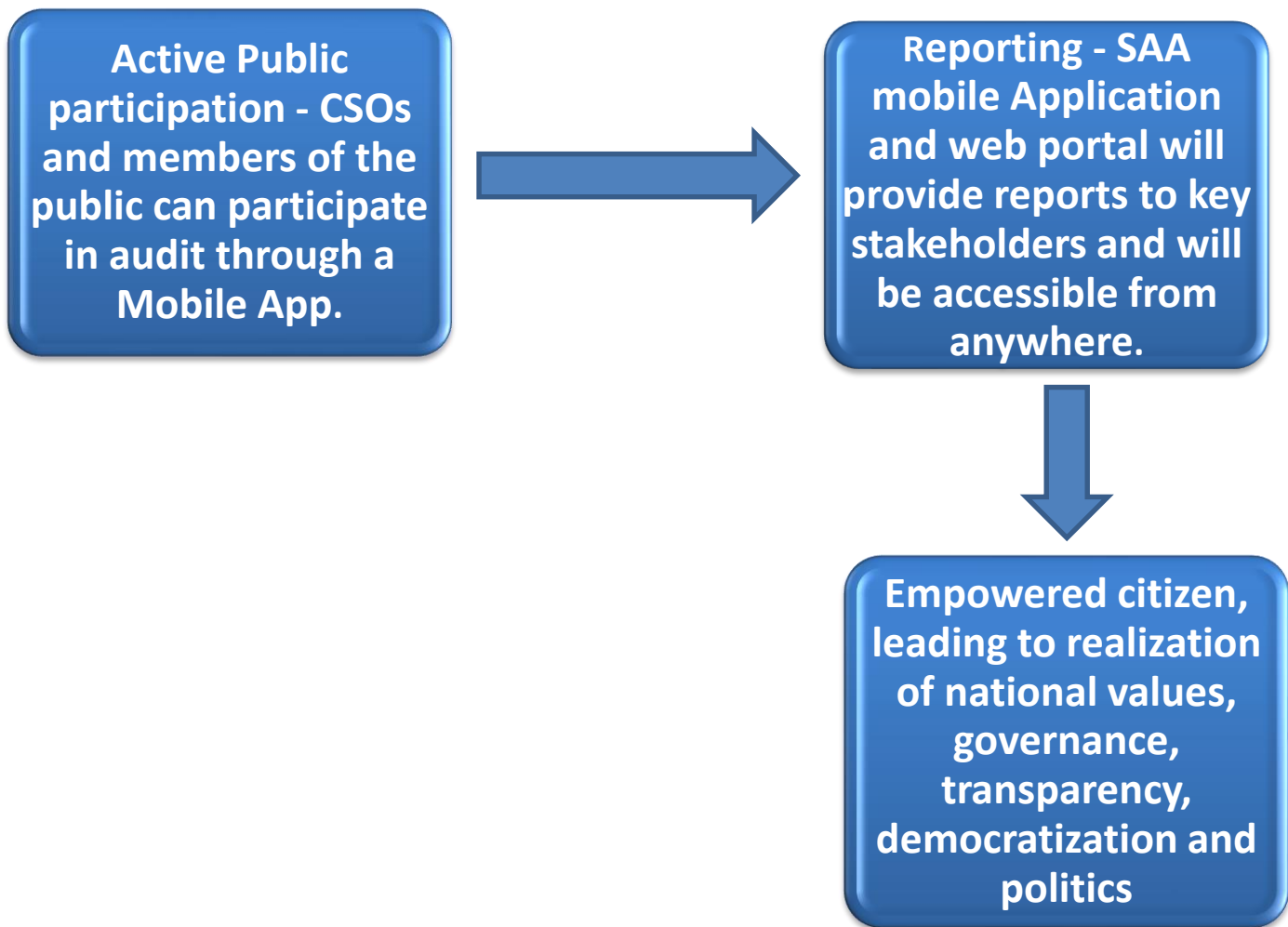
Article 10(2) of the Constitution of Kenya 2010 on National values and principles of good governance requires openness, transparency, accountability and public participation in governance.

OAG in collaboration with partners, seeks to enhance active public participation in reporting any accountability issues in use of public resources at the lowest levels of governance.

Social audits will accelerate attainment of SDG's and prevent and deter misuse of resources in key areas such as social safety net (OVC) among other benefits

Social Accountability Audit (SAA) is a collective effort by OAG and key stakeholders including members of the public.

Social accountability audit cont'd



Leaping into the future cont'd



- **Cybersecurity at Both National and County Levels**

Strategic influence towards cybersecurity readiness in the country (IFMIS and E-citizen)

Collaborations to promote cybersecurity in Kenya (OAG exploring partnerships with other agencies)

- **Cybersecurity in the Office of the Auditor-General**

Identification and prioritization of cybersecurity as a strategic risk;

Building capacity of staff on Information security;

Business Continuity and Disaster Recovery Plans

Conclusion



The Office of the Auditor-General is well on its transformative journey of automation;

The Office is conscious of the threats of Cyber Security and hence the controls it has put in place to mitigate them. This way, we built trust with our stakeholders; and

I urge professional bodies; ICPAK and our partners to create a good environment and fora for further discourse on this critical subject of automation of PFM.

