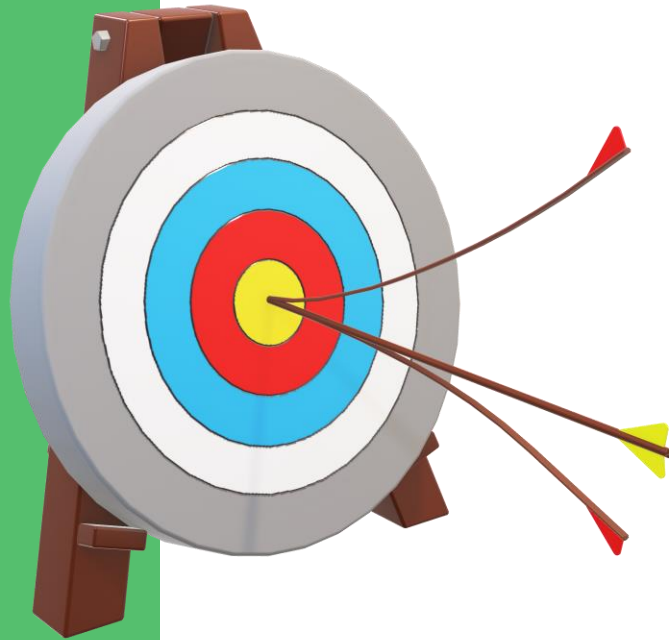


38th Annual ICPAK Seminar

Auditing During COVID-19 Reflections of a Supreme Audit Institution

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Outline



- Mandate of the Auditor-General
- Role of the SAI during the Crisis
- Impact of Covid-19 on SAIs
- OAG-Response
- Lessons Learnt

Mandate of the Office of the Auditor-General



- The Office of the Auditor-General – Article 229- Constitutional Independent Office
- Public Audit Act, 2015
- The Constitution and the Public Audit Act, 2015 mandate the Auditor-General to;
 - audit the accounts of all public entities (financial audits)
 - confirm lawful use of public resources (compliance audits)
 - confirm effective use of public resources (performance audits)
 - conduct investigations
 - conciliation, mediation and negotiation

Ultimately, our mandate is to influence the development of our nation and the delivery of quality and sustainable services to the people

Stakeholders Expectations during the Pandemic



Role of SAIs in Governments' Response to COVID-19

- Visibility of Supreme Audit Institutions is critical during crises
- SAIs can support the government's response mechanisms for;
 - maintaining fiscal discipline
 - ensuring transparency and accountability in the use of resources
 - providing information on use and management of public resources
- Evaluate the adequacy of:
 - legal framework
 - budget allocation
 - mitigation, response and sustainability

COVID-19 : Global Impact on SAIs

- The Covid-19 pandemic had an undeniable impact on SAIs and this affected achievement of their mandated performance targets
- Some SAIs lost their leaders and staff to the pandemic and this had a great impact on leadership, strategic planning and operations
- Complete and/or partial lockdowns, posed challenges on timeliness and quality of audit services (strengthening compliance and effectiveness of responses)
- Tracking of enhanced funds flow - donor funding and government responses

COVID-19 –Global Response by SAIs

- When COVID-19 hit Europe, Supreme Audit Institutions, through INTOSAI and regional organisations had to rally together:
 - Preparing guidelines for use by SAIs during and after audit
 - 4 guidelines by IDI (Kenya involved)
 - Support from other Partners such as World Bank
 - Sharing of information between SAIs
 - Webinars - Liberia and Sierra Leone – experiences from audit of Ebola Pandemic responses
 - Research Papers by regional organisations e.g. AFROSAI-E
 - SAI publications e.g. Australia, Canada
 - INTOSAI Grant (Euro 700,000) – to assist SAIs impacted by Covid-19 with continuity of operations, through ICT and staff safety measures support

COVID-19: Kenya Country Context

- COVID-19 hit Kenya in March 2020 - the Government put measures to cushion businesses from the effects of the pandemic
 - Health Systems and Programs
 - Fiscal and monetary measures
 - Social Protection Measures
 - Other measures-curfews, cessation /limited movements



OAG Experience During the Pandemic

As the OAG we were also impacted

1. Office operations were affected
2. Priority to keep our staff and our stakeholders safe
3. Budgets affected (funds flow)
4. Reduced number of staff - due to age restrictions and underlying conditions
5. Need for special audits and requests from Parliament
6. Need to ensure we continued providing audit services without compromising on quality

Challenges faced

Challenges

- Submission of financial information- delay/lack
- Availability of critical client personnel
- Limited physical verification
- Public interest including media, in management of the pandemic
- Concurrent investigations
- Performance management

Responses

- Reorganization of staff to enhance efficiency including working in shifts
- Early requests for submission of documents and follow ups
- Information sharing among investigative agencies
- Leveraging on ICT- Infrastructure and creation of a Data Science Unit –data analytics

Continuous engagement communication and collaboration with clients

1. Financial/ Compliance Audit - expenditure related activities, Covid-19 subject matter for audit for every entity
2. Special Audits
 - Centralized procurement of goods, items, equipment, PPE's for Covid-19 (KEMSA)
 - Management of funds and supplies procured and received at Sub-national level (Counties) – including budgeting
 - Management of funds at the National Level including the Hospitals and the National Fund established for Covid-19
3. Government Pending Bills Audit – finalization stage
 - Part of socio-economic measures to help businesses sustain themselves
4. Transparency, Accountability and Inclusiveness (TAI) Audit on emergency funding for COVID-19 in the Tourism Sector – ongoing cooperative audit

Cross-cutting issues noted

Accountability systems and institutions were severely tested

1. Response Framework established at national level not replicated at sub-national level
2. Parliament/Committee hearings suspended
3. Courts shut down - affecting the justice system
4. Inadequate citizen education and stakeholder engagement
5. Lack of;
 - comprehensive plans for testing, social protection measures and vaccine rollout
 - adequate transparency and accountability measures in safeguarding public resources
 - non compliance with laws, regulations and policy guidelines
6. Failure in balancing speed of response with accountability, transparency and integrity in management of resources
7. Slow investigations and prosecutions

Lessons Learnt

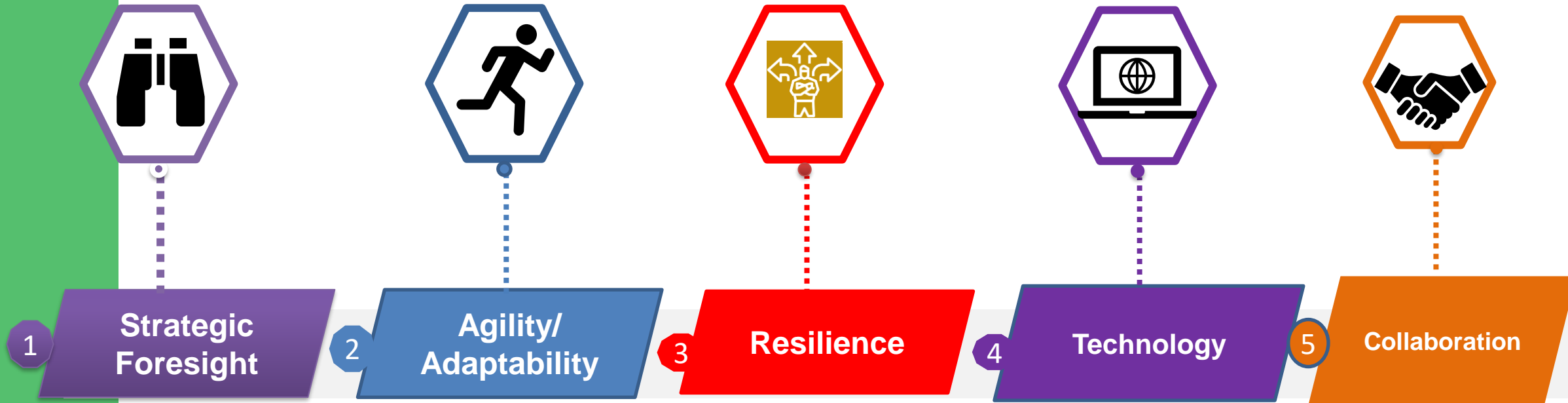
To ensure optimal response to crises, the following needs to be in place.

- strong policy, legal and regulatory framework
- building the capacity of sub-national levels in policy formulation and establishment of institutional frameworks
- public participation and stakeholder engagement in decisions
- openness speed and clarity in dissemination of information
- enforcement
- coordinated multi-agency, multi-sectoral and tiered approach
- oversight - SAI engaging in real-time (or near real-time) audits of critical operations (planning, budgeting, procurement, roll out)

Post COVID-19 Landscape

- Continuing uncertainty
 - *“We don’t know when it will end” or “If it will end”*
- Growing government spending for economic recovery
- Widening inequalities
 - income
 - access to treatment and vaccination
 - food and nutrition especially school going children (we had just had a locust invasion just before COVID-19; now facing drought and food insecurities)
- Enhancing transparency and accountability

Lessons Learnt: Key pointers for the future accountant



1. Sustainability Reporting

- The pandemic has brought to the fore the importance of sustainability and the need to re-think how we approach the SDGs as we try to recover from the pandemic and other disasters
- As accountants we need to be at the forefront in addressing sustainability - reporting and assurance (SDGs, ESGs)
 - agents and catalysts for change
 - producers and custodians of organizational information
 - standards exist for both the public and private sector

Emerging Issues

2. Future Ready Professional Accountant

Accountants who contribute to a thriving economy and society- accountants who are responsive to the needs of the people, the requirements of their organizations and the profession

- Skills required for the future
 - critical thinking
 - analytical skills
 - agility
 - resilience
 - digital literacy

Repositioning OAG for Effectiveness

- The Office of the Auditor-General must remain relevant, credible and the voice of reason during and after crises
- OAG has the responsibility to ensure continued transparency, accountability and effectiveness in the use of public resources beyond the crisis
- We can play a key role in reviewing:
 - financial management and governance systems
 - government preparedness for future disasters
 - providing information on use and management of public resources in terms of adequacy of legal framework, budgeting and mitigation, response and sustainability
- This will assist the government to maintain fiscal discipline and ensure transparency and accountability in use of resources

Repositioning OAG for Effectiveness

- As a strategy to strengthen accountability post COVID-19, we have put in measures to ensure that we effectively play our role
- Currently finalizing our new strategic plan
- Strategic approach post Covid-19
 - Enhancing stakeholder engagement
 - collaboration and communication
 - critical feedback on the needs of the citizens and requirements of stakeholders
 - Audit focus will be more stakeholder-centric and not auditor-centric
 - Restructuring our operations for adequate and timely response - (pro-active)
 - Leveraging on technology

Conclusion

- Information and knowledge sharing amongst accountability institutions is critical
- It is important for SAIs;
 - have a broad mandate
 - be independent
 - have flexibility
- SAIs need to assess what is more value adding for decision making in times of crises
 - Focused/targeted audits?
 - Comprehensive audits?
 - Combined compliance, financial and value for money audits?
 - Transversal audits?
 - TAI audits?



*Thank
you*

