ICPAK PRESS STATEMENT

ICPAK CALLS FOR ENHANCED FINANCIAL ACCOUNTABILITY IN NATIONAL GOVERNMENT MINISTIRIES DEPARTMENTS AND AGENCIES (MDAs)

FOR IMMEDIATE RELEASE

14th October 2025

1. The Institute is mandated by the Accountants Act, Cap 531 to develop, promote and regulate the accountancy profession in Kenya. This is done by prescribing standards of professional competence and practice amongst its members and monitoring compliance with professional, quality assurance, and other standards published by the Council for observance by the members in line with the International Accounting Standards.
2. The Institute of Certified Public Accountants of Kenya (ICPAK) has released the findings of its Public Audit Review Report for Ministries, Departments and Agencies (MDAs) covering the financial years 2020/21 to 2022/23, highlighting progress and persistent challenges in Kenya's public financial management systems.
3. This review was conducted in line with the Institute's mandate under the Accountants Act, CAP 531, and guided by Article 229 of the Constitution and the Public Audit Act, 2015, examined trends in audit outcomes, the professional status of financial statement preparers/signatories and the nature of audit opinions issued by the Office of the Auditor-General (OAG).
4. From the report it is evident that while there have been notable improvements in the number of unmodified audit opinions, however a majority of public institutions continue to face recurrent audit queries, including unsupported expenditures, weak internal controls, and unresolved prior-year issues. In addition, several financial statement signatories were found not to be in good standing with the Institute, raising concerns over compliance with the Accountants Act and adherence to professional ethics.
5. The analysis also observed an increase in pending bills, from Ksh 72.3 billion in FY 2020/21 to Ksh 130.8 billion in FY 2022/23, signaling fiscal strain and inefficiencies in budget execution.
6. **Key Findings**

(i) **Professional Status of Signatories**: All signatories to MDA financial statements were members of the Institute. However, there was a decline in members in good standing from 34 in FY 2020/21 to 30 in FY 2022/23, indicating the need to strengthen professional accountability frameworks.

(ii) **Audit Opinion Trends**: The number of unmodified opinions increased from 22 in FY 2020/21 to 28 in FY 2022/23, showing gradual improvement in financial reporting quality. Qualified opinions decreased from 36 in FY 2021/22 to 24 in FY 2022/23, while adverse opinions were minimal.

(iii) **Under-Expenditure and Fiscal Performance**: Actual gross expenditure rose from Ksh.3.21 trillion in FY 2020/21 to Ksh.3.61 trillion in FY 2022/23, but under-expenditure widened from 5% to 11% over the same period, signaling inefficiencies in budget execution and absorption.

(iv) **Pending bills**: Pending bills increased sharply from Ksh 57.47 billion in FY 2021/22 to Ksh 130.81 billion in FY 2022/23, indicating fiscal distress and delayed payments to suppliers.

7. ICPAK Recommendations

(i) All financial statement preparers and signatories to be members of the Institute in good standing;

(ii) Audit Committees and Internal Audit Units be strengthened to ensure oversight and timely resolution of audit findings;

(iii) The Office of the Auditor-General and Parliament enforce implementation of audit recommendations; and

(iv) The National Treasury to enhance budget execution mechanisms to improve absorption rates and reduce under-expenditure.

8. ICPAK's Call to Action

The Institute calls for the following actions to strengthen financial accountability at the national level.

(i) Parliament and National Treasury should enforce strict enforcement of professional compliance, ensuring all accounting officers and financial signatories are members of the Institute in good standing.

(ii) The Head of Public Service, National Treasury and Parliament should obligate spending units to treat pending bills as a first charge.

(iii) National Treasury and PSASB should expedite migration from cash to accrual accounting.

(iv) Parliament should amend the PFM Act to strengthen the Internal Audit Function and Audit Committees in the Public Sector.

(v) A review of the Accountants Act (Cap. 531) and the PFM Act to enhance accountability enforcement; and

(vi) Enhanced collaboration between Institute, the Office of the Auditor-General, and the National Treasury to build capacity and improve financial governance

This report is the third Phase of ICPAK's national public audit review initiative, following an earlier review of County Executives and County Assemblies reports, aimed at promoting professional accountability and improved financial reporting in the public sector.

The Institute remains committed to supporting government reforms, building institutional capacity, and championing ethical financial management across all levels of governance.

“Ensuring that only qualified and compliant professionals are entrusted with public funds is non-negotiable. Accountability, integrity, and professionalism must be the foundation of Kenya’s fiscal governance,” CPA Prof. Elizabeth Kalunda, Chairman, ICPAK.

CPA PROF. ELIZABETH KALUNDA
ICPAK CHAIRMAN

About ICPAK

The Institute of Certified Public Accountants of Kenya (ICPAK) is a statutory body of Accountants established under the Accountants Act, CAP 531, with the mandate to develop and regulate the Accountancy Profession in Kenya. The Institute is also a member of the Pan Africa Federation of Accountants (PAFA) and the International Federation of Accountants (IFAC), the global umbrella body for the accountancy profession.

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