



23 February 2015

### Memorandum on the Public Audit Bill, 2014

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#### **ABOUT TISA**

**The Institute for Social Accountability (TISA)** is a civil society organization committed towards the achievement of sound policy and good governance in local development, to uplift livelihoods of, especially, the poor and marginalized in Kenya. TISA has been operational since March 2008, and is a locally registered Trust that has engaged with various relevant state and non-state actors in the quest to promote effective local governance in Kenya.

#### **RECOMMENDATIONS**

The opportunities for misappropriation of public funds in Kenya are numerous. The public Audit bill should then ensure that the following organs are part of the audit process under the express mandate of the auditor general:

- ✓ State corporations
- ✓ Statutory companies
- ✓ All other Government Owned Entities

The Report of the Presidential Taskforce on Parastatal reforms (October 2013) recommends that the Office of the Auditor General (OAG) shall provide statutory audit to all the above institutions save for the fact that in the case of State Corporations and County Corporations OAG may delegate the same to private audit for purposes of expediting the audit process.

The bill should also provide a linkage between the role of the State Audit Office oversight over the National and County Agencies Oversight Office (NACAOO) as envisioned by the report.

Section 37 on reporting should provide for release of relevant reports to the Director of Public Prosecution for further investigations and prosecution in case of misappropriation of funds with the advice of the Attorney General.

Part VII of the act should provide for contract audits to establish the feasibility of contracts entered to by government and government owned agencies. The part should also provide for issues of IT audits to ascertain the integrity of the IT systems and the information produced.

The act fails to provide for whistle blowing procedures by members of the public. Further, there should be provisions on partnerships with individual or non-state actors who would like to provide information or work closely with the OAG in highlighting instances of misappropriation of funds in one form or another.

It is not clear from the act, how State Audit Office will decentralize its functions to the county level. As it is, it appears to be too centralized.

The Act fails to highlight the role of parliamentary accounts committee and the public accounts committee after receiving reports from the OAG. There should be provisions on the role of the committees and timelines for reviewing and reporting to parliament or EACC on its findings.