

SPEECH BY THE AUDITOR-GENERAL,MR EDWARD OUKO ,CBS DURING OPENING OF THE TRAINING PROGRAMME ON PREPARATION OF FINANCIAL STATEMENTS FOR STATE CORPORATIONS ON 25TH AUGUST 2014 AT KENYA SCHOOL OF GOVERNMENT

Introduction

The Accountant General, Mr Bernard Ndung'u, CEO of Deloitte, Sammy Onyango, representative from Danida, Mr Con Omore, Investment Secretary Representative, ladies and gentlemen. It is my pleasure to be here with you on this important occasion of training public officers on preparation of financial statements for state corporations.

Mandate

This training cannot have come at a better time. We are living in a world where population continues to increase against limited resources at our disposal, most of which have been invested in you, present here. Article 229 (6) of the Constitution confirms lawful and effective use of these resources.

This therefore calls for effective management of the limited resources that we have as a country. This training therefore, is a step in the right direction as it will expose the officers to financial reporting standards that will guide them in preparation of financial reports.

My office plays a key role in assuring that public funds are used lawfully and effectively for the benefit of the *wanjiku*. Our key role is therefore to trace money up to the point the shilling hits the ground. That means

we have to be proactive, preventive and deterrent in identifying cases of economic crime, abuse of office, fraud and corruption in general. You are, therefore at the forefront of financial controls and management.

Ladies and gentlemen

The Office of the Auditor-General is taking keen interest in this training as it contributes towards our mandate of ensuring effective and lawful use of public resources.

On our side we have restructured our Office in line with the expanded role bestowed to us by the Constitution. We now have auditors all spread across the country for timely operations and effectiveness.

As you are aware, the Public Finance Management Act, 2012 outlines the formation of the Public Sector Accounting Standards Board (PSASB). This Board is charged with setting frameworks and promoting the use of International Standards for Auditing by public entities and we must show commitment as professionals to support the Board in undertaking its mandate.

Current situation

Fellow colleagues, this training is important in assisting us as public officers to ensure that public resources are used effectively. According to our latest audit report there were 144 qualified opinions of the 228 audited statements.

This is not very good news for us as custodians of public resources, and it is our hope that this training will go a long way in addressing the situation.

My office is glad that the Board has developed a standard template that will enhance the quality, presentation, content and disclosures of financial information, thus reducing the number of qualified audit opinions.

Expectations

Ladies and gentlemen

The Constitution sets a tight deadline for my office to audit and report the accounts of public entities. The timeline given by the Supreme law is six months after the close of the financial year and we will be banking on you to help us meet this deadline.

Effective and lawful management of public resources requires concerted efforts, and in you we have worthy partners. Timely submission of complete sets of financial statements in accordance with the approved reporting frameworks is one such way that will enable us observe the timelines as set by the Constitution.

Accuracy of financial statements is a key aspect in accounting and after this training it is our expectation that we will be able to be supplied with accurate financial statements fully together with supporting schedules as appropriate.

Ladies and gentlemen

Audit work is a collaborative effort both from the auditors and auditees. For mutual understanding and good working relationship it is only fair that before the auditors start their work, they are able to engage with the top management of the state corporation, and vice versa when their job is done.

Consequently, it is our expectation that the CEOs or heads of state corporations should attend entry meetings before the auditors start their work. Similarly, they should also be present during an exit meeting, at the conclusion of the audit process. You are critical in these meetings, preparing well-referenced audit files. Performance contract should therefore be based on qualified reports such that future awards go to best prepared accounts.

This is very important as it will give us the necessary support and goodwill thus making our work easier and effective.

But even at the end of the engagement with the auditees, we want to give a chance to the heads of the state corporations to shed light on the audit queries before a final report is released. In this case it is our expectation that the CEOs or heads of State Corporations give personal attention to Management Letters and DARs and provide responses or comments on audit matters before the final audit reports are signed and issued.

And even after the issuance of the report to Parliament, we expect the auditees to coordinate with the Office of the Auditor General on

matters to be discussed by Parliamentary Oversight Committees, especially in your case the Public Investments Committee.

Ladies and gentlemen

In conclusion, this training is very important with regard to preparation of financial statements based on International Standards adopted and gazetted. It is our expectation that the outcome will be of benefit to all of us as far as effective and lawful management of public resources are concerned. We must therefore, strive for good governance, integrity and transparency as the core bedrock for sustainable development of our country. I recognize the support from Danida and commend the initiative taken by the Accountant General and Deloitte to train us on the framework- I am an alumnus of Deloitte and you are in best hands. It is now my pleasure to officially open the training.

Thank you for your attention.