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TWELFTH PARLIAMENT – SECOND SESSION – 2018

THE NATIONAL ASSEMBLY

SELECT COMMITTEES ON NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND,

TABLE OFFICE
29 AUG 2018
PAPER LAID

REPORT ON THE 3RD ICPAK CHAPTER SEMINAR - LONDON, UNITED
KINGDOM 3RD - 6TH JULY 2018.

Paper laid on the
Table of the House by the
Chairperson, Select
Committee on National
Government Constituencies
Development Fund on
Wednesday, 29/08/2018

DIRECTORATE OF COMMITTEE SERVICES
CLERK'S CHAMBERS,
PARLIAMENT BUILDINGS,
NAIROBI.

(Alemu)
JULY, 2018

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ABBREVIATIONS

ICPAK -Institute of Certified Public Accountants

NG-CDF -National Government Constituencies Development Fund

SDM -Strategic Decision Making

UK -United Kingdom

CHAIR'S FOREWORD

The Public Accounts Committee, Public Investments Committee and the National Government Constituency Development Fund Committee were invited to attend the 3rd ICPAK Chapter Seminar in London, United Kingdom that was held from 3rd to 6th July 2018.


The workshop was organized by the Kenyan branch of the Institute of Certified Public Accountants. The theme of the workshop was "The accountancy profession: An essential driver for strong and sustainable economies."

Participants of the workshop included Members of National Assembly, County Assembly Speakers, County Executives, Board Members, Board Committee members, Heads of Government Units and Governance Consultants.

The purpose of the workshop was to give delegates an opportunity to stay abreast with useful trends and dynamics in the profession. Delegates also had an opportunity to network and share ideas. The workshop highlighted the important role that Parliamentarians can play in contributing to the collective effort to enhance accountability in public finance management.

The Committee is thankful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it before and during the workshop.

On behalf of the Committee and pursuant to provisions of the Standing Orders of the National Assembly, it is therefore my pleasant duty and privilege, to lay this report on the workshop on the role of accountancy profession as an essential driver for strong and sustainable economies.

Sign..........Date 28/8/2018.....
The Hon. Richard Maore Maoka, MP
Chairperson Select Committee on NG-CDF

EXECUTIVE SUMMARY

This report has explained important issues that were keenly addressed by the plenary. Strategic decision making is one of the key issues that were broadly discussed at the seminar. It provides a roadmap to align the organization's functional activities to achieve set goals. It guides management discussions and decision making in determining resource and budget requirements to accomplish set objectives thus increasing operational efficiency.

In addition, the report highlights the role of audit in public sector and its ability to strengthen governance by materially increasing citizens' ability to hold their public-sector entity accountable.

In the absence of good governance structures and lack of adherence to basic governance principles, there is an increase in the risk of public corruption, which is defined as the misuse of entrusted power for private gain. Therefore, the principles of accountability, transparency, integrity, and equity are essential in the public sector.

The meeting observed that public sector auditing was key to good public governance. The public-sector audit's mandate should be sufficiently broad to enable it to respond to the full scope of the entity's activities. Although auditors may be able to add value to any segment of the organization for which they can provide independent, objective assurance at a minimum, every public-sector entity requires some form of independent audit activity that has authority to evaluate the full range of public sector activities.

Ultimately, public sector auditing should strengthen public governance by providing for accountability and protecting the core values of the public-sector entity, ensuring managers and officials conduct the public's business transparently, fairly, and honestly, as well as with equity and integrity.

Elected and appointed officials at all levels of the public sector should support effective audit activities by establishing independent audit functions that meet all the key elements

PREFACE

1.1. MANDATE OF THE COMMITTEES

1.1.1 National Government Constituencies Development Fund

The Select Committee on NGCDF is established in accordance with the provisions of section 50 of the NGCDF Act, 2015. The functions of the Committee include but not limited to:

1. Oversee the implementation of the NGCDF Act and in this respect, shall after every two years submit a report to the National Assembly and where necessary, propose any amendments to this Act with respect to the quantum of funds repayable into the Fund in accordance with section 4 of the Act;
2. Oversee the policy framework and legislative matters that may arise in relation to the Fund;
3. Continually review the framework set out for the efficient delivery of development programmes financed through the Fund consider and report to the National Assembly, with recommendations, names of persons required to be approved by the National Assembly under the Act.

1.2. Committee Membership

The Committee is comprised of the following members-

1. Hon. Richard Maoka Maore, MP **Chairperson**
2. Hon. Omar Mohamed Maalim, MP **Vice -Chairperson**
3. Hon. Mishi Mboko, MP
4. Hon. Fred Ouda, MP
5. Hon. Fred Kapondi Chesebe, MP
6. Hon. Sophia Abdi Noor, MP
7. Hon. Emmanuel Wangwe, MP
8. Hon. Johana Ngeno, MP
9. Hon. Titus Khamala, MP
10. Hon. Richard Tongi, MP

- 11.Hon. Moses Lessonet, MP
- 12.Hon. Alfah Ondieki, MP
- 13.Hon. Benjamin Gathiru Mwangi, MP
- 14.Hon. Janet Jepkemboi Sitienei, MP
- 15.Hon. James Mukwe, MP
- 16.Hon. Kasim Sawa Tandaza, MP
- 17.Hon. Sharif Athman Ali, MP
- 18.Hon. Mwalyo Joshua, MP
- 19.Hon. Mary Wamaua Waithira, MP

1.3. Committee Secretariat

- | | |
|-------------------------|----------------------|
| 2. Mr. Johnston Kioko | -Clerk Assistant II |
| 3. Ms. Naserian Lotuai | -Clerk Assistant III |
| 4. Mr. Erick Ososi | -Researcher |
| 5. Mr. Joshua Lenambeti | -Serjeant At Arms |
| 6. Ms. Farida Ngasura | -Audio Officer |

1.4. OBJECTIVES OF THE CONFERENCE

The main Objective of the conference was to capacity build Members on matters good governance and key elements to be considered as they undertake their role in Watchdog Committees'. The seminar aimed to: -

- a) Offer attendees an opportunity to learn key elements to consider while conducting an audit for strengthening of audit Departments in Government and Country's' economies.
- b) Offer all participants an opportunity of interacting with other delegates on matters good governance, Audits and rational strategic decision making. Strategic decision making which forms an integral part in positive change in Departments and organizations by clearing away obstacles and enabling faster and better delivery of Government priorities.

- c) Learn basic elements of good governance and its importance in making sure that Government's departments are run professionally and its positive impact in sustaining economies.

1.5. COMPOSITION OF THE DELEGATION

The delegation comprised of the following members and staff: -

The Hon. Richard Maore Maoka, MP - **Leader of Delegation**

The Hon. Janet Sitienei, MP

The Hon. Moses Lessonet, MP

The Hon. Alfah Ondieki Miruka, MP

The Hon. Joshua Mwalyo, MP

Ms. Angeline Naserian Lotuai - Third Clerk Assistant

2.0. CONFERENCE DELIBERATIONS

2.1. INTRODUCTION

The theme of the event was '*the accountancy profession: an essential driver for strong & sustainable economies.*'

Accounting leads to driving sustainable organizational success, their engagement at the global, regional, and local levels will enhance the relevance of the profession and help build a deeper engagement with business and government, ultimately supporting the profession's contribution to stronger economies.

It represents a broad spectrum of expertise and work in many sectors across all types and sizes of organization. The 3rd chapter seminar- United Kingdom focused on the different areas from the following presenters:

2.2. STRATEGIC DECISION MAKING -SDM

Presentation from Ms. Peninah Achieng Kindberg (Ministry of Justice)

From her experience in the Ministry of Justice, she expounded on strategic decision making as the strategy of exploring new products and services, people's operations which is the expertise and systems. It targets funding and how it is implemented. Strategic decision making includes mergers and alliances as well as taking risks and managing those risks. Reforms forms an integral part of strategic decision making by leading change in Departments and organizations and clearing away obstacles and enabling faster and better delivery of Government priorities.

In addition, SDM in finance management leads to the way finance business operates and in policy making, it influences clarity around roles and responsibilities. It ensures resources allocated are effectively and efficiently implemented in different Government sections.

Ms. Kindberg noted that strategic plan allows organizations to foresee their future and to prepare accordingly. Through strategic planning, institutions can anticipate certain unfavorable scenarios before they happen and take necessary precautions to avoid them. With a strong strategic plan, organizations can be

proactive rather than merely reacting to situations as they arise. Being proactive allows organizations to keep up with the ever-changing trends in the market and always stay one step ahead of the competition.

A strategic plan helps to define the direction in which an organization must travel, and aids in establishing realistic objectives and goals that are in line with the vision and mission charted out for it. A strategic plan offers a much-needed foundation from which an organization can grow, evaluate its success, compensate its employees and establish boundaries for efficient decision-making.

A strategic plan provides management with a roadmap to align the organization's functional activities to achieve set goals. It guides management discussions and decision making in determining resource and budget requirements to accomplish set objectives thus increasing operational efficiency. She concluded by saying that a good approach that is targeted and well-strategized can help to increase transparency in any institution. She explained that SDM is the process of creating a company's mission and objectives and deciding upon courses of action an institution should pursue to achieve.

2.3. ROLE OF AUDIT IN PUBLIC SECTOR

Presentation from Dr. Acomo Oloya

Dr. Oloya stated that auditing is a cornerstone of public sector governance that provides unbiased, objective, assessments of how public resources are managed and its intended results. Audits role supports the governance responsibilities of oversight, insight, and foresight. Oversight addresses whether public sector entities are doing what they are supposed to do and serves to detect and deter public corruption.

Audit insight assists decision-makers by providing an independent assessment of public sector programs, policies, operations, and results. Foresight identifies trends and emerging challenges. Auditors use tools such as financial audits, performance audits, investigations, and advisory services to fulfill each of these roles.

Key Elements to Be Considered in Audit

Dr. Oloya said that effective public-sector audit activity strengthens governance by materially increasing citizens' ability to hold their public-sector entity accountable. Auditors perform an especially important function in those aspects of governance that are crucial for promoting credibility, equity, and appropriate behavior of public sector officials, while reducing the risk of public corruption. Therefore, it is crucial that audit activities are configured appropriately and have a broad mandate to achieve these objectives. She further said that audit activity must be empowered to act with integrity and produce reliable services, although the specific means by which auditors achieve these goals vary. At a minimum, public sector audit activities need:

- Organizational independence. Organizational independence allows the audit activity to conduct work without interference by the entity under audit. The audit activity should have sufficient independence from those it is required to audit so that it can both conduct and be perceived to conduct its work without interference. Coupled with objectivity, organizational independence contributes to the accuracy of the auditors' work and the ability to rely on reported results and conception of sustainable economies.
- A formal mandate. The audit activity's powers and duties should be established by the public sector's constitution, charter, or other basic legal document. Among other topics, this document would address procedures and requirements of reporting and the obligation of the audited entity to collaborate with the auditor
- Competent leadership.
- Stakeholder support. The legitimacy of the audit activity and its mission should be understood and supported by a broad range of elected and appointed public sector officials, as well as by the media and involved citizens.

2.4. PRINCIPLES OF GOVERNANCE

Presentation from Ms. Sumitah Shah

Ms. Summita described the following basic governance principles in terms of applicability to the public sector.

Setting direction and good governance establishes policies to guide an organization's actions. In the public sector, policy may be directed through broad national goals, strategic plans, performance goals, legislative guidance,

designated oversight organizations, or legislative oversight committees. A public-sector entity's policies or its priorities can generally be found in its strategic plan, operational plan, or budget to specific activities.

Instilling ethics through clearly articulated ethical values, objectives, and strategies; appropriate tone at the top; and internal control. It should align policies and procedures to encourage employees and public official behavior that is consistent with the public-sector organization's ethics and values. An important element necessary to achieve behavior that is consistent.

Overseeing results with continuing oversight to ensure that policy is implemented as intended, strategies are met, and the overall performance of the public-sector entity meets expectations while conforming with policies, laws, and regulations.

Governance Principles is critical to the Public Sector and unique governance principles arise from the unique nature of the public sector. For example, unique to the public sector is the importance of political forces, the not-for-profit nature, and the ultimate objective of public service for many public-sector activities. Concurrently, public sector entities hold coercive (e.g police, taxation, and regulatory) powers over citizens and economic enterprises, and thus they must enact protections to ensure fairness and accountability in the use of those powers and in the delivery of the expected services.

These protections are fundamental in political systems in which citizens endow the public-sector entities with their powers. In general, any form of public sector entity can benefit from accountability measures that ensure officials use resources and authority to meet the mandated goals and objectives. Moreover, good public governance requires fair and impartially enforced laws and regulations.

Ms. Sumitah concluded by stating that absence of good governance structures and lack of adherence to basic governance principles increases the risk of public corruption, which is defined as the misuse of entrusted power for private gain. In addition to the basic governance principles as described, upholding the principles of accountability, transparency, integrity, and equity are essential in the public sector.

3.0. COMMITTEES OBSERVATIONS

In line with presentations made at the 3rd Chapter UK event, it was observed that:

- a. Basic governance principles and upholding the principles of accountability, transparency, integrity, and equity are essential in the public sector.
- b. Organizational independence is a vital element in the audit activities, the audit activity should have sufficient independence from those it is required to audit, so that it can both conduct and be perceived to conduct its work without interference. Organizational independence contributes to the accuracy of the auditors' work and the ability to rely on reported results and conception of sustainable economies.
- c. Internal audit's charter, audit plans and other tools are critical in reviewing the audit activity's performance and approving the appointment or termination of internal and external auditors.
- d. Overseeing the organization's financial reporting and accounting standards is important in ensuring that policy is implemented as intended, strategies are met, and the overall performance of the public-sector entity meets expectations while conforming with policies, laws, and regulations.
- e. There are Public sector entities that hold coercive (e.g police, taxation, and regulatory) powers over citizens and economic enterprises.

4.0. RECOMMENDATIONS

1. Public sector auditing is key to good public governance. The legislature should allocate enough resources with an appropriate broad mandate to achieve objectives of good governance in Government Departments.
2. Parliament should formulate policies in public-sector audit activity's mandate that are sufficiently broad to enable it respond to the full scope of the entity's activities. This will enable auditors to add value to any segment of the organization for which they can provide independent and objective assurance. Every public-sector entity requires some form of independent audit activity that has authority to evaluate the full range of public sector activities.
3. Elected and appointed officials at all levels of public sector should support effective audit activities by establishing independent audit functions that meet all the key elements on good governance.

MINUTES OF THE 33RD MEETING OF THE NATIONAL ASSEMBLY SELECT COMMITTEE ON GOVERNMENT CONSTITUENCY DEVELOPMENT FUND HELD ON THURSDAY 28TH AUGUST 2018 AT 10TH FLOOR HARAMBEE PLAZA, AT 11.00 AM

MEMBERS PRESENT

1. Hon. Richard MaoreMaoka, MP -**Chairperson**
2. Hon. Omar Maalim, MP – **Vice Chairperson**
3. Hon. Mwalyo Joshua, MP
4. Hon. Benjamin Gathiru Mwangi, MP
5. Hon. Fred Kapondi Chesebe, MP
6. Hon. James Mukwe, MP
7. Hon. Janet Jepkemboi Sitienei, MP
8. Hon. Mishi Mboko, MP
9. Hon. Mary Wamaua Waithira, MP
10. Hon. Sharif Athman, MP
11. Hon. Richard Tongi, MP
12. Hon. Titus Khamala, MP

APOLOGIES

1. Hon. Fred Ouda, MP
2. Hon. Kassim Sawa Tandaza, MP
3. Hon. Johanna Ngeno, MP
4. Hon. Moses K. Lessonet, MP
5. Hon. Emmanuel Wangwe, MP
6. Hon. Sophia Abdi Noor, MP
7. Hon. Alfa Ondieki, MP

IN ATTENDANCE: KENYA NATIONAL ASSEMBLY SECRETARIAT

- | | |
|------------------------|-------------------------|
| 1. Mr. Johnston Kioko | -Second Clerk Assistant |
| 2. Ms. Naserian Lotuai | -Third Clerk Assistant |
| 3. Ms. Farida Ngasura | -Audio Officer |

AGENDA

1. Preliminaries
2. **Confirmation of Minutes**
3. **Adoption of Report on Status of Disbursements of funds as at 28th August 2018**
4. **Adoption of the 3rd Chapter ICPAK Seminar London, United Kingdom held from 3rd to 6th July 2018.**
5. Adjournment.

MIN. NA/DCS/NG-CDF /2018/151: PRELIMINARIES

The Chairperson called the meeting to order at 11:28 am with a word of prayer by, Hon. Mary Wamaua , MP.

MIN. NA/DCS/NG-CDF /2018/152: CONFIRMATION OF MINUTES

Minutes of the 30th Sitting were confirmed by the Committee as true deliberations of the meeting and was proposed by Hon. Mishi Mboko, MP and seconded by Hon. Titus Khamala, MP

Minutes of the 31st Sitting were confirmed as true deliberations of the meeting and was confirmed by Hon. Benjamin Gathiru, MP and seconded by Hon. Joshua Mwalyo,MP

Minutes of the 32nd Sitting were confirmed as true record of the meeting and was proposed by Hon. Fred Kapondi, MP and seconded by Hon. Joshua Mwalyo,MP

MIN. NA/DCS/NG-CDF /2018/153: ADOPTION OF THE REPORT ON STATUS OF DISBURSEMENTS OF FUNDS TO NG-CDF BOARD AND THE 3RD ICPAK CHAPTER SEMINAR-LONDON,UNITED KINGDOM 3RD TO 6TH JULY 2018.

The report on the status of disbursements of funds to the NG-CDF as at 28th of August 2018 was adopted by the Committee having been proposed by Hon. Fred Kapondi Chesebe, MP and seconded by Hon. Mishi Mboko, MP.

The report of the 3rd ICPAK Chapter Seminar -London, United Kingdom that was held from 3rd to 6th July 2018, was adopted by the Committee having been proposed by Hon. Janet Sitienei, MP and seconded by Hon. Joshua Mwalyo, MP.

MIN.NA/DCS/NG-CDF/2018/154: ANY OTHER BUSINESS

The Committee resolved to undertake capacity building training by ICPAK in Mombasa from 13th to 16th September 2018.

MIN. NA/DCS /NGCDF /2018/155: ADJOURNMENT

There being any other business, the Chair adjourned the meeting at Twenty-five minutes to One O'clock. Members to be notified on the date of the next meeting.

Signature



HON RICHARD MAORE MAOKA, M.P.

Date.....

28/8/2018 (Chairperson)

REPUBLIC OF KENYA



TWELFTH PARLIAMENT – SECOND SESSION - 2018



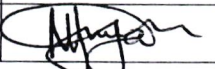
THE NATIONAL ASSEMBLY

ADOPTION LIST

REPORT ON THE 3RD CHAPTER ICPAK LONDON-UNITED KINGDOM HELD
FROM 3RD TO 6TH AUGUST 2018

DATE: 28TH AUGUST 2018

	NAME	SIGNATURE
1.	Hon.Richard Maore Maoka,MP	
2.	Hon.Omar Mohamed Maalim MP	
3.	Hon.Mishi Mboko,MP	
4.	Hon.Fred Ouda,MP	
5.	Hon.Fred Kapondi Chesebe,MP	
6.	Hon.Sophia Abdi Noor,MP	
7.	Hon.Emmanuel Wangwe,MP	
8.	Hon.Johanna Ngeno,MP	
9.	Hon.Titus Khamala,MP	
10.	Hon.Richard Tongi,MP	
11.	Hon.Moses Lessonet ,MP	
12.	Hon.Alfa Ondieki,MP	
13.	Hon.Benjamin Gathiru Mwangi,MP	
14.	Hon.James Mukwe,MP	
15.	Hon.Janet Jepkemboi Sitienei,MP	
16.	Hon.Kasim Sawa Tandaza,MP	

17.	Hon.Sharif Athman Ali,MP	
18.	Hon. Mwalyo Joshua,MP	
19.	Hon.Mary Wamaua Waithira G,MP	

SIGN

JOHNSTON KIOKO

