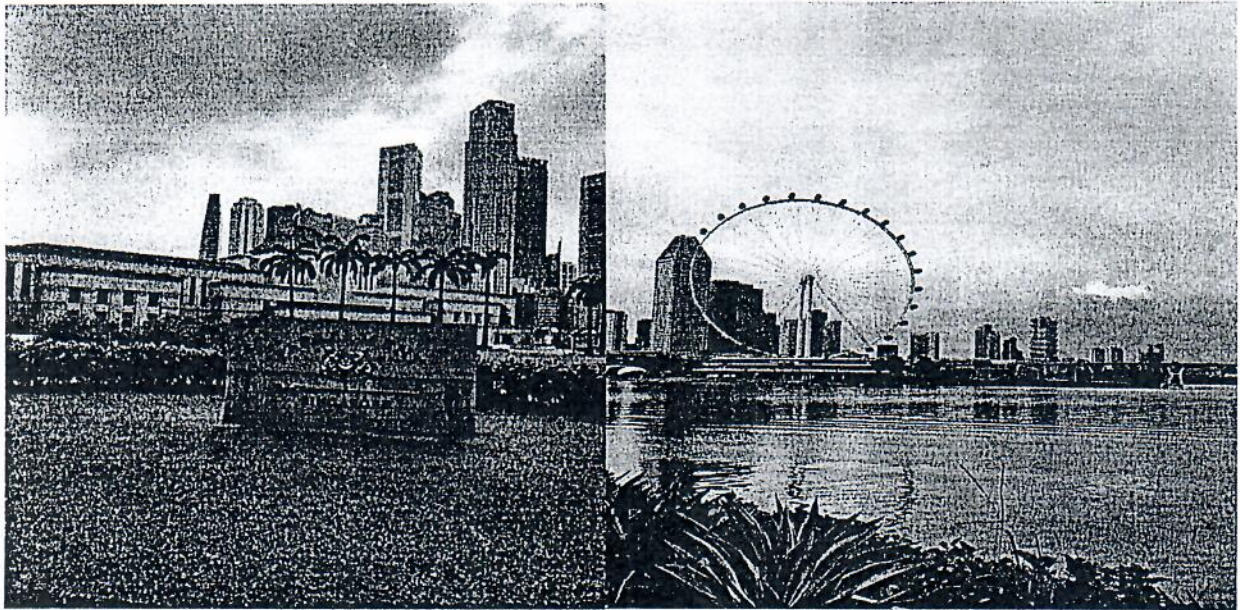


COUNTY GOVERNMENT OF KITUI



THE COUNTY ASSEMBLY OF KITUI  
THIRD ASSEMBLY – (THIRD SESSION)



REPORT ON A TRAINING WORKSHOP ON THE ROLE OF THE PUBLIC  
INVESTMENTS AND ACCOUNTS COMMITTEE IN SCRUTINIZING PUBLIC  
EXPENDITURE CONDUCTED IN SINGAPORE FROM 6<sup>TH</sup> TO 10<sup>TH</sup>  
NOVEMBER 2023

CLERK'S CHAMBERS,  
COUNTY ASSEMBLY BUILDINGS,  
KITUI, KENYA

NOVEMBER, 2023

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*Report by the Public Investments and Accounts Committee on Study Tour on her Role in Scrutinizing Public Expenditure.*

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## ABBREVIATIONS

OAG	- Office of Auditor General
COB	- Controller of Budget
CPIB	- Corrupt Practice Investigation Bureau
CPF	- Central Providence Fund
EACC	- Ethics and Anti-Corruption Commission
ESAMI	- Eastern and Southern African Management Institute
DCI	- Director of Criminal Investigations
DPP	- Director of Public Prosecutions
GNP	- Gross National Product
GRC	- Group Representation Constituency
ICT	- Information Communication Technology
MCA	- Member of County Assembly
M& E	- Monitoring and Evaluation
MOH	- Ministry of Health
MOWI	- Ministry of Water and Irrigation
MP	- Member of Parliament
NCMP	- Non -Constituency Member of Parliament
NMP	- Nominated Member Parliament
PAC	- Public Accounts Committee
PIC	- Public Investments Committee
PSC	- Public Service Commission
PPOA	-Public Procurement Oversight Authority
PIAC	-Public Investments and Accounts Committee
SMC	- Single Member Constituency
WSP	- Water Service Providers
WSB	- Water service Boards
SAI	- Supreme Audit Institution
MRT	- Mass Rapid Transit



## EXECUTIVE SUMMARY

**Mr. Speaker sir,**

This report by the County Public Investments and Accounts Committee study visit to Singapore conveys niceties of the delegation interactions and learning experiences during the study visit.

It presents a concise account of lectures, briefings, visits and meetings that the PIAC members partook in Singapore. The report has particular regard to the role of the Public Accounts Committee, and correlating the Kitui county systems against the structures, financial safeguards and functions of the National Audit Office of Singapore.

The report also enumerates the experiences of interactions between the delegates and the pertinent representatives in Singapore Parliament, National Museum and the National Gallery. Towards the culmination, the report reviews the program of the study tour in terms of lessons learned by the members as well as ideas of improving their oversight role.

**Mr. Speaker sir,**

Members of the delegation had humble opportunity to converse challenges as well as share techniques for questioning witnesses, examining financial statements, holding the government to account, and cross-party interrogations. Noteworthy, the facet of the workshop was to impart the culture of trust, transparency, and openness among delegates while executing their responsibility in the committee.

The global objective of the study visit was to share experiences in the work of Public Investments and Accounts Committee to embrace and adopt the best



practices to ultimately enhance the oversight responsibility on the use of public resources.

A fruitful training was facilitated to the delegates by Prof. Henry Waruhiu from ESAMI in addition to holding official visits to various departments in Singapore whose work complements the training objectives of the PIAC.

**Mr. Speaker sir,**

This report also details the lessons that the delegation learnt from the study visit and from the trainings that were carefully conveyed by the facilitator. The lessons learnt contributed immensely to the recommendations here in chapter five of this report, some of which are highlighted below: -

1. That, there is need to strengthen the credibility of county budgets
2. That, the County Assembly addresses any legislative and procedural fissures guiding on the public expenditures
3. That, the county government embraces a vigorous leadership and governance structure
4. That, the County Assembly and the County executive consider strengthening consultation and collaborative approach in planning key deliverables in the county budget
5. That, the County government fully embrace a programme-based budgeting
6. That, the County government enhance own source revenue collection and administration by sealing all probable revenue leakages
7. That, the County treasury fully embrace electronic revenue collection systems
8. That, the County government puts in place punitive measures on corruption like in the case of Singapore.



9. That, the County government embrace centralized human resource management systems to monitor wage bill.
10. That, the PIC and PAC committee be separated so as to segregate their responsibilities to avoid overlap.
11. That, the county assembly vehemently fight to dismantle the fraud triangle fundamentals within the county which include; pressure to commit fraud, fraud opportunities and officers' crime justification culture.



## CHAPTER ONE

### 1.0 PREFACE

**Mr. Speaker Sir,**

On behalf of the Members of the Kitui County Public Investments and Accounts Committee and in line with the provision of Standing Order 179(6) and 190(5) (g), it is my pleasant duty to present to this honorable House, the report by the County Public Investments and Accounts Committee on a study tour on her role in Scrutinizing Public Expenditure. The training was seamlessly facilitated by Prof. Henry Waruhiu from Eastern and Southern African Management Institute (ESAMI) from date 6<sup>th</sup> to 10<sup>th</sup> November, 2023 at the Swiss Hotel in Singapore.

**Mr. Speaker Sir,**

ESAMI stands out among the prestigious and a reputable management and development Centre owned by ten member governments from the Eastern and Southern African region. The assembly's choice of this institution was motivated by its outstanding credibility in offering tailored, market-oriented, specialized and healthy researched management trainings, consultancy, education programmes and action-oriented services.

### 1.1 The Committee Function and Responsibility

**Mr. Speaker sir,**

Standing Order 185(1) establishes the county Public Investment and Accounts Committee to perform specific mandates. Further, Standing Order 185 (2), confers and mandates the following responsibilities to this committee: -

- a) The examination of the financial accounts showing the appropriations of the funds voted by the Assembly to meet the public expenditure and of



such other accounts laid before the County Assembly as the Committee may deem fit;

- b) The examination of the reports, accounts and workings of the County public investments;
- c) The examination, in the context of the autonomy and efficiency of the County public investments, and certify that the affairs of the County public investments are prudently being managed in accordance with sound financial or business principles and prudent commercial practices.

## 1.2 Composition of Delegation

Mr. Speaker Sir,

The delegation comprised of the following Members and staff who were privileged to have this exemplary opportunity to learn, explore and benchmark on the sector responsibilities at Singapore: -

S/No	Name	Designation
1	Hon. Kevin Kinengo Katisya	Speaker of the Assembly
2	Hon. Gabriel Mutunga Munyao	Chairperson
3	Hon. David Masaku Munyau	Vice Chairperson
4	Hon. Jeremiah Musee Mutua	Member
5	Hon. Paul Musee Maluki	Member
6	Hon. Godfrey Muthengi Ndagara	Member
7	Mr. Mutua Mwendwa	Support Staff



### 1.3 Justification for the study visit to Singapore.

**Mr. Speaker Sir,**

In the year 2010, Kenya overwhelmingly voted for a bi-cameral system of governance approving establishment of a National and County governments. Barely ten years since its promulgation, some quarters have advanced several radical debates proposing amendments to the constitution. While this transpires, Kenya is still gravitating under the financial affliction of corruption, mismanagement of public resources, ballooning wage bill, overpaid and extravagant expenditure in public offices. Indeed, the cost of administering the governments has increased tremendously although not beyond manageable levels if proper financial management strategies are applied. The public anticipated that the devolved governments would fully address the development challenges that Kenya had faced since independence.

**Mr. Speaker Sir,**

Kenya has been benefiting from many donor programs supporting County governments like; the Kenya Devolution Support Program and Kenya Accountable Devolution Programmes. This support is geared towards improving the welfare of the citizens. However, there has been a myriad of challenges since much of the resources end up being wasted, swindled or mismanaged curtailing attainment of the intended purpose.

**Mr. Speaker Sir,**

Noteworthy, the county governments are accountable to the legislature for the way they spend the money raised from taxpayers through revenue collection, donor funding, equitable share or elsewhere. Before spending these monies, the assembly approves the income and expenditure estimates and plans. After the



money has been spent, the assembly should demand assurance that it was applied in accordance with the approved plans in a probable way to achieve value for money. The assembly should also seek explanations on any variation and possible improvements when things go wrong.

**Mr. Speaker Sir,**

The delegates remain candid supporters of devolved system of governance because it conveys resources and services closer to the public. In addition, the counties can realize higher results than they are currently doing in terms of revenue collection, resource mobilization and expenditures controls. However, the current culture of rampant corruption, wastages of public funds and poor public participation in government programmes severely threaten the existence of the county governments.

Indeed, there is a significant chance of achieving more developments as a country if the challenges of increased wastages and corruption which hinders some well-thought programmes from achieving the intended purpose are accurately addressed. Notably, most audit cases presented to the assembly in Kenya by the Office of the Auditor General are normally dismissed due to inadequate evidence. Thus, an expertise in financial investigation is necessary for the PIAC members to concisely facilitate them to handle concerns. Further knowledge on financial examination, scrutiny and forensic examinations will be of great value in enabling the Committee present a water-tight audit report consequently leading to effective prosecution of the rampant malpractices and restore public confidence.



**Mr. Speaker Sir,**

The PIAC in the assembly plays a critical legislative oversight role hence it should always form the cornerstone of financial accountability and governance in the public sector. Therefore, the committee choice for a study on the roles of PIAC in scrutinizing public expenditure was a perfect match. The lessons and experiences will undoubtedly enhance members' skills in proposing, diagnosing, evaluating, managing and appraising projects in any adverse environment.

**Mr. Speaker Sir,**

The training critically examines fraud, corruption, financial statements, audit reports and a post-expenditure scrutiny which forms the heart of a constructive Parliamentary Accounts Committee (PAC) work. The training also sought to elaborate features of effective PIAC including the structures for undertaking parliamentary financial scrutiny. The following forms the features of a complete PIAC assignment:

- a) An assembly requires the government to prepare income and expenditure plans (budgets) specifying how much money they intend to raise and how it will be spent;
- b) The government ministries and other departments prepares accounts and related reports indicating how the money was spent against the budget;
- c) an independent Supreme Audit Institution (SAI) which audits these accounts and reports to the assembly;
- d) a PAC within the assembly considers the work undertaken by the SAI, makes recommendations to government, considers their responses and reports back to the assembly.



**Mr. Speaker Sir,**

Considering the importance of the roles and responsibilities of the MCAs to the county, it is expected of them to effectively deliver their mandates. As such, it is critical to continuously train and capacity build members in order to equip them with necessary skills to facilitate execution of their mandate.

Frequent training programs are necessary to members to sharpen their analytical, interrogation, reporting and legislating skills to strengthen their understanding of governance issues. Consequently they become well equipped to address the embryonic needs of their electorates.

**Mr. Speaker sir,**

This study tour was also critical to the members as it facilitated them to compare their experiences against that of Singapore in terms of making competent decisions on examining public expenditure and proper governance. The study ensured that members developed some practical lessons that the committee would apply to enhance their performance at work and execution of the mandate given by the Constitution of Kenya 2010 and the County Assembly Standing Orders.

The Committee believes that for maximum service provision to the citizens, there is need to continuously engage, interact, exchange and in cooperate best skills and practices locally, nationally and internationally.

**Mr. Speaker Sir,**

The committee training at Singapore, was also motivated by the desire to explore Singapore's well-organized public finance systems which entails facets:-

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- a) The secrets in tremendous economic growth and expansion uncured on the following four pillars
- i. The budget sector itself - The budget is program based with clearly stated achievable medium-term and long-term goals that are sustainable throughout the financial year.
  - ii. The Central Provident Fund (CPF) - This is a mandatory savings scheme financed by payroll contributions from both employers and employees. The CPF is the centerpiece of Singapore's personal responsibility system for the provision of social services. The system allows for a combined contribution of 33%, with 20% sponsored by the employee and 13% by the employer. These contributions are credited to the member's personal account at the CPF which pays nominal interest on members' balances. The CPF allows its members to withdraw funds to pay for approved uses such as housing, retirement and medical costs for themselves and immediate family members.
  - iii. The government investment agencies whose major role is to manage the extensive surpluses generated by the budget sector and the Central Provident Fund over the years and yield significant annual investment incomes.
  - iv. The operation of various special funds that are not consolidated into the government's overall budget position. Singapore operates several special funds that are not consolidated in the reporting of the budget to



Parliament. The outstanding example is the Government Securities Fund; this is where the Central Provident Fund invests its surplus funds.

- b) A structured parliament and the elections culture of Singaporeans
- c) The effective public service system and controlled wage bill
- d) The rich history of systems adopted in Singapore i.e transport, communication, governance, environment and sanitation management.
- e) The similarity of Singapore's budget tools and strategic plan with Kenya

**Mr. Speaker Sir,**

Therefore, it is for these motives that the County Public Investments and Accounts Committee in consultation with the honorable Speaker of the County Assembly, deemed it prudent and necessary for her to undertake this training so as to expose and enable honorable members to get acquainted with the requisite knowledge and skills pertaining scrutiny of public expenditure.

#### **1.4. Objectives of the Study visit**

**Mr. Speaker Sir,**

This was a five-day program, intended to enhance the capacity of the committee members in handling the intensifying audit matters from the public expenditure. The training was organized setting out what an effective PIAC looks like, anchor the superlative principles in their duty, and majorly crystalize their procedures. The training was planned to prepare members to give the best output out of the committee, improve their financial scrutiny abilities and enhance effectiveness,



efficiency and economy of county government. This essential training covered the main ideas and procedures necessary for members to establish, maintain and improve the role and functioning of the committee.

**Mr. Speaker Sir,**

Considering the complexity and sophisticated work of the committee, training sought to answer the following questions intertwined with the mandate of reviewing government accounts and performance:

- 1) On how does the government spend the money in other jurisdictions?
- 2) On what services does the government spend money prudently?
- 3) How does PIAC certify and recognize that the money was spent as intended by the parliament?
- 4) On how well have resources been applied to achieve desired results?
- 5) In achieving results, has due regard been given to efficiency and economy?

The desire for answers on the above queries formed the following objectives of the training: -

- a) To learn how Singapore and the Public Accounts Committee in particular, manage their work of the Committee.
- b) To learn how the Committee follows up the implementation of its recommendations.
- c) To equip members with examination, forensic, and interrogation expertise of government expenditure to determine their legality, propriety, and effectiveness.
- d) To learn how Singapore PIAC holds government agencies and officials accountable for financial irregularities, waste, or mismanagement.





- e) To learn how to promote transparency in financial reporting and budget execution, enhancing public trust in government finances.
- f) To learn how to identify areas of inefficiency and recommend measures to optimize resource utilization.
- g) To make evidence-based recommendations to improve financial management and decision-making.
- h) To look at the experience of the federations and other countries in making investment appraisals and critically scrutinizing public expenditure.
- i) To develop practical lessons that the committee, and the assembly as a whole could adopt to improve their performance, oversight, legislation, and representation.
- j) To learn the best practices in handling structured civil services, revenue collection and financial management

### 1.5. Acknowledgement

**Mr. Speaker Sir,**

The committee is gratified to innumerable institutions and individuals for the support and cooperation they conferred in making the training successful.

We are indebted to the Ministry of devolution and Immigration for timely approving and processing of travel documents for the members. Considerable thanks go to the Office of the Controller of Budget to approving funds to facilitate members' comfortable stay at Singapore.

The Committee is beholden to the office of the Speaker for the precious opportunity accorded to us to participate in the training by approving this study tour to Singapore. We consider the chance as a golden opportunity to interact with the first world county.



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Further, we appreciate the office of the Clerk of the County Assembly for impeccably administering the logistics and obligatory groundworks desired to facilitate this training.

Gratefully acknowledged is ESAMI for organizing the training and availing Prof. Henry Waruhiu to facilitate the study sessions. The expertise shared by Prof. Henry Waruhiu during the training has fortified honorable members with valuable ideologies and hands-on skills necessary to investigate, interrogate, and report on project implementation, and financial statements amidst rising malpractices.

The delegation will be indebted if it forgets to appreciate the Swiss Hotel, National Museum, National Parliament and National Gallery of Singapore for facilitating our study in their institutions.

Lastly, significantly thanks go to all the participants for the ardor, punctuality, contribution and commitment during the training sessions. I further applaud them for the reverence and backing they conferred me as the leader of the delegation and their precious input during the preparation of this report.

**Mr. Speaker sir,**

It is now my pleasant duty and privilege, on behalf of the delegation of the County Public Investments and Accounts Committee, to table this report and recommend it to the House for adoption and thereafter implementation of the recommendations made therein.

Thank you



Sign:  \_\_\_\_\_

Hon. Gabriel Mutunga Munyao (MCA)

Chairperson, County Public Investments and Accounts Committee.

County Assembly of Kitui.

Date: 28/11/2023

Report Compiled by Mutua - Senior Accountant





structured civil service. He dodged populist policies in favour of long-term social and economic planning, championing civic nationalism through meritocracy.

**Mr. Speaker sir,**

Singapore government's most imperative priority after independence was to address the high rate of unemployment. The government labored to set up factories hence initially focusing on the manufacturing industry. Later, the cabinet approved the establishment of Singapore as an international financial center. This approval guaranteed foreign bankers of the reliability of Singapore's social conditions, with top-class infrastructure and skilled professionals. The investors were assured that the government would pursue sound macroeconomic policies, with budget surpluses, leading to a stable valued Singapore dollar. In achieving their milestones, the government focused on addressing system challenges biased on the below areas: -

## **2.1 Corruption**

**Mr. Speaker sir,**

To address corruption, Singapore introduced legislation giving the Corrupt Practices Investigation Bureau (CPIB) enhanced authority to conduct arrests, search, call up witnesses, and investigate bank accounts and income-tax returns of suspected persons and their families. The ministers of departments were also commensurately remunerated in order to maintain a clean and honest government. As a result, the country is now ranked 5th least corrupt in the world out of 180 countries with a score of 83 by the Transparency International Corruption Perceptions Index of 2022.



## 2.2. Water resources

**Mr. Speaker sir,**

Under water resources, Singapore conventionally relied on water from Malaysia. However, this dependence made Singapore subject to the possibility of price upsurges and permitted Malaysian bureaucrats to use the water reliance as political leverage by threatening to cut off supply. To reduce this problem, the government decided to experiment with water recycling. As a result of such efforts, Singapore achieved self-sufficiency with its water supply in the year 2010.

## 2.3 Economic Stability and Performance

**Mr. Speaker sir,**

Singapore's amazing tale, tells of once a sleeping fishing village that defied the odds to transform itself into a first world metropolis.

Singapore's sprout from a being an island realm with a high levels of poverty devoid of natural resources into an established nation. This transformation can be denoted as 'emerging from the third world to a first world'.

**Mr. Speaker sir,**

As a result of good governance, Singapore boasts of a gross national product per capita (GNP) increment from \$1,240 in 1959 to \$82,808 in 2022. Their unemployment rate in dropped from 13.5% in 1959 to 2.50% in May 2023. Singapore's exports of goods and services as percentage of GDP is 184.30% and imports of goods and services as percentage of GDP amplified to 149.04%.

In other quarters, the life expectancy at birth for Singaporeans rose from 65 years in 1960 to 83 years in 2022 with population increase from 1.6 million in 1959 to 5.64 million in 2022. Home ownership rate among residents



in Singapore increased to 89.3 percent in 2022. The Singaporean literacy rate increased from 52% in 1957 to 97.13% in 2023. International tourist influxes are anticipated to reach around 14 million visitors translating to approximately \$18 billion revenue from tourism receipts. Internet penetration was 92% in 2022 and with other multiple options to get online. These developments tell it all of the tremendous achievements witnessed in Singapore to date. These milestones were achieved curtesy of good leadership, prudent utilization of resources and formidable oversight.

## **2.4 Transport network**

**Mr. Speaker sir,**

The MRT system is the spine of Singapore's public transport system. It has six MRT lines entailing over 130 stations, and about 200km of rail straddling the island. In addition, the bus system affords networks between residential towns and MRT stations. The MRT and bus systems are brought together by an Integrated Transport Hubs (ITHs) – bus interchanges connected to MRT stations and commercial expansions such as shopping malls. With the roads now taking 12% of the Singapore's total area, they are mooting a move towards car-lite to reduce cars on the road and combat climate change. Therefore, Singapore boasts one of the best transport systems in the world,

## **2.5 Singapore Green Plan**

**Mr. Speaker sir,**

Singapore is a live and sustainable city, with sparkling air and a fresh-living environment, a robust and diversified supply of water, and gorgeous green



spaces. It is ranked as the most sustainable city in Asia, and fourth in the world, according to the 2018 Sustainable Cities Index.

## 2.6 The public finance system of Singapore

Mr. Speaker sir,

The Singapore's public finance system and architecture entails the following pillars: -

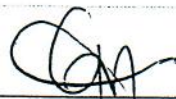
1. The budget sector itself – this is anchored on structured and achievable programs, constant engagements and high level of public participation.

2. The Central Provident Fund (CPF)

This is a mandatory savings scheme in Singapore financed by payroll contributions from both employers and employees. It is the centerpiece of Singapore's "personal responsibility" system for the provision of social services. It encompasses combined contribution rate of 33%, with 20% paid by the employee and 13% by the employer. The CPF allows its members to withdraw funds to pay for approved uses such as housing, retirement and medical costs for themselves and immediate family members.

3. The government investment agencies - These agencies manage the extensive surpluses generated by the budget sector and the Central Provident Fund over the years and yield significant annual investment incomes.

4. The operation of various special funds - These are funds not consolidated into the government's overall budget position. Singapore operates several





special funds that are not consolidated in the reporting of the budget to Parliament. The outstanding example is the Government Securities Fund; this is where the Central Provident Fund invests its surplus funds.

## 2.7 Budgeting in Singapore

**Mr. Speaker Sir,**

Singapore uses unique budget concepts due to the existence of a large accumulated reserves. The main aim is to foster fiscal discipline and sustainability by limiting the use of the investment income earned on the accumulated past surpluses.

The budget process in Singapore is characterized by close inter-ministerial co-operation and the use of constitutional fiscal rules, spending ceilings for ministries (block budgets), across-the-board budget extractions (spending cuts), endowment funds, central manpower controls, and continual underspending. Singapore boasts of one of the robust budget tailored to attain their strategic plan.

## 2.8 Budget formulation

**Mr. Speaker Sir,**

Singapore's budgeting process has evolved over the years from a traditional bottom-up system based on detailed line items to an advanced top-down system. It emphasizes on robust aggregate limits on spending while granting line ministries maximum discretion in their final allocations among their various programmes. The budget formulation process incorporates various unique and innovative features detailed below;



2018

### **2.8.1 Fiscal rules confined in the Constitution**

**Mr. Speaker sir,**

First, the Constitution of Singapore established the principle that the government should not draw upon resources accumulated during previous terms of government. This means that deficits in any year must be balanced by surpluses accumulated in earlier years during its term of office. A government is elected for a maximum term of five years.

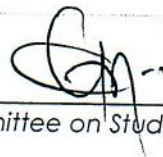
Second, the Constitution mandates that a government may only consider revenue for her purposes up to half of the annual net investment income from the accumulated reserves. Importantly, this is construed to include only realized revenue.

Third, the Constitutions mandates the Parliament and the President of the Republic to give a consent as an “escape clause” to allow the government engage in deficit financing and authority to draw on past reserves. This is recognized in Singapore as the two-key safety mechanism.

### **2.8.2 Spending ceilings for ministries (“blocks”)**

**Mr. Speaker sir,**

These are multi-year maximums, unswervingly linked with developments in GDP, and fully fungible between all categories of spending. The budget formulation in Singapore is based on each ministry receiving a multi-year spending ceiling, referred to as block budgets. The ministries have autonomy in making spending final allocations among their various activities within the ceiling. The objective



of bottom-up is to provide greater predictability and a more stable expenditure pattern.

### **2.8.3 Across-the-board budget extractions (spending cuts) to fund reallocations among ministries**

**Mr. Speaker sir,**

This was introduced in Singapore to avail funds for reallocation through a central Reinvestment Fund. Ministries then make bids for allocations from this fund. The money taken away from ministries may or may not epitomize a permanent reduction to their budget ceilings. The money given back is considered a one-off increase which does not affect their budget ceilings for subsequent years if the funding obligation is less than five years. However, if the funding requirement is more than five years, the money given back will increase the budget ceilings for subsequent years. This helps to guarantee that the ministries have adequate money to fund their new standing functions.

### **2.8.4 Endowment funds where budget surpluses are placed**

**Mr. Speaker sir,**

In Singapore, these are stand-alone funds that in turn use their annual investment income to fund innumerable decent causes. They were chiefly established in the social services area. The government uses budget excesses to increase the magnitude of their capital, thus making more money available for annual distribution through their investment income.



### **2.8.5 Centralized manpower controls (head counts)**

**Mr. Speaker sir,**

Singapore keeps centralized controls on manpower. The budget documentation includes the number of posts for each ministry. This was put in place due to concerns about the growing number of government employees in Singapore, which was especially high during the years of very high budget surpluses. The system was introduced to reduce and control total manpower.

### **2.8.6 Continual underspending of appropriations**

**Mr. Speaker sir,**

It is most noteworthy that government ministries classically do not fully use all of their budget apportionments. Underspending is correlated to the constitutional fiscal rule whereby a government cannot spend more money than it takes in during its term of office. Governments tend to be prudent particularly during the commencement of their electoral terms, with spending increasing towards the end when they know they are secure in not violating the fiscal rule. The attitude of not violating the constitutional fiscal rule has however cascaded down to spending ministries to reinforce frugality at all times.

### **2.9 Singapore Annual budget formulation cycle**

**Mr. Speaker sir,**

Singapore's fiscal year starts on 1st April. The budget formulation cycle begins in earnest the previous June, or ten months prior to the start of the fiscal year.

In June, Annual strategic review is conducted where bilateral meetings with each line ministry are done. Calculation of economic assumptions are also drawn. This



focuses on enumerating the respective ministry's key anticipated challenges and ways of addressing them.

In July, each ministry establishes its budget ceiling.

In August, the Ministry of Finance convenes a meeting of all permanent secretaries known as the whole-of-government/ sectoral meeting(s). This meeting is intended to promote coherence across government in the budget allocations. It concentrates on practical issues of inter-ministerial cooperation.

In September, Ministries submit their Reinvestment Fund bids.

Mid-October, Ministries submit the allocations of their budget ceilings.

Late October Decisions on Reinvestment Fund bids announced.

End October Budget review meeting and bilateral meetings with each line ministry are done.

In November, Ministries refine their final allocations.

In December, Finalizations of the budget. The ministries submit their draft annotations for the Budget documentation which are reviewed by the Ministry of Finance

In February, Budget proposal are submitted to the Parliament.

**Mr. Speaker sir,**

In conclusion, Singapore's fiscal rule is based on the principle that a government must have a balanced budget over its term of office. This means that any deficits in one year must be balanced by surpluses in other years during its term of office. This has inter alia contributed to the widespread underspending of appropriations in Singapore, particularly in the early years of a government's term of office.



## 2.10 The Parliament of Singapore

**Mr. Speaker sir,**

The Parliament of Singapore is a unicameral chamber. There are eighty-four (84) elected Members of Parliament (MPs). A Parliament sits for a maximum of five years. MPs are elected into Parliament representing either single member constituencies (SMCs) or group representation constituencies (GRCs). At present, there are nine SMCs, nine five-member GRCs and five member GRCs. Both types of SMCs and GRCs operate on a first-past-the-post basis, i.e. the party winning a majority of the votes in a constituency receives all of the MPs. It is not a proportional representation system.

The Singapore Constitution provides for the appointment of other MPs not voted in at a general election: non-constituency Members of Parliament (NCMPs) and nominated Members of Parliament (NMPs). Up to three NCMPs representing opposition political parties may be appointed from opposition candidates who lost in constituencies with the highest percentage of losing votes. This is to ensure that there will be a minimum number of opposition representatives so that views other than the government can be expressed in Parliament. At present, there is one such MP, bringing the total number of opposition MPs to three. Up to nine NMPs representing “community views” may be appointed. They generally epitomize esteemed grass-roots societies in the community and are not to be allied to any political party. They are appointed for a term of two and a half years on the recommendation of a special select committee of Parliament. The unelected Members of Parliament – the NCMPs and NMPs – do not partake the matching rights as elected Members of



Parliament. For instance, they cannot participate in the vote on the budget, although they can debate on the merits of the proposed budget.

## **2.11 Parliamentary budget process**

**Mr. Speaker sir,**

Mid-February, Minister for Finance delivers the Budget Statement. Parliament is adjourned for seven days following the Statement.

Late February, Minimum two-day deliberations on the Budget Statement. Vote taken on resolution that “Parliament approves the financial policies of the government.” Introduction (First Reading) of the budget bill.

Late February or early March, Extended deliberations on details of the budget bill.

Mid-March Second and Third Readings of the budget bill. Approval of the budget bill. The budget is submitted to the President for assent.

## **2.12 Auditor-General’s Office**

**Mr. Speaker Sir,**

The Singapore’s Auditor-General’s Office (AGO) is an independent organ of state which reports to Parliament. It reports on instances of irregularities, non-compliance with rules, inefficiencies, wastage and extravagance observed during its audits. In addition, the AGO is increasingly concerned with performance, manpower controls and results audits.

An annual report of the Auditor-General is presented to Parliament and is reviewed by its Public Accounts Committee. In recent years, the Report of the Auditor-General typically contains the following audit observations on average. These include; loss or potential loss of public monies through overpayments and



lapses; delay in refunding excess tax, deposits, and trust money; late payment to suppliers; and other procedural and accounting lapses and measurement of performance and results.

### **2.13 The Public Accounts Committee**

**Mr. Speaker Sir,**

The PAC in Singapore examines various accounts of the government showing the appropriation of funds granted by Parliament to meet public expenditure, as well as other accounts laid before Parliament. To review the audit observations, the Public Accounts Committee generally hold two hearings to which senior officials from the relevant government ministries are called. The committee then formally calls on ministries to take corrective action or otherwise be held to account. Its conclusions are published in a separate report.

### **2.14 Areas of Concern by the PAC**

**Mr. Speaker sir,**

PAC in Singapore is involved in the following: -

#### **2.14.1 Execution of budget appropriations**

The budget is divided into 25 “heads”. Each ministry has (15) and each organ of state (8) has its own head, reflecting their respective organizational boundaries. Public debt constitutes a separate head. Another separate head is devoted to “financial transfers”; this is the means by which any surpluses of the government are distributed.

Each head is divided by object of expenditure i.e. running costs (manpower, transfers, and other operating costs) and development (capital) costs. Parliament approves appropriations at the level of heads i.e. there are 25 separate legal





appropriations. Virements between heads are not possible, except in instances when there is a transfer of functions between ministries. In such cases, the associated budgets can be transferred subject to Ministry of Finance approval. Virements between objects of expenditures within heads can be made; these are relatively common, reflecting the principle of “maximum discretion”.

Appropriations in Singapore are considered to be the maximum appropriations; there is no requirement to use them fully. This is a critical area of concern by the PAC committee when examining public expenditures.

#### **2.14.2 Personnel management**

**Mr. Speaker Sir,**

Traditionally, personnel management was exercised on a very centralized basis in Singapore through the Public Service Commission (PSC). The PSC appointed, promoted, transferred, dismissed and exercised disciplinary control over all public officials. The PSC is recognized as having been instrumental in instilling the ethos of meritocracy, impartiality, and incorruptibility which are the hallmarks of Singapore’s modern civil service.

Scholarships are an important vehicle for the recruitment of young officials to the civil service. The scholarships are highly competitive. In order to qualify, a student must demonstrate outstanding academic and non-academic achievements, pass a rigorous psychological test, and be successfully interviewed by a scholarship selection panel. The scholarships are offered by the PSC itself, individual ministries, departments, and statutory boards, as well as government companies. Many of the “decentralized” scholarships are administered by the PSC, reflecting its focus on the recruitment and development of civil servants.



Great emphasis is placed on rotating high-potential officers between ministries and identifying “future leaders” in the civil service.

### **2.14.3 Performance and results**

**Mr. Speaker sir,**

Singapore makes extensive use of performance and results information in the budget process. At present, work is focused on further developing outcome indicators. Singapore’s objective is not to directly link funding with performance and results indicators. PAC committee interrogates and correlates the performances against the set goals then seek explanations for the variances.

### **2.14.4 Ministry report cards**

**Mr. Speaker sir,**

The ministry report cards are short – approximately of two A4 pages – and are composed of five components. The following are also key concern areas for the PAC committee.

**Part I** of the report discusses the past year’s performance and results achievements and operational highlights in bullet-point form.

**Part II** consists of the key performance indicators. Only outcomes-based indicators can be used and ministries can have no more than ten such indicators. This is to limit them to a critical few in order to preserve their clarity and focus. It also shows the actual achievement compared to the year’s target. It is also colour coded: green, yellow and red as well as blue which will represent performance exceeding the target by more than 10%. The report card must also show the targets for the next year and an indicative target for five years ahead, in order to show the general future orientation of the ministry and to prompt it to plan ahead.



**Part III** summarizes the ministry's resources management in tabular format. For the year under review and the previous two years, first it will show budget marksmanship for both operating and capital expenditure i.e. the percentage of budget appropriations that were used during the year. The second will show the change – positive or negative for the ministry. The third will show the manpower (head count) for the ministry as well as a year-on-year percentage change.

**Part IV** discusses the ministry's key strategies and initiatives for the next five years or further. This is to foster a forward-looking attitude in government organizations. Again, this is to be in bullet form and should be similar in length to Part I.

**Part V** is a summary box on organizational excellence and innovation. This refers to certification of the ministry for schemes such as ISO-9001, etc., with a target and actual for the current year and the previous year.



## CHAPTER THREE

### 3.0. HIGHLIGHTS OF THE PRESENTATIONS DURING THE TRAINING WORKSHOP

Mr. Speaker sir,

Members of the delegation were acutely and carefully taken through various topics during the interactive workshop sessions. Below are some the highlights of the said topics which form the basis of this imperative report.

#### 3.1 Roles and Functions of Public Accounts Committee and the Public Investments Committee

Mr. Speaker sir,

The Singapore parliament has two Committees namely PAC and PIC whose roles and their terms of engagements are distinct on the working modalities as discussed below.

##### 3.1.1 Public Accounts Committee (PAC)

Mr. Speaker Sir,

Members of the delegation were taken through the composition and the structure of the said committee and here are some of the important aspects that were discussed during the training that it should: -

- i. Have between 5 and 11 members;
- ii. Be chaired by a member of an opposition party;
- iii. Be appointed for the duration of a parliamentary term;
- iv. Have a clear mandate and powers to ensure that recommendations are implemented;
- v. Operate in a non-partisan manner;



- vi. Be adequately resourced, with an experienced clerk and competent staff who have appropriate training and access to required skills;
- vii. Use the auditor as an expert adviser in all its deliberations.

**Mr. Speaker sir,**

PAC should, where possible;

- a. Act in a “non-political manner”;
- b. Have a member of an opposition party as committee chair;
- c. Have suitable staff support, which might include the secondment of at least one of the SAI staff to assist the committee in its reporting function;
- d. Keep parliament as a whole fully informed about its findings;
- e. Seek the backing of parliament for its findings and recommendations;
- f. Ensure that their own reports and recommendations are prepared in a timely fashion to help hold the government to account.

### **3.1.2 Role of the Public Accounts Committee.**

**Mr. Speaker sir,**

The Public Accounts Committee is appointed at the beginning of every Parliament, for the examination of: -

- 1) The accounts of the country and the appropriation of the sums granted by assembly to meet the public expenditure.
- 2) Such accounts of public authorities and other bodies administering public funds as may be laid before the assembly.
- 3) Reports of the Auditor-General laid before the assembly in accordance with the law.
- 4) Such other matters as the Committee may think fit, or which may be referred to the Committee.



**Mr. Speaker sir,**

It is important to note that the functions of the committee as per the Rules of Procedures of Public Accounts Committee 2017 are to review and report to the assembly on:

1. The economy, efficiency, and effectiveness in the use of public resources in the implementation of policy rather than on the merits and demerits of the policy;
2. Transparency and accountability in the resource allocation and its utilization;
3. Various reports of the Office of the Auditor General the PAC Committee choose to review; which include: -
  - i. The reports of the independent auditor on operations of the County Government.
  - ii. The accounts, financial statements and performances of public corporations, public companies and agencies in which public funds have been invested; and
  - iii. Such other accounts and reports as may be referred to the Committee by the Assembly.

### **3.1.3 Techniques used by PAC**

**Mr. Speaker sir,**

The procedure of financial scrutiny is grounded on amassing evidence on the appropriateness of government strategies or arrangements, and communicating conclusions and any recommendations for improvement to assembly and the public. The PAC Committee largely gather evidence in the following traditions:



- a) question government officials, suppliers, contractors and/or advisors at public meetings;
- b) question independent experts from Corporations, business or non-governmental organizations at public meetings;
- c) request and review written submissions from government or independent experts; and
- d) place reliance on reports produced by the Supreme Audit Institution (SAI)

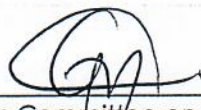
Grounded on this work the Committee produce a report encompassing its inferences on the issues examined. The objective for post-expenditure scrutiny is to recommend changes and improvements that will prevent past problems recurring in future.

### **3.1.4 Characteristics of an effective PAC**

**Mr. Speaker sir,**

Even though PAC may differ in structure, there are a number of strategic features conducive to their effectiveness and impact. These characteristically balance formal authorities and informal customs of working. Effective financial oversight committees:

- a) emphasis on the management of public finances not policy, striving to advance compromise on behalf of the taxpayer and citizen rather than on virtuously party-political considerations;
- b) call public officials, suppliers, contractors and advisers as appropriate for constructive questioning relating to public expenditure;
- c) demand pertinent documents to the inquiry, or rely on the independent audit of such documents mainly by the SAI;



- d) report unswervingly to the assembly; and
- e) make recommendations to which government must formally and publicly respond.

### 3.1.4 An effective PAC approach

**Mr. Speaker sir,**

PAC works effectively when it embraces the following key factors;

- i. is suitably constituted, including members from across parliamentary parties reflecting the make-up of the assembly or includes non-members of the House with accredited pertinent expertise;
- ii. is chaired by a member from an opposition party or non-member of the House to increase public confidence in scrutiny of government;
- iii. works with a non-partisan ethos concentrating on financial management enhancement to benefit citizen and taxpayer;
- iv. preferably holds meetings open to the public and the media, with all documentation published soon after the meeting;
- v. circulates reports and recommendations which are easy for the public and the general reader to comprehend and which necessitate a written rejoinder from government;
- vi. preserves active and constructive contacts with the SAI;
- vii. has access to appropriate support from assembly staff;
- viii. engages in a balanced manner with the media to increase public awareness of their role and work;
- ix. functions often in concurrence with the SAI, effective systems to follow up recommendations and report regularly on the extent to which these recommendations have been implemented; and





- x. Develops and publishes its own plans and reports regularly to the whole assembly on its' activities and key findings, conclusions and recommendations.

### 3.1.4 PAC Scrutiny objectives

Mr. Speaker sir,

#### a) Financial Performance:

The assembly expect governments to report back to them on how they spent the money allocated to them when the expenditure plan was approved. This is habitually in the arrangement of annual accounts. Schedules for the submission of financial reports are generally set out in law or regulations. PACs scrutinize the accounts in order to crisscross a range of risks to taxpayers' money which may include; the spending more than expected; becoming less financially efficient; and scrutinizing areas of waste, fraud or antagonistic payments.

Serious glitches with the legality and compliance of spending are normally highlighted in the auditor's report on the accounts. Given the volume audited by a SAI, it is important that PAC prioritizes its energies concentrating on the major issues emerging from the audits.

#### b) Delivery of government objectives:

Analysis of financial reports can highlight issues around financial performance. It may not provide assembly or the public with an assessment of the outputs realized with the money approved to government. While the accounts may show expenditure increasing, judgement on efficiency and effectiveness can only be made when the PAC secure evidenced material on the extent to which outputs and productivity have increased too.



Inspection of performance is therefore necessary alongside that of accounts in order to identify risks such as:

- i. delivering less output than anticipated;
- ii. delivering lower quality output than projected; and
- iii. delivering output to different beneficiaries than predicted

### **3.1.3 The Public Investments Committee (PIC)**

**Mr. Speaker sir,**

The Public Investments Committee is constituted immediately following the general elections and serves for a period of three calendar years and that constituted thereafter shall serve for the remainder of the parliamentary term. The Committee is responsible for the approval of the of the public investments after a thorough analysis of the cost benefits. The Committee elects a chairperson and vice-chairperson from amongst its members.

### **3.1.4 Functions of the Committee**

**Mr. Speaker sir,**

The functions of the Committee shall be to: -

- 1) Examine the reports and accounts of the public investments;
- 2) Examine the reports, if any, of the Auditor General on the public investments; and
- 3) Examine, in the context of the autonomy and viability of the public investments, whether the affairs of the public investments, are being managed in accordance with sound financial or business principles and prudent commercial practices.



### 3.2 FRAUD TRIANGLE AND DETECTION

Mr. Speaker Sir,

Members of the delegation were also taken through a topic on Fraud detection, where key notes under this topic are highlighted below;

Fraud was defined as a deliberate act of deception intended for personal gain or to cause a loss to another party. Further, fraud is any intentional act or omission designed to deceive others, resulting in the victim suffering a loss and/ or the perpetrator achieving a gain.

Mr. Speaker sir,

Fraud involves three aspects which commonly known as fraud triangle; -

- i. **Pressure.** This is the financial or emotional cause prompting a fraudulent act;
- ii. **Opportunity.** This is the perceived or actual possibility to commit fraud; and
- iii. **Rationalization.** This is the personal justification of fraudsters.

Mr. Speaker sir,

Members of the delegation were educated that leaders should be concerned about this vice because it is a risk with high reputation impact. In addition, citizens deserve that the national and county budget is spent in a sound and efficient way and for the intended purposes and societal challenges. Therefore, fraud should be addressed because;

- a) Fraud happens in all government and non-government organizations;
- b) For members of public safety;
- c) It is the leader's fiduciary duty to protect public assets.

It is imperative for the PIAC committee to engage experts when analyzing financial statements since there is upsurge of financial statement fraud inform of falsified reports, misapplied standards, misrepresented data and omissions.



### **3.3.0 Office of the Auditor General (O.A.G)**

**Mr. Speaker sir,**

Members of the delegation were further taken through the establishment, role and functions of the office of the Auditor General. The topic was very dear to the Committee members because as discussed earlier on in this report, the Committee shall to greater extent interact with the reports from this office.

**Mr. Speaker sir,**

Article 229 of the Constitution of Kenya 2010 establishes the Office of the Auditor General with the overall mandate to audit all entities funded from the public funds. Further, Article 229(6): Mandates the Auditor-General to confirm whether or not public money has been applied lawfully and in an effective way. This is a national institution accountable for scrutinizing public expenditure and providing an independent professional opinion on how the government has used public resources. This office is mandated to promote efficiency, accountability, effectiveness and transparency of public administration to guarantee public confidence. It avails most of the reports the PAC examine in the course of its work. The auditor may also deliver additional briefing, advice and outputs to PAC members and staff when invited, depending on the skills and other resources available.

### **3.3.1 Laws and Regulations.**

**Mr. Speaker sir,**

It was important for the members of the delegation to be taken through the relevant laws and regulations that govern the Committee in the mandate of auditing the accounts and investments of the County. These laws, regulations and bodies include but not limited to: -



1. Public Financial Management Act, 2012 and PFM Regulations 2015;
2. Public Audit Act, 2015;
3. Government Circulars and Directives;
4. National Treasury;
5. Public Sector Accounting Standards Board (PSASB);
6. International Standards of auditing;
7. Corporate Governance-best/leading practices.

### 3.3.2 Audit Process at the Counties

**Mr. Speaker sir,**

The facilitator was keen to take members of the delegation through the process of auditing the county investments and accounts. Whereby members were taken through the parameters that guide the process among other pertinent issues.

Members were told that the process is guided by Section 31 and 32 of the Public Audit Act (PAA), 2015 Part IV, International standards on auditing Office of Auditor General and internal operations guidelines.

**Mr. Speaker sir,**

It is important to note that the audit process is the same both at national level and county level. International Auditing Standards (IAS) and International Auditing Standards for Supreme Audit Institutions (ISSAIs) require continuous communication between the auditors and the client during the entire audit process which involves the following steps: -

1. **Preliminary step/ feedback:** Section 31 of the Public Audit Act, 2015, provide that within three months after the County Assembly has debated the Auditor General's report and made recommendations, the county government shall submit a report on action taken on recommendations



and findings. The feedback from the previous audit informs the subsequent audit.

2. **Submission stage;** this is where submission of financial statements for audit is done, usually on or before 30<sup>th</sup> September each year.
3. **Letter of understanding.** This explains the nature and scope of audit.
4. **Inception meeting;** inaugural meeting is then carried out between the audit staff and client staff at the beginning of audit to discuss scope of audit, audit strategy and requirements (*It is important for counties to have high level representation*).
5. **Fieldwork;** this involves audit queries and responses normally done to maintain regular contact with client on observations during audit.
6. **Exit meeting;** this is a meeting held between audit staff and the accounting officer to discuss observations and flag out outstanding issues.
7. **Management letter;** the letter issued to the accounting officer and includes all unresolved issues. The letter provides a timeline for provision of response on issues raised.
8. **Drafting of the audit report.** This is a draft report issued for comments before the final report. The draft provides timelines for response and an opportunity to the accounting officer to resolve outstanding issues.
9. **Final audit report;** this is the report that provides overall opinion on the financial statements of an organization and other aspects raised by the auditor to the said organization.
10. **Reporting;** after the submission of the final report, the report is presented to County Assembly & to the Senate.



11. **Public hearings;** the reports are then committed to the County Public Investments and Accounts Committee (PIAC) for deliberations and discussions there after a compilation of a detailed report.
12. **Reporting by the County Assembly Committee;** after PIAC compiles a report with recommendations it is tabled before the house for discussion and subsequent adoption. The recommendations are then forwarded to the relevant accounting officers for implementation of the House resolutions.

### 3.3.3 Types of audits

Mr. Speaker sir,

Part IV of the Public Audit Act, 2015 informs the Office of the Auditor General on the assurance framework on types of audits as follows: -

1. **Annual Financial audits.** These are usually done after every financial year (certification audit).
2. **Periodic/continuous audits;** these are usually proactive, preventive and designed to confirm whether or not public money has been applied lawfully and in an effective way.
3. **Performance audits;** examines the economy, efficiency and effectiveness with which public money has been expended.
4. **Forensic audits;** usually done to establish fraud, corruption or other financial improprieties.
5. **Procurement audits;** these are usually done to examine public procurement and asset disposal processes of a county to confirm legality and effectiveness of the procurements.

### 3.3.4 Cross cutting findings

**Mr. Speaker sir,**

The delegation was privileged to have an insight of what has been happening in the previous county governments as far it pertains issues raised by the Office of the Auditor General across all the 47 Counties in the Republic of Kenya. Highlighted below are the issues raised by the OAG.

**Mr. Speaker sir,**

Most of the financial management issues underlying the opinions were similar across counties only varying in pervasiveness/intensity.

Issues raised are classified under: -

**1. Budget and Planning Issues.** They included: -

- i. Unrealistic Budgets leading to weak budget execution.
- ii. Overstated and unrealistic budget estimates for revenue.
- iii. Material unexplained variances between budgeted and actual revenues and expenditure.

**2. Procurement.** Issues under procurement involved;

- i. Non-compliance with the Public Procurement and Asset Disposal Act, 2015.
- ii. Non availability of Procurement Plans.
- iii. Irregular award of contracts.
- iv. Weak Contract Management.
- v. Value for Money concerns.
- vi. Stalled projects

**3. Payment/ Execution.** Issues under payment included;

- a. Unsupported and Unauthorized Expenditure.





- b. Weak Internal Controls.
  - c. Poor Cash Management.
  - d. Pending bills.
  - e. Banking of County funds into Personal Accounts.
  - f. Weak Fund Management with no guiding policy frameworks.
  - g. Weak Assets Management and Controls and issues around assets of the defunct local authorities and current acquisitions.
  - h. Spending revenue at source.
4. **Human Resource Issues.** The following issues under human resource were pointed;
- a. Lack of Staff establishment
  - b. Payroll irregularities
  - c. Irregular payment of allowances
  - d. Non remission of statutory deductions
5. **Reporting.** Generally across all the Counties the following issues were pointed out: -
- a. Errors in Financial Statements;
  - b. Falsification of records;
  - c. Lack of asset registers
  - d. Non-Compliance with the Public Sector Accounting Standards (IPSA);
  - e. Material unexplained variances between Financial Statement figures and their support ledgers and schedules.
6. **Findings/conclusions may be attributed to:-**
- a. lack of proper policies and plans including monitoring;



- b. lack of capacity;
- c. Inaccurate or incomplete information;
- d. lack of enforcement;
- e. ethical misconduct including fraudulent activities;
- f. weak internal control systems;
- g. complaisant to fraud practices;
- h. lack of cooperation with auditors;
- i. insufficient responses to audit queries and management letters;
- j. Delays in responding to draft audit reports.

**Mr. Speaker sir,**

In order to circumvent these problems, the trainer guided on a number of matters that need to be addressed so as to make the exercise of auditing friendly and productive. These include and not limited to: -

1. Capacity building at the counties to ensure staff are conversant with the requirements of Public Finance Management Act, 2012 and PFMA Regulations, 2015 and Public Procurement and Asset Disposal Act (PPAD), 2015 and all laws, regulations and guidelines applicable to devolution.
2. Proper vetting of staff during recruitment to ensure-right people with the right values are recruited at the counties.
3. Timely submission of financial statements as required by the governing laws.



4. Advance preparation for audit by counties (audit files with requisite supporting schedules/documentation) so as to ensure verifiable audit evidence.
5. Implement recommendations issued by the Auditor-General, County Assembly's and Senate reports.
6. High level involvement of County Leadership during audit (entry and exit) reports.
7. County Leadership to follow-up on implementation (status reports on all key matters) so as to avoid unnecessary audit questions.
8. Cooperation with the auditors for speedier audits

### **3.3.5 Auditor general powers and rights.**

**Mr. Speaker sir,**

It is imperative to note that the delegation was equipped with required knowledge on the powers and the rights of the Auditor General. They include the following: -

- a. Right of access to information in relation to financial audits.
- b. Right of access to information in relation to value for money studies.
- c. Right of access to security classified documents and records.
- d. Right of access to policy documents and records.
- e. Right of access to information held by providers of contracted-out services.
- f. Right of access by consultants of or secondees to the National Audit Office.



**Mr. Speaker Sir,**

It is of impotence to this delegation to mention that apart from the training sessions, they were able to visit the Singapore National Parliament, the National Museum, National Eco Park, National Gallery and old National parliament building. These visits acted as eye opener to members of the delegation on what improvements could be done in our Country and in our County to impact positively to the economy of the County as whole and that of the County government of Kitui.




## CHAPTER FOUR

### 4.0 LESSONS LEARNT BY THE COMMITTEE FROM SINGAPORE.

Mr. Speaker sir,

It is worth noting that the committee benefited immensely from the study visit to Singapore and thus here are the lessons learnt: -

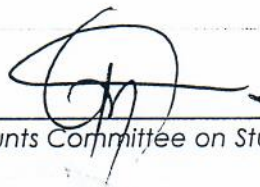
1. **That Singapore has zero lenience on corruption.** This success is accredited to the zero-tolerance attitude on the vice and the stringent legal penalties implication to offenders. Therefore, the law has encouraged prudence in the use of public resources due penalties associated to it.
2. **Swift economic transformation enhances growth.** The rapid progress of Singapore can be attributed to good governance, proper oversight, strong financial systems, and strict fidelity to the governing laws.
3. **Increasing cases of financial statements fraud.** Further, the committee learned that there increasing cases of financial statement frauds which the committee should be keen to identify during their examination. These range from; falsification of financial records, misapplication of transactions, disregards to reporting principles among others.
4. **Cultivating proper ethical governance, social norms and values.** This is an important tool for it plays a pivotal fundamental role when examining public expenditure and fighting to curb corruption as exhibited from the experience of Singapore.
5. That the Public Investments and Accounts Committee has the substantial obligation of making sure that governments projects are prudently appraised and approved before committing funds in it.



6. That the Public Investments and Accounts Committee has the duty of interrogating public expenditure not only after **utilization** but also during the **implementation** stages to reassure integrity.
7. That Corruption practices is commonly supported by three major pillars commonly known as "**fraud triangle**" which include **pressure**, **opportunity**, and **rationalization**. Therefore, the government should work tirelessly to dismantle these factors in order to win the fight to corruption.
8. **Reliable and appropriate budgetary processes support evolution of a nation.** There are reliable tools guiding the budget formulation and execution in Singapore such that there is no room for mediocre or superficial budgets that exonerate corruption. This has seen Singapore evolving rapidly in terms of her economy.
9. **Superficial** budget and **reckless** supervision snare the poorest citizens while providing fertile grounds to unethical régime officials to syphon revenue consequently curtailing developments.
10. **Building a strong and independent offices creates sanity in expenditure.** These reassure integrity and prosperity as exhibited in the case of Singapore. There is necessity to invest and sufficient finance the office of Auditor General, the Controller of Budget (COB), Judiciary, EACC, DCI, DPP, and PPOA.
11. The public carries the highest responsibility of making government system work efficiently as in the case of Singapore. The seamless flow of systems in Singapore is heavily credited to the general public. These include; proper road traffic obedience, fidelity to the laws, demand of honesty and integrity governance, and scrutiny of budgets.



12. Weak institutional framework supports fraud practices – A system short of strong social, judicial, political, and economic transformations perforates the capacity to manage corruption practices.



## CHAPTER FIVE

### 5.0 COMMITTEE'S RECOMMENDATIONS

**Mr. Speaker Sir,**

Having successfully undertaken this workshop and learnt many lessons from the presentation, the Committee makes the following recommendations that: -

1. There is need to strengthen the credibility of county budgets. Timelines and quality of County budgets in the past have had gaps that need to be sealed. The County government of Kitui needs to improve on adhering to the timelines and the quality of budget documents being processed. This could be executed through strategically connecting medium-term objectives to annual targets and expenditure outlays. It is critical to review the deliverables, timing, and phases in the budget making process. This will warrant a timely approval of quality County Budgets which is accurately anchored to the relevant approved planning documents.
2. The County Assembly addresses the pertinent legislative and procedural loopholes. These gaps affords a fertile haven for scrupulous officials to misuse the approved budget during implementation. These gaps notably include weaknesses in sectoral guidelines intended to strengthen structures for service delivery, and streamline the civil service. Addressing these fissures will in deed rationalize and guarantee confidence in public expenditure.





3. The county government cultivates healthy leadership and governance culture. A weak governed institution, and poor internal control systems always exhibit an unfavorable impression on the quality of services rendered. The larceny and holdup of funds by public officials further adversely affect the set development agendas. A virtuous and strong governance structure always pressures on transparency in financial dealings, budgeting, and decision-making. It consents citizens, auditors, and oversight bodies a chance to scrutinize the allocation and utilization of public funds. This consequently reduces the probability of corruption cases guarantees integrity in public expenditures and ensure that public funds are prudently utilized.
4. The County Assembly and the County executive consider strengthening consultations and collaborative budget processing.  
Participation of all stakeholders in the budget making process ensures that considerable contributions are fully incorporated in the budget. The delays experienced in approving the budgets are normally bridged. In addition, this remarkably facilitates processing of realistic budgetary documents like CIDPs and ADPs which fully embraces all the priority projects, maximizing resources, reduces wastage, and sets clear timelines.
5. The County government fully embrace programme-based budgeting. The County need to improve on developing realistic programme-based budgets with clear targets and anchored on priority projects. A programme based budgets guarantee an accountable and exceptional service delivery tailored to specific needs of the electorates and premised on the priority list of



projects. In addition, it also assures fairness and equity in the allocation of the County resources and further reduce the variances of relegation.

6. The County government to enhance local revenue collection and administration by sealing the possible revenue outflows. The County officials should be require capacity build on taxation to improve tax revenue predictions, upturn tax compliance and reduce leakages. Further, revenues generated in addition to equitable share from the national government should be prudently apportioned to benefit the public. The assembly should keep constant checks on the utilization of these funds to ensure compliance to regulations and approved instruments.
7. That the County treasury fully embrace electronic revenue collection and management systems. The adoption of Information Systems assist in sealing the possible loopholes. The existing perforations and blind spots in public revenue administration need to be addressed through an electronic reporting system. A clear roadmap for integrating revenue concerns should be clearly drawn so as to ensure there is no wastage.
8. That the County government of Kitui should put in place punitive measures on corruption like those of Singapore. This will ensure that sanity is restored in the management and use of public finances. In so doing the County government should work in collaboration with the national government because of the already established systems that regulate the use of public funds.
9. That the County departments facilitate Capacity building and training on IFMIS to the officers. There exists serious bottlenecks triggering logjams in



budgeting, reporting, and procurement due to inadequate number of staff trained and authorized to operate IFMIS. This has led to interruptions in ensuring seamless operations within the county. Drawing a lesson from Singapore, the government invests maximum on training the relevant officers concerned with budget, revenue on how to operate the system optimally.

10. That the County government to implement a centralized manpower controls and frequent head counts reports. The County should keep a centralized controls on manpower. The budget documentation should also include the number of posts for each ministry. This should be embraced due to concerns of the ballooning number of government employees, who in turn has led to unimaginable wage bill. The system should control total manpower and monitor in-posts and outposts frequently.
11. That the County government should embrace collaborations with other development partner. There are many investors prospecting to partner with the Counties on specific development aspects like energy, roads, agriculture, and health. The County should emulate the national government in forming a strategic collaborative Public Private Partnerships to supplement the scarce resources in their agendas.
12. That the County Assembly should consider amending the Standing Orders to separating the County Public Investments and Accounts Committee in to two committees. That is Public Investment Committee (PIC) and Public Accounts Committee (PAC). In so doing the PAC will be responsible for examination of the accounts of the County government and the appropriation of the sums granted by the County Assembly to meet the



public expenditure, reporting to the house on the economy, efficiency and effectiveness in the use of the public resources in implementation of policy, transparency and accountability in the resource allocation and utilization. PIC will be responsible for the examination of the working of public investment as a whole.

13. The assembly to frequently undertake public expenditure reviews. This is the examination of the expenditures to ascertain the effectiveness and efficiency comparative with the guiding policies. This shall encompass evaluating the absorption results on each county department against the policy targets. Frequent reviews can guarantee optimum budgetary allocation, sound implementation of programs and operations sanity.



## 6.0. CONCLUSION

**Mr. Speaker sir,**

The committee believes that once the above recommendations on proper scrutiny of public expenditure are implemented, they will enhance accountability, effectiveness, transparency, efficiency, prudent management of resources and yield better service delivery in the county, today and in the immediate future.

**Mr. Speaker sir,**

It is important to note that the devolved units in Kenya have an enormous duty as provided for in the Constitution of Kenya ensure that their development goals and objectives marry those in the vision 2030, sustainable development as well as sustainable development goals so as to match what the other world is doing. In so doing the County government should involve all stakeholders from all level by contacting public participation on all the development projects and programs before they are implemented. This will go a long way in ensuring that priority of needs of the citizenry are taken in to consideration during preparation of the County Planning documents.

**Mr. Speaker Sir,**

If substantial development is to be realized in Kitui County, we must avoid divisive politics as leaders, ensure equitable resource distribution across the forty wards, and encourage transparency, accountability, efficiency, and responsiveness to the needs of Kitui residents.

This assembly should set a clear path in ensuring that before approving budgetary allocations for projects and programs, there exists governing policies and their regulations in place. This will ensure that public funds are not misappropriated and that there is value for money spend in implementing these projects. Further, this will ensure that audit queries are minimized.

