
Public Finance Management: **TEACH US NOT TO PREY**

Why we must help make our regulatory framework deliver sound ethical conduct

Kenya is a religious country. For example, most of our official meetings begin with a word of prayer, especially in the public sector. At a recent three-day public sector conference that I attended, each day started and closed with a prayer. This is good: to seek divine intervention in our work-related activities and to thank God for progress and success.

The divine intervention we seek, however, should translate into something more significant for Public Finance Management (PFM). Hence the need for a connection between our religious practices and what we see happening in the public finance space. PFM is facing unprecedented challenges. The new constitutional order that ushered in devolved entities has increased paying points countrywide and consequently increased our exposure to resource mismanagement. For instance, from tax revenues of Ksh800.5 billion collected in 2012/13, we are now targeting Ksh2.3 trillion this financial year, 2016/17.

The increase in responsibilities and creation of more governance structures puts a significant burden on existing capacity. Capacity needs to be created in the form of professionals who are well trained and adhere to ethical standards of professional behaviour. Oversight bodies such as the Office of the Auditor General, Parliament, the Ethics and Anti-Corruption

Commission, the Prosecutor General and others need to be up to the task and work overtime to provide guidance to the many institutions and agencies that must be monitored.

It is evident that we are going to rely a lot on changing the current environment and culture if we are to make significant headway in sound PFM that is devoid of corruption and resource mismanagement. It is self-evident that unless we change the current culture of disregard of financial management procedures and regulations, no amount of capacity building or systems improvement will safeguard public assets. We have to be guided by sound ethical conduct: one that does not exploit weaknesses in systems, be it the Integrated Financial Management Information System (IFMIS) or others, to divert public resources for personal gain. Misappropriation of public resources affects the needy in our society the most. This sound ethical conduct has to be demonstrated from the highest levels of leadership.

The freedom that is accorded by the new constitution is not a blank cheque to mismanage resources. Before expenditure is incurred, one must ask oneself whether it is necessary and what value the goods or services being procured will bring to the public. It is not enough that expenditure is in the budget. County level leaders must show that they are prudently managing resources at their disposal before asking for more. This poor country can ill afford to pour



resources into pots that are leaking. Similarly national government must closely monitor projects to ensure early detection and prevention of wastage and misappropriation.

It is gratifying that there are many men and women in our public sector who serve the public with honour and dedication. Overall, the regulatory framework and accounting rules and procedures we have developed are good. We must, however, make them work for us to change the current culture of mismanagement and misappropriation.

Lord, teach us to pray, not to prey!

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