

MEDIA Handbook of Reporting Audit Findings

OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

german cooperation
DEUTSCHE ZUSAMMENARBEIT

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Foreword

The role of the media in championing accountability in the management of public resources cannot be gainsaid. With the advent of the new Constitution in 2010—reputed as one of the most progressive in the world—Kenyans have had high expectations for public institutions to deliver on their mandates.

This places the Office of the Auditor-General (OAG), whose constitutional role is to ensure that public funds are used lawfully and effectively towards service delivery, at the centrepiece of our evolving democratic culture.

Audit reports are used to assess if public resources have been utilised prudently. In this respect, the OAG releases various audit reports annually touching on Government Ministries, State Corporations, County Governments, County Corporations and other public entities.

The media plays a major role not just in disseminating the findings of those reports to the public, but also by setting the agenda for public debate in matters of financial accountability. It is against this background that I laud this initiative that seeks to enhance reporters' capabilities in interrogating and interpreting audit reports.

I expect that the outcome of this noble initiative will be accurate, in-depth and sustained reporting on financial accountability. This will ultimately contribute to increased service delivery by public institutions.

I wish to thank the German Development Cooperation (GIZ), for technical and financial support that made the development of this handbook possible. My appreciation also goes to the technical team that devoted enormous amounts of time to put together this Handbook.

"The media plays a major role not just in disseminating the findings of audit reports to the public, but also by setting the agenda for public debate."

FCPA, Edward R.O.Ouko, CBS

Auditor-General

Foreword from GIZ

Supreme Audit Institutions like the Office of the Auditor General (OAG) heavily rely on the media to articulate their mandate, responsibility, mission, strategy, and activities to the public. Each year, the OAG produces a good number of audit reports, ranging from financial and performance to forensic audits assessing how public funds were utilised at national and county levels. However, the reports can only be valuable to the citizens if the audit findings are communicated accurately and effectively.

As the fourth arm of the Government, the media plays a pivotal role in interpreting and disseminating the findings of audit reports to the public. Effective and sustained reporting triggers public debate on effective and lawful use of resources.

This Handbook neatly links those objectives. It guides reporters on how to read audit reports efficiently and write effectively from audit findings. It is the result of workshops organized for reporters by the OAG and GIZ and takes into account the needs, challenges and opportunities for journalists who regularly file reports based on audit reports. This Handbook should serve as a whetstone on which reporters can sharpen their pens to better dissect, interpret and write on financial accountability in a way that will contribute to better service delivery to the people of Kenya.

Katrin Reinhart

Advisor GIZ Good Governance Programme

Acknowledgements

Many people were involved in the development of this Handbook. It evolved from conversations at media workshops held in Kisumu, Naivasha and Mombasa for county and national correspondents and reporters. We appreciate the reporters' contributions, as well as insights from facilitators from the Office of the Auditor-General and other independent consultants.

Many thanks to the technical team under the leadership of Dr Peter Kimani, who took those seminal ideas and fleshed them out to an engaging guide to public-spirited journalism. Our sincere appreciation to John Ngirachu of the Daily Nation, Sella Ayimba of Radio Lake Victoria and The Star's Maureen Mudi. From the Office of the Auditor General, we thank Samuel Waweru, Peter Opiyo, Dr Wilfred Marube and graphics designer- Nelson Otemba for their dedication.

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We applaud German Development Cooperation (GIZ) for providing technical, financial and logistical support towards this endeavour through its indefatigable manager, Ms Katrin Reinhart.

We look forward to receiving your feedback.

Dr. Wilfred Marube

Head of Public Relations & Communications

Office of the Auditor-General

Katrin Reinhart

Advisor, GIZ Good Governance Programme

Media Contacts

All media enquiries should be directed to the Public Relations & Communications Department:

Head PR & Communications: wilfred.marube@oagkenya.go.ke ; 0712 057 932

Manager-External Communications: peter.opiyo@oagkenya.go.ke; 0721 727 399

info@oagkenya.go.ke

Preface

Without a doubt, the Kenyan media have played a pivotal role in the country's social, political and economic development. Since the promulgation of the new Constitution in 2010, which ushered in devolved governments across 47 counties, vigilant media have helped expose the wastefulness of public resources. Over the past four years, it is estimated that Treasury has released some substantial funds to serve the devolved units. But judging from the media reports, a tidy portion of the money has not been adequately accounted for.

One of the tools that has come in handy in exposing the malfeasance are the periodic audit reports from the Office of the Auditor General (OAG). An assessment of those reports, however, revealed valuable information was not filtering to the public probably because journalists were too consumed by the tedium of a 24-hour news cycle, or that they lacked the requisite skills to access and repackage the news for their readers.

In direct response to that challenge, and to leverage what journalists could do with those reports, the OAG—supported by the German Development Cooperation (GIZ)—organised training workshops for reporters countrywide with a view to honing their reporting skills. The workshops drew newspaper, radio, TV and online reporters at both national and county levels for rigorous training facilitated by OAG senior staff and journalism consultants. A core component of the training was for participants to propose content for a Handbook to equip reporters with the skills to read and interpret audit reports more competently and report effectively.

"A core component of the training was for participants to propose content for a Handbook to equip reporters with the skills to read and interpret audit reports competently and report more effectively."

This Handbook is the product of that initiative. It is structured in two main parts. The first part seeks to explain the audit process, demystify jargon and technical terms associated with the auditing processes and provide a step-by-step guide towards competent interpretation of audit reports. The second part offers guidance on how to use audit reports to develop engaging reports that stimulate public debate and foster accountability.


Office of
the Auditor - General
Vision
Good Governance
& Accountability
Mission
DR. PETER KIMANI
CONSULTANT
MR. SAMUEL WAWERU
OAG — QUALITY ASSURANCE
MS. PAULINE NYAGA

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PART ONE

INTRODUCTION

The popular dictum of democracy as "government of the people, by the people, for the people," underlines the principles of governance and accountability in the context of public financial management and auditing. Citizens pay taxes and the government develops a Budget outlining how the funds are to be utilised. Parliament then approves the Budget to authorise the disbursement of funds. The OAG provides oversight to the three arms of government – Parliament, Judiciary and the Executive – and other public-funded institutions—to ensure that the citizens' taxes are used prudently for the betterment of all.

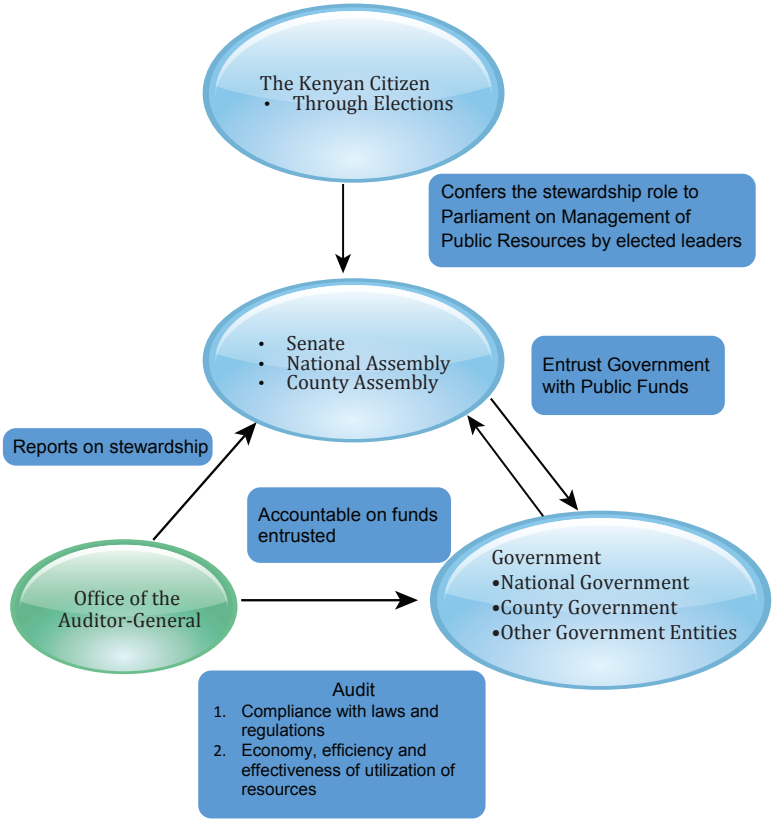


The OAG's remit extends to county governments that were first introduced through the new Constitution in 2010 and implemented in 2013. This means the OAG plays a pivotal role by explaining how public funds have been utilised by government agencies through its audit reports to Parliament and County Assemblies.

"The OAG's remit extends to county governments that were first introduced through the new Constitution in 2010 and implemented in 2013."

The role of the Office of the Auditor-General in the accountability process is summed up below:

Accountability Process



WHAT'S AN AUDIT?

An audit is an independent verification of a company or entity's financial statements, as well as non-financial information of an organisation to ascertain fairness and accuracy of representation of the transactions carried out bythe entity. The task is performed by an independent expert who then expresses an opinion. The auditor's integrity must be beyond reproach as his or her opinion has serious consequences on the entity's future. Shareholders could choose to invest or divest in a firm based on an auditor's opinion. In the context of Public Finance Management, Audit reports cover the financial operations of national and county government ministries, departments, agencies, funds and donor-funded development projects.



TYPES OF AUDITS

All too often, reporters express their frustrations that audit reports do not contain certain types of information, or even that their conclusions or recommendations do not constitute decisive action to guarantee the full recovery of public funds. In a certain sense, the reporters' comments are fair, only that they stem from a lack of knowledge of the different types of audits and their key highlights:-

Regularity Audit

It comprises:

- confirmation of financial accountability of public entities, examination and evaluation of financial records and expression of opinions on financial statements;
- verification of financial accountability of government administration as a whole;
- audit of financial systems and transactions, including an evaluation of compliance to statutes and regulations;
- audit of internal controls, risk management, governance and

internal audit functions;

- audit of financial probity and integrity of administrative decisions taken within the audited entity and
- reporting of any other matters arising from or relating to the audit that the OAG considers necessary to disclose.

Frequently, as part of Regularity Audits, the OAG expresses opinions as to whether the financial statements fairly present the financial position and financial results of the audited entity.

Information Technology/Systems Audit

Abbreviated as IT/IS, this refers to part of an audit that reviews the computerised elements of an accounting information system. It involves the assessment of IT Systems on

- confidentiality
- integrity and
- availability of the systems
- Non repudiation (tamper-proof audit trail)

IT/IS Audit is the process of collecting and evaluating evidence to determine whether a computer system safeguards assets, maintains data integrity, allows organisational goals to be achieved effectively and uses resources efficiently.

Examples of Some Key Systems and Where Used

--Integrated Financial Management Information System (IFMIS) – National and County Government

--Integrated Payroll and Personnel Database (IPPD) – National and County Government

--System Application Programme (SAP) and Kilindini Waterfront Automated Terminal Operating System (KWATOS) – Kenya Ports Authority

--System Application Programme (SAP) and Supervisory Control and Data Acquisition (SCADA– Kenya Pipeline Company (for Fuel and pipeline Management)

--Simba and iTax – Kenya Revenue Authority

Performance Audit

Performance auditing involves the assessment of government ministries, departments, agencies or government programmes' use of public resources with regard to;

a) Efficiency

b) Effectiveness

c) Economy

d) Equity

The purpose of Performance Audit is to contribute to improved economy, efficiency and effectiveness in the public sector by examining, analysing and reporting on the performance of public entities. The audit looks for opportunities to improve service delivery through;

- Promoting prudent use of public funds
- Changing or improving systems
- Establishing why objectives have not been met and recommend how they can be met

Forensic Audit

A Forensic Audit is an evaluation of an entity or individual's financial information for use as evidence in court. A Forensic Audit can be conducted in order to prosecute a party for fraud, embezzlement or other financial misappropriations. This involves the application of accounting methods to track and collect forensic evidence, usually for investigation and prosecution of criminal acts such. It's also called Forensic Accounting.



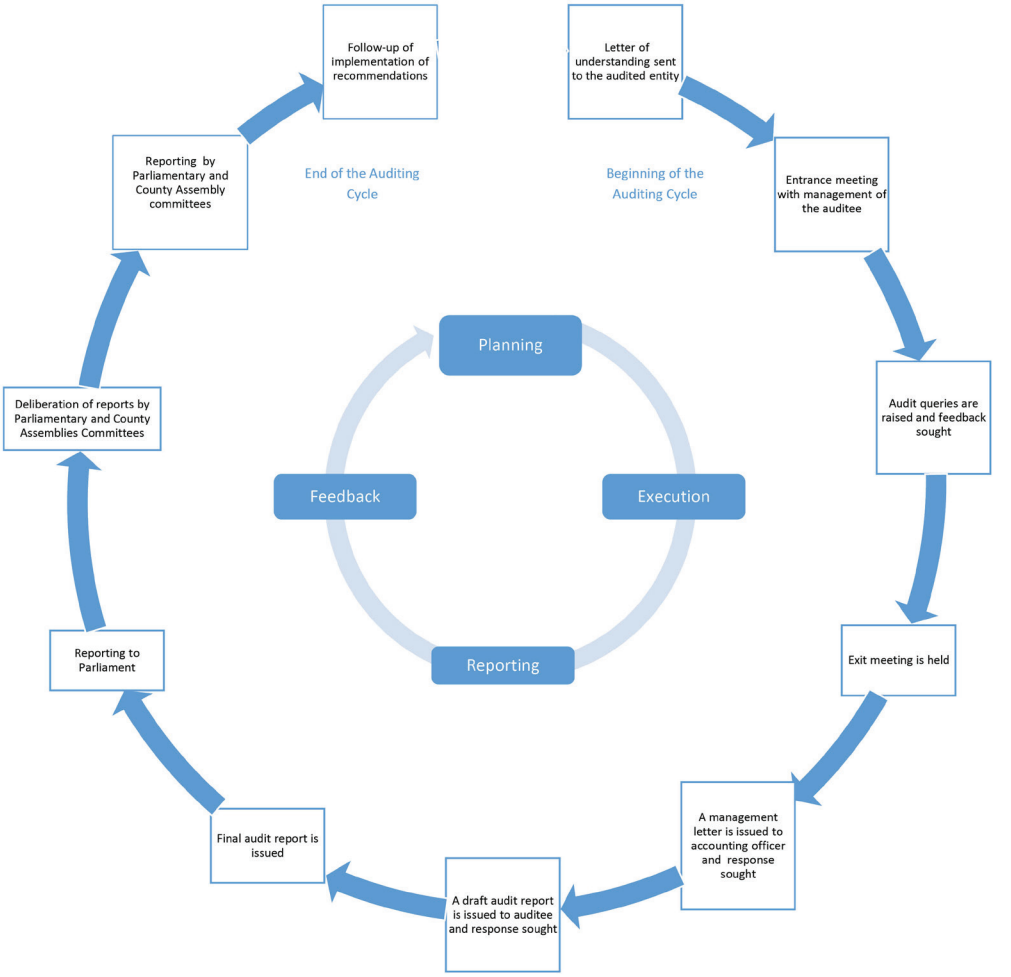
AUDIT TIMELINES

These timelines are only applicable to regularity (Financial) audits.

Activity	Timeline
Submission of Financial Statement for audit	Within three months after the end of the fiscal year to which the accounts relate (by 30 September). Profit-making corporations have different submission and reporting dates, i.e. submit statements by 31st March and submit reports to Parliament by 30th June.
Response to Management Letter	Within 14 days of receipt of management letter
Submission of Audit Reports to Parliament	By 31 December
Publishing and Publicising of Audit Reports	Within 14 days after submitting the report to Parliament or relevant County Assembly, the Auditor General shall publicise the report on the official website and other public spaces.
Deliberation of the Audit Report by Parliament	Within three months of receiving an audit report referred to under subsection (1) Parliament or the relevant County Assembly shall debate and consider the report and take appropriate action

Submission of report by client on implementation of the recommendations of the audit report	After Parliament has considered and made recommendations on the audit report, the relevant management of public entity shall within three months: Take the relevant steps to implement the recommendations of Parliament on the report of the Auditor-General; or provide a written explanation to Parliament why the report has not been acted upon.

The Audit Process Summary



TYPES OF AUDIT OPINIONS

Opinions are only applicable to regularity (financial) audits.

Audit Opinion	What it means
Unqualified	the financial statements are in good order
Qualified Opinion	This opinion is usually accompanied by the expression, "Except for...." It means the financial statements are, by and large, fairly presented. However, there are specific discrepancies/misstatement, such as an incorrect accounting policy, debts that are not recoverable, an undisclosed fraud or insider loan, inventories are misstated, the discrepancy/misstatement is deemed to be material/major but not recurring in the financial statements.
Adverse Opinion	In its conventional meaning, "adverse" means unfavourable or unpleasant. Similarly, when an auditor declares this opinion, it means there are many fundamental discrepancies/misstatements in the financial statements. That they are completely wrong and misleading
Disclaimer of Opinion	There are so many missing documents or explanations that the auditor does not have enough information to form an opinion

Other terms associated with audit opinions

Emphasis of Matter	Does not lead to qualification of financial statements Meant to draw the attention of the user/reader to some issues that may affect the entity audited
Other Matter	When an auditor considers communicating other matters that could help clarify audit findings—beyond those presented or disclosed in the financial statements— he or she does so in a paragraph with titled, "Other Matter."



COMMONLY USED TERMS IN AUDITS

Accounting Officer is any public officer appointed by the Principal Secretary at the Ministry of Finance/Treasury. The Accounting Officer has overall responsibility to control and account for all funds received by their ministry/public entity.

Appropriations-in-Aid (AIA) means any revenue that a department collects in the ordinary course of business which has been approved by Parliament for use by the department. This includes fees and penalties, plot rent and land rates, etc.

Auditee is the entity being audited

Authority to Incur Expenditure (AIE) is the express authority given to an accounting officer to spend money on behalf of the government. This is done through the Budget. The authority is granted by Parliament to the Principal Secretary at the National Treasury, who in turn delegates the same to Principal Secretaries and other government functionaries.

Bank Reconciliation is the process of explaining the difference between the bank balance in an entity's bank statement, as supplied by



the bank, and the corresponding amounts shown in an organization's own accounting records at a particular point in time. This may also be confirmed using a certificate of bank balances signed by the bank manager.

Cash Balances The amount of money an entity has in its bank account (in cash) at a particular time, mostly at the end of a financial year

Commitments means setting aside funds that will be used in the future. This is done through the generation of a Purchase Requisition or Imprest.



This prevents other commitments that could exceed the budget.

Consolidated Fund is the Treasury's current account with the Central Bank through which all or almost all government's expenditures and receipts are processed.

Credit Balance is the ending amount found on the right side of an account versus the debit balance. A credit balance is expected for the Liability accounts.

Debit Balance is the ending amount found on the left side of an account. A debit balance is expected for the following accounts: Asset accounts such as Cash, Accounts Receivable, Inventory, Prepaid Expenses, Buildings, Equipment, etc.

Exchequer is the bank account into which tax receipts and other public monies are paid.

Imprests can be classified as **temporary** or **standing** imprests.

Materiality – This is a term auditors love to use and in its ordinary meaning, it refers to "significance." It's applied both in planning and performing an audit and in evaluating the effect of the discrepancies of uncorrected statements in an audit. Within that context, materiality refers to misstatements, including omissions, which are considered to be "material" if they, individually or in aggregate, could reasonably influence the financial statements. For instance, if receipts are not produced to confirm sales for nearly half of the business, then that's a "material" omission compared to say, 0.05 per cent sales.

Pending Bills Consist of unpaid liabilities at the end of a financial year arising from contracted goods or services during the year under review or in past years.

Public Funds refers to the funds of the State where taxes are levied for public expenditure. The term public funds also covers the revenue or money for the government, (both national and county), State and county corporation, bonds, stock, or other securities of a national or county government. The term also refers to the government spending for acquisition of goods and services to directly satisfy individual or collective needs of the citizens.

"Within that context, materiality refers to misstatements, including omissions, which are considered to be "material" if they, individually or in aggregate, could reasonably influence the financial statements."

Reimbursement is a repayment of money already spent. Reimbursement should be accompanied by prior approval. For example, it could include travel on official duty where an imprest for travel has not been issued but prior approval was secured.

Standing Imprest, on the other hand, is a fund from which a department or other units pays incidental expenses. It's topped up periodically from a central fund. So if one starts the month with, say, Sh100,000 in petty cash float and spends Sh90,000 of the allocation, a similar amount will be topped up in the petty cash float to bring the balance to the original Sh100,000. The spending on Sh90,000 is accounted for using receipts for goods purchased, fuel consumed, signed register for casual employee' payments, etc.

Temporary imprest is an advance amount to government officers to help facilitate them in the discharge of government business. The amount should be accounted for at the end of the assignment. For example, an officer travelling abroad on official duty will be advanced an amount that will enable him or her travel in comfort. This amount





Trial Balance is a list of closing balances of ledger accounts on a certain date and it's the first step towards the preparation of financial statements. It's usually prepared at the end of an accounting period to assist in the drafting of financial statements. Ledger balances are segregated into debit and credit balances.

Unaccounted for Funds are those sums whose spending could not be verified through documentations like receipts, invoices, certificates of completion, etc. without details such as dates, why the money was issued, by whom and for what purpose, etc. This calls for further investigation to establish whether actual expenditure occurred, whether the funds were stolen and if the works, goods or services procured met the required standards.

should be accounted for by providing the following evidence: proof of travel such as a copy of stamped passport at the Immigration office, approved travel authorisation and approved rates for accommodation and subsistence.

AUDITING ETHICS AND STANDARDS

A common question from journalists is, who audits the OAG? The simple answer is that Parliament audits the OAG by contracting an independent private auditor. But the unstated question really is, why should we trust the OAG?

The answer to the latter is found in the Code of Ethics, a comprehensive statement of the values and principles which should guide the daily work of auditors. The independence, powers and responsibilities of the public sector auditor place high ethical demands on the Auditor-General, his office and staff.

"The independence, powers and responsibilities of the public sector auditor place high ethical demands on the Auditor-General, his office and staff."

The OAG Code of Ethics is based on:

i) International Standards for Supreme Audit Institutions (ISSAI), number 20 ("Principles of Transparency and Accountability") and ISSAI 12, "The Value and Benefits of Supreme Audit Institutions, Making a difference to the lives of citizens".

ii) The Public Officers Ethics Act.

The OAG Code of Ethics is directed at the individual auditor, the Auditor-General, the OAG administration and all individuals working for or on behalf of the OAG who are involved in audit work.

A common question from journalists is, who audits the OAG? The simple answer is that Parliament audits the OAG by contracting an independent private auditor. But the unstated question really is, why should we trust the OAG?



FREQUENTLY ASKED QUESTIONS

What's the OAG?

The Office of the Auditor General is an independent body whose mandate is to audit all public-funded entities at county and national levels.



Can the OAG audit private firms?

No. Its mandate only covers public-funded entities. Specifically, audit reports cover the financial operations of government ministries, departments, agencies, funds and development partners-funded projects.

When do audit reports become public?

Audit reports can be made public fourteen days after they have been submitted to the client and Parliament.

Can the OAG prosecute those implicated in theft or misappropriation of public funds?

No. The mandate of the OAG is to audit entities where public resources are used. The parliamentary Public Accounts Committees (PAC) can recommend further action, usually through the office of the Director of Public Prosecutions. It's important to note PAC handles national and county **governments** accounts, while Public Investments Committees (PIC) handle accounts of state and county **corporations**, popularly known as parastatals.

Some audit reports expressly mention names of those implicated in the theft of public funds, but other reports do not. Why is that so?

Different types of audits have specific functions and remits. Only forensic audits can make full disclosure of the entities involved and the identity of those implicated.

Most audit reports are released long after the actual events reported. Why?

Audits are conducted at the end of each financial year. The government's financial cycle starts on 1 July and ends on 30 June of the following year. If one factors the three months necessary to conduct an audit, and another three months before the audit is tabled in Parliament, this means audit reports are not usually available in the same year as the period under review.

What happens when an auditor's assessment is done?

The auditor expresses an "opinion", on the entity. There are four types of audit opinions: Qualified, Unqualified, Adverse and Disclaimer.

Does the auditor express an opinion in all audits?

No. Only certain types of audits require an expression of opinion, namely Financial/Regularity audit. In Performance or IT audits, auditors do not express opinions.

How independent is the OAG?

The OAG was established through article 229 of the Constitution of Kenya. This which guarantees its independence. It is also funded independently to guarantee its autonomy.

What are the risks of the OAG being used for partisan interests, as some politicians allege sometimes?

The OAG adheres to local and international guidelines that spell out its ethical standards.

What relevant pieces of legislation can journalists use to enhance their understanding of Audit work?

- The Constitution of Kenya
- Public Audit Act 2015
- Public Finance Management Act 2012
- Public Procurement and Asset Disposal Act 2015

PART TWO

REPORTING GUIDELINES



From the foregoing, it is evident that there are many interactions between auditors and the clients (entities) that they audit, which invalidates a common defence by public officers of feigning ignorance about their organisations' auditing. Many offer such mitigation, or even claim their explanations were not taken into account during auditing. For instance, at Entry Meeting, the auditor notifies the client of his/her intention to conduct the audit and indicates when he is likely to call. This is to allow the client time to prepare the requisite documents. All these deliberations are recorded and the minutes signed by all the parties to authenticate their accuracy. There is also an Exit Meeting at which any pending issues are substantively addressed, before a Management Letter is issued. A report is then drafted and shared with the client, which yet again allows them to preview the opinion that the auditor is likely to issue.

The anticipated release of an audit report in Parliament or County Assembly is a moment of great excitement and trepidation for many journalists. Excitement because many reports contain useful information that can potentially provide the front-page of tomorrow's paper or the evening news and trigger engaging public debate. By the same token, many journalists approach audit reports with anxiety about the tight

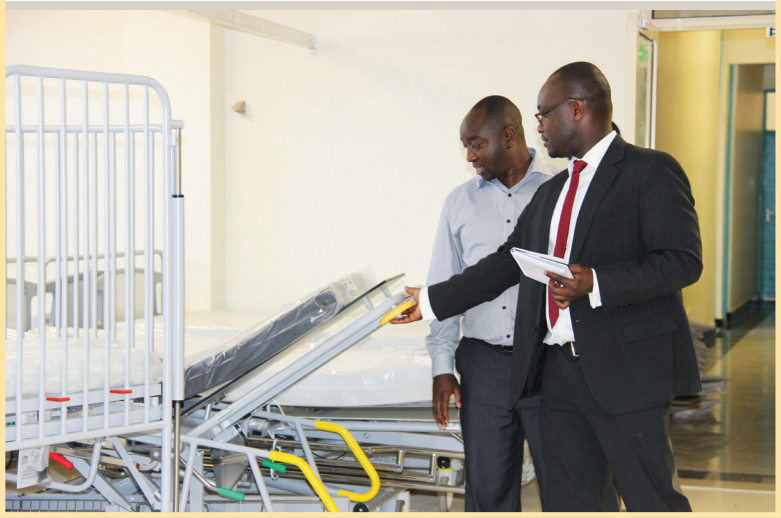
deadlines ahead, yet they have to plough through huge amounts of information before they can find useful stories. The following section is devoted to strategies that can help journalists make the most of audit reports and write reports of enduring value.



Counting the cost

Audit reports, as we have established, seek to verify if financial investments in the public sphere are done in accordance with the law and exemplify good value for money. That's not always the case. Understandably, some of the recent reports from the OAG seem to entrench a persistent, if sceptical view among many Kenyans that devolution has simply devolved corruption. Some of the most outrageous excesses have made the headline: a county assembly that went abroad to learn about farming, but never left their hotel-rooms; a governor who operated out of a hotel-room for two years for no apparent reason; a County Government that procured wheelbarrows at the inflated price of Sh100,000 each; or even the sumptuous Sh10,000 lunch allowance offered to county assembly members to discuss a report.

The story is no different at the national level, where top politicians have been implicated in all manner of malfeasance, from falsifying mileage claims – running into millions every month – to drawing sitting allowances for meetings not attended. These outlandish anecdotes, all published in the national Press, were sourced from the annual reports from the Office of Auditor General.



While journalists picked the most sensational of details – usually those attributed to recognizable public figures – the reports also illustrated journalists' limitations in reading the reports and carefully selecting valuable material, and interpreting them to develop solid news reports that interrogate policy decisions. Without a doubt, exposing instances where public funds are at risk of being stolen is important. But that's addressing the symptoms only. What the wanton misuse of public funds exposes are weaknesses in public finance systems and processes, so tighter controls would help prevent future breaches.

Back to basics

So, where do we start? Every reporter, whether working for radio, TV, newspaper or online media should ensure his or her report is grounded in the basic principles of journalism – the 5Ws and H – What, Who, Where, When, Why and How. The other vital consideration is the audience that one's writing for. This helps determine the tone in which one writes, language complexity or even themes that will find the greatest traction with the audience.

Let's think of an imaginary audit report that exposes the suspected misappropriation of Sh2b meant for a road network to decongest the Nairobi-Namanga Road. If this is a forensic audit, then names of those implicated would be divulged.

The most predictable option for most journalists is to "name and shame" the individuals involved in the theft of public funds. It gets even better if those exposed are politicians. There is nothing wrong with such an approach; the only drawback is that it is the easy thing to do. More grounded journalists will seek to extend the conversation further by seeking to know the implications of the delayed roads construction on the local economy.

Let's extend our narrative further and imagine that upon the release of the audit report, our reporter toured the affected roads and encountered a myriad of issues: tourists from nearby Tanzania were routinely missing their connection flights through the Jomo Kenyatta International Airport due to road congestion in Kitengela township; local fresh vegetable farmers were unable to access the domestic market in time, turning their harvests into a horrid waste; police report an upsurge of petty crimes, as young men who used to secure menial jobs at the market turn to mugging for survival; the townships of Kitengela, Isinya and el-Bisil are swamped by twilight girls by night, and community workers are reporting rising HIV infections in their recent health baseline survey. From the milieu of issues available to our reporter, she has better story options, and so is likely to file a richer report or reports than the reporter who confines their interpretation to what the OAG's report says.

Returning to the issue of audience, reporters should consider story angles that are best-suited for their publications. A publication like the Business Daily, for instance, would be most ideal for a story on regional trade and tourism. Rising infections of HIV would most likely feature in the ***Daily Nation*** or ***The Standard***, although ***The Nairobian***, another newspaper under The Standard Group stable would use the same story but highlight the escapades of twilight girls within the localities. The crime story would feature in ***Taifa Leo***, as would the piece on farmers' experiencing difficulties to reach the marketplace in time due to congestion. Reporters working on broadcast media would similarly have a huge range of options to package their stories.

What this hypothetical situation attests is that there are better and bigger dividends for reporters who view audit reports as only the entry point



to a deeper inquiry. We want to emphasize the merits of connecting the dots and linking audit reports to related news developments to springboard larger public conversations. Reporters should think of audit reports as the entry-point to broader fact-based, research-oriented journalism.

We recognise not all reporters have the luxury of time in pursuing special reports and features triggered by the OAG reports. For reporters based in Parliament or the County Assembly, the expectation is that they would file news articles immediately after the release of such reports. In that regard, reporters should find the following strategies useful.

Reading between the Lines

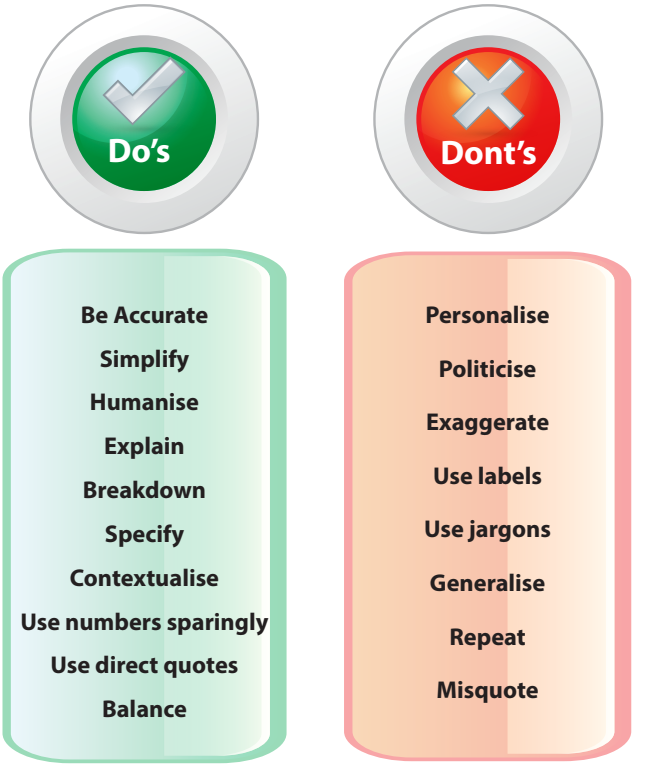
Different reporters start by reading different portions of an audit report. Some start with the summary; others rush to conclusions/ recommendations. Yet others first glean through the opinion—in the words of one parliamentary reporter, "the worse the opinion, the better the news." This is obviously derived from the journalistic dictum, "if it bleeds, it leads." This is a misnomer. Where public entities are assessed to employ prudent management of public funds, then that's still useful and worthy of emulation, and so it should be widely publicised.

We do not ascribe to a singular reading method so one should stick to what works best for them. However, the report summary helps develop the overall picture, which is further elaborated within the larger report. The rule of the thumb is to glean through quickly, jotting down things that catch your attention and brisk through to the audit opinion and ultimately, conclusions and recommendations.

In most instances, a second or third reading of the report will be necessary before the fragments of facts concretise into a solid story angle. A first draft of the news article is only the beginning. There

is need to establish quite quickly other individuals who would be interviewed to balance off the story, or archival materials that can be drawn to provide the larger background/context. From our extensive reading of journalistic articles from audit reports in Kenya and South Africa, we developed a series of Dos and Don'ts, useful reminders not just in writing articles from audit reports, but in news reports as a whole.

Some start with the summary; others rush to conclusions/ recommendations. Yet others first glean through the opinion—in the words of one parliamentary reporter, "the worse the opinion, the better the news." This is obviously derived from the journalistic dictum, "if it bleeds, it leads." This is a misnomer.



To expound a little on the above, let's pick random attributes and digest them further. To humanise a story is to narrate the issues as

they affect ordinary people. From the example above, the enduring lesson is that reporters should remember humans tell stories best. Actually, only humans have the capacity to tell stories, so a delayed road construction can only bear meaning when humans explain how the lack of the amenity has hampered their progress.

On the sparing use of numbers, here is an example of how not to use numbers:

"The Auditor General Edward Ouko reveals in the 2014/15 audit reports that the Internal Ministry cannot account for Sh123, 456, 789 provided as supplementary budget for the year 2015/2016. Another Sh443,000, 018 is feared lost during the same accounting period because of huge discrepancies in the credit balance provided by the ministry…."

Such unpalatable intros are not uncommon, and they reveal a few things, the most immediate being that the reporter does not fully comprehend the issues. By fragmenting the figures in contest, he undercuts the impact of the loss by hundreds of millions! The reporter should balance off the figures to the next thousand. He also uses a jargon "credit balance" that most readers cannot comprehend easily.

Reporting challenges

From our previous training programmes, we observed the following challenges:

a) Reporters engaged in a partial reading and interpretation of the audit report.

b) Some did not fully consider their audience before deciding which story angle to pursue.

c) Most confined their stories to audit findings and did not link them to other news developments.

d) None made an effort to humanise the reports

e) Most underreported the audit findings, undercutting the impact of their stories.

f) The intros were clattered with facts and figures, and so lacked focus.

g) Most had trouble aggregating the sums of money reportedly appropriated

h) Most reporters lacked good writing and analytical skills.

Keeping the story alive

The publication of a story should not mean that's the end. There is merit in striving to keep the story in circulation for as long as it's feasible. As a follow-up to the hypothetical scenario of the deferred road construction, it is possible to keep the story running by looking at many other storylines that can be explored further. One way of doing that is by looking at the road network that has been expanded by the Government for the last five years. That way, one elevates the OAG report from a local to national issue. It is also possible to use the deferred road project to illuminate on possible human-wildlife conflict, as the locality is still virgin territory inhabited by wildlife. Alternately, the road could be used to develop a human-interest feature casting the road as a disruptive agent that could spell the end of locals' traditional way of life, so its delayed construction only prolongs the pain. In other words, there are unlimited possibilities to keep the story alive, and harking back to the OAG's report for the seminal insights.

Social media



A decade ago, the publication of news reports and features heralded the end of the publishing cycle. Not anymore. As things stand now, the broadcast or publication of news heralds the beginning of a new cycle on digital platforms. A majority of young readers in Africa and elsewhere say their primary source of news is social media platforms like Facebook, Twitter, Instagram and Whatssup. Unsurprisingly, most local media houses publish online alongside the traditional platforms. This makes the replication of reports a simple act of cutting and pasting story links to one's social media page.

"A majority of young readers in Africa and elsewhere say their primary source of news is social media platforms… Unsurprisingly, most local media houses publish online alongside the traditional platforms."

But one can achieve more if the articles are repurposed for online publication through digital visualization and aggregation of audio and visual. These are then shared in carefully-selected forums where they are likely to elicit wider interest. For instances, if something on our hypothetical road is published in a local daily, it'd be of interest to local lobbies that promote accountability and fight corruption. So it'd be wise to consider sharing such story links on the local chapter of Transparency International's website, where it's likely to attract local NGOs network and the anti-corruption commission, among others. If the project was sponsored by external donors, seek them and share your story as well, it could just blow the cover of the perpetrators

Any feedback from such readings should be developed into other news that keep the story going to ensure the story remains in circulation one more day.

One useful reminder is that Performance Audits mainly rely on Press coverage of completed public projects, so highlighting their merits or demerits could instigate further action from the OAG. This ensures accountability right from the start to the very end.

FURTHER WORK

This is an abridged version of Summary of the Report of the Auditor-General on the Financial Statements for National Government for the Year 2014/2015. It illustrates how funds raised by the State through taxes or external borrowing are disbursed for public expenditure – after Parliament's approval of the Budget. Read and report carefully and identify potential storylines:

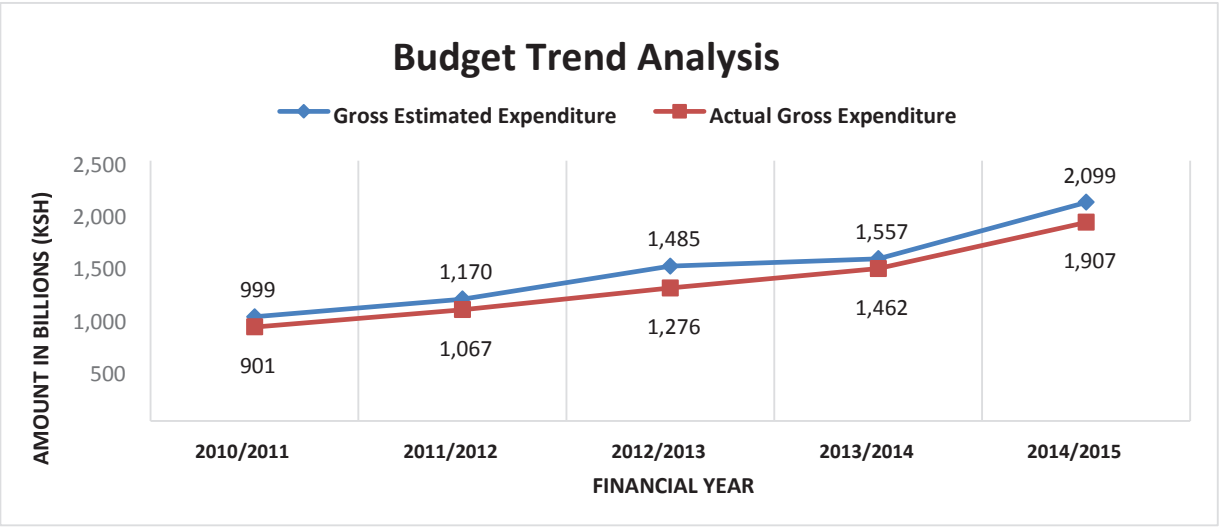
National Government Budgetary and Expenditure Review

Budget Review

Budget Trend Analysis

The gross estimated expenditure has increased over the last five years from Kshs.999,277,657,525 in the year 2010/2011 to Kshs.2,099,370,186,391 in the year 2014/2015. This is approximately an increase of 110% over the five year period. Similarly the actual gross expenditure has increased over the years from Kshs.901,295,758,038 in the year 2010/2011 to Kshs.1,906,841,500,924 in the year 2014/2015 representing an increase of approximately 112% over the period. This implies that the scope of my audit has also more than doubled over the last five years. The tabulation below depicts this trend:

Year	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Gross Estimated Expenditure	999,277,657,525	1,170,478,418,074	1,485,438,350,899	1,557,192,721,388	2,099,370,186,391
Actual Gross Expenditure	901,295,758,038	1,066,835,338,744	1,275,862,845,060	1,461,965,849,061	1,906,841,500,924



2014/2015 Budget

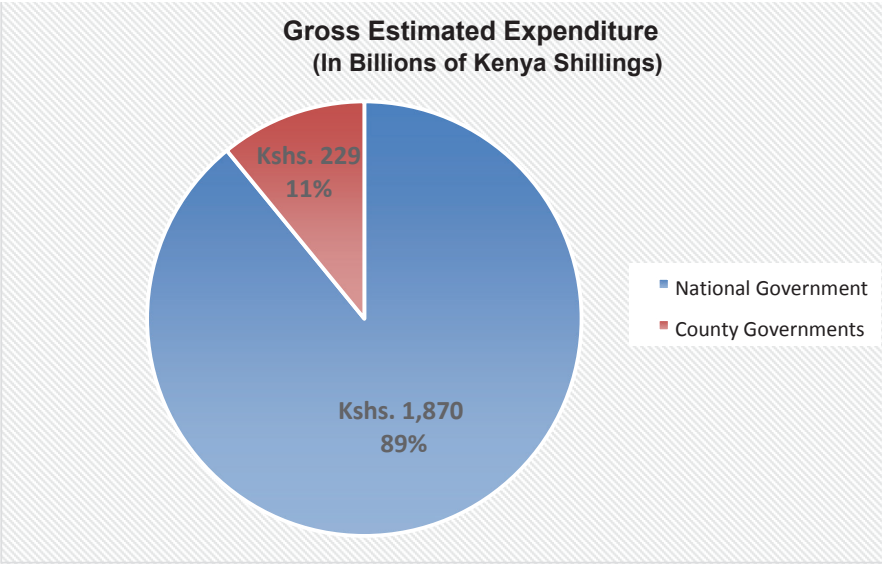
In 2014/2015 the Approved Estimated Gross Expenditure was Kshs.2,099,370,186,391 while approved Appropriations-In-Aid (AIA) were Kshs.401,419,514,999 resulting in Net Approved Expenditure of Kshs.1,697,950,671,392 as follows:-

	Gross Estimated Expenditure Kshs.	**AIA Kshs.**	**Approved Net Expenditure Kshs.**	**Net Expenditure as a % of Approved total Net Expenditure**
Recurrent Votes	736,726,691,515	61,593,196,194	675,133,495,321	40%
Development Votes	696,492,214,740	339,826,318,805	356,665,895,935	21%
Consolidated Fund Services	436,887,630,136	00	436,887,630,136	26%
Sub-total for National Government	**1,870,106,536,391**	**401,419,514,999**	**1,468,687,021,392**	**87%**
County Governments	229,263,650,000	00	229,263,650,000	13%
Grand Total	**2,099,370,186,391**	**401,419,514,999**	**1,697,950,671,392**	**100%**

As shown above, 40% of the approved net expenditure was budgeted for meeting the National Government recurrent expenditure and 21% for development expenditure. Consolidated Fund Services including repayments of Public Debt accounted for 26%, while County Governments accounted for 13% of the total budgeted net expenditure.

The 2014/2015 gross budget of Kshs.2,099,370,186,391 was shared between the National Government and the County Governments at the ratio of 89% and 11% respectively as follows:-

Level of Government	Gross Estimated Expenditure Kshs	As a % of Gross Estimated Expenditure
National Government	1,870,106,536,391	89%
County Governments	229,263,650,000	11%
Grand Total	**2,099,370,186,391**	**100%**



The County Governments allocation of Kshs. 229,263,650,000 for the year 2014/2015 was based on the audited revenue for the year 2009/2010, since the audited financial statements for 2010/2011, 2011/2012, 2012/2013 and 2013/2014 had not been approved by the National Assembly. The County Governments expenditure has been accounted for and reported individually by each of the forty seven (47) County Governments and the respective audit reports issued for the County Governments and County Assemblies.



2014/2015 Actual Expenditure for the National Government

The financial statements for the year 2014/2015 for the National Government show total Actual Expenditure of Kshs.1,677,505,263,727 representing 90% of the gross estimated expenditure of Kshs.1,870,106,536,391. In addition, the actual expenditure of Kshs. 1,677,505,263,727 represents an increase of Kshs.408,885,553,491 or 32% when compared with actual expenditure of Kshs. 1,268,619,710,236 for 2013/2014, as shown below:

Votes	Gross Estimated Expenditure 2014/2015 Kshs	Actual Expenditure 2014/2015 Kshs	Absorption as a %age of Estimated Expenditure	Proportion as a % of total actual 2014/2015	Actual Expenditure 2013/2014 Kshs	% Increase / (Decrease) From 2013/2014
Recurrent and Development combined	1,433,218,906,255	1,220,644,732,649	85%	73%	1,008,699,240,052	21%
Consolidated Fund Services	436,887,630,136	456,860,531,078	105%	27%	259,920,470,184	76%
Totals	**1,870,106,536,391**	**1,677,505,263,727**	**90%**	**100%**	**1,268,619,710,236**	**32%**

The Actual Expenditure of Kshs.1,677,505,263,727 comprised expenditure amounting to Kshs.1,220,644,732,649 or 73% and Kshs.456,860,531,078 or 27% of the total actual expenditure under combined Recurrent and Development Votes, and Consolidated Fund Services respectively.

The actual expenditure of Kshs.1,677,505,263,727 represents an increase of 32% when compared to the actual expenditure of Kshs.1,268,619,710,236 incurred in 2013/2014. This increase is occasioned by a combination of an increase of Kshs.211,945,492,597 or 21% of the combined Recurrent and Development Votes and an increase of Kshs.196,940,060,894 or 76% in Consolidated Fund Services.

There was a gross under-expenditure of Kshs.192,601,272,664 made up of underexpenditure of Kshs.212,574,173,606 for combined Recurrent and Development Votes and over-expenditure of Kshs.19,972,900,942 for Consolidated Fund Services as follows:-

	Gross Estimated Expenditure Kshs	Actual Expenditure Kshs	Under/(Over) Expenditure Kshs	% Under/(Over) expenditure
Recurrent and Development Votes	1,433,218,906,255	1,220,644,732,649	212,574,173,606	15%
Consolidated Fund Services	436,887,630,136	456,860,531,078	(19,972,900,942)	5%
Total	**1,870,106,536,391**	**1,677,505,263,727**	**192,601,272,664**	**10%**

The under-expenditure of Kshs.212,574,173,606 under combined Recurrent and Development Votes was mainly attributed to inadequate exchequer issues and delayed disbursement of donor funds. The over-expenditure of Kshs.19,972,900,942 under Consolidated Fund Services has not been explained. Detailed reasons for the underexpenditure are provided in the respective financial statements for 2014/2015.

Gleaning through the report, what story ideas spring to mind? What skills would one require to competently handle the audit report and develop an engaging story or stories to provoke larger public conversations? The most obvious skill, obviously, is auditing jargon so that one is able to establish the different funds into which citizens' taxes are funneled and later apportioned for public expenditure.

From the report, the following are solid story ideas:

- Rising public debt
- Rising government expenditure—which has more than doubled over the past five years
- County versus national expenditure, with a view to examining what the new Constitution requires
- National expenditure in relation to what goes towards development versus recurrent expenditure

Each of these story ideas has the potential of developing into a regional, national or even international issue as long as reporters are imaginative enough to paint a broader picture that envisions the implications of any of these developments. Let's take the first example. If the government is borrowing more money to finance its budget, raising public debt more than two-fold over the past five years, what is it that's happening that didn't happen previously? The question of public debt could then be extrapolated inward (assessing how the money is being used, which is partly addressed in the second story example). This would be an ideal story for publications like the Daily Nation or The Standard.

Alternately, one could look externally and establish how Kenya is faring in international development. Has it joined the ranks of Heavily Indebted Nations and if so, what does this mean for its future development? That's the kind of issue that the regional quality weekly, The EastAfrican would be interested in.

Using the cause-effect analysis, it'd be useful to ponder: Will the rising national debt affect Kenya's credit ratings internationally and inhibit future borrowing? Or to use the earlier example, if an initial assessment suggests public taxes are being used to fund white elephants, that could lead to an investigation by a perceptive reporter who sees the audit report as an entry point to a more penetrating examination of public finance. Such journalism has transformative power.

It should be interesting to note that none of the ideas outlined above captured journalists' attention when this report was first released. A majority of reports that came out dwelt on Revenue Analysis that focused – rightly or wrongly – on the "Eurobond". This is an issue that had played out in the political arena which affirms that journalists have to have their ear to the ground to know what's happening, but also remain vigilant and cover other issues that affect the public—but which politicians ignore.

CONTACTS:

Office of the Auditor-General
Headquarters: Anniversary Towers, Monrovia Street

Tel: +254 796 52 85 60
Address: P.O. Box 30084-00100, NAIROBI.
E-mail: info@oagkenya.go.ke

Website: www.kenao.go.ke

 **@OAG_Kenya**

 **Office of the Auditor-General Kenya**