

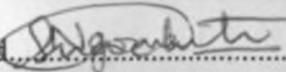
THE POTENTIAL IMPACT OF PUBLIC ACCOUNTS COMMITTEE (PAC) AND
PUBLIC INVESTMENTS COMMITTEE (PIC) ON NATIONAL ACCOUNTABILITY
AND TRANSPARENCY UNDER THE NEW CHANGES
ON THE STANDING ORDERS.

BY
NGOME MOHAMMED MWACHITI

A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILMENT OF THE REQUIREMENT FOR THE DEGREE
OF MASTER OF BUSINESS AND ADMINISTRATION
(M B A) FACULTY OF COMMERCE, UNIVERSITY
OF NAIROBI, SEPTEMBER, 1998

DECLARATION

This management project is my original work and has not been presented for a degree in any other university.

Signed .....

Date 20-11-1998.....

NGOME MOHAMMED MWACHITI

This management project has been submitted for examination with my approval as university supervisor.

Signed .....

Date 22/1/99.....

Baraza J.L.

DEDICATION

To my parents, Mwachiti Ngome and Chizi Mwachiti, (vii)

To all my brothers and sisters, (viii)

To my special friends Mwandogo, Kakunde and Ngana, (ix)

All for their love, care, advice and for all that they have sacrificed for me. (x)

And to all friends of accountability and transparency. (xi)

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List of Abbreviations.

PAC - Public Accounts Committee.

PIC -Public Investments Committee.

LEGCO - Legislative Council.

C A.G - Controller and Auditor-General.

A.G (C) - Auditor- General (Corporations).

G.O.K - Government of Kenya.

D.A. - Director of Audit.

S.O. - Standing Order.

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APPENDIX

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May ALLAH bless you all.

ABSTRACT

This study sought to determine what Public Accounts Committee (PAC) and Public Investments Committee (PIC) are supposed to do, what they have done, what effect the changes on the Standing Orders have on the operations of PAC and PIC, and what problems have affected the activities of PAC and PIC.

In order to achieve the objectives both primary and secondary data were used. For the primary data questionnaires were dropped and picked up later from the respondents and a few of them had personal interviews. Three groups of respondents were identified i.e. Political parties, Foreign embassies and Non-Governmental organizations (NGOs). Secondary data was collected from the annual reports of the Controller and Auditor-General and the Standing Orders.

The analyses of the gathered data revealed that the committees of the House are supposed to enhance accountability and transparency by performing a controlling function. It was however, revealed that this role has not been met so far as accountability is still low. Furthermore, the changes on the Standing Orders are expected to reduce the quality of performance by the two committees of the House even more. The problems that were identified include lack of political will and support from the government, ambiguous laws, executive interference and bribery to some committee members by unscrupulous individuals.

CHAPTER ONE

1.0. INTRODUCTION.

1.1. Background.

Accountability and transparency, whether in the public sector or for the private sector (profit-oriented) are basic and powerful tools of management. All institutions in meeting their objectives and goals are faced with scarce and limited resources to cater for wants that are numerous and unlimited. The management of institution or organisation is thus bestowed with the responsibility of devising, establishing and supervising the implementation of control systems to ensure efficient and effective allocation of scarce resources. The adherence to the policies and procedures laid down by the organisation has again to be evaluated by the so-called Auditors, the watchdogs of the public. This enhances accountability and transparency. Thus, by accompanying the financial report of an organisation with an audit opinion the quality of the financial information is undoubtedly boosted.

Seemingly, the utility of financial information is sometimes taken for granted without much scrutiny of its nature or content. The management of institutions who are literally their employers compromises sometimes auditors. For audits of financial operations and legal compliance the object is to examine financial transactions, accounts and check compliance with laws and regulations. It is therefore a subsidiary objective of an audit to detect errors and fraud. Although detection of errors and fraud is a secondary objective of

audit, to the general public, it is considered to be the justification for audit. It is, therefore, important that correct procedure be followed with regard to the reporting and treatment of frauds discovered during audit.

Consequently, the evaluation of the management of public resources in Kenya is done by the two committees of the Honourable House, i.e. Public Accounts Committee(PAC) and Public Investments Committee(PIC). These two committees, however, rely on the annual reports of the Controller and Auditor-General(C&A.G) and Auditor-General(Corporations), respectively. The office of the C&A.G audits all public institutions. It is the responsibility of the C&A.G to investigate into the books of accounts and the information from which they have been written up so as to enable him to report to Parliament upon the accuracy or otherwise of the appropriation accounts and statements of assets and liabilities or other statements prepared from such books of public institutions. On the other hand, the Auditor-General(Corporations) (A.G-C) ensures that the same role is performed on public enterprises(P.Es). To ensure accountability and transparency on public institutions, thorough checking and vouching, examination and investigations are done by the Auditors.

During the Seventh Parliament both the PAC and PIC were in the hands of the opposition, as opposition had majority members. One area in which the Seventh Parliament undoubtedly made some impact is with regard to the strengthening of these two watchdog committees of the House. The clout and profile of both PAC and PIC glaringly received a major boost during the seventh Parliament.

Many issues were raised with regard to the manner in which the PAC handled the Goldenberg scandal. In fact, the term of the Seventh Parliament ended with the matter still unresolved. But the deliberations of the PAC promoted lively and invigorating debate, which undoubtedly influenced opinion and awareness. That the Seventh Parliament started on an explosive note was not surprising. The advent of multi-party politics in the country had spawned a culture of noisy and acrimonious exchange between politicians. Under the circumstances and against that background, the Seventh Parliament became the noisiest in the country's history.

In the days of the one-party Parliament, the clout and influence of the Controller and Auditor-General had been systematically eroded. Year in, year out the office would present to parliament a catalogue of blatant corrupt practices perpetrated by state officials, but the cases would not be properly investigated by the PAC. The one party Parliament had gradually come to regard the tabling of the report before the House as an inconsequential annual ritual. It was not uncommon for example, for senior public servants to ignore summons from the committee.

Undoubtedly, in assessing the utility of the watchdog committees of the House, the office of the C&A.G is a very important institution, hence, its role cannot be assumed. Infact, the most blatant assault by the one -party parliament on the powers of the office was the Fifth Parliament in 1986, to pass a constitutional amendment that removed the office's security of tenure(The Weekly Review, April 4, 1997). It took a great deal of public

pressure and debate before the government finally agreed to restore the office's security of tenure in 1990.

The composition of the committees' membership matters a lot in determining the recommendations to be tabled before the House for adoption. Like other democratic institutions these committees have to vote in deciding on the recommendations to make. Therefore the majority win. It is important to note at this juncture that in a multi-party system, and with a House characterised by the ruling party on one side and the opposition on the other, the ruling party will tend to be defensive on issues touching on the government. This is more so with a government, which seems to suffer from low accountability and low transparency. A research study conducted by Kibwana et al(1996) revealed that corruption is rampant in Kenya, with the most celebrated cases of monumental corruption being recorded in the public sector.

However, towards the end of last year, there were some changes that were made on the Standing Orders governing the PAC and PIC that gave the ruling party an overwhelming majority on these committees. Specifically, the changes with significant effect were on Standing Order No.147(1) which gave the ruling party a majority of not more than two on the PAC and Standing Order No.148(1) which again gave the ruling party a majority of not more than two. These changes were condemned by various interest groups including the National Convention Executive Council (NCEC). There were a lot more of mixed reactions. Some people were of the view that the committees would improve their performance so as for the Kenya African National Union (KANU) to clean up the mess

that it has caused over time. Others were of the view that this would handicap the opposition thereby enabling KANU to conceal material evidence and exonerate itself from the mess. The study therefore sorts to unravel the underlying mystery.

1.2. Private Sector Accountability and Transparency in Kenya.

Companies in the private sector are profit motivated. Ordinarily, they have a deliberate and conscious effort on their part to plan for certain desirable results and control to maximise the chances of achieving those results(Jones and Trentin(1966)). Disciplinary action is usually taken and justice executed without delays on culprits hindering company objectives.

In Kenya various Acts help in providing a regulatory framework for Public Limited Companies. Thus, the Companies Act, CAP.486, the Accountants Act, CAP. 531 and the Capital Market Authority Act. (CAP.485A) serve as a guide for providing the wide operational field of the corporate world. However, it's the duty of the company itself to establish its own controls to safeguard the assets of its shareholders. It is a requirement by law for public limited companies to publish their annual accounts and furnish the registrar of companies with a copy of the same.

With the agency relationship between the providers of funds and the management of such companies' accounts are prepared in accordance with the Accounting standards and Accounting guidelines. Furthermore, Auditors need to give an opinion on such accounts. Accounting standards are binding to the professionals; hence, in the event that they are

not met without thorough justification and disclosure the auditors should qualify their opinion.

Companies have elaborate reporting relationships with the board of Directors at the top. The board may not make the operational decisions but it is empowered to investigate and arrest suspicious situations before hand. Furthermore, external agencies like banks, which offer loans to such companies, have monitoring systems and devices, and have the capacity to require a company to render an account. Companies quoted at the Stock Market still have to abide by the set regulations. Under all circumstances if a company does not meet the requirements within the regulatory framework the consequences are severe.

1.3. Public Sector Accountability and Transparency in Kenya.

Unlike the private sector, the public sector is concerned with the provision of public goods to members of the society. Public sector institutions are sometimes referred to as government bureaucracies. This is because they are built on the firm foundations of Weber's bureaucratic propositions. Due to their nature they have probably the best accountability structures ranging from proper and complete bookkeeping and reporting relationships to tendering procedures.

Public institutions in Kenya have elaborate controls, probably; enough to ensure public assets are controlled. However, a pilot investigation by the researcher revealed that there exist loopholes in the implementation of these controls. The loopholes seem to exist due

to the extreme powers vested in the office of the executive and the manner and tenure of office in which managers of public sector institutions are appointed.

Other than the existing controls within the public sector institution there is the office of the C&A.G established under section 105 of the Constitution of Kenya which enhances the controlling function by performing audits and sometimes even authorising expenditures of a colossal nature. The Auditor-General(Corporations) who is still under the same office but independent, performs audits for public enterprises(Parastatals).

At the conclusion of the audit the reports of the C&A.G and A.G-C are submitted to the Minister for the time being responsible for finance to be tabled before the Honourable House(Parliament) for issues to be taken up by the Public Accounts Committee(PAC) and Public Investments Committee(PIC), respectively. At this point the parliamentary Committees conduct investigations on issues and put recommendations before the House which if adopted are forwarded to the Attorney-General and Treasury for implementation. The committee reports are also published and are available to the members of the public.

1.4. Definition of the Problem.

National accountability and transparency are words characterising all sorts of public seminars today in Kenya. The perceived importance of the parliamentary watchdog committees, namely, PAC and PIC and their utility in enhancing good governance, accountability and transparency can no longer be assumed. Malpractices by government officers are often reported to these committees by the office of the C&A.G. The report or

reports are usually on the appropriation of government accounts and parastatals. It is on the basis of the reports of the C&A.G and A.G-C that PAC and PIC conduct their businesses.

The composition of these parliamentary committees in terms of party strength is very important because at the end of the day the members have to vote to determine the recommendations to table before the House for adoption. This is more important with the system of voting as a block by political parties. On the other hand, the public at large has a great interest on the recommendations put forward by these committees as they reflect openness and accountability, especially if executed with honesty.

The two committees were to a large extent controlled by the opposition in the Seventh Parliament. However, towards the end of last year parliament changed the standing orders governing the two watchdog committees of the House, and at the same time deleted Standing Order No.146 governing the Estimates Committee. This demonstrated a deliberate move to disable parliament's capacity to control all aspects of the budget development and monitoring process. The motion that was hurriedly moved by the Seventh Parliament was instigated by KANU, handing control of the committees to the ruling party, while the opposition retained the chairmanship.

The motion was characterised by walkouts from the members of the opposition. Infact, the opposition had threatened to paralyse the two committees by refusing to chair them if KANU takes control. Honourable Kibaki at the time argued that it would be impossible

for an opposition leader to be expected to table in Parliament and defend a report whose contents have been dictated by the KANU majority.

In relation to the foregoing the following questions arise:

1. What are the committees supposed to do?
2. What have they done?
3. Will the changes on the standing orders have an effect on the operations of PAC and PIC in ensuring accountability and transparency?
4. What are the possible problems that have hampered the activities of PAC and PIC in promoting accountability and transparency in Kenya?.

1.5. Objectives of the Study.

1. To determine the work of PAC and PIC.
2. To determine what PAC and PIC have done.
3. To assess the potential effect of the standing order changes on the functioning of the PAC and PIC in ensuring accountability and transparency in Kenya.
4. To identify the problems that have hampered the activities of the PAC and PIC in ensuring accountability and transparency in Kenya.

1.6. Importance of the Study.

This study is of much help to the following categories of people:

1. Parliamentarians;

Parliamentarians will have a standing point to base their amendments on the legal framework to enhance accountability and transparency.

2. The government can utilise this study to serve as a guide on which to base her accountability structure.

3. The International Community;

The International Community, especially donors can benefit from this study by assessing the direction of Kenya's National accountability and transparency.

4. The Civil Society;

The civil society which include the media, students movements, trade unions, Non-Governmental Organisations(NGOs), Religious Institutions, Women's groups, Co-operative societies, Pressure and interest groups and Political parties as long as they are delinked from the state and work towards strengthening accountability and transparency. The civil society will benefit by using this study as a basis to push for reforms to enhance accountability and transparency.

5. The Academia;

This being a pioneering scientific study in the area of accountability and transparency, it would help resolve conceptual problems on the subject.

1.7. Organisation of the Study.

This research project is organised in five chapters. Chapter one is Introduction, consisting of the Background, Definition of the problem, Objectives of the study, Importance of the study, and Organisation of the study. This is followed by the Literature review in Chapter two. Chapter three explains the methodology of the study. Chapter four shows data analyses and presentation of findings. The final chapter, Chapter five, includes Summary

findings and conclusions, Policy recommendations, Limitations of the study and Suggestions for further research.

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APPENDICES

Appendix 1: The Institutional Framework

The PAC was established in 1998 as the highest level of the external audit system in Egypt. The present day of Egypt, the country is facing a Crisis and Transformation of Egypt. The current report is based on the work of the PAC (2018), which discussed the impact of the crisis on the country's economy (PAC, 2018). This report was prepared by the PAC (2018).

The PAC also issued the following recommendations (PAC, 2018): (1) The PAC should provide a regular report to the President of the Republic, who is the head of the Executive Branch, and to the PAC of the House of Representatives. This report should include the results of the audit and the Treasury Management. During the period of PAC, the following are the recommendations made (PAC, 2018): (1) The PAC should provide a regular report to the President of the Republic.

CHAPTER TWO

2.0. LITERATURE REVIEW.

Empirical literature in this area is very scarce. There is therefore very little in stock in the form of empirical literature. The writer therefore relied heavily on conceptual literature arising from authoritative publications and empirical findings from related studies.

2.1. The History of PAC.

2.1.1. The PAC in Pre -Independence Era

The history of PAC can be traced way back to the colonial days when the present day Republic of Kenya was known as Colony and Protectorate of Kenya. The earliest report that could be traced was on the accounts for 1951, which examined the report of the Director of Audit on the colony's accounts for 1951. This report was presented to the then legislative council (LEGCO).

The committee acted under the authority of Standing order no.145 (PAC Report, 1951). The committee presented a verbatim record made of evidence given by officers who appeared before it, as was the practice in the PAC of the House of Commons. The same report indicated that the members had examined the Treasury Memorandum dealing with the 1949 report of PAC, an indication that the committee existed even before 1951. The committee consisted of five unofficial and three official members.

In October 1954, the committee membership was changed to five unofficial and four official members as a result of the Lyttelton proposals (PAC Report, 1955:i). The committee also noted that a more adequate system of financial control would be established and the introduction of the Exchequer system would enable the Treasury to fulfil its proper function of ensuring that public funds were administered with due economy and for the purposes approved by LEGCO. At the same time the committee appreciated the need for a Treasury officer of accounts and welcomed the proposed introduction of an Exchequer and Audit Bill, which gave a clear defined basis to the colony's financial organisation.

The practise of PAC examining the reports on appropriation by the Director of Audit(D.A) continued even after the office of D.A was changed to that of the Controller and Auditor-General (C&A.G). The office of the C&A.G examined the Appropriation Accounts and other Public accounts of the colony and Protectorate of Kenya. The earliest traceable report by the researcher is that of 1955/56 financial year with the acting Controller and Auditor-General as WILKINSON, H.D.D.

2.1.2. PAC in Post- Independence Era

The post -independence era saw Kenyans managing their own affairs through Parliament. The first PAC report after independence was presented to parliament in 1965 with Hon. A. Oginga Odinga M.P., appearing as the chairman. The committee existed under Standing order no. 149 with a requirement to attach minutes to the report. This first report covered the 1964/65 financial year accounts. Other reports followed in subsequent years

e.g. PAC Report of 1966 covering the Government of Kenya (G.O.K) accounts of the year ended 30th June, 1963 with Hon. D.T. arap Moi as the chairman, all the way to the latest report covering the 94/95 financial year with Hon. Wamalwa Kijana as the chairman.

It is important to note at this juncture that the clout and profile of PAC received a major boost during the seventh Parliament as the chairmanship of the committee was made explicit to be for the opposition and still the opposition had majority members (Standing Orders Amended up to and including October 2,1992 : 50).

2.1.3. Functions Of PAC.

The PAC scrutinises the spending of public funds as guided by the reports of the controller and Auditor- General. Standing order No. 147 (1) provides the functions of PAC as follows:

- 1) examination of the accounts showing the appropriation of the sum voted by the House to meet the public expenditure; and
- 2) examination of the accounts laid before the house as the Committee may think fit.(Standing orders as amended up to and including November 10, 1997).

2.2. The History of PIC

The history of PIC is more recent as compared to that of PAC. The historical background that mandated the setting up of the PIC committee stemmed from the recommendations made by PAC. In 1975/76. PAC observed that:

“...huge chunks of public money is poured each year into these undertakings (public institutions), it is only prudent that the public would wish to be informed of how their money is being used...” (PAC Report, 1976).

In 1979 the Honourable House established a full-fledged PIC to examine in the context of the autonomy and efficiency of public undertakings. PIC was to see whether the affairs of those investments were being managed in accordance with sound business principles and prudent commercial practices.

The first PIC report was published in 1989 with Hon. (Dr.) J.K. Misoi, MP. as the chairman. The report noted that some of the accounts laid before the House were not accompanied by certificates and reports thereon by the Auditor - General (Corporations). This was a clear violation of the Exchequer and Audit Act, (Cap 412), Laws of Kenya. Since then reports have been produced by the PIC making investigations on public enterprises following observations and recommendations by the Auditor- General (Corporations).

2.2.1. Functions of PIC

The most recent PIC report provides the functions of the Public Accounts Committee as follows:

- a) to examine the reports and accounts of the public investments;
- b) to examine the reports, if any of the Auditor -General (corporations) on the public investments; and
- c) to examine, in the context of the autonomy and efficiency of the public investments, being managed in accordance with sound business principles and prudent commercial practices:

Provided that the Public Investments Committee shall not examine any of the following, namely:-

- (i) matters of major Government Policy as distinct from business or commercial functions of the public investments;
- (ii) matters of day-to-day administration; and

(iii) matters for the consideration of which machinery is established by any special statute under which a particular public investment is established (PIC Report 1997)

In general, the PIC examines the quarried operations of state corporations and parastatals as guided by the reports of the Auditor-General (Corporations).

2.3. Incidences of Corruption in Kenya

Since the 1950s, when most third world countries especially those in sub-Saharan Africa got their independence, all has not been well with their governments. Issues raised by the World Bank, Economic Analysts, writers and politicians have evidenced this. The running of the Public sector involves the use and commitment of resources. The source of these resources is none other than the common citizen through taxation, public borrowing, donations and business profits from public enterprises.

Accountability and transparency has been a major issue in these countries. Many have disintegrated into civil wars and the countries totally ruined. Although we can comfortably say that we have not experienced such ugly scenes (civil wars) in Kenya the recent mass mobilisation points at a problem. Kenya is no exception in featuring as one of the most corrupt countries of the World. Infact as of 1994 Kenya was ranked third most corrupt country of the World, after Nigeria and Pakistan (UNDP report,1994). At the moment Kenya is believed to be second after Nigeria.

The Economic Review (February 16-22, 1988: 6), quoted the uncompromising declaration by the World Bank President, Mr. Juin Wofenson;

“...My bottom -line on corruption is simple; if a country is unwilling to take action despite the fact that the country’s development objectives are undermined by corruption, then the bank group must curtail its level of support to that country...”.

The World Bank President’s words are a clear indication that even the international community is fed up with corruption.

For about six years now, the government has been playing a cat-and mouse game with donors, led by the IMF and the World Bank, over the issue of rampant corruption, which was the main reason behind the IMF’s decision to with hold a Kshs.13 Billion aid tranche intended to stabilise the shilling and supplement budgetary short falls. Noble promises are made to the missions, but no sooner do the visitors leave than the government goes back to its old ways.

The Economic Review (February 16-22, 1998) exposed some of the most recent malpractices including some controversial projects such as the purchase of the presidential jet and the construction of the Eldoret Airport in 1986 without parliamentary approval. Other exposes of last year showed how parastatals like K.P.A forked out about Kshs 500m to sever tenders for a non-priority project in which the sole beneficiaries appeared to be the contractors Krishan Behal and Sons, and Advaak construction. Other irregular deals involved the purchase of Mahindra jeeps at exorbitant prices.

Corruption in the public institutions have in the recent past been on the increase. Nyong'o (1994) observed that there were cases of corrupt judges who make decisions on the basis of how much money they have been paid. He went further to assert that he had known when he was involved in active politics that people were arrested for petty offences and then taken to court day-in day out. Finally, their cases were settled because somebody went there the day before the case was heard and gave the judge some bribe. Corruption seems to have entered even the judiciary.

In the PAC Report for 1993/94, reference was made to the Paymaster General's Account overdraft which stood at Ksh.33,283,703,756 as at June 1994 compared to a surplus of Ksh.914,629,630 as at 30th June 1993. A review of the position as at 30th June 1995 showed that the situation continued to deteriorate during 1994/95 fiscal year and that the net overdraft stood at Ksh.62,619,643,282 as at that date. The net overdraft included the following irregular and unconstitutional expenditure:-

	Ksh.	Ksh.
(i) Eldoret Airport	2,679,749,314	
(ii) Jet Aircraft	<u>2,464,565,124</u>	5,144,314,438
(iii) Unsupported expenditure		
1994/95 (D.07)	5,214,405	
Unsupported Expenditure		
1994/95 Deposits	1,200,112	
Unsupported Expenditure CFS		

Public Debts 162,712,005

(iv) Unsupported Jet Expenditure

R.07	<u>379,488</u>	<u>269,506,010</u>
		5,413,820,448

(v) Unsupported Expenditure

for 1993/94		<u>7,592,374,897</u>
		<u>13,006,195,345</u>

The committee observed that a number of recommendations some going back to more than eleven years ago were still outstanding. As usual, the Treasury was still making every effort to ensure that all PAC's recommendations were implemented as soon as it was practicable. However, the slow rate at which a number of accounting officers were implementing the recommendations continued to be a cause for serious concern.

Episodes of monumental and official corruption are numerous in our country. There are numerous cases, which have consequently, led to our tumbling economy. An empirical study in this area of corruption includes:

Kibwana et al (1996).

Kibwana and others in 1996 undertook a study on "The Anatomy of Corruption in Kenya". This study aimed at documenting the nature of corruption, causes of corruption, effect or impact of corruption, efforts and their impact so far at eradicating or minimising corruption and other strategies to be developed to combat corruption.

Data were obtained through;

- perusal of the different literature, statutes, case-reports, magazines and newspapers, and the respective reports, for the nature, causes, impact and control of corruption;
- interviews with the different segments of the population for experiences in corruption, attitudes to corruption and perceived causes and possible solutions to the problem of corruption; and
- observation of behaviour during, or reaction to, practices of corruption.

The interviews were both face-to-face, and drop-off-call-back questionnaire-based. The data were analysed by use of mainly descriptive statistics. Thus, cross tabulations, proportions and percentages were used in the analysis. Relevant conclusions drawn from this study to the current research included:

- that corruption permeates the entire social fabric of this country and poses problems of monumental proportions to the social, political economic future of the nation,
- that corruption thrives due to partron-client relationships, ineffective laws, ethnicity, absence of democratic institutions, perennially loss-making parastatals, poor education and training systems, nepotism, encumbrances of procedure, lack of patriotism, monopolisation and centralisation of power, favouritism and patronage.

However, the conclusions in the above study did not focus on the nature of accountability in public institutions or the effect of Public Accounts Committee (PAC) and Public

Investments Committee (PIC) on national accountability and transparency. The current study aimed at establishing all this.

2.4 Performance of Public Enterprises

Public enterprises (P.E.'s) in the third world countries have since the beginning of 1980s, found themselves in management and financial quandary. The management teams involved in these P.E.'s are not able to explain the crisis that they are undergoing. The monetary resources that are pumped into these organisations end up in individual's pockets; individuals who are politically connected. Swamy (1994) estimated that total factor productivity growth during 1986 to 1990 was less than zero for parastatal sub-sector, compared to 5.4 per cent for the private sector.

Kikeri, et al (1989) gives an analysis of how the P.E.'s have failed in developing countries. He reports that throughout Africa, Latin America, and to some extent Asia, many P.E.'s which were supposed to generate investible surplus for governments now pose burdens on government budgets. Many of their investments have yielded low in comparison to expectations or private sector results. A Kenyan example is given whereby the rate of return on the estimated US\$1.4billion invested in P.E.'s between 1963 and 1984, was 0.4 percent, despite concessions. Kikeri's findings are a clear indication of poor performance of the public sector. Because of the poor performance of many of these P.E.'s, the government has been called upon to assume the burden of servicing the public debt, and thus diverting scarce foreign exchange from more productive uses. Swamy

(1994) says that the government assumed K£66 million of the debt service payments in 1991, which often it borrowed externally without clearance from the treasury.

In the budget speech of the 1993/94 financial year, the Minister for Finance said that from 1986 to 1990 productivity on parastatals worsened by about 2% annually; while in the private sector it improved by 5% per annum during the same period (P.24).

The performance of the P.E's in the Kenyan economy has been found to be linked to distressed banks. Distressed banks held an estimated 85% of all parastatal deposits, due to a government directive that parastatals place their deposits in such banks and near bank intermediaries (Swamy, 1994). Ironically, it appears that loans to parastatals were the cause of the losses for the distressed banks.

Several economists have attempted to improve the evaluation of P.E's performance by developing measures for economic output of these enterprises (e.g. Jones and Sakong (1976), Nove (1973), Shepherd (1978) and Turvey (1971). Aharoni (1971) points out, however, that there is no way to arrive at a normative answer as to whether the performance of a particular enterprise is socially desirable as long as we do not have an accepted theory of the state that allows the identification of legitimate objectives and trade-off. This in turn makes accountability a difficult issue to achieve. Still, there seems to be a consensus that the special circumstances of public enterprises necessitate the designing of control systems that take into consideration the nature of ownership (e.g.

Fernades, 1979). Lack of accountability and transparency emanates from inefficiencies with these control systems.

Mong'are (1994) compared the financial performance of P.E's and privately owned firms. He found out that the P.E's performance was poor as compared to private enterprises. He found out further that the debt equity ratio was higher with P.E.'s as compared to private firms. He attributed this poor performance to manager's autonomy being compromised by undue government intervention and lack of accountability for results.

2.5 Accountability and Transparency.

Accountability has probably a Quranic origin. We have in the Holy Quran a Sura (Chapter), Al Baqara, which states that:

“...And if one of you deposits a thing on trust with another, let the trustee (faithfully) discharge his trust and let him fear his Lord. Conceal not evidence for whoever conceals it, his heart is tainted with sin. And God knoweth all that you do...”. (Holy Quran 2: 283-284).

Al Baqara emphasises the discharge of trust which is what accountability is all about. On the other hand, it warns man not to conceal evidence. Actually not concealing evidence is transparency.

In the words of Nzomo (1994):

“...It is widely known that in the context of “good governance”, the right to govern derives from consent of the governed. Thus, the governed legitimise being governed by their consent- except, of course, in the case of military rule and

dictatorship. By conceding to be governed, the governed created an obligation to the governing to account to the governed...”.

In his elaboration, Nzomo noted that Accountability is the state and circumstances of being required, obligated or expected to give an explanation (render an account). He crowned it all by defining accountability as the obligation of an employee, agent or other person to supply a satisfactory report, often periodic, of action or failure to act following delegated authority. From this definition, we note that the reporting system follows the reverse of delegated authority. Whereas, delegated authority flows from the superior to a junior, reporting starts from the junior up the ladder to the senior most man. In a democratic society this senior most man is the governed. When the reporting process finally reaches the governed, and there exists mechanisms and systems to question the results on the part of the governing, then this is a situation of transparency. In the case of financial information, it should represent a true and fare view. Hence truthfulness, fairness and justice demonstrate transparency.

Lack of accountability creates bad blood on the part of the people. Any government should therefore strive to be as accountable to her nationals as possible, hence, the watchdog committees of the House in Kenya with the responsibility of evaluating the government’s accountability to the taxpayer are very important. The state of low accountability in Kenya is probably the cause for the massive tax avoidance and open resistance by Kenyans e.g. the strike of bankers on fringe benefits tax.

Agina (1994) while presenting a public seminar had the following words to say:

“...The public sector has been characterised by mismanagement. There can be no good governance where there is no feeling of belonging and participation by the marginalised. We cannot have clashes and then tell the affected people that we are talking about good governance and accountability. They do not have a sense of belonging because they are on the move every day...”

This points at lack of transparency and accountability.

The activities of public officers are greatly affected by a high degree of political patronage. Ndegwa (1994), laments that most of the things that have broken down in our country are as a result of politicians meddling in them. The ruling party seems to paralyse the work, both at the district and the national levels. For example, the police say that a KANU person who has committed a crime cannot be arrested for fear that if the KANU network gets to hear about it, they will be admonished, suspended or even sacked. All this points at how our public officers have been given responsibilities without power and authority.

Ndegwa goes on to assert that policy formulation and decision-making within the government too suffers a great deal due to this bypassing of authority. According to him people do not seem to know precisely what their job descriptions are. People must be clear as to what their job entails; and that there will be no interference in their work from politicians. People must be able to take their responsibility because they know what their responsibility is, and because they know what the laws are. This means that the law has to be clearly understood. It has to be known that there is no law which permits anybody to break the law.

The basic requirement for good governance and accountability is to create a stable, predictable, and legitimate set of relationships between the rulers and ruled, which requires the establishment of a system in which there exists a number of institutions of countervailing powers, both public and private (Joel Barkan,1994). He continued by asserting that we therefore not only talk about checks and balances on the executive through the existence of countervailing institutions of public nature such as parliament, the judiciary, the auditor-general and the like, but perhaps even more important, the existence of strengthening of civil society.

In a seminar paper on “Governance, Accountability and Transparency” Nzomo (1994) observed that the heart of any democratic free enterprise system is accountability. According to him this must be coupled with a free press and the free flow of reliable financial information which is the most effective safeguard against abuse or incompetence. Without reliable data there is no valid way to measure performance. Evidently, the Kenyan press has a big role to play in enhancing accountability and transparency in this country.

The World Bank Report (1989: 60-61) identified governance as the crisis of the African Continent. More specifically, the Bank refers to such phenomena as the extensive personalization of power, the denial of fundamental human rights, widespread corruption, and the prevalence of unelected and unaccountable government as the main factors constituting this crisis of governance.

Trivedi (1984) noted that accountability has a link with Weber's theoretical proposition of bureaucracy. He argued that while Weber's theory relates to administrative decisions of substantive nature, there are no exceptions to the values in bureaucracy when they are translated to operational principles. This means that accountability can easily be achieved in very bureaucratic organisations. However, self-seeking bureaucrats more often than not influence and affect its leadership. Together they form a clique, monopolising power and becoming accountable to none. In actual sense if this happens, it is an elimination of bureaucracy since the Weberian theory of bureaucracy is based on democratic principles and not on dictatorial of feudal ethos.

According to Trivedi, lack of accountability arises due to;

- (i) Conspiracy arising due to money spinning activities of power components,
- (ii) the security of job that is likely to motivate a person to violate prescribed norms of accountability to get things done for or on behalf of the higher -ups,
- (iii) Lack of proper reward and punishment in public administration,
- (iv) Politicisation and great expansion of roles and functions of organisations leading to multiplicity of functionaries at different levels,
- (v) Lack of evaluation and monitoring systems,
- (vi) Political interference in individual cases.

Sethi (1983), reported that a clear-cut theory of accountability is not possible because perhaps the concept is nebulous and exists in the form of overt and covert hypotheses.

Sethi's argument was based on the fact that he was dealing with the subject at a macro-level. The first objective accountability is a kind of answerability to a person or organisation and secondly, it is equivalent to loyalty and conscious identification of a person with whom one feels responsible to; a kind of moral duty. However, at a macro-level, Sethi, advanced a theory of accountability by keeping a balance between various components utilising power at macro-level.

McKinney (1981) identified "Process accountability" which gives emphasis to the procedures and methods of operation by which assignments or objectives are carried out. He noted that Process accountability is very adaptable to democratic and pluralistic settings, because it is the product of mutually determined objectives and a process arrived at after a compromise. According to him a public good or service is delivered only after the providers and potential recipients (clients and/ or consultants) agree in advance regarding the actions, processes or steps that will be followed prior to delivery of the quality, quantity, time, manner and place of the proposed goods or services. Those responsible for providing the service are expected to perform according to agreed -upon terms and with stipulated use of resources based on specific performance standards. Likewise, recipients (participants) must agree to accept in advance specific rewards and /or costs based on an evaluation of the approximation of planned ends to attained outcomes.

To institute Process accountability McKinney recommended the following practices.

- (i) Decisions concerning public programs would be made at the lowest possible level or unit of government where the highest quality of information and sensitivity for delivery of the public service or good is found
- (ii) Resource allocation: Constraints and guidelines to be outlined with properties and specifically identified resources available in each category for distribution.
- (iii) Better-prepared proposals with preference given to those proposals that can demonstrate need, identify best quantitative or qualitative program impact indicators and the best cost -benefit ratio.
- (iv) Provision of technical, advisory and research services in proposal preparation
- (v) Research and development to generate right information and performance qualities
- (vi) Phase - In implementation of projects. These recommendations seem to have been applied in Kenya but with minimal emphasis.

2.6. Accountability and Transparency in Kenya

Sethi (1983) asserts that :

“... The general decline in accountability in Indian administration can be traced in integrity and efficiency of the elected political power elite who coalesce with senior bureaucrats at the appropriate level in power hierarchy. Macro Power balance is necessary though not a sufficient condition for achieving bureaucratic accountability...”.

Since Kenya is a country of many ethnic groups at micro-level operating on specific and general hierarchical principles, the problems of keeping power components at macro-level in the bureaucratic set-up of the society are hard to surmount. The latent social

forces heavily impinge upon manifest structural relationships of the components of power who are forced to seek adjustments at various levels in the social cultural system. Here, it is difficult to maintain the balance of power that becomes reshuffled in the process of redistribution of the same (from public election to election) at local and national levels. Individuals and small groups in the society also play significant role in corrupting the power elites. The situation is worse here in Kenya where the over-concentration of powers by the office of the executive has affected the appointment of public servants who are accounting officers and yet have no knowledge of financial accounting in general and government accounting in particular (Ngome, 1998).

2.6.1. The Controller and Auditor-General.

The office of the Controller and Auditor-General is established under section 105 of the Constitution of Kenya. The section provides that:-

- 1) There shall be a Controller and Auditor-General whose office shall be an office in public service.
- 2) It shall be the duty of the Controller and Auditor-General:-
 - a) to satisfy himself that any proposed withdrawal from the consolidated fund is authorised by law, and, if so satisfied, to approve such withdrawal,
 - b) to satisfy himself that all monies that have been appropriated by Parliament and disbursed have been applied to the purposes to which they were so appropriated and that the expenditure conforms the authority that governs it; and
 - c) at least once in every year to audit and report on the public accounts of the Government of Kenya, the accounts of all officers and authorities of that Government, the accounts of all courts in Kenya (other than courts no part of the expenses of which are defrayed directly out of monies provided by Parliament), the accounts of every Commission established by this Constitution and the accounts of the Clerk of the National Assembly..”.

Sub-section (4) of the same section, provides that:

“The Controller and Auditor-General shall submit every report made by him in pursuance of subsection (2) to the Minister for the time responsible for finance who shall, not later than seven days after National Assembly first meets after he has received the report, lay it before the assembly.”

This sub-section shows the reporting relationship between the office of the C-A.G and the Honourable House. The duties of the C-A.G are well elaborated in CAP. 412 which provides that:-

“The Controller and Auditor-General shall, on behalf of the National Assembly, examine, inquire into and audit the accounts of all accounting officers and receivers of revenue of all persons entrusted with the collection, receipt, custody, issue, sale, transfer or delivery of any stamps, securities, stores or other government property”.

This chapter was amended in 1985 to make a provision for the appointment of Auditor-General (Corporations) to enhance accountability and transparency in the public enterprises (Parastatals).

The C-A.G in executing his duties is not subject to direction and control by any other person or authority. However, complaints have been made in certain quotas of the public that the office is a feeble institution lacking the desired independence.

To strengthen the controlling function section 99 of the Constitution requires that:-

“all revenues or other monies raised or received for the purposes of the government of Kenya shall be paid into and form a consolidated fund from which no monies shall be withdrawn except as may be authorised by the Constitution or by an Act of Parliament(including an Appropriations Act) or by a vote on account passed by the National Assembly...”.

The section continues further to provide that:

“Parliament may prescribe the manner in which withdrawals may be made from the consolidated fund or any other fund of Government of Kenya...”.

A major significant disadvantage with the system is where the auditors make queries but the report comes out two years later, thus, destroying the quality of evidence.

3.0. RESEARCH DESIGN.

3.1. Introduction.

A descriptive research design was used in the current study. The primary purpose of the study as earlier stated in the objectives was; (i) to determine the work of PAC and PIC; (ii) to determine what PAC and PIC have done; (iii) to assess the potential effect of the standing order changes on the functioning of the PAC and PIC in ensuring accountability and transparency in Kenya; (iv) to identify the problems that have hampered the activities of the PAC and PIC in ensuring accountability and transparency in Kenya.

3.2. The Population.

The population of the current study consisted of the Kenyan citizens, foreign countries having some interest in Kenya and Non-Governmental Organisations operating in Kenya. As at October 1996, the Kenyan population stood at 26 million (Monthly Economic Review, October 1996:8). With a population growth rate of just below 4% the population is currently estimated at 29 million (Kenya Times, Thursday, March 19, 1998:BW 3). As for the 1997 general election about 5,519,112 Kenyans voted for various candidates (Economic Review, January 5-11, 1998:14-21). As of 1996 there were 98 Diplomatic corps in Kenya (Directory of Diplomatic Corps and International Organisations, 1996:27-30). The situation has not changed much to affect results. For the NGOs, the figure stood at 672 as at September 1996 (Directory of Non-Governmental Organisations, 1996).

3.3. Sample Selection Procedure.

A sample of all political parties as representatives of the people, Non-Governmental Organisations and Foreign embassies was selected using disproportionate stratified sampling procedure. The basis of stratification was the nature of the subjects. On this basis, the researcher had three strata: political parties(registered), foreign embassies and Non-Governmental Organisations(published).

From the list of 31 political parties(see appendix 3), a sample size of 10 political parties was selected for having secured seats in parliament(see Appendix 4). A random sample of 10 units each for both foreign embassies and NGOs was selected. In total there were 30 units, 10 units for each stratum. One official for each unit was to be interviewed, thus forming the subjects of the study, totalling 30. However, due to the time constraint the personal interview method was dropped and the drop-and-pick later method of questionnaire administration adopted except for one respondent who had the time for a personal interview.

Since the study involves the exploration of attitudes it was the researcher's belief that any NGO or foreign embassy could respond, hence, the use of a random sampling procedure.

3.4. Data Collection Method.

The pertinent data for this study were collected from three categories of respondents (political parties, foreign embassies and NGOs) using a structured questionnaire. The original set of questionnaire was developed from a review of the available literature. This

was discussed with a number of other researchers. Modifications were made on the basis of these discussions, other discussions with the supervisors and a preliminary study. The modified questionnaire was used to collect data(Appendix 2).

Furthermore, Secondary data were also analysed to answer the first two questions raised in the definition of the problem. These questions also formed the first two objectives of this study. The secondary data was largely drawn from the C.G.D's policy brief (August,1998) and the Controller and Auditor-General's reports.

3.5 Data Analysis.

Simple Descriptive Statistics were used in the analyses of the data obtained. Both primary and secondary data were subjected to rigorous statistical analyses to extract the right information.

These statistics include proportions, percentages and means. Various tables have also been displayed to give behaviours of respondents. Since the study is descriptive in nature, the researcher found this appropriate.

CHAPTER FOUR

4.0. DATA ANALYSIS AND FINDINGS

4.1.0 Introduction

This chapter displays analyses of the gathered data for the study . Summary statistics are displayed together with various information tables.

Two types of data are analysed in this study. One type consisted of the quarries by the Controller and Auditor-General obtained from the annual reports of his Office, and summarised data contained in C.G.D's policy brief. This data was secondary and historical in nature. The second type was primary in nature and consisted of the data collected using the questionnaires administered to political parties, foreign missions and Non-Governmental Organisations (NGO's). The data is analysed under two main headings i.e.

- Analysis of the controller and Auditor-general's reports and C.G.D's policy brief. Due to the inadequacy of time and other resource constraints two reports were dealt with at length. These reports were for the 1993/94 and 1995/96 financial years. A similar approach like that used by Centre for Governance and Development (CGD) (June 1998) was used in the classification of items. In the researchers opinion this approach was seen to be simple and comprehensive.
- Analyses of Primary data: Under this heading tables are shown on the behaviour of respondents on per question basis.

4.2.0 Analysis of the Controller and Auditor - General's reports.

4.2.1 A summary of public spending queried by the Auditor in 1993/94 financial year.

Various items queried by the Controller and Auditor - General were classified into various waste categories for easy comparability.

These categories include Unsupported expenditures, Unconstitutional expenditure, Goods / services not delivered, Sums withheld from Exchequer, Sums owed by the Central government to local authorities, Unpaid bills, Imprests, Irregular transactions, Over-payment to Electoral Commission (Over-invoicing), Under-collection / Evasion of duty, Wasteful expenditure, Goods released from bonded warehouses, Stalled projects and Arrears / uncollected debts.

Table 1: 1993 /94 Financial year(Ksh.)

Unsupported Expenditure	1,830,000,000
Unconstitutional Expenditure	14,700,000,000
Goods / services not delivered	230,000,000
Sums owed by central govt to local authorities	464,000,000
Sums withheld from Exchequer	5,724,000,000
Unpaid bills	3,792,000,000
Imprests	45,000,000,
Irregular Transaction	370,000,000
Over - payments to Electoral Commission	38,000,000
Under - collection / Evasion	2,717,000,000
Wasteful Expenditure	230,000,000

Goods released from bonded warehouses	159,000,000
Stalled projects	1,826,000,000
Areas / uncollected debts	3,570,000,000
TOTAL	35,695,000,000

The government had a deficit of Ksh. 18.16 billion at the end of 1992/93 financial year which hiked to a deficit of Ksh.29.30 billion in the 1993 / 94 financial year. In total the quarried

amount by the C.A-G for the 1993 /94 financial year stood at Ksh.35,695,000,000.

In the category of Unsupported expenditure, the Controller and Auditor-General questioned Ksh., 1,830,000,000 (Ksh. 1.83billion). This constituted large payments made by the government without supporting documents. This was a clear violation of the accounting procedures as depicted by the accounting cycle.

In the area of Unauthorised and plainly Unconstitutional expenditure, the Auditor questioned a glaringly Ksh. 14,700,000,000 (Ksh.14.7 billion). This constituted of payments made in excess of the amounts actually approved by parliament.

1993/94 financial year also saw a total of Ksh. 230,000,000 (Ksh.0.23 billion) for goods and services not delivered. However, this figure also includes allowances paid irregularly.

The Central government owed a total of Ksh.464,000,000 (Ksh.0.464billion) to local authorities.

Sums withheld from Exchequer totalled Ksh. 5,724,000,000 (Ksh.5.724 billion) by the end of 1993/94 financial year. This constituted amounts collected but not surrendered to government.

Unpaid bills totalled Ksh. 3,792,000,000 (Ksh.3.792 billion). These unpaid bills led to understatement of official spending by government departments and ministries.

Imprests amounted to Ksh. 45,000,000. This reflected a deficiency in checking the excesses of government officials. Such amounts were not accounted for in the year under review.

In other instances irregular transactions totalled Ksh. 370,000,000 (Ksh.0.37 billion). These irregular transactions included irregularities in bidding procedures, tenders irregularly awarded and unusual payment procedures. This was in total violation of the elaborate tendering and payment procedures characterising government bureaucracies.

A total of Ksh.38,000,000 Unauthorised expenditure was paid to the Commissioners, Electoral Commission of Kenya, in total violation of the Constitutional offices Remuneration Act. This included daily sitting allowances even for public holidays and Sundays which was an over - payment.

Major financial leakages were also quarried in Under - collection of duty and evasion of duty which costed the public a total of Ksh. 2,717,000,000 (Ksh.2.717 billion). This reflected inefficiencies in revenue collection and open discrimination favouring the so called "Sacred cows".

Under the category of Wasteful expenditure the public lost a total of Ksh.230,000,000. This amount consisted of a range of unnecessary projects and schemes.

The category of Goods released from bonded warehouse indicated a total of Ksh.159,000,000. This meant that goods on transit or for re-export were moved from customs bonded warehouses and dumped in the local market occasioning the loss of revenue for government and undermining local industry.

In other instances Stalled and abandoned projects accounted for Ksh.1.826 billion (Ksh.1,826,000,000 million). Ideally, these projects are not started with their completion in mind but as a way of accessing public funds by corrupt individuals. In some circumstances these projects were simply implemented without proper planning.

Huge arrears of rates and debts which resulted in shortfalls in public funds totalled Ksh.3,570,000,000 (Ksh. 3.57 billion) for the year 1993/94.

4.2.2. A Summary of Public Spending quarried by the Auditor for 1995/96 financial year.

Table. 2: 1995 / 96 Financial year(Ksh.)

Unsupported Expenditure	12,599,137,771.
Unconstitutional Expenditure	15,183,909,029.
Goods /Services not delivered	271,253,807
Diversion of public funds to private use	13,097,199
Private Debts taken over by government	1,540,000,000
Sums withheld from exchequer	1,048,306,148
Unpaid bills	3,626,711,600
Imprests	99,992,623
Irregular transactions	7,690,802,951
Over invoicing	230,653,580
Under - collection / evasion of duty	4,729,243,296
Wasteful expenditure	9,898,042,188
Outstanding loans	34,423,088,147
Stalled projects	1,961,481,589
Arrears /Uncollected debts	13,211,284,120

TOTAL	107,560,652,782
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The government had a deficit of Ksh.9.93 billion in the 1994/95 financial year. This however, fell to Ksh.4.31 billion in the 1995/96 financial year. It stood at Ksh.22.87 billion for the 1996/97 financial year. In total the queried amount by the C& A.G for the 1995/96 financial year stood at Ksh.107,560,652,782.

In the category of Unsupported expenditure, a total of Ksh.12,599,137,771 may have been lost. The Unsupported expenditure consists of large payments without supporting documents, again a clear violation of the accounting procedures as depicted by the accounting cycle.

Sums Unauthorised and plainly Unconstitutionally expended totalled Ksh. 15,183,909,029 (Ksh15.184 billion). Payments under this category included monies paid out in excess of the amounts actually approved by Parliament.

Payments totalling Ksh.271,253,807 were forked out for goods and services that were never delivered. As pointed out earlier for the 1993 /94 financial year this amount included field allowances paid irregularly.

Diversion of public funds to private use totalled Ksh.13,097,199 for the 1995 /96 financial year. This reflects the extent to which government accounting officers neglect their custodial role for public funds held in their trust.

In the category of Private debts taken over by the government, the C&A.G queried Ksh.1,540,000,000 (Ksh.1.54 billion). This amount was expended as a result of the government assuming responsibility for private debts.

A total of Ksh.1,048,306,148 as Sums withheld from Exchequer was also lost in 1995 / 96 financial year. This consisted of revenue collected by government departments and ministries that had not been accounted for.

Another area queried by the C&A-G is Unpaid bills. This consisted of unpaid bills owed by many government departments and ministries which led to understatement of official spending. These amounted to Ksh.3,626,711,600. Ordinarily, under accrual based accounting this amount should have been reflected as part of the expenditure for the year.

There were in addition huge amounts of imprests not accounted for in the year under review. A total of Ksh.99.9 million had been lost this way. In most of the ministries the bulk of the outstanding imprests are due from senior officers and ministers.

In the category of Irregular transactions the C&A.G queried a total of Ksh.7.690,802,951 (Ksh7.69 billion). These transactions included irregularities in bidding procedures, tenders irregularly awarded and unusual payment procedures.

The category of Over- invoicing was marked by irregular award of tenders to bidders, hiking of contracts and over payment. This was wasteful as in many instances the purchases surpassed the required quantities. It consumed public funds to the tune of Ksh.230,653,580.

Under - collection / Evasion of duty was in the tune of Ksh.4,729,243,296 for the 1995/96 financial year. This negatively affected the revenue collected during the year which stood at only Ksh.144.22 billion.

Under the category of Wasteful expenditure, the C&A.G queries a total of Ksh.9,898,042,188 (Ksh.9.9 billion). This constituted a range of unnecessary projects and schemes, including the building of a bus park at Kinango which was rejected by the council users, and the installation of computers for the processing of national identity

cards, where a compensation payment of Ksh.656.3 million was paid to the contractor when the contract was cancelled.

Outstanding loans queried by the C&A.G for the 1995/96 report amounted to Ksh.34,423,088,147 (Ksh.34.4 billion). This constituted of loans issued through the Ministry of finance over the years to various government ministries and departments but which were outstanding during the period under review.

Stalled projects for the year under review reached the tune of Ksh. 1,961,481,589 (Ksh.2 billion). This consisted of the stalled and abandoned projects. These projects were meant for diverse policy objectives and were mainly development oriented. However, the objectives were not met and worse still the projects were not completed. In fact some of the projects were abandoned when they were not far from completion.

Huge arrears of rates and debts which resulted in shortfalls in public funds totalled Ksh.13,211,284,120. This consisted of money loaned to companies.

4.2.3. Comparison between 1993/94 and 1995/96 financial years.

Table 3: Percentage increases / decreases of queried amounts by categories between 1993/94 and 1995/96 financial years

Item	1993 /94	1995 /96	%
Unsupported expenditure	1,830,000,000	12,599,137,771	600
Unconstitutional expenditure	14,700,000,000	15,183,909,029	3.3
Goods / services not delivered	230,000,000	271,253,807	17.8
Diversion of public funds to private use	-	13,097,199	*
Private debts taken over by government	-	1,540,000,000	*
Sums withheld from Exchequer	5,724,000,000	1,048,306,148	(82.5)
Unpaid bills	3,792,000,000	3,626,711,600	(4.4)
Imprests	45,000,000	99,992,623	122.2
Irregular transactions	370,000,000	7,690,802,951	1978.6
Over – invoicing	38,000,000	230,653,580	507.9

Under - collection / Evasion	2,717,000,000	4,729,243,296	74.05
Outstanding loans	-	34,423,088,147	*
Stalled projects	1,826,000,000	1,961,481,589	7.39
Arrears / uncollected debts	3,570,000,000	13,211,284,120	270.06
Wasteful Expenditure	230,000,000	9,898,042,188	4203.48
Sums owed by central gov't to local authorities	464,000,000	-	*
Goods released from the bonded warehouses	159,000,000	-	*
Total	35,695,000,000	107,560,652,782	201.33

* Items could not be matched.

Over all the amount queried by the Controller and Auditor -General for the 1995 /96 financial year is higher by about 201.33% than the amount queried in 1993 / 94 financial year. The percentage increase on items being queried by the Controller and Auditor-General ranged from 3.3% to 4203.48% for the three year period with only two items showing some decrease.

On average, there was an increase on the queried amount of between 1.1% and 1401% per year for the period under review. The items showing some improvement are:

- (I) Sums withheld from Exchequer and,
- (II) Unpaid bills.

The items showing no improvement and with a deteriorating situation of over 100% include Wasteful Expenditure, Irregular transactions, Unsupported expenditure, Over-invoicing, Arrears / Uncollected debts and Imprests. Out of all these items, Wasteful expenditure and Irregular transactions had a rate of over 1500% change for the period while Unsupported expenditure and Over -invoicing were trailing with 600% and 505.26% respectively.

The items queried for the period with a deteriorating rate of less than 100% include Unconstitutional expenditure, Stalled projects, Goods / services not delivered and Under-collection / Evasion of duty. Among this major category Under-collection / Evasion is

leading while Unconstitutional expenditure is trailing. However, Unconstitutional expenditure and Unsupported expenditures are leading in terms of aggregates with Unconstitutional expenditure leading over all.

4.3.0 Analyses of Primary data

4.3.1. Public awareness on the Standing Order changes.

The data collected from the field was analysed using tables. Table 4 shows that there is some good level of public awareness regarding the changes on the standing orders

Table 4. Public Awareness on the Standing order changes.

Opinion	Number of Respondents	Percentage of Respondents
YES	22	91.67
NO	2	8.33
TOTAL	24	100

Out of the 24 respondents, 22 showed awareness on the existence of the changes made on the standing orders that affected the operations of Public Accounts Committee (PAC) and Public Investments Committee (PIC).

This represented a 91.67% awareness against only 8.33% for those who were not aware at all.

4.3.2. PAC and the Standing Order changes.

Table 5: Effect of standing order changes on functions of PAC.

Function	Opinion by respondents.										Total	
	1	%	2	%	3	%	4	%	5	%		%
(i)	18	75	4	16.67	2	8.33	0	0	0	0	24	100
(ii)	18	75	4	16.67	2	8.33	0	0	0	0	24	100
(iii)	18	75	4	16.67	2	8.33	0	0	0	0	24	100

There was a uniform response by the respondents to the functions of PAC as regards to how they were affected by the changes on the standing orders. Out of the 24 respondents, 18 showed that the committee is very negatively affected, 4 were of the opinion that the committee is negatively affected while one showed some indifference. For the very negatively affected opinion, it was represented by 75% while negatively affected had only 16.67%. Cumulatively both very negatively affected and negatively affected were represented by 91.67% of the respondents. Thus, this percentage represents a significant negative opinion. The 2 respondents representing 8.33% of the respondents who showed indifference could have heard of the changes but not into details. This category could also be among those who were not aware.

4.3.3. PIC and the Standing Order changes.

Table 6: Effects of Standing Order changes on function of PIC.

Opinion by respondents.

Function											Total	
	1	%	2	%	3	%	4	%	5	%		%
(i)	18	75	4	16.67	2	8.33	0	0	0	0	24	100
(ii)	18	75	4	16.67	2	8.33	0	0	0	0	24	100
(iii)	18	75	4	16.67	2	8.33	0	0	0	0	24	100
(iv)	18	75	4	16.67	2	8.33	0	0	0	0	24	100

The response by the respondents towards the effect of the Standing Order changes on the functions of PIC was similar to that of the functions of PAC. 18 respondents were of the opinion that the functions were very negatively affected out of a total of 24 respondents. However, only 2 respondents were indifferent. As pointed out earlier in the preceding table this either represents those who were not aware or had heard of the changes without knowing their relevance.

4.3.4. Problems affecting PAC and PIC.

Table 7: Problems affecting the committees (PAC) and (PIC).

Opinion	YES		NO	
	No.	%	No.	%
(i)	8	33.33	16	66.67
(ii)	0	0	24	100
(iii)	12	50	12	50
(iv)	20	83.33	4	16.67
(v)	23	95.83	1	4.17
(vi)	12	50	12	50
(vii)	6	25	18	75
(viii)	18	75	6	25
(ix)	20	83.33	4	16.67

From the table, problem (v) is leading with a score of 95.83%, followed by (iv) and (ix) with 83.33% each and (viii) with 75%. The respondents seem to be indifferent on problems (iii) and (vi) with 50% both for and against. (ii), (vii) and (I) seem not to be problems according to the respondents with scores of 100%, 75% and 66.67%, respectively.

According to the respondents therefore, the major problems that have hampered the functioning of PAC and PIC are the following; lack of support from the government, ambiguous laws such as the Anti-Corruption Act and Executive interference on cases investigated by the two committees of the House. However, illiteracy of committee members seems not to be a problem affecting the committees. Also refusal by Executives

of public institutions to appear before the committees and corrupt members of the committees seem not to be emanate problems. The respondents only show some indifference on illiteracy of government accounting officers and poor control structures in public institutions.

4.3.5. Reliability of the Controller and Auditor- General's Reports.

Table. 8: Reliability of the controller and Auditor - General's Reports.

Opinion	Number of Respondents	Percentage of Respondents
Very reliable	10	41.67
Reliable	6	25
Not very reliable	4	16.67
Not reliable	2	8.33
Don't know	2	8.33
TOTAL	24	100

Out of a total of 24 respondents, 10 were of the opinion that the Controller and Auditor - General's reports are very reliable, 6 were of the opinion that the reports are reliable, 4 for not reliable, 2 for not reliable at all and 2 for Don't know. In proportions, those who were for very reliable were 41.67%, 25% for reliable, 16.67% for not very reliable, 8.33% for not reliable at all and 8.33% for don't know. Cumulatively, 66.67% of the respondents showed that the reports were reliable as opposed to only 25% who felt that the reports were not reliable. Only 8.33% indicated that they were either indifferent or did not know what opinion to put i.e. for or against.

4.3.6. Standing Order changes and their effect on PAC and PIC.

Table. 9: Effectiveness of PAC and PIC after Standing Order Changes

Opinion	Number of Respondents	Percentage of Respondents
Very effective	0	0
Effective	0	0
Not very effective	7	29.17
Not effective at all	14	58.33
Don't know	3	12.50
	24	100

An examination of the respondents' views shows that 58.33% are of the opinion that the changes on the standing orders made the PAC and PIC not to be effective at all, 29.17% believe that the committees will not be very effective, while 12.50% don't know the effect the changes will have on the functioning of PAC and PIC. However, none of the respondents is of the opinion that the committee could be very effective or effective.

On a cumulative basis at least 87.5% of the respondents show that the two committees of the Eighth Parliament will not be effective.

CHAPTER FIVE

5.0 SUMMARY, CONCLUSIONS AND POLICY RECOMMENDATIONS.

5.1. SUMMARY.

The main objectives of this study were (1) to determine what PAC and PIC are supposed to do, (2) to establish what they have done, (3) to assess the potential effect of the Standing Order changes on the functioning of the PAC and PIC in ensuring National accountability and transparency in Kenya, and (4) to identify the problems that have happened the activities of the PAC and PIC in promoting National accountability and transparency in Kenya. These objectives were satisfied by collecting and analyzing both primary and secondary data. For secondary data heavy reliance was on the reports of the Controller and Auditor-general's reports and the C.G.D's policy brief, while primary data was collected using a questionnaire.

A total of 60 subjects were first targeted. This was meant to be arrived at by interviewing two senior officers of each organisation. However, this could not be feasible because of some resource constraints. Furthermore, the drop and pick later method of questionnaire administration was used instead of the personal interviews earlier intended in some instances. The questionnaire had mainly structured questions. The data collected were analysed using summary statistics, particularly tables and percentages/proportions. The summary statistics were also used to analyse secondary data. The conclusions based on the findings and their policy recommendations are discussed in the subsequent headings.

5.2 CONCLUSIONS.

The results of this study are not very encouraging because there is still some laxity on the part of the government in beefing up controls to enhance accountability and transparency. It was established that the Public Accounts Committee (PAC) is meant to examine the accounts of the government as voted by the House and also, ensure that public funds are administered with due economy and for purposes approved by parliament.

Thus, the PAC undertakes a controlling function of management as an organ of the House. However, in performing this function heavy reliance is on the Controller and Auditor-general's reports, which are known to contain reliable information. Further, Public Investments Committee (PIC) examines the accounts of government investments, the reports of the Auditors-General (corporations) and the autonomy and efficiency of public investments. As established, PIC with a controlling function on parastatals ensures that they are managed in accordance with sound business principles and prudent commercial practices.

It was found out in the study that despite the important role of the two committees of the House nothing much has been done. The analyses of the Controller and Auditor-General's reports revealed a decline in accountability as more and more amounts were queried every year. Thus, PAC and PIC's performance seem to be below the expectations of Kenyans. With minimal powers the committees seem to be organisations of putting recommendations that are never taken seriously. Furthermore, the changes on the

Standing Orders made towards the end of 1997 seem to have impaired these two committees even further. In fact, the committees are seen not to be effective at all.

Consequently, the National accountability and transparency of this country was seen to be declining even further.

The study further identified a number of problems, which to a great extent have been hindering the operations of Public Accounts Committee (PAC), and Public Investments Committee (PIC). The problems included lack of support from the government, ambiguous laws, executive interference and bribery to some committee members. The implication of all these problems is that the government lacks the political will to stamp out malpractices. On the part of ambiguous laws the explorations point out that there are numerous loopholes in our legal system. In some instances, the law does not define what it purports to safeguard. It was established for example, that the Anti-corruption Act does not define corruption.

Certain instances were also mentioned where the Public Accounts Committee was blocked from carrying out its investigations on certain sites. This pointed at executive interference. In some cases committee members are compromised by corrupt individuals from either in the public sector or the private sector. This affects to a great extent the voting pattern since some of the compromised members do not vote on the basis of facts but based on how much they have carried home. This problem is compounded by members of political parties voting as a block. Thus, the litany of accountability failures remains an accurate description of the current reality in Kenya's public sector. Obviously,

there are a number of reasons for the failure of the government to act effectively on the recommendations of PAC and PIC based on the qualified Auditors' opinion, but it is fair to conclude that the grave weakness is lack of political will and sheer neglect of accounting procedures.

5.3 POLICY RECOMMENDATIONS

The findings of this study have several potential useful implications for the Kenyan economy in general. The recommendations put forward are the following:

- (i) The government should first of all be dedicated to the on going legal reforms to ensure that there are no loopholes to render the law ambiguous. Further, the reforms should seal off the avenues used by government officials to engage in malpractices and strengthen reprimanding systems. This should go a long way in enhancing improved procedures and systems in public sector institutions. The low accountability crisis that confronts Kenya now is profound than ever before. It leaves no room for complacency and little time for procedures and systems re-engineering, and vacillation over hard policy decisions.
- (2) The office of the Controller and Auditor-General should be strengthened further to include instantaneous reporting to the committees to avoid giving time to culprits to tamper with evidence. This could also include giving the Office the power to Litigation.

- (3) The two committees of the House i.e. PAC and PIC should be handed over to the opposition to enable them function without interference. The immediate action is a reversal of the Standing Orders to give the opposition a majority membership or even make the committees exclusively for the opposition.
- (4) The government should strengthen the existing accountability structures in public institutions and avoid giving protection to officials required to explain some accountability issues.

5.4 LIMITATIONS OF THE STUDY.

This study is not without limitations and its findings should be viewed in light of these limitations.

Resource constraints were a major limitation of this study. For instance it was not possible to extend the research to cover more organisations and individuals. Furthermore, the personal interview, which was to be used as a method of data collection, was dropped at the last minute due to time constraints.

It was also not possible to take a large sample of each group of respondents or analyse more reports because of time and financial constraints. This was compounded by the August 7 bombing in Nairobi which interfered with the researcher's access to some of the resource centres.

Empirical literature on this area of accountability and transparency is very scarce and hence the researcher had to rely more on theoretical and articles in periodicals.

Also the sample did not constitute at least 10% of the population. However, this was taken care by the fact that the political parties chosen have representation in Parliament and hence represents the views of the population.

5.5 SUGGESTIONS FOR FUTHER RESEARCH.

Future studies should try to resolve the limitations cited above. That is the organizations and individuals to be interviewed to incorporate more views of the population. Also more reports should be analyzed to establish the trend in declining accountability.

Further research study should also aim at covering at least 10% of the population to be sure that there is good representation. This should be enhanced by a good sampling procedure.

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USA

DECLARATION

I, the undersigned, hereby certify that the information contained in this report is true and correct to the best of my knowledge and belief, and that I am a member of the staff of the International Monetary Fund. I am not aware of any conflict of interest that may arise from my participation in the preparation of this report. I have not received any financial or other benefits from any source other than the International Monetary Fund in connection with the preparation of this report. I have not provided any confidential information to any other person in connection with the preparation of this report. I have not provided any confidential information to any other person in connection with the preparation of this report. I have not provided any confidential information to any other person in connection with the preparation of this report.

Your Faithful Servant

IMF
AIA STATEMENT

APPENDIX: (i)

UNIVERSITY OF NAIROBI,
FACULTY OF COMMERCE,
MBA - PROGRAMME,
P.O. BOX 30197
NAIROBI.

PRE - AMBULAR STATEMENT.

Dear Sir / Madam,

I am a graduate student in the faculty of commerce, university of Nairobi. I am currently engaged in a research on “ The potential impact of public Accounts Committee and Public

Investments Committee under the new changes on the Standing Orders” as a partial fulfilment for the requirement of the degree of master of Business and Administration (MBA), university of Nairobi.

Your organisation has therefore been selected to form part of this study. To this end ,I kindly request your assistance in completing the questionnaire and providing any other relevant information necessary to this study.

The information and data provided will be used for academic purposes only and will be treated in strict confidence. A copy of the research project will be made available to your organisation upon request.

Your co-operation will be highly appreciated.

Thank you,

Yours Faithfully,

MOHAMMED NGOME MWACHITI
MBA II STUDENT.

SUPERVISOR:
J.L. BARAZA.

QUESTIONNAIRE TO BE FILLED BY THE RESPONDENT.

CONTACT ADDRESS:

(OPTIONAL)

1) Are you aware of the new changes on the standing orders governing public Accounts Committee (PAC) and Public Investments Committee (PIC)? (AS AT NOVEMBER 10, 1997) Yes..... No.....

If your answer is no, then go to 3 - 6.

2) What extent have the following functions of PAC and PIC been affected by the new changes?

(Please circle as appropriate)

Example: 1 2 (3) 4 5

KEY

- 1 Very negatively affected
- 2 Negatively affected
- 3 neither negatively affected nor positively affected
- 4 Positively affected
- 5 Very positively affected

a) PAC

(i) Examination of the accounts showing the sum voted by the house to meet public expenditure

1 2 3 4 5.

(ii) Examination of such other accounts showing the sum voted by the House as the committee may think fit

1 2 3 4 5.

(iii) Ensuring that the public funds are administered with due economy and for the purposes approved by the parliament

1 2 3 4 5.

(iv) Others (Please specify)

..... 1 2 3 4 5

..... 1 2 3 4 5

..... 1 2 3 4 5

(b) PIC

(i) To examine the reports and accounts of the investments 1 2 3 4 5

(ii) To examine the reports, if any of the Auditor -General (Corporations) on the public investments.

1 2 3 4 5

(iii) To examine in the context of the autonomy and efficiency of the public investments, whether they are being managed in accordance with sound business principles and prudent commercial practices

1 2 3 4 5

(iv) Others (Please specify)

..... 1 2 3 4 5

..... 1 2 3 4 5

..... 1 2 3 4 5

3) State whether the following problems have affected the operations of Public Accounts Committee and Public Investments Committee. (Please put a tick) .

(i) Corrupt committee members Yes No

Explain.....

.....

(ii) Illiteracy of the committee members Yes No

Explain.....

.....

(iii) Illiteracy of government accounting officers Yes No

Explain.....

.....

(iv) Ambiguous laws e.g. Anti-corruption Act Yes No

Explain.....

.....

(v) Lack of support from the government Yes No

Explain.....

.....
(vi) Poor structure in Public Institutions Yes No

Explain.....

(vii) Refusal by the Executives of public institutions to appear before the committees

Yes No

.....

Explain.....

.....

(viii) Executive interference on cases being investigated by the committees.

Yes No

.....

Explain.....

.....

(ix) Bribes to the committee members by the government.

Yes No

.....

Explain.....

.....

(x)Others (Please specify and explain)

.....
.....
.....
.....
.....
.....
.....

4) How reliable is the information contained in the Controller and the Auditor - General's report?

(Please tick one

Very reliable..... Reliable..... Not very reliable..... Not reliable at all.....

Don't know.....

Explain your answer.....

5) How effective do you think PAC and PIC will be, after the changes on the standing orders.

Very effective..... Effective..... Not very effective.....

Not effective at all..... Don't know.....

Thank you very much for your co-operation.

Mohammed N. Mwachiti.

APPENDIX III

POLITICAL PARTIES IN KENYA AS AT JANUARY 7, 1998.

1. Kenya Africa National Union (KANU)
2. Forum for the Restoration of Democracy (Ford-Kenya).
3. Forum for the Restoration of Democracy (Ford-Asili).
4. Forum for the Restoration of Democracy (Ford-people).
5. Democratic Party of Kenya (DP)
6. Kenya National Democratic Alliance (KENDA)
7. Party of Independent candidates of Kenya (PICK)
8. Labour Party Democracy (LPD).
9. National Development Party of Kenya (NDP)
10. Kenya Social Congress (KNC).
11. Kenya National Congress (KNC).
12. UMMA - Patriotic Party of Kenya (UMMA).
13. Peoples Party of Kenya (PPK).
14. Kenya National Peoples Democratic Party (KNPDP)
15. New People Democratic Party (NPDP).
16. Democratic Assistance Party (DAP)
17. Kenya Socialist Party of Kenya (KSP)
18. United Patriotic Party of Kenya (UPPK)
19. Federal Party of Kenya (FPK)
20. Green Africa Party (GAP)
21. Social Democratic Party of Kenya (SDPK)
22. Liberal Party of Kenya (LPK)
23. Reform of Political and Kenya union (RPKU)
24. SAFINA
25. Reform of Political and Kenya union (RPKU)
26. Shirikisho Party of Kenya (SPK)

- 27. Economic Independence Party (EIP)
- 28. Kenya Republican Reformation Party (KRRP)
- 29. The People's Solidarity Union of Kenya (PSUK)
- 30. Labour Party of Kenya (PLK)
- 31. National Democratic Independent Union (UDIU)

Party Name	Registration Number	Registration Date	Registration Status
Economic Independence Party (EIP)	1001	1992	Active
Kenya Republican Reformation Party (KRRP)	1002	1992	Active
The People's Solidarity Union of Kenya (PSUK)	1003	1992	Active
Labour Party of Kenya (PLK)	1004	1992	Active
National Democratic Independent Union (UDIU)	1005	1992	Active

Source: Department of the Registrar - General.

Appendix (IV)

The Eighth Parliament

Party	<u>Elected</u>	<u>Nominated</u>	<u>Total</u>	<u>Proportion</u> %
KANU	107	6	113	50.9
DP	39	2	41	18.5
NDP	21	1	22	9.9
FORD - K	16	1	17	7.7
SDP	15	1	16	7.2
SAFINA	5	1	6	2.7
FORD - P	3	0	3	1.4
FORD - A	2	0	2	0.9
KSC	1	0	1	0.5
SPK	1	0	1	0.5
TOTAL	210	12	222	

Source: Elected members – The Economic Review, The Authoritative weekly magazine, January 12 – 18, 1998, pp. 34 – 35

Nominated members – The Economic Review, The Authoritative weekly Magazine, January 19 – 25, 1998, pg. 25.



**UNIVERSITY OF NAIROBI
FACULTY OF COMMERCE
DEPARTMENT OF ACCOUNTING**

Telephone 732160 Ext. 204
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

24th March, 1998.

TO WHOM IT MAY CONCERN

MR. MOHAMMED NGOME MWACHITI is our student pursuing a course leading to the Degree of Master of Business and Administration. (MBA).

He intends to do a research on "THE IMPACT OF PAC AND PIC ON ACCOUNTABILITY AND TRANSPARENCY UNDER THE NEW CHANGES ON THE STANDING ORDERS".

Specifically, the following sources of information will be helpful:-

- PAC and PIC reports,
- Standing Orders governing PAC and PIC,
- Hansard reports,
- Sessional papers,
- Controller and Auditor-General's reports.
- Other publications touching on the same subject,

Any assistance accorded to him will be highly appreciated.



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APPENDIX A



REPUBLIC OF KENYA

NATIONAL ASSEMBLY

STANDING ORDERS

As amended up to and including
November 10, 1997.
Being the date of
dissolution of the
Seventh Parliament
of Kenya

PRINTED BY THE GOVERNMENT PRINTER, NAIROBI

PART XIX - SELECT COMMITTEES

Sessional
Committee.

145. (1) There shall be a select committee, to be designated the House Business Committee, consisting of not less than five and not more than twenty Members, who shall be nominated by the House at the commencement of every Session.

(2) The House Business Committee shall have and perform the powers and functions conferred on and ascribed to it by these Standing Orders or from time to time by the House. It shall be a function of the House Business Committee to consider such matters as may from time to time arise in connection with the business of the House.

(3) The Chairman and two other members of the House Business Committee shall form a quorum.

(4) If, for any reason, a member of the House Business Committee is unable to act, the Chairman may appoint another Member in his stead for the period for which he is unable to act.

146. Deleted on November 10, 1997

147 (1) There shall be a select committee to be designated the Public Accounts Committee for the examination of the accounts showing the appropriation of the sum voted by the House to meet the public expenditure and of such other accounts laid before the House as the Committee may think fit. The Public Accounts Committee shall consist of a Chairman who shall be a Member who does not belong to the parliamentary party which is the ruling party and not more than ten Members who shall be nominated by the House Business Committee to reflect the relative majorities of the seats held by each of the parliamentary parties in the National Assembly, at the commencement of every Session;

Estimates
Committee.
Public
Accounts
Committee

Provided that, the ruling party shall have a majority of not more than two.

(2) The Public Accounts Committee shall elect its own Chairman.

(3) In the absence of the Chairman, a member designated by him shall take the Chair; and in their absence, the Members present shall elect one of them to act in his stead.

(4) The Chairman and four other members of the Public Accounts Committee shall constitute a quorum.

(5) The names of members present at each sitting of the Public Accounts Committee shall be entered on the Minutes.

(6) The minutes of the proceedings of the Public Accounts Committee shall be brought up and laid on the Table of the House with the report of the Committee.

148 (1) There shall be a select committee to be designated the Public Investments Committee for the examination of the working of the public investments. The Public Investments Committee shall consist of a Chairman who shall be a Member who does not belong to the parliamentary party which is the ruling party and not more than ten Members who shall be nominated by the House Business Committee to reflect the relative majorities of the seats held by each of the parliamentary parties in the National Assembly at the commencement of every Session.

Public
Investments
Committee.

Provided that, the ruling party shall have a majority of not more than two.

(2) The Public Investments Committee shall elect its own Chairman.

(3) The Chairman and four other members of the Public Investments Committee shall constitute a quorum.

(4) In the absence of the Chairman, a member designated by him shall take the Chair, and in their absence, the members present shall elect one of them to act in his stead.

(5) The functions of the Public Investments Committee shall be:-

(a) to examine the reports and accounts of the public investments;

(b) to examine the reports, if any, of the Auditor-General (Corporations) on the public investments; and

(c) to examine, in the context of the autonomy and efficiency of the public investments, whether the affairs of the public investments, are being managed in accordance with sound business principles and prudent commercial practices:

Provided that the Public Investments Committee shall not examine any of the following, namely:-

(i) matters of major Government policy as distinct from business or commercial functions of the public investments;

(ii) matters of day-to-day administration; and

(iii) matters for the consideration of which machinery is established by any special statute under which a particular public investment is established.

Library
Committee

149. (1) There shall be a select committee to be designated the Library Committee comprising the Deputy Speaker as Chairman and not more than ten other Members.

(2) The functions of the Library Committee shall be -

(a) to consider and advice on such matters

concerning the Library as may be referred to it by the House from time to time;

(b) to make proposals and consider suggestions for the improvement of the Library;

(c) to assist members of the National Assembly in fully utilizing the services provided by the Library.

150. (1) There shall be a select committee to be designated the Speaker's Committee comprising Mr. Speaker as Chairman, the Minister for the time being responsible for finance, the Minister for the time being responsible for public administration and not more than ten other members nominated by the House Business Committee at the commencement of every Session.

(2) The Speaker's Committee shall consider, advise, and report on all matters connected with the welfare of members of the National Assembly and its staff.

151 (1) There shall be select committees to be designated Departmental Committees which shall be nominated by the House Business Committee at the commencement of every Parliament.

(2) Unless the House otherwise directs, the Departmental Committees shall be as set out in the Schedule.

(3) Each Departmental Committee shall comprise a Chairman and not more than ten other members.

(4) The functions of the Departmental Committees shall be:-

(a) to investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments;

SECRET

REF

LIBRARY



NATIONAL ASSEMBLY
REPUBLIC OF KENYA
ACCESSION LOCATION

ATTENDING ORDERS

extended up to and including
October 28, 1992.
Being the date of
dissolution of the
Sixth Parliament
of Kenya.

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to inquire into any matter which it is empowered to inquire into, and to appoint the chairman and fix the quorum of each sub-committee. Every such sub-committee shall submit the result of any such inquiry to the Estimates Committee.

(5) The names of members present at each sitting of the Estimates Committee shall be entered on the minutes.

Public
Accounts
Committee.

147. (1) There shall be a select committee to be designated the Public Accounts Committee for the examination of the accounts showing the appropriation of the sum voted by the House to meet the public expenditure and of such other accounts laid before the House as the Committee may think fit. The Public Accounts Committee shall consist of a Chairman and not more than ten Members who shall be nominated by the Sessional Committee at the commencement of every session:

Provided that when the House contains an official Opposition Party the Chairman and the majority of the members of the Public Accounts Committee (including the chairman) shall be Members who are not on the Government side of the House.

(2) The Public Accounts Committee shall elect its own Chairman.

(3) The Chairman and two other members of the Public Accounts Committee shall constitute a quorum.

(4) The names of members present at each sitting of the Public Accounts Committee shall be entered on the minutes.

(5) The minutes of the proceedings of the Public Accounts Committee shall be brought up and laid on the Table of the House with the report of the committee.

Public
Investments
Committee

148. (1) There shall be a select committee to be designated the Public Investments Committee for the examination of the working of the public investments. The Public Investments Committee shall consist of a Chairman and not more than ten Members who shall be nominated by the Sessional Committee at the commencement of every Session.

Provided that when the House contains an Official Opposition Party the Chairman and the majority (including the chairman) of the Members of the Public Investments Committee shall be Members who are not on the Government side of the House.

(2) The functions of the Public Investments Committee shall be—

- (a) to examine the reports and accounts of the public investments;
- (b) to examine the reports, if any, of the Controller and Auditor-General on the public investments; and
- (c) to examine, in the context of the autonomy and efficiency of the public investments, whether the affairs of the public investments are being managed in accordance with sound business principles and prudent commercial practices:

Provided that the Public Investments Committee shall not examine or investigate any of the following, namely—

- (i) matters of major Government policy as distinct from business or commercial functions of the public investments;
- (ii) matters of day-to-day administration; and
- (iii) matters for the consideration of which machinery is established by any special statute under which a particular public investment is established.

149. (1) There shall be a select committee to be designated the Library Committee comprising the Deputy Speaker as Chairman and not more than ten other Members.

Library
Committee

(2) The functions of the Library Committee shall be—

- (a) to consider and advise on such matters concerning the Library as may be referred to it by the House from time to time;
- (b) to make proposals and consider suggestions for the improvement of the Library;

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ALBANIA
EMBASSY OF THE PSR OF ALBANIA

CHANCERY
MISESE ROAD—No. 93, KINONDONI
P.O. BOX 1034, DAR ES SALAAM

Telegraphic Address
TELEX: 41280. ALBA

Telephone No.
34945/36435

Office Hours

Monday to Saturday 7.00 a.m. to 15.00 p.m.

Ambassador

H.E. Mr. Mehdi Shaqiri ..
Mrs. Resmije Shaqiri ..

Residential Address and Telephone No.

Msesse Road No. 93
Kinondoni 34945

Third Secretary

Mr. Fadil Tupi
Mrs. Donika Tupi ..

Msesse Road, No. 93
Kinondoni 34945