Republic of Kenya

PUBLIC SECTOR ACCOUNTING STANDARDS BOARD (KENYA)

GOVERNMENT OF KENYA

DRAFT EXPENDITURE MANAGEMENT AUDIT PROGRAMS FOR NATIONAL GOVERNMENT

SEPTEMBER 2026

EXPENDITURE MANAGEMENT

(To be customised for each Program)

Audit Program No.:	**Period Under Review:**	**Department:**
Prepared By:		
Reviewed By:		

Audit Objective: To establish whether the imprests are issued, managed and accounted for in accordance with the established imprests management procedures	
Risk: Misuse of imprests facility	
Control	**Test**
Proper approvals and adherence to PFM regulations.	**Test of design** • Establish the key requirements of laws, regulations, policies and procedures on imprests management. • If the control is not documented, enquire from process owner how it is meant to be executed. **Test of Implementation** • Confirm that the design documented under TOD is implemented as documented.

	• Walkthrough and document the process flow/ map. Note any gaps in implementation **Test of Operating Effectiveness** • Obtain imprests register and sample using approved sampling methodology. • Confirm that all imprests holders apply individually for imprests warrant. **PFMR 92 (2)** • Confirm validity of the application and the personal details of the applicants. **Treasury circular 3/2010** • Confirm if the relevant approvals for issuance of imprests were granted. • Ascertain whether imprests are issued to officers with no outstanding imprest as provided for in **Regulation 93 (4b & 8).** • Determine the type of imprests issued and purpose of the imprests as per criteria stipulated in **Regulation 93 (1, 2, 11 & 18) of PFMA Regulations.** • Confirm the imprests facility has been approved by the accounting officer or AIE holder **Regulation 92** • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans and donor funding requirements.
Control	**Test**
Proper maintenance of imprest registers	**Test of design** • Establish the key requirements of laws, regulations, policies and procedures on imprests registers. • If the control is not documented, enquire from process owner how it is meant to be executed.

	Test of Implementation • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **Test Operating Effectiveness** • Establish the existence of an imprests register. **PFM Regulation 100** • Test and confirm that all imprests issued are recorded and surrendered accurately in the imprests register. PFM **Regulation 93 (4c)** • To confirm that the administrative procedures in the processing of imprests are adhered to. *Par. 20.2.4.4 of the Guidelines for Management of Specific Categories of Assets and Liabilities in the Public Sector* • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans and donor funding requirements.
Control	**Test**
Maintain a Vote Book	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on vote book. • If the control is not documented, enquire from process owner how it is meant to be executed. **Test of Implementation** • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation

	Test of Operating Effectiveness • Confirm that the approved imprests is recorded as a commitment in the vote book. **PFM Regulation 52 (j)** • Confirm that on surrender the expenditure is posted to various heads and sub items by debiting relevant expenditure and crediting the imprests suspense account. **PFM Regulation 92 (16)** • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans and donor funding requirements.
Risk: Noncompliance with PFMR on surrender	
Controls	**Test**
Surrender of imprests within stipulated time.	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on imprests surrender. • If the control is not documented, enquire from process owner how it is meant to be executed. **Test of Implementation** • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **Test of Operating Effectiveness** • Ascertain that holders of imprests account or surrender imprests on the due date (within 7 working days after returning to duty station) failure to which appropriate action is undertaken in line with PFM

	Regulation 93 (6). • Confirm that no second imprests are issued to an officer without surrendering or accounting for the previous imprests issued. PFM **Regulation 93 (8).** • Confirm that on default of the imprests surrender, the full amount is recovered with an interest at the prevailing Central Bank Rate. PFM **Regulation 93 (6, 10)** • Ascertain that any imprests holder leaving service or is transferred surrenders total outstanding imprests which includes cash plus payment vouchers which together amount to the fixed level of the imprests, and a new imprest issued to his or her successor ***NGPFMR 93(13)*** • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans and donor funding requirements.
Risk: Flouting of procurement procedures	
Control	**Test**
Restricted use of standing imprests on low value purchases while having regard to appropriate quality and for intended purpose	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on low value procurement. • If the control is not documented, enquire from process owner how it is meant to be executed. **Test of Implementation** • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation

	Test of Operating Effectiveness • Confirm that imprests are not issued in excess to facilitate violation of procurement procedures. **National treasury Circular 3/2010** • Confirm that KRA ETR receipts are used to account for the imprests. **PPDA Regulation 93 (2)** • Confirm that the procurement of goods is from a reputable supplier. **PPDA Regulation 93 (1)** • Confirm that goods procured are taken on charge. **Regulation 94(e)** • Confirm that the entity complies with the prescribed thresholds for goods and services (Ksh. 50,000 per item per year) and works (Ksh. 100,000 per item per financial year) **second schedule of public procurement and disposal regulation.** • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans and donor funding requirements.
Risk: Forgery, fraud and loss of funds	
Controls	**Tests**
Periodic spot checks	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on periodic spot checks. • If the control is not documented, enquire from process owner how it is meant to be executed. **Test of Implementation** • Confirm that the design documented under TOD is implemented as documented.

	• Walkthrough and document the process flow/ map. Note any gaps in implementation **Test of Operating Effectiveness** • Undertaking frequent spot checks are made of the standing imprests itself by responsible officers as follows: a. Count the cash on hand. b. Confirm that the actual cash on hand corresponds with the balance on hand as recorded in the cash book. c. Confirm that all movements (expenses and receipts) since the last check have been properly recorded and are properly documented. d. Ensure that the documents justify the difference between the fixed imprests level and the actual cash balance; and • e. Report on any anomalies found to the head of the accounts section. ***NGPFMR 93(17)*** • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans and donor funding requirements.
Audit Objective: To establish whether recording of all cash transactions are complete and accurate.	
Risk: Loss of funds due to poor record keeping	

Control	Tests
Review of recording and maintenance of the cashbook	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on cashbook maintenance. • If the control is not documented, enquire from process owner how it is meant to be executed. **Test of Implementation** • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **Test of Operating Effectiveness** • Establish the existence of a cash book for all the relevant bank accounts. Confirm that the cashbook is updated and accurately maintained **PFMR 100** • Confirm that cashbook and cash analysis register entries and balances are complete and accurate in all respects. • Check to confirm that financial records and documents are written in indelible ink. **PFMR 16 (1)** • Check to confirm that no entry in a financial record or document is obliterated, erased or altered by being written over. **PFMR 16 (2)** • Confirm that where financial records and documents bear an alteration, obliteration or erasure, such an alteration, obliteration or erasure is countersigned **PFMR 16(3)** • Confirm that payment vouchers are supported and prenumbered. **PFMR 104 (1)**

	• Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans and donor funding requirements.
Objective: To ensure that cash at hand and cash in transit is adequately secured	
Risk: Loss of funds due to lack of control	
Controls	**Test**
Regular banking of cash receipts.	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on banking cash receipts. • If the control is not documented, enquire from process owner how it is meant to be executed. **Test of Implementation** • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **Test of Operating Effectiveness** • Confirm that banking is adequately controlled by ensuring bank paying-in slips are reconciled to cash receipts and to daily totals on the cash receipting system. ***NGPFMR 64(4)*** • Test and confirm the banking with the relevant bank statement • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans and donor funding requirements.

Controls	Test
Security arrangements for cash and cash in transit	**Test of design** • Establish the key requirements of laws, regulations, policies and procedures on security arrangements for cash and cash in transit. • If the control is not documented, enquire from process owner how it is meant to be executed. **Test of implementation** • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **Test of Operating Effectiveness** • Confirm that the following security arrangements are in place for cash in hand and cash in transit **PFMR 89**; ✓ Safe or strong rooms and restricted access to the cash handling locations. ✓ Police or armed security escorts. ✓ Security bags locked to the vehicle; and Suitable transport and variation of movement, times, and routes. • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans and donor funding requirements.
Objective: To ascertain whether there exists proper opening and operating of bank accounts.	

Risk: Fraudulent bank accounts.	
Controls	**Test**
Proper opening and operating national government entities bank accounts.	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on opening and operation of national government entities bank accounts. • If the control is not documented, enquire from process owner how it is meant to be executed. **Test of Implementation** • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **Test of Operating Effectiveness** • Confirm that all the bank accounts for the entity were properly opened and in accordance with **Section 28 of the PFM Act and PFMA Regulation 82.** • Confirm that no official government bank account is overdrawn, or shall any advance or loan be obtained from a bank account for official purposes beyond the limit, authorized by the National Treasury in line **with Section 28 (4) of the Act.** • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans and donor funding requirements.

Audit Objective: To ascertain accurate recording, safe custody and payment to the rightful beneficiaries (deposit accounts)	
Risks: Loss of cash through Misappropriation and fraud.	
Controls	**Test**
Separate bank accounts.	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on separate bank accounts. • If the control is not documented, enquire from process owner how it is meant to be executed. **Test of Implementation** • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **Test of Operating Effectiveness** • Establish the existence of authority from the National Treasury to open deposit bank account. Sec. 28(1) of the PFM Act • Establish whether deposit account is used for funding expenditure for voted provisions borrowing or interbank transfers). **PFM Reg. 23(2(g)) of 2015** • Confirm that unclaimed deposits that have remained outstanding for over five years are (with the approval of the CS, National Treasury) paid into Consolidated Fund. **PFM Regulation 106.** • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service

	delivery standards, minutes of meetings and strategic plans and donor funding requirements.
Control	**Test**
Maintenance of deposit ledgers	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on maintenance of deposit ledgers. • If the control is not documented, enquire from process owner how it is meant to be executed. **Test of Implementation** • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **Test of Operating Effectiveness** • Establish whether deposit ledgers are maintained. **PFM Reg. 100, 2015** • Ascertain that an official receipt is issued and recorded in the deposit ledger for every deposit made **PFM Reg. 64(1(c)), 2015** • Confirm that entries in the deposit ledger are supported by receipts captured in the cashbook. • Verify any overdrawing of the cash book (overdrawing not allowed). **Sec. 28(4)) of PFMA 2012** • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans and donor funding requirements.
Control	**Tests**

Maintenance of sufficient supporting documents	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on record keeping and supporting documents for financial transactions. • If the control is not documented, enquire from process owner how it is meant to be executed. **Test of Implementation** • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **Test of Operating Effectiveness** • Confirm that all payments made out of a deposits account are well authorized and supported **PFM Reg. 104(1)** • Test and confirm if the deposit is paid to the right payee and if the purpose for which the deposit was made had been fulfilled. **PFM Reg. 165(1(b))** • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans and donor funding requirements.
Audit Objective: To ascertain whether AIEs are properly authorized and issued as per budgetary provision.	
Risk: Excess vote / over expenditure.	

Control	Tests
Approved procedures for issuance of AIEs	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on issuance of AIEs. • If the control is not documented, enquire from process owner how it is meant to be executed. **Test of Implementation** • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **Test of Operating Effectiveness** • Establish whether AIE holders were appointed by the Accounting Officer in writing and in the authorized form PFM **Regulation 25 (1 and 3)** • Confirm that the office maintains register of all AIE holders. PFM **Regulation 25 (4)** • Confirm that the AIEs are issued to the field officers on time, that is not later than 15th day of each quarter. PFM **Regulation 51 (1e)** • Confirm that items in AIEs are same as those in the printed estimates • Establish whether payment vouchers were raised for the AIE disbursement and that Confirm that the total amount on the voucher tally with the totals of the AIEs. **PFM Reg. 104(1) of 2015** • Verify to confirm that the Payment Vouchers have been charged to the respective control accounts. **PFM Reg. 52(1(d))**

	• Where an Excess Vote occurs, confirm that regularization is undertaken in the subsequent Supplementary Budget **PFM Reg. 113** • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans and donor funding requirements.
Audit Objective: To confirm that controls are in relation to payments are effective	
Risk: Loss of funds due to lack of control	
Control	**Test**
Approved guidelines and procedures relating to payments	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on payment procedures. • If the control is not documented, enquire from process owner how it is meant to be executed. **Test of Implementation** • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **Test of Operating Effectiveness** • Confirm payments are made only on approved projects or activities and in line with the approved budget *Sec. 68(1(a)) of PFMA, 2012* • Confirm that payments are only made on account of authorized transactions for which all the adequate

	supporting documents have been prepared *Reg. 104(1) of PFMR, 2015* • Confirm that all payments are posted in the cash book on the same day *Reg. 98. (1) of PFMR, 2015* • Confirm that users of IFMIS have put measures in place to guarantee password integrity *Reg. 110(3(b)) of the PFMR, 2015* • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans and donor funding requirements.
Risk: • Erroneous payments • Embezzlement of funds	
Control	**Test**
Bank reconciliations	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on bank reconciliations. • If the control is not documented, enquire from process owner how it is meant to be executed. **Test of Implementation** • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **Test of Operating Effectiveness** • Obtain the ledger that contains all the bank accounts. Sample the bank accounts related to payments

	and the related months to be reviewed • Confirm that that monthly bank reconciliations are undertaken and submitted to the National Treasury and a copy to the Office of the Auditor General *Reg. 90(1) of the PFMR, 2015* • Confirm the bank reconciliations are also undertaken when responsibility for the bank account or cheque book is handed over to another officer *Reg. 90(2) of the PFMR, 2015* • Confirm that the identified discrepancies during reconciliation are noted, investigated and corrected, including updating the cash book *Reg. 90(3) of the PFMR, 2015* • Confirm that bank related charges are expensed and cleared up through a voucher in the books of accounts. *Treasury Circular No. AG.20/047/Vol.VII (118) dated 31st May 2005* • Re-perform the bank reconciliations to confirm the accuracy • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans and donor funding requirements.
Risk: Payment of expenditure that is not properly supported	
Control	**Test**

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Record keeping and attachment of all supporting documents to payment vouchers.	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on record keeping and supporting documents for financial transactions. • If the control is not documented, enquire from process owner how it is meant to be executed. **Test of Implementation** • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **Test of Operating Effectiveness** • Confirm that all the Payment Vouchers have all the relevant certificates at the back signed *Relevant Overleaf Certificates on the Payment Voucher* • Confirm that all the Payment Vouchers are adequately supported *Reg. 104(1) of the PFMR, 2015* • Confirm that all payments to a contractor are supported by an invoice, delivery note, certificate of completion, purchase order and all other necessary supporting documents *Reg. 139(3) of PPADR, 2020* • Confirm that goods or services supplied on the basis of a Purchase Order are received within 30 days of issuance *Reg. 52 of PFMR, 2015* • Confirm that payment of Personnel Expenditure is supported by the payroll summaries • Confirm that the salaries are paid directly in the staff bank accounts *Entity's Human Resource Policies and Procedures Manual*

	• Confirm that fuel consumption is supported by well-maintained daily work tickets with appropriate entries on date, destination, odometer reading on return, fuel consumption among other • Confirm that motor vehicle repairs are supported by monthly cost sheets (Service Logbook entries) *Sec. 11.4 of General Procurement Manual, 2009* • Confirm that all payments are supported by the appropriate certification for deliveries for works, goods or services before payment *Reg. 150(1) of PPADR, 2020* • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans and donor funding requirements.
Risk: Flouting of procurement regulations	
Control	**Test**
Strict adherence to procurement rules and regulations	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on procurement in public sector. • If the control is not documented, enquire from process owner how it is meant to be executed. **Test of Implementation** • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **Test of Operating Effectiveness**

	• Confirm proper method of procuring goods and services is applied to avoid frequent requisition for cash to make payments e.g. to fuel vehicles. • Confirm that there is strict observance of procurement procedures i.e. **public Procurement & Disposal Act and circulars** thereto; *PPAD Reg. 91 of 2020* • Ensure that purchases through cash imprests are within the limits set by the *Second Schedule; Threshold Matrix of the PPADR, 2020* • For other procurement methods, confirm that the right method was selected as per the threshold matrix *Second Schedule; Threshold Matrix of the PPADR, 2020* • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans and donor funding requirements.
Risk: Payment for undelivered goods, services, works or inexistent employees	
Controls	**Test**
Certification before payment	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on certification before payment. • If the control is not documented, enquire from process owner how it is meant to be executed. **Test of Implementation** • Confirm that the design documented under TOD is implemented as documented.

	• Walkthrough and document the process flow/ map. Note any gaps in implementation **Test of Operating Effectiveness** Goods, Services or Works • Obtain the Payment Details and sample payments for goods, works or services • Confirm that all payments are supported by appropriate certifications before payments *Reg. 150(1) of PPADR, 2020* • Confirm that all goods received are taken on charge in the stores *Sec. 159 and 162(1) of PPADA, 2015* • Confirm that the acquired assets are tagged and recorded in an asset register *Clause 77(7) of the Guidelines on Asset and Liability Management in the Public Sector* • Confirm that the initial/final certification is further provided by the Inspection and Acceptance Committee *Reg. 35 (5) (6) of PPADR, 2020* or the Contract Implementation Team in case of Complex and specialized contracts *Sec. 151 of PPADA, 2015* • Undertake physical verification to confirm the existence of the assets *Art. 86 of the Guidelines on Asset and Liability Management in the Public Sector,2020* Personnel costs • Obtain the Payment Details, Payroll by bank product and the bank disbursement schedule • Confirm that the respective accounting officer certifies the correctness of the payroll on a monthly basis *Reg. 120(3) of the PFMR, 2015*

	• Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans and donor funding requirements.
Risk: Duplicate payments	
Controls	**Test**
Verification before payment	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on verification beyond payment. • If the control is not documented, enquire from process owner how it is meant to be executed. **Test of Implementation** • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **Test of Operating Effectiveness** Internet Banking System vs Applicable Financial Management System • For all payments of imprests that are similar, check with the Applicable Financial Management System's Imprests Register to confirm that the imprests warrant number are not the same • Obtain the Payment Vouchers/Imprests Warrants from the Accounts Office whose payments are identified to be similar • Confirm that the obtained Payment Vouchers are different i.e. the same name, same amount but for

	different activities *Reg. 138 and 210(1(o)) of the PFMR, 2015* • Confirm that all duplicate payments that create a loss are further investigated by the Accounting Officer *Reg. 139 and 143 of the PFMR, 2015* • Confirm that every payment is supported by a payment voucher or other approved document gazette *Reg. 99(3) of the PFMR, 2015* Personnel Expenditure • Check for all similar payments (i.e., the same payee, the same bank account number, same month) and create a list of multiple payments to one person *Reg. 138 and 210(1(o)) of the CGPFMR, 2015* • Confirm that personnel management activities relating to appointments, the authorization of payments and the recording of those payments are performed by different officers *Reg. 119(1) of PFMR, 2015* • Confirm that the respective accounting officer certifies the correctness of the payroll on a monthly basis *Reg. 120(3) of the PFMR, 2015* • Confirm that all duplicate payments that create a loss are further investigated by the Accounting Officer *Reg. 139 and 143 of the PFMR, 2015* • Confirm that every payment is supported by a payment voucher or other approved document *Reg. 99(3) of the PFMR, 2015* • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service

	delivery standards, minutes of meetings and strategic plans and donor funding requirements.
Risk: Erroneous payments	
Control	**Test**
Validation of transactions	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on validation of transactions. • If the control is not documented, enquire from process owner how it is meant to be executed. **Test of Implementation** • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **Test of Operating Effectiveness** • Confirm that there exists applicable automated environment Validator who does not have any other role in Applicable Financial Management System's processes and an Internet Banking Inputter who does not have any other role in the Internet Banking process Using the sampled Payment Vouchers/Imprests. • Confirm that the correctness of the applicable automated environment economic sub-items, bank code, payee, amount etc. with the Payment Voucher before posting the bank code, payee, amount etc. with

	the Payment Voucher and if any, corrective action is taken • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans and donor funding requirements.
Risk: Use of the budgetary resources on activities for whose resources were not appropriated (Misappropriation of funds)	
Controls	**Test**
Approved budget	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on approved budget. • If the control is not documented, enquire from process owner how it is meant to be executed. **Test of Implementation** • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **Test of Operating Effectiveness** • Confirm that the expenditure for goods and services is controlled against spending and approved procurement plans, based on allocations and allotments from approved budgets *Reg. 50 of the PFMR, 2015* • Confirm that the resources allocated through the approved budgetary provisions are effectively controlled and efficiently utilized *Sec. 149 of PFMA, 2015*

	• Confirm that no expenditure is made out of funds earmarked for earmarked for specific activities for purposes other than those activities *Reg. 53(1),42(1(b)) of the PFMR, 2015* • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans and donor funding requirements.
Audit Objective: To confirm that the entity obtained value for money in the utilization of its resources	
Risk: Uneconomical use of budgetary resources in acquisition of goods, services or works	
Controls	**Test**
Market Survey Results	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on market surveys. • If the control is not documented, enquire from process owner how it is meant to be executed. **Test of Implementation** • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **Test of Operating Effectiveness** Using the sampled Payment Vouchers for procurement of goods, services or works; • Confirm that before making a procurement decision, the procuring entity takes into account own market survey prices or results *Reg. 43(4(a)) of the PPADR, 2020*

	• Confirm that in giving the Professional Opinion, the Head of Procurement provides comments on whether the recommended price for standard goods, services and works are within the indicative market prices *Reg. 78(4(d)) of the PPADR, 2020* • Regarding quality, confirm that standard goods, services and works with known market prices are procured at the prevailing market price *Sec. 54(2) of PPADA, 2015.* Compare the prices against Quarterly Market Price Index Survey Results issued by PPRA *Sec. 54(3) of PPADA, 2015* • In addition to other disciplinary actions, confirm that loss resulting from a public officer's actions due to overpricing of acquired assets is paid for by the officer to the procuring entity *Sec. 54(4) of PPADA, 2015* • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans and donor funding requirements.
Risk: Poor asset management practices	
Controls	**Test**
Monitoring of non-financial asset performance	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on monitoring of non-financial asset performance. • If the control is not documented, enquire from process owner how it is meant to be executed. **Test of Implementation**

	• Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **Test of Operating Effectiveness** • Obtain Payment Vouchers used in the acquisition of assets. Select a representative sample based on the approved sampling criteria • Confirm that the asset is put to immediate use after successful completion of the project or acquisition of the asset so as to avoid wastage of public resources *Sec. 232(1(d)) of the Constitution of Kenya, Sec. 160(1) of PPADA, 2015* • Confirm that there exist arrangements to track the use of an asset to ensure that it meets the intended service delivery objectives *Art. 71(1) of the Guidelines on Asset and Liability Management in the Public Sector, 2020* • Analyse why the idle assets are not being utilized. ✓ In case of a surplus requirement, the asset may be scheduled for disposal and appropriate action taken against the Public Officer who created the tying up of funds in assets *Reg. 167(3(a)) of PPADR, 2020* ✓ Where the asset is idle due to inadequacy of staffing, review the Need Assessment Report of the project to identify whether Staffing Needs were evaluated in the Feasibility Study Report – Technical Feasibility (*Reg.71(2(a)) of PPADR, 2020*) and the arrangements in place to resolve the staffing needs

	✓ Where the asset is idle as a result of failing to meet the user requirements, confirm whether the user department was involved in the inspection and acceptance of the asset pursuant to *Reg. 35(2(a)) of PPADR, 2020* for Inspection and Acceptance Committee or *Sec. 151(1) of PPADA, 2015* for Contract Implementation Team. Confirm the user department further undertakes conformity assessments of supplied goods, works and services with the specifications of the contract documents *Reg. 34(d) of PPADR, 2020* • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans and donor funding requirements.
Risk: Poor inventory management practices	
Controls	**Test**
Monitoring of utilization of inventories	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on inventory utilization. • If the control is not documented, enquire from process owner how it is meant to be executed. **Test of Implementation** • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **Test of Operating Effectiveness**

	• Obtain Payment Vouchers used in the acquisition of inventories. Select a representative sample based on the approved sampling criteria • Confirm that inventories are procured in reasonable quantities to avoid Confirm that there are adequate preventive measures put in place to eliminate theft, security and safety threats, losses, wastage and misuse of inventories wastage and misuse *Reg. 166(4(a)) and 167(3) of PPADR, 2020* • Confirm that the inventories are utilized in the course of public business and a record of the same maintained *Reg. 166(4(a)) and 168(b) of PPADR, 2020* • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans and donor funding requirements.
Risk: Wastage of resources on payment of claims and subsistence allowances	
Control	**Test**
Budgetary Control Measures	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on budgetary control. • If the control is not documented, enquire from process owner how it is meant to be executed. **Test of Implementation** • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **Test of Operating Effectiveness**

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	Using the sampled Payment Vouchers. • Confirm that policies are carried out efficiently and wastage of public funds is eliminated *Reg. 43(1(d)) of PFMR, 2015.* Check for the following incidences. - Activity takes more days than is reasonable. Therefore, spending more resources in terms of allowances, conference facility hiring costs etc. - Activity taking on board participants who may add no value to the achievement of the programme objectives - Entire activity not being relevant to the achievement of the entity objectives • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans and donor funding requirements.