Republic of Kenya

PUBLIC SECTOR ACCOUNTING STANDARDS BOARD (KENYA)

GOVERNMENT OF KENYA

DRAFT PROJECTS AUDIT PROGRAMS FOR NATIONAL GOVERNMENT

MARCH 2026

PROJECT AUDIT PROGRAMME PROCESSES

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

(To be customised for each Program)

1. Programming (Planning, Feasibility, Stakeholder engagement, Resourcing)	
Audit Objectives: To establish that the project is in the entity's mandate, strategic plan and the performance contract of the entity**.**	
Risks: Non-compliance with the legislative requirements on projects alignment with the mandate, performance contract and strategic plan of the entity	
Controls	**Test**
• Approved strategic plan and signed PCs • Law creating the entity	**TEST OF DESIGN** • To establish whether the project is within the mandate of the entity, captured in the strategic plan, , the PC and any other policy directive • project • If the control is not documented, enquire from process owner how it ismeant to be executed. **TEST OF IMPLEMENTATION** • Refer the entity mandate, obtain **, strategic plan performance contract (PC)** and any other policy

directive

- Confirm that the design documented under TEST OF DESIGN is implemented as documented and approved.
- Walkthrough and document the process flow map. Note any gaps inimplementation.

TEST OF OPERATING EFFECTIVENESS

- Verify whether the strategic plan contains all known projects, plans, budgetary allocation programs key performance indicators for the project to be implemented by the entity.
- Establish that, resources were allocated for projects
- Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans.

Criteria :

- National Treasury Circular: Public Investment Management (PIM) Guidelines (Ref: NT/PIM/05/1, 24 Jan 2020)
- PFM (Public Investment Management) Regulations, 2022,
- Public investment management framework 2020
- PFMA 2012 Sections 35–45
- PFMR 2015

Audit Objective : To establish that public participation was undertaken during project design and implementation

Risks: inadequate public participation in-project design and implementation that may lead to litigations and resistance of theproject

Controls	Test
• Oversight arrangements on public participation • Constitution of Kenya 2010 • Public Participation Bill 2025	**TEST OF DESIGN** • Establish the key requirements of laws, regulations, policies and procedures on public participation in project during project design and implementation • Verify that public participation was undertaken during project design and implementation • If the control is not documented, enquire from process owner how it ismeant to be executed. **TEST OF IMPLEMENTATION** Obtain reports on public participation (Photos, recordings, feedback, modes of advertisement) • Establish that the project identification is in line with the regulatoryrequirements identified in TEST OF DESIGN. Note any gaps in implementation • Document the findings on public participation in project design and implementation. **TEST OF OPERATING EFFECTIVENESS** • Verify that public participation was undertaken in line with the constitution of Kenya Article 1 (2) 10 (2) 118 and 196, policy directives on public participation and entity policies on public participation • Verify validity of the public participation report Carry out other tests of operating effectiveness aligned to specific entity,policies, procedures, service delivery standards, minutes of meetings.
Audit objective: To establish that projects are consistent with government priorities	
Risks: Implementation of projects in- consistent with the government's priorities	
Controls	**Test**
• Government	**TEST OF DESIGN**

priorities • Vision 2030 • Finance Bill • Approved Budget	• Establish the key requirements of laws, regulations, policies and procedures on establishment of National government's priorities • If the control is not documented, enquire from process owner how it ismeant to be executed. **TEST OF IMPLEMENTATION** • Obtain the BeTA, VISION 2030,Finance Bill and approved budget • Establish that the project identification is in line with the regulatoryrequirements identified in TEST OF DESIGN. • Note any gaps in implementation Document the project identification and selection process in relation the government's priorities **TEST OF OPERATING EFFECTIVENESS** • Verify whether the project is in line with national government priorities as documented in entity's strategic plan. • Carry out other tests of operating effectiveness aligned to specific entitypolicies, procedures, service delivery standards, minutes of meetings andstrategic plans **Criteria:** Vision 2030,Finance Bill and any other directive issued from time to time
Audit objective: To establish whether the project took into consideration environmental and social safeguards	
Risks: Noncompliance with environmental laws and regulations	
Controls	**Test**

Environmental management and coordination act of 1999 • Established entity policies on environment	**TEST OF DESIGN** Establish the key requirements of laws, regulations, policies andprocedures on environmental safeguards If the control is not documented, enquire from process owner how it ismeant to be executed. **TEST OF IMPLEMENTATION** • Obtain policies on environmental safeguards and appropriate environmental licenses • Confirm that the design documented under TEST OF DESIGN is implemented as documented • Walkthrough and document the process flow map. Note any gaps in implementation **TEST OF OPERATING EFFECTIVENESS** • Verify that the project identified environmental and social risks and appropriate mitigation measures are put in place • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards and minutes of meetings
Audit objective : To establish that the project procurement was undertaken in compliance with legal and regulatory requirements	
Risks: Noncompliance with procurement legal and regulatory requirements on projects procurement procedures	
Controls	**Test**
• Project proposal • Project agreements • Procurement procedures	**TEST OF DESIGN** • Establish the key requirements of laws, regulations, policies and procedures on project procurement requirements • Establish key contracting requirements • If the control is not documented, enquire from process owner how it is meant to be executed.

manual • Contracts	**TEST OF IMPLEMENTATION** Obtain Project proposal, Project agreements, Procurement procedures manual, Contracts **TEST OF EFFECTIVENESS** • Review compliance to the project's agreements • Review compliance to procurement laws and procedures manual • Confirm that the procedures were followed in contracting • Test compliance to the requirements of the contract Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards **Criteria** Public Procurement and Assets Disposal Act 2015 Public Procurement and Assets Disposal Regulations 2020 Entity procurement manual
2. Project Execution (project implementation, Funds disbursement, sustainability, payments to suppliers, monitoring, evaluation and learning)	
Audit Objective: To establish whether funds have been utilised as per the project agreement/plan	
Risks: Non compliance with the project agreement/plan	
Controls	**Test**
• Project plans	**TEST OF DESIGN**

• Grant agreements • Memorandum of understanding	• Establish the key requirements of laws, regulations, policies andprocedures on project financial management • If the control is not documented, enquire from process owner how it ismeant to be executed. **TEST OF IMPLEMENTATION** • Obtain grant agreements, policies on projects management, projects financial and technical reports procedure • Project plans, Grant agreements and Memorandum of understanding **TEST OF OPERATING EFFECTIVENESS** • Undertake financial audit on the financial reports bank reconciliations,cashflow statements • Review compliance to grant agreements • ring and competition is applied Reg. 164 of Carry out other tests of operating effectiveness aligned to specific entitypolicies, procedures, service delivery standards, minutes of meetings and strategic plans.
	Criteria. PFMA 2012 section 45(2),47,48
Audit objective: Establish whether the project met intended objectives	
Risks: Non-attainment of intended objectives	
Controls	**Test**

• Project agreements and plans • Project concept/proposal	**TEST OF DESIGN** • Establish the key requirements of the agreements laws, regulations, policies and procedures on • The project • If the control is not documented, enquire from process owner how it is meant to be executed. **TEST OF IMPLEMENTATION** • Obtain the Project agreements and plans and Project concept/proposal • Confirm that the design documented under TEST OF DESIGN is implemented as documented. • Note any gaps in implementation **TEST OF OPERATING EFFECTIVENESS** • Verify project progress reports Undertake field visits to confirm project progress • Confirm if the project was undertaken as per the project agreement and proposal • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans. **Criteria.** Project agreements and plan concept/proposal
Audit objective: Establish that the projects governance structure was put in place	

Risks: Failure to establish projects governance structure (PMU, PSC)	
CONTROL	**TEST**
• Projects policy and procedures manual • Project agreements	**TEST OF DESIGN** Establish the key requirements of laws, regulations, policies and procedures manuals, project agreements and plans If the control is not documented, enquire from process owner how it is meant to be executed. **TEST OF IMPLEMENTATION** Obtain policies and procedures manuals, project agreements and plans Obtain minutes of the Projects Management Unit, Project Steering reports and minutes **TEST OF OPERATING EFFECTIVENESS** Verify the establishment and operationalisation of the projects governance structure Verify the validity of the minutes of the governance committees Verify implementation of the action plans arising from the committees
Audit objective: **Establish effectiveness of the monitoring, evaluation and learning**	
Risks: Inefficient monitoring, evaluation and learning processes	

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Controls	Test
• Approved policies on monitoring, evaluation and learning • Kenya National Monitoring and Evaluation Policy (2022)	**TEST OF DESIGN** • Establish the key requirements of laws, regulations, policies and procedures on monitoring, evaluation and learning If the control is not documented, enquire from process owner how it is meant to be executed. **TEST OF IMPLEMENTATION** • Obtain policies on monitoring, evaluation and learning • Obtain policies on monitoring, evaluation and learning reports Confirm that the design documented under TEST OF DESIGN is implemented asdocumented. • Note any gaps in monitoring and evaluation **TEST OF OPERATING EFFECTIVENESS** • Verify monitoring and evaluation reports • Test effectiveness of monitoring and evaluation tools • Undertake comparative analysis between results of the field visit and the M&E reports • **Criteria;** Public finance management act 89.(1) Kenya National Monitoring and Evaluation Policies
Audit objective: **To establish project sustainability strategies**	
Risk: Inadequate sustainability mechanisms	

Controls	Test
• Project policies and procedures manuals • Project agreements	**TEST OF DESIGN** • Establish the key policies procedures manuals and project agreements If the control is not documented, enquire from process owner how it ismeant to be executed. **TEST OF IMPLEMENTATION** • Obtain the Project policies and Project agreement • Obtain project proposal/concepts • Confirm that the design documented under TEST OF DESIGN is implemented asdocumented. • Note any gaps in the implementation • Obtain projects progress reports • Obtain projects workplans and budgets **TEST OF OPERATING EFFECTIVENESS** • Verify sustainability mechanisms put in place for project continuity beyond project funding period • Review project reports developed • Review workplans and budgets **Criteria** Project policies Project agreements Project concept notes/proposals

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3.project closure; Project closure review reports, Impact assessment, documenting lessons learnt, handing over to the community	
Audit objective : To establish if the project closure review was undertaken	
Risks: failure to undertake project closure review	
CONTROLS	**TESTS**
• Project agreement • The public Finance management (Public Investment Management) Regulations 2022	**TEST OF DESIGN** • Establish the key laws, regulations, policies procedures manuals and project agreements If the control is not documented, enquire from process owner how it is meant to be executed. **TEST OF IMPLEMENTATION** • Obtain the Project policies and Project agreement • Obtain project proposal/concepts • Obtain projects progress reports • Obtain projects workplans and budgets • Obtain project closure reports • Confirm that the design documented under TEST OF DESIGN is implemented as documented. • Note any gaps in identified in the implementation **TEST OF EFFECTIVENESS** • Verify that project closure review was undertaken • Review project reports developed • Review workplans and budgets

	Criteria The public Finance management (Public Investment Management) Regulations 2022 section 3 policies procedures manuals and project agreements
Audit objective: To establish if the impact assessment was undertaken	
Risk: Failure to undertake impact assessment	
Controls	**Tests**
• The public Finance management (Public Investment Management) Regulations 2022 • Entity policies on impact assessment	**TEST OF DESIGN** Establish the key laws , regulations, policies and procedures on impact assessment If the control is not documented, enquire from process owner how it is meant to be executed. **TEST OF IMPLEMENTATION** • Obtain the Entity policies on impact assessment • Obtain reports on impact assessment • Confirm that the design documented under TEST OF DESIGN is implemented as documented. • Note any gaps in identified in the implementation **TEST OF OPERATING EFFECTIVENESS** • Verify that the impact assessment was undertaken independently Criteria: The public Finance management (Public Investment Management) Regulations 2022 section