

QUARTERLY NEWSLETTER



Transparency & Accountability



IPSASB Appoints PSASB CEO to its Board (page 3)



PSASB CEO, FCPA Georgina
Muchai

PSASB Mandate Expanded

Public Sector Accounting Standards Board (PSASB) has been granted an expanded regulatory mandate following the amendment of the Public Finance Management (Amendment) Act, 2026.

The law requires PSASB to prescribe sustainability reporting standards and formats for public entities, prescribing a comprehensive risk management framework, and establishing guidelines

for the government's transition to accrual-based accounting.

The expanded mandate broadens PSASB's reach across public sector entities, marking a significant shift toward standardised governance, climate-aligned financial reporting and giving policymakers a more comprehensive picture of the government's financial position. The measures aim to modernise public finance oversight...

Continued Page 3

From Chief Executive Office Desk



Welcome to the 5th Edition of our Quarterly Newsletter.

The developments highlighted in this edition reflect our continued efforts to enhance financial reporting, reinforce oversight and align public sector practices with international standards.

Expansion of PSASB Mandate

The expansion of PSASB's mandate marks an important milestone in strengthening public financial management. This development reinforces PSASB's role in promoting consistent accounting standards, improving the quality of financial reporting and enhancing accountability across public institutions.

PSASB is working around the clock with all stakeholders to ensure that the expanded mandate translates into tangible improvements in public resource management and service delivery. The changes include accrual accounting framework, sustainability reporting and risk management.

We are also happy to announce

that the International Public Sector Accounting Standards Board (IPSASB) recently appointed the PSASB Chief Executive Officer to its Board.

This is a significant recognition for Kenya to contribute to the advancement of public sector accounting globally.

We will continue to leverage this engagement to improve the quality, comparability and credibility of public sector financial reporting across the globe.

PSASB continues to support stronger governance, improved internal controls and compliance with applicable financial reporting standards across public sector entities.

“Together, let us strengthen public financial management and ensure that every public resource delivers value to the citizens of Kenya.”

By promoting timely, accurate and transparent reporting, we seek to strengthen early identification of financial vulnerabilities, support informed decision-making and build public confidence in the management of public funds.

Recently, PSASB rolled out quarterly financial reporting templates for 2026/27 - another important step towards standardising reporting practices and improving the quality of financial information submitted by public sector entities.

The templates are intended to promote consistency, completeness and comparability while supporting compliance with the applicable reporting frameworks. We encourage all entities to adopt the templates diligently, observe reporting time lines and work with PSASB to address implementation challenges.

PSASB Milestones

As we reflect on these milestones, I want to assure you that PSASB is championing excellence, collaboration and continuous improvement.

It is our belief that achieving meaningful reform requires collective responsibility, strong institutional partnerships and a shared commitment to accountability.

I thank all of you for your continued support as we work towards a more transparent and accountable public sector.

**PSASB CEO,
FCPA Georgina Muchai.**

From Page 1

and align Kenya's public balance sheet with international benchmarks.

The move is expected to heighten disclosure requirements for State corporations, forcing public entities to account for environmental liabilities and operational risks alongside conventional spending.

For investors and international lenders, the reforms signal greater transparency in the management of public funds, potentially improving credit risk assessments and access to sustainable finance.

Legislative Framework

"This legislative framework empowers PSASB to enforce elevated standards of fiscal accountability and governance across all public institutions," said PSASB Chief Executive Officer FCPA Georgina Muchai.

"By embedding sustainability and structured risk management into public sector reporting, we are laying the foundation for a more

resilient and transparent financial architecture."

Under the sustainability provisions, PSASB will prescribe standardised formats and disclosure metrics for public sector entities. This framework will require public institutions to report systematically on environmental, social, and governance (ESG) performance, climate exposure risks, and resource utilisation, aligning public sector metrics with global ESG reporting frameworks.

Risk Management

The new risk management mandate directs PSASB to prescribe a standardised framework designed to identify, assess, and mitigate fiscal and operational vulnerabilities across public sector entities.

Through the expanded mandate, PSASB aims to institutionalise risk management and strengthen internal controls within the public sector institutions.

Finally, the framework for accrual accounting implementation tran-

sitions public sector entities from cash-basis accounting toward a system that captures total assets, contingent liabilities, and long-term financial commitments.

The New Shift

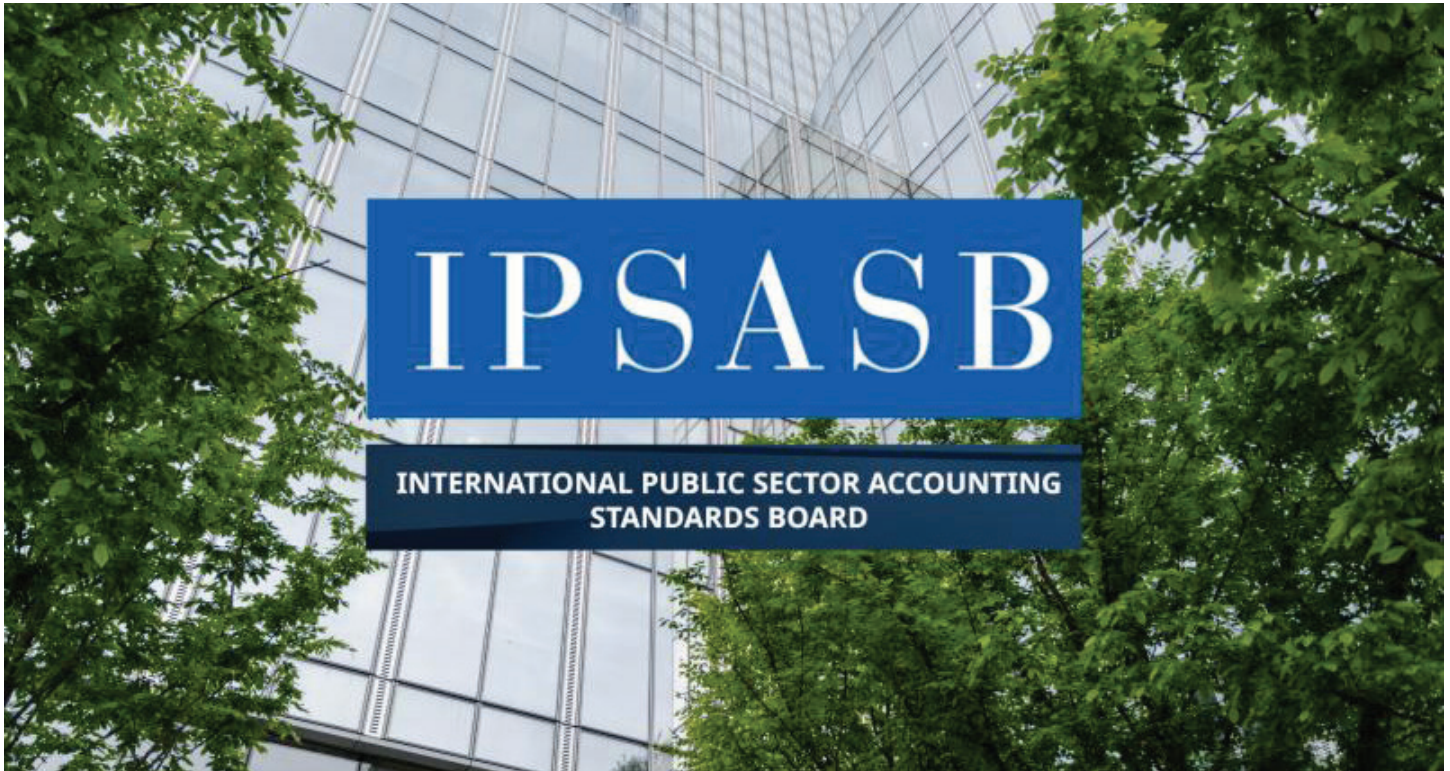
This shift is intended to provide a complete view of the national balance sheet, helping policymakers better evaluate public debt obligations and long-term fiscal stability.

The transition is intended to provide a more comprehensive view of government assets, liabilities, expenses and financial obligations, including commitments that may not be fully reflected in cash-based reports.

It is also expected to strengthen fiscal planning and asset management. The country is currently in the third year of its transition from cash-basis to accrual-basis accounting, with the transition expected to be completed by the FY 2026/27 reporting cycle.



IPSASB Appoints PSASB CEO to its Board



The International Public Sector Accounting Standards Board (IPSASB). PHOTO [COURTESY OF IPSASB]

The International Public Sector Accounting Standards Board (IPSASB), which develops financial and sustainability reporting standards for the public sector, has appointed FCPA Georgina Muchai, the CEO of the Public Sector Accounting Standards Board (PSASB), to its Board, effective January 2027.

FCPA Georgina is among the three new members whom the Board has appointed. The appointment follows a formal nomination and interview procedure conducted by the International Federation of Accountants (IFAC) Nominating Committee.

This process was monitored by the Public Interest Committee, with final member confirmations issued by the IFAC Board.

IPSASB chair Thomas Müller-Marqués Berger said that bringing together strong public sector expertise and perspectives from different jurisdictions is fundamental to the IPSASB's work.

PSASB Chairman, FCPA Pius Nduatih, applauded the appointment and said this is a proud moment for PSASB and Kenya, as it brings a strong African voice to global public sector financial reporting standard-setting.

PSASB Support

"Georgina's contributions will support the work of IPSASB as it responds to evolving public sector reporting needs and strengthens its focus on supporting the implementation of standards around the world," FCPA Nduatih said.

The two other new appointees are Francesco Capalbo from Italy and Heather Taylor from Canada.

The IPSASB is an independent standard-setting body that develops and issues International Public Sector Accounting Standards (IPSAS) and sustainability reporting standards (IPSAS-SRS) for governments and other public sector entities worldwide.

Its main role is to improve the quality, consistency, transparency, and comparability of public sector financial reporting by establishing accounting standards, guidance, and frameworks for recognising, measuring, presenting, and disclosing financial information.

Public Sector Oversight Strengthened to Curb Financial Risks

Kenya is stepping up public sector oversight to curb financial leakages, strengthen accountability and align public financial management with international standards.

The move was highlighted during a national sensitisation retreat hosted by the Public Sector Accounting Standards Board (PSASB) and the National Treasury, where governance experts challenged audit committees to go beyond reviewing reports and confront financial risks before they escalate into crises.

“The value of an Audit Committee is not measured by how many reports it receives, but by the quality of the questions it asks, the uncomfortable issues it is willing to confront, and the risks it helps the Board identify before they become crises,” PSASB Chief Executive Officer, FCPA Georgina Muchai said.

The retreat, themed Promoting Sound Financial Reporting and Internal Audit Standards, brought together more than 600 members of governing bodies, audit committee chairs, accounting officers and Heads of Internal Audit from national and county governments.

Participants were briefed on intensified enforcement of the Public Finance Management Act, the Mwongozo Code of Governance for State Corporations and the recently enacted Government-Owned Enterprise Act. Section 21 of the Act requires

every public enterprise board to establish an independent audit committee responsible for overseeing internal controls, external audit engagements, asset safeguarding and pre-approval reviews of financial statements.

PSASB Director of Internal Audit, CPA Edwin Tito, cited the collapse of Enron Corporation and Germany’s Wirecard AG as examples of the consequences of weak oversight. Enron lost \$64 billion in market value through hidden debt, while Wirecard collapsed after overstating cash balances by €1.9 billion.



“Both collapses were attributed to audit committees that failed to exercise professional scepticism, ignored whistle-blower warnings, over-relied on executive assurances and failed to understand complex accounting adjustments,” Tito said.

Board Members

Public sector board members were warned that they could face personal legal consequences for gross negligence, misconduct or unmanaged conflicts of interest. These include civil lawsuits, financial penalties, surcharges under the PFM Act, director disqualifications and criminal pros-

ecution.

Experts also urged public entities to address repeat audit queries raised by the Office of the Auditor-General by complying with financial laws, Treasury circulars and internal control frameworks.

Representatives of the Ethics and Anti-Corruption Commission said governance failures are often rooted in ethical weaknesses rather than technical shortcomings. They called for 90-day action plans to review conflict-of-interest registers, undertake corruption risk assessments and strengthen whistle-blower protection.

Heads of Internal Audit were advised to maintain dual reporting lines, with functional reporting to audit committees for work-plan approval and oversight, and administrative reporting to chief executives or accounting officers for daily operations.

Muchai said effective internal audit functions require unrestricted access to records, personnel and property, as well as dedicated budgets for specialised audits, including IT and engineering reviews.

She urged audit committees across all 47 counties and state corporations to embrace constructive scepticism, continuous professional development and rigorous follow-up to safeguard public resources and strengthen public trust.

PSASB Releases Revised Quarterly Financial Reporting Templates for FY 2026/27

The Public Sector Accounting Standards Board (PSASB) has unveiled revised quarterly financial reporting templates for the 2026/2027 financial year, a move aimed at strengthening accountability, transparency and consistency in public sector financial reporting.

The quarterly reporting templates have been revised to incorporate the requirements of the new standards, IPSAS 47 (revenue) and IPSAS 48 (transfer expenses), and to provide a transition roadmap for the third year of implementation of accrual accounting.

Ms Georgina emphasised that adopting the revised templates will enhance the credibility of public-sector financial statements.

“The adoption of the revised quarterly reporting templates is expected to improve the quality, comparability and credibility of public sector financial statements to enhance transparency, informed decision-making and public confidence in the management of public resources,” she said.

The revision of templates falls

within PSASB’s mandate to promote standardised reporting across public sector entities.

The revised templates are expected to have far-reaching implications for how public institutions manage and report finances, particularly in ensuring that public resources are used effectively and transparently.

“The adoption of the revised quarterly reporting templates is expected to help implementing entities to adopt IPSAS 47 (revenue) and IPSAS 48 (transfer expenses),” Ms Georgina added.



PSASB accepts articles from readers for publication considerations. However, such articles shall bear the names of the author and the views expressed therein are expressly those of the authors and not PSASB. Submit your article for reviews to benuel.bosire@psasb.go.ke. Next issue to be released in January, **2027**.



Our Mission:

Prescribe and promote the adoption of accounting, internal audit, risk management, and sustainability reporting standards in the public sector.

Our Vision:

A Transparent and Accountable Public Sector

Our Contacts:

Public Sector Accounting Standards Board (PSASB)
P.O Box 38831-00100
Nairobi - Kenya
Tel: 020 251 1557
www.psasb.go.ke
Email : info@psasb.go.ke
CPA Centre, 8th Floor, along Thika Road

Follow Us

-  <https://www.linkedin.com/company/psasb>
-  <https://x.com/PSASBKe>
-  <https://www.facebook.com/psasbke>
-  <https://www.instagram.com/psasbke>



We are now on
WhatsApp.
Scan the QR code
to Follow Us

