PUBLIC SECTOR ACCOUNTING STANDARDS BOARD (KENYA)

Final Research Report

on

Adoption of Public Sector Accounting and Internal Audit Standards, Frameworks & Guidelines

(2019-2024)

Promoting Accountability

TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS v

LIST OF FIGURES AND TABLES vii

EXECUTIVE SUMMARY ix

1.0 BACKGROUND AND CONTEXT 1

1.1 Introduction 1
1.2 Purpose of the Survey 1
1.3 Objective of the Assignment 1
1.4 Rationale and Significance of the Study 2

2.0 METHODOLOGY 4

2.1 Research Design 4
2.2 Overarching Approach 4
2.3 Desk Review and Literature Analysis 5
2.4 Sampling Design and Target Groups 5
2.5 Data Collection Methods 6
2.5.1 Quantitative Data Collection 6
2.5.2 Qualitative Data Collection 6
2.6 Field Data Collection 6
2.7 Data Quality Management 7
2.8 Data Analysis 7
2.9 Validation of Findings 7

3.0 KEY FINDINGS 8

3.1 Demographic Information 8
3.1.1 County Distribution 8
3.1.2 Gender of Respondents 9
3.1.3 Respondents Role 9
3.1.4 Years Served in Current Role 10
3.1.5 Level of Government 12
3.1.6 Category of Entity 12
3.2 Awareness and Access of PSASB Standards, Guidelines, Templates and Manuals 13
3.2.1 Aware of PSASB Standards, Guidelines, Templates and Manuals 13
3.2.2 Familiarity with Specific Standards, Guidelines, Templates and Manuals 15
3.2.3 Channels of Learning about PSASB Materials 16
3.2.4 Quality and Clarity of Materials 17
3.2.5 Access to PSASB Materials 18
3.2.6 Usefulness of PSASB Materials 19

3.2.7 Training and/or Sensitization of PSASB Materials 19
3.2.8 Type of Training Offered 22
3.2.9 Challenges in Accessing or Understanding PSASB Materials 23
3.2.10 Ways to Improve Dissemination and Access to PSASB Materials/Resources 23

3.3 Uptake of PSASB Standards, Templates, Manuals, Guidelines and Frameworks 25
3.3.1 Adoption of PSASB Materials 25
3.3.2 Year of Implementing PSASB Materials 27
3.3.3 Responsibility of Coordinating Implementation of PSASB's Instruments 31
3.3.4 Formal Adoption of PSASB Instruments 32
3.3.5 Drivers of Adoption of PSASB Instruments 34
3.3.6 Overall Level of Uptake and Adoption of PSASB Instruments 37
3.3.7 Senior Leadership Support in Driving Adoption of PSASB Instruments 38
3.3.8 Barriers to Full Adoption of PSASB Instruments and Recommended Interventions 41

3.4 Implementation Experience 42
3.4.1 Successful Implementation Initiatives and Experiences with PSASB Instruments 42
3.4.2 Usefulness and Impact of PSASB Instruments Across Entities 43
3.4.3 Capacity Building on Implementation of PSASB Instruments 44
3.4.4 Training and Capacity Building Content 46
3.4.5 Integration of PSASB Instruments and Materials in Public Sector Financial Management 47
3.4.6 Ease of Implementation of PSASB Instruments 48
3.4.7 Challenges to Implementation of PSASB Instruments 51
3.4.8 Strengthening PSASB Instruments Implementation 52
3.4.9 Enhancement of Public Sector Entities for Implementation of PSASB Instruments. 54

3.5 Impact of PSASB Materials 55
3.5.1 Impact of PSASB Materials on Financial Reporting in the Public Sector 55
3.5.3 Impact of PSASB Instruments on Accountability Governance 57
3.5.4 Improvement in Internal Controls Following the Adoption of PSASB Instruments . 58
3.5.5 Improvement in Audit Ratings Following the Adoption of PSASB Instruments 60
3.5.6 Effect of PSASB Instruments on Efficiency in Public Sector 62
3.5.7 Assessment of PSASB's Compliance Monitoring in the Public Sector 64
3.5.8 PSASB Instruments on Public Confidence and Service Delivery 66

3.6 Sustainability Standards and ESG Reporting 67
3.6.1 Formal Adoption of Sustainability Standards and ESG Reporting Framework in the Public Sector 67
3.6.2 Sustainability/ESG Responsibilities 72
3.6.3 Coverage of ESG Reporting 73
3.6.4 Institutional Capacity on Sustainability/ESG Data 74
3.6.5 Training Received on Sustainability or ESG Reporting 76
3.6.6 Challenges or Barriers to the Adoption of Sustainability or ESG Reporting 77

3.6.7 Benefits or Positive Impacts in ESG/Sustainability Reporting 77
3.6.8 Support Required from PSASB to Strengthen Sustainability and ESG Reporting 78

3.7 Recommendations for Improved Adoption of PSASB Instruments and Materials 79
3.7.1 Capacity Gaps Hindering Full Adoption of PSASB Instruments and Materials 79
3.7.2 Recommendations on Type of Support 80
3.7.3 Tailoring PSASB's Approach for County and National Institutions 81
3.7.4 Enhancing Inter-Agency Collaboration for Uptake and Learning 81

3.8 Synthesis of Key Findings 83
3.8.1 Summary by Objectives 83
3.8.2 Nexus of the Objectives of the Study 87
3.8.3 Comparative Synthesis of National vs. County-Level Findings 87

4.0 CONCLUSION, RECOMMENDATIONS AND OPPORTUNITIES 90

4.1 Triangulation: Field Findings vs. Existing Literature 90
4.1.1 Objective 1: Awareness and Access to PSASB Instruments 90
4.1.2 Objective 2: Uptake of PSASB Instruments and Materials 92
4.1.3 Objective 3: Implementation experience 93
4.1.4 Objective 4a: Impact of PSASB Instruments and Materials in Promoting Accountability 94
4.1.5 Objective 4b: Sustainability and ESG Reporting Framework 95
4.1.6 Objective 5: Recommendations for Improved Adoption of PSASB Instruments and Materials 96

4.2 Strategic Policy Implications 97
4.3 Conclusion 99
4.4 Recommendations for Action 100
4.5 Areas for Further Research 101

5.0 REFERENCES 103

ANNEXES 107

Annex I: Key Informant Interview (KII) Guide 107

ABBREVIATIONS AND ACRONYMS

AFROSAI-E	African Organization of English-Speaking Supreme Audit Institutions
BETA	Bottom-Up Economic Transformation Agenda
CAPI	Computer-Assisted Personal Interview
CEO	Chief Executive Officer
CECM	County Executive Committee Member
CCIOs	Constitutional Commissions and Independent Offices
CFO	Chief Finance Officer
CGA	County Government Act
CIDP	County Integrated Development Plan
CMA	Capital Markets Authority (Kenya)
CoB	Controller of Budget
CPD	Continuous Professional Development
DFRD	District Focus for Rural Development
ESG	Environmental, Social and Governance
ERP	Enterprise Resource Planning
FGD	Focus Group Discussion
GFS	Government Finance Statistics
GOK	Government of Kenya
GRI	Global Reporting Initiative
HOD	Head of Department
ICPAK	Institute of Certified Public Accountants of Kenya
ICT	Information and Communication Technology
IFAC	International Federation of Accountants
IFMIS	Integrated Financial Management Information System
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
KEMI	Kenya Education Management Institute
KII	Key Informant Interview
KNBS	Kenya National Bureau of Statistics
KRA	Kenya Revenue Authority
M&E	Monitoring and Evaluation
MDACs	Ministries, Departments, Agencies and Counties
MDAs	Ministries, Departments, and Agencies
MoF	Ministry of Finance
MoICT	Ministry of Information, Communication and Technology
MoPSGHR	Ministry of Public Service, Gender and Affirmative Action
NACOSTI	National Commission for Science, Technology and Innovation
NGO	Non-Governmental Organization

NG	National Government
NSE	Nairobi Securities Exchange
NT	National Treasury
NVivo	Qualitative Data Analysis Software
OAG	Office of the Auditor-General
ODK	Open Data Kit
OECD	Organisation for Economic Co-operation and Development
PBB	Programme-Based Budgeting
PFM	Public Finance Management
PFMA	Public Finance Management Act
PS	Principal Secretary
PSASB	Public Sector Accounting Standards Board
PWDs	Persons with Disabilities
SAGA	Semi-Autonomous Government Agency
SEA	Senior Executive Assistant
SPSS	Statistical Package for the Social Sciences
UNDP	United Nations Development Programme
WB	World Bank

LIST OF FIGURES AND TABLES

Figure 1: Respondents Distribution per County 8
Figure 2: Gender of Respondents 9
Figure 3: Respondents Role 10
Figure 4: Years Served in Current Role 11
Figure 5: Level of Government 12
Figure 6: Awareness of Standards, Guidelines, Templates and Manuals 13
Figure 7: Awareness of PSASB Standards per Category Role 14
Figure 8: Standards, Guidelines, Templates and Manuals Adopted 16
Figure 9: Learning about PSASB Materials 16
Figure 10: Quality and Clarity of PSASB Materials 17
Figure 11: Rate of access to PSASB Materials 18
Figure 12: Usefulness of PSASB Materials 19
Figure 13: Training and Sensitization of PSASB Materials 20
Figure 14: Training/Sensitization per role category 21
Figure 15: PSASB Materials Adopted by Entities 25
Figure 16: Entity adoption of PSASB Materials/Standards 26
Figure 17: Year Started Implementing IPSAS Based Accounting Standards 28
Figure 18: Year Started Implementing Internal Audit Guidelines/Manual 28
Figure 19: Year Started Implementing Risk Management Framework 29
Figure 20: Year Started Implementing Reporting Templates 29
Figure 21: Persons Responsible for Coordinating Implementation of PSASB's Templates, Manuals, Guidelines and Frameworks 31
Figure 22: Formal adoption through internal policies, circulars, policies or frameworks 32
Figure 23: Formalization of Adoption of the Policies, Circulars and Frameworks in Entities 33
Figure 24: Key Drivers/Motivators for Adoption of PSASB Standards 34
Figure 25: Key Drivers/Motivators for Adoption per Entity 35
Figure 26: Overall Rating of Level of Uptake and Adoption of PSASB's Templates 37
Figure 27: Level of Senior Leadership Support in Driving Adoption of PSASB Standards 39
Figure 28: Level of Senior Leadership Support in Driving the Adoption of PSASB Standards Across Entities 40
Figure 29: Capacity building activities on the implementation of PSASB instruments 44
Figure 30: Capacity building on the implementation of PSASB instruments 45
Figure 31: Ease of implementation of PSASB Materials and standards 49
Figure 32: Ease of implementation of PSASB Instruments across Public Sector Entities 50
Figure 33: Challenges hindering implementation of PSASB instruments 51
Figure 34: Challenges hindering implementation of PSASB instruments across public sector entities 52
Figure 35: Impact of PSASB materials on financial reporting in the public sector 55
Figure 36: Impact of PSASB Materials on financial reporting across the public sector entities 56

Figure 37: Status of Internal controls due to adoption of PSASB instruments 58
Figure 38: Status of internal controls due to adoption of PSASB instruments per entity 59
Figure 39: Status of Internal controls due to adoption of PSASB instruments 60
Figure 40: Status of audit rating following adoption of PSASB instruments per entity..... 61
Figure 41: Effect of PSASB instruments on efficiency in public sector..... 62
Figure 42: Effect of PSASB instruments on efficiency across the public sector entities..... 63
Figure 43: Has PSASB Conducting any Compliance Monitoring in the Public Sector?..... 64
Figure 44: Has PSASB Conducting any Compliance Monitoring across the public sector entities? 65
Figure 45: Formal Adoption of Sustainability Standards and ESG Reporting Framework in the public sector..... 67
Figure 46: Formal Adoption of Sustainability Standards and ESG Reporting Framework across public sector entities 68
Figure 47: Formalization in policy or strategy documents of sustainability standards and ESG adoption in the public sector..... 70
Figure 48: Formalization in policy or strategy documents of sustainability standards and ESG adoption across the public sector entities 71
Figure 49: Assignment of Sustainability/ ESG responsibilities in public entities 72
Figure 50: Areas currently covered in ESG reporting..... 73
Figure 51: Public sector entities capability on ESG data 74
Figure 52: Training received on sustainability or ESG reporting 76
Figure 53: Type of support recommended from PSASB for improved adoption of PSASB instruments and materials 80

Table 1: Sample Population..... 5
Table 2: Category of Entity 12
Table 3: Awareness of PSASB Standards per Entity..... 15
Table 4: Training and Sensitization per Entity 20
Table 5: Year of Adoption of Sustainability Standards and/or ESG Reporting Framework 69

EXECUTIVE SUMMARY

The National Study on the Adoption and Implementation of Public Sector Accounting Standards Board (PSASB) Instruments (2019–2024) presents a comprehensive assessment of Kenya's progress in embedding public financial management (PFM) reforms through the adoption of PSASB's standards, templates, manuals, and frameworks. The study covered over 400 public sector institutions across national and county governments, state corporations, universities, commissions, and public funds, applying mixed methods (surveys, interviews, and focus groups) to assess levels of awareness, access, uptake, utilization, and the overall impact of PSASB reforms on accountability and transparency.

Level of Awareness and Access PSASB Instruments

The study reveals a high level of awareness of PSASB instruments across Kenya's public sector. Approximately 95% of respondents are familiar with key instruments such as the International Public Sector Accounting Standards (IPSAS), internal audit manuals, and financial reporting templates. Access to these instruments is generally strong at the national level, supported by PSASB's communication channels, circulars from the National Treasury, and targeted sensitization forums. However, counties and semi-autonomous public entities report limited access due to weak dissemination structures and inadequate internal communication mechanisms.

Uptake of the PSASB Instruments

Uptake levels differ across government tiers. National ministries, commissions, and SAGAs have achieved uptake rates of 65–80%, reflecting formal adoption of PSASB standards in performance contracts, audit charters, and financial policies. Conversely, county governments and devolved agencies register uptake levels of 30–45%, often characterized by partial or informal application of templates due to limited technical capacity, resource constraints, and staff turnover. The findings underscore the need for sustained outreach, localized mentorship, and digital access to PSASB tools to bridge this adoption gap.

Utilization and Implementation of PSASB Instruments

Implementation of PSASB instruments has yielded notable progress in strengthening the quality and consistency of financial reporting. About 75% of public entities have integrated PSASB templates into their financial management processes, leading to more accurate and timely reports. The use of IPSAS and PSASB audit frameworks has enhanced compliance with international standards, improved documentation, and streamlined audit preparation.

Institutionalization of PSASB practices has also improved operational efficiency. Entities with well-trained finance and audit teams report better record management, faster consolidation of accounts, and improved interoperability with the Integrated Financial Management Information System (IFMIS). However, utilization remains uneven across counties, with persistent challenges including weak ICT infrastructure, inadequate training, and inconsistent follow-up from PSASB and oversight agencies.

Impact of PSASB on Promoting Accountability in the Public Sector

The adoption of PSASB instruments has had a transformative impact on public accountability and governance. Over 88% of institutions reported strengthened internal controls and risk management systems, while 74% recorded improved audit outcomes marked by fewer queries and increased unqualified audit opinions. These reforms have improved transparency in financial

reporting, enhanced compliance with the Public Finance Management Act (PFMA), and fostered greater public trust in the management of public resources.

At the national level, PSASB-driven reforms have institutionalized performance reporting and harmonized audit frameworks, while at the county level, adoption has led to progressive improvements in fiscal discipline, albeit at a slower pace. The study confirms that PSASB's work has significantly contributed to enhancing financial accountability, audit readiness, and good governance across Kenya's public sector.

Sustainability and ESG Reporting

The adoption of Environmental, Social, and Governance (ESG) frameworks remains in its early stages, with only 30% of entities mainly SAGAs, universities, and commissions reporting formal integration. County governments show limited ESG awareness and lack standardized tools or policy guidance for sustainability reporting. The study highlights an urgent need to mainstream ESG indicators within public financial reporting to align with Kenya's Green Economy, Climate Finance, and sustainable development commitments.

National - County Comparative Insights

National institutions are in the consolidation phase of reform, characterized by structured adoption, digitized reporting, and strong leadership accountability. In contrast, county entities remain in a transitional phase, marked by partial adoption and fragmented implementation. The disparities are primarily driven by institutional capacity, technological readiness, and funding limitations. Counties with active partnerships with the National Treasury or donor-funded PFM programs show better progress in compliance and reporting maturity.

Strategic Policy Implications

The findings call for differentiated yet harmonized policy approaches to sustain reform momentum across all levels of government. Strategic implications include:

- Institutionalizing tiered capacity-building frameworks tailored for national and county contexts
- Mandating digital transformation and interoperability of financial reporting systems
- Integrating ESG and sustainability reporting into PSASB guidelines and the broader fiscal policy agenda
- Embedding PSASB compliance indicators in performance contracts for accounting officers and CFOs
- Establishing structured intergovernmental coordination mechanisms among PSASB, the National Treasury, and County Treasuries for policy coherence and oversight.

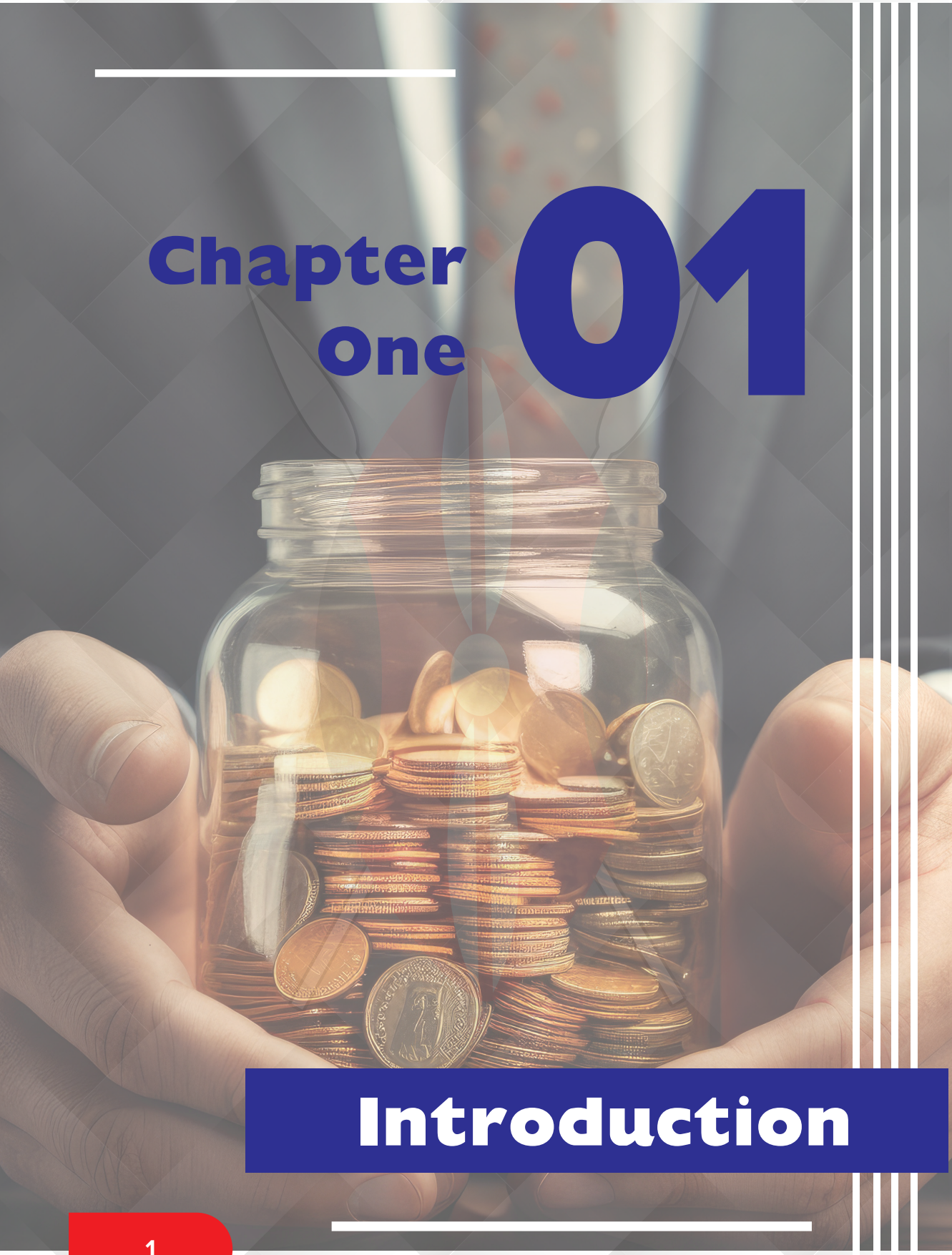
Recommendations for Action

1) **Targeted Capacity Building:** Introduce continuous, tiered training programs tailored to institutional needs at both levels of government.
2) **Digital Integration:** Implement interoperable reporting systems linking counties to PSASB and the National Treasury for real-time compliance.
3) **Enhanced Compliance Monitoring:** Enforce annual compliance audits and scorecards **to track progress and accountability.**
4) **Localized Mentorship Support:** Establish regional PSASB mentorship hubs for hands-on technical assistance and peer learning.
5) **Mainstream ESG Reporting:** Develop simplified ESG templates and require inclusion of sustainability metrics in annual reports.

6) **Policy Harmonization:** Strengthen coordination between PSASB, National Treasury, and counties through unified circulars and schedules.
7) **Leadership Accountability:** Link PSASB compliance to the performance evaluation of accounting officers and finance executives.
8) **Sustainable Reform Financing:** Create a dedicated budget or reform fund to support ICT modernization and continuous capacity development.
9) **Knowledge Sharing:** Promote inter-agency and regional partnerships for continuous learning and innovation in PFM practice.
10) **Continuous Evaluation:** Institutionalize a monitoring and learning framework to document progress and inform policy refinement.

Conclusion

The study concludes that PSASB reforms have significantly improved Kenya's fiscal governance, audit quality, and financial transparency, positioning the country as a regional leader in public sector financial reporting. To achieve uniform national and county-level compliance, Kenya must prioritize capacity development, policy alignment, digital transformation, ESG integration, and leadership accountability. Sustained political commitment, inter-agency coordination, and performance-based oversight will ensure that PSASB-driven reforms deliver a transparent, accountable, and sustainable public financial management system that supports Kenya's long-term development and governance goals.



Chapter One 01

Introduction

1.0 BACKGROUND AND CONTEXT

1.1 Introduction

The Public Sector Accounting Standards Board (PSASB) was established under Sections 192–195 of the Public Finance Management (PFM) Act, 2012 as a semi-autonomous regulatory body mandated to prescribe, develop, and promote the adoption of accounting, internal audit, and risk management standards across Kenya's public sector. Its establishment was a major milestone in Kenya's PFM reform journey, which has been anchored in the Constitution of Kenya (2010), the PFM Act (2012), and subsequent regulations aimed at enhancing accountability, transparency, and credibility in the management of public resources.

Since 2019, PSASB has progressively issued a wide range of accounting standards based on International Public Sector Accounting Standards (IPSAS), internal audit manuals, risk management frameworks, templates, and guidelines. These instruments are intended to harmonize financial reporting, strengthen internal controls, and embed good governance practices across Ministries, Departments and Agencies (MDAs), County Governments, State Corporations, Constitutional Commissions, and Independent Offices.

Globally, the adoption of accrual-based accounting and risk-sensitive internal audit standards has been recognized as a best practice, aligning Kenya with international trends and strengthening the country's fiscal credibility. Regionally, Kenya's leadership in the adoption of IPSAS and the establishment of a dedicated standards board positions it as a reform model within the East African Community (EAC) and the wider African continent.

This Draft Research Survey Report presents preliminary findings on the level of adoption, implementation experiences, and impact of PSASB's prescribed accounting, internal audit, and risk management standards for the period FY 2018/19–2023/24. The assignment, undertaken by The Bridge Africa Group Ltd, serves as a critical input into PSASB's Strategic Plan (2023–2027) priority of strengthening adoption and compliance, while also providing evidence for national policy discourse and international benchmarking.

1.2 Purpose of the Survey

To assess the level of adoption and compliance with the prescribed PSASB templates, guidelines and frameworks for internal audit and accounting standards that the public sector entities at the National and County Governments have been implementing since 2019.

1.3 Objective of the Assignment

Specifically, the assignment pursued the following five (5) objectives:

i) Assessed the **level of awareness and access** to PSASB's prescribed standards, guidelines, frameworks, templates, manuals, internal audit standards, and accounting standards across the public sector.

ii) Assessed the **level of uptake** of the PSASB's templates, manuals, guidelines and frameworks for internal audit standards and accounting standards across the public sector.

iii) Determined **the utilization level** in terms of implementation, capture the successes (how they happened and what enabled them), challenges, and recommendations in adopting PSASB's templates, manuals, guidelines, and frameworks for internal audit and accounting standards across the public sector entities.

iv) Measured the **impact** of PSASB's standards in promoting accountability in financial reporting, internal controls, and governance. In addition, an assessment of adoption and implementation of Environmental, Social, and Governance (ESG) reporting practices.

v) Sought to promote **data-driven recommendations** to improve adoption rates and compliance.

1.4 Rationale and Significance of the Study

Kenya's public financial management (PFM) ecosystem is in a pivotal transition: devolved service delivery must be financed and accounted for with integrity; government is moving from cash to accrual reporting; budget policy is placing greater emphasis on evidence-based allocation (including program and zero-based elements); and oversight demands for transparency and value-for-money continue to rise. In this context, the adoption and effective use of Public Sector Accounting Standards Board (PSASB) instruments—accounting standards, internal audit frameworks, risk management guidelines, templates and manuals—is no longer optional "good practice"; it is the operating system for credible public finance. This study provides the first, scalable and traceable, country-wide evidence base on awareness, uptake, utilization, impact, and ESG adoption of PSASB instruments across national and county entities, generating actionable insights for policy, institutions, and capacity development.

1.4.1 Policy significance

This study supplies hard, entity-level evidence showing where constitutional and PFM Act requirements are truly operationalized through PSASB instruments. It pinpoints exactly which standards and controls translate legal intent into practice—and where targeted fixes will most quickly lift fiscal credibility and alignment to IPSAS norms.

1.4.2 Institutional significance

By assessing real adoption and use of standardized templates, Internal Audit frameworks, and risk guidelines, the study strengthens a common "language." It reveals where comparability and control discipline are strong or weak, guiding system enforcement to make good practice routine.

1.4.3 Capacity development significance

Findings identify who needs training, where, and on what—from cities/municipalities and water utilities to audit committees and risk units—so capacity investments are precise and high-yield. Crucially, it shifts capacity from awareness to verified practice by anchoring training around observable artifacts such as internal audit plan execution, updated risk registers among others.

1.4.4 Strategic alignment and timing

The evidence directly underpins PSASB's strategic outcomes and Kenya's reform calendar particularly the transition from cash basis to accrual transition, creating a repeatable baseline for annual progress checks. It arrives at the right moment to further enhance the control discipline locked into the MTEF processes.

1.4.5 Stakeholder relevance and usability

The study will provide accounting officers, finance teams, internal audit, risk, and audit committees with actionable checklists and enforcement cues that shorten period close, reduce queries, and improve audit outcomes. Critically, it will also give oversight and policy actors comparable, timely feedback—accelerating assurance and strengthening in-year monitoring and accountability.

1.4.6 Theory of change contribution

The study clarifies the pathway from inputs (dissemination, training etc.) to outputs (awareness, uptake, utilization) to outcomes (stronger controls, audit readiness, comparable reporting) and ultimately impact (higher fiscal credibility and better service delivery). It thus turns PSASB instruments from guidance into a measurable engine of governance performance.

Chapter Two 02

Methodology

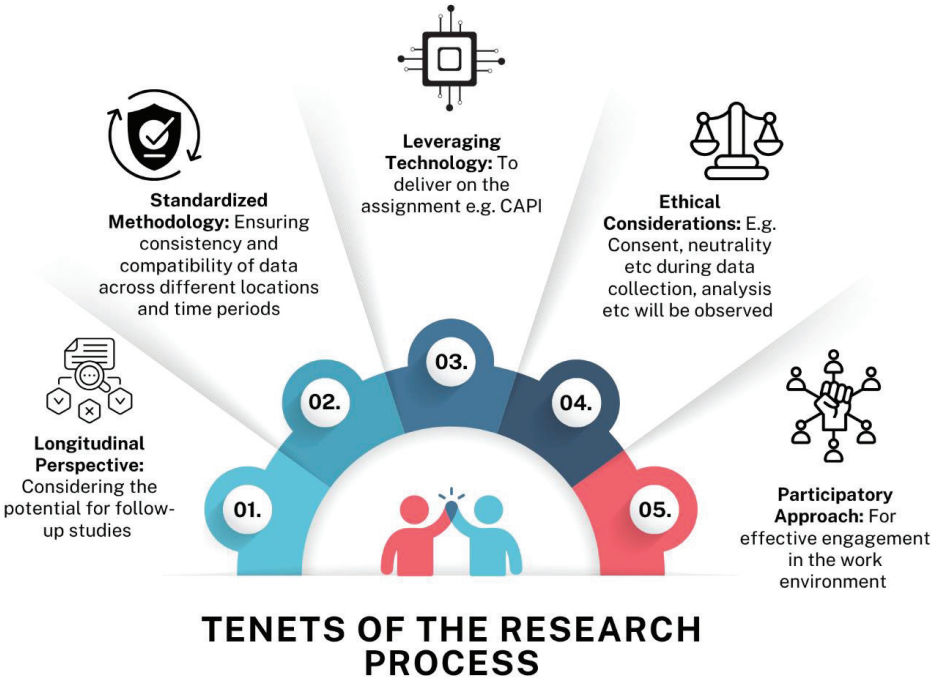
2.0 METHODOLOGY

2.1 Research Design

This research assignment employed a rigorous, mixed-methods approach combining both quantitative and qualitative methodologies to comprehensively assess the adoption and implementation of PSASB standards, frameworks, and guidelines (2019-2024) across public sector entities. The methodology was designed to ensure broad representation, stakeholder participation, empirical depth, and actionable findings whilst highlighting any challenges, shortcomings and key recommendations/strategies.

2.2 Overarching Approach

Several key tenets or principles guided the research process. By adhering to these tenets, the study established a solid foundation for assessment of the adoption and implementation of PSASB standards, frameworks, and guidelines (2019-2024) across public sector entities, measuring progress, and informing decision-making processes. These tenants ensured the credibility, reliability, and validity of the survey findings, enabling effective planning and evidence-based interventions:



The Bridge Africa Group undertook this assignment in a participatory manner to ensure attainment of the objectives of the assignment. This also ensured acceptance and ownership of the outputs by PSASB. As such, The Bridge Africa Group adopted quantitative and qualitative approach that involved collecting and analyzing numerical and non-numerical data on the feedback from the data collection tools among the target actors, including the county departments/sectors

(respective sub-sectors) and relevant public sector accounting and internal audit standards, frameworks and guidelines.

2.3 Desk Review and Literature Analysis

A comprehensive desk review was conducted to assess existing documentation and inform the research framework. This included a review of PSASB's standards, templates, manuals, training materials, previous compliance reports, monitoring and evaluation documents, and strategic plans. The review helped establish a baseline understanding of the development, dissemination, and intended use of PSASB's materials.

In addition, the literature review drew on the best international practices, focusing on the adoption of International Public Sector Accounting Standards (IPSAS), internal audit standards, and risk management frameworks. The analysis also considered Kenya's Public Finance Management (PFM) reform agenda and devolution context to contextualize findings and develop comparative insights.

2.4 Sampling Design and Target Groups

The research targeted broad range of public sector entities summarized as follows:

Table 1: Sample Population

Entity	Population	Entities Sampled	Respondents (2 per entity)
Secondary School (National and Extra County)	973	110	220
County Assembly	47	23	46
County Executive	47	23	46
National Government CDF	290	33	66
State Corporation – National Government	136	15	30
State Corporation – Regulatory Agencies	63	7	14
State Corporation – Public Universities	41	5	10
State Corporation – Training Institutions	13	1	2
State Corporation – Commercials Government Owned Entities	78	9	18
State Corporation – National Referral Hospitals	5	1	2
Level 4 & 5 Hospitals	394	45	90
TVETs – National Polytechnics	25	3	6
TVETs – Training Teachers College	39	4	8
TVETs Technical Training Institutes	62	7	14
TVETs – Technical and Vocational Colleges (County)	122	14	28
City and Municipalities	113	13	26
Political Parties	92	10	20
SAGAs – Professional bodies	37	4	8
Water Companies	82	9	18
Commissions and Independent offices	19	2	4
County Corporations	16	2	4
County Public Fund	173	19	38
National Fund	75	8	16
Ministries Departments and Agencies	92	10	20
Total	3034	377	754

A stratified random sampling approach was employed to ensure representativeness across different types of institutions, levels of government (national and county), and geographic regions.

Strata were defined based on entity type/institution type (since the population is based on the various entities). This approach ensured that the findings reflect diverse institutional experiences and enable disaggregation in the final analysis.

2.5 Data Collection Methods

2.5.1 Quantitative Data Collection

Quantitative data was collected through structured surveys and questionnaires administered to key officials in target institutions. The unit of analysis in this study were the public entities and therefore the statistical inferences and reporting was at the entity level.

The unit of observation were respondents within the entity, and they included Chief Finance Officers, Internal Auditors, Directors of Accounting Services, Heads of Risk Management, and members of Audit Committees.

The survey assessed levels of awareness, access, uptake, and perceived utility of PSASB's standards and materials. The research study also explored compliance monitoring, impact on financial governance, and implementation challenges. In addition, there was use of Computer Assisted Personal Interview (CAPI) either ODK or Kobo Collect to facilitate smooth data collection. This increased the validity and accuracy of the data and ensure a wide reach to far areas.

2.5.2 Qualitative Data Collection

Qualitative data was collected through Key Informant Interviews (KIIs). KIIs were conducted with selected senior officers from the targeted public sector entities. These interviews provided in-depth insights into implementation experiences, institutional barriers, and practical recommendations.

2.6 Field Data Collection

The data collection process was led by The Bridge Africa Group with fieldwork involving trained enumerators using standardized tools that ensure quality data collection among the public sector entities. This process began with seeking verbally informed consent and explaining the purpose of the study before any data collection takes place. The research methodology involved an in-depth document review to gather preliminary insights, followed by key informant interviews (KIIs) conducted in both semi-structured and unstructured formats based on research questions and other relevant issues, which was agreed upon with PSASB. The research questions were administered using various methods, including face-to-face and telephone interviews, as well as virtual platforms such as Google Meet, Microsoft Teams, and Zoom. The expected outcomes were raw data, recorded through verbatim tapes or transcriptions, which has been analyzed to inform this report.

2.7 Data Quality Management

The consultants put in place all necessary measures to ensure the data collected is valid and reliable. These included reviewing of the data collection tools; pre-testing; cross-checking the completed data sets (for accuracy, correctness, consistency, and completeness); using digital recorders during KIIs tools to avoid loss of any valuable information; data cleaning and accurate entry of data; as well as objective reporting.

2.8 Data Analysis

The collected data has been analyzed quantitatively and qualitatively and integrated into this report according to the specific objectives of the assignment. Quantitative data has been analyzed using Statistical Package for the Social Sciences (SPSS) with R Software has been used to analyze qualitative data.

2.9 Validation of Findings

To ensure accuracy and reliability, The Bridge Africa Group will organize validation sessions with selected stakeholders. These sessions will serve as platforms for confirming key findings, enriching interpretation through stakeholder perspectives, and refining recommendations. Where necessary, follow-up interviews will be conducted to clarify issues and fill data gaps. Validation will enhance ownership of the research and increase the credibility and utility of its findings.

Chapter Three 03

Key Findings

3.0 KEY FINDINGS

3.1 Demographic Information

3.1.1 County Distribution

The study sought to determine the response rate per county distribution. The findings are presented in Figure 1.

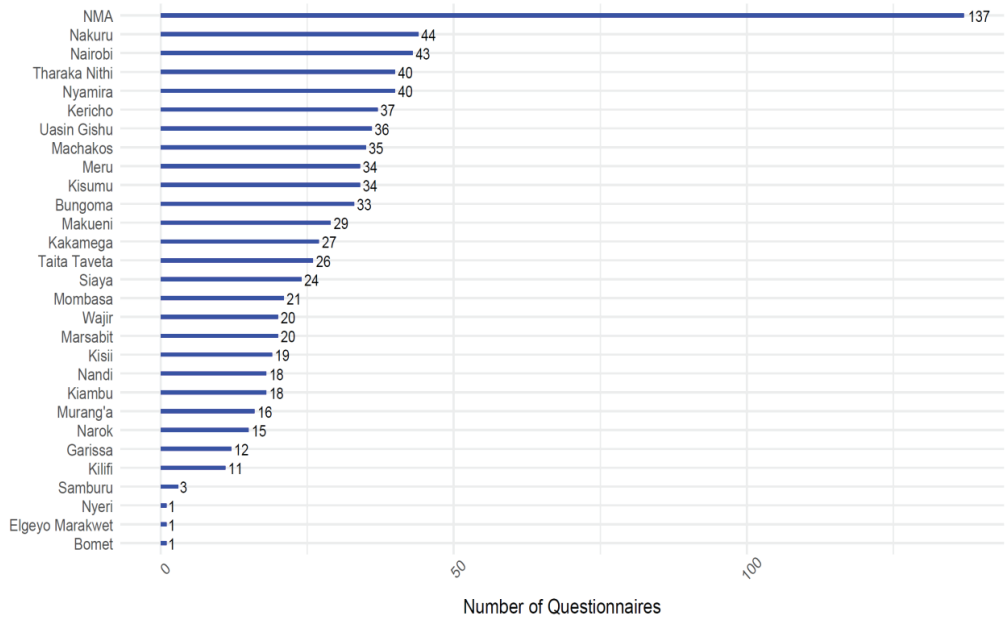


Figure 1: Respondents Distribution per County

From the findings, 795 respondents out of targeted 754, giving a response rate of 105.4%. Twenty-eight counties participated out of a targeted twenty-three, yielding over 100% response rate. Nairobi accounted for the highest proportion of respondents (17.2%), reflecting the concentration of national entities and state corporations in the capital city. The under-representation of far-flung counties underscores a structural challenge, capacity limitations and uneven reach of PSASB standards at the devolved level. Many of these counties face logistical barriers, limited technical expertise, and minimal engagement with national reform processes.

To address this, PSASB should adopt decentralized and context-specific approaches, including regional outreach centers, county-based mentorship models, and digital training platforms to enhance access and continuous capacity support. Such measures would promote equitable participation, strengthen local ownership, and ensure consistent application of public sector accounting standards across all counties

3.1.2 Gender of Respondents

Figure 2 shows the respondents gender distribution.

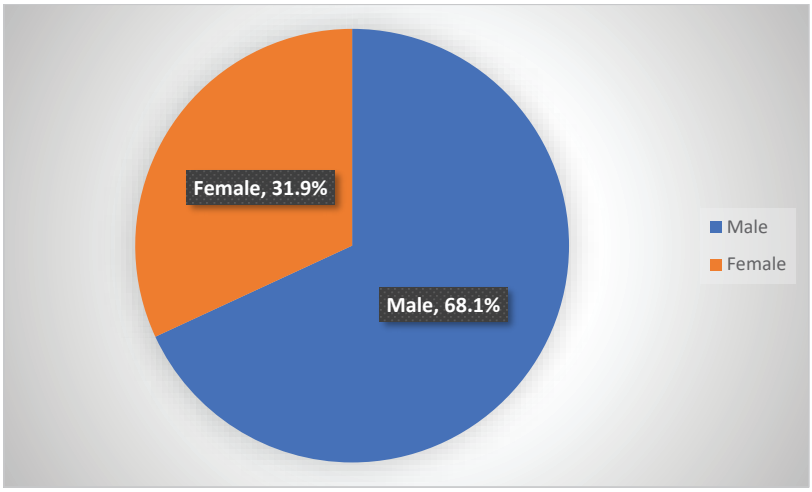


Figure 2: Gender of Respondents

The survey findings indicate that male respondents constituted approximately 68.1%, while female respondents accounted for 31.9% of the total sample. This gender distribution reflects broader sectoral patterns in Kenya, where public finance, audit, and risk management roles continue to be predominantly occupied by men. Encouragingly, the level of female participation meets and marginally surpasses the constitutional minimum threshold of 30%, signaling meaningful progress toward gender inclusivity within these professions. However, the results also underscore the need for sustained gender mainstreaming in PSASB's training, sensitization, and capacity-building initiatives to further enhance women's participation, visibility, and leadership across all facets of public sector financial governance.

3.1.3 Respondents Role

The respondents were required to indicate their roles in the entities they serve at. The findings are presented in Figure 3.

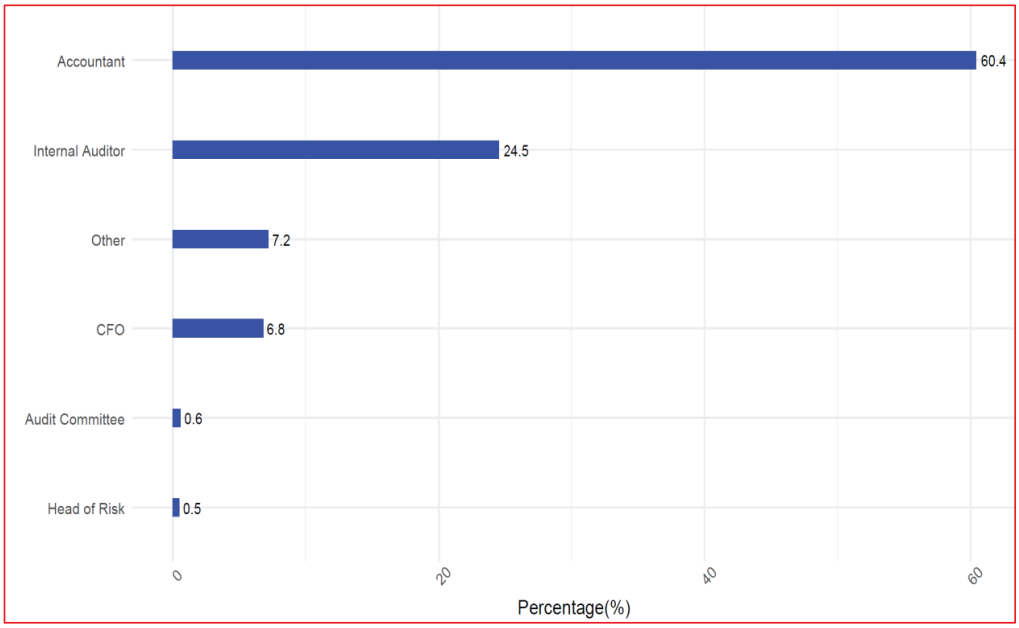


Figure 3: Respondents Role

The respondent pool comprised mainly accountants 480(60.4%) and internal auditors 195 (24.5%), followed by others include school bursars 57 (7.2%), CFOs 54 (6.8%), others audit committee members 5 (0.6%) and risk managers 4 (0.5%). This distribution aligns with the study's focus areas, ensuring that perspectives were captured from both operational (accounting) and oversight (audit and risk) roles. It also confirms strong representation of technical experts who are directly responsible for implementing PSASB standards. The survey also captured the voices of technical implementers, but relatively fewer oversight actors such as audit committees and risk managers. The finding indicates a possible institutional imbalance: while operational staff are aware and engaged, oversight structures are not yet fully mainstreamed into PSASB reforms.

3.1.4 Years Served in Current Role

The respondents were required to indicate the number of years they have served in the current role. This is presented hereinafter.

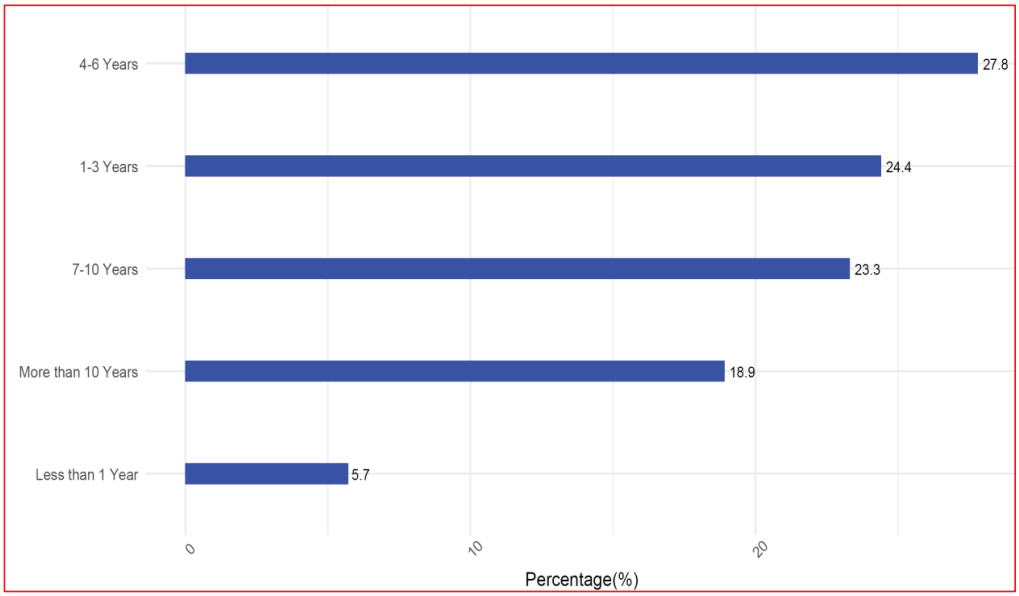


Figure 4: Years Served in Current Role

Nearly half the respondents had more than 6 years of experience in their roles, with 27.8% in the 4–6 years range and 18.9% over 10 years. This indicates that many participants were well-placed to provide reliable institutional memory of reform adoption. However, the small proportion (5.7%) of newer staff highlights succession challenges: PSASB must consider how induction programs and continuous professional development can orient new officers quickly into compliance culture.

3.1.5 Level of Government

Respondents were required to specify their level of government affiliation, national or county; to enable analysis of representation across the two tiers of government. This is presented in figure below.

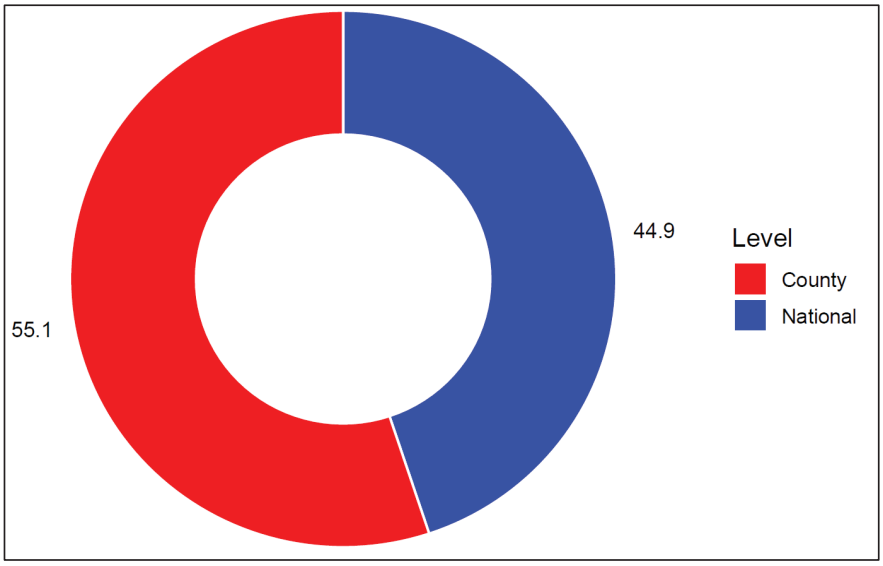


Figure 5: Level of Government

Majority of the respondents (55.1%) were drawn from county governments, while 44.9% represented the national government. This distribution provides valuable insights into how counties are applying and complying with PSASB's standards, guidelines, templates, and frameworks, a critical aspect under Kenya's devolution framework, which grants counties increased financial autonomy and responsibility. The findings highlight the importance of PSASB's continued efforts to strengthen capacity, ensure uniform interpretation, and promote consistent implementation of these instruments across both tiers of government. Such alignment is essential for enhancing transparency, accountability, and comparability in public financial management practices nationwide.

3.1.6 Category of Entity

Respondents were required to specify their respective category of public entity, as presented in the table below.

Table 2: Category of Entity

Entity Category	n	Percent
Secondary School (National and Extra County)	178	22.4
Level 4 & 5 hospitals	75	9.4
National Government CDF	64	8.1
County Executive	57	7.2
Water Companies	47	5.9
State Corporation – National Government	43	5.4
County Assembly	42	5.3
Cities and Municipalities	37	4.7

Entity Category	n	Percent
State Corporation – Regulatory Agencies	34	4.3
County Public Fund	30	3.8
TVETs – National Polytechnics	27	3.4
Ministries Department and Agencies	27	3.1
TVETs – Technical and Vocational Colleges (County)	25	2.6
National Fund	21	2.4
State Corporation – Commercial Government Owned Entities	19	2.1
TVETs Technical Training Institutes	17	2.0
County Corporation	16	1.5
Political Parties	12	1
State Corporation – Public Universities	8	0.9
TVETs – Training Teachers College	7	0.4
State Corporation – National Referral Hospitals	3	0.4
Commission and Independent Offices	3	0.3
State Corporation – Training Institutions	2	0.1
SAGAS – Professional Bodies	1	0.1

The largest proportion of responses was obtained from secondary schools (22.4%), followed by a broad representation from ministries, county executives, county assemblies, State-Owned Enterprises (SOEs), universities, and health facilities. The predominance of responses from educational institutions reflects their numerical significance within the public sector landscape. Nonetheless, the institutional diversity captured in the survey underscores that PSASB standards, guidelines, templates, and frameworks are applicable across a wide spectrum of sectors including education, health, utilities, and governance, thereby necessitating differentiated dissemination and capacity-building strategies tailored to the unique operational contexts of each entity category.

3.2 Awareness and Access of PSASB Standards, Guidelines, Templates and Manuals

The first objective of the study sought to assess the level of awareness and access to PSASB's prescribed standards, guidelines, frameworks, templates, manuals internal audit standards, and accounting standards across the public sector. This is discussed hereinafter.

3.2.1 Aware of PSASB Standards, Guidelines, Templates and Manuals

The study assessed the awareness of the standards, guidelines, templates, and manuals among the public entities as issued by PSASB since 2019. This is presented as follows:

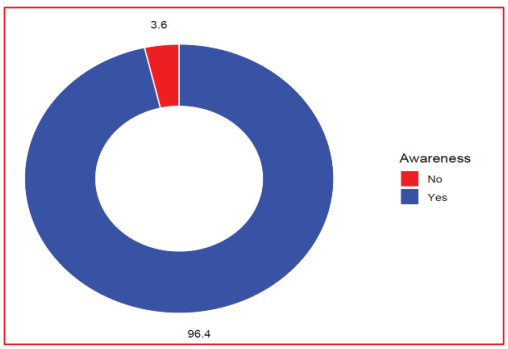


Figure 6: Awareness of Standards, Guidelines, Templates and Manuals

The findings reveal that a large majority of respondents (96.4%) are aware of PSASB standards, suggesting that the Board's sensitization and awareness initiatives implemented over the past six years have achieved substantial reach and visibility across public entities. However, high levels of awareness do not necessarily translate into uniform application or compliance, indicating the need for continued capacity building, follow-up support, and practical implementation guidance to ensure that awareness is effectively converted into consistent and high-quality use of PSASB instruments across all levels of government.

Further the study sought to determine the awareness levels across the category of the respondents and different sectors as noted hereinafter.

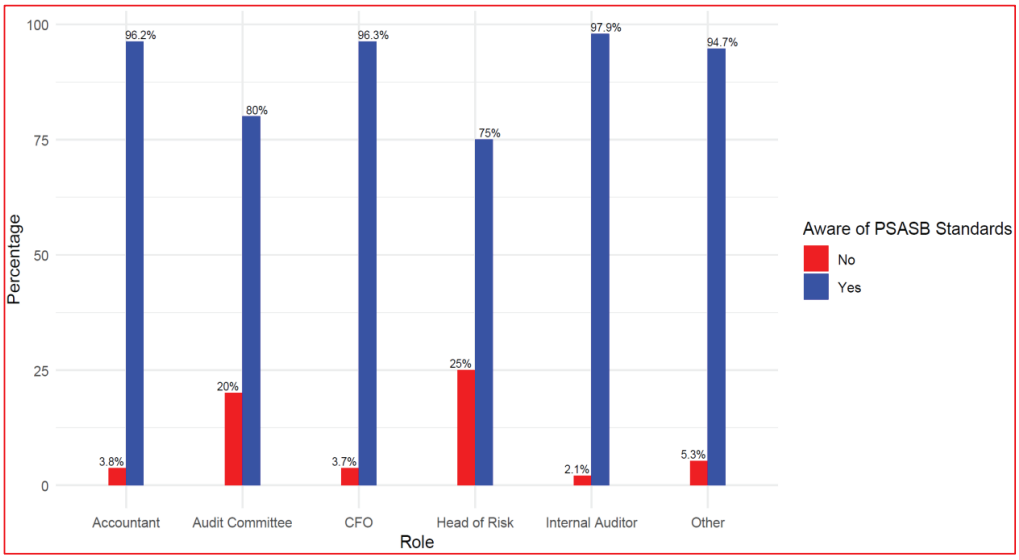


Figure 7: Awareness of PSASB Standards per Category Role

As illustrated in Figure 7, awareness of PSASB standards and guidelines is generally high across professional categories. Specifically, 96.2% of accountants, 96.3% of Chief Finance Officers (CFOs), and 97.9% of internal auditors reported being aware of the standards. Among audit committee members, awareness stood at 80%, while 75% of heads of risk and 94.7% of other categories including fund managers and school bursars indicated similar awareness.

While these results demonstrate broad dissemination and recognition of PSASB materials, the comparatively lower awareness among audit committee members and heads of risk highlights a targeted capacity gap. This suggests the need for PSASB to intensify sensitization and training efforts specifically tailored to these critical oversight and risk management roles, ensuring comprehensive understanding and consistent application of PSASB standards across all governance and financial management functions

The study sought to determine the awareness of the PSASB standards and guidelines per entity and the findings are presented below.

Table 3: Awareness of PSASB Standards per Entity

Entity Category	Awareness	
	Yes (%)	No (%)
Secondary School (National and Extra County)	94.9	5.1
Level 4 & 5 hospitals	96	4
National Government CDF	98.4	1.6
County Executive	100	0
Water Companies	95.7	4.3
State Corporation – National Government	100	0
County Assembly	100	0
Cities and Municipalities	91.9	8.1
State Corporation – Regulatory Agencies	100	0
County Public Fund	96.7	3.3
TVETs – National Polytechnics	100	0
Ministries Department and Agencies	100	0
TVETs – Technical and Vocational Colleges (County)	72	28
National Fund	100	0
State Corporation – Commercial Government Owned Entities	100	0
TVETs Technical Training Institutes	100	0
County Government Corporations	81.2	18.8
Political Parties	100	0
State Corporation – Public Universities	100	0
TVETs – Training Teachers College	100	0
State Corporation – National Referral Hospitals	100	0
Commission and Independent Offices	100	0
State Corporation – Training Institutions	100	0
SAGAS – Professional Bodies	100	0

The results indicate a very high level of awareness of PSASB standards across most public sector entities in Kenya. Nearly all categories recorded awareness levels between 94.9% and 100%, except for County Government Corporations (81.2%), and County TVETs (72%). This means that national-level institutions and major county-level entities (such as County Executives, Assemblies, Water Companies, and Public Funds) have near-universal awareness of PSASB standards, reflecting successful outreach and institutionalization of financial reporting guidelines. However, the lower awareness among county-based training institutions (TVETs) and county government corporations suggests uneven dissemination and uptake of PSASB standards, guidelines, templated and frameworks at the devolved and semi-autonomous levels.

3.2.2 Familiarity with Specific Standards, Guidelines, Templates and Manuals

In addition, the study sought to identify the specific standards, guidelines, templates, and manuals issued by PSASB that respondents were familiar with. The detailed distribution of awareness across these instruments is presented in Figure 8 below.

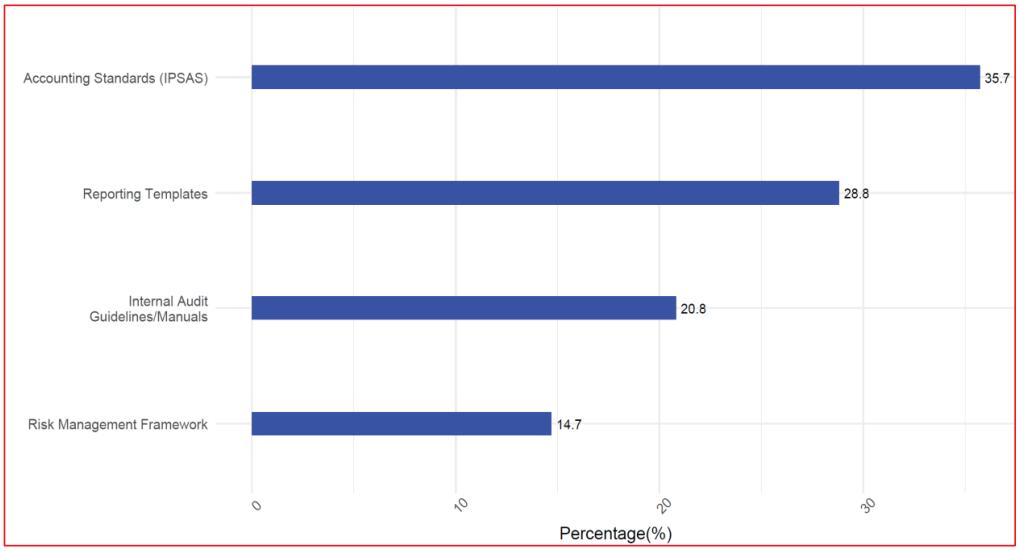


Figure 8: Standards, Guidelines, Templates and Manuals Adopted

As shown in Figure 8, familiarity is highest for Accounting Standards (IPSAS) (35.7%) and lowest for the Risk Management Framework (14.7%). The comparatively low awareness of the Risk Management Framework signals a specific knowledge gap in risk governance, which may weaken risk identification, control design, and oversight by management and audit committees. To close this gap, PSASB should prioritize targeted sensitization on the Risk Management Framework, .g., short, role-specific modules for heads of risk and audit committees, integration of concise risk primers into IPSAS trainings, and distribution of practical job aids (checklists, templates) that translate the framework into day-to-day practice.

3.2.3 Channels of Learning about PSASB Materials

Further on this objective, the study sought to find out how the respondents learnt about PSASB materials as presented below.

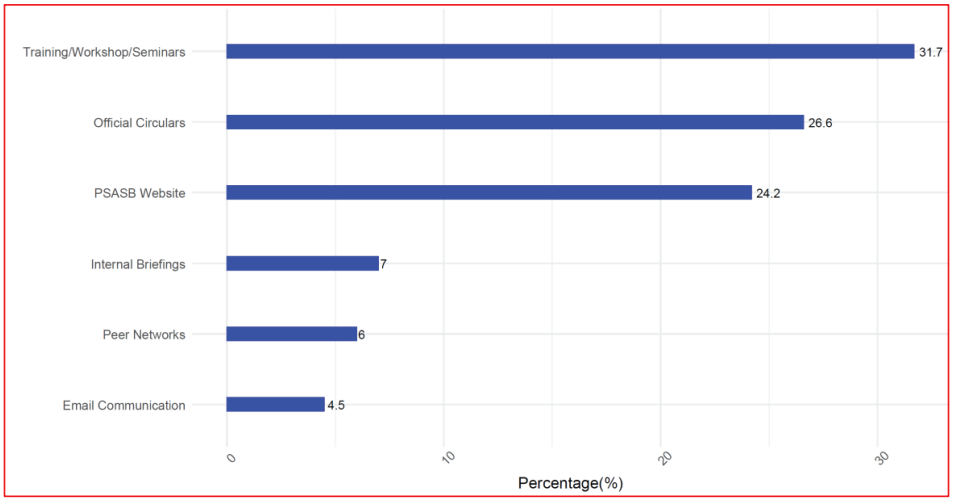


Figure 9: Learning about PSASB Materials

As shown in Figure 9, the majority of respondents (31.7%) reported learning about PSASB standards and materials through trainings, workshops, and seminars, followed by official circulars (26.6%), the PSASB website (24.2%), internal briefings (7%), peer networks (6%), and email communication (4.5%). These findings suggest that structured and formal dissemination channels particularly capacity-building events and official communications remain the most effective means of information delivery. However, the relatively low reliance on internal briefings, peer networks, and email communication indicates that institutional-level knowledge sharing and internal communication mechanisms are underutilized. This points to the need for PSASB to leverage both formal and informal channels, including digital platforms, peer-learning networks, and internal communication systems, to broaden its reach, sustain awareness, and ensure consistent access to materials across all levels of government

3.2.4 Quality and Clarity of Materials

The study captured the respondents' view on quality and clarity of the PSASB materials as noted below.

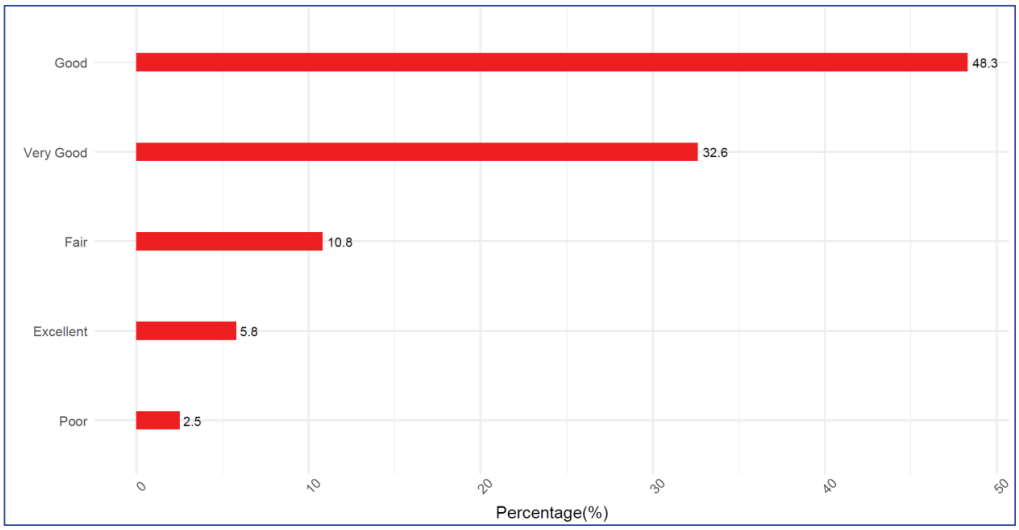


Figure 10: Quality and Clarity of PSASB Materials

Findings presented in Figure 10 shows that majority rated the quality and clarity of these materials as good (48.3%), followed by very good (32.6%), fair (10.8%), excellent (5.8%) and only 2.5% indicated that the quality and clarity of these materials are poor. The findings suggest that the majority of respondents (80.9%) perceive the quality and clarity of PSASB materials as good or very good, indicating that the Board has been largely effective in producing user-friendly and understandable guidance documents. However, the presence of respondents who rated the materials as fair (10.8%) or poor (2.5%) signals that there is still room for improvement in simplifying technical content, enhancing visual presentation, and contextualizing examples for different levels of government. This implies that PSASB should continue to refine and standardize its communication materials to ensure they are accessible, easily interpretable, and responsive to the diverse capacity levels of users across the public sector.

Out of the respondents who gave the rating of the quality and clarity of PSASB materials to be poor gave the following as the reasons behind their rating:

- Excel Template is not linked to each other
- The word document templates keep on changing
- There is no induction or inconsistent sensitization on the PSASB materials
- The PSASB materials are not easily accessible.

3.2.5 Access to PSASB Materials

The study sought to determine how the respondents' rate the access to the PSASB materials. This is noted as follows.

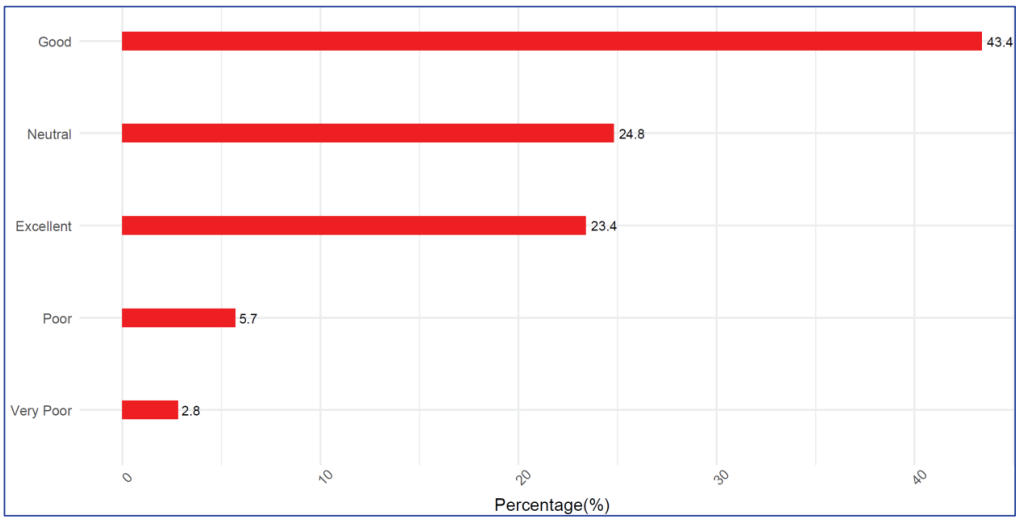


Figure 11: Rate of access to PSASB Materials

Figure 11 shows that a majority of respondents (43.4%) rated access to PSASB materials as good, 24.8% as neutral, 23.4% as excellent, 5.7% as poor, and 2.8% as very poor. This indicates that while PSASB has made notable progress in enhancing the availability of its materials primarily through structured platforms such as trainings, workshops, official circulars, and its website; accessibility gaps still exist. These may stem from limitations in dissemination mechanisms, digital connectivity, or internal institutional communication. To promote inclusivity and consistency, PSASB should consider strengthening its digital infrastructure, diversifying dissemination channels, and fostering closer collaboration with county governments and affiliated agencies to ensure equitable and timely access to its resources across all levels of government.

3.2.6 Usefulness of PSASB Materials

The study sought to determine the usefulness of PSASB materials to the respondents, the findings presented as follows.

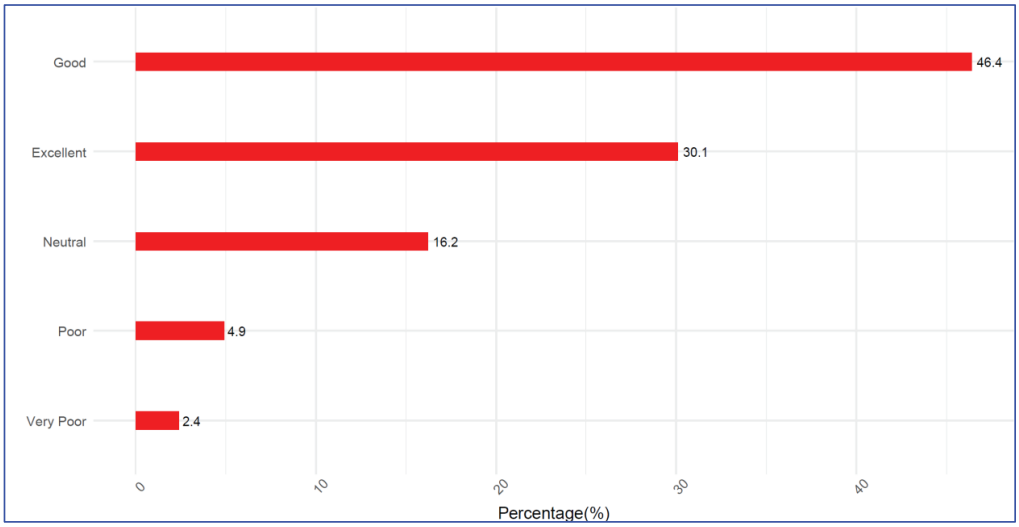


Figure 12: Usefulness of PSASB Materials

The findings reveal that 46.4% of respondents rated the usefulness of PSASB materials as good, 30.1% as excellent, 16.2% as neutral, 4.9% as poor, and 2.4% as very poor. This distribution indicates that while a majority perceive the materials as valuable and relevant, a notable proportion (23.5%) remain unconvinced of their full applicability. The neutral and lower ratings suggest that some users may experience difficulties in contextualizing or operationalizing the materials within their institutional frameworks. This highlights the need for PSASB to continuously enhance the practicality, clarity, and contextual relevance of its resources through regular updates, user feedback mechanisms, and targeted training. Strengthening these elements would ensure that all public sector entities can effectively apply the materials to improve financial reporting and compliance practices across government levels.

3.2.7 Training and/or Sensitization of PSASB Materials

The study sought to determine if the respondents received any training and/or sensitization on PSASB materials since 2019. The findings are displayed in Figure 13.

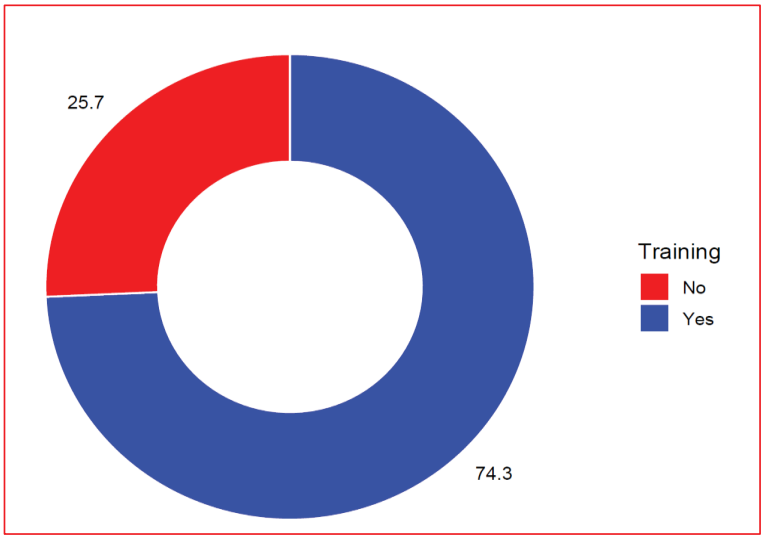


Figure 13: Training and Sensitization of PSASB Materials

Figure 13 shows that most respondents (74.3%) reported having received training and/or sensitization on PSASB materials since 2019, while 25.7% indicated that they had not. These findings suggest that although PSASB has made significant progress in rolling out capacity-building initiatives, the coverage is not yet comprehensive. The uneven reach implies that certain entities or regions may still lack adequate exposure to PSASB trainings. To achieve uniform understanding and consistent application of standards across the public sector, PSASB should broaden the scope of its training programs, strengthen collaboration with county governments and sectoral agencies, and leverage digital learning platforms to enhance accessibility and inclusivity.

In addition, the findings in Table 4 give the training and/or sensitization per entity. The distribution is important to identify the entities for capacity building.

Table 4: Training and Sensitization per Entity

Entity Category	Training	
	Yes (%)	No (%)
Secondary School (National and Extra County)	84.8	15.2
Level 4 & 5 hospitals	73.3	26.7
National Government CDF	79.7	20.3
County Executive	86.0	14.0
Water Companies	53.2	46.8
State Corporation – National Government	74.4	25.6
County Assembly	90.5	9.5
Cities and Municipalities	45.9	54.1
State Corporation – Regulatory Agencies	73.6	26.4
County Public Fund	76.7	23.3
TVETs – National Polytechnics	62.9	37.1
Ministries Department and Agencies	70.4	29.6
TVETs – Technical and Vocational Colleges (County)	68.0	32.0
National Fund	81.0	19.0
State Corporation – Commercial Government Owned Entities	63.2	36.8
TVETs Technical Training Institutes	76.5	23.5

Entity Category	Training	
	Yes (%)	No (%)
County Government Corporations	62.5	37.5
Political Parties	58.3	41.7
State Corporation – Public Universities	100	0
TVETs – Training Teachers College	100	0
State Corporation – National Referral Hospitals	66.7	33.3
Commission and Independent Offices	66.7	33.3
State Corporation – Training Institutions	100	0
SAGAS – Professional Bodies	100	0

The findings indicate that the extent of training and sensitization on PSASB materials varies considerably across public sector entities. Some categories such as Public Universities, TVETs, Training Institutions, and Professional Bodies (SAGAs) achieved 100% training coverage, reflecting strong institutional commitment to capacity building and compliance. Similarly, County Assemblies (90.5%) and County Executives (86%) reported high participation levels, demonstrating effective outreach at both national and devolved governance levels.

Conversely, entities such as Cities and Municipalities (45.9%), Water Companies (53.2%), and Political Parties (58.3%) recorded notably lower training coverage, highlighting disparities in access to PSASB capacity-building initiatives. This uneven distribution suggests that while PSASB's training efforts have been largely successful, some entities remain underserved, potentially affecting the uniform implementation and compliance with accounting standards across the public sector. To address these gaps, PSASB should adopt a more targeted training strategy focusing on underrepresented entities such as municipal administrations, water service providers, and political parties. Strengthening collaboration with county governments, sector regulators, and professional associations would further enhance outreach, ensuring equitable access and consistent application of PSASB standards across all public institutions.

Figure 14 gives the feedback on whether the categories of respondents received any training or sensitization on PSASB materials since 2019.

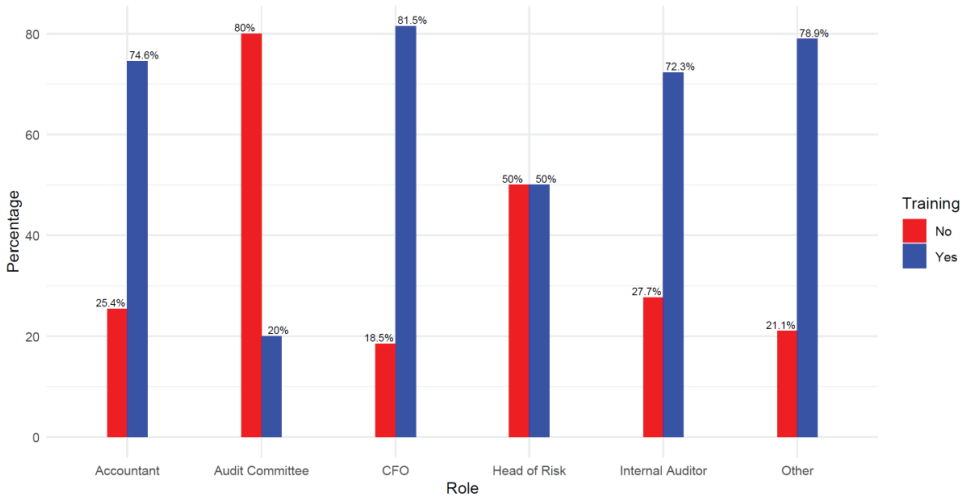


Figure 14: Training/Sensitization per role category

Among professional categories, the proportion of those who have received training and/or sensitization on PSASB materials varies considerably. Chief Finance Officers (CFOs) recorded the highest participation rate at 81.5%, followed by Other Officers mainly budget officers and account assistants (78.9%), Accountants (74.6%), Internal Auditors (72.3%), Heads of Risk (50%), and Audit Committee members (20%). The findings indicate that while most of the finance and accounting professionals have benefited from PSASB training initiatives, Audit Committees significantly lag, with 80% having never received training on PSASB materials since 2019. This disparity suggests that capacity-building efforts have been concentrated among operational and technical officers, while governance and oversight structures, particularly Audit Committees, have been relatively overlooked. Given their critical role in oversight, risk management, and ensuring compliance with public financial reporting standards, the low training coverage among Audit Committees presents a notable gap. PSASB should therefore prioritize targeted sensitization and capacity-building programs for Audit Committee members to strengthen institutional governance, enhance accountability, and promote consistent application of standards across all levels of financial management.

3.2.8 Type of Training Offered

The study sought to assess the type of training received by respondents and the departments that participated within their respective entities. The findings indicate that most government institutions have participated in training and sensitization sessions organized by the Public Sector Accounting Standards Board (PSASB), the National Treasury, and professional bodies such as ICPAK and the Kenya Education Management Institute (KEMI). The dominant training themes included IPSAS implementation (both cash and accrual basis), financial reporting using PSASB templates, audit standards, and risk management frameworks. Many respondents reported attending workshops, seminars, and sensitization forums that focused on the transition from cash to accrual accounting, preparation of IPSAS-compliant financial statements, and use of standardized reporting templates.

Participation was highest among officers in the Finance, Accounting, Internal Audit, and Procurement departments, while some respondents also cited involvement of Audit Committees, Risk Management Units, and senior management teams.

However, the findings also reveal uneven training coverage across entities, with some institutions only partially trained, others relying on peer-led learning, and a few reporting no exposure to training at all. Common barriers included limited financial resources, staff transitions, inconsistent participation across training events, and infrequent sessions. This inconsistency suggests that while PSASB and partner institutions have made commendable progress in strengthening capacity, gaps remain in standardization, continuity, and institutional reach. Strengthening structured, regular, and inclusive training programs especially targeting untrained departments and devolved entities would enhance uniform compliance, improve financial reporting quality, and support the effective adoption of public sector accounting reforms across all levels of government.

3.2.9 Challenges in Accessing or Understanding PSASB Materials

While the study findings demonstrate commendable progress by PSASB, with over 80% of respondents rating access to materials as good or excellent and 74.3% having received training since 2019, several challenges persist that limit optimal utilization and consistent application of the materials across all entities. These challenges mainly relate to depth, equity, and practicality, rather than mere availability:

Inadequate and Uneven Training Coverage	Although most respondents have undergone some form of training, a notable minority (25.7%) remain untrained. Furthermore, even among trained officers, the frequency and depth of training were reported as inadequate, leading to gaps in comprehension and practical application particularly among smaller or newly established entities
Complexity and Technical Nature of Materials	Respondents acknowledged the technical rigor of PSASB templates, IPSAS standards, and reporting frameworks, noting that without continued professional guidance, some officers find interpretation and implementation challenging
Frequent Updates and Revisions	Regular updates to standards and templates, while necessary for compliance, were cited as difficult to track especially where entities receive limited communication or refresher training on changes
Residual Access Constraints	Despite overall high access ratings, a few respondents mainly from remote or smaller entities reported challenges such as unreliable internet connectivity, limited availability of hard copies, and occasional navigation difficulties on the PSASB website
Resource and Logistical Limitations	Budgetary constraints, competing work demands, and limited ICT infrastructure in some entities hinder staff participation in capacity building sessions and limit consistent follow-up after training
Limited Technical Support and Feedback Mechanisms	Respondents highlighted the absence of a structured helpdesk or rapid-response system to address technical questions or interpretive issues, leading to delays and inconsistencies in reporting
Awareness and Dissemination Gaps	While general awareness is high, some entities indicated they were not promptly informed about new materials, updates, or upcoming training opportunities suggesting the need to strengthen internal communication and outreach to non-finance departments.
Difficulty in Practical Application	Some officers particularly in cities, municipalities, and water utilities reported difficulties contextualizing PSASB and IPSAS requirements within their unique operational structures, reflecting the need for sector-specific guidance and examples.

Overall, the findings indicate that PSASB has achieved strong performance in access and awareness, with most respondents finding its materials useful and accessible. However, challenges remain in ensuring uniform training coverage, simplifying technical content, and providing continuous support. Addressing these gaps through targeted, inclusive, and sector-tailored capacity-building programs, supported by robust digital and feedback systems, would consolidate gains and strengthen compliance and reporting consistency across the public sector.

3.2.10 Ways to Improve Dissemination and Access to PSASB Materials/Resources

The study sought respondents' views on how the Public Sector Accounting Standards Board (PSASB) could further improve the dissemination and accessibility of its materials and resources. While most respondents acknowledged that access to PSASB materials is generally good or

excellent, they emphasized the need for broader reach, regular updates, and more inclusive dissemination approaches to sustain the positive progress already achieved. The following key improvement areas emerged from their feedback:

Strengthen and Regularize Training Programs	Respondents overwhelmingly emphasized the need for more frequent, structured, and accessible training opportunities. Many recommended regular workshops, seminars, and sensitization sessions across counties and sectors suggesting quarterly or biannual training for government entities. Such consistent engagement would help maintain awareness, especially among officers in remote areas or those who have not yet undergone formal PSASB training
Enhance Digital and Online Accessibility	Participants proposed that PSASB should expand digital dissemination channels by uploading materials, manuals, and training videos on its website, sharing updates via email and social media, and creating dedicated communication forums such as WhatsApp or Telegram groups for reporting units. This would enable officers from all regions to easily access updated resources and stay informed in real time.
Improve Communication and Information Flow	Many respondents noted the need for more proactive and consistent communication. Suggestions included routine circulars announcing updates, regular email bulletins, and newsletters targeted at counties and semi-autonomous government agencies. Timely dissemination would help institutions stay aligned with evolving reporting standards and prevent delays in implementation
Tailor Materials to Different User Needs	There was strong advocacy for customizing PSASB materials to reflect the varied operational contexts of different public entities. Respondents suggested developing user-specific templates and sector-based examples. For instance, for municipalities, water service providers, or political parties to make implementation more practical and contextually relevant.
Promote Collaboration and Partnerships	Participants emphasized the importance of working through collaborative networks such as ICPAK, MDAs, county treasuries, and regional training institutions to expand coverage and ensure sustainability of capacity-building efforts. Such partnerships could facilitate joint training programs, peer learning, and stronger follow-up on adoption of standards
Simplify Technical Content and Develop User-Friendly Guides	Respondents recommended that PSASB simplify technical IPSAS content through plain-language manuals, Kenyan case studies, infographics, and concise "how-to" guides. This would make the standards more accessible to non-specialist officers and enhance comprehension and application at all administrative levels
Improve Physical Access and Decentralized Support	Some respondents highlighted the continued need for physical access to materials, proposing the distribution of printed templates and manuals, email dissemination of soft copies, and establishment of resource or training centers at the county level to serve as local points of reference and support
Ensure Consistency and Version Control	Participants expressed concern about frequent template revisions, calling for greater version control and standardization. They urged PSASB to minimize unnecessary changes and maintain clear version labeling to avoid confusion during reporting cycles
Strengthen Monitoring and Follow-Up Mechanisms	Respondents proposed introducing regular assessments and follow-up mechanisms to track implementation progress and identify emerging challenges. This could include post-training evaluations, peer reviews, and institutional feedback surveys to reinforce learning and ensure continuous improvement.
Promote Inclusivity and Outreach to Underserved Areas	Finally, participants stressed the need for targeted outreach to remote or underrepresented entities. They suggested sponsoring training for officers in sub-counties, schools, and small agencies, and increasing PSASB's visibility through participation in national and regional professional events such as ICPAK conferences.

Overall, respondents recognized PSASB's strong progress in disseminating materials and building awareness but called for more structured, inclusive, and digitally enabled engagement. Expanding partnerships, simplifying content, and institutionalizing regular training and feedback systems would help PSASB consolidate its achievements and ensure uniform understanding, accessibility, and application of standards across all levels of public sector entities.

3.3 Uptake of PSASB Standards, Templates, Manuals, Guidelines and Frameworks

The second objective of the study was to determine the level of uptake of the PSASB's standards, templates, manuals, guidelines and frameworks for internal audit standards and accounting standards across the public sector. Further clarity was given during the data collection that explained the uptake as adoption that implied PSASB materials as formally accepted for use within public institutions, embedded in the institutional processes and actively produce outputs. The findings are presented hereinafter.

3.3.1 Adoption of PSASB Materials

The research enquired whether the public entities have officially adopted PSASB materials as per the results shown.

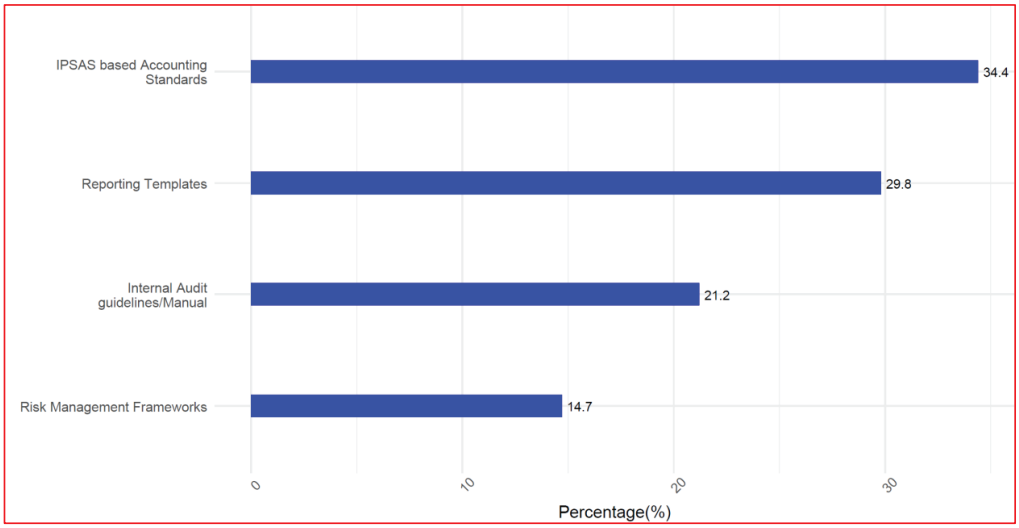


Figure 15: PSASB Materials Adopted by Entities

Figure 15 illustrates that among the various PSASB materials, IPSAS-based accounting standards have recorded the highest level of adoption at 34.4%, followed by reporting templates at 29.8%, and internal audit guidelines/manuals at 21.2%. In contrast, the risk management framework has registered the lowest level of adoption at 14.7%. These findings suggest that PSASB's core accounting and financial reporting materials particularly the IPSAS-based standards and reporting templates have been widely integrated across public sector entities, reflecting the effectiveness of ongoing training, dissemination, and compliance initiatives. However, the relatively low adoption of internal audit and risk management frameworks indicates that governance, assurance and risk control practices are less institutionalized compared to financial reporting practices.

This gap may be attributed to limited technical expertise, insufficient targeted training, and uneven sensitization of audit committees and risk management officers patterns also observed in earlier findings where audit committees had the lowest training exposure (20%). To strengthen holistic implementation, PSASB should extend its capacity-building efforts beyond accounting officers to include internal auditors, heads of risk, and audit committee members, ensuring that risk management and internal audit frameworks are fully embedded in public financial management processes.

The study went further to dissagregate the findings on the adoption of the PSASB standards per entity. The findings are presented in Figure 16.

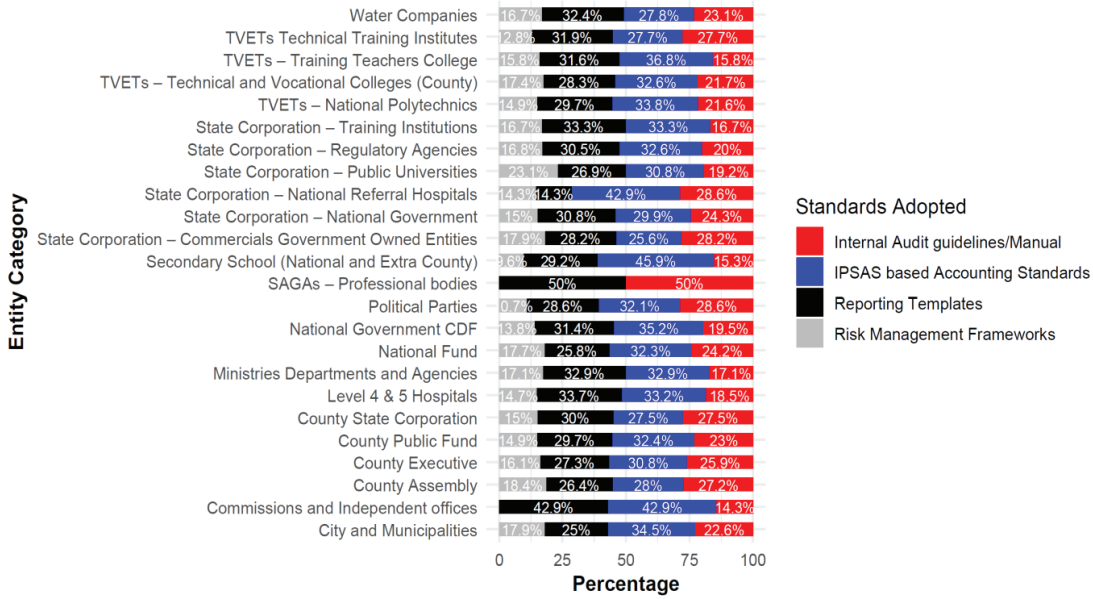


Figure 16: Entity adoption of PSASB Materials/Standards

Figure 16 presents the level of adoption of four key PSASB standards and materials; IPSAS based Accounting Standards, Reporting Templates, Internal Audit Guidelines/Manuals, and Risk Management Frameworks across different categories of public sector entities. The results show that IPSAS-based accounting standards have the highest overall level of adoption, averaging about 35–45% across most entities, with particularly strong uptake among Secondary Schools (45.9%), National Referral Hospitals (42.9%), Commissions and Independent Offices (42.9%), TVETs – Training Teacher Colleges (36.8%) and Cities and Municipalities (34.5%). Reporting templates follow closely, with most entities indicating usage levels between 28% and 33%, reflecting the successful institutionalization of standardized financial reporting formats.

Adoption of Internal Audit Guidelines/Manuals remains moderate, typically ranging from 15% to 25%, except for SAGAs (50%), which demonstrate advanced application of audit standards. The

Risk Management Frameworks, however, show the lowest levels of adoption across almost all categories generally below 20%, and in some cases under 15%.

Overall, entities such as National and County Governments, County Executives, MDAs, and State Corporations show a more balanced implementation of accounting and reporting standards, whereas Cities and Municipalities, Water Companies, and Political Parties lag behind, particularly in risk management and internal audit areas.

These results confirm earlier findings that PSASB has made notable progress in promoting adoption of accounting and reporting frameworks, driven largely by the Board's active training programs and dissemination through workshops, official circulars, and its website. The strong uptake of IPSAS-based standards and reporting templates demonstrates institutional compliance with core financial reporting reforms and reflects the impact of PSASB's capacity-building initiatives, where over 74.3% of respondents have received training since 2019.

However, the comparatively lower adoption of internal audit and risk management frameworks highlights gaps in governance and assurance practices, particularly in devolved and semi-autonomous entities. These areas have been less emphasized in capacity-building interventions consistent with earlier findings that audit committees recorded the lowest training coverage (20%). The data therefore suggest that while financial reporting reforms are well entrenched, complementary systems for internal control, audit, and risk oversight remain underdeveloped. PSASB may need to:

- Broaden training coverage to include audit committees, heads of risk, and internal auditors.
- Develop tailored guidance and practical tools for risk management and audit implementation across different public entity categories.
- Foster cross-agency collaboration with professional bodies (e.g., ICPAK) and regulators to strengthen oversight capacity.

Such targeted interventions would promote holistic adoption of PSASB frameworks, ensuring that improvements in financial reporting are matched by robust internal control and risk governance across all levels of the public sector.

3.3.2 Year of Implementing PSASB Materials

The study sought to determine which year did the entity started implementing PSASB Materials which included IPSAS based accounting standards, internal audit guidelines/manual, risk management frameworks, and reporting templates. The findings are presented in Figures 17-20 hereinafter.

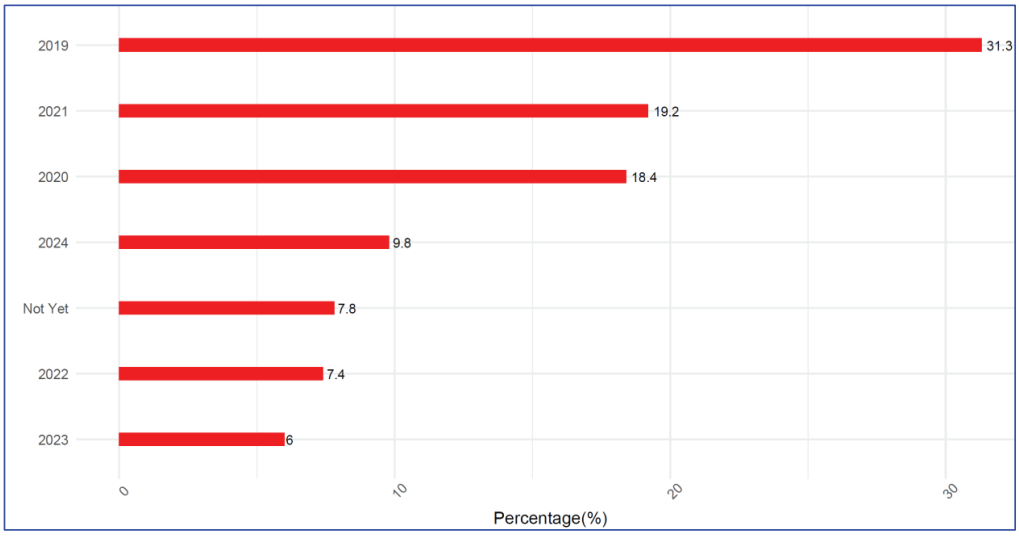


Figure 17: Year Started Implementing IPSAS Based Accounting Standards

Figure 17 presents the distribution of respondents by the year their entities began implementing IPSAS-based accounting standards. The results show that the highest proportion of entities (31.3%) commenced implementation in 2019, followed by 2021 (19.2%) and 2020 (18.4%). A smaller proportion, 9.8%, indicated that they began implementation in 2024, while 7.8% reported that they had not yet started implementing the standards. The lowest proportions were recorded in 2022 (7.4%) and 2023 (6%). These findings indicate that the majority of entities initiated IPSAS implementation between 2019 and 2021, reflecting the early adoption phase following PSASB's rollout of IPSAS-based accounting reforms.

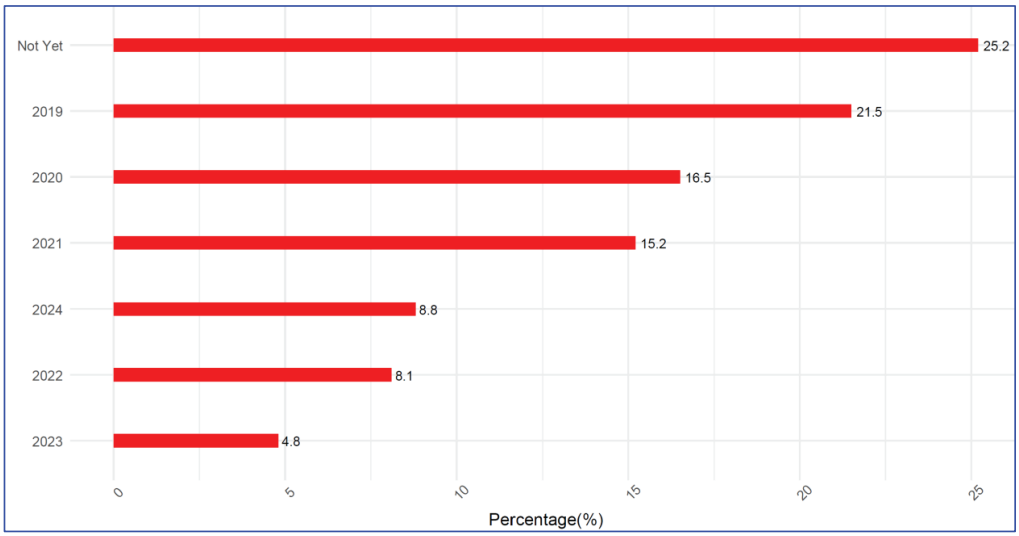


Figure 18: Year Started Implementing Internal Audit Guidelines/Manual

Figure 18 presents the distribution of respondents by the year their entities began implementing the Internal Audit Guidelines/Manual. The results show that the highest proportion of entities

(25.2%) reported that they have not yet started implementation, followed by 2019 (21.5%), 2020 (16.5%), and 2021 (15.2%). A smaller proportion of entities began implementation in 2024 (8.8%), 2022 (8.1%), and 2023 (4.8%). These results indicate that while adoption began as early as 2019, a significant number of entities have still not implemented the Internal Audit Guidelines/Manual.

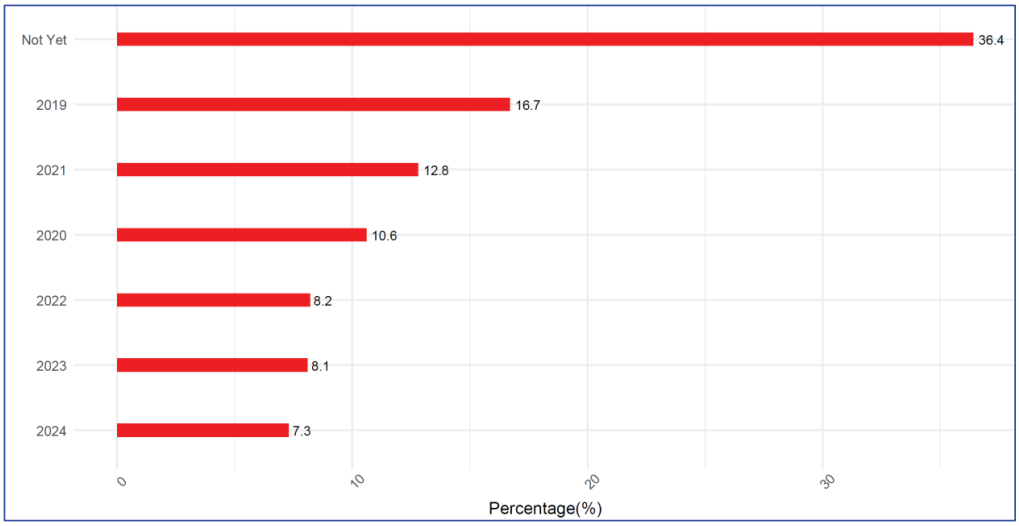


Figure 19: Year Started Implementing Risk Management Framework

Figure 19 presents the distribution of respondents by the year their entities began implementing the Risk Management Framework. The results show that the highest proportion of entities (36.4%) reported that they have not yet started implementation, followed by 2019 (16.7%), 2021 (12.8%), and 2020 (10.6%). Smaller proportions indicated starting implementation in 2022 (8.2%), 2023 (8.1%), and 2024 (7.3%). These results indicate that while some entities began implementing the framework as early as 2019, a significant proportion have yet to adopt it.

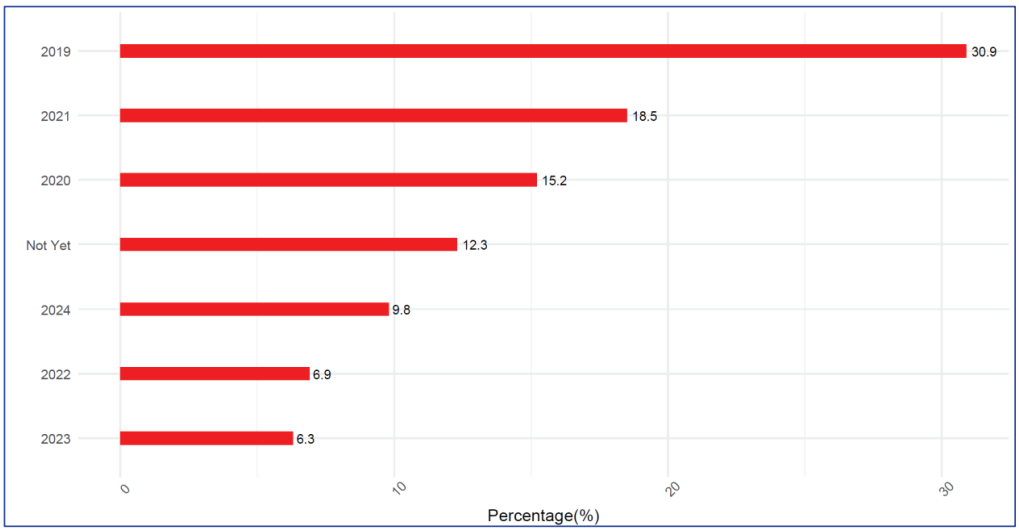


Figure 20: Year Started Implementing Reporting Templates

Figure 20 presents the distribution of respondents by the year their entities began implementing the Reporting Templates. The results show that the highest proportion of entities (30.9%) started implementation in 2019, followed by 2021 (18.5%) and 2020 (15.2%). A smaller proportion (12.3%) indicated that they have not yet started implementation, while 9.8% began in 2024, 6.9% in 2022, and 6.3% in 2023. These results show that most entities began adopting the Reporting Templates between 2019 and 2021.

The findings across Figures 17 to 20 reveal a consistent and progressive trend in the implementation of PSASB standards and materials among public sector entities, reflecting varying degrees of maturity across different reform areas. The results indicate that most entities commenced implementation between 2019 and 2021, aligning with the early phase of PSASB's rollout of IPSAS-based accounting and reporting reforms. The highest adoption levels were recorded for IPSAS-based accounting standards and reporting templates, underscoring strong institutional commitment to standardized financial reporting, enhanced transparency, and compliance with the Public Finance Management (PFM) reform agenda. This trend demonstrates that PSASB's capacity-building initiatives, particularly training workshops, sensitization forums, and dissemination of reporting templates, have been instrumental in promoting early adoption and consistency in financial reporting practices across both national and county governments.

In contrast, the relatively low implementation of the Internal Audit Guidelines/Manual and Risk Management Framework points to existing gaps in governance, assurance, and control systems. More than one-third of entities reported not having started implementing the Risk Management Framework, while a significant portion remain at preliminary stages of adopting internal audit guidelines. These findings suggest that while accounting and reporting functions have received substantial attention and investment, the institutionalization of risk management and internal audit practices is still at a formative stage. The challenges may be attributed to limited technical capacity, inadequate sensitization of audit committees and heads of risk, and competing priorities within entities.

Overall, the findings highlight that PSASB has made commendable progress in entrenching IPSAS-based reforms and promoting standardized reporting across the public sector. However, the uneven pace of adoption across different frameworks emphasizes the need for targeted interventions. These include specialized training for internal auditors and risk officers, development of sector-specific implementation guidelines, establishment of technical support mechanisms, and strengthened collaboration with oversight and professional bodies such as ICPAK and the National Treasury. Such measures would help achieve comprehensive and balanced implementation of all PSASB frameworks ensuring that financial reporting reforms are complemented by strong internal controls, risk management systems, and governance practices across all levels of the public sector.

3.3.3 Responsibility of Coordinating Implementation of PSASB's Instruments

The study sought to establish the persons responsible for coordinating implementation of PSASB's instruments, namely: templates, manuals, guidelines and frameworks for internal audit standards and accounting standards. The findings are presented in Figure 21.

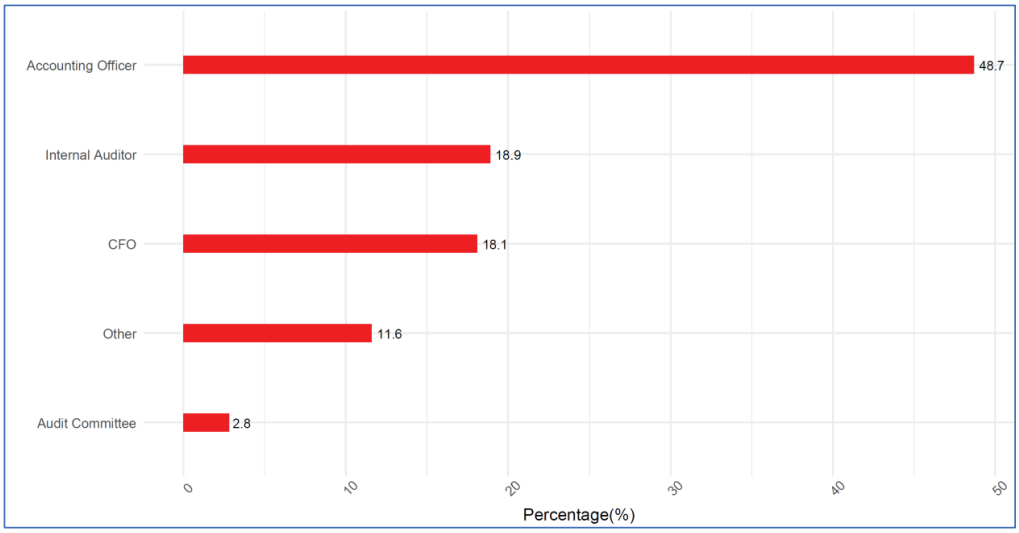


Figure 21: Persons Responsible for Coordinating Implementation of PSASB's Templates, Manuals, Guidelines and Frameworks

Figure 21 presents the distribution of respondents by the officers responsible for coordinating the implementation of PSASB's instruments, namely templates, manuals, guidelines, and frameworks, within their entities. The results show that Accounting Officers constitute the highest proportion at 48.7%, followed by Internal Auditors (18.9%), Chief Finance Officers (CFOs) (18.1%), and Other Officers (11.6%), which include Fund Managers, Boards, and School Principals. The Audit Committees recorded the lowest proportion at 2.8%, indicating minimal involvement in coordinating the implementation of PSASB's instruments.

The findings reveal that the coordination of the implementation of PSASB's instruments is predominantly led by Accounting Officers, reflecting their statutory responsibility for financial management, reporting, and compliance within public sector entities. The involvement of Internal Auditors and CFOs demonstrates some operational integration of PSASB's instruments into financial management systems, though their roles remain largely supportive. The presence of Fund Managers, Boards, and School Principals among the coordinators illustrates that PSASB's instruments are being implemented across diverse institutional categories, including public funds, state corporations, and learning institutions. However, their smaller representation (11.6%) suggests a need for targeted sensitization and technical support to strengthen their coordination capacity.

The Audit Committees' low participation (2.8%) signals a notable governance gap, particularly given their oversight role in ensuring accountability, internal control, and risk management. This finding aligns with earlier evidence of low adoption and limited training in internal audit and risk management frameworks. To ensure comprehensive and sustained implementation of PSASB's

instruments, there is a need to broaden coordination mechanisms by enhancing the engagement of Audit Committees, Boards, and Fund Managers through structured training, defined responsibilities, and continuous follow-up. This would foster a more inclusive, integrated, and accountable approach to implementing PSASB's templates, manuals, guidelines, and frameworks across the public sector.

3.3.4 Formal Adoption of PSASB Instruments

The study sought to establish whether the adoption was formalized through internal policies, circulars, policies or frameworks, as presented hereinafter.

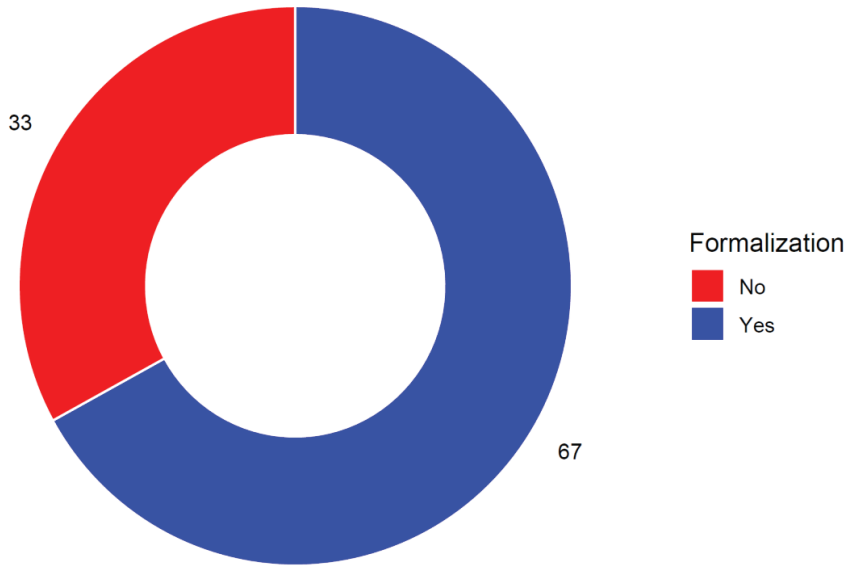


Figure 22: Formal adoption through internal policies, circulars, policies or frameworks

As shown in Figure 22, majority (67%) of the entities reported that adoption of PSASB instruments has been formalized through internal circulars, policies, or frameworks, while 33% indicated that no formal mechanisms were in place. This demonstrates commendable progress in institutionalizing PSASB standards across the public sector. However, the absence of formal adoption in a third of the institutions highlights the need for stronger policy integration, structured dissemination, and enforcement mechanisms to ensure uniform compliance and sustainability of public financial management reforms.

Further examination of how the adoption was formalized revealed that respondents attributed it to multiple institutional mechanisms. These included directives from the Ministry, implementation of the International Public Sector Accounting Standards (IPSAS), memos issued by County Accounting Officers, circulars from the National Treasury, and resolutions by Boards of Management. Moreover, some entities reported formalization through internal policy reviews, integration into strategic plans, and incorporation into organizational performance contracts. Collectively, these diverse approaches illustrate the interplay between external regulatory directives

and internal governance processes in facilitating formal adoption and ensuring consistency with both national accountability frameworks and institutional compliance standards.

Further investigation on the formalization of the circulars, policies and frameworks across different entity categories is displayed in Figure 23.

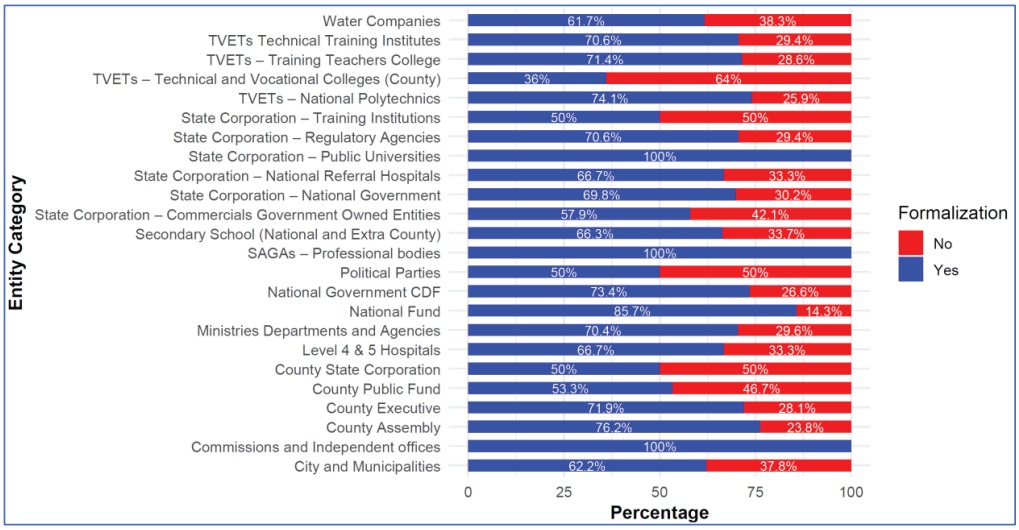


Figure 23: Formalization of Adoption of the Policies, Circulars and Frameworks in Entities

Figure 23 presents the distribution of respondents by the level of formalization of adoption of PSASB's policies, circulars, and frameworks across different public sector entities. The findings show that most entities have formally adopted the instruments, with particularly high levels of formalization reported among Public Universities (100%), SAGAs (100%), and Commissions and Independent Offices (100%). Other entities with strong formalization include the National Fund (85.7%), County Assemblies (76.2%), Teacher Training Colleges (71.4%), National Polytechnics (74.1%), Technical Training Institutes (70.6%), and Regulatory Agencies (70.6%).

Moderate levels of formalization were observed among State Corporation- National Government (69.8%), Secondary Schools (66.3%), National Referral Hospitals (66.7%), Cities and Municipalities (62.2%) and Water Companies (61.7%), while the lowest formalization levels were recorded among County Public Funds (53.3%), County Government Corporations (50%), Political Parties (50%) and TVETs - Technical and Vocational Colleges (County) (36%). These results show that, overall, formal adoption of PSASB's instruments is progressing positively but remains uneven across institutional categories and administrative levels.

The findings indicate that formalization of PSASB's policies, circulars, and frameworks has advanced significantly across the public sector, particularly among national-level entities and learning institutions. The full formalization by Public Universities, Professional Bodies, and Commissions and Independent Offices demonstrates mature governance systems, structured internal policies, and strong compliance with national financial reporting standards. Similarly, high levels of formalization among County Assemblies, Teacher Training Colleges, and Technical

Training Institutes reflect active policy integration and growing awareness of PSASB requirements within the education and devolved governance sectors.

However, the moderate to low formalization levels among entities such as Water Companies, Cities and Municipalities, and State Corporations suggest that adoption in these areas may be partial, driven more by operational compliance than by formal institutional policies. The lowest levels of formalization among Political Parties, County Public Funds, County Government Corporations, and TVETs (County Technical and Vocational Colleges) highlight capacity gaps and limited policy enforcement at the devolved and institutional levels. In particular, the low formalization in county TVETs points to challenges in cascading PSASB reforms to smaller, sub-national training institutions where financial management structures may be less developed.

Overall, the results underscore that while significant strides have been made toward institutionalizing PSASB reforms, disparities persist between national and county-level entities. Strengthening policy integration frameworks, reinforcing communication between PSASB, National Treasury, and devolved institutions, and enhancing targeted technical support to TVETs and county-level entities will be essential to achieving uniform, sustainable, and system-wide formalization of PSASB's instruments across all levels of government.

3.3.5 Drivers of Adoption of PSASB Instruments

The study sought to establish the key drivers or motivators for adoption of PSASB instruments and materials across the public entities. The findings are presented in Figure 24.

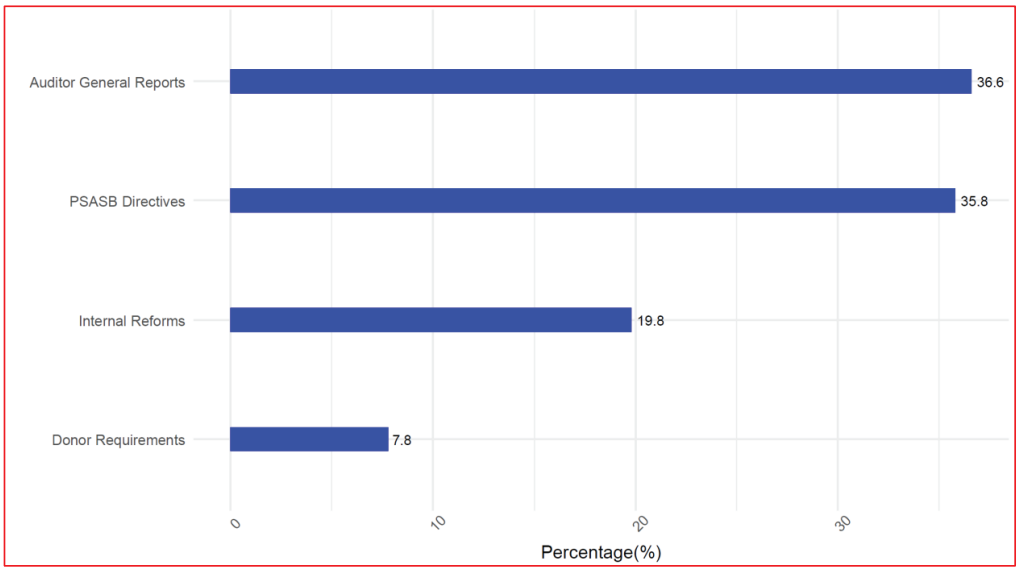


Figure 24: Key Drivers/Motivators for Adoption of PSASB Standards

Figure 24 presents the key drivers or motivators for the adoption of PSASB standards among public sector entities. The results show that the leading drivers are Auditor General Reports (36.6%) and PSASB Directives (35.8%), which together account for over 70% of the responses. Internal Reforms within entities constitute 19.8%, while Donor Requirements represent the least

influential driver at 7.8%. These findings highlight the dominant influence of external oversight and regulatory mechanisms in shaping the adoption of PSASB instruments and materials across public sector institutions.

The findings indicate that the adoption of PSASB standards is primarily driven by external accountability mechanisms and regulatory compliance pressures rather than purely internal organizational initiatives. The strong influence of Auditor General Reports (36.6%) underscores the critical role of audit feedback and recommendations in prompting entities to align their financial management practices with PSASB requirements. Similarly, the nearly equal influence of PSASB Directives (35.8%) reflects the Board's effectiveness in guiding and enforcing the implementation of accounting, audit, and risk management frameworks across the public sector. The relatively lower contribution of Internal Reforms (19.8%) suggests that while some entities are taking proactive steps to strengthen internal financial governance, many continue to rely on external oversight to drive compliance. The minimal role of Donor Requirements (7.8%) implies that PSASB adoption is largely domestically motivated, rooted in national regulatory frameworks rather than donor-imposed conditionalities.

Overall, these results illustrate that institutional compliance with PSASB standards is strongly influenced by regulatory and oversight bodies, particularly the Office of the Auditor General and PSASB itself. To sustain and deepen adoption, there is a need to strengthen internal accountability systems, embed PSASB principles within institutional policies, and encourage ownership-driven reforms that go beyond external compliance toward genuine institutionalization of sound public financial management practices.

Further the study investigated the key drivers/motivators for adoption of PSASB standards across the public sector entities. The findings are presented in Figure 25.

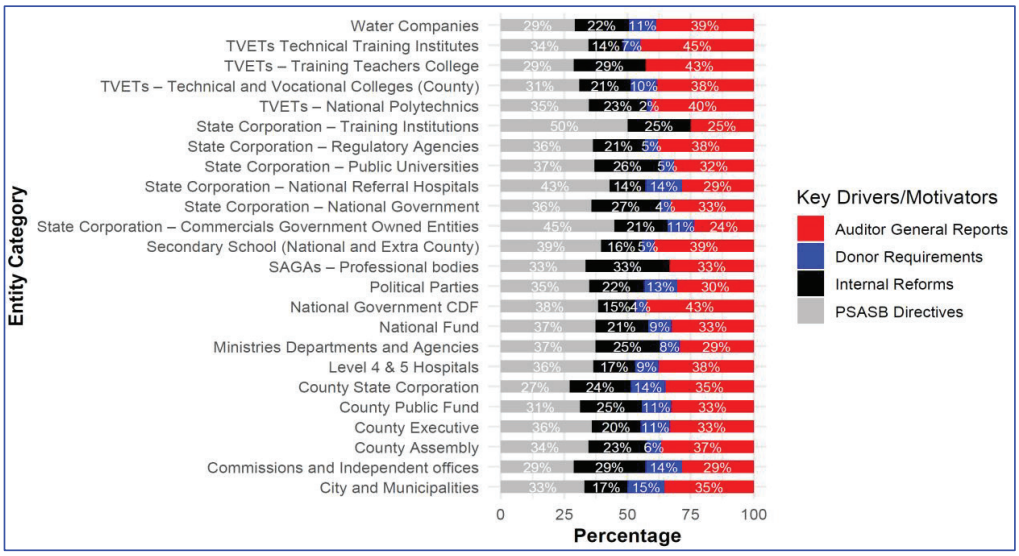


Figure 25: Key Drivers/Motivators for Adoption per Entity

Figure 25 presents the distribution of key drivers or motivators for the adoption of PSASB standards across various public sector entities. The results show that the Auditor General's Reports and PSASB Directives are the most dominant motivators across nearly all categories, while Internal Reforms and Donor Requirements play a relatively smaller role.

High reliance on Auditor General's Reports as a driver was observed among Technical Training Institutes (45%), Teacher Training Colleges (45%), National Government CDF (43%), National Polytechnics (40%), Secondary Schools (39%), Water Companies (39%), Regulatory Agencies (38%) Levels 4&5 (38%) and County Assemblies (37%). Similarly, PSASB Directives were a major motivator in most entities, ranging from 25% to 50%, particularly among State Corporation – Training Institutions (50%), National Referral Hospitals (43%), Secondary Schools (39%), Public Universities (37%) and National Government CDF (38%). Internal Reforms were notably influential in SAGAs (33%),Training Teacher Colleges (29%) and Public Universities (26%); while Donor Requirements played a minimal role across most entities, with the highest influence recorded among Cities and Municipalities (15%).

The findings demonstrate that external oversight and regulatory mechanisms remain the most significant drivers of PSASB standards adoption across the public sector. The dominance of Auditor General's Reports as a motivator underscores the impact of audit findings and compliance assessments in prompting entities to strengthen financial reporting and align practices with PSASB requirements. This pattern highlights a compliance-driven culture where adoption is often reactive to audit recommendations rather than proactively embedded through institutional reforms.

The strong influence of PSASB Directives across most categories confirms the Board's central role in guiding, standardizing, and enforcing adoption of accounting, audit, and risk management instruments. This finding reflects PSASB's success in cascading regulatory requirements to diverse public entities, including education institutions, ministries, and devolved units. Conversely, the relatively limited influence of Internal Reforms suggests that internal policy alignment and institutional innovation remain underdeveloped in many entities. While select institutions such as Public Universities and Professional Bodies are showing leadership in initiating internal reforms, most entities still depend on external triggers for compliance. Similarly, the minimal role of Donor Requirements (less than 10% in most entities) indicates that PSASB adoption is largely domestically driven, consistent with national reform priorities rather than external funding conditionalities.

Overall, these findings imply that while external accountability mechanisms particularly audits and PSASB guidance have been effective in driving adoption, sustained progress will require greater internalization of reforms. Strengthening internal governance systems, embedding PSASB standards into organizational policies, and promoting a proactive compliance culture will help transition public entities from audit-driven adherence to ownership-based institutionalization of PSASB frameworks across all sectors.

3.3.6 Overall Level of Uptake and Adoption of PSASB Instruments

Further the study sought to determine the public sector entity's overall level of uptake and adoption of PSASB's templates, manuals, guidelines and frameworks for internal audit standards and accounting standards. The findings are presented below.

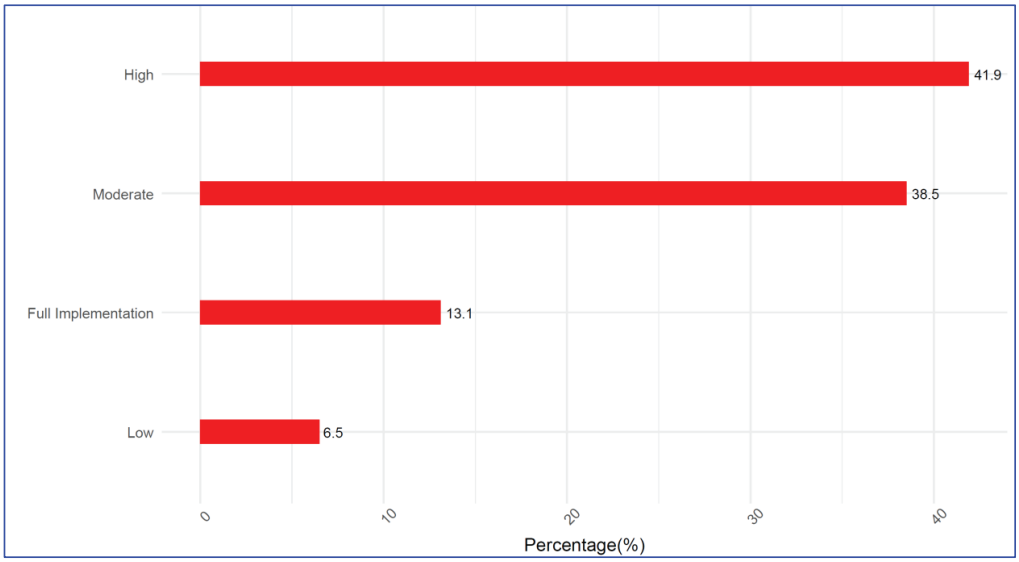


Figure 26: Overall Rating of Level of Uptake and Adoption of PSASB's Templates

Figure 26 presents the respondents' overall rating of the level of uptake and adoption of PSASB's instruments across public sector entities. The results show that 41.9% of the respondents rated the level of uptake as high, while 38.5% rated it as moderate. A smaller proportion (13.1%) indicated full implementation, and only 6.5% rated the level of adoption as low. These results demonstrate that most entities have made significant progress in adopting PSASB's instruments though full institutionalization remains limited.

The findings indicate that the adoption of PSASB's instruments is substantially advanced, with the majority of entities reporting either high or moderate levels of implementation. This reflects the effectiveness of PSASB's ongoing dissemination efforts, training programs, and regulatory guidance in promoting standardized financial reporting practices across the public sector. The relatively high proportion of entities reporting high uptake (41.9%) signifies growing institutional awareness and commitment to compliance with PSASB requirements.

However, the fact that only 13.1% of entities reported full implementation suggests that while adoption is widespread, it is not yet complete or consistent across all levels of government. The moderate adoption levels (38.5%) point to entities that have initiated use of PSASB instruments but may still face challenges related to technical capacity, system integration, or limited policy enforcement. The low uptake (6.5%) among a few entities further underscores the persistence of capacity and resource gaps, particularly at the devolved and semi-autonomous levels.

Overall, the results highlight that PSASB's reform agenda is on a positive trajectory, with substantial progress toward standardized financial reporting. To achieve full and uniform implementation, PSASB should intensify capacity-building initiatives, strengthen follow-up and compliance monitoring, and provide targeted technical support to entities that have yet to reach full adoption of its templates and reporting tools.

Respondents who gave a low rating cited several challenges that have constrained full implementation. These included:

- Limited accessibility to PSASB materials across departments
- Inadequate training and sensitization on the application of templates and standards
- Budgetary constraints that limit participation in capacity-building sessions and acquisition of necessary ICT tools
- Outdated materials and infrequent updates of standards
- Insufficient staffing and weak institutional systems to support adoption
- Absence or inactivity of audit committees to oversee implementation and compliance.

Despite these constraints, the study found that the decision to adopt PSASB's guidelines and standards was driven by a combination of compliance, governance, and quality improvement factors. The most cited motivators included the need for accurate financial reporting and data interpretation, compliance with statutory and regulatory requirements, and fulfillment of government and donor obligations. Other significant drivers were internal organizational reforms, ministry and PSASB directives, and the desire to enhance transparency, efficiency, and accountability in public financial management. Additionally, Auditor General's reports and trainings conducted by PSASB were identified as strong external influences that have accelerated adoption and compliance. These findings reinforce the earlier conclusion that while adoption of PSASB's instruments is progressing steadily, institutional and capacity challenges continue to limit full implementation. Addressing these gaps through regular training, resource support, and strengthening of oversight structures particularly audit committees will be critical to achieving uniform and sustainable uptake across all public sector entities.

3.3.7 Senior Leadership Support in Driving Adoption of PSASB Instruments

The level of senior leadership support in driving adoption of PSASB instruments was sought. The results are displayed in Figure 27.

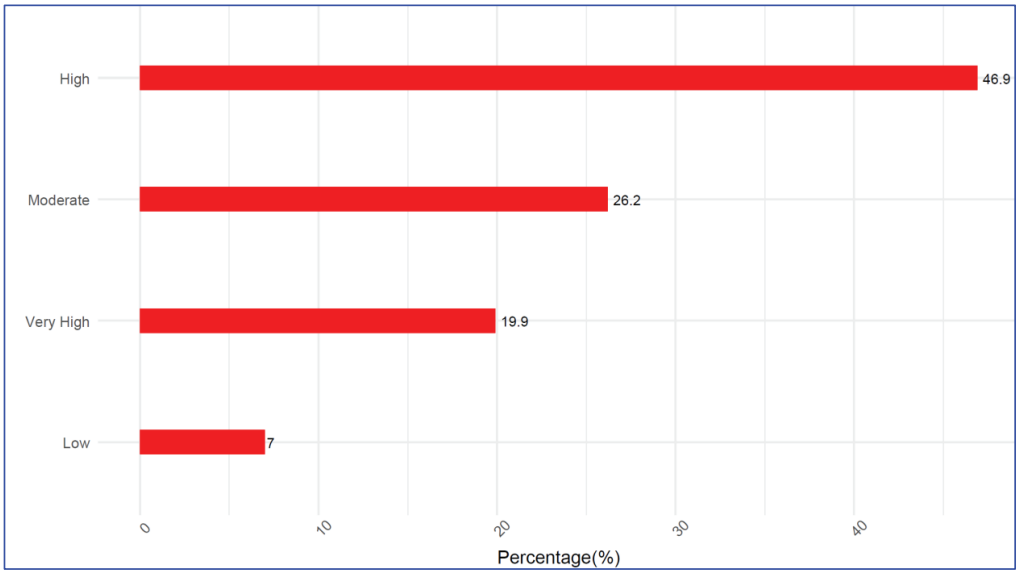


Figure 27: Level of Senior Leadership Support in Driving Adoption of PSASB Standards

Figure 27 presents the respondents' rating of the level of senior leadership support in driving the adoption of PSASB standards across public sector entities. The results show that 46.9% of respondents rated leadership support as high, while 26.2% rated it as moderate. A smaller proportion (19.9%) rated leadership support as very high, and only 7% described it as low. These findings indicate that most entities perceive their senior leadership as actively supporting the implementation of PSASB standards.

The findings suggest that senior leadership plays a pivotal role in promoting the adoption and implementation of PSASB standards across public sector institutions. The combined 66.8% (high and very high) ratings demonstrate strong institutional commitment and leadership engagement in advancing public financial management reforms. This high level of support likely stems from growing awareness of the importance of compliance with PSASB frameworks for improving financial accountability, transparency, and audit readiness. The moderate support (26.2%) points to entities where leadership engagement exists but may not be sufficiently reinforced by structured follow-up, policy integration, or resource allocation. The low support (7%) indicates that a small proportion of entities still experience weak leadership involvement potentially due to competing administrative priorities, limited understanding of PSASB requirements, or lack of institutional incentives.

Overall, these results highlight that effective leadership commitment is a key enabler of PSASB standards adoption. Sustaining this momentum will require continued sensitization of senior managers, incorporation of PSASB implementation goals into performance contracts, and regular leadership briefings on compliance progress. Strengthening leadership accountability at both national and county levels will further consolidate adoption and ensure consistent application of PSASB standards across the entire public sector.

Further the study sought to determine the level of senior leadership support in driving the adoption of PSASB standards across entities. The findings are given in Figure 28.

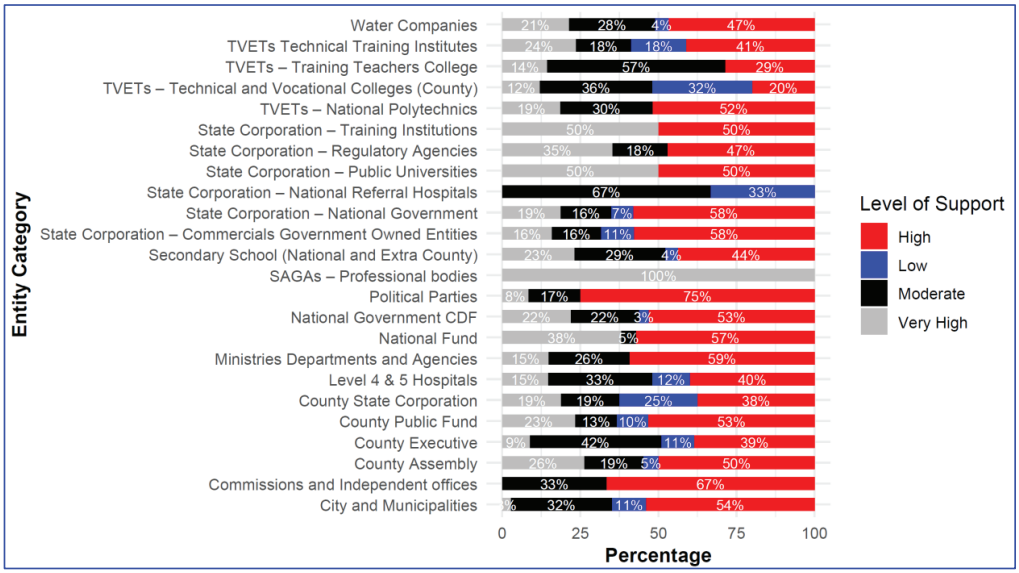


Figure 28: Level of Senior Leadership Support in Driving the Adoption of PSASB Standards Across Entities

Figure 28 presents the distribution of the level of senior leadership support in driving the adoption of PSASB standards across various public sector entities. The results show that most entities reported high or very high support, with notable examples including SAGAs (100%), Political Parties (75%), Commissions and Independent Offices (67%), MDAs (59%), Commercial Government-owned Entities (58%), State Corporation – National Government (58%), National Fund (57%), National Government CDF (53%), National Polytechnics (52%), State Corporation – Training Institutes (50%), County Assemblies (50%) and Public Universities (50%). Moderate levels of leadership support were observed among entities such as Water Companies (47%), Regulatory Agencies (47%), Secondary Schools (44%), Technical Training Institutes (41%) and Levels 4&5 Hospitals (40%). A smaller proportion of entities, including National Referral Hospitals (33%), County Technical and Vocational Colleges (32%) and County Government Corporations (25%), reported low levels of support. Overall, the data show that leadership commitment to PSASB standards adoption is relatively strong across most institutional categories, though with some variability between national, county, and education sector entities.

The findings indicate that senior leadership plays a crucial role in championing and sustaining the adoption of PSASB standards, with most entities demonstrating active engagement from top management. The high and very high support levels observed among Professional Bodies, Commissions and Independent Offices, and Political Parties suggest that entities with established governance frameworks and oversight mandates are more likely to prioritize compliance and accountability in financial management. At the same time, moderate levels of support across ministries, TVET institutions, and some county-based entities reflect partial leadership

engagement often influenced by competing administrative priorities, limited sensitization on PSASB reforms, or gaps in resource allocation for implementation. The low support reported in a few TVETs, and hospital entities highlights areas where PSASB implementation is largely technical and less anchored in executive oversight, underscoring the need to strengthen leadership awareness and ownership.

Overall, the results reinforce that effective leadership commitment is a critical enabler for institutionalizing PSASB reforms. Sustained adoption will require deliberate strategies to build leadership capacity, integrate PSASB implementation targets into performance contracts, and ensure that senior management across all entities actively monitors compliance progress. Strengthening accountability at both national and devolved levels will help drive a culture of top-led commitment, accountability, and continuous improvement in the adoption of PSASB standards.

3.3.8 Barriers to Full Adoption of PSASB Instruments and Recommended Interventions

The study established that while the adoption of PSASB's instruments comprising templates, manuals, guidelines, and frameworks has gained substantial traction across public sector entities, full implementation remains constrained by several systemic and institutional barriers. The most common challenges include inadequate technical capacity and training among staff, limited financial and human resources, and insufficient leadership support or sustained commitment from senior management. These constraints have affected the ability of entities, particularly at the county and semi-autonomous levels, to fully operationalize PSASB standards despite broad awareness and policy formalization efforts.

Other notable impediments include frequent staff turnover, which disrupts institutional continuity and knowledge retention; low awareness or limited understanding of the technical provisions of the standards among non-finance staff; and delays in policy dissemination and feedback mechanisms from oversight bodies. Furthermore, weak ICT infrastructure, especially in subnational entities, hampers access to PSASB materials and digital reporting platforms. Competing organizational priorities, coupled with inadequate monitoring and evaluation mechanisms, have also slowed progress toward uniform compliance and consistent reporting practices.

To address these barriers, several strategic interventions are recommended. Entities should prioritize comprehensive and continuous capacity-building initiatives, including refresher trainings, targeted mentorship, and professional development programs tailored to the diverse needs of accounting officers, internal auditors, fund managers, and audit committees. Adequate budgetary allocation and resource mobilization should be integrated into annual plans to support the implementation and institutionalization of PSASB standards. In addition, stronger leadership engagement is required to drive reform momentum, enhance ownership, and embed PSASB implementation indicators within organizational performance frameworks. Strengthening coordination, collaboration, and communication between PSASB, the National Treasury, and

implementing entities would also ensure timely dissemination of policies, circulars, and guidance notes.

Finally, investment in ICT infrastructure to support digital access to PSASB tools, coupled with robust monitoring, evaluation, and accountability frameworks, will be essential for sustaining compliance. Establishing performance-based incentives for entities demonstrating consistent adherence to PSASB standards can further motivate institutional improvement. Collectively, these interventions will help bridge capacity gaps, strengthen governance systems, and ensure the comprehensive, consistent, and sustainable adoption of PSASB's instruments across all levels of government.

3.4 Implementation Experience

The third objective for the study was to determine the utilization level in terms of implementation, capture the successes (how they happened and what enabled them), challenges, and recommendations in adopting PSASB's templates, manuals, guidelines, and frameworks for internal audit and accounting standards across the public sector entities. The findings are presented in this section 3.4 hereinafter.

3.4.1 Successful Implementation Initiatives and Experiences with PSASB Instruments

Overall, most entities reported a positive experience in implementing the adopted PSASB templates, manuals, and frameworks which include.

	Theme	Description
1	Improved Financial Reporting and Audit Outcomes	Most entities reported a positive experience with the implementation of PSASB's templates, manuals, and frameworks, particularly in improving financial reporting quality. Respondents noted that the standardized templates enhanced accuracy, consistency, and comparability of financial statements, which in turn reduced audit queries and improved audit outcomes. The tools were credited for promoting uniformity, transparency, and accountability in reporting across the public sector.
2	Role of Management Support and Training	Entities emphasized that management support and regular trainings were critical to successful adoption. Respondents acknowledged that PSASB's training initiatives and the commitment of institutional leadership helped improve understanding and application of the standards. Continuous sensitization and mentorship enabled staff to adapt more easily to new reporting frameworks, including the transition to IPSAS accrual accounting, which some initially found complex but later mastered with experience and guidance.
3	Efficiency, Control, and Decision-Making	The adoption of PSASB tools was also reported to have streamlined reporting processes, improving timeliness, efficiency, and internal controls. The use of standardized templates simplified data entry and reconciliation, while internal audit templates and risk assessment frameworks strengthened record management and accountability systems. Respondents highlighted that these tools enhanced decision-making and performance monitoring, enabling management to better assess financial performance and compliance.
4	Staff Competence and Collaboration	Implementation of PSASB frameworks led to noticeable improvements in staff competence and confidence. Respondents observed that staff became more skilled and coordinated, fostering stronger collaboration between accountants and internal auditors. This integration improved

	Theme	Description
		the quality of reporting and audit preparedness, contributing to more coherent financial management practices within entities.
5	Accessibility of Materials and Use of Automation	Many entities appreciated the availability of PSASB materials on the Board's website, which enhanced accessibility and reference convenience. The use of automation systems such as IFMIS was also recognized as an important complement to the templates and manuals, helping streamline financial transactions and reporting.

Collectively, these experiences demonstrate that the implementation of PSASB's instruments has led to greater efficiency, improved financial information quality, and stronger institutional accountability. Despite initial challenges, especially around IPSAS accrual reporting, the combination of standardized tools, management commitment, ongoing training, and digital access has significantly strengthened the integrity and performance of financial management across the public sector.

3.4.2 Usefulness and Impact of PSASB Instruments Across Entities

In addition, the study sought to identify the specific standards or templates that have been most and least useful, and to explore the underlying reasons for their perceived effectiveness or limitations. This is captured hereinafter.

	Theme	Description
1	Financial Reporting Templates as the Most Valuable Tools	The findings reveal that the financial reporting templates developed by PSASB are regarded as the most useful tools across public sector entities. Respondents consistently highlighted that both quarterly and annual templates have enhanced uniformity, comparability, and compliance in financial reporting. They noted that the templates have simplified the preparation of core financial statements such as the statement of financial position, statement of changes in net assets, and cash flow statements, thereby improving efficiency and accuracy in reporting.
2	Effectiveness of IPSAS-Based Accounting Standards	The IPSAS-based accounting standards, particularly the IPSAS accrual templates, were also frequently cited as highly useful tools. Respondents reported that these standards have improved the accuracy, accountability, and transparency of financial information, while promoting greater consistency in applying accounting principles across entities. This has contributed to a more credible and harmonized public sector reporting environment.
3	Strengthening of Internal Controls and Risk Management	Entities also valued the internal audit manuals, audit charters, and risk management frameworks for their contribution to strengthening internal controls and guiding audit practices. Respondents noted that these instruments have enhanced risk identification, mitigation, and oversight functions, leading to improved governance and better assurance over public resources.
4	Adaptability of Sector-Specific Tools	A few respondents highlighted the effectiveness of sector-specific financial reporting templates, particularly those tailored for water companies and hospitals. These tools were praised for their relevance and adaptability to the operational and structural needs of specialized entities, demonstrating PSASB's responsiveness to diverse institutional contexts.

Overall, the adoption of PSASB's reporting templates, IPSAS guidelines, and internal audit frameworks has significantly enhanced financial governance, efficiency, and reporting quality across entities. Collectively, these instruments have simplified reporting processes, strengthened accountability, and reinforced transparency in public financial management, reflecting PSASB's positive impact on institutional performance and compliance within Kenya's public sector.

3.4.3 Capacity Building on Implementation of PSASB Instruments

The study sought to determine the training sessions or capacity building activities conducted on follow up on implementation of PSASB instruments. This is presented below.

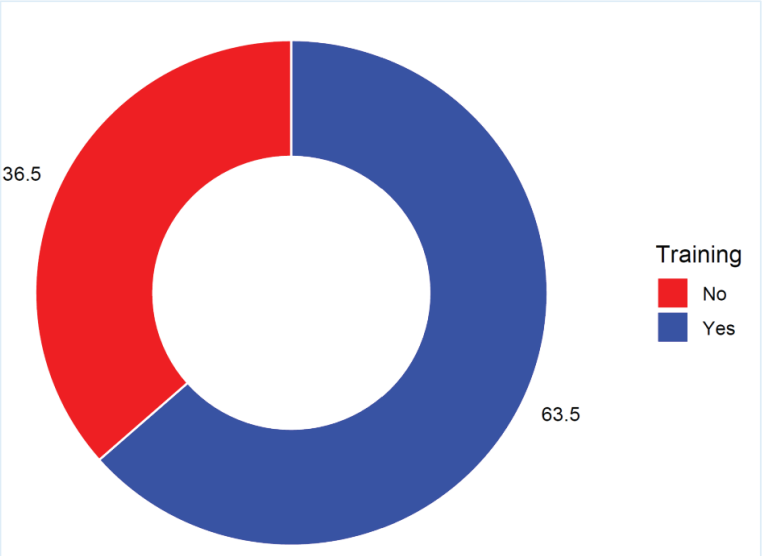


Figure 29: Capacity building activities on the implementation of PSASB instruments

Figure 29 presents the findings on whether training sessions or capacity-building activities have been conducted to follow up on the implementation of PSASB instruments. The results show that 63.5% of respondents reported that such training or sensitization activities had been conducted, while 36.5% indicated that no follow-up training had taken place.

The findings show that most entities (63.5%) have benefited from training or capacity-building activities organized either directly by PSASB or through collaborative initiatives with partner institutions, such as the National Treasury, ICPAK, KEMI, and other professional and regulatory bodies. These programs have been instrumental in reinforcing awareness, enhancing technical competence, and improving the implementation of PSASB templates, manuals, and frameworks across entities. However, the 36.5% of entities that reported no follow-up training highlight the persistence of capacity disparities across the public sector. This gap suggests that some institutions, particularly those at county and semi-autonomous levels may not have received adequate exposure to the latest PSASB updates or practical guidance on applying the standards.

Overall, the results point to commendable progress in strengthening institutional capacity through training and collaboration, while emphasizing the need for broader, more inclusive, and regular capacity-building programs. Expanding outreach through regional training hubs, digital learning platforms, and continuous professional development frameworks would help ensure uniform competence and consistent adoption of PSASB instruments across all public sector entities.

The study sought to determine further on the presence of capacity building per entities. The findings are given in Figure 30.

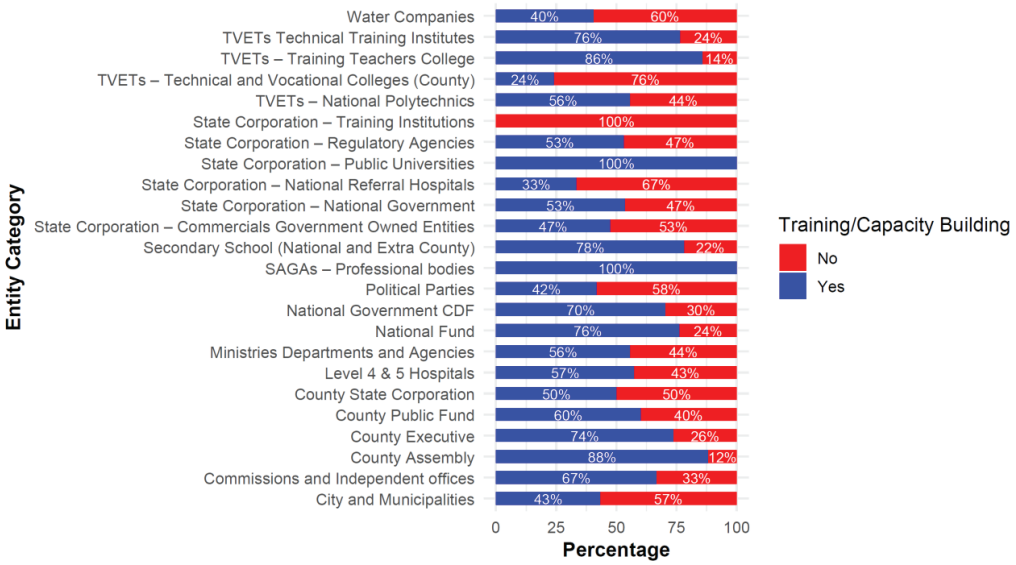


Figure 30: Capacity building on the implementation of PSASB instruments

Figure 30 presents the distribution of entities that have conducted training sessions or capacity-building activities to follow up on the implementation of PSASB instruments across the public sector. The results show that most entities reported having undertaken such initiatives. The highest training coverage was observed among Public Universities (100%), SAGAs/Professional Bodies (100%), County Assembly (88%), TVET - Training Teachers Colleges (86%), Secondary Schools (78%), National Fund (76%), Technical Training Institutes (76%), County Executive (74%), National Government CDF (70%), Commissions & Independent Offices (67%) and County Public Fund (60%). Moderate coverage included the Level 4 & 5 Hospitals (57%), National Polytechnics (56%) MDAs (56%), State Corporation - Regulatory Agencies (53%), State Corporation - National Government (53%), County Government Corporation (50%) and State Corporation - Commercial Government-owned Entities (47%). Low coverage was noted among the County Technical & Vocational Colleges (24%), Water Companies 40%, National Referral Hospitals (33%), Political Parties (42%) and Cities & Municipalities (43%). No coverage was reported on State Corporation (Training Institutions).

Follow-up training on implementing PSASB instruments is widespread but uneven. Adoption is well supported in universities, professional bodies, county assemblies, and teacher training colleges, but very weak in state corporation training institutions (0%), county TVET colleges (24%), national referral hospitals (33%), water companies (40%), cities/municipalities (43%), and political parties (42%). Mid-tier coverage around 50–57% in several national/county entities suggests progress that still needs consolidation. Priority for future sessions should target the lowest-coverage categories above, plus entities hovering near 50% (e.g., CGOEs, county

government corporations), to close capacity gaps and standardize implementation across the sector.

Overall, while the results confirm that PSASB is often in collaboration with the National Treasury, ICPAK, KEMI, and other partners have made notable progress in strengthening institutional capacity, more deliberate efforts are needed to expand outreach and ensure equitable training coverage. Targeting underrepresented sectors and leveraging regional training hubs, digital learning platforms, and continuous professional development frameworks will be critical in achieving uniform competence and consistent implementation of PSASB instruments across all public sector entities.

3.4.4 Training and Capacity Building Content

Further, the study determined the contents of training and the capacity building captured as follows.

	Theme	Content
1	IPSAS Adoption and Transition to Accrual Accounting	The main focus of training across public entities has been the adoption and implementation of International Public Sector Accounting Standards (IPSAS), particularly the transition from cash basis to accrual-based reporting. Participants were trained on how to prepare and present financial statements in line with PSASB guidelines using standardized IPSAS templates. Sessions covered trial balance preparation, cash flow statements, disclosure requirements, and the practical application of accrual concepts, all aimed at improving compliance and financial reporting accuracy.
2	Use of Standardized Reporting Templates	A significant portion of training centered on the application of PSASB reporting templates. These sessions focused on how to complete and interpret quarterly and annual reporting formats, emphasizing accuracy, consistency, and comparability in financial statements. Participants were guided through key reporting components such as the statement of financial position, changes in net assets, and cash flow statements to ensure alignment with national reporting standards.
3	Risk Management and Internal Audit Standards	Another major area of focus was risk management and internal audit frameworks. Trainings included modules on risk-based auditing, compliance reviews, and the use of internal audit guidelines aligned with the Global Internal Audit Standards (GIAS). Participants learned practical approaches to risk identification, mitigation, and control, enhancing audit quality and institutional governance practices.
4	Financial Governance, Policy Application, and Compliance	Entities also received training on financial reporting and accounting transitions, emphasizing the application of PSASB manuals, policies, and frameworks. These sessions promoted awareness of new and emerging reporting standards, while building capacity for strategic planning, audit charter development, and compliance with the Public Finance Management (PFM) Act. Participants were also introduced to new reporting and audit templates developed jointly by PSASB and ICPAK to standardize practices across institutions.
5	Specialized and Emerging Training Areas	A smaller proportion of entities reported exposure to specialized training topics such as actuarial accounting, donor and grant reporting, procurement oversight, fraud detection, internal controls, and statutory coordination. These sessions targeted specific functional areas within public finance, equipping participants with niche technical skills required for specialized reporting and oversight roles.

Overall, the training and capacity-building initiatives have focused on equipping public sector staff with technical expertise to effectively implement IPSAS accrual accounting, enhance financial reporting quality and comparability, and strengthen internal controls and risk oversight. Through these initiatives, PSASB and its partners have contributed to improving institutional capacity, governance, and consistent compliance with public sector financial reporting standards across Kenya.

3.4.5 Integration of PSASB Instruments and Materials in Public Sector Financial Management

Of interest to the study was the determination of how the PSASB materials integrated into routine work processes. This is presented hereinafter.

	Theme	Description
1	Embedding of PSASB Standards in Financial Reporting Processes	The findings indicate that a majority of public entities have integrated PSASB materials and templates particularly those aligned with IPSAS-based reporting into their financial management and reporting systems. Many respondents confirmed that the templates guide the preparation of quarterly and annual financial statements, shaping the format, structure, and disclosure requirements of financial reports. Entities noted that PSASB tools are now a day-to-day reference point in accounting and reporting, improving consistency, transparency, and compliance with public sector accounting standards.
2	Application in Routine Accounting Operations	Beyond financial statement preparation, PSASB templates and materials are widely used in daily accounting activities. Respondents reported their application in receipting, cash book management, ledger postings, reconciliations, and expenditure tracking. The integration of these tools into routine operations has standardized practices across entities and contributed to enhanced accuracy, accountability, and uniformity in financial record management.
3	Integration into Automated Systems and Organizational Frameworks	In a significant number of cases, PSASB materials have been integrated into automated financial systems, particularly Enterprise Resource Planning (ERP) and IFMIS platforms. These systems have been customized to align with PSASB and IPSAS templates, thereby promoting efficiency and real-time financial data management. Some entities have also incorporated PSASB standards into their Quality Management Systems (ISO 9001:2015), internal financial policies, and operational manuals, effectively institutionalizing compliance and embedding best practices in financial governance.
4	Strengthening of Budgeting, Audit, and Accountability Functions	Several entities reported that the use of PSASB templates and guidelines has strengthened budget management, audit readiness, and financial oversight. The materials serve as a benchmark for internal audit, risk management, and accountability, enabling entities to align their internal control systems with national reporting and audit standards. This has contributed to improved audit outcomes and enhanced confidence in the integrity of public financial management processes.
5	Variability in the Level of Integration Across Entities	Despite these achievements, the extent of integration varies considerably across public entities. While a number of organizations reported full integration with PSASB standards fully embedded in automated systems and operational manuals others indicated partial or moderate integration, often limited to reporting cycles such as quarterly or annual financial statement preparation. This uneven adoption underscores the need for targeted technical support and continuous capacity-building to ensure uniform and sustainable integration of PSASB standards across all public sector entities.

Overall, the integration of PSASB instruments and materials into public sector financial management has been substantial and transformative, particularly in enhancing reporting accuracy, consistency, and accountability. Many entities have embedded PSASB standards into their daily accounting operations, automated systems, and institutional frameworks, leading to stronger financial governance and audit preparedness. However, the degree of integration remains uneven, with some entities achieving full system alignment while others apply the standards mainly during reporting periods. Sustained progress will depend on continuous capacity building, automation support, and policy enforcement to achieve full and uniform integration across all public sector entities.

On partial implementation and integration challenges, public sector entities reported the following:

a) Components not fully implemented

Among entities that reported partial implementation, the Risk Management Framework emerged as the most outstanding component yet to be fully adopted. Other areas with incomplete implementation included asset management and revaluation, IPSAS-based reporting, and internal audit manuals and frameworks. These gaps indicate that while adoption is widespread, some technical and operational components of PSASB instruments remain underutilized.

b) Key Challenges to full integration

Respondents cited several barriers hindering full implementation, including resource constraints, limited technical capacity, frequent updates to PSASB templates, and lack of system compatibility with PSASB reporting formats. A few entities acknowledged that PSASB materials are not yet integrated into daily operations, serving mainly as reference tools during audits or compliance reviews rather than as part of routine financial management.

c) Progress and outlook for full integration

Despite these challenges, there is a clear positive trend toward institutional adoption. Many entities are progressively embedding PSASB standards into internal procedures, accounting systems, and audit practices. Overall, while significant progress has been achieved in mainstreaming PSASB standards, continued capacity building, system alignment, and technical support remain essential to ensure full and sustainable integration across all aspects of public sector financial management and reporting.

3.4.6 Ease of Implementation of PSASB Instruments

The study sought to establish the rating of the ease of implementation of the PSASB materials and standards. The findings are presented in Figure 31.

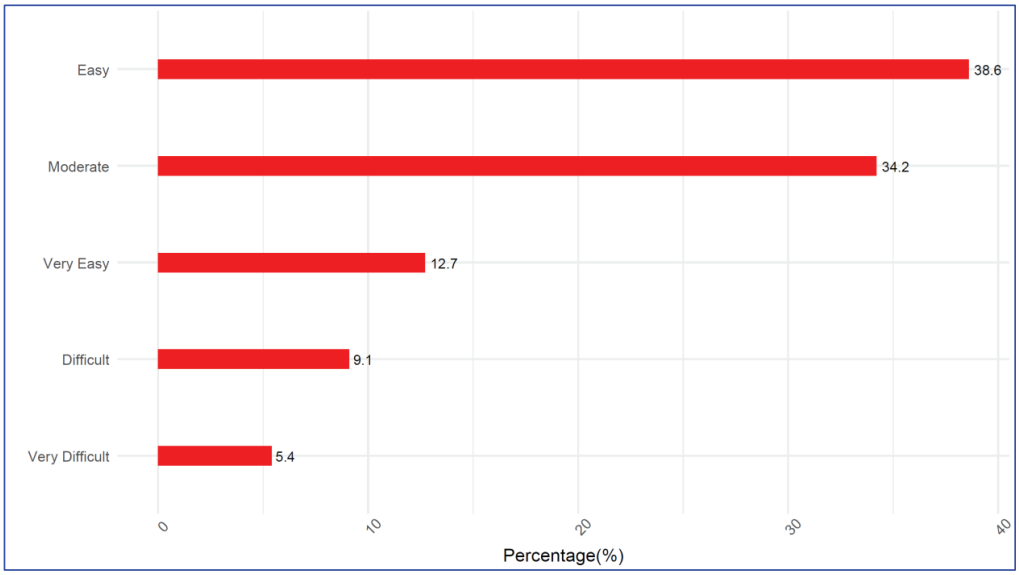


Figure 31: Ease of implementation of PSASB Materials and standards

As shown in Figure 31, most respondents (38.6%) rated the implementation of PSASB materials and standards as "easy", while 34.2% considered it "moderate." A smaller proportion (12.7%) found the process "very easy," whereas 9.1% and 5.4% described it as "difficult" and "very difficult," respectively.

These findings suggest that most public sector entities perceive the implementation of PSASB materials and standards as manageable and achievable, reflecting improved understanding and institutional capacity over time. The relatively high ratings of "easy" and "moderate" imply that most entities have established functional systems and gained familiarity with PSASB instruments, supported by ongoing training and leadership commitment. However, the small share of respondents who found implementation "difficult" or "very difficult" indicates that some entities still face technical and operational challenges, possibly linked to limited staff capacity, resource constraints, or system incompatibility. Overall, the results reflect positive progress toward institutionalizing PSASB standards, though targeted support and technical assistance remain necessary to help lagging entities achieve smoother and more consistent implementation.

The ease of implementation of PSASB materials and standards per entity is presented in Figure 32.

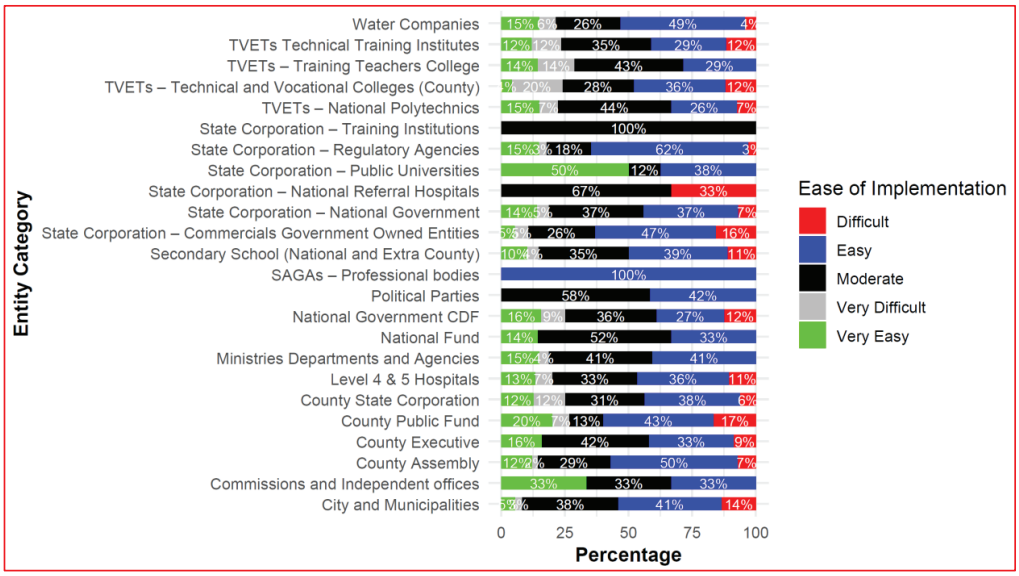


Figure 32: Ease of implementation of PSASB Instruments across Public Sector Entities

Figure 32 presents the distribution of responses on the ease of implementation of PSASB instruments across public sector entities. The results show that most entities found implementation to be either easy or moderate, with varying degrees across categories. The highest ease levels were reported among Public Universities (50%), Commissions and Independent Offices (33%). Easy levels among the SAGAs (100%), Regulatory Agencies (62%), County Assembly (50%), Water Companies (49%), Commercial Government-owned Entities (47%) and Political Parties (42%). Conversely, entities such as Cities and Municipalities (52% easy), County Government Corporations (37%), and County Public Funds (30%) showed relatively moderate and lower ease levels, indicating greater implementation challenges.

The findings suggest that implementation of PSASB instruments is generally perceived as manageable across most public entities, particularly in well-resourced and institutionally mature organizations like universities, professional bodies, and regulatory agencies. These entities likely benefit from established financial management systems, stronger leadership support, and greater technical capacity, which facilitate smooth adoption of PSASB materials. However, lower ease of implementation among county-level institutions, funds, and smaller entities indicates persistent capacity and resource constraints, as well as possible systemic or technical barriers such as limited ICT integration and staff turnover. Overall, while the results reflect positive progress in mainstreaming PSASB standards, they also highlight the need for differentiated support and targeted capacity-building interventions to enhance uniform implementation across all levels of government

3.4.7 Challenges to Implementation of PSASB Instruments

The specific challenges that have hindered the successful implementation of the PSASB materials and standards were investigated. The findings are given in Figure 33.

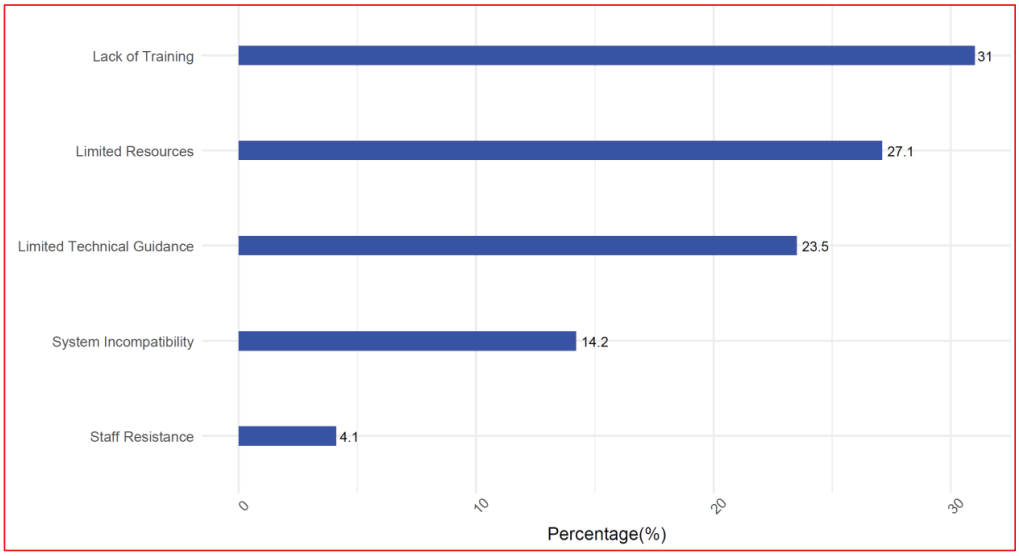


Figure 33: Challenges hindering implementation of PSASB instruments

As presented in Figure 33, the leading challenge hindering the implementation of PSASB instruments across public entities is lack of training, cited by 31% of respondents. This is followed by limited resources (27.1%) and limited technical guidance (23.5%). A smaller proportion of respondents identified system incompatibility (14.2%) and staff resistance (4.1%) as key barriers to effective implementation.

The results indicate that the primary obstacles to full and consistent adoption of PSASB instruments are capacity-related and resource-based. The prominence of lack of training and technical guidance underscores the need for continuous professional development and structured technical support to enhance user competence in applying PSASB materials. Similarly, limited financial and technological resources constrain implementation, particularly in smaller or subnational entities that may lack the infrastructure or systems compatible with PSASB templates. The low incidence of staff resistance suggests that awareness and willingness to comply exist; however, these must be supported by adequate resourcing, targeted training, and ICT integration to overcome systemic barriers and achieve full institutional compliance with PSASB standards.

The specific challenges hindering implementation of PSASB materials and standards per entity is displayed in Figure 34.

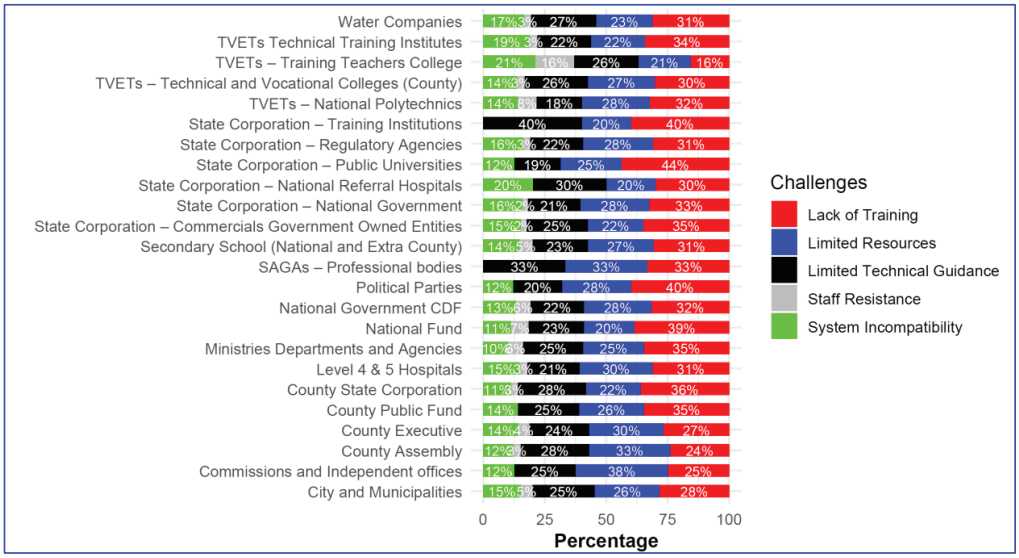


Figure 34: Challenges hindering implementation of PSASB instruments across public sector entities

Figure 34 shows that the dominant barrier to implementing PSASB instruments is lack of training, ranging from 24-44% with the highest shares reported by Public Universities (44%), State Corporation–Training Institutions (40%), and Political Parties (40%); notable levels also appear in National Fund (39%), County Government Corporations (36%), MDAs (35%), State Corporation–National Government (33%) and National Referral Hospitals (30%). For limited technical guidance, the highest incidence is among State Corporation–Training Institutions (40%), National Referral Hospitals (30%), County Assembly (28%) and Commissions and Independent Offices (25%). Other entities report this constraint to a lesser extent. Limited resources is a recurring secondary barrier across many categories (generally in the 20–30% range), while system incompatibility is reported by a smaller share of entities and staff resistance remains low across the board.

These findings indicate that while most institutions recognize the value of PSASB instruments, capacity-related and resource constraints continue to impede full implementation. The predominance of training and guidance-related gaps underscores the need for structured capacity-building programs, targeted technical backstopping, and adequate resource allocation to facilitate consistent and sustainable adoption. Although system-related and attitudinal challenges are less severe, they nonetheless highlight the importance of ICT alignment and continuous capacity-building to fully integrate PSASB instruments into institutional processes across all levels of government.

3.4.8 Strengthening PSASB Instruments Implementation

The study sought recommendations that would improve future implementation efforts of PSASB templates, manuals, guidelines and frameworks for internal audit and accounting standards. Public

sector entities make the following recommendations on improvement of implementation of PSASB instruments:

a) Institutionalized capacity building

Respondents emphasized the need to establish comprehensive and continuous capacity-building programs to bridge existing skills and knowledge gaps. PSASB, in collaboration with the National Treasury and professional bodies, should lead targeted training and mentorship tailored to the specific needs of various public entities.

b) Strengthening financial and technical support

To facilitate effective adoption, respondents recommended that adequate financial and technical resources be allocated. This includes funding for implementation, provision of expert guidance, and hands-on support during transition phases to ensure smooth application of PSASB standards.

c) ICT system alignment

Addressing system incompatibility was identified as essential. Entities proposed aligning ICT systems with PSASB reporting requirements through system upgrades, integration tools, and continuous user support to enhance data accuracy and reporting efficiency.

d) Provision of technical guidance and standardization tools

Respondents called for clear, timely, and accessible technical guidance, including user manuals and standardized instructions, to ensure consistency and uniformity in the application of PSASB instruments across all entities.

e) Change management and leadership support

To minimize staff resistance, the study highlighted the importance of effective change management strategies, including awareness creation, communication, and visible leadership support. Such measures would foster ownership, commitment, and appreciation of the value of PSASB standards within institutions.

The support extended by the Public Sector Accounting Standards Board (PSASB) and other key stakeholders has been pivotal in advancing the implementation of accounting and auditing standards across public sector entities. This support has primarily taken the form of trainings and capacity-building workshops, which have significantly enhanced staff understanding of International Public Sector Accounting Standards (IPSAS), risk management frameworks, and internal audit guidelines.

In addition, PSASB's provision of standardized reporting templates, manuals, and frameworks has contributed to improved uniformity, accuracy, and compliance in financial reporting across institutions. The Board has also provided technical guidance and advisory support to entities transitioning from cash-based to accrual accounting, easing the process of alignment with both national financial management frameworks and international best practices. Moreover, strategic collaboration with the National Treasury, ICPAK, and the Office of the Auditor-General has

enhanced knowledge sharing, harmonization of standards, and capacity reinforcement across the public sector. Collectively, these efforts have strengthened institutional capability, fostered consistency in financial reporting, and reinforced adherence to PSASB's accounting and auditing reforms throughout public sector entities.

3.4.9 Enhancement of Public Sector Entities for Implementation of PSASB Instruments

The study sought to determine what the public sector entities ought to do to improve their capabilities to implement PSASB instruments and materials. The following suggestions were drawn from the respondents.

	Theme	Description
1	Continuous Capacity Building	There is a clear need for enhanced and sustained training programs to strengthen the technical capacity of staff. These should include regular, practical, and sector-specific sessions focusing on IPSAS application, internal audit frameworks, and risk management to ensure consistent understanding and compliance across all public entities.
2	Resource Allocation and Infrastructure Support	Entities should receive adequate financial and technical resources to facilitate implementation. This includes targeted investment in ICT infrastructure and digital tools that support accrual accounting, automation, and standardized reporting, ensuring alignment with PSASB frameworks.
3	Strengthened Technical Backstopping by PSASB	Respondents emphasized the importance of stronger technical support mechanisms, recommending that PSASB establish a dedicated helpdesk or mentorship program. Such platforms would provide timely guidance, problem-solving, and technical advice during the implementation process.
4	System Integration and Automation	To achieve full compliance, integration of financial management systems with PSASB templates should be prioritized. Automated reporting and system alignment would enhance data accuracy, efficiency, and consistency across public sector entities.
5	Leadership Commitment and Oversight	Effective implementation depends on active engagement from senior leadership. Management should champion the adoption of PSASB standards, monitor progress, and address challenges proactively through structured oversight and accountability frameworks.
6	Change Management and Awareness Creation	Finally, change management and awareness initiatives should be intensified to sensitize staff on the value and benefits of PSASB standards, minimize resistance, and foster ownership and commitment to reforms at all organizational levels.

Overall, the successful and sustainable implementation of PSASB standards depends on continuous capacity building, adequate resourcing, strong technical backstopping, and robust leadership commitment. Prioritizing system integration, automation, and effective change management will further enhance consistency, efficiency, and ownership of reforms. Strengthening these areas will ensure full compliance, improved financial reporting, and greater accountability across all public sector entities.

3.5 Impact of PSASB Materials

The study fourth objective was to determine the impact of PSASB's materials in promoting accountability in financial reporting, internal controls, and governance. The findings are presented hereinafter.

3.5.1 Impact of PSASB Materials on Financial Reporting in the Public Sector

Specifically, the study sought to determine the extent of PSASB materials on financial reporting across the public sector entities. The results are noted below.

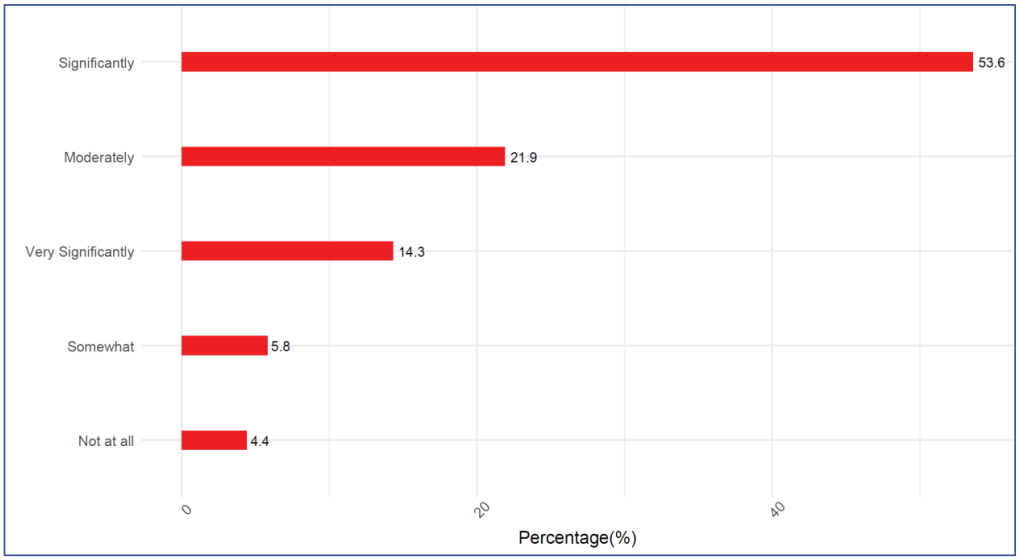


Figure 35: Impact of PSASB materials on financial reporting in the public sector

The results in Figure 35 show that 53.6% of respondents indicated that PSASB materials have significantly impacted financial reporting in their entities, while 14.3% rated the impact as very significant. Additionally, 21.9% of respondents felt the impact was moderate, 5.8% stated it was somewhat, and only 4.4% reported that PSASB materials had no impact at all on financial reporting.

These findings demonstrate that PSASB materials have had a strong and positive influence on financial reporting practices across public sector entities. The high proportion of respondents acknowledging significant or very significant impact (over two-thirds) reflects improved accuracy, transparency, and compliance in financial reporting resulting from the use of standardized templates, guidelines, and manuals. The moderate and minimal impact responses suggest that some institutions are still in the early stages of adoption or face barriers such as limited technical capacity and inconsistent application of PSASB standards. Overall, the results confirm that the PSASB reforms have been instrumental in enhancing financial governance and accountability within Kenya's public sector.

Further the study sought to determine the extent to which the materials were on specific entities to identify areas for improvement and capacity building.

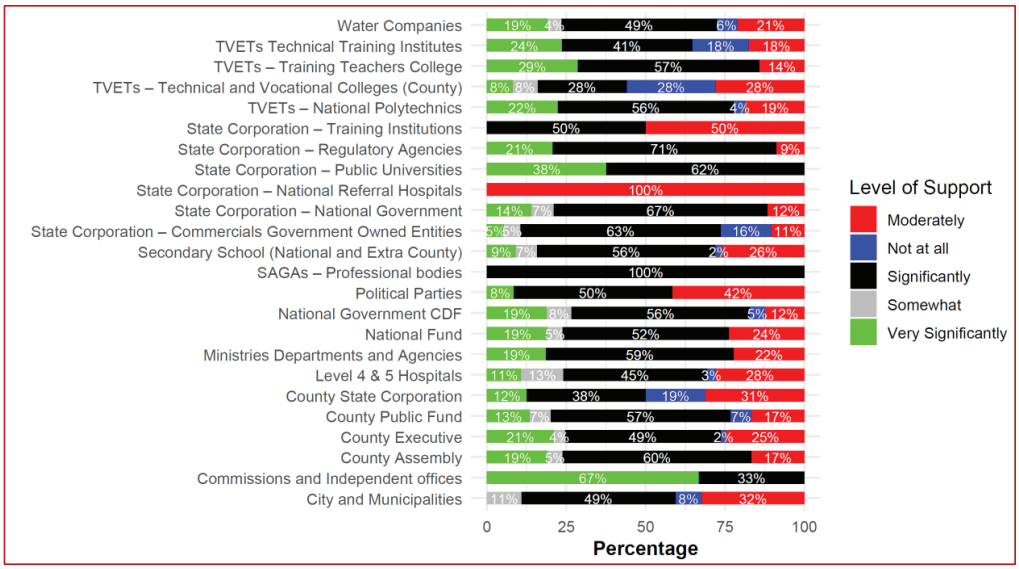


Figure 36: Impact of PSASB Materials on financial reporting across the public sector entities

The findings presented in Figure 36 show that the impact of PSASB materials on financial reporting varies across public sector entities but remains largely positive and substantial. The highest proportion of respondents who rated the impact as very significant were from Commissions and Independent Offices (67%), followed by Public Universities (38%), Teachers Training Colleges (29%), and Technical Training Colleges (24%). A majority of entities, including SAGAs (100%), Regulatory Agencies (71%), State Corporation for the National Government (67%), Public Universities (62%), County Assemblies (60%) and Political Parties (50%) rated the impact as significant, indicating strong institutional adoption and consistent application of PSASB standards. Moderate impact levels were reported among National Referral Hospitals (100%), Training Institutions (50%) and Political Parties (42%); suggesting partial or gradual integration of PSASB instruments in these entities. Only a few institutions, such as County Technical and Vocational institutions (28%) and County Government State Corporations (19%), indicated no impact at all.

Overall, the findings confirm that PSASB materials have had a transformative influence on public sector financial reporting, leading to improved accuracy, uniformity, and compliance with IPSAS-based standards. The particularly high impact among national-level and oversight institutions underscores the effectiveness of PSASB's technical guidance and templates in strengthening financial governance. Nonetheless, the moderate impact observed among devolved and semi-autonomous entities highlights the continued need for targeted capacity building, system alignment, and resource support to achieve full and consistent implementation across all public sector entities.

3.5.3 Impact of PSASB Instruments on Accountability Governance

a) Impact of PSASB Instruments on Financial Reporting

The implementation of PSASB instruments has had a strongly positive and transformative effect on financial reporting across public sector entities. Respondents consistently reported notable improvements in the quality, accuracy, and comprehensiveness of financial reports. The standardized templates and IPSAS-based frameworks introduced by PSASB have enhanced uniformity, comparability, and compliance with public financial management regulations. Entities highlighted that the adoption of these materials has significantly improved accountability, transparency, and audit preparedness, while fostering timely and consistent financial reporting. Furthermore, PSASB frameworks have encouraged professionalism and adherence to best practices, leading to greater confidence in the credibility of public sector financial information. Overall, the reforms have elevated financial governance standards and strengthened the integrity of financial reporting across the public sector.

b) Impact of PSASB Instruments on Internal Control Systems

PSASB instruments have also had a major positive impact on internal control systems, contributing to stronger governance and accountability mechanisms within entities. The adoption of standardized manuals, templates, and reporting frameworks has reinforced segregation of duties, improved checks and balances, and clarified financial process documentation, thereby reducing opportunities for errors, fraud, and misappropriation of funds. Respondents noted that the improved reporting framework has enhanced record-keeping, audit readiness, and the timely detection of financial irregularities. These improvements have strengthened oversight, facilitated compliance with financial management regulations, and promoted efficient and transparent resource utilization. Overall, the integration of PSASB standards has transformed financial reporting into a core instrument for enforcing internal controls, fostering a culture of integrity, operational efficiency, and prudent management of public resources.

c) Impact of PSASB Instruments on Governance and Accountability

The implementation of PSASB standards has had a strongly positive impact on governance and accountability across public sector entities. Most respondents reported that the adoption of these standards has enhanced transparency, compliance, and oversight, particularly through the strengthened roles of audit committees, management boards, and senior leadership. The standardized financial reporting frameworks introduced by PSASB have improved reporting accuracy, disclosure, and ethical management practices, thereby reducing instances of mismanagement, fraud, and resource misuse. Entities also noted that PSASB-driven governance practices have promoted clearer role delineation, informed decision-making, and responsible stewardship of public resources. The emphasis on regular reporting and disclosure has increased institutional accountability, reinforced adherence to the Public Finance Management (PFM) framework, and improved service delivery efficiency. Overall, PSASB standards have not only strengthened internal governance systems but also fostered public confidence, institutional credibility, and a culture of transparency and integrity in the management of public finances.

d) Impact of PSASB Instruments on Audit Readiness and Performance

The implementation of PSASB standards has had a highly positive impact on audit readiness and performance across public sector entities. Respondents reported that the adoption of standardized PSASB reporting templates and guidelines has greatly enhanced preparedness for both internal and external audits, ensuring that financial records are complete, accurate, and well-organized. This improvement has enabled entities to undergo timely audits with fewer audit queries and has contributed to a noticeable increase in the number of unqualified audit opinions.

The use of PSASB instruments has streamlined audit processes, strengthened compliance with auditing standards, and improved documentation and record-keeping, making it easier for auditors to trace transactions and verify information. These developments have also enhanced staff efficiency, reduced risks of errors and fraud, and reinforced accountability and transparency in financial operations. Moreover, the integration of PSASB standards has fostered a culture of proactive financial management, where institutions maintain up-to-date records and prepare audit files in advance, ensuring continuous audit readiness rather than reactive compliance. The standardized reporting formats have also facilitated comparability across entities and audit periods, simplifying the audit review process and promoting consistency in the evaluation of financial performance. Overall, PSASB standards have been instrumental in elevating audit quality, institutional discipline, and financial governance across the public sector.

3.5.4 Improvement in Internal Controls Following the Adoption of PSASB Instruments

The study sought to determine if internal controls had improved due to adoption of PSASB instruments. The findings are presented below.

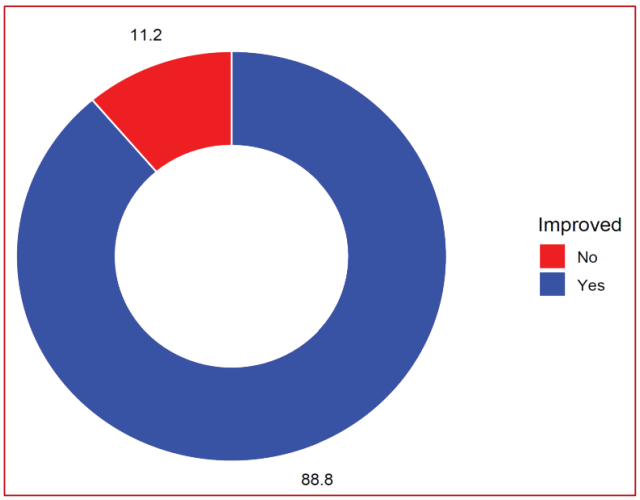


Figure 37: Status of Internal controls due to adoption of PSASB instruments

The results in Figure 37 show that a majority of respondents (88.8%) indicated that their internal control systems have improved following the adoption of PSASB standards, while only 11.2% reported no improvement. These findings demonstrate that the adoption of PSASB standards has had a substantial positive effect on strengthening internal control systems across public sector entities. The improved control environment reflects better segregation of duties, enhanced

documentation, and stronger compliance mechanisms. The frameworks and templates provided by PSASB have contributed to more transparent financial management, reduced errors and fraud risks, and improved accountability and operational efficiency. The few entities that reported no improvement may still be facing challenges such as limited technical capacity or partial implementation, indicating the need for continued support and capacity building to ensure full internal control integration across all public sector entities.

Further the study sought to investigate the status of internal controls due to adoption of PSASB standards across the public sector entities. The results are noted hereinafter.

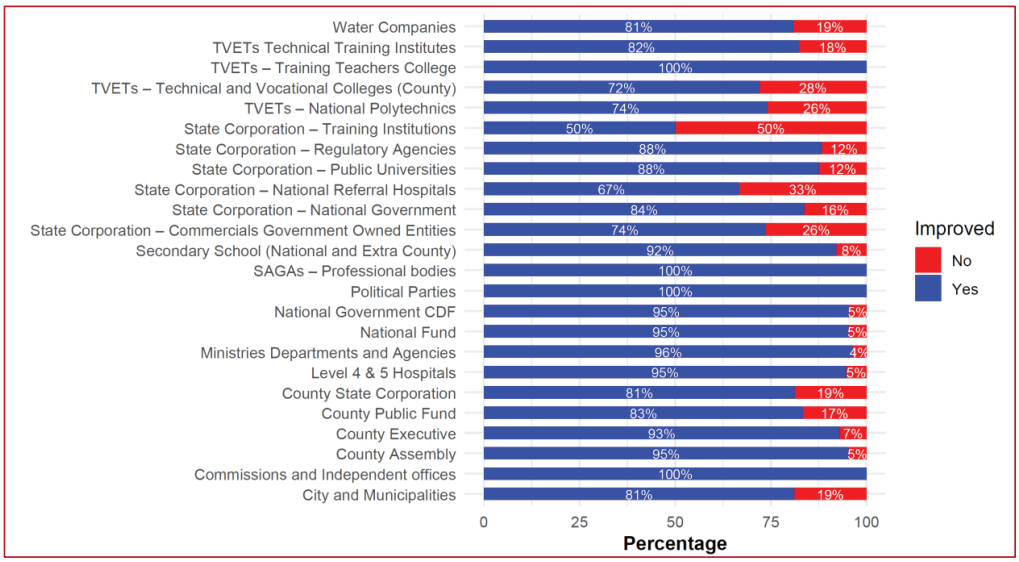


Figure 38: Status of internal controls due to adoption of PSASB instruments per entity

The results in Figure 38 indicate that a large majority of entities reported improvements in internal control systems following the adoption of PSASB standards. Notably, 100% improvement was recorded among Professional Bodies (SAGAs), Political Parties, Training Teachers' Colleges and Commissions and Independent Offices. High improvement levels were also observed in National Funds (95%),National Government CDF (95%), Ministries, Departments, and Agencies (96%), Level 4 & 5 Hospitals (95%), County Assemblies (95%), County Executive (93%), Secondary Schools (92%), Public Universities (88%) and Regulatory Agencies (88%). Moderate improvement was reported in Technical Training Institutes (82%), Water Companies (81%) and National Polytechnics (74%), while relatively lower improvement levels were seen in State Corporations Training Institutions (50%) and National Referral Hospitals (33%).

The findings demonstrate that the adoption of PSASB standards has substantially strengthened internal control systems across the public sector, with nearly all institutions showing tangible progress. The improvements reflect enhanced accountability, transparency, and adherence to financial management regulations. Entities that achieved full improvement, such as universities, commissions, and oversight bodies, benefited from strong institutional leadership, technical capacity, and compliance culture. Conversely, the few entities with partial improvement mainly

devolved and semi-autonomous institutions may still face capacity gaps, limited automation, or resource constraints affecting full integration. Overall, the widespread improvement confirms that PSASB frameworks have played a critical role in institutionalizing control mechanisms, improving financial discipline, and fostering a culture of integrity and prudent resource management across Kenya's public sector.

3.5.5 Improvement in Audit Ratings Following the Adoption of PSASB Instruments

The study investigated whether institution experienced improvements in audit ratings since adoption of PSASB instruments. The findings are presented below.

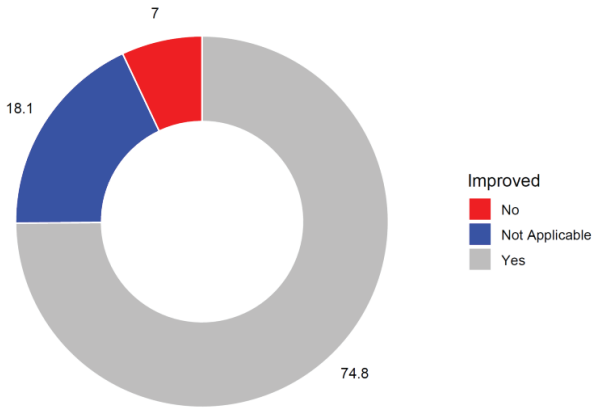


Figure 39: Status of Internal controls due to adoption of PSASB instruments

The results in Figure 39 show that 74.8% of respondents indicated that internal controls had improved due to the adoption of PSASB instruments, while 18.1% stated that the question was not applicable to their entities. Only 7% of respondents reported no improvement in internal control systems.

These findings suggest that the adoption of PSASB instruments has had a broad and positive effect on strengthening internal control systems across most public sector entities. The high proportion of entities reporting improvement reflects enhanced financial oversight, documentation, and compliance resulting from the use of standardized templates, manuals, and audit frameworks.

The small percentage of entities that reported no improvement likely represents those where implementation remains partial or at early stages, or where PSASB standards are less directly applicable due to institutional mandates. The share of "not applicable" responses indicates that some entities especially non-financial or oversight-focused bodies may not engage in financial reporting processes affected by PSASB standards. Overall, the results affirm that PSASB instruments have significantly contributed to strengthening internal controls, promoting accountability, and ensuring prudent financial management across Kenya's public sector.

Further the study sought to determine the audit ratings since adoption of PSASB instruments across the public sector entities. The findings are given hereinafter.

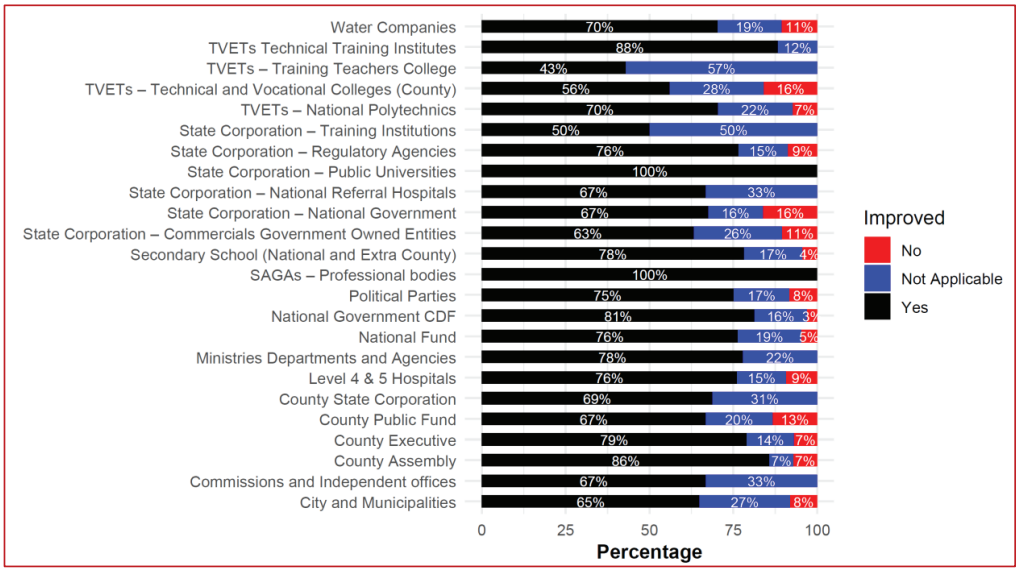


Figure 40: Status of audit rating following adoption of PSASB instruments per entity

The results in Figure 40 show that most entities reported improved audit ratings following the adoption of PSASB instruments. Notably, Public Universities and Professional Bodies (SAGAs) recorded 100% improvement, followed closely by County Assemblies (86%), Technical Training Institutes (88%), National Government CDF (81%), Secondary Schools (78%), Level 4 & 5 Hospitals (76%) and National Funds (76%). Moderate improvements were observed in entities such as County Government Corporations (69%), National Referral Hospitals (67%), and County Public Funds (67%), while lower improvements were seen in TVET Training Colleges (43%) and State Corporation - Training Institutions (50%).

The findings demonstrate that the adoption of PSASB instruments has significantly improved audit performance across most public sector entities. The highest improvements were observed among universities, regulatory agencies, and professional bodies, reflecting stronger institutional capacity, structured adoption of PSASB templates, and effective leadership oversight. Entities reporting audit improvements have benefited from enhanced financial reporting accuracy, improved documentation, and better compliance with IPSAS and audit guidelines, resulting in fewer audit queries and more unqualified opinions. However, entities with lower or no improvement mainly in the TVET and semi-autonomous categories continue to face challenges such as limited training, resource constraints, and partial implementation of PSASB standards. Overall, the results confirm that PSASB instruments have positively influenced audit quality, accountability, and compliance, marking a critical step toward achieving consistent financial integrity and transparency across Kenya's public sector.

3.5.6 Effect of PSASB Instruments on Efficiency in Public Sector

The study further sought to determine whether the implementation of PSASB standards led to measurable savings or efficiencies. The findings are presented below.

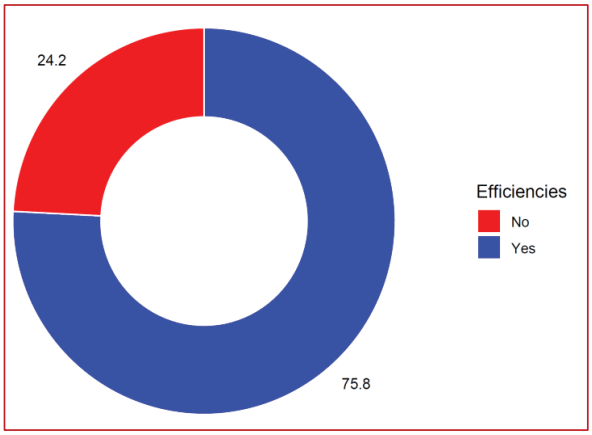


Figure 41: Effect of PSASB instruments on efficiency in public sector

The results presented in Figure 41 show that 75.8% of respondents indicated that the adoption of PSASB instruments has enhanced efficiency in their respective entities, while 24.2% reported no improvement in efficiency. These findings suggest that the implementation of PSASB instruments has had a notable positive impact on operational and financial efficiency across the majority of public sector entities. The use of standardized templates, manuals, and reporting frameworks has streamlined financial processes, reduced duplication of effort, and improved timeliness in reporting and decision-making.

Entities that reported improved efficiency cited benefits such as better coordination in financial reporting, reduced audit queries, and enhanced accountability mechanisms resulting from uniform application of PSASB standards. The instruments have also helped improve workflow automation, data accuracy, and compliance with regulatory requirements, contributing to overall institutional performance.

The 24.2% of entities that did not experience efficiency gains may still face implementation challenges such as limited staff capacity, inadequate ICT integration, or slow adoption of accrual-based reporting systems. Nonetheless, the overall outcome demonstrates that PSASB standards have been instrumental in promoting financial discipline, streamlining processes, and enhancing institutional efficiency across Kenya's public sector.

The study sought further to determine the presence of efficiencies or savings due to implementation of PSASB instruments in the public sector entities. Findings are presented below.

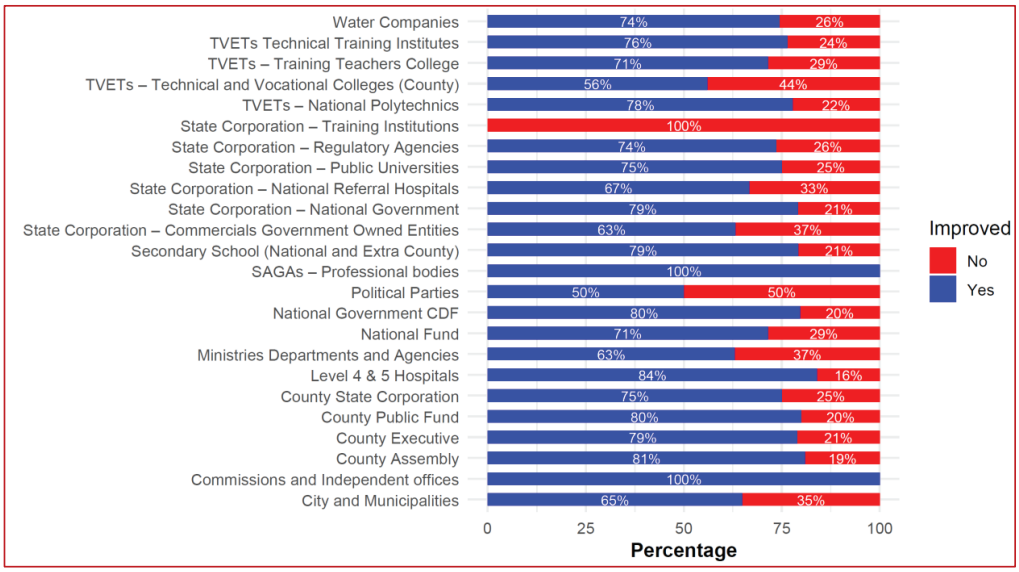


Figure 42: Effect of PSASB instruments on efficiency across the public sector entities

The results in Figure 42 show that the majority of entities reported improved efficiency following the adoption of PSASB instruments. High levels of improvement were observed among SAGAs (100%) and Commissions and Independent Offices (100%). Moderate levels of improvement were reported by entities such as Water Companies (74%), TVET Technical Training Institutes (76%), County Government Corporations (75%) Public Universities (75%), County Assemblies (81%) and Level 4 & 5 Hospitals (84%). Lower efficiency gains were recorded among political parties (50%), and TVETs (56%). State corporations- training institutions noted no level of efficiency.

The findings indicate that the adoption of PSASB instruments has generally enhanced operational and financial efficiency across most public sector entities. The high efficiency gains among State Corporations, oversight institutions, and educational entities demonstrate that PSASB frameworks have contributed to streamlined reporting, improved internal coordination, and reduced duplication of financial processes. Entities that reported strong improvements attributed these to the use of standardized templates, automation of reporting processes, and enhanced accountability mechanisms that have simplified financial management and decision-making. The improvements also reflect the positive influence of PSASB-aligned audit readiness, internal control systems, and IPSAS compliance, which have strengthened institutional performance and responsiveness. However, the relatively lower efficiency improvements in some TVET institutions and national referral entities point to ongoing challenges such as limited technical capacity, resource constraints, and partial adoption of PSASB frameworks. Overall, the results affirm that PSASB instruments have played a transformative role in promoting efficiency, accountability, and effective financial governance across the Kenyan public sector.

3.5.7 Assessment of PSASB's Compliance Monitoring in the Public Sector

The study sought to determine whether PSASB had conducted any compliance monitoring in the public sector. The findings are given below.

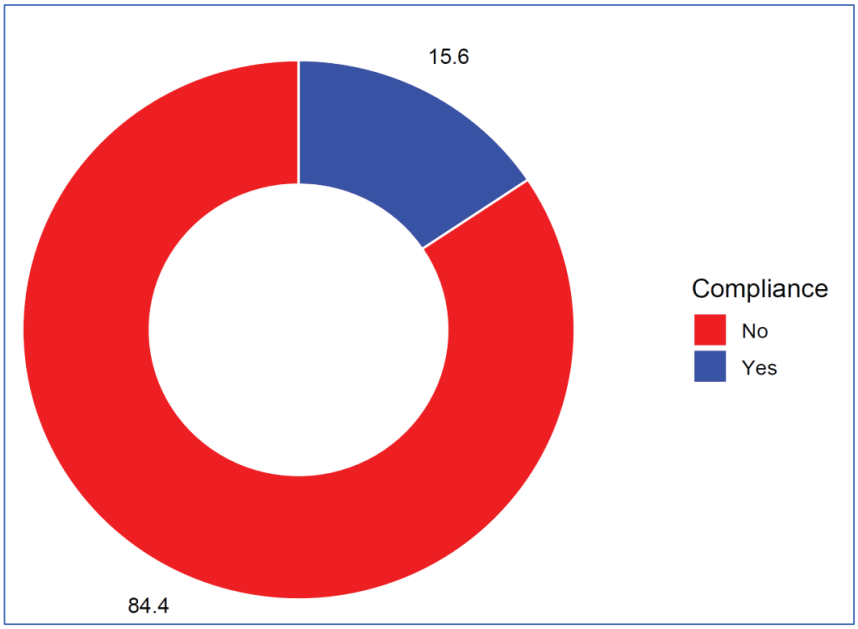


Figure 43: Has PSASB Conducting any Compliance Monitoring in the Public Sector?

Figure 43 as noted shows that only 15.6% of respondents indicated that the Public Sector Accounting Standards Board (PSASB) had conducted any form of compliance monitoring within their respective entities. Conversely, a significant majority (84.4%) reported that no compliance monitoring had been undertaken by PSASB in their institutions.

This result demonstrates a limited level of compliance oversight by PSASB across the public sector. While the Board has made progress in developing and disseminating standards and templates, the relatively low percentage of compliance monitoring activities suggests that follow-up mechanisms and enforcement measures remain weak. The absence of consistent compliance audits or monitoring visits may contribute to uneven implementation of PSASB standards across entities. Strengthening PSASB's monitoring framework through periodic compliance reviews, structured reporting mechanisms, and capacity-building of internal audit units would enhance accountability, consistency, and adherence to public sector reporting requirements.

The research also determined whether PSASB had conducted any compliance monitoring across the public sector entities as detailed below.

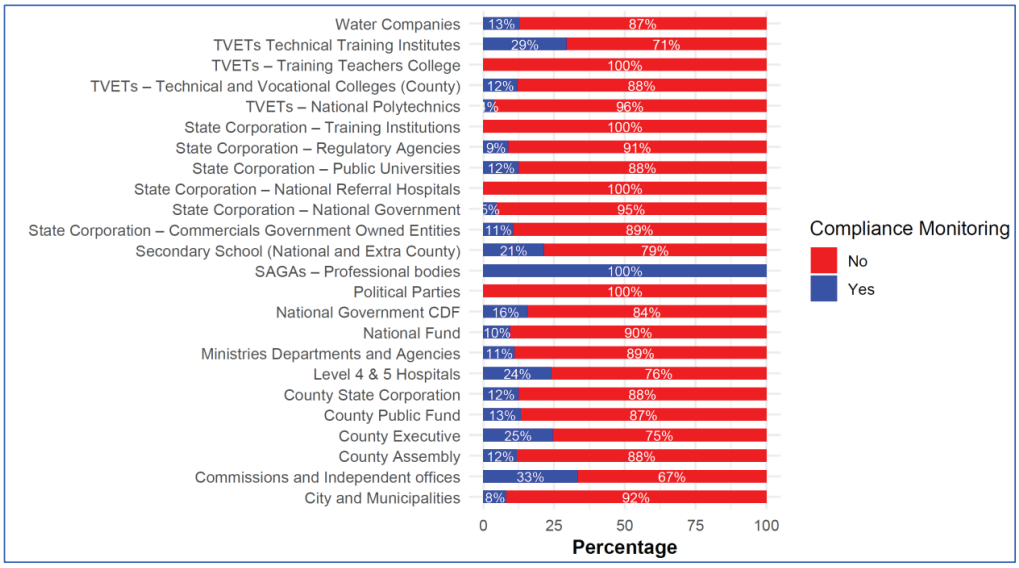


Figure 44: Has PSASB Conducting any Compliance Monitoring across the public sector entities?

The results in Figure 44 shows that compliance monitoring by PSASB is very low and varies considerably across public sector entities. Only a few institutions reported evidence of PSASB-led monitoring, with the highest proportions observed among SAGAs (100%), Commissions and Independent Offices (33%), County Executives (25%), and Level 4 & 5 Hospitals (24%). Other categories such as TVET Technical Training Institutes (29%), Secondary Schools (21%), and National Government CDF (16%) also indicated some level of monitoring. However, most entities, over 80% in each category, reported that no compliance monitoring had been conducted by PSASB. Notably, political parties, professional bodies, and several state corporations (including national referral hospitals and training institutions) recorded zero PSASB monitoring activity.

These findings underscore a limited and uneven reach of PSASB's compliance monitoring efforts, limited accountability and potential lapses in financial reporting quality across different segments of the public sector. The concentration of monitoring within a few entities suggests that oversight activities are sporadic rather than systematic, potentially due to capacity constraints, resource limitations, or lack of a structured monitoring framework. The absence of regular follow-up in key sectors such as state corporations, ministries, and public universities points to gaps in accountability and standard enforcement. It also suggests that feedback loops between PSASB and implementing entities are weak, reducing opportunities for capacity building and corrective action where gaps exist.

To enhance compliance, PSASB should consider developing a comprehensive compliance monitoring strategy, establishing sector-specific audit schedules, and strengthening coordination mechanisms with internal audit departments and the Office of the Auditor-General. This would promote consistency, transparency, and adherence to public sector financial reporting standards across all entities.

3.5.8 PSASB Instruments on Public Confidence and Service Delivery

On the effect of PSASB instruments on improved public confidence and service delivery; and any unintended consequences (positive or negative) arising from adoption of the instruments, the following was reported.

i) Enhanced Transparency, Accountability and Public Confidence

The adoption of PSASB standards has markedly strengthened transparency and accountability in public financial management. Respondents consistently reported that uniform reporting templates and IPSAS-aligned standards improved the clarity, accuracy, and comparability of financial statements. This transparency has not only reduced audit queries but also built greater trust and confidence among the public, donors, oversight bodies, and management boards. As a result, stakeholders perceive public entities as more reliable and credible in their financial operations.

ii) Improved Governance, Efficiency and Service Delivery

The standards have contributed to better governance and operational efficiency. Entities now prepare and publish financial statements more promptly, improving timeliness and responsiveness in service delivery. Enhanced financial management practices have led to stronger planning, resource allocation, and monitoring, translating into more reliable and effective public services. The streamlined processes have also minimized wastage, reduced malpractices, and improved overall institutional performance.

iii) Strengthened Compliance and Audit Preparedness

A notable outcome has been the establishment of a compliance-driven culture across public entities. Respondents cited improvements in audit readiness, timely reporting, and standardization of financial statements. This has resulted in more consistent financial reporting practices and easier oversight by regulators and auditors, reinforcing institutional discipline and accountability mechanisms.

iv) Positive Organizational and Behavioral Changes

Several respondents observed behavioral transformations among public officers. Staff have become more meticulous in managing public funds and more conscious of ethical conduct, owing to the heightened accountability environment fostered by PSASB standards. This cultural shift has enhanced integrity and professionalism within public sector financial management.

v) Emerging Challenges and Implementation Gaps

Despite the overall positive outcomes, a few implementation challenges were identified. Entities with limited human or technological capacity experienced increased workload and administrative burdens, as the detailed reporting templates required significant time and effort. Other challenges included skills gaps, insufficient training, initial resistance to change, and inconsistencies between PSASB templates and other regulatory reporting frameworks, particularly those of the Office of the Auditor-General.

The adoption of PSASB standards has led to significant gains in transparency, accountability, governance, and service delivery, while also revealing the need for capacity building, system integration, and alignment of reporting requirements to sustain these improvements across all public entities.

3.6 Sustainability Standards and ESG Reporting

The research aimed at assessing the extent to which your institution is aware of, has adopted, and is implementing sustainability standards and Environmental, Social, and Governance (ESG) reporting practices. The findings are given as follow.

3.6.1 Formal Adoption of Sustainability Standards and ESG Reporting Framework in the Public Sector

Specifically, the study sought to find out whether there is formal adoption of sustainability standards and/ or ESG reporting framework in the public sector. The results are presented below.

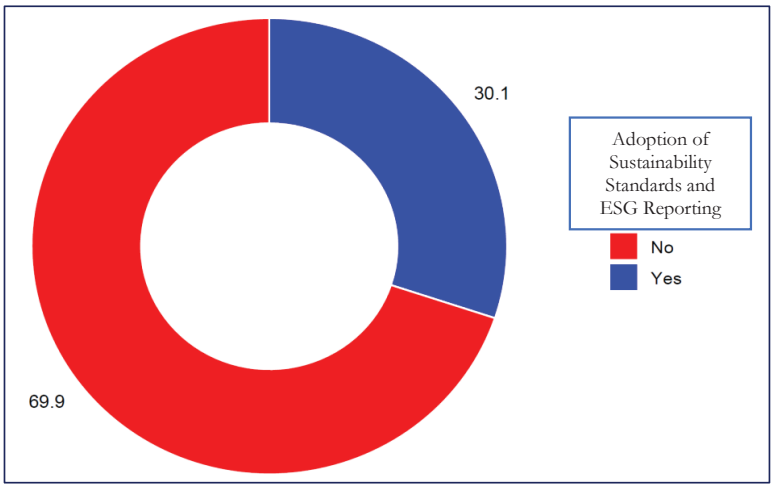


Figure 45: Formal Adoption of Sustainability Standards and ESG Reporting Framework in the public sector

The findings indicate that only 30.1% of respondents reported having formally adopted Sustainability Standards or Environmental, Social, and Governance (ESG) reporting frameworks within their entities. In contrast, a substantial 69.9% of respondents stated that their organizations have not yet adopted any formal sustainability or ESG reporting mechanisms.

These results reveal that ESG and sustainability reporting practices remain at an early stage of institutionalization across the public sector. While a few entities, particularly those with donor funding or international exposure, have embraced sustainability principles, the majority have not yet integrated these frameworks into their operations. The low adoption rate suggests limited awareness, inadequate policy direction, and absence of mandatory guidelines from oversight institutions such as the PSASB or National Treasury. It also reflects capacity and resource constraints, as implementing ESG frameworks require specialized knowledge, data systems, and cross-departmental collaboration. To promote progress in this area, there is a need for policy

alignment, sensitization, and capacity-building initiatives targeting public entities. Establishing national ESG reporting guidelines, providing technical assistance, and embedding sustainability indicators into performance management systems would accelerate the institutionalization of ESG practices and enhance Kenya's commitment to sustainable public financial management and responsible governance.

Further the distribution of the adoption of sustainability or ESG reporting framework across the entities is displayed hereinafter.

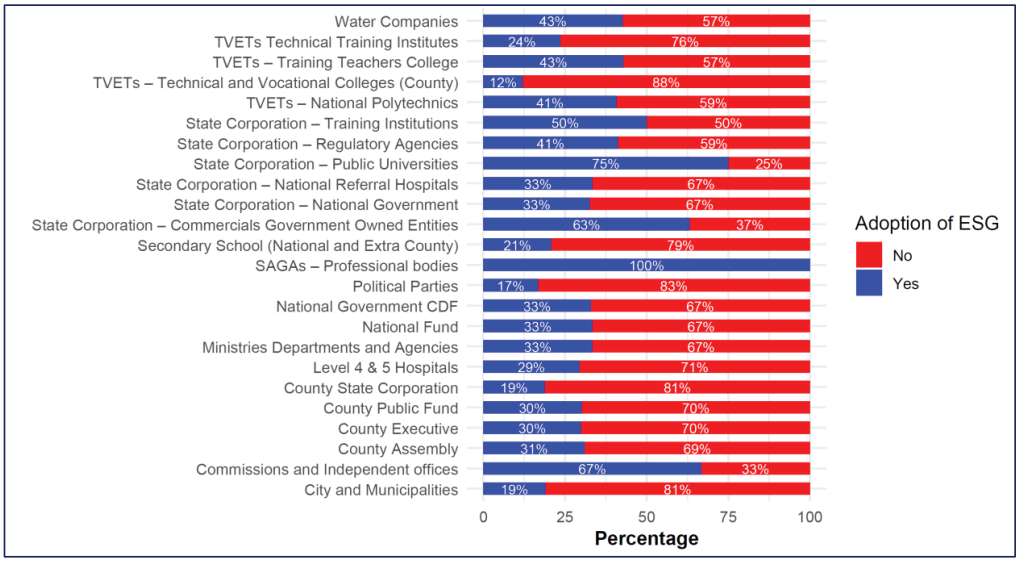


Figure 46: Formal Adoption of Sustainability Standards and ESG Reporting Framework across public sector entities

The analysis reveals that the adoption of sustainability standards and ESG reporting frameworks varies considerably across public sector entities. The highest levels of adoption were reported among SAGAs (100%), Public Universities (75%), Commissions and independent offices (67%), Commercial government-owned enterprises (63%) and State Corporation – Training Institutions (50%). Other notable adopters include Water Companies (43%), National Polytechnics (41%), Regulatory Agencies (41%), and National Referral Hospitals (33%). In contrast, entities such as TVETs – Technical and Vocational Colleges (12%), County Government Corporations (19%), and City and Municipalities (19%) recorded the lowest adoption levels. Most sectors including ministries, county governments, and public funds showed less than one-third compliance, indicating slow institutional uptake of ESG reporting.

The findings indicate that ESG integration remains uneven and nascent across the public sector. Higher adoption rates in certain state corporations and universities may be attributed to external donor influence, international collaborations, and stronger governance structures that prioritize sustainability. However, many entities particularly at county and subnational levels lack formal frameworks or institutional policies to guide ESG reporting. This uneven adoption reflects limited policy enforcement, inadequate awareness, and weak technical capacity for sustainability reporting.

Many entities still operate under traditional financial reporting systems that exclude non-financial performance indicators such as environmental impact, social inclusion, and governance ethics.

Further the study sought to determine the year in which the sustainability standards and/ or ESG reporting framework were adopted in the public sector. Findings are presented below

Table 5: Year of Adoption of Sustainability Standards and/or ESG Reporting Framework

Year of Adoption	Number of Entities
2006	1
2010	1
2013	1
2016	1
2017	1
2018	4
2019	15
2020	18
2021	25
2022	36
2023	51
2024	64
2025	22

Out of a total of 240 entities, adoption of sustainability standards and ESG reporting frameworks has grown progressively over time, with a pronounced acceleration in recent years. It is worth noting that only 240 out of the 403 public sector entities that participated in the study have adopted sustainability standards and ESG reporting frameworks. Only 5 entities (2.1%) had adopted the frameworks before 2018, followed by a modest uptake in 2018 (1.7%). Between 2019 and 2021, adoption increased significantly to 58 entities (24.2%), while the period 2022–2025 accounted for the majority, with 173 entities (72.1%). The peak year of adoption was 2024, when 64 entities representing the highest annual increase formalized their sustainability or ESG reporting frameworks. Cumulatively, adoption grew from 1 entity in 2006 to 240 entities by 2025, reflecting a steep upward trajectory.

The data reveals a clear trend of accelerated institutionalization of sustainability and ESG reporting in the public sector, particularly from 2020 onward. This growth aligns with global and national policy shifts emphasizing climate accountability, sustainable finance, and governance reforms. The surge from 2022–2025 suggests increasing awareness, regulatory guidance, and possibly integration of ESG elements into public financial management frameworks. Despite this progress, the late onset of adoption indicates that many entities were slow to align with sustainability reporting expectations, likely due to limited technical capacity, absence of formal policy direction, or competing reporting demands. Sustaining this positive trend will require continued capacity-building, harmonization of reporting templates, and stronger oversight from PSASB and other regulatory bodies to ensure consistency, quality, and long-term integration of ESG principles into public sector governance.

On whether the adoption was formalized in policy or strategy documents, the findings are presented as follows.

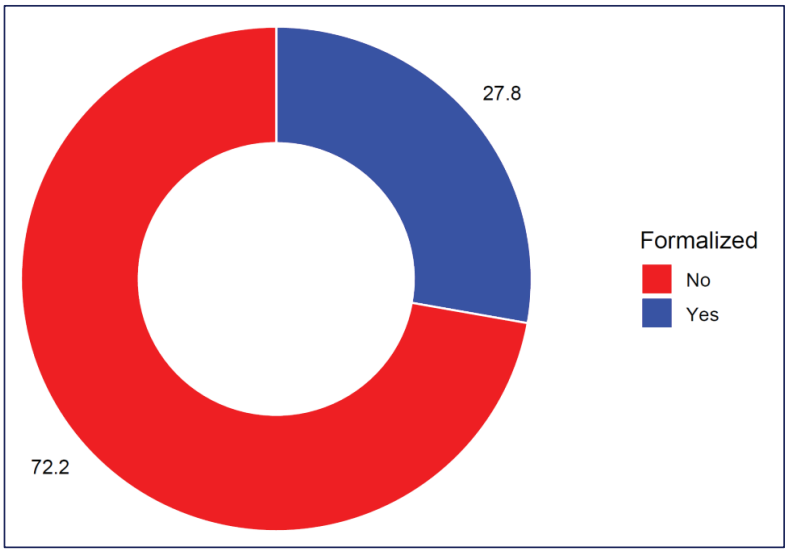


Figure 47: Formalization in policy or strategy documents of sustainability standards and ESG adoption in the public sector

The findings show that only 27.8% of respondents indicated that the adoption of sustainability standards or ESG reporting frameworks had been formally incorporated into institutional policy or strategy documents. In contrast, a significant majority of 72.2% reported that adoption had not been formalized within their respective entities.

These results indicate that while a growing number of public entities are embracing sustainability and ESG practices, formal policy integration remains limited. The lack of formalization suggests that many institutions are implementing sustainability measures on an ad hoc or project-based basis, without embedding them into official strategic plans, performance frameworks, or governance policies. This gap highlights the need for policy alignment and institutionalization to ensure continuity, accountability, and measurable outcomes in sustainability reporting. Formal integration into corporate strategies would not only strengthen compliance and oversight but also ensure that ESG principles are sustainably embedded within organizational culture and decision-making processes.

To advance this, oversight bodies such as the PSASB, National Treasury, and the Office of the Auditor-General should promote guidelines for policy mainstreaming, support the development of institutional ESG strategies, and provide technical capacity-building to enable consistent and structured adoption across all public sector entities

Further the formalization of adoption in policy or strategy documents across the public sector entities is presented as follows.

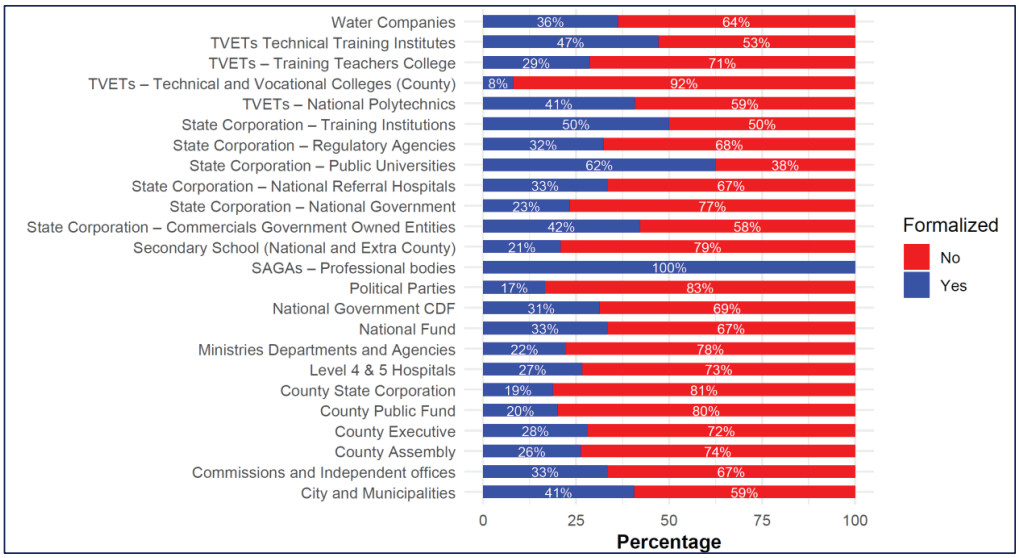


Figure 48: Formalization in policy or strategy documents of sustainability standards and ESG adoption across the public sector entities

The analysis reveals wide disparities in the formalization of sustainability and ESG adoption across different categories of public sector entities. The highest levels of formalization were reported among SAGAs (100%), Public Universities (62%) and State corporation - Training Institutions (50%). Water Companies (36%), National Fund (33%), Commissions and Independent Offices (33%), National fund (33%), National Referral Hospitals (33%), Regulatory Agencies (32%) and National Government CDF (31%) also demonstrated moderate levels of formal integration. Conversely, several entities reported minimal or no formalization, notably TVET Technical and Vocational Colleges (8%), County Government Corporations (19%), County Public Funds (20%), and Political Parties (17%). Overall, most categories particularly those at the county and subnational levels, recorded low levels of formalization, underscoring limited policy alignment with sustainability and ESG frameworks.

The findings point to a fragmented and uneven integration of sustainability standards and ESG reporting into institutional policy and strategy frameworks. Sectors such as universities, regulatory agencies, and state corporations are leading in embedding ESG principles, largely due to external accountability pressures, donor involvement, and stronger institutional governance structures. In contrast, county governments, political entities, and lower-level institutions exhibit weaker integration, reflecting capacity limitations, absence of structured guidance, and competing policy priorities.

This trend suggests that while awareness of sustainability reporting is growing, institutionalization remains inconsistent. To bridge this gap, it is essential to:

- Develop sector-specific ESG reporting guidelines aligned with international standards
- Provide capacity-building and awareness programs for public officers

- Embed sustainability metrics into performance contracts and audit frameworks
- Establish clear national ESG policy directives through PSASB and the National Treasury.
- Embed ESG principles in strategic planning, budgeting, and performance management processes.
- Build technical and human capacity within entities for consistent adoption and reporting.

Such measures would institutionalize ESG principles, enhance transparency in resource use, and position the public sector as a driver of sustainable development and responsible governance. Formalizing ESG adoption within policy and strategy documents will not only ensure continuity and accountability but also strengthen Kenya's commitment to sustainable governance and transparent public financial management.

3.6.2 Sustainability/ESG Responsibilities

The study sought to establish how ESG/sustainability responsibilities are assigned in the public sector. The findings are presented as follows.

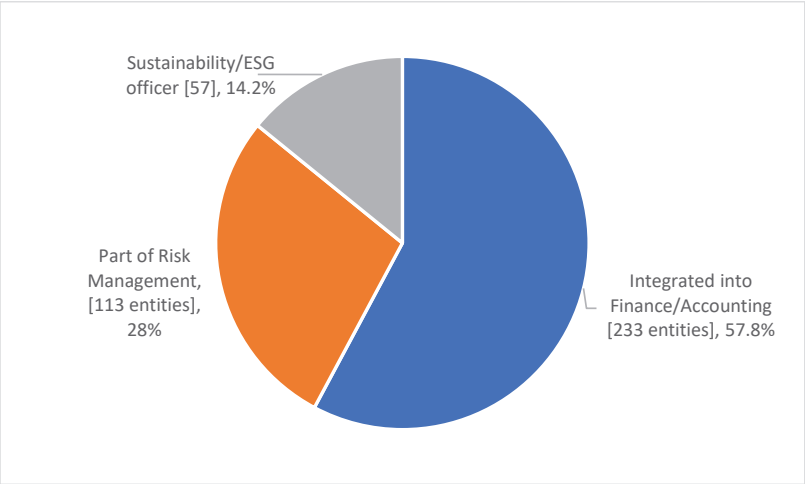


Figure 49: Assignment of Sustainability/ ESG responsibilities in public entities

The findings reveal that most public sector entities (57.8%) have assigned sustainability or ESG responsibilities within their finance or accounting departments, indicating a strong linkage between sustainability reporting and financial management functions. About 28% of entities have embedded these responsibilities within risk management units, reflecting a growing recognition of sustainability as part of institutional risk and compliance frameworks. Only 14.2% of entities reported having a dedicated Sustainability or ESG Officer, suggesting that few organizations have established specialized roles or units to oversee sustainability initiatives.

These results highlight that sustainability and ESG oversight in the public sector remains largely functional rather than strategic. By situating these responsibilities within finance and accounting, most entities treat ESG as an extension of financial compliance rather than a holistic governance or strategic development issue. This approach may limit the integration of sustainability

considerations into broader institutional decision-making, planning, and performance evaluation. The growing inclusion of ESG within risk management structures is a positive trend, signalling increased awareness of environmental and social risks in operational and financial planning. However, the limited presence of dedicated sustainability officers underscores a capacity and structural gap that could hinder long-term institutionalization and accountability in ESG implementation.

To strengthen sustainability governance, public entities should consider:

- Establishing dedicated sustainability or ESG units or officers to champion cross-cutting coordination
- Enhancing capacity-building within finance and risk teams to mainstream ESG metrics
- Embedding ESG responsibilities into organizational structures, performance appraisals, and strategic plans.

Such measures would ensure that sustainability and ESG considerations are not just compliance-driven but become core elements of institutional strategy and culture.

3.6.3 Coverage of ESG Reporting

The study further sought to determine the areas covered in the entities ESG reporting among the public sector entities. The findings are shown hereinafter.

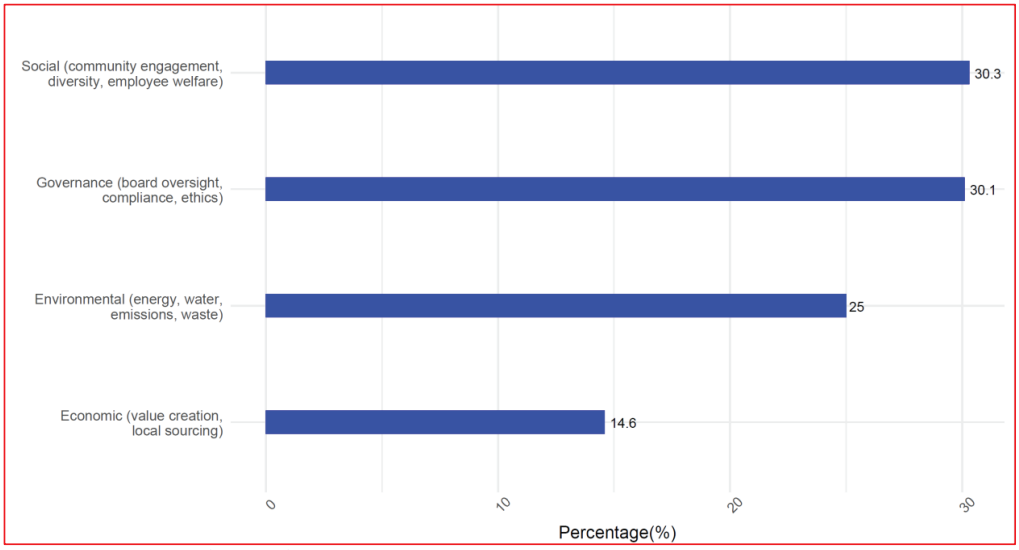


Figure 50: Areas currently covered in ESG reporting

The analysis shows that ESG reporting in public sector entities primarily focuses on social and governance dimensions, with 30.3% of respondents indicating coverage of social aspects such as community engagement, employee welfare, and diversity, while 30.1% reported inclusion of governance issues such as board oversight, compliance, and ethics. The environmental dimension covering energy efficiency, water management, emissions, and waste accounts for 25%, whereas the economic dimension (value creation, local sourcing, and enterprise support) is least addressed, at 14.6%. These findings suggest that public entities are prioritizing the social and governance

components of ESG, which align closely with existing accountability and human resource frameworks within the public sector. The prominence of governance issues reflects the influence of compliance-driven reforms, such as PSASB standards and public financial management regulations, which emphasize ethical conduct, transparency, and institutional accountability.

However, the limited focus on environmental and economic dimensions points to a gap in comprehensive ESG implementation. The environmental aspect, though improving, remains underdeveloped due to limited technical capacity, inadequate environmental data systems, and weak integration of sustainability metrics into operational planning. The minimal attention to the economic aspect highlights a missed opportunity to link ESG reporting to value creation, local economic empowerment, and sustainable procurement.

To advance holistic ESG reporting, public entities should:

- Broaden their ESG frameworks to include environmental and economic impact indicators
- Strengthen interdepartmental collaboration between finance, planning, and environment departments
- Adopt standardized ESG metrics and disclosure guidelines for balanced reporting.

A more integrated approach would enhance the credibility, comparability, and sustainability orientation of ESG reporting across the public sector.

3.6.4 Institutional Capacity on Sustainability/ESG Data

The study sought to determine the institutional capacity to collect, analyze and report sustainability/ESG data. The findings are given as follows.

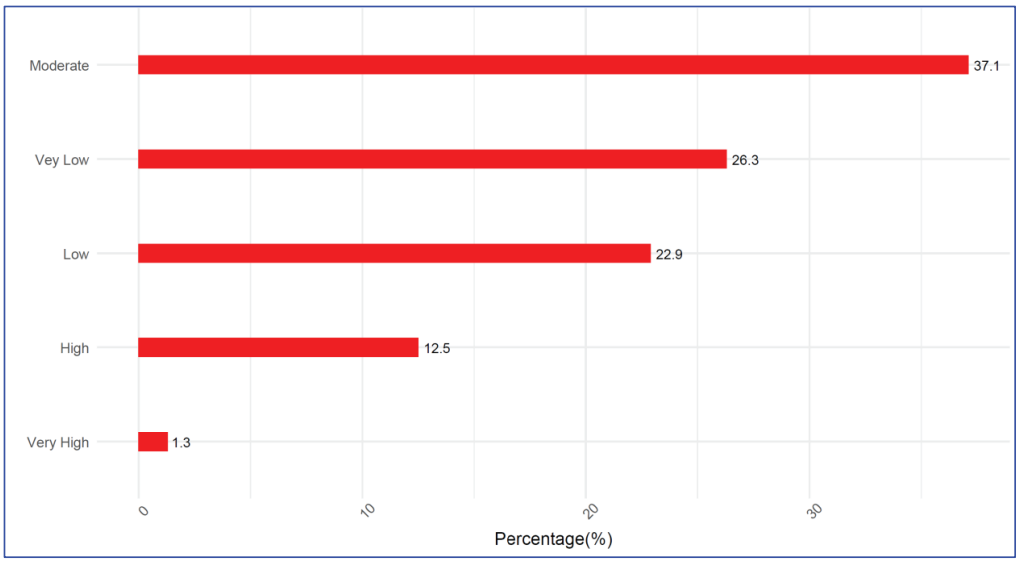


Figure 51: Public sector entities capability on ESG data

The findings reveal that most public sector entities possess only moderate to low capacity in collecting, analyzing, and reporting sustainability or ESG data. Specifically, 37.1% of respondents

rated their capacity as moderate, 26.3% as very low, and 22.9% as low. Only 12.5% indicated a high capacity, while a minimal 1.3% described their capability as very high.

These results indicate that most public entities lack strong institutional capacity to manage ESG-related data effectively. The predominance of moderate to low ratings suggests that while awareness of sustainability reporting is growing, the necessary technical skills, tools, and systems for data collection and analysis remain underdeveloped. Entities with low and very low capacity often lack dedicated personnel, data management systems, and standardized reporting frameworks, which limits their ability to generate reliable and comparable ESG information. Moreover, fragmentation in reporting responsibilities often confined to finance departments without cross-functional integration further weakens data accuracy and comprehensiveness. The small proportion of entities with high or very high capacity likely represents institutions with prior exposure to donor-funded programs, international reporting frameworks, or advanced internal audit and performance management systems.

The explanations provided by respondents regarding their institutions' capacity to collect, analyse, and report sustainability or ESG data reveal that most public sector entities face significant challenges in this area. Many respondents cited lack of specialized training, limited technical capacity, inadequate financial and human resources, and absence of clear frameworks or guidelines as major barriers to effective ESG data management. Many institutions acknowledged that ESG reporting has not yet been formally adopted or integrated into their operations, with some only engaging in isolated activities such as environmental clean-ups, tree planting, or community sensitization without structured reporting mechanisms or performance indicators.

A few entities noted moderate progress, pointing to improved tools, increased management awareness, and trained personnel as early signs of institutional advancement. These respondents emphasized that with better resources, capacity building, and the establishment of dedicated sustainability or ESG officers, their organizations could achieve more consistent and credible reporting.

To strengthen overall institutional capacity for ESG data management, public sector entities should:

- Invest in continuous training and upskilling of staff on sustainability data collection, analysis, and reporting methodologies
- Develop centralized ESG data systems integrated with existing financial and performance management platforms to enhance accuracy and efficiency
- Establish clear ESG data governance and quality assurance frameworks, ensuring standardized procedures across entities
- Create dedicated sustainability or ESG units/officers to coordinate cross-departmental reporting and promote accountability
- Provide adequate budgetary and human resources to support data management and monitoring processes

- Adopt national ESG reporting guidelines and templates, championed by oversight bodies such as the PSASB and National Treasury, to ensure consistency, comparability, and credibility of data.

In summary, while ESG awareness is increasing across the public sector, the absence of institutionalized systems, skills, and resources continues to constrain progress. Building technical, human, and policy capacity anchored in structured frameworks and standardized tools will be critical in achieving credible, evidence-based sustainability reporting and aligning Kenya's public sector with global ESG and sustainability benchmarks.

3.6.5 Training Received on Sustainability or ESG Reporting

The study sought to determine if the entities had received training or guidance from PSASB, other regulators or partners on sustainability of ESG reporting. The findings are shown below.

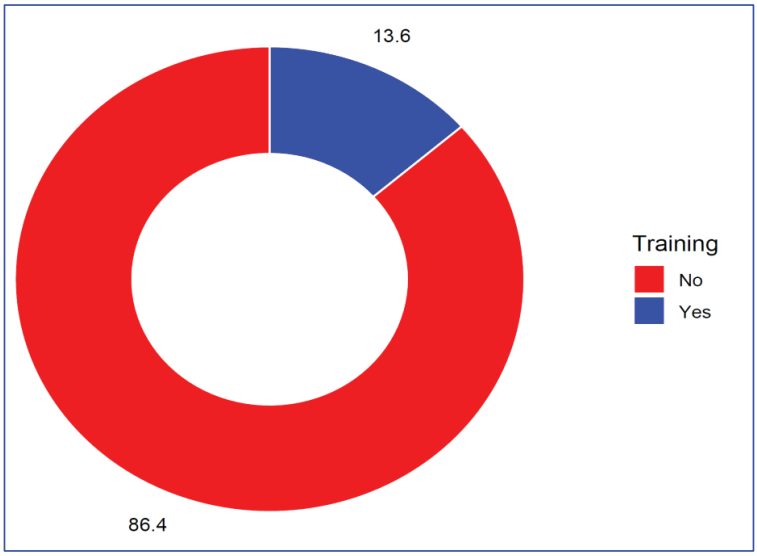


Figure 52: Training received on sustainability or ESG reporting

The findings indicate that only 13.6% of respondents reported having received any form of training on sustainability or ESG reporting, while a substantial 86.4% had not received any training. This demonstrates that most public sector entities have limited exposure to formal learning opportunities or structured capacity-building programs on sustainability or ESG-related topics. These results highlight a significant capacity gap in the public sector's ability to implement and sustain ESG reporting. The lack of training means that most officers responsible for financial management, planning, and performance reporting lack the technical knowledge, analytical skills, and conceptual understanding necessary to effectively integrate ESG principles into their work. As a result, sustainability and ESG reporting remain underdeveloped and inconsistently applied across public entities. The few entities that have undergone training reported better awareness and ability to align their activities with sustainability goals, underscoring the transformative impact of capacity-building initiatives. The limited coverage of training programs also points to a need for systematic institutional support from PSASB, National Treasury, and other oversight bodies to develop standardized curricula and training modules.

To address this gap, public entities should:

- Institutionalize ESG training through targeted programs for finance, planning, and audit officers
- Integrate sustainability and ESG modules into continuous professional development (CPD) and induction programs
- Collaborate with training institutions and development partners to design sector-specific ESG learning materials
- Establish mentorship and peer-learning platforms to share best practices in sustainability reporting.

Expanding and formalizing training opportunities will be essential in developing a competent cadre of public officers capable of advancing sustainability reporting, ensuring compliance, and embedding ESG principles into institutional governance and performance management systems.

3.6.6 Challenges or Barriers to the Adoption of Sustainability or ESG Reporting

The study sought to establish the challenges and barriers that institution face in adopting sustainability or ESG reporting. These are summarized as follows:

	Challenge	Description
1	Institutional and Capacity Constraints	A major barrier to the adoption of sustainability and ESG reporting is the limited institutional capacity. Many entities lack trained personnel, technical expertise, and awareness of ESG requirements. This capacity gap affects the quality, consistency, and timeliness of sustainability reporting.
2	Financial and Resource Limitations	Insufficient financial resources were frequently cited as a critical constraint. Institutions struggle to allocate budgets for data collection, staff training, and establishment of ESG reporting systems, making it difficult to operationalize sustainability initiatives effectively.
3	Data and Systemic Weaknesses	Weak data management systems and inadequate infrastructure hinder accurate and reliable reporting. The absence of integrated digital systems to capture, analyze, and store ESG-related data limits the ability of entities to meet reporting standards.
4	Policy, Framework, and Guideline Gaps	Respondents highlighted the absence of standardized reporting templates, clear policy guidelines, and regulatory frameworks. This lack of harmonization creates inconsistencies in ESG reporting practices across public sector entities.
5	Low Institutional Prioritization	ESG and sustainability reporting are often given lower priority compared to statutory financial reporting. This limited emphasis reduces institutional commitment and accountability toward environmental and social performance indicators.

Overall, the barriers reflect a widespread institutional and systemic capacity gap. Addressing these challenges requires targeted training, standardized ESG frameworks, improved resource allocation, and investment in data systems to strengthen sustainability reporting across public institutions.

3.6.7 Benefits or Positive Impacts in ESG/Sustainability Reporting

The respondents were required to give benefits or positive impacts that they have observed from ESG/sustainability reporting. This is captured as follows.

	Benefits or Positive Impacts	Description

1	Enhanced Compliance and Governance	Institutions that have adopted ESG or sustainability reporting reported notable improvements in compliance with regulatory and reporting standards. The structured approach has strengthened governance practices, ensuring adherence to both national and international accountability frameworks.
2	Improved Transparency and Accountability	ESG reporting has enhanced transparency in institutional operations and decision-making. Respondents noted that disclosing environmental, social, and governance information has promoted accountability and built confidence among oversight bodies, donors, and the public.
3	Strengthened Stakeholder Engagement and Reputation	Adoption of ESG practices has improved relationships with communities, partners, and donors. Institutions experienced increased stakeholder trust, greater visibility, and a stronger institutional reputation, which collectively enhance credibility and collaboration opportunities.
4	Positive Operational and Service Delivery Outcomes	In some cases, ESG reporting contributed to better service delivery and resource utilization. Entities highlighted improvements in budgetary compliance, operational efficiency, and environmental stewardship, including initiatives such as tree planting, waste management, and energy conservation.
5	Variation Linked to Level of Implementation	The extent of benefits realized varied across institutions, with entities that have not yet adopted or fully implemented ESG reporting missing out on these gains. This indicates that the positive impacts are closely associated with the depth of awareness and commitment to sustainability practices.

Overall, ESG and sustainability reporting have yielded significant institutional and reputational benefits where implemented. The findings underscore the transformative potential of ESG adoption in promoting compliance, stakeholder trust, operational efficiency, and environmental responsibility across public sector entities.

3.6.8 Support Required from PSASB to Strengthen Sustainability and ESG Reporting

Finally, on sustainability and ESG reporting, the public sector entities were to indicate the support or guidance they would like to receive from PSASB to strengthen sustainability and ESG reporting. This was reported as follows.

	Support or Guidance Required from PSASB	Description
1	Capacity Building and Continuous Training	The most frequently cited need is for regular capacity-building initiatives. Respondents emphasized the importance of continuous training and refresher sessions to enhance understanding and application of sustainability and ESG reporting standards across public entities.
2	Provision of Standardized Reporting Tools	Entities expressed a strong need for standardized, simplified, and user-friendly ESG reporting templates. Such tools would promote uniformity, accuracy, and ease of compliance in preparing sustainability reports.
3	Technical Guidance and Advisory Support	Many institutions requested direct technical assistance from PSASB to ensure correct interpretation and implementation of ESG standards. This includes step-by-step guidance, sector-specific manuals, and clear compliance checklists.
4	Peer Learning and Knowledge Exchange	Respondents highlighted the value of peer learning platforms such as workshops, benchmarking visits, and experience-sharing forums to facilitate exchange of best practices and foster collective improvement in ESG reporting.
5	Awareness Creation and Tailored Support	There is also demand for targeted awareness campaigns and sector-specific support for various public institutions (e.g., schools, hospitals,

	Support or Guidance Required from PSASB	Description
		and CDFs). Such customized interventions would enhance relevance and adoption.
6	Resource and Financial Support	A smaller number of entities called for financial assistance or budgetary provisions to support implementation, especially for system upgrades, training logistics, and data management tools.

Overall, the findings underscore a strong call for structured and sustained support from PSASB focusing on capacity building, standardized tools, and technical guidance to effectively institutionalize sustainability and ESG reporting across public sector entities.

3.7 Recommendations for Improved Adoption of PSASB Instruments and Materials

The final objective was to promote data-driven recommendations to improve adoption rates and compliance. The respondents feedback is synthesized hereinafter.

3.7.1 Capacity Gaps Hindering Full Adoption of PSASB Instruments and Materials

Specifically, the public sector entities were to identify the capacity gaps existing in their institutions that hinder full adoption of PSASB's instruments and materials for internal audit and accounting standards. This is noted as follows.

	Capacity Gaps	Description
1	Inadequate Training and Awareness	The most cited gap is insufficient training and awareness on PSASB templates, manuals, and frameworks. Many staff have not been sensitized on the technical requirements or correct application of PSASB standards, resulting in inconsistent understanding and uneven implementation across departments.
2	Limited Financial and Human Resources	A major constraint across institutions is the lack of adequate funding and skilled personnel. Many entities face budget limitations that restrict capacity-building efforts, while shortages of qualified accountants and auditors hinder effective application of IPSAS and ESG reporting standards.
3	Weak ICT Infrastructure and Technical Capacity	Numerous institutions continue to rely on manual reporting systems, lacking robust ICT infrastructure to support automated and integrated financial reporting. This limits efficiency, data accuracy, and alignment with PSASB frameworks and systems such as IFMIS.
4	Weak Internal Audit and Governance Structures	Some entities have underdeveloped internal audit and governance frameworks, leading to weak oversight and limited accountability. This hampers the consistent enforcement of PSASB standards and slows down the institutionalization of best practices.

Overall, the capacity gaps revolve around inadequate skills, limited resources, poor ICT systems, and weak governance structures. Addressing these deficiencies through structured training, resource mobilization, digital transformation, and strengthened audit oversight will be critical for achieving full adoption and compliance with PSASB standards.

3.7.2 Recommendations on Type of Support

The study sought to determine the type of support that they recommend in the future for improved adoption of PSASB instruments and materials. The findings are given below.

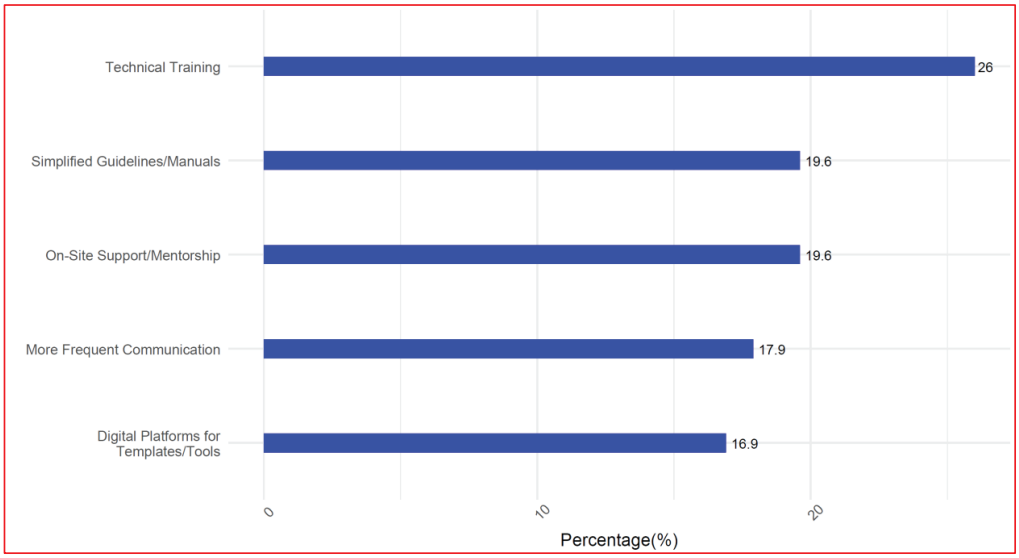


Figure 53: Type of support recommended from PSASB for improved adoption of PSASB instruments and materials

The findings reveal that respondents proposed several key areas of support from the Public Sector Accounting Standards Board (PSASB) to enhance the adoption and implementation of its instruments and materials. The most frequently cited form of support was technical training (26%), followed by simplified guidelines and manuals (19.6%), and on-site support or mentorship (19.6%). Additionally, 17.9% of respondents emphasized the need for more frequent communication and engagement from PSASB, while 16.9% recommended the development of digital platforms for templates and tools to facilitate easier access and use.

These results indicate a strong demand for practical and capacity-oriented support mechanisms from PSASB to ensure effective implementation of its standards and tools across public entities. The emphasis on technical training underscores the knowledge and skills gap among accounting and finance officers, which continues to hinder full compliance and utilization of PSASB materials. Respondents expressed that targeted and hands-on training programs would strengthen their ability to interpret and apply the standards effectively in daily financial operations. The call for simplified guidelines and mentorship reflects a need for user-friendly and context-specific support, particularly for entities with limited technical capacity or smaller audit and accounting teams. On-site mentorship would also promote peer learning and ensure real-time problem-solving during implementation.

Furthermore, respondents highlighted that improved communication and accessible digital platforms would enhance consistency, efficiency, and inclusivity in the dissemination of PSASB tools and updates. Establishing centralized digital portals for reporting templates, manuals, and training resources could significantly streamline compliance efforts and reduce delays. In summary,

the findings underscore the importance of capacity-building, responsive engagement, and technological facilitation in strengthening PSASB's implementation support. A blended approach combining technical training, mentorship, clear communication channels, and digital innovations would enhance institutional ownership, build competence, and ensure sustained adherence to PSASB reporting and compliance frameworks across the public sector.

3.7.3 Tailoring PSASB's Approach for County and National Institutions

The respondents were to make recommendations on ways PSASB can tailor its approach to suit county vs. national institutions. The recommendations are summarized as follows.

	Tailoring PSASB's Approach	Description
1	Differentiated yet Harmonized Engagement	Respondents emphasized that PSASB should maintain uniform reporting standards but adopt flexible implementation approaches suited to varying institutional capacities and resource levels
2	Localized and Practical Capacity Building	Counties require hands-on mentorship, simplified guidelines, and continuous training, while national institutions benefit more from policy-focused and systems-based training. Suggestions included regional hubs and inter-governmental workshops to enhance reach and inclusivity.
3	Sector-Specific Manuals and Tools	Participants called for tailored manuals and templates aligned to sector needs such as hospitals, TVETs, and CDFs and emphasized stakeholder participation in their development to ensure practicality and ownership.
4	Strengthened Collaboration and Support	Respondents urged PSASB to enhance technical support, communication, and feedback mechanisms, including regular monitoring visits and county-level contact offices for localized assistance.
5	Flexibility to Institutional Contexts	While standardization ensures comparability, PSASB's approach should remain adaptive and context-sensitive, reflecting the diverse capacities, resources, and IT infrastructure of county and national entities.

PSASB should adopt a differentiated yet harmonized approach that aligns uniform standards with context-specific implementation. This entails localized capacity building, sector-tailored tools, and continuous technical support to address varying institutional capacities between county and national entities, ensuring effective and inclusive adoption of PSASB standards.

3.7.4 Enhancing Inter-Agency Collaboration for Uptake and Learning

Lastly, the study sought to establish how inter-agency collaboration be enhanced to promote uptake and learning across public entities. This is captured as follows.

	Theme	Description
1	Continuous Capacity Building and Peer Learning	Respondents emphasized that collaboration can be strengthened through regular joint trainings, workshops, benchmarking visits, and exchange programmes involving PSASB, the National Treasury, the Office of the Auditor-General, and other oversight bodies to promote shared learning and harmonized practices.
2	Structured Communication and Coordination Mechanisms	The study highlighted the need for formal coordination frameworks, including multi-agency task forces, joint technical committees, and peer review groups, to enhance accountability, ensure consistency, and minimize duplication across institutions.
3	Digital Knowledge-Sharing Platforms	Creating centralized online platforms or digital repositories was widely recommended to facilitate real-time access to resources, templates, and updates, while fostering continuous engagement and collaboration among public entities.

	Theme	Description
4	Harmonized Systems and Resource Pooling	Respondents called for integrated reporting systems, shared policy frameworks, and resource pooling across institutions to improve efficiency, streamline compliance processes, and promote collective ownership of public sector reforms.
5	Stakeholder Engagement and Recognition	Ongoing stakeholder engagement and sensitization through circulars, newsletters, and digital media were deemed essential to sustain collaboration. Participants also suggested sector-specific training and recognition of high-performing entities to motivate compliance and peer-driven improvement.

Strengthening inter-agency collaboration requires structured coordination, continuous capacity building, and digital knowledge-sharing systems that promote openness, shared learning, and harmonized practices. A collaborative culture anchored in peer learning, communication, and joint accountability will accelerate uptake of PSASB standards and enhance consistency across the public sector.

3.8 Synthesis of Key Findings

3.8.1 Summary by Objectives

Objective 1: Awareness & Access of PSASB Instruments and Materials

Awareness of PSASB Instruments

The study revealed a very high level of awareness (96.4%) of PSASB standards, guidelines, and manuals across public sector entities, demonstrating the success of PSASB's sensitization efforts since 2019. Awareness levels were particularly high among accountants (96.2%), CFOs (96.3%), and internal auditors (97.9%), though comparatively lower among audit committee members (80%) and heads of risk (75%). This indicates strong dissemination within operational roles but weaker reach to oversight and governance structures. Awareness was nearly universal (94.9%–100%) in most national and county-level entities, including ministries, departments, agencies, and state corporations. However, county TVETs (72%) and county government corporations (81.2%) recorded lower levels, pointing to uneven uptake at devolved and semi-autonomous levels. Familiarity was highest for Accounting Standards (IPSAS) and lowest for the Risk Management Framework (14.7%), highlighting a critical knowledge gap in risk governance. Most respondents learnt about PSASB materials through trainings/workshops (31.7%), official circulars (26.6%), and the PSASB website (24.2%), underscoring the effectiveness of formal dissemination channels. The quality and clarity of materials were rated positively by 80.9% of respondents, suggesting that the guidance provided is generally well-structured and comprehensible.

Access to PSASB Materials

Access to PSASB materials was rated good or excellent by 66.8% of respondents, with the remainder citing neutral or poor access mainly due to dissemination gaps, digital connectivity issues, or inconsistent institutional communication. While most respondents (74.3%) had received training or sensitization since 2019, participation remained uneven across entities and roles. High coverage was reported among universities, training institutions, and professional bodies (100%), while cities and municipalities (45.9%), water companies (53.2%), and political parties (58.3%) lagged behind. Key challenges affecting access included limited training coverage, complexity of materials, frequent updates without adequate follow-up, resource constraints, and weak technical support mechanisms. Respondents recommended regularized and inclusive training programs, enhanced digital platforms for materials and updates, simplified and contextualized content, better version control, and stronger collaboration with counties and sector institutions.

Overall, while PSASB has made significant progress in enhancing both awareness and access, further improvements in training inclusivity, user support, and digital dissemination are essential to achieve uniform application and sustained compliance across all public entities.

Objective 2: Uptake of PSASB Instruments and Materials

The study revealed that uptake of PSASB standards, templates, manuals, and frameworks is substantial but uneven across the public sector. The IPSAS-based accounting standards (34.4%) and reporting templates (29.8%) showed the highest adoption, while internal audit guidelines

(21.2%) and the risk management framework (14.7%) recorded the lowest. Most entities began implementation between 2019 and 2021, with national-level institutions such as ministries, state corporations, and commissions demonstrating stronger adoption than county governments, TVETs, and semi-autonomous entities. About 67% of entities have formally adopted PSASB instruments through policies, circulars, or frameworks, while a third remain informal or partial in adoption. Uptake is largely driven by external oversight mechanisms, particularly Auditor General reports (36.6%) and PSASB directives (35.8%), rather than internal reforms. Implementation is mainly led by Accounting Officers (48.7%), supported by CFOs and Internal Auditors, with limited involvement of Audit Committees (2.8%).

Overall, 41.9% of entities reported high uptake, 38.5% moderate, and 13.1% full implementation, confirming progress but incomplete institutionalization. Barriers include limited technical capacity, inadequate training, weak ICT systems, and insufficient leadership follow-up. Strengthening capacity building, leadership engagement, and digital access will be essential to achieve consistent and sustainable uptake of PSASB standards across all levels of government.

Objective 3: Implementation Experience

The study revealed that the implementation of PSASB instruments has been largely positive across the public sector, leading to improved financial reporting, audit outcomes, and institutional accountability. Most entities reported that the use of PSASB templates and IPSAS-based frameworks enhanced the accuracy, consistency, and comparability of financial statements, reducing audit queries and strengthening transparency. Successes were attributed to management support, continuous training, and automation, which streamlined reporting processes and improved internal controls and decision-making. The financial reporting templates and IPSAS standards were cited as the most useful tools, simplifying statement preparation and harmonizing reporting practices. Internal audit manuals and risk management frameworks strengthened control and governance systems, though their application remained limited in some entities. Follow-up training had been conducted in 63.5% of entities, with strong participation among universities, SAGAs, and county assemblies, but weaker coverage in water companies, municipalities, and county TVETs highlighting uneven capacity across sectors. Most respondents (38.6%) rated the implementation of PSASB materials as “easy”, and 34.2% as “moderate”, reflecting increased institutional familiarity and competence. However, challenges such as limited training (31%), resource constraints (27.1%), and inadequate technical guidance (23.5%) persisted, especially among smaller and county-level entities. Integration of PSASB tools into routine accounting and automated systems like IFMIS has improved efficiency, but gaps remain in risk management, asset revaluation, and ICT compatibility.

Interpretively, the findings show that PSASB’s reforms have achieved strong institutional uptake and tangible governance improvements, but full integration requires continuous capacity building, ICT system alignment, stronger leadership oversight, and dedicated technical support. Sustaining momentum through structured training, policy enforcement, and automation will be key to

ensuring uniform, efficient and sustainable implementation of PSASB standards across all public sector entities.

Objective 4a: Impact of PSASB Instruments and Materials in Promoting Accountability

The findings reveal that the adoption of PSASB instruments has had a strong and transformative impact on financial governance, accountability, and efficiency across Kenya's public sector. Overall, 67.9% of respondents affirmed that PSASB materials have had a significant or very significant effect on financial reporting, resulting in improved accuracy, uniformity, and transparency of financial statements. The impact was most notable among national and oversight institutions Commissions and Independent Offices (67%), Public Universities (62%), and Regulatory Agencies (71%) demonstrating widespread institutional adoption and compliance with IPSAS-aligned frameworks. Internal control systems registered remarkable progress, with 88.8% of respondents reporting improvement following the adoption of PSASB standards. This improvement reflects enhanced segregation of duties, stronger documentation, and better risk management practices that have reduced opportunities for errors, fraud, and misappropriation. In terms of audit performance, over 74.8% of respondents indicated improved audit outcomes, while several entities such as Public Universities and Professional Bodies reported 100% improvement, translating to fewer audit queries and more unqualified opinions.

Efficiency gains were also substantial 75.8% of entities confirmed that PSASB frameworks had improved operational and financial efficiency through streamlined processes, automation, and timely reporting. However, about 24.2% of entities did not record efficiency gains, citing limited capacity, ICT constraints, or partial implementation. Despite these gains, only 15.6% of respondents reported that PSASB had conducted compliance monitoring within their entities, highlighting weak follow-up and enforcement mechanisms.

In summary, the adoption of PSASB instruments has significantly strengthened accountability, audit quality, and institutional efficiency, instilling greater public confidence in financial management. The results, however, emphasize the need for enhanced capacity building, digital integration, and structured compliance monitoring to ensure consistent and sustainable application of PSASB standards across all public sector entities.

Objective 4b: Adoption of Sustainability Standards and ESG Reporting Framework

The study findings reveal that the adoption of Sustainability Standards and Environmental, Social, and Governance (ESG) reporting across Kenya's public sector remains low but rapidly growing. Only 30.1% of respondents reported formal adoption of sustainability or ESG frameworks, while a significant 69.9% have not yet integrated these practices. Adoption has been strongest among SAGAs (100%), Public Universities (75%), and Commissions and Independent Offices (67%), mainly driven by donor influence, international partnerships, and stronger governance systems. In contrast, county and subnational entities recorded adoption rates below 20%, reflecting capacity gaps and weak institutional enforcement. Trends show a sharp increase in adoption from 2020 onwards, with 72.1% of total adoptions occurring between 2022 and 2025 peaking in 2024 (64

entities) indicating rising awareness and alignment with global sustainability trends. However, only 27.8% of entities have formally embedded ESG frameworks in their policies or strategic plans, suggesting that most initiatives remain ad hoc and lack institutional anchoring. Formalization is highest among SAGAs (100%) and Universities (62%), but lowest among TVETs (8%) and County Corporations (19%).

Responsibility for ESG matters is primarily housed in finance or accounting departments (57.8%), followed by risk management units (28%), and only 14.2% have dedicated ESG officers. This functional rather than strategic positioning underscores a limited institutionalization of sustainability governance. In terms of focus, ESG reporting predominantly covers social (30.3%) and governance (30.1%) dimensions, while environmental (25%) and economic (14.6%) aspects remain underreported, revealing a gap in holistic sustainability reporting. Institutional capacity remains a major constraint 37.1% rated their ESG data capacity as moderate, 49.2% as low or very low, and only 13.8% as high or very high. Moreover, only 13.6% of entities have received any form of ESG or sustainability training. The main barriers identified include institutional capacity gaps, financial constraints, weak data systems, policy gaps, and low prioritization.

Despite these challenges, early adopters reported tangible benefits such as enhanced transparency, compliance, stakeholder trust, and improved operational efficiency. Public sector entities called for PSASB's support in capacity building (cited by 78%), standardized reporting templates (64%), and technical guidance (59%) to sustain progress. In summary, ESG and sustainability reporting in the public sector is in a nascent but promising stage, marked by growing momentum yet constrained by capacity and policy gaps. Institutionalizing ESG through policy integration, training, standardized frameworks, and PSASB-led oversight will be key to embedding sustainability as a core pillar of Kenya's public financial management and governance systems.

Objective 5: Recommendations for Improved Adoption of PSASB Instruments and Materials

The findings reveal that the main barriers to full adoption of PSASB instruments across public sector entities are rooted in capacity, resource, and system gaps. Over 70% of respondents cited inadequate training and awareness as the primary constraint, followed by limited financial and human resources (65%) and weak ICT infrastructure (60%). Many institutions continue to rely on manual systems and lack skilled accountants and auditors, which undermines effective implementation, compliance, and audit readiness. These gaps point to the need for structured training, digital transformation, and strengthened governance frameworks to ensure consistent application of PSASB standards. To enhance adoption and compliance, respondents recommended technical training (26%), simplified guidelines and mentorship (each 19.6%), improved communication (17.9%), and digital platforms (16.9%) to facilitate easier access to PSASB tools. Entities further emphasized the importance of tailoring PSASB's approach to reflect the distinct needs of county and national institutions. Counties require localized mentorship, practical capacity building, and regional training hubs, while national entities benefit more from policy-level engagement and systems integration. Sector-specific manuals for hospitals, TVETs,

and CDFs, coupled with regular monitoring and feedback, were also proposed to ensure inclusive and effective implementation.

The study underscores that strong inter-agency collaboration is essential for sustaining uptake and learning. Respondents highlighted the need for continuous joint training, peer learning exchanges, benchmarking visits, and centralized digital knowledge-sharing platforms to harmonize practices and enhance accountability. Establishing multi-agency task forces, peer review groups, and recognition mechanisms for best-performing entities would further foster collaboration and consistency. Overall, strengthening capacity, mentorship, digital innovation, and coordinated stakeholder engagement will accelerate adoption, improve compliance, and deepen accountability across Kenya's public sector.

3.8.2 Nexus of the Objectives of the Study

Across all five objectives, the study presents a coherent narrative of progressive institutionalization of PSASB standards and the gradual strengthening of public financial management in Kenya. Objective 1 established that awareness of PSASB standards is almost universal (96.4%), though full understanding and accessibility vary across institutions, especially at the county level. Objective 2 confirmed that uptake of IPSAS-based accounting standards and reporting templates is high (34–45%), driven by national entities, while risk management and internal audit frameworks lag due to limited technical capacity. Objective 3 revealed that implementation has led to improved financial reporting accuracy, efficiency, and audit preparedness, with 63.5% of entities receiving follow-up training and over 70% integrating PSASB materials into their daily accounting operations, though unevenly across sectors.

Objective 4 highlighted the transformative impact of PSASB instruments over 88.8% of entities reported stronger internal controls, 74.8% noted improved audit outcomes, and 75.8% achieved efficiency gains. These outcomes affirm the contribution of PSASB reforms to enhanced accountability, transparency, and governance. However, sustainability and ESG reporting (Objective 4b) remain nascent, with only 30.1% adoption, reflecting emerging awareness but low policy integration. Objective 5 synthesized key challenges inadequate training (70%), limited resources (65%), and weak ICT systems (60%) and called for technical training (26%), mentorship (19.6%), and digital innovation (17%) to strengthen adoption. Collectively, the five objectives show a clear trajectory from awareness to adoption, implementation, impact, and continuous improvement, underscoring PSASB's central role in entrenching financial accountability and paving the way for full integration of sustainability and governance standards across Kenya's public sector.

3.8.3 Comparative Synthesis of National vs. County-Level Findings

A comparative analysis of findings across the five objectives reveals distinct patterns between national-level institutions (ministries, commissions, regulatory agencies, universities, and state corporations) and county-level entities (county assemblies, county executives, public funds, hospitals, and TVETs). These differences are primarily shaped by variations in institutional

capacity, leadership commitment, resource allocation, and exposure to PSASB training and monitoring mechanisms.

3.8.3.1 Awareness and Access

National institutions demonstrated near-universal awareness and familiarity with PSASB standards, frameworks, and templates, with awareness levels exceeding 98%. These entities reported structured sensitization forums, direct correspondence with PSASB, and access to circulars, online resources, and technical workshops. In contrast, county entities especially TVETs and devolved hospitals showed lower awareness levels (approximately 80–85%), citing limited communication channels, weak internal dissemination, and staff turnover. While awareness was generally high, depth of understanding differed markedly, with national institutions showing greater conceptual grasp and access to PSASB guidelines through Treasury linkages, compared to county departments that often relied on secondary information.

3.8.3.2 Uptake and Formal Adoption

Uptake of PSASB instruments and templates was significantly higher among national entities (average 45–60%) than among county governments (average 20–30%). Ministries, commissions, and regulatory agencies reported formal adoption of IPSAS-based frameworks and financial reporting templates through performance contracts, board resolutions, and internal audit charters. In contrast, most counties and semi-autonomous local entities exhibited partial or informal adoption, often using hybrid systems that combine PSASB templates with legacy formats. National entities benefited from technical assistance and Treasury-led compliance audits, whereas counties experienced delays in adopting updates due to limited coordination, resource constraints, and inconsistent enforcement by the County Treasury offices.

3.8.3.3 Implementation and Institutionalization

National entities reported stronger integration of PSASB materials into daily operations, automated financial management systems (IFMIS), and internal audit processes. Implementation was supported by professional staff, structured audit committees, and continuous monitoring. Conversely, county-level implementation remained manual and fragmented, with some entities reporting that PSASB standards were yet to be fully cascaded into departmental procedures. Counties cited inadequate training, staff turnover, and weak ICT infrastructure as barriers to full institutionalization. While 63.5% of national institutions reported receiving follow-up training from PSASB, fewer than 35% of county entities had benefitted from similar engagement.

3.3.8.4 Impact on Accountability, Audit Quality and Efficiency

The impact of PSASB reforms was most visible at the national level. National institutions recorded substantial improvements in financial reporting accuracy, audit readiness, and internal control systems over 88% of respondents indicated strengthened internal controls, and 75–80% reported improved audit outcomes with fewer queries and more unqualified opinions. Efficiency gains were attributed to digitalization, standardized reporting templates, and improved audit trail

management. In contrast, county-level entities demonstrated uneven impact: while approximately 60–65% acknowledged improvement in financial discipline and documentation, persistent challenges included delayed submissions, weak oversight, and limited automation. Counties that had technical partnerships with the National Treasury or donor programs (e.g., PFM reforms) showed relatively better performance.

3.8.3.5 Sustainability Standards and ESG Reporting

Adoption of ESG and sustainability frameworks was predominantly a national-level phenomenon. Among SAGAs, universities, and commissions, up to 70% had initiated sustainability reporting often under donor-driven or regulatory programs such as the NSE ESG disclosure initiative. Conversely, ESG integration in counties was below 20%, with most devolved entities lacking dedicated ESG focal points or reporting structures. National institutions tended to focus on governance and social aspects, while environmental reporting was limited across both levels. The absence of clear policy direction and limited technical capacity at the county level have delayed the institutionalization of sustainability reporting.

3.8.3.6 Barriers and Recommended Interventions

Both national and county entities identified similar barriers capacity gaps, financial limitations, and weak ICT systems but their intensity differed. County governments reported greater severity of constraints, with 70–80% citing inadequate training, compared to 45–50% at the national level. National entities emphasized the need for continuous mentorship, harmonized reporting systems, and real-time digital platforms. County entities, on the other hand, prioritized localized mentorship, simplified manuals in plain language, and on-site technical support rather than centralized workshops. Counties also expressed the need for PSASB to develop sector-specific manuals for health, TVET, and county funds to address operational diversity.

Overall, national institutions are in the consolidation phase of PSASB reform characterized by structured systems, measurable improvements, and growing adoption of advanced frameworks such as ESG reporting. County governments, however, remain in the transition phase, showing awareness and partial adoption but facing systemic constraints in capacity, automation, and coordination. The data illustrate a two-speed reform trajectory: national institutions exhibit mature compliance and integration, while counties require tailored capacity development, differentiated oversight, and digital infrastructure support. In essence, while PSASB reforms have yielded measurable governance gains across Kenya's public sector, national-level entities lead in adoption, compliance, and institutionalization, whereas county-level entities lag due to contextual, structural, and resource disparities. The study underscores the need for a differentiated yet harmonized approach maintaining uniform standards but providing localized implementation support to ensure equitable progress across all tiers of government.

Chapter Four 04

Conclusion

4.0 CONCLUSION, RECOMMENDATIONS AND OPPORTUNITIES

4.1 Triangulation: Field Findings vs. Existing Literature

This section presents a triangulated analysis of the assessment results against existing evidence from academic research, national policy frameworks, and authoritative oversight reports. The purpose was to determine the extent to which the findings of the survey converged with, extended, or diverged from both the public finance reform agenda in Kenya and the broader literature on public sector financial management, accounting standards adoption, internal audit, risk management, and emerging areas such as sustainability and ESG reporting.

In Kenya, the Public Sector Accounting Standards Board (PSASB), established under the Public Finance Management Act (2012), has been central to the design, issuance and promotion of standards for public sector financial reporting, internal audit, and risk management (Republic of Kenya, 2012). Over the past decade, an extensive body of work emerged around IPSAS adoption, accrual reforms, fiscal risk management and audit practices in Kenya (Wambua, 2017; RSI International, 2023; Mutua, 2023). In parallel, the Government of Kenya articulated reform ambitions in successive strategies such as the Public Finance Management Reform (PFMR) Strategy 2023–2028 (Republic of Kenya, 2023), and performance assessments such as the 2022 Public Expenditure and Financial Accountability (PEFA) assessment (PEFA Secretariat, 2022). Oversight institutions including the Office of the Auditor-General (OAG) and the Office of the Controller of Budget (CoB) have also documented recurring systemic weaknesses and reform priorities, particularly around arrears, internal controls, and the quality and timeliness of reporting (OAG, 2024; CoB, 2024).

The triangulation below is structured along the study's core objectives: (i) awareness and access; (ii) uptake and adoption; (iii) implementation experience; (iv) impact on accountability, controls and governance; (v) sustainability and ESG reporting; and (vi) enabling conditions for improved adoption.

4.1.1 Objective 1: Awareness and Access to PSASB Instruments

The field data recorded very high levels of awareness of PSASB instruments, at 96.4 per cent overall. Awareness was particularly strong among accountants, internal auditors and chief finance officers. The assessment further established that nearly all ministries, departments and agencies, as well as county executives and assemblies, were aware of the prescribed standards, guidelines, templates, manuals and frameworks. However, awareness was comparatively lower in cities/municipalities and in some county government corporations. In addition, although awareness was high, it did not always translate into equivalent depth of understanding across all governance lines. Audit committee members and heads of risk, who play a second line and oversight role, reported weaker familiarity than core finance staff. Respondents also raised

concerns regarding access, noting that frequent changes to templates and the absence of a clearly sign-posted, authoritative source created practical bottlenecks. This challenge was pronounced in devolved entities that depended on forwarded versions of documents rather than a single canonical repository.

The PFMR Strategy 2023–2028 set an explicit objective to strengthen transparency, accountability, fiscal discipline and efficiency through improved financial reporting and assurance, and emphasised the need to entrench governance and oversight functions alongside core accounting and reporting (Republic of Kenya, 2023). The Strategy recognised that reform outcomes depended not only on National Treasury and central PFM functions, but also on the institutionalisation of risk management, audit committees, and internal audit capacity across public entities, including at county level. The 2022 PEFA assessment for Kenya similarly reported stronger performance in accounting and reporting (Pillar VI) than in predictability and control of budget execution (Pillar V), signalling that while information and standards were increasingly available, the consistent application of internal control and oversight functions remained uneven (PEFA Secretariat, 2022).

Academic work described a similar dynamic. Studies of IPSAS and accrual reform in Kenya (Wambua, 2017; Mutua, 2023) observed that awareness of standards had risen steadily, reflecting deliberate sensitisation efforts by PSASB and the National Treasury. However, these studies cautioned that awareness was not synonymous with assimilation. They noted that technical understanding and correct application were often constrained by turnover in county governments, gaps in structured induction for governance organs such as audit committees, and the limited availability of tailored guidance for semi-autonomous agencies (Wambua, 2017; Mutua, 2023). Research on the drivers of accrual accounting in the Kenyan public sector similarly found that the mere existence of standards and circulars did not guarantee meaningful use in practice, particularly in devolved units (RSI International, 2023). International comparative work has echoed these concerns. Schick (2018) and Brusca et al. (2019) observed in other jurisdictions that governments frequently achieved "headline awareness" of IPSAS and related reforms among core finance cadres, but struggled to extend that awareness to audit committees, boards and risk management functions in a systematic way.

The survey's profile – near-universal awareness among finance and internal audit cadres and weaker familiarity among audit committee members and risk officers – was therefore consistent with both Kenyan and global experience (Schick, 2018; Brusca et al., 2019; PFMR Strategy 2023–2028: Republic of Kenya, 2023; PEFA Secretariat, 2022).

Contradictory evidence from Muthoni (2020) shows low awareness and limited comprehension in county governments due to weak sensitization and staff turnover. Nyang'au (2019) further argues that awareness often reflects formal compliance rather than functional understanding.

Internationally, Schick (2018) notes that many developing countries exhibit "nominal awareness" of IPSAS without practical assimilation, with knowledge confined to top-tier officers. Similarly, Brusca et al. (2019) found uneven awareness in Latin American IPSAS adoptions, revealing a gap between policy-level understanding and operational application. These divergences imply that while awareness may be widespread in Kenya, depth of understanding remains inconsistent mirroring global adoption challenges.

4.1.2 Objective 2: Uptake of PSASB Instruments and Materials

The assessment found that uptake was highest for IPSAS-based accounting standards and the PSASB reporting templates. Most entities reported that they had begun using these instruments between 2019 and 2021, indicating a clear acceleration phase in the reform trajectory. However, institutionalization of the internal audit manual and the public sector risk management framework lagged. A notable share of entities reported that they had not yet put in place the internal audit manual, and an even larger share indicated that a formal risk management framework had not yet been operationalized. A further proportion had not yet started to apply the reporting templates in full by the time of the survey.

This sequencing reflected Kenya's staged public finance management reform pathway, in which accounting and reporting reforms led the transition and internal control, internal audit and risk management followed as second-wave reforms (Republic of Kenya, 2023). The PFMR Strategy 2023–2028 acknowledged that, while financial reporting had significantly improved in scope and comparability, assurance functions still required consolidation, particularly in relation to internal audit and risk governance. It framed internal audit, audit committee effectiveness and risk management as necessary enablers to protect, sustain and give meaning to gains in financial reporting and fiscal transparency (Republic of Kenya, 2023). The 2022 PEFA assessment reinforced this view, noting that improvements in the quality, coverage and comparability of fiscal reporting in Kenya had outpaced advances in the effectiveness of internal control systems and internal audit (PEFA Secretariat, 2022).

The IMF's Fiscal Transparency Evaluation similarly highlighted that while Kenya had improved the comprehensiveness of fiscal reporting, exposures related to counties and state corporations remained a source of fiscal risk and required stronger disclosure and risk management frameworks (IMF, 2020).

Academic and practitioner literature on IPSAS implementation in Kenya reached comparable conclusions. Studies examining the transition to IPSAS accrual found that the regulatory framework around accounting and financial reporting was comparatively well developed and had been actively driven by PSASB, but that full uptake was slowed by institutional capacity gaps, ICT constraints and the complexity of embedding structured risk management, particularly in devolved units and semi-autonomous agencies (RSI International, 2023; Mutua, 2023). These studies further

warned that in many entities, adoption could be "ceremonial" or "symbolic," meaning that entities reported compliance without fully integrating the standards into day-to-day control and decision-making processes (Christiaens et al., 2015; Baraka, 2021). Similar concerns have been raised internationally, where public bodies replicated new templates while maintaining legacy internal practices (Pina et al., 2020).

The survey's finding that IPSAS-based reporting had been widely taken up, while internal audit and risk frameworks had not yet been consistently institutionalized, was therefore aligned with both Kenyan reform priorities and wider comparative evidence (Republic of Kenya, 2023; PEFA Secretariat, 2022; IMF, 2020; RSI International, 2023).

4.1.3 Objective 3: Implementation experience

The assessment established that public entities which had adopted PSASB instruments and embedded them into their internal processes reported tangible operational gains. Respondents cited improvements in documentation discipline, predictability of period-end closure processes, audit readiness, and comparability of financial statements. Many indicated that audit queries had reduced in both frequency and complexity. These gains were most evident where adoption had been formalised internally through circulars, policies or frameworks, a practice that 67 per cent of entities reported. In such cases, implementation was described as smoother, less dependent on individual staff, and more resilient to staff turnover. The survey further showed that implementation leadership typically rested with Accounting Officers, internal auditors and chief finance officers, demonstrating that reforms were being championed by both executive leadership and first-line technical teams.

At the same time, a number of constraints were identified. The survey found limited structured induction for audit committees and for heads of risk; uneven training coverage in certain county-linked entities such as municipalities and water companies; and misalignment between PSASB templates and existing ERP/IFMIS configurations, which required manual workarounds and increased the risk of transcription or classification errors. Respondents emphasised the need for tailored technical training, on-site mentorship, recurring communication and a version-controlled digital repository to address frequent template changes.

These observations were consistent with national strategic and oversight documents. The PFMR Strategy underscored the importance of capacity development, digital public finance, and last-mile rollout as the key drivers of improved control and reporting quality (Republic of Kenya, 2023). The Office of the Auditor-General's Annual Corporate Report has in recent years linked stronger audit opinions to improved documentation and control processes and, at the same time, has continued to identify weaknesses in areas such as arrears management, asset registers and follow-up on audit recommendations, particularly at county level and in commercial state corporations

(OAG, 2024). The Controller of Budget's Budget Implementation Review Reports have repeatedly flagged execution bottlenecks, including the accumulation of pending bills and weaknesses in commitment control, which reflect gaps in how financial standards are applied within the execution cycle (CoB, 2024).

These findings also echoed international research. The Association of Chartered Certified Accountants (ACCA) and the International Federation of Accountants (IFAC) have argued that standardized accrual-based reporting can improve audit readiness and transparency, but that these benefits depend on consistent training, leadership sponsorship and digital integration of financial management processes, including IFMIS (ACCA, 2017; IFAC, 2020). At the same time, some scholars have warned that reported improvements may overstate the depth of reform if underlying systems and incentives do not change. For example, studies in comparable environments have noted that while entities reported stronger statements and audit preparedness, weaknesses in control follow-up, cash and arrears management and asset stewardship persisted (Polzer et al., 2018; Heald & Georgiou, 2011).

Overall, the survey results, the PFMR Strategy, OAG and CoB oversight narratives, and the literature converged on the conclusion that implementation quality in Kenya improved when three enabling conditions were present: internal formalization, structured capacity support, and systems alignment (Republic of Kenya, 2023; OAG, 2024; CoB, 2024; ACCA, 2017; IFAC, 2020). Where these were absent, gains were partial and vulnerable to reversal.

4.1.4 Objective 4a: Impact of PSASB Instruments and Materials in Promoting Accountability

The survey recorded strong reported impacts across four dimensions: financial reporting quality, internal control, audit performance, and operational efficiency. A significant proportion of respondents indicated that financial reporting had improved materially following the adoption of PSASB standards and templates. A similarly large share reported strengthened internal controls, fewer audit queries, more timely audits and movement towards unmodified audit opinions. Respondents attributed these results to clearer documentation standards, improved segregation of duties, and better audit preparedness.

These findings were consistent with empirical work from Kenya and international literature. Studies undertaken in Kenya have associated IPSAS-aligned reporting and the use of standardised templates with improved transparency, accountability and credibility of financial statements (Wambua, 2017; University of Nairobi, 2017; RSI International, 2023). International reviews have likewise found that structured, standardized public sector reporting improves auditability, strengthens internal controls and supports more reliable decision-making by leadership (ACCA, 2019; IFAC, 2020). The World Bank has noted similar improvements in fiscal transparency and

data reliability in Kenya's central government entities as PSASB-driven reforms took hold (World Bank, 2023).

Oversight bodies in Kenya have offered a compatible but more qualified narrative. The Office of the Auditor-General has linked better audit opinions to stronger documentation and internal controls, but has also identified persistent cross-cutting risks, including pending bills, weak commitment control, and incomplete asset registers, particularly in devolved entities and certain state corporations (OAG, 2024). The Controller of Budget's Budget Implementation Review Reports have similarly continued to highlight arrears accumulation, execution variances and weaknesses in expenditure commitment practices (CoB, 2024). The 2022 PEFA assessment reached a similar conclusion, noting that Kenya's gains in financial reporting quality had outpaced progress in internal control effectiveness (PEFA Secretariat, 2022).

These external perspectives reinforced the survey's finding that performance gains were not evenly distributed. The assessment observed that improvements were more muted in training institutions, referral hospitals and commercial state corporations, suggesting that specific institutional and sectoral factors continued to constrain the translation of PSASB standards into fully effective financial governance in those environments.

Taken together, the evidence suggested that PSASB instruments had contributed materially to improvements in assurance, transparency, audit readiness and internal control. At the same time, both academic and oversight literature indicated that the long-term fiscal and governance impact of these gains would depend on whether they were explicitly linked to execution-facing practices such as commitment control, arrears prevention, asset management, and systematic follow-up on audit recommendations (OAG, 2024; CoB, 2024; ACCA, 2019).

4.1.5 Objective 4b: Sustainability and ESG Reporting Framework

The assessment found that sustainability and ESG reporting was at an emergent stage in the public sector. Approximately three in ten entities reported having some form of ESG or sustainability framework in place, and just over a quarter indicated that ESG considerations had been embedded in internal policies or strategies. Where reporting did exist, it tended to focus on governance and social dimensions that were already familiar to boards, audit committees and senior management. Environmental and economic metrics were less consistently reported and, in many cases, had not yet been systematized.

Kenyan academic and policy literature described ESG practice in similar terms: as nascent, fragmented and driven more by regulatory signaling and external expectations than by an integrated public-sector framework (Ochieng, 2022; Capital Markets Authority, 2023). Analysts of ESG in Kenya and in comparable African jurisdictions have argued that the main constraint was

not conceptual resistance but a lack of standardized public-sector ESG guidance, limited analytical capacity, and concern within institutions about the potential administrative burden of full-spectrum ESG reporting (Khan et al., 2022; KPMG, 2023). International comparative work further indicated that ESG adoption typically accelerated once a "minimum viable" or phased model was defined and embedded into existing governance mechanisms, particularly risk management and audit committee structures (OECD, 2021; Global Reporting Initiative, 2022).

The survey results were therefore aligned with both national and international evidence. They suggested that the Kenyan public sector was at an inflection point: ESG had begun to be recognized as a governance expectation, but capability to generate, validate and use ESG information – particularly environmental performance metrics – remained underdeveloped. A phased, "ESG-lite" approach, anchored first in governance and social indicators and gradually extending to sector-relevant environmental metrics (for example, non-revenue water in utilities or clinical waste management in health facilities), appeared to present the most feasible pathway for mainstreaming ESG in line with PSASB's mandate.

4.1.6 Objective 5: Recommendations for Improved Adoption of PSASB Instruments and Materials

The assessment identified capacity constraints, resource limitations, gaps in ICT and systems alignment, and incomplete induction of oversight actors as the main barriers to full institutionalization of PSASB standards. Respondents prioritized technical training, simplified manuals, mentorship, recurring communication, and the creation of a digital platform with authoritative, up-to-date versions of standards and templates. They also called for sector-specific guidance in areas with distinctive operational and regulatory profiles, such as water services, referral hospitals, training institutions and municipalities. Furthermore, respondents emphasized the need to induct audit committees and heads of risk in a structured manner and to integrate templates directly into core systems to avoid rework and version drift.

These positions were directly reflected in national reform and oversight documents. The PFMR Strategy 2023–2028 identified capacity development, digital public finance and last-mile rollout to counties and semi-autonomous agencies as essential to sustaining gains in financial reporting and internal control (Republic of Kenya, 2023). The Office of the Auditor-General and the Controller of Budget have each emphasised that arrears, weak commitment control, and asset management challenges persist, and that compliance with reporting standards must be translated into consistent execution discipline and follow-up (OAG, 2024; CoB, 2024).

Academic literature in Kenya has also underscored that capacity development remains essential, especially in devolved units, but has further cautioned that technical capacity alone is not sufficient to entrench reforms. It has argued that incentives, leadership commitment, and accountability

arrangements determine whether reforms are sustained or allowed to regress (Andrews, 2019; Allen, 2020; Hood, 2011). Comparative studies have reached similar conclusions, noting that reforms in the public sector tend to stall when they are treated purely as technical exercises rather than as governance shifts that require continued political and managerial sponsorship (van Helden & Uddin, 2016; Polzer et al., 2018).

In sum, the triangulation demonstrated broad convergence between the survey results and both the academic and policy literature. The evidence confirmed that Kenya had made substantial progress in awareness and use of accounting and reporting standards, and that those reforms had begun to yield improvements in audit outcomes, internal controls and transparency (Wambua, 2017; ACCA, 2019; Republic of Kenya, 2023). It also confirmed that the areas of relative weakness identified in the field – namely, risk management, internal audit institutionalization, induction of oversight bodies, arrears and commitment control, and ESG mainstreaming – were the same areas repeatedly identified by Government strategies, external assessments and scholarly work as the next frontier of reform (PEFA Secretariat, 2022; IMF, 2020; OAG, 2024; CoB, 2024; Ochieng, 2022).

Three overarching conclusions emerged. First, Kenya's public sector had largely crossed the awareness and initial adoption threshold for core financial reporting standards. Second, consolidation of the assurance architecture – internal audit, risk management, audit committee effectiveness, and commitment control – remained both the binding constraint and the decisive lever for safeguarding gains (Republic of Kenya, 2023; PEFA Secretariat, 2022; OAG, 2024). Third, to translate compliance into durable fiscal value and accountability, future effort would need to embed PSASB standards into operational systems, link them to measurable execution outcomes such as arrears control and asset stewardship, and extend them in a phased manner to emerging areas such as ESG reporting and fiscal risk disclosure (IMF, 2020; KPMG, 2023; World Bank, 2023).

4.2 Strategic Policy Implications

1) **Differentiated Policy Implementation Approach:**
   The findings underscore the need for tiered policy frameworks that distinguish between the capacities and maturity levels of national and county entities. National institutions should be guided by policies that consolidate advanced compliance, sustainability, and digital reporting systems, while counties require transitional policies emphasizing foundational capacity building, mentorship, and gradual standard adoption.

2) **Strengthened Intergovernmental Coordination Mechanisms:**
   Policy reform must institutionalize structured coordination between PSASB, the National Treasury, and County Treasuries through intergovernmental technical committees. Such

coordination should ensure uniform interpretation of PSASB standards, harmonized reporting cycles, and joint accountability in compliance enforcement.

3) **Mainstreaming of Sustainability and ESG Policy Frameworks:**
The low uptake of ESG reporting calls for a national sustainability reporting policy under PSASB, linked to Kenya's Green Fiscal Policy and the Public Finance Management (PFM) framework. The policy should require public entities to include sustainability indicators in annual financial statements and integrate ESG metrics into the national and county budget cycles.

4) **Policy-Driven Digital Transformation of PFM Systems:**
There is a strategic imperative for a national policy directive on financial reporting digitalization, mandating interoperable systems that connect national and county-level entities. This would standardize reporting formats, enhance data accuracy, and enable real-time compliance monitoring by PSASB and the National Treasury.

5) **Mandating Capacity Development as a Policy Priority:**
Policies should compel continuous professional development in public sector accounting and auditing, with PSASB accredited as a national training authority for IPSAS and ESG integration. County governments should be required to allocate dedicated budget lines for capacity-building and compliance improvement initiatives.

6) **Institutionalization of Compliance Accountability:**
National policy should embed PSASB compliance indicators into the performance appraisal systems of Accounting Officers, Chief Officers, and CFOs, making adherence to standards a measurable criterion in public sector performance management.

7) **Policy Harmonization and Legislative Alignment:**
Existing PFM, audit, and procurement regulations should be reviewed and aligned to institutionalize PSASB reforms. This includes synchronizing the PFM Act, Public Audit Act, and Public Procurement and Asset Disposal Act to eliminate overlaps, strengthen audit trail consistency, and reinforce financial accountability frameworks.

8) **Resource Mobilization and Reform Financing Policy:**
The sustainability of PSASB reforms depends on policy-backed resource mobilization. A national PFM Reform Fund, anchored in Treasury policy, should be established to finance training, ICT infrastructure, and ESG mainstreaming at both national and county levels.

9) **Policy Integration of Peer Learning and Knowledge Exchange:**
A national policy framework should formalize peer-learning networks and professional collaboration platforms, promoting knowledge exchange between counties and national institutions. This would accelerate the diffusion of best practices and strengthen institutional learning.

10) **Institutionalizing Monitoring, Evaluation, and Learning (MEL):**
PSASB should lead the development of a policy-driven MEL framework to track compliance trends, assess adoption impacts, and generate data for continuous policy improvement. Annual PFM compliance reviews should be institutionalized as part of the Treasury's fiscal accountability reporting.

The overarching policy implication is the need for a differentiated yet harmonized national framework that integrates PSASB reforms into Kenya's fiscal governance architecture. By anchoring capacity development, ESG integration, digital transformation, and compliance monitoring within formal policy instruments, Kenya can transition from fragmented adoption to a systemic, accountable, and sustainable public financial management regime across both national and county governments.

4.3 Conclusion

The study concludes that the adoption and implementation of PSASB standards have significantly strengthened Kenya's public financial management landscape, particularly at the national level. The reforms have enhanced financial reporting accuracy, internal controls, audit quality, and overall institutional accountability. Awareness and policy alignment around PSASB frameworks are widespread, indicating a maturing compliance culture in the public sector. However, disparities persist between national and county levels in technical capacity, ICT readiness, and depth of institutionalization. National entities exhibit higher uptake and sustained improvement, while county governments remain at a transitional stage marked by limited resources, inconsistent training, and partial automation.

The findings further reveal that sustainability and ESG reporting are emerging but remain underdeveloped, particularly in devolved entities. Addressing these gaps will require strategic capacity building, technology-driven reporting, and harmonized policy enforcement across all tiers of government.

Overall, the results affirm that Kenya's PFM reforms are on a positive trajectory. Strengthening differentiated capacity support, expanding digital platforms, institutionalizing ESG frameworks, and fostering stronger inter-agency collaboration will consolidate reform gains and ensure uniform compliance. Sustained leadership commitment, policy coherence, and resource mobilization are

essential to deepen accountability, transparency, and efficiency across both national and county public institutions.

4.4 Recommendations for Action

1) **Institutionalize a Tiered Capacity-Building Framework:**
Establish a structured, continuous professional development program targeting different institutional levels. National entities should receive advanced refresher training on accrual accounting, risk management, and sustainability reporting, while counties require foundational IPSAS training, financial documentation skills, and audit process orientation. PSASB should collaborate with ICPAK, IIA-Kenya, and the National Treasury to operationalize accredited training hubs across regions.

2) **Digitize and Integrate Financial Reporting Systems:**
Accelerate full automation of financial reporting through interoperable systems linking counties, SAGAs, and the National Treasury. PSASB should champion a centralized online compliance and reporting portal for templates, manuals, and ESG tools. Digital integration will enhance timeliness, accuracy, and real-time oversight of financial data across all public entities.

3) **Strengthen Compliance Monitoring and Enforcement:**
Introduce annual compliance scorecards and standardized audit feedback frameworks to track adoption, accuracy, and performance improvements across all entities. Joint monitoring missions between PSASB, the Office of the Auditor-General, and the National Treasury should be institutionalized to ensure consistency, follow-up, and corrective action.

4) **Localize Mentorship and Technical Backstopping:**
Establish regional PSASB technical hubs and mentorship clusters to provide on-site support to counties. This localized approach should focus on peer learning, hands-on problem-solving, and continuous coaching to bridge operational capacity gaps.

5) **Embed PSASB Standards in Performance and Accountability Systems:**
Incorporate PSASB compliance indicators into the performance contracts of Chief Officers, Accounting Officers, and CFOs. This will link personal accountability to institutional compliance and drive leadership ownership of reforms beyond compliance checklists.

6) **Mainstream ESG and Sustainability Reporting:**

Develop simplified ESG reporting templates aligned to sectoral contexts (health, education, infrastructure, and environment). PSASB, in partnership with the Capital Markets Authority and NSE, should create national ESG disclosure guidelines for public institutions to align with global reporting trends and the national green finance agenda.

7) **Enhance Policy Harmonization and Coordination:**
Strengthen vertical and horizontal coordination between PSASB, the National Treasury, and County Treasuries through structured communication channels, joint policy directives, and periodic stakeholder forums to promote a harmonized reform agenda.

8) **Mobilize Resources for Reform Sustainability:**
Secure long-term funding from government and development partners to support ICT upgrades, continuous training, and ESG capacity development. Allocating a dedicated budget line for PSASB capacity initiatives will ensure sustainability beyond donor-driven projects.

9) **Foster Knowledge Exchange and Research Partnerships:**
Establish partnerships with universities, professional associations, and regional networks (e.g., AFROSAI-E, EAC PFM Forum) to promote applied research, case documentation, and comparative learning on PSASB implementation and emerging good practices.

10) **Promote Change Management and Institutional Culture Reform:**
Integrate change-management strategies that promote ownership, behavioural accountability, and leadership commitment. Embedding communication and recognition programs for high-performing entities will reinforce positive institutional culture and drive continuous improvement.

In summary, the implementation of these actions will consolidate PSASB reforms, enhance accountability and transparency, and ensure that both national and county entities progress toward full compliance, sustainability integration, and improved service delivery within Kenya's public financial management ecosystem.

4.5 Areas for Further Research

1) Assessment of Long-Term Impact on Fiscal Transparency and Public Trust: Examine how sustained adoption of PSASB standards influences public perception, citizen engagement, and trust in government financial reporting over time.
2) Evaluation of ESG Integration and Policy Alignment: Investigate how Kenya can transition from voluntary to mandatory ESG reporting within public entities and assess

the implications for policy coherence with climate finance and sustainable development frameworks.

3) Innovation in Digital Compliance and Real-Time Reporting: Explore the potential of emerging technologies such as blockchain, AI, and data analytics in automating financial reporting, enhancing data accuracy, and supporting predictive fiscal oversight in the public sector.
4) Institutional Leadership and Change Management in Reform Adoption: Analyse the behavioral and leadership factors that drive or hinder adoption of PSASB reforms, focusing on leadership accountability, motivation, and institutional culture.
5) Fiscal Decentralization and Equity in Reform Outcomes: Conduct comparative studies on how fiscal autonomy and intergovernmental transfers affect the pace and depth of PSASB adoption across counties with different revenue bases.
6) Gender and Inclusivity Dimensions in Public Financial Management: Investigate whether the implementation of PSASB standards promotes gender-responsive budgeting, equitable resource allocation, and inclusivity in public financial governance.

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ANNEXES

Annex I: Key Informant Interview (KII) Guide

This questionnaire is designed to assess the level of adoption and compliance with the prescribed PSASB templates, guidelines and frameworks for internal audit and accounting standards that the public sector entities at the National and County Governments have been implementing since 2019. It will inform the situational analysis report on adoption of public sector accounting and internal audit standards, frameworks and guidelines (2018/19-2023/24).

PSASB has engaged The Bridge Africa Group Limited, an independent research and consulting firm, to conduct this assignment on its behalf. The Bridge Africa Group operates under strict professional and ethical standards, including compliance with the Kenya Data Protection Act (2019) and NACOSTI research permit requirements. Their role is to collect and analyse the data, and to present aggregated findings to PSASB in the form of consolidated group reports..
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If you have any queries concerning this survey, please contact Simon Ndirangu via ndirangums@gmail.com.

SECTION A: BACKGROUND AND CONSENT

Please note that participation in this interview is entirely voluntary. Your responses will be treated with strict confidentiality, and you have the right to withdraw at any time without any negative consequences. The NACOSTI research permit number will be provided upon request.
All information you provide will be combined with responses from other participants to produce group findings. Individual answers will not be disclosed.

- Do we have your consent to proceed? ☐ Yes ☐ No
- Consent to record the interview: ☐ Yes ☐ No

SECTION B: RESPONDENT PROFILE

1. Name (Optional): _____
2. Contact Information (optional): _____
3. Gender: ☐ Male ☐ Female ☐ Other ☐ Prefer not to say
4. Role Category (tick one): ☐ Accountant ☐ CFO ☐ Internal Auditor ☐ Head of Risk
   ☐ Audit Committee ☐ Other (specify)_____
5. How many years have you served in your current role? (Tick one)
   ☐ Less than 1 year. ☐ 1–3 years. ☐ 4–6 years. ☐ 7–10 years. ☐ More than 10 years
6. Level of Government: ☐ National ☐ County

7. Entity Name: _____
8. Department/Section: _____
9. Category of Entity: ☐ Ministry ☐ State Department ☐ Agency/Parastatal
   ☐ County Executive ☐ County Assembly ☐ CCIO
10. County (if applicable): _____

SECTION C: AWARENESS AND ACCESS TO PSASB STANDARDS (OBJECTIVE 1)

We would like to understand how aware you are of PSASB standards, guidelines, and templates.

11. Are you aware of the standards, guidelines, templates, and manuals issued by PSASB since 2019?
    a) ☐ Yes ☐ No
    b) If yes, which ones?
       ☐ Accounting Standards (IPSAS)
       ☐ Internal Audit Guidelines/Manuals
       ☐ Risk Management Framework
       ☐ Reporting Templates
       ☐ Other (specify): _____
12. How did your entity first access or learn about these PSASB materials? (Tick all that apply)
       ☐ Official circulars
       ☐ PSASB website
       ☐ Email communication
       ☐ Training/workshops/ Seminars
       ☐ Peer networks
       ☐ Internal briefings
       ☐ Other (specify)_____
13. (a) How would you rate the quality and clarity of these materials? ☐ Poor ☐ Fair ☐ Good ☐ Very Good ☐ Excellent
    (b) Explain your rating_____
14. (a) On a scale of 1–5,(1=Very Poor, 5= Excellent), how would you rate your access to PSASB materials?
       ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5
    (b) On a scale of 1–5,(1=Very Poor, 5= Excellent), how would you rate the usefulness of PSASB materials?
       ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

15. (a) Has your entity ever received any training or sensitization on these materials since 2019? ☐ Yes ☐ No
    1. If yes, which Tick appropriately:
        i. i. Training ☐
        ii. Sensitization ☐

16. Please briefly describe the type of training and the departments/units that attended.

17. What challenges/ gaps, if any, have you or your entity faced in accessing or understanding these PSASB materials?
18. In your opinion, how can PSASB improve dissemination and access to PSASB materials/ resources?

SECTION D: UPTAKE OF PSASB STANDARDS (OBJECTIVE 2)

By 'Adoption' we mean that the material is formally approved within your institution, embedded in your processes, and actively used to produce outputs.

19. Has your entity officially adopted any of the following PSASB materials? *(Tick all that apply)*

    ☐ IPSAS-based Accounting Standards

    ☐ Internal Audit guidelines/Manual

    ☐ Risk Management frameworks

    ☐ Reporting Templates

    ☐ None

20. What year did your entity begin implementing the following?
    i. IPSAS-based Accounting Standards

    ☐ 2019 ☐ 2020 ☐ 2021 ☐ 2022 ☐ 2023 ☐ 2024 ☐ Not yet

    1. Internal Audit guidelines/Manual

    ☐ 2019 ☐ 2020 ☐ 2021 ☐ 2022 ☐ 2023 ☐ 2024 ☐ Not yet

    2. Risk Management frameworks

    ☐ 2019 ☐ 2020 ☐ 2021 ☐ 2022 ☐ 2023 ☐ 2024 ☐ Not yet

    iv. Reporting Templates

    ☐ 2019 ☐ 2020 ☐ 2021 ☐ 2022 ☐ 2023 ☐ 2024 ☐ Not yet

21. Who in your entity is responsible for coordinating implementation of PSASB's templates, manuals, guidelines and frameworks for internal audit standards and accounting standards?

    ☐ CFO ☐ Internal Auditor ☐ Accounting Officer ☐ Audit Committee ☐ Other:
22. Has the adoption been formalized through internal circulars, policies, or frameworks?

    ☐ Yes ☐ No

    If yes, please describe:

    _____
23. What are the key drivers or motivators for adoption in your public sector entity?

    ☐ PSASB Directives ☐ Auditor General reports ☐ Donor requirements ☐ Internal reforms

    ☐ Others (specify):

    _____
24. (a) Please rate your entity's overall level of uptake and adoption of PSASB's templates, manuals, guidelines and frameworks for internal audit standards and accounting standards:

    ☐ Low ☐ Moderate ☐ High ☐ Full Implementation

    (b) Explain your rating_____
25. What influenced your entity's decision to adopt (or not adopt) the PSASB's standards?
26. What has been the level of senior leadership support in driving adoption?

    ☐ Low ☐ Moderate ☐ High ☐ Very high
27. What barriers have limited full adoption of PSASB's standards in your entity (e.g., capacity, infrastructure, resources etc)
28. What recommendations would you suggest for addressing these barriers?

SECTION E: IMPLEMENTATION EXPERIENCE (OBJECTIVE 3)

29. Describe your entity's experience in implementing the adopted PSASB's templates, manuals, guidelines, and frameworks for internal audit and accounting standards.
    a) What worked well (most successful)? Provide examples of successful implementation initiatives (tools used, processes improved, results achieved).
    b) What specific standards or templates have proven most/least useful and why?
30. Were there any training sessions or capacity building activities conducted?
    a) ☐ Yes ☐ No
    b) If yes, what was trained?
31. (a) How are the PSASB materials integrated into routine work processes?

    (b) If implementation is partial, explain which components have not been implemented and why.

32. (a) How would you rate the ease of implementation of PSASB's templates, manuals, guidelines, and frameworks for internal audit and accounting standards on a scale of 1 (very difficult) to 5 (very easy)?
    (b) Explain your rating_____
33. What specific challenges have hindered implementation? (Tick all that apply)
    ☐ Lack of training ☐ Limited resources ☐ IT system incompatibility
    ☐ Staff resistance ☐ Limited technical guidance ☐ Others (specify):
    _____
34. (a) What recommendations would you make to improve future implementation efforts of PSASB's templates, manuals, guidelines, and frameworks for internal audit and accounting standards?
    (b) What support from PSASB or other actors has been helpful in implementation?
    (c) What changes would improve your institution's ability to implement PSASB materials?

SECTION F1: IMPACT OF PSASB STANDARDS (OBJECTIVE 4a)

This section seeks to assess how adoption has affected your institution.

35. (a) To what extent have PSASB materials improved your institution's financial reporting?
    ☐ Not at all ☐ Somewhat ☐ Moderately ☐ Significantly ☐ Very Significantly
    (b) Explain your rating_____
36. (i) In your view, what impact have the PSASB standards had on the following aspects in your entity? (*Can you cite specific examples or success stories?)*
    a) Internal control systems
    b) Financial reporting
    c) Governance and accountability
    d) Audit readiness or performance
37. Have internal controls improved due to adoption of PSASB standards?
    ☐ Yes ☐ No
    Please explain:
    _____
38. Has your institution experienced improvements in audit ratings since adoption?
    ☐ Yes ☐ No ☐ Not applicable
    If yes, please describe:
    _____
39. What improvements in governance or accountability can be attributed to PSASB's templates, manuals, guidelines, and frameworks for internal audit and accounting standards?
40. Has the implementation led to measurable savings or efficiencies? ☐ Yes ☐ No

If yes, quantify or explain:

41. (a) Has PSASB conducted any compliance monitoring in your institution?

    ☐ Yes ☐ No

    (b) If yes, in what year(s)? _____

    (c) How has compliance monitoring by PSASB affected your institution's operations?

42. Are there cases where PSASB standards improved public confidence or service delivery?
43. Are there any unintended consequences (positive or negative) arising from adoption of these standards?

SECTION F2: SUSTAINABILITY STANDARDS & ESG REPORTING (OBJECTIVE 4b)

This section aims to assess the extent to which your institution is aware of, has adopted, and is implementing sustainability standards and Environmental, Social, and Governance (ESG) reporting practices.

44. Has your entity formally adopted any sustainability or ESG reporting framework?

    ☐ Yes ☐ No

    Year of adoption: _____

    Is adoption formalized in policy or strategy documents? ☐ Yes ☐ No

45. How are sustainability/ESG responsibilities assigned in your entity? (Tick all that apply)

    ☐ Sustainability/ESG unit or officer

    ☐ Integrated into finance/accounting

    ☐ Part of risk management

    ☐ Other: _____

46. Which areas are currently covered in your ESG reporting? (Tick all that apply)

    ☐ Environmental (energy, water, emissions, waste)

    ☐ Social (community engagement, diversity, employee welfare)

    ☐ Governance (board oversight, compliance, ethics)

    ☐ Economic (value creation, local sourcing)

    ☐ Other: _____

47. On a scale of 1–5, rate your institution's capacity to collect, analyse, and report sustainability/ESG data:

    ☐ 1 Very Low ☐ 2 Low ☐ 3 Moderate ☐ 4 High ☐ 5 Very High

    Please explain your rating: _____

48. Have you received any training or guidance from PSASB, other regulators, or partners on sustainability or ESG reporting? ☐ Yes ☐ No

    If yes, specify provider, year, and content covered: _____

49. What challenges or barriers does your institution face in adopting sustainability or ESG reporting? (e.g., lack of data, resources, skills, systems)
50. What benefits or positive impacts have you observed from ESG/sustainability reporting? (e.g., improved reputation, better stakeholder engagement, compliance)
51. What support or guidance would you like from PSASB to strengthen sustainability and ESG reporting? (e.g., templates, training, technical assistance, peer learning)

SECTION G: RECOMMENDATIONS TO IMPROVE ADOPTION (OBJECTIVE 5)

52. What capacity gaps exist in your institution that hinder full adoption of PSASB's templates, manuals, guidelines, and frameworks for internal audit and accounting standards?
53. What type of support do you recommend from PSASB in the future? (Tick all that apply)

    ☐ Technical training

    ☐ Simplified guidelines/manuals

    ☐ More frequent communication

    ☐ On-site support/mentorship

    ☐ Digital platforms for templates/tools

    ☐Others, specify_____
54. What specific role should PSASB play in supporting improved adoption of PSASB's templates, manuals, guidelines, and frameworks for internal audit and accounting standards?
55. In what ways can PSASB tailor its approach to suit county vs. national institutions?
56. How can inter-agency collaboration be enhanced to promote uptake and learning across public entities?
57. Any additional insights or recommendations?

SECTION H: CLOSING

Do you have any final remarks about PSASB or the adoption of public sector standards?

Thank you for your time and participation

PUBLIC SECTOR ACCOUNTING STANDARDS BOARD (KENYA)

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