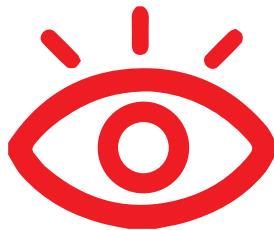


AUDITOR-GENERAL'S SUMMARY REPORT ON NATIONAL GOVERNMENT 2022/2023



VISION

Making a difference in the lives and
livelihoods of the Kenyan people



MISSION

Audit services that impact on effective and
sustainable service delivery



OUR CORE VALUES

Integrity • Credibility • Relevance •
Accountability • Independence

SUMMARY

OF

THE AUDITOR-GENERAL'S REPORT

ON

NATIONAL GOVERNMENT

2022/2023

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Foreword

This report is a summary of cross-cutting audit findings reported in the audit reports of Ministries, Departments and Agencies including their respective Donor Funded Projects for the year ended 30 June, 2023. The detailed report for the National Government for the year ended 30 June, 2023 is contained in the Consolidated Audit Report, popularly referred to as the Blue Book and which have already been submitted to Parliament.

The Auditor-General is mandated by the Constitution of Kenya, under Article 229, to audit and report on the use of public resources by all entities funded from public funds. These entities include the National Government, County Governments, the Judiciary, Parliament, Statutory Bodies/State Corporations, Commissions, Independent Offices, Public Debt, Political Parties funded from public funds, other government agencies and any other entity funded from public funds. In addition, Article 229(6) requires the Auditor-General to confirm whether or not public resources have been applied lawfully and in an effective way. The mandate of the Auditor-General is further expounded by the Public Audit Act, 2015.

Article 229 (7) of the Constitution requires the Auditor-General to audit and submit reports to Parliament or the relevant County Assembly within six (6) months after the end of the financial year. However, Section 81(4) of the Public Finance Management Act, 2012, reduces the timelines for audit and reporting to three (3) months by giving entities leeway up to the end of September to prepare and submit financial statements for audit. This reduces the duration for audit and reporting from six (6) months as mandated by the Constitution to three (3) months. This has been adversely affecting the timelines for reporting, leading to delays and affecting the efficiency and effectiveness for oversight by Parliament and the County Assemblies.

Further, as previously reported, an effective mechanism for follow up on implementation of audit recommendations is lacking and as such most audit queries recur in subsequent years due to lack of decisive action. Section 204(1)(g) of the Public Finance Management Act, 2012 provides that the Cabinet Secretary for matters relating to finance may apply sanctions to a national government entity that fails to address issues raised by the Auditor-General, to the satisfaction of the Auditor-General.

However, despite numerous reports indicating lack of accountability and documents to support the legality and effectiveness in the use of public resources, failure to apply the requisite sanctions and consequences has resulted to some Accounting Officers not adequately accounting for the management and use of public resources with impunity. Lack of action and sanctions has also led to fiscal indiscipline including misallocations, wastage of resources, lack of value for money in implementation of projects and loss of public funds, thereby impacting negatively on development programmes. This in turn threatens economic growth and sustainability of quality service delivery to citizens. There are instances where some Accounting Officers are in breach of Section 62 of the Public Audit Act, 2015 by failing to adequately prepare for audit which is exhibited by numerous inaccuracies in financial statements presented for audit, lack of requisite supporting

documents, several revisions of financial statements and, in some cases, reluctance to cooperate with the auditors during the audit process.

The Office of the Auditor-General has been continuously improving on the effectiveness and quality of the audit process to ensure that the results of audit and the recommendations thereof are credible, relevant, reliable and value adding. This is geared towards influencing improved decision making and positive impact on the lives and livelihoods of citizens and other stakeholders. Provision of quality and effective audit services and confirmation of the lawfulness and effectiveness in programme implementation requires comprehensive scrutiny and evaluation of supporting documents. Most critical is the physical confirmation of the existence and utilization of projects or programmes implemented throughout the country. To achieve this requires an independent and well-resourced audit Office with guaranteed adequate funding to enable efficient, effective and timely execution of the oversight as well as retention of optimal staffing levels to ensure continuous, quality and sustainable audit operations.

The Office continues to seek financial independence and support from Parliament and the Executive through The National Treasury for enhancement of resources to enable us build technical capacity, expand our presence in the counties, widen the scope and comprehensiveness of audit and motivate staff. I continue to devolve my services closer to the people through establishment of Regional Offices and construction of office premises to accommodate our staff in order to address the audit needs at the devolved level. During the year under review, I established the North Coast Regional Office in Kilifi and the South Rift Regional Office in Kericho. I have so far constructed Regional Offices in Garissa, Kakamega and Eldoret, while construction works in Embu is almost complete. Plans for construction of a Regional Office in Mombasa and our Headquarters in Nairobi, which are currently at the design stage, have been delayed by lack of adequate funding. However, the Office continues to make appeals to Parliament and The National Treasury for adequate funds to enable us perform our functions and achieve our mandate in enhancing accountability across government, both at the national and county levels, and in all other entities funded from public funds.

The audit scope has been expanding over the years due to the expansion of government programs to ensure sustainable development and delivery of continuous and quality services to the citizens. This has led to growth in the national budget and formation of additional entities that I am required to audit and report on. All the over nine thousand (9,000) Public Secondary Schools were from 30 June, 2022 required to prepare and submit financial statements to the Auditor-General for audit and quite a number have complied. In addition, I am required to audit and report on financial statements for all the three hundred and fifty-eight (358) Level 4 hospitals and fourteen (14) Level 5 hospitals separately. In the current financial year, I am also required to audit a total of thirty-nine (39) Teachers' Training Colleges, two hundred and eighty-seven (287) Technical and Vocational Education and Training (TVET) Institutions and the number could increase as we are currently undertaking an evaluation exercise with the State Department for Technical, Vocational Education and Training to identify all institutions funded by the

Exchequer including the Community Vocational Training Institutions that are estimated to be over one thousand and two hundred (1,200). In addition, implementation of new projects and establishment of news funds requires timely oversight.

During the period under review, the Office made great strides in enhancing delivery of audit services to the people of Kenya. The Office has entered into partnerships with other Supreme Audit Institutions (SAIs) regionally and globally and with local oversight institutions such as the Ethics and Anti-Corruption Commission (EACC), the State Corporations Advisory Committee (SCAC), the Salaries and Remuneration Commission (SRC), the Commission on Revenue Allocation (CRA) among other organizations, as we strive to increase the impact of audit through learning, knowledge sharing, innovation and collaboration.

Specific reports together with my opinion for each entity are contained in the respective MDA's audited financial statements for the year ended 30 June, 2023, which I have already submitted to Parliament and to each Accounting Officer.

I sincerely appreciate the entire staff of the Office of the Auditor-General for their commitment, passion and professionalism in carrying out their duties despite the challenges posed by lack of adequate funds and the short timelines for audit. Special appreciation goes to the 2022/2023 Reports Review Team and the Blue Book finalization Team which prepared the Consolidated Audit Report together with the Summary Report.

I thank the National Assembly for according to me various fora to discuss issues facing public sector accountability.

I also wish to appreciate my clients or auditees for the cooperation they accorded my staff during the audit.



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 May, 2024

Introduction

Constitutional Mandate of the Auditor-General

The Auditor-General is mandated by the Constitution of Kenya, under Article 229, to audit and report on the use of public resources by all entities funded from public funds. These entities include; the National Government, County Governments, the Judiciary, Parliament, Statutory Bodies/State Corporations, Commissions, Independent Offices, Public Debt, Political Parties funded from public funds, other government agencies and any other entity funded from public funds. The mandate of the Auditor-General is further expounded by the Public Audit Act, 2015.

The Constitution requires the Auditor-General to audit and submit the audit reports of the public entities to Parliament and the relevant County Assemblies by 31 December, every year. In carrying out the mandate, the Auditor-General, is also required, under Article 229 (6) to assess and confirm whether the public entities have utilised the public resources entrusted to them lawfully and in an effective way.

Further, the objects and authority of the Auditor-General, as outlined in Article 249 of the Constitution, are: to protect the sovereignty of the people; to secure the observance by all State Organs of democratic values and principles; and, to promote constitutionalism. The Auditor-General has also been given powers by the Constitution, under Article 252, to conduct investigations, conciliations, mediations and negotiations and to issue summons to witnesses for the purpose of investigations.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Public Sector Accounting Standards (IPSAS), as prescribed by the Public Sector Accounting Standards Board (PSASB), and for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Management is also responsible for maintaining an effective internal control environment necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for the assessment of the effectiveness of internal control, risk management and governance.

Further, Management is required to ensure that the activities, financial transactions and information reflected in the financial statements, are in compliance with the law and other relevant or applicable authorities, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how each Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance

and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibility

My responsibility is to conduct an audit of the financial statements in accordance with the International Standards of Supreme Audit Institutions (ISSAIs), and to issue an auditor's report. The audit report includes my opinion as provided by Section 48 of the Public Audit Act, 2015, and the report is submitted to Parliament in compliance with Article 229(7) of the Constitution.

In addition, Article 229(6) of the Constitution requires me to express a conclusion on whether or not, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the law and other authorities that govern them, and that public resources are applied in an effective way. I also consider the entities' control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems, in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

I am independent in accordance with Article 249(2) of the Constitution of Kenya and ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of public entities in the Republic of Kenya.

Reporting Structure

The reporting structure of my report address the reporting requirements of Article 229(6) of the Constitution of Kenya, which requires that an audit report shall confirm whether or not public resources have been applied lawfully and in an effective way. Section 7(1) (a) of the Public Audit Act, 2015 also requires that I provide assurance on the effectiveness of internal controls, risk management and overall governance.

In addition, the International Standards of Supreme Audit Institutions (ISSAIs), require the incorporation of Key Audit Matters in the report on the financial statements, which are those matters that I determine in my professional judgment, are of most significance in the audit of the financial statements as a whole, for the year under review.

In order to address these requirements, my audit reports contain the following:

- i. **Report on Financial Statements**, in which I give an audit opinion on whether the financial statements present fairly, in all material respects, the financial position and performance of the entity.
- ii. **Report on Lawfulness and Effectiveness in Use of Public Resources**, in which I give a conclusion on whether or not public resources have been applied lawfully and in an effective way.

- iii. **Report on Effectiveness of Internal Controls, Risk Management and Governance**, in which I give a conclusion on whether internal controls, risk management and overall governance were effective.
- iv. **Report on Other Legal and Regulatory Requirements** is included where applicable, especially for the entities that are registered under the Companies Act, 2015 and any other enabling legislation or authorities that require such disclosure.

Audit Opinions

I have expressed different types of audit opinions based on the following criteria:

i. Unmodified Opinion

The books of accounts and underlying records agree with the financial statements and no material misstatements were found. The financial statements present fairly, in all material respects, the operations of the entity. The financial statements with Unmodified Opinion are listed in **Appendix A**.

ii. Qualified Opinion

Financial transactions were recorded and are to a large extent in agreement with the underlying records, except for cases where I noted material misstatements or omissions in the financial statements. The issues though material, are not widespread or persistent. The financial statements with Qualified Opinion are listed in **Appendix B**.

iii. Adverse Opinion

The financial statements exhibit significant misstatements with the underlying accounting records. There exists significant disagreement(s) between the financial statements and the underlying books of accounts and/or standards. These problems are widespread, persistent and require considerable interventions by the management to rectify. The financial statements with Adverse Opinion are listed in **Appendix C**.

iv. Disclaimer of Opinion

The financial statements exhibit serious and significant misstatements that may arise from inadequate information, limitation of scope, inadequacy or lack of proper records such that I was not able to form an opinion on the financial operations. The financial statements with Disclaimer of Opinion are listed in **Appendix D**.

Resource Requirements for the Office of the Auditor-General

Article 229 (7) of the Constitution requires the Auditor-General to audit and submit reports to Parliament or the relevant County Assembly within six (6) months after the end of the financial year. However, Section 81(4) of the Public Finance Management Act, 2012,

reduces the timeline to three (3) months by giving entities leeway up to the end of September to prepare and submit financial statements for audit.

Despite the expanded audit scope, inadequate funding and delayed disbursements affect the audit cycle, which is different from the budget execution cycle of the Ministries, Departments and Agencies (MDAs). This also reduces the scope of audit in terms of coverage and comprehensiveness. Table 1 and Figure 1 illustrate the budget requirements by the Office of the Auditor-General versus the allocated amounts over the last five (5) years.

Table 1: Analysis of Budget Requirement by OAG versus Allocation

Year	Requirement (Kshs. Billions)	Budget Allocation (Kshs. Billions)	Budget Shortfall (Kshs. Billions)	Actual Expenditure (Kshs. Billions)	OAG Budget Absorption %
2018/2019	9.206	5.968	3.238	5.783	97
2019/2020	8.880	5.505	3.375	5.425	99
2020/2021	8.900	5.525	3.375	5.348	96
2021/2022	8.333	6.083	2.250	5.613	92
2022/2023	8.700	6.532	2.168	6.058	93

Figure 1: OAG Budget Requirement Versus Budget Allocation

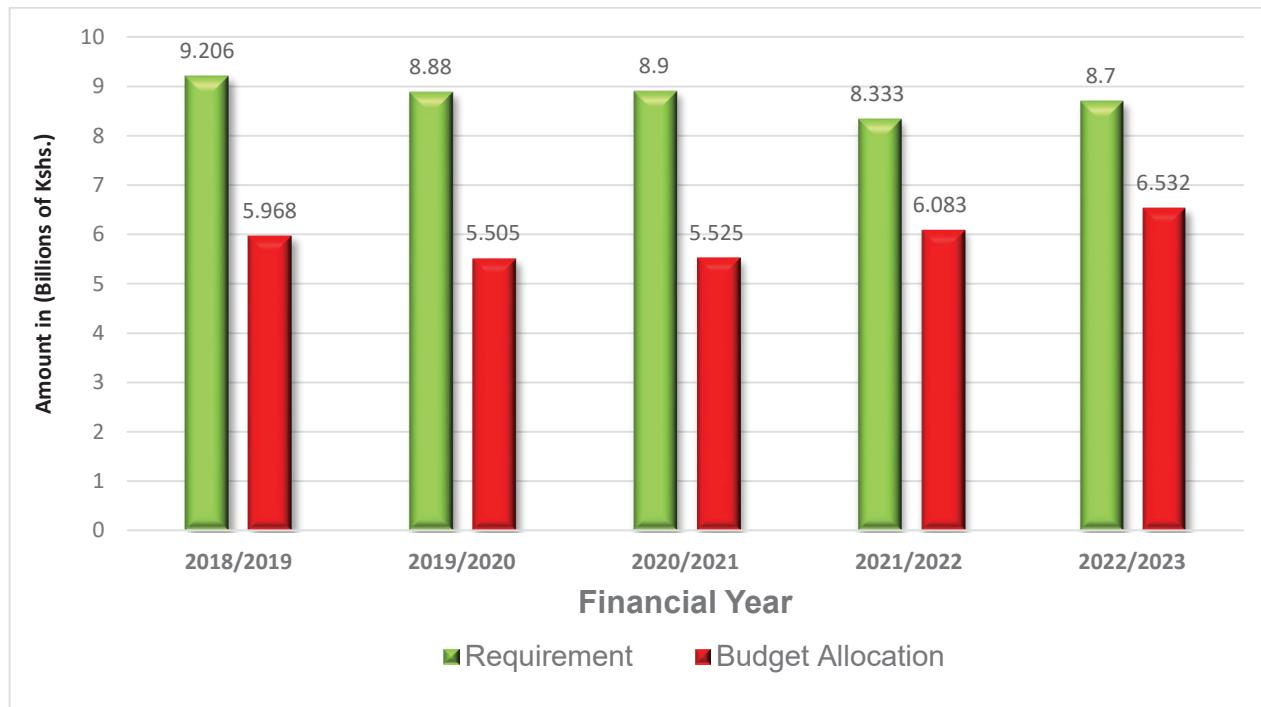
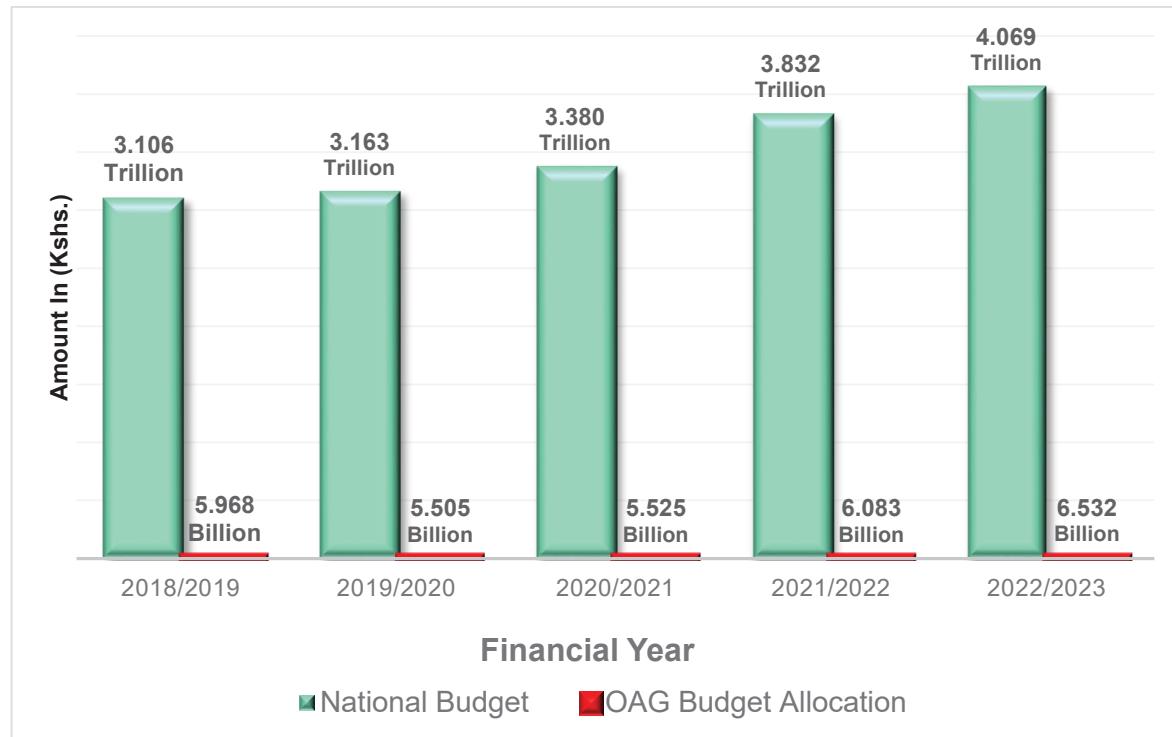


Table 2 and Figure 2 reflect the National Government budget against the allocation to the Office of the Auditor-General in the last five years.

Table 2: National Government Budget Versus Allocation to OAG

Financial Year	National Budget (Kshs. in Trillions)	OAG Budget Allocation (Kshs. in Billions)	% of Allocation to National Budget
2018/2019	3.106	5.968	0.19%
2019/2020	3.163	5.505	0.17%
2020/2021	3.380	5.525	0.16%
2021/2022	3.832	6.083	0.16%
2022/2023	4.069	6.532	0.16%

Figure 2: National Government Budget Versus Allocation to OAG



The Office of the Auditor-General can deliver effectively on its mandate as enshrined in the Constitution and in the Public Audit Act, 2015 if it is adequately resourced, thus enhancing accountability in the public sector.

The key cross-cutting audit findings noted during the audit of the financial statements for the year ended 30 June, 2023 are highlighted in the ensuing pages.

1.0 Key Audit Findings

The sections below highlight key audit findings made during the audit of the financial statements for the National Government for the year ended 30 June, 2023.

1.1 Government Budgetary and Expenditure Review

1.1.1 Budget Credibility

Budget credibility refers to the ability of Government(s) to meet their expenditure and revenue targets accurately and consistently in a given financial year. Any deviations from the approved budget estimates interfere with the credibility of the budget. A credible budget is one that is executed according to the plan approved by the legislature at aggregate and detailed allocations.

Budget credibility is about upholding government commitments and understanding why governments deviate from these commitments. The credibility of government budgets is a key driver of effective service delivery and public trust in government systems. When budgets are not implemented as planned, spending priorities can shift, deficits may exceed projections, and critical services may be compromised. Budget credibility risks can occur at any stage of the budget process at the whole-of-government level and during the execution of the budget by entities or in specific programs.

I reviewed the Government budget for the financial year 2022/2023 for credibility by considering several factors that included assessing deviations in expenditure, both over and under-expenditure; deviations in revenue, and deviations in spending composition. Review of the Government's budget and expenditures for the year 2022/2023 revealed the following:

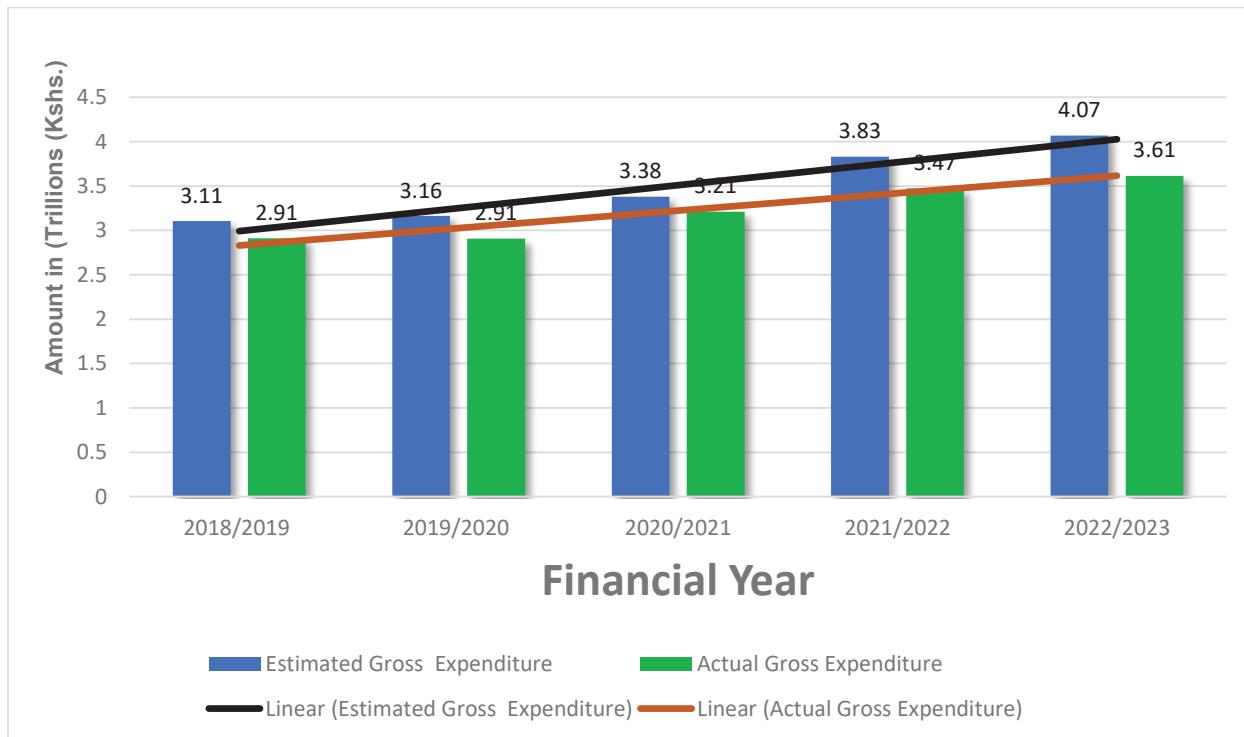
1.1.2 Budget Trend Analysis

The estimated gross expenditure increased over the last five years from Kshs.3,106,405,817,692 in the year 2018/2019 to Kshs.4,068,763,311,037 in the year 2022/2023. This represented an increase of Kshs.962,357,493,345 or approximately 31% over the five-year period. Similarly, the actual gross expenditure increased from Kshs.2,911,690,013,343 in the year 2018/2019 to Kshs.3,614,183,369,857 in the year 2022/2023 representing an increase of Kshs.702,493,356,514 or approximately 24% over the period. This indicates that the increase in estimated expenditure was higher by 7% compared to the increase in actual expenditure. The scope of my audit has also increased considerably over the last five years. Table 3 and Figure 3 below depicts the expenditure trend for the last five years:

Table 3: Budget Trend Analysis

Year	Estimated Gross Expenditure	Actual Gross Expenditure	Under-Expenditure	Percentage of Under-Expenditure
	(Kshs.)	(Kshs.)	(Kshs.)	%
2018/2019	3,106,405,817,692	2,911,690,013,343	194,715,804,349	6%
2019/2020	3,162,976,512,141	2,908,327,356,465	254,649,155,676	8%
2020/2021	3,379,902,931,417	3,211,490,363,999	168,412,567,419	5%
2021/2022	3,832,087,729,957	3,473,135,105,212	358,952,624,745	9%
2022/2023	4,068,763,311,037	3,614,183,369,857	454,579,941,180	11%

Figure 3: Budget Trend Analysis



The above analysis indicates that the under-expenditure of the budget has been averaging 7.8% of the estimated gross expenditure in the last five (5) years. The under-expenditure of the budget implies that;

- i Some development programmes are not implemented as planned and some services are not delivered.
- ii The estimated expenditure may not be comprehensively backed by complete or accurate data, resulting to overestimation.
- iii The under-expenditure is also attributed to under-collection of revenue below the set targets leading to delays in Exchequer releases.

iv Previous budget absorption rates are not used to project future expenditures.

1.1.3 Budget for 2022/2023

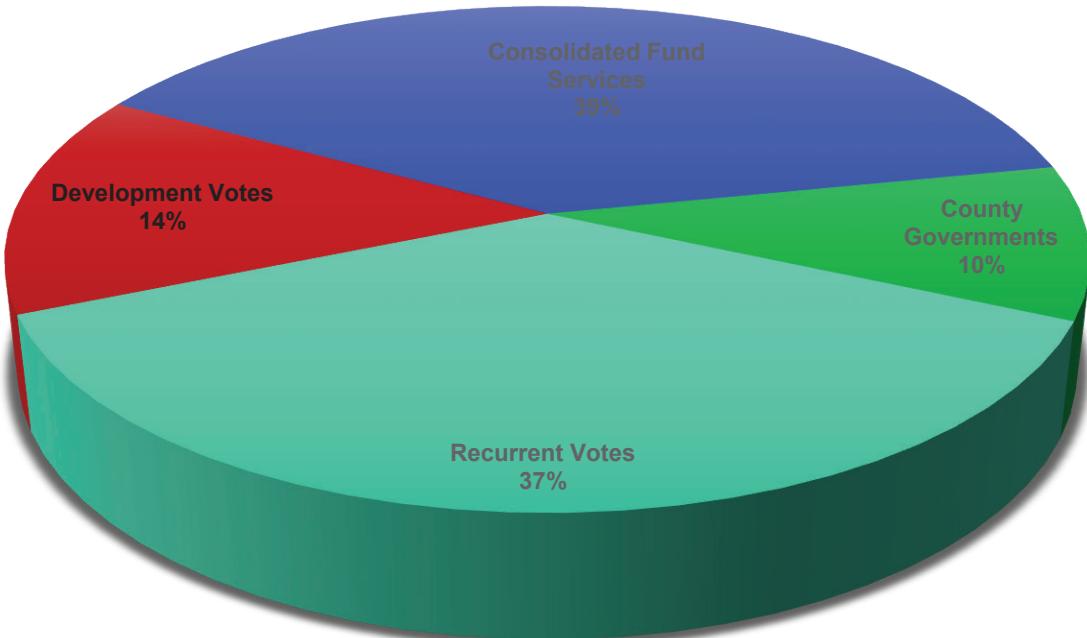
In the financial year 2022/2023, the Net Approved Expenditure was Kshs.3,620,152,378,939 while approved Appropriations-In-Aid (AIA) was Kshs.448,610,932,098 resulting in Approved Estimated Gross Expenditure of Kshs.4,068,763,311,037 as detailed in Table 4 below:

Table 4: Estimated Gross Expenditure

Description	Approved Net Expenditure (Kshs.)	A-I-A (Kshs.)	Estimated Gross Expenditure (Kshs.)	Percentage to Total Expenditure
Recurrent Votes	1,268,812,430,857	239,422,853,182	1,508,235,284,039	37%
Development Votes	373,998,242,001	209,188,078,916	583,186,320,917	14%
Consolidated Fund Services	1,577,741,706,081	-	1,577,741,706,081	39%
Sub-Total for National Government	3,220,552,378,939	448,610,932,098	3,669,163,311,037	90%
County Governments	399,600,000,000	-	399,600,000,000	10%
Total Expenditure	3,620,152,378,939	448,610,932,098	4,068,763,311,037	100%

As indicated in Table 4 above, 37% of the estimated gross expenditure was budgeted for recurrent expenditure and 14% for development expenditure. Consolidated Fund Services, including repayments of Public Debt accounted for 39%, while County Governments estimated expenditure accounted for 10% of the estimated gross expenditure as illustrated in Figure 4 below:

Figure 4: Estimated Gross Expenditure



During the year under review, development expenditure was allocated only 14% of the total budget contrary to provisions of Section 15(2)(a) of the Public Finance Management Act, 2012 which requires that, over the medium term, a minimum of thirty percent (30%) of the National and County Governments budgets shall be allocated to development expenditure.

The County Governments budgeted amount of Kshs.399,600,000,000 comprised of Kshs.370,000,000,000 allocation for financial year 2022/2023 and Kshs.29,600,000,000 arrears from 2021/2022. However, the allocation of Kshs.370,000,000,000 for the year 2022/2023 was based on the approved audited revenue accounts for the year 2017/2018, which was the latest approved audited revenue accounts by the National Assembly as indicated in the Division of Revenue Act, 2022. However, as at the time of the approval of the budget for 2022/2023 in June 2022, the Auditor-General had submitted the audit reports for the subsequent three financial years including 2020/2021 financial year.

The County Governments' expenditure has been reported separately by each of the forty-seven (47) County Governments, and audit reports have been issued for the respective County Executives and County Assemblies.

Further, the original estimated gross expenditure for the National Government of Kshs.3,691,069,563,548 was reduced by Kshs.21,906,252,510 to Kshs.3,669,163,311,038 through Supplementary budgets as detailed in Table 5 below:

Table 5: Initial vs Final Approved Budget

	Final Approved Budget (Kshs.)	Supplementary 1 (March 2023) (Kshs.)	Supplementary 2 (June 2023) (Kshs.)	Original Budget (Kshs.)	Difference (Kshs.)
Recurrent (Including CFS)	3,085,976,990,121	75,946,351,613	34,315,859,899	2,975,714,778,609	110,262,211,51
Development	583,186,320,917	(97,190,537,771)	(34,977,926,251)	715,354,784,939	(132,168,464,022)
Total	3,669,163,311,038			3,691,069,563,548	(21,906,252,510)

The approved final budget for a specific financial year is only available after the supplementary budgets are passed, which are sometimes approved towards the end of the financial year.

1.1.4 Additional Funding and Withdrawals Under Article 223 of the Constitution

During the year under audit, additional funding to Ministries, Departments and Agencies (MDAs) amounted to Kshs.217,371,983,475 (as detailed in **Appendix E**) out of which an amount of Kshs.147,393,843,212 representing 67.8% was withdrawn by various MDAs under Article 223 of the Constitution before seeking for the approval of the National Assembly as analyzed in Table 6 below:

Table 6: Withdrawals Under Article 223 of the Constitution in 2022-2023

Vote	MDA	Purpose	Amount (Kshs.)
1194	State Department for Petroleum	Oil market price stabilization	42,736,088,490
1066	State Department for Early Learning and Basic Education	Capitation for Junior Secondary Schools, Kenya Secondary Quality Improvement Project and Kenya Primary Education Equity in Learning Project	25,624,255,888
1091	State Department for Roads	Settlement of pending bills for ongoing projects	15,350,000,000
1173	State Department for Cooperatives	Financial Inclusion Fund, set up costs for MSMEs and operational costs	12,580,000,000
1071	The National Treasury	Subscription and equity participation in Eastern and Southern Africa Trade & Development Bank, call capital for Afreexim Bank and purchase of shares for Telkom Kenya	12,308,739,612
1169	State Department for Crop Development	Maize flour and fertilizer subsidy programmes and settlement of Nzoia Sugar Company famers dues	11,993,923,200
1011	The Executive Office of the President	Settlement of pending bills and operation and maintenance costs	9,580,536,270

Vote	MDA	Purpose	Amount (Kshs.)
1109	State Department for Water and Sanitation	Water harvesting and irrigation, pending certificates for Thwake Dam and Coastal Region Water Security and Resilience project	6,817,240,160
1021	State Department for Interior and Citizen Services	Security projects, medical and group insurance for the National Police Service	5,872,368,879
1081	Ministry of Health	Procurement of priority medical equipment	1,246,632,750
1052	Ministry of Foreign Affairs	UN Peace Building Fund, operations and maintenance costs	840,000,000
2091	Teachers Service Commission	Recruitment of Junior Secondary Schools teachers	840,000,000
1108	State Department for Environment and Climate Change	Forest Management & water towers conservation	430,000,000
1332	State Department for Forestry	Forest Management and Water Towers Conservation	350,000,000
1152	Ministry of Energy	Operations and maintenance	200,000,000
1065	State Department for University Education and Research	Enhancement of quality and relevance in higher education, science and technology (HEST)	138,600,000
2071	Public Service Commission	Ex-gratia payment to the Commissioners and operations costs	131,500,000
1054	State Department for Diaspora Affairs	Evacuation of Kenyans from Sudan	119,000,000
1094	State Department for Housing and Urban Development	Construction of Mausoleum for the late President Mwai Kibaki	112,000,000
1203	State Department for Wildlife	Wildfires in Aberdare and Mt. Kenya National Park	65,000,000
1212	State Department for Gender and Affirmative Action	Women Empowerment for Gender Equality project	46,972,322
1072	State Department for Economic Planning	Making every woman and girl count project	10,985,641
Total			147,393,843,212

Out of the total expenditure of Kshs.147,393,843,212 incurred under Article 223, an amount of Kshs.137,197,258,581 was subsequently approved by the National Assembly. However, the remaining balance of Kshs.10,196,584,631 comprising of amounts of Kshs.4,000,000,000 and Kshs.6,196,584,631 incurred on maize flour subsidy programme and acquisition of Telkom (K) shares by the State Department for Crop Development and The National Treasury respectively, was not approved or appropriated as required by Article 223(4) of the Constitution. However, there is no guideline in place on how unapproved withdrawals from the Consolidated Fund under Article 223 should be dealt with. The Public Finance Management Act, 2012 should therefore, be amended to provide guidelines on the next cause of action where expenditure incurred under Article 223 is not approved by the National Assembly.

1.2 2022/2023 Net Actual Expenditure for the National Government

1.2.1 The National Government financial statements for the financial year 2022/2023 indicate total actual expenditure of Kshs.3,214,583,369,857 which comprise Kshs.1,408,086,569,092 or 44% for Recurrent Votes, Kshs.454,533,093,672 or 14% for Development Votes and Kshs.1,351,963,707,093 or 42% for Consolidated Fund Services respectively, as shown in Table 7 below:

Table 7: Actual Expenditure - National Government

Description	2022/2023 Actual Expenditure (Kshs.)	% of Total Expenditure
Recurrent Votes	1,408,086,569,092	44%
Development Votes	454,533,093,672	14%
Consolidated Fund Services	1,351,963,707,093	42%
Total	3,214,583,369,857	100%

1.2.2 Comparison of the estimated gross expenditure of Kshs.3,669,163,311,037 with the actual expenditure of Kshs.3,214,583,369,857 results in a gross under-expenditure of Kshs.454,579,941,180 or 12%. The under-expenditure of Kshs.454,579,941,180 comprised under-expenditure of Kshs.100,148,714,947 under Recurrent Votes, Kshs.128,653,227,245 under Development Votes and Kshs.225,777,998,988 for Consolidated Fund Services as shown in Table 8 below:

Table 8: Extent of Under-Expenditure – National Government MDAs

Description	Estimated Gross Expenditure 2022/2023 (Kshs.)	of Estimated gross Expenditure	Actual Expenditure 2022/2023 (Kshs.)	% of Actual Expenditure	Under Expenditure (Kshs.)	Under Expenditure %
Recurrent Votes	1,508,235,284,039	41%	1,408,086,569,092	44%	(100,148,714,947)	7%
Development Votes	583,186,320,917	16%	454,533,093,672	14%	(128,653,227,245)	22%
Consolidated Fund Services	1,577,741,706,081	43%	1,351,963,707,093	42%	(225,777,998,988)	14%
Total	3,669,163,311,037	100%	3,214,583,369,857	100%	(454,579,941,180)	12%

1.2.3 The under-expenditure of Kshs.100,148,714,947 and Kshs.128,653,227,245 under the Recurrent and Development Votes, respectively was mainly attributed to lack of adequate Exchequer issues. This was as a result of low revenue collections to finance all the budget requests by Ministries, Departments and Agencies (MDAs) and delayed disbursement of donor funds, which hampered implementation of various programmes that had been budgeted for. Table 9 below depicts the under-expenditure trend for the last five years:

Table 9: Under-Expenditure Trend for National Government MDAs

Year	Estimated Gross Expenditure (Kshs.)	Actual Expenditure (Kshs.)	Under Expenditure (Kshs.)	Under Expenditure %
2018/2019	2,729,924,433,495	2,569,134,104,494	(160,790,329,001)	6%
2019/2020	2,815,088,705,839	2,592,356,535,297	(222,732,170,541)	8%
2020/2021	2,997,300,191,733	2,831,978,180,561	(165,322,011,173)	6%
2021/2022	3,462,087,729,957	3,132,735,105,212	(329,352,624,745)	10%
2022/2023	3,669,163,311,037	3,214,583,369,857	(454,579,941,180)	12%

1.2.4 Low allocation of the development budget affected the rate of development and sustainability of services in the country. The under-expenditure of the recurrent budget implies that citizens were not provided with all requisite services which had been budgeted for. It may also imply that budgeting for expenditure may not be taking into consideration revenue collection or cashflows as informed by prior years actual collections and trends in cashflows thereby leading to excess budgets not likely to be absorbed by the entities.

1.3 Revenue Analysis

1.3.1 Estimated Receipts Versus Actual Receipts of Ordinary Revenue

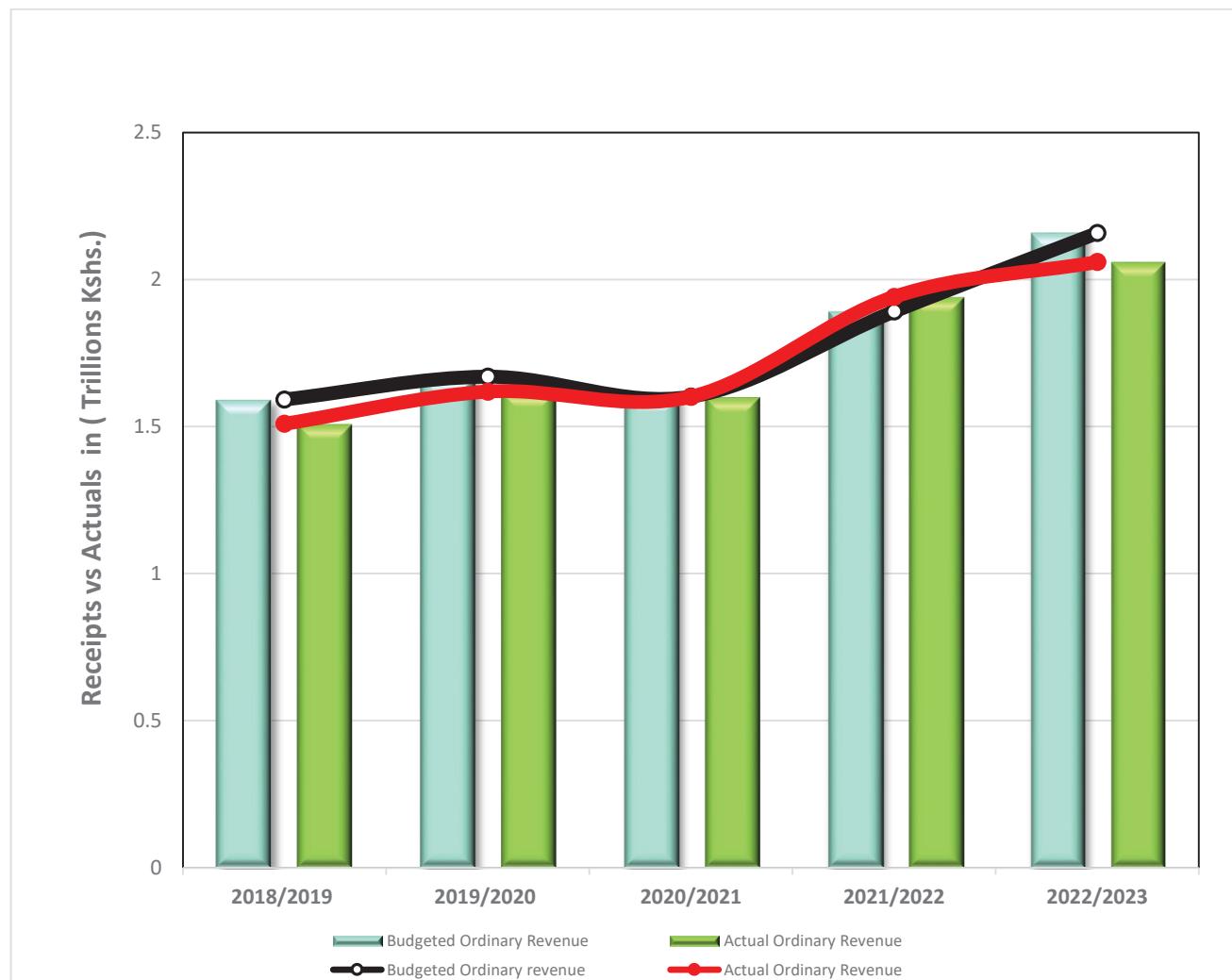
The estimated receipts from tax and non-tax receipts (ordinary revenue) has increased over the last five years from Kshs.1,592,056,746,143 in the year 2018/2019 to Kshs.2,158,627,298,438 in the year 2022/2023. This is an increase in estimated revenue of Kshs.566,570,552,295 or approximately 36%. Similarly, the actual receipts from tax and non-tax receipts increased over the same period from Kshs.1,509,057,905,396 in the year 2018/2019 to Kshs.2,059,281,671,520 in the year 2022/2023 representing an increase of Kshs.550,223,766,124 or approximately 36% as tabulated in Table 10 below:

Table 10: Estimated Revenue Versus Actual Receipts

Year	Budgeted Ordinary Revenue (Tax and Non-Tax Receipts) (Kshs.)	Actual Ordinary Revenue (Tax and Non-Tax Receipts) (Kshs.)	Revenue Surplus/(Shortfall) (Kshs.)	Percentage of Surplus/(Shortfall)
2018/2019	1,592,056,746,143	1,509,057,905,396	(82,998,840,747)	(5.2%)
2019/2020	1,669,701,355,816	1,618,797,777,894	(50,903,577,922)	(3%)
2020/2021	1,601,597,982,154	1,601,016,386,868	(581,595,286)	(0.04%)
2021/2022	1,891,602,330,060	1,940,971,132,408	101,497,970,074	5.5%
2022/2023	2,158,627,298,438	2,059,281,671,520	99,345,626,918	4.6%

Figure 5 below depicts the revenue trend for the last five years.

Figure 5: Estimated Receipts Versus Actual Receipts of Ordinary Revenue



To enhance the quality and accuracy of macro-economic and fiscal forecasting, there is need to ensure greater coordination between The National Treasury and other stakeholders contributing critical information and economic data for forecasting, especially the Kenya National Bureau of Statistics (KNBS). This will ensure more realistic and effective forecasts of revenue and cash flow trends.

1.3.2 Comparison of Ordinary Revenue to Expenditure

The proportion of projected ordinary revenue against the estimated gross expenditure fluctuated between 47% and 53% in the period 2018/2019 to 2022/2023. Similarly, the proportion of actual ordinary revenue against the actual gross expenditure fluctuated between 50% and 57% during the same period as tabulated in Table 11 and Table 12 below:

Table 11: Estimated Revenue Versus Estimated Expenditure

Year	Estimated Ordinary Revenue (Tax and Non-Tax Receipts) (Kshs.)	Estimated Gross Expenditure (Kshs.)	Percentage of Estimated Ordinary Revenue to Estimated gross Expenditure
2018/2019	1,592,056,746,143	3,106,405,817,692	51%
2019/2020	1,669,701,355,816	3,162,976,512,141	53%
2020/2021	1,601,597,982,154	3,379,902,931,417	47%
2021/2022	1,891,602,330,060	3,832,087,729,957	48%
2022/2023	2,158,627,298,438	4,068,763,311,037	53%

Table 12: Actual Revenue Versus Actual Gross Expenditure

Year	Actual Ordinary Revenue/ (Tax and Non-Tax Receipts) (Kshs.)	Actual Gross Expenditure (Kshs.)	Percentage of Actual Ordinary Revenue to Actual Gross Expenditure
2018/2019	1,509,057,905,396	2,911,690,013,343	52%
2019/2020	1,618,797,777,894	2,908,327,356,465	56%
2020/2021	1,601,016,386,868	3,211,490,363,999	50%
2021/2022	1,940,971,132,408	3,473,135,105,212	56%
2022/2023	2,059,281,671,520	3,614,183,369,857	57%

The Government has engaged in major development projects, thus increasing the estimated gross expenditures over the last five years, without due consideration of performance in revenue collection for prior years. This has in turn resulted to an increase in borrowings from both the domestic and foreign markets to fund the budget deficits. The projected expenditure seems to drive the revenue collection projections as opposed to actual revenue collections driving the projections of expenditures.

1.3.3 Actual Revenue as per Audited Revenue Statements

During the 2022/2023 financial year, total revenue recorded under various revenue statements as received by the National Government amounted to Kshs.2,166,911,930,466 representing an increase of Kshs.138,675,090,516 or 7% compared to actual collections of Kshs.2,028,236,839,950 realized in the previous year. This is illustrated in Table 13 below:

Table 13: Comparison of Actual Receipts with the Prior Year Receipts

Details	2022/2023 Actual Receipts (Kshs.)	2021/2022 Actual Receipts (Kshs.)	Increase/ (Decrease) (Kshs.)	Percentage of Increase/ (Decrease)
Recurrent Revenue	2,096,109,695,792	1,967,190,835,775	128,918,860,017	7%
Development Revenue	70,802,234,674	61,046,004,175	9,756,230,499	16%
Total	2,166,911,930,466	2,028,236,839,950	138,675,090,516	7%

The total revenue of Kshs.2,166,911,930,466 for the year 2022/2023 comprised of Kshs.2,096,109,695,792 and Kshs.70,802,234,674 relating to Recurrent and Development revenue, respectively. However, the actual ordinary revenue (tax and non-tax income receipts) of Kshs.2,166,911,930,466 reported in the audited revenue statements during the year differs with the ordinary revenue receipts of Kshs.2,059,281,671,520 reflected in the National Exchequer Account by Kshs.107,630,258,946.

The actual revenue of Kshs.2,166,911,930,466 transferred to the Exchequer and reported in the audited revenue statements during the year has been reconciled with the ordinary revenue receipts of Kshs.2,059,281,671,520 reflected in the National Exchequer Account (NEA) as detailed in Table 14 below:

Table 14: Reconciliation of Ordinary Revenue

	Amount (Kshs.)	Amount (Kshs.)	Reason for Adjustment
Total Revenue Disbursed to Exchequer as per Revenue Statements		2,166,911,930,466	
Additions			
Miscellaneous Revenue Received in NEA	782,153,117		Revenue received directly by Exchequer
Unspent Balances Received in NEA	16,181,006,639		Revenue received directly by Exchequer
The Judiciary	87,530,147		Revenue accounted by Judiciary in 2021/2022 but received in NEA in 2022/2023

	Amount (Kshs.)	Amount (Kshs.)	Reason for Adjustment
State Department of Mining	23,809,241		Revenue accounted by Mining in 2021/2022 but received in NEA in 2022/2023
State Law Office - Registration of Companies and Other Services	<u>31,800,267</u>	<u>17,106,299,411</u>	Revenue accounted by State Law in 2021/2022 but received in NEA in 2022/2023
<i>Sub-total</i>		<u>2,184,018,229,877</u>	
<i>Deductions</i>			
The National Treasury – Development Revenue	70,802,234,674		Included in proceeds from external borrowing in NEA
Ministry of Defence - AMISON Revenue	2,929,485,108		MOD revenue included in proceeds from external borrowing in NEA
AMISON Revenue	4,849,200,000		Received directly by TNT and included in RoR Recurrent
The National Treasury - GIPE	45,990,954,879		Revenue included in RoR Recurrent
East Africa Tourist Visa Fee Collection Account	<u>164,683,702</u>	<u>124,736,558,363</u>	Revenue included in RoR Recurrent
Ordinary Revenue as per Exchequer Account		<u>2,059,281,671,520</u>	

Further, analysis of estimated receipts indicates that Actual Recurrent Revenue collected during the year reflected an under-collection of Kshs.62,517,602,646 while there was a shortfall of Kshs.28,742,125,707 or 37% reported under Development Revenue as detailed in Table 15 below:

Table 15: Shortfall in Revenue Receipts

Details	Estimated Receipts (Kshs.)	Actual Receipts (Kshs.)	Revenue Shortfall/ (Overcollection) (Kshs.)	% Over (Shortfall)/ (Overcollection)
Recurrent Revenue	2,158,627,298,438	2,096,109,695,792	(62,517,602,646)	3%
Development Revenue	99,544,360,381	70,802,234,674	(28,742,125,707)	29%
Total	2,258,171,658,819	2,166,911,930,466	(91,259,728,353)	4%

1.4 The National Exchequer Account as at 30 June, 2023

1.4.1 The statement of receipts and payments for the National Exchequer Account for the year ended 30 June, 2023 reflects an overall surplus of Kshs.2,000,936,532 compared to a deficit of Kshs.20,663,751,757 for the prior year as at 30 June, 2022. However, after taking into consideration the Exchequer balance of Kshs.616,548,951 brought forward from 2021/2022, the result is an overall net surplus of Kshs.2,617,485,483 as at 30 June, 2023 as follows:

	2022/2023 (Kshs.)	2021/2022 (Kshs.)
Total Receipts	3,244,791,327,712	3,057,721,853,257
Total Issues	<u>3,242,790,391,180</u>	<u>3,078,385,605,013</u>
Surplus/(Deficit) for the Year	2,000,936,532	(20,663,751,757)
Exchequer Balance Brought Forward	616,548,951	21,280,300,708
Exchequer Balance as at 30 June	<u>2,617,485,483</u>	<u>616,548,951</u>

1.4.2 The Exchequer balance of Kshs.2,617,485,483 as at 30 June, 2023 is arrived as follows:

	Amount (Kshs.)
Exchequer Bank Balance as at 30 June, 2023	12,359,200,266
Add: Revenue in transit	24,157,935,976
Less: Uncleared items (Exchequer disbursements after 30 June, 2023)	<u>(33,899,650,760)</u>
Exchequer Cash Book Balance as at 30 June, 2023	<u>2,617,485,483</u>

1.4.3 Out of the total Exchequer issues of Kshs.3,242,790,391,180, an amount of Kshs.679,293,975,001 or 21% was issued in Quarter 1, Kshs.689,927,607,370 or 21% was issued in Quarter 2, Kshs.719,495,697,571 or 22% was issued in Quarter 3 while Kshs.1,154,073,111,240 or 36% was issued in Quarter 4 as detailed in Table 16 below:

Table 16: Exchequer Issues in 2022/2023

Type	Quarter 1 Exchequer Issues (Kshs.)	Quarter 2 Exchequer Issues (Kshs.)	Quarter 3 Exchequer Issues (Kshs.)	Quarter 4 Exchequer Issues (Kshs.)	Total (Kshs.)
Recurrent	276,109,776,373	274,462,629,617	264,140,147,064	406,855,523,516	1,221,568,076,570
Development	68,055,751,149	53,691,388,458	53,041,427,222	133,243,778,054	308,032,344,882
CFS	264,790,649,215	291,023,381,436	330,652,129,408	427,123,809,670	1,313,589,969,729
County Governments	70,337,798,264	70,750,207,859	71,661,993,877	186,850,000,000	399,600,000,000
Total Exchequer Issues	679,293,975,001	689,927,607,370	719,495,697,571	1,154,073,111,240	3,242,790,391,181
% of the Total Exchequer Issue	21%	21%	22%	36%	100%

1.4.4 Further, out of Kshs.1,154,073,111,240 issued in Quarter 4, Kshs.228,407,340,511 or 20% was issued in the month of April 2023, Kshs.285,306,904,414 or 25% was issued in May 2023 while Kshs.640,358,866,315 or 55% was issued in June, 2023. In addition, out of the amount of Kshs.640,358,866,315 indicated as issued in June 2023, Kshs.606,459,215,555 or 95% was issued in June 2023 while the remaining balance of Kshs.33,899,650,760 or 5% was issued on 3 July, 2023 but backdated to 30 June, 2023.

1.4.5 As indicated above, the Exchequer balance of Kshs.2,617,485,484 excludes Kshs.33,899,650,760 relating to uncleared Exchequer releases to Ministries, Departments and Agencies, Pensions and Public Debt that were disbursed after the end

of the financial year. This is contrary to Article 260 of the Constitution which states that financial year means the period of twelve months ending on the thirtieth day of June or other day prescribed by National legislation, and Regulation 97(4) of the Public Finance Management (National Government) Regulations, 2015, which states that an actual cash transaction taking place after the 30 June, shall not be treated as pertaining to the previous financial year. In addition, even though the financial statements are prepared in accordance with cash basis of accounting method under the International Public Sector Accounting Standards (IPSAS), the transactions were recorded as if they related to the year ended 30 June, 2023 contrary to IPSAS cash accounting. Management explained that the late Exchequer releases were occasioned by late receipt of revenues.

As a result of late Exchequer releases, both the National Government and County Governments entities were left with limited time to absorb the funds. There is also a risk of inefficient utilization of resource by entities leading to wastage of public resources. This disrupts the performance of government programs by slowing down the attainment of entities' objectives and service delivery to the citizens.

1.4.6 Receipt of Kshs.3,244,791,327,712 into the National Exchequer Account during the year 2022/2023 comprised of Ordinary Revenue and Other Receipts in form of Loans and Grants, and Treasury Bonds as follows:

Type of Receipt	Amount (Kshs.)	Total (Kshs.)
a) Ordinary Revenue		
Tax Income	1,961,969,728,861	
Non-Tax Income (Profits and Dividends, Immigration Visas, Fines, Penalties and Forfeitures, Miscellaneous Revenue, etc.)	<u>97,311,942,659</u>	2,059,281,671,520
b) (i) Loans and Grants		
External Grants	15,302,899,443	
External Loans	<u>473,804,599,230</u>	489,107,498,673
(ii) Domestic Borrowing		
Treasury Bills (Net)	-	
Treasury Bonds	<u>696,402,157,519</u>	<u>696,402,157,519</u>
Total Receipts		<u>3,244,791,327,712</u>

1.4.7 Issues from the National Exchequer Account during the year amounted to Kshs.3,242,790,391,180 and comprised of Exchequer transfers of Kshs.1,221,568,076,571, Kshs.308,032,344,880, Kshs.1,313,589,969,729 and Kshs.399,600,000,000 in respect of National Government Recurrent Votes, Development Votes, Consolidated Fund Services and County Governments, respectively. There was a total underfunding of the approved expenditure by an amount of Kshs.377,361,987,759 or 10% as tabulated in Table 17 below:

Table 17: Underfunding of Approved Expenditure

Details	Approved Net Expenditure (Kshs.)	Actual Issues (Kshs.)	Under Funding (Kshs.)	Percentage Variance
Recurrent Votes	1,268,812,430,857	1,221,568,076,571	(47,244,354,286)	4%
Development Votes	373,998,242,001	308,032,344,880	(65,965,897,121)	18%
Consolidated Fund Services	1,577,741,706,081	1,313,589,969,729	(264,151,736,352)	17%
County Governments	399,600,000,000	399,600,000,000	-	0%
Grand Total	3,620,152,378,939	3,242,790,391,180	(377,361,987,759)	10%

1.4.8 The underfunding of the development budget by 18% was attributed to delayed disbursement of donor funds and delayed counterpart funding from the Government. Low allocation of development budget and underfunding of development projects is likely to affect the rate of development in the Country as envisaged in the National Development Plan, Vision 2030 and achievement of critical Sustainable Development Goals (SDGs).

1.5 Management of Public Debt – Kshs.10,264,939,001,661

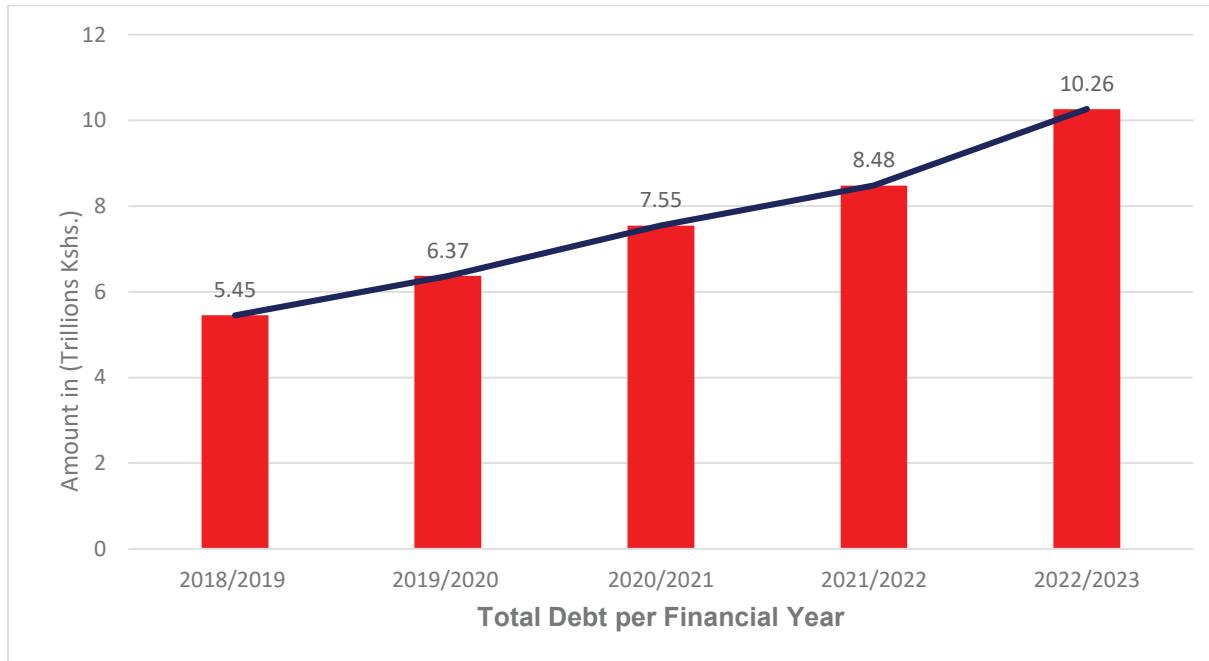
1.5.1 The outstanding amount of public debt has increased over the years from Kshs.5,451,153,803,416 reported in the year 2018/2019 to Kshs.10,264,939,001,661 reported in the year 2022/2023. This represents an increase of Kshs.4,813,785,198,245 or approximately 88% over the five (5) year period as tabulated in Table 18 below:

Table 18: Growth of Public Debt in the Last Five Years

Financial Year	External Debt (Kshs.)	Internal Debt (Kshs.)	Guaranteed Loans (Kshs.)	Total Debt (Kshs.)
2018/2019	2,752,467,840,668	2,698,685,962,748	-	5,451,153,803,416
2019/2020	3,240,193,767,182	3,128,600,060,451	-	6,368,793,827,633
2020/2021	3,753,484,243,264	3,635,219,144,950	157,219,741,914	7,545,923,130,128
2021/2022	4,076,028,476,708	4,257,564,791,323	145,356,697,726	8,478,949,965,757
2022/2023	5,276,331,977,801	4,818,378,066,403	170,228,957,457	10,264,939,001,661

The findings are graphically presented below:

Figure 6: Growth of Public Debt in the last Five Years



1.5.2 The outstanding amount of public debt of Kshs.10,264,939,001,661 exceeded the maximum debt ceiling of Kshs.10 Trillion approved by Parliament through Legal Notice No.89 of 26 May, 2022 which provides that the national public debt shall not exceed ten trillion shillings.

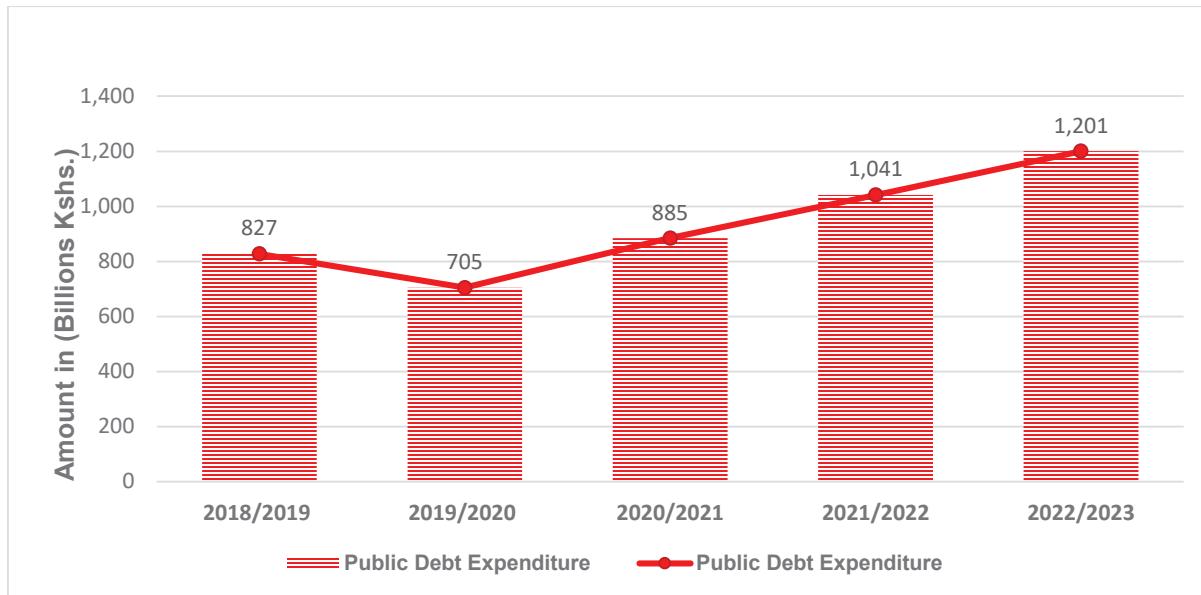
1.5.3 The outstanding debt of Kshs.10,264,939,001,661, however does not include payment arrears (pending bills) amounting to Kshs.196,692,656,020 which are current liabilities owed to providers of goods and services reported under Ministries, Departments and Agencies (MDAs) and Donor Funded Projects during the year under review. It does not include other liabilities and bank overdrafts incurred by national public sector entities including State-Owned Enterprises (SOEs).

1.5.4 Further, expenditure on public debt has increased from Kshs.827,036,163,185 reported in 2018/2019 to Kshs.1,200,608,836,164 incurred in 2022/2023 financial year denoting an increase of Kshs.373,572,672,979 or 45% over the five (5) year period as shown in Table 19 and Figure 7 below:

Table 19: Public Debt Expenditure

Financial Year	Public Debt Expenditure (Kshs.)	Increase/(Decrease) per Year (Kshs.)	Percentage Increase/(Decrease) per Year
2018/2019	827,036,163,185	-	-
2019/2020	704,789,802,097	(122,246,361,088)	(15%)
2020/2021	884,919,345,869	180,129,543,772	26%
2021/2022	1,041,304,135,476	156,384,789,607	18%
2022/2023	1,200,608,836,164	159,304,700,688	15%

Figure 7: Public Debt Expenditure for the Last Five Years



As indicated in Table 19 above, the increase in public debt expenditure fluctuated from a decrease of 15% in 2019/2020 to an increase of 26% reported in 2020/2021, 18% reported in 2021/2022 and 15% reported in 2022/2023.

Further, the proportion of public debt expenditure against the actual ordinary revenue (Tax and Non-Tax Receipts) fluctuated between 44% and 55% in the period 2018/2019 to 2022/2023 as tabulated in Table 20 below:

Table 20: Comparison of Public Debt Expenditure to Ordinary Revenue

Financial Year	Public Debt Expenditure (Kshs.)	Actual Ordinary Revenue/(Tax and Non-Tax Receipts) (Kshs.)	Percentage
2018/2019	827,036,163,185	1,509,057,905,396	55%
2019/2020	704,789,802,097	1,618,797,777,894	44%
2020/2021	884,919,345,869	1,601,016,386,868	55%
2021/2022	1,041,304,135,476	1,940,971,132,408	54%
2022/2023	1,200,608,836,164	2,059,281,671,520	58%

1.5.5 The total actual expenditure of Kshs.1,351,963,671,093 for Consolidated Fund Services comprised of Kshs.1,200,608,836,164 or 89% for Public Debt, Kshs.135,691,537,413 or 10% for Pension and Gratuities, Kshs.15,663,297,516 or 1% for Salaries, Allowances and Miscellaneous Services, and a Nil expenditure indicated for Subscriptions to International Organizations as tabulated in Table 21 below:

Table 21: Consolidated Fund Services Expenditure

Details	Estimated Expenditure (Kshs.)	Actual Expenditure (Kshs.)	Percentage of Actual Expenditure on Total CFS Actual Expenditure
Public Debt	1,385,066,506,270	1,200,608,836,164	88.80%
Pension and Gratuities	172,639,549,130	135,691,537,413	10.04%
Salaries, Allowances and Miscellaneous Services	20,035,650,681	15,663,297,516	1.16%
Subscriptions to International Organizations	-	-	0.00%
Total	1,577,741,706,081	1,351,963,671,093	100%

1.5.6 During the year under review, subscriptions to international organizations were paid from the African Union and Other International Organizations Subscription Fund established through Gazette Notice No.10 of 2017 and the Public Finance Management (African Union and Other International Organizations Subscription Fund) Regulations, 2017. However, the Government through The National Treasury was until 2017 paying subscriptions to International Organizations through Vote R53 – Consolidated Fund Services – Subscriptions to International Organizations under various legislations namely: International Finance Corporations Act, CAP 466, International Development Association Act, CAP 465, Bretton Woods Agreements Act, CAP 464, the African Development Bank Act, CAP 492 and the Multilateral Investment Guarantee Agency Convention, 1988 (Revised 2010). The National Treasury should cause the revocation or repealing of the earlier laws to be in tandem with the current legislation and therefore avert the risk of making multiple payments to the international organizations.

1.5.7 In the financial year 2022/2023, various public debt issues were raised including;

- i. Payment of commitment fees totalling Kshs.1,435,968,272 on undrawn amounts in respect of loans signed between the Government of Kenya and foreign lenders. The commitment fees balance of Kshs.1,435,968,272 includes amounts of Kshs.50,590,803, Kshs.46,220,031 and Kshs.39,987,487 in respect of Ruiru II Dam Project, Last Mile Connectivity Project and Mwache Dam Project respectively, among others. Had the implementing Agencies put in place proper mechanisms to enable absorption of the committed credit within the agreed timeframes, the payment of commitment fees would have been minimized. The National Treasury, being the overall supervisor of Government Ministries, Departments and Implementing Agencies should ensure that programmes and projects are ready for execution before committing the Government with credits.
- ii. The outstanding amount of public debt of Kshs.10,264,939,001,661 as at 30 June, 2023 does not include loans and overdrafts held by other National and County Governments entities. The National Treasury indicated that it did not guarantee any loan to County Governments and State Agencies during the year. Further, The National Treasury also indicated that where a State Agency secures a loan, it is the responsibility of the Board of Directors of that Agency to ensure that

the amount is repaid and is not chargeable to the Consolidated Fund. However, the National Government is obliged to bail out any guaranteed obligations defaulted by County Governments and State Agencies. The outstanding obligations guaranteed by the Government of Kenya is reported under Section 1.7 of this Summary Report.

- iii. The Government has continued to default on servicing an amount of Kshs.11,039,138,761 in respect of three (3) loans advanced by an international commercial bank towards the construction of Arror Dam (Kshs.2,861,297,485), Itare Dam (Kshs.5,348,242,211) and Kimwarer Dam (Kshs.2,829,599,065). Default on debt repayment exposes the Government to risks of legal suits that may lead to punitive penalties and subsequent loss of public resources. Further, the projects have not been implemented thus denying services to the citizens.
- iv. External debt (inclusive of guaranteed loans) rose from Kshs.4,221,385,174,434 to Kshs.5,446,560,935,258 or 29% compared to internal debt which increased from Kshs.4,257,564,791,323 to Kshs.4,418,378,066,403 or 13%. During the year under review, interest payments on domestic borrowings amounted to Kshs.457,206,007,989 while interest payments on foreign borrowings amounted to Kshs.154,679,317,706. The cost of domestic borrowings was therefore three times the cost of external borrowings even though domestic debt comprised 47% of the total debt. Management has not indicated measures put in place to guard against the excessive domestic borrowings which may have a negative impact on the country's interest rates, inflation rates and may lead to crowding out of private investors due to reduced loanable funds in the market and disruption in the financial services.

1.5.8 The growth in public debt is attributed to disbursements of new loans to the Government by various Development Partners and additional borrowings from the domestic market through Treasury Bonds and Treasury Bills to fund the budget. Further, the public debt balance of Kshs.10,264,939,001,661 includes amounts of Kshs.17,788,755,686 and Kshs.76,456,927,038 in respect of pre-1997 GOK debt and bank overdraft respectively, all due to the Central Bank of Kenya. The bank overdraft of Kshs.76,456,927,038 did not exceed the limit of Kshs.97,048,556,620, being five percent of the audited national government revenue of Kshs.1,940,971,132,408 for the financial year 2021/2022. Management therefore adhered to Section 15(3) of the Public Finance Management Act, 2012 which states that a national government bank overdraft facility shall not exceed five per cent of the most recent audited national government revenue.

1.6 Outstanding On-Lent Loans - Kshs.974,199,319,038

The summary schedule of outstanding loans as at 30 June, 2023 reflects total outstanding loans of Kshs.974,199,319,038 which represents an increase of Kshs.53,508,779,535 or approximately 5.8% of the total outstanding loan balance of Kshs.920,690,539,503 reported as at 30 June, 2022. The balance of Kshs.974,199,319,038 due from fifty-seven (57) institutions, includes new loans issued in 2022/2023 totalling Kshs.28,033,571,399. However, as reported in the previous year, seven (7) institutions with outstanding balances amounting to Kshs.11,987,980,020 did not confirm their loan balances as at 30 June, 2023 as detailed in Table 22 below:

Table 22: Institutions which did not Confirm Loan Balances

No.	Institution	Lender	Financial Year	Purpose	Status of Institution	Amount Outstanding as at 30 June, 2023 (Kshs.)
1	Local Government Loans Authority	Ministry of Local Government	1955/1956	Loans to various Local Authorities	Transferred to respective County Governments	7,594,273,720
2	Mumias Sugar Company Limited	The National Treasury	2016/2017	Bailout package to finance turnaround strategy	In receivership	3,000,000,000
3	Uchumi Supermarkets Limited	The National Treasury	2016/2017	Fund Company turnaround strategy	Not in operation	1,200,000,000
4	Nairobi City Council	Ministry of Local Government	1967/1968	Nairobi Water Supply	Transferred to County Government of Nairobi	102,333,760
5	Kenya Urban Transport Various Towns	Ministry of Local Government	1994/1995	Urban transport study and design	Transferred to respective County Governments	40,706,140
6	Halal Meat Products	Ministry of Agriculture	1974/1975	Construction of abattoir/slaughterhouse in Ngong	Not operational	27,701,420
7	Mombasa Pipeline Board	Ministry of Water	1959/1960	Construction of Mombasa Water Supply	Not operational	22,964,980
Total						11,987,980,020

Further, and as was reported during the 2021/2022 financial year, the total outstanding loans balance of Kshs.974,199,319,038 includes loans amounting to Kshs.19,597,984,196 which were due for redemption at diverse dates over the years but had not been repaid. During the year, the affected institutions did not make any repayment against their respective loan balances as detailed in Table 23 below:

Table 23: Non-Performing Loans Issued to Local Entities

No.	Institution	Lender	Financial Year	Purpose	Status of Institution	Amount Outstanding as at 30 June, 2023 (Kshs.)
1	Local Government Loans Authority	Ministry of Local Government	1955/1956	Loans to various Local Authorities	Transferred to respective County Governments	7,594,273,720
2	Mumias Sugar Company Limited	The National Treasury	2016/2017	Bailout package to finance turnaround strategy	In receivership	3,000,000,000

No.	Institution	Lender	Financial Year	Purpose	Status of Institution	Amount Outstanding as at 30 June, 2023 (Kshs.)
3	Agro-Chemical and Food Co. Ltd	Ministry of Energy	1994/1995	For Agro-Chemical Project in Muhoroni (Molasses)	Institution in existence but requested for write off	2,941,884,000
4	National Water Conservation and Pipeline Corporation	The National Treasury	1999/2000	Sabaki Wellfield Rehabilitation Project	Institution in existence but requested for write off	2,460,874,897
5	Uchumi Supermarkets Limited	The National Treasury	2016/2017	Fund Company turnaround strategy	Not in operation	1,200,000,000
6	National Irrigation Board	The National Treasury	2006/2007	Natural Resources Management Project	Institution in existence but requested for write off	1,128,486,779
7	Kenya Meat Commission	Ministry of Livestock The National Treasury	1960/1961 2019/2020	Purchase of Livestock (Drought mitigation)	Institution in existence but requested for write off	640,241,100 300,000,000
8	Catering Levy Trustee/Utalii College	The National Treasury	1996/1997	Refurbishing of Kenya Utalii Hotel	Institution in existence but requested for write off	122,000,000
9	Nairobi City Council	Ministry of Local Government	1967/1968	Nairobi Water Supply	Transferred to County Government of Nairobi	102,333,760
10	Various Local Authorities	Ministry of Local Government	1994/1995	Urban transport study and design	Transferred to respective County Governments	40,706,140
11	Halal Meat Products	Ministry of Agriculture	1974/1975	Construction of abattoir/slaughterhouse in Ngong	Not operational	27,701,420
12	Mombasa Pipeline Board	Ministry of Water	1959/1960	Construction of Mombasa Water Supply	Not operational	22,964,980
13	Mumias Outgrowers Company Limited	Ministry of Agriculture	1969/1970	Sugar Cane Development	Not in operation	16,517,400
Total						19,597,984,196

Some of the entities with outstanding loan balances continue to perform dismally and require constant/periodic government bailouts. Non-repayment of the loans has led to the write-offs of the loans as bad debts, opportunity costs in funding other critical areas and eventual loss of public funds.

In addition, the summary schedule of investments by the Cabinet Secretary, The National Treasury, in various companies reflects total investments of Kshs.112,446,941,373. Included in the balance are seven (7) companies with investments of 7,213,217 shares valued at Kshs.144,263,695 that are non-performing as detailed in Table 24 below:

Table 24: Non-Performing Investments

No.	Institution	Date of Investment as per Share Certificate	Status	% Shareholding	Number of Shares	Nominal Value (Kshs.)
1	Kenya Farmers Association	1/8/1959	Institution exists though Government not currently listed as a shareholder		1	20
2	National Agricultural Chemical & Fertilizer Ltd	7/7/1980	Company struck off the register	No information	2,084,998	41,699,960
3	Busia Sugar Company	22/1/1978	Not in operation	33	1,485,675	29,713,500
4	Nyari Estate Limited	10/9/1980	Not in operation	No information	2,500	50,000
5	Kenya Poultry Limited	22/1/2007	Dissolved	No information	4	20
6	Mercat (k) Limited	1/8/1970	Dissolved	No information	39	195
7	Ken-Ren Chemicals and Fertilizers Limited	30/6/1975	Dissolved	No information	3,640,000	72,800,000
Total					7,213,217	144,263,695

There was no disclosure of measures put in place to ensure that the dormant investments report their returns.

1.7 Outstanding Obligations Guaranteed by the Government of Kenya

1.7.1 The statement of outstanding obligations guaranteed by the Government of Kenya as at 30 June, 2023 reflects an outstanding balance of Kshs.152,317,825 being capital and interest owed by the Cereals and Sugar Finance Company. However, the balance was not supported by any verifiable records and documents. Further, the summary statement of public debt (Debt Stock) for the year ended 30 June, 2023 reflected guaranteed debt from only three (3) entities totalling Kshs.170,228,957,457 (excluding owed by the Cereals and Sugar Finance Company) as detailed in Table 25 below:

Table 25: Outstanding Obligations Guaranteed by GOK

Agency	Outstanding Government Guaranteed Debt as at 30 June, 2022 (Kshs.)
Kenya Airways	88,223,867,803
Kenya Ports Authority	79,490,515,426
Kenya Electricity Generating Company PLC	2,514,574,228
Total	170,228,957,457

1.7.2 The parent Ministries for the Agencies indicated above did not prepare and submit for audit, their respective statements of outstanding obligations guaranteed by the Government of Kenya as at 30 June, 2023 contrary to the requirements of Sections 81(1) and 81(2) (c) of the Public Finance Management Act, 2012. Only The National Treasury prepared and submitted for audit a statement of outstanding obligations guaranteed by the Government of Kenya which reflected an outstanding balance of Kshs.152,317,825 being capital and interest owed by the Cereals and Sugar Finance Company.

1.7.3 Consequently, the total amount of outstanding obligations guaranteed by the Government of Kenya reflected in the statements submitted for audit by The National Treasury is understated by Kshs.170,228,957,457. Failure to prepare the respective statements is not only a breach of the Public Finance Management Act, 2012 but also an indicator that the total Government Guaranteed Debt could not be confirmed as it is understated.

2.0 Pending Bills

During the year under review, payment arrears (pending bills) totalling Kshs.196,692,656,020 as disclosed by various entities were not settled but were instead carried forward to the 2023/2024 financial year. The pending bills balance comprised of Kshs.130,810,823,729 and Kshs.65,881,832,291 reported under Ministries, Department and Agencies (MDAs) and Donor Funded Projects respectively.

2.1 Pending Bills - Ministries, Department and Agencies – Kshs.130,810,823,729

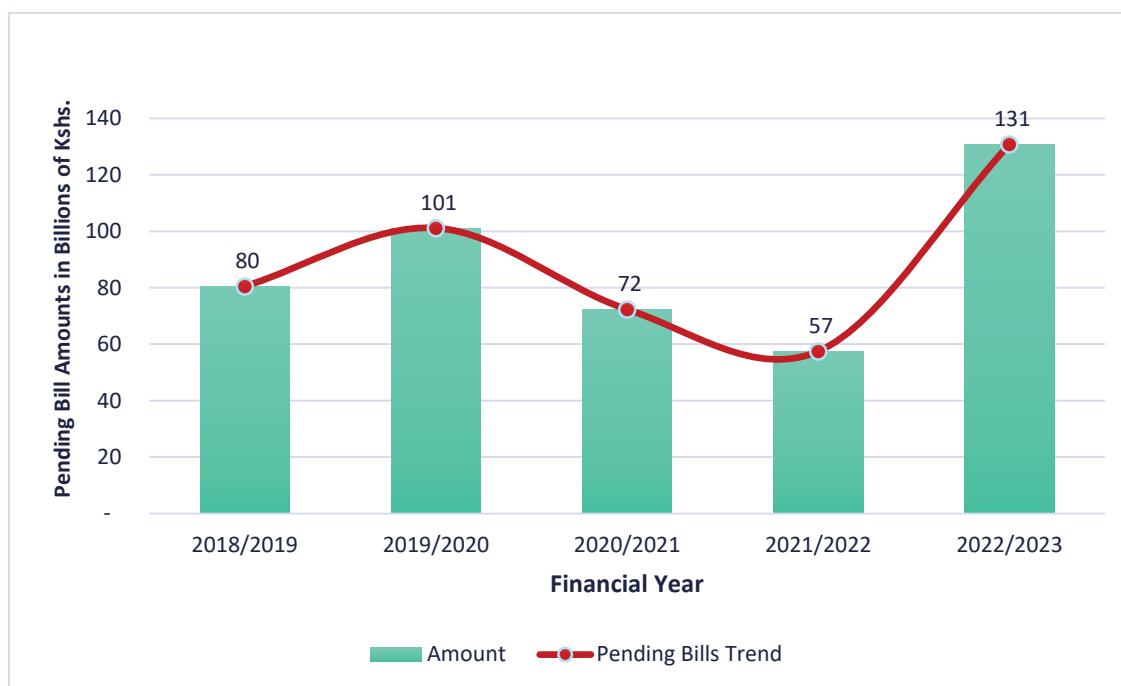
2.1.1 The reported pending bills for Ministries, Department and Agencies (MDAs) for the year ended 30 June, 2023 increased by Kshs.73,341,293,328 or by 128% to Kshs.130,810,823,729 from the previous years' reported amount of Kshs.57,469,530,401. The amount of pending bills for MDAs reported in the last five (5) years is shown in Table 26 below:

Table 26: Pending Bills for the Last Five Years

Financial Year	Pending Bills for MDAS (Kshs.)
2018/2019	80,477,945,730
2019/2020	101,109,118,284
2020/2021	72,315,870,508
2021/2022	57,469,530,401
2022/2023	130,810,823,729

Figure 8 below indicates the trend of pending bills in the last five (5) years:

Figure 8: Pending Bills Trend in the Last Five (5) Years



2.1.2 Payment of pending bills forms a first charge of the budget as required by The National Treasury circulars and Section 74(4) of the Public Finance Management Act, 2012 which states that an Accounting Officer engages in improper conduct in relation to a national government entity if the Officer fails, without reasonable excuse, to pay eligible and approved bills promptly in circumstances where funds are provided for in the budget. The failure to settle bills in the year to which they relate is mainly attributed to inadequate budgets as a result of starting new projects or activities before completion of projects and activities started in prior years.

2.1.3 In addition, the closing balance of pending bills in a previous year is usually not taken into consideration during the formulation of the budget for the subsequent year. This means that the subsequent year's budget is unlikely to be sufficient to settle unpaid

commitments relating to operations of the previous year and at the same time fund the programmes for a subsequent year. It is also an indication of Accounting Officers committing funds which are not available. Failure to settle the bills during the year to which they relate adversely affects the subsequent year's budgeted programmes, as it may lead to reallocation of funds or non-delivery of critical services.

2.1.4 Further, the pending bills have continued to put pressure on the scarce resources, with some of these bills attracting penalties and interests, thereby putting more strain on the available resources. The suppliers of goods and services to public entities have faced unwarranted financial charges from their financiers as they supply goods and services on credit to the Government without proper arrangements or agreements on credit facilities with the Government. Failure to settle the bills has an effect of withholding circulation of cash in the economy and affects the smooth operations of suppliers and Micro, Small and Medium Enterprises (MSMEs). Similarly, failure to pay within stipulated timelines affects revenue collection due from Value Added Tax (VAT) and Withholding Tax. All these factors viewed holistically call for the Executive to put in place strict measures to deter the escalation of pending bills and to enforce fiscal discipline in public sector entities.

2.1.5 The Ministries, Department and Agencies (MDAs) which reported unpaid bills as at 30 June, 2023 are listed in Table 27 below:

Table 27: Ministries, Department and Agencies (MDAs) Disclosed Bills 2022/2023

No.	Vote	Ministry/Dept./Agency	2021/2022 Amount in (Kshs.)	2022/2023 Amount in (Kshs.)
1	1081	Ministry of Health	4,799,030,226	41,169,835,759
2	1011	The Executive Office of the President	15,950,133,545	12,347,481,810
3	1169	State Department for Crop Development	9,396,775,821	12,058,660,230
4	1041	Ministry of Defence	1,755,046,240	9,803,533,442
5	1071	The National Treasury	-	7,703,536,902
6	1023	State Department for Correctional Services	200,444,053	6,832,031,742
7	1025	National Police Service	-	5,479,251,913
8	2031	Independent Electoral and Boundaries Commission	2,083,171,000	4,857,441,000
9	1032	State Department for Devolution	1,373,260,296	2,845,999,363
10	1203	State Department for Wildlife	2,715,987,161	2,708,390,651
11	2091	Teachers Service Commission	158,711,298	2,463,219,054
12	1222	State Department for Regional and Northern Corridor Development	2,451,916,061	2,445,742,328
13	1094	State Department for Housing and Urban Development	1,634,354,560	2,079,726,669
14	1026	State Department for Internal Security and National Administration	-	1,871,133,025
15	1213	State Department for Public Service	1,478,128,900	1,819,995,350
16	1053	State Department for Foreign affairs	-	1,688,976,030
17	1052	Ministry of Foreign Affairs	701,161,995	1,688,976,030

18	1123	State Department for Broadcasting and Telecommunications	257,017,835	1,451,012,668
19	1024	State Department for Immigration and Citizen Services	5,508,101,204	1,313,208,464
20	1035	State Department for Development of the Arid and Semi-Arid Lands (ASALs)	38,346,731	931,581,524
21	2043	Parliamentary Joint Services	558,027,648	866,476,108
22	1095	State Department for Public Works	1,293,499,573	746,098,212
23	2021	National Land Commission	531,496,362	731,555,911
24	1112	State Department for Lands and Physical Planning	204,369,942	627,915,455
25	1261	The Judiciary	431,181,964	613,357,588
26	1108	State Department for Environment and Climate Change	670,596,158	522,030,199
27	1122	State Department for Information Communication Technology and Digital Economy	178,918,663	464,897,210
28	1109	State Department for Water and Sanitation	-	263,348,964
29	2041	Parliamentary Service Commission	152,814,517	240,645,617
30	1162	State Department for Livestock	189,748,207	196,150,451
31	1252	State Law Office and Department of Justice	53,634,452	171,258,741
32	1166	State Department for the Blue Economy and Fisheries	112,169,309	166,386,002
33	1184	State Department for Labour and Skills Development	24,327,228	152,719,109
34	1132	State Department for Sports Development	223,356,294	152,517,830
35	1065	State Department for Higher Education and Research	65,448,989	144,255,504
36	1291	Office of the Director of Public Prosecutions	-	115,275,255
37	1175	State Department for Industry	90,272,732	106,695,480
38	1271	Ethics and Anti-Corruption Commission	-	99,106,066
39	1092	State Department for Transport	23,764,147	97,487,972
40	1192	State Department for Mining		93,883,644
41	1083	State Department for Public Health and Professional Standards	-	88,595,209
42	1054	State Department for Diaspora Affairs	-	82,276,638
43	1221	State Department for East African Community Affairs	13,818,936	74,415,086
44	1012	Office of the Deputy President	-	58,244,497
45	1202	State Department for Tourism	13,060,343	54,645,486
46	1134	State department of Culture and Heritage	48,170,956	49,859,497
47	1214	State Department for Youth Affairs	66,186,271	45,861,162
48	1173	State Department for Cooperatives	-	35,102,093
49	2042	National Assembly	290,665,300	30,631,929
50	1174	State Department for Trade	66,980,829	30,105,866
51	2011	Kenya National Commission on Human Rights	13,242,693	28,391,539

52	1212	State Department for Gender and Affirmative Action	3,608,065	19,084,805
53	1194	State Department for Petroleum	-	17,517,819
54	1185	State Department for Social Protection and Senior Citizen Affairs	-	11,344,625
55	2061	Commission on Revenue Allocation	2,788,890	9,715,083
56	1069	State Department for Implementation of Curriculum Reforms	-	6,796,280
57	1066	State Department for Early Learning and Basic Education	429,299,232	6,726,280
58	2131	The Commission on Administrative Justice	5,533,492	6,694,879
59	2121	Office of the Controller of Budget	-	4,331,239
60	2101	National Police Service Commission	2,182,652	4,276,649
61	1013	Office of the Prime Cabinet Secretary	-	3,899,685
62	2051	Judicial Service Commission	18,781,934	3,007,852
63	1311	Office of the Registrar of Political Parties	39,151,275	2,643,583
64	2081	Salaries and Remuneration Commission	-	2,303,651
65	1093	State Department for Maritime and Shipping Affairs	5,832,493	1,311,736
66	1152	State Department for Energy	644,980,895	949,489
67	2141	National Gender and Equality Commission	-	295,800
68	1109	Ministry of Water, Sanitation and Irrigation	305,255,357	-
69	1194	Ministry of Petroleum and Mining	132,775,321	-
70	2071	Public Service Commission	58,733,175	-
71	1072	State Department for Planning	2,789,002	-
72	2151	Independent Policing Oversight Authority	480,179	-
Total			57,469,530,401	130,810,823,729

2.2 Pending Bills - Donor Funded Projects – Kshs.65,881,832,291

Pending bills amounting to Kshs.65,881,832,291 reported under Donor Funded Projects were not settled during the year but were carried forward to the 2023/2024 financial year as detailed in **Appendix F**.

The total pending bills of Kshs.196,692,656,020 reported under Ministries, Departments and Agencies (MDAs) and Donor Funded Projects in 2022/2023 does not include an amount of Kshs.39,186,214,050 accumulated entitlement to the Equalisation Fund. Further, the total pending bills balance of Kshs.196,692,656,020 does not include contingent liabilities totalling Kshs.26,500,316,513 reported by various MDAs as detailed in Table 28 below:

Table 28: Contingent Liabilities for MDAs

Vote	Ministry/Dept./Agency	Contingent Liability (Kshs.)	Description
1112	State Department for Lands and Physical Planning	19,543,057,083	Contingent liability relating to legal cases ruled against the State Department
1162	State Department for Livestock	4,025,950,000	Contingent liability for Court cases against the State Department
1041	Ministry of Defence	2,793,356,434	Contingent liability for various Court cases against the Ministry
1023	State Department for Correctional Services	70,673,471	Contingent liability for thirty-three (33) determined Court cases against the State Department
1222	State Department for Regional and Northern Corridor Development	67,279,525	Contingent liability for pending claim by a contractor
Total		26,500,316,513	

In addition, the total pending bills balance of Kshs.196,692,656,020 does not include contingent liabilities amounting to Kshs.3,505,334,958 reported under various donor funded projects as detailed in Table 29 below:

Table 29: Contingent Liabilities for Donor Funded Projects

	Donor Funded Project	Implementing Agency	Contingent Liability (Kshs.)	Description
1	Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/TURNKEY BASED)	Kenya National Highways Authority	2,851,043,577	Contingent liability relating to claim by road contractor
2	Support to Road Sector Policy: 10th EDF Rural Roads Rehabilitation Project in Kenya No.KE/FED/023-571	Kenya Rural Roads Authority	642,516,239	Contingent liability for pending court case against the Authority and State Department for Roads
3	Support of the Health Care Financing Strategy - Reproductive Health - Output Based Approach Project (Credit BMZ NO. Kenya 201065853	Ministry of Health	11,775,142	Contingent liability various Court cases
	Total		3,505,334,958	

3.0 Summary of Audit Observations

3.1 Overall Summary of Audit Opinions

For the financial year ended 30 June, 2023, a total of three hundred and forty (340) National Government financial statements (excluding National Funds) in respect of Ministries, Department and Agencies (MDAs), Revenue Statements, Donor Funded Projects, and Other clients such as Public Debt, National Exchequer Account, Public Trustee, Business Registration Service, Staff Mortgage and Car Loan Schemes, among others were examined and audit opinions issued as summarized in Table 30 below:

Table 30: Audit Opinions on National Government Entities Excluding National Funds

No.	Client Type	Type of Opinion Issued				
		Unmodified	Qualified	Adverse	Disclaimer	Total
1.	MDAs - Voted Entities	50	30	-	-	80
2.	Revenue Statements	6	7	-	-	13
3.	Donor Funded Projects	153	66	1	-	220
4.	Others	19	6	1	1	27
Total		228	109	2	1	340

The tabulation above indicates that two hundred and twenty-eight (228) financial statements had an unmodified opinion; one hundred and nine (109) financial statements had a qualified opinion, two (2) financial statement had an adverse opinion while one (1) financial statement had a disclaimer of opinion as listed in **Appendices A, B, C and D** respectively. The analysis does not include the National Funds which are reported on separately.

Further, Table 31 below illustrates the trend of audit opinions on National Government Entities (excluding National Funds) for the last three years.

Table 31: Audit Opinions Trend on Government Entities

	2020/2021	2021/2022	2022/2023
Unmodified	188	117	228
Qualified	109	144	109
Adverse	3	3	2
Disclaimer	2	2	1
Total	302	326	340

3.2 Summary of Audit Opinions Excluding Donor Funded Projects and National Funds

3.2.1 A total of one hundred and twenty (120) National Government financial statements (excluding Donor Funds and National Funds), were examined during the year ended 30 June, 2023. Table 32 below indicates the type of audit opinion expressed on the financial statements in the last five years on National Government entities excluding Donor Funded Projects and National Funds;

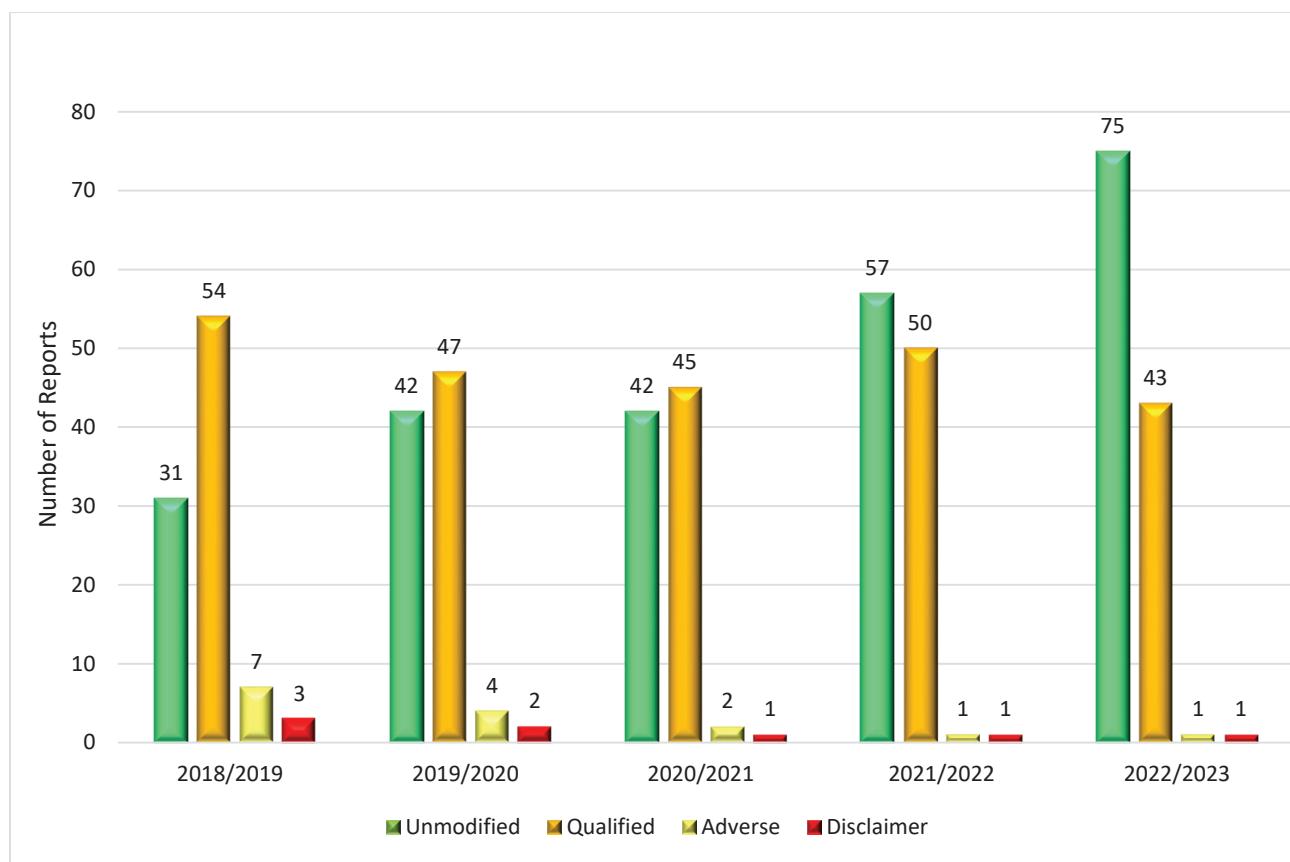
Table 32: Audit Opinions on Financial Statements in the Last Five Years

Audit Opinion	2018/2019		2019/2020		2020/2021		2021/2022		2022/2023	
	No. of FS	%								
Unmodified	31	32.60%	42	44.20%	42	46.70%	57	52.30%	75	62.50%
Qualified	54	56.80%	47	49.50%	45	50.00%	50	45.90%	43	35.80%
Adverse	7	7.40%	4	4.20%	2	2.20%	1	0.90%	1	0.80%
Disclaimer	3	3.20%	2	2.10%	1	1.10%	1	0.90%	1	0.80%
Total	95	100%	95	100%	90	100%	109	100%	120	100%

3.2.2 The number of financial statements with unmodified opinion increased from 52.3% reported in the previous year to 62.5%. The number of financial statements with qualified opinion decreased from 45.9% to 35.8%. There was a drop in the percentages of adverse and disclaimer of opinion compared to the previous year. Overall, there has been an improvement in presentation of the financial statements. This is attributed to use of IFMIS, guidance by The National Treasury through circulars and issuance of reporting templates by the Public Sector Accounting Standards Board (PSASB). Audit reviews leading to revisions and amendments of the financial statements to correct errors during the audit process, has also contributed to improvements in disclosure and presentation of the financial statements.

Figure 9 below depicts the analysis of audit opinions:

Figure 9: Audit Opinions on Financial Statements for the last Five Financial Years



3.3 Audit of Revenue Statements

3.3.1 During the year under review, thirteen (13) revenue statements were audited. Out of these, six (6) revenue statements had an unmodified audit opinion while seven (7) revenue statements had a qualified opinion. Tables 33, 34 and 35 below indicate the Revenue Statements that were audited and the corresponding audit opinions.

Table 33: Summary of Audit Opinions on Revenue Statements

Opinion	No. of Revenue Statements	Percentage
Unmodified	6	46%
Qualified	7	54%
Total	13	100%

Table 34: Revenue Statements whose Opinion was Unmodified

	Collecting Entity/Department	Amount Collected During the Year (Kshs.)	Amount Transferred to the Exchequer (Kshs.)	Other Issues Reported Under Other Matter/Compliance/Internal Controls
1.	The National Treasury – Development Revenue	70,802,234,674	70,802,234,674	Under-collection of revenue
2.	Ministry of Defence	4,337,107,775	4,337,107,775	No issue reported
3.	The Judiciary	2,660,708,959	2,414,778,649	Delays in remitting revenue to the Exchequer
4.	Ministry of Lands and Physical Planning	1,658,156,439	1,644,943,627	<ul style="list-style-type: none"> • Lack of land valuation index • Under-collection of revenue • Delayed implementation of Ardhisasa digital platform
5.	The National Treasury – Pensions Department	282,191,910	282,191,910	Risk of unremitted contributions
6.	East Africa Tourist Visa Fee Collection Account	164,683,700	164,683,700	No issue reported
Total		79,905,083,457	79,645,940,335	

Table 35: Revenue Statements whose Opinion was Qualified

	Collecting Entity/Department	Amount Collected During the Year (Kshs.)	Amount Transferred to Exchequer (Kshs.)	Main Reasons for Qualification	Other Issues Reported under Compliance/ Internal Controls
1.	The National Treasury - GIPE- Outstanding Loans	45,990,954,878	45,990,954,878	<ul style="list-style-type: none"> • Unconfirmed outstanding loan balances 	<ul style="list-style-type: none"> • Dormant Loans • Dormant Investments
2.	State Department for Interior and Citizen Services	18,045,073,078	18,045,073,078	<ul style="list-style-type: none"> • Long outstanding arrears of revenue totalling Kshs.631,156,762 	No additional issue reported
3.	State Department for Mining	3,717,649,241	3,720,319,241	<ul style="list-style-type: none"> • Unsupported and long outstanding arrears of revenue 	<ul style="list-style-type: none"> • Non-compliance with Licensing requirements • Irregular reduction of cement levy payable • Irregular waiver of ground rent • Unlicensed mining operations

Collecting Entity/Department	Amount Collected During the Year (Kshs.)	Amount Transferred to Exchequer (Kshs.)	Main Reasons for Qualification	Other Issues Reported under Compliance/ Internal Controls
				<ul style="list-style-type: none"> Irregular issuance of mineral exploration rights
4. Business Registration Service	1,151,632,724	1,119,250,453	<ul style="list-style-type: none"> Understatement of transfer to Exchequer Account Failure to comply with financial reporting templates Unconfirmed bank balances 	<ul style="list-style-type: none"> Unresolved prior year matters
5. State Law Office and Department of Justice	231,320,943	201,306,646	<ul style="list-style-type: none"> Discrepancies between revenue statements and IFMIS balances 	<ul style="list-style-type: none"> Failure to surrender Kshs.168,776,500 to Exchequer Failure to prepare and submit marriage fees period reports Failure to provide registration of marriage services at Sub- County level
6. The National Treasury – Recurrent Revenue	2,043,286,570,723	2,018,058,774,395	<ul style="list-style-type: none"> Unallocated/ (unidentified) revenue balance Unreconciled arrears of revenue 	<ul style="list-style-type: none"> Long outstanding arrears of revenue Under budgeted revenue
7. State Department for Blue Economy and Fisheries	130,311,440	130,311,440	<ul style="list-style-type: none"> Presentation and disclosures in the revenue statements Delay in remitting revenue Unreconciled cash book and bank balances 	<ul style="list-style-type: none"> Unresolved prior year matters
Total	2,112,553,513,027	2,087,265,990,131		

3.4 Audit of Financial Statements for Voted Provisions

3.4.1 The actual expenditure reflected in the financial statements for the National Government voted provisions for the year 2022/2023 was Kshs.3,214,583,369,857 compared to Kshs.3,132,735,105,212 reported in the year 2021/2022. The expenditure of Kshs.3,214,583,369,857 was recorded in the combined MDA's Recurrent and Development votes which received various audit opinions as listed in **Appendices A to D** and as summarized in Table 35 and Figure 10 below:

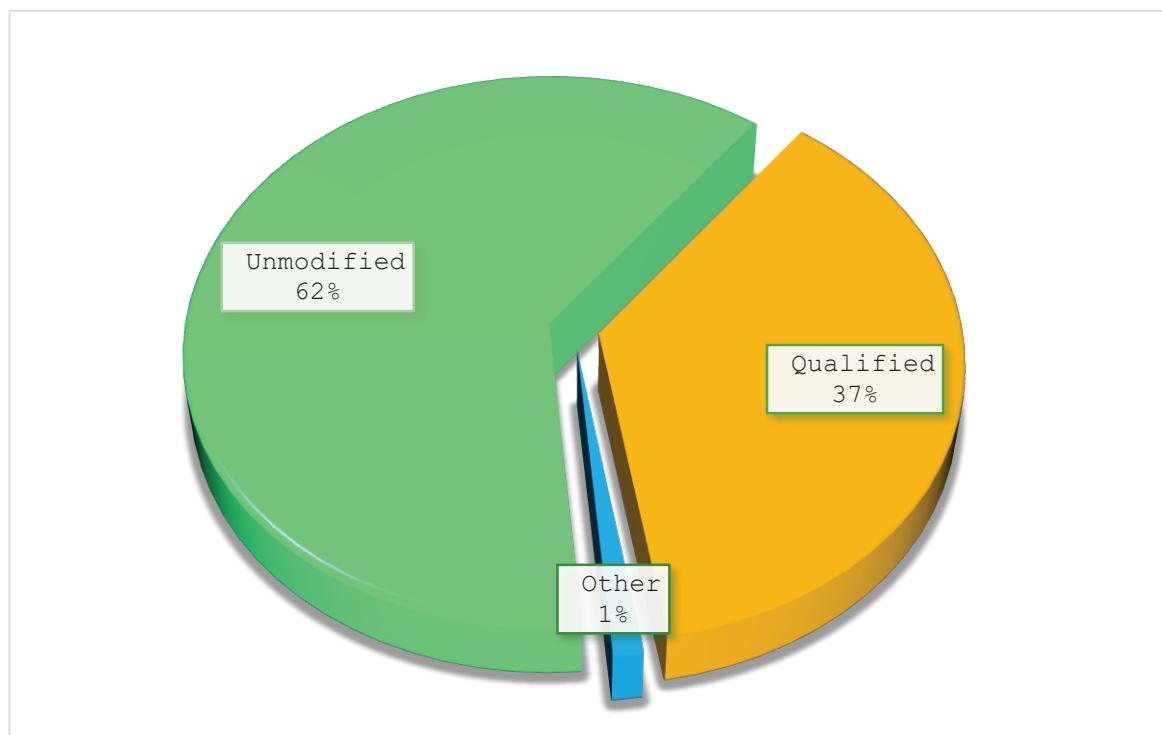
Table 36: Summary of Audit Opinions on Combined Recurrent and Development Expenditure

Opinion	No. of Financial Statements	Percentage
Unmodified	50	62%
Qualified	30	37%
Other	1	1%
Total	81	100%

3.4.2 Table 36 above indicates that there were eighty-one (81) financial statements for entities with voted provisions during the year under review. No material misstatements were found in financial statements of fifty (50) entities and hence they got an unmodified opinion. The financial statements for thirty (30) entities were however issued with a qualified/modified opinion due to omissions and in some cases material misstatements.

3.4.3 The financial statement relating to my Office (Office of the Auditor-General) is audited and reported on separately to Parliament by an Independent Auditor appointed by the National Assembly in accordance with Article 226(4) of the Constitution.

Figure 10: Audit Opinions on Financial Statements



3.4.4 There has been a general improvement in the presentation of financial statements and maintenance of accounting records in the last two financial years (2021/2022 and 2022/2023) compared to prior years. The improvement is mainly attributed to adoption of the International Public Sector Accounting Standards (IPSAS) accounting framework by the National Government entities as prescribed by the Public Sector Accounting Standards Board (PSASB). In addition, other interventions by The National Treasury, aimed at improving accountability in the public sector have influenced this improvement. Audit recommendations, directives and recommendations from Parliamentary hearings have also led to improved accountability in some areas. Prior high level engagement sessions between the Auditor-General and the Accounting Officers has also led to more involvement in the audit process and enhanced supervision by Accounting Officers leading to improvements. The presentation of the financial statements is, however, still below expectations when viewed holistically. There is need to hasten migration from cash to accrual accounting for both National and County Government entities which is envisaged as critical for enhancing accountability, transparency and disclosures in the use of public resources.

3.5 Key Audit Observations Reported Under MDAs

The National Treasury - Vote 1071

i. Government Digital Payments (e-Citizen)

The Government Digital Payments Unit is mandated to digitize all payments made to Government, to increase revenue collection, minimize the cost of collection and enhance service delivery. It ensures that citizens, non-citizens and business entities can access Government Services online and make payments electronically and conveniently, using their preferred method of payment, round-the-clock and from wherever they may be in the world.

By April 2013, only a few government services were partially digitized and most Government receipts were manual. A survey done by The National Treasury found out that over a third of the payments were cash-based, presenting a high opportunity for leakage and abuse of the manual system, in addition to high cost of collection.

To address these loopholes, the e-Citizen portal, www.ecitizen.go.ke, was subsequently developed in 2014 as a payment gateway and was integrated with electronic payment platforms including mobile telephone money payment services. Other than providing resource mobilization for Government and enhancing service delivery to Kenyans, e-Citizen is a facilitator in providing a digitized financial system and powering a digitally driven and inclusive economy. The e-Citizen programme cuts across the Social and Economic Pillar of the Vision 2030 and is linked directly to Technology and Innovation as well as Public Sector Reforms.

Despite the strategic importance of e-Citizen, the audit of e-Citizen revenue accountability statements for the year ended 30 June, 2023 revealed the following anomalies:

- a. During the year, a total of Kshs.26,406,115,341 inclusive of an amount of Kshs.15,570,013,245 in respect of receivers of revenue was collected through the e-Citizen Government Digital Payments (GDP) platform. However, review of the e-Citizen portal and the revenue statements revealed variances between balances reflected in the revenue statements, the e-portal system and the ledger, casting doubt on the completeness and accuracy of receipts reported by the receivers of revenue amounting to Kshs.15,570,013,245.
- b. Cash books and bank reconciliation statements for six (6) bank accounts holding a total amount of Kshs.436,307,875 at two local banks were not provided for audit.
- c. There were unsupported prior year balances of Kshs.146,426,357 for which details of the bank accounts for the prior year balances and reasons for the long delay in transfer of the funds were not provided.
- d. The National Treasury had been sued by a system developer claiming ownership of the e-Citizen system. Although Management indicated that the court granted an out of court negotiation with the plaintiff, the outcome of the negotiation was not disclosed as at the time of the audit.
- e. The Government did not have full control of the system and was relying significantly on the vendor for some critical functions. The vendor had significant control of the system which made it difficult for the Government Digital Payments Unit (GDPU) to perform critical system configurations and changes to support growth, including on-boarding of new government services. Lack of full control of the system exposes the Government to the risk of revenue leakages, lack of full accountability, system unavailability or downtime, security vulnerabilities and lack of business continuity threats. Further, the adequacy and effectiveness of the IT controls on e-Citizen did not guarantee integrity of the data processed through the system.
- f. Reconciliations and settlements for payments to Ministries, Departments and Agencies were done manually on two days in a week. The reconciliation procedures were tedious and entailed physical transfer of documents for approvals. Further, manual processes introduced risk of human errors and delays in transfer of payments. In view of the new government policy which requires all payments for services to be done through e-Citizen, the manual system of reconciliation and settlement is not sustainable. Management should therefore ensure real time reconciliation and settlement of payments.
- g. The Consultancy Agreement between the System Vendor and The National Treasury was not provided for audit review. It was, therefore, not possible to establish the terms of the consultancy and the responsibilities of each party in the management of the e-Citizen Government Digital Payments System.

The Office is currently undertaking a special audit on e-Citizen Government Digital Platform. This special audit is informed by the current strategic importance of e-Citizen in the financial architecture of Government. The special audit is expected to provide highlights on the credibility and reliability of the e-Citizen system including assurance on whether data processed through the system is accurate and complete. Further, the

special audit will interrogate both IT and physical security, governance arrangements and the adequacy of the controls in place.

ii. Loans to Kenya Airways Limited

During the year under review, an amount of Kshs.10,000,000,000 was transferred to Kenya Airways as on-lent loan. This was in addition to other loan disbursements to the Company totalling Kshs.31,270,000,000 remitted between 2019/2020 and 2021/2022 resulting to total loan amount of Kshs.41,270,000,000. Review of documents and correspondences between The National Treasury and the entity revealed the following;

- The loans issued had accrued interest and penalties totalling Kshs.1,778,075,609 that remained outstanding bringing the total accumulated loan to Kshs.43,048,075,609 as at 31 December, 2022.
- The Government paid an amount of Kshs.12,326,894,172 guaranteed debt on behalf of the Company, being foreign loan repayment of Kshs.10,635,604,751 and finance costs of Kshs.1,691,289,421 out of which an amount of Kshs.7,812,582,663 was made under Article 223 of the Constitution of Kenya. As a result, the total outstanding amount due from Kenya Airways as at 30 June, 2023 totalled at Kshs.55,374,969,781.
- There was no evidence that The National Treasury had entered into any formal agreement with Kenya Airways on how the guaranteed loans repayments would be recovered and whether the Airline had provided any security to the Government as a fall back.

iii. Unapproved Expenditure on Purchase of Shares

The National Treasury paid an amount of Kshs.6,196,584,631 for acquisition of sixty percent (60%) shareholding of Telkom Kenya during the year. The expenditure was incurred under Article 223 of the Constitution. Although The National Treasury submitted the expenditure for approval by the National Assembly as part of the supplementary budget as required by Section 44(1) of the Public Finance Management Act, 2012, the expenditure was not approved by the National Assembly.

iv. Long Outstanding Pensions Payable

Audit of the financial statements for Consolidated Fund Services – Pension and Gratuities revealed outstanding returned pensions (recrated cheques) totalling Kshs.6,715,563,752. The balance has been increasing over the years mainly due to the demise of the pensioners or for lack of information on dependents. Some of the pensions payable have been outstanding for more than ten years. The amount may be more as other payments may be accumulating in the bank accounts without being refunded back.

State Department for Foreign Affairs - Vote 1053

The following issues were noted in respect of Kenya Missions abroad;

- i. Unutilized Development Funds in three (3) Missions namely Washington (Kshs.48,630,314), London (Kshs.1,758,950,031) and Addis Ababa

(Kshs.66,596,506) all totalling Kshs.1,874,176,851. The balance has increased over the years as a result of failure to surrender the unutilized development funds at the end of the financial year. Management did not explain how the amount would be utilized without factoring the same in the budget process.

- ii. Lack of ownership documents for Kinshasa Chancery. The Government of the Republic of Kenya has four (4) plots in Kinshasa but one plot which hosts the Chancery did not have ownership documents.
- iii. Delayed purchase of Chancery for Kenya Mission in London. The lease for the Chancery for Kenya Mission in London expired on 10 October, 2021, and subsequently the State Department transferred an amount of Kshs.1,669,999,550 in the financial year 2021/2022 and 2022/2023 for the purchase of Chancery building. However, the process of acquisition had been halted and the Mission continues to lease the Chancery.
- iv. The Ambassador's residence and staff houses for Kenya High Commission in Pretoria were constructed at a cost of Kshs.765,000,000 but the Ambassador's residence remained vacant since it had not been furnished.
- v. During the year under review, the State Department disbursed to Missions abroad a total of Kshs.12,257,183,258 on a quarterly basis. However, the disbursements were made on the last week of the respective quarters resulting to delayed payment of foreign service allowances and salaries to home based and local staff respectively. The Missions also delayed in payments of office expenses and procurement process.
- vi. Missions lacked guidelines to effectively undertake procurements in the Host Countries. This was due to different and unique legal, regulatory, and business environments that impeded application of Kenya's legal and regulatory procedures in procurement of goods, works and services. Lack of Missions specific guidelines affected the efficiency of procurement processes hence impacting negatively on service delivery by the Missions.
- vii. During the year under review, the State Department incurred exchange losses totalling Kshs.353,010,380 due to differences in exchange rates. The exchange losses negatively affected the liquidity of the Missions resulting in additional pending bills amounting to Kshs.332,062,297 in the Missions.

State Department For Immigration and Citizen Services - Vote 1024

i. Delay in Delivery of e-Passport Booklets

The State Department entered into a contract with an international printing company for the supply and delivery of three hundred and thirty four thousand (334,000) AK, BK, CK and DK e-passport series booklets. The contract was signed on 21 July, 2022 with the last delivery expected in March, 2023. However, the deliveries were made up-to October, 2023 in contravention of Article 5 of the contract agreement. Late delivery of the e-passport booklets adversely affected the operations of the State Department and issuance of passports to the public.

ii. Inefficiencies in Digitization and Storage of Birth and Death Records

Review of records provided for audit revealed that the Civil Registration Services (CRS) had successfully digitized an estimated forty-six million (46,000,000) records. However, as at the time of the audit in November, 2023, only sixteen million (16,000,000) digitized records had been uploaded to the Electronic Document Management System (EDMS). The CRS also had approximately ten million (10,000,000) records that had not been digitized. Failure to upload records to the EDMS was as a result of a lack of adequate storage capacity in the CRS servers. Further, the CRS did not have staff exclusively deployed to the digitization of records.

In addition, the Department had not developed proper measures for offsite data backup and recovery procedures, despite the sensitivity of data handled. Lack of offsite backup exposes the Service to loss of data as physical hard drives are susceptible to physical damage, theft and unauthorized access, casting doubt on the effectiveness of controls and measures in place for digitization of birth and death records.

State Department for Technical, Vocational Education and Training – Vote 1064

Unconfirmed Transfers to Other Government Units

- a. An amount of Kshs.188,774,600 indicated as a transfer to the Permanent Secretary of the State Department was not supported by documents for audit review.
- b. During the year under review, an additional amount of Kshs.5,029,545,850 was transferred to two hundred and forty-five (245) colleges and institutes. However, the following unsatisfactory matters were noted;
 - An amount of Kshs.196,515,127 disbursed to thirty-nine (39) colleges and institutes, was not recorded or disclosed as received in the financial statements of the receiving institutions.
 - Amount of Kshs.346,660,654 acknowledged by forty-six (46) colleges and institutes were not recorded or disclosed by the State Department.
 - Eighty-seven (87) technical and vocational colleges did not provide expenditure returns for disbursements of Kshs.492,626,314 to the State Department.
 - Ten (10) technical and training institutes did not confirm receipt of funds totalling Kshs.637,450,517 transferred to them.

As a result of the above anomalies, the accuracy and completeness of transfers to other Government units of Kshs.12,486,008,764 could not be confirmed.

State Department for Higher Education and Research - Vote 1065

i. Irregularities in Transfers to Other Government Units

Review of transfers to other Government units totalling Kshs.82,550,137,837 revealed the following observations:

- a. Records at Bomet University College did not confirm receipt of Kshs.59,430,648 indicated as transferred to the University.
- b. An amount of Kshs.53,625,682 transferred and acknowledged by Tharaka University College as received was not recorded by the State Department as disbursed.
- c. An amount of Kshs.80,000,000 indicated as transferred to Kenyatta University was not confirmed received by the University.
- d. There was over disbursement of Kshs.259,999,992 in capitation for universities students in various Colleges.

ii. Irregularities in Grants Transfers to Private Universities

A special audit of the capitation grants revealed that a total of Kshs.15,762,573,515 was disbursed to thirty-two (32) private universities for Government Sponsored Students (GSS) for the period of seven (7) financial years from 2016/2017 to 2022/2023. The special audit revealed the following anomalies;

- An amount of Kshs.201,638,928 was disbursed to fifteen (15) Universities in respect of capitation grants for four thousand five hundred twenty-one (4,521) students who were not placed by the Kenya Universities and College Central Placement Services (KUCCPS);
- An amount of Kshs.412,729,628 was in respect of capitation grants for nine thousand four hundred and eighty-nine (9,489) students who had stayed beyond the durations of course programmes they were undertaking;
- An amount of Kshs.17,774,388 was in respect of double payments of capitation grants;
- An amount of Kshs.35,199,064 was in respect of capitation grants for students who had already graduated;
- An amount of Kshs.53,594,188 was disbursed for students who had deferred their studies or were on long academic leave.

iii. Failure to Prepare and Submit Financial Statements for Audit

Although the State Department transferred amounts of Kshs.29,634,474 and Kshs.153,739,147 to the Biosafety Appeals Board and the Open University of Kenya respectively, both Institutions did not prepare and submit for audit separate financial statements for audit contrary to Section 81(4)(a) of the Public Finance Management Act, 2012.

iv. Non-Compliance with Section 53 of the Universities Act, 2012 on Universities Fund

During the year under review, the State Department for Higher Education and Research directly financed all the universities. This was contrary to Section 53(1 and 2) of the Universities Act, 2012 which provides that there shall be a Fund to be known as the

Universities Fund whose objective and purpose shall be to provide funds for financing universities.

State Department for Early Learning and Basic Education – Vote 1066

i. Unconfirmed Capitation for Free Primary Education and Free Day Secondary Education

Review of capitation for Free Primary Education and Free Day Secondary Education revealed the following observations:

- a. Disbursement for Free Primary Education was done manually and not through the National Education Management and Information System (NEMIS) hence the pupils' enrolment per school could not be confirmed.
- b. Field verifications carried out in sampled three hundred and twelve (312) Junior Secondary Schools (JSS) revealed the following;
 - Seven thousand three hundred and forty (7,340) students in one hundred and eighty-seven (187) of the sampled schools did not receive capitation.
 - Data used for JSS capitation was not verified by the respective Sub-County Offices before disbursement of funds to confirm whether all students were captured on NEMIS for funding of all JSS learners.
 - NEMIS, as configured, does not have a cutoff period and updates students on continuous basis making it difficult to confirm the number of students at a specific time. Also the system does not register students without birth certificates and does not fund students over eighteen (18) years.
 - Congestion was noted in grade seven (7) classes, with some classes having between eighty (80) to a hundred (100) learners.
 - Many schools did not have science laboratories.

There is need for a regular reconciliation and update of student information in NEMIS to ensure the correct amount of capitation is disbursed to schools.

ii. Competence Based Curriculum (CBC) Classrooms

There was poor workmanship in construction of CBC Classrooms making it difficult to confirm value for money for an expenditure of Kshs.3,997,687,865 incurred in construction of the classrooms.

iii. Staff Establishment

The staff establishment reflects that the State Department is understaffed by five thousand two hundred and seventy-one (5,271) staff which may negatively affect education delivery.

iv. Failure to Submit Financial Statements for Audit

During the year under review, Kenya Girl Guides Association did not submit financial statements for audit, despite receiving Kshs.27,612,000 from the State Department.

State Department for Environment and Climate Change – Vote 1108

Lack of Equipment at Kenya Metrological Weather Stations

Physical inspection undertaken at various Kenya Metrological Department's weather stations across the Country revealed its inability to report on the sunshine conditions due to lack of sunshine-card recorders which are not locally available. Further, it was observed that the Seismic Projects in Kakamega and Nakuru weather stations meant to monitor and record seismic activities were abandoned several years back due to lack of funds to procure and install the requisite equipment. In addition, the automatic weather station installed at Nakuru Weather Station had not been functional for more than one year. Various weather stations did not have power backups despite being operational on a 24 hours basis. Lack of equipment cast doubt on the effectiveness of the Kenya Metrological Department to deliver accurate weather reports.

State Department for Petroleum - Vote 1194

i. Unsupported Stabilization of Petroleum Pump Prices Payments

The State Department paid an amount of Kshs.62,495,828,161 to Oil Marketing Companies (OMCs) as compensation for lower prices charged at the pump against actual set prices, as per stabilization of petroleum pump prices mechanism. However, review of documentation in respect of administration of the subsidies revealed the following weaknesses and anomalies:

- a. The State Department had not established a Multi-Agency Team to review the total resource requirement and assess the sustainability of the fuel price stabilization programme as advised by The National Treasury.
- b. The State Department did not develop and implement a governance framework for stabilization of fuel prices and compensation mechanisms as required by The National Treasury;
- c. The State Department for Petroleum requested and received a total of Kshs.63,096,088,490 for purpose of fuel price stabilization. The requests were in respect of June-July 2022, July-August 2022 and August-September 2022 pricing cycles. However, review of expenditure records revealed that payments amounting to Kshs.1,297,048,608 related to April-May 2022 and May-June 2022 pricing cycles which were not part of the funding requests and computation schedules.
- d. The State Department settled outstanding subsidy of Kshs.17,998,773,645 owed to forty-seven (47) oil companies through Bond Instrument referenced FXD/2023/003. However, the amount was not supported by volumes compensated and the pricing cycles to support the payments were not indicated.

ii. Importation of Refined Petroleum Products Under Government-to-Government Petroleum Importation Scheme

The Government of Kenya made a policy shift on importation of petroleum products for the local and transit markets from Open Tender System (OTS) to Government to Government (G-to-G) framework. The change was meant to mitigate against declining value of the Kenyan currency that was attributed to Oil Marketing Companies (OMCs) operations, and thus reduce pressure on foreign currency liquidity for the economy. Review of documents provided in respect of the G to G arrangement for importation of refined petroleum products revealed the following anomalies:

- a. Bilateral agreements governing purchase of refined petroleum products between the Government of Kenya and that of the United Arab Emirates (UAE) were not provided for audit review. Further, the Supply Purchase Agreement (SPAs) with three oil companies supplying the products were not provided for review.
- b. The Letters of Support for the three importers were signed by the Cabinet Secretaries for The National Treasury and the Ministry of Energy and Petroleum, and the Director General of the Energy and Petroleum Regulatory Authority (EPRA). However, the role EPRA as an independent regulator in the agreements was not clear.
- c. Clause 5.3 of the Master Framework Agreement provides for maintenance of an escrow account for receipt of funds from importers under the Open Tender System (OTS) terms and conditions. However, documents supporting existence of the account and amounts deposited and withdrawn from the account were not provided for audit review.
- d. The aggregate supply qualified for all importers amounted to 730,000 metric tonnes per month while the assessed national requirement was 950,000 metric tonnes. Details on how the supply shortfall of 220,000 metric tonnes would be met were not provided.
- e. Under the arrangement, The National Treasury would take responsibility for any funding shortfalls. However, Management did not indicate the source of funds or existence of budget provisions to credit the financing parties for any shortfalls arising in the collection account.
- f. Based on the evaluation of documents provided during the audit, an in-depth audit will be carried out on importation of petroleum products for the local and transit markets under the Government to Government (G to G) arrangement.

iii. Delay in Implementation of Mwananchi Gas Project

During the year under review, an amount of Kshs.76,500,000 was transferred to the National Oil Corporation of Kenya (NOCK) to refill cylinders for roll out of Mwananchi Liquefied Petroleum Gas (LPG) project in Nairobi County. Mwananchi Liquefied Petroleum Gas (LPG) Project was initiated by the Ministry of Energy and Petroleum in 2016 and was intended to promote use of modern cooking fuels among the low-income households. The project entailed supply and distribution of Liquefied Petroleum Gas

(LPG) cylinders, grills, and burners to households at subsidized prices, and erection of facilities to store the cylinders at local distribution points. The National Oil Corporation of Kenya was engaged to implement the project with the role of ensuring that the LPG components were distributed to the targeted households.

The project was to be implemented in two modules whereby Module I entailed distribution of subsidized filled 6 Kg cylinders fitted with a grill and a burner in eleven (11) piloted Sub-Counties in Nairobi. Module II involved distribution of filled 6 Kg cylinders with a smart metering device, a horse pipe and 2 low burner tabletop cookers. As at 30 June, 2023, an amount of Kshs.1,125,648,762 had been incurred on the purchase of LPG cylinders and accessories, inspection of the cylinders and accessories, purchase of two-burner low pressure tabletop cookers, lease of storage space, provision of security services and refilling of the cylinders. Review of the documents and records held at the State Department revealed the following anomalies and implementation weaknesses:

- a. As reported in previous years, 79,057 6kg gas cylinders supplied under the project were found to be defective by an independent inspector who was contracted by the State Department, following safety concerns raised by consumers leading to suspension of the project in 2019.
- b. Review of the records relating to the project and physical verification revealed that some 237,616 6kg cylinders purchased under Module I and 84,500 two-burner low pressure tabletop cookers purchased under Module II of the project, together with accessories, were yet to be distributed and were lying at the warehouses rented by the State Department and NOCK.
- c. There was uncertainty in the implementation of the project due to lack of policies and implementation frameworks.

Available information indicates that distribution of subsidized cylinders purchased under Modules I and II will resume soon while a new project for distribution of 4.5 million cylinders to low-income households is under way. However, Value for money on the expenditure of Kshs.1,125,648,762 incurred in the implementation of the Mwananchi Gas Project could not be confirmed.

Ministry of Health – Vote 1081

i. Undisclosed Bank Balances

Note 12A to the financial statements reflects bank balance of Kshs.304,951,441. However, the balance excludes an amount of Kshs.850,928,545 held in three (3) bank accounts. Further, the bank balances have not been reported separately in the respective Funds' financial statements. In addition, review of the bank accounts register revealed ten (10) bank accounts whose respective cash books, bank statements and certificates of bank balance were not provided for audit.

ii. Unutilised Medical Equipment

During the year under review, an amount of Kshs.2,341,127,802 was used for repair and maintenance of equipment under the Managed Equipment Services outsourced by the Ministry. However, physical verification in the month of September, 2023 in sampled

hospitals revealed that the contracts between maintenance service providers and the Ministry had expired. Therefore, some equipment, including renal dialysis equipment, Intensive Care Unit (ICU) equipment, X-ray and other Imaging equipment were not functioning and had not been serviced as at September, 2023.

Further, verification of the Microwave project with an estimated value of Kshs.135,000,000 revealed that the microwave equipment in Narok County was still in sealed containers. In addition, the Microwave equipment in Kisumu County was functioning but had defects that had not been corrected due to the absence of a maintenance contract.

Value for money for the expenditure of Kshs.2,341,127,802 in respect of repair and maintenance of Managed Equipment Services (MES) equipment and Microwave project could not be confirmed.

iii. Payment of Salaries Outside the Payroll

The statement of receipts and payments reflects compensation of employees amount of Kshs.14,157,676,754 which includes Kshs.766,458,883 that was paid outside the Integrated Personnel and Payroll Database (IPPD) system. Management confirmed this to be payments made to Agence Française de Development (AFD) project, Cuban Doctors and Malaria vector specialists processed outside the system. This is contrary to The National Treasury's directive that require personnel emoluments to be processed and paid through IPPD.

3.6 Audit of Donor Funded Projects

The audit of donor funded projects revealed the following unsatisfactory matters:

3.6.1 Low Absorption of Funds/Undrawn Balances

During the year under review, there was low absorption of funds in fourteen (14) projects as detailed in **Appendix G**. Although the projects periods were ending, some funds had not been absorbed, posing risks that the projects timelines would end without implementing all the planned activities and therefore not meeting all the projects objectives.

3.6.2 Ineligible Expenditures

Ineligible expenditures amounting to Kshs.133,355,499 comprising of Kshs.5,026,654, Kshs.37,624,046 and Kshs.90,704,799 relating to Multinational Lake Victoria Maritime Communications and Transport (MLVMCT) Project – Kenya Maritime Authority, Kenya Off-Grid Solar Access Project (Credit Number 6135-KE) and Danida Primary Healthcare (PHC) Support Program respectively were observed.

3.6.3 Failure to Close Projects and Idle Funds/Bank Balances

The financing agreements stipulate the project commencement and closure dates after which Management are expected to commence closure procedures. However, the audit observed that Management had not commenced closure procedures for nineteen (19) projects and programs whose financing agreements had lapsed as shown on **Appendix**

H. Further, some of the projects had idle funds/bank balances in their respective bank accounts amounting to Kshs.104,912,088.

3.6.4 Comingling of Funds – Failure to Maintain Separate Bank Accounts for the Projects

Contrary to provisions of Regulation 76(1) of the Public Finance Management (National Government) Regulations, 2015 and the financing agreements, twenty-one (21) projects failed to open separate bank accounts. Project funds were, therefore, commingled with the funds of the implementing agencies as shown on **Appendix I**.

3.6.5 Counterpart Funding Issues

The Government of Kenya and the respective County Governments did not provide for and/or disburse to the projects counterpart funds in accordance with the financing agreements for at least thirteen (13) projects as shown on **Appendix J**.

3.6.6 Procurement Issues

There were instances where Management flouted provisions of the Public Procurement and Asset Disposal Act, 2015 and Regulations, 2020 as detailed in **Appendix K**. Some of instances noted were:

- Signing of a procurement contract before lapse of fourteen (14) days contrary to Section 68(2) of the Public Procurement and Asset Disposal Act, 2015.
- Entering into a contract after the lapse of the tender validity period contrary to Clause 12.1 of the Request for Proposal Document and Section 135(3) of the Public Procurement and Asset Disposal Act, 2015.
- Failure to charge liquidated damages in accordance with Section 140(b) of the Public Procurement and Asset Disposal Act, 2015.
- Failure to prepare annual procurement plan contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020.
- Contract variation exceeding 25%, contrary to Section 139(4)(e) of the Public Procurement and Asset Disposal Act, 2015.

3.7 Other Observations

The observations described in this section formed the basis of various modified audit opinions expressed on the financial statements.

3.7.1 Inaccuracies in the Financial Statements

The audit raised several queries on the accuracy of the financial statements presented for audit. The major reasons for the inaccuracies included:

- a) Differences between supporting schedules and reported amounts.
- b) Mis-posting of entries - posting to wrong accounts, unauthorized reallocation of funds.

- c) Variances between reported amounts and Ledger Balances.
- d) Understatement of pending bills.
- e) Unreconciled variances.

3.7.2 Inadequacies in the Integrated Financial Management Information System

3.7.2.1 The Government of Kenya deployed IFMIS to improve systems for financial data recording, tracking and information management. Two key benefits which the Government anticipated to reap from IFMIS are:

- (i) Improved financial controls through reliable and timely financial information.
- (ii) Improved accounting, recording and reporting of financial aspects through timely and accurate provision of financial data.

These benefits are yet to be fully realized.

3.7.2.2 The amounts reflected in the financial statements submitted for audit should correspond with balances extracted from IFMIS reports. However, the following inconsistencies were noted:

- i. Balances reflected in the financial statements submitted for audit were at variance with balances in the Trial balance/Ledgers extracted from IFMIS.
- ii. Balances reflected in the financial statements /ledgers were at variance with balances in the IFMIS supporting schedules.
- iii. The reported balances for recurrent, development and deposit bank balances as well as cash in hand balances were at variance with the IFMIS amounts.
- iv. Some payments were made in IFMIS but could not be traced to the financial statements, whereas some payments in the financial records were not posted in IFMIS.
- v. There were instances where accounting for AIEs issued to National Government officers in County offices were not processed in IFMIS but were instead done manually, since the offices were not linked to IFMIS.
- vi. Review of the transactions in IFMIS revealed cases where numerous transactions were cancelled (voided) in the system but no evidence was provided to confirm that the cancellation was approved.
- vii. Override of internal controls was noted where an account was created in IFMIS under an individual's name which occasioned loss of funds, an indication that the internal controls in IFMIS were not effective.

3.7.2.3 The inadequacies point to both control weaknesses in the IFMIS system and evidence of transactions processed manually outside IFMIS. The Government has invested heavily in the acquisition, re-engineering and maintenance of IFMIS since its inception. However, the perennial discrepancies between IFMIS generated amounts and the financial statements amounts raise concerns on the effectiveness and efficiency of

the system. It is also an indicator of lack of adequate internal controls and governance and failure to perform monthly reconciliations.

3.7.2.4 It was also noted that while the ledgers remain open for updating of transactions after 30 June until all Exchequer releases for the previous year are received and paid, the payment register is strictly based on 1 July to 30 June period. This, therefore, means that the transactions for a previous financial year are included in the succeeding financial year's payment register report.

3.7.2.5 Further, the accumulated cash book balances do not match with the debits and credits in the cash books. This was explained to be due to a time stamp in IFMIS, which carries forward the balance as at 30 June, notwithstanding the transactions that are normally backdated to ensure completeness and accuracy, especially during the closure of a particular period, be it monthly, quarterly or end of the financial year.

3.7.2.6 For purposes of recording and reporting transactions for any given financial year, IFMIS should be set to only capture the transactions for the period as defined under Article 260 of the Constitution, that is the period of twelve months ending on the thirtieth day of June or any other day prescribed by National Legislation. Enforcing this can be made easy by incorporating a control in the IFMIS system that disables all dates falling outside the financial year under consideration.

3.7.2.7 Review of procurement processes in public procuring entities revealed that, by the time of the audit, the entities' procurement processes had not been linked with the Integrated Financial Management Information System as per Executive Order No. 2 of 2018. The Order had directed that by 01 January, 2019, The National Treasury was to facilitate seamless integration of all public procurement entities to the Integrated Financial Management Information System and that by that same date, all Public Procuring entities would undertake all their procurement through the e-procurement module. Most of the non-complying procuring entities blamed The National Treasury for failing to create the integration platform.

3.7.2.8 The National Treasury should ensure full implementation of IFMS to enable realization of the benefits that were envisaged. Some of the benefits to be gained include enhanced financial transparency, improved efficiency, better financial planning, enhanced accountability, reduced incidents of fraud and corruption and improved cash management.

3.7.2.9 To address the weakness of cash accounting, public sector entities should migrate to accrual accounting. Accrual accounting matches revenue and assets against the expenses incurred in each financial period, thus presenting fairly the financial position and financial performance of the entity at a particular time. Further, financial reports prepared using accrual basis give a more holistic view of the National Government's financial position. Thus, adopting accrual accounting will enhance transparency, accountability and fiscal credibility.

3.7.3 Unsupported Expenditure – Kshs.81,970,629,674

During the year under review, the audit revealed unsupported expenditure totalling Kshs.81,970,629,674. This comprised Kshs.79,728,835,329 and

Kshs.2,241,794,345 under Ministries, Departments and Agencies (MDAs) and Donor Funded Projects respectively, as detailed in Table 37 and 38 below:

Table 37: Unsupported Expenditure - MDAs

No.	Vote	Ministry/Dept./Agency	Amount (Kshs.)	Description/Details
1	1194	State Department for Petroleum	62,564,528,161	Unsupported stabilization of petroleum pump prices amounting to Kshs.62,495,828,161 as compensation for lower prices charged at the pump and unsupported AIEs of Kshs.68,700,000 transferred to NOCK for purposes of refilling cylinders for rollout of Mwananchi LPG in Nairobi County
2	1071	The National Treasury	16,196,584,631	Disbursement of a loan of Kshs.10,000,000,000 to Kenya Airways before loan agreements were signed between the GoK and Kenya Airways and unapproved expenditure of Kshs.6,196,584,631 in respect of acquisition of sixty percent (60%) shareholding of Telcom Kenya that did not have a corresponding budget estimate.
3	1072	State Department for Lands and Physical Planning	711,588,204	Unsupported legal costs for a court case which was not supported by the case files
4	1108	State Department for Environment and Climate Change	140,683,587	Unsupported national tree planting campaign expenditure
5	1065	State Department for Higher Education and Research	59,467,448	Unsupported transfers to Bomet University College and East African Centre for Excellence (ACE II) Project
6	1192	State Department for Mining	31,567,149	Unsupported expenditures under use of goods and services
7	2131	The Commission on Administrative Justice	16,905,851	Unsupported use of goods and services expenditure
8	1064	State Department for Technical, Vocational Education and Training	7,510,298	Unsupported compensation of employees
Total			79,728,835,329	

Table 38: Unsupported Expenditure - Donor Funded Projects

No.	Vote	Project	Amount (Kshs.)	Description/Details
1		Nuno-Modagashe Road Project - Kenya National Highways Authority	525,256,167	Unexplained and unsupported over expenditure
2	1081	Covid-19 Health Emergency Response - Ministry of Health	473,470,727	- Unsupported employee costs not in payroll of Kshs.3,462,500, - Unsupported purchase of goods and services of Kshs.439,567,417

No.	Vote	Project	Amount (Kshs.)	Description/Details
				and unsupported acquisition of non-financial assets of Kshs.30,440,810
3	1065	USAID Boresha Jamii (UBJ) - State Department for Higher Education and Research	393,729,977	<ul style="list-style-type: none"> - Unsupported hiring of staff of Kshs.163,863,516, - Unsupported contractual expenditure paid as salaries and employees benefits of Kshs.130,716,685, - Unsupported salaries and other employees benefits of Kshs.97516441 and unsupported imprests and advances amounting to Kshs.1,633,335.
4	1081	Danida Primary Healthcare (PHC) support Program - Ministry of Health	244,213,953	Grants for technical assistance to Counties of Kshs.213,069,767 and programme activities implemented directly by the donor of Kshs.31,144,186 not disclosed in the financial statements
5	1064	East Africa Skills Transformation and Regional Integration Project-Kenya Coast National Polytechnic - State Department for Technical, Vocational Education and Training	120,103,668	Payment to contractor not supported with an invoice and a valid tax compliance certificate
6	1091	National Urban Transport Improvement Project Cr. No.5140 - IDA- Kenya National Highways Authority	93,563,270	<ul style="list-style-type: none"> - Unsupported acquisition of non-financial assets of Kshs.60,347,397 relating to rehabilitation of roads, - Unsupported research, feasibility studies expenditure of Kshs.2,613,040 and unsupported land compensation to Nairobi School of Kshs.30,602,833
7	1214	Vijana Vuka na Afya (VIVA) Youth Programme – State Department for Youth Affairs	85,155,966	Unsupported other operating expenses paid by the donor directly to third parties
8	1091	Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania-Kisii-Ahero (A1) Road Rehabilitation - Kenya National Highways Authority	60,948,669	<ul style="list-style-type: none"> - Unsupported amount of Kshs.4,500,000 paid to Persons Affected by the Project, - Unsupported payment for refund of VAT amounting to Kshs.29,086,169 and unsupported payment to a consultant amounting to Kshs.27,362,500 for capacity building and management of roads maintenance contract for youth women and persons with disability.

No.	Vote	Project	Amount (Kshs.)	Description/Details
9	1108	Sound Chemicals Management Mainstreaming and UPOPS Reduction in Kenya - State Department for Environment and Climate Change	53,211,035	Unsupported expenditure on acquisition of non-financial assets
10	1091	Roads 2000 Phase Two-Central Kenya Rural Roads Improvement and Maintenance Project - Kenya Rural Roads Authority	40,104,858	Transfers to other Government entities of Kshs.3,363,070 not supported with schedules and payment vouchers, Government counterpart funds of Kshs.15,000,000 received but not reported in the financial statements and Retention monies of Kshs.21,741,788 paid during the year but which had been expensed in the prior year's thus leading to double payment.
11	1091	Bagamoyo - Horo Horo - Lunga Lunga - Malindi Road Project (Phase I) ID NO: PZI-DBO-129 - Kenya National Highways Authority	36,928,659	Unsupported expenditure on acquisition of land
12	1066	Kenya Primary Education Equity in Learning Project – State Department for Early Learning and Basic Education	23,785,960	Unsupported training expenses of Kshs.18,441,000, unsupported expenditure on fuel, oil and lubricants of Kshs.3,896,360 and unsupported transport payments to students of Kshs.1,448,600.
13	1109	Lake Victoria Water and Sanitation Project CKE 1093 02M - Lake Victoria South Water Works Development Agency	17,849,475	Unsupported overpayment of expenditure to a contractor in relation to payment for works package 1.
14	1091	Kapchorwa-Suam-Kitale & Eldoret Bypass Project No. P-ZI-DBO-0183 - ADB (New) - Kenya National Highways Authority	16,058,817	Land compensation not supported with acknowledgement letters, receipts and payment documents
15	1065	Support to Enhancement of Quality and Relevance in Higher Education, Science and Technology Project Grant/Credit Number - ADF/2 - State Department for Higher Education and Research	15,000,000	Unsupported expenditure of Kshs.15,000,000 relating to repair of Wangari Mathai Institute of Peace and Environmental Studies
16	1108	Integrated Programme to Build Resilience (IPBR) to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya NEMA 2023 - State Department for Environment and Climate Change	11,378,030	Amount paid to various staff for project monitoring but which was not supported with travel itinerary, date of travel, sites visited and activities undertaken.
17	1091	Northern Corridor Transport Improvement Project IDA Credit No.s 3930-KE and 4571-KE -	10,283,971	Refurbishment of buildings not supported with documents like payment vouchers

No.	Vote	Project	Amount (Kshs.)	Description/Details
		IDA- Kenya National Highways Authority		
18	1108	Lake Victoria Environmental Management Project Phase III- State Department for Environment and Climate Change	5,380,468	Expenditure related to payments of goods and services were not supported by appropriate documentation.
19	1169	Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment - State Department for Crop Development	5,178,050	The expenditure of Kshs.5,178,050 was not supported with Authority to Incur Expenditure.
20	1065	Eastern and Southern Higher Education Centres of Excellence (ACE II) Project (Credit NO.5798-KE) -State Department for Education and Research	4,260,900	Unsupported expenditure incurred on domestic travel and subsistence
21	1108	Kenya Institutional Strengthening Project Phase XII (/KEN/SEV/86/INS/ (64) -State Department for Environment and Climate Change	2,424,825	Unsupported imprest payment to private company representatives whose identification was not provided
22	1169	Revitalising Irish Potato Production for Covid-19 Affected Small - Scale Producers Project (IFAD Grants No. 2000003589 and 200000396600) - Agriculture and Food Authority	1,500,000	Unsupported expenditure on capacity building refund of farmers fares
23	1109	Nambale-Mjini-Mayenje Water Project Grant/Credit Number 08W/Busia/Busia/97- State Department for Water and Sanitation	733,000	Expenditure totalling Kshs.733,000 was not supported by payment vouchers and related documents
24	1081	Global Fund - To Contribute to Achieving Vision 2030 Through Universal Access to Comprehensive HIV Prevention, Treatment and Care Programmes-KEN-H-TNT NO. 2065 – Ministry of Health	612,500	Payments of Kshs.612,500 not in cash book and not supported with payment vouchers.
25	1108	Kenya Special Project On BRSM and SAICM (Grant/Credit Number: Special Programme 2 nd Round Approval Project 01) - State Department for Environment and Climate Change	461,400	Expenditure on domestic travel and subsistence allowance not supported with approvals
26	1065	Establishment of Kenya Advanced Institute of Science and Technology Project No KEN-4	200,000	Unsupported expenditure on fuel and lubricants
		Total	2,241,794,345	

Failure to support or provide requisite documents for audit is in breach of Section 62 of the Public Audit Act, 2015 which states that a person who without justification, fails to provide information required under the Act or without justification fails to provide

information within reasonable time or submits false or misleading information commits an offence and is liable on conviction to a fine not exceeding five million shillings or to imprisonment for a term not exceeding three years, or to both.

Further, failure to support or provide requisite documents is also contrary to Section 68(1) of the Public Finance Management Act, 2012 which states that an Accounting Officer for a national government entity, Parliamentary Service Commission and the Judiciary shall be accountable to the National Assembly for ensuring that the resources of the respective entity for which he or she is the Accounting Officer are used in a way that is (a) lawful and authorised; and (b) effective, efficient, economical and transparent. Section 68 (2)(b) of the Act requires the Accounting Officer to ensure that the entity keeps financial and accounting records that comply with the Act.

In addition, failure by the entities to fully support payments casts doubt on the authenticity of the reported expenditure. It is also an indication of weak internal controls and governance in the affected entities. Similarly, lack of accountability could lead to losses, wastage and theft of public resources.

3.7.4 Stalled/Delayed Projects

The Government has continued to incur huge expenditure on projects which had either stalled or had remained incomplete long after their completion dates had elapsed. Some of the stalled projects are attracting penalties due to delays in payment of completion certificates of milestones already achieved, while others have been revised to amounts higher than the original contract sum leading to cost escalations. In addition, payments have been made to projects which appear to have completely stalled casting doubt on value for money for such expenditure. Some of the entities with stalled and delayed projects in respect of donor funded projects are detailed in **Appendix L** while stalled and delayed projects for MDAs are listed in Table 39 below:

Table 39: Stalled/Delayed Projects for MDAs

S/No.	Vote	Ministry/Dept./Agency	Contract Amount (Kshs.)	Amount Paid as at 30 June, 2023 (Kshs.)	Description
1	1021	State Department for Interior and Citizen Services	764,444,795	36,245,978	Stalled construction of DCC office block at Tigania Central Meru, construction of Tigania East Sub-County office block at Muriri, construction of Magunga District Headquarters Suba South Sub-County, construction of Nyanza South Headquarters and construction of staff houses at Kenya School of Adventure and Leadership in Meru County
2	1109	State Department for Water and Sanitation	9,430,012	5,813,700	Stalled borehole project at Njiiri School

S/No.	Vote	Ministry/Dept./ Agency	Contract Amount (Kshs.)	Amount Paid as at 30 June, 2023 (Kshs.)	Description
3	1053	State Department for Foreign affairs	418,865,923	415,904,556	Stalled project of chancery building and High Commissioners residence in Pakistan
4	1162	State Department for Livestock	8,863,275	-	Stalled boundary wall, entrance gate, driveway, landscape and toilet block at AHITI Nyahururu
5	1032	State Department for Devolution	890,829,345	250,000,000	Stalled proposed Africities Convention Centre Project in Kisumu County
6	1025	National Police Service	105,365,412	-	Stalled construction works at Laisamis Police Station
			-	38,855,887	Stalled projects at Embakasi A Campus
7	1132	State Department for Sports Development	345,766,644	-	Stalled Phase 2 construction at Kirigiti Stadium in Kiambu County
8	1023	State Department for Correctional Services	28,812,175	12,846,470	Stalled projects at Nyandarua and Machakos Prisons
9	1094	State Department for Housing and Urban Development	64,000,000	35,000,000	Stalled projects under Economic Stimulus Project (ESP) - fresh produce markets project
10	1184	State Department for Labour and Skills Development	556,763,065	339,314,478	Stalled construction of National Employment Promotion Centre and Research Institute Office Complex
11	1064	State Department for Technical, Vocational Education and Training	48,743,504	26,700,000	Stalled collapsed building at Chepareria Technical Training Institute
12	2091	Teachers Service Commission	122,563,447	-	Delayed completion of Machakos and Kilifi County offices at 33% and 40% completion levels respectively
13	1169	State Department for Crop Development	178,581,150	24,358,930	Delayed construction of Laare Modern Miraa Market Shed, Mwendi-Urithi Lailuba grain drying and storage facility and Mbeu Muungano CBO drying and storage facility in Meru County, plus delayed construction of New Progressive Farmers' Cooperative Society drying and storage facility in Uasin Gishu County

S/No.	Vote	Ministry/Dept./ Agency	Contract Amount (Kshs.)	Amount Paid as at 30 June, 2023 (Kshs.)	Description
14	1021	State Department for Interior and Citizen Services	230,830,590	120,722,294	Delayed completion of Mwea West Sub-County Headquarters in Kirinyaga County and delayed construction of 100 PAX hostel block at Kenya School of Adventure and Leadership in Meru County
15	1194	State Department for Petroleum	76,500,000	-	Delayed implementation of Mwananchi Gas Project
16	1109	State Department for Water and Sanitation	2,270,070,650	443,681,794	Delayed works and services at Upper Kerio Valley and Upper Ewaso Nyiro North River water sheds, delayed borehole drilling at Muthuini Primary School in Kieni Constituency, delayed completion of Kanyenyaini Irrigation Project, delayed completion of Sagana River Restoration Project and delayed completion of Maragua Bulk Water Supply and Irrigation Project
17	1095	State Department for Public Works	987,189,903	579,635,580	Delayed completion of six projects including footbridges and County Headquarters
18	1261	The Judiciary	826,329,820	-	Delayed completion of fifteen (15) projects at various court stations for over eight (8) years with 50% to 97% work done
19	2043	Parliamentary Joint Services	-	752,448,996	Delayed completion of multi-storey office block, started on 1 July, 2014 and completion time extended to 30 November, 2021
20	1152	State Department for Energy	3,055,985,900	-	Delayed implementation of the Green Climate Fund Project Phase I and II. GoK did not provide co-funding of Kshs.159,190,619 (EUR 1,037,140)
21	1081	State Department for Medical Services	2,280,000,000	-	Delayed construction of Kisii Cancer Centre for over seven (7) years
22	1081	State Department for Medical Services	-	131,647,317	Delayed construction of Paediatric Emergency Centre and Burns Management Centre at Kenyatta National Hospital

S/No.	Vote	Ministry/Dept./Agency	Contract Amount (Kshs.)	Amount Paid as at 30 June, 2023 (Kshs.)	Description
23	2031	Independent Electoral and Boundaries Commission	293,504,959	229,929,888	Delayed completion of construction and renovation of six (6) warehouses in six (6) Counties despite lapse of the contract periods
24	1092	State Department for Transport	153,129,261	137,044,745	Delayed completion of Transport Data Centre contract awarded in 2014
			13,716,569,830	3,100,222,841	

There is no value for money on public funds spent on the stalled and delayed projects as no services are being provided by these projects. Further, the amount spent is a sunk cost as no development has been achieved from the stalled or incomplete projects. The costs incurred further distort expenditures incurred on development votes.

3.8 Land Without Ownership Documents

The following MDAs did not have ownership documents for land as detailed in Table 40 below:

Table 40: Land Without Ownership Documents

Vote	Ministry/Dept./Agency	Description
1025	National Police Service	The Service does not have ownership documents for over 2,400 parcels of land across the Country
1053	State Department for Foreign Affairs	The State Department does not have title document for the Kinshasa Chancery land
1081	Ministry of Health	The Ministry did not have Ownership documents for various parcels of land spread across the Country
1108	State Department for Environment and Climate Change	The State Department did not have title documents for various parcels of land on which the weather stations stand
1162	State Department for Livestock	The State Department did not provide ownership documents for 100 acres of land allocated to AHITI Nyahururu
1166	State Department for the Blue Economy and Fisheries	The State Department did not provide ownership documents for 25 parcels of land
1174	State Department for Trade	The State Department did not provide ownership documents for a parcel of land measuring 7 acres
1184	State Department for Labour and Skills Development	The State Department did not provide ownership documents for various parcels of land
1185	State Department for Social Protection and Citizen Affairs	The State Department did not have Ownership documents for 36 parcels of land spread across the Country
2031	Independent Electoral and Boundaries Commission	The Commission does not have ownership documents for various parcels of land spread across the Country

Vote	Ministry/Dept./Agency	Description
2041	Parliamentary Service Commission	Ownership documents for the parcels of land for the Main Parliament Building, Center for Parliamentary Studies and Training, Juvenile Court House, County hall and Protection House were not provided
1023	State Department for Correctional Services	Various parcels of land encroached by informal settlers
1109	Ministry of Water, Sanitation, and Irrigation	The Ministry does not have ownership documents for the land acquired for the construction of Partakilat Water Supply Project - Narok County-Kilgoris Sub County
1109	Ministry of Water, Sanitation, and Irrigation - Lake Victoria South Water Works Development Agency	The Project Management does not have ownership documents for land on which the project for expansion of Kericho Water Supply Systems has been implemented at a contract sum of Kshs.1,189,805,385
1109	Ministry of Water, Sanitation, and Irrigation - Tana Water Works Development Agency	The Project Management for Kenya Towns Sustainable Water Supply and Sanitation Programme had not been acquired ownership documents for parcels of land valued at Kshs.7,325,775

In the absence of title documents, it has not been possible to ascertain that all the properties and improvements thereon belong to the respective MDAs. The Ministry of Lands and Physical Planning, the National Land Commission and The National Treasury should work together to resolve the issue of public land owned by State Departments and other Government entities.

3.9 Other Audit Matters

These are matters other than those presented or disclosed in the financial reports that, in the auditor's judgement, are relevant to users' understanding of the audit process, the auditor's responsibilities or the auditor's report. These matters may not affect the opinion expressed on the financial statements but are important and require to be brought to the attention of users of the audit reports. The significant audit matters are outlined below:

3.9.1 Unresolved Prior Year Audit Issues

3.9.1.1 The audit revealed numerous instances where prior year audit observations had not been resolved. Instances were noted where the unresolved prior year issues were not disclosed under the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board (PSASB). There were also instances where no supporting evidence was provided to support how issues were resolved.

3.9.1.2 Further, Section 68(2)(l) of the Public Finance Management Act, 2012 requires an Accounting Officer for a national government entity to take appropriate measures to resolve any issues arising from audit which may remain outstanding. In addition, Section 74(4) the Public Finance Management Act, 2012 states that an Accounting Officer engages in improper conduct in relation to a national government entity if the officer contravenes or fails to comply with the Act, including their accounting responsibilities.

3.9.1.3 In addition, Section 53(1) of the Public Audit Act, 2015 requires an Accounting Officer of a State Organ or public entity to within three months after Parliament has considered and made recommendations on the audit report –

- (a) take the relevant steps to implement the recommendations of Parliament on the report of the Auditor-General; or
- (b) give explanations in writing to Parliament on why the report has not been acted upon.

3.9.1.4 Further, Section 53(2) of the Public Audit Act, 2015 states that failure to comply with the provisions of Section 53(1), the Accounting Officer shall be in contempt of Parliament or County Assembly and upon determination by Parliament or relevant County Assembly, Parliament or relevant County Assembly may recommend administrative sanctions such as removal as the Accounting Officer, reduction in rank among others. Failure to resolve audit issues may result in loss of public funds where the issues involve irregular use of public resources.

4.0 Compliance and Governance Issues

4.1 I carried out compliance audits by assessing whether the National Government entities complied with laws, regulations, policies and guidelines regulating public spending when incurring expenditure for the year ended 30 June, 2023. I also evaluated whether the public realized value for money in the management and use of public resources. Further, I evaluated the effectiveness of the governance structures, risk management and internal controls implemented by National Government entities for orderly, efficient and effective operations.

4.2 The following are some of the weaknesses revealed by the compliance audits:

i. Non-Compliance with the One-Third of Basic Salary Rule

During the year under review, five thousand four hundred and seventy-one (5,471) employees in the National Government Ministries, Departments and Agencies earned a net salary less than one-third ($\frac{1}{3}$) of their basic salary. This was contrary to Section 19(3) of the Employment Act, 2007 which states that all deductions made by an employer from the wages or salaries of his employees at any one time shall not exceed two thirds of such wages or salaries. The details are indicated in the Table 41 below;

Table 41: MDAs Affected by One-Third of Basic Salary Rule

S/No.	Vote	Ministry, Department or Agency	Number of Staff Affected
1.	1071	The National Treasury	155
2.	1023	State Department for Correctional Services	4,082
3.	1064	State Department for Technical, Vocational Education and Training	215
4.	1066	State Department for Early Learning and Basic Education	83
5.	1081	Ministry of Health	168
6.	1091	State Department for Roads	131

S/No.	Vote	Ministry, Department or Agency	Number of Staff Affected
7.	1094	State Department for Housing and Urban Development	45
8.	1109	State Department for Water and Sanitation	19
9.	1112	State Department for Lands and Physical Planning	165
10.	1123	State Department for Broadcasting and Telecommunications	14
11.	1185	State Department for Social Protection and Senior Citizen Affairs	126
12.	1252	State Law Office and Department of Justice	162
13.	1291	Office of the Director of Public Prosecutions	75
14.	2021	National Land Commission	19
15.	2071	Public Service Commission	12
		Total	5,471

Management of the various Ministries, Departments and Agencies have not provided explanations on failure to comply with the law.

ii. Non-Compliance with the Public Procurement and Asset Disposal Act, 2015 and the Public Procurement and Asset Disposal Regulations, 2020

The main issues include the following:

- Failure to provide contract and tender documents for audit review
- Irregular procurements and use of non-competitive procurement practices
- Irregular variations and terminations of contracts
- Stalled/incomplete projects
- Abuse of low-value procurement method
- Failure to implement e-Procurement

iii. Value for Money Issues

- Delays in completion of projects
- Unapproved over expenditures
- Idle cash in bank accounts
- Lease of unutilized office space
- Unauthorized allowances

iv. Other Compliance and Governance Issues

- Payment of allowances not approved by Salaries and Remuneration Commission (SRC)
- Processing of salaries outside Integrated Personnel and Payroll Database (IPPD)

- Unbudgeted expenditures
- Irregular allowances
- Lack of or poorly maintained fixed assets registers
- Incurrence of avoidable nugatory expenditure e.g. fines, penalties and interests
- Ineffective Internal Audit Function and Audit Committees
- Non-establishment of IT Strategic Committees
- Late submission of Financial Statements for audit
- Non-compliance with affirmative action on gender, and regional distribution in employment
- Unapproved positions in Staff Establishment
- Non-remittance of statutory deductions including PAYE, VAT, NHIF, NSSF and Pensions
- Irregular issuance of multiple imprests
- Non-adherence to one-third basic salary rule
- Failure to develop requisite policy documents
- Failure to collect government revenue
- Failure to surrender unspent balances
- Delays and overpayments of cash transfers for social security and protection

5.0 The Equalisation Fund

5.1 Article 204(1) of the Constitution of Kenya establishes the Equalisation Fund. It further requires that one-half per cent (0.5%) of all the revenue collected by the National Government each year, calculated on the basis of the most recent audited accounts of revenue received as approved by the National Assembly, be paid into the Fund. The purpose of the Equalisation Fund is to provide basic services including water, roads, health facilities and electricity to marginalised areas, to bring the quality of the services in those areas to the level generally enjoyed by the rest of the nation.

5.2 The Commission on Revenue Allocation (CRA) developed the policy for identifying marginalised areas and sharing of the Equalisation Fund as mandated by Article 216(4) of the Constitution. The policy identified fourteen (14) Counties namely: Turkana, Mandera, Wajir, Marsabit, Samburu, West Pokot, Tana River, Narok, Kwale, Garrisa, Kilifi, Taita Taveta, Isiolo and Lamu as beneficiaries of the Fund.

5.3 The total accumulated entitlement to the Fund for the financial years 2011/2012 to 2022/2023 is Kshs.51,586,214,050 as at 30 June, 2023 as indicated in Table 42 below:

Table 42: Total Accumulated Entitlement – Equalisation Fund

Financial Year	Base Year for Most Recent Audited Revenues Approved by the National Assembly	Approved Audited Revenue (Kshs.)	Equalisation Fund Entitlement (Kshs.)
2011/2012	2008/2009	468,151,970,000	2,340,759,850
2012/2013	2009/2010	529,300,000,000	2,646,500,000
2013/2014	2009/2010	529,300,000,000	2,646,500,000
2014/2015	2012/2013	776,900,000,000	3,884,500,000
2015/2016	2012/2013	776,900,000,000	3,884,500,000
2016/2017	2012/2013	776,900,000,000	3,884,500,000
2017/2018	2012/2013	776,900,000,000	3,884,500,000
2018/2019	2012/2013	776,900,000,000	3,884,500,000
2019/2020	2012/2013	776,900,000,000	3,884,500,000
2020/2021	2016/2017	1,357,698,000,000	6,788,490,000
2021/2022	2016/2017	1,357,698,000,000	6,788,490,000
2022/2023	2017/2018	1,413,694,840,000	7,068,474,200
Total		10,317,242,810,000	51,586,214,050

5.4 Review of the financial statements for the Equalisation Fund for the year ended 30 June, 2023 revealed that only an amount of Kshs.12,400,000,000 or 24% out of the expected Kshs.51,586,214,050 of the total entitlement had been transferred to the Equalisation Fund Account. The National Treasury had not remitted the remaining balance of Kshs.39,186,214,050 to the Fund as at 30 June, 2023 and was, therefore, in breach of the Constitution.

5.5 In addition, out of the Kshs.12,400,000,000 transferred to the Fund Account, only Kshs.10,763,152,142 or 87% had been disbursed for the approved projects, through the parent Ministries to the identified Counties, leaving a balance of Kshs.1,636,847,858 still held in the Fund Accounts as at 30 June, 2023.

5.6 Comparison between the total entitlement of Kshs.51,586,214,050 and the disbursed amount of Kshs.10,763,152,142 represents a dismal overall performance of 21% for the twelve (12) years since the inception of the Fund. Management has indicated that the Equalisation Fund Appropriation Bill, 2022 was prepared and submitted to the National Assembly to authorise the disbursements of funds due to the Equalisation Fund including the allocations for 2021/2022 and 2022/2023 financial years. However, the Bill had not been passed by Parliament as at the time of the audit.

5.7 The Equalisation Fund will lapse in twenty (20) years since inception, after which it will cease if no extension is approved by Parliament as provided by Article 204(6) and (7) of the Constitution. Given the low level of disbursements as indicated above, the country is not likely to achieve the objectives of the Equalisation Fund, which is to improve the quality of requisite services in the marginalised areas within the set timelines, as envisaged by the Constitution.

APPENDICES

Appendix A: Unmodified Opinion

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

1. State Department for Economic Planning
2. The Executive Office of the President
3. The Office of the Deputy President
4. Office of the Prime Cabinet Secretary
5. State Department for Interior and Citizen Services
6. State Department for Correctional Services
7. State Department for Immigration and Citizen Services
8. National Police Service
9. State Department for Internal Security and National Administration
10. State Department for Development of the Arid and Semi-Arid Lands
11. Ministry of Defence
12. State Department for Diaspora Affairs
13. State Department for Post Training and Skills Development
14. State Department for Roads
15. State Department for Shipping and Maritime Affairs
16. State Department for Housing and Urban Development
17. State Department for Irrigation
18. State Department for Information Communication Technology and Digital Economy
19. State Department for Broadcasting and Telecommunications
20. State Department for Co-operatives
21. State Department for Trade

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NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

22. State Department for Investment Promotion
23. State Department for Labour and Skills Development
24. State Department for Tourism
25. State Department for Wildlife
26. State Department for Gender and Affirmative Action
27. State Department for Public Service
28. State Department for Youth Affairs
29. State Department for East African Community
30. The State Department for Regional and Northern Corridor Development
31. Ethics and Anti-Corruption Commission
32. National Intelligence Service
33. Office of the Registrar of Political Parties
34. Witness Protection Agency
35. State Department for Forestry
36. Kenya National Commission on Human Rights (KNCHR)
37. Parliamentary Service Commission
38. The National Assembly
39. Parliamentary Joint Services
40. Judicial Service Commission
41. Commission on Revenue Allocation
42. Public Service Commission
43. Salaries and Remuneration Commission
44. Teachers Service Commission

Appendix A: Unmodified Opinion

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

45. National Police Service Commission
46. Office of the Controller of Budget
47. National Gender and Equality Commission
48. Independent Policing Oversight Authority
49. National Exchequer Account – The National Treasury
50. Consolidated Fund Services - Public Debt – The National Treasury
51. Development Receiver of Revenue Statements - The National Treasury
52. East Africa Tourist VISA Fee Collection Account - The National Treasury
53. Consolidated Fund Services - Salaries, Allowances and Miscellaneous Services - The National Treasury
54. Revenue Statements of the Pensions Department - The National Treasury
55. National Cohesion and Integration Commission
56. Receiver of Revenue Statements - Ministry of Defence
57. Receiver of Revenue - Revenue Statements - State Department for Lands and Physical Planning
58. Business Registration Service
59. Receiver of Revenue Statements - The Judiciary
60. Ethics and Anti-Corruption Commission Staff House Mortgage and Car Loan Scheme
61. Business Registration Service - Official Receiver
62. Office of the Registrar of Political Parties Staff Mortgage and Car Loan Scheme
63. Witness Protection Agency Staff Housing Mortgage Scheme Fund
64. Witness Protection Agency Staff Motor Car Loan Scheme Fund
65. Kenya National Commission on Human Rights Car and Mortgage Loan Scheme
66. National Land Commission Housing Scheme Fund - National Land Commission

Appendix A: Unmodified Opinion

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

67. National Land Commission Staff Car Loan Scheme Fund
68. Independent Electoral and Boundaries Commission Staff Mortgage and Car Loan Scheme
69. Commission on Revenue Allocation Staff Mortgage Scheme Fund
70. Commission on Revenue Allocation Staff Car Loan Scheme Fund
71. Salaries and Remuneration Commission Mortgage and Car Loan Scheme
72. National Police Service Commission Staff Car Loan and Mortgage Scheme Fund
73. Office of the Controller of Budget Staff Mortgage Scheme
74. Commission on Administrative Justice Staff Mortgage and Car Loan Fund
75. Independent Policing Oversight Authority Staff Mortgage and Car Loan Scheme
76. Public Debt Management Support Project (PDMS) - ADB Grant Agreement No.5500155013708 - The National Treasury
77. Micro Finance Sector Support Credit Project (Credit No. CKE 3004 01E and CKE 6010 01E - The National Treasury
78. National Treasury Capacity Strengthening Project (Grant No.5500155013902 ID NO.P-KE-KOO-011) - The National Treasury
79. Infrastructure Finance and Public Private Partnerships Project - Additional Financing (IDA Credit No.6121-KE) - The National Treasury
80. Supporting Access to Finance & Enterprise Recovery Project (IDA Credit No. 7018-KE) - The National Treasury
81. Rural Kenya Financial Inclusion Facility (RK FINFA) (IFAD Loan No. 2000004121 and Loan No. 2000004122) - The National Treasury
82. Global Fund - To Ensure Provision of Quality Care and Prevention Services for All People in Kenya with TB, Leprosy and Lung Diseases Program - KEN-T-TNT, GA 2067 - The National Treasury
83. Global Fund - To Contribute to Achieving Vision 2030 Through Universal Access to Comprehensive HIV Prevention, Treatment and Care Program - KEN-H-TNT, GA 2065 - The National Treasury

Appendix A: Unmodified Opinion

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

84. Infrastructure Finance and Public Private Partnerships Project - IDA Credit No.5157-KE - The National Treasury
85. Global Fund - To Reduce Malaria Incidence and Deaths by at Least 75 Percent of the 2016 Levels by 2023, Working Towards a Malaria Free Kenya Program KEN-M-TNT, GA 2064 - The National Treasury
86. Affordable Housing Finance Project (IDA Credit No.8958-KE) - The National Treasury
87. Public Financial Management Reforms Program (Credit Nos. DANIDA FY06, SIDA 51110081, IDA GESDEK-6133-KE, AFD/CKE 1130 & PASEDE CRIS No:041-658) - The National Treasury
88. Technical Support Programme (Financing Agreements No. KE/FED/2009/021421, No. KE/FED/023-733 and No. KE/FED/037-941) - The National Treasury
89. Programme for Rural Outreach of Financial Innovations and Technologies (PROFIT) (IFAD Loan No.814-KE and Grant No.1218-KE) - The National Treasury
90. Financial Sector Support Project (IDA Credit No.56270-KE) - The National Treasury
91. Financing Locally-Led Climate Action Program No.P173065; Credit No. IDA 6980-KE; Grant Agreement No. TF0B6810; Loan Agreement BMZ - No.2016 65 108/2018 65 138 - The National Treasury
92. Eastern Africa Regional Transport, Trade and Development Facilitation Project IDA Credit No. 5638-KE - Kenya Revenue Authority
93. Horn of Africa Gateway Development Project (IDA Credit No. 6768) - Kenya Revenue Authority
94. Coordination of Population Policy Implementation Project (UNFPA-KEN09POP) - National Council for Population and Development
95. National Information Platform for Food Security and Nutrition Project (Food/2017/393-022) - Kenya National Bureau of Statistics
96. UNICEF - Kenya Generation Unlimited (GENU) Project (Programme No.2400/A0/A6 - Executive Office of the President

Appendix A: Unmodified Opinion

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

97. Kenya - EU Partnership for the Implementation of the National Strategy to Counter Violent Extremism in Kenya - National Counter Terrorism Centre
98. Technical Assistance to Enhance the Capacity of the President's Delivery Unit (ADB Grant No. 5500155012902) - State Department for Internal Security and National Administration
99. Kenya Cooperation and Partnership Facility (KCPF) Project NO.KE/FED 2019/041-712, Credit NO.FED/2021/423-175 - State Department for Devolution
100. Kenya Symbiocity Programme - SIDA No.51110060 - Council of Governors
101. Kenya Development Response to Displacement Impacts Project (KDRDIP) IDA Credit No.6021-KE and Grant No. TFOA 7762-KE - Ministry of East African Community (EAC), ASALs and Regional Development
102. Promotion of Youth Employment and Vocational Training in Kenya (Phase I) Reference: Loan No. BMZ 2016 67, 211 & BMZ No. 2016 65 298 and Project Grant Reference: No. 1930 05 527 - State Department for Technical, Vocational Education and Training
103. Support to the State Department for Technical, Vocational Education and Training for Relevant Skills Development Project - TVET Project Phase II (ADF Loan No.2100150033295) - State Department for Technical, Vocational Education and Training
104. Promotion of Youth Employment and Vocational Training in Kenya (Phase II) Loan No. BMZ 2018 65 120 - The State Department of Technical, Vocational Education and Training
105. East Africa Skills for Transformation and Regional Integration Project (EASTRIP) IDA Loan Credit No.6334-KE - Ministry of Education - State Department for Technical, Vocational Education and Training
106. East Africa Skills Transformation and Regional Integration Project (EASTRIP) Grant/Credit No. IDA 6334-KE - Kisumu National Polytechnic
107. Africa Center of Excellence in Sustainable Use of Insects as Food and Feeds Project (IDA Credit No. 5798-KE) - Jaramogi Oginga Odinga University of Science and Technology
108. Africa Centre of Excellence (ACE II) in Phytochemicals, Textiles and Renewable Energy (PTRE) Project (IDA Credit No.5798-KE) - Moi University

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NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

109. Kenya Rural Transformation Centers Digital Platform Project - Cooperative University of Kenya
110. Transforming Health Systems for Universal Care (THS-UC) Project Grant IDA Credit No.5836 - KE, TFOA2561, TFOA2792 and CR. P152394 - Ministry of Health
111. Resilient Sustainable Systems for Health (RSSH) KEN-T-TNT 2067 Sub-Recipient - Ministry of Health
112. East Africa's Centre of Excellence for Skills and Tertiary Education in Biomedical Sciences - Phase 1 (Loan No.2100150031997) Project - Ministry of Health
113. Support of the Health Care Financing Strategy - Reproductive Health - Output Based Approach Project (Credit BMZ No. Kenya 201065853) - Ministry of Health
114. Global Fund Tuberculosis Grant Credit No. KEN-T-TNT-2067 - Ministry of Health
115. East Africa Public Health Laboratory Networking (EAPHLN) Project Credit WB KE-4732 - Kenya Medical Supplies Authority
116. A Case Study on Integrated Delivery of Selected Non-Communicable Diseases in Kenya (PHGF Grant No. TFOA5636) - Moi Teaching and Referral Hospital
117. Global Fund HIV/AIDS Project Grant Number KEN-H-TNT-2065 - National Syndemic Diseases Control Council
118. Horn of Africa Gateway Development Project Credit Number 6768-KE - State Department for Roads
119. Eastern Africa Regional Transport, Trade and Development Facilitation Project Credit No.5638-KE IDA - State Department for Roads
120. East Africa Skills Transformation and Regional Integration Project IDA Credit No.6334-KE - State Department for Roads
121. Horn of Africa Gateway Development Project Loan No.6768-KE - Kenya National Highways Authority
122. Nuno-Modogashe Road Project - Kenya National Highways Authority

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NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

123. Kenol-Sagana-Marua Highway Improvement Project (P-KE-DBO-037) Credit Nos.5050200000901 and 200020000 - Kenya National Highways Authority
124. Kenya Transport Sector Support Project (Credit No.4926 KE and No.5410 KE) - Kenya National Highways Authority
125. Port Reitz/Moi International Airport Access (C110) Road (FIDIC EPC/TURNKEY Based) Project - Kenya National Highways Authority
126. Nairobi Southern Bypass Road Project - Loan Agreement No.China Exim Bank PBC No.(2011)32 Total No.(183) No. 14203030520112115528 - Kenya National Highways Authority
127. EPC/TURNKEY Construction of Five Footbridges and T-Mall Flyover on Mombasa and Langata Roads Project Loan Credit No. KEN-01001-19 and KEN-02001-19 - Kenya National Highways Authority
128. Timboroa-Eldoret Road Rehabilitation Project No. P-KE-DBO-019 (Loan No.2100150023344) - Kenya National Highways Authority
129. Samatar-Wajir Road Project (Loan No.13451P, 13/779 and 995) - Kenya National Highways Authority
130. Kenya - South Sudan Link Road Project (REF. No. 2020 62 065 and BMZ No. 2020 83 939) - Kenya National Highways Authority
131. Arusha-Namanga-Athi River Road Development Project No. P-Z1-DBO-040 - Kenya National Highways Authority
132. Multinational Arusha-Holili/Taveta-Voi Road Corridor Development Project Phase I - Loan No.2100150028894 - Kenya National Highways Authority
133. Merille - Marsabit Road Rehabilitation Project (KE/001/09) Loan Agreement No.KE/FED/2009/021-655 - Kenya National Highways Authority
134. Mombasa Gate Bridge Construction Project (I) Loan Agreement No.KE-P34 - Kenya National Highways Authority
135. Nairobi - Thika Highway Improvement Project Lot 3 Government Concessional Loan Agreement No. (2009) 39 Total No. (290) - Kenya National Highways Authority
136. AFD - Asal Rural Roads Project - Kenya Rural Roads Authority

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NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

137. The Establishment of Bus Rapid Transit Line 5 Project (EDCF Loan Agreement No.KEN-5) - Kenya Urban Roads Authority
138. Nairobi Outer Ring Road Improvement Project - Kenya Urban Roads Authority
139. Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project Phase I (EDCF Loan Agreement No.KEN-6) - Kenya Urban Roads Authority
140. Horn of Africa Gateway Development Project Loan No.6768-KE - State Department for Transport
141. National Urban Transport Improvement Project Credit No.5140-KE - Kenya Railways Corporation
142. Safe Roads/Usalama Barabarani Credit Number KE/FED/37-778 - National Transport and Safety Authority
143. Horn of Africa Gateway Development Project (IDA Credit No.6768 KE) - National Transport and Safety Authority
144. Kenya Informal Settlement Improvement Project No. P113542 Credit No. 4873KE - State Department for Housing and Urban Development
145. Nairobi Metropolitan Services Improvement Project (IDA Credit No.5102-KE) - State Department for Housing and Urban Development
146. Second Informal Settlement Improvement Project No. P167814 Credit No. 6759KE - State Department for Housing and Urban Development
147. Kisumu Urban Project (Project Advance Account) - CKE 1035.01.G - County Government of Kisumu
148. Kisumu Urban Project (Cash Expenditure Fund) - CKE 1035.01.G - County Government of Kisumu
149. Rwabura Irrigation Development Project - National Irrigation Authority
150. Bura Rehabilitation Development Project - National Irrigation Authority
151. Mwea Irrigation Development Project - Loan Agreement No. KE-P27 - National Irrigation Authority
152. Kenya Gold Mercury Free ASGM Project Number GEF/UNDP/GOK-00108253 - Ministry of Environment, Climate Change and Forestry

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NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

153. National Action Plan on Artisanal Small - Scale Gold Mining Project (No.AFR/NAP ASGM Project/C/10-2016) - Ministry of Environment, Climate Change and Forestry
154. Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region Project No. 03/DRESS-EA/07/0SS-KE/20 - Ministry of Environment, Climate Change and Forestry
155. NEMA-GCF Readiness and Preparatory Support: NEMA Capacity Strengthening Programme Towards Accessing Climate Finance from Green Climate Fund - Credit Number KEN-RS-003
156. Africa Environmental Health and Pollution Management Project (EHPMP) - National Environment Management Authority
157. Green Growth and Employment Thematic Programme - National Environment Management Authority
158. Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya - National Environment Management Authority
159. Thwake Multi-Purpose Development Program Phase 1 (AfDB Loan No.2100150029993, 2000200003351, AGTF No.5050200000501 and AfDB Grant No.2100155025973) - State Department for Water and Sanitation
160. Water and Sanitation Development Project (IDA Credit No.6029/6030-KE) - State Department for Water and Sanitation
161. Kenya Water Security and Climate Resilience Project (Grant No. TFOA0761A and Credit No.5268/5674-KE) - State Department for Water and Sanitation
162. Coastal Region Water Security and Climate Resilience Project Credit No. 5543- KE/70040-KE - State Department for Water and Sanitation
163. Kenya Italy Debt for Development Programme - State Department for Water and Sanitation
164. Upper Tana Catchment Natural Resource Management Project IFAD Loan No. 1-867-KE; IFAD Additional Financing Loan No. 2000002597-KE; and Spanish Trust Fund Loan No. I-E-8-KE - Ministry of Water, Sanitation and Irrigation

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NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

165. Improvement of Drinking Water and Sanitation Systems in Mombasa: Mwache Project (Credit No. AFD Loan No.CKE 1103 01 C) - Coast Water Works Development Agency
166. Nairobi Inclusive Sanitation Improvement Project - Grant No. 5600155005153 - Athi Water Works Development Agency
167. Busia-Port Victoria Household Sanitation Project Grant/Credit No.02HS/LVNWWDA/BUSIA/054 - Busia Water and Sewerage Services Company Limited
168. Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project II (AfDB Loan No. 2000200003407 and ADF Loan No. 2100150040550) - Athi Water Works Development Agency
169. Nairobi Sanitation Output Based Aid (OBA) Project IDA Grant No. TF014251 and No. TF0A5607) - Nairobi City Water and Sewerage Company Limited
170. Nairobi Water Distribution Network Project (Credit BMZ No.2020.82.527/KV 26833) - Athi Water Works Development Agency
171. Support to Water and Sanitation Services in Peri-Urban Area (Loan No. BMZ 2013.6543.6 - Athi Water Works Development Agency
172. Kenya Towns Sustainable Water Supply and Sanitation Program CR.NO. P-KE-E00-011 (AFDB Loan No.200020000501) - Central Rift Valley Water Works Development Agency
173. Kenya Towns Sustainable Water Supply and Sanitation Programme (AfDB Loan No.200020000501) - Tana Water Works Development Agency
174. Kenya Towns Sustainable Water Supply and Sanitation Program - Credit No.P-KE-E00-011 (AfDB Loan No.20020000501) - Athi Water Works Development Agency
175. Water and Sanitation Services Improvement Project (IDA CR. No.5103-KE) - Lake Victoria North Water Works Development Agency
176. Horn of Africa Gateway Development Project IDA - P161305 Credit No. 6768 - KE - Information and Communication Technology (ICT) Authority
177. Kenya Off Grid Solar Access Project (KOSAP-SNV) Credit Number 6135-KE - State Department for Energy

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NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

178. Kenya Off-Grid Solar Access Project (KOSAP) Credit Number 6135-KE - State Department for Energy
179. Kenya Electricity Modernization Project (KEMP) (IDA CR NO.5587 KE) - State Department for Energy
180. Multi-National Kenyan Section of Interconnection of Electric Grids of Nile Equatorial Lake Countries Project Credit Number 2100150022643-KE - Kenya Electricity Transmission Company Limited (KETRACO)
181. Multinational Kenya-Tanzania Power Interconnection Project (Kenyan Component) (ADF Loan No. 2100150032846) - Kenya Electricity Transmission Company Limited
182. Last Mile Connectivity Project I Loan No.2100150032195 - Kenya Power and Lighting Company PLC
183. Last Mile Connectivity Project II Loan No.2000200000152 - The Kenya Power and Lighting Company PLC
184. Eastern Electricity Highway Project (IDA Credit No. 5148-KE; AFD Loan No: CKE 1030 01B and ADF Loan No: 2100150027845 - Kenya Electricity Transmission Company Limited
185. Rural Electrification in Five Regions Project (Credit No.11/597KE, Credit No.1407PKE) - Rural Electrification and Renewable Energy Corporation
186. Olkaria-Lessos-Kisumu Transmission Lines Construction Project (JICA Loan No. KE-P28) - Kenya Electricity Transmission Company Limited
187. 220KV and 132KV Transmission Lines and Substations (Exim Bank of India Funded) Projects - Kenya Electricity Transmission Company Limited
188. Ethiopia - Kenya Electricity Highway Project (ADB Loan No. 2000200003502 - Mariakani Substation Project ID No: P-ZI-FA0-162) - Kenya Electricity Transmission Company Limited
189. Kenya Electricity Modernization Project (IDA Credit No. 5587-KE) - Rural Electrification and Renewable Energy Corporation
190. Nairobi Ring Transmission Line Project (AFD Credit No. CKE 6012.01, AFD Credit No. CKE 1068 01, AFD Credit No. CKE 1030.01B, EIB Credit No. 25.367/KE and GoK) - Kenya Electricity Transmission Company Limited

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NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

191. Power Transmission System Improvement Project Credit Number 2100150023752 - Kenya Electricity Transmission Company Limited
192. Kenya Off-Grid Solar Access Project for Underserved Counties (IDA Cr.No.6135-KE) - Rural Electrification and Renewable Energy Corporation
193. Kenya Electricity Expansion Project (OFID Credit No.1487P) - Rural Electrification and Renewable Energy Corporation
194. Bogoria Silali Geothermal Project (Loan No.2013.66.103) - Geothermal Development Company Limited
195. Towards Ending Drought Emergencies: Ecosystem Based Adaptation in Kenya's Arid and Semi-Arid Rangelands (IUCN Grant No. P02886) - State Department for Livestock
196. Kenya Livestock Commercialization Project (Loan Number 2000003565 and 2000003566) – State Department for Livestock Development
197. De-Risking, Inclusion & Value Enhancement of Pastoral Economies (DRIVE) Project (Credit No:7139-KE) - State Department for Livestock Development
198. Kenya Marine Fisheries and Socio-Economic Development Project Credit No. 65400-KE - State Department for Blue Economy and Fisheries
199. Aquaculture Business Development Programme (IFAD Loan No.2000002052 & 2000002614) - State Department for Blue Economy and Fisheries
200. Enable Youth Kenya Program (ADF Loan No.2100150038895) - State Department for Crop Development
201. Multi-national Drought Resilience and Sustainable Livelihoods Programme (DRSLP) in the Horn of Africa (ADF Loan No.2100150028345) - State Department for Crop Development
202. Multi-national Rural Livelihoods Adaptation to Climate Change in the Horn of Africa (RLACC) (ADB/ADF Grant No.5550155001201) - State Department for Crop Development
203. Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya (AGRA Grant Number 2018 KE 005) - State Department for Crop Development

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NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

204. National Agricultural and Rural Inclusive Growth Project (IDA Credit No. 5900-KE) - State Department for Crop Development
205. Kenya Cereal Enhancement Programme-Climate Resilient Agricultural Livelihood Window (KCEP-CRAL) EU Grant No.2000000623, Grant No.2000001522, Grant No.2000003493, Grant No.2000001122 and IFAD Loan 2000001121 - State Department for Crop Development
206. Kenya Climate Smart Agriculture Project (IDA Credit No.5945-KE - State Department for Crop Development
207. National Agricultural Value Chain Development Project (Credit No. IDA-7064-KE) - State Department for Crop Development
208. Capacity Development Project for Enhancement of Rice Production in Irrigation Schemes in Kenya (Project Number 1161001009) - Ministry of Agriculture and Livestock Development, State Department for Crop Development
209. Small-Scale Irrigation and Value Addition Project - ADF Loan No.2000130014530 and Grant No.5570155000751 - State Department for Crop Development
210. Agricultural Sector Development Support Programme II (SIDA Grant No:51110109) - State Department for Crop Development
211. Emergency Locust Response Project (IDA Credit No. 6648-KE and No. 70530-KE) – State Department for Crop Development
212. Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS) Credit Number: 2100150042746 - State Department for Crop Development
213. Centre of Excellence in Sustainable Agriculture and Agribusiness Management Credit No.5798-KE - Egerton University
214. Kenya Industry and Entrepreneurship Project (Credit No. IDA 6268-KE) - State Department for Industrialization
215. Kenya Youth Employment and Opportunities Project (Credit No. IDA 5812-KE) - Micro and Small Enterprises Authority (MSEA)
216. Kenya Youth Employment Opportunities Project - 58120-KE - State Department for Labour and Skills Development

Appendix A: Unmodified Opinion

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

217. Kenya Youth Employment and Opportunities Project Credit Number: IDA-5812-KE - National Industrial Training Authority (NITA)
218. Kenya Social and Economic Inclusion Project Credit Number: 6348-KE - State Department for Social Protection and Senior Citizen Affairs
219. Kenya Social and Economic Inclusion Project No. P164654 IDA Credit No. 62480KE and Grant No. TF0A9527 - National Drought Management Authority
220. Combating Poaching and Illegal Wildlife Trafficking in Kenya Through an Integrated Approach (Grant No.00108406) - State Department for Wildlife
221. Women Empowerment for Gender Equality Project - Grant No.PA002836RD - State Department for Gender and Affirmative Action
222. Kenya Youth Employment and Opportunities Project (IDA Credit No. 5812 - KE) - State Department for Youth Affairs
223. Youth Empowerment Programme Grant N. B4210 - State Department for Youth Affairs
224. Judicial Performance Improvement Project (IDA Credit No. 5181-KE) - The Judiciary
225. Green Zones Development Support Project Phase II (Credit No.P.KE-AAD-005) - Kenya Forest Service
226. Increased Enjoyment of Human Rights & Fundamental Freedoms by All in Kenya Project Number:KEN 2062, KEN 19-0011, KNCHR - Kenya National Commission on Human Rights
227. Kenya Primary Education Equity in Learning Program Credit Number 7067-KE - Teachers Service Commission
228. Secondary Education Quality Improvement Project (IDA Credit No.6138-KE) - Teachers Service Commission

Appendix B: Qualified Opinion

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

1. The National Treasury
2. State Department for Devolution
3. Ministry of Foreign Affairs
4. State Department for Foreign Affairs
5. State Department for Technical, Vocational Education and Training
6. State Department for Higher Education and Research
7. State Department for Early Learning and Basic Education
8. State Department for Implementation of Curriculum Reforms
9. Ministry of Health
10. State Department for Public Health and Professional Standards
11. State Department for Transport
12. State Department for Public Works
13. State Department for Environment and Climate Change
14. State Department for Water and Sanitation
15. State Department for Lands and Physical Planning
16. State Department for Sports and the Arts
17. State Department for Culture and Heritage
18. State Department for Energy
19. State Department for Livestock Development
20. State Department for the Blue Economy and Fisheries
21. State Department for Crop Development
22. State Department for Industry
23. State Department for Micro, Small and Medium Enterprises (MSME) Development

Appendix B: Qualified Opinion

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

24. State Department for Social Protection and Senior Citizen Affairs
25. State Department for Mining
26. State Department for Petroleum
27. State Law Office and Department of Justice
28. The Judiciary
29. Office of the Director of Public Prosecutions
30. National Land Commission
31. Independent Electoral and Boundaries Commission
32. The Commission on Administrative Justice
33. Receiver of Revenue - Recurrent – The National Treasury
34. Government Investments and Public Enterprises - Revenue Statements - The National Treasury
35. Consolidated Fund Services - Pension and Gratuities - The National Treasury
36. Revenue Statements - State Department for Interior and Citizen Services
37. Revenue Statements - State Department for Blue Economy and Fisheries
38. Receiver of Revenue - Revenue Statements - State Department for Mining
39. Revenue Statements of Receiver of Revenue - State Law Office and Department of Justice
40. Revenue Statements of the Business Registration Service
41. Public Trustee of Kenya
42. Judiciary Mortgage Scheme
43. Office of the Director of Public Prosecutions Staff Housing Mortgage and Car Loan Scheme
44. Study and Capacity Building Fund Project (Grant Numbers CKE 6015 01K, CKE 1043 01F and CKE 1047 01K) - The National Treasury

Appendix B: Qualified Opinion

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

45. Kenya Italy Debt for Development Program - State Department for Vocational and Technical Training
46. Support to Technical and Vocational Education Training and Entrepreneurship (TVETE Project Phase III) (Loan No. 2100150042254) - State Department for Technical, Vocational Education and Training
47. East Africa Skills for Transformation and Regional Integration Project (EASTRIP) (IDA Loan No.6334-KE) - Meru National Polytechnic
48. East Africa Skills Transformation and Regional Integration Project (Credit Number 6334-KE) - Kenya Coast National Polytechnic (KCNP)
49. Support to Enhancement of Quality and Relevance in Higher Education, Science and Technology Project Credit No. 2100150027993 - State Department for Higher Education and Research
50. Establishment of Kenya Advanced Institute of Science and Technology Project No. KEN-4 - Ministry of Education - State Department for Higher Education and Research
51. Eastern and Southern Higher Education Centres of Excellence (ACE II) Project (Credit No.5798-KE) - State Department of Higher Education and Research
52. USAID Boresha Jamii Project No. (72061521CA00004) - Jaramogi Oginga Odinga University of Science and Technology
53. GOK/UNICEF Education for Young People Programme - State Department for Early Learning and Basic Education
54. Secondary Education Quality Improvement Project (Credit No.61380-KE) - State Department for Basic Education
55. Kenya Primary Education Equity in Learning Project IDA Grant No. D991-KE and Credit No.7067-KE - State Department for Basic Education
56. COVID-19 Health Emergency Response Project Grant/Credit No.6598-KE - Ministry of Health
57. DANIDA Primary Healthcare (PHC) Support Program - Ministry of Health
58. Global Fund - To Reduce Malaria Incidence and Deaths by at Least 75 Percent of the 2016 Levels by 2023, Working Towards a Malaria - Free Kenya - KEN-M-TNT, No.2064 - Ministry of Health

Appendix B: Qualified Opinion

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

59. Global Fund - To Contribute to Achieving Vision 2030 Through Universal Access to Comprehensive HIV Prevention, Treatment and Care Program-KEN-H-TNT No.2065 - Ministry of Health
60. Kenya Health Sector Programme Support III (DANIDA Ref.104.Kenya.810.300-Grant) – County Government of Kisii
61. Mombasa Special Economic Zone Development Project (1) - Kenya National Highways Authority
62. Upgrading of "Gilgil Machinery" Road Project - Kenya Rural Roads Authority
63. Northern Corridor Transport Improvement Project IDA Credit No. 3930-KE and 4571-KE - Kenya National Highways Authority
64. Mombasa Port Area Road Development Project Loan No. KE - P29 & KE P32 - Kenya National Highways Authority
65. Mombasa-Nairobi-Addis Ababa Road Corridor Development Project: (Isiolo/Merille/Moyale Road) - Kenya National Highways Authority
66. Mombasa-Nairobi-Addis Ababa Road Corridor Project Phase III (Turbi-Moyale) No.P-ZI-DB0-095 Loan No.21001500255546 - Kenya National Highways Authority
67. Mombasa-Nairobi-Addis Ababa Road Corridor Project Phase II (Marsabit-Turbi Road) ID NO. P-Z1-DB0-027 - Kenya National Highways Authority
68. Nairobi Western Bypass Project - Kenya National Highways Authority
69. Eastern Africa Regional Transport, Trade and Development Facilitation Project - (IDA CR-5638) - Kenya National Highways Authority
70. Nairobi-Thika Highway Improvement Project Lot I and II (Credit No.2100150015544) - Kenya National Highways Authority
71. Kapchorwa-Suam-Kitale and Eldoret Bypass Roads Project (Kenya) ID NO. P-Z1-DBO-183 - Kenya National Highways Authority
72. Northern Corridor Rehabilitation Programme-Phase III - Kenya National Highways Authority
73. Upgrading of Kibwezi-Mutomo-Kitui-Migwani Road Project No. BLA2016K001 - Kenya National Highways Authority

Appendix B: Qualified Opinion

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

74. National Urban Transport Improvement Project-IDA Credit No.5140 - Kenya National Highways Authority
75. Bagamoyo - Horo Horo - Lunga Lunga - Malindi Road Project (Phase I) ID No:PZI-DBO-129 - Kenya National Highways Authority
76. Mombasa-Mariakani Highway Project (A109) Road Lot 1: (Mombasa - Kwa Jomvu) - Kenya National Highways Authority
77. Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/TURNKEY Based) - Kenya National Highways Authority
78. Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania – Kisii – Ahero (A1) Road Rehabilitation - Kenya National Highways Authority
79. Regional Mombasa Port Access Road Project (Loan No. (Kfw): 27459, Grant No. (Kfw): 202061919) and Credit No. (Kfw): 84010 - Kenya National Highways Authority
80. East Africa Trade and Transport Facilitation Project (IDA Credit No.4148-KE) - Kenya National Highways Authority
81. Support to Road Sector Policy: 10th EDF Rural Roads Rehabilitation Project in Kenya No.KE/FED/023-571 - Kenya Rural Roads Authority
82. Roads 2000 Phase Two - Central Kenya Rural Roads Improvement and Maintenance Project (AFD Credit No. CKE 101201B, Credit No. CKE 104601J and Credit No. CKE 109401M - Kenya Rural Roads Authority
83. Improvement of Rural Roads and Market Infrastructure in Western Kenya Project Credit No.BMZ 2007-65 123 (KFW) - Kenya Rural Roads Authority
84. Multinational Lake Victoria Maritime Communications and Transport (MLVMCT) Project - Kenya Maritime Authority
85. Kenya Urban Support Program (IDA Credit No.61340 KE) - State Department for Housing and Urban Development
86. SC Reporting Tool Kit Project - Ministry of Environment, Climate Change and Forestry
87. Integrated Health and Environment Observatories and Legal and Institutional Strengthening for the Sound Management of Chemicals in Africa (NO.AFR/CHEMOBS PROJECT/C/07-2017) - State Department for Environment and Climate Change

Appendix B: Qualified Opinion

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

88. Kenya Special Project on BRSM and SAICM (Grant/Credit Number: Special Programme 2nd Round Approval Project 01) - State Department of Environment and Climate Change
89. Green Growth and Employment Thematic Programme (GGETP) - State Department for Environment and Climate Change
90. Kenya Enabling Activities for HFC Phase-Down Project (Grant No. UNEP/KEN/SEV/81/TAS/01+) - Ministry of Environment, Climate Change and Forestry
91. Lake Victoria Environmental Management Project Phase III (LVEMP) Project Preparatory Advance No. V1570 - KE - Ministry of Environment and Forestry
92. System for Land-Based Emissions Estimation in Kenya (SLEEK) - Ministry of Environment, Climate Change and Forestry
93. Kenya Institutional Strengthening Project Phase XII (Project Number: KEN/SEV/86/INS/64) - Ministry of Environment, Climate Change and Forestry
94. GCF Project Preparation Facility: "Devolved Climate Change Governance to Strengthen Resilience of Communities in Target Counties" (Project No. KEN-PPF-010) - National Environment Management Authority
95. Kenya Water Towers Project (Grant No. FED/2016/375-958) - Kenya Forest Service
96. Nairobi Water and Sanitation Project (Credit No. CKE113501H) - Athi Water Works Development Agency
97. Nambale-Mjini-Mayenje Water Project Grant/Credit Number 08W/BUSIA/BUSIA/97
98. Lake Victoria Water Supply and Sanitation Programme Phase II Project No. P-ZI-EAO-004 (ADF Grant No. 2100155019967) - Lake Victoria South Water Works Development Agency
99. Lake Victoria Water and Sanitation Project Grant No. CKE 1093 02 M, Credit No. CKE1093 01 L and EIB No. FI N° 83890 Serapis N° 2011-0619 - Lake Victoria South Water Works Development Agency
100. Water Sector Development Programme - Lake Victoria South (Kericho, Kisii, Nyamira and Litein) Loan No. BMZ 2010 65 861 and Grant No. BMZ 2010 70 457 - Lake Victoria South Water Works Development Agency

Appendix B: Qualified Opinion

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

101. Kisii Water Supply and Sanitation Project - ORIO11/KE/21 - Lake Victoria South Water Works Development Agency
102. Trilateral Development Cooperation in Kenya, Water and Sanitation Sector Project (Credit No. BMZ 201365352) - Lake Victoria South Water Works Development Agency
103. Northern Collector Phase 1 – Additional Rehabilitation and Development of the Network Project (Credit Number CKE-1074) - Athi Water Works Development Agency
104. Eastern Africa Regional Transport, Trade and Development Facilitation Project IDA Credit No. 5638-KE (MICT) - Information and Communication Technology (ICT) Authority
105. 50MW Solar Power Plant in Garissa Project (GCL No. 2015(10) - Rural Electrification and Renewable Energy Corporation
106. Menengai Geothermal Project Agreement NO.CKE 1038.01K - Geothermal Development Company Limited
107. Revitalising Irish Potato Production for COVID-19 Affected Small - Scale Producers Project (IFAD Grants No. 2000003589 and 200000396600) - Agriculture and Food Authority
108. Vijana Vuka na Afya Programme Grant No. 201367465 - State Department for Youth Affairs
109. Programme for Legal Empowerment and Aid Delivery (Project Credit Number KE/FED/2018/397-591) - Office of the Attorney General and Department of Justice

Appendix C: Adverse Opinion

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

1. E-Citizen Revenue Accountability Statement - The National Treasury
2. Sound Chemicals Management Mainstreaming and UPOPS Reduction in Kenya Project No.P00099820 - Ministry of Environment, Climate Change and Forestry

Appendix D: Disclaimer of Opinion

NO. MINISTRY, DEPARTMENT AND AGENCY (MDA)/DONOR FUNDED PROJECT

1. Statement of Outstanding Obligations Guaranteed by the Government of Kenya - The National Treasury

Appendix E: Additional Funds Granted through Supplementary Budget

Vote	Ministry, Department, Agency	Amount (Kshs.)
1194	Ministry of Petroleum and Mining	41,840,683,440
1025	National Police Service	25,180,089,940
1066	State Department for Early Learning and Basic Education	24,140,737,401
1173	State Department for Cooperatives	20,698,194,787
	Guaranteed Debt	13,839,609,061
1011	Executive Office of the President	11,977,047,079
1035	State Department for Development of the ASAL	10,385,655,470
1026	State Department for Internal Security and National Administration	8,845,935,362
1169	State Department for Crop Development and Agricultural Research	7,912,979,738
1041	Ministry of Defence	7,297,534,074
1083	State Department for Public Health and Professional Standards	5,212,715,604
1053	State Department for Foreign Affairs	5,196,322,860
1185	State Department for Social Protection, Senior Citizens Affairs and Special Programs	3,569,843,843
1332	State Department for Forestry	3,008,939,205
1261	The Judiciary	2,835,000,000
1104	State Department for Irrigation	2,581,505,302
1072	State Department for Planning	2,296,193,099
1177	State Department for Investment Promotion	2,213,879,964
1222	State Department for Regional and Northern Corridor Development	2,065,943,781
1024	State Department for Immigration and Citizen Services	2,013,833,564
2091	Teachers Service Commission	1,821,393,998
1203	State Department for Wildlife	1,746,627,543
1162	State Department for Livestock.	1,570,174,021
1092	State Department for Transport	1,520,434,524
1202	State Department for Tourism	1,085,304,840
1012	Office of the Deputy President	1,016,850,072
1013	Office of the Prime Cabinet Secretary	853,205,101
	Pensions and Gratuities	811,269,230
1054	State Department for Diaspora Affairs	658,000,000
1176	State Department for Micro, Small and Medium Enterprises Development	633,620,281
2043	Parliamentary Joint Services	535,000,000
1252	State Law Office and Department of Justice	412,017,064
1192	State Department for Mining	368,804,850

Vote	Ministry, Department, Agency	Amount (Kshs.)
1291	Office of the Director of Public Prosecutions	355,535,429
2052	Judicial Service Commission	300,000,000
1174	State Department for Trade and Enterprise Development	216,611,817
2041	Parliamentary Service Commission	165,000,000
1134	State Department for Culture and Heritage	66,147,797
1032	Ministry of Devolution	65,684,123
2061	The Commission on Revenue Allocation	48,859,211
1221	State Department for East African Community	8,800,000
	Total	217,371,983,475

Appendix F: Pending Bills - Donor Funded Projects

No.	Donor Funded Project	Implementing Entity	Pending Bills (Kshs.)
1.	Kenya Transport Sector Support Project (Credit No.4926 KE and No.5410 KE)	Kenya National Highways Authority	6,925,616,718
2.	Mombasa Port Area Road Development Project Loan No. KE - P29 & KE P32	Kenya National Highways Authority	6,863,882,873
3.	National Urban Transport Improvement Project-IDA Credit No.5140	Kenya National Highways Authority	6,251,148,679
4.	Nairobi Southern Bypass Road Project - Loan Agreement No. China Exim Bank PBC No.(2011)32 Total No.(183) No. 14203030520112115528	Kenya National Highways Authority	3,623,386,920
5.	Northern Corridor Transport Improvement Project IDA Credit No. 3930-KE and 4571-KE	Kenya National Highways Authority	3,597,877,130
6.	Upgrading of Kibwezi-Mutomo-Kitui-Migwani Road Project No. BLA2016K001	Kenya National Highways Authority	3,384,415,397
7.	Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania – Kisii – Ahero (A1) Road Rehabilitation	Kenya National Highways Authority	3,341,354,966
8.	Kenol-Sagana-Marua Highway Improvement Project (P-KE-DBO-037) Credit Nos.5050200000901 and 200020000	Kenya National Highways Authority	3,193,335,011
9.	Bagamoyo - Horo Horo - Lunga Lunga - Malindi Road Project (Phase I) ID No:PZI-DBO-129	Kenya National Highways Authority	3,183,107,062
10.	Mombasa-Mariakani Highway Project (A109) Road Lot 1: (Mombasa - Kwa Jomvu)	Kenya National Highways Authority	2,225,743,167
11.	Nairobi Western Bypass Project	Kenya National Highways Authority	1,691,209,482
12.	Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/TURNKEY Based)	Kenya National Highways Authority	1,640,595,404
13.	Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project II (AfDB Loan No. 2000200003407 and ADF Loan No. 2100150040550)	Athi Water Works Development Agency	1,600,038,379
14.	Olkaria-Lessos-Kisumu Transmission Lines Construction Project (JICA Loan No. KE-P28)	Kenya Electricity Transmission Company Limited	1,177,239,110

No.	Donor Funded Project	Implementing Entity	Pending Bills (Kshs.)
15.	Global Fund - To Contribute to Achieving Vision 2030 Through Universal Access to Comprehensive HIV Prevention, Treatment and Care Program - KEN-H-TNT, GA 2065	The National Treasury	1,063,280,388
16.	Regional Mombasa Port Access Road Project (Loan No. (Kfw): 27459, Grant No. (Kfw): 202061919) and Credit No. (Kfw): 84010	Kenya National Highways Authority	978,541,404
17.	Nairobi Outer Ring Road Improvement Project	Kenya Urban Roads Authority	846,198,623
18.	Eastern Africa Regional Transport, Trade and Development Facilitation Project - (IDA CR-5638)	Kenya National Highways Authority	838,328,644
19.	Port Reitz/Moi International Airport Access (C110) Road (FIDIC EPC/TURNKEY Based) Project	Kenya National Highways Authority	822,548,139
20.	Mwea Irrigation Development Project - Loan Agreement No. KE-P27	National Irrigation Authority	803,087,704
21.	Kapchorwa-Suam-Kitale and Eldoret Bypass Roads Project (Kenya) ID NO. P-Z1-DBO-183	Kenya National Highways Authority	745,168,259
22.	Multinational Kenya-Tanzania Power Interconnection Project (Kenyan Component) (ADF Loan No. 2100150032846)	Kenya Electricity Transmission Company Limited	700,157,734
23.	Kenya Towns Sustainable Water Supply and Sanitation Programme (AfDB Loan No.2000200000501)	Tana Water Works Development Agency	657,914,335
24.	Thwake Multi-Purpose Development Program Phase 1 (AfDB Loan No.2100150029993, 2000200003351, AGTF No.5050200000501 and AfDB Grant No.2100155025973)	State Department for Water and Sanitation	623,084,955
25.	Nuno-Modogashe Road Project	Kenya National Highways Authority	609,968,478
26.	Eastern Electricity Highway Project (IDA Credit No. 5148-KE; AFD Loan No: CKE 1030 01B and ADF Loan No: 2100150027845	Kenya Electricity Transmission Company Limited	597,773,725
27.	Kenya Towns Sustainable Water Supply and Sanitation Program - Credit No.P-KE-E00-011 (AfDB Loan No.200200000501)	Athi Water Works Development Agency	568,868,751
28.	Nairobi - Thika Highway Improvement Project Lot 3 Government Concessional	Kenya National Highways Authority	550,671,327

No.	Donor Funded Project	Implementing Entity	Pending Bills (Kshs.)
	Loan Agreement No. (2009) 39 Total No. (290)		
29.	East Africa Skills for Transformation and Regional Integration Project (EASTRIP) (IDA Loan No.6334-KE)	Meru National Polytechnic	514,346,567
30.	Menengai Geothermal Project Agreement NO.CKE 1038.01K	Geothermal Development Company Limited	509,425,000
31.	Kenya Towns Sustainable Water Supply and Sanitation Program CR.NO. P-KE-E00-011 (AFDB Loan No.2000200000501)	Central Rift Valley Water Works Development Agency	449,975,282
32.	Bura Rehabilitation Development Project	National Irrigation Authority	439,646,657
33.	Nairobi-Thika Highway Improvement Project Lot I and II (Credit No.2100150015544)	Kenya National Highways Authority	436,511,076
34.	Power Transmission System Improvement Project Credit Number 2100150023752	Kenya Electricity Transmission Company Limited	379,000,868
35.	Multi-National Kenyan Section of Interconnection of Electric Grids of Nile Equatorial Lake Countries Project Credit Number 2100150022643-KE	Kenya Electricity Transmission Company Limited (KETRACO)	328,717,613
36.	Upgrading of "Gilgil Machinery" Road Project	Kenya Rural Roads Authority	317,673,816
37.	Ethiopia - Kenya Electricity Highway Project (ADB Loan No. 2000200003502 - Mariakani Substation Project ID No: P-ZI-FA0-162)	Kenya Electricity Transmission Company Limited	296,731,355
38.	Nairobi Ring Transmission Line Project (AFD Credit No. CKE 6012.01, AFD Credit No. CKE 1068 01, AFD Credit No. CKE 1030.01B, EIB Credit No. 25.367/KE and GoK)	Kenya Electricity Transmission Company Limited	264,740,058
39.	Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya	National Environment Management Authority	195,278,374
40.	Rwabura Irrigation Development Project	National Irrigation Authority	186,824,079
41.	Global Fund - To Ensure Provision of Quality Care and Prevention Services for All People in Kenya with TB, Leprosy and Lung Diseases Program - KEN-T-TNT, GA 2067	The National Treasury	176,406,228
42.	Last Mile Connectivity Project II Loan No.2000200000152	The Kenya Power and Lighting Company PLC	174,151,000

No.	Donor Funded Project	Implementing Entity	Pending Bills (Kshs.)
43.	Kenya Electricity Modernization Project (IDA Credit No. 5587-KE)	Rural Electrification and Renewable Energy Corporation	173,874,192
44.	Lake Victoria Water Supply and Sanitation Programme Phase II Project No. P-ZI-EAO-004 (ADF Grant No.2100155019967)	Lake Victoria South Water Works Development Agency	140,187,852
45.	Rural Electrification in Five Regions Project (Credit No.11/597KE, Credit No.1407PKE)	Rural Electrification and Renewable Energy Corporation	132,925,013
46.	220KV and 132KV Transmission Lines and Substations (Exim Bank of India Funded) Projects	Kenya Electricity Transmission Company Limited	127,681,620
47.	Support to Water and Sanitation Services in Peri-Urban Area (Loan No. BMZ 2013.6543.6	Athi Water Works Development Agency	126,998,204
48.	Financing Locally-Led Climate Action Program No.P173065; Credit No. IDA 6980-KE; Grant Agreement No. TF0B6810; Loan Agreement BMZ - No.2016 65 108/2018 65 138	The National Treasury	125,428,927
49.	Last Mile Connectivity Project I Loan No.2100150032195	Kenya Power and Lighting Company PLC	89,063,528
50.	Arusha-Namanga-Athi River Road Development Project No. P-Z1-DBO-040	Kenya National Highways Authority	83,344,955
51.	Kenya Electricity Modernization Project (KEMP) (IDA CR NO.5587 KE)	State Department for Energy	74,035,202
52.	East Africa Trade and Transport Facilitation Project (IDA Credit No.4148-KE)	Kenya National Highways Authority	70,867,529
53.	Merille - Marsabit Road Rehabilitation Project (KE/001/09) Loan Agreement No.KE/FED/2009/021-655	Kenya National Highways Authority	69,056,118
54.	Improvement of Rural Roads and Market Infrastructure in Western Kenya Project Credit No.BMZ 2007-65 123 (KFW)	Kenya Rural Roads Authority	66,288,310
55.	Nairobi Inclusive Sanitation Improvement Project - Grant No. 5600155005153	Athi Water Works Development Agency	66,018,716
56.	Mombasa-Nairobi-Addis Ababa Road Corridor Project Phase II (Marsabit-Turbi Road) ID NO. P-Z1-DB0-027	Kenya National Highways Authority	62,165,683
57.	Nairobi Metropolitan Services Improvement Project (IDA Credit No.5102-KE)	State Department for Housing and Urban Development	60,853,925

No.	Donor Funded Project	Implementing Entity	Pending Bills (Kshs.)
58.	Northern Corridor Rehabilitation Programme-Phase III	Kenya National Highways Authority	54,792,831
59.	Global Fund - To Reduce Malaria Incidence and Deaths by at Least 75 Percent of the 2016 Levels by 2023, Working Towards a Malaria Free Kenya Program KEN-M-TNT, GA 2064	The National Treasury	53,030,140
60.	Global Fund - To Reduce Malaria Incidence and Deaths by at Least 75 Percent of the 2016 Levels by 2023, Working Towards a Malaria - Free Kenya - KEN-M-TNT, No.2064	Ministry of Health	48,444,000
61.	Secondary Education Quality Improvement Project (IDA Credit No.6138-KE)	Teachers Service Commission	47,306,255
62.	Public Financial Management Reforms Program (Credit Nos. DANIDA FY06, SIDA 51110081, IDA GESDEK-6133-KE, AFD/CKE 1130 & PASEDE CRIS No:041-658)	The National Treasury	38,510,295
63.	Support to Road Sector Policy: 10th EDF Rural Roads Rehabilitation Project in Kenya No.KE/FED/023-571	Kenya Rural Roads Authority	33,504,172
64.	Kenya Youth Employment and Opportunities Project (IDA Credit No. 5812 - KE)	State Department for Youth Affairs	26,091,836
65.	Global Fund - To Contribute to Achieving Vision 2030 Through Universal Access to Comprehensive HIV Prevention, Treatment and Care Program-KEN-H-TNT No.2065	Ministry of Health	24,398,008
66.	Multinational Arusha-Holili/Taveta-Voi Road Corridor Development Project Phase I - Loan No.2100150028894	Kenya National Highways Authority	21,807,516
67.	Lake Victoria Water and Sanitation Project Grant No. CKE 1093 02 M, Credit No. CKE1093 01 L and EIB No. FI N° 83890 Serapis N° 2011-0619 -	Lake Victoria South Water Works Development Agency	19,924,752
68.	Agricultural Sector Development Support Programme II (SIDA Grant No:51110109)	State Department for Crop Development	19,874,610
69.	Kenya Youth Employment and Opportunities Project (Credit No. IDA 5812-KE)	Micro and Small Enterprises Authority (MSEA)	18,202,738
70.	Towards Ending Drought Emergencies: Ecosystem Based Adaptation in	State Department for Livestock	15,669,870

No.	Donor Funded Project	Implementing Entity	Pending Bills (Kshs.)
	Kenya's Arid and Semi-Arid Rangelands (IUCN Grant No. P02886)		
71.	The Establishment of Bus Rapid Transit Line 5 Project (EDCF Loan Agreement No.KEN-5)	Kenya Urban Roads Authority	14,807,013
72.	Lake Victoria Environmental Management Project Phase III (LVEMP) Project Preparatory Advance No. V1570 - KE	Ministry of Environment and Forestry	13,858,198
73.	Enable Youth Kenya Program (ADF Loan No.2100150038895)	State Department for Crop Development	13,748,170
74.	Kenya - South Sudan Link Road Project (REF. No. 2020 62 065 and BMZ No. 2020 83 939)	Kenya National Highways Authority	12,988,543
75.	Eastern Africa Regional Transport, Trade and Development Facilitation Project IDA Credit No. 5638-KE	Kenya Revenue Authority	12,459,000
76.	Kenya Urban Support Program (IDA Credit No.61340 KE)	State Department for Housing and Urban Development	11,682,114
77.	Mombasa-Nairobi-Addis Ababa Road Corridor Project Phase III (Turbi-Moyale) No.P-ZI-DB0-095 Loan No.21001500255546	Kenya National Highways Authority	11,539,155
78.	Aquaculture Business Development Programme (IFAD Loan No.2000002052 & 2000002614)	State Department for Blue Economy and Fisheries	11,436,184
79.	Improvement of Drinking Water and Sanitation Systems in Mombasa: Mwache Project (Credit No. AFD Loan No.CKE 1103 01 C)	Coast Water Works Development Agency	10,248,815
80.	Financial Sector Support Project (IDA Credit No.56270-KE)	The National Treasury	10,024,584
81.	Kenya Youth Employment and Opportunities Project Credit Number: IDA-5812-KE	National Industrial Training Authority (NITA)	9,526,965
82.	Kenya Livestock Commercialization Project (Loan Number 2000003565 and 2000003566)	State Department for Livestock Development	8,082,961
83.	EPC/TURNKEY Construction of Five Footbridges and T-Mall Flyover on Mombasa and Langata Roads Project Loan Credit No. KEN-01001-19 and KEN-02001-19	Kenya National Highways Authority	7,499,380
84.	Kenya Rural Transformation Centers Digital Platform Project	Cooperative University of Kenya	7,347,444

No.	Donor Funded Project	Implementing Entity	Pending Bills (Kshs.)
85.	Kenya Social and Economic Inclusion Project Credit Number: 6348-KE	State Department for Social Protection and Senior Citizen Affairs	6,935,510
86.	Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region Project No. 03/DRESS-EA/07/0SS-KE/20	Ministry of Environment, Climate Change and Forestry	6,917,900
87.	Resilient Sustainable Systems for Health (RSSH) KEN-T-TNT 2067 Sub-Recipient	Ministry of Health	6,450,831
88.	Global Fund Tuberculosis Grant Credit No. KEN-T-TNT-2067	Ministry of Health	5,519,439
89.	Support of the Health Care Financing Strategy - Reproductive Health - Output Based Approach Project (Credit BMZ No. Kenya 201065853)	Ministry of Health	4,436,435
90.	National Urban Transport Improvement Project Credit No.5140-KE	Kenya Railways Corporation	3,900,000
91.	Transforming Health Systems for Universal Care (THS-UC) Project Grant IDA Credit No.5836 - KE, TFOA2561, TFOA2792 and CR. P152394	Ministry of Health	3,628,545
92.	Combating Poaching and Illegal Wildlife Trafficking in Kenya Through an Integrated Approach (Grant No.00108406)	State Department for Wildlife	3,011,650
93.	Global Fund HIV/AIDS Project Grant Number KEN-H-TNT-2065	National Syndemic Diseases Control Council	3,000,684
94.	Eastern and Southern Higher Education Centres of Excellence (ACE II) Project (Credit No.5798-KE)	State Department for Higher Education and Research	2,995,920
95.	Nairobi Water Distribution Network Project (Credit BMZ No.2020.82.527/KV 26833)	Athi Water Works Development Agency	2,415,254
96.	USAID Boresha Jamii Project No. (72061521CA00004)	Jaramogi Oginga Odinga University of Science and Technology	2,379,246
97.	A Case Study on Integrated Delivery of Selected Non-Communicable Diseases in Kenya (PHGF Grant No. TFOA5636)	Moi Teaching and Referral Hospital	2,318,966
98.	Kenya Off Grid Solar Access Project (KOSAP-SNV) Credit Number 6135-KE	State Department for Energy	1,750,848
99.	Affordable Housing Finance Project (IDA Credit No.8958-KE)	The National Treasury	1,672,770
100.	Africa Centre of Excellence (ACE II) in Phytochemicals, Textiles and	Moi University	1,425,443

No.	Donor Funded Project	Implementing Entity	Pending Bills (Kshs.)
	Renewable Energy (PTRE) Project (IDA Credit No.5798-KE)		
101.	Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project Phase I (EDCF Loan Agreement No.KEN-6)	Kenya Urban Roads Authority	1,246,242
102.	Infrastructure Finance and Public Private Partnerships Project - Additional Financing (IDA Credit No.6121-KE)	The National Treasury	995,300
103.	Bogoria Silali Geothermal Project (Loan No.2013.66.103)	Geothermal Development Company Limited	438,200
104.	Kenya Gold Mercury Free ASGM Project Number GEF/UNDP/GOK-00108253	Ministry of Environment, Climate Change and Forestry	212,700
105.	Women Empowerment for Gender Equality Project - Grant No.PA002836RD	State Department for Gender and Affirmative Action	180,000
106.	Kenya Primary Education Equity in Learning Program Credit Number 7067-KE	Teachers Service Commission	173,538
107.	East Africa's Centre of Excellence for Skills and Tertiary Education in Biomedical Sciences - Phase 1 (Loan No.2100150031997) Project	Ministry of Health	135,000
108.	Kenya Symbiocity Programme - SIDA No.51110060	Council of Governors	125,810
Total			65,881,832,291

Appendix G: Low Absorption of Funds/Undrawn Balances

S/No.	Donor Funded Project	Project Start Date	Project End Date	Total Project Amount (Kshs.)	Amount Utilised (Kshs.)	Undrawn Amount (Kshs.)	% of Absorption
1.	National Treasury Capacity Strengthening Project (Grant No.550015501 3902 Id No.P-KE-KOO-011) - The National Treasury	12.02.2021	31.03.2024	62,890,000	11,787,824	51,102,176	19
2.	Promotion of Youth Employment and Vocational Training in Kenya (Phase II) Loan No. BMZ 2018 65 120 - State Department for Technical, Vocational Education and Training	30.12.2020	30.12.2024	1,380,000,000	0	1,380,000,000	0
3.	Green Zones Development Support Project Phase II (Credit No.P.Ke-AAD-005) - Kenya Forest Service			4,999,742,000,	1,900,989,676	3,098,752,324	38
4.	Ethiopia - Kenya Electricity Highway Project (ADB Loan No.200020000 3502 - Mariakani Substation Project Id No: P-Zifa0-162) - Kenya Electricity Transmission Company Limited	June, 2019	December, 2023	4,064,995,682	1,847,850,354	1,870,633,910	45
5.	Public Debt Management Support Project (PDMS) - ADB Grant		May, 2024	122,080,000	54,502,690	67,577,310	45

S/No.	Donor Funded Project	Project Start Date	Project End Date	Total Project Amount (Kshs.)	Amount Utilised (Kshs.)	Undrawn Amount (Kshs.)	% of Absorption
	Agreement No.550015501 3708 - The National Treasury						
6.	Kenya Electricity Modernization Project (IDA Credit No. 5587-KE) - Rural Electrification and Renewable Energy Corporation		30.06.2023	1,013,000,000	571,887,939	441,112,061	56
7.	UNICEF - Kenya Generation Unlimited (Genu) Project (Programme No.2400/A0/A6) - Executive Office of the President	30.06.2020	30.06.2022	31,600,000	26,195,316	5,404,684	83
8.	East Africa Skills for Transformation and Regional Integration Project (EASTRIP) (IDA Loan No. 6334-KE) - Meru National Polytechnic		December, 2024.	1,242,791,640,	454,444,631	788,347,010.	37
9.	East Africa's Centre of Excellence for Skills and Tertiary Education in Biomedical Sciences - Phase 1 (Loan No.210015003 1997) Project - Ministry of Health		31.12.2023	3,674,000,000	2,561,814,494	1,112,185,506	70
10.	Transforming Health Systems for Universal Care (THS-UC) Project Grant Ida Credit	15.09.2016	30.09.2023	19,684,400,000	18,369,511,838	1,314,888,162	93

S/No.	Donor Funded Project	Project Start Date	Project End Date	Total Project Amount (Kshs.)	Amount Utilised (Kshs.)	Undrawn Amount (Kshs.)	% of Absorption
	No.5836 - KE, Tfoa2561, Tfoa2792 and Cr. P152394 - Ministry of Health						
11.	Resilient Sustainable Systems for Health (RSSH) Ken-T-TNT 2067 Sub-Recipient - Ministry of Health	2021/2022	2023/2024	1,073,372,973	397,645,363	675,727,610	63
12.	Danida Primary Healthcare (PHC) Support Program - Ministry of Health						
13.	Eastern Africa Regional Transport, Trade and Development Facilitation Project Credit No.5638-Ke IDA - State Department for Roads	June, 2015	31.12.2023	1,937,387,202	1,288,802,895	648,584,307	67
14.	East Africa Skills Transformation and Regional Integration Project Ida Credit No.6334-Ke - State Department for Technical, Vocational Education and Training	2018	2024	1,086,168,320	368,031,532	718,136,788	34

Appendix H: Failure to Close Projects and Idle Funds/Bank Balances

S/No	Project	Start Date	End Date	Idle Balances (Kshs.)	Remarks
1.	Technical Support Programme (Financing Agreements No.KE/FED/2009/021421, NO. KE/FED/023-733 and NO.KE/FED/037-941) - Consolidated Fund Services – Pension and Gratuities	01.03.2012	24.04.2021	22,823,152	The Project had not been closed. Had an active bank account held in a local bank with a balance of Kshs.22,823,152. No explanation was provided for the failure to close the project.
2.	Micro Finance Sector Support Credit Project (Credit NO. CKE 3004 01E AND CKE 6010 01E) - Consolidated Fund Services – Pension and Gratuities	31.10.2010	31.12.2014		The project has not been closed eight (8) years after lapse of the financing agreement.
3.	Support of the Health Care Financing Strategy - Reproductive Health - Output Based Approach Project (Credit BMZ NO. KENYA 201065853) – Ministry of Health				The project incurred bank charges amounting to Kshs.34,587 because of failure to close the project.
4.	Mombasa-Nairobi-Addis Ababa Road Corridor Project Phase III (Turbi-Moyale) NO.P-ZI-DB0-095 LOAN NO.21001500255546 - Kenya National Highways Authority	12.10.2012	15.10.2016		Project closure report had not been prepared and submitted for review eight (8) years after the lapse of the financing agreement.
5.	Nairobi-Thika Highway Improvement Project Lot I and II (Credit NO.2100150015544) - Kenya National Highways Authority		22.07.2015		The project closure report was not provided for audit more than eight (8) years after the lapse of the financing agreement.
6.	Port Reitz/Moi International Airport Access (C110) Road (FIDIC EPC/TURNKEY BASED) Project - Kenya National Highways Authority	26.11.2010	31.10.2015		Project closure report was not provided for audit review eight (8) years after the lapse of the closure date.
7.	East Africa Trade and Transport Facilitation		30.09.2015		The Project closure report was not

S/No	Project	Start Date	End Date	Idle Balances (Kshs.)	Remarks
	Project (IDA Credit No.4148-KE) - Kenya National Highways Authority				provided for audit, eight (8) years after the expiry of the closure date.
8.	Mombasa-Nairobi-Addis Ababa Road Corridor Development Project: (Isiolo/Merille/Moyale Road) - Kenya National Highways Authority	04.02.2005	31.12.2010		The project closure report had not been prepared and submitted for audit thirteen (13) years after the lapse of the financing agreement.
9.	Northern Corridor Rehabilitation Programme-Phase III - Kenya National Highways Authority	26.11.2010	31.10.2015		The Project closure report was not provided for audit, eight (8) years after the expiry of the closure date.
10.	Kenya Transport Sector Support Project (Credit No.4926KE and NO.5410 KE) - Kenya National Highways Authority		31.12.2018		The Project has continued operations four and a half (4½) years after closure date and no closure report was provided for audit review.
11.	Northern Corridor Transport Improvement Project IDA Credit No. 3930-KE and 4571-KE - Kenya National Highways Authority		30.12.2015		The Project closure report was not provided for audit, eight (8) years after the expiry of the closure date.
12.	Kenya Informal Settlement Improvement Project No. P113542 Credit NO. 4873KE - State Department for Housing and Urban Development	01.07.2011	30.12.2020		The Project had not been closed and no explanation was provided for the failure to close the project in accordance with the Financing Agreements.
13.	Kisumu Urban Project (Project Advance Account) – CKE 1035.01.G - County Government of Kisumu	19.02.2020	31.01.2022		The Project Management had not commenced the closure procedure and did not submit the report for audit.
14.	Kisumu Urban Project (Cash Expenditure Fund) – CKE 1035.01.G - County Government of Kisumu		30.06.2022	6,772	The Project Management had not commenced the closure procedures.

S/No	Project	Start Date	End Date	Idle Balances (Kshs.)	Remarks
15.	Sound Chemicals Management Mainstreaming and UPOPS Reduction in Kenya Project NO. P00099820 - State Department for Environment and Climate Change	May 2016	31.12.2021		The project had not been closed and the closure report was not provided for audit review
16.	Kenya Italy Debt for Development Programme - State Department for Water and Sanitation	2007	30.06.2022	24,494,573	No evidence was provided for audit review to show that the Programme closure process had started.
17.	GRANT/CREDIT NO.02HS/LVNWWDA/BUS IA/054 - Busia Water and Sewerage Services Company Limited	25.09.2020	31.12.2021		The Project had not been closed and no explanation was provided for the failure to close the Project in accordance with the provisions of the Financing Contract.
18.	Revitalizing Irish Potato Production for Covid-19 Affected Small - Scale Producers Project (IFAD Grants - No. 2000003589 and 200000396600) - Agriculture and Food Authority	15.09.2022	31.12.2022	1,208,000	Management did not provide an explanation for to formally close the project.
19.	Multinational Lake Victoria Maritime Communications and Transport (MLVMCT) Project – Kenya Maritime Authority		30.04.2022	56,379,591	The Project had not been closed and no explanation was provided for the failure to close the Project.
	Total			104,912,088	

Appendix I: Comingling of Funds – Failure to Maintain Separate Bank Accounts for the Projects

S/No	Project	Remarks
1.	Promotion of Youth Employment and Vocational Training in Kenya (Phase I) Reference: Loan No. BMZ 2016 67, 211 & BMZ No. 2016 65 298 and Project Grant Reference: No. 1930 05 527 - State Department for Technical, Vocational Education and Training	Failure to Open and Maintain a Separate Bank Account.
2.	Promotion of Youth Employment and Vocational Training In Kenya (Phase II) Loan No. BMZ 2018 65 120 - State Department for Technical, Vocational Education and Training	Failure to Open and Maintain a Separate Project Bank Account.
3.	DANIDA Primary Healthcare (PHC) Support Program - Ministry of Health	Thirty-seven (37) Counties operated project accounts which did not have the name of the Project.
4.	Nairobi - Thika Highway Improvement Project Lot 3 Government Concessional Loan Agreement No. (2009) 39 Total No. (290) - Kenya National Highways Authority	The Project funds were comingled in the Kenya National Highways Authority's operational bank account instead of handling them in a separate bank account.
5.	Eastern Africa Regional Transport, Trade and Development Facilitation Project - (IDA CR-5638) - Kenya National Highways Authority	The Authority commingling funds for all the Projects undertaken by the Authority and the Authority's own funds.
6.	Mombasa Special Economic Zone Development Project (I) - Kenya National Highways Authority	The Project funds were comingled in the Kenya National Highways Authority's operational bank account instead of handling them in a separate bank account.
7.	Kenya Enabling Activities for HFC Phase-Down Project (Grant No. UNEP/KEN/SEV/81/TAS/01+) - State Department for Environment and Climate Change	Project did not maintain a separate bank account and cash book but relied on the Ministry's development cash book for recording its transactions.
8.	Kenya Towns Sustainable Water Supply and Sanitation Program CR.NO. P-KE-E00-011 (AFDB Loan No.2000200000501) - Central Rift Valley Water Works Development Agency	The Program does not maintain a designated bank account and its activities are funded through the implementing agency bank account.
9.	Kisii Water Supply and Sanitation Project - ORIO11/KE/21 - Lake Victoria South Water Works Development Agency	The Management did not maintain a cash book and a separate bank account for the Project.
10.	Water Sector Development Programme – Lake Victoria South (Kericho, Kisii, Nyamira and Litein) Loan No. BMZ	The Project's records indicated that the Project Management used the

S/No	Project	Remarks
	2010 65 861 and Grant NO. BMZ 2010 70 457 - Lake Victoria South Water Works Development Agency	Implementing Agency's bank account and cash book to process receipts and payments relating to the Project.
11.	Trilateral Development Cooperation in Kenya, Water and Sanitation Sector Project (Credit No. BMZ 201365352) - Lake Victoria South Water Works Development Agency	The Project's implementing agency does not operate a separate bank account for the Project but instead manages the Project funds in the Agency's bank accounts together with other Agency funds.
12.	Northern Collector Phase 1 – Additional Rehabilitation and Development of the Network Project (Credit Number CKE-1074) - Athi Water Works Development Agency	The Management did not maintain a separate project bank account for the Government of Kenya contribution to the Project.
13.	Bura Rehabilitation Development Project – National Irrigation Authority	The Project does not have a separate account, but continued to receive the counterpart funds through the National Irrigation Authority's development bank account number.
14.	Mwea Irrigation Development Project – Loan Agreement No. KE-P27 - National Irrigation Authority	The Project does not have a separate account, but continued to receive the counterpart funds through the National Irrigation Authority's development bank account.
15.	Eastern Africa Regional Transport, Trade and Development Facilitation Project IDA Credit No. 5638-KE (MICT) - Information and Communication Technology (ICT) Authority	The Authority did not open and maintain a separate program operating account.
16.	Bogoria Silali Geothermal Project (Loan No.2013.66.103) - Geothermal Development Company Limited	Payments relating to the Project were made outside the Project account.
17.	Multinational Kenya-Tanzania Power Interconnection Project (Kenyan Component) (ADF Loan No.2100150032846) - Kenya Electricity Transmission Company Limited	Project funds were commingled with other projects funds in a single bank account. and no cash book that was maintained for processing and recording financial transactions for the Project.
18.	Rural Electrification in Five Regions Project (Credit NO.11/597KE, Credit NO.1407PKE) - Rural Electrification and Renewable Energy Corporation	No separate bank account was opened and operated by the Project and Project funds were commingled in the Corporation's bank accounts where project payments and receipts are recorded.

S/No	Project	Remarks
19.	Power Transmission System Improvement Project Credit Number 2100150023752 - Kenya Electricity Transmission Company Limited	The Corporation maintains two (2) bank accounts in two (2) commercial banks for the purpose of setting way leaves and taxes for all the Projects under its control. This made it difficult to separate and trace the cash balances for each of the Projects.
20.	Menengai Geothermal Project Agreement No. CKE 1038.01K - Geothermal Development Company Limited	The project funds were commingled in several bank accounts maintained by the Company for all projects.
21.	Rwabura Irrigation Development Project – National Irrigation Authority	The Management does not have a separate Project account and continued to receive the counterpart funds through the National Irrigation Authority's Development bank account.

Appendix J: Counterpart Funding Issues

S/No.	Project	Remarks
1.	DANIDA Primary Healthcare (PHC) Support Program - Ministry of Health	<ul style="list-style-type: none"> Three (3) Counties of Bomet, Bungoma and Taita/Taveta did not provide their counterpart funds of Kshs.21,101,000. Ten (10) Counties did not provide Special Purpose bank statements and vote books to confirm compliance with the co-financing requirements amounting to Kshs.204,001,570.
2.	Upgrading of "Gilgil Machinery" Road Project – Kenya Rural Roads Authority	<ul style="list-style-type: none"> The total cumulative counterpart funding from the Government of Kenya was Kshs.162,500,000 which represents 41% of the total counterpart financing projection of Kshs.400,000,000. With the expected closing date of the project set at 30 July, 2024, it is doubtful that the counterpart financing balance of Kshs.237,500,000 or 59% will be disbursed for the Project activities before closure date.
3.	Eastern Africa Regional Transport, Trade and Development Facilitation Project - (IDA CR-5638) – Kenya National Highways Authority	<ul style="list-style-type: none"> The balance of counterpart funding of Kshs.8,340,954,058 or 66% had not been disbursed to fund the Project's activities as at 30 June, 2023. With only six (6) months to the closing date of the Project on 29 December, 2023 it is doubtful that the balance will be disbursed in its entirety.
4.	Kenya Towns Sustainable Water Supply and Sanitation Program CR.NO. P-KE-E00-011 (AFDB LOAN NO.2000200000501) - Central Rift Valley Water Works Development Agency	<ul style="list-style-type: none"> Out of the total Government of Kenya counterpart funding commitment of Kshs.2,073,227,699 only Kshs.569,059,620 (or 27%) had been disbursed leaving balance of Kshs.1,504,168,049 undrawn with the Project coming to a close on 31 December, 2025.
5.	Northern Collector Phase 1 – Additional Rehabilitation and Development of the Network Project (Credit Number CKE-1074) - Athi Water Works Development Agency	<ul style="list-style-type: none"> Counterpart funds amounting to Kshs.775,161,950 not accounted for in the financial statements for the year ended 30 June, 2023.
6.	Last Mile Connectivity Project II Loan No.2000200000152 - The Kenya Power and Lighting Company Plc	<ul style="list-style-type: none"> The legality of the GOK counterpart amount utilized to date of Kshs.5,143,377,000 against Kshs.1,982,912,640 provided in the financing agreement could not be confirmed.

S/No.	Project	Remarks
7.	Kenya Electricity Modernization Project (IDA Credit No. 5587-KE) - Rural Electrification and Renewable Energy Corporation	<ul style="list-style-type: none"> Out of the expected GoK counterpart fund amounting to Kshs.100,000,000, Kshs.99,950,000 had not been disbursed despite the Project period having lapsed on 30 June, 2023.
8.	Kenya Cereal Enhancement Programme-Climate Resilient Agricultural Livelihood Window (KCEP-CRAL) EU Grant No.2000000623, Grant No.2000001522, Grant No.2000003493, Grant No.2000001122 and IFAD Loan 2000001121 - State Department for Crop Development	<ul style="list-style-type: none"> The government of Kenya did not transfer to the project Kshs.20,000,000 being counterpart funding for the financial year ended 30 June, 2023.
9.	National Agricultural and Rural Inclusive Growth Project (IDA Credit No. 5900-KE) - State Department for Crop Development	<ul style="list-style-type: none"> The National and County Governments had not remitted counterpart funds amounting to Kshs.159,606,369 and Kshs.592,876,249 respectively contrary to the provisions of the financing agreement.
10.	Kenya Climate Smart Agriculture Project (IDA Credit NO. 5945-KE) - State Department for Crop Development	<ul style="list-style-type: none"> Busia County, Bomet County and Siaya County had not remitted counterpart funds amounting to Kshs.120,554,295, Kshs.1,887,950 and Kshs.44,676,011 respectively, all totalling to Kshs.167,118,256
11.	Agricultural Sector Development Support Programme II (SIDA Grant No: 51110109) - State Department for Crop Development	<ul style="list-style-type: none"> Government of Kenya and the County Governments counterpart funds amounting to Kshs.255,147,303 had not been disbursed with the project closing on 29 February, 2024.
12.	National Agricultural Value Chain Development Project (Credit No. IDA-7064-KE) - State Department for Crop Development	<ul style="list-style-type: none"> Although the financing agreement provided for Kshs.3,000,000,000 counterpart funds, no funds were received by the project as Counterpart funds.
13.	Programme for Legal Empowerment and Aid Delivery (Project Credit Number KE/FED/2018/397-591) E - State Law Office and Department of Justice	<ul style="list-style-type: none"> Although the Project financial statements reflect counterpart funds amounting to Kshs.4,000,000, counterpart funding was not spelt out in the Financing Agreement.

Appendix K: Procurement Issues

S/No.	Project	Issue	Details
1.	Support to Technical and Vocational Education Training and Entrepreneurship (TVETE Project Phase III) (Loan No.2100150042254) - State Department for Technical, Vocational Education and Training	Consultancy Services	<ul style="list-style-type: none"> The contract was signed on 17 August, 2022 which was nine (9) days after notifications were sent to the bidders on 08 August, 2022 and before lapse of fourteen (14) days contrary to Section 68(2) of the Public Procurement and Asset Disposal Act, 2015. The performance bond lapsed on 09 August, 2023 but there was no evidence of its renewal.
2.	East Africa Skills for Transformation and Regional Integration Project (EASTRIP) (IDA Loan No. 6334-KE) – Meru National Polytechnic	Lack of Value for Money on Consultancy Fees	<ul style="list-style-type: none"> Payment of Kshs.16,747,626 to the consultant made without signing any contract agreement contrary to Regulation 63 of Public Procurement and Asset Disposal Regulations, 2020. Payment of Kshs.27,501,339 to the consultant being full contract sum for the supervision services contract despite the project stalling at 50% complete.
3.	Support to Enhancement of Quality and Relevance in Higher Education, Science and Technology Project Credit No. 2100150027993 - State Department for Higher Education and Research	Irregular Consultancy Services Contract	<ul style="list-style-type: none"> The State Department entered into a contract for the provision of consultancy services to conduct end of project evaluation on 22 October, 2021 after the lapse of the tender validity period on 9 September, 2021. This was contrary to Clause 12.1 of the Request for Proposal Document and Section 135(3) of the Public Procurement and Asset Disposal Act, 2015.
4.	Support to Enhancement of Quality and Relevance in Higher Education, Science and Technology Project Credit No. 2100150027993 - State Department for Higher Education and Research	Repair of Wangari Mathai Institute of Peace and Environment Studies	<ul style="list-style-type: none"> The State Department paid Kshs.15,000,000 to the University of Nairobi for the repair of teaching and learning facilities at Wangari Mathai Institute of Peace and Environment Studies. However, procurement documents were not provided contrary to Section 44(2)(d) of the Public Procurement and Asset Disposal Act, 2015

S/No.	Project	Issue	Details
5.	Support to Enhancement of Quality and Relevance in Higher Education, Science and Technology Project Credit No. 2100150027993 - State Department for Higher Education and Research	Tracer Study on Destination of Engineering Graduates	<ul style="list-style-type: none"> The five months tracer study on the destination of engineering graduates from Kenyan Universities awarded at Kshs.19,804,158 was not supported with certificate confirming the right quality of service as part of contract close out required under Section 154 of the Public Procurement and Asset Disposal Act, 2015. The study has delayed, and the consultant was not charged liquidated damages in accordance with Section 140(b) of the Public Procurement and Asset Disposal Act, 2015.
6.	Eastern and Southern Higher Education Centres of Excellence (ACE II) Project (Credit No.5798-KE) - State Department for Higher Education and Research	Local Purchase Order Issued after Procurement	<ul style="list-style-type: none"> The local purchase order for conference facilities service provided between 26 September, 2023 and 8 October, 2022 was generated 5 months later on 2 March, 2023. This was contrary to Section 106(5) of the Public Procurement and Asset Disposal Act, 2015
7.	Africa Center of Excellence in Sustainable Use of Insects as Food and Feeds Project (IDA Credit No.5798-KE) - Jaramogi Oginga Odinga University of Science And Technology	Irregularities in Procurement of Air Tickets	<ul style="list-style-type: none"> Procurement of foreign travel air tickets amounting to Kshs.10,724,990 through request for quotations with no evidence of appointment of the tender opening committee or the quotation evaluation committee. This is contrary to Section 78 and 80 of the Public Procurement and Asset Disposal Act, 2015
8.	Global Fund - To Reduce Malaria Incidence and Deaths by at Least 75 Percent of the 2016 Levels by 2023, Working Towards a Malaria - Free Kenya - Ministry of Health	Irregular Procurement of Conference Facilities	<ul style="list-style-type: none"> Procurement of provision of conference facilities amounting to Kshs.13,055,321 through request for quotations that were above the maximum threshold of Kshs.3,000,000. This was contrary to Section 105(a) of the Public Procurement and Asset Disposal Act, 2015 and the Second Schedule of the Public Procurement and Asset Disposal Regulations, 2020.

S/No.	Project	Issue	Details
9.	Kapchorwa-Suam-Kitale and Eldoret Bypass Roads Project (Kenya) ID NO. P-Z1-DBO-183 - Kenya National Highways Authority	Lack of a Procurement Plan	<ul style="list-style-type: none"> Management did not provide an annual procurement plan prepared as part of the annual budget preparation process for audit. This is contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020.
10.	The Establishment of Bus Rapid Transit Line 5 Project - (EDCF Loan Agreement No. KEN-5) - Kenya Urban Roads Authority	Irregular Clause on Financing Agreement and Non-Compliance with the Public Procurement and Asset Disposal Act, 2015	<ul style="list-style-type: none"> Review of Part IV and Schedule 4 of the Project's Financing Agreement revealed that suppliers other than nationals of the Republic of South Korea or judicial person incorporated and registered therein were not allowed to bid for the consultancy services. This is contrary to Section 60(1) of the Public Procurement and Asset Disposal Act, 2015.
11.	SC Reporting Tool Kit Project - State Department for Environment and Climate Change	Procurement of Laptops and Tablets	<ul style="list-style-type: none"> The Project incurred Kshs.2,240,000 incurred to procure four (4) laptops and two (2) tablets. However, procurement documents including quotations to various firms, opening and adhoc evaluation committee minutes were not provided for audit.
12.	Eastern Africa Regional Transport, Trade and Development Facilitation Project IDA Credit No. 5638-KE (MICT) - Information and Communication Technology (ICT) Authority	Irregular Variation Contract of	<ul style="list-style-type: none"> A contract for supply, installation, testing commissioning, training, warranty, and maintenance of two (2) optical fibre networks (backbone access) along the Eldoret, Ndapal, Nakodok Road was awarded at Kshs.354,488,355. Through Addendum No.3 of 02 February, 2023, the contract was varied upwards by Kshs.172,969,700 or 49% of the contract sum. This contract variation exceeded 25%, contrary to Section 139(4)(e) of the Public Procurement and Asset Disposal Act, 2015.

Appendix L: Stalled and Delayed Donor Funded Projects

S/No	Project Title	Contract Amount (Kshs.)	Cumulative Amount Paid as at 30 June, 2023 (Kshs.)	Description
1	Thwake Multi-Purpose Development Project - State Department for Water and Sanitation	36,971,346,445	32,836,105,729	Stalled construction of the Dam
2	Kenya Towns Sustainable Water Supply and Sanitation Program - AWWDA	1,064,488,726	551,167,160	Stalled construction of Kitui and Matuu Towns last mile connectivity of water and Sanitation and Changamwe repolling sewer network
3	Drought Resilience and Sustainable Livelihood Programme	20,172,199	10,003,345	Stalled drilling and development of boreholes
4	Drought Resilience and Sustainable Livelihood Programme	11,959,011	7,482,192	Stalled construction of livestock market yard
5	Enable Youth Kenya Program	8,318,517	-	Stalled works at the Regional Pastoral Center - Narok
6	AWWDA-Northern Collector Phase 1 - Additional Rehabilitation and Development of the Network Project - Athi Water Works Development Agency	1,254,843,096	-	Delayed implementation of Kigoro Water Treatment Plant and delayed completion of 10 ablution blocks within Nairobi informal settlements in Kawangware, Mukuru kwa Reuben, Huruma and Mathare
7	Kenya Urban Support Programme - V0360 KE - State Department for Housing and Urban Development	3,276,222,307	1,564,134,907	Delayed completion of modern market and installation of high mast flood lights in Kericho County, construction of Kitale Business Centre in Kitale Municipality, upgrading of 64 Stadium in Municipality of Eldoret, construction of Kithomboani Modern Market in Kitui Town and delayed development of Afraha Stadium in Nakuru County
8	KETRACO-220 KV AND 132 KV Transmission Lines and Sub-stations (EXIM Bank of India)	3,032,923,290	1,863,799,765	Delayed completion of the project leading to additional costs amounting to Kshs.489,431,219 equivalent to USD 3,482,913.67
9	Bura Rehabilitation Development Project - National Irrigation Authority	3,551,206,409	1,944,039,883	Delayed construction of the Project, Phase1: was at 90% complete, Phase 2: was at 38% complete) while Phase 3: had not started (0%).

S/No	Project Title	Contract Amount (Kshs.)	Cumulative Amount Paid as at 30 June, 2023 (Kshs.)	Description
10	Kenya Towns Sustainable Water Supply and Sanitation Program - Athi Water Works Development Agency	978,444,796	-	Slow implementation of four (4) water and sewerage projects of Makutano Water Supply and Sewage, Machakos Water Supply, Machakos Sewerage and Water distribution for Malindi and Watamu
11	Programme for Legal Empowerment and Aid Delivery - State Law Office and Department of Justice	806,927,175	83,487,210	The project has been in the operational implementation phase for the last sixty (60) months with 10% works done whereas the project implementation period had lapsed
12	Lake Victoria Water and Sanitation Project CKE 1093 02M	253,963,222	195,336,194	Delayed implementation of the consultancy contract
13	Drought Resilience and Sustainable Livelihoods Programme	15,569,806	9,469,016	Delayed completion of drilling and development of community boreholes
14	Kenya Transport Sector Support Project Credit No. s 4926-KE and 5410-KE-KENHA	6,229,173,463	-	Delayed completion of Athi River Machakos turn off
15	Kenya Transport Sector Support Project Credit No. s 4926-KE and 5410-KE-KENHA	1,314,945,369	-	Delayed completion of dualing of Kisumu Boy's roundabout - Mambolea Junction
16	Kenya Transport Sector Support Project Credit No. s 4926-KE and 5410-KE-KENHA	1,388,321,424	-	Delayed completion of Ahero interchange junction and Kericho interchange junction
17	Kisii Water Supply and Sanitation Project - ORIO11/KE/21- LVSSWA	10,800,000,000	86,344,504	Delayed project implementation due to additional costs
18	Mariakani Substation Project - KETRACO	-	2,194,361,772	Delayed implementation of the project
19	Nairobi Metropolitan Service Improvement Project (NAMSIP) Cr. No. 5102 KE	1,056,478,730	816,649,308	Delayed completion of the project
20	Small-scale Irrigation and Value Addition Project (SIVAP)	538,793,797	284,775,327	Delayed implementation of the project
21	Support to Enhancement of Quality and Relevance in Higher Education, Science and Technology Project Grant/Credit Number - ADF/2	-	2,617,434,820	Delayed completion of the project

S/No	Project Title	Contract Amount (Kshs.)	Cumulative Amount Paid as at 30 June, 2023 (Kshs.)	Description
22	2018 Promotion of Youth Employment and vocational Training in Kenya (Phase II Project)	1,403,000,000	22,990,369	Slow pace of project take off and low absorption of funds whereby the Project has not received any of the expected donor funds amounting to Kshs.1,380,000,000
23	Bogoria Silali Geothermal Project - GDC	76,173,144,000	10,859,863,000	Delayed project implementation since the project's milestones are behind the estimated timelines
24	Horn of Africa Gateway Development Project - Transport	1,342,850,000	58,355,555	Delayed project implementation due to low uptake of funds while the Project is in its third year of implementation
25	Improvement of Drinking Water and Sanitation Systems in Mombasa: Mwache Project	159,881,649	-	Slow implementation of the Mwache project despite the payments in relation to consultancy services and emergency works.
26	Kenya Industry and Entrepreneurship Project	700,699,602	331,875,790	Delayed project implementation whereby the projects' implementation status could not be confirmed as at 30 June 2023. The contract extension procedures were not explained
27	National Urban Transport Improvement Project cr. No.5140 - KENHA, IDA	20,414,794,998	24,374,445,874	Delayed road project implementation where the contractor had achieved overall physical progress of 72% as at 30 June, 2023 and contract period was 97% lapsed
28	Secondary Education Quality Improvement Project - SDBE	6,324,559,856	4,812,293,317	Delayed completion of construction of classrooms, laboratories and sanitation facilities with 16 classrooms, 35 laboratories, 5 water projects and 388 sanitation blocks not commenced as at 30 June, 2023
29	Secondary Education Quality Improvement Project - SDBE	331,252,700	133,581,401	Slow progress on re-tendered works on construction of classrooms, laboratories and sanitation facilities at 33% completion as at 30 June, 2023 and 5 classrooms, 6 laboratories, 8 water projects

S/No	Project Title	Contract Amount (Kshs.)	Cumulative Amount Paid as at 30 June, 2023 (Kshs.)	Description
				and 37 sanitation blocks not commenced
30	Transforming Health Systems for Universal Care Project THS-UC Project	19,684,400,000	18,369,511,838	Delayed disbursement of funds leading to an undrawn balance of Kshs.1,314,888,162 and thus the project's objectives may not be fully met by the end of the project
31	Kenya Electricity Expansion Project (KEEP) - Project Cr No. 1487P	2,609,159,289	1,109,159,289	Delayed implementation of the project
32	Kenya South Sudan Link Road Project	12,611,735,371	134,317,133	Delayed implementation of the project
33	Upgrading of Gilgil Machinery Roads to Bitumen Standard	1,476,491,036	1,262,502,564	Delayed completion of the road project
34	Rural Electrification in Five Regions Project (BADEA) - REREC	1,523,144,961	-	Projects with a total contract sum of Kshs.1,523,144,961 had not started although 95% of the project time had lapsed.
35	Kenya Towns Sustainable Water Supply and Sanitation Program (CRVWWDA)	7,347,395,990	-	Delayed implementation in 10 Projects
36	Mombasa-Mariakani Highway Project Lot 1-KENHA ADB	6,016,868,260	-	Delayed completion of Mombasa - Mariakani Highway
37	Mwea Irrigation Development Project	920,117,880	-	Slow project implementation - Lot 1
38	The Bagamoyo-Horo Horo Lunga Lunga Malindi Road Project (Phase 1) - KENHA	7,590,747,593	744,572,077	Slow project implementation - Lot 1
39	Water and Sanitation Development Project (WSDP)	8,769,600	1,955,859	Delayed Projects Implemented by Kwale Water and Sewerage Company Limited (KWAWASCO)
	Total	239,213,110,567	107,280,015,198	

CONTACTS

3rd Floor, Anniversary Towers, University Way, Nairobi

Phone: +254 020 3214000 • **Email:** info@oagkenya.go.ke • **Website:** <https://www.oagkenya.go.ke/>



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