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THE NATIONAL TREASURY

TREASURY MEMORANDUM

ON

PUBLIC ACCOUNTS COMMITTEE

REPORT

For The Year

2013/2014

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EXECUTIVE SUMMARY

Pursuant to Article 38 (1) f which requires the Cabinet Secretary to submit to the National Assembly a statement by the National Treasury specifying the measures taken by the National Government to implement any recommendations by the National Assembly with respect to the budget for the previous financial year or years, I herewith forward the Treasury Memorandum for the financial years 2013/2014 with the following comments.

Legislative Requirements

The Public Finance Management Act 2012 was enacted on 24th July, 2012 and laid down structures and responsibilities necessary for Public Finance Management for the two levels of Government. This has facilitated the application of public funds in a lawful, effective, efficient and economic manner.

The Act under Section 192 established a Public Sector Accounting Standards Board which was gazette on 28th February, 2014 to provide a frame work and set generally accepted standard for the development and management of accounting and financial systems. The Board made pronouncements on its inaugural frame work for use by the State Organs and Public Entities on 8th August, 2014.

The National Treasury has undertaken training on the use of reporting templates for all Ministries, Departments and State Agencies to improve and enhance reporting standards as envisaged by the Act.

Regulations to guide implementation of Public Finance Management Act 2012 for the National government were made and gazette under Legal Notice No.34 of 20th March, 2015.

Public Procurement and Asset disposal Act, 2015 assented on 18th December, 2015 has been effected and vested responsibility on the Accounting Officers, which will improve procurement processes and enhance transparency and accountability.

Revenue Accounts

Under-collection of revenue is caused by non-release of funds by the development partners when due and at times low absorption capacity by projects and programmes. The government has put in place an external resource policy document on official development assistance (ODA) which is intended to provide the legal, organizational, operational and accountable framework for guiding and managing of development partner funds.

In addition accounting officers have been encouraged to prepare accurate procurement plans which will guide in implementation of projects and programmes in a timely manner.

Pending Bills

Pending bills are government expenditure commitment fully processed and authenticated for payment against existing adequate budget in the relevant financial year but for which financing is not availed during the year to which it refers and therefore carried over to the subsequent financial year.

Due to limitation of resources, MDAs are not fully funded. However they make their procurement based on budgetary provision which may not be fully funded by the exchequer. Ministries are encouraged to make pending bills a first charge in the ensuing financial year's provision.

Management of Bank Cash Accounts

The National Treasury through IFMIS Department has automated cash management module which is intended to manage cash accounts, it has the capability of doing Auto Bank Reconciliation. We have also adapted internet Banking (IB) in our payment system which guarantees seamless transfer of funds to the recipients enabling daily tracking of available cash balances.

Statement of Assets

An inter-Ministerial Taskforce to address old outstanding Assets in all Accounting Units was formed. The Committee has been able to assist Ministries to adjust the balances in the Statements of Assets and Liabilities. The exercise will ensure all the old balances are addressed and cleared from the books of accounts.

Maintenance of Accounting Records

We have embedded Financial Reporting Templates in the IFMIS System to ensure harmonized data in the ledger and trial balance for preparation of Financial Statements as recommended by Public Sector Accounting Standard Board which was constituted in accordance with PFM Act 2012.

Other Measures Taken

A Financial Reporting Unit (FRU) has been established as a stopgap to review and analyze the quality of the in-year financial reports, which will substantially reduce audit queries at source. The National Treasury is keen in consolidating all the National Government appropriated accounts in order to give the net worth of government of Kenya.

Indeed, National Treasury has continued to improve on the Integrated Financial Management Information System (IFMIS) by bringing in additional modules. IFMIS was rolled to the County Governments as the financial management tool for effective use, control, monitoring and reporting of public funds. Additional module to enhance efficiency and accountability installed lately is exchequer requisition which links payments with budgeted allocations.

TREASURY MEMORANDUM ON PUBLIC ACCOUNTS COMMITTEE REPORT FOR THE FINANCIAL YEAR 2013/2014

The latest report of the Public Accounts Committee on the government of Kenya Accounts for the financial year 2013/2014 was tabled on the floor of parliament and adopted on 18th August, 2016. The adopted report was received at The National Treasury on 6th June, 2017 vide letter Ref No. KNA/L&P/CORR/2017 (142) dated 24th May 2017.

The National Treasury vide letter Ref No. AG.18/01Vol.14/ (50) of 15th June, 2017 advised the accounting officers to commence implementation of the Public Accounts Committee recommendations on paragraphs relating to their votes and thereafter submit a status report on the implementation to enable National Treasury prepare the Treasury Memorandum.

The responses from Ministries/Departments /Agencies were slow while in some cases inadequate information was provided and National Treasury had to keep reminding them. Failure by the ministries to submit the status reports as required caused delay in the preparation of the Treasury Memorandum.

National Treasury has endeavored to maintain standard and quality reports for purposes of current and future references. Responses are captured in a tabular form indicating action taken by MDAs from pages 1-83.

In accordance with Public Finance Management Act, Section 38 subsection 1(f), the National Treasury is required to prepare a statement specifying measures taken by the National Government to implement any recommendations made by the National Assembly with respect to the budget for the previous financial year or years. The treasury memorandum for financial year 2013/2014 is now presented.

1.0 GENERAL OBSERVATIONS

1.1 Non – Compliance to Accounting Standards.

The Public Sector Accounting Standard board pronounced use of financial reporting frame work and use of templates in July 2014 which was new and required immediate use for reporting financial statement for 2013/2014. National Treasury has trained its accounting staff on the new required templates and standards. To date over three thousand staff (3000) for both Ministries/Departments, Agencies, State Corporations and parastatals have been trained.

1.2 Challenges with the Integrated Financial Management Information Systems (IFMIS)

IFMIS audit has been done by an independent body, the Auditor General and has indicated a positive outcome on efficiency, applicability and assurance on safety and security of the system which is widely used by both National and County Government.

1.3 Delayed Exchequer Releases

There is marked improvement in system management which has been programmed to link budget, cash flow projections, work plan and exchequer requisition. This will improve disbursement of budgetary allocation in a timely manner.

1.4 Resolved Audit Queries

The Auditor General is holding entry and exit meetings where agreements on resolved audit issues are documented.

1.5 Poor Implementation of Government Projects

The National Treasury noted the concerns and has made changes in revised Public Procurement and Asset Disposal Act 2015 to address issues raised on the delayed completion of projects. Procurement Regulations are under way which will cover areas pointed out.

1.6 Unwarranted Attack on the Office of the Auditor General

The Cabinet Secretaries were making political statements to defend the image of the government after establishing the content of newspaper reports were extracts from the auditor's report but not a brief from the Auditor General. This was to forestall freight of foreign investors and to restore confidence in Kenya's financial processes.

1.7 Weak Financial Management and Control by the National Treasury

National Treasury has enacted laws that have laid bare financial regulations to manage and control public finances as follows:

- Public Finance Management Act 2012 regulations gazetted through notice No. 34 and 35 of 20th March 2015.-Enactment of Public Procurement and Asset Disposal Act 2015,
- Public Audit Act 2015, and gazzetement of Internal Audit Committee guidelines.

The Public Sector Accounting Standards Board has pronounced Financial Accounting frame work, templates and standards to be use in financial reporting.

These measures will harmonize government financial management and control.

1.8 Failed Internal Audits Function in Ministries/Departments, Agencies and State Corporations

The Public Audit Act 2015 was enacted and gives external Auditor responsibility to consult with Internal Auditors before embarking on an audit.

Audit Committees have been established in Public Entities which will improve governance.

1.9 Overstated Enrolment Ministry of Education

There is marked involvement of education stakeholders in resolving educational flaws. This includes regular transfers of teachers' audit of schools, inspection and quality assurances.

1.10 Fixed Assets Registers for Ministries/Departments, Agencies and State Corporations

Public Procurement and Asset Disposal act 2015 and Public Finance Management Act 2015 regulations prescribe the requirement of Asset registers and vests responsibility to the Accounting Officers.

1.11 Coordination of One-stop Boarder Posts

The National Governments is addressing all concerns affecting the country`s boundaries.

1.12 Unsecured government Land

The National Treasury has established Government Asset Office where all public Assets both movable and immovable will be documented and registers maintained.

The National Land Commission is in place to determine and issue land ownership title document for all public land.

2.2.0 HIGHLIGHTS FROM THE FY 2013/2014 AUDITED ACCOUNTS

2.2.1 Government Financial Position as at 30th June 2014

The budgetary process only recognizes confirmed donor funds. Donors are required to forward accountability for all appropriation–in-aid documents for capture in the financial control system.

External donor resource policy document was discussed and adopted by the Cabinet; this will resolve donor fund issues.

2.2.2 Unsupported Expenditure

Ministries, Departments and Agencies have been called upon to maintain good accounting records and proper archiving of accountable documents for quick retrieval when required.

2.2.3 Excess Expenditure

National Treasury has linked exchequer requisition with the budget allocation and automated its expenditure through IFMIS, likelihood of incurring excess expenditure is very scarce. Poor book keeping and lack of accounting knowledge was evidence during devolvement of service to the Counties.

2.2.4 Pending Bills

Issue of pending bills was addressed by the Cabinet in August 2016 and in particular those touching on AGPO. Decision was made to make first charge in 2016/2017 provisions to clear the pending bills before making any other payment. A list of all pending bills was made and auditors instructed to check the authenticity before any payment could be made.

2.2.5 Imprest Management

Public Finance Management Act 2012 regulations enacted in 2015 instituted penalty on un-surrendered imprest at Central Bank interest rate prevailing. Treasury is in the process of reviewing the Public Finance Management Act to address issues of officers who die in course of duty financed through imprest.

2.2.6 Ministry of Devolution and Planning

Public Officers who were found culpable were arraigned and charged in court.

Financial statements for 2014/2015 were audited and an audit report submitted to parliament.

TREASURY MEMORANDUM 2013/2014.

IMPLEMENTATION OF THE PUBLIC ACCOUNTS COMMITTEE RECOMEDATIONS ON THE GOVERNMENT OF KENYA ACCOUNTS FOR THE FINANCIAL YEAR 2013/2014.

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
		THE NATIONAL TREASURY		
107	2013/2014	1. Under-Expenditure	The Committee recommends that the Auditor General issues a comprehensive list of certificates of clearance on all resolved matters.	The Accounting officer has established Project Steering committees, External Resources section and Project liaison offices to be responsible for implementation, coordination and monitoring of projects.
107	2013/2014	2. Outstanding Imprests	The Committee recommends that all Accounting Officers ensure that the seven (7) day time limit for surrender of imprest is implemented. Failure to comply, the imprest holder will be held accountable and be surcharged for non- refund of the same.	The Accounting officer is ensuring that imprests are being surrendered within seven days. Where imprest holder does not surrender the imprest on time, the same is being recovered from the officer and interest charged at CBK rates.
107	2013/2014	3. Un-cleared Balances	The Committee noted that the National Treasury had put in place a Task Force to help the various MDAs in clearing the balances. The Task Force report was expected to be presented to the Committee not later than 30th June, 2016.	The taskforce report was prepared and submitted for audit before it is implemented to clear the balances.
107	2013/2014	5. Bank Reconciliation Statements	The Committee heard from the Auditor General that this matter was no longer an audit query as the Accounting Officer had produced financial statements for audit. The Committee however instructed the Accounting Officers in their respective Ministries to put measures in place and ensure that all officers and heads of accounting units take responsibility for failure to carry out proper reconciliations in good time.	The Accounting Officer has established an Audit Committee to address all audit matters including the reconciliations are done in good time and therefore monthly bank reconciliations are being prepared and outstanding items are promptly being cleared as they arise.

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
107	2013/2014	6.1 Unresolved Prior Year Audit Issues	The Committee heard from the Auditor General that this matter was no longer an audit query and the Committee was satisfied with the response. However, the Committee noted that inability to provide documents had caused unnecessary queries and therefore recommends that in future, all relevant documents must be availed for audit in good time.	The Accounting Officer has established an Audit Query committee to address all audit matters in good time.
107	2013/2014	6.2 Unsupported Consultancy Contracts	The Committee heard from the Auditor General that this matter was no longer an audit query as the Accounting Officer had now produced documents for audit. However, the Accounting Officer must always avail documents to Auditor General in good time and without delays when called for.	The Accounting Officer has established an Audit Query committee to address all audit matters. Documents requested are being released to the Auditor General in good time.
107	2013/2014	6.3 Overpayment	The Committee recommends that the matter be referred to EACC for further investigation. The audit query remains pending.	The matter was referred to the EACC as recommended but the issue has not been concluded
107	2013/2014	6.4 Bank Balances	The Committee observed that the query was resolved but nonetheless recommends that the Accounting Officers should produce Certificates signed by respective bank Managers for verification by the Auditors. Bank balances without certificates will not be accepted in future.	Documents requested were produced and presented to the Auditor General for verification. Documents indicated that there was no double payment.
107	2013/2014	7.1 Format of the Project Financial Statements	The Committee heard from the Auditor General that this matter had been resolved. The Committee however directs the Accounting Officers to strictly adhere to the standards as set by IPSAS in their reporting.	The Accounting officer is ensuring strict adherence to the standards as set by IPSAS when reporting

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
107	2013/2014	7.2 Undisclosed Bank Balances	The Committee recommends that the existing Task Force carry out further enquiry into the account.	The Accounting Officer prepared history of the account and provided all details to both the Office of Auditor General and the PAC
107	2013/2014	8. Failure to Transfer Proceeds from the Sovereign Bond to the National Exchequer Account	The Committee held sessions with the Cabinet Secretary Treasury, the Controller of Budget and the Auditor General to shed light on the matter. Due to the immense public interest on the matter, the Committee instructed the Auditor General to conduct a Special Audit on the Eurobond. The Auditor General has indicated that the report will be tabled in Parliament any time soon. The Committee will therefore examine the query as a Special Audit and respond to it substantively. The query remains pending.	The query awaits Special Audit And it remains pending.
107	2013/2014	9. Unexplained Variance between Revenue Statements and Exchequer Records	The Committee recommends that the Accounting Officer should institute measures to ensure that the Ministry acts in time on the Auditor General's management letters to forestall audit queries. The Committee further recommends that in future, the Accounting Officer will be held responsible for failure to respond to Auditor General's management letter in good time.	Accounting Officer has established an Audit Committee that will ensure that management letters from the auditors are promptly responded to.
107	2013/2014	10. Un-reconciled Balance Brought Forward	The Committee heard from the Auditor General that this matter had been resolved. The Committee reiterates its observation and recommendation as contained in Paragraph number 9.	Accounting Officer has established an Audit Committee that will ensure that management letters from the auditors are promptly responded to.
107	2013/2014	11. Omitted Balance Carried Forward	The Committee notes that these reconciliations have taken an invariably long time to complete. The Committee recommends	These historical figures have since been reconciled and amended revenue statements presented to the task force on clearance of old balances.

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
			that all the balances be reconciled by end of the financial year 30th June, 2016.	The balances carried forward were cleared when preparing revenue statements for the financial year 2016/2017.
107	2013/2014	13. Presentation and Disclosure of the Financial Statements	The Committee heard from the Auditor General that this matter had been resolved. The Committee however recommends the Accounting Officer to ensure strict adherence to IPSAS.	The Accounting officer adheres to IPSAS.
107	2013/2014	14. Failure to Redeem Stocks	The Committee further recommends that the outstanding stocks be recalled and settled within the shortest time possible.	The Treasury considered and granted request by investors to redeem before maturity the small and low value Kenya Government stocks holdings outstanding as at 31st October 1997. The redemption cheques were made on diverse dates in favour of Permanent Secretary / Treasury; hence the stock records on investments were not updated. The Central Bank of Kenya has confirmed that the stock amounting to Kshs. 6,174,340.15 were redeemed leaving a balance of Kshs. 4,236,359.85 outstanding in their books. Arrangements are underway to recall the outstanding stocks and to update our records with the amount of redeemed stocks.
107	2013/2014	15. Winding Up of the Fund	The Committee directs that the auditors examine and verify the interim report now provided to the satisfaction of the Auditor General and the Committee. The Committee further recommends that all the dormant funds be wound up within the shortest time possible.	The National Treasury formed a Task Force on wing up dormant funds. Works in progress
107	2013/2014	16. Non-Submission of Financial Statements	The Committee recommends that the auditors examine the documents and reports in the subsequent financial year.	The Accounting Officer submitted that the Government Clearing Agency Fund function and the

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN												
				administration of the GCA Fund moved to the Ministry of Transport and Infrastructure through the executive order No.2 of May 2013. The statement was prepared in time but was expected to be availed for audit under the Ministry of Transport and Infrastructure. The statement was later submitted for audit examination.												
107	2013/2014	17. Presentation and Disclosures	This query remains outstanding. However the Accounting Officer should ensure strict adherence to IPSAS when reporting.	The Accounting Officer has continued to follow IPSAS when preparing financial statements.												
107	2013/2014	18. Missing Investment Certificates and an Unexplained Provision for Investment	The Committee recommends that the auditors examine the availed documents and report in the next financial year report. The Accounting Officer should institute measures to ensure that the Ministry acts in time on the Auditor General's management letters to forestall audit queries. The Committee also recommends that the Accounting Officer should ensure that all share certificates are availed to the Auditor General by 30th June, 2016.	Accounting Officer availed all share certificates to the Auditor General												
107	2013/2014	19. Dividend income not accounted for in the Fund Account	The Committee observed that the Ministry was committing an illegality by receiving funds from a provident fund account. The Committee recommends that; i. The Ministry streamlines the process by ensuring that the money which belong to the provident funds account and are in other accounts be returned with immediate effect and that in future the money should always be channelled to that fund account. ii. All funds received by the	All the money received as dividend in the exchequer account for funds have already been paid to the fund as follows: <table border="1"> <thead> <tr> <th>Date</th> <th>F/Y</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>20/02/15</td> <td>2014/15</td> <td>50,000,000.00</td> </tr> <tr> <td>23/12/15</td> <td>2015/16</td> <td>6,631,919.40</td> </tr> <tr> <td>Total</td> <td></td> <td>56,631,918.40</td> </tr> </tbody> </table> Dividend received to Exchequer 2012/13 earlier year 45,321,709.40 2013/14	Date	F/Y	Amount	20/02/15	2014/15	50,000,000.00	23/12/15	2015/16	6,631,919.40	Total		56,631,918.40
Date	F/Y	Amount														
20/02/15	2014/15	50,000,000.00														
23/12/15	2015/16	6,631,919.40														
Total		56,631,918.40														

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
			National Treasury should be accounted for. The Accounting Officer should submit to the Committee a detailed report explaining why the illegality continues to happen and give remedial action by 30th June, 2016.	11,310,210.00 Total 56,631,919.40 This issue has been resolved. Both East African Breweries and since then Kenya Power and Lighting are paying dividend directly to the fund account.
107	2013/2014	20. Cash on Deposit – Joint Consolidated Fund (JCF)	The Committee was informed that a Task Force had been set up by the National Treasury to carry out an investigation into the matter. The Committee directs that the Task Force moves with speed and provide recommendations which the Committee will act on.	The Task Force completed the exercise and the ministry paid to the Fund Kshs.997,655.80 vide RV.000686 of 14/4/2016 in 2015/2016 FY. The issue is therefore resolved.
107	2013/2014	21. Cash Deposit - Cereals and Sugar Finance Corporation	A Task Force to wind up dormant funds and liquidate the CSFC has been constituted. An interim report has been availed for audit review. The recoverability of Kshs 3,796,226.25 will be determined once the liquidation process is complete. The Committee observes that the process had taken an unreasonably long time to complete and recommends that the process be fast tracked and completed by end of financial year 2015/2016	The Committee observes that the process of liquidation and winding up has not yet been finalized. Therefore the recoverability of the amount will be determined when the process will be completed.
107	2013/2014	22. Unanalysed Balances	The Committee heard from the Auditor General that the matter was before the appointed Task Force and thus urged the Accounting Officer to fast track the investigation process and ensure that the report is presented to the Committee by 30th June, 2016. This Query remains pending.	The un analysed balances of Kshs.9,622,726.00 and 92,385.00 relating to surplus cash remitted by Departments and interests due from the government respectively. The task force has done more than 90% of its tasks but due to some challenges is yet to finalize its report and therefore the figures remain as shown in the ledger.
107	2013/2014	23. Differences in Comparative Balances	The Committee heard from the Auditor General that the matter was before the	The task force has done more than 90% of its tasks but due to

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
			appointed Task Force and thus urged the Accounting Officer to fast track the investigation process and ensure that the report is presented to the Committee by no later than 30th June, 2016. The Query remains pending.	some challenges is yet to finalize its report
107	2013/2014	24. Un-cleared Balances	The Committee recommends that the auditors confirm that this is done in the next audit report.	Auditor to Confirm
107	2013/2014	25. Presentation and Disclosures	The Committee recommends that the National Treasury should take the lead in Presentation and Disclosures as dictated by IPSAS. The Accounting Officer shall be held personally responsible for failure to implement and strictly adhere to standards. The Query remains pending.	The Accounting officer uses IPSAS in making presentations and disclosures and the matter was resolved.
107	2013/2014	26. Unresolved Matters in the Report for 2012/2013	The Committee heard from the Auditor General that the matter was before the appointed Task Force and thus urged the Accounting Officer to fast track the investigation process and ensure that the report is presented to the Committee by no later than 30th June, 2016 Query remains pending.	The matter is still being handled by the Task force on old balances.
107	2013/2014	27. Presentation of Financial Statements	The Committee heard from the Auditor General that this matter had been resolved. The Committee however recommends that the Accounting Officer should ensure strict adherence to IPSAS and that the National Treasury should take lead in reporting.	Accounting Officer adheres to IPSAS in Reporting.
107	2013/2014	28. Sundry Debtors 29. Sundry Creditors 30. Excess Income over Expenditure	For Paragraphs 28-30 above, the Accounting Officer submitted that the fund was established under the Revised Financial Orders of 1968 editions "Funds outside the	The Accounting Officer formed a Committee on Dormant Funds and the fund is in the

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
			Supply System" 8.1.3 section C in the Exchequer and Audit Act, Cap.412 to facilitate overseas payments in foreign currency in respect of Government Imports and Pension payments through crown agents in U.K. This is a dormant fund and a Task Force was established to wind up all the dormant funds under the National Treasury. The Fund is in the process of being wound up. The Committee recommends that the process be hastened and completed by the end of financial year 2015/2016.	process of being wound up among other dormant funds.
107	2013/2014	31. Winding Up of the Fund	The Accounting Officer confirmed that a Committee on Dormant Funds was appointed and the fund is in the process of being wound up among other dormant funds. The Committee reiterates its recommendation in its previous report for the winding up and instructs the Accounting Officer to ensure this is done by end of this financial year.	The Accounting Officer formed a Committee on Dormant Funds and the fund is in the process of being wound up among other dormant funds.
107	2013/2014	32. Presentation and Disclosures	The query remains pending.	The statements of receipts and payments, accounting policies and other explanatory information including disclosures were prepared as per International Public Sector Accounting Standards financial reporting under cash basis of accounting as prescribed by the public sector accounting standards board and submitted to the auditor.
107	2013/2014	33. Contributions and Recoveries	The Committee recommends that the auditors confirm this position in the 2014/2015 audit report.	The Auditors to confirm
107	2013/2014	34. Other Suspense	The Committee recommends that the Accounting Officer should institute measures to ensure that the Ministry acts in time on the Auditor General's	Accounting Officer has established an Audit Committee that will ensure that management letters from the Auditors are promptly

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
			management letters to forestall audit queries.	responded to.
107	2013/2014	35. Paymaster General Account	The Committee directs that the Accounting Officer expedites the reconciliations and report back to the Committee by not later than 30th June, 2016.	Accounting Officer has established an Audit Committee that will ensure that management letters from the Auditors are promptly responded to. The appropriate reconciliation was carried out and reconciliation statement submitted for audit.
107	2013/2014	36. Bank Reconciliation Statement	The Committee observed that the accounts had not been reconciled and the balances were not cleared. The Committee recommends the Accounting Officer should carry out bank reconciliations and submit the same to the Auditor General for verification and report back to the Committee not later than 30th June, 2016. The Committee further recommends that the Accounting Officer be reprimanded for not ensuring timeous reconciliations of accounts in the Ministry.	Accounting Officer has established an Audit Committee that will ensure that management letters from the Auditors are promptly responded to.
107	2013/2014	37. Presentation and Disclosure of Financial Statements	The Committee heard from the Auditor General that this matter had been resolved. However, the Committee recommends that in future, a response should be availed to the Auditor General in good time for review. The Committee reiterates its observation and recommendations above.	Accounting Officer has established an Audit Committee that will ensure that management letters from the Auditors are promptly responded to.
107	2013/2014	38. Dormant Companies	The Committee reprimands the Accounting Officer for late submission of documents and recommends that the auditors examine the records and report in the next financial year report.	Accounting Officer has established an Audit Committee that will ensure that management letters from the auditors are promptly responded to.
107	2013/2014	40. Missing Share Certificates	The Committee urged the Accounting Officer to account for and provide all the share	The Accounting Officer provided the certificates to the Auditor for verification as

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
			Certificates for audit verification within fourteen days.	directed by the Committee.
107	2013/2014	42. Non-Repayments of Loans	The Committee recommends that the Accounting Officer submit a recovery strategy to the Committee by end of this financial year.	The Accounting Officer developed and submitted the recovery strategy to the Committee as directed.
107	2013/2014	44. Presentation of the Financial Statement	The Committee recommends that the Accounting Officer should institute measures to ensure that the Ministry acts in time on the Auditor General's management letters to forestall audit queries.	Accounting Officer has established an Audit Committee that will ensure that management letters from the Auditors are promptly responded to.
107	2013/2014	45. Long Outstanding Balances	The Committee recommends that the Task Force put in place to investigate the matter completes its work within the shortest time possible and report its findings to the Committee.	The Task Force has produced a report that was given to the auditors for verification
107	2013/2014	49. Understatement of Pension Payments	This Accounting Officer submitted that the understatement was caused by posting error which was later corrected and the amendments made in the financial year 2014/15 accounts of the fund. The Committee recommends that the Auditor General confirms this position in his subsequent report, 2014/2015.	The Auditor to confirm
107	2013/2014	50. Investments	The Principal Secretary informed the Committee that they had shared the justifications on the provisions with the Office of the Auditor General. The Committee was however concerned whether the fund was for pension during colonial period or not. The Committee directs the National Treasury to provide the schedule of the beneficiaries with their details and the how much money is paid to each beneficiary.	The Accounting Officer provided the schedule of the beneficiaries with their details and the how much money is paid to each beneficiary as directed.

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
107	2013/2014	51. Members Contribution	The registers containing details of the member's contributions were availed for audit review. However, analysis for the various contributions had not been provided. The Committee recommends that the analysis be provided for Auditor General's verification and that the auditors confirm this current position in its next financial year audit report, 2014/2015.	The analysis for each member/personal contribution was done and provided to the auditor and PAC.
107	2013/2014	54. Comparative Balances	The Committee heard from the Auditor General that the matter had been resolved. The Committee however recommends that the anomaly by the Accounting Officer be rectified and never repeated.	The Accounting Officer adopted the use of IPSAS in reporting and the matter was resolved
107	2013/2014	55. Paymaster General Account	The Committee heard from the Auditor General that the matter had been resolved as the figure had now been reconciled. The Committee however recommends that the Accounting Officer should strictly adhere to the standards as set by IPSAS in their reporting format.	The Accounting Officer adopted the use of IPSAS in reporting and the matter was resolved
107	2013/2014	56. Long Outstanding Balances	The Committee was informed that the long outstanding balances formed part of un-reconciled balances from different Ministries. The matter had been referred to a Task Force for further investigation. The Committee therefore recommends that the Accounting Officer should fast track the submission of the report by 30th June, 2016.	The Accounting Officer formed a Committee on Old balances that produced a report and was submitted to the auditors for verification
107	2013/2014	58. Payment under Loan Guarantee Act	The Committee recommends that the Accounting Officer develops a recovery strategy immediately to recover amounts due with interest. The Committee also	Kenya Broadcasting Corporation, Tana and Athi Development Authority and Nairobi City Council requested the Government, as the guarantor to meet the

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			recommended that in future, the National Treasury should not release funds to institutions without approval by Parliament.	defaulted debt obligation on their behalf since they were experiencing liquidity constraints. The three debtors are required to reimburse the Government the actual amounts paid and interest as provided for under the PFM Act 2012, Section 61. The budgetary allocation for servicing the guaranteed debts was approved by Parliament under Vote: CFS R052.
107	2013/2014	59. Unexplained Funding	The Committee observed that the unexplained funding came about as a result of un-reconciled difference between the National Treasury and the Controller of Budget's Office. The Committee therefore recommends that the Accounting Officer take an urgent step towards reconciling the difference.	The reconciliation was done and given to the Auditor for verification.
107	2013/2014	60. Investment Held in Insolvent Cereals and Sugar Finance Corporation	The Committee recommends that the Accounting Officer hastens the winding up process and confirm the same by end of financial year 30th June, 2016.	The issue remains until liquidation of CSFC and winding up of all dormant funds is done. However an interim report as per September 2015 has been provided to the auditor
107	2013/2014	61. Un-invested Proceeds from Redeemed Stocks	The Committee observes that the National Treasury withheld funds for apparently no reason. The Committee recommends that the funds be reinvested immediately.	The process of reinvesting the amount was initiate, however CBK turned down the request reasoning that Treasury cannot float bonds and bills and then buy them. They also wanted trustees for the funds to be appointed and the funds be registered under the RBA. In the absence of the trustees, it may not be possible to reinvest. It may also not be prudent to appoint trustees for such small funds due to cost.
107	2013/2014	64. Ken-Ren Chemical and Fertilizer Company- Loan Repayment	The Committee observes that the Government had never instituted any action to apprehend and punish the culprits. Noting that KENREN	The Government continued to repay this debt to the final instalment that was due on 30th June ,2016 as per the

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			<p>was a sad classical case of crooked and inept Government officers committing public funds into dubious deals of a fraudulent nature, the Committee recommends that;</p> <p>a) The National Treasury should institute stringent measures and stay alert to forestall such occurrences in future; b) The Government should get to the root cause of the scam and individuals found to have been responsible for the loss of public funds duly prosecuted.</p> <p>c) To aid the speedy conclusion of this matter, the Committee will undertake time-bound closure proceedings alongside similar scandals.</p>	<p>agreement signed during consolidation of debts at Paris club meeting.</p>
107	2013/2014	65. Unsustainable Growth in Public Debt	<p>The Accounting Officer submitted that the increase is attributed to disbursements on both old and new loans to the Government by development partners and additional borrowings from the Domestic market. Despite the increase, the overall external debt position is still within the authorised threshold of Kshs. 2.5 trillion and Government has not defaulted on loan repayments.</p> <p>The Committee will give its recommendation during its examination of the Sovereign Bond special audit.</p>	<p>Waiting for Special Audit Report</p>
107	2013/2014	66. Re-Credited Cheques	<p>The Accounting Officer submitted that the re-credited cheque balance relates to payments by cheque and electronic fund transfer made to pensioners through various banks and Sacco's but which were returned to the Pensions Department due to various reasons such as closed accounts and incorrect bank codes. The Ministry is</p>	<p>The measures proposed have been complied with. In addition to these measures, public is being sensitized through participation in trade shows.</p>

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			<p>implementing the following interventions to minimize cases of pension payment being returned:-</p> <p>a. Encouraging pensioners to give the correct information,</p> <p>b. Having an ICT system (PMIS) which has an inbuilt bank codes and is more effective,</p> <p>c. Informing the pensioners through mail in case of a problem and sometime advertising through print media.</p> <p>d. There are also plans to have mobile clinics and offices at the county levels for the reason of serving the pensioners better.</p> <p>e. The Ministry has set up service points at Huduma Centres countrywide to sensitize the pensioners at the grassroots.</p> <p>f. Pensions claim forms and especially pay point form has been redesigned to include mobile phone number for quick contact.</p> <p>The Committee recommends full compliance with the measures proposed above and will confirm the status in the next audit report.</p>	<p>The measures proposed have been complied with. In addition to these measures, public is being sensitized through participation in trade shows.</p>
107	2013/2014	67. Stale Cheques	<p>The Committee observed that the Cheques had not been reinstated. The Accounting Officer should ensure that fund managers in charge ensure that stale cheques are credited on time.</p> <p>The Committee recommends that the negligent attitude in the Accounts Department should forthwith cease and henceforth the stale cheques be dealt with as per proper accounting discipline, failure to which, the Accounting Officer in-charge should be held accountable.</p>	<p>Issuing of cheques was stopped in 2009. The stale cheques referred to are returned to pension which are received back and paid when the owners present themselves to the department.</p>

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107	2013/2014	68. Excess Expenditure	The Committee observes that this was irregular and reprimands the Accounting Officer for the omission.	The accounting officer recognizes the observation and will avoid such omissions in future However, there was no excess expenditure; this was payment of returned pension which the system cannot treat otherwise.
107	2013/2014	69. Service Gratuity	The Committee observed that schedules in support of the balances had not been provided. The Committee recommends that the schedules be provided in a timely manner in the 2014/15 audit report.	The schedules in support of the balances were provided to audit for verification
107	2013/2014	70. Bank Reconciliation Statement for the CFS Cashbook- Account No 01-010R051	The Committee heard from the Auditor General that the matter had been resolved. The Committee recommends that the Accounting Officer should institute measures to ensure that the Ministry acts in time on the Auditor General's management letters to forestall audit queries.	Accounting Officer has established an Audit Committee that will ensure that management letters from the auditors are promptly responded to.
107	2013/2014	71. Receipts in Cashbook Not in Bank Statement	The Committee observed that non-banking of receipts results to gross fraudulent behavior. That the Accounting Officer should provide sufficient explanation as to why the difference between the two balances amounting to Kshs.86,437,574.35 was not banked or captured in the bank statement. The Accounting Officer should therefore speed up the reconciliation process and report back to the Committee by 30th June 2016.	The appropriate reconciliation was done and reconciled statement submitted for audit and PAC.
107	2013/2014	74. Paymaster General (PMG) and Cashbook balances	The Committee heard from the Auditor General that this matter was as a result of a historical balance affecting both the Government and the National Treasury. The Committee further informed by the Auditor	The historical balances were analysed and presented to the National Treasury Task Force on clearance of old balances.

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			General that this matter was before the appointed Task Force and thus urged the Accounting Officer to fast track the investigation process and ensure that the report is presented to the Committee by no later than 30th June, 2016. The audit query remains pending.	The balances were cleared during Financial year 2016/2017.
107	2013/2014	75. Prior Year Unresolved Audit Issues	The Committee heard from the Auditor General that queries (i) and (iv) had been resolved. However, queries (ii) and (iii) were before the appointed Task Force and thus urged the Accounting Officer to fast track the investigation process and ensure that the report is presented to the Committee by 30th June, 2016 with full recommendations of resolved issues. The audit queries remain pending. The Committee reiterates its recommendations above.	The historical balances were analysed and presented to the National Treasury Task Force on clearance of old balances.
		MINISTRY OF INTERIOR AND COORDINATION OF NATIONAL GOVERNMENT		
102	2013/2014	77. Purchase of Land and Houses for General Service Unit paid through Legal Dues, Arbitration and Compensation	The Committee observed that the matter had been resolved and thus recommended that the outstanding payment be effected subject to Government taking full possession of the property by having it transferred into its name and Title Deed issued in the name of the Government.	Judgment was awarded in favour of the plaintiff by the High Court on 12th February 2013 in the sum of Ksh 4,086,863,330.00 Billion. Attorney General lodged an appeal to the Court of Appeal and after negotiations the sum was reduced to Ksh 2,400,000,000 Billion. Partial payments have over time been made by the Ps, Interior to the Attorney General for settlement of the Decree, (Ksh 1,200,000,000 B on 8/7/2014 and Ksh 600,000,000 m on 12/3/2015. Last Financial Year there was a payment also Ksh 600,000,000 M on 8th April,2016 leaving a

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				<p>balance of Ksh 750,000,000 for settlement of the Decree. On 3/5/2017 a sum of Ksh 78,339,170.00 was processed and remitted o the Attorney General</p> <p>An application was filed by one Okiya Omtatah Okoiti in the Court of Appeal on 6/5/2016 seeking an Order to issue by the Court allowing him to appeal against the Judgment awarded by the High Court and suspend any further payments pending the hearing of the Appeal.</p> <p>A balance of Ksh 671,660,830 is pending settlement to finalize the payments and conclude the matter.</p>
102	2013/2014	81. Mis-management of Cash Bails at Kenya Police Service Stations in Nairobi (i) Missing Cash Bail Books	<p>The Committee observed blatant case of fraud in the whole matter by officers. The Committee recommends that the Accounting Officer immediately takes disciplinary action on the affected officers and DPP immediately charges them with abuse of office. This being a sample audit carried out in one region, the Committee further recommends that the police department should conduct wholistic investigations on the matter in all regions throughout the country.</p>	<p>The process has been initiated to identify the officers involved in mismanagement of cash bails at the Kenya police service and thereafter action will be taken on the officers involved in accordance to appropriate the law.</p> <p>The Accounting officer carried out investigations through the internal audit unit on cash bail in April 2016 in 20 counties. The findings and recommendations are in the report ref no. MICNG/IA/SDI/REP/VOL.1/19 of 14th April ,2016</p>
102	2013/2014	(ii) Use of Counterfeit Cash Bail Books	<p>The Committee observed that the Accounting Officer did not submit the documentary evidence such as copies of S11 to show that the cash bail books were not counterfeit. The Committee recommends that the Auditor General</p>	<p>The response will be submitted together with the 2014/2015 financial year audit report responses</p>

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			verifies the accuracy of details contained in the Cash Bail Books and report to the Committee in the 2014/2015 audited accounts.	
102	2013/2014	(iii) Lost Cash	The Committee heard from the Auditor General that this matter had been resolved as relevant documentation had been provided for verification. However, the status of the Kshs. 279,500.00 should be reported in the 2014/2015 report.	The process has been initiated to identify the officers involved in mismanagement of cash bails at the Kenya Police Service and there after action will be taken on the officers involved in accordance with appropriate the law.
102	2013/2014	(v) Unaccounted Cash Bail Refunds	The Committee observed that the refund process was incomplete and recommends that the Accounting Officer immediately gazettes water tight procedures that will include acknowledgement from bailees and court confirmation.	A bail and Bond Policy guidelines developed by the national council on the administration of justice has been distributed to police officers in all counties and also Police Training institutions.
102	2013/2014	(vii) Absence of Deposit Account at Kenya Police Service Headquarters	The Committee recommends that the Accounting Officer, with the approval of the National Treasury, should maintain a separate deposit cashbook to keep the entries.	The deposit cash book is being maintained at the Ministry of Interior and National Coordination of Government headquarters.
102	2013/2014	(viii) Failure to Maintain Counterfoil Receipts Book Register and avail records	The Committee recommends that the joint Task Force hastens its reviews for immediate operationalization by the Ministry.	The task force is yet to complete the implementation process. The committee established a pilot project on the use of Mpesa to collect and refund cash bails in two Police stations in Nairobi County. This project will be rolled out to all the counties once the challenges facings the project are addressed by the committee.
102	2013/2014	82. Loss of Revenue for Alcoholic Drinks Control Fund at various Districts	The Committee noted that NACADA did not have the Kshs. 75 Million in their accounts. The Committee directs the Accounting Officer to carry out reconciliation of the accounts and the auditors verify and report in the subsequent	The Kshs 134,289,652 relates to received income from issuance of licenses which was directly credited to the fund account by various districts as per the applicable rates stipulated in the third schedule

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			2014/2015 report.	of the Alcoholic Drinks Control Licensing regulations, 2010. The Unsupported amount is attributed to the delay in filing returns by some districts as at the time of closure of the financial year 2013/2014. To date the outstanding balance is Kshs 20,951,500.
102	2013/2014	84. Accuracy of the Financial Statements (i) Accuracy of the Statement of Receipts and Payments	The Committee recommends that the Accounting Officer should ensure thorough reconciliation is done by the end of the financial year 30th June, 2016.	Resolved
102	2013/2014	(ii) Accuracy of the Statement of Assets	The Committee was informed that this matter was pending before the National Treasury's Task Force. The Committee recommends that the Task Force hastens the process and report back by 30th June, 2016.	Resolved
102	2013/2014	(iii) Accuracy of the Statement of Pending Bills	The Committee recommends that the auditors confirm this position in the 2014/2015 financial year audit report.	Resolved
102	2013/2014	(iv) Acquisition of Assets	The Committee recommends that the Accounting Officer fully reconciles the records and the auditors confirm in the 2014/2015 financial year audit report. The Accounting Officer must ensure that a fixed asset register is put in place and verified by auditors.	Resolved
102	2013/2014	85. Irregular Purchase of Residential Houses and Commercial Units	The Committee recommends that the Accounting Officer ensures complete transaction of the transfer of title deeds and evidence this by no later than 30th June, 2016.	Resolved
102	2013/2014	89. Construction of Administration Block at Sigomere Police Station, Siaya County	The Committee observed that there was misuse of funds where goods were paid and not delivered, further observing that junior officers were	The project has been funded 95% and full payments will be paid upon final completion certificate in 2017/2018

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			<p>mandated with supervision of big projects.</p> <p>The Committee recommends that the Accounting Officer seeks full budgeting for the project and sees it to completion.</p> <p>The Committee further recommends that the auditors verify the existence of the PABX machine.</p>	<p>financial year.</p> <p>The existence of the PABX Machine was physically confirmed by the internal audit.</p>
102	2013/2014	90. Irregular Payments by County Police Commander, Marsabit	<p>The Committee recommends that the Accounting Officer should ensure that allowances are paid to the officers' accounts. This would act as proof of payment made to officers actually reaches the intended beneficiaries.</p>	<p>-It was not practical to pay the allowances to the officer's bank accounts since most of operational areas are remote with no banking services.</p> <p>-The allowances are taken to the operational areas by accounts staff to ensure that each officer signs against his name upon receipt.</p>
102	2013/2014	92. Unaccounted Fuel	<p>The Committee observed that the Accounting Officer violated the Constitution by not submitting proper documentation for audit purpose.</p> <p>The Committee recommends that auditors examine the now availed documentation and report in the audit report of the next Financial Year 2014/15.</p>	<p>The response will be submitted together with the 2014/2015 financial year audit report responses.</p>
102	2013/2014	93. Unexplained Obsolete Inventory at Government Press	<p>The Committee recommends that the Ministry accepts advice from the board of disposal of idle assets to donate the district plans to public institutions and further recommends that the obsolete constitution should be shredded and sold as per the procurement and disposals law not later than 31st December, 2016.</p>	<p>It is true obsolete / idle assets have taken up a lot of space in our stores. The process of disposal will be undertaken in the current financial year whereby the department is in the process of preparing a disposal plan for all the obsolete goods for consolidation by the Ministry of Interior and Coordination of National Government by the end of the 2nd quarter for action. This is in line with the requirement of the Public</p>

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				Procurement and Assets disposal Act Sec 53(4). The process of disposal was initiated and authority to convene a disposal committee was granted by the Accounting Officer.
102	2013/2014	95. Biogas Project at Kenya Prisons Service	The Committee recommends as follows:- <input checked="" type="checkbox"/> The biogas projects should be re-assessed and additional funds if needed, committed to complete all the projects. <input checked="" type="checkbox"/> The work done at Shimo la Tewa to be assessed against amount paid and the auditor report back to the Committee. <input checked="" type="checkbox"/> The Biogas project at Kitui and Embu should be used as pilot projects in the roll out of the project to other prisons based on their success.	An assessment report has been compiled by a team of officers from both the State department of Energy and – Renewable energy and State department for Correctional Services between March and April 2015. External Auditors are verifying with a view of issuing a report.
102	2013/2014	96. Overpricing of Stores Resulting in Loss of KShs.62,512,859.00	The Committee observed that the procurement process was deliberately inflated. The Committee recommends that the members of the Tender Committee and officers in charge of procurement take full responsibility and be held accountable and make good the loss. Further, the Committee recommends that the Director of Criminal Investigations institute inquiries with a view to having those culpable being arraigned in court for prosecution.	
		97. Pending Bills at Government Prisons	The Committee observed as follows:- i. Failure to settle bills in the year they fall distorts the financial statements for that year and adversely affects provisions for the subsequent year to which they are charged; ii. Failure to settle bills in time has serious implications for suppliers and the economy in	The department has been writing to Treasury for additional funds in the budget to reduce/eliminate the pending bills. The National Treasury has improved the allocations in the budget. However, budget ceilings limit increments.

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			<p>general, and portrays the Government in bad light;</p> <p>iii. Delayed exchequer release significantly contributes to pending bills and interferes with procurement plans of Ministries/Departments/Agencies.</p> <p>The Committee recommends that:-</p> <p>i. The Accounting Officer should institute measures to ensure that bills are always cleared within the financial year they fall; ii. The National Treasury should ensure timely exchequer releases to Ministries and Departments to enable them settle bills as they fall due; iii. The cabinet secretary, National Treasury should prepare a status report on the work of the Task Force on pending bills, together with a schedule of all pending bills, and submit the same to the national assembly by 30th June, 2016, failure to which he would be held accountable; iv. The National Treasury should allocate enough funds to the correction services. v. Government should explore more innovative and contemporary alternatives to the management of correctional services.</p>	<p>The Cabinet Secretary National Treasury has prepared a status report on the task force on pending bills together with the schedules.</p> <p>The department has engaged with the Judiciary with a view to having an alternative to custodial sentence for petty offenders. This will reduce inmate numbers and therefore reduce cost of retentions.</p>
102	2013/2014	101. Uncollected Revenue of KShs.2,701,440.00 at Mwea Prison	<p>The Committee notes that the Ministry had delayed collection of its dues due to what appears as negligence.</p> <p>The Committee recommends that the Accounting Officer immediately collects all its dues by the end of financial year 30th June, 2016 failure to which he be surcharged.</p>	<p>The balance of kshs.917,940 as per the report has been collected from headquarters allocations.</p>
102	2013/2014	106. Loss of Revenue by Kenya	<p>The Committee recommends that the Accounting Officer</p>	<p>Response not complete</p>

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		Police County Commander, Nairobi	immediately maintains a cash book at the County Commanders' station.	
102	2013/2014	107. Outstanding Imprests	The Committee observed that imprest management at the Ministry was irregular and had been turned into a soft loan scheme. The Committee recommends that disciplinary action be taken on the concerned officers for failure to surrender imprest procedurally and further recommends that outstanding imprest be recovered immediately, and at the CBK prevailing interest rates as at the time of recovery	Response not complete
102	2013/2014	108. Suspense Account of KShs.15,639,561.00	The Accounting Officer submitted that the suspense account of KShs.15,639,561.00 was carried forward from 2012/2013 Financial year. The Committee recommends that the Accounting Officer must immediately reconcile and close this balance by the end of financial year 30th June, 2016.	It was discovered that the suspense account was caused by lack of refund channels of county AIE balances issued to field officers. Any closing bank balance as at 30/6/17 was passed to Treasury together with Recurrent and Development unsupported balances.
102	2013/2014	109. Paymaster General Account	The Accounting Officer submitted that the supporting cash book, bank certificate and bank statement balance have since been availed to the auditors for verification. The Committee recommends that the auditors review these documents and report in the 2014/2015 financial year audit report.	The External Auditors are verifying with a view to issuing a report.
102	2013/2014	110. Debtors	The Committee recommends that the Accounting Officer makes full and immediate recovery of the balance, by 30th June, 2016.	The debtors were in-house and their dues were paid by the prison headquarters to the farm account.
102	2013/2014	111. Fixed Assets Register	The Committee recommends that the auditors verify the register and report in the 2014/2015 financial year report.	The External Auditors are verifying with a view to issuing a report.
102	2013/2014	113. Unaccounted	The Accounting Officer	

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		for Revenue	<p>submitted that reconciliation of the funds for the period between 1st July 2013 and 3rd October had been carried out. The balance of Kshs.55,245,087.95 pertaining to this particular period had been established and the process of transferring it to Prisons Industries Fund account had been initiated.</p> <p>Reconciliation of Kshs.175,987,430.51 which was the balance brought forward on 1st July 2013 for both Prisons Industries and Prisons Farms was on going and a report pertaining to the same will be given once reconciliation is complete.</p> <p>The Committee recommends that this reconciliation be completed by 30th June, 2016 and that the auditors verify this in his 2014/2015 financial year report.</p>	<p>The External Auditors are verifying with a view to issuing a report.</p> <p>The External Auditors are verifying with a view to issuing a report.</p>
102	2013/2014	115. Un-Analysed Suspense Account	<p>The Accounting Officer further submitted that the process of compiling the balance of 3,658,137.00 is on progress. The Committee recommends that this reconciliation be completed by 30th June, 2016 and that the auditors verify and report in their 2014/2015 financial year report.</p>	<p>The External Auditors are verifying with a view to issuing a report.</p>
102	2013/2014	116. Non-Recovery of debts of KShs.22,304,677.00	<p>The Accounting Officer submitted that Debts amounting to Kshs. 16,066,235.00 have been recovered and the remaining balance dates back to between 1971–2010.</p> <p>Further, the Department is in the process of sorting out those that are to be written off and those to be pursued for collection.</p>	<p>The debtors are being pursued. Since they repartee to 1971-2010.</p>

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			The Committee recommends that this recovery be immediately effected by end of financial year, 30th June, 2016 failure to which the Accounting Officer will be held personally liable.	
102	2013/2014	117. Non-maintenance of Fixed Assets Register	The Committee recommends that the preparation of the Asset Register be completed with immediate effect and the auditors verify the register and report in the 2014/15 financial year report.	The External Auditors are verifying with a view to issuing a report.
102	2013/2014	119. Non-disclosure of Receipts and Payments	The Committee recommends that the auditors verify the matter and report in the 2014/2015 financial year report.	The External Auditors are verifying with a view to issuing a report.
		MINISTRY OF DEVOLUTION AND PLANNING		
103	2013/2014	<p>123. Prior Year Matters</p> <p>124. Lack of a Trial Balance</p> <p>125. Unsupported Comparative Figures for 2012/2013</p> <p>126. Unexplained Variances</p> <p>127. Variances between Actual and Budget figures</p> <p>128. Unsupported Assets</p> <p>129. Incomplete construction Project</p> <p>130. Unconfirmed Transfer To Other Government Entities</p> <p>131. Outstanding</p>	<p>The Accounting Officers in the Ministry of Devolution and Planning appeared before the Committee on four occasions. They however failed to respond to the audit queries in every occasion.</p> <p>The Committee observes as follows;</p> <p>a) The Accounting Officers are in direct breach of Article 226 (2) of the Constitution that demands them to account to The National Assembly.</p> <p>b) The Accounting Officers are in direct breach of Article 229 (4-8) of the Constitution that prescribes timelines of audit.</p> <p>c) The Accounting Officers contravened Section 68 of the Public Finance Management Act, 2012 that outlines the responsibilities of Accounting Officers.</p> <p>d) The Committee observes</p>	<p>(i) Concerned Accounting Officer prosecuted.</p> <p>(ii) Current Accounting Officer presented status report to National Assembly and Auditor General</p>

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		Imprests	that these Accounting Officers have either not appreciated requirements of the new Constitution or have refused to conform to its requirements.	<p>(i) Concerned Accounting Officer prosecuted.</p> <p>(ii) Current Accounting Officer presented status report to National Assembly and Auditor General</p>
		132. Unanalysed Domestic Currency and Domestic Deposits		
		133. Cash and Cash Equivalents	The Committee therefore recommends as follows;	
		134. Pending Bills	i. That the Director of Public Prosecutions immediately prosecutes the concerned Accounting Officers for breach of the law as outlined above. This is in line with Article 226 (5) of the Constitution.	
		135. Cash and Cash Equivalents – Unaccounted for A.I.Es		
		136. Un-valued Non-Current Assets	ii. That the current Accounting Officers of the Ministry submit before the National Assembly and the Auditor General a status report on all the audit queries by 30th June, 2016. The status report must contain an up to date assets register of the Ministry and all agencies under it;	
		137. Receivables	The Committee will then scrutinize and use the status report to apportion responsibility of individual errors of omission or Commission.	
		138. Financial Position	The Committee also notes that a special audit on the accounts of the National Youth Service has been finalized by the Auditor General and forwarded to the National Assembly for consideration by the Public Accounts Committee, adoption by the House and implementation by the relevant Government agencies.	
		139. Receivables from Exchange Transactions		
		140. Stolen Vehicle - GKA 661Y		
		141. The cash and cash equivalents balance of Kshs.136,612,540.0		
		142. Outstanding Imprests		
		143. Irregular Payment of Re-location Allowance		
		MINISTRY OF DEFENCE		
104	2013/2014	144/145. Unaccounted for	The Committee recommends that the Accounting Officer	•The Accounting Officer has

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
		<p>Expenditure Relating to International Studies.</p> <p>b) Direct Expenditure</p> <p>c) Overpayment of allowances</p> <p>d) Irregularities in Procurement of Library Books for Kenya Navy Training School</p>	<p>strictly adhere to the given laws regarding movements of funds within different vote heads.</p> <p>The Committee recommends that the Auditor General should verify this response and report on the current status of this matter in his statutory audit report for 2014/2015 financial year for its further action.</p> <p>The Committee recommends that the Accounting Officer should prove that the Institution required specialised training which couldn't be offered by any other institution otherwise, the query will remain pending.</p>	<p>adhered to the requirements of the laws as recommended.</p> <p>•Matter to be actioned by the Auditor General.</p> <p>•Matter was resolved between the parties i.e. the Auditor General and the Accounting Officer and did not require further action</p>
104	2013/2014	<p>146. Proposed Completion of Married Officers Quarters (Mqs) at 9KR Eldoret</p> <p>a) Award of Contract and Contract Period.</p> <p>c) Audit Inspection</p> <p>(i) Open storm water drain</p> <p>(ii) Internal plumbing works and internal drainage</p> <p>(iii) Quality of paint work</p> <p>(iv) Roofing and rainwater disposal</p>	<p>The Committee observed that the housing project was one of the areas the Committee had undertaken to visit on a fact finding mission in Eldoret. Unfortunately it coincided with the attacks by al Shabaab in Elade, Somalia and most affected officers were domiciled in Eldoret.</p> <p>The Committee therefore recommends that at the earliest possible opportunity, the team visits the project to verify and report back their findings. Otherwise, the query remains pending.</p> <p>The Committee recommends that the Auditor General should verify this response and report on the current status of this matter in his statutory audit report for the financial year 2014/2015 for its further action.</p>	<p>•The Committee visited the project as planned but its report was not captured in the recommendations.</p> <p>•Matter to be actioned by the Auditor General.</p> <p>•Matter to be actioned by the Auditor General</p>
104	2013/2014	147. Proposed Mechanical Piping and Associated Civil	The Committee observed that there was an outright violation of procurement law in the	•The Accounting Officer stands with the explanations provided

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
		<p>Works for Strategic Fuel Tanks</p> <p>a) Background</p> <p>b) Award of Contract</p> <p>c) Scope of Works</p> <p>d) Audit Inspection</p>	<p>award of contract. The works were shoddily executed and it was not specialised job which required direct tendering. The Committee recommends that the Accounting Officer and the Tender Committee be surcharged in accordance with the provision of article 226(5) of the Constitution for violating procurement laws.</p> <p>The Committee observed that;</p> <p>i. contract was directly procured,</p> <p>ii. A job awarded under specialised contract suffered wear and tear within a short period hence no value for taxpayer's money.</p> <p>iii. Nothing was specialised in the project and thus very clear attempt to sidestep the tender process. The professionals were neglecting their duties and issued certificates without following the due process as stipulated by law.</p> <p>The Committee recommends that;</p> <p>i)The Contractor be banned in future from undertaking any kind of work in Government because of poor workmanship, thus leading to losses</p> <p>ii. The Accounting Officer should ensure proper planning and implementation of project to avoid delays which escalate costs.</p> <p>iii. The Accounting Officer and the tender Committee be held liable and accountable for issuance of certificates and for any losses emanating from the poor workmanship.</p>	<p>to the Committee and that Value For Money was obtained.</p> <p>• The Accounting Officer stands with the explanations provided to the Committee and that Value For Money was obtained.</p>
104	2013/2014	148. Audit of Financial Statements	<p>The Committee noted as follows:-</p> <p>(i) Failure to settle bills during</p>	

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
		f) Unsupported Clearances	<p>the year to which they relate distorts the financial statements for that year and adversely affects the provision for the subsequent year to which they have to be charged;</p> <p>(ii) Failure to settle bills in time inconveniences suppliers and portrays the Government in bad light;</p> <p>(iii) Delayed exchequer release was a major contributory factor to pending bills.</p> <p>The Committee recommends as follows;</p> <p>(i) The Accounting Officer should institute measures to ensure that bills are always cleared within the financial year to which they relate;</p> <p>(ii) The National Treasury should ensure timely release of exchequers to Ministries and Departments to enable them settle bills in time.</p> <p>(iii) The National Treasury fast tracks the Task Force on outstanding balances, pending bills and concludes by the end of financial year, on 30th June, 2016.</p>	<p>•Recommendation has been adopted and implemented.</p> <p>•Recommendation adopted by all the parties; the Ministry of Defence and The National treasury</p>
104	2013/2014	149. Prior Year Matters a) Purchase of Armoured Personnel Carriers (APCs) b) Purchase of Thirty Two (32) APCs c) Quality of Material Delivered	<p>The Committee heard from the Auditor General that this matter was still pending. It was not clear why a query of such importance had taken so long without being resolved.</p> <p>The Committee recommends that the matter be investigated by the Ethics and Anti-Corruption Commission.</p>	•Matter yet to be concluded.
104	2013/2014	150. Purchase of Seventy Five (75) APCs	The Committee recommends that the Appointing Authority should hold the Accounting Officer personally liable in accordance with Section 68(1) and (2) of the Public Finance	•It is our opinion that the matter does not require further action and that the requirements for Value For Money and provisions of Sec 68 (1) & (2) were met.

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
			Management Act of 2012.	
104	2013/2014	<p>151. Purchase of Seventy Six (76) APCs</p> <p>i) Award of Contract (ii) Contract Payments (iii) Lack of Market Survey (iv) Variation of Spare Parts Price</p>	<p>The Committee would receive a clear report on status of Paragraph 151 (i) and (iv) from the Auditor General before making a determination. In the circumstances that this clarity is not forthcoming, the Query should be treated as outstanding. The Auditor General maintained that the procurement process contravened Section 23 of the Public Procurement Act of 2005. The Committee reprimands the Accounting Officer for breach of procurement law and recommends that he must going forward adhere to the law.</p> <p>The Committee noted with concern that the Appointing Authority did not take action on the Accounting Officer as recommended in the previous financial year, and recommends that appropriate action be taken by the Appointing Authority on the Accounting Officer as outlined in the 2012/2013 PAC report. The Committee further recommends that a forensic audit by the Auditor General on the entire procurement process of all the Armoured Personnel Carriers (APCs) and a report be presented to the Public Accounts Committee by 31st December, 2016. Stern action, including prosecution, should be taken against the officers found culpable of the irregular purchases.</p>	<ul style="list-style-type: none"> •The Committee called for further report from the Auditor General on the subject matter before making a final determination. •Auditor General to conduct forensic audit on the procurement of the APCs.
104	2013/2014	152. Statement of	The Committee observed that	

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
		Assets and Liabilities for Recurrent	the Accounting Officer was unable to clearly explain the variance as required. This Query is thus outstanding.	•No further action required as the matter was resolved.
		(i)Variance between PMG balance and Board of Survey Report	The Committee heard from the Auditor that the matter had partly been resolved by Kshs. 1,484,850.00 having been cleared.	•The officer was apprehended and the matter resolved. Loss report was then submitted to TNT in accordance with the law.
		(ii) Outstanding Temporary Imprest	The Committee therefore recommends that the search for Mr. B. M. Macharia be intensified by the Accounting Officer and imprest be recovered. Otherwise the audit query remains.	
		(iii) Agency Account		
		(iv) General Account of Vote	The Committee recommended the Accounting Officer to fasten the process of surrenders.	•Matter to be actioned by the Auditor General.
		(v) Suspense Account/Bank Reconciliation	The Committee further recommends the Auditor General should verify this response and report on the current status of this matter in his statutory audit report for 2014/2015 for its further action.	•Matter to be actioned by the Auditor General.
		(vii) Clearance Account		
		(viii) Excess Appropriation-In-Aid	The Committee recommends that the Auditor General should liaise with The National Treasury and form a Task Force to look into the query and report on the current status of this matter not later than 30th June, 2016.	•The matter resolved and is no longer outstanding.
			The Committee pointed out that the matter was still outstanding and thus required the Accounting Officer's personal attention to act in the recovery process.	•Matter to be actioned by the Auditor General
			The Committee recommends that the Auditor General should verify this response and	

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
			<p>report on the current status of this matter in the statutory audit report for financial year 2014/2015 for its further action.</p> <p>The Committee observed that no documents had been provided indicating that the amounts had been sent to the National Treasury.</p> <p>The query remains pending till submission of proper documentations for verification by the Auditor General.</p>	<ul style="list-style-type: none"> •The matter was resolved through the recommendations of the National Treasury task force on clearance of old balances.
		MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE		
105	2013/2014	153. Unsupported Expenditure	<p>The Committee observes that the imprest management at the Ministry was hitherto not as per policy and recommends enforcement of the circular.</p> <p>The Committee recommends that the money be refunded</p> <p>The Committee further recommends that the Accounting Officer be held responsible for not ensuring that all embassies accounted for their expenditures.</p>	<p>These were refund claims made upon return from activities outside stations and were therefore effected as direct payments.</p> <p>The ministry is continuing to implement the following interventions with a view to managing the imprests:-</p> <ul style="list-style-type: none"> •Issued circulars to Missions instructing them to adhere to laid down financial regulations. •Monthly recoveries of the amounts un-surrendered by the defaulters. •The ministry has implemented the provisions of the Public Financial Management (PFM) Act 2012 requiring interest charge on imprests as a further deterrent factor. •Writing to ministries and other government agencies to deduct and remit the funds for transferred officers. <p>As a last resort, the Ministry will:</p>

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
				<ul style="list-style-type: none"> •Seek National Treasury's authority to write off the un-surrendered amounts for the deceased officers and where the administrators of their estates are not able to service the imprests. •Liaise with the Attorney General to institute legal redress against defaulters who have exited service with un-surrendered imprests.
105	2013/2014	<p>154. Unauthorized Expenditure</p> <p>(i) The expenditure on unauthorised rents and rates expenses of Kshs.180,735,105.00</p> <p>(ii) The statement of receipts and payments reflects unapproved reallocation of funds totalling to Kshs.5,110,465.00 to various expenditure accounts.</p>	<p>The Committee observes that this was a blatant violation of laid down regulations and recommends disciplinary action on those who expended funds without approval of the Accounting Officer. The Committee recommends that the Accounting Officer be held responsible for the losses due to expenditure incurred without authorization Administrative action be taken on Accounting Officers whose missions failed to obey the law by not reporting the leases exceeding three months. The Auditor General will report status of the query in the 2014/15 financial year audit report.</p> <p>The Committee observed that the re-allocation was a breach of regulations as stipulated in Section 43(1b) (2b) of the PFM Act, 2012. The Committee also observed that the Accounting Officer failed to seek authority for expenditure from the National Treasury. The Committee recommends disciplinary action on the Accounting Officer concerned.</p>	<p>The leases have since been regularized by referring them to the Ministry headquarters for approval by the Principal Secretary.</p> <p>A circular was sent to all Missions advising that all leases exceeding three months must be forwarded to the Ministry headquarters for approval by the Principal Secretary before they can be signed.</p> <p>The Missions have been instructed to develop and maintain an inventory of all movable and immovable assets owned by government, and to update the same at the beginning of every financial year. Missions have been forwarding the inventory to the Ministry headquarters for record.</p> <p>The Missions are also required to inspect the staff houses every year and file the report. In addition, the Ministry has commenced a program of annual inspections to missions to document and advise on processes and procedures, and to inspect the condition of assets.</p> <p>The payments were made from</p>

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
				<p>similar budget items with balances but on different budget heads. The expenditures have been realigned to the relevant budget items through accounting adjustments.</p> <p>The ministry has since ensured that budget realignments are effected through formal reallocations with National Treasury's authority, which are thereafter regularized through supplementary estimates.</p>
105	2013/2014	<p>155. Property, Plant and Equipment</p> <p>(i) Assets Register not availed for audit</p> <p>(ii) Capital Projects Purchase of Tokyo Embassy Chancery and Ambassador's Residence</p> <p>b) Renovation of Beijing Embassy Chancery Basement and Construction of Visa Office</p>	<p>The Committee observed that the Accounting Officers did not keep proper asset registers contrary to the law as stipulated in the PFM Act 2012 and thus the Completeness and accuracy of the assets could not be ascertained. The Committee recommends the Accounting Officer to ensure that the register be put in place with immediate effect. The auditors to verify and report in the subsequent financial year report.</p> <p>The Committee notes that the process lacked transparency as payment was not guided by valuations. The Committee observed that the matter was a subject of special audit and that it had been referred to EACC for further investigation through the Special Audit. There was need to follow up on recommendations given by the Defence and Foreign Relations Committee on the matter. The Committee recommends that the EACC concludes the investigations within the shortest time possible and disciplinary action and</p>	<p>The missions have been instructed to ensure compliance by compiling Assets Registers in accordance with the format they already had - they have, again, been provided with a soft copy Assets Registers template.</p> <p>They have been instructed to annually develop and maintain Assets Registers.</p> <p>The missions have since been maintaining the registers accordingly and have been submitting the same to headquarters in soft and hard copy.</p> <p>The matter of the purchase of embassy property in Tokyo was prosecuted and finalized. Judgment was entered and the officers cleared of any wrong doing .</p> <p>The Ministry has since ensured that properties in missions abroad are insured. A</p>

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
		c) Construction of Islamabad Mission Chancery, Ambassador's Residence and Auxiliary Works	<p>prosecution taken on those involved.</p> <p>The Committee recommends that the Ministry insures all chanceries in conjunction with Treasury and avails proof of this to the relevant departmental Committee of Parliament by end of financial year.</p> <p>The Committee observed that the process had taken inordinately long to conclude leading to higher expenditure. Further the Committee observed that the contract was poorly executed and thus recommends the Accounting Officer take full responsibility.</p>	<p>provision for this item is included in the annual budget.</p>
		d) Purchase of Condemned Residential Houses at Pretoria	<p>The Committee recommends expedient completion of the project and a report submitted to the relevant departmental Committee of Parliament by 31st December 2016.</p> <p>The matter should also be referred to EACC for investigation and prosecution of those who may be found culpable.</p> <p>The Committee observed that there was serious variance on Auditor General's report and the Accounting Officer's response.</p> <p>The Committee would undertake a fact finding visit to Japan and South Africa to ascertain the status and provide an up to date report which will inform way forward in the 2014/2015 financial year report.</p>	<p>The Ministry has since ensured that properties in missions abroad are insured. A provision for this item is included in the annual budget.</p>
105	2013/2014	156. Irregular Procurement of Air Charter Transport	The Committee observed that the Accounting Officer did not provide proof of PPOA approval	The ministry ensures compliance with the provisions of the Public Procurement and

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
		Services	and recommends that the same be provided immediately failure to which the matter be referred to EACC for investigation with a view to prosecution	Disposal Act, 2005. The ministry single sourced for the foreign Air Charter Transport Services in this case since the prevailing circumstances justified the single sourcing method. In particular, these procurements were made under emergency and were to facilitate security and confidential operations.
105	2013/2014	157. Cash and Cash Equivalents (i) The cash and cash equivalent long outstanding items have not been cleared. (iii) The cash and cash equivalents balance includes long outstanding imprest balance of Kshs.23,923,000.00	<p>The Committee observed that the process had taken inordinately long to conclude and recommends that the Accounting Officer takes full responsibility in ensuring that the figures are cleared within the shortest time possible and the status reported in the subsequent audit report.</p> <p>The Committee observed that imprest management at the Ministry was irregular and had been turned into a soft loan scheme. The Committee recommends that disciplinary action be taken on the affected officers for failure to surrender imprest procedurally. The Committee further recommends that outstanding imprest be recovered immediately, and at the CBR interest rate prevailing as at the time of recovery. The Accounting Officer should be held liable for failure to put recovery measures in place.</p>	<p>(i) Long outstanding reconciliation items: the ministry has since cleared the long outstanding balances through the "old balances committee" under the National Treasury.</p> <p>(iii) long outstanding imprest balance: These balances have since been recovered and/or accounted for leaving a balance of Kshs.330,599.25 for temporary and Kshs. 41,154.00 for standing imprests as at 10th February, 2017. The ministry is continuing to implement the following interventions with a view to managing the imprests:-</p> <ul style="list-style-type: none"> •Issued circulars to Missions instructing them to adhere to laid down financial regulations. •Monthly recoveries of the amounts un-surrendered by the defaulters. •The ministry has implemented the provisions of the Public Financial Management (PFM) Act requiring interest charge on imprests as a further deterrent factor. •Writing to ministries and other government agencies to deduct and remit the funds for transferred officers. •Seeking National Treasury's

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
				<p>authority to write off the un-surrendered amounts for the deceased officers and where the administrators of their estates are not able to service the imprests.</p> <p>•Liaising with the Attorney General to institute legal redress against defaulters who have exited service with un-surrendered Imprests.</p>
MINISTRY OF EDUCATION ,SCIENCE AND TECHNOLOGY				
106	2013/2014	161. Under-Collection of Appropriations-In-Aid	<p>The Committee recommends that the Auditor General should verify this response and report on the current status of this matter in his statutory audit report for 2014/2015 for its further action.</p> <p>The Committee recommends that the Accounting Officer should develop and implement a programme of action to comprehensively address the under collection of appropriations-in-aid at the Ministry.</p>	<p>We have since revised the engagement terms with the donors. Further to these we have also put mechanism in place to ensure that SAGAs submit their returns on time.</p>
106	2013/2014	162. Unsupported Prior Year Adjustments	<p>The Committee recommends that the Accounting Officer should adhere to IPSAS as directed by the National Treasury and should institute measures to avoid a repeat situation.</p>	<p>The National Treasury Instituted a task force to look into the matter. The matter was resolved and a letter of confirmation issued by the Auditor General</p>
106	2013/2014	163. Unsupported Account Receivables and Payables	<p>The Committee recommends that the Auditor General should verify this response and report on the current status of this matter in his statutory audit report for 2014/2015 for its further action.</p> <p>The Committee nonetheless recommends that the Accounting Officer should institute measures to avoid a repeat situation.</p>	<p>The Auditor General verified the response and the supporting correspondences.</p> <p>The field officers are now submitting returns on monthly basis.</p>
106	2013/2014	165. Nugatory Expenditure -	<p>The Committee recommends that the Accounting Officer be</p>	<p>The missing documents have since been provided. We can</p>

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
		Construction of Bondo Technical Training Institute	held liable for approval of payments without proper documentations.	also confirm completion of the mentioned projects
106	2013/2014	166. Stalled Construction work at Masai Technical Training Institute	The Committee directed the Accounting Officer to provide status report of the project so as to confirm to what level the Projects have reached.	The missing documents have since been provided. We can also confirm completion of the mentioned projects
106	2013/2014	167. Unsupported Expenditure - Scholarship and Other Educational Benefits	The Committee observed that the query had partly been resolved since supporting documents for the remaining 274 constituencies had been availed for audit verification. The Committee recommends the Accounting Officer to ensure that the remaining 16 constituencies submit their returns within the shortest time possible. The Committee further recommends the Auditor General verify this response and report on the current status of this matter in his statutory audit report for 2014/2015 for its further action.	Data for the remaining 16 Constituencies was availed and verified by the auditors
106	2013/2014	168. Current Grants, and Transfers to Government Agencies and other Levels of Government	The Committee recommends that the Auditor General should verify this response and report on the current status of this matter in his statutory audit report for 2014/2015 for its further action.	The Auditor General verified the response and the supporting correspondences from the institutes/ Universities.
106	2013/2014	169. Outstanding Imprest	The Committee noted that the Accounting Officer failed to submit a requested signed status recovery report within one week as had earlier been directed. The Committee reprimands the Accounting Officer for failure to submit the documents as requested, in tandem with the laid down regulations.	We regret the anomaly and promise non-recurrence of the same
106	2013/2014	170. Unrecovered Salary Advance	The Committee heard from the Auditor General that this matter had been resolved as the Accounting Officer had	The anomaly has been corrected and recoveries are

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
			<p>recovered the salary advances and reconciled accounts to the satisfaction of the Auditor General.</p> <p>The Committee nonetheless recommends that the Accounting Officer should institute measures to avoid a repeat situation.</p>	being done promptly on monthly basis
106	2013/2014	171. Pending Bills	<p>The Committee directs the Accounting Officer to avail to the auditors a list of all schools and specify the amounts that were incurred for licensing and name the license providers by 30th June, 2016.</p> <p>The Committee was concerned with the delays in processing of payment vouchers.</p> <p>The Committee recommends that all outstanding payments be cleared within the shortest time possible and the Auditor General reports on the status in the 2014/15 financial year report.</p>	The bills were cleared promptly. The issue has been resolved through preparation of annual workplans/ procurement plans and introduction of cash plans in the IFMIS
106	2013/2014	<p>172. Audit of Secondary Schools</p> <p>f) Misallocation Charged Expenditure</p>	<p>The Committee observed that the Accounting Officer did not follow up to ensure that funds allocated for secondary schools were utilised in projects they had not budgeted for without prior approval.</p> <p>The Committee recommends that;</p> <p>i. The Accounting Officer should put necessary measures in place to ensure recovery of the funds. ii. In future, funds allocated to schools should be publicised so as to ensure that they are utilised in a proper manner and well accounted for.</p> <p>iii. Boards of management should submit list of schools and proper records showing how grants are utilised, for audit verification on a timely basis.</p>	The matter was resolved conclusively

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
			and substandard projects, and be surcharged as per Article 226(5) of the Constitution.	
106	2013/2014	<p>173. DONOR FUNDED PROJECTS</p> <p>(ii) Delays in Completion of Civil Works</p> <p>b) Support to Enhancement of Quality and Relevance in Higher Education, Science and Technology Project.</p> <p>(i) Delay in Delivery of Goods</p> <p>(iii) Exchange Rate Differences</p>	<p>The Auditors informed the Committee that the issues were largely resolved other than for Wajir which was facing challenges of insecurity. The Committee directs that the Accounting Officer ensures that the Contractor based in Wajir renews the performance bond and makes an undertaking that the project is completed within the shortest time possible now that security situation has normalised. The status of the project should be reported by the Auditor General in the subsequent financial year report.</p> <p>The Committee observed that the contractual time limits given had been exceeded and was concerned by the delays in the delivery of goods by suppliers. The Committee recommends that the Accounting Officer should take keen interest on the matter and ensure that the remaining equipment is delivered within the shortest time possible. A full report detailing status on delivery of goods should be provided by the Auditor general in the subsequent report 2014, 2015</p> <p>The Committee noted that the National Treasury was to give directions to be followed in regards to exchange rate difference. The Committee recommends that the Accounting Officer to strictly follow IPSAS guidelines</p>	<p>The matter was resolved and the outstanding issues ironed out accordingly.</p>

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
		<p>d) GoK/WFP Food Assistance to Primary and Pre-primary Schools in Semi-Arid Areas and Disadvantaged Urban Children Project (WFP Project)</p> <p>i) District Expenditure Unaccounted for</p> <p>(ii) Irregular Expenditure</p>	<p>in order to ensure uniformity in reporting and conformity to standards required.</p> <p>The Committee observed that the Accounting Officer had not responded to the Audit query and did not give a clear explanation as to why the Kshs. 28,902,039.00 had not been accounted for by June, 30th 2014</p> <p>The Committee recommends that the Accounting Officer accounts for the Kshs. 28,902,039.00 and the Auditor General to report on the status in the subsequent year audit report.</p> <p>The Committee directs that the Auditor General should look at the documentation and report back to the Committee on the status in the 2014/2015 financial year statements.</p>	
106	2013/2014	<p>174. Prior Year Unresolved Matters</p> <p>b) Unsupported Expenditure on Sanitary Towels</p> <p>c) Un-cleared Balances</p>	<p>The Committee recommends that the Auditor General should verify this response and report on the current status of this matter in his statutory audit report for 2014/2015 for its further action.</p> <p>The Committee directs the Accounting Officer to ensure that the Task Force completes the investigations on un-cleared balances and report back to the Committee by 30th June, 2016.</p>	<p>The Auditor General verified the response and the supporting correspondences from the institutions.</p>

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
		f) Long Outstanding Balances	<p>The Committee recommends that the Auditor General should verify this response and report on the current status of this matter in his statutory audit report for 2014/2015 for its further action.</p> <p>The Committee directs the Accounting Officer time to ensure that the Task Force completes the investigations on the long outstanding balances and report back to the Committee by 30th June, 2016. The Committee recommends that the Auditor General should verify this response and report on the current status of this matter in his statutory audit report for 2014/2015 for its further action.</p>	
106	2013/2014	175. DISTRICT EXPENDITURE h) Kitui County Unaccounted for Funds	The Committee recommends that the Auditor General should verify this response and report on the current status of this matter in his statutory audit report for 2014/2015 for its further action.	All issues were resolved and the auditors verified the response and documentation for Kitui county and were satisfied.
106	2013/2014	176. Presentation of Financial Statements	The Committee recommends that the Auditor General should verify this response and report on the current status of this matter in his statutory audit report for 2014/2015 for its further action.	The auditors verified the response and the supporting documents.
106	2013/2014	177. Bank Balances	<p>The Committee heard from the Auditor General that this matter had been resolved as the Accounting Officer had submitted documents for verification.</p> <p>The Committee nonetheless recommends that the Accounting Officer should institute measures to avoid a repeat situation.</p>	The accounting officer has provided for bank charges in the budget.
106	2013/2014	181. Delay in Project	The Committee observed that	

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
		Completion	<p>the status report on the projects was not given to the Auditors for verification. The Committee therefore directs that the Accounting Officer submits the status report to the auditors for verification by no later than 30th June, 2016.</p> <p>The Committee further recommends that the Auditor General should verify the status report and give a clear feedback on the current status of the matter in his statutory audit report for 2014/2015 for its further action.</p>	The status report was presented to the Auditors and agreed upon
106	2013/2014	182. Non-Accounted for Assets	<p>The Committee recommends that proper procedures as guided by the law should be followed in writing off the digital video camera in question.</p> <p>The Committee further recommends that the Auditor General should verify this response and report on the current status of this matter in his statutory audit report for 2014/2015 for its further action.</p> <p>The Ministry is directed to keep a Fixed Asset Register.</p>	We have since included the register in our financial statements from 2015/16 financial year to date
106	2013/2014	184. Prior Year's Unresolved Issues (v) Education Management Information System (EMIS)	<p>The Accounting Officer reiterated that the matter is a court case following investigation by the Ethics and Anti-Corruption Commission (EACC) in the year 2010. The Anti-Corruption Commission had not referred back the position of the case.</p> <p>The Committee recommends that the Auditor General should verify this response and report on the current status of this matter in his statutory audit report for 2014/2015 for its further action.</p>	The matter was resolved conclusively
106	2013/2014	187. Unaccounted	The Committee observed that	

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
		for Assets – Photocopy Machines	the Accounting Officer misled the Committee into believing that the report had been submitted to the auditors for verification. The Auditors confirmed that they had not received the report yet. The Committee recommends that the Accounting Officer submit the reports to the Auditors for verification by 30th June, 2016 failure to which, he will be held accountable for the balance of 24 machines worth Kshs. 1,077,240.00	The reports were submitted to the Auditors and verified
106	2013/2014	192. Un-reconciled Food Records	The Committee recommends that the Accounting Officer put some levels of scrutiny on the issue of food distribution so as to ensure that it is well distributed since it was his responsibility to ensure that food was not lost The Committee directs the Auditors to reconcile with an eye on checking the forensic component and the Accounting Officer to ensure that the heads of institutions that are found culpable for the loss of food commodities are held accountable, and surcharged/penalized.	The auditors verified the records. Further to these the County Education officers have been mandated to personally supervise distribution and reporting to the accounting officer.
106	2013/2014	193. Inaccuracy of the Financial Statements	The Committee heard evidence that this matter had been resolved as the Accounting Officer had availed the documents for audit verification and the Auditor General was satisfied. The Committee recommends that the Accounting Officer ensure that all heads of accounting units strictly adhere to IPSAS in their reporting.	The ministry has fully adopted IPSAS cash basis
106	2013/2014	194. Government Counterpart Funding Budget	The Accounting Officer stated that the anomaly was noted and the same was communicated to the National	The reports were submitted to

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			Treasury. The Committee recommends that the Auditor General should verify this response and report on the current status of this matter in his statutory audit report for 2014/2015 for its further action.	the Auditor General and verified
		MINISTRY OF HEALTH		
108	2013/2014	199. Expenditure without Parliamentary Approval	<p>The Committee observed that the matter was wrongly handled since the monies advanced to counties meant some development votes were cut at the Ministry. If counties lacked structures, then Treasury should have withheld the salary provisions from them and sent to the Ministry of Health. The Ministry had now been left chasing debts years after the advance.</p> <p>The Committee directs that the National Treasury and the Controller of Budget withhold the whole outstanding balances from counties in the next disbursement. The Committee further recommends that the Auditor General establishes how monies sent to counties but meant for salaries were expended, since the National Government paid for them. The List of Counties with amounts outstanding (4.3 billion) should be provided with a view of recovery in the subsequent financial year 2014/2015.</p>	The Ministry wrote to the National Treasury to recover the Salary disbursements from Counties in Subsequent allocation disbursement. Treasury is yet to communicate the action they have taken on the PAC recommendation
108	2013/2014	200. Cash and Cash Equivalent (i) Un-surrendered Old Deposits Balances from Former Ministries	The Committee observed that this process was taking inordinately long to conclude and finds fault with Government's restructuring procedures that do not take into consideration budget allocation vis a vis	The Ministry has worked with a Committee established by the Treasury to address issues relating old balances and made significant progress; the exercise is at the conclusion stage

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			<p>implementers.</p> <p>The Committee directs that the National Treasury expedites this process and concludes by the end of financial year, on 30th June, 2016.</p> <p>A status report on the same be issued to the Committee for further action.</p>	
		202. Irregular Transfer of Funds	<p>The Committee observed that the approvals came about as a result of terrorist attack thus affecting the Honourable Member. The Committee further observed that the letter from State House did not order for the transfer, and even if it did, it would be illegal since only the National Assembly can re-allocate funds.</p> <p>The Committee recommends that the Parliamentary Service Commission refund the money to the relevant Ministry and further absorb the costs.</p>	<p>The Ministry has written to Parliamentary Service Commission to refund the money.</p> <p>Further, the Ministry regrets that the approval of the National Assembly was not sought for and commits that this will not occur again in future</p>
108	2013/2014	205. Misallocation of Expenditure	<p>The Accounting Officer admitted the audit query</p> <p>The Committee observes that the expenditure was done irregularly.</p> <p>The Committee reprimands the Accounting Officer for reallocating funds without approvals and recommends that in future they should seek approval from the National Treasury before making any reallocations.</p>	<p>The Accounting Officer undertakes to seek approval for reallocation before approving any expenditure</p> <p>The Ministry regrets that the approval of the National Assembly was not sought for and commits that this will not re-occur again in future.</p>
108	2013/2014	208. Expenditure on Non- Existent Consultancy Services – Reinforcement of 15 Health Facilities in Northern Kenya – Grant ORIO 10/KE/01	<p>The Committee was not satisfied with the Accounting Officer saying that ‘some’ and not all of the documents were available for review. The Committee also took issue with the Ministry being unable to implement projects in areas where they were dearly needed.</p> <p>The Committee recommends</p>	<p>The Accounting Officer has since submitted the requested documents to KENAO for review regarding the project implementation.</p> <p>In addition, the Ministry continued the implementation of the project in FY 2014/15 as was provided for in the approved Estimates.</p>

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			<p>that the Accounting Officer immediately submits to the Auditor General ALL documents for review in the subsequent audit report for financial year 2014/2015.</p> <p>The Committee further recommends that the projects be prioritized in this financial year 2014/2015.</p>	
108	2013/2014	210. Rehabilitation Works at Ahero Sub-District Hospital-Nyanza Province	<p>The Committee observed that the project was hampered by the now clear trend on public projects being mismanaged ab initio; from the point of BQ production.</p> <p>The Committee reprimands the Public Works officials responsible for the faulty BQ as well as contract variation of more than 25% and recommends that disciplinary action be taken on the responsible officers, including surcharging those individuals responsible for the extra costs incurred.</p>	<p>The Accounting Officer regrets the contract variation of more than 25% due to poorly drafted BQs.</p> <p>The Ministry currently engages the services of the Legal office in drafting contractual agreements to mitigate possibility of such occurrences in future</p>
108	2013/2014	211. -Grants to Kenyatta National Hospital, Kenya Medical Supplies Authority and Kenya Medical Training College	<p>The Committee observed that the matter was wrongly handled since the monies advanced to counties meant some development votes were cut at the Ministry. If counties lacked structures, then Treasury should have withheld the salary provisions from them and sent to the Ministry of Health. The Ministry had now been left chasing debts years after the advance.</p> <p>The Committee directs that the National Treasury and the Controller of Budget withhold the whole outstanding balances from counties in the next disbursement.</p> <p>The Committee further recommends that the Auditor</p>	<p>The Ministry wrote to the National Treasury to recover the Funds from the county allocations to enable the Ministry disburse the grants to the State Corporation</p>

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			General establishes how monies sent to counties but meant for salaries were expended, since the National Government paid for them.	
108	2013/2014	212. Stalled Projects	The Committee observed that these documents should have promptly been availed to auditors for verification. Further, the Committee observed that it was unusual for the Ministry to be unable to complete the remaining 4% of works and therefore stopping access to much needed services by the public. The Committee recommends that the works be completed by 30th June 2016, and the Auditor General confirms this, together with the now availed documentation in the subsequent financial year audit.	The Accounting officer has tasked a team of officers drawn from the responsible departments to support the audit process the Ministry by providing all the relevant documents and timely responses to queries as may arise from time to time. The Ministry has requested The National Treasury to allocate funds to complete the project.
108	2013/2014	214. Inter-Vote Transfers	The Committee observed that this was an illegality as no approval was provided. The Committee recommends that the Accounting Officer should seek written approval from the National Treasury before utilising funds from a different vote. The Committee reiterates recommendation in Paragraph 205.	The Accounting Officer commits to strict compliance to PFM Act 2012 and its underlying PFM regulations 2016 on matters re-allocation. Currently, all reallocations approvals are subjected to the due processes before any expenditure is subsequently undertaken.
108	2013/2014	215. Failure to Submit Fund Accounts	The Committee noted that the fund accounts in question were currently under investigation. The Committee requested to have statements prepared so as to capture all balances. The Committee recommends that the Auditor General confirms this current status, and urges the Accounting Officer to always respond to audit management letters promptly. A comprehensive report on the	The Accounting Officer has subsequently included Fund Accounts in preparation of Financial Statements. Through the Taskforce set up in Treasury to review the Old Balances, the Ministry is currently concluding for subsequent audit, outstanding issues relating to deposit and fund balances Further, the Accounting Officer has tasked a team of officers drawn from the responsible

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			same be provided by 31st December, 2016.	departments and/or projects to support the audit process in the Ministry by providing all the relevant documents and timely responses to queries as may arise from time to time.
108	2013/2014	220. Trade and Other Receivables	<p>The Committee observed that agencies advanced public funds operated in a legal vacuum and were not accountable as demonstrated here.</p> <p>The Committee recommends the following;</p> <p>(i) The National Treasury publishes for approval by Parliament financial regulations governing inter-agency, semi-autonomous and non-Governmental organizations handling of public funds.</p> <p>(ii) The Ministry immediately seeks help from the Kenya Embassy in Washington in tracing the individual, failure to which he should be cited in the Credit Reference Bureau (CRB).</p>	<p>(i).The Ministry has taken note of the Committee recommendation and will comply with the regulations once published by the National Treasury</p> <p>(ii).The Ministry has written to the Kenya Embassy for assistance and the response has not been received</p>
108	2013/2014	221. Trade and Other Payables	<p>The Committee observed that had the Accounting Officer provided this evidence to auditors on time, it would not have been an audit query. The Committee recommends that the Auditor General confirms this refund, and urges the Accounting Officer to always respond to audit management letters promptly.</p>	<p>The Accounting officer has tasked a team of officers drawn from the responsible departments and/or projects to support the audit process the Ministry by providing all the relevant documents and timely responses to queries as may arise from time to time.</p>
108	2013/2014	223. Unsupported Cash Balances	<p>The Committee observed that had the Accounting Officer provided this evidence to auditors on time, it would not have been an audit query. The Committee recommends that the Auditor General confirms this refund, and urges the Accounting Officer to always respond to audit management letters promptly.</p>	<p>The Accounting officer has tasked a team of officers drawn from the responsible departments and/or projects to support the audit process the Ministry by providing all the relevant documents and timely responses to queries as may arise from time to time.</p>
108	2013/2014	226. Un-Delivered Project Goods	<p>The Committee observed that the planning was poor and</p>	

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			<p>lacked foresight. It further observes that the firm could only claim further payment at the previous unit cost. This has thus resulted in much needed equipment lying idle in the warehouse instead of serving the public.</p> <p>The Committee recommends that the Solicitor General vigorously pursues this case to completion to ensure distribution of the equipment. The Committee further recommends blacklisting of the firm from any public tender due to its unreasonable demand clearly designed to fleece the public, an act of economic sabotage.</p>	<p>The Accounting Officer has engaged competent Project Managers with forthright project planning and execution skills to oversee implementation of current Ministry's' projects. The said firm has been blacklisted in current and future Ministry's tendering opportunities</p>
108	2013/2014	227. Abandoned Civil Works	<p>The Committee reiterates its observation that public projects are largely mismanaged with no regard to public service delivery. The locations of the health facilities are in areas that have been marginalized and are in dire need of services.</p> <p>The Committee recommends that the Accounting Officer immediately ensures completion of the remaining health facilities by 31st December, 2016.</p>	<p>The health facilities are now under the counties following devolution of health services function and thus the funds have followed the functions.</p>
108	2013/2014	229. Results of the Audit of the Financial Statements (i) Trade and Other Receivables (ii) Trade and Other Payables	<p>The Committee recommends that Treasury actively engages World Bank to balance the figures by 30th June 2016. It further reiterates its recommendation that Treasury fully operationalizes the External Resources Policy.</p>	<p>The Ministry has taken not of the committee's recommendation.</p>
		MINISTRY OF TRANSPORT AND INFRASTRUCTURE		
109	2013/2014	232. Accuracy of Financial Statements	<p>The Committee recommends that the Accounting Officer should institute measures to ensure that the Ministry always</p>	<p>The ministry has undertaken to promptly respond to issues raised by the Office of the</p>

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		<p>a) Statement of Receipts and Payments</p> <p>(ii –vii)</p> <p>(viii)</p>	<p>acts in time when dealing with the Auditor General to forestall audit queries.</p> <p>The Committee observed that there the Accounting Officer failed to produce supporting documents and adequate response explaining the loss of huge sums of money.</p> <p>The Committee directs that reconciliation of financial statements and trial balance of Kshs. 104,354,298 be undertaken and a status report be provided in the 2014/2015 financial year report.</p>	<p>Auditor General and to continually engage them during the Audit.</p> <p>JE Voucher Number 000175 of 23rd Aug 2013 was used to correct the transposition error of kshs 1,233,000,000 and the adjustment captured in the revised 2013/14 financial statement.</p> <p>JE Vouchers have been passed to effect the difference of Kshs 104,354,298</p>
		<p>b) Statement of Assets</p>	<p>The Committee recommends that the Accounting Officer provides documents to the Auditor General to explain the whereabouts of the big differences, with the same being reported in the 2014/2015 financial Year statements.</p> <p>The Committee recommended that the National Treasury provide a template which will guide Ministries in handling assets.</p> <p>The Committee also recommends that a Task Force be put in place and move with speed into investigating the entire matter on asset management and provide recommendations to be acted on by the Committee.</p>	<p>A template that guides the reporting of Assets has been provided by the National Treasury and is already in use in the MDA's</p> <p>The National Treasury also Constituted a taskforce dealing with Old balances with an aim to provide solution on asset management.</p>
		<p>c) Statement of cash flows</p> <p>(i – v)</p>	<p>The Committee noted with concern that the responses given by the Accounting Officer not satisfactory, and did not respond to issues raised.</p> <p>The Committee recommends that the Auditor General should verify this response and report on the current status of</p>	<p>The Auditor General reviewed the response and was satisfied with action taken.</p>

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		(vi)	<p>auditors and report back in the subsequent audit report.</p> <p>The Committee noted with concern that the responses given by the Accounting Officer on the above queries were not satisfactory, and did not respond to issues raised. The Committee recommends that the Auditor General should verify this response and report on the current status of this matter in his statutory audit report for 2014/2015 for its further action.</p>	The Auditor General verified the report of the Accounting Officer hence the issue was not raised in the subsequent year.
109	2013/2014	234. Other Receipts a) Discrepancy in Receipts from Administrative Fees and Charges – Collected as A.I.A	<p>The Committee was informed by the auditors that Kshs. 2,037,066.00 had not been supported.</p> <p>The Auditor informed the Committee that they had not received any documents for verification on the matter from the Ministry. The Committee observed that the Accounting Officer misled them into believing that they had submitted documentations for verification by the Auditors and thus recommended that all documents be availed for verification by no later than 30th June, 2016</p>	All the documents supporting all the A.I.A. collected by the Materials Division in 2013/2014 were availed to the Auditor.
109	2013/2014	236. Grants to Semi-Autonomous Government Agencies	<p>The Committee observed that the response given by the Accounting Officer was not sufficient.</p> <p>The Committee recommends that the figures be reconciled by the subsequent financial</p>	A reconciliation of the figures portioning to the transfer of RMLF funds between Recurrent Appropriation amount by Kenya Roads Board (KRB) and the Grants transfer of the RMLF from Ministry to Agencies have

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			year 2014/2015, failure to which, sanctions will be instituted on the Accounting Officer.	since been reconciled. All RMLF funds received from KRB within the 2013/2014 FY were transferred to the Road Agencies.
109	2013/2014	238. Erroneous 2012/13 Comparative Balances	The Committee nonetheless recommends that the Accounting Officer should institute measures to avoid a repeat situation.	Appropriate action has been taken and a repeat of the same situation is not anticipated.
109	2013/2014	239. Bank Reconciliation Statements	The Committee nonetheless recommends that the Accounting Officer should institute measures to avoid a repeat situation.	Measures have been taken and from time to time committees have been formed to clear backlogs and to ensure quality statements are produced.
109	2013/2014	240. Undisclosed Deposits Bank Balance b) Irregular Payments from Deposits Cash Book c) The Ministry did not disclose the balances for Deposits in the financial statements (d – f)	<p>The Committee observed that the Accounting Officer did not provide proof of existence of agreements between the Ministry and the Stakeholders. The Committee recommends that the Accounting Officer provides proof of Agreements with Stakeholders for verification by the Auditor General in the subsequent financial year 2014/2015.</p> <p>The Committee observed that as indicated in Paragraph 240, class 4 accounts could not be included. Now that the templates have been improved to accommodate all accounts, therefore the query should be reported in the subsequent financial year 2014/2015. Thus query remains pending.</p> <p>It was observed that the Ministry has instituted an enquiry and thus recommends that the EACC fasten the investigation. The Committee recommends that the Auditors verify to confirm the cashbook adjustments and report back to the Committee</p>	<p>The issue has been resolved. The balance of deposit in the financial year 2014/15 financial statement is fully analysed and supported.</p> <p>The cash book balances for the subsequent year 2014/2015 have been Reconciled and revised. The departmental Deposit account has been reconciled separating between the transport and Infrastructure accounts.</p> <p>The Department is working to find out if such taskforce was instituted and will report back since there has been movement of staff. (Infrastructure)</p>

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		(g –h)	<p>The Committee noted with concern that the accounts holding the retention money due to contractors was overdrawn, and thus recommended that a special audit be carried out in all Ministries to ascertain the status of retention account and Auditor General to report back to the Committee.</p> <p>The Committee recommends that a Task Force be put in place to carry out forensic investigation on the entire matter and provide recommendations to the Committee.</p> <p>The Committee instructed the Accounting Officer to put systems in place which will prevent loss of funds and institute measures to ensure that the fund manager always acts promptly and satisfactorily on the Auditor General's management letters to forestall audit queries.</p>	Measures have been put in place to ensure prompt responses to the management letter from the Auditor General.
109	2013/2014	241. Travel and Subsistence allowance	<p>The Committee observed that the Accounting Officer approved transfer of funds from one vote to another without seeking The National Treasury approvals.</p> <p>The Committee recommends that the Accounting Officer refunds Kshs.3, 813,000.00 not later than 30th June, 2016 failure of which the Accounting Officer should held personally responsible pursuant to Article 226(5) of the constitution of Kenya.</p> <p>The Heads of Accounting Units will also be held accountable.</p>	The amount was refunded on 29th June 2016 and posted in the Mechanical Fund cash book vide the FO 17 dated 30th June 2016.
109	2013/2014	242. Supply of Computers and Related Equipment	The Committee observed that the goods were partly inspected before acceptance as per the procurement	

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			<p>procedures thus raising concerns on the uninspected goods.</p> <p>The Committee recommends that the courts expedite the investigation and report submitted to the Committee. The Committee further recommends that the Auditor General should verify this response and report on the current status of this matter in his statutory audit report for 2014/2015 for its further action.</p>	<p>The Attorney General has taken up the matter on behalf of the ministry in order to institute suit against the security firm</p>
109	2013/2014	243. Failure of the National Treasury to submit Railway Levy Fund Account	<p>The Auditor informed the meeting that it would be prudent for the Ministry to operate the bank account as opposed to it being operated by the National Treasury. The Committee recommends that the Accounting Officer follow up with National Treasury and ensure that the account is operated by the Ministry.</p>	<p>The Accounting Officer has not succeeded in operating the Fund Account but we have opened a RDF Operations account at CBK.</p>
		MINISTRY OF ENVIRONMENT, WATER AND NATURAL RESOURCES		
110	2013/2014	268. Pending Bills	<p>The Committee recommends that:-</p> <p>(a) Accounting Officers should institute measures to ensure that bills are always cleared within the financial year they fall;</p> <p>(b) The National Treasury should ensure timely exchequer releases to Ministries, Departments and Agencies to enable them settle bills as they fall due;</p> <p>(c) The Cabinet Secretary, National Treasury should prepare a status report on the work of the Task Force on Pending Bills, together with a schedule of all pending bills, and submit the same to the</p>	<p>Ministerial PFM committee mandated with the task.</p> <p>Wok plans and procurement plans strictly being followed</p> <p>Principal Secretary Treasury to take necessary action</p> <p>Cabinet Secretary Treasury to take necessary action</p>

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			National Assembly by 30th June 2016, failure of which he would be held accountable.	
110	2013/2014	269. Cash and Cash Equivalents a) Balance Brought Forward b) Bank Reconciliation Statements	The Committee observed that the Ministry uses manual cash books instead of IFMIS, hence their difficulties. The Committee recommends that the Accounting Officer immediately and fully adopts IFMIS and clears all outstanding balances immediately and shares the records thereof with the Auditor General for verification.	Ministry has fully adopted IFMIS and outstanding balances cleared. The cash management is now done in IFMIS and reports on cleared balances has been shared and adopted by the auditor general
110	2013/2014	272. Outstanding Imprests	The Committee observed that imprest management at the Ministry was hitherto not as per policy and had been turned into a soft loan scheme. The Committee recommends that disciplinary action be taken on the affected officers for failure to surrender imprest procedurally. The Committee further recommends that outstanding imprest of kshs. 199,655.00 are recovered immediately, and at the CBK interest rate prevailing as at the time of recovery.	On this matter we wish to state that the officers were seventy and warned on failure to account for imprests in good time. We wish to confirm that all the outstanding imprests of Kshs.199,655.00 have since been accounted for as required by the regulations
110	2013/2014	273. Un-Accounted for A.I.Es	The Committee noted that late exchequer releases hampers project implementation and may lead to pending bills. The Committee recommends that Treasury always releases exchequer in a timely manner. The Committee further recommends that the project now be completed without further delay.	The Treasury has since released exchequer issues in good time hence completion of the project that was being undertaken at the Meteorological Department in Kisumu County.
110	2013/2014	275. Compensation of Employees	The Committee noted that this was purely a policy issue that needed to be addressed within Government. The Committee recommends that the matter be settled by 31st December 2016.	The matter was satisfactorily responded

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		MINISTRY OF LANDS, HOUSING AND URBAN DEVELOPMENT		
111	2013/2014	309. Misallocation of Expenditure	<p>The Committee observed that the Accounting Officer did not respond to the audit query that was raised. The Committee directs the Accounting Officer to give details of specific transfers and to seek the National Treasury's authority for the allocations.</p> <p>The Committee recommends that the auditors look at the detailed explanation by the Accounting Officer to ascertain correctness of the information, and report in the subsequent financial year.</p>	<p>The ministry has instituted control to ensure that all expenditure incurred is charged to the appropriate expenditure item. Examination section has been strengthened by deploying a senior accountants to head the section and addition accountant pulled to the section.</p> <p>Weekly expenditure report and the resultant payments are reviewed to ensure correction in the charged item. All relocation have to be approved by the National Treasury</p>
111	2013/2014	315. Failure to Provide Footnotes for Material Variances	<p>The Committee heard from the Auditor General that footnotes were provided outside the audit cycle.</p> <p>The Committee recommends that the auditors examine the footnotes and clear the matter. The Accounting Officer is reprimanded for not abiding by constitutional provisions of audit timelines.</p>	<p>The ministry has formed a committee responsible for preparation of quarterly report and the annual financial statements. The team is chaired by the Chief accountant and reviewed on a regular basis the problems, challenges and gaps in preparation of the quarterly reports and annual financial statements.</p> <p>The committee ensures that all relevant supporting schedules are prepared and attached to the financial statements</p>
111	2013/2014	317. Government Housing Projects at West Park	<p>The Committee notes with deep concern that despite several reminders to the officer in charge of the housing unit, the occupancy list was never provided to the Committee. The Committee recommends that the list of occupancy be provided to the Auditor General for verification and a status report be given in the</p>	<p>The Ministry engaged the Ministry of Interior which is responsible for the project to provide the list</p>

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			2014/2015 financial year report. The Query remains outstanding.	
111	2013/2014	318. Kibish Police Station and GSU Base Camp project	<p>The Committee undertook site visit to the project and made the following observations and recommendations;</p> <p>Committee observations:-</p> <p>The Committee noted that serious challenges faced by the contractors include insecurity and poor road networks. ☐ The Committee acknowledges the challenges faced in the delivery of the project, but reiterates that feasibility study should have been undertaken by client Departments before procuring services to avoid delay in project execution due to intervening weaknesses.</p> <p>It was also observed that police housing and stations forms the key reform agenda of the police service and should be prioritized to enhance security and rule of law.</p> <p>A lot of taxpayers' money had been spent in putting up several housing units for officers yet the numbers of officers posted in the region were very few.</p> <p>The numbers of officers stationed in the region were very few compared to the number of housing units put in place.</p> <p>On another note, it was observed that most of the officers had been stationed in the region for more than 3 years and were suffering low staff morale. This may affect their output when given duties to undertake hence affecting the overall performance of the unit.</p> <p>Recommendations:-</p> <p>a) Telephone lines, networks</p>	<p>The Ministry has considered the committee recommendations and has put in place all the necessary measures to ensure implementation.</p>

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			<p>and internet are non-existent in the region. The only form of Communication between Officers in Kibish and other regions is through radio calls. Proper communication network needs to be installed in the area with immediate effect. To achieve this, the Government needs to give incentives to GSM network service providers to instal transcevers in the area. There is need for employment of technical staff such as electricians, plumbers, fitters, joiners etc, to carry out servicing of facilities and other amenities in the camps so as to achieve long term value as intended.</p> <p>b) The officers need a good number of armoured vehicles keeping in mind the imminent threats and insecurities in the region. There is need to post more officers to the region. It was observed that there were only nine officers against so many units of housing built to accommodate them. Alternatively, the Committee deemed it necessary to have the Administration Police and Kenya Police Officers operate from one camp and the Government hands over one of the Camps to Ministry of Defence so as to utilize it as a military barracks or training camp.</p> <p>c) The Committee reiterates on the need to fast track completion of payments to the contractor so that they hand over the project to the Government for utilization as intended.</p> <p>d) The officers who have served in Kibish for more than</p>	<p>The Ministry has considered the committee recommendations and has put in place all the necessary measures to ensure implementation.</p> <p>The Ministry has considered the committee recommendations and has put in place all the necessary measures to ensure implementation.</p>

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			three years should be moved to a different region and new officers posted to Kibish in order to boost staff morale and achieve improved performance from the staff.	
111	2013/2014	327. Non-compliance with Procurement Procedures	The Committee was informed by auditors that the inspection reports were availed. However, the process was still irregular. The Committee reprimands the Accounting Officer and recommends the auditors to confirm that the Committee is well appointed now, and that the goods are as were ordered.	The ministry has fully implemented the provision of the public Procurement and Disposal Act and the relevant regulation of 2016. All committees involved in the procurement process including Acceptance and Inspection committee been constituted. The ministry ensure that there is timely replacement of members who have been transferred to other ministries.
111	2013/2014	328. Construction and Maintenance works a) Plumbing, Drainage & Water Reticulation	The Committee recommends that the Accounting Officer submits adequate and relevant information to the auditors and report in their next audit report.	The Ministry has put in place measures to ensure that the Public Finance Management Act 2012, Public Procurement and Disposal Act, 2015 and Treasury requirements (as contained in circulars issued) are complied with. All the committees, which include Budget Implementation Committee, Project Evaluation Committees have been put in place to ensure compliance with the provisions of the aforementioned Acts.
111	2013/2014	329. Revenue Paid to Exchequer	The Committee recommends that the Ministry and KRA immediately liaise to reconcile the difference and the Auditor verify and report in the subsequent audit report.	The Ministry has strengthened the Revenue Section by deployment of additional accountants and posting of Senior Accountant to be in charge. Weekly revenue returns are prepared. Daily checks by an accountant and an Internal Auditor are carried out to improve the Internal Checks.
111	2013/2014	330. Revenue Collected by Kenya Revenue Authority	The Accounting Officer submitted that the agency agreement was made in 2003 but was yet to be signed.	The Ministry has initiated the process of reviewing the agreement to ensure it is in consistent with the relevant

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			The Committee recommends that the agreement be reviewed so as to be in consistent with the existing laws. It must be duly signed by the Accounting Officer and submitted to auditors for confirmation.	laws.
111	2013/2014	333. Arrears of Revenue	The Committee recommends full compliance with the law and that the auditors confirm the same in their next report, 2014/2015.	The Ministry has now complied with the Provision of the Public Finance Management Act 2012. The format of preparing the Revenue Statement is as prescribed by Public Sector Accounting Standard Board.
111	2013/2014	335. Financial Position AGRICULTURAL SETTLEMENT FUND TRUSTEES Basis for Disclaimer of Opinion	The Committee noted that the transfer was irregular and recommended the Auditor General to carry out an in-depth audit of the funds and report back in the subsequent audit report for the financial year 2014/2015.	The Ministry availed all the information, documents and records necessary to the auditors to carry out the audit as directed by the committee
111	2013/2014	336. Presentation of the Financial Statements	The Committee observed that the Accounting Officer failed to adhere to Treasury regulations and recommends full compliance to International Public Sector Accounting Standards (IPSAS).	The Ministry has fully implemented the guidelines set out by the Public Sector Accounting Standard Board in reporting for quarterly reports and annual financial statements.
111	2013/2014	337. Fixed Assets	The Committee observed that the Ministry kept no asset register for the year and no supporting documents were provided. The Committee recommends that the auditors confirm the current position in the next audit and the Ministry ensures that it has an asset register in place. The Accounting Officer should also provide ledgers for verification by 30th June, 2016.	The Ministry initiated preparation of the Fixed Assets Register, which is substantially complete as provided in the Act.
111	2013/2014	338. Loans	The Accounting Officer confirmed the presence now of	Loan Registers and other related records were availed

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			ascertaining and generating registers that will show all accounts for each settler. The Committee recommends that the auditors confirm this position in the next audit, 2014/2015.	for audit verification.
111	2013/2014	339. Unanalysed Balances	The Committee recommends that the auditors examine the analysed records. The Accounting Officer is further reprimanded for not providing details on time for audit	The composed team to head the exercise of preparation of financial statement and other financial reports have ensured that the reports and financial statements include all the relevant supporting analysis and information.
111	2013/2014	340. Equity	The Accounting Officer did not present a convincing response to the Committee. The Committee recommends that the auditors confirm this position in the next audit, of financial year 2014/2015.	The Ministry availed all the Information relating to loans and Land purchase grants to the auditors for necessary verification.
111	2013/2014	345. Loss on Disposal of obsolete items	The Committee recommends that this exercise be concluded by end of financial year 2014/2015.	The exercise is in the process of being concluded. We are following up with the National Treasury to ensure that the matter is finalised.
111	2013/2014	346 Presentation of Financial Statements	The Committee recommends full compliance with IPSAS henceforth.	The Ministry has fully implemented the guidelines set out by the Public Sector Accounting Standard Board in reporting for quarterly reports and annual financial statements.
111	2013/2014	347. Unrecovered Debts	The Committee recommends that the Accounting Officer submits to Treasury a breakdown of all debtors for full recovery in subsequent disbursements.	The fund has instituted measures to ensure an exhaustive breakdown of all the debtors is submitted to the National Treasury for full recovery in their disbursements.
111	2013/2014	348. Unconfirmed Balances	The Committee recommends that the Accounting Officer provides necessary supportive documents for audit review.	The fund has since appeared before the taskforce with the necessary supportive document and the corresponding journals to ensure that the unconfirmed balances are cleared from the book of account.
111	2013/2014	349. Unsupported	The auditors told the	The fund has provided

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		Balance	Committee that the Ministry's response was not adequate. The Committee recommends that the Accounting Officer avails requisite documentation for review by auditors.	additional information to the auditor and the necessary adjustments to be done in order to clear the balance from the books of accounts.
111	2013/2014	351. Unreconciled Stores Deficiency Balance	The Committee recommends that the Accounting Officer avails the relevant documentation to auditors for examination and report in the subsequent year.	The fund has since availed the correct trial balance to the auditor and the unreconciled store defiance balance cleared.
111	2013/2014	352. Unexplained Difference	The Committee recommends that the Accounting Officer avails the relevant documentation to auditors for examination and report in the subsequent year.	The fund has since availed the corrected issues inter-stores account explaining the difference of Kshs.595,346,515.10.
111	2013/2014	353. Unsupported Balances	The Committee recommends that the Accounting Officer avails the relevant documentation to auditors for examination and report in the subsequent year.	The funds has since availed the stock sheets in support of the balance and also conducted a review of how that stock was later issued out to the various users.
111	2013/2014	354. Unreconciled Difference	The Committee recommends that the Accounting Officer avails the relevant documentation to auditors for examination and report in the subsequent year.	The fund has since reconciled the two set of records and it was an issue of error of omission which the funds highly regrets for its occurrence and promise that it will not happen in future.
111	2013/2014	356. Previous year Audit matters	The Committee recommends that EACC expedites the investigations and takes appropriate action.	The Ministry is awaiting conclusion of the investigations undertaken by E.A.C.C. for further action.
111	2013/2014	358. Bank Balances	The Committee recommends that Treasury provides clarification on the status of these funds to auditors.	The Accounting officer has ensured that all the Funding from SIDA to land reform support programme is spent from a separate project account as per the approval of National Treasury of November 2013.
111	2013/2014	359. Termination of the Project Agreement	The Committee reiterates its recommendation above.	The Accounting Officer highly regrets lack of budgetary provision for the project and to avert the scenario in future, the project co-ordinators and the Head of budgeting should

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				ensure all the funds from development partners have a budgetary provision.
111	2013/2014	361. Outstanding Imprests	The Committee recommends full and immediate recovery of the imprest from defaulters plus interest at the current CBK rate.	The Accounting officer has written letters to county government and the process of recovery is ongoing.
111	2013/2014	362. Presentation of Financial Statements	The Committee reprimands the Accounting Officer for not complying with IPSAS standards as is required. The auditors would confirm current standards in subsequent report 2014/2015.	The accounting officer has employed internal controls to ensure that the Financial Statement are audited before submission to the Kenya National Audit office to avert the use of wrong template.
111	2013/2014	363. Over Expenditure on Traveling and Subsistence	The Accounting Officer admitted the query. The Committee reprimands the Accounting Officer for this breach and recommends disciplinary action by the Appointing Authority. In addition, the Accounting Officer should be fully surcharged for the over-expenditure of Kshs. 504,362.00.	The Ministry has initiated the process of establishing the where about of the then accounting officer to enable recovery of the amount of over expenditure.
111	2013/2014	364. Balance Brought Forward – Surplus	The Committee recommends that the auditors confirm this current status in the 2014/2015 financial year report.	The Accounting Officer highly regrets this error and has taken measure to ensure that error are eliminated in the preparation of Financial Statements.
		MINISTRY OF INFORMATION, COMMUNICATIONS AND TECHNOLOGY		
112	2013/2014	365. Double Payment for Goods and Services	The Committee recommends that the Accounting Officer should institute measures to ensure that the Office always acts promptly on the Auditor General's management letters to avoid audit queries.	The Accounting Officer has instituted measures to ensure that the Office always acts promptly on the Auditor General's management letters to avoid audit queries.
112	2013/2014	369. General Account of Vote – Long Outstanding Balance	The Committee recommended that a Task Force be put in place and move with speed into investigating the entire matter and provide recommendations to be acted on by the Committee by 31st	Recommendation made by the Auditor General and the same forward to Treasury for further action. (copy attached)

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			December, 2016.	
MINISTRY OF SPORTS, CULTURE AND ARTS				
113	2013/2014	371. Pending Bills	The Committee recommends as follows:- (i) The Accounting Officer should institute measures to ensure that bills are always cleared within the financial year to which they relate. (ii) The National Treasury should ensure timely release of funds to Ministries/Departments/Agencies to enable them settle bills before closure of the financial year.	Timely follow-up of exchequer releases by the Accounting Officer. National Treasury to take necessary action.
113	2013/2014	372. Prior Year Adjustments	The Committee noted even though the Kshs. 18,706,716.73 had been satisfactorily resolved, the balance of Kshs. 2,762,823.00 was still outstanding. The Committee recommends that the Accounting Officer applies IPSAS standard 54 to resolve the outstanding amount. This must be done by end of the financial year.	IPSAS accounting has been in force with effect from 2013/2014 financial year.
11	2013/2014	373. Un-cleared Prior Year Balances	The Committee heard that the reconciliations were ongoing across Government. The Committee recommends that Treasury clears the outstanding amounts by 30th June, 2016	The same was cleared as per Treasury Task Force recommendations and audited by the National Audit Office as per their letter Ref. No. OAG/1131/2016/2017 (1) of 3rd August, 2017

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		MINISTRY OF LABOUR,SOCIAL SECURITY AND SERVICES		
114	2013/2014	374. Under-Collection of Revenue	<p>The Committee observed that the Ministry budgeted for funds not attributable to them. The Committee noted that had the Accounting Officer acted in time on the Auditor General's management letter, this matter would not have been an audit query.</p> <p>The Ministry should therefore seek alternative means for financing projects.</p> <p>The Committee recommends that the Accounting Officer should institute measures to ensure that the Min accountants comply with IPSAS standards.</p>	The Accounting Officer has ensured that all budgeting errors are avoided by ensuring AIA Budgeted is accurate, within the attainable levels and attributable to the Ministry.
114	2013/2014	375. Unsupported Grants Transfers	The Committee recommends that the Accounting Officer should institute measures to ensure that the Ministry always acts promptly on the Auditor General's management letters to forestall audit queries, and that the Auditor General confirms the current position in the current books of accounts.	The Accounting Officer has ensured that all recipients of grants confirm in writing the amount received before preparation of final Accounts.
114	2013/2014	376. Inaccurate Opening Balances	The Committee recommends that the Accounting Officer	Accounting Officer has ensured

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			should institute measures to ensure that the Ministry always acts promptly on the Auditor General's management letters to forestall audit queries, and that the Auditor General confirms the current position in the current books of accounts.	that Management letter are responded to on time to forestall the Audit queries to the extent that this is practically possible. The letters are sometimes received after the deadline (14 days) given for comments.
114	2013/2014	378. Incorrect Opening Balances	<p>The Committee observed that this process was taking inordinately long to conclude.</p> <p>The Committee recommends that The National Treasury through the Task Force put in place expedites this process and concludes by the end of financial year, on 30th June, 2016.</p>	The department has had challenges on finalization of the long outstanding figures. We are working on it and sooner than later this will be finalized.
114	2013/2014	379. Omission of Opening Balances	The Committee recommends that the Accounting Officer should institute measures to ensure that the Ministry always acts promptly on the Auditor General's management letters to forestall audit queries, and that the Auditor General confirms the current position in the current books of accounts.	In the proceeding periods, the Accounting Officer has ensured Management letters are responded to within the timelines given where the Management letter is received on time.
114	2013/2014	381. Accounts Payables	<p>The Committee observed that this process was taking inordinately long to conclude.</p> <p>The Committee recommends that Treasury expedites this process and concludes by the end of financial year, on 30th June, 2016.</p>	The Ministry is still working towards conclusion of the process though there are challenges.
114	2013/2014	382. Outstanding Imprest	<p>The Committee observed that imprest management at the Ministry was not as per policy and had been turned into a soft loan scheme.</p> <p>The Committee recommends that disciplinary action be taken on the affected officers for failure to surrender imprest procedurally. The Committee further recommends that outstanding imprest be recovered immediately, and at</p>	Officers with outstanding imprest are currently being recovered from their salary at the Central Bank's prevailing interest rate at the time of recovery.

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			the CBR interest rate prevailing as at the time of recovery.	
114	2013/2014	383. Financial Statements not in accordance with the financing agreements	The Committee recommends that the Accounting Officer should institute measures to ensure that the Ministry acts in time on the Auditor General's management letters to forestall audit queries.	The Accounting Officer has ensured that the Auditors Management letters are acted on within the timelines.
114	2013/2014	389. Cash and Cash Equivalents b) An amount of Kshs.34,102,698.00 not included in the statement of financial assets and liabilities. c) Outstanding Imprests	The Committee recommended that in (b) above, the books be reconciled and balanced. The Committee tasked the Accounting Officer to ensure immediate recovery of all outstanding imprest with immediate effect.	(b) The books have been reconciled and balanced. (c) The Accounting officer has ensured that officers with outstanding imprest have surrendered and recovered from their salaries.
		MINISTRY OF ENERGY AND PETROLEUM		
115	2013/2014	405. Summary of Statement of Provisioning	The Committee recommends that the Auditor General should verify this response and report on the current status of this matter in his statutory audit report for 2014/2015 for its further action. The Committee however noted that had the Accounting Officer ensured timely action on the Auditor General's management letter, this matter would not have been an audit query. The Committee recommends that the Accounting Officer should institute measures to ensure that the Office always acts promptly on the Auditor General's management letters to avoid audit queries.	The Accounting Officer has indeed put stringent measures in place including instructions to the Accounts staff to respond to Audit issues in good time and also avail the documents requested, timely without delays. And the matter has since been resolved
115	2013/2014	406. Non-Financial Assets	The Committee recommends that the Accounting Officer provides a complete fixed assets register in the next financial year audit.	The Accounting officer has since followed the financial Regulations and procedures by putting a complete fixed assets register.

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			<p>The Committee noted with concern the inordinate delay in obtaining ownership documents by the Ministry and directed the Accounting Officer to move with speed in order to ensure that the lands had title deeds by 30th June, 2016.</p> <p>The Committee recommends that the Auditor General should verify this and report on the current status of this matter in his statutory audit report for 2014/2015 for its further action.</p>	<p>The Ministry took over Kericho Energy Centres and converted them into Energy Centre offices. The land which they occupied was then allocated to the Ministry various County councils. Efforts to acquire the title deeds for this land is ongoing. The process of acquiring the title deeds is on-going: Kisii Energy Centre -Migori Energy Centre -Bukura Energy Centre -Uasin Gishu Energy Centre -Kitui Energy Centre -Wambugu Energy Centre -Mitunguu Energy Centre</p>
115	2013/2014	407. Construction of Resource Centre at Mitunguu in South Imenti District	<p>The Committee observes that this centre appeared not to be the Ministry's function and may have been started whimsically. The Committee recommends that the Auditor General should verify this response and report on the current status of this matter in his statutory audit report for 2014/2015 for its further action. The Committee further recommends that the project be transferred to the relevant Ministry. All Government projects must be aligned to objectives of a Ministry.</p>	<p>The Accounting Officer has since put measures and instructed the relevant officers to see the objectives of the Renewable Department has been aligned with the objectives of the Ministry of Energy and Petroleum.</p>
115	2013/2014	408. Unsupported Expenditure	<p>The Committee recommends that the Accounting Officer should institute measures to ensure that the Office always acts promptly on the Auditor General's management letters to avoid audit queries.</p>	<p>The Accounting Officer noted the relevant documentation had been forwarded to the Auditor General for verification.</p>
115	2013/2014	411. Contribution Receipts	<p>The Committee recommends that the funds allocation be separated. The Accounting Officer should seek permission from National Treasury to open another bank account so that they don't have to mix all funds</p>	<p>The Accounting Officer has instructed the Chief Accountant and the Chief Finance officer to ensure the separate bank account has been opened.</p>

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			in the Training Levy Fund Account which they operate.	
115	2013/2014	412. Disparity with Special Accounts	The Committee recommends that the Accounting Officer should institute measures to ensure that the Office always acts promptly on the Auditor General's management letters to avoid audit queries.	The Accounting Officer has issued stern instructions to Accounts Staff and other Departments in the Ministry to ensure that the documents required by the Auditor General are availed in good time.
116	2013/2014	MINISTRY OF AGRICULTURE, LIVESTOCK AND FISHERIES		
116	2013/2014	414. Construction of Biosafety Laboratory at Kabete, Nairobi	The Committee observed that the matter of reconciling accounting entries had been resolved to the satisfaction of the auditors. On the progress of works, the Committee observed that the project was mismanaged and seemed to lack foresight and professional planning. Unnecessary delays led to more expenditure and thus value for money could not be ascertained. The Committee recommends that the project managers be reprimanded for their role in the delays. The Committee further recommends that the project be completed by end of calendar year 2016.	After the termination of initial contract for construction of BSL3 at Kabete by Wamunyoro Investments Limited on 21st May, 2015 the process of engaging another contractor started and was identified on 12th February, 2016. According to the new contract, the contract sum was Kshs. 69,012,866.00 with contract period of 40 weeks, commenced on 15th March, 2016 and by 27th September, 2016 work done was 16% and amount paid was 11,086,680.00. The completion date according to the contract agreement was 20th December, 2016.
116	2013/2014	417. Non-Submission of Financial Statements and Failure to Account for Funds by Agricultural Sector Coordination Unit (ASCU)	The Committee observed that ASCU was formed to act as inter-ministerial coordination Unit for several Ministries. The Committee further observed that Articles 226 (3) and 229 (4) empowers the Auditor General to examine all public accounts, and as such, should be accorded all the necessary support to carry out their audit. The Committee recommends the following; (i) The Auditor General conducts a forensic audit specific to the listed projects and tables its report to Parliament by 31st December	(i). ASCU officially reported back in January 2017 and settled under the name of Green Growth Coordination Secretariat Unit (GGCS). It was noted the former coordinator has left ASCU. (ii). Auditor General has not been able to conduct the forensic audit due to non-cooperation of the former staff of ASCU.

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			<p>2016. Consequently, the former staff of ASCU to assist the auditors' access files for audit.</p> <p>(ii) The High Court directives are implemented and that the ASCU staff be allowed to go back to their offices to enable the Auditors carry out audit of the institution.</p>	
116	2013/2014	419. Irregular allocation of Land	<p>The Committee observed that the Ministry had exhibited laxity in securing its assets, in this case since 1957. This was the reason why a lot of public land had been grabbed in the country.</p> <p>The Committee recommends that the Director of Survey immediately produces the survey report and the registration process finalized.</p> <p>The Committee also recommends that the Ministry of lands issue ALL public entities their title deeds for lands owned by 31st December, 2016.</p> <p>Private organizations/ individuals who may have acquired the land should have their titles cancelled and the property be reverted back to Government with immediate effect.</p> <p>Towards this end, all public entities will be held personally liable for failure to secure assets under them.</p>	<p>The Ministry initiated the process of securing the Land by engaging the Ministry of Lands and making requisite payment for the survey. Several attempts have been made to survey the farm land, acquire registration and curtail further encroachment.</p> <p>The process has however been slowed down by undue interference by the public and private entities occupying the Ngong veterinary farm land who excised pieces without consultation.</p> <p>The Ethics and Anti-corruption commission and Criminal Investigations Department endeavoured to conduct a forensic audit and the Ministry has provided the necessary information to facilitate the two institutions to arrive at a report.</p>
116	2013/2014	421. Outstanding Imprest	<p>The Committee observed that the management of imprests in this case contravened the PFM Act 2012, and had in effect been turned into soft loans.</p> <p>The Committee recommends that disciplinary action be taken on the two officers for failure to surrender imprest procedurally. The Committee</p>	<p>A letter was written to the Principal Secretary Ministry of Interior Government to recover the said imprest from William Simatwa P/No. 1990003802 and Daniel Kipkorir Kirui P/No. 1997084401, but upto date no reply has been received. A copy of the letter is attached.</p>

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			further recommends that outstanding imprest of Kshs.78,500.00 be recovered immediately, and at the CBK interest rate prevailing as at the time of recovery.	
116	2013/2014	431. Inaccuracy and Wrong Presentation of Financial Statements	The Committee was informed that these were purely matters of accounting entries. It was resolved that the Accounting Officer and the auditors revise and reconcile the figures and report status in the subsequent audit report.	The Accounting Officer revised the accounts and reconciled the figures to the satisfaction of the Auditor General.
116	2013/2014	433. Un-reconciled Cash and Cash Equivalents balance	The Committee was informed that these were purely matters of accounting entries. It was resolved that the Accounting Officer and the auditors revise and reconcile the figures and report status in the subsequent audit report.	The Accounting Officer revised the accounts and reconciled the figures to the satisfaction of the Auditor General.
116	2013/2014	447. Agency Agreement	The Committee recommends that the outstanding issues be ironed out expeditiously and the agreement signed by 30th June 2016.	The outstanding issues were ironed out and the Agency Agreement signed by the Accounting officer National Cereals and Produce Board.
116	2013/2014	462. Implementation of Civil Work	The Committee noted that this was occasioned by the already observed unprofessionalism and recklessness of the officers in Public Works which caused unnecessary delays in project implementation. The Committee recommends that the projects be completed within the shortest time possible so as to realise value for money. Evidence of Completion be availed to the Auditor General for verification and reported in the subsequent audit report. Meanwhile, these officers in Public Works who presented grossly unrealistic estimates should be referred to their respective professional bodies with a view to having their registration certificates	The Project works resumed in 2015/2016 financial year and is 99% complete based on the bills of quantity. The remaining 1% comprises electrical fitting works and water connection for which the contractor is on site.

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			revoked.	
MINISTRY OF INDUSTRIALIZATION AND ENTERPRISE DEVELOPMENT				
117	2013/2014	468. Loan to Micro Finance Institutions	The Committee observed that this matter should have been promptly resolved and recommends full enforcement of the policy.	The Accounting officer has written to the Kenya Industrial Estate advising them to be proactive on issuance of policy paper on the guidance of recoveries and disbursements of loans and ensure the policy is enforced in full.
117	2013/2014	470. Loss of Cash	<p>The Committee observed that the 'erroneous' payment was either a well orchestrated scheme of fraud or negligence. Payment procedures undergo numerous approval and checking stages and the possibility of such a mistake was quite remote.</p> <p>The Committee further notes that the Kshs. 1 Billion used to revamp Pan-paper Mills was a waste of public resources as partly demonstrated by the audit query. The company has now been sold off for Kshs. 900 Million, way below its valuation.</p> <p>The Committee recommends that the DPP immediately prosecutes those Government officers in the approval chain culminating in the fraudulent payment. The Committee further recommends that the Solicitor General actively seeks judicial redress in court for immediate recovery, and that the company blacklisted from public tenders.</p>	<p>The amount of kshs. 6,403,200/- which was paid to Aquachem Technologies Ltd suppliers erroneously was followed up through the court and we have recovered the full amount as per the attached documents.</p> <p>The issue on Kshs. 1 billion used to revamp Pan-paper Mills, is being handled by the DPP and Solicitor General is seeking judicial redress in court for immediate recovery.</p>
MINISTRY OF EAST AFRICAN AFFAIRS, COMMERCE AND TOURISM				

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118	2013/2014	475. Undisclosed Bad and Doubtful Debts	The Committee requested the Accounting Officer to provide a breakdown of the recoveries indicating the amounts recovered so far and what is pending. The Committee recommended that the Auditor General in consultation with Treasury together with Ministry take up the matter and give the Committee a conclusive response.	The board engaged the services of Sadique Enterprises for recovery of defaulters while staff intensified the collections and recoveries. All loans are properly secured with title deeds. The Intergovernmental Technical Relations Committee (IGTRC) are in the process of assessing the status of the boards for their viability.
OFFICE OF THE ATTORNEY-GENERAL AND DEPT. OF JUSTICE				
119	2013/2014	482. Un-Supported Expenditure - Proceeds from Domestic and Foreign Grants	The Committee recommends as follows:- (a) All Accounting Officers, in liaison with the National Treasury, should develop and implement a programme of action to comprehensively address the under expenditure and under-collection of Appropriations-In-Aid in their respective Ministries/Departments/ Agencies; (b) The National Treasury should ensure the Kenya External Resources Policy is operationalized and adhered to and substantively addresses all current and emergent issues related to funding by development partners.	a)The Accounting Officer has created a Business Registration Services Board (BRS) to be in-charge of collection of revenue of all registration services with the assistance of fully established e-citizen services to effectively address the under collection of appropriation-in-aid and increase revenue collection. b)The Accounting Officer has operationalized the external resources section in accounts division to deal with donor grants and other foreign grants.
119	2013/2014	489. Presentation of Financial Statements	The Committee reiterates its recommendation as above, and adds that Treasury enforce IPSAS guidelines across Government.	The office of OAG&DOJ has fully adopted IPSAS in its financial reporting and presentation as demonstrated from the financial statements for the year ending 30th June, 2016.
119	2013/2014	492. Unsupported Balances on Insolvent Financial Institutions	The Committee instructed the Accounting Officer to provide the auditors with all the information they required. The Committee recommends that the defaulters mentioned in the query be blacklisted.	The Office of the Attorney General and department of Justice are in consultation with the Auditor General.

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119	2013/2014	499. Irregular Sale of Properties Under Receivership	The Committee recommends that the Accounting Officer provides requisite documentation for the pending query and further reiterates its recommendation as above.	The Office of the Attorney General and department of Justice are in consultation with the Auditor General.
119	2013/2014	502. Provision for Interest Due to Beneficiaries	The Committee noted with dismay that the Office of the Attorney General calculated interests to beneficiaries haphazardly. The Committee recommends that the Accounting Officer submits the interest-calculation policy to the Auditor General and the National Assembly by end of financial year on 30th June 2016.	The Office of the Attorney General and department of Justice are in consultation with the Auditor General.
		THE NATIONAL INTELLIGENCE SERVICE		
		520. Advance to Ministry of Foreign Affairs	The Committee noted that public funds cannot be advanced whimsically under the pretext of national security. Whilst acknowledging the role that may have been played in these operations, it was emphasized that public funds must be accounted for. The Committee recommends that the Accounting Officer fully accounts for these funds by the end of the financial year 2014/2015, failure to which they would be deemed lost and disciplinary action taken against the concerned officers.	<p>The balance of KSh.89,018,527.37 on MFA Advance account relates to accumulated balances which were not accounted for during the financial years 1999/2000 and 2006/2007 period. This was as a result of incomplete records/expenditure returns sent from the foreign stations.</p> <p>In order to resolve this issue, the Service set up a team of officers to carry out an account reconciliation exercise for every affected foreign station with the aim of confirming the expenditures so as to have these balances appropriately cleared from the accounts.</p> <p>Through this account reconciliations exercise, these</p>

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				unspent balances were fully accounted for by the end of the 2015/2016 financial year.
		COMMISSION FOR THE IMPLEMENTATION OF THE CONSTITUTION		
		522. Outstanding imprests and advances	The Committee observed that the imprests were mismanaged and contravened the PFM Act 2012 and recommends that the CID immediately submits the file to the Director of Public Prosecutions for action against the culprits.	Recovered Kshs.767,293.00. The matter is under police investigation.
		KENYA NATIONAL COMMISSION ON HUMAN RIGHTS		
201	2013/2014	531. Long Outstanding Imprest and Advance	The Committee heard from the Auditor General that this matter had been resolved as the Accounting Officer had submitted documents for verification. The Committee nonetheless recommends that the Accounting Officer should institute measures to ensure full recovery of the outstanding public monies.	The net amount owned by former commissioner of kshs.791,647.30 has fully been recovered after deducting kshs.162,553.46 from the total amount owed of kshs.954,201.32. Our efforts to recover the amount owed by the former employee has not borne much fruit and we have since written to the Attorney General to assist in recovery of the same.
		INDEPENDENT ELECTORAL AND BOUNDARIES COMMISSION		
203	2013/2014	532. Pending Bills	The Committee recommends that:- (a) Accounting Officers should institute measures to ensure that bills are always cleared within the financial year they fall; (b) The National Treasury should ensure timely exchequer releases to	-Aligned the procurement plan and work plan to the approved budgets. -Close monitoring of the implementation of the work plans and the procurement Closely working with the NT and placing requests for exchequers on time.

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			Ministries, Departments and Agencies to enable them settle bills as they fall due;	
203	2013/2014	533. Un-cleared Balances in the Statement of Financial Position a) Accounts Receivable (ECK – Recurrent) b) Accounts Receivable (ECK Car Loan) c) Accounts payable (ECK- Recurrent)	The Committee notes that this long standing issue was invariably taking too long to conclude. The Committee recommends that IEBC and Treasury jointly settle all outstanding matters and submit a report on the same to National Assembly by end of the financial year 2015-16.	-The old balances committee constituted by the national treasury wrote off old balances of Ksh. 4,409,551,000 -The Commission is in the process of compiling the recoveries made by the Caretaker Team and commence a recovery process for outstanding balances of Ksh 11,160,000
203	2013/2014	534. Un-resolved 2012 / 2013 Audit Issues a) Un-vouched Expenditure b) Irregular Charge of Expenditure c) Unsupported Expenditure on Training d) Over Expenditure on Voted Itemized Provision	The Committee reiterates its observation in the IEBC Special Audit Report that its haphazard procurement was due to lack of a procurement plan. Irregular charge of vote without Parliamentary approval is an illegality. The Committee recommends that the Accounting Officer responsible for the anomaly be charged by the DPP for abuse of office. The Committee finds that the IEBC had poor record keeping since supporting documents for several expenditures were not availed for audit on time. The Committee recommends that the auditors examine the now provided supporting documents and report in its subsequent audit report, 2014/2015. The Committee recommends that EACC investigates the procurement of these services to establish value for money, and/or recommends to the DPP for prosecution those who may have knowingly flouted the	-the Commission is awaiting the outcome of the auditor's scrutiny. -ODPP to report on the recommendation -the Commission is awaiting the outcome of the auditor's scrutiny. EACC to report on the recommendation

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
		e) Payment for Lapsed Contract	<p>procurement laws and regulations under the pretext of the special circumstances of the 2013 General Election.</p> <p>The Committee noted that the payment was un procedural as found by the auditors. The Committee recommends that EACC investigates the transaction and those culpable be recommended to the DPP for immediate prosecution.</p>	EACC to report on the recommendation
		f) Undisclosed Grant Income	<p>The Committee recommends that the auditors examine the AIE at the Ministry of Justice and report the same in the next audit report, 2014/2015.</p>	AG to report on the recommendation
		h) Irregular Procurement of Election Materials	<p>The Committee recommends that its recommendations in the special audit report of procurement of electronic kits for the 2013 General election be fully enforced. This report comprehensively covers the query.</p>	<p>-Aligned the Procurement Plan and work plan to the approved budgets.</p> <p>-Close monitoring of the implementation of the work plans and the procurement</p> <p>Need to obtain the special audit report on the procurement of electronic kits</p>
PARLIAMENTARY SERVICE COMMISSION				
		535. Retention Money not Refunded	<p>The Committee finds that these monies have been held for an invariably long time, long after the project was completed. This ties down investors funds and has the potential to lead to litigation.</p> <p>The Committee recommends that the Accounting Officer, together with the Project Manager, close the matter by 31st June 2016.</p>	The Accounting Officer appointed a committee to look into the matter and report on their findings. The matter is still on going.

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
			TEACHERS SERVICE COMMISSION	
209	2013/2014	540. Stores and Cash Losses	<p>The Committee recommends that the Accounting Officer ensures that the first matter is pursued in court to its logical conclusion and submits a status report to the National Assembly by 30th June 2016. On the PAYE matter, the Accounting Officer to urgently seek a meeting with the Commissioner General KRA, and resolve the issue. Progress on this matter to be also reported by 30th June 2016</p>	<p>Loss of Stores Ksh. 10,487,516 These were losses occasioned by theft of stores which the Commission followed up and the suspect was charged at the Kibera Law Courts vide O.B. NO.46/3/6/2013 with the offense of stealing by person employed in public service contrary to section 280 of the penal code. The case is ongoing as evidenced by the attached correspondences between the Commission and the Investigating Officer and the next hearing date has been set for 17/7/2017 as per DCIO-Kilimani letter Ref: CID/SEC/4/4/1/VOL.IX/330 dated 22/3/2017.</p> <p>Cash Losses Ksh. 2,928,398 These are cash losses which occurred in the period 1988-2000 and the Commission followed up the matter in the Courts over several years culminating with the Investigating Officer's letter Ref: CID/IB/SEC/4/3/1/A/VOL.III/64 dated 5/9/2014 indicating the insurmountable challenges in charging the culprits. The Commission approved the write off in the meeting held on 24/ 9/15 and has subsequently sought for the National Treasury's approval vide letter Ref: TSC/FIN/32/VOL.IX/34 dated 9/ 6/17 before recognising the write off in our books.</p> <p>As recommended by the Committee, the Commission</p>

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				engaged the Commissioner General,(KRA) and as provided under section 59 of the tax Procedures Act 2015, Kenya Revenue Authority audited the claim on 24/3/2016. The claim was revised downwards to Kshs.46,060,915 vide their letter dated 6.9.2016 and the Commission was informed that the refund process had been initiated. The Commission has since written to (KRA) Ref. TSC/FIN/48/VOL.IV/89 dated 30/8/2016 and followed with a reminder on 13/3/2017 requesting for the hastening of the refund process. The Commission has also sought approval for the write off of the un-recoverable balance of Kshs. 68,802,494.55 from the National Treasury vide letter Ref: TSC/FIN/32/VOL.IX/25 dated 10/ 4/17.
		NATIONAL POLICE SERVICE COMMISSION		
210	2013/2014	541. Missing Motor Vehicle Logbooks	<p>The Committee observed that the Commission did not take into consideration adequate measures in the process of handing over between the former Commission Secretary and the incumbent hence there was no commitment to safeguard the Commission vital documents</p> <p>The Committee recommends that the Commission notify the National Transport and Safety Authority on the status of the lost vehicle Logbooks and thereafter move with speed to replace them at the Kenya Revenue Authority.</p> <p>The Commission should</p>	<p>The Commission notified the National Transport and Safety Authority on the status of the lost vehicle logbooks Vide our Letter Ref. NPSC/1/6/2/VOL.1 (57) dated 10th March, 2016.</p> <p>All the missing logbooks were replaced and are now in safe custody of the Commission.</p> <p>All the missing logbooks were replaced and are now in safe custody of the Commission.</p>

VOTE	F/YEAR	PARA. NO.	RECOMMEDATIONS BY PAC	ACTION TAKEN
			institute disciplinary measures on its officers involved in the loss of the documents, and confirm that the Commission now has all documents by 30th June, 2016.	
210	2013/2014	542. Payments for Office Accommodation (ii) Payment of rent for unoccupied office space	Committee heard from the Auditor General that this matter had been resolved as the Accounting Officer had demonstrated occupation of the premises. The Committee nonetheless recommends that the Accounting Officer should institute measures to avoid a repeat situation.	The Accounting Officer has ensured that office space is utilized by the Commission as advised.
210	2013/2014	543. Incomplete partitioning and refurbishment of office space	Committee Recommendations:- There is urgent need for the Commission to facilitate the signing of the lease agreement to regularize their rental expenditure. It is worth noting that the Commission requires more resources to support its activities and implementation of its work plan, consequently optimal staff establishment will be a key component of enhanced service delivery by the Commission. The Committee recommends that the Commission rationalizes its office accommodation to avoid wastage in rental space and direct substantial resources to its core mandate. ***** *****ENDS***** *****	Budgetary allocation was given to partition the open office space to completion. The Commission has since recruited new staffs who occupy the offices.

