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REPUBLIC OF KENYA



Office Of The Deputy Prime Minister and
Ministry of Finance

TREASURY MEMORANDUM

On

PUBLIC ACCOUNTS COMMITTEE REPORTS

For the years
2004/2005 and 2005/2006

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TREASURY MEMORANDUM

ON

THE PUBLIC ACCOUNTS COMMITTEE REPORTS FOR THE YEARS 2004/2005 AND 2005/2006

The latest reports of the Public Accounts Committee on Government of Kenya Accounts for the following financial years were tabled and adopted as indicated herebelow:-

<u>Financial Year</u>	<u>Date Tabled</u>	<u>Dated Adopted</u>
2004/2005	10/6/2009	21/7/2009
2005/2006	17/6/2009	22/7/2009

Accounting Officers were advised to obtain copies of the PAC reports immediately the reports were published in January, 2010 and commence implementation of the PAC recommendations on paragraphs relating to their votes and thereafter submit a status report on the implementation by 20th January, 2010 to enable Treasury prepare the Memorandum. However, the response from ministries was very poor and Treasury had to send reminders to Accounting Officers setting a final submission deadline of 26th May, 2010.

Failure by the ministries to submit the status reports by the set deadlines caused delay in the preparation of the Treasury Memorandum.

The Ministries/Departments indicated in Appendix I attached to the report submitted their reports on hard copies. The reports however form part of this Memorandum.

The Status Report on the Electoral Commission of Kenya and the Constituency Development Fund were not received and have been excluded from the Memorandum.

The Treasury Memorandum on the implementation of PAC recommendations for years 2004/05 and 2005/06 Financial Years is hereby presented for discussion and adoption.

INTRODUCTORY AND GENERAL

FINANCIAL YEAR/PARAGRAPH

RECOMMENDATIONS

ACTION TAKEN

GOVERNMENT FINANCIAL POSITION

Para: 1-3

2004/2005

2005/2006

The Committee reiterates its earlier recommendations under paragraph 2- 4 of 2003/2004 Accounts that: -

- the Permanent Secretary, Treasury should not only set realistic ceilings in budgetary process so that the proposed expenditures match with available resources but also ensure full utilization of all resources available; and
- the Financial Secretary should speed up the process to wind up the Cereals & Sugar Finance corporation and also make arrangements for write-off of all losses to the corporation.

Treasury is undertaking reform initiatives under the Public Financial Reform Management in the area of budgeting among others. These reforms are aimed at improving the budgetary process and ensure that budget proposals submitted by Accounting Officers are realistic and are within the available resources.

The Cereals and Sugar Finance Corporation which has been Moribund for a long time is now under liquidation. Treasury is following up the Accounting Officer, Ministry of Finance for the speedy winding up of the corporation. Losses that will be identified during the winding up process will be written off as recommended by PAC.

OUT-TURN OF EXPENDITURE

Para: 4

2004/2005

2005/2006

- The Committee recommends that the Permanent Secretary, Treasury should put in place strict measures to ensure not only realistic estimates but also projects whose formalities are certain to be finalized are included in the budget so that Kenyans/Projects are not denied services/goods due to non-use of funds.

Treasury has taken and continue to undertake reform measures to ensure budgets are more realistic. These measures include deepening the Ministerial Medium Term Expenditure Framework and the introduction of Programme Budgeting.

Treasury is also in the process of finalizing the Kenya External Aid Resources Policy (KERP) which will guide on budgeting and accounting of funds including harmonization of financial management processes between different donors.

OUT-TURN OF REVENUE

Para: 5 2004/2005

Para: 6 2005/2006

- The Committee, while noting that the Treasury had recorded improved revenue collection, recommends that realistic estimates should be reflected in the budget.
- The Committee recommends that the Permanent Secretary, Treasury must devise workable solutions to the perennial problems of delays in implementation of donor funded projects.

The Treasury is committed in undertaking Financial Management Reforms that ensure that realistic estimates are reflected in the budget.

Treasury is also in the process of finalizing the Kenya External Aid Resources Policy (KERP) which will guide on budgeting and accounting of funds including harmonization of financial management processes between different donors.

- The Committee noted there was a marked improvement in revenue collection and recommends that the Permanent Secretary, Treasury should put measures in place to step it up further by widening the tax net to include more informal sector players.

EXPENDITURE CONTROL

Para: 6-7 2004/2005

Para: 5 2005/2006

- The Committee recommends that the Permanent Secretary, Treasury should exercise more control over expenditure by Accounting Officers. The Committee further recommends that no Accounting Officer should spend in excess of the amount approved by Parliament. He should take punitive measures on those who overspend contrary to the laid down financial regulations. Treasury has no powers to allow Ministries to incur expenditure beyond what has been approved by Parliament, and has always, through appointment letters and circulars, cautioned Accounting Officers against the illegal practice. Treasury has also taken measures to instill financial discipline which continue to be undertaken under the overall financial management reform initiatives. This include introduction of the Integrated Financial Management Information System (IFMIS). A review of the current practice of receiving and accounting for Appropriation-in-Aid is currently underway.

PENDING BILLS

Para: 8 2004/2005

- The Committee recommends that the Permanent Secretary, Treasury should ensure that disciplinary action is taken against Accounting Officers who fail to adhere to financial regulations and procedures. Ministries are always warned against incurring pending bills. Treasury has in addition introduced measures which include cash projection planning procedure, new vote-book system, etc. aimed at controlling expenditure within the approved budgetary level. The introduction of Integrated Financial Management Information System (IFMIS) in Government is expected to greatly improve overall financial management in Ministries.

COLLECTION OF APPROPRIATION-IN-AID

Para: 9 2004/2005

Para: 7 2005/2006

- The Committee recommends that the Permanent Secretary, Treasury should ensure that the External Resources department effectively liaises with both the donors and the respective Ministries to ensure that projects are implemented promptly. To address this problem, the Treasury has finalized the External Resources Policy (KERP) in readiness for Cabinet approval. The KERP aims at streamlining the whole process of management of External Aid commonly known as Official Development Assistance (ODA). The KERP provides a framework for:
 - (i) Increasing participation and transparency by all the stakeholders in ODA operations;
 - (ii) Making country assistance strategies more selective with clear prioritization;
 - (iii) More strategic coherent and co-ordinated legal framework;
- The Committee further reiterates its earlier recommendation under paragraphs 13-15 of 1988/99 accounts that the Permanent Secretary, Treasury should ensure that expected financial support by donors is only factored in the budget after all formalities are certain to be finalized and the agreements

signed between the donors and the government.

- (iv) Enhancing partnership, accountability, and capacity building;
- (v) Strengthening collaboration with International Organizations and sharpening the focus of bilateral ODA in Kenya.

The Government and Development Partners have also launched Kenya Joint Assistance Strategy (KJAS) which represents mutual commitment of Government and donors to develop new, more effective way of working together, to strengthen aid effectiveness. The Rome (2003) and Paris (2005) Declarations on aid effectiveness, all donor practices will be harmonized and adopted in line with Government Financial Management Regulations.

In addition Treasury will continue to hold consultative meetings with Permanent Secretaries, project coordinators and development partners to sensitize them on the need to bring into account all expenditure and receipts on an accurate and timely basis.

DEVELOPMENT REVENUE – HEAD DR1

Para: 10-11 2004/2005

Para: 8 2005/2006

- The Committee recommends that the Accounting Officer should always ensure that estimates of revenue collections are based on realistic budget projections.
- The Committee also recommends that disciplinary action is taken against Officers responsible for non collection of revenue arising from negligence.

The measures outlined under the preceding paragraph reflects the efforts Treasury is making towards improvement in the budgeting, management and accounting of external aid which include Development Revenue.

PAYMASTER GENERAL'S ACCOUNT

Para: 12 2004/2005

- The Committee recommends that the Permanent Secretary, Treasury should not only ascertain timely reconciliation of the account in question but also ensure that prompt payments are made to the Exchequer as required by law.

This is a holding account for the Receiver of Revenue - Ministry of Finance and transfers from this account to the Exchequer are done on a daily basis. The balance outstanding on 30th June, 2005 represented receipts received on that day for onward transfer to the Exchequer the next working day.

The reconciliation between the Central Bank records and Treasury records is carried out on regular basis and discrepancies addressed without delay.

ADVANCES FROM CIVIL CONTINGENCIES FUND (CCF)

Para: 13 2004/2005

- The Committee reiterates its earlier recommendation under paragraph 10-12 of 1999/2000 Accounts that the Permanent Secretary, Treasury should ensure that no funds are advanced from the civil contingencies fund to cater for expenditure, which is not of a contingent nature.
- The advances from the CCF were recovered from the respective Ministries through the supplementary budgets and paid over to the Fund in accordance with the Law.

STATEMENT OF PUBLIC DEBT

Para: 14 2004/2005

Para: 9-11 2005/2006

- The Committee also heard that the Government has been borrowing both domestically and externally with a great deal of prudence so that the debt contracted is within the ability of the country to service.
 - The Committee recommends that the Permanent Secretary, Treasury should put in place clear, specific guidelines and mechanisms on the management of public debt.
- The borrowing that is undertaken is to finance the deficit in the Budget and is approved by Parliament. The borrowing strategy adopted aims to minimize the cost of borrowing to the Government and also promote the development of domestic debt market. The Government has been borrowing both domestically and externally with a great deal of prudence so that the debt contracted is within the ability of the country to service. While the absolute level of debt has been rising, it has been ensured that it is within the internationally accepted ratios of debt to:
- Gross Domestic Product (GDP);
 - Government revenue, and
 - Exports of goods and services.

Treasury has created a fully fledged Public Debt Management Department to ensure prudent management of public debt.

C.F.S. PUBLIC DEBT STATEMENT OF EXPENDITURE

Para: 15-17 2004/2005

Para: 12-13 2005/2006

- The Committee recommends that the Permanent Secretary, Treasury should ensure that Government intensifies efforts in revenue collection in order to minimize domestic borrowing.

Treasury has placed debt management as a key focus area in the Public Financial Management Reforms that the Government is currently undertaking. The debt management policy has ensured that there is a comprehensive public debt management. The development policy addressed key gaps which hitherto caused cash shortages resulting to costly borrowing by Government.

Treasury established a fully fledged debt management department to deal with Public Debt matters. These measures in addition to those mentioned in the preceding paragraph reflects the efforts Treasury is making towards improvement in the debt management area.

The Public Financial Management Reform initiative currently being carried out by Government has enabled improvement in the management of debt in terms of updating records relating to internal and external debts. This has resulted in the timely payment of Public and Publicly guaranteed debts thus avoiding accrued interest.

CONSOLIDATED FUND SERVICES - SALARIES ALLOWANCES & MISCELLANEOUS SERVICES

Para: 18-19 2004/2005

Para: 14-15 2005/2006

- The Committee was also concerned that its previous recommendations were not heeded to. It recommends that the Permanent Secretary, Treasury, as a matter of urgency, seriously focuses his attention on the affected parastatals with a view to having them comply and reimburse the amounts as soon as possible.
 - The Committee further recommends that the Permanent Secretary, Treasury should ensure that he is continuously well appraised on the progress of the projects in respect of which the loans were borrowed.
- Treasury has taken measures to review the performance of all Government parastatals with a view to having them structured and privatized. All debts owing from performing parastatals will be recovered. A privatization Act is now being implemented to guide Government in the privatization of parastatals.

The Committee recommends the Permanent Secretary, Treasury must ensure that all government expenditures are properly budgeted for and authorized by Parliament

CONSOLIDATED FUND SERVICES – PENSIONS AND GRATUITY – STATEMENT OF EXPENDITURE

Para: 20-21 2004/2005

Para: 16 2005/2006

- The Committee recommends that the Permanent Secretary, Treasury should ensure that the Pensions department is streamlined with a view to improving its efficiency.
- The Committee recommends that since the said pensioners left the country many years ago, the Permanent Secretary, Treasury should establish the actual number of those pensioners still in the payment register, their ages and their legal dependants if any.
- The Permanent Secretary should also ensure that the payments are made to genuine pensioners.

The Financial Management Systems which are developed by Government to improve efficiency and financial controls undergo a thorough test on a pilot basis before they are fully implemented. The Pensions Management Information System (PMIS) is one among the systems which was developed under the Public Financial Reform Programme.

Pensioners who left the country are paid by Crown Agents on behalf of the Government of Kenya. The Crown Agent submit to the Government on a monthly basis a pension payment transaction report and a payment schedule with details of the pensioner's number, name and amount. In this way, the Government knows the actual number of such pensioners.

SUBSCRIPTIONS TO INTERNATIONAL ORGANIZATION

Para: 22-24 2004/2005

Para: 17-18 2005/2006

- The Committee recommends that the Permanent Secretary, Treasury should put a definite mechanism in place in respect of the said subscriptions in order to avoid unhealthy relations with the organizations.
- The Committee also recommends that disciplinary action should always be taken against officers who fail to avail documents in time to the Controller & Auditor General.

The Ministry has fully paid Subscriptions due to various International Organizations as demanded and since the actual amount payable depends on the demand notes received from the organization, the Government is up to date and has not fallen into any arrears. These institutions include International Monetary Fund (IMF), International Bank for Reconstruction and Development (IBRD), Multilateral Insurance Guarantee Agency (MIGA) and International Finance Corporation (IFC).

STANDARD OF ACCOUNTING

Para: 25-26 2004/2005

Para: 21-23 2005/2006

- The Committee recommends that to avoid repeat of the circumstances, the Permanent Secretary, Treasury should ensure that appropriate measures are put in place.
- The Committee also recommends that the Permanent Secretary, Treasury should consider proposing a bill to Parliament that will stipulate penalties and discipline of errant Accounting Officers.

Reform initiatives have been and continue to be taken to improve quality and timely submission of financial statements.

Such actions include:-

- Review of the Accounting Systems including the introduction of Integrated Financial Management Information System (IFMIS).
- Increase in training of Accounting Staff.

The Treasury appoints Accounting Officers and Receivers of Revenue, but our current laws do not provide

- The Committee recommends that the Permanent Secretary, should ensure that appropriate re-training programmes are tailor-made and put in place in all accounting units. This will ensure that officers are kept abreast with modern accounting trends and also reduce the very obvious and costly accounting errors they often make.
- The Committee further recommends that the terms and conditions of service of accounting staff in government should be reviewed with a view to improving their financial status. This might retain them longer in public service and also reduce the temptation of getting involved in financial impropriety.

the office with a clear framework for disciplining errant appointees.

The current Government Financial Management Act is under review and it is intended to propose changes that will provide the Treasury with clear powers to appoint and dismiss.

DISTRICT CASH FUND MISMANAGEMENT

Para: 27-28 2004/2005

- The Committee recommends that the Permanent Secretary,

Treasury should ensure that the cash is surrendered forthwith and any officers

Treasury has set up a Task Force to undertake a reconciliation and determine the outstanding cash funds which have not been accounted for to date. Measures will be taken to follow up officers found to have misappropriated the funds. The measures include dismissal from the Service, prosecution and recovery from the culprits' estates.

established to have been involved in mismanagement and loss of Public Funds are held to account and prosecuted.

FUND ACCOUNTS

- The Committee recommends that the Permanent Secretary, Treasury should ensure that the said study is completed expeditious by 30th September, 2009 to enable him to take appropriate action.
- The Committee further recommends that the Permanent Secretary, Treasury should urgently implement recommendations

Treasury has issued Circulars to all Accounting Officers directing them to review and justify the continued operations of the funds under their ministries and to start the process of winding up funds which are no longer active and therefore not required. Already some of the Accounting Officers have commenced the winding up of dormant funds under them.

Para: 24-25 2005/2006

CONTROL OVER IMPRESTS

- The Committee recommends that the Permanent Secretary, Treasury should ensure that Accounting Officers abide by financial regulations and recover the imprests within 48 hours after return to duty station. In the event of the holder failing to account for or surrender

Treasury will continue to remind the Accounting Officers of their personal responsibility for proper financial management for votes under their control in accordance with Public Financial Management Act and the Government Financial Regulations which require that imprests should be surrendered within 48 hours after return from duty.

Para: 29-30 2004/2005

Para: 26-27 2005/2006

the imprest, the unsurrendered/un-accounted amount shall become a debt owed to the government by the officer and the debt shall attract interest at the prescribed rate of financial regulations. The Accounting Officer should recover the amount in full and interest thereof from the salary of the defaulting officer. Officers who move to new stations should not be cleared before surrender of all outstanding imprests and other amounts owed to the government.

- The Committee also recommends that the Permanent Secretary, Treasury should ensure immediate amendment to the current financial regulations through a gazette notice to impose interest charges on imprest defaulters. This will act as a deterrent to would be defaulters.

PREPARATION OF ANNUAL ACCOUNTS

Para: 19-20 2005/2006

- The Committee recommends that the Permanent Secretary Treasury, while introducing new

The changes in the Accounting systems was necessitated by the changes introduced in Government expenditure classification. All subsequent reforms in accounting

accounting systems should in future ensure that pilot programs are carried out well in advance to enable him detect any bottlenecks and review the programmes accordingly.

systems are subjected to pilot programmes being carried in advance in addition to periodical reviews being undertaken on the programmes.

OFFICE OF THE PRESIDENT

FINANCIAL YEAR/PARA.	RECOMMENDATIONS BY PAC	ACTION TAKEN
2004/2005		
176-178	<p>The Committee recommends that the Accounting Officer should ensure that proper records are maintained by the Ministry.</p>	<p>The Ministry is ensuring that all relevant documents pertaining to all expenditures are properly maintained and availed at the time of audit as required by the law.</p>
	<p>The Committee also recommends that disciplinary action should be taken against officers who fail to avail documents to the Controller and Auditor General at the time of audit.</p>	<p>The Accounting Officer has taken note of the Committee's recommendation to discipline an officer who fails to avail documents to the Controller and Auditor General at the time of audit.</p>
179-181	<p>The Committee recommends that on situations where bills were disputed and questionable, the Director, Kenya Anti-Corruption Commission should investigate the Ministry officers who authorized the claim document and completion certificates of those contractors.</p>	<p>The Accounting Officer has taken note of the Committee's recommendation that in situations where bills are disputed and questionable the Director, KACC should investigate the officers who authorized the claim documents and completion certificates. However, as explained by the Accounting Officer during his appearance before the Committee the payments made</p>

under Paragraph 179-181 were genuine and undisputable.

183

The Committee was concerned by the presence of erroneous entries which indicate possible laxity in the Ministry's Accounting Department and recommends that the officers responsible for the omissions and commissions be disciplined.

The Accounting Officer has noted the recommendation of the Committee that officers responsible for the omissions and commissions be disciplined.

184

The Committee noted with concern the inordinate delay in availing documents to the auditors and recommends that officers who fail to avail documents at the time of the audit be disciplined.

The Accounting Officer has taken note of the Committee's recommendation that officers who fail to avail documents at the time of audit be disciplined. The Ministry is now ensuring that all relevant documents are availed at the time of audit.

185

The committee noted that the Accounting Officer should ensure that in future disciplinary action should be taken against officers who contravene the law by making payments before supply of goods and services.

The Accounting Officer has taken note of the Committee's recommendation and will in future discipline officers who contravene the law by making payments before supply of goods and services. However, the payment for the supply of the lifts was done as per the provision of the contract between the contractor and the Ministry.

187

The Committee noted with concern the ordinate delay in availing information to auditors and recommends that officers who fail to avail required

The Accounting Officer has noted the recommendation of the Committee, that officers who fail to avail the required information at the time of audit

information at the time of audit should be disciplined. be disciplined.

188-189

The Committee, while noting the action taken by the Accounting Officer, recommends that full amounts of imprests outstanding be recovered without further delay. The recovery process is at an advanced stage nearing full recovery. At the moment, all imprests are recovered on time.

The Committee further recommends that the Accounting Officer should enforce that imprest holders abide by financial regulations by surrendering the imprest within 48 hours after return to duty station. In the event of the holder failing to account for the or surrender the imprest, the Accounting officer should recover the amount in full from the defaulting officer within 30 days, failure to which the out-

standing imprest should be recovered from the Accounting Officer.

190-193

The Committee recommends that the Accounting Officer should ensure better management of funds in future and those officers who engage in mismanagement of funds should be disciplined. The recommendation has been noted, the Accounting Officer will in future take disciplinary measures to those officers who engage in mismanagement of funds.

194-196

The Committee recommends that the Accounting Officer should take disciplinary action against officers responsible for poor book-keeping and reprimand the officers for repeat offence.

Similarly, the Accounting Officer has noted the recommendation made by the Committee, that disciplinary action be taken against officers responsible for poor book-keeping and reprimand the officers for repeat offence in future.

197-198

The Committee further reiterates its earlier recommendation under **paragraph 221-222 of 2003/2004** Accounts that the Director, Kenya Anti-Corruption Commission should investigate the loss of **Kshs.216,053,744.00** with a view to holding responsible and prosecuting the officers involved.

The figure **Ksh.216,053,744.00** was the closing stock and not loss.

217-218

The Committee while noting the action taken by the Accounting Officer, recommends that the issues outstanding should be cleared without further delay.

The outstanding issues have since been cleared.

2005/2006

224

The Committee recommends that the Accounting Officer should always ensure that vital

The recommendation has been noted and the Ministry will in future ensure that vital and

information is promptly availed to the Controller and Auditor General as required.

relevant information is availed to the Controller and Auditor General as required.

231-232

The Committee recommends that in future, wide consultations should be done between all parties involved and the matters should be brought to the attention of the Head of Civil Service and Permanent Secretary, Treasury. The Attorney General should play a leading role in mediating between the two parties, and lay emphasis on getting out of court settlements to safeguard public funds.

The Accounting Officer has taken note of the Committee's recommendation and will in future ensure that wide consultations are done between the contractor and the Ministry.

The Committee further recommends that all the officers involved in mishandling this case should be severely reprimanded.

237-238

The Committee recommends that the Accounting Officer should reconcile the accounts in order to determine the

After reconciliation has been done, no outstanding monies was detected.

correct amount collectable and whatever monies which that are outstanding and are correctly charged, should be recovered.

239

The Committee recommends that the Accounting Officer should put strict accounting measures in place to ensure that such money is banked on a daily basis to avoid misappropriation.

Reconciliation should also be done to determine the amount collectable against any accountable document.

The revenue is collected and forwarded to the District Treasury daily and submission of monthly returns is done on time.

Revenue inspection is conducted fortnightly.

240-242

The Committee recommends that the Accounting Officer should ensure that all fuel issued is fully accounted for failure to which the officers concerned should be surcharged and severe disciplinary action taken against them.

The Committee further recommends that the Accounting Officer puts in place clear accountability mechanism to forestall similar incidents in future.

The Committee also recommends that the Accounting Officer should personally direct officer of the

Efficiency Monitoring Unit to hand over the payment vouchers and other relevant documents for audit verification before 31st December, 2009.

A letter has been done and sent to the Efficiency Monitoring Unit directing them to hand over the payment vouchers and other relevant documents for audit.

257-258

The Committee recommends that the Accounting Officer should make concerted efforts to follow up the matter with a view to resolving the issue expeditiously.

Deposits verified and found to be in order. The office is looking for funds to clear these long outstanding cases.

The Committee further recommends that disciplinary action should be taken against the officers involved in both issuing and receiving the unpaid IOU's.

261-262

The Committee recommends that the Accounting Officer should make a follow-up with the Director, Kenya Anti-Corruption Commission to get a brief on the status of the case.

The Kenya Anti-Corruption Commission is in the process of attaching the assets of the culprit for auctioning.

263

The Committee recommends that the Accounting Officer should follow up the money owed by Mr. Kinaro with the Director of Pensions and also seek authority from Treasury to write off **Kshs.464,370.15**

A letter has been written to the Secretary, PSC to enquire if any recoveries have been made from Mr. Kinaro, while a request for write off has been submitted to Treasury.

owed by deceased, retired and dismissed persons.

269-271

The Committee recommends that the Accounting Officer should seek Treasury authority to write off the stolen papers, as it is apparent that no recovery will ever be made. Letters have been written to the Director, Criminal Investigation Department requesting for investigation to be conducted regarding the lost papers.

The Committee, while noting the action taken by the Accounting Officer, recommends that full amounts outstanding from government Ministries Departments are recovered without further delay. All debts regarding 2005/2006 and earlier years have been collected.

278-281

The Committee recommends that the Accounting Officer should enforce financial discipline among his officers and ensure that government revenue is remitted to Treasury as required. The recommendation has been noted and the government revenue will be remitted to Treasury in time.

282-283

The Committee recommends that the Accounting Officer should ensure officers who do not prepare, maintain and update accurate books of accounts should be held liable for any resultant loss of public funds. The recommendation has been noted. The officers who do not prepare and maintain accurate books will be held liable for any loss of public funds in future.

FINANCIAL YEAR	PARAGRAPH	RECOMMENDATIONS BY PAC
2004/2005	203-206	<p>The Accounting Officer should liaise with the Permanent Secretary, Treasury in order to ensure that the Task Force completes its exercise by 30th September, 2009 and that the outstanding balance of Kshs.209,115,191.00 is accounted for and the report availed to the Controller and Auditor General.</p> <p>The Committee further recommends that where the report of Task Force indicates inadequate justifications, the officers responsible should be held to account and also be prosecuted.</p>
	211-212	<p>The Committee recommends that the Permanent Secretary, Ministry of Finance should liaise with the Director, Kenya Anti-Corruption Commission in order to investigate and establish the amount of government funds lost due to mismanagement of Kiambu District Treasury, with a view to holding responsible and prosecuting those involved in the loss.</p>
	219-222	<p>The Committee recommends that the Permanent Secretary, Ministry of Finance should liaise with the Director, Kenya Anti-Corruption Commission in order to investigate and establish the amount of government funds lost due to mismanagement of the Nyandarua District Treasury, with a view to holding responsible and prosecuting those involved in the loss.</p>
	231-238	<p>The Committee recommends that the Treasury should write-off the amounts held by the officers.</p>
	240-245	<p>The Committee recommends that the Permanent Secretary, Ministry of Finance should urgently liaise with the Attorney General and the Director, Kenya Anti-</p>

Corruption Commission in order to investigate and establish the amount of government funds lost due to mismanagement of the Lamu District Treasury, with a view to recovering the money, holding responsible and prosecuting the District Commissioner and the then District Accountant.

251-255 The Committee recommends that the Permanent Secretary, Ministry of Finance should liaise with the Director, Kenya Anti-Corruption Commission in order to investigate and establish the amount of government funds lost due to mismanagement of the Mt. Elgon District Treasury, with a view to holding responsible and prosecuting those involved in the loss.

256-262 The Committee recommends that the Permanent Secretary, Ministry of Finance should liaise with the Director, Kenya Anti-Corruption Commission in order to investigate and establish the amount of government funds lost due to mismanagement of the Teso District Treasury, with a view to holding responsible and prosecuting those involved in the loss.

2005-2006 233 The Committee recommends that the Accounting Officer should urgently liaise with the Ministry of Finance to ensure that the Task Force completes its work and submits its report for implementation before 30th September, 2009.

243-248 The above information notwithstanding, the Committee recommends that the Accounting Officer should liaise urgently with the Accounting Officer, Ministry of Finance

to address this issue and ensure that all the outstanding imprests are recovered from the officers concerned without further delay.

249-256

The Committee recommends that the Permanent Secretary, Treasury should specify the mandate and time frame within which the Task Force should complete its work.

The Committee also recommends that the Accounting Officer should ensure that the matter is finalized before 30th September, 2009 to enable the Controller and Auditor General report back to the Committee.

STATE HOUSE

Financial /Paragraph

Recommendation By PAC

Action Taken

2004/2005

PENDING BILLS

Paragraph 265 –

Kshs. 112,744,258

The Public Accounts Committee recommended that the Accounting Officer should always ensure that all bills are paid within the year they are incurred and that the department operates within its voted provisions.

The Accounting Officer factored these bills in his submission for the 2007/08 **Recurrent Estimates** and the same was approved by Parliament and the bills were cleared during the same 2007/08 financial year

Recurrent Bills

Kshs. 97,288,517.65

The Accounting Officer factored these Development Pending Bills in the following **2005/06 Development Estimates** and the same was approved by Parliament and all the bills were cleared during the same 2005/06 financial year.

Development Bills

Kshs. 15,455,740.35

UNDER-EXPENDITURE – VOTE D02

Paragraph 266 – Under Expenditure of Kshs.

16,158,632.55

The Public Accounts Committee recommended that Treasury should ensure that funds are released to Ministries as budgeted

The Accounting Officer factored the bills in the following **2005/06 Development Budget Estimates** and the same was approved by parliament and all the bills were cleared during the same financial year.

REPAIR AND IMPROVEMENT TO FACILITIES –

Paragraph 267 – Refurbishment of Flats

Paragraph 268 – Repair and improvement to clinic/canteen block

The Public Accounts Committee noted that some variations were un-procedural, and that some of the activities carried out were not in the bills of quantities. The Accounting Officer explained that other urgent repair works which were not in the bill of quantities were necessary due to an impending Presidential visit. The committee noted that total omissions and additions were Kshs. 1,686,988.00 and Kshs. 2,159,508.20 respectfully. They recommended that in future any officer who breaks the law should be severely disciplined.

The Accounting Officer conveyed the sentiments expressed by Public Accounts Committee that all officers must comply with all financial regulations. All departmental projects conform to financial regulations and procedures.

**2005/2006
PENDING BILLS**

Paragraph 284 – Kshs. 118,904,293.05

Recurrent Bills
Kshs. 102,640,453.50

Development Bills
Kshs. 16,263,839.55

The Public Accounts Committee recommended that the Accounting Officer should maintain strict financial discipline to ensure that expenses incurred are within the limits appropriated for the financial year to avoid over -flows.

The Accounting Officer ensures all the staff maintain strict financial discipline and ensures that the department is able to accommodate it's expenditure within the Voted Provision as much as possible.

OUTSTANDING IMPRESTS

Paragraph 285 and Paragraph 286

The Public Accounts Committee recommended that the Accounting Officer should pursue all those officers still holding imprest and recover the same in full. He should ensure that all officers surrender imprests as per government financial regulations.

Imprest owed by transferred officers is still being pursued. Please note that the balance as at June, 2006 was Kshs. 303,408.15 which had reduced to Kshs. 123,409.30 as at June, 2009.

The Public Accounts Committee further recommended that the PS Treasury should ensure that Accounting Officers abide by Financial Regulations and recover the imprest within forty eight hours after return to duty station by officers given imprest. The Accounting Officers should make sure that transferred officers are not cleared before full surrender of any outstanding imprest and any other government liabilities.

The Accounting Officer has directed that all imprests must be surrendered within forty eight hours after safari and the department adheres to the financial regulations governing imprests. No officer is cleared to move to another station before all imprests and any government liability is cleared.

MINISTRY OF STATE FOR PUBLIC SERVICE

FINANCIAL YEAR/PARA-GRAPH	RECOMMENDATION BY PAC	ACTION TAKEN
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Year 2004/2005

Paragraph 269

The Appropriation Account for vote R03 for the year 2004/2005, reflects an under-expenditure of kshs.314,168,654.75 or 25% of the Gross approved Estimates of Kshs.1,210,788,850.00. The under-expenditure has been attributed mainly to late release of funds for implementation of projects and non release of funds from Exchequer

The Committee recommends that the Accounting Officers in consultation with the Treasury should put in place strict measures to ensure that expenditure estimates are realistic.

The Accounting Officer has instructed the Chief Finance Officer and Head of Accounting Unit to monitor closely the release of Exchequer from Treasury and ensure that projects undertaken are not subjected to non-release of funds from Treasury. Follow up on the release of Exchequer issues ensuring consistency and continuity of projects are as planned.

The Accounting officer has instructed the Development of Ministerial Work Plans that are estimates/expenditure bound.

Paragraph 270 – Under Expenditure – vote D03

The Development Appropriation Account for Vote D03 for the year ended 30th June 2005 reflects an under-expenditure of Kshs.174,691,438.00 or 20% of the Gross Approved Estimated of Kshs.870,753,990.00. The Under – Expenditure has been attributed mainly

The Committee recommended that the Accounting Officer should put in place strict measures to ensure that only those projects whose formalities are certain to be finalized are

The Accounting Officer has given strict instructions to the Chief Finance Officer and Budget Committee to include only projects whose formalities are certain to be completed in the Budget estimates.

to delay by the World Bank in providing specifications for specialized equipment, over provision, training programmes, procurement of equipment under donor funding which was not undertaken as originally planned.

included in the budget so that other projects are not denied services/goods due to non-use of funds.

Paragraph 271 – Pending Bills

The Gross expenditure of Kshs.696,532.00 charged in the appropriation Account for Vote D03 includes pending bills amounting to Kshs.194,057,343.55 which though unpaid were introduced in the account through journal vouchers as if they had been paid during the year. As a result the Gross Actual Expenditure of Kshs.696,062,552.00 reflected in the account is over stated by Kshs.194,057,343.55 while the surplus of Gross Estimates over expenditure of Kshs.174,691,438.00 is understated by the same figure. No explanation has been provided for treating the pending bills as expenditure in the Development appropriation Account before they were actually paid.

The committees noted with concern the inordinate delay in availing documents to auditors and recommends that officers who fail to avail documents at the time of Audit should be disciplined.

The Accounting Officer has introduced a filing system of keeping records and has given strict instructions to all officers dealing with records to avail documents to Auditors whenever they ask for them.

Paragraph 272 – Irregular Re-allocation of Funds

It has been observed from the notes to the Accounts that the Directorate of Personnel Management reallocated funds under item 220 – purchase of plant machinery and Equipment to meet expenditure under Item 184 – Contracted Professional Services.

The Committee while noting with concern the irregular manner in which the Ministry failed to seek Treasury authority prior to the re-allocation recommends that the Accounting

The Accounting officer has strictly instructed the Chief Finance Officer and Head of Accounting Unit to adhere to the recommendations and always follow and perform their duties as per the Government Financial Regulations and procedures.

However Treasury approval for this re-allocation was not produced for Audit Review. Consequently it was not possible to confirm that the virement was in accordance with Government Financial Regulations and Procedures.

Officer should always ensure that officers responsible are reprimanded and/or disciplined for contravention of financial regulations.

Year 2005/2006

Paragraph 287 – Under Expenditure D03

The appropriation Account for the Vote D03 for the year 2005/2006 reflects Gross Under Expenditure of kshs.62,241,405.55 or about 29% of the approved Gross estimates of kshs.217,436,080.00. The under expenditure is mainly attributed to delay in award of tenders for refurbishment of non-residential houses and delay by the World Bank in procuring the specialized equipment for installation at the Development Learning Centre.

The committee recommends that the Accounting officer should put in place strict measures to ensure that only those projects whose formalities are certain to be finalized are included in the budget so that other projects are not denied services/goods due to non-use of funds.

The committee further recommends that the Ministry should prepare realistic work plans to ensure that time frames accommodates procurement hitches.

The Accounting officer has come up with Ministerial Work Plans that are Estimates/Expenditure bound, which will cater for those projects whose formalities are certain to be completed and are included in the budget.

The Departmental Heads are cautioned that their Work plans for all programmes in the Ministry when prepared should show the implementation time frame and costings.

Paragraph 288 – Outstanding imprests

Audit Examination of imprest records maintained at the Directorate of Personnel Management for 2005/2006 indicates that temporary imprest totalling kshs.489,653.70 which ought to have been accounted for on or before 30th June 2006 were still outstanding as at the date, some of which have been outstanding since 1995 contrary to Government Regulations relating to operation of Temporary Imprests. No explanation has been given for this unsatisfactory state of affairs.

The Committee noted that the Ministry has managed to Control Outstanding imprests for 2006/2007 and 2007/2008 Financial Years and urged it to maintain the trend.

The Accounting Officer has ensured that Government Financial regulations and procedures are followed when dealing with imprests.

Paragraph 289 – Unaccounted for stores

Examination of payment vouchers at Matuga Government Training Institute revealed that paint valued at Kshs.700,160.00 was offered from a hardware supplier and payment made to the firm on 13th June 2006 for kshs.57,060.00 and 24th June 2006 for kshs.643,100.00.

However, available information indicates that the institute painting works were contracted out and the contractors supplied and painted the Institute as per the bill of Quantities. Physical verification of the stores records in October 2006 did not disclose receipt and issue of the paint and no information was made available to show how or where the paint was used.

The Committee noted with concern the inordinate delay in availing relevant documents for audit. The Committee recommends that the accounting officer should ensure that officers who were involved in the procurement of excessive paint and those who sanctioned its use by the contractor should be surcharged.

The investigations established from the records that the paint which was bought were properly accounted for and officers who are concerned have been warned and instructed to avail records promptly when needed by the Auditors.

Paragraph 290:-

Examination of records at GTI, Embu indicates that 235 bags of cement valued at kshs.199,750.00 had not been issued from the store on physical verification however no cement was found in the store and no explanation was given to where or how it was used.

Paragraph 291 – Payment for Services not rendered

The Directorate of Personnel management Contracted three (3) firms to refurbish staff houses at Matuga GTI at a cost of kshs.9,231,679.00 during the year ending 30th June 2006. However, a site visit and verification work done in September 2006 revealed that work worth Kshs.2,155,615.00 as per the bills of Quantities had not been done although the contractors had been fully paid. No explanation had been given for this anomaly.

The committee noted that the response by the Accounting officer was unsatisfactory and the possibility of misappropriation of funds in this project could not be ruled out.

The Committee recommends that the Accounting officer should undertake investigations and officers involved in any impropriety be disciplined and surcharge if necessary.

The investigations which were done revealed that there was no mis-appropriation of funds and the officers had no mistake since there was no overpayment.

MINISTRY OF FOREIGN AFFAIRS

Financial Year/ Paragraph	Recommendation by PAC	Action Taken
2004/2005		
Para. 273	Accounting officer should liaise with Treasury to ensure that all pending bills are cleared forthwith and in future all bills should be paid in years they are incurred.	The Ministry has ensured that all pending bills have been cleared. The only pending bills reported are those still pending in courts.
Para. 274	Accounting officer should ensure that delays in completing contracts within stipulated time are minimized if unavoidable and should ensure adequate feasibility study is done in order to come up with the right contract specifications and a source of funding confirmed	The Ministry has written to PPOA for special consideration in processing of projects in the Missions. The delays due to lengthy procurement procedures will be addressed once the procurement manual for the Ministry has been developed.
Para. 275,276,277	Accounting Officer should ensure officers who contravene the law thereby opening avenues of possible abuse of funds should be severely disciplined, failure to which the accounting officer shall be personally held responsible	The Accounting Officer reprimanded officers involved in these transactions

Para. 278,279,280,281,282,

Accounting Officer should ensure that full amounts of imprests outstanding are recovered without further delay and ensure that imprest holders abide by Financial regulations failure to which recoveries of the imprests should be made from the holders' salaries. If all the above fails the outstanding amounts be recovered from the Accounting Officer

Recovery of imprests from officers in the service has greatly improved and is on-going. The imprest section is fully computerized and records are up to date. This has enabled the Ministry to recover outstanding imprests promptly.

Para. 283

Where laxity, negligence or inefficiency in the preparation of accounts is established the Accounting Officers should ensure that officers responsible are severely punished

The Accounting Officer dismissed one Officer as a result of negligence and inefficiency in performing his official duties

Para. 284,285,286

i) Where laxity, negligence or inefficiency in the timely reconciliation of accounts is established the Accounting Officers should ensure that officers responsible are severely punished

The Accounting Officer dismissed one Officer and reprimanded several officers as a result of negligence and inefficiency in performing his official duties

ii) The Accounting Officer should urgently put in place the requisite structures of accounting and efficient submission of documents from Missions

The situation has improved through use of Ministry's email to submit submission of returns and reconciliation of accounts

iii) Accounting officer should ensure officers who

contravene the law thereby opening avenues of possible abuse of funds should be severely disciplined, failure to which the accounting officer shall be personally held responsible

Year 2005/2006

Para. 292

Accounting Officer should ensure the building is put into immediate use to cut down on further costs of rental premises and ensure that proper planning is done so that the possibility of such delays in project implementation is factored in the Ministries work plans.

The Accounting Officer noted all the delays in implementing the Dar es Salaam project and has ensured all the other ongoing projects are incorporated in the Ministry's work plan

Para. 293

Accounting Officer to liaise with the Attorney General to establish reasons behind the delay in court case No. HHCC 647 of 2000: G.S Tanna and sons Vs Attorney General and look for possible ways of out of court settlement

All the bending bills pertaining to this paragraph have been paid and cleared.

Accounting Officer to ensure that all the other pending whose documentary evidence was not available at the time of the audit are cleared and documents availed for audit verification.

Para. 294,295

Accounting Officer should ensure that strict adherence

Measures the Accounting Officer has put in place in

to financial regulations relating to issuance, surrender of imprests, and ensure financial discipline is enforced.

That all outstanding imprests should be accounted for without further delay and documents availed for audit review.

The committee further recommended that the Permanent Secretary Treasury should ensure that Accounting Officers abide by financial regulations and recover the imprests within 48 hours after return to the duty station.

Para. 296

The committee recommended that the Accounting Officer should ensure that concerted efforts are made to surrender all the outstanding excess funds to exchequer before 31st December 2009.

The Ministry has surrendered to the Treasury outstanding excess funds to the exchequer by 31st December 2009 an amount of Kshs. 1,152,555,442.30.

Para. 297

The committee recommended that proper records are maintained and reconciliations done to ensure that all collected revenue and accumulated balances are accurately captured and availed for audit verification. It further recommended that all

The Ministry has structured its record management and records are readily available for audit verification.

The Ministry has since been banking revenue collected promptly.

revenue collected should be promptly banked and transmitted to the Treasury.

Para. 298

The committee recommended that the government operations are not disrupted due to the absence of an officer whatever the reason for absence

The Accounting Officer has taken note of the recommendation and will take necessary steps in any arising cases in the future.

Para. 299

The committee recommended that accounts are properly and accurately reconciled and unspent balances remitted to the Treasury.

The mopping up exercise of unspent balances has been going on and will continue in the year 2007/08 and 2008/09.

Para. 300

The committee recommended that the Accounting Officer should expedite the process of recovering unspent balances for onward transmission to the Treasury.

So far, the Ministry has surrendered to the Treasury Kshs. 1,152,555,442.30.

OFFICE OF THE VICE PRESIDENT AND MINISTRY OF HOME AFFAIRS

Financial Year/Paragraph	Recommendation by PAC	Action taken
<p>2004/2005</p> <p>Para 287-Pending Bills</p>	<p>The Accounting officer to liaise with Treasury to ensure that all the Pending Bills are cleared forthwith</p>	<p>All pending bills referred to were cleared as recommended before 31st December, 2007</p>
<p>Para. 288- Under-Expenditure and Under collection of A-I-A</p>	<p>The Accounting Officer should always ensure that only projects whose formalities are certain to be finalized are factored in the budget.</p>	<p>The Ministry constituted a Monitoring and evaluation committee and an RRI thematic area to document all the projects' status and avail accurate data for projects planning. Currently the Ministry has no donor funded project</p>
<p>Para. 289-291 Outstanding Imprests</p>	<p>The Accounting Officer should recover the full amounts of all imprests outstanding by 31st December 2009</p>	<p>Authority has been sought from PS-Treasury and AG for a write off of unrecoverable imprest owed by deceased persons and to assist in recoveries.</p> <p>Recoveries have been effected from the salaries for officers holding unsurrendered imprests</p>
<p>Para. 292-293 Compensation and Ex-Gratia Payments</p>	<p>Officers who contravene regulations governing financial management thereby opening avenues of possible abuse of funds must be severely disciplined</p>	<p>All payments are currently charged on the relevant budget items</p>

Financial Year/Paragraph	Recommendation by PAC	Action taken
Para 294-300: Garissa-Hola-Garsen-Malindi Road	<p>The officers who were involved in the designs should be disciplined for professional negligence</p> <p>Until NYS proves that it has adequate capacity to the work, the road should be done by the Ministry of Roads</p>	Currently the matter is being handle under the Ministry of Youth Affairs and Sports
Para 301-312: Prison Farms Fund Account	Officers who fail to avail documents at the time of Audit should be disciplined	More Professional Staff have been deployed to manage the farm accounts and ensure that all relevant documents accompany the final accounts.
Para 313-319- Prison Industries Fund Accounts	The officers responsible for poor book keeping of the fund should be disciplined for professional negligence and incompetence, and competent staff should be deployed in the Accounts department.	More Professional Staff are been deployed to manage the Prison Industries fund accounts
Para. 320-325 Mechanical Transport and Plant Maintenance Fund	The Accounting Officer should ensure that no items are sold on credit, debts are recovered forthwith and that officers who supplied goods on credit are disciplined.	Currently the matter is being handle under the Ministry of Youth Affairs and Sports
Para. 326-329- Mechanical, Transport and Plant Renewals Fund	The Accounting Officer should ensure that the debts owed to GSU are recovered without further delay	Currently the matter is being handle under the Ministry of Youth Affairs and Sports

Financial Year/Paragraph	Recommendation by PAC	Action taken
	The Accounting Officer should ensure that the Ministry records are correct and up to date at all times	

Financial Year/Paragraph	Recommendation by PAC	Action taken
2005/2006		
Para. 302-303- Unaccounted for District Authority to Incur Expenditure (AIE) – R05	The Accounting Officer should ensure that proper and accurate records are maintained at all times	The Ministry is complying with the recommendation by ensuring that all relevant data is collated before compiling the Appropriations Account
Para. 304-306- Under Expenditure and Under Collection of AIA	The Government seriously relooks at the Projects Supervisory role of the Ministry of Public Works with a view to streamlining its operations.	The Ministry constituted a Monitoring and evaluation committee and an RRI thematic area to document all the projects' status and avail accurate data for projects planning. Currently the Ministry has no donor funded project
Para. 307-308 - Pending Bills	The Accounting Officer should avail resources to revamp the farms and subsidize government allocation in food requirements	The Ministry has procured various farms implements including tractors and availed them to various farm prisons to enhance farm productivity.
	The Accounting Officer should process title deeds for all the Prisons Farms to protect them from land grabbers	The Ministry has constituted a committee to document all land matters and follow up with Ministry of Lands for Title deeds
Para. 309-310 - Outstanding	The Accounting Officer	Authority was sought from PS-

Financial Year/Paragraph	Recommendation by PAC	Action taken
Imprest	should strictly enforce government regulations governing the acquisition and surrender of imprests and ensure that the outstanding balance is recovered in full.	Treasury for writing off of unrecoverable imprests owed by deceased persons. Assistance was also sought from AG to assist in recoveries from retired staff.
Para. 311-313 – Salary Advances	The Accounting Officer should liaise with the relevant Ministries and ensure that all the advances are recovered without further delay before 31 st December 2009.	Correspondences have been sent to Accounting officers to effect recoveries from the salaries of the affected officers. Some payment cheques have been received from some Accounting Officers to that effect.
Para. 313-316 – Financial Improprieties at Kilifi GK Prison	The Accounting Officer should urgently address the weak internal controls at the facility to avoid possible collusion between the suppliers and some unscrupulous Prison officers. He should also adhere to the government procurement procedures	A team of Auditors was sent to the station to verify the anomalies and instructions were issued for the officer in charge to ensure compliance with all procurement procedures.
Para 317 – 319- Cash Payment for Contracted items and other services at Kilifi GK Prison	The Accounting Officer should undertake investigations to establish the extent of malpractices and necessary disciplinary	A team of Auditors was sent to the station to investigate the matter and a disciplinary action was taken against the officer involved.

Financial Year/Paragraph	Recommendation by PAC	Action taken
Para 320 – 321 – Unsurrendered Revenue at Nyeri GK Main Prison	<p data-bbox="627 456 970 535">action taken against the officer involved.</p> <p data-bbox="627 568 970 1048">The Accounting Officer should ensure that officers posted to head such Institutions are well versed with government regulations and should also undergo some form of management training to prepare them for administrative and financial responsibilities.</p>	<p data-bbox="1023 568 1489 824">The Ministry is complying with the recommendation by undertaking management courses at Prisons Staff Training College for various cadres of officers.</p>
Para 322 – 324 Unreceipted Surrender of Revenue at Nyeri Women and Main GK Prisons	<p data-bbox="627 1084 986 1384">The Accounting Officer should carry out spot checks at the institutions to ensure that all loopholes are sealed and that no money is misappropriated.</p>	<p data-bbox="1023 1084 1481 1294">All revenues surrendered are received at Prisons Headquarters and the original receipt returned to the revenue collecting station.</p>
Para 325 – Uncollected Milk Revenue at Nyeri GK Main Prison	<p data-bbox="627 1420 994 1727">The Accounting Officer should seek Treasury Authority to write off debts owed by deceased persons so that such queries do not keep on recurring annually</p> <p data-bbox="627 1760 994 2016">The Accounting Officer should ensure that officers who are still in the service should pay all their debts and similar credit facility should not</p>	<p data-bbox="1023 1760 1489 1928">Recoveries have been done from the Officers in Service and no credit facilities are extended to any officer.</p>

Financial Year/Paragraph	Recommendation by PAC	Action taken
	be extended to those abusing it.	
Para 326 – 329- Prisons Industries Fund	The Accounting Officer should issue strict guidelines and deadlines to ensure that field officers remit required data promptly	The Officers Incharges have been instructed to always liaise with the District Accountants and ensure that expenditure data relating to the fund are captured and submitted in time
	The Accounting Officer should make concerted efforts to clear the suspense balance, update records and forward the relevant documents to the Controller and Auditor General for Audit verification	More Professional Staff are been deployed to update and manage the Prison Industries Fund Accounts and ensure that all relevant documents accompany the final accounts.
Para 330 – 333 - Prisons Farms Fund	The Accounting Officer should take disciplinary action against the officers concerned for laxity and negligence	More Professional Staff are been deployed to manage the Prison Farm Fund Accounts and ensure that all relevant documents accompany the final accounts.
	The Accounting Officer should ensure that Accounts Records are urgently updated, reconciled and availed for Audit Verification	
Para 334 – 337 – Mechanical, Transport and Plant Maintenance Fund	The Accounting Officer should ensure that Accounts records are properly and accurately maintained and officers	Currently the matter is being handle under the Ministry of Youth Affairs and Sports

Financial Year/Paragraph	Recommendation by PAC	Action taken
	who neglect their responsibilities should be severely disciplined	
	Fund accounts should be reconciled and availed for Audit verification	
Para 338-341- Mechanical, Transport and Plant Renewals Fund	The Accounting Officer should update and reconcile Accounts of this fund and avail all relevant supporting documents for audit verification	Currently the matter is being handle under the Ministry of Youth Affairs and Sports
	The Accounting Officer should move with speed to legalize the fund before 31 st December 2009.	

MINISTRY OF PLANNING NATIONAL DEVELOPMENT AND VISION 2030

Financial Year 2004-05 Paragraph	Recommendation by PAC	Action Taken
Par. 330	<ol style="list-style-type: none"> 1. Procedures are harmonized with donors in order to timely capture all expenditure on donor funded projects. 2. Supporting documents are always made available for audit verification as required. 3. Proper systems are put in place to address the issue of capacity to absorb, utilize and capture donor funds. 	<ol style="list-style-type: none"> 1. The Ministry has sensitized donors on their obligation to report on a timely manner to allow for capture of data. 2. The Ministry now regularly monitors expenditure on donor funded projects and makes appropriate adjustments at the supplementary estimates to address the issue of absorption. 3. All supporting documents are being availed for audit verification as and when required.
Par.331	<p>The officers who fail to avail documents at the time of audit should be disciplined.</p>	<ol style="list-style-type: none"> 1. All the documents were availed for verification and

Para 332

Officers who fail to avail documents at the time of audit should be disciplined.

action has also been taken to ensure availability of documents as and when required.

1. The Ministry ensures timely availability of all documents and shall take disciplinary action on any officer who fails to adhere to this.

Para 333

1. Procedures are harmonized with donors in order to timely capture all expenditure on donor funded projects.
2. Supporting documents are always made available for audit verification as required.
3. Proper systems are put in place to address the issue of capacity to absorb, utilize and capture donor funds.

- 1 The Ministry has submitted donors on their obligation to report on a timely manner to allow for capture of data.
2. The Ministry now regularly monitors expenditure on donor funded projects and makes appropriate adjustments at the supplementary estimates to address the issue of absorption.
3. All supporting documents are being availed for audit verification as and when required.

Para 334	Disciplinary action should be taken against officers violating imprest issuance rules.	Action was taken to recover outstanding imprests from defaulters' salaries and ensuring no further imprests are issued to the officers.
Para 335	Accounting Officer should reconcile, avail for verification and expedite the winding up process of the District Development Fund Account.	The fund account has been reconciled, audited and wound up. A cheque for the outstanding balance of Kshs.11,129,258.00 has since been released to the Financial Secretary.
Para 336, 337 and 338	The Accounting Officer should liaise with the pending bills closing committee so as to expedite the winding up process of the fund account.	The fund account has been reconciled, audited and wound up. A cheque for the outstanding balance of Kshs.2,850,610.55 has since been released to the Financial Secretary.

Financial Year 2005-06 Paragraph

Recommendation by PAC

Action Taken

Para 342, 343 and 344	<p>The Accounting officer should ensure that future changes in Accounting Systems are preceded by proper planning and thorough training of officers in the user Ministries and departments .</p> <p>Pilot programmes as well as trial runs should be conducted to ensure minimal disruption of government operations.</p>	The accounting personnel in the Ministry have been trained and now use the IFMIS for rendering transactions and reporting.
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Para 345	The accounting officer should in future ensure that all the expenditure are properly budgeted for and footnotes to the account are provided as required.	It has been ensured that no over expenditure occurs and that all necessary adjustments are taken into account while revising the budget (Supplementary estimates) Footnotes for material differences are also annexed to the accounts.
Para 346 and 347	The Accounting Officer should always ensure that the Ministry's work-plan are properly done giving adequate time frames and deadlines to facilitate proper implementation of set activities.	Collection of Appropriation-in-Aid and other targeted tasks have been incorporated in the Annual Performance Contract and it is ensured that the targets are achieved or surpassed.
Para 348	The Accounting Officer must ensure that all bills are paid within the year they are incurred.	Procurement plans are drawn and agreed on at the start of the financial year and adherence is emphasized to ensure timely procurement as well as payment for goods and services within the respective financial year.
Para 349	1. The Accounting Officer in liaison with the Permanent Secretary, Treasury should put proper system in place to address the issue of	The Ministry now regularly monitors expenditure on donor funded projects and makes appropriate adjustments at the supplementary

absorption capacity in the utilization of donor funds.

estimates stage to address the issue of absorption.

2. The Accounting Officer must ensure that only projects whose formalities are sure to be completed are included in the budget.

Para 350 and 351

The Accounting Officer should take disciplinary action against officers who routinely fail to maintain accurate expenditure records leading to unnecessary delays.

The Ministry has ensured District data is captured and reconciled with the Ministry's ledger before finalizing the projects' and appropriation accounts.

Para 352

1. The Accounting Officer should streamline operational guidelines relating to donor funding to avoid similar occurrences in future.
2. Relevant supporting documents should be availed for audit verification.

The Committee has ensured that copies of payments and their supporting documents relating to donor direct payments are retained at the implementation units to be availed for audit verification when required. Projects management have been enlightened on the same.

Para 353 and 354

1. The Permanent Secretary, Treasury should ensure that Accounting Officer abide by financial regulations and recover the imprests within 48

The Ministry has ensured that proper records relating to imprests are maintained and that no misleading reports are produced. In addition, strict adherence to the

- hours after retiring to duty station..
2. In the event of the holder failing to account for or surrender the imprest, the unsurrendered /unaccounted for amount shall become a debt owed to the government by the officer and the debt shall attract interest at the prescribed rate.
 3. The Accounting Officer should recover the amount in full and interest thereof from the salary of the defaulting officer.
 4. Officers who move to new stations should not be cleared before surrender of all outstanding imprests and other amount owed to the government.
- regulations governing the issuance and surrender of imprests, which include recovery of full amounts from defaulting officers' salaries have been ensured.

Para 355 and 356

The Accounting Officer must ensure that all bills are paid within the year they are incurred

Proper procurement planning with all the spending units has been adopted to ensure that commitments are only done where funds are available and that timing of acquisition and payments is within the same financial year.

Para 357 and 358

Accounting Officer puts in place strict measures to check the trend of inordinate delay by concerned officers in availing documents for audit verification.

The Ministry has reorganized the accounts unit filing system and archives in line with ISO procedures. This will ensure availability of all documents as and when required.

MINISTRY OF FINANCE

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
1	2004/2005	119-134	District Cash Fund Accounts	<ul style="list-style-type: none"> All Funds accounted for and any officer(s) involved in any mismanagement of the fund held personally responsible. Management of the Fund strengthened. 	<p>The management of Paymaster General fund accounts was discontinued in 2007/2008 following the abolishment of the Paymaster General Act under the Public Financial Management Act (2005).</p> <p>The winding up of the fund accounts was commenced in 2007/2008 and all outstanding balances transferred to the Exchequer account.</p>
	2004/2005	135-	Loss of Cash, Outstanding Imprests & Unsupported Payments – Rachuonyo District Treasury	<p>Accounting officer to take disciplinary action against officers who contribute to wastage of government resources with a view to prosecuting those who misappropriated public funds</p> <p>Government offices not to be personalized.</p>	<p>Investigations carried out to establish those responsible for the loss;</p> <p>Registry Clerk who occasioned the loss is deceased, making it impossible to trace missing vouchers;</p> <p>Authority for loss write-off has been sought from Treasury.</p>

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
2005/2006	27-28	District Cash Fund – Mismanagement	PS/Treasury to ensure that cash is surrendered/ any implicated officers be held to account and prosecuted.	Joint Committee between OOP and Treasury formed and carried out reconciliation in 23 districts; however, exercise was not completed due to some members who retired; a new committee was reconstituted in Feb. 2010 to complete the work by June 2010.	
2005/2006	56-63	Supply of computers not meeting the required specifications.	Accounting Officer to ensure Procurement Regulations are adhered to;	Procurement Regulations are strictly being followed;	
		Equipment purchased not put in intended use.	Accounting officer to factor possible procurement delays in the Ministry's Annual Work plan;	Possible procurement delays being factored in annual Procurement Work plans;	
		Supply of defective computers.	Accounting officer to ensure in future relevant documents are availed to auditors.	Auditors are being availed documents as and when required.	
		Procurement of two (2) units of APC Smart UPSs 30 KVA.			
2005/2006	169-173	District Cash Fund	Accounting officer to ensure pending imprests in Mombasa & Murang'a are fully	Efforts to recover outstanding imprests are continuing.	

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
				<p>recovered.</p> <p>Accounting officer to ensure in future funds are promptly accounted for and any officer(s) implicated in mismanagement held personally responsible; and management of the fund be strengthened.</p>	<p>For Muranga, balance is now Kshs.726,427.20 out of the Kshs. 1,103,038.00.</p> <p>For Mombasa, the outstanding amount had been reduced to Kshs.1,427,792.80 as at 30th June, 2007. Efforts are still being made to recover the remaining balances.</p>
2005/2006	177-178	Loss of AIA and Deposits at Kirinyaga District Treasury	Accounting officer to take personal interest to ensure that justice is served and public funds recovered.	Officers involved have been arraigned in court; the case is still pending.	
2005/2006	179-182	Unsurrendered imprests at Mombasa District Treasury	Accounting officer to ensure outstanding imprests are fully recovered.	Kshs.1,299,354.75 accounted for; Efforts being made to recover outstanding imprests.	
2005/2006	183-185	Financial Mismanagement at Nyando District Treasury,	Accounting officer to move with speed to ensure qualified accounts staff are deployed to reconcile/update existing records at the District Treasury.	Qualified Accountants have been deployed; reshuffle also done and any officer found to have been involved have been disciplined.	
			Accounting officer to ensure those involved in the financial		

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
				mismanagement are severely disciplined.	
2	2005/2006	151-156	Asian Officers pensions Fund	Use 1995/96 as base year for preparation of accounts. Provide documents relating to JCF. Wind up CSFC.	PAC recommendation implemented. 1995/96 used as a base year in preparation of fund Accounts. Authority sought to remove JCF from books. Winding up of CSFC ongoing.
	2005/2006	157-161	Provident Fund	Use 1995/96 as base year for preparation of accounts. Wind up CSFC.	PAC Recommendation implemented. Restructuring of fund accounts in process. Winding up of CSFC on going.
	2005/2006	162-163	Asiatic widows and orphans pension fund	Wind up the dormant fund. Use 1995/96 as base year for preparation of accounts.	Authority sought to wind up the fund by clearing the debit balance in the Fund accounts, as directed vide Treasury circular No.15/2009
	2005/2006	164-168	European widows and orphans pension fund	Wind up CSFC. Streamline operation of the fund	Winding up of CSFC on going. Restructuring of fund accounts in process.
	2004/2005	152-158	Asian officers family pension fund	PAC recommendation to use 1995/96 as base year for preparation of	PAC recommendation implemented. Winding up of CSFC ongoing. Tracing

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
				fund a/c. Finalize winding up CSFC and produce documents to support investment in JCF.	of documents to support investment in JCF proved futile. Treasury authority sought to remove it from the books.
	2004/2005	159-162	Provident fund	Take 1995/96 as the year for preparation of fund account. Streamline management of fund accounts.	PAC recommendation implemented. Restructuring of fund accounts in process.
	2004/2005	167-169	European widows and orphans pension fund	Re-invest proceeds from redeemed Kenyan stocks ensure proper management of the fund	The fund's investment portfolio is being evaluated to determine the best way to reinvest these funds.
3.	2004/2005	31	Under-Expenditure and under-collection of Appropriation In Aid Vote R-07	Accounting Officer perform proper budgeting and wider consultations to avoid over-estimations	This Ministry ensures through advise of the various Estimates committees that proper review of estimates are done during preparation of supplementary Estimates.
	2004/2005	32	Under-Expenditure and under-collection of Appropriation In Aid Vote D-07	The Minister in charge of CDF to present an amendment of inadequacies that leads to Non utilization of funds The CDC's that fail to requisition their funds	The Ministry is working with the Ministry of Planning on systems, procedures and controls to be put in place towards effective Utilization for CDF funds.

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
				<p>should be published in the major print and electronic media, by one month after the due date</p>	<p>The Ministry is implementing a number of policy interventions to enhance effectiveness of donor funding. These include:-</p>
				<p>The accounting Officer should put in place strict measure to ensure that projects are not denied services/goods due to non usage of funds.</p>	<ul style="list-style-type: none"> • has launched together with Development Partners a Joint Assistance Strategy (KJAS). • is fast track finalization of the Kenya External Resources Policy (KERP).
				<p>The Accounting Officer to budget for only those donor funded projects whose respective donors have made strong commitments.</p>	<ul style="list-style-type: none"> • is pushing for the implementation of the Paris Declaration (2005), which calls for DPs to align to country systems.
				<p>The accounting Officer to ensure that preconditions set in donor funded projects are met in a timely manner.</p>	<ul style="list-style-type: none"> • has directed ministries to establish project steering committees which are responsible for monitoring disbursements, procurement process and general progress in project implementation.
				<p>The performance contracting of Accounting Officers should include utilization of public funds and prudent procurement.</p>	<ul style="list-style-type: none"> • has developed and launched a web-based electronic Project Monitoring Information System (eProMIS).
				<p>The public procurement and Disposal Act should</p>	

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
				be improved to eliminate delays.	
	2004/2005	35	Accuracy of the Accounts	The poor reconciliations in the Ministry's Accounting systems could be as a result of laxity in the Ministry's maintenance of financial records. The Accounting Officer should ensure that the officers who contribute to poor book-keeping and laxity are disciplined.	The Accounts department has been directed to fully transact all of the Ministry's financial reports through IFMIS- in which the first full report will produced in 2009/2010 Financial Year. The system is generally re-known for its ability to produce Accurate and reliable reports, after full implementation.
	2004/2005	36-37	Excluded Expenditure	The Accounting Officer to build up Capacity in the Accounts department in order to ensure that correct Accounting records are maintained.	There is a general policy in training of all Accountants to acquire both academic and professional qualifications.
				AO to investigate the low sale price of Bima House.	
				To ascertain whether there was proper valuation and to ascertain whether the sale took into account value for money.	

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
2004/2005	40-41	Un-vouched Expenditure- Vote- R-07	The Accounting officer should ensure that disciplinary action is taken against officers who deliberately fail to avail documents as required by financial regulations	All officers in Accounts department have been cautioned on importance of availing documents to Controller and Auditor General as and when required. They have been for-warned of the authorized Officer's intention to take disciplinary Action Against such officers.	
2004/2005	59-61	Revenue Head 100-070 Customs and Exercise	AO to ensure that all Revenues are recovered in full without further delay	It is compulsory for the department to surrender all Revenue in respect of cash in transit the beginning of subsequent financial year.	
2004/2005	62	Revenue – Head 110-070 Income Tax	Accounting Officer should strictly adhere to the stipulated Accounting Systems and procedures.	The recruitment process of the new officers was dependent on professional qualification and hence upholding professionalism of the Accountants.	
			The AO should further build Capacity with officers of integrity and professionalism in the Accounts department	With financial assistance from PFMR funds, professional training are subsequently	
2004/2005	-63-66	Revenue Head 120-070-	The Director , Kenya Anti-Corruption	KACC had been called upon to investigate on	

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
			Value Added Tax	Commission to investigate and establish the loss of Government revenue, with a view to holding responsible and prosecuting those involved in the mismanagement of the defunct corporations whose collapse were suspicious	possible chances on loss of Revenue at the headquarters.
	2004/2005	67	Revenue Head 140-070 Traffic Revenue	The Accounting Officer should ensure that only competent Staff are employed in Accounts department	The Staff has been reshuffled and new officers called upon to manage the Revenue Section
	2004/2005	68-69	Revenue Head 180-070 Airport Revenue	Accounting Officer and the officers involved should be held personally liable for any losses incurred by the Government due to non-remittance of monies to the exchequer It was also recommended that the Ministry should pay to the exchequer the arrears of revenue amounting to KES.	The recommendations have already been forwarded to the Ministry of Transport and Telecommunications Demand Letters requesting for the settlement of Revenue have been made to the concerned Ministry.

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
				321,636,880.00 and KES. 79,138,920.00 which was collected as air Service charge on behalf of the government	
2004/2005	72-73	Revenue Head 210-070 Trading Licenses	The Accounting Officer to ensure that documents are availed for verification at the time of audit as required by law.	Necessary control measures have been put in place to hold officers responsible for misfiling of vouchers accountable for their laxity.	
			The AO to also ensure that officers involved in delay of submission of documents for verification should be disciplined accordingly		
2004/2005	74-77	Revenue Head 250-070 Reimbursemen t and other fund contributions	The AO should ensure that the amount of KES. 102,231,400.00 which was incurred over and above Treasury 's approval be regularized(after proper reconciliation)	The Ministry of transport have been requested to have the over-expenditure regularized in their vote in order to have the same resubmitted and captured as revenue	
2004/2005	78-79	Revenue Head 260-070 Miscellaneous receipts	The AO must ensure that the Ministry makes realistic estimates of Expenditure	Estimates of revenue are constantly revised before the year end, and Since the same is never Ratified by Parliament it is ignored	

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
					by C&AG
	2004/2005	80-83	Revenue Head 300-070 Imports, Exports, and essential Supplies	The Accounting Officer Should always maintain correct and up to date accounting records and Officers who prepares inaccurate accounts should be disciplined.	The problem has been addressed by the requirement of IFMIS enabled transactions reports.
	2004/2005	84-86	Revenue Head 570-070 Other Taxes	The AO should always ensure that all revenue collected is promptly remitted to the exchequer as required by the law	All revenue are collected and promptly remitted to the exchequer except for revenues represented as cash on transit, or prior years errors which have been identified and currently under amendment process
	2004/2005	136-137	Statement of Assets and Liabilities – Government Clearing Agency fund	AO to ensure that the fund should be wound up without further delay	The winding up of the funds account process was commenced in 2007/2008 financial year and all outstanding balances transferred to the exchequer account.
	2004/2005	138 - 140	Treasury Main Clearance Fund Account	The AO to ensure that variations are properly reconciled in time in future	The Variations were drastically reduced when the creditors who were the same Ministry's appearing in the records as debtors were merged into one subhead item.
	2004/2005	141-143	Petroleum Development	The Accounting Officer to ensure that records	The records for the fund accounts have been

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
			Levy Fund Account	for the funds are properly maintained and up dated.	computerized and movements of funds properly recorded.
2004/2005	- 144-149	The Rural Enterprise Funds		The Accounting Officer should wind up fund accounts because it continues to subject public funds to abuse and misappropriation as it has also outlived its usefulness	The winding up of the funds account process was commenced in 2007/2008 financial year and all outstanding balances transferred to the exchequer account.
2004/2005	150 -151	Exchange Risk Assumption Fund		The Accounting Officer should wind up because it continues to subject public funds to abuse and misappropriation as it has also outlived its usefulness	The winding up of the funds account process was commenced in 2007/2008 financial year and all outstanding balances transferred to the exchequer account.
2004/2005	164 -166	Kenya local Loans Support Funds		The Accounting Officer should speed up the process to wind up the Cereals and Sugar Finance Corporation and also arrange for a write off of all losses to the Corporation	The winding up of the funds account process was commenced in 2007/2008 financial year and all outstanding balances transferred to the exchequer
2005/2006	28-30	Delay in submission of correct Appropriation Accounts and other financial		The Permanent Secretary, Treasury whilst introducing new accounting systems should in future ensure that pilot programmes	IFMIS Accounting systems have been constantly bugged and debugged to address the old Systems problems

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
			Statements for 2005/2006	are carried out well in advance to enable removal of bottlenecks. This will enable the polishing of programmes and reduction of destabilizing effects.	
	2005/2006	31-32	Accuracy of the Appropriation Accounts for vote R-07	The accounting Officer to ensure that proper and Accurate records are maintained and officers who fail to comply should be disciplined	The problem has been addressed by the Implementation of IFMIS and RTGS Computerised systems.
	2005/2006	33	Under collection of Appropriation in Aid for Vote R-07	The AO to take the necessary measures to break the vicious circle as it would, if allowed to continue, hamper service delivery, as a result of dwindling revenue collections. An investigation should also be made and disciplinary action taken against the concerned officers where negligence of duty is established	The Ministry is implementing a number of policy interventions to enhance effectiveness of donor funding.
	2005/2006	34-35	Development Appropriation	The Accounting Officer should in future initiate	The Ministry is implementing a number of

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
			Account for Vote-D-07	consultations in the administrative aspect of donor funds to ensure that high levels of accountability and transparency are maintained.	policy interventions to enhance effectiveness of donor funding.
				In future officers who contravene government financial regulations thereby opening avenues for possible abuse of public funds should be severely punished.	
2005/2006	36-37	Un authorized re-allocation of funds	The AO should in future initiate consultations in the Administrative aspects of donor funds to ensure that high levels of transparency and accountability are maintained.	It was also recommended that in future officers who contravene government financial regulations, thereby opening avenues for possible abuse of public funds	The Ministry is implementing a number of policy interventions to enhance effectiveness of donor funding.

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
				should be severely disciplined	
	2005/2006	38	Under-collection of Appropriation in Aid Vote- D-07	The Accounting Officer should ensure that necessary procurement processes are complete well in advance of the receipt of donor funds to facilitate expeditious implementation of the funded projects.	The Ministry is implementing a number of policy interventions to enhance effectiveness of donor funding.
				The Accounting Officer to also factor in the budget donor funded projects for which the respective donors have made serious commitments	
	2005/2006	51-54	Outstanding Temporary Imprests	For Long outstanding and huge imprests for which the officers' salaries cannot accommodate, the AO should commence recovery six months prior to the end of the financial year. This will ensure that by the end of June, all of the outstanding imprests for that year are fully covered	The Ministry is enforcing financial regulations on management of imprests. Imprest recovery is progressing well.
					Treasury authority to right - off imprest owed by dead holders have been sought. The AG has been requested to assist in recovery of imprest held by officers who left no

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
					traceable address upon leaving service.
				The Director Pensions to ensure that all outstanding government debts are recovered before paying retirement dues to officers	Director Pensions is has been directed to recover imprests from retirement benefits of retired officers.
				Imprests owed by Ministers to be recovered in full.	
				The P/S Treasury to ensure that accounting officers abide by financial regulations and recover the imprests within 48 hours after return to the duty station. In the event of the holder failing to surrender, then the un-surrendered amount shall debt owed to the government by the officer and the debt shall attract interest at the prescribed rate by the financial regulations.	

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				<p>The AO should recover the amount in full and interest thereon from the salary of the defaulting officer. Officers who move to new stations should not be cleared before surrender of all the amounts owed to the government</p>	
2005/2006	87-90	Revenue – Head 110-070 Income Tax	<p>The AO should urge the KRA to be more pro-active and embark on civic education with a view of emphasizing to the taxpayers the benefits of paying their taxes early to avoid unnecessary penalties and interests.</p> <p>It was further recommended that AO should build capacity with officers of integrity and professionalism in the Accounts</p>	<p>KRA continues to conduct Tax Payers education sessions aimed at sensitizing tax payers on the need to pay taxes.</p> <p>KRA has recruited highly qualified and motivated staff. Staff undergoes training on integrity, fraud detection and prevention among others.</p>	

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				department to avoid such glaring laxity in the future.	
	2005/2006	91-93	Revenue Head 100-070 Customs and Exercise	The AO to ensure that all loopholes leading to tax evasion and other malpractices some of which could be co-ordinated by corrupt government officers are completely sealed.	With the introduction of the integrated "Simba" system enhanced financial controls have been put in place.
	2005/2006	96-99	Revenue Head 120-070- Value Added Tax	The AO should ensure that concerted efforts are made to recover all the outstanding VAT arrears and also the annual increase of these arrears is checked	Concerted efforts have been put in recovery of outstanding VAT arrears. A committee has been put in place to investigate and reconcile the old VAT arrears with a view to advising on how to clear the same.
	2005/2006	100-102	Revenue Head 140-070 Traffic Revenue	The Accounting Officer to liaise with all the stakeholders mentioned above to streamline the modalities of accounting for the revenue	KRA has been requested to recommend suitable procedures and systems for managing the Traffic Revenue.
	2005/2006	104-107	Revenue Head 250-070 Reimbursement and other fund contributions	The AO should ensure that appropriate action is taken against officers who fail to abide by government accounting standards as stipulated in the	The ministry is addressing capacity problems in accounting units by recruiting professionally qualified accountants and training existing staff to ensure accounts are

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
				financial regulations.	prepared and maintained professionally.
				The committee further recommended that the AO should ensure that the amount of KES.102,231,400.00 which was incurred over and above the treasury had approved is fully recovered	
2005/2006	108-109	Revenue Head 260-070 Miscellaneous receipts	The Accounting Officer should ensure that the Ministry makes realistic estimates of expenditures as well as revenue receipts.	The ministry re-aligns its budget with its absorption capacity by making appropriate adjustments during the preparation of its revised estimates.	
			It was further recommended that proper reconciliations should be made and relevant supporting documents availed to the Controller and Auditor General for audit verification.	Accounting reconciliations are been done timely and documents provided as and when required by the C&AG.	
2005/2006	110-114	Revenue Head 300-070 Imports, Exports, and	. The AO should always maintain correct and up-to-date records.	The accounts have been updated in the IFMIS system.	

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essential
Supplies

The Committee further recommended that the Accounting Officer should investigate into the discrepancies noted in the above accounts and severe disciplinary action taken against officers who prepared inaccurate records

2005/2006	115-119	Revenue Head 570-070 Other Taxes	The AO must ensure that all revenue collected is promptly remitted to the exchequer as required by law and in order to avoid the possibility of the money being mis-appropriated	Controls are in place to ensure that all revenues are submitted to the Exchequer as and when received
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2005/2006	131-134		Kenya Local Loans Support fund	The winding up of the funds account process was commenced in 2007/2008 financial year and all outstanding balances transferred to the exchequer account.
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2005/2006	135-139	Petroleum Development Levy Fund	The Accounting Officer should always ensure that Accounting records for the fund are properly maintained and updated.	Controls are in place to ensure that all revenues are submitted to the Exchequer as and when received
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No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
	2005/2006	140-146	Rural enterprise fund	The Accounting Officer to wind up the fund account because of its continued subjection of public funds to abuse and misappropriation.	The winding up of the funds account process was commenced in 2007/2008 financial year and all outstanding balances transferred to the exchequer account.
	2005/2006	147-149	Treasury Main Clearance Fund Account	The Accounting Officer should always ensure that accounting records for the fund are not only properly but also frequently updated to avoid carry over's and distortion of records	The accounts have been updated in the IFMIS system.
	2005/2006	150	Exchange Risk Assumption Fund	The Accounting officer should ensure that in future variations should be expeditiously and properly reconciled to forestall unnecessary audit queries.	The winding up of the funds account process was commenced in 2007/2008 financial year and all outstanding balances transferred to the exchequer account.
	2005/2006	169-176	The District Cash fund	The Accounting Officer should in future ensure that: - All of the funds are promptly Accounted for, -The Management of the funds should be strengthened through strict adherence to the laid down regulations and procedures.	The management of PMG funds accounts had since been discontinued in 2007/2008 following its abolishing under Public Finance Management Act (2005) The winding up of the funds account process was commenced in

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
					2007/2008 financial year and all outstanding balances transferred to the exchequer account.
	2005/2006	177-178	Loss of Appropriations in Aid and deposits at Kirinyaga District Treasury	The Accounting Officer should take personal Interest and ensure that justice is served and that public funds are recovered	The Ministry is still awaiting for the final verdict of the Jury as the case is still in court, a situation which is beyond the Ministry's control.
	2005/2006	179-182	Un-surrendered Imprests at Mombasa District Treasury	The Accounting Officer to ensure that the Imprests are fully recovered without further delay	The Director of human resources has been requested to stop any non statutory recoveries from the Imprest defaulters and retro-actively accelerate full imprest recoveries from them.
	2005/2006	183-185	Financial Mismanagement at Nyando District Treasury	The Accounting Officer moves with speed to ensure that qualified accounts staffs are deployed to reconcile and update all the existing records at the District Treasury.	The employment of over 600 accounts staff was performed in 2008/2009 financial year, in which most of them were thereafter posted to the District Treasuries.
				The Accounting Officer to also ensure that officers who were involved in the above financial	

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
				Mismanagement are severely disciplined	
	2005/2006	186-188	Irregular Disbursement of Local Authority Transfer Funds (LATF)	The Accounting Officer to establish the authenticity of the Treasury letter that released the KES. 2,060,058.00 as well as the involvement of the Bank on the matter and forward the case to KACC for investigations where the impropriety is suspected	The matter is still in the hands of KAcc, and communications have been submitted to them for provision of their final report to the Ministry.
	2004/2005	70-71	Irregular loan to National Bank of Kenya	<p>The Accounting Officer should liaise with Director Kenya Anti-Corruption Commission to establish the loss of public funds with a view of holding the personalities involved to account, prosecuting and declaring them bankrupt if unable to repay their loans</p> <p>The list of the defaulters be published in the print and electronic media for public knowledge</p> <p>The Accounting Officer should ensure that the</p>	<p>The Director, Kenya Anti-Corruption was contacted on the issue.</p> <p>The management failed to print the defaulters in the media.</p>

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
				irregular transaction is regularized	
	2004/2005	87-89	Investment Revenue	The Accounting Officer should put in place serious measures to ensure that government benefits from the investment or the affected parastatals are either restructured or privatized	Demand notes have been sent to the affected parastatals Some parastatals have been restructured and some privatized e.g. AFC, NHC, Telkom(K) Ltd Some loans were converted into Equity and some written off
	2004/2005	90-92	Nonpayment of Loan Interest Receipts	The Accounting Officer should ensure that non-profit making parastatals are restructured with a view of making them viable to avoid more loss to government The Accounting Officer should ensure that parastatals repay their loans and interest accrued as and when they fall due, failure to which the Chief Executives and their Board of Directors should be personally held responsible with a view of surcharging	Loans have been restructured in some parastatals e.g. AFC, Agro-Chemical Food Demand notes sent to affected parastatals

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
				them.	
	2004/2005	94-99	Loan Redemption Receipts	<p>The Accounting Officer should ensure that officers who contribute to poor book keeping and laxity are disciplined.</p> <p>The Accounting Officer should ensure that parastatals repay their loans and interest accrued as and when they fall due failure to which the Chief Executives and their Board of Directors should be personally held responsible.</p> <p>The Accounting Officer should seek Parliamentary approval to write off loans that are deemed irrecoverable.</p>	<p>Officers concerned have been reprimanded</p> <p>Demand notes have been sent out to the affected parastatals</p>
	2004/2005	100-104	Statement of Outstanding Loans	<p>Serious effort should be taken to obtain documents relating to payment of Kshs.61,992,020.00</p>	<p>The Ministry of Finance has communicated with National Housing Corporation demanding the required documents</p>

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
				made to the Ministry of Roads and Public Works and therefore definite and specific sanctions be taken against the Accounting Officer	but response is yet to be received.
2004/2005	108-116	Statement of Investment by the Financial Secretary in local Companies	The government should establish the reasons why the parastatals fail either make returns on investment or pay dividends with a view to investigate those that are under-performing due to mismanagement	Non payment due to adverse economic conditions Replacement of non-effective Chief Executives	
2004/2005	117-	Statement of Participation by the Kenya Government in Quasi-Government and other Statutory Organizations	The Accounting Officer should hasten to recover all the funds Owed by the banks in question Any overdraft with CBK should be covered by securities that are tangible	The Ministry has written to the Deposit Protection Fund Board to hasten recovery of the funds. Response is being awaited.	
2004/2005	118	Summary of Statements of participation by the Government of Kenya in quasi-Government and other	- Officers who fail to avail documents at the time of audit should be disciplined	-The recommendation noted and officers concerned have been reprimanded	

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
			Statutory Organizations		
	2004/2005	150-151	Exchange Risk Assumption Fund	The Accounting Officer should wind up this fund because it has continued to subject public funds to abuse and mis-appropriation and also it has outlined its usefulness	The Ministry has initiated the process of winding up the fund by transferred the fund balance to the - Exchequer
	2005/2006	39-48	Statement of Outstanding Loans	The Accounting Officer should set up a special monitoring team to enforce, follow-up and give him regular updates on the national loan portfolio Since the Accounting Officer has made no serious effort to resolve these long outstanding issues, strict deadlines should be set for him and the Chief Executive Officers of the concerned parastatals to streamline and clean up the issues begging down their operations	Chief Executives through demand notes have be told to observe loan repayment dates and make repayments during due dates
	2005/2006	68 -75	Statement of Investment by the Financial	The Accounting Officer should conduct special audits of all the	Special audit was done on some e.g. Cooperative Bank of Kenya Coffee

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
			Secretary in local Companies	companies which have not been performing and establish the reasons for non-performance with a view of winding them up where necessary	debts and most of them were written off
2005/2006	76-77	Statement of Participation by the Kenya Government in quasi Government and other statutory organizations	<p data-bbox="750 638 1093 862">- The Accounting Officer must hasten to recover all the funds owed by the banks in question</p> <p data-bbox="750 896 1093 1344">The Central Bank of Kenya should keep overdrafts to a minimum and where they are given, they should be supported by tangible marketable securities to avoid a repeat of similar problems</p>	<p data-bbox="1125 638 1524 1052">The Ministry instructed the Deposit Protection Fund Board to recover the funds but the Board responded that despite the efforts put no amount has been recovered due to poor securities, poor records and legal matters.</p> <p data-bbox="1125 1075 1524 1209">Written to official Receiver, but no response yet</p>	
2005/2006	103	Statement of Revenue – head 190 -070 Investment Revenue	<p data-bbox="742 1366 1093 1635">The Central Bank of Kenya should step up its tax collection mechanisms and strive to declare the expected dividends.</p> <p data-bbox="742 1657 1093 1886">The Accounting Officer should put in place serious measures to ensure that government benefits from the</p>	<p data-bbox="1117 1366 1500 1467">Officers concerned have been reprimanded</p> <p data-bbox="1117 1489 1500 1624">Demand notes have been sent out to the affected parastatals</p>	

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
				investments failure of which the affected parastatals should either be restructured, privatize or wind up	
2005/2006		122- 125	Statement of Revenue Loan Interest Receipts	The Accounting Officer should ensure that non-profit making parastatals are restructured with a view of making them viable to avoid more losses of public funds The Accounting Officer should ensure that Parastatals repay their loans and accrued interest as and when they fall due failure to which the Chief Executive Officers and the Board of Directors should be held responsible	Demand notes sent out to the affected parastatals instructing them to be factoring loan repayments in their annual estimates
2005/2006		126-130	Statement of Revenue – Loan Redemption Receipts	The Accounting Officer should ensure that parastatals repay their loans and interest accrued promptly failure to which the Chief Executive Officers and their Board of Directors should be held	Demand notes sent to the concerned to repay the loans Repayments to be factored in their annual budgets. Officers instructed to keep proper books of accounts

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
				personally responsible	and they have done so.
				The Accounting Officer should ensure that officers who through negligence and laxity contribute to poor book-keeping hence leading to additional problems afflicting these institutions should be severely punished.	Approvals for write off have been sent e.g. AFC and conversion to equity e.g. NHC and Corporation winding up e.g. NCSFC
				The Accounting Officer should seek approval to write off loans that are deemed irrecoverable and also ensure that reconciliations being done are completed expeditiously and all relevant documents availed for audit verification	
				The Accounting Officer should conduct special audits of all the companies which have not been performing and establish the reasons for non-performance with a view of winding them up where necessary	Audits have been conducted by the C&AG. Management of these parastatals have been put on performance contracts against which penalties will be levied for non-performance.

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
				<p>- The Accounting Officer must hasten to recover all the funds owed by the banks in question</p> <p>The Central Bank of Kenya should keep overdrafts to a minimum and where they are given, they should be supported by tangible marketable securities to avoid a repeat of similar problems</p>	<p>The deposits protection Fund is proceeding with winding up process of the concerned institutions. Winding up proceeds are being used to reduce deficit. The final balance will be written off with Treasury Authority.</p>
				<p>The Central Bank of Kenya should step up its collection mechanisms and strive to declare the expected dividends.</p>	<p>Central Bank of Kenya has since rejuvenated its operations and declares expected dividends to the Government.</p>
				<p>The Accounting Officer should put in place serious measures to ensure that government benefits from the investments failure of which the affected parastatals should either be restructured, privatize or wind up</p>	<p>Government has been benefiting from the Parastatals in form of dividends when declared, increase in capital value when dividend is not declared and service delivery.</p>
				<p>The Accounting Officer should ensure that non-</p>	<p>The Government is restructuring the non-</p>

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
				<p>profit making parastatals are restructured with a view of making them viable to avoid more losses of public funds</p>	<p>performing parastatals to ensure the public gets value for money invested in these parastatals.</p>
				<p>The Accounting Officer should ensure that Parastatals repay their loans and accrued interest as and when they fall due failure to which the Chief Executive Officers and the Board of Directors should be held responsible</p>	<p>Management of parastatals have been put on performance contracts against which penalties will be levied for non-performance.</p>
				<p>The Accounting Officer should ensure that officers who through negligence and laxity contribute to poor book-keeping hence leading to additional problems afflicting these institutions should be severely punished.</p>	<p>The Paratatal boards have been directed to recruit qualified staff capable of handling work professionally.</p>
				<p>The Accounting Officer should seek approval to write off loans that are deemed irrecoverable and also ensure that reconciliations being done are completed</p>	<p>The Ministry have obtained Cabinet approval to write off irrecoverable loans. The write off procedures as highlighted in the internal loans Act are being observed in each case.</p>

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
				expeditiously and all relevant documents availed for audit verification	
3	2004/2005	14	Statement of Public Debt	PS/Treasury should put in place specific guidelines and mechanism on management of public debt.	Treasury has come up with the Medium Term Debt Strategy (MTDS) as a guide to borrowing policy. The ministry has written to KNAO explaining that the amount in question is part of Pre 1997 debt.
	2005/2006		Kenya Currency loan of Kshs 200,020,000.00		
		10			
		17	Payment on behalf of the Parastatals	PS/Treasury to ensure that amounts paid on behalf of the defaulting parastatals are reimbursed back to GOK	The ministry has written to concerned Parastatals to that effect
	2004/2005	23	Subscription to International organizations	PS/Treasury to put up definite mechanism in respect to the said subscriptions. Disciplinary action should be taken against officers who fail to avail documents to the C&AG	Subscriptions are managed by departments under whose jurisdiction they fall. Budgets and payments for the subscriptions are made in accordance with agreed annual commitment levels as confirmed by demand

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
					notes.
	2005/2006	17 -18	Subscription to International organizations	The amounts to be paid promptly as budgeted to avoid embarrassment and possible accumulation of debts	Amounts are usually paid as budgeted except where there are arrears and where the GOK is required to increase its share holding
	2004/2005 & 2005/2006	57-58 49-50	Government Debt with Kenya commercial Bank	Accounting Officer should liaise with KACC to establish events to the possible fraudulent acts with a view to holding the personalities involved to account. The defaulters list should be published in the print media.	The ministry wrote to KACC to conduct the investigations and to KCB to publish the list of defaulters.
	2004/2005 and 2005/2006	107 78-84	Statement of obligation guaranteed by the government(K POSB)	Accounting Officer should ensure that KPOSB should operate as a Micro Finance Organization. KACC to investigate financial loss at defunct KPTC and KPOSB	The ministry wrote to KACC to investigate financial loss to defunct KPTC and KPOSB
	2004/2005	62-	The Statement of Arrears of	The Committee heard evidence given by the	Recommendations are being implemented on a

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
		Revenue Head 10-070 Income Tax	Revenue due as at 30th April, 2005 but uncollected as a 30th June 2005 reflects a balance of Kshs.66,948,860,473 compared to arrears of Kshs.61,474,980,679.00 recorded during the year 2003/2004. The increase of Kshs.5,473,879,794 or approximately 9% in the year 2004/2005 was attributed to increased penalties and interest on unremitted taxes during the period. The amount of Kshs.66,948,860,473.00 is mainly made up of Principal Tax, Penalties	Accounting Officer that the ministry has instituted the following measures to address the underlying problems of arrears. i) Strengthening arrears recoveries through normal settlement procedures where taxpayers' files are allocated to individual officers to pursue the debt, then the officers are evaluated on monthly basis. ii) Enhancement of measures of arrears recovery through Agency Notices on both Internal and external agents. iii) Intensify ledger correction (data correction) and enhance recoveries or discharges on assessment by faster dispute resolutions.	continuous basis. In addition, In Dupium Rule has been effected.

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
			<p>and Accrued Interest. As observed in the previous year's report. It is still not clear what action the ministry is taking to address the underlying problem of arrears which have been accumulating over the years.</p>	<p>iv) Faster resolutions on waiver of penalties and interest aimed at achieving recoveries of debt. Stations to forward submissions on mature cases where Principal Tax has been fully paid in order to hasten decision on waiver of the balance tax.</p> <p>v) Intensify write-off of uncollected tax on deserving cases to assist in reduction of debt on estimated assessments.</p>	<p>With the introduction of the integrated "Simba" system enhanced financial controls have been put in place.</p>
				<p>The Committee also heard that the additional debt could be growing at a faster rate than reduction as a result of charging of penalties and interest on the outstanding arrears.</p>	<p>KRA has recruited highly qualified and motivated staff. Staff undergoes training on integrity, fraud detection and prevention among other courses.</p>
				<p>The Committee recommends that the</p>	

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
				Accounting Officer should strictly adhere to the stipulated accounting systems and procedures.	
				The Committee further recommends that the Accounting Officer should build capacity with officers of integrity and professionalism in the Accounts Department.	
4.	2004/2005	63- Revenue Head 120-070 Value Added Tax	In the Report for 2003/2004, concern was raised over Arrears of Revenue due as at 30 April 2004 and uncollected as at 30 June, 2004 totalling Kshs.19,559,080, representing an increase of Kshs.1,628,105,020 or 8% over and above the arrears of	The Committee heard evidence given by the Accounting Officer That the increase of the arrears of revenue was as a result of an increase in Parastatals' debt by a total of Kshs.1,51,446,754 which was attributed to cash flow constraints faced by the affected parastatals. The balance of Kshs.596,966,307 was as a result of arrears raised during audit assessments carried out on other taxpayer's	Arrears recoveries have been strengthened and the In Duplum Rule has been effected hence reducing the debt.

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
			Kshs.17,713,454,060 recorded as at 30 June 2003.	accounts during the period under review and interest charged on outstanding debts.	
			A review of the position during the year 2—4/2005	The Committee also heard that out of a total figure of	
2004/2005		64.	indicates that the situation did not improve in that the figure of the Arrears increased sharply by an amount of Kshs.21,451,972,141 from Kshs.19,341,559,080 in 2004 to Kshs.40,917,884,141.00 as at 30 June 2005 representing an increase of approximately 111%.	Kshs.21,451,972,141 relating to 2004/2005 financial year an amount of Kshs.9,732,019,998 was in respect of principal tax due while the balance of Kshs.11,719,952,142 related to interest.	
			In the Report for 2003/2004, concern was	Efforts to recover the arrears from the parastatals resulted in recovery of Kshs.1,158,000,000 from January to December 2004 and Kshs.1,414,000,000 from January to December 2005, from Telkom (K) alone. Telkom (K), Railways KBC and Nzioa Sugar Company are some of	All the principal taxes that were owed by Telkom Kenya, and Railways were paid by Treasury and the penalties & interest waived.

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
65.			<p>raised over Arrears of Revenue due as at 30 April 2004 and uncollected as at 30 June, 2004 totalling Kshs.19,559,080, representing an increase of Kshs.1,628,105,020 or 8% over and above the arrears of Kshs.17,713,454,060 recorded as at 30 June 2003.</p>	<p>the parastatals with highest debts, but have continued to have cash flow problems, making recovery of debt quite slow.</p> <p>The Committee further heard that the "refer to drawer" (RD) cheques were Kshs.107,452,278.36 as at 30th June 2005 and not Kshs.124,352,920 as reported. This was caused by overcasting error of Kshs.16,900,641.65.</p>	<p>The ministry conducted internal special audits on the matters. The ministry wrote to KACC to conduct the investigations.</p>
66.			<p>A review of the position during the year 2004/2005 indicates that the situation did not improve in that the figure of the Arrears increased sharply by an amount of Kshs.21,451,9</p>	<p>The Committee reiterates its earlier recommendation under paragraph 57-60 of 2003/2004 accounts that the Director, Kenya Anti-Corruption Commission should investigate and establish the loss of government revenue due to mismanagement with a view of holding responsible and</p>	

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
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			72,141 from Kshs. 19,341,559,080 in 2004 to Kshs.40,917,884,141.00 as at 30 June 2005 representing an increase of approximately 111%.	prosecuting those involved in the mismanagement of the defunct corporations whose collapse were suspicious	
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Further, analysis of the Arrears shows that out of the total figure of Kshs.21,451,972,141.00 relating to 2004/2005, an amount of Kshs.9,732,019,988 was in respect of Principal Tax due , while the balance of Kshs.11,719,952.00 related to interest on delayed payments. It has not been

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
			<p>explained why the Arrears, some or which have been outstanding for a considerably long period of time, have not been collected.</p>		
			<p>The Statement in addition, continues to reflect a balance of Kshs.124,352,920.00 under VAT RD cheques relating to 2003/2004 and earlier years. As in the previous years, it has not been indicated what action is being taken to have the cheques replaced.</p>		

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
2005/2006	87-	Statement of Revenue Head 110-070, Income Tax	The Statement of Revenue Head 110-070: Income Tax for the year ended 30th June 2006 reflects actual receipts of Kshs.109,019,052,550.0 comprising Pay As You Earn of Kshs.58,654,771,448.45 and other Income Tax of Kshs.50,364,281,101.55. The main ledgers maintained by the Ministry, however, reflect total receipts of Kshs.109,734,307,152.15 made up of Kshs.58,793,240.65 and Kshs.50,928,911.50 for Pay As You Earn and	<p>The committee heard evidence given by the Accounting Officer that the difference reflected in the statements arose due to misposting which is now being reconciled.</p> <p>The Committee also heard that as stated in the previous reports, the total increased due to:</p> <p>Penalties and interest which account for over 60% of the debt outstanding</p> <p>Issuing of new additional assessments arising from audit cases</p> <p>Issuing of new estimated assessments to non-filers and defaulters</p> <p>Data entry of new returns on submission.</p> <p>Measures put in place</p>	
		88.			

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
89.			<p>Other Income Tax respectively. The resultant differences of Kshs.138, 606,892.20 and 576,647,809.95 totaling Kshs.715,254, 602.15 and attributed to incorrect entries in the main ledgers have not been reconciled or adjusted.</p>	<p>to address the problem of accumulation of tax arrears include:</p> <p>i) Strengthening arrears recoveries through normal settlement procedures where the taxpayer' files are allocated to individual officers to pursue debt and the officers are evaluated on monthly basis.</p>	
90.			<p>The Statement also reflects an amount of Kshs.109, 019,052,540.00 paid to Exchequer during 2005/2006 financial year which differs with the Exchequer records figure of Kshs.108,</p>	<p>ii) Enhancement of measures of arrears recovery through Agency Notices both internal and external agents.</p> <p>iii) Intensification of ledger correction (data correction) and enhancement recoveries or discharges on assessment by faster dispute resolutions.</p> <p>iv) Faster resolutions</p>	

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
		91.	<p>896,656,130.00. The resultant difference of Kshs.122,396,410.00 between the two sets of records has not been explained or reconciled.</p> <p>Further, the balance of Kshs.849.45 shown in the Statement of Assets and Liabilities for Deposits 07 as at 30th June 2006. No reconciliation or explanation has been provided for the difference of Kshs.2,811,604,802.55.</p>	<p>on waiver of penalties and interest aimed at achieving recoveries of debt.</p> <p>v) Intensification of write-off of uncollectible tax on deserving cases assist in reduction of debt on estimated assessments.</p> <p>vi) Kenya Revenue Authority has proposed that the penalties and interest should not exceed 100% of the principal, as contained in the 2008/2009 budget speech.</p> <p>The Committee further heard that the additional debt could be growing at a faster rate than reduction as a result of charging of penalties and interest on the outstanding arrears.</p>	<p>Civic education on compliance to Tax Laws has been intensified through mass media, Tax Clinics, workshops etc to enlighten taxpayers on their tax obligations.</p> <p>Emphasis has been placed on integrity and professionalism in recruitment and in-house training of all KRA officers.</p>

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
			<p>The Statement of Arrears of Revenue due as at 30th April and uncollected as at 30th June 2006 reflects a balance of Kss.84,859,479,678.05 made of Kshs.66,957,860,473.00 and Kss.17,901,205.05 relating to 2004/2005 and earlier years and 2005/2006 respectively.</p> <p>The increase of Kshs.17,901,619,205.05 during 2005/2006 is mainly attributed to an increase of Kshs.17,914,807,901.0</p>	<p>The Committee recommends that the Accounting Officer should urge the KRA to more proactive and embark on civic education with a view to emphasizing to taxpayers the benefits of paying their taxes early to avoid unnecessary penalties and interests.</p> <p>The Committee further recommends that the Accounting Officer should build capacity with officers of integrity and professionalism in the Accounts Department to avoid such glaring laxity in future.</p>	

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
			<p>5 against other Income Tax – Item 1110200. The Tax Arrears balance of Kshs.84, 859,478.05 mainly relates to interest on outstanding principal tax which constitutes over 50% of the total `arrears. As stated in the previous reports, the ministry has not come up with measures to address the underlying cause of arrears which have been accumulating over the years.</p>		
2005/2006	193-195		<p>Non-payment of Excise Duties on Spirit</p>	<p>The Committee recommends that KRA should strengthen its surveillance</p>	<p>The recommendations of The PAC have been noted. The authority has enhanced its surveillance</p>

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
				mechanisms to ensure that all duties are paid and that goods meant for export are not dumped into local market denying the government its revenue.	mechanisms on all exports. However, following an internal restructuring the Excise Function is now handled by the Domestic Taxes Department where frequent audits are a permanent feature of the processes in order to enhance compliance.
2005/2006		196-197	Unaccounted for goods at customs bonded warehouses in Mombasa.	The committee recommends that Accounting officer should make concerted efforts to audit and update books of accounts appropriately. It further recommends that the Accounting officer should move with speed to ensure that the remaining balance of Kshs.10, 133,180.00 is fully recovered/accounted for.	The recommendations of The PAC have been effected .With Modernisation of the systems accounting is done on line on all the bonded warehouses. The balance of Kshs 10,113,180 has been fully accounted by M/S Abaza and the audit query withdrawn.
2005/2006		202-207	Baraka apparel export processing zone (EPZ)- (Diversion of Imports,	The Committee recommends that the Accounting Officer should put measures in place to seal off the existing loopholes and	The recommendations of The PAC will be effected. We intend to put the EPZ Authority on notice on the aspects that touch on their operations including

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
			Irregular Alterations)	also curb the various incidents of theft of goods at the port of Mombasa. The Committee further recommends that any EPZ exporter who engages in tax evasion and fraud should be deregistered immediately.	licensing of EPZ Companies.
2005/2006	209		Irregularities in tax declaration and remission at Embakasi Inland Container Depot	The Committee recommends that the Accounting Officer should use other avenues available to him to ensure that this money is fully recovered by KRA and recovery confirmed by Controller and Auditor-General by 31st December 2009.	The Recommendations have been noted and recovery measures will be undertaken.
2005/2006	210-211		Diversion of Exports to the home market, uncancelled security bond and irregular sale of assets.	The committee recommends that officers who failed to call in bonds on time to recover the taxes as required be disciplined and surcharged. It also recommends that the Accounting Officer should ensure that Task Force to review outstanding bonds	The Authority will implement the recommendations stated including taking disciplinary action against errant employees who fail to recover taxes that are due.

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
				completes its work expeditiously so that this matter does not recur.	
	2005/2006	213-215	Irregular exemption of Import Duty, Excise Duty and Value Added Tax on Imported Vehicle.	The Committee recommends that the Accounting Officer should always ensure that the law is strictly applied when granting such tax exemptions.	Exemption procedures have been enhanced to avoid recurrence
	2005/2006	216-217	Irregular Transfer of Imported Rice and unpaid customs warehouse rent at Kipevu Container Freight Services- Mombasa.	Committee recommends that the Accounting Officer moves with speed to put surveillance mechanisms in place to forestall such incidents, it further recommends that investigations should be done to establish the people involved in the transaction with a view to taking necessary disciplinary measures.	The recommendations of the PAC have been noted and will be effected.
	2005/2006	218	Failure to collect revenue on uncanceled security bonds CB3	The committee recommends that proper mechanisms should be put in place to ensure that bonds are monitored and appropriate action	Mechanisms have been put in place to ensure there is effective monitoring of Bonds.

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
				taken promptly.	
	2004/2005	59-61	Revenue Head 100-070 Customs & Excise (MFI)	The committee recommends that the Accounting Officer should ensure that all the outstanding revenue is recovered in full without further delay.	The Ministry of Finance vide letter Ref: DFN415/411/01 dated 8/10/2007 waived a penalties and interest beyond the principal tax. The remaining 5% was paid vide F147 No. 2007NBI95989 total amount of Kshs5, 664,077. The matter was therefore settled.
	2005/2006	100/101 /102	Improper accounting of traffic revenue by lumping up or receipts under Traffic Revenue	The Ministry to liaise with stakeholders to streamline modalities of accounting for revenue	Meeting was convened between CBK, KRA and Treasury to resolve the recurring problem of lumping up revenue in one collection account and it was agreed that KRA submits monthly schedules to Treasury showing the collection per Tax component.
	2005/2006	190/191 /192	Defrauding of public funds by a cashier in collision with other officers in Mombasa Road Transport	Regular review of financial operational manuals and regulations with a view to strengthening internal control mechanism and sealing all loopholes which can	The recommendations of The PAC have been effected. The outstations submit weekly reconciliations to Head office

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
			Department.	be manipulated to siphon out public funds. The committee also recommended weekly reconciliations	
2005/2006		198/199 /201	Existence of weak internal controls systems in RTD that cause shortcomings in detecting irregularities or errors that may occur	The Committee recommends that the Accounting Officer should review such measures regularly to enable the Revenue Monitoring Unit stay ahead of possible fraudsters	Full integration of the cash receipting system Review of the cashiers work is done on a daily basis and any irregularities are dealt with immediately The officers involved were summarily dismissed and the Revenue Monitoring Unit continuously review the operations of the cash office
			Undercharging of licence fees through deliberate underrating and under assessment of engine capacities of various motor vehicles		
			Improper assessment and incorrect charging that may arise		

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
			<p>from omissions in some triplicate receipts of motor vehicles</p>		
			<p>Failure by the Commissioner RTD to give action taken to recover monies lost or prevent further losses</p>		
2005/2006	76/77	76/77	<p>Statement of participation by the Kenya Government in Quasi Government and Other Statutory Organizations.</p>	<p>The committee reiterated its recommendation under paragraph 119-121 of 2003/2004 accounts that the Accounting Officer must hasten to recover all the funds owed by the Banks in question.</p> <p>The central Bank of Kenya should keep overdrafts to a minimum and where they are given, they should be supported by</p>	<p>The winding up process of the Banks is still on course.</p> <p>The time frame for winding up will be determined by how long the cases take in court. The Government will realize the same money from them after the winding up process is through.</p>

No.	FY	PARA	HEADING	PAC RECOMMENDATION	MINISTRY'S ACTION
				marketable securities to avoid a repeat of similar problems.	

DEPARTMENT OF DEFENCE

Financial Year	Recommendation by PAC	Action taken by the Accounting Officer
2004/2005:		
Pending Bills: Paragraph 339	<p>The Accounting Officer should liaise with the Permanent Secretary, Treasury and the Pending Bills Closing Committee so as to ensure Pending Bills are cleared without delay.</p> <p>Also, on situations where the bills were disputed and questionable, the Director, KACC, should investigate the Ministry officers who authorized the claim documents and completion certificates of those contracts.</p>	<p>The accounting officer is closely working with the P.S Treasury and Pending Bills closing committee to ensure all disputed bills belonging to this ministry are resolved and finalized.</p>
Outstanding Imprests: Paragraph 340	<p>The Accounting Officer to ensure that the outstanding imprest of Ksh. 8,706 owed by the officer (who was transferred to the Ministry of Foreign Affairs before surrendering) is recovered in full without further delay.</p>	<p>The recovery of the outstanding imprest has since been effected.</p>
Compensation and Ex-Gratia Payments: Paragraph 341	<p>The Accounting Officer and the Attorney General to be held responsible for the loss incurred (accrued interest arising from delays in settling decretal sums on time) if due to negligence.</p>	<p>The recommendation has been noted and is being complied with to the letter.</p>

Loss of Cash-Nyali Barracks, Mombasa:

Paragraph 342

The Accounting Officer (in liaison with the Director, KACC) to follow up recovery of Kshs. 5,000,000 from the bank in question (KCB) for failure to verify authorization and abetting crime. Also, the Accounting Officer should liaise with the Attorney General to apprehend the culprit.

Action has been taken on the two recommendations

Payment of Goods and Services not Delivered:

Paragraph 343

The Accounting Officer to ensure that disciplinary action is taken against the officers who deliberately failed to avail information as required by financial regulations. Had the information been provided at the time of audit, the query would not have arisen.

It has since been established that the delay was not deliberate and therefore no need to take disciplinary action. Close working relation has been developed and is being sustained between the ministry staff and the office of the Controller and Auditor General.

Accounting Matters:

Uncleared Debit and Credit Balances

Paragraph 912

The Accounting Officer to liaise with Treasury and have the balances cleared as they have been outstanding for a long time.

The matter has since been acted on as recommended by PAC.

Excess Appropriation-in-Aid

Paragraph 913

The Accounting Officer and his officers to adhere to the financial regulations. The Accounting Officer should always provide analyses in respect of Advances, Agency, Suspense, Standing

Unanalysed Balances Imprests and Clearance Accounts.

Paragraph 914

The Accounting Officer should have balances cleared as they have been outstanding for long.

Clearance Account

Paragraph 915

Statement of Assets and Liabilities for Deposits

Paragraphs 917-918

2005/2006

PAC Recommendations

Current Status

Policy Matters

Pending Bills:

Paragraph 359

The Accounting Officer should always ensure that all bills are cleared within the year they are incurred to avoid accumulation to unmanageable levels.

The Accounting officer is complying fully to this recommendation.

Under collection of Appropriations-In-Aid:

Paragraph 360

The Accounting Officer should step up the collection of AIA from the other existing sources (other than UN).

Measures have been put in place to ensure that the A.I.A. collections are improved. The use of public auction as a more effective disposal method

Payment for goods not delivered:

Paragraph 361-364

The Accounting Officer should investigate further the circumstances leading to the acceptance of goods hitherto rejected and why the company was paid in full before the goods were delivered.

has been adopted.

Investigations have since revealed that certain procurement and payment procedures were either overlooked or ignored. Measures have been instituted to ensure strict adherence to procurement rules and procedures and full compliance with Government Financial regulations.

Outstanding fees at Defence Staff College and National Defence College:

Paragraph 365-368

The Accounting Officer to liaise with the Ministries concerned to recover the outstanding fees by 31st December 2009.

-The ministries which have responded have explained that they were not involved during the nomination of the participant, as this was by then been co-ordinated by DPM.

Also, the Accounting Officer should ensure that the current training policy and guidelines are strictly adhered to so as to safeguard public funds.

-The colleges have instituted the current training policy and guidelines which require all government nominees to pay tuition fees up-front.

Outstanding Imprests:

Paragraph 369

The Accounting Officer should ensure that outstanding imprest of Kshs. 314,000 is fully recovered.

-The imprest has been recovered fully.

Also, the Permanent Secretary and Treasury should ensure that Accounting Officers abide by financial regulations and recover the imprests within 48 hrs after return to duty station.

-Complying fully.

Compensation and Ex-Gratia Payments:

Paragraph 370-371

The Accounting Officer should liaise with the Attorney General with a view to taking responsibility for expeditious execution of court awards.

-The recommendation is appreciated all court awards are given priority and executed expeditiously.

The Attorney General should consult with Accounting Officers with a view to either seconding Legal Counsels to Ministries or recommending that Ministries hire their own legal officers.

Expired Drugs and Irregular Loaning out of Drugs at Armed Forces Memorial Hospital:

Paragraph 372

The Accounting Officer should install drug tracking and monitoring systems to ensure that funds are not tied up in unnecessarily huge stocks of drugs which might eventually expire and go to waste.

-Comment noted and implemented.

Aircraft Components Held By Foreign Companies:

Paragraph 373

The Accounting Officer should personally peruse the matter to ensure that the remaining components are repaired and shipped back immediately and

The ministry has managed to recover most of the components held by

finalise the issue of compensation by the freight company for the lost components.

foreign firms and the process is on-going.

Also, the Accounting Officer should initiate an audit by Kenya Civil Aviation Authority on all aircrafts to ascertain their performance and safety status.

Accounting Matters:

Uncleared Debit and Credit Balances:

Paragraph 1126-1129

The Accounting Officer should liaise with Treasury and have the balances cleared.

The Accounting officer is still awaiting response from Treasury on this subject matter.

**FINANCIAL YEAR
2004/2005
PARAGRAPH**

RECOMMENDATION BY PAC

ACTION TAKEN

Paragraph 351

❖ Under-Expenditure and Under-Collection of Appropriation-in-Aid

(i) **The committee recommends that:-**

(ii) The Accounting officer should always ensure that only funds for donor funded Projects whose formalities are certain to be finalized are factored in the budget;

(iii) The Accounting officer should liaise with Treasury to ensure that regulation procedures for disbursement of donor funds are harmonized with Government for ease of capturing the expenditures in Government accounts.

(iv) The Treasury should ensure that all documents relating to donor funded projects availed to the respective Accounting Officer for audit verification.

(v) The Accounting Officer should liaise with the Ministry of Public Works and the Treasury to avoid delay in implementation of donor funded projects.

❖ Only funds for donor funded project whose formalities are certain are factored in the budget

❖ Disbursement of donor funds are harmonized for ease of capturing the expenditure

❖ The document have been availed to the Auditors for verification

❖ The Accounting Officer is liaising with Ministry of Works and Ministry of Finance in implementation of donor funded projects

Paragraph 352 – 355

The Committee recommends that:-

Arrears of Appropriation-in-Aid

(i) The names of all debtors

❖ This names of the debtors were published as per Public

should be published and announced in the major print and electronic media, and an ultimatum given for them to repay their debt.

Accounts Committee recommendations
Reference: Daily Nation and Standard newspapers dated 29th July 2009

- (ii) Arrears of Appropriation-in-Aid totaling Kshs.18,755,306.35 which was omitted should be accounted for in full by the Accounting Officer.
 - ❖ Arrears of AIA of 18,755,305.35 has been accounted for
 - ❖ The statement of arrears has been submitted to Controller and Auditor General
- (iii) The Statement of arrears should be submitted to Controller and Auditor General for verification without further delay.

Paragraph 356 – 360

The Committee recommends that:-

❖ Compensation and Ex-gratia

- (i) The Attorney General should ensure timely and effective representation of cases of Government Ministries.
- (ii) Drivers are adequately trained and supervised; and
 - ❖ Drivers have been trained and are well supervised
- (iii) Government vehicles are properly maintained and serviced.
 - ❖ Vehicles are properly maintained and serviced

Paragraph 361

The Committee recommends that:-

❖ Irregular Procurement

(i) The Accounting Officer should ensure that documents are availed for verification at the time of audit as required by law and that officers who fail to strictly adhere to government procurement and financial regulations are disciplined appropriately.

❖ The documents have been availed to audit for audit verification

Paragraph 362

The Committee recommends that:-

❖ Outstanding Debts – Agricultural Mechanization Services. Narok District

(i) The Accounting Officer should ensure that proper documents should be signed before contracts are given.

The accounting officers is ensuring that proper documents are signed before the contracts

(ii) The Accounting Officer should ensure that the outstanding debt is fully recovered without further delay.

Paragraph 363

The Committee recommended that:-

❖ Doubtful Delivery of Service

Officers who fail to avail documents at the time of audit should be disciplined

The document have been availed to auditors

Paragraph 364

The Committee recommends that:-

❖ Renovation of Fabricated Offices and Toilets

(i) The Accounting Officer should ensure that no further funds are paid to the contractor.

❖ The Accounting Officer has ensured that no further funds are paid to the Contractor

❖ The accounting officer has put measures to ensure that in future public interest shall

- (ii) The Accounting Officer should in future ensure that when designing government contracts, protection of public interest should be paramount.
 - (iii) The accounting officer should consider the requirement for a performance bond to safeguard public interest.
- be protected when designing Government contracts
- ❖ All contracts having performance bond to safeguard Public funds

Paragraph 365 – 366 The committee recommended that:-

- ❖ Misallocation of Njaa Marufuku Programme funds
- (i) The officers who fail to avail documents at the time of audit should be disciplined.
- (ii) Proper mechanisms are put in order to ensure that such programmes are viable, with a view to replicating them across the country.
- (iii) The documents have been availed to the Auditors
- ❖ The follow up mechanism has been put in place to evaluate the value and viability of such programmes.

Paragraph 367 (iii) The Committee recommended that:-

- ❖ Grants to Organizations/Parastatals
- The officers who avail documents at the time of audit should be disciplined
- ❖ The documents have been availed to the Auditors for audit purpose

Paragraph 368

- ❖ Payment of Grants to various self-help groups

The Committee recommended that:-

The officers who fail to avail documents at the time of audit should be disciplined.

- ❖ The documents have been availed to the Auditors

Paragraph 369 – 371

- ❖ Agricultural Information centre Revolving Fund Account for the year ended 30th June, 2005.

The Committee recommended that:-

The Accounting Officer in liaison with the Permanent Secretary, Treasury should ensure that:-

- (i) Procedures are harmonized with donors in order to timely capture all expenditure on donor funded projects.
- (ii) Proper systems are put in place to address the issue of capacity to absorb, utilize and capture donor funds.

- ❖ The information relating to direct donor funding was forwarded to Audit for verification

- ❖ Proper systems have been put in place

Paragraph 372-375

- ❖ Demonstration farms fund (DFF) for the year 2004 - 2005

The Committee recommended that:-

- (i) In future the Accounting Officer should ensure that documents are availed for verification at the time of audit as required by law.
- (ii) Should ensure proper book keeping in the Ministry, failure to which the officers responsible for the laxity and inefficiency should be disciplined.

- ❖ The documents have been availed for verification

- ❖ Proper book keeping is now maintained

Paragraph 376

The Committee recommended that:-

- ❖ Statement of Obligations Guaranteed by the Government of Kenya as at 30th June, 2005

The Accounting Officer should record financial support through donor funds correctly in order to ascertain the level of indebtedness.

Paragraph 377- 379

The Committee recommended that:-

- ❖ Statement of Investment by Government in Local Companies

The Accounting Officer should liaise with the Investment Secretary with a view to ensuring that the state of investments is established so that the Ministry records can be updated accordingly.

- ❖ The Accounting officer has written a letter to the Investment Secretary to have the Investment written off since they are not of any economic value

MINISTRY OF AGRICULTURE

2005/2006	RECOMMEDATION BY PAC	ACTION TAKEN
Paragraph 381 – 383	The committee recommended that:-	
<ul style="list-style-type: none"> ❖ Delay in submission of Appropriation Accounts and other financial statements for 2005/2006 for Audit. 	<ul style="list-style-type: none"> (i) The Accounting Officer should strictly enforce the provisions of Section 4 (4) of Public Audit Act, 2003 with a view to eliminating delays in submitting appropriation accounts and other financial statements to the Controller and Auditor General. 	<ul style="list-style-type: none"> ❖ The Ministry has maintained close contact with Ministry of Finance to get timely District data for capture
	<ul style="list-style-type: none"> (ii) The Accounting Officers who persistently fail to be barred from holding public Office. 	<ul style="list-style-type: none"> ❖ The full implementation of LMS and IFMIS by the Ministry ensure ledger is produced in time and appropriation Accounts prepared and submitted in time
Paragraph 384 – 385	The committee recommended that:-	
<ul style="list-style-type: none"> ❖ Under – expenditure and under-collection of Appropriations-in-Aid Vote D.10 	<ul style="list-style-type: none"> ❖ The Committee recommends that the Ministry should phase out the current over dependence on donor funding because failure to utilize those funds results in the inability to realize the AIA which is directly derived from the projects. 	<ul style="list-style-type: none"> ❖ The Ministry still need donor funding to ensure it achieves its mandate. Efforts have been put in place to ensure budgeting is done for activities that can be accomplished within stipulated time. ❖ Ministry of Agriculture, Finance and Donors have come up with agreeable

terms of implementation that ensures funds are not delayed unnecessarily.

Paragraph 386

The committee recommended that:-

Pending bills

The Accounting Officer should always ensure that all pending bills are paid within the year they are incurred.

- ❖ The Ministry limits its expenditure and commitment to the funds budgeted under its vote.
- ❖ Full release of exchequer have ensured non accumulation of pending bills.
- ❖ The ministry always request for full exchequer release in any Financial Year to ensure non accumulation of pending bills

Paragraph 387 - 389

The committee recommended that:-

❖ Statement of Investments by Kenya Government in local Companies

- (i) The Accounting Officer should liaise with the Investment Secretary with a view to ensuring that the state of the investments is established so that the Ministry's records can be updated accordingly.

- ❖ The Ministry has written to Investment Secretary with a view to view to have the investments written off since they are of no economic value

Paragraph 390 – 391

The committee recommended that:-

❖ Statement of Obligations Guaranteed by the Kenya Government

(i) The Accounting Officer should also keep track of the debt status by maintaining accurate records for audit purposes.

(ii) The Accounting Officer should make an effort to ensure that the statements are confirmed from Treasury in order to ascertain the level of indebtedness and correct record of financial support through donor funds.

❖ Records on debt status are maintained by Treasury and benefiting agencies and are open for audit purposes

❖ The ministry consults regularly with the Ministry of Finance to ascertain the correctness of the debt figures

Paragraph 392 – 395

The committee recommended that:-

❖ **Agricultural information centre revolving fund account.**

(i) The Accounting Officer should in consultation with the Permanent Secretary; Treasury put modalities in place to ensure more absorption capacity and better accountability for donor funds.

(ii) The Accounting Officer should ensure that all outstanding debts and imprests owed to the Fund are fully recovered.

❖ Release of donor funds to the implementing agencies has been fastracked for smooth absorption. The funds are being accounted for as provided in Government financial regulation and procedures

Paragraph 396 – 401

The committee recommended that:-

❖ Demonstration Farms Fund (DFF)

(i) The Accounting Officer should urgently streamline its operations, and update and reconcile its accounts to make it transparent and accountable.

(ii) The Accounting Officer should ensure that officers responsible for failure to maintain accurate records of this fund are severely disciplined.

(iii) The Accounting methods used should comply with internationally accepted standards and all relevant supporting documents be availed for audit verification.

❖ Farmers Training Centers maintains cash collection registers that details all transaction of the fund account. All collections supported by official receipts are submitted to the Ministry where are incorporated to the main fund accounts AIES are issued from main fund accounts back to FTC and accounted for in the normal government accounting.

❖ Income and expenditure accounts are currently being prepared in line with international Financial reporting standards (IFRS)

❖ The operations were streamlined and transfer of previous years balances brought forward

Paragraph 402

The committee recommended that:-

❖ **Irregular Repairs of an Office**

(i) The Accounting Officer should ensure that the government fanatical regulations and procurement procedures are strictly adhered to and where that is not done, disciplinary action should be taken against the officers concerned accordingly.

- ❖ Documentary Evidence of all transaction pertaining repairs was availed to the Controller and Auditor General.
- ❖ Government Financial regulations and procedures are strictly being followed as per recommendations.

Paragraph 405 - 406

The committee recommended that:-

❖ **Irregular Purchase of Telephone Equipment**

❖ The Accounting Officer takes the necessary disciplinary action against the concerned officers including surcharge. The excuse that the officers were ignorant of procurement regulations does not hold as this is the more reason why they should have left that responsibility to the authorized procurement officer.

Paragraph 407 – 411

The committee recommended that:-

❖ **Arrears of Appropriations-in-Aid**

(i) Names of debtors should be published and announced in

- ❖ Names were published as per PAC recommendations Reference: Daily Nation and

the major print and electronic media and an ultimatum given for them to repay the debts

Standard newspapers dated 29th July 2009

- (ii) Arrears of all A-in-A which were omitted should be accounted for in full by the Accounting Officer
- (iii) The statement of arrears should be submitted to the Controller and Auditor General for verification

- ❖ The arrears were not for any work undertaken and hence not invoiced and therefore could not be carried forward
- ❖ A review on conditions of hire has been taken to ensure no debt is accrued for works not done.

Paragraph 417 – 418

❖ Doubtful Delivery of Cotton seeds at Tharaka District Agricultural Office.

The committee recommended that:-

- ❖ The Accounting Officer should establish follow up mechanisms to ensure that all goods entrusted to Provincial Administration and other government agencies are actually distributed as intended and that there is proper and transparent feedback to monitor this.
- ❖ The Ministry has formed a monitoring and Evaluation team that ensures programmes are implemented as intended.
- ❖ The Accounting officer has often used the Internal Audit to inspect all ministry activities regularly with a view of streamlining the operations and taking of disciplinary measures for any impropriety.
- ❖ The committee further recommends that the Accounting officer should ensure that government procurement procedures are strictly adhered to and disciplinary action taken against the officers who failed to follow the laid down procedures and maintain appropriate records.

Paragraph 419 – 420

- ❖ Apparent Financial irregularities at Mandera District Agricultural office

The committee recommended that:-

- (i) The Accounting Officer must ensure that the outstanding balances of Kshs.18,500.00 is fully accounted for failing which the concerned officer should be surcharged.
- (ii) The Accounting Officer should also investigate whether public procurement procedures were followed while procuring items worth Kshs.260,944.00 and take necessary action accordingly.

Paragraph 421 – 425

Rehabilitation of Loss on three dormitories at Homabay farmers Training Centre Centre - Nyanza

The committee recommended that:-

- (i) The Accounting Officer liaises with his counter-part in the Ministry of Public Works to fully investigate this Project with a view of finding out who the other two bidders were and what personal interest government officers had in the project. He should also find out who authorized the payment, why no contract was signed and why the project was abandoned, among other issues.

- ❖ A letter Ref: dated has been written to the Ministry of Public Works and response is being awaited.

- (ii) The Accounting Officer should ensure that all the officers from both Ministries found to have defrauded the government in collusion with the contractor are severely disciplined and surcharged.
 - ❖ Disciplinary Action will be taken against any officer found to have engaged in any activity meant to defraud the Government once the facts are ascertained.
- (iii) Investigations be undertaken to ascertain the levels of collusion with a view to taking disciplinary action officers involved.

MINISTRY OF MEDICAL SERVICES

Financial Year/Paragraph	Recommendation by PAC	Action taken
2004/2005 Para. 380	<p>The Committee recommends that:-</p> <p>i) The Accounting Officer should always ensure that only funds for donor funded project whose formalities are certain to be finalized are factored in the budget so that other Projects are not denied services/goods due to non-use of funds.</p> <p>ii) The Accounting Officer in consultation with the Treasury should put in place strict measures to ensure that revenue estimates are realistic.</p> <p>iii) The Accounting Officer should only factor in the budget donor funded projects in which the respective donors have made serious commitments.</p> <p>iv) The Accounting Officer should ensure that projects are prioritized in order to</p>	<ul style="list-style-type: none">• The Ministry includes in the budget only those donor funded projects in which the respective donors have made serious commitment.• Appropriate consultation is now made with Treasury to ensure that the budget contains realistic estimate of revenue and expenditure.• Projects whose formalities are uncertain are now excluded from the budget estimates.• Prioritization of projects is done so that they are in line with the government and donor agreements

be in line with the government budgetary plans and donor agreements.

- v) Where laxity, negligence or incompetence by officers is established to have caused under expenditures or under collections, such officers should be severely disciplined.

Para. 381

The committee while noting the predicament of exchequer under issues faced by the Ministry during the year under review recommends that Treasury should ensure that revenue estimates are not only realistic but also achievable in the estimated time.

The Committee also recommends that the Accounting Officer should always ensure that the Ministry operates within the budgetary allocation and that all bills are paid within the year they are incurred.

- Ministry has implemented strict expenditure control measures. This include automation of budgetary control system – implementation of IFMIS
- Parallel procurement for drugs at the Ministry and at KEMSA has now stopped and procurement of drugs is done at KEMSA.
- AIEs are now captured and controlled in IFMIS
- However, arbitrary rise in utility bills, particularly electricity bills, make the process difficult

Para. 382 - 387

The Committee recommends that the Accounting Officer should build capacity on the officers in the Accounts Department.

More of the training budget has been allocated to Accounts for training in computer and other capacity improvement courses

Para. 388 - 391

The Committee recommends that the Accounting Officer should take disciplinary action against officers responsible for

- More budgetary resources allocation towards capacity improvement courses for

poor book keeping and reprimand the officers for repeat offences.

The Committee also recommends that the Accounting Officer should build capacity on the officers in the Accounts Department.

Para. 392

The Committee recommends that the Accounting Officer should do proper budgeting to avoid under – or – over estimation. Where negligence or laxity is established, disciplinary action should be taken against the officers concerned.

The Committee also recommends that the Accounting Officer should always ensure that the Ministry should operate within its voted provisions.

Para. 393

The Committee noted with concern the inordinate delay in availing documents to auditors and recommends that officers who fail to avail documents at the time of audit should be disciplined.

accounts personnel.

- Disciplinary action against officers who cause material errors is taken.

- Effort to prepare realistic budget estimates have been initiated.

- More consultations between Finance and Human Resource department in preparing budget for personal emoluments.

- Involvement of all relevant Departments and officers in preparing the budget estimates.

- Introduction of automated systems in expenditure control to ensure that we operate within the budget estimates.

- The Department has now reorganized the accounts registry section.

- Posting of more qualified officers in the registry who have improved the filing system.

- Retrieval of documents is now easy and they are now available to the auditors promptly.

Para. 394 -

The Committee recommends that the Accounting Officer should always use original bills for payment of electricity consumed by the Ministry. Individual bills (as opposed to just composite should be verified to ascertain whether they are chargeable to public funds

The Committee further recommends that in the event of non availability of acknowledgement receipts of the bills, the officer in charge should be held personally liable for the amounts in question.

- Payment of electricity bills is now based on actual bills as opposed to composite bills.
- The individual electricity bills are now verified before the payment of the bills.
- The Ministry has now decentrated payment of electricity bills to individual health facilities.

Para. 395 –
398

The Committee therefore recommends that the Accounting Officer and the Officers of the Attorney General's Office should be held responsible for the loss incurred by Government where negligence is established.

- The Ministry has now employed a legal officer who will be liaising with the Attorney General's office to fast track correspondences.

- This will reduce delay in processing the compensation amount and the resultant interest charges

Para. 399 -
400

The committee while noting the action taken by the Accounting Officer, recommends full amounts of the imprests outstanding are recovered without further delay.

The Committee further recommends that the "Accounting Officer should ensure that imprest holders abide by financial regulations by surrendering the imprest within 48 hours after return to

- Enforcement of financial regulations governing issuance and surrender of imprest
- Recovery of all outstanding imprests is effected immediately after the officer defaults payment on due date.
- Imprest returns prepared on a monthly basis and copies distributed to AIE holders.

duty station. In the event of the holder failing to account for or surrender the imprest, the Accounting Officer should recover the amount in full from the salary of the defaulting officer with 30 days, failure to which the outstanding amount should be recovered from the Accounting Officer.

Para. 401

The Committee noted with concern the inordinate delay in availing documents to auditors and recommends that officers who fail to avail documents at the time of audit should be disciplined.

- The Ministry has not re-organized the voucher registry section
- New and more competent staff have been posted to the section.

Para. 402

The Committee noted with concern the inordinate delay in availing documents to auditors and recommends that officers who fail to avail documents at the time of audit should be disciplined.

- The documents are properly filed and availed for audit – whenever required.
- The Ministry has now re-organized the voucher registry section.
- New and more competent staff have been posted to the section.
- The documents are properly filed and availed for audit – whenever required.

Para. 403

The Committee, while noting the action taken by the Accounting Officer, recommends that the full amounts of the imprests outstanding are recovered without further delay, failure to which the Accounting Officer shall be held to account.

- All outstanding imprest which have not been surrendered within the due dates are recovered immediately.
- Strict compliance with rules governing issuance and surrender of imprest.

Para. 404 - 405	The Committee recommends that:-	<ul style="list-style-type: none"> • The Accounting Officer has now instituted proper accounting records and internal controls in the Health facilities. • The Accounting Officer, in consultation with stakeholders in GOK and NGOs has developed cost sharing FIF guidelines for use by health facilities to streamline operations. • Any officer responsible for mismanagement of hospital resources to be surcharged immediately.
	<ul style="list-style-type: none"> i) The Accounting Officer should be held responsible for lack of proper accounting records and internal controls in the Health Facilities ii) The officers responsible for mismanagement should be surcharged to the extent of the revenue that has not been accounted for iii) The Attorney General should undertake to pursue the culprit with a view to recovering the outstanding amount. 	
Para. 406-	The Committee recommends that stern disciplinary action (and where appropriate prosecution) should be taken against the officers responsible (including the officers who authorized the payment) be surcharged to the extent of the funds that has not been accounted for	<ul style="list-style-type: none"> • The Accounting Officer has instituted controls to ensure that accounting and procurement procedures are followed • Action against the officers is being initiated.
Para. 407	The Committee abhorred the manner in which payments were done before the work was done and recommends that the officer who contravened the law should be disciplined	<ul style="list-style-type: none"> • Action against officers responsible is being initiated.
Para. 408 – 409	The Committee recommends that the Accounting Officer should liaise with the other	<ul style="list-style-type: none"> • The Accounting Officer has implemented the following:-

stakeholders and review the cost sharing policy with a view to streamlining its operations and sealing any existing loop-holes.

- Liaising with all stakeholders in GOK and NGO in developing a cost-sharing FIF guidelines to streamline the operations of all the health facilities
- Through a wide consultative process, Hospital Management Fund has been created through a Legal Notice No. 1550 of 16/1/2009
- Electronic Cash Register/Information System has been strengthened to enhance efficiency
- The Accounting Officer has been issuing circulars to the health facilities giving guidance on prudent methods to manage the Fund.

Para. 410 –
412

The Committee recommends that the Accounting Officer should liaise with the other stakeholders and review the cost sharing policy with a view to streamlining its operations and sealing any existing loop-holes.

- The Accounting Officer has implemented the following:-
 - Liaising with all stakeholders in GOK and NGO in developing a cost-sharing FIF guidelines to streamline the operations of all the health facilities
 - Through a wide consultative process, Hospital Management Fund has been created

through a Legal Notice No. 1550 of 16/1/2009

- Electronic Cash Register/Information System has been strengthened to enhance efficiency
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Para. 413 –
414

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Para. 415 –
418

The Committee recommends that the Accounting Officer should liaise with the other stakeholders and review the cost sharing policy with a view to streamlining its operations and sealing any existing loop-holes.

- The Accounting Officer has implemented the following:-
 - Liaising with all stakeholders in GOK and NGO in developing a cost-sharing FIF guidelines to streamline the operations of all the health facilities
 - Through a wide consultative process, Hospital Management Fund has been created through a Legal Notice No. 1550 of 16/1/2009
 - Electronic Cash Register/Information System has been strengthened to enhance efficiency
 - The Accounting Officer has been issuing circulars to the health facilities giving guidance on prudent methods to manage the Fund.

Para. 419 –
424

The Committee recommends that the Accounting Officer should liaise with the other stakeholders and review the cost sharing policy with a view to streamlining its operations and sealing any existing loop-holes

The Committee also recommends that the Accounting Officer should ensure that accurate statement of accounts are submitted to

- The Accounting Officer has implemented the following:-
 - Liaising with all stakeholders in GOK and NGO in developing a cost-sharing FIF guidelines to streamline the operations of all the health facilities
 - Through a wide consultative process, Hospital Management Fund has been created

the Controller and Auditor General for audit verification at the time of audit stipulated in law

through a Legal Notice No. 1550 of 16/1/2009

- Electronic Cash Register/Information System has been strengthened to enhance efficiency
- The Accounting Officer has been issuing circulars to the health facilities giving guidance on prudent methods to manage the Fund.

Para. 425 –
427

The Committee noted with grave concern that the Accounting Officer has not moved with haste to implement its earlier recommendation on this matter and recommends that he should liaise with Treasury in order to do so without further delay.

- The issue is still outstanding
- The Ministry has not been able to locate the documents as required by treasury
- The issue is being pursued with Treasury.

2005/2006
Para 426

The committee recommends that the Accounting Officer should ensure that appropriation accounts are forwarded to the Controller and auditor General on this stipulated date as per the law.

- The Accounts are now being submitted to the Controller and Auditor General within the stipulated date as per Government Financial Management Act.

The committee further recommends that Accounting Officers who persistently fail to submit Appropriation Accounts and other Financial Statements for audit within the stipulated time without reasonable cause should be barred from holding any public office

- Deployment of more competent officers who are able to prepare accurate timely accounts

Para 427-432

The committee recommends that the Accounting Officer should take severe disciplinary

- The Accounting officer warned the Accounting Staffs to ensure that they exhibits

action against the officers involved for laxity and negligence of duty.

The committee further recommends that the Accounting Officer should move with speed to streamline the above operations, avail all the relevant documents for audit verification and also ensure that the whereabouts of the outstanding balance of Kshs.640,830,784.80 from the personal emoluments account is established and the amount fully accounted for.

Para 433-439 The Committee recommends that the Accounting Officer requests for deployment of experienced and competent officers to man the Accounts Department.

The Committee further Recommends that the Accounting Officer ensures that in future documents are promptly availed for audit verification to break this recurring vicious circle.

Para 440 The committee heard that the revenue was generated from the six (6) heads but accounted for under head 310 during

professionalism failure to which severe disciplinary action will be taken against them.

- It was also established that the difference between the payroll and related payment vouchers and the Appropriation Accounts was due to some expenditure on salary, House Allowance and Medical Allowance being charged to other Personal Expenditure items thus the difference of Kshs.640,830,784.80 had been accounted for.
- The Accounting Officer has streamlined the operation of budget distribution per item to match the actual expenditure.
- The Accounting Officer has issued instructions to the Accounts Department Staffs to ensure that the necessary documents are promptly availed to the auditors for audit verification as requested.
- The voucher registry section has been restructured, including deployment of more qualified personnel, resulting to good filing system. The document are now easily retrieved and submitted to the auditor promptly.
- The Accounting Officer has undertaken measures to ensure that all the revenue due is budgeted realistically

surrender resulting in an over-collection of Kshs.1,150,888.00 being reflected under that head

The committee recommends that the Accounting Officer should ensure that more emphasis is put on revenue collection and also set realistic revenue collection targets.

Para 441-442

The committee recommends that the Accounting Officer should put in place strict measures to ensure that only those projects whose formalities are certain to be finalized within the year under review are included in the budget

Para 443-444

The committee recommends that the Accounting officer should always ensure that all expenditures are properly authorized and relevant documents availed to the Controller and Auditor General for audit verification.

Para 445-447

The Committee recommends that the officers who failed to avail documents at the time of audit should be disciplined.

Para 448-449

The Committee recommends that the Accounting officer should take severe disciplinary action against the officers who were in charge of the compliment control for failing to maintain accurate records resulting in an avoidable over-expenditure of Kshs.484,831,148.70 on personnel emoluments.

under the appropriate heads.

- More consultation between various revenue generating department and Finance Department is now being resulting to realistic/accurate revenue targets.

The Ministry officials regularly engage development partners to ensure that only those Projects which have complied with Financial requirements are included within the year under review.

The Accounting Officer ensures that financial regulations and procedures are followed and relevant documents availed to the auditors for audit verification.

The Accounting Officer has put in place measures ensure that all required documents for audit verification will always be availed in time.

The Accounting Officer has deployed competent officers in the complement control section who are maintaining accurate record(s).

Para
450-451

The pending Bills arose due to liquidity problems and were cleared as the first charge in 2006/2007 Financial Year. The pending bills from the districts had not been received at the Ministry Headquarters at the time of preparation of the appropriation account.

The committee recommends that the Accounting Officer should always ensure that all bills are paid within the year they are incurred. The Ministry must also budget realistically and prudently in accordance with government financial regulations.

Para 452-453

The committee recommends that the Accounting Officer must ensure that the outstanding imprests owed by the officers are recovered or accounted for in full, failing which disciplinary action should be taken against them.

The committee further recommends that the Permanent Secretary Treasury should ensure that Accounting Officers abide by Financial regulation and recover the imprest within forty eight hours after return to duty station. In the event of the holder failing to account for or surrender the imprest, the unsurrendered/unaccounted for amount shall become a debt owed to the government by the officer and the debt shall attract interest at the

- The Accounting Officer undertakes to ensure that the Ministry adhere to all the government financial regulation when executing the budget.
- Prudent Control Measures instituted
Implementation of automated budget control systems
- Issuance of letters and instruction to districts demanding compliance with financial regulations.

- The Accounting officer undertakes to ensure that outstanding imprests are recovered from the defaulters salaries immediately they fall due. The financial regulation will always be followed in the management of accounting for imprests.
- All outstanding imprest are promptly recovered when not surrendered on due dates.
- Strict compliance with financial regulation governing issuance and surrender of imprest.

prescribed rate. The Accounting Officer should recover the amount in full and interest thereof from the salary of the defaulting officer. Officers who move to new stations should not be cleared before surrender of all outstanding imprests and other amounts owed to the government.

Para 454-455 The committee recommends that the Accounting Officer should ensure that supporting documents including original electricity bills relating to the above case are availed for audit verification and officers involved be disciplined for laxity and negligence.

The Committee further recommends that the Accounting Officer should enforce financial regulations and ascertain that the power bills paid for are actually those and only those incurred by the Ministry for forestall fraudulent acts. Failure to which he will be held personally liable for any loss incurred.

Para 456-459 The committee recommends that the Accounting should in future be held responsible for lack of proper accounting and internal controls in the Ministry.

The committee further recommends that the Accounting Officer should expeditiously liaise with Treasury to streamline the

- The Accounting officer has availed the original electricity bills for audit verification and will ensure future payments are accompanied with original bill at the time of payment.

- All electricity bills paid are supported by original documents.

- Payment of Electricity bills has been decentralized to facilitate verification and forestall fraudulent acts.

- The Accounting Officer has provided additional funds for accountant to enhance efficiency

- Requested for additional accounts staff from Treasury.

- Developed guidelines in consultation with stakeholders as follows:

- Facility improvement fund supervision manuals

financial operations of the funds and put in place internal control mechanisms aimed at detecting the weak links hindering its smooth running.

Para
460-461

The committee noted the presence of clear guidelines on the management of cost sharing funds and recommends that the Accounting Officer should ensure strict adherence to them.

Para
462-464

The committee recommends that the Accounting Officer should urgently take up this matter and ensure that all funds unaccounted including those held up in the missing receipt books are recovered from the concerned officers and severe disciplinary action taken against them.

The committee further recommends that the Accounting Officer should liaise with the other stakeholders and review the cost sharing policy with a view to streamlining its operations and sealing any existing loopholes.

Para 465-467

The Committee recommends that the Accounting Officer

- Guidelines for Establishment and operation of District Stakeholders forum of June 2006.

- Development through legal Notice No.1550 of 16th October, 2009 of Hospital Service Management Fund.
- Development of Electronic cash registers/Financial Information system.

- The Accounting Officer issued circulars and letters to officers to strictly guide and direct follow the rules and regulation governing cost sharing funds.

- The Accounting officer has developed guidelines in consultation with stakeholders as follows:-

- Facility improvement fund supervision manuals.

- Guidelines for establishment and operation of district stakeholders forum 2006.

- Development of Hospital Service Management Fund through legal Notice No.150 of 2009.
- Development of Electronic cash registers/Financial Information systems.
- Circulars issued periodically to the health facilities for guidance and instructions.
- The Accounting officer is in the process of initiating the

should launch serious investigations into the financial situation in that hospital and if necessary carry out a special audit on the matter.

The committee further recommends that all officers involved in the above malpractices should be severely disciplined and surcharged for any loss of public funds.

Para
468-469

The committee recommends that the Accounting Officer, through his field officers should carry out regular impromptu inspections with a view to curbing this rampant mismanagement of public funds.

The committee also recommends that all the officers involved be disciplined and surcharged before 31st December, 2009 failure to which he will be held personally liable for any loss incurred.

Para
470-474

The Committee recommends that the Accounting Officer take necessary measures to recover all the outstanding funds. He should also institute severe disciplinary action against all the officers involved before 31st December, 2009 failure to which he will be held personally responsible for the loss.

Para
475-480

The committee recommends that although some action had been taken on all the irregularities cited above, the

necessary investigations into the financial scandal.

- Regular and impromptu inspections are now being undertaken.
- Guidelines issued requiring all the staff to strictly follow cost sharing regulations, and government financial regulations, in management of funds
- Action initiated to facilitate recovery of all the outstanding funds.
- Officers who had over stayed in Nakuru Hospital were transferred to other health facilities.

Accounting should ensure that a thorough clean up is done to rid the hospital of officers who have over-stayed there and who could have entrenched and perpetuated that habit of mismanagement of Public Funds.

The committee also recommends that Kshs.17,506,998.40 spent without authority and all the other amounts spent from the National Bank Account irregularly operated should be established and paid in full before 31st December, 2009.

The committee recommends that the Accounting Officer should urgently discontinue the IOU informal system of disbursing funds as it has no legal basis and it is subject to massive abuse.

The committee further recommends that given the rampant misuse of this Fund, the Accounting Officer should in collaboration with other stakeholders review its operations and put in place more comprehensive and strict measures to make the money inaccessible to unauthorized persons.

The Committee was appalled by the high degree of mismanagement in this institutions and recommends that

- The Accounting Officer should urgently liaise

- Disciplinary action for the officers involved in the malpractices has been initiated.

- The use of IOU has been discontinued
- All officers have been directed to comply with existing financial regulations and procedures in addition to F.I.F regulations.

- The accounting officer has sought authority to employ accountants and procurement officers who will be deployed to manage the health facilities.
- A number of staff responsible

Para
481

Para
82-490

with Treasury to deploy competent Accounts and Procurement Officers to streamline the operations of this hospital

- The massive mismanagement of public funds should be investigated with a view to bringing all those responsible to book.
- The accounting officer should embark on serious management and financial training programmes for the hospitals' senior management to enable them appreciate and adhere to government financial and procurement regulations.
- The Accounting Officer should ensure that he personally makes impromptu visits to all hospitals to assess the prevailing situation on the ground and institute remedial measures where necessary.

Para
491-493

The committee recommends that the Accounting officer should ensure that merchants who deliberately collude with public officers to circumvent Public Procurement regulations are disqualified and barred from doing further business with the government.

Para
494-496

The Committee reiterates its earlier recommendation and further recommends that the

for management of the hospitals have been sponsored for financial management courses. More will be trained from the current years budgetary allocation.

- Impromptu visits to the hospitals are being undertaken.

The Accounting Officer has appropriately briefed all the relevant departments of the need to exercise integrity in procurement and payment of goods and services.

- Follow up in progress
- However,
- Lack of the required data

Accounting officer should move with speed, implement the recommendations of the committee and finalise this outstanding issue before 31st December, 2009.

The committee recommends that the Accounting Officer should ensure that appropriation accounts are forwarded to the Controller and auditor General on this stipulated date as per the law.

The committee further recommends that Accounting Officers who persistently fail to submit Appropriation Accounts and other Financial Statements for audit within the stipulated time without reasonable cause should be barred from holding any public office

The committee recommends that the Accounting Officer should take severe disciplinary action against the officers involved for laxity and negligence of duty.

The committee further recommends that the Accounting Officer should move with speed to streamline the above operations, avail all the relevant documents for audit verification and also ensure that the whereabouts of the outstanding balance of Kshs.640,830,784.80 from the personal emoluments account is established and the amount fully accounted for

which has not been located has made the process difficult.

- The Accounts are now being submitted to the Controller and Auditor General within the stipulated date as per Government Financial Management Act.
- Deployment of more competent officers who are able to prepare accurate timely accounts
- The Accounting officer warned the Accounting Staffs to ensure that they exhibit professionalism failure to which severe disciplinary action will be taken against them.
- It was also established that the difference between the payroll and related payment vouchers and the Appropriation Accounts was due to some expenditure on salary, House Allowance and Medical Allowance being charged to other Personal Expenditure items thus the difference of Kshs.640,830,784.80 had been accounted for.
- The Accounting Officer has

FINANCIAL
YEAR
2005/2006
PARA NO.
Para 426

Para 427-432

streamlined the operation of budget distribution per item to match the actual expenditure.

Para 433-439 The Committee recommends that the Accounting Officer requests for deployment of experienced and competent officers to man the Accounts Department.

The Committee further recommends that the Accounting Officer ensures that in future documents are promptly availed for audit verification to break this recurring vicious circle

Para 440 The committee heard that the revenue was generated from the six (6) heads but accounted for under head 310 during surrender resulting in an over-collection of Kshs.1,150,888.00 being reflected under that head

The committee recommends that the Accounting Officer should ensure that more emphasis is put on revenue collection and also set realistic revenue collection targets.

Para 441-442 The committee recommends that the Accounting Officer should put in place strict measures to ensure that only those projects whose formalities are certain to be

- The Accounting Officer has issued instructions to the Accounts Department Staffs to ensure that the necessary documents are promptly availed to the auditors for audit verification as requested.

- The voucher registry section has been restructured, including deployment of more qualified personnel, resulting to good filing system. The document are now easily retrieved and submitted to the auditor promptly.

- The Accounting Officer has undertaken measures to ensure that all the revenue due is budgeted realistically under the appropriate heads.

- More consultation between various revenue generating department and Finance Department is now being resulting to realistic/accurate revenue targets.

The Ministry officials regularly engage development partners to ensure that only those Projects which have complied with Financial requirements are included within the year under review.

finalized within the year under review are included in the budget

Para 443-444

The committee recommends that the Accounting officer should always ensure that all expenditures are properly authorized and relevant documents availed to the Controller and Auditor General for audit verification.

The Accounting Officer ensures that financial regulations and procedures are followed and relevant documents availed to the auditors for audit verification.

Para 445-447

The Committee recommends that the officers who failed to avail documents at the time of audit should be disciplined.

The Accounting Officer has put in place measures ensure that all required documents for audit verification will always be availed in time.

Para 448-449

The Committee recommends that the Accounting officer should take severe disciplinary action against the officers who were in charge of the compliment control for failing to maintain accurate records resulting in an voidable over-expenditure of Kshs.484,831,148.70 on personnel emoluments.

The Accounting Officer has deployed competent officers in the complement control section who are maintaining accurate record(s).

Para 450-451

The pending Bills arose due to liquidity problems and were cleared as the first charge in 2006/2007 Financial Year. The pending bills from the districts had not been received at the Ministry Headquarters at the time of preparation of the appropriation account.

- The Accounting Officer undertakes to ensure that the Ministry adhere to all the government financial regulation when executing the budget.
- Prudent Control Measures instituted
Implementation of automated budget control systems
- Issuance of letters and instruction to districts demanding compliance with financial regulations.

The committee recommends that the Accounting Officer should always ensure that all bills are paid within the year they are incurred. The Ministry must also budget realistically and prudently in accordance

with government financial regulations.

Para 452-453 The committee recommends that the Accounting Officer must ensure that the outstanding imprests owed by the officers are recovered or accounted for in full, failing which disciplinary action should be taken against them.

The committee further recommends that the Permanent Secretary Treasury should ensure that Accounting Officers abide by Financial regulation and recover the imprest within forty eight hours after return to duty station. In the event of the holder failing to account for or surrender the imprest, the unsurrendered/unaccounted for amount shall become a debt owed to the government by the officer and the debt shall attract interest at the prescribed rate. The Accounting Officer should recover the amount in full and interest thereof from the salary of the defaulting officer. Officers who move to new stations should not be cleared before surrender of all outstanding imprests and other amounts owed to the government.

Para 454-455 The committee recommends that the Accounting Officer should ensure that supporting documents including original electricity bills relating to the above case are availed for audit

- The Accounting officer undertakes to ensure that outstanding imprests are recovered from the defaulters salaries immediately they fall due. The financial regulation will always be followed in the management of accounting for imprests.
- All outstanding imprest are promptly recovered when not surrendered on due dates.
- Strict compliance with financial regulation governing issuance and surrender of imprest.

- The Accounting officer has availed the original electricity bills for audit verification and will ensure future payments are accompanied with original bill at the time of payment.

verification and officers involved be disciplined for laxity and negligence.

The Committee further recommends that the Accounting Officer should enforce financial regulations and ascertain that the power bills paid for are actually those and only those incurred by the Ministry for forestall fraudulent acts. Failure to which he will be held personally liable for any loss incurred.

Para 456-459

The committee recommends that the Accounting should in future be held responsible for lack of proper accounting and internal controls in the Ministry.

The committee further recommends that the Accounting Officer should expeditiously liaise with Treasury to streamline the financial operations of the funds and put in place internal control mechanisms aimed at detecting the weak links hindering its smooth running.

- All electricity bills paid are supported by original documents.
- Payment of Electricity bills has been decentralized to facilitate verification and forestall fraudulent acts,
- The Accounting Officer has provided additional funds for accountant to enhance efficiency
- Requested for additional accounts staff from Treasury.
- Developed guidelines in consultation with stakeholders as follows:
 - Facility improvement fund supervision manuals
 - Guidelines for Establishment and operation of District Stakeholders forum of June 2006.
- Development through legal Notice No.1550 of 16th October, 2009 of Hospital Service Management Fund.
- Development of Electronic cash registers/Financial Information system.

Para
460-461

The committee noted the presence of clear guidelines on the management of cost sharing funds and recommends that the Accounting Officer should ensure strict adherence to them.

- The Accounting Officer issued circulars and letters to officers to strictly guide and direct follow the rules and regulation governing cost sharing funds.

Para
462-464

The committee recommends that the Accounting Officer should urgently take up this matter and ensure that all funds unaccounted including those held up in the missing receipt books are recovered from the concerned officers and severe disciplinary action taken against them.

The committee further recommends that the Accounting Officer should liaise with the other stakeholders and review the cost sharing policy with a view to streamlining its operations and sealing any existing loopholes.

- The Accounting officer has developed guidelines in consultation with stakeholders as follows:-
 - Facility improvement fund supervision manuals.
 - Guidelines for establishment and operation of district stakeholders forum 2006.
- Development of Hospital Service Management Fund through legal Notice No.150 of 2009.
- Development of Electronic cash registers/Financial Information systems.
- Circulars issued periodically to the health facilities for guidance and instructions.
- The Accounting officer is in the process of initiating the necessary investigations into the financial scandal.

Para 465-467

The Committee recommends that the Accounting Officer should launch serious investigations into the financial situation in that hospital and if necessary carry out a special audit on the matter.

The committee further recommends that all officers involved in the above malpractices should be severely disciplined and surcharged for any loss of public funds.

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The committee recommends that the Accounting Officer, through his field officers should carry out regular impromptu inspections with a view to curbing this rampant mismanagement of public funds.

- Regular and impromptu inspections are now being undertaken.
- Guidelines issued requiring all the staff to strictly follow cost sharing regulations, and government financial regulations, in management of funds

The committee also recommends that all the officers involved be disciplined and surcharged before 31st December, 2009 failure to which he will be held personally liable for any loss incurred.

Para
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The Committee recommends that the Accounting Officer take necessary measures to recover all the outstanding funds. He should also institute severe disciplinary action against all the officers involved before 31st December, 2009 failure to which he will be held personally responsible for the loss.

- Action initiated to facilitate recovery of all the outstanding funds.

Para
475-480

The committee recommends that although some action had been taken on all the irregularities cited above, the Accounting should ensure that a thorough clean up is done to rid the hospital of officers who have over-stayed there and who could have entrenched and perpetuated that habit of mismanagement of Public Funds.

- Officers who had over stayed in Nakuru Hospital were transferred to other health facilities.
- Disciplinary action for the officers involved in the malpractices has been initiated.

The committee also recommends that Kshs.17,506,998.40 spent

without authority and all the other amounts spent from the National Bank Account irregularly operated should be established and paid in full before 31st December, 2009.

Para
481

The committee recommends that the Accounting Officer should urgently discontinue the IOU informal system of disbursing funds as it has no legal basis and it is subject to massive abuse.

- The use of IOU has been discontinued
- All officers have been directed to comply with existing financial regulations and procedures in addition to F.I.F regulations.

The committee further recommends that given the rampant misuse of this Fund, the Accounting Officer should in collaboration with other stakeholders review its operations and put in place more comprehensive and strict measures to make the money inaccessible to unauthorized persons.

Para
482-490

The Committee was appalled by the high degree of mismanagement in this institutions and recommends that

- The Accounting Officer should urgently liaise with Treasury to deploy competent Accounts and Procurement Officers to streamline the operations of this hospital
- The massive mismanagement of public funds should be investigated with a view to bringing all those responsible to book.

- The accounting officer has sought authority to employ accountants and procurement officers who will be deployed to manage the health facilities.
- A number of staff responsible for management of the hospitals have been sponsored for financial management courses. More will be trained from the current years budgetary allocation.
- Impromptu visits to the hospitals are being undertaken.

- The accounting officer should embark on serious management and financial training programmes for the hospitals' senior management to enable them appreciate and adhere to government financial and procurement regulations.
- The Accounting Officer should ensure that he personally makes impromptu visits to all hospitals to assess the prevailing situation on the ground and institute remedial measures where necessary.

Para
491-493

The committee recommends that the Accounting officer should ensure that merchants who deliberately collude with public officers to circumvent Public Procurement regulations are disqualified and barred from doing further business with the government.

The Accounting Officer has appropriately briefed all the relevant departments of the need to exercise integrity in procurement and payment of goods and services.

Para
494-496

The Committee reiterates its earlier recommendation and further recommends that the Accounting officer should move with speed, implement the recommendations of the committee and finalise this outstanding issue before 31st December, 2009.

- Follow up in progress However,
- Lack of the required data which has not been located has made the process difficult.

MINISTRY OF ROADS

**2004/2005 AND 2005/2006
FINANCIA
YEARS/PAGRAPH**

**RECOMMENDATION BY
PAC**

ACTION TAKEN

Paragraph 742 excess vote

The Appropriation account for Recurrent Vote R42 for the year ended 30th June, 2005 reflects a net total expenditure of Kshs.598,332,197.40. against a net provision of Kshs.598,246,600.00 thereby occasioning an excess vote of Kshs.85,597.40. the excess vote was caused by an over-expenditure under sub vote 420-general Administration and Planning and a deficiency in collection of Appropriation in Aid during the year

The committee recommended that in future officers who spend without parliamentary authority contrary to the law are severely disciplined.

Appropriate action has been taken by alerting all officers dealing with finances to ensure that no item in the Accounts is overspent at all. The Public Accounts Committee recommendation will be taken seriously and any officers who breached this recommendation will severely be disciplined.

**Paragraph 743- under
expenditure and under
collection of - Appropriation
– In – Aid**

The appropriation account for vote D42 for the year ended 30th June, 2005 reflects gross total expenditure of Kshs.18,657,524.85 against approved estimates of

The committee recommended that the Accounting Officer should always ensure that estimates of Revenue collection are based on realistic budget

The officers involved with the estimates of revenue collection/financial budgets have been put on notice so that in

Kshs.26,840,100.00 resulting in an under-expenditure of 8,182,575.15 or approximately 30% of the estimated provision. The Accounts also reflects an under-collection of Appropriation-In-Aid of Kshs.6840,000.00 representing the entire estimated receipts of equivalent amount. The reason given in the footnotes to the accounts for the under-expenditure and under-collection of AIA is that conditionalities were not met. No clarification has however been provided as to why the conditions were not met.

projective. The committee also recommends that disciplinary action be taken against officers responsible for non collection of revenue arising from negligence.

future they should ensure that their estimates should be based on realistic budget projections – based as closely as possible on past budgetary performances. Disciplinary action will be taken against officers who due to laxity are responsible for non-collection of revenue due to their laxity.

Paragraph 744 unvouched expenditure

The appropriation Account for 2042 for the year ended 30th June, 2005 reflects expenditure of Kshs.9,327,487.55 incurred on minor alteration and maintenance works vide sub votes 422 and 433. However, payment vouchers and other relevant supporting record for the expenditure of Kshs.9,327,487.55 were not made available for audit review. consequently it was not possible to confirm the propriety of the expenditure

The committee deplored the absence of documents at the time of audit of which conceal possible fraud

The committee also noted with concern the inordinate delay in availing documents to auditors and recommends that in the future officers who fail to avail documents during the time of audit should be disciplined.

The Public Accounts Committee recommendation on the issue of availability of vouchers and other financial supporting documents has been seriously taken and a daily proper filling of all vouchers and other documents in place. We are in agreement with the Public Accounts Committee that the inordinate delay in availing vouchers would lead to unnecessary suspicions

Paragraph 745 – Outstanding Temporary Imprests

Imprests totaling shs.3,663,901.30 had not been surrendered or accounted for as at 30th June, 2005. Kshs.795,224.00 were outstanding against officers in Job Group M and above , Kshs.2,267,295.50 against officers in Job Group L and below while Kshs.603,385.80 was outstanding against officers whose job groups had not been identified and no explanation had been given for the failure to have these imprests accounted for on due dates.

The committee heard evidence given by the Accounting officer that by 30th September, 2005, Kshs.2,230,035.80 had been accounted for leaving a balance of Kshs.1,433,865.50 which has since been surrendered and the supporting documents availed to the auditors for verification. The committee abhorred the manner in which the Ministry failed to recover funds from the imprest holders 48 hours after closure of business for which the imprest was taken as required by the financial regulations.

The committee while noting the action taken by the Accounting Officer, recommends that in future government financial regulations and procedures be strictly adhered to.

and thus corrective measures have been taken to avoid reoccurrence.

Measures have been put in place to ensure that no government financial regulations and procedures are breached and that imprests given will be accounted for within 48 hours after closure of business for which the imprest is given or recovery from salary be instructed.

Paragraph 746 compensation and Ex-gratia payment

During the year 2004/2005 the Ministry made compensation and Ex-gratia payments amounting to Kshs.2,285,000.00. However, payment vouchers and other relevant supporting records for the expenditure of Kshs.2,285,000.00 have not been made available for audit and as a result it has not been possible to confirm its propriety.

The committee heard evidence given by the Accounting Officer that the Payment vouchers were availed for audit verification and that proper authority for the payment was granted vide letter Ref No. AG/MIB/2/04 and Ref MIC/CONF/8/01(6)

The committee however noted with concern the inordinate delay in availing documents to auditors and recommends that in the future officers who fail to avail documents at the time of audit should be disciplined.

The accounting officer has brought this fact to the attention of his officers that all financial documents including vouchers should be properly stored and be availed to auditors immediately on request for audit purposes. Any officers who fail to produce such documents for audit will face disciplinary action.

Paragraph 747 – unsupported expenditure

The Appropriation Account R42 for the year ended 30th June, 2005 reflects expenditure of shs.384,223,694.20 incurred against various sub votes. However, payment vouchers and other supporting documents in support of this expenditure have not been made available for audit review with the result that it has not been possible to

The committee heard evidence given by the Accounting Officer that the payment vouchers and related documents for expenditures were availed for audit verification. The committee noted about the inordinate delay in availing document to auditors and

Measures have been put in place to ensure that in future vouchers and or other financial documents will be availed to auditors on request for audit verifications. Officers who fail to do so will be disciplined.

ascertain the propriety of the expenditure.

recommends that in future officers who fail to avail documents at the time of audit should be disciplined

MINISTRY OF LABOUR

Financial Year	Paragraph	PAC Recommendation	Action Taken
20004/2005	518	Pending bills should be paid within the year they are incurred and Departments must operate within the voted provision.	Pending bills of Kshs.22,060,421.85 were paid during the ensuing year. I have also instructed my officers to closely monitor the bills for each year to ensure that the carry-overs are minimized to the lowest level or they are not there at all.
"	519	Revenue collections should be based on realistic budget projection to avoid over-estimation.	The Ministry has ensured that all the known factors that affect the budget are considered to make it as accurate as possible. This is manifested in minimized under-collection during ensuing year 2005/06 which is 15% of the budget while for this year was 43%, reflecting an improvement of 28%.
"	520	Documents for Audit purposes should be availed to the Auditors without delay as provided for by the law and officers associated with any such delay should be disciplined.	The Ministry staff should get more involved on the projects where the donor is incurring the expenditure directly so that such expenditure may be accounted in good time to avoid under-expenditure which may not be real.
"	521 – 523	Similar to paragraph 520 above.	See 520 above.
"	524 – 525	Outstanding imprest should be	The Ministry has ensured that it is

fully recovered by 30th September 2009 and disciplinary action should be taken against officers violating imprest issuance rules.

recovering imprest as much as possible, as evidenced during periods between 2005 and 2008 whereby, out of an outstanding amount of Kshs.5,567,520.90 recoveries of Kshs.3,383,190.90 which is 60% have been recovered. As regards the unrecovered of 40% consist of defaulters who left the service and the Ministry is liaising with relevant institutions e.g. Treasury to ensure those which relate to surviving persons are forwarded to the Attorney General and for those which are for the deceased persons are recommended for write-off.

2005/2006	608	Only project whose formalities are sure to be completed within the year are included in the budget and that realistic and achievable revenue targets are factored in the budget.	Besides ensuring that the only Donors pledge that can be factored in the budget is for the one who have shown seriousness in honouring his pledge, I have also ensured that over-ambitious revenue targets are excluded from the budget.
2005/2006	609	There was an inordinate delay in availing documents to the Auditors.	Strict instructions have been issued that support documents should be availed to the Auditors without unnecessary delays and that any officer(s) who defy this instruction should be held accountable and appropriate disciplinary should be taken.

"	610	Estimates of revenue collection should be based on realistic budget projections to avoid gross over-estimations	The Ministry has undertaken steps to ensure it achieves the budget projections and indeed this has brought positive results by collecting higher Appropriation in AIDs in subsequent years.
"	611	To ensure that all bills are paid within the year they are incurred and that Ministry operates within its budget.	<p>Bills of Kshs.38 million could not be paid during the year due to three factors, namely:</p> <ul style="list-style-type: none"> (i) Under-collection of the anticipated AIA (ii) Exchequer under-issues and failure to submit the bills in good time. <p>The Ministry has taken steps to encounter some of the above shortcomings i.e.</p> <ul style="list-style-type: none"> (i) Ensuring the AIA budget is more realistic (ii) Ensuring that bills for the year are presented in good time to avoid carrying them forward to the following year.
2005/2006	612 – 613	The full amount of outstanding imprests to be recovered before 30 th September 2009.	The Ministry has recovered imprests for all people within the Ministry, and is also addressing the rest which relate to staff who left the Ministry.
"	614 - 618	The Accounting officer conduct investigation to establish whether public funds were lost in the transactions with a view to holding those involved, accountable and whether they are liable for legal action. Further the Accounting officer in conjunction with her	In view of the recommendation, the Ministry in conjunction with external Auditors and Ministry of Public Works will conduct investigation to establish whether public funds were lost in the transactions in order to hold those involved accountable that may also lead to prosecution. The team will

counterpart in Public Works should investigate the integrity of the field officers involved in the project.

further investigate the integrity of field officers with view of establishing whether they may have been involved in similar scenarios in other projects.

MINISTRY OF TRANSPORT

2004/2005

Action Taken

Paragraph

Recommendations

496	The Accounting Officer should do proper budgeting to avoid under or over estimation	The Accounting Officer has ensured that all expenditure is properly planned for, in order to avoid under or over expenditure that leads to pending bills
497	The Accounting officer should always avail the relevant documents and explanations for verification when required by the Controller and Auditor General.	The Accounting Officer has availed the relevant documents to the Controller and Auditor General in support of the difference in AIA.
498	The Accounting Officer should do proper budgeting to avoid under or over estimation	<p>The Accounting Officer has addressed the problems to forestall recurrence of a similar problem by</p> <ul style="list-style-type: none">- Improving engagement with development Partners- Setting up project implementation units to Develop work plans- Instructing the Central Planning Unit to do proper budgets to avoid under/over estimation- Improving the tendering procedure by instructing the Ministerial Tender Committee <p>to adhere to Ministerial Procurement plans.</p>

499,500	The Accounting Officer should always avail documents to Auditors for verification without delay	The Accounting Officer has instructed all officers charged with custody of documents to avail all documents to auditors as and when requested, without undue delay.
501,502,503	The Accounting Officer should ensure that the outstanding Imprests owed by officers are recovered in full.	The Accounting Officer has instructed officers in the accounting unit to always recover imprests within the stipulated period. Officers unable to surrender on time, are recovered from their salaries in full.
504	The Accounting Officer should avail documents to Auditors for audit review as and when required	The Accounting Officer has ensured that relevant documents required by auditors are made available as soon as requested
505,506	The Accounting Officer should ensure proper accountability and transparency in the execution of the contract for delivery of ferries	The Accounting Officer has ensured that funds meant for delivery of ferries are utilized for the intended purpose. Further more, the two (2) ferries have been loaded for transportation to port of Mombasa. The ferries are expected to arrive in Mombasa by end of June, 2010.
507,508,509,510	The Accounting Officer should avail to auditors documents and records relating to obligations guaranteed by the Government of Kenya that pertain to Ministry of Transport	The records and documents relating to obligations guaranteed by the Government of Kenya have over the years below kept by public debt department of the Ministry of Finance for all ministries. The Ministry of Finance in consultation with the affected ministries have been holding interministerial meeting with a view to decentralize the safe custody and record keeping of the said documents

511-517

The Accounting Officer should liaise with the Accounting Officer, Ministry of Finance in order to ensure that the Inter-ministerial Committee is formed to resolve the matter.

The Accounting Officer has been liaising with the Ministry of Finance to ensure that the inter-ministerial committee is formed to resolve the matter of participation by Government of Kenya in quasi-government and other statutory organizations.

2005/2006

Recommendations

Action Taken

Paragraph

591

The Accounting Officer should put in place mechanisms to avoid under expenditure and under collection of AIA

The Accounting officer has put in place mechanisms designed to avoid problems of under-expenditure and under collection of AIA such as:

- **Proactive engagement with development partners such ADB and World Bank.**
- **Implementation unit has been established to develop sound work plans to guide execution of projects.**
- **Planning units has been instructed to ensure accurate costing of projects; and**
- **The improved Ministerial Tendering procedures which are now aligned with the annual**

procurement plan.

592

The Accounting Officer should have sought Treasury approval as required by Government Financial regulations and procedures

The Accounting Officer endeavours at all times to adhere to Government Financial regulations and procedures; to ensure transparency and

	before effecting reallocations	accountability by compliance.
593,594	The Accounting Officer should always keep accurate records in relation to personal emoluments and avail them to the auditors as and when requested	The Accounting Officer has ensured proper record keeping of personal emoluments paid. Furthermore the archiving and retrieve of records has been improved, to enable timely provision of required documents.
595-598	The Ferries should be urgently delivered and utilized and the Accounting Officer shall be held responsible for any inconvenience to the Public and any other avoidable costs arising from further delay	The Accounting Officer is ensuring that the ferries are delivered on time and utilized. The ferries are expected in the Port of Mombasa by 30 th June, 2010.
599,600	The Accounting Officer should liaise with the Accounting Officer Treasury to ensure that the inter-ministerial committee is formed to resolve the matter	The Accounting Officer has been liaising with the Ministry of Finance to ensure that the inter-ministerial committee is formed to resolve the matter of participation by Government of Kenya in quasi-government and other statutory organizations.

601 **The Accounting Officer should ensure that the accumulated deficit of Kenya Ferry Services does not exceed total assets.**

The Accounting officer has ensured that:

- **the Government regularly meets its grant contributions to Kenya Ferry Services.**
- **Treasury is fully involved in this matter.**
- **operations of Kenya Ferry Services are subsidized by the Ministry as and when the need arises.**

602,603 **The Accounting Officer is required to ensure that proper reconciliation is always done and relevant documentation availed for audit review**

The Accounting Officer has ensured that proper books of accounts are kept and reconciled. Furthermore, records archives have been improved to aid availability of documents.

604-607 **The Accounting Officer should ensure that books of accounts are accurately maintained and updated and the same availed for audit.**

The Accounting Officer has undertaken to ensure that records relating to obligations guaranteed by the Government of Kenya, once received from Treasury are accurately maintained and updated, and records availed for audit review as required.

MINISTRY OF TRADE

FINANCIAL YEAR/	RECOMMENDATIONS	ACTION
2004/05		
PARAGRAPH 526 – Pending Bills	<p>The Committee heard evidence given by the Accounting Officer that the ministry would not have settled the bills due to inadequate liquidity problems and lack of budgetary provisions. The Ministry has since paid the bills in the Subsequent year as first charge.</p> <p>The Committee noted with concern at the lack of proper budgeting by the Ministry which led to inadequate provisions, implying incompetence or laxity.</p> <p>The Committee recommends that the Accounting Officer should do proper budgeting to avoid under or over-estimation. Where negligence or laxity is established, a disciplinary action should be taken against the officers concerned.</p>	<ul style="list-style-type: none"> • The Ministry endeavors that there is enough budgetary provision • The Ministry endeavors that there is enough liquidity
PARAGRAPH 527 - Under-Expenditure And Under- collection Of Appropriations In Aid	<p>The Committee heard evidence given by the Accounting Officer that the Under-Expenditure and Under-collection of Appropriations In Aid was as result of non disbursement of Donor Funds as budgeted.</p>	<ul style="list-style-type: none"> • The Ministry ensures that only those projects that are in the External Resource Department Treasury lists are the ones included in the Budget • Mechanism have been put in place to have Documents from Donors submitted in good time to facilitate the

The Committee recommends that the Accounting Officer should put in place strict measures to ensure that only those projects whose formalities are certain to be finalized are included in the budget so that other Projects are not denied services/goods due to non-use of funds

PARAGRAPH 528-529

Outstanding Imprests

The Committee heard evidence given by the Accounting Officer that for an amount of KSh.3,495,374.35 in respect of Ministers and Assistant Ministers, a letter had been written to the Clerk of the National Assembly to make recoveries. Out of Kshs. 1,588,537.00 held by Officers in Job Group "M" and above, Kshs. 605,179.00 has since been accounted for leaving a balance of Kshs. 983,338.00. Out of Kshs. Kshs. 2,925,920.15 held by Officers in Job Group "L" and below i"e. C(Kshs. 612,496.40 has since been accounted for leaving a balance of Kshs.2,313,423. 75was availed

The Committee also heard that effort has been made through various letters to respective Accounting Officers to effect the recoveries and remit the same to the Ministry

inclusion of Expenditure and in the Annual Accounts.

- Mechanism to review the Donor projects which donors have not provided funds during the revised estimates

- The ministry has acted immediately and recovered most of the outstanding imprests.
- The ministry will continue pursuing the officers who are still a life to recover the imprest and also seek authority to write-off for those who are deceased.
- The ministry has adhered to surrender of imprest within 48 hours before being issued with another imprest.

The Committee abhorred the manner in which the Ministry failed to recover funds from the year. imprest holders forty eight hours after conclusion of business for which the imprest was taken audit re as required by financial regulations.

The Committee recommends that the Accounting Officer must ensure that the outstanding Kshs.9 Imprests owed by the officers are recovered in full, failure to which the then Accounting Officer verified should held to account and disciplined.

PARAGRAPH 530

Accuracy of the Account

The Committee heard evidence given by the Accounting Officer that the accounts were analysed and it was established that the credit balances occurred as a result of mispostings. Kshs.4 given;

The Committee noted that had this information been availed at the time of audit the query would not have arisen.

The Committee was concerned by the presence of erroneous entries which indicate possible laxity in the Ministry's Accounts Department and recommends that officers who contribute to dated poor book keeping due to laxity should be

- The Ministry has fully implemented IFIMIS system and as a result errors and mispositing have been eradicated
- The Accounts staff have been well trained on the use of the system
- The Ministry endeavors to provide accounts analysis and also avail documents at the time of audit.

disciplined.

The Committee further recommends that the officers who failed to avail documents at the time audit should be disciplined.

PARAGRAPH 531

Failure To Submit Project Accounts

The Committee heard evidence given by the Accounting Officer that the audit of these financial statements could not be concluded in time and the audit report issued within the statutory deadline of 31 December, 2005. The Ministry regrets that the project accounts were submitted and later after the deadline of 15th January, 2006. However the Accounts have been authenticated and a certificate issued by the Controller and Auditor General dated 10th May, 2006.

The Committee noted with concern the inordinate delay in availing documents to the Controller and Auditor General as required by Law.

The Committee recommends that in the Accounting Officer should ensure that documents are now, availed for verification at the time of audit as required by law.

- The Ministry endeavors to submit projects accounts in time to the controller and auditor General as required by Law.

PARAGRAPH 532-533

Un-vouched Expenditure

The Committee heard evidence given by the Accounting Officer that the vouchers were later availed for audit verification.

The Committee noted with concern at the inordinate delay in availing documents to auditors and recommends that officers who fail to avail documents at the time of audit should be disciplined.

- The Ministry has since ensured that the relevant documents supporting various expenditures are availed to the Controller & Auditor General for perusal & Verifications

PARAGRAPH 534

Undelivered Supplies

The Committee heard evidence given by the Accounting Officer that the ministry Headquarters procured specialized books worth Kshs. 471,564.00 for Intellectual Property Rights in Kenya Industrial Property Institute (KIPI). The books were received vide counter receipt vouchers (S13) dated 7th Dec.2004 at Ministry Headquarters and later on delivered to Industrial Property " Institute library. The books are in the library and can be verified.

The Committee noted with concern at the inordinate delay in availing documents to auditors and recommends that officers who fail to avail documents at the time of audit should be disciplined

- The Ministry has since ensured that the relevant documents supporting various expenditures are availed to the Controller & Auditor General for perusal & Verifications at the time of audit

PARAGRAPH 535-536

Grants to Organizations

The Committee heard evidence given by the Accounting Officer that the difference of Kshs.7,072,674.00 was an amount of grant in form of Assets Donated by the Government e;g Generator - Kshs.3,404,786.00 and Realization of deferred income Kshs.3,667,888.00 which were amortized in the year hence the increase in the grants from Government.

The Committee also heard that the Ministry has since availed the reconciliation and documents for verification

The Committee noted that had this information been availed at the time of audit the query would not have arisen.

The Committee recommends that in future the Accounting Officer should ensure the documents are availed for verification at the time of audit as required by law.

- The Ministry has since ensured that the relevant documents supporting various expenditures are availed to the Controller & Auditor General for perusal & Verifications at the time of audit.

PARAGRAPH 537

Grants To Traders Joint Loans Board

The Committee heard evidence given by the Accounting Officer that the grants from Central Government to traders Joint Loans Boards were disbursed to the 49 Joint Loan Boards. The Joint Loan Boards Subsequently advanced loans

- The Consultant submitted the study report in 2007/08 and the Ministry endeavours to implement the recommendation for improved management of JLB Scheme
- The Ministry endeavors to update books of accounts

to the target beneficiaries - the Micro and Small enterprises.

The Committee also heard that the Ministry has contracted a consultant to review the operations of the Joint Loan Board scheme and make recommendations on the necessary improvements.

The Committee recommends that a concerted effort should be undertaken by the Accounting Officer to audit and update the books of accounts appropriately.

PARAGRAPH 537

Statement of Outstanding Obligation guaranteed BY government of Kenya as 30th June, 2005

The Committee recommends that the Accounting Officer should ensure that the documents relating to the balance are availed and verified by 31st December 2009.

for auditing and so far 8 out of 49 Joint Loans Board have been submitted for auditing.

- The Ministry have put strict control of grants being disbursed to beneficiaries.

- It was fully cleared by the Ministry of Finance

FINANCIAL YEAR/

RECOMMENDATIONS

ACTION

2005/06

PARAGRAPH 619-620

Un-vouched Expenditure- Recurrent Appropriation Account Vote R.16 and D.16

The Committee heard evidence given by the Accounting Officer that relevant documents which had been misfiled were later availed to support the Recurrent expenditure of Kshs. 228,912,993.80 and the Development expenditure of Kshs. 302,438,968.00 for the year ended 30th June 2006.

The Committee noted with concern the inordinate delay in availing documents to auditors on time occasioning unnecessary audit queries and recommends that officers who fail to do so should be disciplined.

The Committee also recommends that the Accounting Officer should streamline record keeping systems to counter this problem and also enforce strict adherence to financial regulations.

- The Ministry endeavors that the relevant documents supporting various expenditures are availed to the Controller & Auditor General for perusal & Verifications
- The Ministry also adheres to financial regulations and maintains proper records of documents.

PARAGRAPH 621 -

Under-Expenditure And Under-collection Of Appropriations In Aid

The Committee heard that the under-expenditure of Kshs. 307,751,157.00 and under-collection of Appropriation-In-Aid of Kshs. 120,629,998.00 was due to austerity measures by Treasury that resulted in non-receipt of Exchequer Issues and also failure to receive the budgeted for funds from the

- The Ministry endeavors that there is enough budgetary provision.
- The Ministry ensures that only those projects that are in the External Resource Department Treasury lists are the ones included in the Budget
- Mechanism have been put in place to have Documents

donors.

The Committee recommends that the Accounting Officer should put in place strict measures to ensure that only those projects whose formalities are certain to be finalized are included in the budget.

from Donors submitted in good time to facilitate the inclusion of Expenditure and in the Annual Accounts.

- Mechanism to review the Donor projects which donors have not provided funds during the revised estimates

**PARAGRAPH 622 -
624**

**Outstanding
Imprest**

The Committee heard that out of the outstanding imprest amounting to Kshs.1 0,702,683.20, an amount of Kshs.4,259,490.70 has been cleared leaving a balance of Kshs.6,523,192.50. Efforts are being made to recover the outstanding balance as well as Kshs. 80,000.00 owed by officers who had been transferred to other Ministries.

- The ministry has acted immediately and recovered most of the outstanding imprest.
- The ministry will continue pursuing the officers who are still a life to recover the and also seek authority to write-off for those who are deceased.
- The ministry has adhered to surrender of imprest within 48 hours before being issued with another imprest.

The following measures have been put in place to ensure proper management of Imprests:-

i). Continuous follow up of imprest defaulters who have been transferred to other ministries.

ii.The salaries of imprest defaulters in the Ministry are attached for recovery.

iii. No officer is issued with imprest before they clear the outstanding one.

The Committee recommends

that the Accounting Officer should ensure that the outstanding imprest owed by officers and politicians are recovered in full by 31st December, 2009

**PARAGRAPH 625 -
627**

**Non-Recovery of
Loan Advances and
Outstanding
Imprests At Uasin
Gishu District Trade
Office**

The Committee heard evidence given by the Accounting Officer that efforts are being made to recover loans owed by small traders. The District Trade Development Officer, in conjunction with board members and Provincial Administration are working together to recover the loans.

The Committee also heard that outstanding imprests amounting to Kshs. 80,700.00 issued to officers of the Ministry of Trade and Industry, Eldoret Office were all fully accounted for by the Officers.

While noting that action had been taken to recover the outstanding imprests, the Committee recommends that the Accounting Officer must strictly enforce government ' financial regulations guiding the issuance and recovery of imprests, advances and loans.

- The Ministry has engaged debt collectors
- The ministry is strictly adhering to financial regulations

**PARAGRAPH 628 -
630**

**Statement Of
Outstanding
Obligations
Guaranteed By The
Government Of
Kenya**

The Committee heard that contingent liabilities totalling Kshs. 783, 735, 722.80 against various loans extended to Rivatex Company and Industrial and Commercial Development Corporation (ICDC) could not be confirmed since the registers are not maintained at the Ministry Headquarters.

The Committee further heard that Rivatex Company has now been acquired by Moi University with all the assets and liabilities.

The Committee recommends that the Accounting Officer should ensure that an audit is undertaken, books of accounts updated and relevant documents availed to the Controller and Auditor General for verification.

- This liability was fully cleared by the Ministry of Finance and Rivatex Company is now fully owned by Moi University

MINISTRY OF JUSTICE, NATIONAL COHESION AND CONSTITUTIONAL AFFAIRS

2004/2005 FINANCIAL YEAR/PARAGRAPH	RECOMMENDATION BY PAC	ACTION TAKEN
<p>1. PARAGRAPH 539 – UNDER EXPENDITURE AND UNDER COLLECTION APPROPRIATION- IN-AID VOTE R-17</p>	<p>The Committee recommended that the Accounting Officer should put in place strict measures to ensure that</p> <p>(i) Contracted Works are completed within schedule.</p> <p>(ii) Only those projects whose formalities are certain to be finalized are included in the budget so that other projects are not denied services/goods due to non-use of funds</p> <p>(iii) Where laxity, negligence or incompetence by officers is established to have caused under expenditure or under collections such officers should be severely disciplined.</p> <p>The Committee also recommends that the Accounting Officer should do proper budgeting to avoid Over-Estimation.</p>	<p>This Ministry has ensured that all contracted works are completed within schedule and that payments are made promptly to facilitate the capture of data for inclusion in the Appropriation Accounts.</p> <p>Consequently, the Ministry has also ensured that only those projects whose formalities are certain are included in the budget. The Ministry has therefore adopted activity based budgeting.</p> <p>I would also like to confirm that I have instructed the AIE holders to ensure that they spend funds in respect of Heads/Subheads and Items accordingly to avoid the issue of Under-Expenditure and Over-</p>

Expenditure.

**2. PARAGRAPH
540- UNDER
COLLECTION OF
APPROPRIATIONS-
IN-AID-VOTE D-17**

Recommendation by PAC

Action Taken

The Committee recommended that the Accounting Officer should put in place strict measures to ensure that only those projects whose formalities are certain to be finalized are included in the budget so that other projects are not denied services/goods due to non-use of funds.

Indeed, I would like to confirm that this Ministry has ensured that only those projects which would be finalized are factored in the budget.

With regard to the implementation of proper budget to avoid Over-Estimation, I would like to state that the Ministry has adopted activity/programme based budget.

The Committee also recommends that the Accounting Officer do proper budgeting to avoid Over-Estimation.

**3. PARAGRAPH
541- IRREGULAR
CHARGE OF
EXPENDITURE**

The Committee recommended that the officer's responsible for the omissions and commissions should be disciplined. The Committee also recommends that the Accounting Officer should liaise with the Treasury to regularize the matter.

With regard to this matter, I would like to point out that disciplinary action has been taken vide our internal memo dated 15th January, 2010 (Copy attached).

With regard to the Training needs, the Ministry of Finance has trained officers in

The Committee further

recommended that it may be necessary to under take training needs assessment.

Integrated Financial Management Information System (IFMIS) which would ensure that there is no reallocation of funds without Treasury approval.

PARAGRAPH 542 & 543 - OUTSTANDING IMPRESTS

Recommendation by PAC

Action Taken

The Committee recommended that the full amounts of the imprests outstanding are recovered without further delay.

I would like to confirm that austerity measures have been put in place to ensure that imprests issued to officers while on official duty are surrendered within 48 hours on return to duty station.

The Committee further recommended that Accounting Officer should ensure that imprest holders abide by Financial Regulations by surrendering the imprest within 48 hours after return to duty station. In the event of the holder failing to account for or surrender the imprest the Accounting officer should recover the amount in full from the salary of the defaulting officer within 30 days, failure to which the outstanding amount should be recovered from the Accounting Officer.

In the unlikely event of the officers failing to surrender/account for the imprest within the stipulated period, I have instructed the Human Resource Department to ensure that this amount is recovered from the concerned officers salaries immediately.

**PARAGRAPH 544 –
GRANTS TO KENYA
SCHOOL OF LAW**

Recommendation by PAC

Action Taken

The Committee noted with concern the inordinate delay in availing documents to auditors and recommends that officers who fail to avail documents at the time of audit should be disciplined.

This Ministry has written to Kenya School of Law vide our letter Ref: MJ/ACCTS/11/12 of 15st January 2010 to ensure that financial Statements and AIA Returns are submitted in good time

**PARAGRAPH 545 –
OUTSTANDING
IMPRESTS
CONSTITUTION OF
KENYA REVIEW
COMMISSION
(CKRC)**

Recommendation by PAC

Action Taken

The Committee while noting action taken by the Accounting Officer, recommended that the full amounts of the imprests outstanding be recovered without further delay.

I would like to confirm that his Ministry has written letter Ref. No, MJ/LJM/29 Vol.1 of 15th January 2010 requesting the status of pending High Court Civil cases (Copy attached)

The Committee also reiterates its earlier recommendation under paragraph 662 of 2003/2004 Accounts that the Accounting Officer should liaise with the Attorney General, the Chief Justice and Registrar High Court in order to hasten the cases in court with a view to recovering the outstanding imprests through civil

proceedings especially in cases where criminal cases have been concluded.

PARAGRAPH 546 – GOVERNANCE, JUSTICE, LAW AND ORDER SECTOR REFORM PROGRAMME

The Committee noted with concern the inordinate delay in availability of documents to Auditors and recommends that officers who fail to avail documents at the time of audit should be disciplined.

We have since informed the Accounts staff vide our memo of 14th January 2010 to ensure that the documents required by the Auditors are availed in good time.

PARAGRAPH 457 – GRANTS TO KENYA ANTI-CORRUPTION COMMISSION.

The Committee recommended that the Accounting Officer should provide adequate evidence that the Expenditure of Kshs.82,550,399 was properly incurred and therefore chargeable to public funds with a view to holding the officers involved to account.

During the Ministry's appearance before the Public Accounts committee, it was decided that the copies of payment vouchers amounting to Kshs.82,550,399 be submitted to the Clerk of the National Assembly. In this connection, the copies of the payment vouchers were submitted to the Clerk, National Assembly for their perusal and verification.

2005/2006 FINANCIAL YEAR/PARAGRAPH

RECOMMENDATION BY ACTION TAKEN PAC

PARAGRAPH 631 – OUTSTANDING IMPRESTS

The Committee while noting the efforts made by the Accounting Officer to reduce the amount of outstanding

On this matter, I would like to confirm that efforts have been made to recover the

imprest and measures taken to forestall future accumulations recommends that outstanding amounts be recovered without delay.

the full amounts of the outstanding imprests be recovered without further delay.

I would like to confirm that adequate measures have been put in place to ensure that imprests are surrendered within the stipulated period.

The Committee also recommended that the Accounting Officer should enforce financial regulations governing issuance and surrender of imprests in the event that the imprest holders fail to account for the imprest within the stipulated time, the Accounting Officer should recover in full directly from the officers salary.

This Ministry has also ensured that officers on transfer account for outstanding imprests before they are released to report to the new stations.

The Committee further recommends that officers who move to new stations should not be cleared before surrendering outstanding imprest.

MINISTRY OF LIVESTOCK

F/ Y
2004/2005
PARAGRAPH
557

RECOMMENATIONS BY PAC

ACTION TAKEN

The Committee recommends that the accounting officer should do proper budgeting to avoid under or over estimation. Where negligence or laxity is established, disciplinary action should be taken against the officer concerned

The counting officer has directed all the AIE holders to ensure program planning ,execution and management of the projects and proper budgeting

The committee also recommend that the accounting officer should always ensure that all the bills are paid within the year they are incurred, and the ministry should operate within its voted provisions

The accounting officer has instructed action officers and AIE holders to strengthen financial control so that expenditure are within the voted provision

558-
559

The committee recommends that the accounting officer should always ensure that the estimates of revenue collections are based on realistic budget projection. The committee also recommends that disciplinary action is taken against officer responsible for non collection of revenue arising from negligence.

The project coordinators have been instructed by the accounting officer that all laid down conditions are met within the specified time frames and proper planning is done

The committee also recommends that the accounting officer should put in place strict measured to ensure that only those projects whose formalities are certain to be finalized and included in the budget so that the projects are not denied goods/services due to non use of funds

The Accounting Officer has instructed action officer AIE holder s adhere to laid down conditions and guidelines

560

The committee recommends that the accounting officer should always ensure that the disciplinary action is taken against officers who fail to submit documents required by the law

A circular has been written to all AIE holders and action officers to adhere to fiscal Management Act of 2009

F/ Y
2004/2005
PARAGRAPH

RECOMMENATIONS BY PAC

ACTION TAKEN

562	The committee recommends that where laxity, negligence or inefficiency is established, the officers responsible should be severely disciplined	A circular warning officers that disciplinary action will be taken for non adherence of the financial management regulation
563	The committee recommends that in future officers who contravene the law thereby opening avenues of possible abuse of funds should be severely disciplined.	
564- 565	The committee recommended that in future the accounting officer should ensure that documents are availed for verification the time of audits required by the law, and that the officers who fail to strictly to adhere to government financial regulations and procedures as appropriate.	The officers have been instructed to ensure that to avail required documents for timely verification at time of audit as required by the law
566	The Committee recommends that the Accounting Officer should do proper budgeting to avoid over and over estimation. Where negligence or laxity is established, disciplinary action should be taken against the officers concerned.	The officer have been instructed to ensure proper budgeting and strengthen financial controls that the expenditure are within the voted provisions
567	The Committee also recommends that the accounting officer should always ensure that the Ministry should operate within the voted provisions The Committee recommends that the accounting officer should do proper budgeting to avoid under and over estimation. Where negligence or laxity is established and where officers breach the law through irregular expenditure disciplinary action should be taken against the officers concerned.	Ensure proper budgeting and strengthen financial controls that the expenditure are within the voted provisions

**F/ Y
2004/2005
PARAGRAPH**

RECOMMENATIONS BY PAC

ACTION TAKEN

F/ Y 2004/2005 PARAGRAPH	RECOMMENATIONS BY PAC	ACTION TAKEN
568-	The Committee also recommends that the accounting officer should always ensure that the Ministry should operate within the voted provisions	The funds were fully recovered from the officer and through circular MLFD/A.14/1A of Jan 2009 was issued to all officers in charge cautioning them of the need to adhere to prudent financial management practices in order to avoid future recurrence of the malpractice
570	The committee recommends that the accounting officer should ensure that the amount of revenue collection is recovered from the culprits without further delay, failure to which the accounting officer shall be held responsible	The Accounting Officer has instructed the Head of Human Resource Unit to fully investigate the matter and take the necessary action.
571	The committee recommends that the accounting officer should ensure that the officers who contravene the law thereby opening avenues of possible abuse of funds should be severely disciplined, failure to which the accounting officer shall be personally held responsible amount of revenue	The Accounting Officer has written another letter to the Accounting Officer Ministry of Agriculture requesting him to wind up the Cess fund as recommended by PAC
576 577 578	The committee reiterates its earlier recommendation under paragraph 580 of 2003/2004 Accounts that accounting officer should liaise with the Permanent Secretaries in the Ministry of Agriculture and Ministry of Finance in order to ensure that Hides and skins Cess Fund is wound up without further delay.	A circular was written to caution AIE holders and action officers of the need to adhere to prudent financial management practice to avoid recurrence of the malpractices
579 580	The committee recommends that in future the accounting officer should ensure that documents are availed for verification at the time of audit as required by the law, and that the officers who fail to avail the accurate financial statements are disciplined appropriately.	

MINISTRY OF WATER AND IRRIGATION

2004-05 FINANCIAL YEAR	PARA- GRAPH	RECOMMENDATIO N BY PAC	ACTION TAKEN
004/2005	581	<p><u>Pending Bills</u></p> <p>Recommendations that Accounting Officers should always ensure there is adequate provisions so that all bills are paid within the year they are incurred and that the ministry must operate within its voted provisions.</p>	<p>The Ministry has always made efforts to have sufficient provisions but they always exceed the ceiling for the financial year. However, other than those long outstanding bills, expenditure is limited to the annual provisions. Integrated Financial Information System (IFMIS) and the efficiency in Exchequer releases has improved the discipline in expenditure management.</p>
	582-	<p><u>Under expenditure and under collection of Appropriation in Aid</u></p> <p>PAC Recommendation that accounting officer should always ensure that only projects whose formalities are certain to be finalized are factored in the budget.</p>	<p>The current budgets include only projects whose Formalities are certain as per the recommendation and where there are uncertainties; the issues are addressed through the revised budget.</p>

- 583 **Compensation and Ex-Gratia Payment** The Accounting Officer has liaised with the Attorney General to consult with the Chief Justice so as to expedite the case for determination
- PAC recommends that accounting officer liaise with Attorney General in order to consult with the Chief Justice so as to expedite the case for determination.
- 584-586 **Replacement of Passenger Lift at Maji House** **Ministry of Roads and Public works was the administer of this contract**
- The committee recommends that severe disciplinary action should be taken against officers who deliberately contravened government regulations.
- The Accounting Officer has written to Permanent Secretary Ministry of Roads Public Works to recover liquidated damages from the contract and to ensure disciplinary action is taken.**
- 587-590 **Supply and installation of standby generator** **The Accounting Officer has continued to impress on all officers responsible for management of Public Funds to ensure that Government procurement procedures are adhered to at all times.**
- PAC recommendation that in future all officers who contravene regulations governing financial management thereby opening avenues for abuse of possible
- The Ministry is implementing Sector Wide Approach to Planning (SWAP) where Gok and donor activities are coordinated.

abuse of funds should severely disciplined

Sector Working Group meetings aimed at reporting and sensitizing stakeholders on development programs are held once every two months.

591-592 **Grants to State corporations-Vote R20**

The Accounting officer to ensure that until a corporation submits the necessary accounts; the corporation should not receive grants for the subsequent years.

The recommendation has been implemented and releases to corporations are based on submission of correct accounts.

593-595 **Grants to State corporations-Vote D20**

Recommendation that the Accounting officer maintains up to date accounting records and should also ensure disciplinary action is taken against officers who fail to submit documents as required by law.

The accounting officer has taken the necessary Action through the adoption of the Integrated Financial Management System (IFMIS) which provides accurate information as and when needed.

596-597 **Arrears of water Revenue at Kirinyaga District**

Recommendation that Accounting Officer and user departments should undertake reconciliations of the bills and use the same for settling them; user ministries should provide for adequate funds under their budgets to enable them clear the bills

The reconciled the bills as recommended by the PAC and the collectable bills are on course. However, for the uncollectible debts the ministry has written to Treasury requesting for a waiver due to the nature of the bills. Treasury has not yet responded to the request and we are still waiting.

598-602 **Financial Mismanagement in Wajir**

- **undelivered Fuel**
- **fuel not accounted for**
- **double payment for night nights**

The committee recommendation that the officers who flouted the regulations thereby opening avenues for possible use of funds

The Officer was interdicted in September 2008 and a team of senior officers was constituted and carried out investigations and established that the fuel was accounted for. The Officer's interdiction was lifted in November 2009
In this regard, the Accounting Officer has continued to impress on all officers responsible for management of Public Funds to ensure that Government procurement procedures

are disciplined.

are adhered to at all times and where officers are found to severe disciplinary action is taken

603-610 **Financial Irregularities Manderia District water office**

The accounting officer has ensured that: Funds are released based on approved work plans.

Projects implementation is monitored regularly as part of performance contact.

Payment for un rendered services

Disciplinary action be taken against officers involved and steps be taken to recover the irregular payments

611-617 **Financial Irregularities Garrissa District water office**

The Accounting Officer has continued to impress on all officers responsible for management of Public Funds to ensure that Government procurement procedures are adhered to at all times.

The committee recommendation that the officers who flouted the regulations governing financial management thereby opening avenues for possible use of funds are disciplined

The statement of Assets and Liabilities

04/2005	PAR. 1145- 60	<p>Excess votes for the years 1981/82 and 2003/04 and GAV surplus 1995/96, 1998/99.</p> <p>Uncleared Exchequer under issues 1996/97, 2002/2003</p> <p>excess Exchequer release balances 1997/98</p> <p>Exchequer Adjustment account balance of Kshs. 304,652,869.75</p> <p>Advance of Kshs. 135,000,000 1997/98 from Ministry of Rural Development</p> <p>Debits and Credits not analyzed</p> <p>and; PMG difference not explained</p>	<p>The Ministry is still awaiting Treasury advice on how to deal with long outstanding balances. However, on the Exchequer under issues, Treasury vide the letter Ref; AG3/099 vol. (83) has advised the ministries on how to surrender</p> <p>The unspent balances for the period 1996/7 to 2005/06 and the appropriate action will be implemented from 1st July 2010.</p>
		<p>PAC recommendation:</p> <p>Accounting officer take urgent measures to address unresolved issues and forwarded and forward information on the reconciliation the controller and auditor General for verification</p>	<p>The reconciliations have already been done and forwarded to the Controller and Auditor General for Verification as recommended</p>

005-2006	PARA- GRAP H	PAC RECOMMENDATIONS	PS ACTION ON RECOMMENDATION
005/2006	689- 690	<p>The Committee noted with a lot of concern that the Ministry continues to insist on procuring water treatment chemicals for water services provider long after operationalisation of the Water Act, 2002. The Committee further noted that despite the assumption that the Appropriation in Aid collected from sale of water would be remitted to the Ministry, no formal arrangement has been made to this effect and there is no indications of such remittance.</p> <p>The Committee therefore recommends that since the Ministry has made no effort to put in place modalities for collection of Appropriation-in-Aid from the sale of water by Water Boards, the Ministry should hand over the responsibility of procuring Water Treatment Chemicals to the Water Boards.</p>	<p>The DWOs have continued to collect A-In-A and remit it to the Exchequer while the Water Services Providers collect the revenue from water sales and utilizes the same to meet their operation and management expense in the Water supplies. However, these funds are not adequate to sustain the provision of water services for some water service providers which have limited revenue base.</p> <p>In order to ensure an uninterrupted water supply services are sustained the Ministry has strategically ensured that at all times there is provision of Water Treatment Chemicals.</p>

The water service providers which have broken even are required by the Ministry to buy their own water treatment chemicals.

2006 691- The Committee recommends that the Accounting Officer and the technical officers in the Ministry of Roads and Public Works who were involved in this project should be investigated by the Kenya Anti-Corruption Commission with a view to holding them liable and accountable.

The accounting officer has written to the accounting officer, Ministry of Public Works to recover liquidated damages from the Contractor (See Annex)

The Committee also recommends that the Accounting Officer should ensure that

liquidated damages which were due after the expiry of the liability period in February 2009 are fully paid.

!005/2006

694- The Committee recommends that the
698 Accounting Officer should always
ensure that government procurement
regulations and procedures are
strictly adhered to safeguard public
funds.

The Committee further recommends
that the Accounting Officer should
ensure that donor and government
development initiatives are
synchronised to avoid duplication of
activities in one locality while other
more deserving areas are neglected.

**The Accounting Officer has
continued to impress on all officers
responsible for management
of Public Funds to ensure
that Government procurement
procedures are adhered to at all
times.**

**The Ministry is implementing
Sector Wide Approach to
Planning SWAP) where Gok and
donor activities are coordinated.
Sector Working Group meetings
aimed at reporting
and sensitizing stakeholders
on development programs
are held once every two months.**

05/2006

699-
700

SUPPLY OF WATER BLADDERS

Committee recommended that the accounting officers should always ensure that relevant supporting documents are availed for audit to avoid unnecessary audit queries

Circular issued to all field water and irrigation Officers to avail relevant supporting documents to the Auditors at all times on request.

Donors and Non governmental organizations support to the sector has been harmonized through formation of Water Sector Working group and Sector Wide Approach to Planning.

2006

701

The Committee recommends that the Accounting Officer should ensure that concerted efforts are made to collect the revenue and names of perennial defaulters published in the media. The Committee further recommends that consumers should receive regular and realistic bills which will translate to more revenue collected.

Arising from the implementation of the water sector reforms in the year 2004/05, the creation of new institutions e.g.

Water Service Boards (WSBs) and Water Service Providers (WSPs) has improved revenue collections including collecting the arrears.

The outstanding Water revenue was handed over to the Water Service Providers who collect to meet the operation And management cost. The WSPs have signed Service Provision Agreements with Water Service Boards which have specific targets being monitored including revenue collection. The Target include revenue collections, increasing consumer base, metering, reduction of unaccounted for water. Moreover, a billing software has been installed at the Athi Water Services Board which is serving all WSPS within the board area which include Thika. This ensures the consumers receive regular and realistic bills. Complains

on unrealistic bills have reduced drastically.

'2006	702-704	The Committee recommends that the Accounting Officer and the user Ministries/departments should undertake reconciliations of the bills and use the same as basis for settling them. The Committee further recommends that user ministries should ensure that adequate funds are provided under their budgets to enable them clear the bills promptly to avoid accumulation.	<p>The Accounting Officer has continued to send demand letters to his counterparts with arrears of water bills</p> <p>ii) In addition, the Accounting Officer has also written to the Accounting Officer, Treasury asking him to impress on the other Accounting Officers with arrears of water bills to pay. Arising from No. ii above, the Accounting Officer Treasury has issued a circular to all Accounting Officers asking them to prioritize payment of</p>
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utility

bills where bills for water consumption fall.

!005/2006

705-
707

The Committee recommends that considering the huge amounts of fuel unaccounted for, the Accounting Officer should launch investigations to establish whether the drought emergency was used as an excuse to misappropriate public funds. The Committee also recommends that where impropriety is established, appropriate disciplinary action should be taken against all those involved including surcharge.

The Officer was interdicted in September 2008 and a team of senior officers was constituted and carried out investigations and established that the fuel was for.

The Officer's interdiction was lifted in November 2009.

In this regard, the Accounting Officer has continued to impress on all officers responsible for management of Public Funds to ensure that Government procurement procedures are adhered to at all times and where officers are found to

have flouted procurement procedures, the Accounting Officer has ensured that appropriate reprimand/discipline is taken.

The field officers have been issued with firm instructions to ensure store records are well maintained and services are procured in accordance with Public Procurement Procedure. Maintenance of fuel registers, Job cards for repair of vehicles have been emphasized.

5/2006

708

The Committee recommends that in future, the Accounting Officer should ensure that contract specifications and scope of work are clearly stated so that issues related to the nature of the terrain would not arise.

The accounting officer has ensured that funds are released based on approved work plans. Projects implementation are monitored regularly as part of performance contract.

2005/2006	685- 688	<p>The Committee noted that although the Ministry had capacity to supervise its own project, the Accounting Officer should have ensured that the Ministry of Roads and Public Works was involved at the tendering stage. The Committee recommends that the Accounting Officer should in future comply with the provisions of Public Procurement regulations and procedures as well as government financial regulations.</p>	<p>The accounting officer will ensure that the Ministry of Public Works is involved in procurement of specialized works and contracts.</p>
2005/2006	691- 692	<p>The Committee recommends that the Accounting Officer and the technical officers in the Ministry of Roads and Public Works who were involved in this project should be investigated by the Kenya Anti-Corruption Commission with a view to holding them liable and accountable.</p> <p>The Committee also recommends that the Accounting Officer should ensure that liquidated damages which were due after the expiry of the liability period in February 2009 are fully paid.</p>	<p>Ministry of Roads and Public works was the administer of this contract</p> <p>The Accounting Officer has Written to Permanent Secretary Ministry of Roads Public Works to recover liquidated damages from the contract</p>

MINISTRY OF ENVIRONMENT AND NATURAL RESOURCES

Financial Year	Paragraph	Recommendation by PAC	Action Taken
2004/2005	618- Pending Bills	<p>The committee recommends that the Accounting Officer should always ensure that the Ministry operates within the budgetary allocation and that all bills are paid within the year they are incurred</p> <p>The committee further recommends the Accounting Officer should liaise with the Pending Bills Verification Committee or any other initiative the government has taken in order to ensure that all genuine bills are settled without delay, while those that are not genuine are cancelled.</p>	<p>The Ministry has put in measures to operate within the budgetary allocations and that all bills are paid within the year they are incurred.</p> <p>Presently there are no bills pending in Recurrent Vote (R21) and except for three (3) Bills with Pending Bills closing committee (PBCC) all the other Bills in Development Vote (D21) have also been cleared.</p> <p>The three Bills with the PBCC are actually disputed interest claims and will be cleared according to the advice that will be given by that committee.</p> <p>The Accounting Officer has written to the PBCC vide letter Ref. MEMR/F7/1/17(19) of 22nd December, 2008 and a reminder Letter Ref. No. MEMR/016A/(37) of 14th January, 2010 asking for speedy settlement of genuine bills.</p> <p>Currently the Ministry is spending within its Budgeted</p>

Provisions to avoid creating new Pending Bills.

619 - Under Expenditure and Under - Collection of A-I-A

The Committee recommends that the Accounting Officer should do proper budgeting to avoid over estimation.

The Ministry prepares budget and work plans before commencement of all donor funded projects and also communicates with the donor to ensure that the donor provides the funds for donor funded projects.

The Committee also recommends that the Accounting Officer must ensure that realistic work plans/budgets are prepared and agreed upon by donors before commencement of any donor funded projects.

The Committee further recommends that the Accounting Officer should ensure that budgeted counterpart funds are made available for donor funded projects.

620-622-Compensation and Ex-Gratia Payments

The Committee, while noting the action taken by the Accounting Officer, recommends that the District Development Committee be held responsible for the irregularity.

The Accounting Officer of the Ministry of Forestry and Wildlife is best placed to respond.

623-625 -Non Submission of Financial Statements on Donor Funded

The Committee was gravely concerned by the deliberate breach of the law governing financial management, and

The Ministry has adhered to all laid down Financial Regulations and that officers who contravene the regulations are severely disciplined.

Projects

therefore recommends that in future officers who contravene the law thereby opening avenues of possible abuse of funds should be severely disciplined.

**626-627-
Arrears of
Revenue,
Kirinyaga
District Forest
Office**

The Committee recommends that the Accounting Officer should ensure that every effort is made to recover the outstanding debts.

The Accounting Officer Ministry of Forestry and Wildlife is best placed to respond.

**628-629
Misallocation of
Expenditure**

The Committee also recommends that the Accounting Officer should seek authority for write-off for the amounts that are irrecoverable.

The committee recommends that investigations be undertaken and the officers who were involved in the irregularities are severely disciplined.

The Accounting Officer Ministry of Forestry and Wildlife is best placed to respond.

The Ministry is adhering to all laid down financial regulations and officers who contravene the regulations are severely disciplined.

**630-
Unsurrendered
Cash Revenue –**

The committee was gravely concerned at the deliberate breach of the law governing government financial management by the officers concerned, and therefore recommends that in future officers who contravene financial regulations thereby opening avenues of possible abuse of funds are severely disciplined.

The committee noted with concern the inordinate delay in availing

The Accounting Officer Ministry of Forestry and Wildlife is best placed to respond.

**Kipkabus
Forest Station,
Iten, Keiyo
District**

documents to auditors and recommends that officers who fail to avail documents at the time of audit should be disciplined.

**631-632-
Undelivered
Goods and
Irregular
Purchase of
Military Boots**

The committee recommends that the Accounting Officer should always ensure that no expenditures are made without proper planning and systems put in place.

The Accounting Officer Ministry of Forestry and Wildlife is best placed to respond.

**633-Excessive
use of Direct
Telephone
Lines**

The committee recommends that the Accounting Officer should ensure that the amount of Kshs.109,027.50 is recovered forthwith. The committee was gravely concerned by the deliberate breach of government procurement regulations and recommended that in future, officers who contravene regulations governing financial management thereby opening avenues of possible abuse of funds must be severely disciplined.

The Ministry has written a letter to the Permanent Secretary Ministry of Foreign Affairs requesting for recovery of Kshs.109,027.50 from the former secretary to the former Minister vide Ref. No. MEMR/F7/35 Vol.III/(23) of 14th January, 2010.

**634-635-
Partitioning of
12th Floor of
NHIF Building
Offices**

The committee was gravely concerned by the deliberate breach of government procurement regulations, and recommended that the officers who contravened regulations governing financial management thereby opening avenues

The Ministry is adhering to all government procurement regulations and officers who contravene are severely disciplined.

**636-637-Lease
of Office at
NHIF Building**

of possible abuse of funds
should be severely
disciplined.

The Accounting Officer
should always ensure that
all properties of the
Ministry have proper
documents for ownership.

The Accounting Officer ensures
that all properties of the Ministry
have proper documents for
ownership, in order to protect
Government property.

**638-Forest and
Mining
Revenue**

Officers who fail to protect
government property in
their charge are held
responsible for the
consequences resulting
from their omissions.

The committee reiterates
its earlier recommendation
under paragraph 611 or
2003/2004 accounts that
the Minister for
Environment and Natural
Resources should
harmonise the policy to
reduce conflict between
estimates and actual
collection of revenue.

The Accounting Officer, Ministry
of Forestry and Wildlife is best
placed to respond.

The committee further
recommends that the
Accounting officer should
ensure expeditious
collection of the
outstanding forest
revenue by 30th June,
2009

2005/2006

709 – Delay in Submission of Accurate and Auditable Appropriation Accounts and other Financial Statements

The committee recommends that the Accounting Officer should ensure that officers are well versed with the provision of the Public Procurement Act 2003 and comply with the required therein.

The Committee further recommends that Accounting Officers who persistently fail to submit Appropriation Accounts and other financial statements at the time of Audit without reasonable cause should be barred from holding public office.

710-711- Under Expenditure and under collection of Appropriation – In-Aid Vote

The committee recommends that the Accounting Officer should ensure that the Ministry prepares realistic budgets and avoids over-estimation

The committee further recommends that the Accounting Officer should work closely with donors to ensure that work-plans are properly synchronised and agreed upon between all the implementing agencies to facilitate faster completion of projects.

The committee also recommends that the Accounting Officer should confirm availability of GOK

The Ministry has carried out a sensitization programs for its officers as to the provisions of the Public Procurement Act 2003 and is ensuring compliance as to the same.

The Ministry is also ensuring that it submits Appropriation Accounts and other Financial Statements in time to the Audit within the stipulated statutory deadlines.

The budgetary implementation committee prepares realistic budgets that do not leave room for over/under estimation and also communicates with donor to ensure that the donor provides funds for donor funded projects.

counterpart funds before commencement of work on projects.

712-Grants to State Corporations

The committee recommends that the Accounting Officer should in future take severe disciplinary action against officers who through negligence fail to maintain accurate records thereby distorting vital official information.

The Accounting Officer will in future take severe disciplinary action against officers who fail to adhere strictly to government rules and regulations.

714 –Pending Bills

The committee recommends that the Accounting Officer should always ensure that the Ministry operates within the budgetary allocation and that all bills are paid within the year they are incurred.

The Ministry has put in measures to operate within the budgetary allocations and that all bills are paid within the year they are incurred.

The committee further recommends the Accounting Office should liaise with the Pending Bills Verification Committee or any other initiative the government has taken in order to ensure that all genuine bills are settled without delay, while those that are not genuine are cancelled.

Presently there are no bills pending in Recurrent Vote (R21) and except for three (3) Bills with Pending Bills closing committee (PBCC) all the other Bills in Development Vote (D21) have also been cleared.

The three Bills with the PBCC are actually disputed interest claims and will be cleared according to the advice that will be given by that committee.

The Accounting Officer has written to the PBCC vide letter Ref. MEMR/F7/1/17(19) of 22nd

**715-716-
Forest and
Mining
Revenue**

The committee reiterates its earlier recommendation under paragraph 611 of 2003/2004 accounts that the Minister for Environment and Natural Resources should harmonise estimates and actual collection of revenue.

The committee further recommends that the Accounting Officer should ensure that all outstanding forest revenue is collected by 30th September, 2009 and the Kshs.32,900,245.25 fully accounted for.

The committee also recommends that the Accounting Officer should ensure that supporting documents confirming the settlement of arrears of Kshs.463,844.65 are urgently availed for audit verification.

**717-718-
Arrears of**

The committee recommends that the

December, 2008 and a reminder letter Ref. No. MEMR/016A/(37) of 14th January, 2010 asking for speedy settlement of genuine bills.

Currently the Ministry is spending within its Budgeted Provisions to avoid creating new Pending Bills.

The Accounting Officer Ministry of Forestry and Wildlife is best placed to respond.

The Accounting Officer Ministry of Forestry and Wildlife is best

**Forest Revenue
at Kiambu
District Forest
Office**

Accounting Officer must ensure that every effort is made to recover the outstanding debts. For those with debts and require similar forest products, arrangements should be made to facilitate them to pay their outstanding debt arrears in instalments.

placed to respond.

**719- Arrears of
Forest Revenue
at Nyandarua
District Forest
Office**

The committee further recommends that the Accounting Officer should seek Treasury authority to write off debts owed by deceased persons and other amounts that are completely unrecoverable.

The committee reiterates its earlier recommendation under paragraph 611 of 2003/2004 accounts that the Minister for Environment and Natural Resources should harmonise estimates and actual collection of revenue.

The Accounting Officer Ministry of Forestry and Wildlife is best placed to respond.

The committee further recommends that the Accounting Officer should ensure that all outstanding forest revenue is collected by 30th September, 2009 and the Kshs.32,900,245.25 fully accounted for.

The committee also recommends that the Accounting Officer should

ensure that supporting documents confirming the settlement of arrears of Kshs.463,844.65 are urgently availed for audit verification.

720-Arrears of Revenue at Thika District Forest Office

The committee recommends that the Accounting Officer must ensure that every effort is made to recover the outstanding debts. For those with debts and require similar forest products, arrangements should be made to facilitate them to pay their outstanding debt arrears in instalments.

The Accounting Officer Ministry of Forestry and Wildlife is best placed to respond.

The committee further recommends that the Accounting Officer should seek Treasury authority to write off debts owed by deceased persons and other amounts that are completely unrecoverable.

721-Arrears of Revenue at Nyeri District Forest Office

The committee recommends that the Accounting Officer must ensure that every effort is made to recover the outstanding debts. For those with debts and require similar forest products, arrangements should be made to facilitate them to pay their outstanding debt arrears in instalments.

The Accounting Officer Ministry of Forestry and Wildlife is best placed to respond.

The committee further recommends that the

**722-Expenses of the Seventh Conference of Parties (COP 7) of United Nations Convention on Combating Desertification
723-Irregular Payments of Allowances**

Accounting Officer should seek Treasury authority to write off debts owed by deceased persons and other amounts that are completely unrecoverable.

The committee recommends that the Accounting Officer should avail all supporting documents in respect of the procurement made in preparation for this Conference for audit verification.

The committee recommends that the Accounting Officer should ensure that in future, all the logistics related to the organization of such conferences are put in place and harmonized well in advance. This will forestall the last minute rush which leaves behind inaccurate and in-completed documentation by the time the conference is over.

The Ministry has ensured that all government procedures and process are strictly being adhered to and the Ministry ensures that Accounts are presented for Audit verification on timely basis.

The Ministry has learnt from its past experience.

It now has experienced senior officers who are capable of planning, preparing and coordinating International Conferences proficiently.

724 -Nugatory Payment

The committee recommends that the Accounting Officer should in future ensure that conference budgeting is done prudently. He should also avail all the documents relating to this conference for audit verification.

The Ministry now has competent officers who have the capacity and ability to prepare proper budget. All the documents relating to this Conference has since been given to Kenya National Audit Office for audit verification.

1341-1343-Bank Reconciliation

The committee therefore recommends that

The Ministry has taken necessary actions to correct errors in the recurrent cashbook

Recurrent Cash Book

necessary action should be taken to clear these long outstanding balances.

The committee also recommends that analysis supporting balances reflected in the statements should be submitted for audit as stipulated in the Government Financial Regulations.

1344-1346- Deposits Cash Book

The committee therefore recommends that necessary action should be taken to clear these long outstanding balances.

The committee also recommends that analysis supporting balances reflected in the statements should be submitted for audit as stipulated in the Government Financial Regulations.

1347-1351- Statement of Assets and Liabilities R21

The committee heard evidence given by the Accounting Officer that he had not reconciled some records nor had he analysed and cleared balances in respect of GAV PMG and clearance Accounts.

1352-1355- Statement of Assets and Liabilities D21

The committee heard evidence given by the Accounting Officer that he had not reconciled some records nor had he analysed and cleared balances in respect of GAV PMG and clearance Accounts.

and analysis supporting the cashbook balances and updated bank reconciliation have been submitted to Kenya National Audit Office.

The Ministry has taken necessary actions to correct errors in the recurrent cashbook and analysis supporting the cashbook balances and updated bank reconciliation have been submitted to Kenya National Audit Office.

The Ministry is taking the Public Account Committee recommendations seriously and it is in the process of analyzing balances in the assets and liabilities and will submit to Kenya National Audit Office once completed.

The Ministry is taking the Public Account Committee recommendations seriously and it is in the process of analyzing balances in the assets and liabilities and will submit to Kenya National Audit Office once completed.

	<p>The committee recommends that the Accounting Officer should urgently liaise with Treasury with a view to ensuring that all the long outstanding balances are cleared from the Ministry's records.</p>	
<p>1356-1358- Statement of Assets and Liabilities D21</p>	<p>The committee recommends that the Accounting Officer should urgently liaise with Treasury with a view to ensuring that all the long outstanding balances are cleared from the Ministry's records.</p>	<p>The Ministry is taking the Public Account Committee recommendations seriously and it is in the process of analyzing balances in the assets and liabilities and will submit to Kenya National Audit Office once completed.</p>
<p>1161-1168 Statement of Assets and Liabilities for Vote R.21</p>	<p>The committee recommends that the Accounting Officer should urgently liaise with Treasury with a view to ensuring that all the long outstanding balances are cleared from the Ministry's records.</p>	<p>The Ministry is taking the Public Account Committee recommendations seriously and it is in the process of analyzing balances in the assets and liabilities and will submit to Kenya National Audit Office once completed.</p>
<p>1169-1174 Statement of Assets and Liabilities for Vote D21</p>	<p>The committee recommends that the Accounting Officer should urgently liaise with treasury with a view to ensuring that all the long outstanding balances are cleared from the Ministry's records.</p>	<p>The Ministry is taking the Public Account Committee recommendations seriously and it is in the process of analyzing balances in the assets and liabilities and will submit to Kenya National Audit Office once completed.</p>
<p>1175- 1178- Statement of Assets and Liabilities for Deposits</p>	<p>The committee recommends that the Accounting Officer should ensure that the original documents are hastily traced, balances analyzed</p>	<p>The Ministry has reconciled all deposit accounts and analysis and supporting documents have been submitted to Kenya National Audit Office.</p>

and information submitted
to the
Controller and Auditor
General for verification.

MINISTRY OF COOPERATIVE DEVELOPMENT AND MARKETING

FINANCIAL YEAR/PARA.	RECOMMENDATIONS BY PAC	ACTION TAKEN
2004/2005		
176-178	<p>The Committee recommends that the Accounting Officer should ensure that proper records are maintained by the Ministry.</p> <p>The Committee also recommends that disciplinary action should be taken against officers who fail to avail documents to the Controller and Auditor General at the time of audit.</p>	<p>The Ministry is ensuring that all relevant documents pertaining to all expenditures are properly maintained and availed at the time of audit as required by the law.</p> <p>The Accounting Officer has taken note of the Committee's recommendation to discipline an officer who fails to avail documents to the Controller and Auditor General at the time of audit.</p>
179-181	<p>The Committee recommends that on situations where bills were disputed and questionable, the Director, Kenya Anti-Corruption Commission should investigate the Ministry officers who authorized the claim document and completion certificates of those contractors.</p>	<p>The Accounting Officer has taken note of the Committee's recommendation that in situations where bills are disputed and questionable the Director, KACC should investigate the officers who authorized the claim documents and completion certificates. However, as explained by the Accounting Officer during his appearance before the Committee the payments made under Paragraph 179-181 were genuine and undisputable.</p>

- 183** The Committee was concerned by the presence of erroneous entries which indicate possible laxity in the Ministry's Accounting Department and recommends that the officers responsible for the omissions and commissions be disciplined. The Accounting Officer has noted the recommendation of the Committee that officers responsible for the omissions and commissions be disciplined.
- 184** The Committee noted with concern the inordinate delay in availing documents to the auditors and recommends that officers who fail to avail documents at the time of the audit be disciplined. The Accounting Officer has taken note of the Committee's recommendation that officers who fail to avail documents at the time of audit be disciplined. The Ministry is now ensuring that all relevant documents are availed at the time of audit.
- 185** The committee noted that the Accounting Officer should ensure that in future disciplinary action should be taken against officers who contravene the law by making payments before supply of goods and services. The Accounting Officer has taken note of the Committee's recommendation and will in future discipline officers who contravene the law by making payments before supply of goods and services. However, the payment for the supply of the lifts was done as per the provision of the contract between the contractor and the Ministry.
- 187** The Committee noted with concern the ordinate delay in availing information to auditors and recommends that officers who fail to avail required information at the time of audit should be disciplined. The Accounting Officer has noted the recommendation of the Committee, that officers who fail to avail the required information at the time of audit be disciplined.
- 188-189** The Committee, while noting the action taken by the Accounting Officer, recommends that full amounts of imprests outstanding be recovered without further delay. The recovery process is at an advanced stage nearing full recovery.

The Committee further recommends that the Accounting Officer should enforce that imprest holders abide by financial regulations by surrendering the imprest within 48 hours after return to duty station. In the event of the holder failing to account for the or surrender the imprest, the Accounting officer should recover the amount in full from the defaulting officer within 30 days, failure to which the out-

standing imprest should be recovered from the Accounting Officer.

At the moment, all imprests are recovered on time.

190-193

The Committee recommends that the Accounting Officer should ensure better management of funds in future and those officers who engage in mismanagement of funds should be disciplined.

The recommendation has been noted, the Accounting Officer will in future take disciplinary measures to those officers who engage in mismanagement of funds.

194-196

The Committee recommends that the Accounting Officer should take disciplinary action against officers responsible for poor book-keeping and reprimand the officers for repeat offence.

Similarly, the Accounting Officer has noted the recommendation made by the Committee, that disciplinary action be taken against officers responsible for poor book-keeping and reprimand the officers for repeat offence in future.

197-198

The Committee further reiterates its earlier recommendation under **paragraph 221-222** of **2003/2004** Accounts that the Director, Kenya Anti-Corruption Commission should investigate the loss of **Kshs.216,053,744.00** with a view to holding responsible and prosecuting the officers involved.

The figure **Ksh.216,053,744.00** was the closing stock and not loss.

217-218 The Committee while noting the action taken by the Accounting Officer, recommends that the issues outstanding should be cleared without further delay. The outstanding issues have since been cleared.

2005/2006

224 The Committee recommends that the Accounting Officer should always ensure that vital information is promptly availed to the Controller and Auditor General as required. The recommendation has been noted and the Ministry will in future ensure that vital and relevant information is availed to the Controller and Auditor General as required.

231-232 The Committee recommends that in future, wide consultations should be done between all parties involved and the matters should be brought to the attention of the Head of Civil Service and Permanent Secretary, Treasury. The Attorney General should play a leading role in mediating between the two parties, and lay emphasis on getting out of court settlements to safeguard public funds. The Accounting Officer has taken note of the Committee's recommendation and will in future ensure that wide consultations are done between the contractor and the Ministry.

The Committee further recommends that all the officers involved in mishandling this case should be severely reprimanded.

237-238 The Committee recommends that the Accounting Officer should reconcile the accounts in order to determine the correct amount collectable and After reconciliation has been done, no outstanding monies was detected.

whatever monies which that are outstanding and are correctly charged, should be recovered.

239

The Committee recommends that the Accounting Officer should put strict accounting measures in place to ensure that such money is banked on a daily basis to avoid misappropriation. Reconciliation should also be done to determine the amount collectable against any accountable document.

The revenue is collected and forwarded to the District Treasury daily and submission of monthly returns is done on time.

Revenue inspection is conducted fortnightly.

240-242

The Committee recommends that the Accounting Officer should ensure that all fuel issued is fully accounted for failure to which the officers concerned should be surcharged and severe disciplinary action taken against them.

The Committee further recommends that the Accounting Officer puts in place clear accountability mechanism to forestall similar incidents in future.

The Committee also recommends that the Accounting Officer should personally direct officer of the Efficiency Monitoring Unit to hand over the payment vouchers and other relevant documents for audit verification before 31st December, 2009.

A letter has been done and sent to the Efficiency Monitoring Unit

- directing them to hand over the payment vouchers and other relevant documents for audit.
- 257-258** The Committee recommends that the Accounting Officer should make concerted efforts to follow up the matter with a view to resolving the issue expeditiously. Deposits verified and found to be in order. The office is looking for funds to clear these long outstanding cases.
- The Committee further recommends that disciplinary action should be taken against the officers involved in both issuing and receiving the unpaid IOU's.
- 261-262** The Committee recommends that the Accounting Officer should make a follow-up with the Director, Kenya Anti-Corruption Commission to get a brief on the status of the case. The Kenya Anti-Corruption Commission is in the process of attaching the assets of the culprit for auctioning.
- 263** The Committee recommends that the Accounting Officer should follow up the money owed by Mr. Kinaro with the Director of Pensions and also seek authority from Treasury to write off **Kshs.464,370.15** owed by deceased, retired and dismissed persons. A letter has been written to the Secretary, PSC to enquire if any recoveries have been made from Mr. Kinaro, while a request for write off has been submitted to Treasury.
- 269-271** The Committee recommends that the Accounting Officer should seek Treasury authority to write off the stolen papers, as it is apparent that no recovery will ever be made. Letters have been written to the Director, Criminal Investigation Department requesting for investigation to be conducted regarding the lost papers.

The Committee, while noting the action taken by the Accounting Officer, recommends that full amounts outstanding from government Ministries Departments are recovered without further delay.

All debts regarding 2005/2006 and earlier years have been collected.

278-281

The Committee recommends that the Accounting Officer should enforce financial discipline among his officers and ensure that government revenue is remitted to Treasury as required.

The recommendation has been noted and the government revenue will be remitted to Treasury in time.

282-283

The Committee recommends that the Accounting Officer should ensure officers who do not prepare, maintain and update accurate books of accounts should be held liable for any resultant loss of public funds.

The recommendation has been noted. The officers who do not prepare and maintain accurate books will be held liable for any loss of public funds in future.

MINISTRY OF EAST AFRICAN COMMUNITY

FINANCIAL YEAR/ PARAGRAPH	RECOMMENDATION BY PAC	ACTION TAKEN
Year 2004/2005 Paragraph 651	The Committee recommended that in future officers who contravene the law thereby opening avenues of possible abuse of funds must be severely disciplined .	<ol style="list-style-type: none"> 1) Since 2004/2005, we have fully complied with the requirement to submit Appropriation accounts in time. 2) The evidence to this assertion is as per attached forwarding letters of the same. 3) Discipline has also been meted against isolated cases of contravention.
Year 2005/2006 Paragraph 751	The Committee recommended that the Ministry should ensure that its budget is realistic to avoid holding unutilized funds there by denying usage by more deserving Projects/Sectors.	The Ministry has adhered to strict budget control as is evidenced by the Performance Contract Evaluation Report of 2008/2009 Financial Year.
Year 2005/2006 Paragraph 752	The committee recommended that the accounting officer should ensure that imprest are surrendered 48 hrs on return to duty station as per the prevailing Financial Regulations.	The Ministry has created full awareness among officers to follow the Financial Regulations as pertains surrender of imprest. Compliance to the regulations has improved a lot and salary of defaulters have been deducted to recover the imprest.

2005/2006

Paragraph 752

The committee further recommended that officers should always surrender previous imprest before they are issued with more.

We are strictly adhering to this requirement and no imprest are issued before previous one are surrendered.

STATE LAW OFFICE

FY	RECOMMENDATION BY PAC	ACTION TAKEN
2005/06		
PARA 756	OUTSTANDING IMPRESTS	
PARA 757		
	<p>i) The Committee recommends that the Accounting Officer should ensure that all Imprests owed by non-civil servants are recovered and accounted for in full failure to which legal action should be taken where necessary.</p> <p>ii) That authority to be sought from Treasury to write off debts owed by deceased officers. Those who were dismissed and those who deserted duty since it is apparent that no recoveries will ever be made to account for Imprest.</p> <p>iii) That the Accounting Officer should ensure strict enforcement of Government Financial Regulation relating to issuance and surrender of Imprests.</p>	<p>While every effort is being made to recover Imprests from Government officers posted in other Ministries, with some success, it is proving impossible to recover from non-civil servants and dismissed officers whose addresses we are unable to trace. In this regard consultations are underway with the Treasury with a view to having them written off as irrecoverable losses.</p> <p>The Accounting Officer has since issued strict instructions on the adherence of Regulations and instructions relating to issuance and surrender of Imprests.</p> <p>In particular, he has instructed that : -</p> <p>i) Only one Imprest is issued at any one time and strictly for official purposes;</p> <p>ii) Imprest is surrendered within 48 hours; and</p>

- iii) In no circumstances will Imprests be issued to non-civil servants.

PARA 758 **IRREGULAR LEASE OF OFFICE**

The Committee recommends that the Accounting Officer should always ensure that supporting documents are availed for audit review in order to forestall unnecessary audit queries.

The Accounting Officer has issued specific instructions that the lease documents are processed and signed in time and the same to be availed to the Auditors for verification.

JUDICIARY

]Financial
Year

Paragraph	Subject	Recommendation by PAC	Action Taken
658-662	National Council of Law Reporting	The Committee noted with concern the continued inordinate delay by the department in availing documents to auditors and recommends that officers who fail to avail documents at the time of audit should be disciplined.	Any failure by officers is severely disciplined. Delays in availing of documents are not anticipated as systems have been put in place.
663	Unapproved Expenditure	The Committee recommends that disciplinary action should be taken against officers who violate the laid down Government Financial regulations and procedures.	The officers have been severely reprimanded and measures put in place to ensure this does not recur.

004/2005

664-667

Installation of
Security
Equipments,
Minor Alterations
and Maintenance
Works and
Construction of
Buildings

The Committee noted with concern the inordinate delay in availing documents to auditors implying presence of laxity, incompetence or inefficiency in the Ministry and recommends that officers who fail to avail documents at the time of audit should be disciplined.

The officers were reprimanded and the Accounting Officer has developed an information system to maintain records of all projects. Contract documents and any other accountable records are filed within.

668

Late submission
of 2004/2005
Appropriation
and Other Public
Accounts

The Committee recommends that where laxity, negligence or inefficiency is established, the officers responsible should be severely disciplined.

The Financial Reporting System (IFMIS) has mitigated the risk of delays on data processing. The processing is internally controlled and the Accounting Officer has directed financial reports

be generated on monthly basis to ensure corrections are done in time.

669

Outstanding Imprests

The Committee recommends that the Accounting Officer should always ensure that regulations governing the issuance and surrender of imprest are strictly adhered to at all times. In the event of the holder failing to account for or surrender the imprest, the Accounting Officer should recover the amount in full from the salary of the defrauding officer within 30 days, failure to which the outstanding amount should be recovered from the Accounting Officer.

The regulations governing issuance of imprest are being enforced:

- Officers with outstanding imprests are not issued with more.
- Imprest defaulters are followed up to pay up, and
- Imprests are issued within staff entitlement only for fuel on official trips.

670

Loss of Revenue/Deposits at Principal magistrate's

The Committee recommends that the

The Judiciary is implementing

Court -Kikuyu

Accounting Officer direct banking should put in place to improve cash internal controls to management. avoid loss of public Personal funds, and where cheques are not laxity or negligence is accepted save established the for bankers' Accounting Officer cheques and and officers bank guarantee. responsible should be disciplined

671-674

The Committee deplored the manner in which the ministry officers continued to misappropriate public funds in various law courts, implying deliberate abuse, impunity, laxity, negligence, incompetence or inefficiency and recommends that the officers responsible for the omissions and commissions should be disciplined, prosecuted and held to account.

The Judiciary is implementing direct banking.

Unsurrendered revenue; outstanding I owe You, partly paid vouchers and Refer to Drawer(RD) Cheques- Kakamega Law Courts

675	Statement of Revenue Head 220-260 Fines and Forfeitures	The Committee recommends that where laxity, negligence or inefficiency is established, the officers responsible should be severely disciplined.	The Accounting Officer has set deadlines for submission of arrears of revenue reports one month after financial year end.
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759	Pending Bills	The Committee recommends that the Accounting Officer should ensure that budgets are realistic to avoid accumulation and carry-over of unpaid bills.	The Budget Committee is in place to ensure proper budget allocations to all programmes. Commitments are also matched with cash flow to ensure bills are not accumulated at the year end.
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2005/2006	760 Refurbishment of Ogembo Law Courts	The Committee recommends that the Accounting Officer should enforce financial discipline	Financial discipline is enforced all the time.
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and ensure that proper consultations are done and necessary authority granted prior to spending any unauthorised public funds, All supporting documents should also be availed for audit review as and when requested.

Supporting documents and project contract documents are centrally stored and availed for audit when required.

761

Installation of
Security
Equipment

The Committee recommends that all transactions involving public funds including those in respect of restricted procurement must be audited.

The Judiciary has in place the statutory procurement committees which approve all procurement method as provided for under the Act and Regulations.

The contract documents have been obtained and availed for audit review.

762	Fencing, Generator House and Public Toilets- Nairobi Law Courts	The Committee recommends that the Accounting Officer should in future avail all relevant supporting documents to avoid unnecessary queries.	The Contract documents of all projects are now filed with the Accounting Officer.
763	Expenditure of Ksh 5,520,617.00; Busia , Kwale and Nakuru Law Courts	The Committee noted with concern the inordinate delay in availing documents for audit verification and recommends that the Accounting Officer should take disciplinary action against officers who fail to avail supporting documents for audit.	The Information system reviewed; that is filing and archiving of records to ensure easy access. Projects documents are centrally stored for easy of retrieval for audits.
764	Under- expenditure and under-collection of Appropriation- in-Aid Judicial Department.	The Committee noted with concern the rampant delays in project implementation and particularly in cases where the Ministry of	The Judiciary has in place a Project Planning and Execution office. The office is mandated to

Public Works is coordinate involved. The project Committee implementation recommends that in and work future, the closely with Accounting Officer Technical should work closely Officers from with the Permanent Ministry of Secretary, Ministry of Works.

Public Works to coordinate and facilitate faster implementation of projects in order to utilise the funds as appropriated.

765-769

Apparent loss of Government funds on Purchase and Renovation of an Old building at Malindi Law Courts

Committee was appalled by the manner in which this project was handled and deplored the lack of proper consultations between the Judiciary, the Ministry of Lands and the Ministry of Roads and Public Works officials from the initial stages.

The matter has been taken over by the Kenya Anti-Corruption Commission for further investigation and matter still pending.

While noting that the land was not lost and still remains the property of the government the committee recommends that the officers involved in this apparent misappropriation of public funds should be punished in accordance with the law. The officers should also be investigated and if found guilty for professional negligence, they should be barred from holding public office.

770-772

Outstanding imprests

The Committee recommends that the Accounting Officer should always ensure that regulations governing the issuance and surrender of imprests are strictly adhered to. The Accounting Officer effected recovery of outstanding imprests; and regulations on issuance of imprests now being observed.

The Committee further recommends that the Accounting Officer should make all efforts to recover imprests, most of which is long overdue, by 31st December 2009.

MINISTRY OF ENERGY

YEAR	RECOMMENDATIONS	ACTION TAKEN ON RECOMMENDATIONS
1. 2004/2005	<p>EXCESS VOTE Accounting Officer should always ensure that the Ministry operates within the budgetary allocation and that disciplinary action should be taken against officers who spend in excess of the voted provisions.</p>	<ul style="list-style-type: none"> ✓ 5% Electricity levy funds now remitted on monthly basis between KPLC and REA. ✓ With Introduction of IFMIS funds under 5% Electricity levy cannot be committed in the system if not earlier budgeted for. ✓ District expenditure cannot be up-loaded thrice ✓ Requested Treasury for additional staff
2. 2004/2005	<p>KIPEVU OIL STORAGE FACILITY</p> <ul style="list-style-type: none"> - Inordinate delay in availing documents to auditors. - Officers who fail to avail documents at the time of audit should be disciplined. 	<ul style="list-style-type: none"> ✓ Issue noted and resolved but staff worked against delays ✓ Timeliness of information to be adhered to in future
3. 2004/2005	<p>WOOD FUEL RESOURCES DEVELOPMENT</p> <ul style="list-style-type: none"> - The presence of erroneous entries which indicate possible laxity in the Ministry's Accounting Department. - Accounting officer to ensure that the Accounts Department has competent and professional staff with a view in ensuring that proper and correct up to date records are maintained. 	<ul style="list-style-type: none"> ✓ Treasury requested to post Senior and more competent Accounts and Finance officers to improve the Ministry's operations

- | | | | |
|----|-----------|--|--|
| 4. | 2004/2005 | <p>GEOTHERMAL RESOURCES EXPLORATION</p> <ul style="list-style-type: none"> - Inordinate delay in availing documents to auditors - Officers who fail to avail documents at the time of audit should be disciplined | <ul style="list-style-type: none"> ✓ The Ministry will in future provide all necessary supporting documents to the payment voucher, journals entries submitted to the Controller and Auditor General in good time |
| 5. | 2004/2005 | <p>STATEMENT OF OUTSTANDING & RESCHEDULED LOANS</p> <ul style="list-style-type: none"> - In future the Accounting Officer should ensure that documents are availed for verification at the time of audit as required by law. | <ul style="list-style-type: none"> ✓ Matter resolved |
| 6. | 2004/2005 | <p>RURAL ELECTRIFICATION PROGRAMME FUND ACCOUNT</p> <p>In future the Accounting Officer should ensure that documents are availed for verification at the time of audit as required by law</p> | <ul style="list-style-type: none"> ✓ Matter resolved with the subsequent availing of additional information for verification |
| 7. | 2004/2005 | <p>RURAL ELECTRIFICATION</p> <ul style="list-style-type: none"> - Laxity in the Ministry's maintenance of financial records. - Accounting Officer should reorganize and strengthen the Accounting Department with a view to ensuring that proper and up to date records are maintained. | <ul style="list-style-type: none"> ✓ Ministry of Finance requested to post more Accounts staff to strengthen the Accounts Unit |
| 8. | 2004/2005 | <p>STATEMENT OF OBLIGATIONS GUARANTEED BY THE GOK</p> | <ul style="list-style-type: none"> ✓ Final award in the matter of an arbitration between Triple A Capitals Ltd. Vs Kenya Pipeline Co. Ltd in which |

Accounting Officer should ensure that the statement relating to the liability of Ksh.221,040,000.00 owed to Triple A Co. Ltd. Is obtained from Kenya Pipeline Co. Ltd. And submitted to the Controller and Auditor General for audit review by 31st December, 2009

Triple A Capitals Ltd. Claim was dismissed on 5th November 2008 with no order as to costs.

2005/2006 Paragraphs	RECOMMENDATION BY PAC	ACTION TAKEN
1. 839-852	<p>ACCURACY OF THE DEVELOPMENT APPROPRIATION ACCOUNT FOR VOTE D.30</p> <p>Accounting Officer in consultation with Ministry of Finance Deploy officers with high integrity and professionalism to ensure that records are accurate and credibility of information availed for audit is restored. Where laxity is established, disciplinary action should be taken against the officers involved.</p>	<ul style="list-style-type: none"> ✓ Accounting officer embarked on Training of all Accounting Staff ✓ Treasury request to post more competent Accounts and Finance officers ✓ The Ministry has rolled out IFMIS to improve on the accuracy and integrity of accounts data

2. 853

**UNDER-
EXPENDITURE AND
UNDER-COLLECTION
OF
APPROPRIATIONS-
IN-AID VOTE R.30**

- Treasury should ensure that all voted funds are released on time for effective utilization as budgeted.
- Accounting Officer should ensure that adequate measures are put in place in order to meet the Ministry's revenue collection targets.

- ✓ Measures have been taken and adhered to ensure that both GoK and donor A.I.A is realized in good time before the close of the financial year
- ✓ The Accounting Officer personally follows closely the release of exchequer to avoid shortfalls

3. 854-856

**APPROPRIATIONSIN-
AD – KEPEVU OIL
STORAGE FACILITY**

The agreement in question had been signed; the audit query has been resolved.

- ✓ Matter resolved

4. 857

LAND TITLE DEEDS

- The Ministry had repossessed its irregularly transferred land
- Accounting Officer should ensure that more land is acquired throughout the country to enable the Ministry establish more of those centres

- ✓ More land has been bought in Lodwar and Busia for the establishment of energy centres

countrywide.

5. 858-860

**STATEMENT OF
OUTSTANDING
LOANS**

Accounting Officer should ensure that all relevant documents are available for verification at the time of audit as required by law

- ✓ Documents have been readily made available and passed over to the staff of the Controller and Auditor General for verification.

6. 861

**STATEMENT OF
PARTICIPATION BY
GOK IN QUASI
GOVERNMENT AND
OTHER STATUTORY
ORGANIZATIONS**

Accounting Officer should ensure that copies of share certificates of parastatals under the Ministry are available for audit verification as all times.

- ✓ Share certificates have been available to the Controller and Auditor General staff for verification.

7. 862-863

**STATEMENT OF
OBLIGATIONS
GUARANTEED BY THE
GOK**

Even though Treasury maintains the loan records, the responsibility of enforcing adherence to loan repayments falls on the Accounting Officer

- ✓ The EIB loan has already been paid
- ✓ Copies of repayment schedule now retained.

and he should retain at least copies of those documents.

8. 864-866

PETROLEUM/COAL EXPLORATION

Accounting Officer should ensure that the contractor expeditiously completes his work of drilling the wells up to the basement level as specified before his services are discontinued

- ✓ Chief Geologist to provide answer
- ✓ Wells drilled up to the basement as per specifications

9. 867-868

TECHNICAL SUPERVISION AND COST CONTROL OF THE STABEX COFFEE FACTORIES RURAL ELECTRIFICATION PROGRAMME – PHASE I

Matters have been resolved

- ✓ Matter has been resolved

10. 869-870

RURAL ELECTRIFICATION FUND

Accounting Officer should ensure that relevant supporting documents are available at the time of audit to avoid unnecessary queries.

- ✓ Relevant supporting documents have been available

11. 871

**PETROLEUM
DEVELOPMENT LEVY
FUND**

Accounting Officer should ensure that documents relating to the transfer of Kshs.11,195,275.00 are expeditiously availed for audit verification.

✓ Documents availed to staff of the Controller and Auditor General for verification

MINISTRY OF EDUCATION

2004/05 PUBLIC ACCOUNTS COMMITTEE
RECOMMENDATIONS

ACTION TAKEN

1. PARAGRAPH 700: PENDING BILLS.

(a) The committee recommends that the Accounting Officer should liaise with the Permanent Secretary, Treasury and the Pending Bills Closing Committee in order to ensure that the genuine Pending Bills are cleared without further delay.

I confirm that my Ministry has been in constant touch with Treasury on this matter

(b) The committee also recommends that on situations where the bills were disputed and questionable, the Director Kenya Anti-Corruption Commission should investigate the Ministry officers who authorized the claim documents and completion certificates of those contracts.

This Ministry is awaiting the report of the Pending Bills Closing Committee to determine how much is payable to each of the claimants after which necessary action will be taken.

2. PARAGRAPH 701: UNDERCOLLECTION OF APPROPRIATIONS-IN-AID

(a) The Committee recommends that the Accounting Officer should always ensure that realistic estimates are made for the Ministry's financial needs.

I confirm that my Ministry in consultation with Treasury always prepares realistic estimates for our financial needs.

(b) The Committee also recommends that the Accounting Officer should do proper budgeting to avoid over-estimation

I confirm that this Ministry prepares an accurate budget to avoid over-estimation of Appropriations-In-Aid.

(c) The Committee deplored the manner in which the Parastatals used Appropriation-In-Aid and further recommends that monies collected as Appropriation-In-Aid should be surrendered intact to the Exchequer.

I will ensure that collectable Appropriations-In-Aid is surrendered to the Exchequer in accordance with the Government regulations & Treasury Circulars.

3. PARAGRAPHS 702&703: UNDER-EXPENDITURE AND UNDER-COLLECTION OF APPROPRIATIONS-IN-AID

- | | |
|--|---|
| <p>(a) The Accounting Officer must always ensure that only funds for donor funded projects whose formalities are certain to be finalized are factored in the budget; the Accounting Officer in consultation with the Treasury should put in place strict measures to ensure that revenue estimates are realistic</p> | <p>I confirm that I have been in consultation with Treasury to always ensure that only funds for donor funded projects whose formalities have been finalized with respective donors are factored in the budget. I further confirm that only realistic revenue estimates are factored in the budget.</p> |
| <p>(b) The Treasury should ensure that all documents relating to donor funded projects are availed to the respective Accounting Officer for audit verification.</p> | <p>Action, Permanent Secretary, Treasury.</p> |
| <p>(c) The Treasury should ensure that all voted money is released on time for effective utilization.</p> | <p>Action, Permanent Secretary, Treasury.</p> |
| <p>(d) The Treasury should desist from allocating huge budgetary provisions which cannot be supported by adequate exchequer releases.</p> | <p>Action, Permanent Secretary, Treasury</p> |
| <p>(e) The Committee also recommends that the Accounting Officer must always ensure that copies of the documents showing the funds released directly by donors to projects recorded in the books of accounts are availed to the Controller and Auditor General at the time of audit.</p> | <p>I confirm that all relevant documents provided by the donors regarding direct expenditures will be availed to the Controller & Auditor General at the time of audit.</p> |

4. PARAGRAPHS 704-706: OUTSTANDING IMPRESTS.

(a) The committee recommends that the Accounting Officer should ensure that the outstanding imprests are recovered in full. Efforts are being made to recover the outstanding amount in full.

(b) The committee further recommends that the Accounting Officer should ensure that imprest holders abide by financial regulations by surrendering the imprest within 48 hours after return to duty station. In the event of the holder failing to account for or surrender the imprest, the amount in full from the salary of the defaulting officer within 30 days, failure to which the outstanding amount should be recovered from the Accounting Officer. I have issued instructions that all imprest holders must observe government regulations governing the administration of imprest failure to which the outstanding amount should be recovered from their salaries without any reference to them (imprest holders)

5. PARAGRAPH 704: UNSUPPORTED EXPENDITURE

(a) The Committee noted with concern at the inordinate delay in availing documents to auditors and recommends that officers who fail to avail documents at the time of audit should be disciplined. I have cautioned my officers to ensure that all the relevant documents are availed to auditors as and when required failure to which disciplinary action will be taken against them. (See Appendix I).

6. PARAGRAPH 708: UNSUPPORTED EXPENDITURE

(a) The Committee recommends that the Accounting Officer liaises with the Permanent Secretary, Treasury to ensure that expenditure documents are availed by the donor for accounting, and that concerted effort are increased in order to harmonize documents on donor-funded projects. As advised by the Public Accounts Committee, I have requested the Permanent Secretary, Treasury to take the necessary action vide my letter Ref. No. MOE.CONF/G6/Vol.VI/ (53) dated 11th January 2010. (See Appendix II).

7. PARAGRAPH 709: IRREGULAR PAYMENT

- (a) The committee recommends that disciplinary action should be taken against the officers for contravening government financial regulations

I have cautioned all officers in this Ministry to always ensure that they act in accordance with Government regulations and procedures failure to which disciplinary action will be taken against them.

8. PARAGRAPH 710: EXCLUDED EXPENDITURE

- (a) The committee noted with concern the inordinate delay in availing documents to auditors and recommends that officers who fail to avail documents at the time of audit should be disciplined

I have cautioned my officers to ensure that all the relevant documents are availed to the auditors as and when required failure to which disciplinary action will be taken against them. (See Appendix I)

9. PARAGRAPH 711 & 712: UNACCOUNTED FOR TRAVELLING AND ACCOMMODATION ALLOWANCES-MANDERA DISTRICT EDUCATION OFFICE

- (a) The committee recommended that the Accounting Officers should liaise with the Attorney General in order to prosecute the culprit with a view to holding him to account.

As advised by the Public Accounts Committee, I will liaise with the Attorney General with a view to prosecute the culprit.

10. PARAGRAPHS 713 & 714: PAYMENT FOR FUEL NOT DELIVERED- NANDI NORTH DISTRICT EDUCATION OFFICE, KAPSABET

- (a) The Committee recommends that the Accounting Officer should ensure that the funds are recovered and disciplinary action taken against the officers who contravened the law by making payments before supply of goods and services.

I wish to report that an amount Kshs 200,000 has already been paid by the proprietor of Chebut Service Station, Kapsabet leaving a balance of Kshs 204,723.00. Efforts are

being made to recover the balance in full. The said proprietor has promised to pay in two installments.

11. PARAGRAPH 715: CONTRIBUTIONS TO LOCAL AND INTERNATIONAL ORGANIZATIONS

- (a) The committee recommends that the Accounting Officers should ensure that acknowledgement documents from the organizations are always received and availed for audit verification, failure to which the Accounting Officer shall be held responsible.
- I confirm that the Ministry is currently receiving acknowledgement documents from International Organizations and the same will be available for verification as and when required.

12. PARAGRAPHS 716 – 723: REHABILITATION OF MOSORIOT TEACHERS TRAINING COLLEGE

- (a) The Committee recommends that to avoid future occurrence the Accounting Officer should always ensure contracts are done and paid for within the stipulated contract periods.
- I have issued instructions to all officers in this Ministry to ensure that all contracts are executed and paid for within the stipulated time to avoid carryover of unpaid bills.

13. PARAGRAPHS 724 & 725: GRANTS TO TEACHERS SERVICE COMMISSION (TSC) AND OTHER EDUCATIONAL INSTITUTIONS

- (a) The Committee noted with concern at the inordinate delay in availing documents to auditors and recommends that officers who fail to avail documents at the time of audit should be disciplined.
- I have cautioned my officers to ensure that all the relevant documents are availed to auditors as and when required failure to which disciplinary action will be taken against them. (See Appendix I).
- (b) The Committee also recommends that payments should always be accompanied by acknowledgement receipts and availed for audit verification.
- I confirm that currently all educational institutions under this Ministry have been requested to acknowledge receipts of any

payments and that the same are available for verification as and when required.

14. PARAGRAPH 726: GRANTS TO UNIVERSITIES AND OTHER RELATED INSTITUTIONS

(a) The Committee noted with concern at the inordinate delay in availing documents to auditors and recommends that officers who fail to avail documents at the time of audit should be disciplined. I have cautioned my officers to ensure that all the relevant documents are availed to auditors as and when required failure to which disciplinary action will be taken against them. (See Appendix I).

15. PARAGRAPH 727: GRANTS TO SCHOOLS

(a) The committee noted with concern at the inordinate delay in availing documents to auditors and recommends that officers who fail to avail documents at the time of audit should be disciplined. I have cautioned my officers to ensure that all the relevant documents are availed to auditors as and when required failure to which disciplinary action will be taken against them. (See Appendix I).

2005/06 PUBLIC ACCOUNTS COMMITTEE ACTION TAKEN
RECOMMENDATIONS

1. PARAGRAPH 872: PENDING BILLS

(a) The Committee recommends that the Accounting Officer should instill financial discipline in the Ministry to discourage officers from piling up unpaid bills until they become unmanageable. I confirm that, I have directed my officers to ensure that all expenditures are incurred against voted provision to ensure that no bills are carried forward to the following financial year. Please note that the bills under reference here belong to 2002/2003 and earlier years.

(b) The committee further recommends that the Accounting Officer should liaise with the Permanent Secretary, Treasury and the Pending bills closing committee to ensure that genuine pending bills are paid without further delay.

I confirm that my Ministry has been in constant touch with Treasury on this matter

(c) The Committee also recommends that in situations where the bills were disputed and are questionable, the Director, Kenya Anti-Corruption Commission should investigate the Ministry officers who authorized the claim documents and completion certificates of those contracts.

I wish to clarify that after these bills were launched by claimants, Government officers raised objections to the payments for various reasons thus occasioning the disputes. The Pending Bills Closing Committee is looking into these disputes with a view to establishing their genuineness.

2. PARAGRAPHS 873 & 874: MISALLOCATION OF EXPENDITURE

(a) The Committee recommends that the Accounting Officer should investigate the manner in which this matter was handled with a view to establishing whether public funds were prudently utilized.

As recommended by Public Accounts Committee, I have investigated the manner in which this matter was handled and have found the following:-

- (i) That as stated in my presentation before Public Accounts Committee, these were pending bills for which no funds were provided under the relevant expenditure heads.
- (ii) That all these expenditures relate to the Directorate of Basic Education under which the Primary Teachers' Training Colleges (PTTCs) funds also fall. This is the closest expenditure head that could have been used to settle the debts and it was the only one with sufficient funds at that time.
- (iii) That the decision to charge of these

expenditures under this head was the most prudent given the circumstances.

- (iv) That by settling these pending bills, the Ministry was averting a possibility of the beneficiaries claiming interest on the outstanding amounts.
- (v) That I confirm that no loss of government funds was occasioned by settlement of the amounts in question.

3. PARAGRAPH 875-879: OUTSTANDING IMPRESTS

(a) The Committee recommends that the Accounting Officer must ensure that the outstanding imprests are recovered in full. Efforts are being made to recover the outstanding amounts in full.

(b) The committee recommends that the Permanent Secretary, Treasury should ensure that Accounting Officers abide by financial regulations and recover the imprest within 48 hours after return to duty station. In the event of the holder failing to account for or surrender the imprest, the unsurrendered/unaccounted for amount shall become a debt owed to the government by the officer and the debt shall attract interest at the prescribed rate. The Accounting Officer should recover the amount in full and interest thereof from the salary of the defaulting officer. Officers who move to new station should not be cleared before surrender of all outstanding imprests and other amounts owed to the government. Action is expected from Permanent Secretary, Treasury.

4. PARAGRAPHS 880 & 881: UNDER-EXPENDITURE AND UNDER-COLLECTION OF APPROPRIATION-IN-AID

(a) The Committee recommends that the Accounting Officer should always ensure that copies of the documents showing the funds released directly by donors to projects recorded in the books of accounts are availed to the Controller and Auditor General at the time of audit. I confirm that all available documents that are required by the Controller and Auditor-General are provided as and when requested.

(b) The Committee further recommends that Treasury should ensure that all voted funds are released on time for effective utilization as planned and not two months before the end of the financial year as has happened in the past. Action – Permanent Secretary, Treasury

➤ The Accounting Officer must always ensure that only funds for donor funded projects whose formalities are certain to be finalized are factored in budgets. I confirm that I have been in consultation with Treasury to always ensure that only funds for donor funded projects whose formalities have been finalized with respective donors are factored in the budget. (See Appendix I)

➤ The Accounting Officer in consultation with the Treasury should put in place strict measures to ensure that revenue estimates are realistic to avoid gross over or under-estimation. I confirm that only realistic revenue estimates are factored in the budget.

➤ Treasury should ensure that all documents relating to donor funded projects are availed to the respective Action: Permanent Secretary, Treasury

Accounting Officers in time
for audit verification

5. PARAGRAPHS 882-884: OVER EXPENDITURE AND UNSUPPORTED EXPENDITURES

- (a) The Committee recommends that the Accounting Officer in liaison with the Controller and Auditor General should reconcile the conflicting information with a view to coming up with the correct position on the issue.
- I confirm that I have contacted the Controller and Auditor-General with a view to reconciling the position regarding this matter vide my letter Ref. No. MOE.CONF/G6/4/Vol.VI/53 dated 11th January 2010 (See Appendix I).

- (b) The Committee further recommended that the Accounting Officer should investigate the loss of invoices for Kshs 6,211,250.00 and ensure that severe disciplinary action is taken against the officers responsible for the loss.
- I confirm that I have conducted investigations as recommended by Public Accounts Committee, but I have not been able to identify specific officers who can be held responsible for the loss of the invoices in question.

6. PARAGRAPHS 885-889: COMPENSATION AND EX-GRATIA PAYMENTS AND MEDICAL EX-GRATIA PAYMENTS

- (a) The Committee noted that although the medical ex-gratia balance has since been fully paid, supporting documents are yet to be availed for audit. The Accounting Officer should therefore forward all the documents related to these cases for audit review.
- I confirm that all the documents related to these cases are available and the same will be availed as and when required. (See Appendix III)
- (b) The Committee recommends that although the Accounting Officer has discretionary powers to grant ex-gratia assistance, he should ensure that such powers are exercised within the law and the prevailing
- I confirm that I always ensure that ex-gratia assistance is given in conformity with the rules and regulations provided in the code of regulations of the Civil Service.

government regulations.

7. PARAGRAPHS 900 & 901: GRANTS TO UNIVERSITIES AND OTHER RELATED INSTITUTIONS

(a) The Committee recommends that the Accounting Officer should ensure that all documents supporting the full amount of government grants to the above institutions are properly reconciled and availed for audit verification. I confirm that documents supporting the full amount of government grants to institutions affiliated to this Ministry are properly reconciled and that the same are availed for audit verifications as and when required.

(b) The Committee further recommends that officers who failed to avail the said documents at the time of audit should be severely disciplined. I confirm that I have warned my officers to always ensure that they avail documents that are required for audit verification failure to which serious disciplinary action will be taken against them. (See Appendix III)

8. PARAGRAPH 902: GRANTS TO POLYTECHNICS AND TECHNICAL TRAINING INSTITUTIONS

(a) The Committee recommends that all the officers responsible for the failure to avail documents as required be severely disciplined. I confirm that I have warned my officers to always ensure that they avail documents that are required for audit verification failure to which serious disciplinary action will be taken against them. (See Appendix III)

9. PARAGRAPHS 903 & 904: IRREGULAR GRANTS TO PRIMARY SCHOOLS

(a) The Committee recommends that the Accounting Officer and the officers who made the recommendations before harmonizing the names in all the lists should be severely disciplined for failing to do their work as required. I confirm that I have cautioned officers in this Ministry who are involved in preparation of the lists of benefiting institutions to be extra vigilant in the future to ensure that no repetitions recur failure to which serious disciplinary action will be taken against them.

- (b) The Committee further recommends that the Accounting Officer should ensure that all the relevant supporting documents relating to this matter are available for audit.
- I confirm that all the relevant supporting documents relating to this matter are available for audit verification.

10. PARAGRAPHS 905 & 906: UNACCOUNTED FOR AUTHORITY TO INCUR EXPENDITURE

- (a) The Committee recommends that the Accounting Officer should ensure that the adjustment of accounts to reflect expenditures not earlier captured is completed expeditiously and the accounts submitted for audit verification in order to put the matter to closure.
- The adjustment of Accounts will be done as soon as Treasury provides the necessary advice.

11. PARAGRAPH 907: UNSUPPORTED EXPENDITURE

- (a) The Committee recommends that in future, the Accounting Officer should use all available avenues to get information necessary for audit purposes.
- As recommended by Public Accounts Committee, I have requested all our development partners to avail the necessary supporting documents for expenditure incurred directly by themselves for capture in our books of accounts.

12. PARAGRAPHS 908-916: IRREGULAR AWARD OF TENDER FOR SCHOOLS BROADCASTING PROGRAMME

- (a) The Committee recommends that the Director, Kenya anti-Corruption Commission, should investigate this matter with a view to holding responsible the then Accounting Officer, Minister and the officers involved as well as the then Chief Executive Officer, KBC
- I have alerted the Director, Kenya Anti-Corruption Commission (KACC) of your recommendations vide my Letter Ref. No. MOE.CONF/G6/4 Vol.VI/ (55) dated 11th January 2010. (See Appendix IV).

13. PARAGRAPHS 917 & 918: UNACCOUNTED FOR FUEL AT MANDERA DISTRICT EDUCATION OFFICER

- (a) The Committee recommends that the Accounting Officer should personally and urgently pursue this matter with a view to instituting severe disciplinary action against all the officers concerned including surcharge for the unaccounted for funds. I wish to confirm that I will pursue the concerned officers with a view to recovering the lost funds in full.
- (b) The Committee further recommends that the Accounting Officer should ensure that all documents relating to this matter are availed for audit. I wish to confirm that all the necessary documents are available for audit verification as recommended by Public Accounts Committee. (See Appendix III)

LANDS

FINANCIAL YEAR/PARAGRAPH	RECOMMENDATION BY PAC	ACTION TAKEN
2004/2005/731 EXCESS VOTE	Accounting officer should ensure that documents are availed for verification at the time of audit as required by law.	Measures have been put in place to ensure that documents are available on time.
2004/2005/732 PENDING BILLS	The Kenya Anti-corruption Committee should investigate and establish the circumstances which led to the overpayment and prosecute the persons involved in the irregularities.	A letter was done to the Kenya Anti-Corruption Commission on the 26 th February 2009. A feedback on the same dated 31 st July 2009 was received with a commitment to investigate the matter to it's logical condition.
2004/2005/734 COMPENSATION AND EX-GRATIA PAYMENTS	The Accounting Officer should ensure that documents are availed for verification at the time of Audit as required law.	Measures have been put in place to ensure documents are availed on time to avoid audit queries in future.
2004/2005/735 Township Roads and Drains Account.	The Accounting Officer should liase with the Permanent Secretary Treasury and seek the necessary authority to	A letter was done on 22 nd May 2009 requesting for authority to clear the deficit through budgetary process with a view to finalizing this

clear the deficit through budgetary process with a view to finalizing this long outstanding issue.

long outstanding issue.

2004/2005/736

1. The Accounting Officer should step up the collection of Land Revenue and speed up the necessary administrative and legal process.

1. Computerization of Land Records to enhance revenue collection is in progress.

2. The names of all defaulters should be printed and announced in the major print and electronic media.

2. In a notice on waiver of penalty the issue of publishing the names of defaulters was incorporated

3. In order to encourage rent payees and increase rent collection base, Accounting Officer should consider penalty waivers.

3. Waiver of interest to encourage rent payees is on-going upto June 30th 2010

4. The Accounting officer should consider repossessing some of the land where owners have defaulted.

2005/2006/952/953

**DELAY IN PROCESSING
THE RECCURENT
APPROPRIATION ACCOUNT
DUE TO INCORRECT
ACCOUNTS PRESENTED
FOR AUDIT**

The Accounting Officers who persistently fail to submit Appropriations Accounts and other financial statements at the time of audit without reasonable cause should be banned from holding public office.

Appropriation Accounts and other financial statements are availed in time as stipulated by law.

2005/2006/954/955/956

**UNDER EXPENDITURE AND
UNDER COLLECTIONS OF
APPROPRIATION IN-AID**

The Accounting Officer must always ensure that realistic time frames are factored in Ministerial plans to cater for anticipated delays in implementation of projects.

Though there has been some difficulty in liaising with donors, there has been a deliberate effort to ensure documents are availed on time and an improvement has been observed.

He should also liaise and work closely with donors to facilitate availability of necessary documents likely to delay the completion of projects.

2005/2006/957

**DISCREPANCIES IN
EXPENDITURE BALANCES**

The Accounting Officer should ensure that accounts are accurately reconciled in time for audit verification.

The Accounts submitted for Audit are prepared and reconciled accurately

2005/2006/958

**GRANTS TO SETTLEMENT
AND TRUSTEES**

The Ministry should update its records and forward the same to the controller and Auditor General for review by 31st December 2009.

The Accounts from 1994/1995 upto 2004/2005 financial years have been prepared and submitted to the controller and Auditor General for Audit.

Accounts from 2006/2007 up to 2007/2008 have also been prepared and are ready for submission to controller and Auditor General immediately.

Financial Year/Paragraph

**Recommendation by
PAC**

Action Taken

2005/2006/959/960

LAND REVENUE

The Accounting Officer should ensure that the following measures are urgently implemented.

- 1.** Computerization of Land Rent records to ensure prompt and correct baling.
- 2.** Stringent measures on Transfers and renewal of leasehold properties whose land rent is in arrears until payment of the same is paid.
- 3.** Downward revision of

- 1.** Computerization of Land Rent records is at an advanced stage.
- 2.** Measures have been put in place to ensure payment of Land Rent in arrears is done before any transfer or renewal of leasehold properties.
- 3.** Penalty on arrears has been reduced from 24% to

penalties to encourage property owners to pay their arrears from 24% to 12%.

4. Ceding the mandate of collecting land rent to Kenya Revenue Authority

12%

4. Land Rent collection is currently done by Kenya Revenue Authority.

2005/2006/961

TOWNSHIP ROADS AND DRAINS ACCOUNT

The Accounting Officer should liaise with the Permanent Secretary-Treasury, and seek the necessary authority to clear the deficit through budgetary process with a view to finalizing this long outstanding issue.

The Ministry has liaised with the Permanent Secretary-Treasury on the matter.

MINISTRY OF INFORMATION AND COMMUNICATIONS

**2004/2005 AND
2005/2006 FINANCIA
YEAR /PAGRAGRAPH**

**RECOMMENDATION BY
PAC**

ACTION TAKEN

Paragraph 742 excess vote

The Appropriation account for Recurrent Vote R42 for the year ended 30th June, 2005 reflects a net total expenditure of Kshs.598,332,197.40. against a net provision of Kshs.598,246,600.00 thereby occasioning an excess vote of Kshs.85,597.40. the excess vote was caused by an over-expenditure under sub vote 420- general Administration and Planning and a deficiency in collection of Appropriation in Aid during the year

The committee recommended that in future officers who spend without parliamentary authority contrary to the law are severely disciplined.

Appropriate action has been taken by alerting all officers dealing with finances to ensure that no item in the Accounts is overspent at all. The Public Accounts Committee recommendation will be taken seriously and any officers who breached this recommendation will severely be disciplined.

**Paragraph 743- under
expenditure and under
collection of - Appropriation
– In – Aid**

The appropriation account for vote D42 for the year ended 30th June, 2005 reflects gross total expenditure of Kshs.18,657,524.85 against approved estimates of

The committee recommended that the Accounting Officer should always ensure that estimates of Revenue collection are based on realistic budget projective. The committee also recommends that disciplinary action be taken against officers responsible

The officers involved with the estimates of revenue collection/financial budgets have been put on notice so that in future they should ensure that their estimates should be based on realistic budget projections – based as closely as possible on past budgetary performances. Disciplinary action will be taken against officers who due to laxity are

kshs.26,840,100.00 resulting in an under-expenditure of 8,182,575.15 or approximately 30% of the estimated provision. The Accounts also reflects an under-collection of Appropriation-In-Aid of Kshs.6840,000.00 representing the entire estimated receipts of equivalent amount. The reason given in the footnotes to the accounts for the under-expenditure and under-collection of AIA is that conditionalities were not met. No clarification has however been provided as to why the conditions were not met.

Paragraph 744 unvouched expenditure

The appropriation Account for D42 for the year ended 30th June, 2005 reflects expenditure of Kshs.9,327,487.55 incurred on minor alteration and maintenance works vide sub votes 422 and 433. However, payment vouchers and other relevant supporting record for the expenditure of Kshs.9,327,487.55 were not made available for audit review. consequently it was not possible to confirm the propriety of the expenditure

for non collection of revenue arising from negligence.

The committee deplored the absence of documents at the time of audit of which conceal possible fraud

The committee also noted with concern the inordinate delay in availing documents to auditors and recommends that in the future officers who fail to avail documents during the time of audit should be disciplined.

responsible for non-collection of revenue due to their laxity.

The Public Accounts Committee recommendation on the issue of availability of vouchers and other financial supporting documents has been seriously taken and a daily proper filling of all vouchers and other documents in place. We are in agreement with the Public Accounts Committee that the inordinate delay in availing vouchers would lead to unnecessary suspicions and thus corrective measures have been taken to avoid reoccurrence.

**Paragraph 745 –
Outstanding Temporary
Imprests**

Imprests totaling shs.3,663,901.30 had not been surrendered or accounted for as at 30th June, 2005. Kshs.795,224.00 were outstanding against officers in Job Group M and above , Kshs.2,267,295.50 against officers in Job Group L and below while Kshs.603,385.80 was outstanding against officers whose job groups had not been identified and no explanation had been given for the failure to have these imprests accounted for on due dates.

The committee heard evidence given by the Accounting officer that by 30th September, 2005, Kshs.2,230,035.80 had been accounted for leaving a balance of Kshs.1,433,865.50 which has since been surrendered and the supporting documents availed to the auditors for verification. The committee abhorred the manner in which the Ministry failed to recover funds from the imprest holders 48 hours after closure of business for which the imprest was taken as required by the financial regulations.

The committee while noting the action taken by the Accounting Officer, recommends that in future government financial regulations and procedures be strictly adhered to.

Measures have been put in place to ensure that no government financial regulations and procedures are breached and that imprests given will be accounted for within 48 hours after closure of business for which the imprest is given or recovery from salary be instructed.

**Paragraph 746
compensation and Ex-gratia
payment**

During the year 2004/2005 the Ministry made compensation and Ex-gratia payments amounting to Kshs.2,285,000.00. However, payment vouchers and other relevant supporting records for the expenditure of Kshs.2,285,000.00 have not been made available for audit and as a result it has not been possible to confirm its propriety.

The committee heard evidence given by the Accounting Officer that the Payment vouchers were availed for audit verification and that proper authority for the payment was granted vide letter Ref No. AG/MIB/2/04 and Ref MIC/CONF/8/01(6)

The committee however noted with concern the inordinate delay in availing documents to auditors and recommends that in the future officers who fail to avail documents at the time of audit should be disciplined.

The accounting officer has brought this fact to the attention of his officers that all financial documents including vouchers should be properly stored and be availed to auditors immediately on request for audit purposes. Any officers who fail to produce such documents for audit will face disciplinary action.

**Paragraph 747 –
unsupported expenditure**

The Appropriation Account R42 for the year ended 30th June, 2005 reflects expenditure of shs.384,223,694.20 incurred against various sub votes. However, payment vouchers and other supporting documents in support of this expenditure have not been made available for audit review with the result that it has not

The committee heard evidence given by the Accounting Officer that the payment vouchers and related documents for expenditures were availed for audit verification. The committee noted about the inordinate delay in availing document to auditors and

Measures have been put in place to ensure that in future vouchers and or other financial documents will be availed to auditors on request for audit verifications. Officers who fail to do so will be disciplined.

been possible to ascertain the propriety of the expenditure.

recommends that in future officers who fail to avail documents at the time of audit should be disciplined

NATIONAL SECURITY INTELLIGENCE SERVICE

FINANCIAL YEAR/ PARAGRAPH	RECOMMENDATION BY PAC	ACTION TAKEN
<p>2004/2005 Paragraph 1526</p> <p>– Advances to Ministry of Foreign Affairs</p>	<p>The Committee recommended that the Service liaises with Treasury with a view of having the matters cleared.</p>	<p><i>- As per our letter written to Permanent Secretary, Ministry of Finance ref. NSIS/ADM/50/15/4/A 30 Vol.2 (23) dated 12th June 2008, the Service is still awaiting the intervention of Treasury.</i></p>
<p>2004/2005 Paragraph 1527</p> <p>– District Suspense Account Balances</p>	<p>The Committee recommended that the Service liaises with Treasury with a view of having the matters cleared.</p>	<p><i>Treasury authority was sought vide our letter ref. NSIS/ADM/50/15/4/A 30 Vol.2 (23) dated 12th June 2008, paragraph 4 and 5 to enable the Service clear the suspense accounts.</i></p>
<p>2004/2005 Paragraph 1528</p> <p>– Exchequer under-issues,</p> <p>– GAV account credit balance</p>	<p>The Committee recommended that the Service liaises with Treasury with a view of having the matters cleared.</p>	<p><i>- To enable the Service clear these outstanding amounts from its books, the Treasury authority was sought vide letter ref. NSIS/ADM/50/15/4/A 30 Vol. 2(23) dated 12th June 2008, paragraph 3.</i></p> <p><i>- The GAV credit balances accumulated over the years without being written off due to lack of GAV Code.</i></p>

We requested Treasury to provide this code vide our letter ref. NSIS/ADM/50/15/4/A 30 Vol. 2 (23) dated 12th June 2008 paragraph 2.

- Excess Appropriation in Aid (AIA).

- The accumulated Excess Appropriation-In-Aid had been surrendered to Treasury; however, it remained un-cleared in the Statement of Assets and Liabilities because the Treasury has not provided the appropriate account codes. The Service requested Treasury through letter Ref. NSIS/ADM/50/15/4/A. 30 Vol.2 (23) dated 12th June 2008 to provide an Appropriation Account code.

MINISTRY OF TOURISM

**FINANCIAL YEAR
2004/2005**

**RECOMMENDATION BY
PAC**

ACTION TAKEN

PARAGRAPHS

**749-750-UNDER
EXPENDITURE AND
UNDERCOLLECTION OF
APPROPRIATIONS-IN-AID
VOTE D46
KSHS.705,068,303.03 AND
KSHS. 702,846,507.13
RESPECTIVELY**

(1) The Accounting Officer should put in place strict measures to ensure that only those projects whose formalities are certain to be finalized are included in the budget so that other projects are not denied services/goods due to non use of Funds

(1) The Accounting Officer will liaise closely with Treasury and the hief Executives of the affected Parastatals to ensure that only projects whose formalities are certain to be finalized are included in the budget.

(ii) The Accounting officer should only factor in the budget donor Funded Projects in which the respective donors have made serious commitments.

(ii) The Accounting Officer has directed Chief Executives of the affected Parastatals not to include in their budgetary proposals any donor Funded Projects which they are not certain will receive donor Funding within the Accounting period/Financial Year.

(iii) The Accounting officer should ensure that the projects are prioritized in order to be in line with the Government budgetary Plans and donor agreements

(iii) Projects will be prioritized to be in line with government budgetary Plans and donor agreements.

751-753 – OUTSTANDING
IMPRESTS
KSHS.11,177,891.40

The full amounts of the Imprests outstanding are recovered without further delay.

The full amount of the imprests have already been recovered.

The Accounting Officer should ensure that Imprest holders abide by Financial regulations by surrendering the Imprest within 48 hours after return to duty station. In the event of the holder failing to account for or surrender the imprest, the Accounting Officer should recover the amount in full from the salary of the defaulting officer within 30 days, failure to which the outstanding amount should be recovered from the Accounting Officer.

The accounting Officer has directed that all imprests should be surrendered within 48 hours after return of the Imprest holder to his/her duty station. Names of imprest defaulters are always promptly forwarded to Human Resource Department for recovery

754-SUBMISSION OF
INACURATE ACCOUNTS AND
STATEMENTS

In future, the Accounting Officer should ensure that accurate accounting records are submitted for audit verification as required by Law, failure to which the officers concerned should be disciplined.

The Accounting Officer has directed the Head of Accounting Unit to ensure that in future proper books and records of Accounts are maintained and that accurate accounts should be submitted for audit verification failure to which severe disciplinary action will be taken against him and his officers.

**FINANCIAL YEAR
2005/2006**

PARAGRAPH

962-963 – UNDER
EXPENDITURE AND UNDER
COLLECTION OF
APPROPRIATIONS-IN-AID –
VOTE D46 –
KSHS.597,297,177.03

**RECOMMENDATION BY
PAC**

The Accounting Officer should ensure that measures are put in place to closely monitor Project Implementation so that Impediments are quickly identified and resolved to forestall stalling of Projects

ACTION TAKEN

The Accounting Officer will work closely with the Chief Executives of Parastatals to set up a Monitoring and Evaluation team to ensure Implementation of Projects is fast tracked.

964 – DIFFERENCE BETWEEN
JUNE 111 LEDGER AND THE
DEVELOPMENT
APPROPRIATION ACCOUNT
KSHS. 8,500,000.00

The Accounting officer should ensure that reconciliation and correct data entries are made to avoid similar incidents in future.

The Accounting Officer has instructed the Head of Accounting Unit to ensure that he causes proper and correct records to be rendered so that accurate Accounts are produced for audit verification.

965-967 OUTSTANDING
IMPREST
KSHS. 4,042,329.00

The Accounting Officer should strictly enforce financial regulations and ensure that imprests are surrendered forty eight hours on return from official duties

The Accounting Officer has put in place measures to ensure that imprests are promptly recovered from Salaries of defaulters.

MINISTRY OF INDUSTRIALIZATION

Financial Year	Recommendations	by	Action Taken
2004/2005	PAC		
Paragraph 531	The committee recommends that the Accounting Officer should ensure documents are availed to the auditors as required by law.		Strict measures have been put in place to ensure that documents are availed to the auditors in time when requested.
Paragraph 534	The committee noted with concern at the inordinate delay in availing documents to auditors and recommends that officers who fail to avail documents at the time of audit should be disciplined.		The recommendation has been noted and officers who fail to avail documents for audit review will be disciplined accordingly.
Paragraph 535	The committee recommends that in future the Accounting Officer should ensure that the documents are availed for verification at the time of audit as required by law.		Strict measures have been put in place to ensure that documents are availed to the auditors in time when requested.
Paragraph 538	The committee recommends that the Accounting Officer should ensure that the documents relating to the balance are availed and verified by 31 st December 2009.		Awaiting for Treasury response to letter Ref. No MOI/FIN/3/12(8) dated 27th January, 2010. (Appendix 1)

Financial Year

2005/2006

Paragraph

628

The committee recommends that the Accounting Officer should ensure that an audit is undertaken, books of accounts updated and relevant documents availed to the Controller and Auditor General for verification. Awaiting for Treasury response to letter Ref. No MOI/FIN/3/12(8) dated 27th January, 2010. (Appendix 1)

**IMPLEMENTATION OF THE PUBLIC ACCOUNTS
REPORTS 2004/2005 AND 2005/2006**

	FINANCIAL YEAR 2004/2005 PARAGRAPH	RECOMMENDATIONS	ACTION TAKEN
1	428-429	The Accounting Officer should that the Ministry operates within the budgetary allocation and that all bills are paid within the year they are due.	Every effort is being made to ensure that the current bills are paid within the year except a few which were incurred many years back.
	430	Accounting Officer should ensure that the concerned Chief Officers of Local Authorities are held responsible for failure to meet conditionalities as a result of their incompetence in negligence and inefficiency.	So far a few cases of late submissions have not been attributed to inefficiency of Officers but external factors e.g. post election violence
3	432	Only funds for Donor funded projects whose formalities are certain to be finalized should be factored in the budget.	While preparing the budget only Donor funded projects whose formalities have been finalized are factored in the budget.
4	433	Full amount of outstanding advances are recovered without further delay	Outstanding salary advances have been recovered.
5	434	The Accounting Officer should ensure that when a new policy is introduced, appropriate structures are put in place before full implementation	Structures are now put in place before implementation of new policies.
6	438	- The Accounting Officer should ensure all Local authorities should operate within financial capabilities -The Accounting Officer should ensure the rates on Government property should be properly paid to respective Local Authorities	Treasurers manual have been established to instill financial discipline: There is close consultation with Treasury to provide outstanding contribution in Lieu of Rates arrears

	FINANCIAL YEAR 2004/2005 PARAGRAPH	RECOMMENDATIONS	ACTION TAKEN
1	497-500	Accounting Officer should in future ensure that relevant documents are available for audit verification as required failure to which the concerned officers should be disciplined and surcharged where loss of public funds is established.	Required documents are available to Auditors.
2	501	Accounting Officer should ensure that the Ministry does not develop an over expenditure on donor funds considering the eventual non use and non implementation of expected projects. Only projects whose procurement and procedures are sure to be utilized within the year are included in the budget.	While preparing the budget only projects whose procurement and other procedures have been finalized are included in the budget.
3	504-508	-Accounting Officer should ensure that all local authorities operate within their financial capabilities. -The Accounting Officer in consultation with Treasury should ensure that rates on Government properties owned by Local Authorities is not charged on those Authorities but should instead be paid by the Government. -The Government should pay rates to Local Authorities within which it owns property.	Inspections are carried out to ensure that Local Authorities operate within their financial capabilities. The Ministry does not approve expenditures that are not within the budget. A taskforce including Treasury was constituted to verify the information.

4	512	The Accounting Officer should ensure that such errors do not recur in future. -The severe disciplinary action be taken against the officers who authorized advance to the Contractor	Such errors have not occurred again. The Officer who authorized the Advance payment is no longer in service.
5	516	The Accounting Officer to avail authority to pay the above amount together with other related supporting documents for audit verification.	The Authority to pay has been availed to the Auditors.
6	519	The Accounting Officer should in future ensure those contracts documents are analyzed and legal opinion are sought before they are executed.	Contract documents are now analyzed by the State Counsel for legal opinion.
7	522	The Accounting Officer should institute severe disciplinary action against officers who fail to provide necessary documents for audit as required.	Officers have been instructed to avail documents for audit verification.

FINANCIAL YEAR 2005/2006	RECOMMENDATION BY PUBLIC ACCOUNTS COMMITTEE	ACTION TAKEN
<p>Paragraph 536-541</p> <p>STORES AND SERVICE FUND ACCOUNT</p> <p>Statement of Assets and Liabilities</p>	<p>The committee deplored the persistent failure to do proper reconciliations, implying laxity and inefficiency and recommends that officers responsible for failure should be disciplined.</p>	<p>Disciplinary action against the officers has been hindered by the fact that most of the officers are no longer in the service.</p>
<p>Paragraph 536-541</p> <p>STORES AND SERVICE FUND ACCOUNT</p> <p>Statement of Assets and Liabilities</p>	<p>Accounting officer to ensure that Accounts are promptly and professionally done to rid the Ministry off back logs and incidents of missing documents which are likely to conceal possible fraud.</p>	<p>The Ministry has posted competent officers in both Accounts and Procurement sections of the department to improve effectiveness and efficiency. Intensive training is being undertaken to officers manning the stores. Stock taking exercise is now being done annually to identify any discrepancies of the records early enough in compliance with statutory requirements.</p>
<p>Paragraph 536-541</p> <p>STORES AND SERVICE FUND ACCOUNT</p> <p>Statement of Assets and Liabilities</p>	<p>Accounting Officer to liaise with Kenya Anti-Corruption Commission investigate possible fraudulent transactions and identify the officers involved so that they can be duly prosecuted.</p>	<p>Accounting Officer has already written to the Director, Kenya Anti-Corruption Commission to investigate possible fraudulent transactions and identify officers involved so that they may be prosecuted.</p>

FINANCIAL YEAR 2004/2005	RECOMMENDATION BY PUBLIC ACCOUNTS COMMITTEE	ACTION TAKEN
Paragraph 456-463 STORES AND SERVICE FUND ACCOUNT Statement of Assets and Liabilities and unallocated Stock Account.	Accounting Officer should liaise with the Director Kenya Anti-Corruption Commission in order to investigate the fraudulent transactions and identify the officers involved so that the said officers are prosecuted for possible fraud.	The Director. Kenya Anti-Corruption Commission has already been invited to take over investigations of possible fraud with a view of prosecution of officers involved in the transactions.
Paragraph 456-463 STORES AND SERVICE FUND ACCOUNT Statement of Assets and Liabilities and unallocated Stock Account.	The committee deplored the continued failure to do proper reconciliations and recommends that the officers responsible for the failure should be disciplined.	Disciplinary action against the officers has been hindered by the fact that most of the officers are no longer in the service.

PUBLIC ACCOUNTS COMMITTEE

ACTION TAKEN

FINANCIAL YEAR	PARAGRAPH	RECOMMENDATION BY PAC	ACTION TAKEN
2004/2005	548	<ul style="list-style-type: none"> -The Ministry to budget sufficiently for utilities and other recurrent expenditure -The Accounting Officer to ensure that all bills are paid within the year they are incurred -The Ministry to budget properly and operate within its voted provisions in accordance with government financial regulations -The Accounting Officer should ensure that the authentic bills are cleared without further delay. -The officers responsible for bills found to be not authentic , should be surcharged. 	The Ministry has ensured that the budget is made with adequate provision to meet all expenditure. Further, the ministry has endeavored to establish the authenticity of all bills to be paid in time to avoid future pending bills.
	549 & 550	The Accounting Officer should put in place strict structures to ensure that only those projects whose formalities are certain to be finalized are included in the budget so that other projects are not denied services/goods due to non-use of funds.	Structures have been put in place to ensure that projects whose formalities are certain to be finalized are included in the budget.
	551	The Accounting Officer should ensure that before payment is done the necessary authority is obtained.	No such payments have been made and there is now enough provision made to meet such expenditure. In future, should a need arise for similar payment, authority shall be sought early enough from the relevant authority according to financial regulations to avoid such re-occurrence
	552	The accounting Officer must ensure that the outstanding imprests owed by the officers are recovered in full , failure to which the Accounting Officer should be disciplined	The outstanding imprests have fully been recovered while others are still being deducted from the affected officers
	553	No recommendation	
	554	No recommendation	No re-occurrence as corrective measure was promptly undertaken

	555	The officers who contravene government financial regulations and procedures should be disciplined	Officers have been warned accordingly and they have duly complied with the financial regulations
	556	The officers who fail to avail documents at the time of audit should be disciplined	Officers have been warned accordingly and they are fully aware of the consequences

PUBLIC ACCOUNTS COMMITTEE

ACTION TAKEN

FINANCIAL YEAR	PARAGRAPH	RECOMMENDATION BY PAC	ACTION TAKEN
2005/2006	634	-The Accounting Officer should urgently deploy competent officers to follow up the matter with a view to accounting for all the AIE's, updating records and availing records to KENAO for audit -Officers who occasioned the delay in solving the issue for that long should be disciplined.	A team of competent officers were deployed to follow up the matter with a view for accounting all the AIE's which had not been captured as expenditure
	635	-The Accounting Officer should ensure that the Ministry prepares realistic Strategic plans and set achievable revenue collection targets. -The Accounting Officer should review debt collection methods and deploy competent debt collectors to ensure that all public funds are diligently accounted for before 31 st December,2009.	Measures have been put in place by to ensure that all expenditure and revenue is reasonably budgeted for realistically and achievable The head of the department of Adult Education was given the instruction to pursue the issue to ensure compliance. However, the department is now in the Ministry of Education since the re- organisation of government since April, 2008.
	636-639	-The Accounting Officer should ensure that where there is breach of financial regulations, the concerned officers should be disciplined.	The Ministry is now observing strict government financial regulations in all matters regarding finance.
	640-641	-The accounting Officer should ensure that only donor projects whose formalities are sure to be complete are included in the budget.	This was effected accordingly
	642	-The Accounting Officer should ensure that all bills are paid within the year they are incurred to avoid unnecessary accumulation and financial distortions.	This has been affected though in some extreme cases, pending bills arise for reasons beyond the control of this office due to various reasons.
	643	-The Accounting Officer should maintain proper and accurate records of all financial transactions involving public funds at all stages to enforce the doctrine of transparency and accountability. The same documents should also be availed for audit verification.	No re-occurrence as corrective measure was promptly undertaken
	644-646	-The Accounting Officer should take a keen interest and ensure that procedures for disbursement of the grants are strictly followed and to protect the credibility, only deserving groups should benefit.	This was effected and proper accordingly as proper mechanisms are in place to ensure compliance.
	647-649	-The Accounting Officer must strictly enforce government financial regulations guiding the issuance and recovery of imprests. -The Accounting Officer should relentlessly pursue the said former Ministers to recover the imprests even through the clerk of National	Action has been taken accordingly and in case of any future default, the avenue is now open for effective follow-up

		<p>Assembly if he defaulters are still serving members of parliament.</p> <p>-For those who are no longer serving members of parliament, the Accounting Officer should solicit the services of the Attorney General to institute civil proceedings against them and the Director of Pensions to recover the money from pension dues.</p>	
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MINISTRY OF REGIONAL DEVELOPMENT AUTHORITIES
PARLIAMENTARY ACCOUNTS COMMITTEE RECOMMENDATIONS
IMPLEMENTATION STATUS

2004/2005 FINANCIAL YEAR/PARAGRAPH		RECOMMENDATION BY PAC	ACTION TAKEN
344	Excessive Vote	That thorough investigations be carried out by the Controller and Auditor General and the Treasury to ascertain the circumstances that led to payment of Kshs.542,410,134 without parliamentary authority with a view of holding responsible and disciplining the officers who breached the law.	The Accounting Officer had written to the Controller and Auditor General and the Treasury to undertake the investigation with a view of holding responsible the officers who made the payment.
345 and 346	Pending bills	The committee while noting that the payment of pending bills in subsequent years would have adverse effects on the budgetary allocations of those years recommends that the accounting officer should always ensure that	The Accounting Officer issued firm instructions to AIE holders to make the pending bills the first charge of their allocations and not to create any more pending bills in future.

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2004/2005 FINANCIAL YEAR/PARAGRAPH		RECOMMENDATION BY PAC	ACTION TAKEN
		all bills are paid within the year they are incurred, and that this department should operate within its voted provisions.	
347	Nugatory payment	The Committee also deplored the manner in which the Accounting Officer failed to avail the explanation to auditors at the time of audit and recommends that in future such failure should lead to disciplinary action.	The Accounting Officer has directed officers charged with the responsibility of making payment to offer all supporting documents to the Controller and Auditor General for verification.
348	Irregular retention of unspent surplus payable to exchequer	The Committee was gravely concerned by the deliberate breach of the law governing government financial management, and therefore recommends that the Accounting Officer should ensure that officers who contravene the law thereby opening avenues of possible abuse of funds be severely disciplined, failure to which	The Accounting Officer has issued firm instructions on how to make payments during the closure of a Financial Year while adhering to the Government Financial Regulations and Procedures at all the time.

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2004/2005 FINANCIAL YEAR/PARAGRAPH		RECOMMENDATION BY PAC	ACTION TAKEN
		the Accounting Officer shall be personally held responsible.	
349	Irregular payment of meals allowances	The Committee also deplored the manner in which the Accounting Officer irregularly charged allowances in the wrong items contrary to financial regulations and recommends that in future such action should lead to disciplinary action.	The Accounting Officer has issued firm instructions that all payments must be approved and endorsed by the Chief Finance Officer on which items to be charged.
350	Irregular procurement of air tickets	The Committee noted that despite the justification by the Accounting Officer, and the face of the various circumstances, the Accounting Officer should ensure that procurement regulations are strictly observed.	The Ministry has developed both Procurement Plan/Workplan to enable the streamlining of procurement activities in the effort of observing the Procurement Act, 2005.

MINISTRY OF REGIONAL DEVELOPMENT AUTHORITIES
PARLIAMENTARY ACCOUNTS COMMITTEE RECOMMENDATIONS

IMPLEMENTATION STATUS

2005/2006 FINANCIAL YEAR/PARAGRAPH		RECOMMENDATION BY PAC	ACTION TAKEN
374	Pending Bills	The Accounting Officer should ensure that bills are paid within the year they are incurred to avoid unmanageable accumulation	The Accounting Officer has issued strict instructions to Managing Directors of all the Regional Development Authorities to ensure that they operate within their budgetary allocations and that pending bills form the first charge of their allocations and desist from accumulating bills in future.
375, 376 & 377	Under-Expenditure and Under Collection of Appropriation-In-Aid	The Accounting Officer to ensure that only those projects whose formalities are certain to be finalized are included in the budget to avoid delays in Implementation and that proper planning and feasibility studies are carried out prior to commencement of projects to enable the	The Ministry like other ministries is on programme based budgeting. The same practice has been adopted by Regional Development Authorities under strict supervision of the Ministry. This has ensured that all projects are within the budgeted programmes.

2005/2006 FINANCIAL YEAR/PARAGRAPH		RECOMMENDATION BY PAC	ACTION TAKEN
		implementing officers anticipate and prepare for any delays.	In addition, feasibility studies are carried out prior to commencement of projects.
378	Outstanding Imprests	The Accounting officer to ensure financial regulations relating to issuance of and surrender of imprest are strictly adhered to in order to break the vicious cycle of outstanding imprests.	All the outstanding imprests of Kshs.336,587.80 has so far been recovered. The Accounting Officer has instructed all officers in the Ministry to comply with the financial regulations in regard to surrender of imprests.
379 & 380	Over Expenditure on Telephone Landlines and on Air Time Allowance	The Accounting Officer should ensure strict measures are in place so that the Ministry spends within its budgetary provisions as far as expenditure on excessive use of government landline phones are concerned.	The Accounting Officer has issued instructions to all AIE holders to ensure prudent spending on Telephone items and no over expenditure will be tolerated. In addition, the Ministry has implemented the latest circular from the Head of Civil Service regarding air time/direct lines entitlement.

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PERMANENT SECRETARY
 OFFICE OF DEPUTY PRIME MINISTER &
 MINISTER FOR FINANCE

RECEIVED

P. O. Box 30007, NAIROBI

REPUBLIC OF KENYA

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Handwritten initials/signature

Ministry of Finance
 National Assembly
 Parliament Buildings
 P O Box 41842
NAIROBI

Ref. No. FIN.4/1/10 VOL.VIII/(28)

May 26, 2010



Mr. Joseph K. Kinyua, CBS
 Permanent Secretary,
 Ministry of Finance
 P.O.BOX 30007
NAIROBI.

Handwritten notes:
 AG
 T. J. K. 28/5

Dear *Mr. Kinyua,*

PUBLIC ACCOUNTS REPORTS FOR 2004/2005 AND 2005/2006 FINANCIAL YEARS

Your letter ref No. AG 18/01 VOL. 13 (145) dated 20th May 2010 refers. National Assembly has continued to implement recommendations made by the Public accounts Committee and the status for the above referenced reports are as follows:

In the Public Accounts reports for FY 2004/2005, paragraph 676, the Committee was concerned about the under expenditure in Vote R 29 and also under collection of Appropriations in Aid. It recommended that future budget estimates for the National Assembly should be as realistic as possible to forestall any under expenditure. I want to reiterate that the reasons that had led to that situation have been addressed and the estimates are now more realistic.

In regard FY 2005/2006 report, paragraph 773-774, the committee recommended that National Assembly should enter into negotiations with the institutions that had not reimbursed the money advanced in relation to the IPU conference that was held in Nairobi. This matter is still being pursued and my legal department is following up with a view to settle this issue amicably.

Under paragraph 775-776, the committee recommended that the management of Kenyatta International Conference Centre (KICC) should fully account for the KShs. 80 Million advanced for the hosting of the IPU Conference and refund any unaccounted balances to the National Assembly. I want to state that this matter is yet to be resolved.

The Speaker of the National Assembly vide letter ref. Parl.13/15 Vol. II (110) dated 5th October 2009 requested the Minister for Tourism to personally intervene and have this matter resolved. The Minister is yet to respond; hence the matter is still pending. In the meantime, I will continue to pursue KICC management to fully account for the money advanced.

I want to assure you of National Assembly's commitment to continue implementing recommendations from the reports of the Public Accounts Committee.

Yours *Sincerely,*

Gichohi

Patrick G. Gichohi, CBS
CLERK OF THE NATIONAL ASSEMBLY

Copy to: **Mr. Anthony Gatumbu,**
Controller and Auditor General,
NAIROBI.

APPENDIX I

Ministries/Departments that submitted status report on PAC recommendations for 2004/04 to 2005/06 on hard copies

1. Office of Deputy Prime Minister and
Ministry of Local Government
2. Ministry of Public Works
3. Ministry of Children, Gender and Social Services
4. Ministry of Regional Development Authority
5. National Assembly

APPENDIX II

Ministries/Departments which did not submit the status report on the implementation of PAC recommendations.

- 1. Electoral Commission of Kenya (ECK)**
- 2. Constituency Development Fund (CDF)**

APPENDIX III

Ministries/Departments which did not submit the status report in the implementation of PAC recommendation in the required format.

- 1. National Assembly**

