

PARLIAMENT
OF KENYA
LIBRARY



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 10 FEB 2026

DAY.

Thursday

The Deputy Majority
Whip.
Guthrie Chebet



AUDITOR-GENERAL'S REPORT ON

THE STATUS OF IMPLEMENTATION OF RECOMMENDATIONS OF THE
FIRST REPORT OF THE SPECIAL FUNDS ACCOUNTS COMMITTEE ON
CONSIDERATION OF THE REPORT OF THE AUDITOR-GENERAL ON THE
FINANCIAL STATEMENTS OF NINE FUNDS

DECEMBER 2025



VISION

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



MISSION

Audit services that impact on effective and sustainable service delivery



OUR CORE VALUES

Integrity • Credibility • Relevance •
Accountability • Independence

Foreword

I am pleased to present this Report on the Status of Implementation of Recommendations for the First Report of the Special Funds Accounts Committee (SFAC) of the National Assembly which was adopted on 15 August, 2023. The Report focused on nine National Government Funds whose audit reports and financial statements were interrogated by the Special Funds Accounts Committee.

My Office conducted the follow-up of the recommendations under the mandate conferred to me under Section 31(1)(a) of the Public Audit Act, 2015, which requires an Accounting Officer of a state organ or public entity to, within three months after Parliament has considered and made recommendations on the audit report, to submit a report to the Auditor-General on how it has addressed the recommendations and findings of the previous year's audit. Further, Section 53(1) of the Public Audit Act requires an Accounting Officer of a state organ or public entity to, within three months after Parliament has considered and made recommendations on the audit report, to take the relevant steps to implement the recommendations of Parliament on the report of the Auditor-General or give explanations in writing to Parliament on why the report has not been acted upon.

Effective and timely implementation of audit and legislative recommendations is essential to strengthening public financial management. It enhances transparency, reinforces accountability, improves institutional performance, and ensures that public programmes respond effectively to emerging risks and national development needs. Conversely, inadequate follow-up leads to recurring audit issues and diminished public confidence in the stewardship of public resources.

To address the persistent gaps in implementation of audit recommendations, my Office has developed and operationalized follow-up tools, namely: the Framework for Tracking, Follow-Up and Reporting on Implementation of Audit Recommendations; an updated Financial and Compliance Audit Manual; a follow-up module within the Audit Management System (AMS); and targeted follow-up audits. These interventions are contributing to a more structured and evidence-based approach to monitoring the progress in implementation of audit recommendations across public entities.

This Report underscores the commitment of my Office to ensuring that audit findings and Parliamentary recommendations translate into concrete improvements in governance, fiscal discipline, and public service delivery. It is my expectation that the findings and recommendations contained herein will inform effective oversight actions and contribute meaningfully to improved governance and service delivery for the people of Kenya.

The report is submitted to Parliament in accordance with Article 229(7) of the Constitution of Kenya, 2010 and Section 39(1) of the Public Audit Act, 2015. I have also submitted a copy of the report to The National Treasury.



FCPA Nancy Gathungu, CBS
AUDITOR – GENERAL

10 December, 2025

Table of Contents

Foreword.....	i
Table of Contents.....	iii
List of Tables	v
List of Figures	vi
List of Acronyms	vii
Executive Summary	viii
Chapter One: Introduction and Background Information.....	1
1.1. Introduction.....	1
1.2. Background Information	1
1.3. The Importance of Follow-up of Implementation of Legislative Recommendations..	3
Chapter Two: Methodology for Tracking, Follow-Up and Reporting on Implementation of Recommendations	7
2.1. Objective and Scope of the Follow-up.....	7
2.2. The Follow-Up Process.....	7
Chapter Three: Status of Implementation of Recommendations	11
3.1 Overall Implementation Status	11
3.2 Status of Implementation of Recommendations by Audited Entities	15
Women Enterprise Fund	15
Coffee Cherry Advance Revolving Fund	32
Strategic Food Reserve Trust Fund	34
Mechanical and Transport Fund - National Youth Service.....	36
Youth Enterprise Development Fund	40
Uwezo Fund Oversight Board	61
Civil Servants Housing Scheme Fund	75
National Research Fund	88
3.3 Recommendations to Constitutional Commissions and Independent Offices	91
Ethics and Anti-Corruption Commission.....	91
Directorate of Criminal Investigation.....	91
3.4 Recommendations for Other Third-Party Implementing Entities	93
National Treasury.....	93
State Department for Gender	95
State Department for Youth Affairs	96
Chapter Four: Conclusion	97
Chapter Five: Recommendations	98
Appendices	99

Appendix 1: Analysis of Implementation Status per Entity and Categories of Recommendations.....	99
Appendix 2: Analysis of Costs Savings and Lost Opportunities	100

List of Tables

Table 1: List of Entities and Number of Recommendations	7
Table 2: Categories of the Status of Implementation of Recommendations.....	9
Table 3: Summary of Implementation Status.....	13
Table 4: Cost Savings from Implementation of Audit Recommendations.....	13
Table 5: Lost Opportunity due to Lack of Implementation of Recommendations	14
Table 6: Recommendations for the Strategic Food Reserve Trust Fund	34
Table 7: Status of Implementation of Recommendations by EACC	91
Table 8: Status of Implementation of Recommendations by DCI.....	91

List of Figures	
Figure 1: The Fiscal Accountability Process	2
Figure 2: The Follow-up Process	8
Figure 3: Types of Recommendations.....	12

List of Acronyms

CCIO	- Constitutional Commissions and Independent Offices
CWES	- Constituency Women Enterprise Scheme
DCI	- Directorate of Criminal Investigations
EACC	- Ethics and Anti-Corruption Commission
ECA	- Expected Corrective Action
ERP	- Enterprise Resource Planning
INTOSAI	- International Organization of Supreme Audit Institutions
IPSAS	- International Public Sector Accounting Standards
ISSAI	- International Standards for Supreme Audit Institution
KRA	- Kenya Revenue Authority
LPO	- Local Purchase Order
MDAs	- Ministries Departments and Agencies
NA	- National Assembly
NRF	- National Research Fund
OAG	- Office of the Auditor-General
PFM	- Public Finance Management
PS	- Principal Secretary
PSASB	- Public Sector Accounting Standards Board
SAI	- Supreme Audit Institution
SFAC	- Special Funds Accounts Committee

EXECUTIVE SUMMARY

Introduction

The National Assembly adopted the First Report of the Special Funds Accounts Committee (SFAC) on 15 August, 2023. The report focused on nine (9) National Government Funds whose audit reports and financial statements were interrogated by SFAC and recommendations made for implementation by the entities, investigative agencies, The National Treasury and the line/ parent ministries.

Methodology

The objective of the follow-up of the legislative recommendations was to determine the extent to which the audited entities and other referenced agencies took corrective action on the recommendations made by the National Assembly in the First Report of the Special Funds Accounts Committee. The process involved the following activities:

- i) Review of the National Assembly report and identification of overdue recommendations for classification;
- ii) Circularization status requests for the audited entities to report on corrective actions taken to implement the recommendations;
- iii) Verification of the responses received from the audited entities; and
- iv) Conclusion on the implementation status by categorizing recommendations into either implemented, partially implemented, not implemented, not implementable or not applicable.

The report of the Committee covered the financial years 2018/2019 to 2021/2022. The recommendations were classified according to type; policy, investigative and administrative.

Key Findings

The Office assessed the implementation status of one hundred and fifty-six (156) recommendations made in the First Report of the Special Funds Accounts Committee (SFAC), adopted on 15 August, 2023. The assessment focused on thirteen (13) entities. The key findings are as follows: -

a. Response Rate

The Office requested the thirteen (13) entities with recommendations to implement in the First Report of the Special Funds Accounts Committee for written responses on the implementation status of the audit recommendations. Nine (9) out of the thirteen (13) entities, representing 69%, submitted written responses to the Office.

b. Classification of Recommendations

The Framework for Tracking, Follow-up, and Reporting on the Implementation of Audit Recommendations was used to categorize the one hundred and fifty-six (156) recommendations followed-up into:

- i. One hundred and forty-three (143), representing 92%, as administrative;
- ii. Four (4), representing 3%, as investigative; and
- iii. Nine (9), representing 6%, as policy-based.

c. Implementation Status

Analysis of the management responses revealed that out of the one hundred and fifty-six (156) recommendations followed up, only forty-five (45), representing 29% of the recommendations were implemented. Further, thirty-seven (37), representing 24%, were partially implemented and seventy-four (74), representing 47%, were not implemented. This indicates that 71% of the recommendations were either partially implemented or were not implemented at all.

d. Financial Impact

The assessment established that the implementation of some of the recommendations issued to the Women Enterprise Fund and the Youth Enterprise Fund resulted in cost recoveries amounting to **Kshs.16.7 million**, as detailed below:

- i. Women Enterprise Fund: Kshs.15.7 million; and
- ii. Youth Enterprise Fund: Kshs.998,819.

Further analysis revealed that failure by the Women Enterprise Fund and the Civil Servants Housing Scheme to implement some of the recommendations led to lost recovery opportunities totaling **Kshs.854.7 million**, as shown below:

- i. Women Enterprise Fund- Kshs.745 million; and
- ii. Civil Servants Housing Scheme Fund- Kshs.109.6 million.

Conclusion

- i. **Low Implementation Rate:** Only 29% of the audit recommendations had been implemented, two (2) years after the National Assembly adopted the Report of the Special Funds Accounts Committee, on 15 August, 2023.
- ii. **Positive Financial Impact:** Implementation of some recommendations led to the recovery of surcharges and receivables totaling **Kshs.16,708,731**, demonstrating that effective implementation enhances the efficiency and effectiveness of public resource management.
- iii. **Significant Financial Losses from Non-Implementation of Recommendations:** Failure to implement recommendations resulted in missed opportunities to recover **Kshs.854,695,729**, negatively impacting service delivery and financial accountability.
- iv. **Nature of Recommendations:** A majority, representing 92% of the recommendations, were administrative in nature. However, only 29% were fully implemented, suggesting that most audit issues stem from managerial lapses rather than deficiencies in legal or policy frameworks.
- v. **Accountability Gaps:** Many partially implemented recommendations were due to the failure of entities to submit status reports on corrective actions, hindering the National Assembly's ability to take further oversight action.
- vi. **Resource Constraints:** Some recommendations could not be implemented due to the lack of allocated resources, a challenge also noted in the exit report of the Select Committee on Implementation of the 12th Parliament.
- vii. **Capacity Limitations:** Management responses revealed a lack of capacity among some Accounting Officers to conceptualize and execute appropriate corrective actions.

Recommendations

In view of the findings and conclusion of the follow-up, the Auditor-General proposes the following recommendations: -

- i. **Performance Accountability:** The Executive should integrate the implementation of audit recommendations as one of the key performance indicators in the subsequent performance contracts for Accounting Officers to incentivize compliance and accountability in the Public Sector.

- ii. **Legislative Enforcement:** Parliament should establish and enforce legal sanctions for non-compliance with audit recommendations to serve as a deterrent and promote adherence.
- iii. **Budgetary Provision:** Allocation of adequate resources towards implementations of audit recommendations, should form a precondition for approval of subsequent budgetary allocation for public sector entities.
- iv. **Capacity Building:** The National Treasury should enhance the capacity of Accounting Officers to improve their understanding and execution of corrective actions.
- v. **Coordination Mechanism:** The Head of the Public Service should establish a structured mechanism to coordinate and monitor the implementation of audit recommendations across government entities.

CHAPTER ONE: INTRODUCTION AND BACKGROUND INFORMATION

1.1. Introduction

The Auditor-General is mandated under Article 229 of the Constitution of Kenya, to audit and report on the use of public resources by all entities funded from public funds. These entities include the National Government, County Governments, the Judiciary, Parliament, Statutory Bodies/State Corporations, Commissions, Independent Offices, Political Parties funded from public funds, other government agencies and any other entity funded from public funds. In carrying out the mandate, the Auditor-General is also required, under Article 229(6) of the Constitution, to assess and confirm whether the public entities have utilized the public resources entrusted to them lawfully and in an effective way. The Auditor-General is further required to submit the audit reports to Parliament and/or the relevant County Assemblies within six (6) months of the end of every financial year.

On 15 August 2024, the National Assembly adopted the First Report of the Special Funds Accounts Committee covering nine (9) National Government Funds. The Report emanated from the Committee's deliberation on seventeen (17) Auditor-General reports spanning from financial year 2018/2019 to 2021/2022. Implementation of the recommendations therein required action by thirteen (13) entities, which included eight (8) National Government Funds covered by the report and five (5) other third-party public entities to whom responsibility of implementation was referred.

This report presents the extent to which the thirteen (13) government entities acted on the recommendations made by the National Assembly. Further, the report has identified gaps in the implementation process and provides recommendations for improving the linkage between Legislative recommendations and public sector reforms.

1.2. Background Information

Article 229(8) of the Constitution requires that, within three months after receiving the Auditor-General's report, Parliament or the respective County Assembly debate and consider the reports and take appropriate action. One of the actions is to make

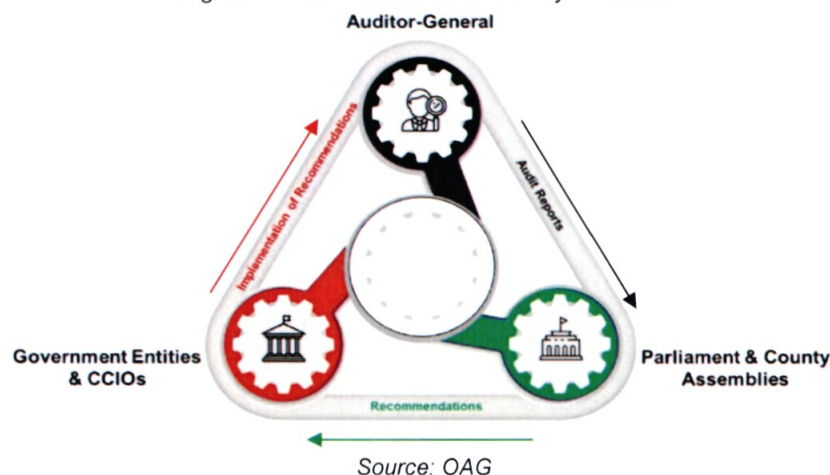
recommendations to the respective audited entities and other third-party implementing entities, where applicable. These recommendations, once adopted, are intended to guide public sector entities in improving service delivery, addressing inefficiencies, and fostering accountability within public institutions.

Accounting officers of state organs and public entities are thereafter required to institute measures to implement the recommendations made by Parliament and/ or County Assemblies within three (3) months of their adoption or provide explanation(s) for any failure thereto, pursuant to Section 31(1) and Section 53 of the Public Audit Act, 2015. Further, Section 31(3)(b) of the Public Audit Act, 2015 requires the Auditor-General to include in the audit report how responsive the State organ or public entity has been to past audit findings and recommendations.

Principle 7 of INTOSAI-P 10 on Mexico Declaration on SAI Independence requires that the Office institutes its own internal follow-up system to ensure that the audited entities properly address their observations and recommendations as well as those made by the Legislature, one of its commissions, or the auditee's governing board, as appropriate. In addition, Principle 1(7) of INTOSAI-P 12 on the Value and Benefits of Supreme Audit Institutions – making a difference to the lives of citizens, further requires the Office to have appropriate mechanisms for following up audit findings and recommendations.

These requirements complete the accountability process by ensuring that recommendations made from audit reports are implemented. The fiscal accountability process is illustrated in **Figure 1**.

Figure 1: The Fiscal Accountability Process



1.3. The Importance of Follow-up of Implementation of Legislative Recommendations

Parliament and County Assemblies are entrusted with the critical task of ensuring effective governance and holding the executive accountable in accordance with Article 95, Article 96 and Article 185 of the Constitution of Kenya, 2010. Tracking, following up, and reporting on the status of implementation of recommendations issued by these Legislative institutions are essential functions for strengthening democracy, promoting good governance, and enhancing public service delivery. Implementation of Legislative recommendations emanating from audit reports is fundamental to ensuring that the reforms pursued through the Auditor-General's reports translate into tangible improvements in governance and public service delivery.

Tracking and following up on the implementation of recommendations is important, specifically in the context of audits, legislative work, legal compliance, and fiscal responsibility, as detailed below: -

1.3.1. Measuring and Realizing Impact from Audit and Legislative oversight

One of the core functions of the Legislature, both at the national and county levels, is to ensure that public resources are used efficiently and effectively. Legislative committees play a critical role in scrutinizing the work of the executive and the utilization of public funds. The audit reports are one of the tools and mechanism the Legislature relies on to carry out this function.

Tracking and following up on the implementation of recommendations from these audits and committee reports is critical in measuring the real impact of these oversight efforts. Recommendations often point to corrective actions that need to be taken on areas where financial mismanagement, inefficiencies, or lack of transparency have been identified. Lack of systematic tracking and following up may lead to the risk that these recommendations could remain unaddressed, rendering the audit and related oversight processes ineffective.

By monitoring the status of implementation of recommendations, Parliament and County Assemblies can assess whether the proposed changes or improvements have been realized and whether public resources are being used effectively. This process

ensures that audit findings translate into concrete actions, ultimately improving the functioning of public institutions and the quality of services provided to citizens.

1.3.2. Compliance with Legal and Statutory Requirements

The Constitution and the Public Audit Act, 2015 mandates OAG to audit the public sector and submit reports to Parliament, County Assemblies, and other relevant bodies. Section 31(1) of the Public Audit Act, 2015 specifically requires Accounting Officers to respond to the Auditor-General's recommendations and to report back on the actions taken to address audit queries. Further, Section 53 of the Act further requires the Accounting Officers to implement the recommendations made in audit reports and provide periodic feedback on the progress of implementation. In addition, Section 68(2)(l) of the Public Finance Management Act, 2012 requires an Accounting Officer to take appropriate measures to resolve any issues arising from audit, which may remain outstanding.

Tracking the implementation of recommendations is essential for ensuring compliance with these statutory requirements. It enables the Legislature to ensure that the Executive is not only acting on audit findings but is also adhering to the legal requirements set forth in the Public Audit Act, 2015. This process of checking on compliance promotes accountability, ensuring that there is follow-through on corrective actions taken and that public institutions do not omit or delay addressing issues of public concern.

1.3.3. Compliance with Auditing Standards Requiring Supreme Audit Institutions to Institute a Follow-Up Mechanism

The International Standards of Supreme Audit Institutions (ISSAIs), issued by the International Organization of Supreme Audit Institutions (INTOSAI), sets out global best practices for public sector auditing. These Standards require Supreme Audit Institutions (SAIs), such as the Office of the Auditor-General, to follow up as appropriate on previous audit findings and recommendations. This ensures that the audited entities have taken corrective actions to address identified issues.

The ISSAIs further emphasize the need for Supreme Audit Institutions (SAIs) to report to the Legislature on the conclusions and impacts of all relevant corrective actions taken by audited entities, following audit findings and recommendations.

By aligning Kenya's audit practices with ISSAIs, the Country ensures that its public audit systems are transparent, credible, and internationally recognized. Tracking and following up on the implementation of audit recommendations is a critical part of this framework. It ensures that the recommendations of the Auditor-General lead to meaningful improvements in public financial management and governance.

For Kenya, adhering to ISSAIs is not just a matter of compliance with international norms, but also a key part of fostering trust in public institutions and improving the overall effectiveness of its governance systems.

1.3.4. Improving Service Delivery to the Public

One of the direct benefits of tracking and following up on the implementation of recommendations is the improvement of delivery service to the public. Recommendations from Parliament and County Assemblies often focus on areas where public service delivery is weak or ineffective.

By ensuring that recommendations are followed through and implemented, the Legislature helps to ensure that government programs deliver the services they are intended to provide. Through systematic monitoring of progress, Parliament and County Assemblies can ensure that citizens benefit from tangible improvements in service delivery, thus strengthening the legitimacy of government institutions and enhancing public trust.

Furthermore, the effective implementation of audit recommendations strengthens the institutional framework of public accountability, which is foundational to good governance in Kenya.

1.3.5. Enhancing Fiscal Responsibility

The Public Finance Management (PFM) Act, 2012 provides the legal framework for managing public finances in Kenya, ensuring that public resources are used prudently, transparently, and in a manner that benefits citizens. The PFM Act, 2012 outlines the responsibilities of the government in terms of planning, budgeting, expenditure, and reporting. One of its key principles is fiscal responsibility, which calls for the efficient management of public funds to support sustainable development.

Tracking and following up on implementation of recommendations from both Parliament and County Assemblies play a critical role in enhancing fiscal responsibility.

By monitoring the implementation of audit recommendations, the Legislature ensures that the National Government and county governments comply with these requirements, ultimately leading to more responsible fiscal management and better governance.

CHAPTER TWO: METHODOLOGY FOR TRACKING, FOLLOW-UP AND REPORTING ON IMPLEMENTATION OF RECOMMENDATIONS

2.1. Objective and Scope of the Follow-up

The objective of the follow-up was to determine the extent to which thirteen (13) government entities took corrective actions to implement the recommendations made by the National Assembly in the First Report of the Special Funds Accounts Committee.

The report contains one hundred and fifty-six (156) recommendations for tracking, which cut across thirteen (13) entities. Out of the one hundred and fifty-six (156) recommendations, one hundred and forty-five (145) were directed at the Accounting Officers of the relevant entities, while the other eleven (11) were referred to Constitutional Commissions and Independent Offices and line ministries/ state departments, as listed in **Table 1**.

Table 1: List of Entities and Number of Recommendations

	Entities	Recommendations
1	Women Enterprise Fund	30
2	Coffee Cherry Advance Revolving Fund	2
3	Strategic Food Reserve Trust Fund	8
4	Mechanical and Transport Fund	6
5	Youth Enterprise Fund	44
6	Uwezo Oversight Board Fund	26
7	Civil Servants Housing Scheme Fund	24
8	National Research Fund	5
9	Ethics and Anti-corruption Commission	3
10	Directorate of Criminal Investigations	1
11	The National Treasury	4
12	Ministry of Public Service, Gender and Affirmative Action - State Department for Gender	2
13	State Department for Youth	1
	Total	156

Source: OAG analysis

2.2. The Follow-Up Process

The review was conducted in accordance with the OAG Framework for Tracking, Follow-up and Reporting on the Implementation of Audit Recommendations, as illustrated in **Figure 2**.

Step 1: General Considerations

The follow-up process was initiated with the Office reviewing the Legislative Report on Audit Recommendations to confirm that the timelines for implementation of Legislative recommendations had lapsed.

Step 2: Pre-follow-up Analysis

Further, the report was subjected to an in-depth review of the general and entity-specific recommendations, with the aim of classifying the recommendations according to the responsibility for implementation, similarity of actions or output and fiscal implication. The recommendations were then summarized and allocated to respective audit entities and/ or third-party implementing agencies, depending on the responsibility of implementation.

Step 3: Circularization to Audited Entities and Constitutional Commissions and Independent Offices

The Office of the Auditor-General subsequently requested in writing, the responsible entity(ies) to make a representation on the actions they had taken to address the recommendations covered in the subject Legislative report. Responses by the audited entities and CCIOs Management to this request were also required to be officially done in writing to OAG, for them to be considered as management representation.

Step 4: Verification of Management Responses

The Office of the Auditor-General identified the Expected Corrective Actions (ECAs) from each recommendation, depending on the responsibility of implementation, activities to be undertaken, timeframe for implementation and the desired output. From the identified ECAs, the Office then developed procedures for verifying the management representation. However, responses received from CCIOs, as recommendation implementors, based on their mandate(s), were not subjected to any verification process by the Office.

Figure 2: The Follow-up Process



Source: OAG Financial and Compliance Audit Manual (Revised 2025)

Step 5: Conclusion on the Status of Implementation of Recommendations

The Office then summarized the findings of the verification process in a conclusion statement for each recommendation. This conclusion was subjected to the criteria in **Table 2**, in arriving at an assessed status for the recommendation.

Table 2: Categories of the Status of Implementation of Recommendations

Decision criteria	Status
a. When all expected corrective actions have been concluded	Implemented
b. When expected corrective actions are initiated but not concluded	Partially Implemented
c. When expected corrective actions have not been initiated	Not Implemented
d. When no expected corrective action can be instituted to address the recommendation	Not Implementable
e. Mandate to implement the recommendation does not belong to the indicated entity or has shifted to a different entity through legislation	Not Applicable

Source: OAG Financial and Compliance Audit Methodology

The recommendations being tracked were then categorized depending on the type of recommendation as follows:

- i. Policy-based recommendations touch on developing or changing a policy guideline to address an underlying issue;
- ii. Investigative-based recommendations invite investigative agencies to initiate further investigation on issues raised during the deliberations of audit reports;
- iii. Legislative-based recommendations are referrals to the Parliament/ Senate or County Assembly for review or amendment of an existing law or enactment of a new law to resolve a deficiency or gap noticed in the existing statutes;
- iv. Administrative-based recommendations which require an Accounting Officer or Cabinet Secretary to take administrative action such as sanctions or issue reprimands against and officer to remedy an irregularity/ omission in the use of public resources;
- v. Prosecution-based recommendations prompt prosecution agencies to initiate prosecution based on an outright identified offense; and
- vi. Research-based recommendations require Accounting Officers to undertake research to identify the plausible cause and effect and thus resolving an occurrence or coming up with proper guidelines to address an issue.

The recommendations tracked were categorized depending on the type of recommendation:

- i. One hundred and forty-three (143) were administrative based, representing 92% of the recommendations;

- ii. Four (4) were investigative based, representing 2% of the recommendations;
and
- iii. Nine (9) were policy-based, representing 6% of the recommendations.

Step 6: Status Report

The culmination of the follow-up process was a report that details the rationale for follow-up, methodology applied and the status of implementation of recommendations for all entities covered by the report.

CHAPTER THREE: STATUS OF IMPLEMENTATION OF RECOMMENDATIONS

3.1 OVERALL IMPLEMENTATION STATUS

This report is on the assessment of the implementation status of audit recommendations made by the Special Funds Accounts Committee of the National Assembly in its First Report, adopted on 15 August, 2023. The Office of the Auditor-General tracked one hundred and fifty-six (156) recommendations, across thirteen (13) entities, in line with its constitutional and statutory mandate to ensure accountability and efficiency in the use of public resources.

Response Rate

The Office requested thirteen (13) entities, consisting of audited entities, Constitutional Commissions and Independent Offices (CCIOs) and other third-party implementing entities, to make written representation on the actions they have taken to address the recommendations made by the National Assembly in the First SFAC Report. The Management of these audited entities and CCIOs were required to officially respond in writing to the Office of the Auditor-General. Out of the thirteen (13) entities, nine (9), representing 69% of the entities, responded to the Office's request for updates on the implementation of recommendations.

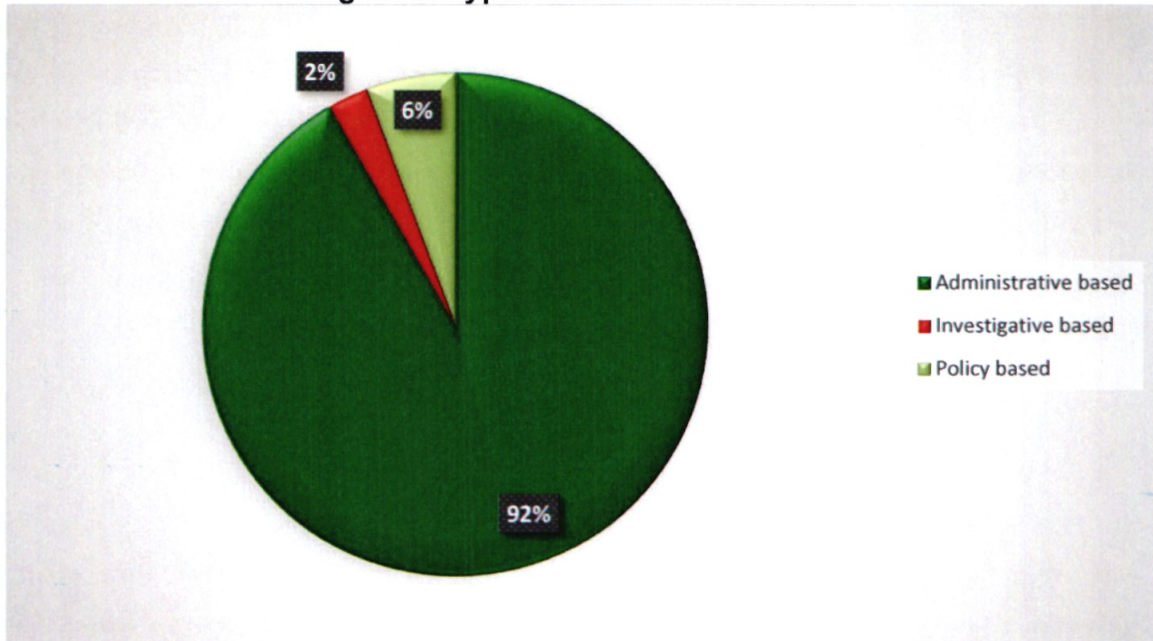
Types of Recommendations Tracked

The recommendations tracked were categorized depending on the type of Recommendation: -

- i. One hundred and forty-two (143) were administrative based, representing 92% of the recommendations;
- ii. Four (4) were investigative based, representing 2% of the recommendations; and
- iii. Nine (9) were policy-based, representing 6% of the recommendations.

The categories of the recommendations are illustrated in **Figure 3**.

Figure 3: Types of Recommendations



Source: OAG Analysis of the Tracked Recommendations

Implementation Status

Out of the tracked one hundred and fifty-six (156) recommendations, one hundred and thirty-seven (138) recommendations, representing 88%, had a management response. The follow-up audit revealed that forty-five (45) recommendations, representing 29%, were implemented; thirty-seven (37) recommendations, representing 24%, were partially implemented; and seventy-four (74) recommendations, representing 47%, were not implemented, as detailed in Chapter 3 of this report. The summary of the status of implementation of the recommendations is provided in **Table 3**.

Table 3: Summary of Implementation Status

Entity	Total	Implemented		Partially Implemented		Not Implemented	
	No	No.	%	No.	%	No.	%
Women Enterprise Fund	30	2	7%	9	30%	19	63%
Coffee Cherry Advance Revolving Fund	2	2	100%	0	0%	0	0%
Strategic Food Reserve Trust Fund	8	0	0%	0	0%	8	100%
Mechanical and Transport Fund	6	3	50%	2	33%	1	17%
Youth Enterprise Fund	44	23	52%	16	37%	5	11%
Uwezo Oversight Board Fund	26	4	15%	4	15%	18	69%
Civil Servants Housing Scheme Fund	24	8	33%	2	8%	14	58%
National Research Fund	5	1	20%	4	80%	0	0%
Ethics and Anti-corruption Commission	3	2	67%	0	0%	1	33%
Directorate of Criminal Investigations	1	0	0%	0	0%	1	100%
The National Treasury	4	0	0%	0	0%	4	100%
Ministry of Public Service, Gender and Affirmative Action - State Department for Gender	2	0	0%	0	0%	2	100%
State Department for Youth	1	0	0%	0	0%	1	100%
Total	156	45	29%	37	24%	74	47%

Source: OAG Analysis of the Tracked Recommendations and Management Responses

Analysis of the results of the follow-up audit revealed that 71% of the recommendations were not fully implemented. A detailed analysis for each entity and the classification of the recommendations is provided in **Appendix 1**.

Financial Impact on Implementation of Recommendations

The follow-up audit revealed that for the financial years 2018/2019 to 2021/2022, implementation of the recommendations resulted in the recovery of Kshs.16,708,731. This was through recovery of receivables not previously collected and expenditure irregularly incurred. The savings are detailed in **Table 4**.

Table 4: Cost Savings from Implementation of Audit Recommendations

Entity	Cost (Kshs.)	Recovery	Receivable's (Kshs.)	Recovery	Total (Kshs.)
Women Enterprise Fund		0		15,709,912	15,709,912
Youth Enterprise Fund		998,819		0	998,819
Total		998,819		15,709,912	16,708,731

Source: OAG Analysis of the Tracked Recommendations and Management Responses

Further, the failure to implement recommendations by two (2) entities resulted in a lost opportunity of recovering Kshs.854,695,729, as detailed in **Table 5**.

Table 5: Lost Opportunity due to Lack of Implementation of Recommendations

Entity	Costs not Recovered (Kshs.)	Receivables not Recovered (Kshs.)	Total (Kshs.)
Women Enterprise Fund	1,272,388	743,775,783	745,048,171
Civil Servants Housing Scheme Fund	0	109,647,558	109,647,558
Total	1,272,388	853,423,341	854,695,729

Source: OAG Analysis of Tracked Recommendations and Management Responses

A detailed summary of cost savings and lost opportunities is tabulated in **Appendix 2**.

3.2 STATUS OF IMPLEMENTATION OF RECOMMENDATIONS BY AUDITED ENTITIES

WOMEN ENTERPRISE FUND

1. Receivables from Exchange Transaction - Non-Performing Loans to Financial Partners for the Financial Years 2018/2019, 2019/2020 and 2020/2021

Recommendation

The National Assembly recommended that the Accounting Officer implements the judgement issued in favour of the Fund within three (3) months of the adoption of their report. This was in order to recover the long-outstanding loans of Kshs.71,780,000, plus costs and interest from the Pamoja Women Development Program (PAWDEP) and Social Initiative and the Development Entrepreneurs Program (SIDEPE).

Management Response

The Management submitted that the following challenges were encountered while implementing the judgement for the Pamoja Women Development Program and Social Initiative and the Development Entrepreneurs Program:

- (a) Traceability of the institution's assets to satisfy the judgement decrees; and
- (b) The institution had dissolved directorships, hampering the implementation of the Judgement.

Subsequently, the Fund instituted fresh legal measures, particularly notices to show cause to the directors and guarantors, lifting the veil of the institutions and seeking assistance from the Ethics and Anti-Corruption Commission (EACC) to trace the accounts of PAWDEP and SIDEPE.

Specific efforts by the Fund include; seeking legal redress through courts, engagement of auctioneers to recover amounts owing, and physical visits to ascertain assets that can be recovered. In regard to Kshs.71,780,000 plus costs and interest to eight (8) financial intermediary partners, recovery effort has yielded Kshs.1,758,347 from the African Women Foundation, leaving an outstanding balance of Kshs.70,021,653.

Conclusion on Status

The records submitted by the management reveal that only Kshs.1,758,347.50 had been recovered from the long outstanding balance of Kshs.71,780,000. Further, the

Management had not made any recoveries from the two (2) financial intermediaries they had obtained judgement against.

Recommendation Category: Administrative

Implementation status: Not Implemented

2. Receivables from Exchange Transaction - Non-Performing Loans to Financial Partners for the Financial Year 2018/2019

Recommendation

The National Assembly recommended that the Accounting Officer should ensure that all contracts entered into by the Women Enterprise Fund are lawful and comply with Section 68 (2) (d) of the PFM Act, 2012.

Management Response

The Management submitted that the Accounting Officer had ensured that all contracts entered into by the Women Enterprise Fund are lawful and comply with Section 68 (2) (d) of the PFM Act, 2012.

Conclusion on Status

The Management submitted that they had adhered to contract management laws and regulations. However, the Management did not provide information on the corrective actions taken to ensure continued compliance with Section 68 (2) (d) of the PFM Act, 2012

Recommendation Category: Administrative

Implementation Status: Not Implemented

3. Receivables from Exchange Transaction - Non-Performing Loans to Financial Partners for the financial year 2018/2019

Recommendation

The National Assembly recommended that within three (3) months of the adoption of the report, the Accounting Officer submits the status report for non-performing loans and recoveries made to the Auditor - General for audit verification.

Management Response

The Management submitted that the status report was submitted on 9 November, 2023. Further, the response stated that the Court sanctioned asset recovery measures had yielded Kshs.2,000,000, and that recovery efforts were ongoing.

Conclusion on Status

Although the Management indicated that the status report was provided in November 2023, however, the status report was submitted in May 2025. Further, the status report and supporting schedules did not show the recoveries made. In addition, the bank statement provided indicated a recovery of Kshs.1,758,347.

Recommendation Category: Administrative

Implementation status: Partially Implemented

Cost Savings: Kshs.1,758,347

4. Receivables from Exchange Transaction - Doubtful Recovery of Local Purchase Order Financing and Constituency Women Enterprise Scheme Loans for the Financial Year 2018/2019

Recommendation

The National Assembly recommended that the Accounting Officer recovers the outstanding Local Purchase Order (LPO) financing loans of Kshs.14,378,565 and Constituency Women Enterprise Scheme (CWES) Loans of Kshs.732,679,283.

Management Response

The Management stated that the Fund implemented several recovery measures that led to the reduction of the LPO loan balance to Kshs.10,946,500. Further, the response indicated that the Constituency Women Enterprise Scheme Loans recovery efforts were still in progress, supported by revised collection strategies and compliance with IPSAS disclosure.

Conclusion on Status

The Management had recovered loans amounting to Kshs.3,432,065. However, the Management was yet to recover an LPO loan balance of Kshs.10,946,500 and Constituency Women Enterprise Scheme Loans of Kshs.732,679,283.

Recommendation Category: Administrative

Implementation Status: Partially Implemented

Cost Savings: Kshs.3,432,065

5. Receivables From Exchange Transaction - Doubtful Recovery of Local Purchase Order Financing and Constituency Women Enterprise Scheme Loans in the Financial Year 2018/2019

Recommendation

The National Assembly recommended that within three (3) months upon the adoption of the report, the Accounting Officer submits a status report for non-performing loans and recoveries made to the Auditor - General for audit verification.

Management Response

The Management submitted the status report in May 2025.

Conclusion on Status

The status report was submitted to the Office in May 2025, however, the loans had not been recovered.

Recommendation Category: Administrative

Implementation Status: Partially Implemented

6. Unsupported Receivable Balance for the Financial Year 2018/2019

Recommendation

The National Assembly recommended that the Accounting Officer reconciles the variance of Kshs.442,104 and submits the supporting documents to the Office of the Auditor-General for audit verification within three (3) months upon the adoption of the report.

Management Response

The Management submitted that the variance had been reconciled and the supporting documents submitted to Auditor-General for verification.

Conclusion on Status

The Management submitted the reconciliation to the Office in May 2025, which was not within three (3) months as recommended. Further the schedule provided did not reconcile the variance.

Recommendation Category: Administrative

Implementation Status: Not Implemented

7. Accuracy of Cash and Cash Equivalents Balances for the Financial Year 2018/2019

Recommendation

The National Assembly recommended that the Accounting Officer ensures that all applicable accounting and financial controls, systems, standards, laws, and procedures are followed in the preparation of the financial statements in compliance with the Public Finance Management Act, 2012 and in accordance with the standards prescribed by the Public Sector Accounting Standards Board, as per Regulation 101(4) of the Public Finance Management (National Government) Regulations, 2015.

Management Response

The Management submitted that the Accounting Officer had ensured compliance with all applicable accounting and financial controls, systems, standards, laws and procedures in preparation of the financial statements, as per the Public Finance Management Act, 2012 and in accordance with the standards prescribed by the Public Sector Accounting Standards Board.

Conclusion on Status

The Management had ensured the accuracy of cash and cash equivalents balances was accurate, as reported in subsequent audits. However, corrective actions taken to ensure that the accuracy is consistently maintained were not provided.

Recommendation Category: Administrative

Implementation Status: Partially Implemented

8. Ineligible Rental Expense for the Financial Year 2018/2019

Recommendation

The National Assembly recommended that the Accounting Officer should ensure that all the expenses incurred by the Women Enterprise Fund are lawful and authorized in compliance with Section 68 (1) and (2)(a) of the Public Finance Management Act, 2012.

Management Response

The Management submitted that the recommendation had been implemented, and all expenses were being authorized in compliance with the Public Finance Management Act, 2012, alongside applicable regulations and guidelines issued by The National Treasury.

Conclusion on Status

The documents availed by the Management confirmed that the lease agreements on parking space had been drafted in compliance with relevant laws and regulations. Further, the agreements were authorized in compliance with Section 68 (1) and (2)(a) of the Public Finance Management Act, 2012.

Recommendation Category: Administrative

Implementation Status: Implemented

9. Unresolved Prior Year Matters for the Financial Year 2018/2019**Recommendation**

The National Assembly recommended that the Accounting Officer takes appropriate measures to resolve the outstanding prior year audit issues within three (3) months upon the adoption of the report and submit the status report to the Auditor-General for audit verification. This is as per the requirement of Section 68(2)(l) of the Public Finance Management Act, 2012 and Section 53(1) of the Public Audit Act, 2015.

Management Response

The Management submitted that a status report on prior year audit matters had been submitted to the Auditor-General in the financial report. This is as per the requirements of IPSAS reporting on the follow up of Recommendations implemented in compliance with Section 68(2)(l) of the Public Finance Management Act, 2012 and Section 53(1) of the Public Audit Act.

Conclusion on Status

The status report directed by the National Assembly had not been submitted by November 2023. Further, prior year audit matters were still outstanding and had not been fully resolved at the time of the follow-up

Recommendation Category: Administrative

Implementation Status: Not Implemented

10. Un- Procedural Procurement in the Financial Year 2018/2019**Recommendation**

The National Assembly recommended that the Accounting Officer complies with Section 84 of the Public Procurement and Asset Disposal Act, 2015 and its Regulations when awarding tenders.

Management Response

The Management submitted that the recommendation had been implemented, as the institution applies the Public Procurement and Asset Disposal Act, 2015 and the Public Procurement and Asset Disposal Regulations, 2020 in procurement processes. Further, the Management stated that the Women Enterprise Fund had hired a qualified procurement officer who ensures compliance and issues professional opinion in all procurement processes. In addition, the Parliamentary Committee report had been shared with the Parent Ministry and the required records were being maintained.

Conclusion on Status

The Management had taken corrective action by hiring a qualified procurement officer who ensures compliance and issues professional opinion in all procurement processes.

Recommendation Category: Administrative

Implementation Status: Implemented

11. Employee Costs-Compliance with the Human Resource Policy in the Financial Year 2018/2019**Recommendation**

The National Assembly recommended that the Accounting Officer recovers the amount paid to the relevant officers in contravention of the Human Resource Policy within three (3) months upon the adoption of the report.

Management Response

The Management submitted that the decision to extend the acting period for the officers was guided by the merger circular which barred any recruitment until conclusion of the merger process and therefore, the Fund could not recruit substantive officers for these positions. The Management requested the Committee to reconsider the recommendation to recover acting allowances paid, as the officers were genuinely called upon to perform extra duties of higher positions and they discharged the additional duties in good faith. Further, the Management requested reconsideration of the recovery directive. In addition, the response stated that the human resource processes had been aligned with PSC and Fund policies.

Conclusion on Status

The Accounting Officer had not provided evidence of recovery of the acting allowance paid. The follow-up revealed that a total of Kshs.1,272,388 was not recovered.

Recommendation Category: Administrative

Implementation Status: Not Implemented

12. Employee Costs-Compliance with The Human Resources Policies in the Financial Year 2018/2019

Recommendation

The National Assembly recommended that the Accounting Officer complies with the Public Service Commission (PSC) Human Resource Policies and Procedures Manual, 2016 and Women Enterprise Fund Human Resource Policy when dealing with human resource issues.

Management Response

The Management submitted that the recommendation was implemented as the human resources processes adhered to with the Public Service Commission (PSC) Human Resource Policies and Procedures Manual, 2016 and Women Enterprise Fund Human Resource Policy.

Conclusion on Status

The evidence of the corrective actions taken to ensure consistent compliance was not provided.

Recommendation Category: Administrative

Implementation Status: Not Implemented

13. Non-Compliance with the Income Tax Regulations in the Financial Year 2018/2019

Recommendation

The National Assembly recommended that the Accounting Officer recovers the applicable tax due from airtime allowances paid to staff of Kshs.6,224,923 and remits the recovered amount to the Kenya Revenue Authority (KRA) in compliance with the Income Tax Act within three (3) months upon the adoption of the report of the Committee.

Management Response

The Management submitted that the issue had been resolved as airtime was previously paid as reimbursable; officers were not provided with airtime to cater for communication expenses with clients. Further, the response stated that airtime to staff was processed through the payroll and was subjected to tax, in line with income tax provisions and the same is remitted to KRA as part of PAYE.

Conclusion on Status

The Management did not submit evidence of recovery and remission of the taxes to KRA.

Recommendation Category: Administrative

Implementation Status: Not Implemented

14. Non-Compliance with Income Tax Regulations in the Financial Year 2018/2019**Recommendation**

The National Assembly recommended that the Accounting Officer ensures compliance with all the tax laws in execution of the Fund's mandate.

Management Response

The Management submitted that the recommendation had been implemented as operations of the Fund were undertaken in compliance with applicable tax laws. Further, the response stated that the Fund also regularly engages KRA for guidance on tax matters.

Conclusion on Status

The Management did not provide evidence of corrective action taken to ensure consistent compliance with tax laws as recommended.

Recommendation Category: Administrative

Implementation Status: Not Implemented

15. Lack of a Functional Board of Directors in the Financial Year 2018/2019**Recommendation**

The National Assembly recommend that the Accounting Officer should always ensure that s/he notifies the appointing authority to commence the appointment of a new Board of Directors and chair at least six (6) months before the lapse of the term of the existing Board.

Management Response

The Management submitted that the recommendation had been implemented. Further, the Fund has appointed a functional Board.

Conclusion on Status

Although the Management had a functional Board in place, there was no evidence provided of alignment of its policy to ensure that an impending vacancy in the Board is notified to the appointing authority.

Recommendation Category: Policy

Implementation Status: Not Implemented

16. Receivables from Exchange Transactions in the Financial Year 2019/2020**Recommendation**

The National Assembly recommended that the Fund uses guarantors instead of security as one of the conditions to advance Loans to Women Enterprises.

Management Response

The Management submitted that the recommendation was noted, and will be considered in the credit policy, which was being revised.

Conclusion on Status

The Management response stated that the recommendation will be considered when reviewing the Fund credit policies. The recommendation had not been implemented.

Recommendation Category: Policy

Implementation Status: Not Implemented

17. Receivables from Exchange Transactions in the Financial Year 2019/2020**Recommendation**

The National Assembly recommended that within three (3) months upon the adoption of the report, the Accounting Officer submits a status report for LPO loan recoveries and long outstanding loan balances to the Auditor-General for audit verification.

Management Response

The Management Response stated that the status report had been submitted to Office of the Auditor-General.

Conclusion on Status

The Management did not submit the status within three (3) months; the status report was submitted in May 2025 while it was supposed to be submitted by November 2023, as recommended. Further, the loans had not been recovered.

Recommendation Category: Administrative

Implementation Status: Partially Implemented

18.Receivables from Exchange Transactions for the Financial Year 2019/2020

Recommendation

The National Assembly recommended that the Accounting Officer of the Fund recovers outstanding Local Purchase Order financing loans of Kshs.15,157,590 and Constituency Women Enterprise Scheme Loans of Kshs.785,844,387

Management Response

The Management submitted that out of the outstanding amount of Kshs.15,157,590, the Management had recovered Kshs.3,186,090 resulting to an outstanding balance of Kshs.11,971,500. The outstanding amounts are as a result of delay in payment by procuring entities and diversion of payments by some clients. These loans relate to pending bills by government institutions.

Conclusion on status

The Management had not recovered outstanding LPO financing loans of Kshs.11,971,500 and Constituency Women Enterprise Scheme Loans of Kshs.785,844,387. Further, no evidence was provided in lieu of the outstanding amounts occurring as a result of delay in payment by procuring entities.

Recommendation Category: Administrative

Implementation status: Partially Implemented

19.Receivables from Exchange Transactions for Financial Years 2019/2020 and 2020/2021

Recommendation

The National Assembly recommended that within three (3) months upon the adoption of the report, the Accounting Officer should submit the status report for non-performing loans and recoveries made to the Auditor-General for audit verification.

Management Response

The Management submitted that the Fund had since listed the directors of respective companies with CRB and initiated loan recovery/legal proceedings with some, noting previous product was unsecured and only relied on undertakings from procuring entities. Further, recovery efforts had been made reducing the outstanding portfolio to Kshs.1,979,275,850 for CWES loans out which dormant accounts have been reduced to Kshs.39,780,500 out of the initial Kshs.50.3 million.

In addition, the Fund had adopted strategies to reduce loans outstanding including reminders via bulk SMSs and intensified loan recovery activities. However, loan

Collections have partly been hampered by the directive for closure of the Fund's payment Paybill number 830800 and subsequent integration with the government designated Paybill 222222. A status report was been submitted to Office of the Auditor-General.

Conclusion on status

The status report and supporting schedules was not submitted within the three months and further do not show the recoveries made. Dormant loans were reduced by Kshs.10,519,500.

Recommendation Category: Administrative

Implementation status: Partially Implemented

Cost Savings: Kshs.10,519,500

20.Receivables from Exchange Transactions for the Financial Year 2019/2020

Recommendation

The National Assembly recommended that the Accounting Officer ensures that all contracts entered into by the Fund are lawful and are complied with.

Management Response

The Management submitted that the recommendation had been implemented and all contracts are currently valid, lawful and comply with the provisions of relevant legislation.

Conclusion on status

The management did not demonstrate measures put in place to ensure that contracts are complied with.

Recommendation Category: Administrative

Implementation status: Partially Implemented

21.Receivables from Exchange Transactions for the Financial Years 2019/2020 and 2020/21

Recommendation

The National Assembly recommended that within three (3) months upon the adoption of the report, the Accounting Officer submits a status report for non-performing loans and recoveries made to the Auditor-General for audit verification.

Management Response

The Management submitted that a status report had been submitted to Office of the Auditor-General.

Conclusion on status

The status report and supporting schedules was not submitted within the three months. The report was submitted in May 2025 and further do not show the recoveries made.

Recommendation Category: Administrative

Implementation status: Partially Implemented

22.Receivables from Exchange Transactions for the Financial Years 2019/2020 and 2020/2021**Recommendation**

The National Assembly recommend that the Accounting Officer should recover the outstanding Piki Piki loans totaling Kshs.150,000 from staff who exited from the Fund.

Management Response

The Management submitted that the Pikipiki Loans were advanced to field officers to aid in their work specifically to assist in recovery of loans. The amount of Kshs.283,333 was owed by four (4) former employees. The Fund had utilized the final dues for these employees amounting to Kshs.120,808 to offset part of their Pikipiki loans owed to the Fund. The outstanding balance of Pikipiki loans attributable to these four former employees is Kshs.162,484 which could not be fully recovered from the final dues balance.

Conclusion on status

The Accounting Officer did not demonstrate recoveries made with respect to the staff who exited from the Fund with Piki Piki loans totaling Kshs.150,000.

Recommendation Category: Administrative

Implementation status: Not Implemented

23.Unresolved Prior Year Matters in the Financial Years 2019/2020 and 2020/2021**Recommendation**

The National Assembly recommended that the Accounting Officer takes appropriate measures to resolve the outstanding prior audit issues as required by Section 68(2)(I) of the Public Finance Management Act, 2012 and Section 53(1) of the Public Audit Act, 2015 within three (3) months upon the adoption of the report and submit the status report to the Auditor-General for audit verification.

Management Response

The Management did not provide any response.

Conclusion on status

The Management did not provide information on the correction action taken.

Recommendation Category: Administrative

Implementation status: Not Implemented

24. Imprest Management and Control in the Financial Year 2019/2020**Recommendation**

The National Assembly recommended that the Accounting Officer should ensure that section 71(2) of the PFM Act, 2012, and Regulation 93 (5) and (6) of the Public Finance Management (National Government) Regulations, 2015 are always complied with when issuing imprest to staff.

Management Response

The management submitted that the recommendation had been implemented as all applicable accounting and financial controls, systems, standards, laws, and procedures are adhered to in the preparation of the financial statements in compliance with applicable legislation and Standards.

Conclusion on status

The management did not provide information on corrective action taken to ensure that section 71(2) of the PFM Act, 2012, and Regulation 93 (5) and (6) of the Public Finance Management (National Government) Regulations, 2015 are always complied with when issuing imprest to staff.

Recommendation Category: Administrative

Implementation status: Not Implemented

25. Staff Appointments - Not Meeting the Requisite Criteria in the Financial Year 2019/2020**Recommendation**

The National Assembly recommended that the Accounting Officer should always ensure that the Public Service Commission Human Resource Policies and Procedures and the Fund's Human resource policies are complied with when recruiting new employees.

Management Response

The Management submitted that they had taken corrective steps and offered support to affected staff to obtain necessary memberships. Future recruitment will follow a stricter verification process.

Conclusion on status

The Management had taken corrective action, and no similar observations were made in subsequent audits.

Recommendation Category: Administrative

Implementation status: Implemented

26. Staff Appointments - Not Meeting the Requisite Criteria in the Financial Year 2019/2020**Recommendation**

The National Assembly recommended that the Accounting Officer submits a report to the National Assembly on the efforts made by the affected staff to acquire membership of the professional body within three months upon the adoption of the report.

Management Response

The Management submitted that the three (3) appointments were made without full membership credentials due to transitional limitations. The Management further submitted that going forward the recruitment processes include enhanced verification procedures.

Conclusion on status

The management response did not address the expected actions to implement the recommendation on non-membership to professional bodies.

Recommendation Category: Administrative

Implementation status: Not Implemented

27. Doubtful Receivables for the Financial Year 2020/2021**Recommendation**

The National Assembly recommended that the Accounting Officer should come up with strategies to recover the long-overdue loans within three months of the adoption of the report.

Management Response

The management submitted that the Fund was executing recovery plans with clear timelines. A revised credit risk assessment model was adopted effective December 2024 also being implemented.

Conclusion on status

The Management submitted that a revised credit risk assessment model was adopted effective December 2024 and was being implemented. However, this model does not constitute a recovery strategy for long-overdue loans.

Recommendation Category: Policy

Implementation status: Not Implemented

28. Doubtful Receivables for the Financial Year 2020/2021**Recommendation**

The National Assembly recommended that the Accounting Officer should always ensure that, provisions of the PFM Act, 2012, and the PFM (National Government) Regulations, 2015 are always complied with when applying to public resources.

Management Response

The Management submitted that recovery efforts for advances owed by former staff were ongoing. Further, policies had been revised to enhance accountability and timely recovery.

Conclusion on status

The Management did not provide information on corrective action to fully recover the outstanding amount. Further, evidence of revision of policies was not provided.

Recommendation Category: Administrative

Implementation status: Not Implemented

29. Irregular Procurement of Motor Vehicle Repairs in the Financial Years 2020/2021**Recommendation**

The National Assembly recommended that the Accounting Officer submits the procurement records, such as, original tender bid documents, tender evaluation minutes, professional opinion, and award minutes to the Office of the Auditor-General for audit verification within three months of the adoption of the report.

Management Response

The Management submitted that the procurement documents were submitted to Auditor-General for verification.

Conclusion on status

Although the management indicated that the documentation was submitted, original tender bid documents, tender evaluation minutes, professional opinion, and award minutes were not submitted to the Auditor-General for audit verification.

Recommendation Category: Administrative

Implementation status: Not Implemented

COFFEE CHERRY ADVANCE REVOLVING FUND

30. Basis for Unmodified (Unqualified) Opinion

Recommendation

The National Assembly recommended that the Board of New Kenya Planters Co-operative Union opens a bank account for the Cherry Fund and transfers its funds, in compliance with the PFM Act, 2012, and the Coffee Cherry Fund Regulations, 2019, within three (3) months of the adoption of the report.

Management Response

The Management submitted that they had acquired a PIN from KRA, then obtained approvals from The National Treasury and the Board to open the bank account. Further, the Management indicated that they had since opened the Bank Account at Cooperative Bank and the funds had been transferred to the new account.

Conclusion on Status

The Accounting Officer has opened a bank account for the Cherry Fund and deposited its funds in compliance with the PFM Act, 2012, and Coffee Cherry Fund Regulations, 2019 as recommended.

Recommendation Category: Administrative

Implementation Status: Implemented

31. Basis for Unmodified Opinion

Recommendation

The National Assembly recommended that the Management of the New Kenya Planters Co-operative Union (NKPCU) should within three months of the adoption of the report, keep separate books and financial records of Coffee Cherry Advance Revolving Fund (CCARF) in accordance with Sections 28(1) and 29(1), (2), and (3) of the PFM (Coffee Cherry Advance Revolving Fund) Regulations, 2019.

Management Response

The Management submitted that the accounts had been separated. Further, the response stated that CCARF had its own books of accounts, separate from NKPCU. In addition, the audited accounts for CCARF FY 2023/2024 were submitted.

Conclusion on Status

As at the time of the assessment, the Management of the New Kenya Planters Co-operative Union keeps separate books and financial records of the Coffee Cherry

Advance Revolving Fund in accordance with Sections 28(1) and 29(1), (2), and (3) of the PFM (Coffee Cherry Advance Revolving Fund) Regulations, 2019.

Recommendation Category: Administrative

Implementation status: Implemented

STRATEGIC FOOD RESERVE TRUST FUND

The Principal Secretary, State Department for Agriculture did not provide a response on the corrective actions taken before the Fund was dissolved, on the following recommendations outlined in Table 6.

Table 6: Recommendations for the Strategic Food Reserve Trust Fund

Audit Issues	Recommendation	Category
Unexplained variances between the statements of financial position and changes in net assets - 2020/2021	32. The National Assembly recommended that within three months of the adoption of the report, the Accounting Officer ensures that the variances of Kshs.4,023,711,573 and Kshs.13,466,959,272 are reconciled and analyzed with necessary supporting documents submitted to the Auditor-General for audit verification 33. The National Assembly recommended that the Accounting Officer ensures that all applicable accounting and financial controls, systems, standards, laws, and procedures are followed in the preparation of the financial statements in compliance with Public Finance Management Act, 2012, and in accordance with the standards prescribed by the Public Sector Accounting Standards Board as per Regulation 101(4) of the Public Finance Management (National Government) Regulations, 2015.	Administrative
Inconsistencies between the statement of comparison of budget and actual amounts and the statement of financial performance- 2020/2021	34. The National Assembly recommended that the Accounting Officer reconciles the unexplained variance of Kshs.7,764,164,275 within three months upon the adoption of the report and submits the reconciliations to the Auditor-General for verification and reporting in the next audit cycle. 35. The National Assembly recommended that the Accounting Officer ensures timely provision of accounting documentation required for audit verification as per the provision of Section 31 of the Public Audit Act, 2015	Administrative
Inaccurate disclosures in the notes to the financial statements - 2020/2021	36. The National Assembly recommended that within three months of adoption of the report, the Accounting Officer reconcile and analyse the Kshs.2,074,562,537 interest expenses and submit the necessary supporting documents to the Auditor-General for audit verification	Administrative
Statement of cash flows - 2020/2021	37. The National Assembly recommended that within three months of adoption of the report, the Accounting Officer ensures Kshs.2,689,496,699 and Kshs.2,074,562,537 from non-exchange transactions and interest expense are reconciled and analyzed with the necessary supporting documents submitted to the Auditor-General for verification and reporting in the next audit cycle.	Administrative
Receivables, Inventories and payables - 2020/2021	38. The National Assembly recommended that within three months upon adoption of the report, the Accounting Officer should provide supporting documents for the inventories balance of Kshs.34,802,500 to the Auditor-General for audit verification and reporting in the next audit cycle;	Administrative
	39. The National Assembly recommended that the Accounting Officer should within three months upon the adoption of the report provide the supporting documentation relating to the variance of Kshs.2,074,562,538 on interest expense to the Auditor-General for audit verification.	Administrative

The Fund Enabling Regulations were revoked through the Public Finance Management (Strategic Food Reserve Trust Fund) (Revocation) Regulations, 2020 (Legal Notice No. 51 of 2020) However, the Accounting Officer was the Principal Secretary – State Department for Agriculture, as per enabling Regulations (Public Finance Management (Strategic Food Reserve Trust Fund) Regulations, 2015). The Management did not provide information on the action taken to address the recommendations by the National Assembly.

MECHANICAL AND TRANSPORT FUND - NATIONAL YOUTH SERVICE

40. Inaccuracy of Non-Current Asset

Recommendation

The National Assembly recommended that the Accounting Officer puts in place adequate measures to ensure all applicable accounting and financial policies, controls, systems, standards, laws and procedures are followed in accounting and preparation of financial statements in compliance with the Provisions of the Public Finance Management Act, 2012 and its Regulations.

Management Response

The Management submitted that they had finalized the second phase of the valuation of all assets and an updated Assets Register maintained. Further, the Council had approved the Finance and Accounting Policies and procedure manual that holds among other issues in it, depreciation policy is captured well and applicable.

Conclusion on status

The Management has put in place measures to ensure all applicable accounting and financial policies are followed in preparation of financial statements in compliance with PFM Act, 2012 and its Regulations.

Recommendation Category: Policy

Implementation Status: Implemented

41. Unsupported Receivables

Recommendation

The National Assembly recommended that the Accounting Officer ensures timely provision of accounting documentation required for audit verification as per the provision of Section 31 of the Public Audit Act, 2015. The Accounting Officer also ensures that all applicable accounting and financial controls, systems, standards, laws, and procedures are followed in the preparation of the financial statements in compliance with Public Finance Management Act, 2012, and in accordance with the standards prescribed by the Public Sector Accounting Standards Board as per Regulation 101(4) of the Public Finance Management (National Government) Regulations, 2015.

Management Response

The Management submitted that they had ensured timely provision of supporting schedules for audit verification in subsequent financial years. Further, the

Management submitted that they had also ensured all applicable accounting and financial controls, systems, standards, laws, and procedures are followed through the adoption of Finance and Accounting Policies and Procedures manual which guides on the provision for doubtful debts and other related policies.

Conclusion on status

The Management has ensured timely provision of accounting documents and has put in place measures to ensure all applicable accounting policies and procedures have been adopted.

Recommendation Category: Administrative

Implementation Status: Implemented

42. Unsupported Overpayment for Supplies

Recommendation

The National Assembly recommended that the Accounting Officer ensures that due diligence is carried out when evaluating the capacity of suppliers in compliance with the Public Procurement and Asset Disposal Act, 2015 and its Regulations.

Management Response

The Management submitted that they have instituted internal controls such as segregation of duties where different individuals handle different aspects of payment processes to prevent any one person having complete control over payments. Further, Management had introduced three-way matching through comparing purchase orders, receiving reports and invoices before payment to ensure goods or services were actually received, and invoices are accurate, preventing overpayment for unauthorized items.

In addition, the Management has put in place ERP system (previously manual procedures were in application) where procurement and payment process are done using automated systems improving accuracy and efficiency reducing risk of errors and overpayment. The Management has also implemented the use of framework contract agreements which evaluate the capacity of suppliers before engagement, provided employees with training on internal controls and payment procedures as well as familiarizing them with finance and procedures manuals helping them understand their roles and responsibilities.

Conclusion on status

The Management provided information on the corrective actions; however, it does not address how the Management will ensure that due diligence is carried out when evaluating the capacity of suppliers.

Recommendation Category: Administrative

Implementation Status: Not Implemented

43. Unresolved Prior Year Audit Issues**Recommendation**

The National Assembly recommended that the Accounting Officer should within three months upon the adoption of the report, take appropriate measures to resolve any audit issues that remain outstanding as required by Section 68(2)(I) of the Public Finance Management Act, 2012 and Section 53(1) of the Public Audit Act, 2015 and submit the status to the Office of the Auditor-General for audit verification.

Management Response

The management submitted that in the year 2018/2019 there was an issue of prepayments of Kshs.40,996 which were long outstanding over 4 years. The issue was addressed internally and rectified in the subsequent financial year. Further, currently all prepayments range within one year as guided in our credit policy manual.

Conclusion on status

The Management had progressively addressed audit issues, however, information on whether a status report was submitted was not provided.

Recommendation Category: Administrative

Implementation Status: Partially Implemented

44. Grounded Motor Vehicle**Recommendation**

The National Assembly recommended that the Accounting Officer seeks the approval of the Cabinet as per the circular REF OP/CAB.39/ 1A to dispose the grounded vehicles.

Management Response

The Management submitted that the Service sought approval for disposal, and it was granted.

Conclusion on status

The Approval for disposal of grounded assets from Cabinet was provided and it has been confirmed.

Recommendation Category: Administrative

Implementation Status: Implemented

45. Grounded Motor Vehicle**Recommendation**

The National Assembly recommended that the Accounting Officer ensures compliance with the provisions of the Public Procurement and Asset Disposal Act, 2015, and its Regulations in the disposal of the grounded vehicles.

Management Response

The Management submitted that most of the idle assets were disposed through public auction. Further, the Service through the Asset Disposal Committee had identified and prepared another lot for disposal in compliance with the provisions of the Public Procurement and Asset Disposal Act, 2015.

Conclusion on status

The Management had partly disposed some idle assets with other planned in the second phase.

Recommendation Category: Administrative

Implementation Status: Partially Implemented

YOUTH ENTERPRISE DEVELOPMENT FUND

46. Unsupported Cash Flow Statements for the Financial Year 2018/2019

Recommendation

The National Assembly recommended that the Accounting Officer should within three months upon the adoption of the report submit the supporting schedules of Kshs.2,160,330 and accumulated depreciation charges of Kshs.2,302,953 to the Auditor-General for Audit verification

Management Response

The Management submitted the schedule was provided.

Conclusion on status

The management submitted the schedules in March 2025 and not within three months as recommended. The schedules were received and reviewed.

Recommendation Category: Administrative

Implementation Status: Implemented

47. Unsupported Cash Flow Statements for the Financial Year 2018/2019

Recommendation

The National Assembly recommended that the Accounting Officer fast tracks the process of digitizing the Fund's accounting operations.

Management Response

The Management submitted that due to budgetary constraints, they have initiated a phased programme whereby ERP system is being implemented.

Conclusion on status

The ERP system is being implemented in phases due to budget constraints.

Recommendation Category: Administrative

Implementation Status: Partially Implemented

48. Unsupported Cash Flow Statements for the Financial Year 2018/2019

Recommendation

The National Assembly recommended that the Accounting Officer ensures timely provision of accounting documentation required for audit verification as per the provision of Section 31 of the Public Audit Act, 2015.

Management Response

The Management submitted that this has been complied with in the subsequent financial years.

Conclusion on status

Although the Management has complied with statutory timelines on timely provision of documents in the subsequent audit (2023/2024), they did not provide evidence on corrective actions taken to ensure the compliance was sustainable.

Recommendation Category: Administrative

Implementation Status: Partially Implemented

49. Unsupported Cash Flow Statements for the Financial Year 2018/2019**Recommendation**

The National Assembly recommended that the Accounting Officer ensures that all applicable accounting and financial controls, systems, standards, laws, and procedures are followed in the preparation of the financial statements and in accordance with the standards prescribed by the public sector Accounting standards Board and in compliance with regulation 101 (4) of the public finance management (National Government) Regulations, 2012.

Management Response

The Management submitted it had taken measures and implemented the recommendation in the subsequent financial years.

Conclusion on status

Although the Management had submitted that they have complied with all the applicable accounting and financial controls, systems, standards, laws, and procedures are followed in the preparation of the financial statements, they did not provide evidence on corrective actions taken to ensure the compliance was sustainable.

Recommendation Category: Administrative

Implementation Status: Partially Implemented

50. Non- Compliance with IPSAS Accrual Basis of Accounting – Tuck Shops Rental in the Financial Year 2018/2019**Recommendation**

The National Assembly recommended that within three (3) months after the adoption of the report, the Accounting Officer provides documentary evidence to show that the Fund did not receive rent revenue from the premises which were not occupied and that there was a waiver of payments during the incubation period.

Management Response

The management submitted a schedule of variance between expected amount and actual receipts which reduced due to occupancy levels of the tuck shops.

Conclusion on status

The Management submitted information to confirm that the Fund did not collect rent from the unoccupied premises even though it was in their budget. However, the schedules were not provided within three months as recommended.

Recommendation Category: Administrative

Implementation Status: Implemented

51. Revolving Fund in the Financial Years 2018/2019 and 2020/2021**Recommendation**

The National Assembly recommended that the Accounting Officer takes appropriate measures to resolve the outstanding audit issue as required by Section 68(2)(l) of the Public Finance Management Act, 2012 and Section 53(1) of the Public Audit Act, 2015 within three months upon the adoption of the report.

Management Response

The Management submitted that this has been implemented in the subsequent financial years.

Conclusion on status

The Management had taken measures to resolve outstanding audit issues, however, some audit issues were still outstanding.

Recommendation Category: Administrative

Implementation Status: Partially Implemented

52. Unexplained Revolving Fund Variance in the Financial Years 2018/2019, 2019/2020 and 2020/2021**Recommendation**

The National Assembly recommended that the Accounting Officer provides supporting documents on journal entries, approval of the journals, revised ledgers, and approved budgets to the Auditor-General for Audit verification within three months upon the adoption of the report

Management Response

The Management submitted that the supporting schedules and approved budget had been submitted.

Conclusion on status

The Management did not submit the documentary evidence in support of the journal entries to explain the variance in the revolving fund as recommended.

Recommendation Category: Administrative

Implementation status: Not Implemented

53. Statement of Changes in Net Assets for the Financial Year 2018/2019**Recommendation**

The National Assembly recommended that the Accounting Officer should within three months of the adoption of the report ensure that the Fund maintains a complete asset register as per the requirements of Regulation 143 of the Public Finance Management (National Government) Regulations.

Management Response

The Management submitted that currently the Fund had maintained a complete asset register as per the requirements of Regulation 143 of the Public Finance Management (National Government) Regulations, 2015.

Conclusion on status

The Management has maintained a complete asset register. The asset register was provided for review.

Recommendation Category: Administrative

Implementation Status: Implemented

54. Accumulated Surplus for the Financial Year 2018/2019**Recommendation**

The National Assembly recommended that the Accounting Officer should within three months of adoption of the report provide the supporting documentation and schedules of the prior year adjustment of Kshs.2,160,330 and the variance of Kshs.2,839,675 to the Auditor-General for verification.

Management Response

The Management submitted that the schedule had been provided for verification to the auditor.

Conclusion on status

The Management provided documents supporting prior year adjustment of Kshs.2,160,330. However, the documents to explain the variance of Kshs.2,839,675 have not been provided to the Auditor-General for audit verification.

Recommendation Category: Administrative

Implementation Status: Partially Implemented

55. Undisclosed Material Uncertainty in the Financial Years 2018/2019 and 2020/2021

Recommendation

The National Assembly recommended that the Accounting Officer puts in place appropriate recovery strategies, institutional policies and procedures, and good business practices to ensure improved financial performance.

Management Response

The Management submitted that they had put in place appropriate measures as evidenced in financial reports for subsequent years.

Conclusion on status

The Management had initiated measures to put in place appropriate recovery strategies, institutional policies and procedures, and good business practices to ensure improved financial performance. However, the impact could not be determined in the short term.

Recommendation Category: Administrative

Implementation Status: Partially Implemented

56. Undisclosed Material Uncertainty in the Financial Year 2018/2019

Recommendation

The National Assembly recommended that within three months after the adoption of the report, the Accounting Officer submits to the Auditor-General a report on the actions taken to ensure improved financial performance as per Section 53(1) of the Public Audit Act, 2015.

Management Response

The Management submitted that the Fund continued to improve its financial performance over the years as reflected in the statement of financial performance for 2022/2023.

Conclusion on status

The Management did not submit the report on the actions taken to ensure improved financial performance.

Recommendation Category: Administrative

Implementation Status: Not Implemented

57. Revenue From Exchange Transactions – Interest and Fees in the Financial Year 2018/2019

Recommendation

The National Assembly recommended that the Accounting Officer should within three months of the adoption of the report, submit supporting documents on the reported interest of Kshs.41,199,302 to the Auditor-General for audit verification.

Management Response

The Management submitted that the supporting documents on the reported interest of Kshs.41,199,302 to the Auditor-General for audit verification.

Conclusion on status

The supporting documents on the reported interest of Kshs.41,199,302 were submitted to the Auditor-General for audit verification in March 2025 although not within three months (November 2023) as recommended.

Recommendation Category: Administrative

Implementation Status: Implemented

58. Irregular Payment of Commuted Leave for Cash in the Financial Year 2018/2019

Recommendation

The National Assembly recommended that the Accounting Officer ensures compliance of Human Resource Policies and Procedures of the Fund.

Management Response

The Management submitted that they had complied with Human Resource Policies and Procedures in the subsequent financial years.

Conclusion on status

The Management had ensured compliance of Human Resource Policies and Procedures of the Fund as observed in subsequent audits. However, the Management did not provide evidence on corrective actions taken to ensure sustainable compliance

Recommendation Category: Administrative

Implementation Status: Partially Implemented

59. Irregular Payment of Commuted Leave for Cash in the Financial Year 2018/2019

Recommendation

The National Assembly recommended that the Accounting Officer should within three months of the adoption of the report, recover from the officer concerned the overpayment of Kshs.237,226.

Management Response

The Management submitted that the amount was recovered in the month of March 2025.

Conclusion on status

The Management recovered the overpayment of Kshs.237,226 on the 25 March, 2025, however, not within the three months (November 2023) as recommended.

Recommendation Category: Administrative

Implementation Status: Implemented

Cost Savings: Kshs.237,226

60. Inadequately Supported Travel Costs for the Financial Year 2018/2019

Recommendation

The National Assembly recommended that the Accounting Officer should within three months of the adoption of the report provide the supporting documents on surrenders of imprests of Kshs.160,000 to the Auditor-General for audit verification.

Management Response

The Management submitted that the surrender documents for Maisha Certification Capacity building workshop had been provided.

Conclusion on status

The Management had provided the supporting documents for surrenders of imprests of Kshs.160,000 to the Auditor-General for audit verification. However, the supporting documents had not been submitted by November, 2023 as recommended by the committee but instead in March 2025.

Recommendation Category: Administrative

Implementation Status: Implemented

61. Non-Current Assets for the Financial Year 2018/2019

Recommendation

The National Assembly recommended that the Accounting Officer should within three months upon the adoption of the report, provide the supporting documentation for assets acquired in the financial year 2014/2015 at a total cost of Kshs.2,670,648 to the Auditor-General for verification.

Management Response

The Management responded it had submitted a schedule of the assets.

Conclusion on status

The Management did not provide the supporting documentation for assets acquired.

Recommendation Category: Administrative

Implementation Status: Not Implemented

62. Non-Current Assets for the Financial Year 2018/2019

Recommendation

The National Assembly recommended that the Accounting Officer should within three months upon the adoption of the report provide proof of reclassification of assets to the Office of the Auditor-General

Management Response

The Management submitted they had provided a schedule showing the reclassification of intangible assets and notes to the financial statements supporting the same.

Conclusion on status

The Management had provided a schedule showing the reclassification of intangible assets and notes to the financial statements supporting the same. However, the supporting documents had not been submitted by November, 2023 as recommended but instead in March 2025.

Recommendation Category: Administrative

Implementation Status: Partially Implemented

63. Property, Plant and Equipment

Recommendation

The National Assembly recommended that the Accounting Officer ensures that the Fund's assets are handed over by the Board upon the expiry of the term.

Management Response

The Management submitted that they have since ensured that the Fund's assets are handed over by the Board upon the expiry of the term.

Conclusion on status

The Accounting Officer has ensured the Fund's assets are handed over by the board upon the expiry of their term as confirmed in the audit of subsequent years. However, the Management did not provide information on corrective action taken to ensure compliance in future.

Recommendation Category: Administrative

Implementation Status: Partially Implemented

64. Property, Plant and Equipment**Recommendation**

The National Assembly recommended that the Accounting Officer seeks authority for the disposal of grounded motor vehicles and motorcycles within three months upon the adoption of the report.

Management Response

The Management submitted that the disposal of grounded motor vehicles and motorcycles was undertaken in the year 2024.

Conclusion on status

The disposal of grounded motor vehicles and motorcycles was undertaken in the year 2024.

Recommendation Category: Administrative

Implementation Status: Implemented

65. Property, Plant and Equipment**Recommendation**

The National Assembly recommended that the Accounting Officer ensures compliance with the provisions of the Public Procurement and Asset Disposal Act, 2015, and its Regulations in the disposal of grounded vehicles and motorcycles.

Management Response

The Management submitted that they had complied as evidenced in the subsequent financial years.

Conclusion on status

The disposal of grounded motor vehicles and motorcycles was undertaken in the year 2024.

Recommendation Category: Administrative

Implementation status: Implemented

66. Property, Plant and Equipment.**Recommendation**

The National Assembly recommended that the Accounting Officer ensures there are proper control systems to eliminate theft, losses, wastage, and misuse of the Fund's assets in compliance with Regulation 139 of the Public Finance Management (National Government) Regulations, 2015

Management Response

The Management submitted that the Fund has implemented robust control systems to safeguard its assets and prevent theft, losses, wastage, and misuse, in full compliance with Regulation 139 of the Public Finance Management (National Government) Regulations, 2015. These measures include strict asset management policies, implementation of finance policy, enhanced security protocols, regular audits, and periodic reconciliation of asset registers. Additionally, accountability frameworks have been strengthened to ensure responsible utilization of the Fund's assets, with disciplinary measures in place for any instances of mismanagement.

Conclusion on status

The Management has taken corrective measures to ensure there are proper control systems to eliminate theft, losses, wastage, and misuse of the Fund's assets in compliance with Regulation 139 of the Public Finance Management (National Government) Regulations, 2015.

Recommendation Category: Administrative

Implementation Status: Implemented

67. Unsupported Trade Debtors Balance**Recommendation**

The National Assembly recommended that the Accounting Officer should ensure that the Fund keeps adequate financial and accounting records in compliance with the provisions of the Public Finance Management Act, 2012 section 68(2)(b) and (c) and

Regulation 100 of the Public Finance Management (National Government) Regulations, 2015.

Management Response

The Management submitted that they had rectified and has since complied with in the subsequent financial years.

Conclusion on status

Although the Management indicated that the Fund keeps adequate financial and accounting records in compliance with the provisions of the Public Finance Management Act, 2012, information on corrective action taken to ensure sustainable compliance was not provided.

Recommendation Category: Administrative

Implementation Status: Partially Implemented

68. Trade Debtors in the Financial Year 2018/2019

Recommendation

The National recommended that the Accounting Officer should ensure that the loans owed by the welfare groups are fully recovered.

Management Response

The Management submitted that they continue to actively pursue the recovery of outstanding loan balances from youth groups. Additionally, information on defaulting groups had been shared with credit reference bureaus to enhance collection efforts.

Conclusion on status

The Management has not recovered the outstanding amount in full.

Recommendation Category: Administrative

Implementation Status: Partially Implemented

69. Trade Debtors in the Financial Year 2018/2019

Recommendation

The National Assembly recommended that the Accounting Officer ensures the Fund revises its credit policies on issuance of loans by introducing a thorough vetting process of persons seeking loans from the Fund as a measure of enhancing loan recoverability.

Management Response

The Management submitted that the Fund has revised its credit policy to incorporate a more rigorous vetting process for loan applicants, ensuring that loans disbursed are recoverable.

Conclusion on status

The Management has provided the revised the credit policy.

Recommendation Category: Policy

Implementation status: Implemented

70. Trade Debtors for the Financial Years 2018/2019, 2019/2020 and 2020/21

Recommendation

The National Assembly recommended that the Accounting Officer should within three months of the adoption of the report make a request for writing-off the losses of Kshs.2,287,648 (relating to imprest issued to the late Catherine Namuye and the late Bruce Odhiambo) in accordance with Section 69 of the PFM Act, 2012 and Regulation 148 of the Public Finance Management (National Government) Regulations, 2015 within three months of the adoption of the report.

Management Response

The Management submitted that the Fund was in the process of writing-off the losses relating to imprest issued to the late Catherine Namuye and the late Bruce Odhiambo.

Conclusion on status

The management did not demonstrate the extent of implementation of the write-off.

Recommendation Category: Administrative

Implementation Status: Not Implemented

71. Unsupported Loan Balances

Recommendation

The National Assembly recommended that the Accounting Officer submit an update to the Auditor-General on the recovery of Kshs.180,184,855 within three months upon adoption of the report.

Management Response

The Management submitted that it had provided an update on efforts made to recover the lost funds. The matter had also been taken up by the relevant government agencies to ensure the amount lost has been recovered, including Asset Recovery Agency.

Conclusion on status

The Management submitted an update to the Auditor-General on the recovery of Kshs.180,184,855 in March 2025 hence not within three months upon adoption of the report. The amount is yet to be recovered.

Recommendation Category: Administrative

Implementation Status: Partially Implemented

72.Default Penalty on Loans to Financial Intermediaries**Recommendation**

The National Assembly recommended that the Accounting Officer should within three months upon the adoption of the report provide a comprehensive ageing analysis in support of default penalty on loans of Kshs.300,550,837 to the Auditor-General.

Management Response

The Management submitted that aging analysis for default penalty on the outstanding financial intermediaries loan balances had been provided.

Conclusion on status

The supporting documents were submitted in March 2025 not within three months from the date of the report.

Recommendation Category: Administrative

Implementation Status: Partially Implemented

73.Default Penalty on Loans to Financial Intermediaries.**Recommendation**

The National Assembly recommended that the Accounting Officer ensures that all contracts entered into by the Fund are lawful and are complied with in compliance with Section 68(2)(d) of the Public Finance Management Act, 2012.

Management Response

The Management submitted that they have since complied with Section 68(2)(d) of the Public Finance Management Act, 2012 in the subsequent years. Accounting Officer has ensured that all contracts entered by the Fund are lawful and are complied.

Conclusion on status

The Management did not provide information on actions taken to ensure all future contracts are in compliance with Section 68(2)(d) of the Public Finance Management Act, 2012.

Recommendation Category: Administrative

Implementation Status: Partially Implemented

74. Trade Payables for the Financial Year 2018/2019

Recommendation

The National Assembly recommended that the Accounting Officer should within three months upon the adoption of the report submit a reconciliation of the outstanding payables of Kshs.5,511,045 and Kshs.4,650,750 to the Office of the Auditor-General for audit verification.

Management Response

The Management submitted that the long-outstanding payables have been fully settled. Additionally, for payable accounts that required reconciliation, the necessary reconciliations have been completed, and any outstanding issues have been resolved.

Conclusion on status

The long-outstanding payables have since been settled.

Recommendation Category: Administrative

Implementation Status: Implemented

75. Trade Payables for the Financial Years 2018/2019 and 2020/2021

Recommendation

The National Assembly recommended that the Accounting Officer ensures that the Fund settles its payables within three months upon the adoption of the report in compliance with the Public Finance Management Act, 2012, and Public Procurement and of the Asset Disposal Act, 2015.

Management Response

The Management submitted that the long-outstanding payables had been fully settled. Additionally, for payable accounts that required reconciliation, the necessary reconciliations have been completed, and any outstanding issues have been resolved.

Conclusion on status

The long-outstanding payables have since been settled.

Recommendation Category: Administrative

Implementation status: Implemented

76. Inventories for the Financial Year 2018/2019

Recommendation

The National Assembly recommended that the Accounting Officer seeks approval to dispose of the hatcheries within three months upon the adoption of the report.

Management Response

The Management submitted that the disposal process for the hatcheries was conducted. However, it was not responsive with only six units successfully disposed. A similar disposal exercise is scheduled to be undertaken later in the current year.

Conclusion on status

The Management initiated disposal of the hatcheries; however, the process was non-responsive.

Recommendation Category: Administrative

Implementation Status: Partially Implemented

77. Unresolved Prior Year Issues for the Financial Year 2018/2019

Recommendation

The National Assembly recommended that the Accounting Officer resolves all audit issues that remain outstanding as required by Section 68(2)(I) of the Public Finance Management Act, 2012 within three months upon the adoption of the report.

Management Response

The Management submitted that the Fund remains committed to addressing all audit matters through ongoing engagement with the relevant authorities, including the Office of the Auditor-General and the National Assembly, to ensure full resolution and compliance.

Conclusion on status

The management did not provide evidence of having resolved all audit matters.

Recommendation Category: Administrative

Implementation Status: Partially Implemented

78. Errors In Financial Statements – Unsupported Statement of Cash Flows for the Financial Year 2019/2020

Recommendation

The National Assembly recommended that within three (3) months after the adoption of the report, the Accounting Officer provides documentary evidence to show the

unexplained prior-year adjustment of Kshs.84,855 under operating profit before working capital changes to the Auditor-General for audit verification.

Management Response

The Management submitted that a summary of the entries and supporting documents was provided to the Auditor-General.

Conclusion on status

The Management belatedly provided supporting ledger entries for the adjustment of Kshs.84,856 in March 2025.

Recommendation Category: Administrative

Implementation Status: Implemented

79.Receivable from Non-Exchange Transactions for the Financial Years 2019/2020 and 2020/2021

Recommendation

The National Assembly recommended that the Accounting Officer pursues the recovery of the outstanding deposits of Kshs.761,593 within three months upon the adoption of the report

Management Response

The Management submitted that amounts have since been recovered.

Conclusion on status

The Management had submitted evidence of recovery in form of bank deposit slip and other attachments.

Recommendation Category: Administrative

Implementation Status: Implemented

Cost Savings: Kshs.761,593

80.Tuck Shops Rental Income for the Financial Year 2019/2020

Recommendation

The National Assembly recommended that within three (3) months after the adoption of the report, the Accounting Officer provides documentary evidence to the Office of the Auditor-General to explain the difference in the expected revenue of Kshs.2,916,000 as compared to the reported revenue of Kshs.1,999,500 leading to an understatement of revenue by Kshs.916,500.

Management Response

The Management submitted that the difference was as a result of low occupancy as per document submitted.

Conclusion on status

The Fund did not collect rent from the unoccupied premises even though it was in their budget. The support schedules were provided for verification although it was submitted after more than three months as recommended.

Recommendation Category: Administrative

Implementation Status: Implemented

81. Provision of Impairment Allowance in the Financial Year 2019/2020**Recommendation**

The National Assembly recommended that in subsequent financial years, the Accounting Officer provides all documents to Auditor-General within the timelines stipulated under Section 31 of the Public Audit Act, 2015.

Management Response

The Management submitted that the information was submitted in compliance to Public Audit Act, 2015 in subsequent audits.

Conclusion on status

The Management provided documents to Auditor-General within the timelines as stipulated under Section 31 of the Public Audit Act, 2015 in the audit cycle of 2023/2024. However corrective action taken to ensure sustainable compliance was not provided.

Recommendation Category: Administrative

Implementation Status: Partially Implemented

82. Unsupported Loan Balances in the Financial Year 2019/2020**Recommendation**

The National Assembly recommended that the Accounting Officer should provide a status update to the Office of the Auditor-General on the pending civil case against Quorum Limited in the subsequent financial year

Management Response

The Management submitted that the status update on the pending civil case has been submitted to the Auditor-General.

Conclusion on status

The Status update was belatedly provided in March 2025.

Recommendation Category: Administrative

Implementation Status: Implemented

83. Unsupported Loan Balances in the Financial Year 2019/2020**Recommendation**

The National Assembly recommended that within three months of the adoption of the report, the Accounting Officer provides a status report to the Auditor-General on measures it has put in place to strengthen its internal controls to minimize opportunities for fraud.

Management Response

The Management submitted the status update to the Auditor-General on measures it has put in place to strengthen its internal controls to minimize opportunities for fraud in March 2025.

Conclusion on status

The Status update was belatedly provided in March 2025.

Recommendation Category: Administrative

Implementation Status: Implemented

84. Long Outstanding Trade Payables for the Financial Year 2019/2020**Recommendation**

The National Assembly recommended that the Accounting Officer ensures that the Fund verifies and settles its outstanding payables within three months upon the adoption of the report, in compliance with the Public Finance Management Act, 2012, and Public Procurement and Asset Disposal Act, 2015.

Management Response

The Management submitted that the long-outstanding payables have been fully reconciled and the one with outstanding amounts has been settled.

Conclusion on status

The Management has since settled the long outstanding obligation.

Recommendation Category: Administrative

Implementation Status: Implemented

85. Non-Compliance with the Public Procurement and Asset Disposal Act, 2015 in the Financial Year 2019/2020

Recommendation

The National Assembly recommended that the Accounting Officer resolved all audit issues that remained outstanding as required by Section 68(2)(l) of the Public Finance Management Act, 2012 and Section 53(1) of the Public Audit Act, 2015 within three months upon the adoption of the report and submit a status report to the Auditor-General for verification and reporting in the next audit cycle.

Management Response

The Management had submitted the approved list of qualified legal service providers not provided then.

Conclusion on status

The management belatedly submitted the approved list of qualified legal service providers in March 2025.

Recommendation Category: Administrative

Implementation Status: Implemented

86. Grounded Motor Vehicles and Motorcycles in the Financial Years 2019/2020 and 2020/2021

Recommendation

The National Assembly recommended that the Accounting Officer should seek the approval of the Cabinet as per the circular REF.OP/CAB.39/1A to dispose the grounded vehicles within three months upon the adoption of the report.

Management Response

The Management submitted that the Fund has since disposed of the grounded motor vehicles in accordance with the provisions of the Public Finance Management (PFM) Act, 2012, and the Public Procurement and Asset Disposal Act, 2015. Further, the disposal process was conducted in compliance with Section 197 of the PFM Act, 2012 which mandates the proper management and disposal of public assets, and Section 53 of the Public Procurement and Asset Disposal Act, 2015 which outlines the procedures for the disposal of unserviceable, obsolete, or surplus assets. The Management also submitted that the disposal was carried out transparently to maximize salvage value and ensure compliance with the applicable Regulations.

Conclusion on status

The Management obtained approval and disposed the vehicles.

Recommendation Category: Administrative

Implementation Status: Implemented

87. Grounded Motor Vehicles and Motorcycles for the Financial Years 2019/2020 and 2020/2021**Recommendation**

The National Assembly recommended that the Accounting Officer should ensure compliance with the provisions of the Public Procurement and Asset Disposal Act, 2015 and its Regulations in the disposal of the grounded vehicles.

Management Response

The Management submitted that they ensured compliance with the provisions of the Public Procurement and Asset Disposal Act, 2015 and its Regulations in the disposal of the grounded vehicles.

Conclusion on status

The Management obtained requisite approval and disposed the grounded vehicles.

Recommendation Category: Administrative

Implementation Status: Implemented

88. Going concern of the Fund in the Financial Year 2020/2021**Recommendation**

The National Assembly recommended that within three months after the adoption of the report, the Accounting Officer submits to the National Assembly a report on the actions taken to ensure improved financial performance

Management Response

The Management submitted that to improve the Fund's financial position and ensure its sustainability, several measures have been implemented. This includes strict adherence to the allocated budget to enhance financial discipline and prevent unnecessary expenditure. Additionally, the Fund intensified resource mobilization initiatives, including partnerships with stakeholders and exploring alternative funding sources, to strengthen its financial base. Cost rationalization measures have also been adopted to optimize operational efficiency and reduce financial deficits. Furthermore, enhanced loan recovery mechanisms, such as strengthened credit appraisal

processes and engagement with credit reference bureaus, had been put in place to improve cash flow and sustain the revolving nature of the Fund. These strategic interventions were aimed at restoring financial stability and ensuring the Fund will effectively fulfill its mandate in the long term. In the financial year 2022/2023 the fund reported a surplus of Kshs.5,048,222 as a result of implementing the above measures.

Conclusion on status

Although the Management has provided information on measures taken to ensure improved financial performance, there was no evidence availed to confirm a report was submitted to the National Assembly as recommended.

Recommendation Category: Administrative

Implementation Status: Not Implemented

89. Incomplete Fixed Assets Register in the Financial Year 2020/2021

Recommendation

The National Assembly recommended that the Accounting Officer ensures that the Fund maintains a complete asset register as per the requirements of Regulation 143 of the Public Finance Management (National Government) Regulations, 2015 within three months of the adoption of the report.

Management Response

The Management submitted that the Fund has fully complied with Regulation 143 of the Public Finance Management (National Government) Regulations, 2015 by maintaining a comprehensive asset register. All assets have been properly documented, and the register is continuously updated to ensure accuracy and compliance.

Conclusion on status

The Management provided a complete asset register.

Recommendation Category: Administrative

Implementation Status: Implemented

UWEZO FUND OVERSIGHT BOARD

90. Presentation and inaccuracy of the Financial Statements for the Financial Year 2018/2019

Recommendation

The National Assembly recommended that the accounting officer ensures that all applicable accounting and financial controls, systems, standards, laws, and procedures are followed in the preparation of the financial statements in compliance with Public Finance Management Act, 2012 and in accordance with the standards prescribed by the Public Sector Accounting Standards Board as per Regulation 101(4) of the Public Finance Management (National Government) Regulations, 2015.

Management Response

The Management submitted that the Fund had ensured compliance with all the applicable accounting and financial controls, standards, laws and procedures in the preparations of its financial statements in adherence with PFM Act 2012 and in accordance with PSASB as per regulation 101(4) of the PFM (National Government) Regulations 2015).

Conclusion on status

Financial statements are now prepared as per the recommended financial reporting template issued by PSASB. The variance between statement of budget and actual amount and statement of financial performance has since been resolved.

Recommendation Category: Administrative

Implementation Status: Implemented

91. Unsupported Constituencies Administration Costs for the Financial Year 2018/2019

Recommendation

The National Assembly recommended that the Accounting Officer should ensure that accounting documentation are submitted on time in compliance with the provisions section 68(2)(b) and (c) Public Finance Management Act, of 2012 and regulation 100 of the Public Finance Management (National Government) Regulations, 2015.

Management Response

The Management submitted that the Fund annually requests the Constituency Committees to submit their respective financial returns upon the closure of the financial year. However, not all information was availed on time due to challenges of

staffing in various constituencies. These reports form the basis for the preparation of financial statements.

Conclusion on status

The Management did not provide information on corrective action taken to ensure that accounting documentation are submitted on time.

Recommendation Category: Administrative

Implementation Status: Not implemented

92. Cash and Cash Equivalents for the Financial Year 2018/2019

Recommendation

The National Assembly recommended that within three (3) months upon the adoption of the report, the Accounting Officer submits the bank reconciliation statements for the 13 constituencies and for the reported bank balance of Kshs.129,673,210 to the Auditor-General for audit verification and reporting in the next audit cycle

Management Response

The Management submitted that the bank reconciliation statements for the 13 constituencies were received on 30 June, 2021 and are available for audit review.

Conclusion on status

The bank reconciliation statements for the 13 constituencies and for the reported bank balance of Kshs.129,673,210 were not submitted to the Auditor-General for review.

Recommendation Category: Administrative

Implementation Status: Not implemented

93. Unreconciled bank balances for the Financial Year 2018/2019

Recommendation

The National Assembly recommended that within three (3) months upon the adoption of the report, the Accounting Officer submits the bank reconciliation statements for the 127 constituencies and for the reported bank balance of Kshs.2,333,718,282 to the Auditor-General for audit verification and reporting in the next audit cycle.

Management Response

The Management submitted that the Fund has since received bank reconciliation statements from 127 constituencies for balances amounting to Kshs.1,949,077,260 out of the reported Kshs.2,333,718,282, which accounts for 83 % of the reported amount.

Conclusion on status

The bank reconciliations statements were not submitted to the Auditor-General for review.

Recommendation Category: Administrative

Implementation Status: Not Implemented

94. Unreconciled bank balances in the Financial Year 2018/2019**Recommendation**

The National Assembly recommended that the Accounting Officer complies with Sections 90(1), (3) and (4) of the PFM (National Government) Regulations, 2015, when preparing bank reconciliation statements.

Management Response

The Management submitted that the Fund had endeavored to comply with Section 90(1), (3) and (4) of the PFM (National Government) Regulations, 2015 when preparing bank reconciliations statements.

Conclusion on status

The Management did not provide information on corrective action taken to ensure compliance with Regulations on bank reconciliation.

Recommendation Category: Administrative

Implementation Status: Not Implemented

95. Unpresented cheques for Kshs.1,801,139**Recommendation**

The National Assembly recommended that the Accounting Officer develops mechanisms of contacting successful applicants to collect cheques by way of using contact numbers and e-mail addresses indicated on the application forms.

Management Response

The Management submitted that the Fund had strengthened the pre-disbursement training policy where groups are trained before given cheques. Cheques are only drawn for groups that have been trained. In addition, the cheques are dispatched through a cheque issuance register that contains the name, contact number and the cheque number. This ensured no cheques remain uncollected.

Conclusion on status

The Management has made an effort in contacting successful applicants to collect cheques. Subsequent audits have observed the occurrence had reduced.

Recommendation Category: Administrative

Implementation Status: Partially Implemented

96. Loans to the Groups in the Financial Year 2018/2019

Recommendation

The National Assembly recommended that the Accounting Officer ensures that necessary financial and accounting records are kept in compliance with the provisions of section 68(2)(b) of the Public Finance Management Act, 2012 and section 100 of the PFM (National Government) Regulation, 2015.

Management Response

The Management submitted that the Fund annually requests the Constituency Committees to submit financial returns on a timely basis to aid in preparation of financial statements. Loan listings detailing information regarding groups loaned the funds and their repayment status from 240 constituencies were available for audit review.

Conclusion on status

Information on corrective actions taken to ensure Constituency Committees to submit financial returns on a timely basis to aid in preparation of financial statements was not available.

Recommendation Category: Administrative

Implementation Status: Not Implemented

97. Loans to the Groups in the Financial Year 2018/2019

Recommendation

The National Assembly recommended that the Accounting Officer takes appropriate measures to resolve any audit issues that remain outstanding as required by Regulation 68(2)(l) of the Public Finance Management Act, 2012 and Section 53(1) of the Public Audit Act, 2015

Management Response

The Management submitted that the Fund appeared before the Special Funds Accounts Committee of Parliament on the unresolved audit issues as at 30 June, 2019. Subsequently, the committee issued the Fund with recommendations which had been implemented. A copy of implementation status was submitted to the Office of the Auditor-General with a view to resolving the matters.

Conclusion on status

The Management has not addressed prior year audit issues.

Recommendation Category: Administrative

Implementation Status: Not Implemented

98. Loans to the Groups in the Financial Year 2018/2019**Recommendation**

The National Assembly recommended that the within three (3) months upon the adoption of the report, the Accounting Officer should submit the supporting documents for monies held at Central Bank of Kenya- Kshs.29,133,230, loan repayment accounts – Kshs.1,318,113,323 and the main account – Kshs.959,279,966 to the Auditor-General for audit verification and reporting in the next audit cycle.

Management Response

The Management submitted that the Fund has prepared schedules in support of Kshs.29,133,230 held at the Central Bank of Kenya, Kshs.1,231,752,940 for loan repayment and Kshs.917,310,733 for the main account for 277 Constituencies.

Conclusion on status

The Management did not provide supporting documents for monies held at Central Bank of Kenya in the form of cashbooks, bank confirmation certificates, and bank statements.

Recommendation Category: Administrative

Implementation Status: Not Implemented

99. Work-in-Progress in the Financial Years 2018/20019 and 2019/2020**Recommendation**

The National Assembly recommended that the Accounting Officer should ensure that the latest technology of the ERP system is implemented without further delay.

Management Response

The Management submitted that the Fund has installed four (4) modules namely Finance and Accounts, Procurement, Records, Loans and Credit and installation of the remaining modules was in progress.

Conclusion on status

The management had not rolled out all the modules of the ERP system.

Recommendation Category: Administrative

Implementation Status: Not Implemented

100. Work-in-Progress in the Financial Years 2018/20019 and 2019/2020

Recommendation

The National Assembly recommended that the Accounting Officer should ensure that, all contracts entered into by the entity are lawful and are complied with in compliance with Regulation 68(2)(d) of the PFM Act, 2012.

Management Response

The Management submitted that in compliance with Regulations 68(2)(d) of the PFM Act 2012, the Fund had ensured that all contracts entered into are lawful and comply with the relevant Regulations.

Conclusion on status

Review of contracts in subsequent audits did not reveal similar observations. However, there was no documented corrective action to ensure compliance in future.

Recommendation Category: Administrative

Implementation Status: Partially Implemented

101. Work-in-Progress in the Financial Years 2018/20019 and 2019/2020

Recommendation

The National Assembly recommended that within three (3) months upon the adoption of the report, the Accounting Officer submits a status report and supporting documents on the implementation of the ERP to the Auditor- General for audit verification.

Management Response

The Management submitted that the Fund had prepared a report on the status of installation, and supporting documents for the ERP implementation of the four modules.

Conclusion on status

The required report was not submitted for audit verification.

Recommendation Category: Administrative

Implementation Status: Not Implemented

102. Unsupported balances in the Financial Year 2018/2019

Recommendation

The National Assembly recommended that the Accounting Officer institutes a payment mechanism that requires inputting the group name for easy identification and reconciliation of trade and other payables.

Management Response

The Management submitted that to address challenges in identification of payees, the Fund introduced Paybill numbers as an alternative mode of loan payment in 2022, with each group provided with a unique identifier for ease of identification. In addition, the Fund upscaled its sensitization efforts towards improved loan repayment and traceability processes by the beneficiaries.

Conclusion on status

The Management took corrective action by introducing Paybill numbers to enable simplified reconciliations.

Recommendation Category: Administrative

Implementation Status: Implemented

103. Unsupported balances in the Financial Year 2018/2019

Recommendation

The National Assembly recommended that the Accounting Officer should ensure that imprest is surrendered within the time specified in Regulation 93(5) of the Public Finance Management (National Government) Regulations, 2015.

Management Response

The Management submitted that the Fund strictly adheres to Regulation 93 (5) of the Public Finance Management (National Government) Regulations, 2015 to ensure that all imprests are surrendered within the specified timeframe.

Conclusion on status

The Management did not indicate the corrective actions taken to ensure compliance.

Recommendation Category: Administrative

Implementation Status: Not Implemented

104. Accuracy of Financial Statements in the Financial Year 2019/2020

Recommendation

The National Assembly recommended that the Accounting Officer should within three months of the adoption of the report submit to the Auditor-General the detailed ledgers relating to the reported figures of Kshs.1,114,669 and Kshs.118,282,727 in the statement of cash flows for trade and other payables and non-current receivables for audit verification and reporting in the subsequent audit cycle.

Management Response

The Management submitted that the reported figures of Kshs.1,114,669 and Kshs.118,282,727 for trade and other payables and non-current receivables represent movements in the cash and cash equivalents during the year under review.

Conclusion on status

The Management did not submit the required information to the Auditor-General for audit verification.

Recommendation Category: Administrative

Implementation Status: Not Implemented

105. Unsupported and Unreconciled Cash and Cash Equivalents in the Financial Year 2019/2020**Recommendation**

The National Assembly recommended that the Accounting Officer should within three (3) months upon the adoption of the report submit supporting documents for three hundred and forty-three (343) bank account balances to the Auditor-General for audit verification and reporting in the subsequent audit cycle.

Management Response

The Management submitted that the Fund maintains three bank accounts in each of the 290 constituencies namely main account, loan repayment account and administration account totaling to 870 bank accounts. At the time of audit review the Fund had received supporting documents for 527 bank accounts leaving a balance of 343 bank accounts. The Fund has since received an additional 304 supporting documents from the 343 bank accounts. This brings the total number of bank accounts with supporting documents to 831 out of 870. A listing of the balances in the received bank reconciliation statements was provided.

Conclusion on status

The bank reconciliations for the 343 bank accounts had not been submitted for audit review.

Recommendation Category: Administrative

Implementation Status: Not Implemented

106. Unsupported and Unaccounted for Loan Groups in the Financial Year 2019/2020

Recommendation

The National Assembly recommended that within three (3) months upon the adoption of the report, the Accounting Officer submits the supporting documents for monies held at Central Bank Kenya- Kshs.44,747,632, loan repayment accounts – Kshs.1,267,738,578 and the main account – Kshs.1,076,007,578 to the Auditor - General for audit verification and reporting in the subsequent audit cycle.

Management Response

The Management submitted that the Fund prepared schedules in support of Kshs.44,747,632 held at the Central Bank of Kenya, Kshs.1,267,738,578 for loan repayment and Kshs.1,076,007,578 for the main account and were available for audit review.

Conclusion on status

The support schedules were submitted although not within the three months as recommended.

Recommendation Category: Administrative

Implementation Status: Implemented

107. Non-Compliance with the Law in the Financial Year 2019/2020

Recommendation

The National Assembly recommended that the Accounting Officer should ensure that the Public Finance Management Standing Committee is always fully constituted and functional as provided in Regulation 18(1) of the PFM (National Government) Regulations, 2015.

Management Response

The Management submitted that the Public Finance Management Committee was in place in accordance with regulation 18(1) of the PFM Regulations, 2015. Appointment letters for the members of the committee were provided.

Conclusion on status

The Public Finance Management Committee had been constituted.

Recommendation Category: Administrative

Implementation Status: Implemented

108. Irregular Procurements in the Financial Year 2019/2020

Recommendation

The National Assembly recommended that the Accounting Officer ensures that all applicable accounting and financial controls, systems, standards, laws, and procedures are followed in the procurement of goods and services in compliance with Public Procurement and Asset Disposal Act, 2015 and its Regulations.

Management Response

The Management submitted that the Fund had initiated re-engineering process which included digitalization of the Fund's operations for ease of reporting.

Conclusion on status

The Management did not provide information on specific corrective actions to ensure compliance with procurement law and regulations. Subsequent audits had identified further non-compliance.

Recommendation Category: Administrative

Implementation Status: Not Implemented

109. Irregular Procurements in the Financial Year 2019/2020

Recommendation

The National Assembly recommended that within three (3) months upon the adoption of the report, the Accounting Officer submits supporting documents for Kshs 1,156,305 pertaining to repairs and maintenance to the Auditor - General for audit verification and reporting in the subsequent audit cycle.

Management Response

The Management submitted that the Fund had initiated re-engineering process which included digitalization of the Fund's operations for ease of reporting.

Conclusion on status

The Management had not submitted the supporting documents as recommended.

Recommendation Category: Administrative

Implementation Status: Not Implemented

110. Unsupported and Unreconciled Cash and Cash Equivalents in the Financial Year 2020/2021

Recommendation

The National Assembly recommended that the Accounting Officer ensures that the Fund automates its functions for efficient reporting and accountability of expenditures;

Management Response

The Management did not provide any response.

Conclusion on status

No information was provided on corrective action taken.

Recommendation Category: Administrative

Implementation Status: Not Implemented

111. Unsupported and Unreconciled Cash and Cash Equivalents in the Financial Year 2020/2021**Recommendation**

The National Assembly recommended that within three (3) months upon the adoption of the report, the Accounting Officer submits bank reconciliation statements, confirmation certificate of bank balance, board of survey reports and copies of cash book extracts for the two hundred and ninety-one (291) bank accounts to the Auditor-General for audit verification and reporting in the subsequent audit cycle.

Management Response

The Management did not provide any response.

Conclusion on status

No information was provided on corrective action taken.

Recommendation Category: Administrative

Implementation Status: Not Implemented.

112. Unsupported Long-Term Receivables in the Financial Year 2020/2021**Recommendation**

The National Assembly recommended that within three (3) months upon the adoption of the report, the Accounting Officer should submit the following documents to the Auditor-General for audit verification and reporting in the subsequent audit cycle –

- a) Bank reconciliation statements, confirmation certificate of bank balance, board of survey reports and copies of cash book extracts for the two hundred and ninety-one (291) bank accounts
- b) Comprehensive loan listing and aging analysis supporting the outstanding loans
- c) Debtors' ledgers detailing the loans issued by the Fund since inception and the repayments made over the years for audit review.

Management Response

The Management submitted that the Fund prepared 277 banks reconciliation statements, confirmation certificates of bank balance, board of survey reports and copies of cash book extract which were available for review and verification by the Auditor-General. Further, the Fund had collated from the constituencies a summary of loan listing and aging analysis supporting the outstanding loans. This information was available for audit review and verification by the Auditor-General. In addition, the fund had prepared a summary of debtor ledger detailing the loans issued by the fund since inception and the repayment made over the years for the audit review.

Conclusion on status

The Management only availed schedules but the bank reconciliation statements were not provided for audit review.

Recommendation Category: Administrative

Implementation Status: Partially Implemented

113. Unresolved Prior Year Audit Matters in the Financial Year 2020/2021**Recommendation**

The National Assembly recommended that within three months of adoption of the report, the accounting officer should resolve all the outstanding audit issues as required under Section 68(2)(l) of the Public Finance Management Act, 2012 and Section 53(1) of the Public Audit Act, 2015.

Management Response

The Management submitted that the Fund had prepared and submitted responses, and it had proactively engaged the Office of the Auditor-General towards closure of outstanding audit issues as required by section 68(2)(1) of the PFM Act 2012 and section 53(1) of the Public Audit Act, 2015.

Conclusion on status

The Management had taken measures to resolve the audit issues, however, a significant number of audit issues remain outstanding.

Recommendation Category: Administrative

Implementation Status: Partially Implemented

114. Unsupported Constituencies' Administration Costs for the Financial Year 2020/2021

Recommendation

The National Assembly recommended that within three months after the adoption of the report, the Accounting Officer should provide the expenditure returns of the administration costs of Kshs.42,645,156 in respect of 77 constituencies to the Auditor-General for audit verification and reporting in the next audit cycle.

Management Response

The Management submitted that the Fund had collated from the constituencies a summary of loan listing and aging analysis supporting the outstanding loans. This information was available for audit review and verification by the Auditor-General. The fund had also prepared a summary of debtor ledger detailing the loans issued by the fund since inception and the repayment made over the years for the audit review.

Conclusion on status

The Management did not provide the expenditure returns for audit verification.

Recommendation Category: Administrative

Implementation Status: Not Implemented

115. Internal Control Weaknesses in Fund Administration at the Constituency in the Financial Year 2020/2021

Recommendation

The National Assembly recommended that within three months of the adoption of the report, the Accounting Officer should ensure that all accounting documentation is submitted within reasonable time in compliance with the provisions of Public Finance Management Act, 2012 Section 68(2)(b) and (c) and Regulation 100 of the Public Finance Management (National Government) Regulations, 2015.

Management Response

The Management submitted that the Fund annually requests the Constituency Committees to submit financial returns on a timely basis to aid in preparation of financial statements. Further the Funds instructs constituency committees to implement Loan recovery strategies. To address dormant constituencies, the Fund introduced a re-invigoration mechanism for the constituencies as per the of circulars the Management provided.

Conclusion on status

The Management did not demonstrate how expenditure returns will be received on a timely basis.

Recommendation Category: Policy

Implementation Status: Not Implemented

CIVIL SERVANTS HOUSING SCHEME FUND

116. Inaccuracies in the Statement of Changes in Net Assets in the Financial Year 2020/2021

Recommendation

The National Assembly recommended that the Accounting Officer ensures that all applicable accounting and financial controls, systems, standards, laws, and procedures are followed in the preparation of the financial statements and in accordance with the standards prescribed by the Public Sector Accounting Standards Board in compliance with Regulation 101(4) of the Public Finance Management (National Government) Regulations, 2015.

Management Response

The Management submitted that the variations were reconciled and supporting analysis provided for the auditor and the matter was resolved. The management had in the subsequent periods, provided documentation on a timely basis for auditors.

Conclusion on status

The Management did not provide information on corrective action taken to ensure that all applicable accounting and financial controls, systems, standards, laws, and procedures are followed in the preparation of the financial statements.

Recommendation Category: Administrative

Implementation Status: Not Implemented

117. Inaccuracies in the Statement of Changes in Net Assets in the Financial Year 2020/2021

Recommendation

The National Assembly recommended that the Accounting Officer ensures timely provision of accounting documentation required for audit verification as per the provision Section 31(4) and 53 of the Public Audit Act, 2015.

Management Response

The Management submitted that they had provided all documentations timely to the auditors in the subsequent periods.

Conclusion on status

The Management submitted documents were provide to the auditors on time. However, the Management did not provide information on corrective action taken to ensure compliance in future.

Recommendation Category: Administrative

Implementation status: Partially Implemented

118. Unsupported Advertisement, Awareness and Publicity

Recommendation

The National Assembly recommended that the Accounting Officer submits the correctional journal entries for Kshs.19,816,552 and Kshs.29,294,888 to the Office of the Auditor-General for verification within three months of the adoption of the report.

Management Response

The Management indicated that the correctional journals for Kshs.19,816,552 and Kshs.29,294,888 were provided to the auditor review.

Conclusion on status

The journals were provided for review as recommended.

Recommendation Category: Administrative

Implementation Status: Implemented

119. Un-reconciled Training Expenses

Recommendation

The National Assembly recommended that the Accounting Officer liaises with the Office of the Auditor- General to identify the Kshs 2,511,880 training expenses, which was traced in the cash book but were not included in the ledger and provide the supporting schedules to Auditor – General within three months of the adoption of the report for audit verification and reporting in the next audit cycle.

Management Response

The Management submitted that training expenses amounting to Kshs.2,511,880 were traced in the ledger, the supporting schedules were provided for review.

Conclusion on status

The expenditure support documents were provided for audit verification.

Recommendation Category: Administrative

Implementation Status: Implemented

120. Receivables from Exchange Transactions in the Financial Years 2020/2021 and 2021/2022

Recommendation

The National Assembly recommended that the Accounting Officer submits a status report on the recovery of the Kshs.109,647,558 paid to PS Lands to the Auditor-General within three months of the adoption of the report.

Management Response

The amount of Kshs.109,647,557.72 reported as debtors due from the Principal Secretary Ministry of Lands were amounts remitted to the State Department of Lands when the Scheme was administratively under State Department of Lands before it was moved to the State Department of Housing and Urban Development. The Management was in the process of recovering the amounts.

Conclusion on status

The receivable was still outstanding.

Recommendation Category: Administrative

Implementation Status: Not Implemented

121. Receivables from Exchange Transactions in the Financial Years 2020/2021 and 2021/2022

Recommendation

The National Assembly recommended that the Accounting Officer submits details of the composition of long-term receivables of Kshs.5,704,391,996 (2021/2022 – Kshs.6,558,557,448) to the Auditor-General for verification within three months of adoption of the report by the National Assembly.

Management Response

The Management submitted that they have procured a new ERP system (Microsoft 365 – Business Central) which is at the implementation stage. The new ERP System would enable integration with the bank and e-Citizen. A copy of the contract was provided for verification.

Conclusion on status

The composition of the long-term receivables of Kshs.5,704,391,996 (2021/2022 – Kshs.6,558,557,448) had not been provided.

Recommendation Category: Administrative

Implementation Status: Not Implemented

122. Unsupported Long-Term Receivables from Exchange Transactions for the Financial Years 2020/21 and 2021/2022

Recommendation

The National Assembly recommended that the Accounting Officer submits a progress report on the digitization of the system to ensure the by-product is generated through the ERP system and is integrated into the IPPD system to provide monthly statements to facilitate the clearance of balances in each client account to the Auditor-General within three months of the adoption of the report

Management Response

The Management submitted that they had procured a new ERP system (Microsoft 365 – Business Central) which is at the implementation stage. The new ERP System would enable integration with the bank and e-Citizen. A copy of the contract was provided for verification.

Conclusion on status

The management did not submit a progress report as recommended.

Recommendation Category: Administrative

Implementation Status: Not Implemented

123. Cash and Cash Equivalents for the Financial Year 2020/2021

Recommendation

The National Assembly recommended that the Accounting Officer verifies and clears the outstanding balance of Kshs.1,009,090, which was a payment in cash book not in the bank within three months of the adoption of the report by the National Assembly and submit documentation to Auditor-General for audit review and reporting in the subsequent audit cycle.

Management Response

The un-reconciled items in the bank reconciliation had been reconciled, as evidenced in the bank reconciliation statement as at 30 June, 2024 provided for audit.

Conclusion on status

The outstanding amount had been reconciled as confirmed in subsequent audit.

Recommendation Category: Administrative

Implementation Status: Implemented

124. Cash and Cash Equivalents

Recommendation

The National Assembly recommended that the Accounting Officer undertakes monthly bank reconciliations as per Regulation 90(1) of the PFM (National Government) Regulations 2015.

Management Response

The Management submitted that the un-reconciled items in the bank reconciliation had been reconciled as per bank reconciliation statement provided as at 30 June, 2024.

Conclusion on status

Although the Management indicated that reconciliation had been done up to 30 June, 2024, no evidence of having consistently prepared monthly bank reconciliations was adduced.

Recommendation Category: Administrative

Implementation Status: Not Implemented

125. Cash and Cash Equivalents

Recommendation

The National Assembly recommended that the Accounting Officer should, within three months of the adoption of the report give a report to the National Assembly, on the follow-up with MDAs and County Governments to provide documentation for remittances.

Management Response

The Management submitted that the un-reconciled items in the bank reconciliation had been reconciled as per bank reconciliation statement provided as at 30 June, 2024.

Conclusion on status

The Management did not provide evidence on whether a report on the follow-up with MDAs and County Governments was submitted to the National Assembly.

Recommendation Category: Administrative

Implementation Status: Not Implemented

126. Cash and Cash Equivalents

Recommendation

The National Assembly recommended that the Accounting Officer reconciles the outstanding balance of Kshs.3,118,175 within three months of the adoption of the

report and present the reconciliations to the Auditor-General for audit verification and reporting in the subsequent audit cycle.

Management Response

The Management submitted that the un-reconciled items in the bank reconciliation had been reconciled as per bank reconciliation statement provided as at 30 June, 2024.

Conclusion on status

The outstanding amount had been reconciled as confirmed in subsequent audit.

Recommendation Category: Administrative

Implementation status: Implemented

127. Budgetary Control and Performance in the Financial Year 2020/21

Recommendation

The National Assembly recommended that the Accounting Officer engages the services of an actuarial scientist to predict the uncertain revenues in subsequent financial years.

Management Response

The Management submitted that the Fund's revenue included mortgage interest, investment interest, bank interest, rental income, sale of forms and exchequer receipts from the National Treasury. The uncertainties around exchequer amount to be received from Treasury, the mortgage uptakes and prevailing investment interest rates posed a challenge to predict the revenues for the year hence the Fund reports the actual revenues in the statement of comparison of budget and actual amounts.

Conclusion on status

The Management did not engage an actuarial scientist as recommended.

Recommendation Category: Administrative

Implementation Status: Not Implemented

128. Inaccuracy in the Financial Statements for the Financial Year 2021/2022

Recommendation

The National Assembly recommended that within three months of the adoption of the report, the Accounting Officer submits an explanation or reconciliation on the variances of Kshs.2,978,615,639 and Kshs.2,926,443,708 noted in the budget to the Auditor-General for audit verification.

Management Response

The Management submitted that all inaccuracies in the financial statement under review were corrected and effected in the financial statements of the subsequent year.

Conclusion on status

The management neither provided an explanation nor reconciliation on the variances as recommended.

Recommendation Category: Administrative

Implementation Status: Not Implemented

129. Unsupported Revenue Balance - Mortgage Interest for the Financial Year 2021/2022**Recommendation**

The National Assembly recommended that the Accounting Officer ensures timely provision of accounting documentation required for audit verification as per Sections 31(4) and 53 of the Public Audit Act, 2015.

Management Response

The Management submitted that in the subsequent reporting periods the management had provided detailed loan book showing amounts accrued from each loan and all the other details. Further, all accounting documents required for audit verification were provided on time.

Conclusion on status

The management submitted accounting documentation as required in subsequent audit.

Recommendation Category: Administrative

Implementation Status: Implemented

130. Unsupported Revenue Balance - Mortgage Interest for the Financial Year 2021/2022**Recommendation**

The National Assembly recommended that the Accounting Officer provides to Auditor-General for audit verification and reporting in the subsequent audit cycle the detailed monthly analysis/ workings indicating amounts accrued from each loan within three months of adoption of the report.

Management Response

The Management submitted that in the subsequent reporting periods the Management had provided detailed loan book showing amounts accrued from each loan and all the other details. All accounting documents required for audit verification have been provided on time.

Conclusion on status

The Management submitted the documents for audit review.

Recommendation Category: Administrative

Implementation Status: Implemented

131. Unsupported Revenue Balance - Rental Income for the Financial Year 2021/2022**Recommendation**

The National Assembly recommended that the Accounting Officer provides a detailed analysis supporting the additional rental income of Kshs.46,008,856 for verification and reporting in the subsequent audit cycle by the Auditor-General within three months of the tabling of this report.

Management Response

The Management submitted that in the subsequent reporting periods the management had provided detailed/schedules of rental income. In addition, all accounting documents required for audit verification have been provided timely.

Conclusion on status

The Management did not provide a detailed analysis supporting the additional rental income of Kshs.46,008,856 for financial year 2021/2022.

Recommendation Category: Administrative

Implementation Status: Not Implemented

132. Unsupported Refurbishment of Residential Buildings for the Financial Year 2021/2022**Recommendation**

The National Assembly recommended that within three months upon adoption of the report, the Accounting Officer submits the supporting schedules with details of the refurbished houses to account for the expenditure of Kshs.10,797,713 to the Auditor-General for audit verification and reporting in the subsequent audit cycle.

Management Response

The Management did not provide a response.

Conclusion on status

The management did not provide information on corrective action taken.

Recommendation Category: Administrative

Implementation Status: Not Implemented

133. Unsupported Cash and Cash Equivalents Balances for the Financial Year 2021/2022**Recommendation**

The National Assembly recommended that the Accounting Officer provides the details of the two (2) un-presented cheques amounting to Kshs.2,750,500 paid on 30 June, 2022 to the Auditor-General within three months of the adoption of the report, for verification and reporting in the subsequent audit cycle.

Management Response

The Management submitted that the un-reconciled items in the bank reconciliation had been reconciled.

Conclusion on status

The management did not provide the details of the two unpresented cheques as recommended.

Recommendation Category: Administrative

Implementation Status: Not Implemented

134. Inaccuracies in Work-In-Progress Balance in the Financial Year 2021/2022**Recommendation**

The National Assembly recommended that the Accounting Officer provides an analysis of the balances per project to support the work-in-progress balance of Kshs.2,597,267,857 to the Auditor-General for audit verification and reporting in the subsequent audit cycle, within three months of adoption of the report.

Management Response

The Management submitted that a detailed analysis was provided to the auditor for review.

Conclusion on status

A detailed analysis of the work-in-progress amounting to Kshs.2,597,267,857 was not provided for audit review.

Recommendation Category: Administrative

Implementation Status: Not Implemented

135. Unexplained Variances Between Property, Plant and Equipment and Fixed Assets Register Balances 2021/2022

Recommendation

The National Assembly recommended that the Accounting Officer corrects the misclassification within three months of the adoption of the report and submit the documentation to the Auditor-General for audit verification and reporting in the subsequent audit cycle.

Management Response

The Management submitted that the asset register reflecting the correct balances was provided to the auditor for review.

Conclusion on status

An updated fixed asset register has been provided.

Recommendation Category: Administrative

Implementation Status: Implemented

136. Unexplained Variances Between Property, Plant and Equipment and Fixed Assets Register Balances in the Financial Year 2021/2022

Recommendation

The National Assembly recommended that the Accounting Officer complies with the reporting format on assets by investing in accounting personnel and training them on the ERP system.

Management Response

The management procured a new ERP system (Microsoft 365 – Business Central) which was at the implementation stage.

Conclusion on status

The Management did not demonstrate how the Fund will comply with the reporting format on assets

Recommendation Category: Administrative

Implementation Status: Not Implemented

137. Investment Properties with no Ownership in the Financial Year 2021/2022

Recommendation

The National Assembly recommended that the Accounting Officer provides a progress report to the Auditor-General on the engagement with the State Department of Lands and other relevant stakeholders to fast-track the titling processing within three months

of the adoption of the report for audit verification and reporting in the sub-sequent audit cycle.

Management Response

The Management submitted that the title deeds for all the properties under the Civil Servants Housing Scheme Fund had been processed and were available for review.

Conclusion on status

The land ownership documents were submitted and verified.

Recommendation Category: Administrative

Implementation Status: Implemented

138. Budgetary Control and Performance in the Financial Year 2021/2022

Recommendation

The National Assembly recommended that the Accounting Officer takes appropriate measures to ensure efficient budget utilization and implementation of the financial year planned activities.

Management Response

The Management submitted that in the year under review, the Scheme had budgeted for purchase of ERP software and motor vehicles whose procurement process was delayed hence the under absorption of the budget. The Management further submitted that they were committed to adhere to the recommendations by Special Funds Accounts Committee.

Conclusion on status

The Management did not provide evidence of the corrective measures taken.

Recommendation Category: Administrative

Implementation Status: Not Implemented

139. Unresolved Prior Year Matters

Recommendation

The National Assembly recommended that the Accounting Officer takes appropriate measures to resolve the outstanding prior audit issues as required by Section 68(2)(I) of the Public Finance Management Act, 2012 and Section 53(1) of the Public Audit Act, 2015 within three (3) months upon the adoption of the report and submit the status report to the Auditor-General for audit verification.

Management Response

The Management submitted that the prior year matters were responded to in the Management responses of FY 2021/2022. Implementation of Auditor's recommendation was in process in the current financial year (2024/2025).

Conclusion on status

The Management was yet to implement all the prior year audit recommendations.

Recommendation Category: Administrative

Implementation Status: Partially Implemented

NATIONAL RESEARCH FUND

140. Unconfirmed Research Program Grants in the Financial Year 2019/2020

Recommendation

The National Assembly recommended that the Accounting Officer ensures that all applicable accounting and financial controls, systems, standards, laws, and procedures are followed in the preparation of the financial statements in compliance with Public Finance Management Act, 2012 and in accordance with the standards prescribed by the Public Sector Accounting Standards Board as per Regulation 101(4) of the Public Finance Management (National Government) Regulations, 2015.

Management Response

The Management submitted that the Fund implemented an ERP system for tracking transactions made by the fund. Further, It was important to note that the fund was using IPSAS accrual basis of accounting where the transactions were recorded when they occur rather than when cash was received. Further, the Fund was currently pursuing receipts from beneficiaries' institutions for grants issued.

Conclusion on status

While the implementation of the ERP system demonstrates progress toward improving transaction tracking, controls over the timely acknowledgment of receipts by beneficiaries was still lacking. The issue had also been reported in the 2023/2024 audit cycle. Full resolution would require the establishment and enforcement of effective acknowledgment control.

Recommendation Category: Administrative

Implementation Status: Partially Implemented

141. Lack of Substantive Office Holders in the Financial Year 2019/2020

Recommendation

The National Assembly recommended that the Accounting Officer ensures optimal staffing levels for effective operationalization of the Fund.

Management Response

The Management submitted that the Chief Executive Officer was appointed in the financial year 2022/2023 on a five-year contract. Additionally, ten (10) other officers had been recruited and engaged on permanent and pensionable terms. The Fund was in the process of engaging other staff in the near future. In May 2025, three senior officer positions (senior planning officer, senior legal officer, senior grants officer) were

advertised and interviewed, their appointment letter would be forwarded to them very soon.

Conclusion on status

The Management needs to finalize the ongoing recruitment processes to fully address staffing gaps and support optimal service delivery.

Recommendation Category: Administrative

Implementation Status: Partially Implemented

142. Unapproved Extra Board and Committee Meetings in the Financial Year 2020/2021

Recommendation

The National Assembly recommended that the Accounting Officer should within three months of the adoption of the report, recover the amount paid to the relevant Board Members in contravention of the Board manual, the Board Charter, Service Charter and the Science Technology and Innovation Act.

Management Response

The Management submitted that the amount had not been recovered as the extra meetings were in relation to the interviews and employment of the new Chief Executive Officer.

Conclusion on status

The Accounting Officer did not recover the amounts paid as recommended.

Recommendation Category: Administrative

Implementation Status: Not Implemented

143. Lack of a Substantive Board Chairperson in the Financial Year 2020/2021

Recommendation

The National Assembly recommended that the Accounting Officer should ensure that the appointing authority is notified to appoint the new board of directors and chair at least six (6) months before the expiry of the term of the existing board. The appointing authority should appoint a new board of directors immediately after the expiry of the term of the existing board for effective operations and management of the Fund.

Management Response

The Management submitted that the new board of trustees was appointed from July 2022. The term of the board comes to an end on 10 June, 2025.

Conclusion on status

The management did not provide evidence of notification to the appointing authority with relation to board whose term expired on 10 June, 2025. In addition, there was documented procedure to ensure compliance in the future.

Recommendation Category: Administrative

Implementation Status: Not Implemented

144. Unapproved Extra Board and Committee Meetings in the Financial Year 2020/2021**Recommendation**

The National Assembly recommended that the Accounting Officer should comply with the Public Service Commission (PSC) Human Resource Policies and Procedures Manual and NRF Human Resource Policy, Board manual and Charter, and the Service Charter when dealing with human resource and Board issues.

Management Response

The Management submitted that they had implemented fully as can be proved by the subsequent audit reports.

Conclusion on status

No similar issues were reported in the subsequent audit period.

Recommendation Category: Administrative

Implementation Status: Implemented

3.3 RECOMMENDATIONS TO CONSTITUTIONAL COMMISSIONS AND INDEPENDENT OFFICES

ETHICS AND ANTI-CORRUPTION COMMISSION

Review of the First Report of the Special Funds Accounts Committee adopted on 15 August 2023, showed that three (3) recommendations were referred to EACC for further investigations. The management provided information on the state of three (3) recommendations. The detailed recommendations and status are as provided in **Table 7**:

Table 7: Status of Implementation of Recommendations by EACC

Primary Entity	Audit Issue	Recommendation	EACC Submission	Conclusion
Uwezo Oversight Board Fund	Financial misconduct – 2018/2019	145. The National Assembly recommended that within three months of the adoption of the report, EACC should deposit the recovered money to Bumula Constituency Uwezo Fund bank account.	No Response	Not Implemented
Uwezo Oversight Board Fund	Financial misconduct – 2018/2019	146. The National Assembly recommended that the EACC takes appropriate action against the concerned individuals for financial misconduct.	Investigation on going	Implemented
Strategic Food Reserve Trust Fund	Receivables, Inventories and payables – 2020/2021	147. The National Assembly recommended that within three (3) months after the adoption of this report, the Ethics and anti- Corruption Commission (EACC) should investigate the purported inventories paid for and held by New Kenya Cooperative Creameries (New KCC) and submit the report of the investigations to the National Assembly	Investigation on going	Implemented

DIRECTORATE OF CRIMINAL INVESTIGATION

Review of the First Report of the Special Funds Accounts Committee adopted on 15 August 2023 reviewed the one recommendation was referred to the DCI as per **Table 8**:

Table 8: Status of Implementation of Recommendations by DCI

Primary Entity	Audit Issue	Recommendation	Conclusion
Uwezo Oversight Board Fund	Financial misconduct – 2018/2019	148. The National Assembly recommended that the DCI takes appropriate action against the concerned individuals for financial misconduct	Not Implemented

Source: OAG Analysis of Tracked Recommendations and Management Responses

Management Representation

The Management did respond to corresponded sent and received on 08 May, 2025 as at the time of this report.

Conclusion

The status of implementation could not be confirmed without management response.

3.4 RECOMMENDATIONS FOR OTHER THIRD-PARTY IMPLEMENTING ENTITIES

NATIONAL TREASURY

149. Going concern of The Fund in the Financial Year 2020/2021 (Youth Enterprise Fund)

Recommendation

The National Assembly recommended that the Cabinet Secretary, National Treasury assesses whether there is need for intervention in the Fund in accordance with the provisions of Article 225 of the Constitution and Section 93 of the PFM Act within three months after the adoption of the report.

Management Response

The Management did not provide any response on corrective action taken.

Conclusion on status

The Management did not provide information on corrective action taken to ensure the Fund is a going concern.

Recommendation Category: Administrative

Implementation Status: Not Implemented

150. Financial Performance in the Financial Year 2019/2020 (National Research Fund)

Recommendation

The National Assembly recommended that the National Treasury should fund the Entity to effectively achieve its objectives and mandate.

Management Response

The Management submitted that the delays in disbursement of exchequer was occasioned by cashflow constraints, however, The National Treasury will endeavor to release all voted amounts in time for the entities to implement their programmes.

Conclusion on status

The Management did not provide information on corrective action taken ensure the Fund effectively achieve its objectives and mandate.

Recommendation Category: Policy

Implementation Status: Not Implemented

151. Financial Performance in the Financial Year 2020/2021(National Research Fund)

Recommendation

The National Assembly recommended that the National Treasury should ensure timely disbursements of Funds.

Management Response

The Management submitted that the delays in disbursement of exchequer was occasioned by cashflow constraints, however, The National Treasury will endeavor to release all voted amounts in time for the entities to implement their programmes.

Conclusion on status

The Management did not provide information on corrective action taken ensure timely disbursements of Funds.

Recommendation Category: Administrative

Implementation Status: Not Implemented

152. Non-Compliance with The Constitution and the Law in the Financial Year 2020/2021 (Equalization Fund)

Recommendation

The National Assembly recommended that the National Treasury disburses Kshs.18,386,056,051 owed to the Equalization Fund in the 2023/2024 Financial Year.

Management Response

The Management submitted that the Cabinet Secretary National Treasury through letter reference number TNT/ZZ/81/014/E (74) dated 19 May, 2023 proposed an appropriation proposal running until financial year 2027/2028 which is geared towards settling the amounts owed to the fund.

Conclusion on status

The budget for the year 2023/2024 had a provision of Kshs.10,077,400,000 yet only Kshs.1,030,000,000 was transferred to the fund. The Amount outstanding had increased to Kshs.46,524,788,050 to the Fund as at 30 June, 2024. The National Treasury did not act on corrective action it had proposed.

Recommendation Category: Administrative

Implementation Status: Not Implemented

STATE DEPARTMENT FOR GENDER

153. Un-procedural Procurement in the financial year 2018/2019 (Women Enterprise Fund)

Recommendation

The National Assembly recommended that the Cabinet Secretary Ministry of Public Service, Gender and Affirmative Action should within three months upon the adoption of this Report, institute disciplinary measures against the Accounting Officer for violating the procurement procedures.

Management Response

The Management submitted has not provide any response.

Conclusion on status

The Management did not provide information on corrective action take.

Recommendation Category: Administrative

Implementation Status: Not Implemented

154. Lack Of Functional Board of Directors - 2018/2019 (Women Enterprise Fund)

Recommendation

The National Assembly recommended that the appointing authority should appoint a new board of directors immediately after the expiry of the term of the existing board for strategic and oversight reasons.

Management Response

The Management submitted has not provide any response.

Conclusion on status

The Management did not provide information on corrective action take.

Recommendation Category: Policy

Implementation Status: Not Implemented

STATE DEPARTMENT FOR YOUTH AFFAIRS

155. Cash and Cash Equivalents for the Financial Year 2018/2019 and Internal Control Weaknesses in Fund Administration at the Constituency in the Financial Year 2020/2021 (Youth Enterprises Fund)

Recommendation

The National Assembly recommended that the Principal Secretary State Department for Youth Affairs consider deploying a Youth Officer for efficient reporting and accountability of expenditures and improved the administration of the Fund.

Management Response

The Management submitted has not provide any response.

Conclusion on status

The Management did not provide information on corrective action take.

Recommendation Category: Policy

Implementation Status: Not Implemented

CHAPTER FOUR: CONCLUSION

The following conclusions have been drawn from the observations made.

- 4.1. **Low Implementation Rate:** Only 29% of the audit recommendations had been implemented two years after the National Assembly adopted the report on 15 August, 2023. This is contrary to the expectation levied by Section 53 of the Public Audit Act, 2015, that relevant steps towards implementation should be taken within three months. It is also noteworthy, that none of the entities covered by this report provided evidence of having given any explanations in writing to the Parliament on why the report had not been acted upon.
- 4.2. **Positive Financial Impact:** Implementation of some recommendations led to the recovery of surcharges and receivables totaling **Kshs.16,708,731**, demonstrating that effective implementation enhances the efficiency and effectiveness of public resource management.
- 4.3. **Significant Financial Losses from Non-Implementation of recommendations:** Failure to implement recommendations resulted in missed opportunities to recover **Kshs.854,695,729**, negatively impacting service delivery and financial accountability.
- 4.4. **Nature of Recommendations:** A majority, representing 92% of the recommendations, were administrative in nature. However, only 29% were fully implemented, suggesting that most audit issues stem from managerial lapses rather than deficiencies in legal or policy frameworks.
- 4.5. **Accountability Gaps:** Many partially implemented recommendations were due to the failure of entities to submit status reports on corrective actions, hindering the National Assembly's ability to take further oversight action.
- 4.6. **Resource Constraints:** Some recommendations could not be implemented due to the lack of allocated resources, a challenge also noted in the exit report of the Select Committee on Implementation of the 12th Parliament.
- 4.7. **Capacity Limitations:** Management responses revealed a lack of capacity among some Accounting Officers to conceptualize and execute appropriate corrective actions.

CHAPTER FIVE: RECOMMENDATIONS

In view of the findings and conclusion of the follow-up, the Auditor-General proposes the following recommendations: -

- i. **Performance Accountability:** The Executive should integrate the implementation of audit recommendations as one of the key performance indicators in the subsequent performance contracts for Accounting Officers to incentivize compliance and accountability in the Public Sector.
- ii. **Legislative Enforcement:** Parliament should establish and enforce legal sanctions for non-compliance with audit recommendations to serve as a deterrent and promote adherence.
- iii. **Budgetary Provision:** Allocation of adequate resources towards implementations of audit recommendations, should form a precondition for approval of subsequent budgetary allocation for public sector entities.
- iv. **Capacity Building:** The National Treasury should enhance the capacity of Accounting Officers to improve their understanding and execution of corrective actions.
- v. **Coordination Mechanism:** The Head of the Public Service should establish a structured mechanism to coordinate and monitor the implementation of audit recommendations across government entities.

APPENDICES

Appendix 1: Analysis of Implementation Status per Entity and Categories of Recommendations

Entities	Administrative	Investigative	Policy	Total
Implemented				
Coffee Cherry Advance Revolving Fund	2	0	0	2
Mechanical and Transport Fund	2	0	1	3
Women Enterprise Fund	2	0	0	2
Youth Enterprise Fund	22	0	1	23
Uwezo Oversight Board Fund	4	0	0	4
Civil Servants Housing Scheme Fund	8	0	0	8
National Research Fund	1	0	0	1
Ethics and Anti-Corruption Commission	0	2	0	2
Total - Implemented	41	2	2	45
Partially Implemented				
Mechanical and Transport Fund	2	0	0	2
Women Enterprise Fund	9	0	0	9
Youth Enterprise Fund	16	0	0	16
Uwezo Oversight Board Fund	4	0	0	4
Civil Servants Housing Scheme Fund	2	0	0	2
National Research Fund	4	0	0	4
Total Partially Implemented	37	0	0	37
Not Implemented				
Mechanical and Transport Fund	1	0	0	1
Strategic Food Reserve Trust Fund	8	0	0	8
Women Enterprise Fund	16	0	3	19
Youth Enterprise Fund	5	0	0	5
Uwezo Oversight Board Fund	17	0	1	18
Civil Servants Housing Scheme Fund	14	0	0	14
Ethics and Anti-corruption Commission	0	1	0	1
Directorate of Criminal Investigations	0	1	0	1
The National Treasury	3	0	1	4
Ministry of Public Service, Gender and Affirmative Action - State Department for Gender	1	0	1	2
State Department for Youth	0	0	1	1
Total - Not Implemented	65	2	7	74
Total - Tracked	143	4	9	156

Appendix 2: Analysis of Costs Savings and Lost Opportunities

Paragraph Number	Entity	Title	Status	Cost Savings	Lost Opportunity	Remarks
3	Women Enterprise Fund	Receivables From Exchange Transaction - Non-Performing Loans to Financial Partners- 2018/2019	Partially Implemented	1,758,347		Receivable recovered
4	Women Enterprise Fund	Receivables From Exchange Transaction - Doubtful Recovery of LPO Financing and CWES Loans - 2018/2019	Partially Implemented	3,432,065	743,625,783	Receivables recovered and not recovered
11	Women Enterprise Fund	Employee Costs- Compliance with The Human Resources Policies -2018/2019	Not Implemented	0	1,272,388	Cost recovery not done
19	Women Enterprise Fund	Receivables from Exchange Transactions - 2019/2020 And 2020/2021	Partially Implemented	10,519,500	0	Reduction of dormant loans
22	Women Enterprise Fund	Receivables From Exchange Transactions - 2019/2020 & 2020/2021	Not Implemented	0	150,000	Receivables not recovered
60	Youth Enterprise Fund	Irregular Payment of Commuted Leave for Cash - 2018/2019	Implemented	237,226	0	Cost Recovered
80	Youth Enterprise Fund	Receivable from Non-Exchange Transactions - 2019/2020 And 2020/2021	Implemented	761,593	0	Cost Recovered
121	Civil Servants Housing Scheme Fund	Receivables from Exchange Transactions – 2020/2021 And 2021/2022	Not Implemented		109,647,558	Receivables not recovered
		Total		16,708,731	854,695,729	

CONTACTS

3rd Floor, Anniversary Towers, University Way, Nairobi

Phone: +254 020 3214000 • **Email:** oag@oagkenya.go.ke • **Website:** www.oagkenya.go.ke



Office of the Auditor-General Kenya



Office of the Auditor-General, Kenya



@OAG_Kenya