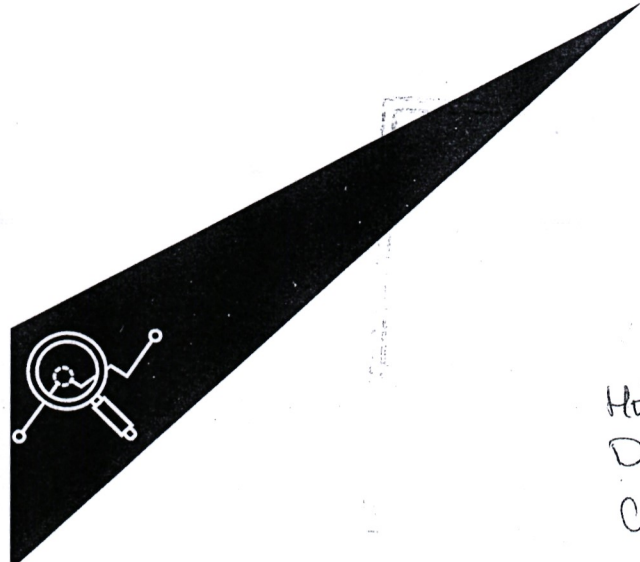


PARLIAMENT  
OF KENYA  
LIBRARY



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*



Hon. Naomi Kago, MP  
Deputy Majority Whip  
Christine Ndindi

# ANNUAL CORPORATE REPORT

## 2021 - 2022





OUR —  
**VISION**

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



OUR —  
**MISSION**

Audit services that impact on effective and sustainable service delivery.



OUR —  
**VALUES**

- ↳ **INTEGRITY**
- ↳ **CREDIBILITY**
- ↳ **RELEVANCE**
- ↳ **ACCOUNTABILITY**
- ↳ **INDEPENDENCE**



OUR —  
**MOTTO**

Enhancing Accountability

**TABLE OF CONTENTS**

ACRONYMS AND ABBREVIATIONS .....iii

FOREWORD .....iv

PERFORMANCE AT A GLANCE .....vi

**CHAPTER 1: WHO WE ARE ..... 1**

    Our Mandate ..... 1

    Our Journey ..... 1

    Our Leaders ..... 3

    Working Through Committees ..... 4

    Organogram ..... 6

    Regional Offices ..... 7

    Our Clients ..... 8

**CHAPTER 2: PERFORMANCE ..... 10**

    What we stand for .....11

    Forging ahead .....11

    Resource requirement for OAG .....14

    Analysis of budget requirements by OAG versus allocation ..... 15

    Audit Services ..... 17

    Audit Opinions ..... 20

**CHAPTER 3: CORPORATE SERVICES.....23**

    People and Culture .....23

    The Work Space .....25

    Supply Chain Management .....25

    Fleet establishment..... 26

    Securing our records .....27

    Legal Framework .....27

    Risk Management..... 28

    Contribution to SDGs..... 30

**CHAPTER 4: ENGAGING STAKEHOLDERS .....32**



|  |           |
|--|-----------|
| Citizens.....  | 33        |
| Media Engagements.....   | 35        |
| Parliament and County Assemblies .....                                       | 37        |
| Auditees .....   | 38        |
| Development Partners .....   | 38        |
| Our global contributions .....   | 38        |
| <b>CHAPTER 5: ASSESSMENT OF OUR PERFORMANCE .....</b>                        | <b>40</b> |
| Our score.....   | 41        |
| <b>CHAPTER 6: FINANCIAL STATEMENTS .....</b>                                 | <b>43</b> |
| Statement of management responsibilities.....                                | 43        |
| Statement of Receipts and Payments for the Year Ended 30th June 2022 .....   | 45        |
| Statement of Assets and Liabilities as at 30th June 2022.....                | 46        |
| Statement of Cash Flows for the year ended 30th June 2022.....               | 47        |
| Summary Statement of Appropriation: Recurrent and Development Combined ..... | 48        |



OAG staff participate in a blood donation drive

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## ACRONYMS AND ABBREVIATIONS

|             |   |   |
|-------------|---|---|
| AMS         | - | Audit Management System   |
| AWAK        | - | Association of Women Accountants of Kenya                               |
| AFROSAI-E   | - | African Organisation of English-speaking Supreme Audit Institutions     |
| AOP         | - | Annual Operational Plan   |
| CAA         | - | Citizen Accountability Audits   |
| CDF         | - | Constituency Development Fund   |
| CSOs        | - | Civil Society Organisations   |
| CPAK        | - | Certified Public Accountants of Kenya                                   |
| CAATs       | - | Computer Assisted Audit Techniques                                      |
| CS          | - | Corporate Services  |
| DAG         | - | Deputy Auditor-General  |
| FCPA        | - | Fellow Member of the Institute of Certified Public Accountants of Kenya |
| ICPAK       | - | Institute of Certified Public Accountants of Kenya                      |
| INTOSAI     | - | International Organisation of Supreme Audit Institutions                |
| INTOSAI-GOV | - | International Organisation of Supreme Audit Institutions Governance     |
| ISSAIs      | - | International Standards of Supreme Audit Institutions                   |
| MDAs        | - | Ministries, Departments and Agencies                                    |
| NAC         | - | National Audit Chamber of Republic of South Sudan                       |
| NARIGP      | - | National Agricultural and Rural Inclusive Growth Project                |
| OAG         | - | Office of the Auditor General   |
| PAC         | - | Public Accounts Committee   |
| PIC         | - | Public Investments Committee  |
| PFM Act     | - | Public Finance Management Act   |
| PSASB       | - | Public Sector Accounting Standards Board                                |
| SA          | - | Specialised Audit   |
| SAI         | - | Supreme Audit Institution   |
| SDGs        | - | Sustainable Development Goals   |
| SNAO        | - | Swedish National Office   |
| TAI         | - | Transparency Accountability and Inclusiveness                           |

# FOREWORD



I am delighted to present to you the Annual Corporate Report for the year 2021/2022, in line with Article 254 (1) of the Constitution. The Article requires that the Office submits an annual report on its performance to the President of the Republic of Kenya and to Parliament.

This report provides details about the Office's achievements, performance, challenges, recommendations and financial statements for the year under review.

In line with the OAG mandate, we submitted 1,578 Financial audit reports and 39 Specialised audit reports to Parliament and the relevant County Assemblies for deliberations and further action. In addition, we participated in the audits of the East African Community (EAC) and the organs and institutions of the

Common Markets of Eastern and Southern Africa (COMESA).

We marked the end of the year with a renewed resolve to provide audit services focused on enhancing accountability and making a difference in the lives and livelihoods of the Kenyan people. This resolve is outlined in our Strategic Plan 2021-2026 and is anchored on three priorities, which are: 1. Enhance the quality of audit services for improved management of public resources, 2: Position the Office of the Auditor-General for greater relevance and credibility to stakeholders and 3: Be a model organisation for effective service delivery.

In our quest to bring services closer to the people and enhance our operations, we have increased the number of Regional Offices from seven to 13. Other notable achievements during the year included; launch of the Kiswahili version of the Audit report and release of the framework for tracking, follow-up and reporting on implementation of audit recommendations.

OAG continues to improve its technical capacity through collaborations with various Supreme Audit Institutions (SAIs), African Organisation of English-speaking Supreme Audit Institutions (AFROSAI-E), AFROSAI and International Organisation of Supreme Audit Institutions (INTOSAI). We serve in various capacities in these organisations. Regionally,

we are the Vice Chair of AFROSAI-E and the Chair of AFROSAI's Institutional and Technical Capacity Building Committee. We also Chair the audit of Common Markets for Eastern and Southern Africa (COMESA) organs and institutions and provide the lead in the International Conference on the Great Lakes Region (ICGLR). We are also members of the East African Community Audit Commission.

In order to meet our Constitutional audit obligations, we continued to strengthen the capacity of the Office through staff recruitment, training and development, provision of conducive working environment and enhanced the use of technology in our operations. Further, we continue to seek

for financial and technical assistance from The National Treasury, Parliament and Development Partners to enable us effectively execute our mandate.

We commit to continue discharging our duties and responsibilities professionally to meet increasing public expectations in line with our core values of Integrity, Credibility, Relevance, Accountability and Independence.

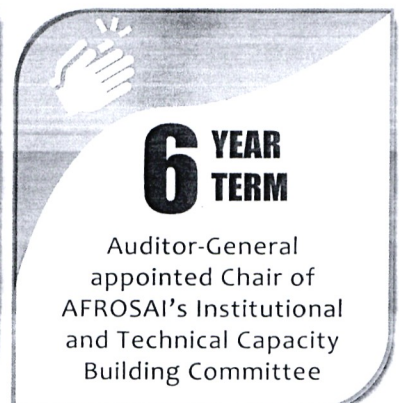
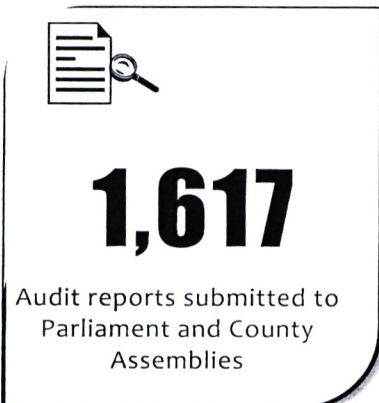
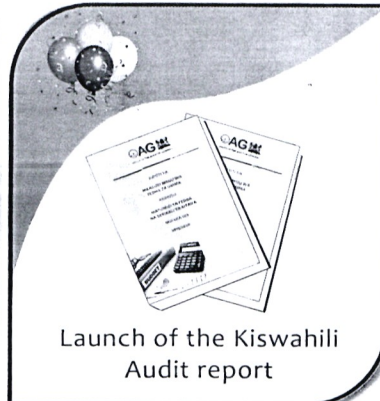
**CPA NANCY GATHUNGU, CBS  
AUDITOR-GENERAL**



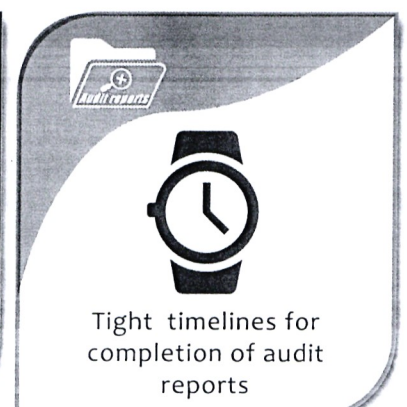
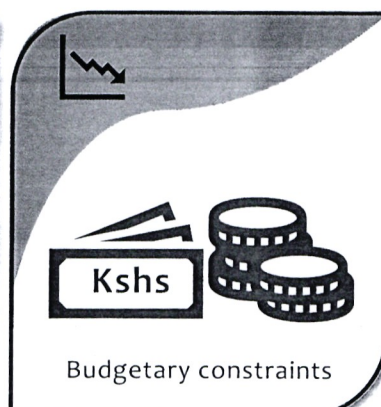
OAG staff during a training

# PERFORMANCE AT A GLANCE

## Achievements during the period under review



## Challenges experienced



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# CHAPTER 1: WHO WE ARE

## OUR MANDATE

The Office of the Auditor-General (OAG) is established under Article 229 of the Constitution of Kenya 2010. The Constitution mandates the Office to oversight the management of public resources within the three arms of government (the Executive, Legislature and the Judiciary), the Constitutional Commissions, the Independent Office of the Controller of Budget and any other entity that is funded from public funds.

In performing this role, we audit and report on the effective and lawful use of public resources. The audit reports of public entities are submitted to Parliament and the relevant County Assemblies for deliberations and action. Once discussed, Parliamentary and County Assembly Committees give appropriate recommendations for implementation. Thereafter, the Auditor-General follows up on the status of implementation of the recommendations before commencing the next cycle of auditing.

## OUR JOURNEY

Public sector auditing has been in place from the time Kenya was a Colony and Protectorate of Britain. The Office was then known as the Colonial Audit Office. In 1955, the Office was renamed the Controller and Auditor-General through the Exchequer and Audit Ordinance, which define the duties and powers of the Office in undertaking public sector audits.

The Office was further entrenched in the Constitution as an independent Office mandated to: -

- i) Approve withdrawal of funds from the Consolidated Fund;
- ii) Confirm that the use of the approved funds were utilized for the intended purpose and that the expenditure complied with the governing authorities;
- iii) Audit and report on the accounts of public institutions.

In 1985, the Exchequer and Audit Act was amended to provide for the appointment, duties and powers of the Auditor-General (Corporations) with the responsibility of auditing the accounts of the Statutory Boards and Commissions or Bodies.

This essentially split the role and mandate of the Exchequer and Audit Department and by extension the role of the Controller and Auditor-General, by transferring the mandate for the audit of state-owned enterprises to a separate institution, while retaining the audit of Central Government Ministries and Agencies with the Controller and Auditor-General.

The Public Audit Act (PAA) was enacted in 2003, repealing the Exchequer and Audit Act. The PAA merged the Office of the Auditor-General (Corporations) with the Office of the Controller and Auditor-General creating the Kenya National Audit Office (KENAO). The

repealed Public Audit Act, 2003, provided for the audit of government and state corporations, introduced the audit of local authorities and value for money audits.

The Act further provided for distinct mandates relating to the functions and operations of the Controller and Auditor-General and defined a governance structure for the Office by establishing the Kenya National Audit Commission (KENAC).

The Office of the Auditor-General experienced tremendous changes after the enactment of the PAA, 2003. The changes were driven by:

- Government reform processes;
- Performance requirements within international Supreme Audit Institutions;
- Changing clients' needs due to advancement in public finance and technology;
- Emerging challenges in the audit profession and stakeholder expectations

The Constitution of Kenya 2010 brought about tremendous changes in the governing structure of the country through the creation of the devolved system of government. The Supreme Law created two levels of government - the National Government and 47 County Governments.

The Constitution also enhanced the mandate of the Auditor-General by specifically providing for the audit of all entities funded from public resources, both at the national level and county governments. The mandate of the Auditor-General is explicitly spelt out in Article 229, which is to carry out audits of all entities funded from public funds and to confirm whether or not public funds are applied lawfully and effectively.

The Constitution grants the Auditor-General security of tenure and legal immunity in the discharge of the Office's duties. The Office holder serves for a non-renewable term of eight years. The Public Audit Act, 2015 section 9 empowers the Auditor-General to conduct investigations, conciliations, mediations and negotiations as well as issue summons to witnesses for the purposes of investigations.

The separation of the controllership of the budget function from the audit function, reinforced auditing as a function that should be kept independent of the Executive. FCPA Edward Ouko, CBS, was appointed as the first Auditor-General under the Constitution of Kenya, 2010 for an eight-year term which ended in August 2019. CPA Nancy Gathungu CBS, succeeded FCPA Ouko in July 2020.

# OUR LEADERS



**CPA JOYCE MBAABU**  
DEPUTY AUDITOR-GENERAL  
CORPORATE SERVICES



**CPA STANLEY MWANGI**  
DEPUTY AUDITOR-GENERAL  
FINANCIAL AUDIT SERVICES



**CPA SYLVESTER KIINI**  
DEPUTY AUDITOR-GENERAL  
FINANCIAL AUDIT SERVICES



**CPA EDWIN KAMAR**  
DEPUTY AUDITOR-GENERAL  
SPECIALISED AUDIT SERVICES



**CPA NANCY GATHUNGU, CBS**  
AUDITOR-GENERAL



**CPA WILLIAM AGUNDA**  
DEPUTY AUDITOR-GENERAL  
FINANCIAL AUDIT SERVICES



**DR. LEONARD LARI**  
DEPUTY AUDITOR-GENERAL  
FINANCIAL AUDIT SERVICES



**CPA FREDRICK ODHIAMBO**  
DEPUTY AUDITOR-GENERAL  
FINANCIAL AUDIT SERVICES



**CPA DAVID NJOKA**  
DEPUTY AUDITOR-GENERAL (RETIRING)  
FINANCIAL AUDIT SERVICES

## **WORKING THROUGH COMMITTEES**

Corporate governance is enshrined in the operations of the Office of the Auditor-General. The Office recognises that governance is a vital ingredient in the maintenance of a dynamic balance between the need for order and equity in society, protection of public interest and efficiency in operations. Accountability in the use of power, the protection of human rights and freedoms, as well as maintenance of an organised corporate framework within which each citizen can contribute fully towards finding innovative solutions to common problems are therefore necessary.

To embrace good governance and ensure integrity in our operations, the Office requires that all its staff conform to the Code of Conduct and Ethics for the Office. We strive to continuously improve the effectiveness of our audit and undertake annual reviews to

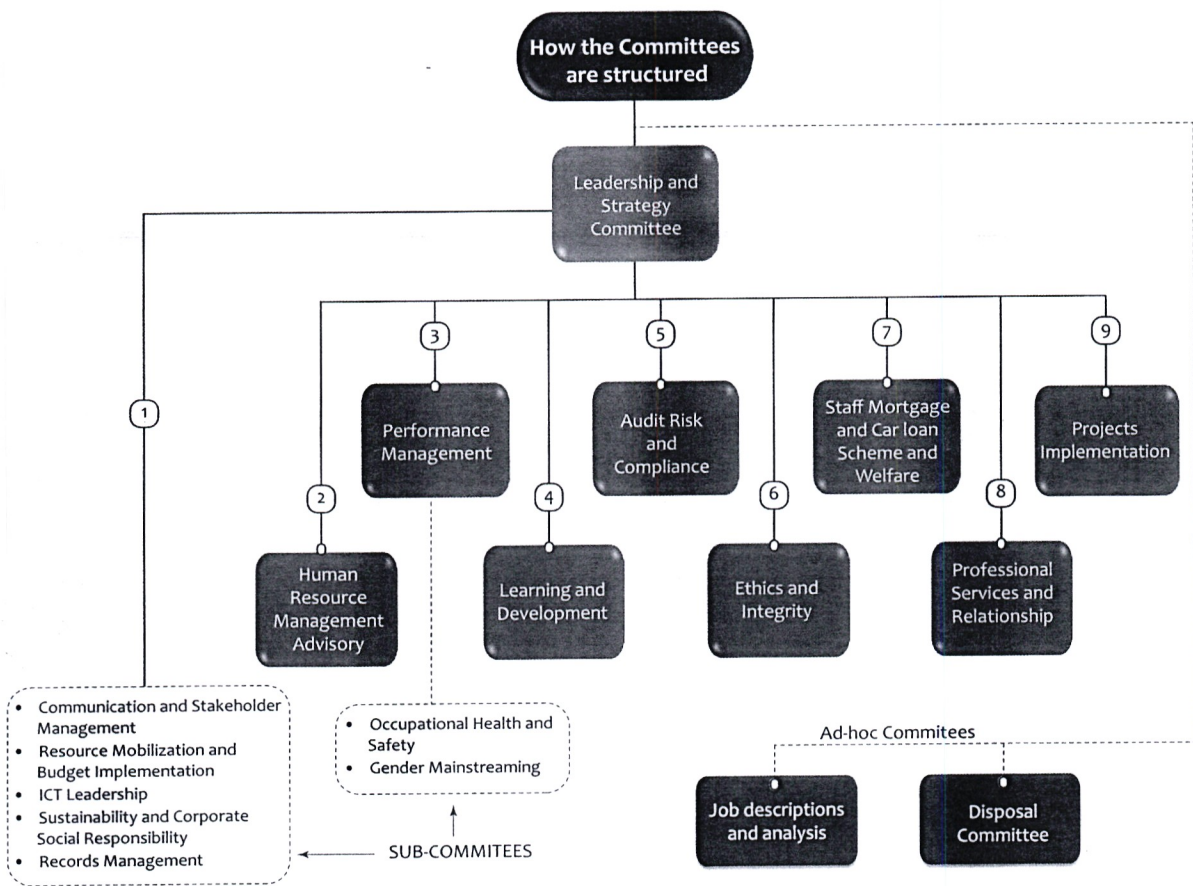
assess our performance. We acknowledge the importance of diversity, gender, equity and equality for the effective functioning of the Office and commit to supporting these components of good governance. Looking ahead, we will strive to maintain our high standards of corporate governance as it is central to provision of quality services. Our mandate is to audit the use and management of public resources, protect public interest and advocate for sound accountability and governance in all sectors of the economy.

We are committed to leading practices and continuously seek to promote effective corporate governance. To this end, and in order to enhance and streamline our operations, the Auditor-General established the thematic Committees as a strategy to provide oversight, enhance efficiency and effectiveness in service delivery as well as improve on staff welfare.

The table below shows the Committees and their respective mandates:

| No | Committee                                    | Mandate   |
|----|--|---|
| 1  | Leadership and Strategy Committee            | Provide leadership and clarity in setting strategies, cross-office planning processes and policies under the Auditor-General's direction          |
| 2  | Human Resource Management Advisory Committee | Making recommendations to the Auditor-General on HR issues  |
| 3  | Performance Management Committee             | Ensure linkage between institutional strategic goals and performance contracts  |
| 4  | Learning and Development Advisory Committee  | Consider and approve training objectives, staff development strategies, training needs, training projections, skills inventory and training data  |
| 5  | Audit, Risk and Compliance Committee         | Review the appropriateness of OAG's financial and performance reporting, systems of risk oversight and management and systems of internal control |
| 6  | Ethics and Integrity Committee               | Monitor the impact of ethics and corruption prevention initiatives and actions taken following breaches of the Ethics Policy Framework            |

|   |  |  |
|---|--|--|
| 7 | Staff Mortgage and Car Loan Scheme and Welfare Committee | Supervise the administration of the Staff Mortgage and Car Loan Schemes and Staff Welfare issues |
| 8 | Professional Services and Relationship Committee         | Recommend for approval of OAG auditing standards, methodologies, tools and policies              |
| 9 | Projects Implementation Committee                        | Prioritization of projects based on OAG's strategic plan and medium term plan of the vision 2030 |

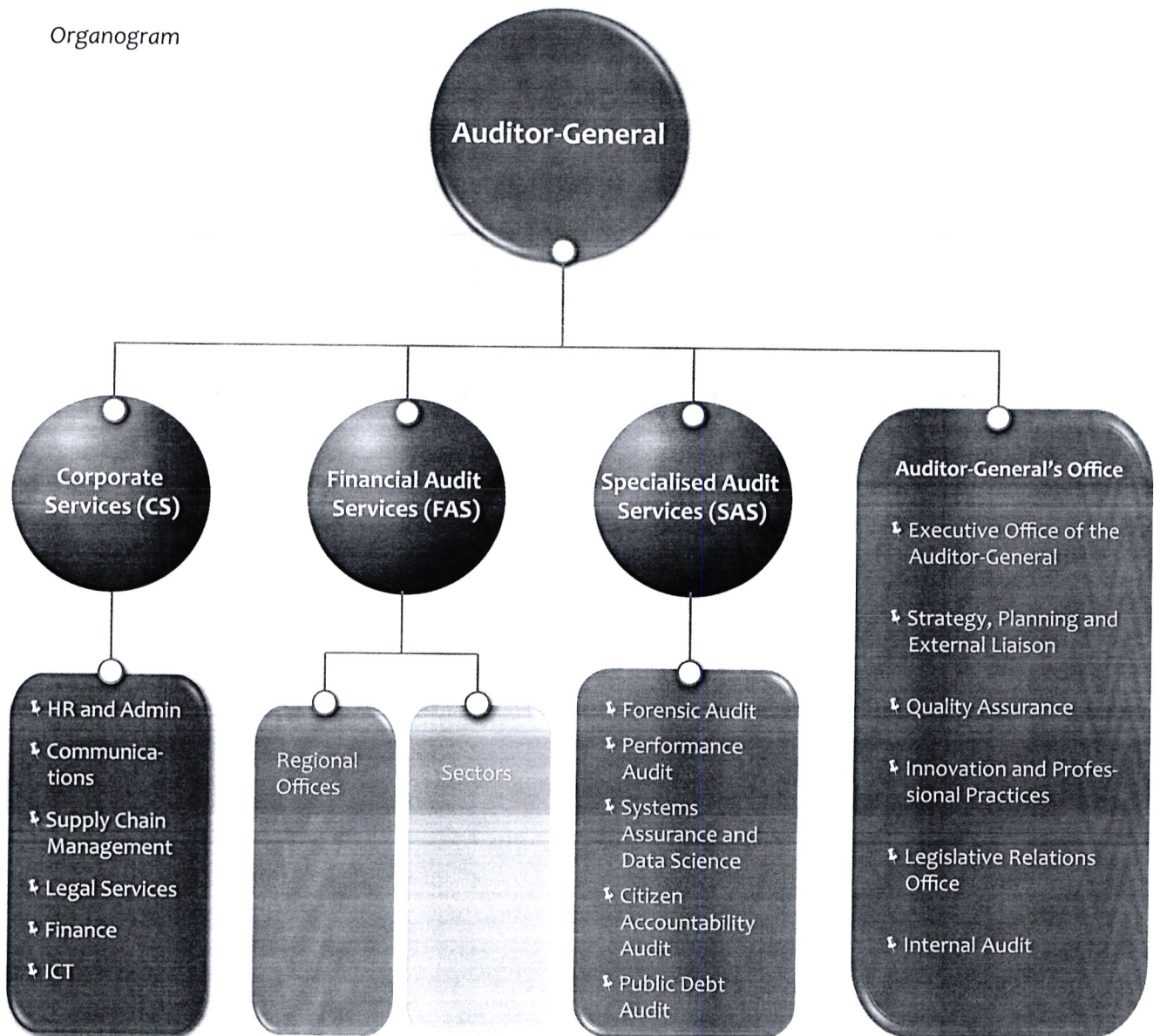


**ORGANOGRAM**

OAG is structured into two service categories namely, Audit Services and Corporate Services. The Audit Services category is further subdivided into the Financial Audit Services (FAS) Departments and the Specialised Audit

Services Department. Financial Audit Services are spread across sectors and Regional Offices while Specialised Audit Services are centralised at the Headquarters. The Corporate Services Department supports the audit function.

Organogram

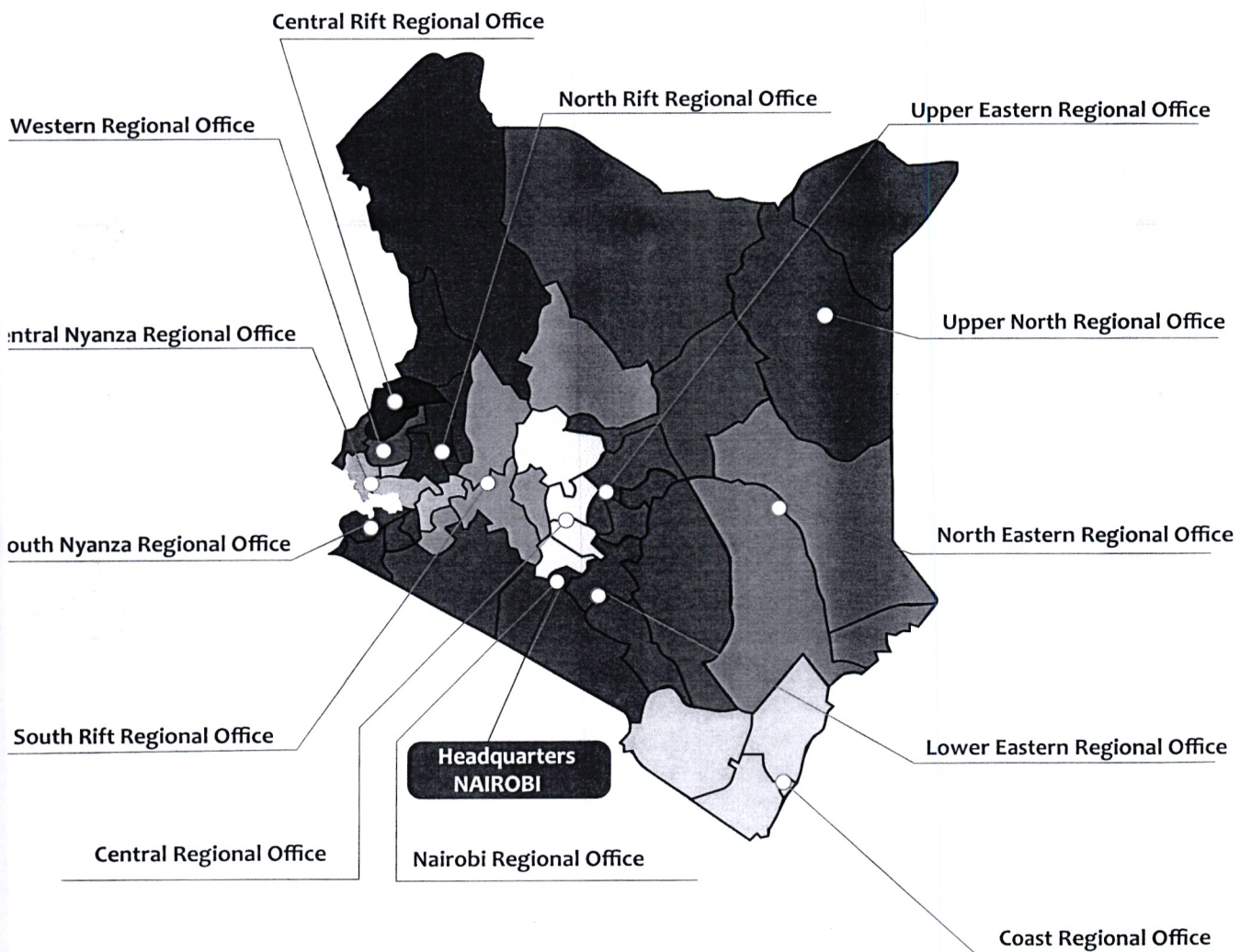


## REGIONAL OFFICES


The Office of the Auditor-General has 13 Regional Offices spread across the country. The Head Office is at Anniversary Towers,

Nairobi. Establishment of the Regional Offices is intended to devolve audit services closer to the Kenyan people and to ensure that there is continuous audit presence at the grassroots.


### *Regional Offices*






- Nairobi**  Anniversary Towers


---

- Upper Eastern**  Regional Commissioner's premises, Embu


---

- Coast**  KPA Headquarters, Mombasa


---

- North Eastern**  Office of the Auditor-General Building, Garissa


---

- Upper North**  Ewaso Nyiro Office Block


---

- Western**  Office of the Auditor-General Building, Kakamega


---

- North Rift**  Office of the Auditor-General Building, Kakamega


---

- Lower Eastern**  Sartaj Plaza, Machakos Town


---

- Central**  Regional Commissioner's Building, Nyeri


---

- Central Nyanza**  Prosperity House, Kisumu


---

- South Nyanza**  Key Place Services Building, Homa Bay

---

- South Rift**  Kenya National Library Services Building, Nakuru

---

- Central Rift**  Office of the Auditor-General Building, Eldoret

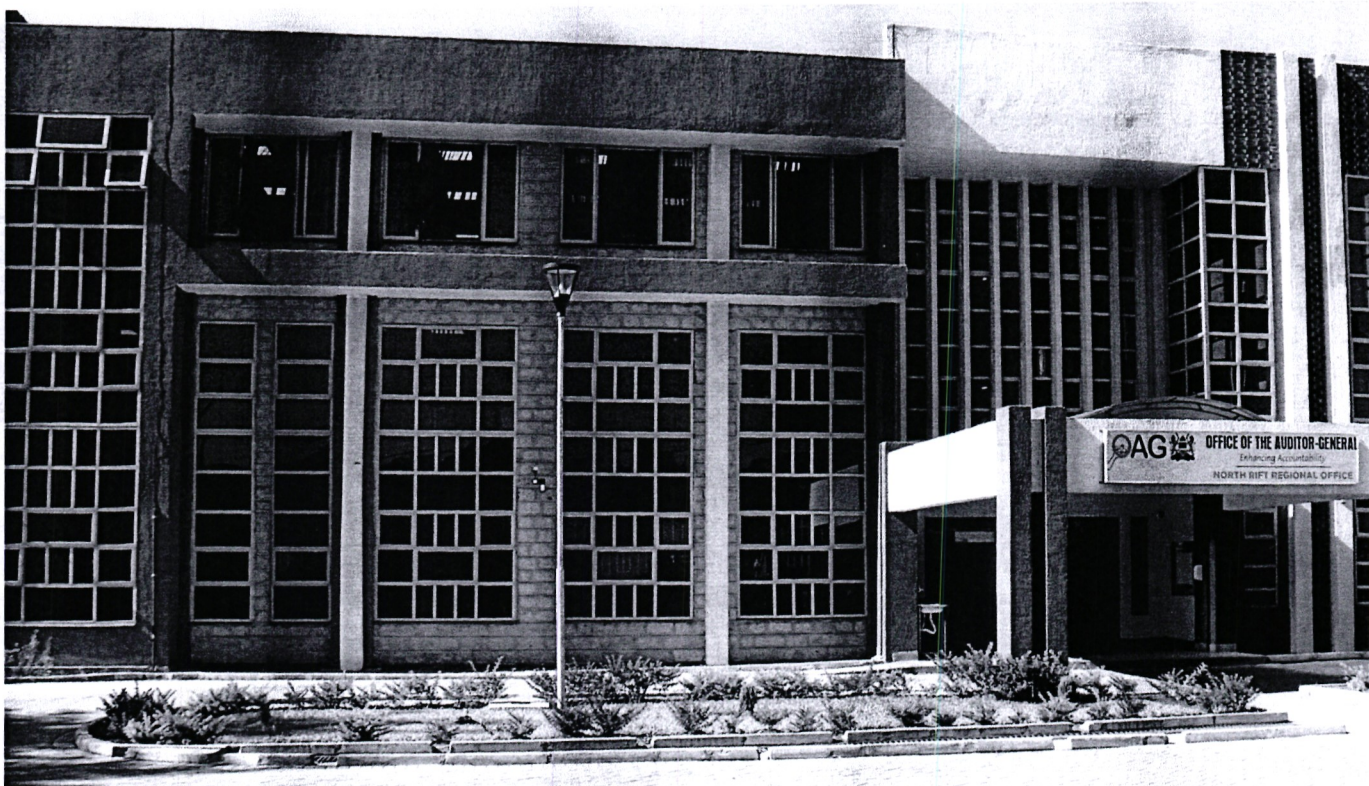
## OUR CLIENTS

During the year under review, the Office audited a total of 1570 public entities. There was an increase of 132 audit clients in comparison to the previous financial year. The categories of clients are listed below:

| Clients                          | Number of Clients |
|----------------------------------|-------------------|
| <b>National Government</b>       | <b>1092</b>       |
| Consolidated Fund Services (CFS) | 7                 |
| Corporation - Outsourced         | 15                |
| Corporation - Trading            | 34                |
| Corporation Non-Trading          | 149               |
| County Corporation               | 2                 |
| County Executive Fund            | 2                 |
| Donor Funded Project             | 211               |
| MDA                              | 48                |
| National Fund                    | 64                |
| National Polytechnic             | 10                |
| NG-Car Loan and Mortgage Fund    | 10                |
| NGCDF                            | 290               |
| Pension Scheme                   | 1                 |
| Political Party                  | 2                 |
| Receiver of Revenue              | 14                |
| Regional Development Authority   | 1                 |
| Retirement Fund                  | 1                 |
| SAGA                             | 51                |
| Special Deposit Account          | 1                 |
| TVET                             | 134               |
| University                       | 38                |
| Water Development Agency         | 7                 |

|  |           |
|--|-----------|
| <b>Parliament</b>                            | <b>5</b>  |
| MDA  | 2         |
| National Fund                                | 1         |
| NG-Car Loan and Mortgage Fund                | 2         |
| <b>Judiciary</b>                             | <b>5</b>  |
| MDA  | 3         |
| Receiver of Revenue                          | 2         |
| <b>Commissions &amp; Independent Offices</b> | <b>23</b> |
| Commissions & Independent Offices            | 16        |
| MDA  | 2         |
| NG-Car Loan and Mortgage Fund                | 5         |

|                           |             |
|---------------------------|-------------|
| <b>County Governments</b> | <b>445</b>  |
| Corporation Non-Trading   | 1           |
| County Assembly           | 47          |
| County Assembly Fund      | 60          |
| County Corporation        | 20          |
| County Executive          | 47          |
| County Executive Fund     | 194         |
| Water Company             | 76          |
| <b>Grand Total</b>        | <b>1570</b> |



OAG Central Rift Regional Office (Eldoret)

# CHAPTER 2: PERFORMANCE

This section discusses our performance during the year under review. The performance is anchored on Article 229(4) of the Constitution which requires us to audit and report on all accounts of public entities by 31 December. In addition, Article 229(6) of the Constitution and Section 7 of the Public Audit Act, 2015 require us to report on the lawfulness and

effectiveness on the use and management of public resources.

Our score-card is further defined by our strategic priorities as outlined in our Strategic Plan 2021-2026. In line with our strategic direction and objectives, the Office aligned its operations based on the following strategic priorities and their corresponding objectives:

**1** **Priority One**  
Enhance the quality of audit services for improved management of public resources.

**2** **Priority Two**  
Position the Office of the Auditor-General for greater relevance and credibility to stakeholders

**3** **Priority Three**  
Be a model organisation for effective service delivery

## Strategic Objective

- SO1. Provide audit services that meet professional standards
- SO2. Enhance the value and benefits of audit reports.
- SO3. Safeguard OAG independence

- SO4. Sustain stakeholders' interest in audit services for greater impact
- SO5. Sustain OAG as a credible source of independent and objective insight on public sector accountability.
- SO6. Enhance visibility for impact.
- SO7. Improve OAG communication

- SO8. Institutionalize good governance focusing on transparency and accountability and cultivate a Corporate culture and change management that enhances performance.
- SO9. Attract, retain and maintain a competent, productive and motivated workforce; and improve and sustain a conducive work environment.
- SO10. Leverage on ICT for efficient service delivery

## WHAT WE STAND FOR

The realisation of our strategic priorities is driven by our core values which guide our staff in making a difference in the lives and livelihoods of the Kenyan people. These values underpin our contract for service delivery to the citizens.

These values are:-



**Integrity:** We are committed to honesty, reliability and trustworthiness in our professional and personal conduct.



**Credibility:** Our work is based on appropriate professional knowledge, skills, standards, up-to-date techniques, and laws.



**Relevance:** We are a credible source of independent and objective insight and guidance to support beneficial change in the public sector.

**Accountability:** We shall ensure accountability, transparency, continuous improvement and sustained confidence in the use of public resources.



**Independence:** We act with impartiality, objectivity and are free from control and influence of others.

## FORGING AHEAD

The year under review presented an opportunity for the Office to take stock of its operations based on the 2018-2021 Strategic Plan and to chart the way forward in the new Strategic Plan 2021-2026. This plan therefore becomes the blueprint to guide the Office in re-engineering itself for improved service delivery to Kenyans.

The development of the new Strategic Plan was based on assessments of our performance in the previous strategic period, as well as stakeholder feedback on delivery of services. The development of the Plan also relied on the assessment results of the Supreme Audit Institutions' Performance Measurement Framework (SAI-PMF) and the Institutional Capacity Building Framework (ICBF) for SAIs.

The ICBF identifies gaps that need to be addressed in organisational growth and maturity. The last assessment using the ICBF was done for the 12-month reporting period ending December 31, 2021. The results of the period ending December 31, 2020 however formed the basis for the development of the Strategic Plan 2021-2026.

The assessments of the previous strategic plan enabled us to chart a renewed approach to service delivery to the people of Kenya.

The new Strategic Plan took note of the successes and challenges that came with the implementation of the 2018-2021 Strategic Plan. The retired Plan ushered in reform initiatives aimed at re-orienting the OAG to respond to

the expanded constitutional mandate and thus improving service delivery to the public. Over the 2018-2021 Strategic Plan period, OAG opened additional Regional Offices and leveraged on ICT to enhance efficiency in its

operations. Additionally, the Office enhanced capacity in human resources management and development; and restructured financial management and procurement.

Key Achievements and Challenges During 2018-2021 Strategic Period are outlined below:

| GOAL  | Achievements   | Challenges  |
|---|--|---|
| <p><b>Goal 1</b></p> <p>To enhance professional excellence in the delivery of OAG mandate</p> | <p>The Risk-Based Audit Methodology (RAM) rolled out.</p> <p>All audit staff trained and re-trained on the methodology</p> <p>Financial Audit and Compliance Audit - Combined Approach Manual (FICAM) customized to the needs of the OAG, thus making it more user friendly to the auditors.</p> <p>Audit process reviewers have been trained on supervision and review.</p> <p>The Quality Assurance (QA) function has been strengthened through training and additional staff.</p> <p>The QA staff continue to play a key role in ensuring that audit documentation and reports meet international standards.</p> <p>A technical support team has been constituted to strengthen quality control during the audit process.</p> <p>Participated in inter-agency forums and other initiatives for fighting corruption and promoting good governance and accountability.</p> <p>Increased resources for specialized and forensic audits</p> <p>The Performance Audit unit has been strengthened through additional numbers of staff.</p> <p>Training on performance audit conducted.</p> <p>A Performance Audit Manual has been developed and is in use.</p> <p>Performance audits carried out and reports issued</p> | <p>We were not able to meet the timelines as required by the Constitution due to:</p> <ul style="list-style-type: none"> <li>• Delays and inadequate funding for audit operations</li> <li>• Delays in provision of documents and response to audit queries by clients</li> <li>• Inadequate staffing</li> <li>• Lack of optimal decentralization to the counties</li> <li>• Limited use of Computer Assisted Audit Techniques (CAATs)</li> <li>• An ineffective Performance Management System</li> <li>• Inadequate implementation of our recommendations by the audit clients</li> <li>• Policy on follow up of our recommendations not yet developed</li> <li>• Inadequate training</li> <li>• Inadequate stakeholder interactions and consultations</li> <li>• Performance Audit reports not discussed in parliament</li> </ul> |

| GOAL   | Achievements   | Challenges  |
|--|--|---|
| <p><b>Goal 2</b><br/>To continually transform OAG for efficient and effective delivery of audit services</p> | <p>Enactment of the Public Audit Act, 2015</p> <p>Seven (7) governance policy documents have been developed and are being implemented for: Human Resource (HR), Information and Communication Technology (ICT), Internal Audit (IA), Fleet Management, Premises, Procurement and Communication.</p> <p>A professional Communications Unit established.</p> <p>Key support functions, namely, HR, internal audit, legal, Communication, procurement have been professionalized.</p> <p>Communication strategy is now in place.</p> <p>Two hundred (200) new staff were recruited.</p> <p>Eleven (11) Regional Offices were established.</p> <p>ICT staff have been deployed to the Regional Offices</p> <p>Strategic Planning and External Liaison Directorate has been established.</p> <p>Various trainings have been conducted.</p> <p>Land for construction of OAG headquarters and some regional offices has been acquired</p> | <p>Lack of financial independence</p> <p>Inadequate office space, facilities and logistics</p> <p>Inadequate number of audit staff</p> <p>ICT Infrastructure is not adequate. Insufficient IT skills and capability</p> |
|  | <p>ICT strategy has been developed and is being implemented.</p> <p>ICT support capacity and capability has been enhanced through hiring and training.</p> <p>90 % of staff have been issued with laptops.</p> <p>The Wide Area Network has been expanded and all offices are now linked to the headquarters.</p> <p>ICT help desk is operational</p>  |   |

The achievements and challenges, for the 2018 - 2021 Strategic Plan, were instrumental in charting the way forward for the Office in the new strategic period.

This Strategic Plan 2021-2026 was therefore, developed at a time when we are experiencing critical changes both in our external and internal operating environments. These changes include dynamic and complex audit environment, heightened audit risks, emerging priorities as well as the ever-changing stakeholder expectations.

Further, we have learnt from the COVID-19 pandemic, to be resilient in the face of crises and be ready to live with reduced physical proximity to our clients and amongst ourselves as audit staff.

The changes affected the way we work and inspired new approaches to audit. It is against this backdrop, coupled with the challenges and lessons learnt from the previous Strategic Plan period that we took the prudent step of developing a new Strategic Plan to guide our work in the coming years so as to remain future, relevant auditors and a value adding

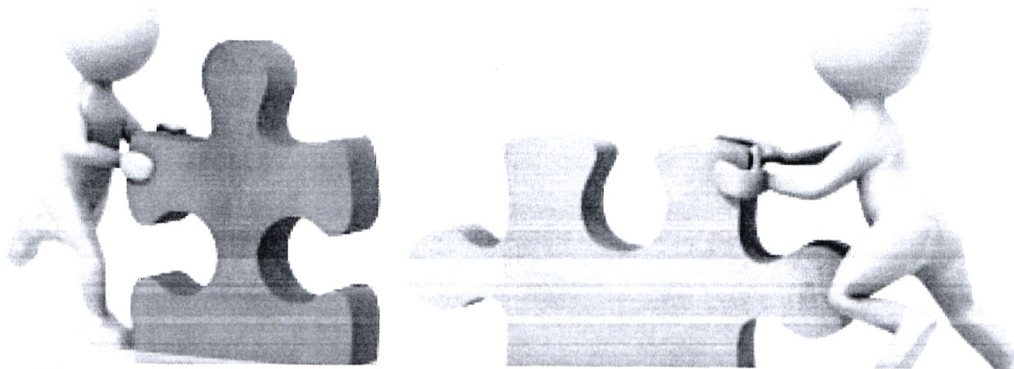
institution.

### **Resource Requirements for the Office of the Auditor-General**

During the year under review, the Office was allocated Kshs 6.08bn against a requirement of Kshs 8.33bn leaving a deficit of Kshs 2.25bn. We continue to appeal for support from Parliament and the National Treasury for increased funding to effectively execute our mandate. We are also seeking funds for capital expenditure for the construction of our Headquarters in Nairobi and regional offices.

In order to effectively implement our strategic plan, we require adequate resources. Provision of quality and effective audit services which includes confirmation of lawfulness and effectiveness of implemented programmes, requires comprehensive scrutiny and evaluation of documents.

Most critical is the physical confirmations of the existence and utilization of projects or programs implemented throughout the country. This requires an independent and well-resourced Audit Office with guaranteed availability of resources and optimal staffing.

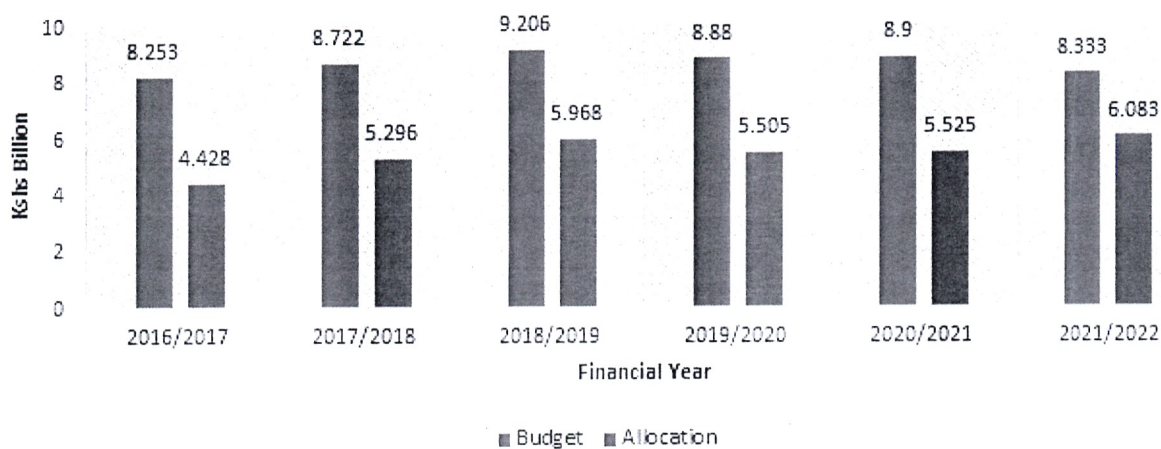


The following tables and graphs illustrate the budget requirements by the Office of the Auditor-General versus the allocated amounts, and the National Government budget versus allocation to the Office of the Auditor-General over the last six (6) years.

#### Analysis of Budget Requirement by OAG versus Allocation

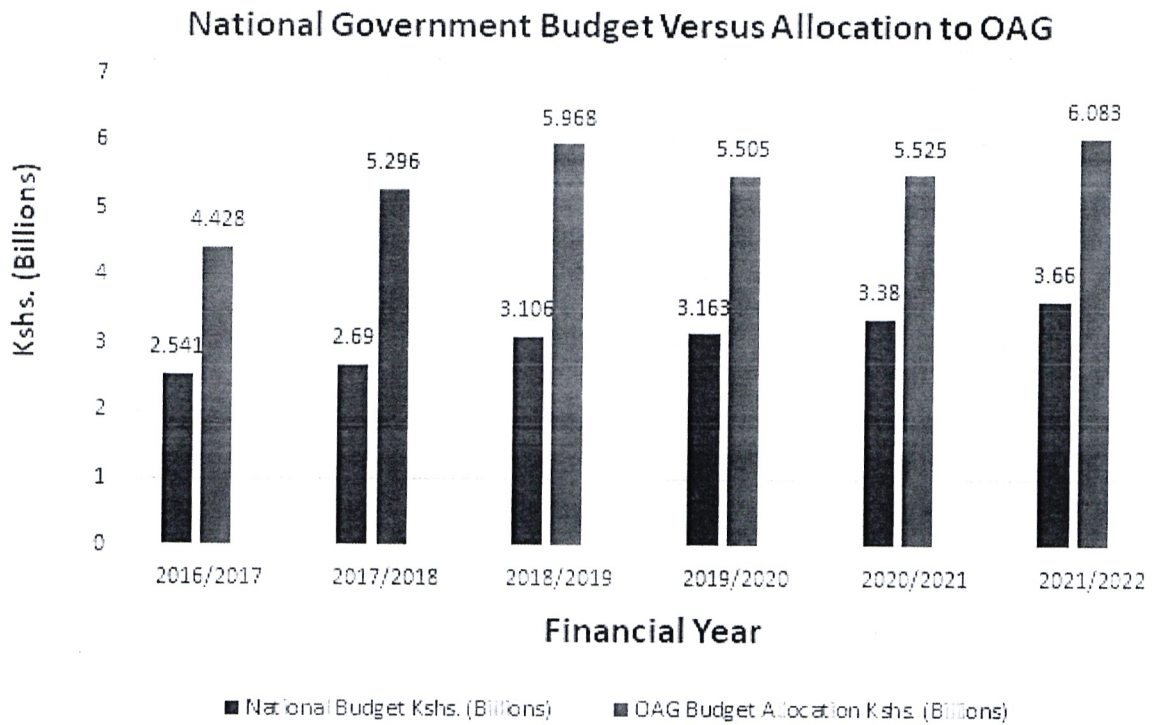
| Year      | Requirement Kshs. (Billions) | Budget Allocation Kshs. (Billions) | Budget Shortfall Kshs. (Billions) | Actual Expenditure Kshs. (Billions) | OAG Budget Absorption % |
|-----------|------------------------------|------------------------------------|-----------------------------------|-------------------------------------|-------------------------|
| 2016/2017 | 8.253                        | 4.428                              | 3.825                             | 4.311                               | 97                      |
| 2017/2018 | 8.722                        | 5.296                              | 3.426                             | 4.735                               | 89                      |
| 2018/2019 | 9.206                        | 5.968                              | 3.238                             | 5.783                               | 97                      |
| 2019/2020 | 8.88                         | 5.505                              | 3.375                             | 5.425                               | 99                      |
| 2020/2021 | 8.90                         | 5.525                              | 3.375                             | 5.348                               | 96                      |
| 2021/2022 | 8.333                        | 6.083                              | 2.250                             | 5.643                               | 92                      |

#### OAG Budget Requirement Versus Budget Allocation



National Government Budget Versus Allocation to OAG

| Financial Year | National Budget Kshs. (Billions) | OAG Budget Allocation Kshs. (Billions) | % of Allocation to National Budget |
|----------------|----------------------------------|--|------------------------------------|
| 2016/2017      | 2,541                            | 4.428                                  | 0.17%                              |
| 2017/2018      | 2,690                            | 5.296                                  | 0.20%                              |
| 2018/2019      | 3,106                            | 5.968                                  | 0.19%                              |
| 2019/2020      | 3,163                            | 5.505                                  | 0.17%                              |
| 2020/2021      | 3,380                            | 5.525                                  | 0.16%                              |
| 2021/2022      | 3,660                            | 6.083                                  | 0.16%                              |



## AUDIT SERVICES

During the period under review, we submitted to Parliament and the County Assemblies 1,617 audit reports comprising 1,578 financial audit reports and 39 specialised audit reports. The table below provides an analysis of the audit reports:

| Programme                 | Key Output                        | 2019/2020    | 2020/2021    | 2021/2022    |
|---------------------------|-----------------------------------|--------------|--------------|--------------|
| National Government Audit | National Government Audit Reports | 738          | 746          | 841          |
| County Government Audit   | County Government Audit Reports   | 411          | 402          | 447          |
| NGCDF Audit               | NGCDF Audit Reports               | 290          | 290          | 290          |
| Specialized Audits        | Specialized Audits Reports        | -            | 29           | 39           |
| <b>TOTAL</b>              |                                   | <b>1,439</b> | <b>1,467</b> | <b>1,617</b> |

We carried out the following audits during the year under review: Financial audits, Forensic audits, Performance audits, Citizen Accountability Audits and Systems Assurance and Data Science Audit.

### 1. Financial Audit

Financial audit refers to an objective examination and evaluation of the financial statements of public entities to confirm that the financial records present a true, fair and reasonable representation of the transactions they claim to represent. We conduct financial audits on all public entities every year. We incorporate compliance audits to check whether entities comply with laws

and regulations on the use and management of public resources in conformity with Article 229(6). During the period, we completed and submitted 1,578 financial audits to Parliament and the County Assemblies for deliberation and action.



## 2. Forensic Audit

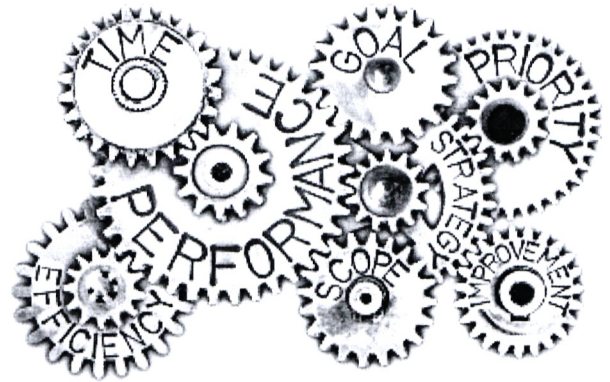
Forensic audits examine an entity's financial records to check on issues of fraud. We carried out eight (8) forensic audits during the year under review. Through the use of the Audit Management System (AMS), our audits have become more effective and seamless leading to the timely finalization of reporting findings. During the year under review, the Office established engagements with the French Court of Accounts and other investigative agencies to enhance capacity in Forensic audits. We also updated the Forensic Audit Manual.



## 3. Performance Audit

As part of its mandate, the Office is required to carry out Performance Audits on audited entities. Performance Audit refers to an independent examination of a programme, function, operation or the management systems and procedures of any government entity to assess its Efficiency, Economy and Effectiveness.

We submitted six (6) Performance audit reports to Parliament for deliberation and further action.



Although the reports are yet to be discussed in Parliament, we plan to carry out follow-up audits on past reports to assess the status of implementation of audit recommendations.

During the year under review, the Office undertook a review of the Performance Audit Manual in line with updated International Standards of Supreme Audit Institutions (ISSAIs). We also commenced work on revising Performance Audit Procedures to provide for automated audits using our AMS. The revised manual and procedures will contribute to efficient and effective delivery of audit services.

## 4. Systems Assurance and Data Science

We carry out examination and evaluation of information technology infrastructure, policies and operations in various public entities to establish the level of performance and compliance related to specific subject matters of Information Systems.

We proactively perform Data Analysis and Data Analytics to identify trends, patterns and derive insights from data. During the year under review, we incorporated the use of

modern technologies to revolutionise audit and engaged in real time investigations in collaboration with financial auditors.

During the period, we undertook the following activities:

**(a) Proactive Activities**

1. Performed analysis of the Integrated Financial Management Information System (IFMIS) data for 75 Ministries, Departments and Agencies (MDAs) and 47 County Governments. The results were used by financial auditors during their audit execution.
2. Audited Payrolls processed outside the Integrated Payroll and Personnel Database (IPPD) in all the 47 County Executives. The findings were incorporated in the financial audit reports for the counties.
3. The Office further audited Payroll and Revenue for nine public Universities and the findings were incorporated in the financial audit reports of these Universities.

**(b) Reactive Activities**

1. Conducted systems audit of revenue and payroll for Postal Corporation of Kenya and shared the findings with financial auditors.
2. Serviced requests by financial auditors for systems review and data analytics for four clients.

**(c) Special Audit Activities**

1. Conducted audit of COVID 19 Vaccines rollout in the 47 Counties and Ministry of Health; and
2. Carried out audit of public debt.

**4. Citizen Accountability Audit**

The Office continues to engage citizens in the audit process to enhance the accountability in the management of public resources for improved service delivery, through Citizen Accountability Audit. This audit approach is in line with the Constitution of Kenya, which requires public participation as a key pillar in the running of public entities and implementation of public programmes.

During the period, the Office conducted the following Citizen Accountability Audits:

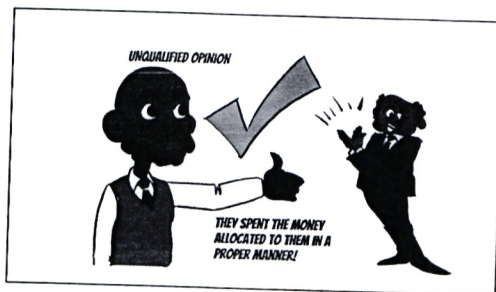
|   | Audit Topic                            | Planning       | Execution   | Status    |
|---|--|----------------|---|-----------|
|   |  | 1              | Citizen Involvement in Budget Process (Case of Counties Budget process) | Completed |
| 2 | Global Fund Audit                      | Completed      | Completed   | 70 %      |
| 3 | Ministry of Agriculture NARIGP Project | Planning stage | Pending   | 10%       |
| 4 | Equalization Fund                      | Planning stage | Pending   | -         |

## AUDIT OPINIONS

The Auditor-General expresses the following opinions after auditing financial statements of public entities:



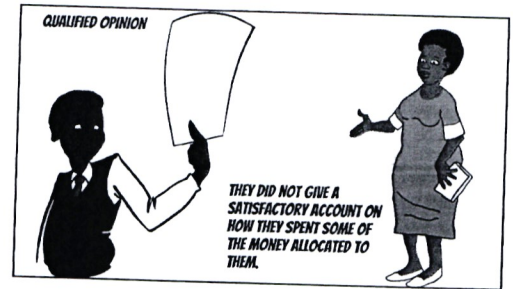
- 1. Unqualified opinion (unmodified opinion)** -This means that the books of accounts and underlying records agree with the financial statements and no material misstatements are found. The financial statements present fairly, in all material respects the operations of the entity.



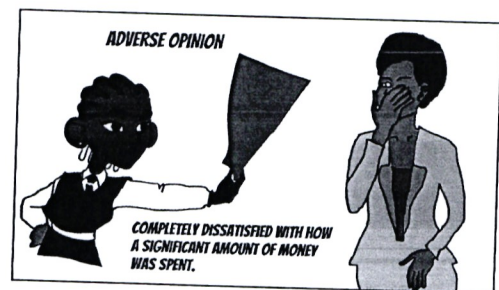
- 2. Qualified opinion (modified opinion)** -This means that the recorded financial transactions are to a large extent in agreement with the underlying records, except for cases where



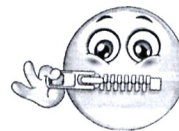
material misstatements or omissions in the financial statements are noted. The issues though deemed material, are not widespread or persistent.



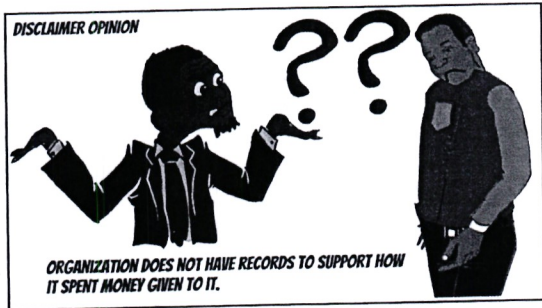
- 3. Adverse opinion** -This means that the financial statements exhibit significant misstatements with the underlying accounting records. There is significant disagreement between the financial statements and the underlying books of accounts and/or standards. These problems are widespread, persistent and require considerable interventions by the management to rectify.



- 4. Disclaimer of opinion** -This means that the financial statements exhibit serious and significant misstatements that may arise from inadequate information, limitation of



scope, inadequacy or lack of proper records such that the Auditor-General is not able to form an opinion on the financial operations.



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

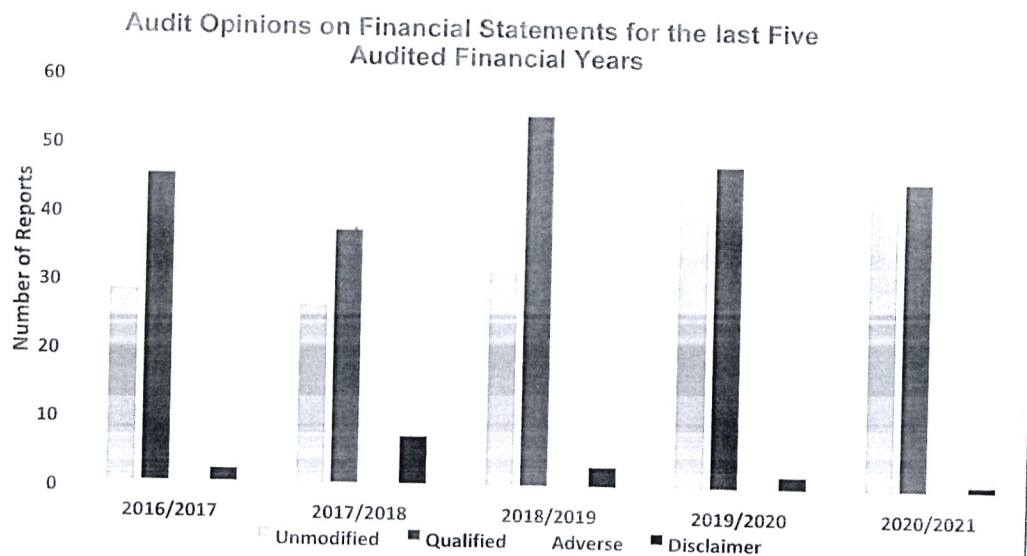
A total of ninety (90) National Government financial statements, excluding Donor Funded Projects and National Funds, were examined during the year ended 30 June, 2021. The tabulation below indicates the type of audit opinions expressed on the financial statements in the last five years excluding donor funded projects and National Funds:

Audit Opinions on Financial Statements in the Last Five Years

| Audit Opinion | 2016/2017 |             | 2017/2018 |             | 2018/2019 |             | 2019/2020 |             | 2020/2021 |             |
|---------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|
|               | No. of FS | %           | No. of FS | %           | No. of FS | %           | No. of FS | %           | No. of FS | %           |
| Unmodified    | 28        | 32.2%       | 26        | 30.6%       | 31        | 32.6%       | 42        | 44.2%       | 42        | 46.7%       |
| Qualified     | 45        | 51.7%       | 37        | 43.5%       | 54        | 56.8%       | 47        | 49.5%       | 45        | 50.0%       |
| Adverse       | 12        | 13.8%       | 15        | 17.6%       | 7         | 7.4%        | 4         | 4.2%        | 2         | 2.2%        |
| Disclaimer    | 2         | 2.3%        | 7         | 8.2%        | 3         | 3.2%        | 2         | 2.1%        | 1         | 1.1%        |
| <b>Total</b>  | <b>87</b> | <b>100%</b> | <b>85</b> | <b>100%</b> | <b>95</b> | <b>100%</b> | <b>95</b> | <b>100%</b> | <b>90</b> | <b>100%</b> |

The table indicates that compared to the previous year, the number of financial statements with unmodified opinion increased from 44.2 % to 46.7%. The number of financial statements with qualified opinion slightly increased from 49.5% to 50%. There was a drop in percentages by 2% and 1% of adverse and disclaimer of opinion respectively compared to the previous year. Overall, there has been an improvement in the way the financial statements were prepared which is attributed to use of Integrated Financial Management Information System (IFMIS), guidance by The National Treasury through circulars and issuance of reporting templates to Ministries, Departments and Agencies (MDAs) by the Public Sector Accounting Standards Board (PSASB).

The graph below depicts the analysis of audit opinions:



### Auditing in line with International standards

We are part of the global public audit community that operates within agreed international audit standards and guides. Additionally, we observe domestic laws, standards and regulations when conducting audits. To streamline adherence to standards and guides, we have put in place the Innovation and Professional Services (IPS) Unit which is charged with overseeing compliance with these standards. During the year, the Office undertook the following activities:

|   |
|---|
| Development of subject matters for compliance auditing  |
| Update of performance audit manual and procedures   |
| Development of audit fee guidelines   |
| Rolled out the engagement of 52 Quality Reviewers in the audit process  |
| Development of curriculum for induction training of Audit Associates in conjunction with the Kenya School of Government |
| Development of the Policy on Outsourced Audits  |
| Development of guidelines for the conduct of audits   |

Our reports go through quality checks to ensure they are aligned to professional standards, office policies and regulations.

We documented our work processes and finalised the OAG Quality Assurance Policy to improve the quality of audit reviews to meet the needs of our stakeholders.

# CHAPTER 3: CORPORATE SERVICES

## PEOPLE AND CULTURE

Human Resource plays a critical role in the effective and efficient delivery of the OAG mandate.

In the Financial year 2021/2022, we provided opportunities to staff to enhance their knowledge and skills through workshops and trainings, following training needs analysis, that led to the development of the training strategy.

During the year under review, we conducted an in-house human resources audit on the policies, practices, and procedures to ensure that the Office adopts leading practices and that the policies comply with the relevant guidelines.

In order to effectively implement the 2021-2026 Strategic Plan, we recruited 198 staff and promoted 442 officers in various cadres during the period under review. We also revised the staff establishment to reflect the ideal staffing requirements for all departments from 1,895

to 2,043.

During our recruitment, we used the AFROSAI-E HR Assessment Tools to enable us achieve the following:

- 1) Enhanced objectivity
- 2) Cost effectiveness of the process
- 3) Enhanced efficiency
- 4) Enhanced candidate satisfaction

## CAPACITY BUILDING

The Office conducted training and capacity building interventions to equip staff with requisite knowledge and skills to enable them enhance their work performance. During the year, a total of 1,934 participants attended various trainings.

The trainings encompassed programmes such as Public Sector Auditing Standards and Methodologies, legal framework underpinning audit, professional courses, leadership courses, soft skills, induction and pre-retirement.

The capacity building interventions have enriched staff performance, quality of audits, increased motivation levels and reduced staff turnover.

**198**  
Staff recruited

**442**  
Staff promoted

**10**  
Staff retired

Through the cooperation with German building forums with County Public Development Agency for International Investments and Accounts Committees from Cooperation (GIZ), we conducted capacity thirteen (13) counties.

We engaged with the following stakeholders to facilitate our capacity building programmes

| S/No. | Stakeholders  | Mode of Engagement   | Impact of Engagement  |
|-------|---|--|---|
| 1.    | Staff   | As facilitators for various in-house trainings and stakeholder training  | Building a competent body of training experts in various disciplines within the Office  |
| 2.    | Kenya School of Government(KSG)   | <ul style="list-style-type: none"> <li>As partners in the proposed establishment of the OAG Academy</li> <li>Induction</li> <li>As a trainer for various management courses</li> </ul> | <ul style="list-style-type: none"> <li>To ensure the successful implementation of the induction for newly recruited Audit Associates</li> <li>To build leadership, managerial and supervisory competencies</li> </ul> |
| 3.    | ICPAK   | As a trainer for various Audit and Accounting trainings  | <ul style="list-style-type: none"> <li>To build financial and Audit competencies among the Auditors</li> <li>Enhance performance of Auditors</li> </ul>   |
| 4.    | Other professional bodies such as; <ul style="list-style-type: none"> <li>The Institute of Human Resource Management (IHRM)</li> <li>Public Relations Society of Kenya(PRSK)</li> <li>Academy of Certified Human Resource Professionals (ACHRP)</li> <li>Kenya Associations of Records Management and Archivists (KARMA)</li> <li>Law Society of Kenya (LSK)</li> </ul> | As trainers for professional courses   | <ul style="list-style-type: none"> <li>To build professional competencies among staff</li> <li>Enhance performance of staff</li> </ul>  |
| 5.    | Development Partners  | To provide financial and technical support in capacity building initiatives  | Enabled the Office implement various trainings  |

|    |  |  |   |
|----|--|--|---|
| 6. | <ul style="list-style-type: none"> <li>• INTOSAI-IDI</li> <li>• AFROSAI-E. Swedish National Audit Office</li> <li>• UK National Audit Office</li> <li>• French Court of Accounts</li> <li>• Netherlands Court of Audit.</li> </ul> | <ul style="list-style-type: none"> <li>• As trainers for various trainings</li> <li>• As organisers of trainings that utilise our staff as resource persons</li> </ul> | <ul style="list-style-type: none"> <li>• To build financial and Audit competencies among staff</li> <li>• Building a competent body of training experts in various disciplines within the Office</li> </ul> |
| 7. | Kenya Defence Forces   | <ul style="list-style-type: none"> <li>• Training on Information Security</li> <li>• Training on audit process</li> </ul>  | <ul style="list-style-type: none"> <li>• Building staff capacity on the sensitivity of all Government information.</li> </ul>   |

### THE WORK SPACE

The Office strives to provide staff with a conducive and comfortable work environment in order to increase performance and enhance service delivery. OAG has engaged the State Department for Public Works over the proposed construction of its headquarters building in Nairobi. Plans are also underway to commence construction of OAG Offices in Mombasa to effectively serve the Coast region.

We have presence in thirteen (13) regions spread across the country. We have managed to lease office space to a number of Government agencies in Eldoret and Garissa resulting in increased revenue base in form of Appropriation- In- Aid.

To ensure safety of our staff and property, we have conducted fire safety trainings in collaboration with some of the relevant agencies aimed at improving our emergency preparedness and response in our various offices.

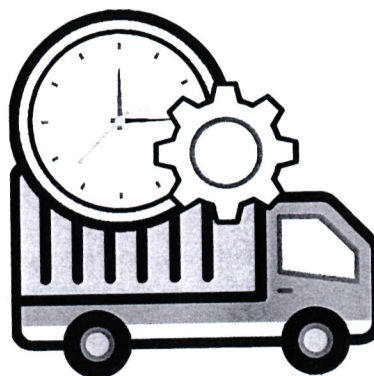
### SUPPLY CHAIN MANAGEMENT

The Office awarded tenders worth more than Kshs.309m for supply of various goods, services and works in line with the Procurement Plan and the Public Procurement and Assets Disposal Act, 2015.

We however, did not realise 100 percent budget absorption due to the following challenges:

- Price fluctuations in the global market made it difficult for some items to be procured due to variance between the planned cost and the actual cost of acquisition especially due to covid-19 pandemic.

- Majority of the technology related items especially ICT equipment and their consumables were affected by long lead times as a result of market disruptions and global



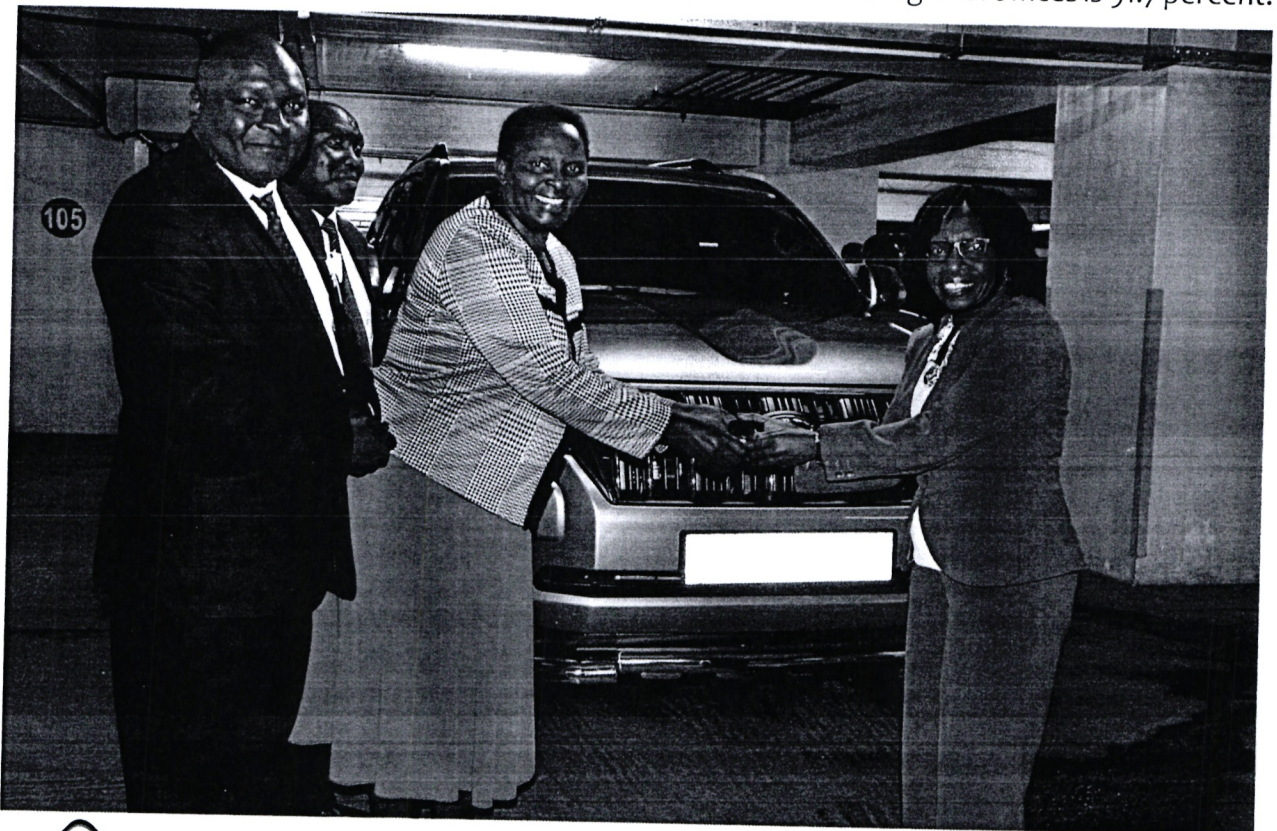
logistical challenges. Due to this, some contracts could not be fully executed within the financial year.

- Frequent suspensions of the Integrated Financial Management Information System (IFMIS) hindered effective implementation of the procurement plan.
- The quarterly budgetary allocation was a major challenge to the procurement of high value goods, services and works.
- Inadequate understanding of the newly introduced standard tender documents for use in the procurement processes by tenderers has resulted in many bids being unresponsive thus leading to repeat of procurement processes.

## **FLEET ESTABLISHMENT**

During the year under review, we had a total fleet establishment of 108 vehicles at the Headquarters and Regional Offices. A total of 13 vehicles were boarded to reduce operational costs. This has gone a long way in provision of efficient logistical support thus ensuring uninterrupted delivery of quality and timely audit services to our clients in line with our vision of *'Making a difference in the lives and livelihood of the Kenyan People'*.

Our vehicle allocation strategy is to have appropriate and newer vehicles in the Regional Offices to cover long distances and rough terrains. Our target is to have at least one vehicle per County. The average fleet availability at the Head Office is 79.8 percent while that of the regional offices is 91.7 percent.



## SECURING OUR RECORDS



The Office in collaboration with the Kenya National Archives and Documentation Services conducted a records survey exercise at the Headquarters and the Regional offices to appraise its records in line with the provisions of section 4(1, a) and (b) of the Public Archives and Documentation Service Act, 2018.

Proper records management facilitates easy retrieval of relevant documents to ensure timely, efficient and effective service delivery to the citizens.

## THE LEGAL FRAMEWORKS

During the period, we engaged stakeholders in the review of the Public Audit Act, 2015, which is still ongoing.

We have also developed an in-house Data Protection and Secure Transfer of Information Policies to protect privacy of information and personal data.

Further, we have developed a litigation database to keep track of case progress, developed a database to enhance management of contracts and put up mechanisms to ensure legal documents served are accessed on time.



## RISK MANAGEMENT

The Office is exposed to a variety of risks as it strives to achieve its role and mandate anchored on the Strategic Plan. These risks are identified, managed and assessed within a risk management framework.

We have an Internal Audit Directorate which provides an independent and objective assessment of our performance.

We have also established an Audit, Risk and Compliance Committee (ARCC) which is mandated to provide independent advisory

and assurance to the Auditor-General through the provision of oversight on OAG operations and work plans. The Committee comprises eight members; five OAG staff and three independent members. Effective management of risks in systems and operations is critical in mitigating risks.

To this end, the Internal Audit Directorate implemented automation of its audit process through adoption of the web-based TeamMate+ within 2021/2022 FY. Below is the OAG risk Management process;

### Identification

Consistent and methodical identification of risk with clear assignment of ownership and accountability by management

**Reporting**  
Action planning and reporting to help manage the risk



**Assessment**  
Assessment and prioritization of risks considering both the likelihood and impact

### Respond

Structured selection and implementation of measures to respond to the risk with a decision to tolerate, treat, take or terminate risks

We have identified the following risks that are likely to impact on our operations and outlined how the Office will manage them:

| Categories   | Risk Description  | Impact | Verdicts   |
|--------------|---|--------|--|
| Governance   | <ul style="list-style-type: none"> <li>Risk arising from the conflicting demands of our stakeholders (Parliament, management, employees, the public, regulators). Impacts may be primarily reputational as well as financial.</li> <li>Compliance with the law</li> </ul> | High   | <ul style="list-style-type: none"> <li>Enhanced stakeholder engagement</li> <li>Potential conflicts of interest are avoided and or disclosed</li> </ul>  |
| Strategic    | Loss of reputation, independence and audit failure leading to incorrect reports   | High   | <ul style="list-style-type: none"> <li>Seamless quality review and assurance of OAG reports</li> <li>Enhance branding</li> <li>Accepts a low level of risk where there are significant opportunities to serve our core stakeholders and achieve our mission</li> </ul>   |
| Reputational | Risks resulting from any action, event or situation that could adversely or beneficially impact on OAG reputation   | High   | <ul style="list-style-type: none"> <li>Enhanced stakeholder engagement</li> <li>The OAG has zero appetite for activities that could lead to undue adverse publicity</li> </ul>   |
| Operational  | <ul style="list-style-type: none"> <li>Risks resulting from inadequate or failed internal processes.</li> <li>People and systems from external events.</li> <li>Structural risks</li> <li>Compliance with rules and regulations</li> </ul>                                | High   | <ul style="list-style-type: none"> <li>OAG Upgrade of internal systems and procedures</li> <li>Has zero operational appetite for fraud, losses and corruption</li> <li>Zero tolerance for IT and data security breaches</li> <li>Employs suitably skilled and experienced staff</li> <li>Is an equal opportunity employer</li> <li>Zero tolerance with regards to non-compliance with agreements, legislation and policies</li> <li>Zero appetite for legal action against the Office</li> </ul> |
| Financial    | <ul style="list-style-type: none"> <li>Risk arising from inadequate resources to deliver OAG mandate</li> </ul>   | High   | <ul style="list-style-type: none"> <li>Resource Lobbying and mobilisation</li> </ul>   |

## CONTRIBUTION TO SDGS

In carrying out our role, we conduct audits that impact on the achievement of the Sustainable Development Goals (SDGs) as well as African Union (AU) Agenda 2063 and our National Development Plan, Vision 2030. Through our audits, we assess and recommend appropriate interventions that speak to the SDGs. During the year under review, we conducted audits and engaged in programmes that focused on the following SDGs:

**SDG 3: Ensure healthy lives and promote well-being for all at all ages.**



We carried out audits and engaged in other activities that had a bearing on access to quality healthcare services.

- We carried out a special audit on the roll out of Covid 19 vaccines in the country.

**SDG 4: Quality Education**



Our report on Expansion, Improvement and Maintenance of Infrastructure in Public Primary Schools speaks to SDG 4 - "ensuring inclusive and equitable quality education and promote lifelong learning opportunities for all". The report in-

dicates that there is no long-term plan for expansion, improvement and maintenance of infrastructure in the schools. This is attributed to inadequate needs assessment, inadequate budget and lack of adequate guiding policy on infrastructure standards. The report recommends that the Ministry of Education carries out comprehensive assessment of infrastructure status in the schools to enable it develop a long-term plan for infrastructural development.

**SDG 6: Clean water and sanitation**



We carried out an audit on the Enforcement of environmental regulations on efficient management in slaughter houses by National Environ-

ment Management Authority (NEMA).

This audit focused on target 6.3 of SDG 6 which is outlined below:

- By 2030, improve water quality by reducing pollution, eliminating dumping and minimising the release of hazardous chemicals and materials; halving the proportions of untreated waste water and substantially increasing recycling and safe reuse globally.

The audit established that although the National Environment Management Authority (NEMA) has developed regulations that should ensure proper effluent management

in slaughter houses, it has not been able to adequately enforce these regulations.

**SDG 10: Reduced inequalities**



We ensure that our recruitment process addresses the diversity component by ensuring gender parity, age inclusion and giving a chance to people living with

disabilities.

The Office is also giving opportunities to the youth, women and people living with disabilities in supply of goods and services, to create opportunities for economic empowerment of these groups.

We also conducted an audit on Provision of Services to Persons with Disabilities and established that the economic empowerment programme has not improved the economic status of persons

with disabilities. In the report, analysis of applications for funding indicated that out of 2,098 groups that applied for the National Council for Persons With Disabilities grant only 578 groups were awarded, representing 28 percent.

**SDG 16: Peace, Justice and strong institutions**



In order to promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels, we conducted an audit on the implementation of the dispensation of justice programmes by the Judiciary.

The report established that the judiciary had not fully implemented the Integrated Case Management System (ICMS), thus affecting the efficiency in dispensation of justice.



## CHAPTER 4: ENGAGING STAKEHOLDERS



OAG Kenya staff and their Ugandan counterparts during a courtesy call on Kenya's Parliament

Stakeholder engagement is key in ensuring that there is prudence in the management of financial resources.

We commit to ensuring that our work resonates with the needs of the citizens and other stakeholders in line with the International Standards of Supreme Audit Institutions **Principle 12** (INTOSAI-P12) The Value and Benefits of Supreme Audit Institutions –

making a difference to the lives of citizens.

Our stakeholder engagement is aimed at ensuring that stakeholders interrogate our reports and hold leaders to account on the use of public resources.

We commit to having continuous engagements with our stakeholders by facilitating their participation in the audit process.

Below are some of our key stakeholders :-

## **CITIZENS**

Our role is to audit and report to citizens through their representatives, Parliament. We therefore owe a huge responsibility to the citizens to deliver quality audit reports. We do this by ensuring easy accessibility and simplification of the reports.

Apart from making the summarized audit reports available, we translated the National Audit Report for 2019/2020 into Kiswahili. The translation was informed by the desire to expand the reach of audit findings and to make every citizen part and parcel of the accountability process in the use and management of public funds.

We have, for a long time been publishing our reports in English and this may have

disadvantaged many Kenyans who speak, read and understand Kiswahili language more comfortably than the English language.

Accessibility of our audit reports by the citizens will encourage them to read, understand and participate more in the decision-making process by calling those entrusted with the management of public resources to account. We are in the process of coming up with simplified versions of our audit reports.

In line with the International Standards of Supreme Audit Institutions (ISSAIs) and the Public Audit Act, 2015, we are alive to the requirement of accessibility and availability of audit reports to the citizens.

In this regard, we revamped our website for easy navigation by stakeholders who seek access to audit reports. The data shows the number of downloads on our website:



### Website downloads by our stakeholders

| <b>AUDIT REPORTS PAGES</b>                            | <b>DOWNLOADS</b> |
|---|------------------|
| County Governments Audit Reports                      | 14370            |
| National Government Audit Reports                     | 11406            |
| State Corporations Audit Reports                      | 9043             |
| 2019/2020 County Government Audit Reports             | 6209             |
| 2019/2020 County Government Audit Reports             | 6099             |
| Financial Audit Reports                               | 6053             |
| CDF Audit Reports                                     | 5989             |
| 2019/2020 State Corporations Audit Reports            | 5014             |
| Special Audit reports                                 | 4786             |
| Performance Audit reports                             | 4271             |
| 2018/2019 County Government Audit Reports             | 4002             |
| 2019/2020 National Government Audit Reports           | 3991             |
| 2018/2019 State Corporations Audit Reports            | 3004             |
| 2019/2020 Constituency Development Fund Audit Reports | 2835             |
| Annual Corporate Reports                              | 147              |
| 2019/2020 National Government Audit Reports           | 143              |
| 2020/2021 Constituency Development Fund Audit Reports | 128              |
| 2018/2019 State Corporations Audit Reports            | 119              |
| 2017/2018 County Government Audit Reports             | 105              |
| 2016/2017 County Government Audit Reports             | 102              |
| 2018/2019 Constituency Development Fund Audit Reports | 102              |
| 2021/2022 County Government Audit Reports             | 101              |
| 2017/2018 State Corporations Audit Reports            | 89               |
| Kiswahili Audit Reports                               | 87               |
| Publications  | 83               |
| National & County Governments                         | 80               |
| 2016/2017 State Corporations Audit Reports            | 78               |
| 2020/2021 Constituency Development Fund Audit Reports | 61               |
| 2020/2021 State Corporations Audit Reports            | 58               |
| 2018/2019 National Government Audit Reports           | 57               |
| 2017/2018 Constituency Development Fund Audit Reports | 55               |
| 2016/2017 Constituency Development Fund Audit Reports | 55               |
| <b>TOTAL</b>  | <b>88722</b>     |

## MEDIA ENGAGEMENT



The Media, being opinion shapers through their reporting, have been instrumental in the accountability process. This is outlined

in the INTOSAI P-12 that requires Supreme Audit Institutions to engage with the media to enhance understanding of their mandate.

During the financial year 2021/2022, we held four media workshops and trained approximately 80 journalists. Through these workshops, we provided the media with an opportunity to enhance their understanding of the audit process for accurate reporting and dissemination of audit findings.

We have also been conducting continuous assessments on the accuracy of reporting by journalists who have been trained on the audit process. The assessment informs interventions that help to improve subsequent media engagements.

We have observed positive trends from these findings as illustrated below: -

### Accuracy of media articles On Audit Findings (July, 2021 – June, 2022)

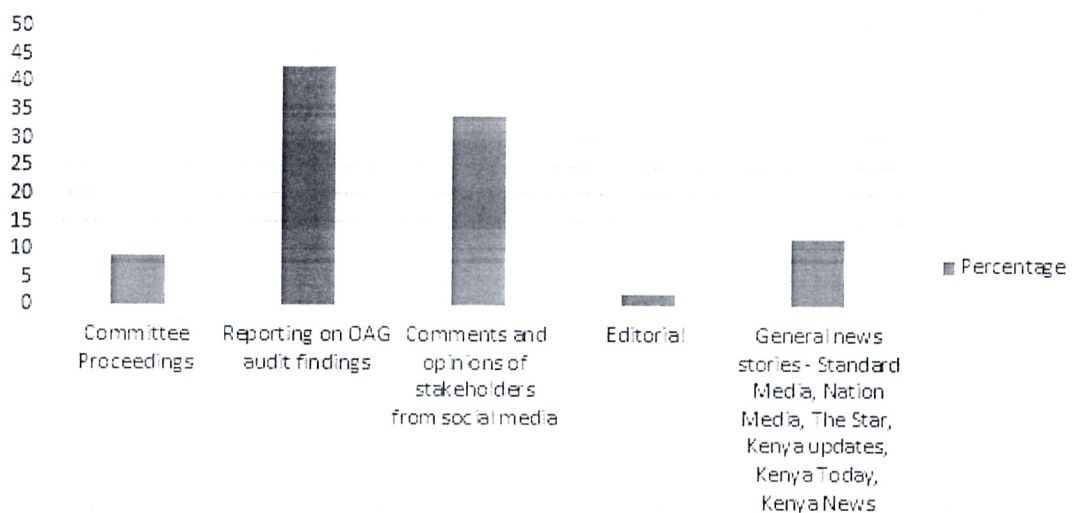
| Month        | Number of articles reviewed | Number of accurate articles | Percentage of accurate articles (%) |
|--------------|-----------------------------|-----------------------------|-------------------------------------|
| July         | 18                          | 13                          | 72                                  |
| August       | 17                          | 15                          | 88                                  |
| September    | 20                          | 14                          | 70                                  |
| October      | 16                          | 12                          | 75                                  |
| November     | 14                          | 13                          | 92                                  |
| December     | 12                          | 10                          | 83                                  |
| January      | 16                          | 13                          | 81                                  |
| February     | 18                          | 15                          | 83                                  |
| March        | 22                          | 21                          | 95                                  |
| April        | 25                          | 18                          | 72                                  |
| May          | 20                          | 16                          | 80                                  |
| June         | 15                          | 14                          | 93                                  |
| <b>TOTAL</b> | <b>233</b>                  | <b>182</b>                  | <b>Average: 88 per cent</b>         |

## VISIBILITY FOR IMPACT

During the period under review, our work elicited enhanced public interest. The table below captures the Media conversations touching on our Mandate between July 2021 – June 2022. Summary of number of conversations on OAG in mainstream and social media for 2021/2022.

| Conversations   | No. of sittings | Percentage |
|---|-----------------|------------|
| Committee proceedings   | 281             | 9          |
| Reporting on OAG audit findings   | 1,326           | 43         |
| Comments and opinions of Stakeholders from social media   | 1045            | 34         |
| Editorial   | 57              | 2          |
| General news stories- Standard media, Nation Media, The Star, Kenya updates, Kenya Today, Kenya News. | 340             | 12         |
| <b>Total</b>  | <b>3,049</b>    | <b>100</b> |

Summary of the number of conversations on OAG in mainstream and social media 2021/2022



## PARLIAMENT AND COUNTY ASSEMBLIES

Our Office performs an oversight role for Parliament by ensuring that we give the necessary technical support.

After Committee hearings are completed, the Parliamentary and County Assembly Committees with the support of the Office, give recommendations which must be implemented by the entity concerned. Thereafter, the Auditor-General follows up to confirm whether the recommendations have been implemented. We do this by guiding the Oversight Committees of Parliament and the County Assemblies in interpretation of the Auditor-General's reports and follow-up on recommendations.



### FRAMEWORK FOR TRACKING, FOLLOW-UP AND REPORTING ON IMPLEMENTATION OF AUDIT RECOMMENDATIONS

We support Parliament and County Assemblies in report writing and follow-up on the implementation of committees' recommendations. We have developed a framework for tracking implementation of audit recommendations and we are collaborating with other institutions to improve on the follow-up. This is intended to improve performance of government institutions.

During the year under review, we supported 190 sessions of the Public Accounts Committee (PAC) of the National Assembly examining the Auditor-General's reports on expenditure of the National Government.

During this period, the Committee deliberated and finalized on the Auditor-General's report for two financial years (2018/19 and 2019/20). The Committee also interrogated the Auditor-General's report for financial year 2020/21 for twenty-one (21) State Departments.

Further, we supported the Public Investments Committee (PIC) of the National Assembly which held 79 sessions to discuss findings in the Auditor-General's reports. The Committee also deliberated and made recommendations on the Special Audit Report on the utilization of Covid-19 Funds by KEMSA and adopted the Special Audit Report on the Lake Turkana Wind Power Project (LTWP).

Additionally, the Office supported 59 sessions of the Special Funds Accounts Committee (SFAC) where Reports of the Auditor-General on National Government Constituency Development Funds and other

National Government Funds were deliberated and forwarded to the National Assembly for adoption.

During the period, we supported Public Accounts and Investments Committee (PAIC) of the Senate in 143 sessions. The Committee discussed the Auditor-General's report for the financial year 2018/19 and for financial year 2019/20, eleven (11) County Executives and nine (9) County Assemblies. The Senate adopted 38 reports by PAIC of the Senate. They also deliberated and adopted special audit Report on Utilization of Covid-19 Funds by KEMSA .

The Office provided technical support to the 47 County Assemblies during sessions to deliberate on our reports.

### **AUDITEES**

Auditees are key stakeholders in the delivery of our services. We continuously engage them to understand their needs while at the same time outline our expectations from them. In the period we engaged Accounting Officers of Ministries, Departments and Agencies, County Governments, Universities, Technical and Vocational Education and Training Authorities (TVETs) and Commissions. The engagements focused on understanding the audit process, critical areas to focus on during audit, as well as feedback on previous engagements with OAG.

### **DEVELOPMENT PARTNERS**

Development Partners play a critical role in enabling us achieve our mandate. We

continue to work with our partners who offer budgetary support, programmes coordination, technical and capacity building assistance as well as advisory services. This is to enhance specialisation and deliver improved development results of the Office.

Our partners include: the Swedish National Office (SNAO), Swedish International Development Cooperation Agency (SIDA), the German Development Agency – Deutsche Gesellschaft für internationale Zusammenarbeit (GIZ), the French Court of Accounts, Agence Française de Développement (AFD), World Bank, DANIDA, African Development Bank (ADB), Global Fund, United Nations Development Programme (UNDP), Kenya Devolution Support Programme (KDSP) and the Public Financial Management Reforms Kenya (PFMR). We also work closely with other Supreme Audit Institutions (SAIs) and International bodies.

### **OUR GLOBAL CONTRIBUTIONS**

We are part of the audit community, discharging roles in various capacities in the global and regional associations and giving peer support to a number of Supreme Audit Institutions. Our Auditor-General, CPA Nancy Gathungu, CBS, sits at the African Organisation of Supreme Audit Institution as the Chair of the Institutional and Capacity Building Committee. At the African Organisation of English-speaking Supreme Audit Institutions (AFROSAI-E) she is the Vice Chair.

Further, we are involved in giving peer support

under the INTOSAI-IDI programme to Supreme Audit Institutions (SAIs) of Gambia and South Sudan. Some of our staff are also involved in a number of AFROSAI-E's and IDI's programmes as resource persons in various disciplines. Our members of staff also participated in Information Systems (IS) Audit support for SAI of Eswatini, under the AFROSAI-E's peer review programme.

At the INTOSAI we are members of the Workstream on Guides and Occasional papers of INTOSAI-Capacity Building Committee. The role of the workstream is to manage the production and maintenance of CBC guides and occasional papers, and updates them as required. Additionally we sit in the INTOSAI-CBC Editorial Board, which provides editorial support to CBC's website content.

The Office is supported by the Swedish

National Audit Office in an East African regional cooperation. The arrangement has Kenya, Uganda, Tanzania and Rwanda and focuses on strategies for external relations, with emphasis on how to create impact on the lives of the people.

We also Chair the Board of audit of Common Market for Eastern and Southern Africa (COMESA) Organs and Institutions, and provide the lead in the International Conference on the Great Lakes Region (ICGLR). The COMESA Board of External Auditors (COBEA) was created through the resolution of the COMESA Council of Ministers in 2016. The mandate of the Board is under Article 169 of the COMESA Treaty which stipulates that external auditors, who are appointed by the Council, shall audit annual accounts prepared by the Secretariat in line with set international standards.



Auditors-General from East Africa and Zimbabwe during a partnership meeting with Swedish National Audit Office in Stockholm, Sweden.

# CHAPTER 5: ASSESSMENT OF OUR PERFORMANCE

Every year we conduct a self-assessment based on the African Organisation of English-speaking Supreme Audit Institution's (AFROSAI-E) Institutional Capacity Building Framework (ICBF).

The ICBF assesses the level of development of SAIs on five areas (domains), which are critical for professional and capacity development of a SAI. The domains are:

- Independence and Legal Framework
- Organisation and Management
- Human Resources
- Audit Standards and Methodology
- Communication and Stakeholder Management

The ICBF can be used:

- As a tool for a SAI's general self-assessment.
- For a SAI's identification of areas of improvement and how these can be achieved with an institutional perspective (capacity building).
- For a SAI's benchmarking with other SAIs.
- As a basis among the AFROSAI-E members for common vocabulary and thinking (strategic and others).

- As a basis at the AFROSAI-E Secretariat for planning, development of manuals and guidelines, workshops, monitoring and evaluation.

These five development levels are assessed and graded as level 1 to 5. These levels are:

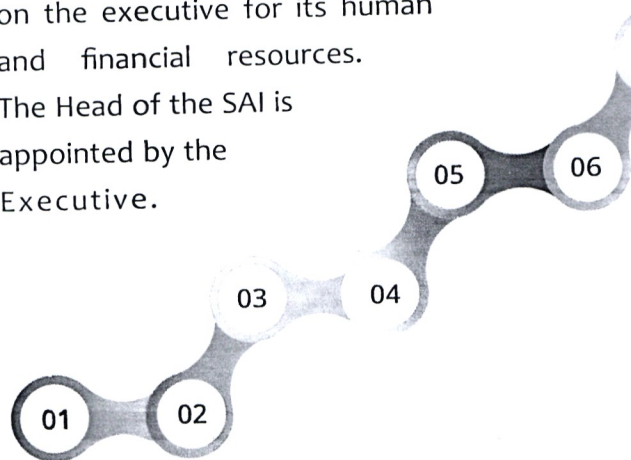
## • Level 1 – the Founding level

At this score a SAI exists, but everything is very rudimentary. The SAI is part of the executive government structure and not independent in any area. The audit work is not organized according to a strategic, annual operational or audit work plan and the work is not carried out according to the INTOSAI Code of Ethics.

## Level 2 – the development level

A SAI exists and has some legal provisions for its independence, but this provision is not adequate and the SAI is dependent on the executive for its human and financial resources.

The Head of the SAI is appointed by the Executive.



Access to information, discretion to select audit topics, freedom to decide on content, timing and publishing of reports can be provided by the legislation, but is not carried out without obstacles. The SAI has no direct access to parliament to submit audit reports. Strategic, annual operational, audit, development and communication plans and the thinking behind these can be under planning or development but are not implemented.

• **Level 3 – the established level**

The plans prepared or under development at level 2 are implemented at level 3, however improvement in some areas or in the implementation is needed. The SAI has a legislative, administrative/managerial and financial independence. The SAI reports directly to parliament.

The Head of SAI is appointed by and can only be removed by parliament. Functional strategic and operational plans are implemented as well as important quality control requirements for the SAI as set by the Top Management.

**Level 4 – the managed level**

Full compliance with all requirements on level 3 is achieved by the SAI that is all the requirements for the 5 domains and the individual elements in the domains. The SAI and the key stakeholder are fully satisfied at level 4 with the implementation of plans and procedures.

The SAI has at level 4 therefore, achieved a full sustainable development. In addition to the

conditions at level 3, the SAI is capable of managing its core business in the most cost efficient and cost-effective way.

**Level 5 – the optimized level**

The SAI complies fully with all requirements on level 4. On the optimized level, level 5, the SAI is able to scan the environment and position itself and by that use the resources in the most proactive and value adding way.

To optimize its use of resources the SAI must constantly evaluate, analyze and assess its policies, objectives, strategies, systems, procedures, capacity, the skill of its staff and the impact of its decisions.

**OUR SCORES**

In the period ending December 31, 2021, we posted the following scores on the five domains:

| Domain                                   | 2021 scores |
|--|-------------|
| Independence and Legal Framework         | 3.04        |
| Organisation and Management              | 2.65        |
| Human Resources                          | 2.77        |
| Audit Standards and Methodology          | 3.00        |
| Communication and Stakeholder Management | 2.73        |

ICBF scores for the last five years (Source: AFROSAI-E)

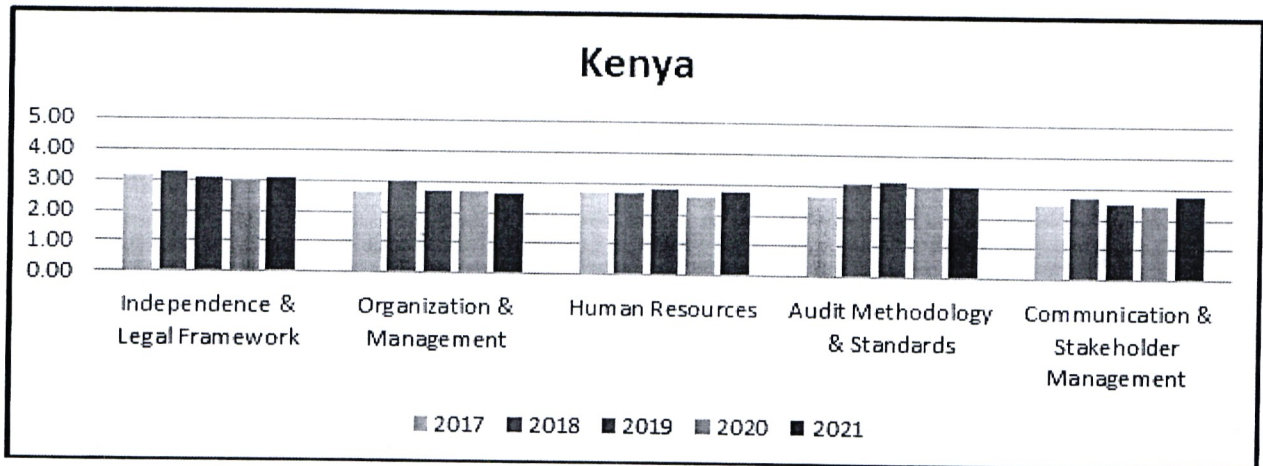
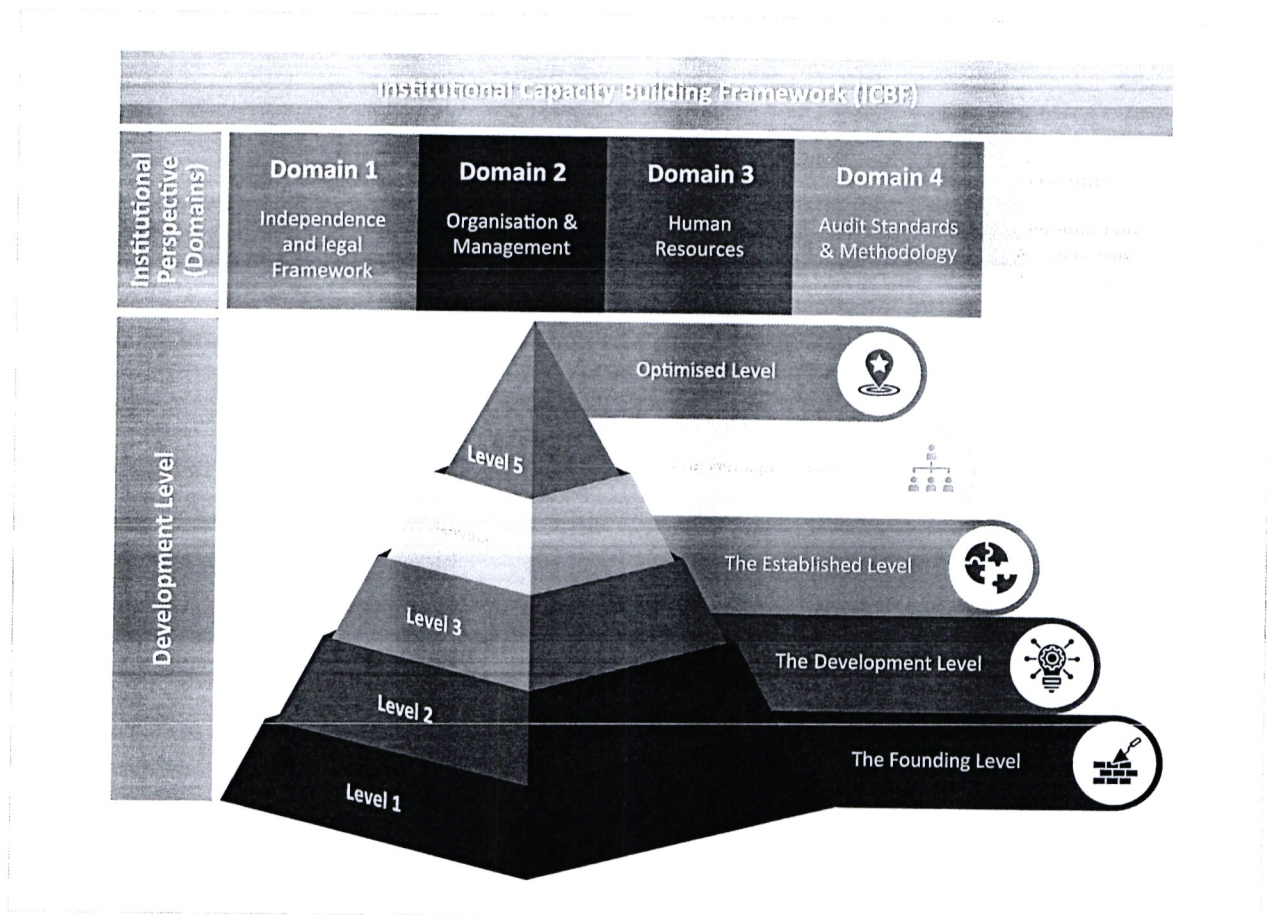


Illustration of the ICBF - Source: AFROSAI-E

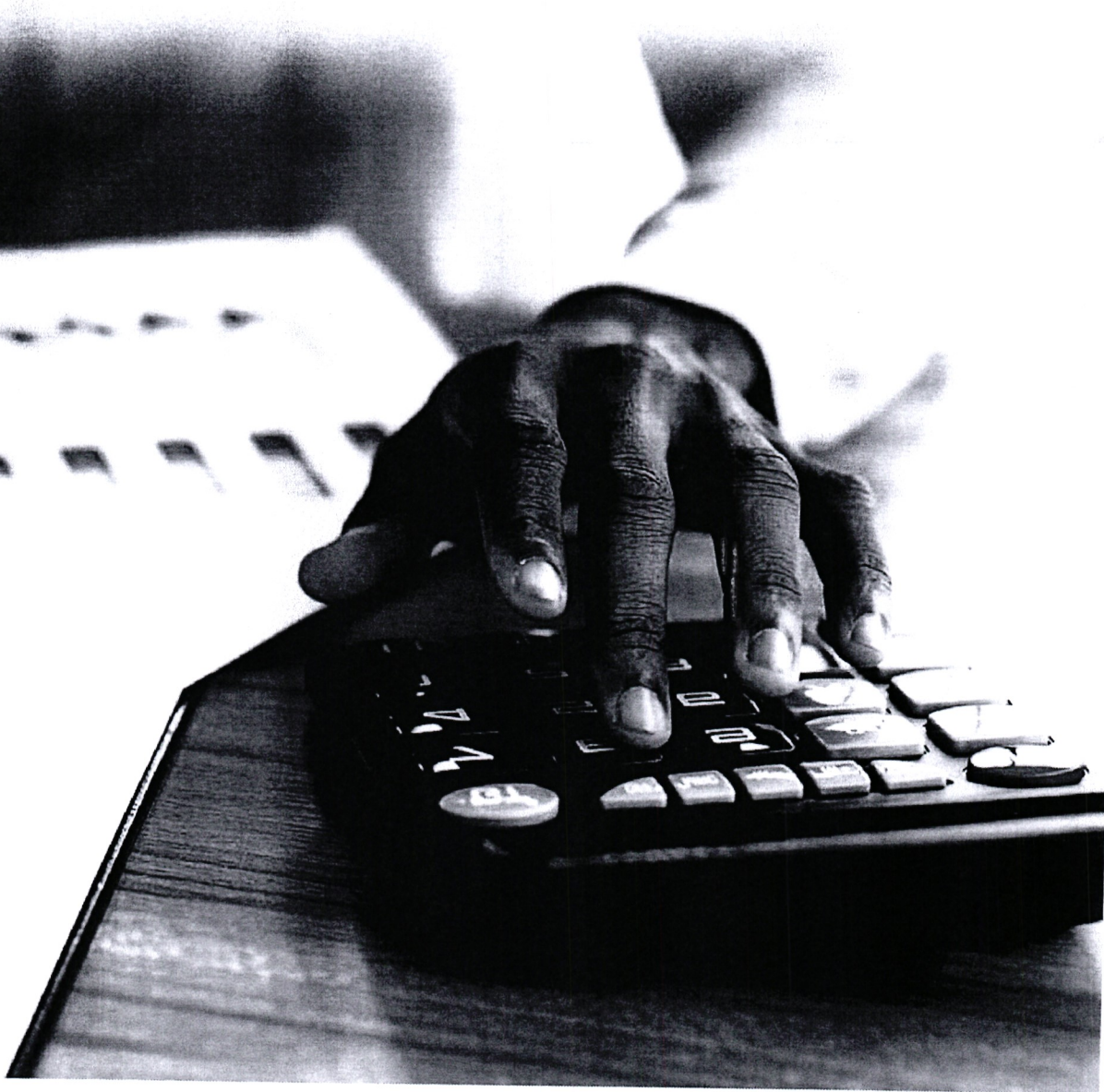


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## CHAPTER 6: FINANCIAL STATEMENTS

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

Attached are the OAG's financial statements for the period ended June 2022:



**OFFICE OF THE AUDITOR-GENERAL**  
**Reports and Financial Statements**  
**For the year ended 30, June 2022**

**6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE, 2022**

|                           | Note | 2021-2022            | 2020-2021            |
|---------------------------|------|----------------------|----------------------|
|                           |      | Kshs                 | Kshs                 |
| <b>RECEIPTS</b>           |      |                      |                      |
| Exchequer releases        | 1    | 5,310,484,973        | 5,344,579,480        |
| Other Receipts            | 2    | 360,161,836          | 187,415,144          |
| <b>TOTAL</b>              |      | <b>5,670,646,809</b> | <b>5,531,994,624</b> |
|                           |      |                      |                      |
| <b>PAYMENTS</b>           |      |                      |                      |
| Compensation of Employees | 3    | 3,827,228,917        | 3,644,508,684        |
| Use of goods and services | 4    | 1,558,197,302        | 1,388,626,233        |
| Social Security Benefits  | 5    | 0                    | 2,868,465            |
| Acquisition of Assets     | 6    | 227,685,962          | 312,562,001          |
| <b>TOTAL PAYMENTS</b>     |      | <b>5,613,112,181</b> | <b>5,348,565,383</b> |
|                           |      |                      |                      |
| <b>SURPLUS/DEFICIT</b>    |      | <b>57,534,629</b>    | <b>183,429,241</b>   |
|                           |      |                      |                      |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 29/09/2022 and signed by:



Auditor-General  
 CPA Nancy Gathungu, CBS  
 ICPAK NO:4893



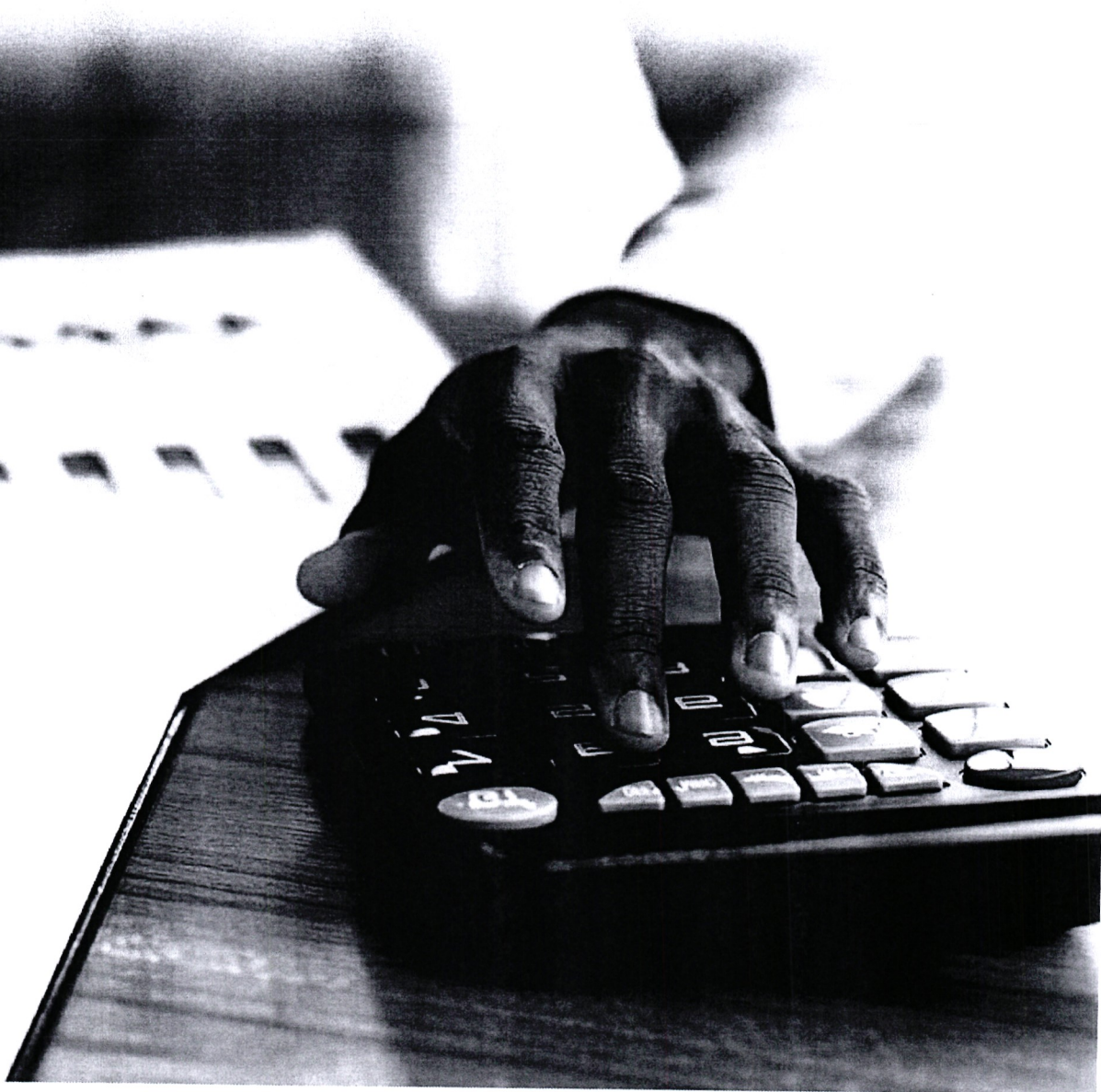
Deputy Auditor-General (CS)  
 Joyce Mbaabu  
 ICPAK NO:10868

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## CHAPTER 6: FINANCIAL STATEMENTS

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**OFFICE OF THE AUDITOR-GENERAL**  
**Reports and Financial Statements**  
**For the year ended 30, June 2022**

**6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE, 2022**

|                           | Note | 2021-2022            | 2020-2021            |
|---------------------------|------|----------------------|----------------------|
|                           |      | Kshs                 | Kshs                 |
| <b>RECEIPTS</b>           |      |                      |                      |
| Exchequer releases        | 1    | 5,310,484,973        | 5,344,579,480        |
| Other Receipts            | 2    | 360,161,836          | 187,415,144          |
| <b>TOTAL</b>              |      | <b>5,670,646,809</b> | <b>5,531,994,624</b> |
|                           |      |                      |                      |
| <b>PAYMENTS</b>           |      |                      |                      |
| Compensation of Employees | 3    | 3,827,228,917        | 3,644,508,684        |
| Use of goods and services | 4    | 1,558,197,302        | 1,388,626,233        |
| Social Security Benefits  | 5    | 0                    | 2,868,465            |
| Acquisition of Assets     | 6    | 227,685,962          | 312,562,001          |
| <b>TOTAL PAYMENTS</b>     |      | <b>5,613,112,181</b> | <b>5,348,565,383</b> |
|                           |      |                      |                      |
| <b>SURPLUS/DEFICIT</b>    |      | <b>57,534,629</b>    | <b>183,429,241</b>   |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 29/09/2022 and signed by:



**Auditor-General**  
**CPA Nancy Gathungu, CBS**  
**ICPAK NO:4893**




**Deputy Auditor-General (CS)**  
**Joyce Mbaabu**  
**ICPAK NO:10868**


**OFFICE OF THE AUDITOR-GENERAL**  
**Annual Report and Financial Statements**  
**For the year ended 30 June, 2022**

**7. STATEMENT OF ASSETS AND LIABILITIES AS AT 30 JUNE, 2022**

|                                       | Note | 2021-2022                 | 2020-2021                 |
|---------------------------------------|------|---------------------------|---------------------------|
|                                       |      | Kshs                      | Kshs                      |
| <b>FINANCIAL ASSETS</b>               |      |                           |                           |
| <b>Cash and Cash Equivalents</b>      |      |                           |                           |
| Bank Balances                         | 7A   | 357,312,440               | 395,144,524               |
| Cash Balances                         | 7B   | 851,330                   | 1,186,550                 |
| <b>Total Cash and cash equivalent</b> |      | <b><u>358,163,770</u></b> | <b><u>396,331,074</u></b> |
| Accounts Receivables                  | 8    | 76,574,342                | 2,511,410                 |
| <b>TOTAL FINANCIAL ASSETS</b>         |      | <b><u>434,738,112</u></b> | <b><u>398,842,484</u></b> |
| <b>FINANCIAL LIABILITIES</b>          |      |                           |                           |
| Accounts Payables                     | 9    | (373,505,523)             | (188,540,774)             |
| <b>NET FINANCIAL ASSETS</b>           |      | <b><u>61,232,589</u></b>  | <b><u>210,301,710</u></b> |
| <b>REPRESENTED BY</b>                 |      |                           |                           |
| Fund balance B/fwd                    | 10   | 210,301,709               | 67,201,482                |
| Prior year adjustment                 | 11   | -206,603,750              | (40,329,014)              |
| <b>Surplus/Deficit for the year</b>   |      | <b>57,534,629</b>         | <b><u>183,429,241</u></b> |
|                                       |      | 0                         |                           |
| <b>NET FINANCIAL POSITION</b>         |      | <b><u>61,232,588</u></b>  | <b><u>210,301,710</u></b> |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 21/09/2022 and signed by:

  
Auditor-General  
IPA Nancy Gathungu, CBS  
CPAK NO:4893


  
Deputy Auditor-General (CS)  
Joyce Mbaabu  
ICPAK NO:10868


**OFFICE OF THE AUDITOR-GENERAL**  
**Annual Report and Financial Statements**  
**For the year ended 30 June, 2022**

**8. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE, 2022**

|   |    | 2021-2022            | 2021-2022            |
|---|----|----------------------|----------------------|
|   |    | Kshs                 | Kshs                 |
| <b>Receipts for operating income</b>              |    |                      |                      |
| Exchequer Releases                                | 1  | 5,310,484,973        | 5,344,579,480        |
| Other Receipts                                    | 2  | 360,161,836          | 187,415,144          |
|   |    | <b>5,670,646,809</b> | <b>5,531,994,624</b> |
| <b>Payments for operating expenses</b>            |    |                      |                      |
| Compensation of Employees                         | 3  | 3,827,228,917        | 3,644,508,684        |
| Use of goods and services                         | 4  | 1,558,197,302        | 1,388,626,233        |
| Social Security Benefits                          | 5  | 0                    | 2,868,465            |
|   |    | <b>5,385,426,219</b> | <b>5,036,003,382</b> |
| <b>Adjusted for:</b>                              |    |                      |                      |
| Adjustments during the year                       |    |                      |                      |
| Decrease/(Increase) in Accounts Receivable        | 12 | -74,062,932          | 59,272,145           |
| Increase/(Decrease) in Accounts Payable           | 13 | 184,964,749          | 61,984,330           |
| Prior Year Adjustments                            | 11 | -206,603,750         | -40,329,014          |
| <b>Net cash flow from operating activities</b>    |    | <b>-95,701,933</b>   | <b>576,918,704</b>   |
| <b>CASHFLOW FROM INVESTING ACTIVITIES</b>         |    |                      |                      |
| Acquisition of Assets                             | 6  | -227,685,962         | -312,562,001         |
| <b>Net cash flows from Investing Activities</b>   |    | <b>-227,685,962</b>  | <b>-312,562,001</b>  |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>   |    | <b>-38,167,304</b>   | <b>264,356,702</b>   |
| Cash and cash equivalent at BEGINNING of the year | 7  | 396,331,073          | 131,974,371          |
| Cash and cash equivalent at END of the year       | 7  | 358,163,769          | 396,331,073          |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 29/09/2022 and signed by:

  
 Auditor-General  
 CPA Nancy Gathungu, CBS  
 ICPAK NO:4893

  
 Deputy Auditor-General (CS)  
 Joyce Mbaabu  
 ICPAK NO:10868

**OFFICE OF THE AUDITOR-GENERAL**  
*Reports and Financial Statements*  
 For the year ended 30, June 2022

**9. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**

| Receipt/Expense Item      | Original Budget<br>a | Adjustments<br>b   | Final Budget<br>c=a+b | Actual<br>on<br>Comparable Basis<br>d | Budget<br>Utilization<br>Difference<br>e=c-d | %<br>of<br>Utilization<br>f=d/c % |
|---------------------------|----------------------|--------------------|-----------------------|---------------------------------------|--|-----------------------------------|
| <b>RECEIPTS</b>           |                      |                    |                       |                                       |  |                                   |
| Exchequer releases        | 5,756,450,390        | 37,000,000         | 5,793,450,390         | 5,310,484,973                         | 482,965,417                                  | 92%                               |
| Other Receipts (AIA)      | 150,000,000          | 140,000,000        | 290,000,000           | 360,161,836                           | (70,161,836)                                 | 124%                              |
| <b>TOTAL RECEIPTS</b>     | <b>5,906,450,390</b> | <b>177,000,000</b> | <b>6,083,450,390</b>  | <b>5,670,646,809</b>                  | <b>412,803,581</b>                           | <b>93%</b>                        |
| <b>PAYMENTS</b>           |                      |                    |                       |                                       |  |                                   |
| Compensation of Employees | 4,066,460,000        | -169,000,000       | 3,897,460,000         | 3,827,228,917                         | 73,880,627                                   | 98%                               |
| Use of goods and services | 1,510,911,700        | 418,000,000        | 1,928,911,700         | 1,558,197,302                         | 370,714,398                                  | 89%                               |
| Social Security Benefits  | 3,042,100            | -3,000,000         | 42,100                | 0                                     | 42,100                                       | 0%                                |
| Acquisition of Assets     | 326,036,590          | -69,000,000        | 257,036,590           | 227,685,962                           | 29,350,628                                   | 89%                               |
| <b>TOTAL PAYMENTS</b>     | <b>5,906,450,390</b> | <b>177,000,000</b> | <b>6,083,450,390</b>  | <b>5,613,112,181</b>                  | <b>473,987,753</b>                           | <b>92%</b>                        |
| Surplus/ Deficit          |                      |                    |                       | <b>57,534,629</b>                     |  |                                   |

(i) The changes between the original and final budget are as a result of supplementary budgets approved within the year.  
 (ii) Under-utilization in use of goods and services and acquisition of assets is due to shortfall in exchequer receipts.

The entity financial statements were approved on 27/09/2022 and signed by:



Auditor-General  
 CPA Nancy Gathungu, CBS  
 ICPAK NO:4893



Deputy Auditor-General (CS)  
 Joyce Mbaabu  
 ICPAK NO:10868






## CONTACTS

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